



Australian Government

International Air Services Commission

Mr Rod Sims
Chairperson
Australian Competition and Consumer Commission (ACCC)
Email: exemptions@acc.gov.au

Dear Mr Sims

Subject: AA100540 – Qantas and JAL – Submission

The Australia-Japan air services arrangements permit multiple Australian and Japanese air passenger and freight carriers to operate services between points in Australia and Japan. The open skies agreement between Australia and Japan, signed in 2011, provides for unrestricted capacity to operate international air services between the two countries, except to or from Tokyo-Haneda. Until 2019, the air services arrangements provided for one frequency per day for an airline of each country to operate a passenger service between Australia and Tokyo-Haneda during prescribed late night and early morning hours (between 2200 and 0655 hours).

In September 2019, the air services arrangements were revised, following a limited expansion of capacity at Tokyo- Haneda. Two new return flights per day for Australian airlines and two for Japanese airlines to operate passenger services between Australia and Haneda were made available. Unlike the earlier capacity to Haneda, the two new frequencies available for Australian carriers can be used during daytime hours to provide air passenger services between Australia and Haneda.

In September 2019, Qantas applied to the International Air Services Commission (IASC) for the two additional daily frequencies, while Virgin Australia sought to be allocated one of the two available capacity entitlements. In its application, Qantas proposed to add a second Sydney-Haneda daily service and shift its Melbourne-Narita to Melbourne-Haneda. Virgin Australia proposed to operate new daily services between Brisbane and Haneda and to enter into a codeshare arrangement with ANA.

On 28 October 2019, the IASC issued Determinations [2019] IASC 118 and [2019] IASC 119 allocating one frequency each to Qantas and Virgin Australia with a requirement to commence operations from no later than 29 March 2020 or such other date approved by the IASC. Both carriers sought and were granted slots by the Japanese Civil Aviation Agency (JCAB) and both carriers published schedules for their Northern Summer season.

With the spread of the COVID-19 pandemic, the Australian Government imposed travel restrictions in March 2020 to prevent the further spread of the virus. Both Qantas and Virgin Australia were unable to commence their services to Haneda as originally planned. Upon the

request of both airlines, the IASC extended the dates of utilisation of the capacity. As of this writing, both carriers are required to commence utilising the capacity from no later 31 March 2021. The IASC, however, notes the various public announcements by Qantas indicating that significant international operations are unlikely to return before July 2021 and by Virgin Australia outlining its aircraft fleet restructure.

The IASC continues to monitor the impact of the pandemic and liaise with the airlines on the implications of developments for their network planning and scheduling timelines.

Yours sincerely




Dr Ian Douglas
Chairperson

11 January 2021



Australian Government

International Air Services Commission