



## **MEDIA RELEASE**

**16 February 2015**

### **CCS CLEARS PROPOSED JOINT VENTURE BETWEEN AIRBUS ASIA AND SIA**

1. The Competition Commission of Singapore (“CCS”) has cleared a proposed joint venture between Airbus Services Asia Pacific Pte. Ltd. (“Airbus Asia”) and Singapore Airlines Limited (“SIA”) (collectively “the Parties”) in respect of the provision of Airbus aircraft pilot training services in the Asia-Pacific region (“the Transaction”). CCS has concluded that the Transaction, if carried into effect, will not substantially lessen competition in the relevant markets for the provision of Airbus aircraft pilot training services and Full Flight Simulators (“FFS”) software and data packages for Airbus aircraft.
2. Post-completion, the joint venture entity, Airbus Asia Training Centre Pte. Ltd. (AATC) will provide pilot training services for Airbus aircraft in the Asia-Pacific region.
3. For the purposes of this merger assessment, CCS has determined that the relevant markets of concern are:
  - a. The regional market for the provision of aircraft pilot training services for each of the Airbus family of aircraft; and
  - b. The worldwide market for the provision of FFS software and data packages for Airbus aircraft to FFS manufacturers and pilot training providers.
4. After reviewing the Parties’ submissions and feedback from customers and competitors following a public consultation, CCS is of the view that the Transaction is unlikely to lead to substantial competition concerns in Singapore for the following reasons:

*Regional market for the provision of aircraft pilot training services for each of the Airbus family of aircraft*

- a. CCS notes that none of the joint venture entity’s market share figure for each of the Airbus aircraft type crosses the indicative thresholds set out in the *CCS Guidelines on the Substantive Assessment of Merger*<sup>1</sup>;

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<sup>1</sup> CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more



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- b. The Transaction does not lead to any increase in the market share of the joint venture entity in this market. The Transaction, by creating an additional player in the market, is in fact likely to increase the level of competition in the market for Airbus aircraft pilot training services in the Asia-Pacific region; and
- c. There are a number of players in the region from which customers could choose from and that customers have significant countervailing buyer power.

*Worldwide market for the provision of FFS software and data packages for Airbus aircraft to FFS manufacturers and pilot training providers*

- a. Airbus has an interdependent relationship with (i) airlines, which are also Airbus' customers in the purchase of aircrafts, and which form the main bulk of its businesses and (ii) FFS manufacturers, who supply Airbus with the FFS it needs to compete in the market for aircraft pilot training services. As such, although Airbus may have the ability to discriminate against airlines and FFS manufacturers in its provision of FFS software and data packages, it has limited incentive to do so; and
  - b. The Parties have submitted that Airbus is committed to license FFS software and data packages to any provider of pilot training services and to do so under non-discriminatory commercial conditions as part of Airbus' licensing policy.
5. Therefore, in light of the information received, CCS has assessed that the Transaction will not infringe the section 54 prohibition.
  6. More information about the Transaction, including the Grounds of Decision for the clearance, can be found under "Public Register – Mergers & Acquisitions" on CCS's website - [www.ccs.gov.sg/public-register-and-consultation/public-register/mergers-and-acquisitions](http://www.ccs.gov.sg/public-register-and-consultation/public-register/mergers-and-acquisitions).



### **About The Competition Commission of Singapore (CCS)**

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

### **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore.

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg)



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