



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC launches its first cases in alleged air freight cartel

The Australian Competition and Consumer Commission has today instituted separate proceedings in the Federal Court, Sydney, against Qantas Airways Limited and British Airways PLC seeking penalties for alleged price fixing between 2002 and early 2006.

The alleged contraventions relate to fuel surcharges applied to international carriage of air cargo during that period.

"The airlines are the first to be proceeded against in Australia because both came forward and voluntarily made admissions under the ACCC's Cooperation Policy," Chairman, Mr Graeme Samuel, said today.

"The ACCC continues to investigate other airlines, some of which are assisting voluntarily, while others are not. The ACCC expects to be able to resolve its investigations with other cooperating airlines shortly."

Overseas regulators have brought a number of recent actions concerning cartel conduct by international airlines, including in relation to air freight. The Department of Justice in the United States of America has reached settlements with a number of airlines.

In both cases the parties have reached agreement with the ACCC as to the penalty they will recommend is appropriate for the court to impose.

The recommended penalties reflect the serious nature of the cartel contraventions and, in the case of Qantas, its very large share of the Australian segment of the market. However, they also reflect the parties' high and continuing cooperation in the ACCC's investigation.

"As soon as the Qantas board learned of the conduct, it instructed its legal department and staff to make an exhaustive investigation and to provide full assistance. Qantas has continued to assist and provide evidence both in relation to its own conduct and that of others. Its behaviour after learning of the conduct in its freight division has set a standard we would hope all companies finding themselves in a similar position would follow.

"British Airways has also provided significant information as to its own role and that of others. It too has made available staff to assist and voluntarily responded to multiple requests for information and undertaken to continue doing so."

Other orders to be sought with the consent of the parties include in each case injunctions and a contribution to the ACCC's costs. Ultimately, it is a matter for the court to determine the level of penalty to be imposed upon Qantas and British Airways and the making of any other orders.

A directions hearing has been set down for 30 October 2008 before Justice Jacobson in the Federal Court, Sydney.

For **media inquiries** to the ACCC Chairman, Mr Graeme Samuel, please call Ms Lin Enright, ACCC Media, on (02) 6243 1108 or 0414 613 520. For **general inquiries**, please call the Infocentre: 1300 302 502.

To receive information on issues of interest to you, please go to Media Centre, News releases and enter your email address under Notify me. The ACCC provides an automatic email alert system whenever there are changes to a page or pages to which you have subscribed.

Release # NR 300/08

Issued: 28th October 2008