



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

ACCC ALLOWS VIRGIN BLUE AND DELTA JOINT VENTURE

The Australian Competition and Consumer Commission has granted authorisation to Virgin Blue and Delta Air Lines to enter into a joint venture on their flights between Australia and the United States (the trans-Pacific routes).

Under the joint venture, the airlines would take a coordinated approach to a range of issues, including pricing, revenue management, schedules, capacity and routes flown.

"The ACCC considers that the joint venture is likely to assist Virgin and Delta to compete more effectively against the incumbents on the routes – Qantas and United Airlines," ACCC chairman Graeme Samuel said.

"The Joint Venture is likely to give rise to route connectivity benefits for consumers, enhanced route coverage and schedules, and more sustainable competition on the routes," Mr Samuel said.

The ACCC considers the Joint Venture will provide the applicants with access to lower fares on each other's domestic networks. Delta, for example, will have an incentive to facilitate Joint Venture sales by reducing the cost of any US domestic leg of a V Australia ticket. The ACCC also considers that other cost savings arising from the Joint Venture are likely to be passed on to consumers as a result of competition on the trans-Pacific routes.

Virgin and Delta are in the process of seeking antitrust immunity from the US Department of Transportation. The implementation of the Joint Venture is subject to antitrust immunity being granted by the US Department of Transportation.

Earlier this year, the ACCC denied authorisation of a Cooperation Agreement between Air New Zealand and Air Canada. However, the ACCC notes that Virgin and Delta are recent entrants on the trans-Pacific routes and the Joint Venture will enable them to compete effectively against the two incumbent carriers operating on the routes.

Authorisation provides immunity from court action for conduct that might otherwise raise concerns under the competition provisions of the *Trade Practices Act 1974*. Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.

The ACCC's determination will be available from the ACCC website, www.accc.gov.au/AuthorisationsRegister, and by following the links to this matter.

Media inquiries

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