



MEDIA RELEASE

5 April 2016

CCS Consults on the Proposed Joint Venture between Deutsche Lufthansa AG and Singapore Airlines Limited

1. The Competition Commission of Singapore (“CCS”) is seeking feedback on the Proposed Joint Venture between Deutsche Lufthansa AG (“LH”) and Singapore Airlines Limited (“SIA”) (collectively “the Parties”).

2. CCS received a notification for decision submitted on 5 February 2016, with regard to the joint venture arrangement (“Proposed JV”) between SIA and LH. CCS accepted the notification as complete on 24 March 2016 upon receiving the Parties’ clarifications on the scope of notification. The Proposed JV involves co-operation between SIA and LH relating to the provision of scheduled air passenger services between certain European Countries (specifically Germany, Austria, Switzerland and Belgium (the “LH Home Markets”)) and certain Asia/Asia Pacific countries (specifically Singapore, Indonesia, Malaysia and Australia (the “SQ Home Markets”)). The Proposed JV extends to services operated by SilkAir (Singapore) Private Limited (“MI”), Swiss International Air Lines AG (“LX”), and Austrian Airlines AG (“OS”), being airlines affiliated to the Parties.

3. The Proposed JV relates to the provision of international scheduled air passenger services, specifically, the supply of international scheduled air passenger transport services between the SQ Home Markets and the LH Home Markets. Cooperation between the parties is specific to services which have an origin in the LH Home Markets and a destination in the SQ Home Markets, or vice versa. Services that do not have both an origin and destination in the LH Home Markets and the SQ Home Markets are not subject to the Proposed JV. Similarly, services where the transit point is not within the LH Home Markets or the SQ Home Markets, and services involving sectors operated by a third party carrier (i.e. a carrier that is not SQ, MI, LH, LX, or OS), are not subject to the Proposed JV.

4. The Parties submit that the Proposed JV contemplates cooperation in respect of pricing, inventory management, sales and marketing. In addition, and in respect of routes involving non-stop or direct services operated between the SQ Home Markets and the LH Home Markets (including services between Singapore – Frankfurt;

Singapore – Munich; and Singapore – Zurich), the Proposed JV would involve schedule coordination, capacity coordination and revenue sharing.

5. The notification is made in relation to Section 34 of the Competition Act which prohibits agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore.

6. The Parties submit that the objective of the Proposed JV is to enhance passenger air services between the LH Home Markets and the SQ Home Markets. The Proposed JV is expected to channel more passenger traffic through Singapore, which will give rise to significant benefits to the travelling public with regard to the expansion of traveling options and services, increased network connectivity, better scheduling of services, and harmonised service offerings.

7. The Parties envisage that the Proposed JV is also expected to generate significant economic benefits to Singapore, including the improvement and consolidation of Singapore as the premier air hub in South-East Asia, and potential increases in tourism and other such benefits.

8. The Proposed JV is intended to be implemented as soon as the Parties receive the necessary legal and regulatory approvals.

Public Consultation

9. CCS is inviting public feedback in relation to the Proposed JV.

10. It would be useful if you can provide comments particularly in relation to the following:

- a. The current state of competition and impact of the Proposed JV on competition in the provision of international scheduled air passenger services between the SQ Home Markets and the LH Home Markets, particularly on the following:
 - (i) Non-stop or direct services operated between the SQ Home Markets and the LH Home Markets (including services between Singapore – Frankfurt; Singapore – Munich; and Singapore – Zurich); and
 - (ii) Indirect Services operated between the SQ Home Markets and LH Home Markets originating or ending in Singapore

- b. The feasibility and probability of the consumer and economic benefits, and efficiencies claimed by the Parties.

11. More information on the public consultation can be accessed and downloaded from the CCS website at www.ccs.gov.sg under the section “Public Register and Consultation”. The closing date for submissions is on or before **19 April 2016**. If the submission/correspondence contains confidential information, please also provide CCS with a non-confidential version of the submission or correspondence.

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.

For more information, please visit www.ccs.gov.sg.

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