



ACCC SET TO APPROVE VIRGIN-ETIHAD ALLIANCE

News / Airlines



Etihad Airways and **Virgin Australia** have received the green light to extend their **alliance** for a further five years.

In a draft ruling, the Australian Competition and Consumer Commission (**ACCC**) says it plans to re-authorise the alliance that was first established in 2011 and led to Virgin [commencing flights on its own metal between Sydney and Abu Dhabi](#).

“The ACCC considers this alliance would likely result in continued public benefits through promoting competition and enhancing the products and services offered to customers travelling between Australia and the Middle East and onward destinations throughout Europe,” ACCC chairman Rod Sims said in a statement.

“The ACCC accepts that Virgin would not operate services to Abu Dhabi if this partnership with Etihad did not exist. Virgin could not offer a viable service on the route without offering the beyond connections available on Etihad’s network within the alliance.”

Under the partnership, the two airlines have extensive codeshare arrangements on each other’s networks, giving Virgin access to Europe and the Middle East and Etihad offline destinations in Australia, New Zealand and the Pacific. There are 89 codeshare destinations under the alliance.

There are also reciprocal frequent flyer benefits such as lounge access, priority checkin and extra luggage allowance.

However, the two carriers do not share revenue under the alliance.

Virgin Australia chief executive John Borghetti said the tie-up gave consumers more choice and competition for those travelling between Australia, the Middle East and Europe.

“Over the past five years, we have worked closely with Etihad Airways to ensure the alliance continues to generate benefits for consumers,” Borghetti said.

“We have introduced more codeshare destinations, delivered further enhancements to the customer experience and more than doubled seat capacity between Australia and Abu Dhabi, through the launch of new routes, more flight frequencies and larger aircraft.”

Etihad chief executive James Hogan also welcomed the ACCC draft determination and said the alliance would aim to expand its network and improve the passenger experience for travellers over the next five years.

“In its first five years, the partnership between Etihad Airways and Virgin Australia has promoted vigorous competition in the Australian travel market, increasing choice for travellers, and has generated significant benefits and increased revenue for each airline through the alignment of our operations,” Hogan said in a statement.

“Our shared commitment to innovation and superior service delivery ensures that travellers who fly on either airline enjoy an unrivalled guest experience and access to a combined network of 89 codeshare destinations.”

Further, Virgin noted the number of seats on the Sydney-Abu Dhabi route had increased 30 per cent as Etihad, which [owns a little over 24 per cent](#) of the Australian carrier and has a seat on the board, upgauged from Airbus A340-600s to Boeing 777-300ERs and [eventually the Airbus A380](#).

Etihad has also [commenced a second daily flight to Melbourne](#), added [Perth-Abu Dhabi to its route network](#) and replaced its Brisbane-Singapore-Abu Dhabi service with a [nonstop Brisbane-Abu Dhabi](#) offering using Boeing 787-9 Dreamliners.

Virgin flies between Abu Dhabi and Sydney three times a week with Boeing 777-300ERs.

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