AIR FRANCE-KLM, 10 OTHERS WIN FIGHT AGAINST EU CARGO CARTEL FINES

News / Airlines

Air France-KLM and 10 other airlines **won a challenge** against almost €800 million (Dh3.2 billion, $874 million) in fines for fixing **air freight charges** after Europe's second highest court said it had found contradictions in the EU decision.

The European Commission said in a 2010 finding that 11 air cargo carriers fixed surcharges for fuel and security costs from December 1999 to February 2006, acting as a global cartel.

Air France took the biggest hit with a fine of €182.9 million while KLM came in second at €127.2 million. The two carriers merged to form Air France-KLM in 2004. British Airways' penalty stood at €104 million.

The EU decision has since made the carriers a focus of damages claims from companies such as Germany's Deutsche Bahn, carmaker BMW and car supplier Bosch.

The airlines subsequently challenged the EU antitrust enforcer's decision. Judges agreed with their arguments on Wednesday, annulling the EU competition enforcer's fines.

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The court backed the airlines' view that the Commission had considered four distinct cartel infringements, while the grounds for its decision were based on the sense of there being one single and continuous period of wrongdoing. The court said that penalised companies must be able to understand and to contest liability.

"The grounds and the operative part of the decision are contradictory," the judges said.

The Commission said it would examine the ruling and the next steps.

Shares

"We note that the Court did not rule on whether the Commission could prove the infringement or not," the EU executive said in a statement.

Air France-KLM's shares extended gains after the court verdict and were trading up 1.1 per cent at 1617 GMT. The carrier said it had outstanding provisions for €380 million connected to the fines, including interest.

The other airlines involved in the case are Air Canada, Martinair, British Airways, Cargolux, Cathay Pacific Airways, Japan Airlines, LAN Chile, SAS and Singapore Airlines.

Lufthansa, which escaped a sanction because it blew the whistle on the cartel, also took legal action because it disagreed with the Commission's view that there was a single, continuous infringement. Qantas, which was fined €8.9 million, did not challenge the Commission's decision.

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