AIR NZ SETTLES US CARGO CLASS ACTION CASE FOR US$35 MILLION

News / Airlines

Air New Zealand has settled a long-running class action claim in the US over alleged collusion in cargo markets for US$35 million without admitting any wrongdoing.

The company said in a statement on Monday it decided to settle “rather than take the risk of a potentially very material commercial liability by continuing to defend its position”.

“This is purely a question of mitigating an unacceptable risk created by the US class action system which creates enormous pressure to settle such matters commercially,” Air New Zealand general counsel John Blair said.

“There was no credible evidence that any Air New Zealand employee participated in any conspiracy, but the potential for an unexpected verdict was not an acceptable commercial risk for the airline.”

The proposed settlement was subject to court approval.

The case has been running for 10 years, with a civil compensation claim on behalf of freight

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forwarders alleging airlines, including Air New Zealand, unfairly set fuel and security surcharges between 2000 and 2006.

The airline said it its statement that US law, “every participant in a conspiracy is liable for the harm caused by the entire conspiracy regardless of the extent of their participation”, adding that when the conspiracy involved “anti-competitive conduct, the entire damages were trebled.

“The settlement amount of US$35 million represents 2.8% of the US$1.223 billion paid in settlements by 28 airlines,” Air New Zealand said.

“Despite settlement, Air New Zealand has not admitted to being part of the alleged conspiracy.”

The company noted on Monday it was released from the US Department of Justice’s criminal investigation in 2011.

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