

# Aviation : AUS starts action alleging price fixing by Korean Air Lines

The Australian Competition and Consumer Commission today instituted proceedings in the Federal Court against Korean Air Lines Co. Ltd.

Korean Air Lines Co. Ltd is the twelfth airline to be the subject of ACCC proceedings for alleged price fixing in the air cargo industry.

The ACCC alleges that between 2001 and 2006, Korean Air Lines Co. Ltd entered into arrangements or understandings with other international air cargo carriers that had the purpose or effect of fixing the price of a fuel surcharge, a security surcharge and a customs fee that were applied to air cargo carried by Korean Air Lines Co. Ltd and other airlines.

The ACCC alleges that the arrangements or understandings were reached in Korea, Indonesia and Hong Kong for surcharges applied to cargo originating in those countries and in Indonesia for a customs fee applied to cargo originating in that country.

The ACCC is seeking declarations, injunctive relief, pecuniary penalties, and costs.

A directions hearing has been set down for 1 April 2010 before Justice Jacobson in the Federal Court, Sydney.

Proceedings against Singapore Airlines Cargo Pte Ltd, Cathay Pacific Airways Ltd, Emirates, PT Garuda Indonesia Ltd and Thai Airways International Public Company Limited continue.

As a result of the ACCC's continued investigation into alleged fuel surcharge price fixing in the industry, to date the court has ordered a total of AUD41 million in penalties against respondent airlines:

- On 11 December 2008, the court ordered Qantas Airways Limited and British Airways PLC to pay penalties of AUD20 million and AUD5 million respectively, as jointly submitted by the parties•

On 16 February 2009 the court ordered Société Air France, Koninklijke Luchtvaart Maatschappij NV (KLM), Martinair Holland NV and Cargolux International Airlines SA to pay penalties of AUD3 million, AUD3 million, AUD5 million and AUD5 million respectively, as jointly submitted by the parties.

In addition, the ACCC instituted proceedings in the Federal Court:

- on 23 December 2008 against Singapore Airlines Cargo Pte Ltd; • on 30 April 2009 against Cathay Pacific Airways Ltd; • on 18 August 2009 against Emirates; • on 2 September 2009 against PT Garuda Indonesia Ltd; and • on 28 October 2009 against Thai Airways International Public Company Limited.

The ACCC continues to investigate other airlines with the assistance of cooperating parties, and further actions are expected during the next few months.