



MEDIA RELEASE

5 July 2024

CCCS Grants Conditional Approval for Singapore Airlines and Garuda's Proposed Commercial Cooperation After Accepting Commitments

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has granted conditional approval of the Proposed Commercial Cooperation (the “**Proposed Cooperation**”) after accepting commitments from Singapore Airlines Limited (“**SIA**”) and Garuda Indonesia (Persero) Tbk (“**Garuda**”) (collectively, the “**Parties**”).

Background

2. On 19 February 2024, CCCS accepted a joint application for decision from SIA and Garuda as to whether the Proposed Cooperation between SIA and Garuda in the provision of scheduled air passenger transport services between Singapore and Indonesia would infringe section 34 of the Competition Act 2004 (the “**Act**”).^{1,2}
3. The Parties submitted that the Proposed Cooperation between SIA and Garuda will lead to the following benefits:
 - a. An enhanced air travel product for Singapore to Indonesia services;
 - b. Expanded virtual networks of the airlines, thereby providing an increased number of service offerings to passengers;
 - c. More competitive fares;
 - d. Significant benefits to corporate account customers;
 - e. Benefits for members of both airlines' Frequent Flyer Programme;

¹ The joint application was first filed at the group level, but the Parties have since clarified that the Proposed Cooperation as currently contemplated will not extend to include their respective low-cost carriers (namely Scoot and Citilink respectively). Parties will inform CCCS if they wish to include their respective low-cost carriers into the Proposed Cooperation, and the inclusion of the low-cost carriers (and the sufficiency of the present commitments) would be subject to further review and approval by the CCCS.

² See CCCS's media release dated 13 March 2024 “CCCS consults on the Proposed Cooperation between Singapore Airlines Limited and PT Garuda Indonesia (Persero) Tbk” here: <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/sia-garuda-proposed-cooperation-public-consult-13-mar-24>

- f. Potential scheduling benefits and time savings; and
- g. Improved connectivity for both Singapore and Indonesia, with consequential benefits to both countries' aviation industry and tourism.

Guiding principles for assessing Airline Alliance Agreements

- 4. As outlined in CCCS's Guidance Note for Airline Alliance Agreements,³ CCCS recognises that the aviation industry is an important pillar of the Singapore economy which generates significant economic value. The connections created between cities and markets anchors the infrastructure that generates benefits by facilitating trade, foreign direct investment, and tourism benefits. Given the importance of the aviation industry, CCCS has been actively monitoring and evaluating developments, so as to respond expeditiously to changing business conditions.
- 5. While airlines alliances have the potential to both enhance operational efficiencies and the quality of air services to consumers, they may at the same time significantly restrict competition, and CCCS will intervene to address such concerns. In cases where competition concerns are likely to arise from an agreement, the airlines may offer commitments to CCCS to address the identified competition concerns. If CCCS deems the commitments sufficient, they will be accepted by CCCS by way of a conditional clearance decision.

CCCS's Assessment

- 6. In assessing the Proposed Cooperation, CCCS reviewed information provided by the Parties as well as third-party feedback. CCCS has assessed that while there are some claimed benefits arising from the Proposed Cooperation, CCCS's overall assessment is that these claimed benefits are insufficient to outweigh the competition concerns. In particular, the Parties possess the majority of the market shares for the carriers offering direct flights on two specific routes, namely Singapore and Jakarta (and vice versa) ("SIN-CGK vv"), and Singapore and Surabaya (and vice versa) ("SIN-SUB vv") and the increase in market shares of the carriers arising from the Proposed Cooperation is significant. Even though a number of competing airlines provide air passenger transport services on these routes, the Parties have sustained substantial market share in recent years. CCCS also found that the price and capacity coordination between the Parties arising from the Proposed Cooperation could significantly restrict competition on the affected routes.

³ See CCCS's Airlines Guidance Note here: [CCCS Issues Guidance Note for Airline Alliance Agreements](#)

Commitments by the Parties

7. In recognition that the Proposed Cooperation may raise competition concerns, the Parties voluntarily provided a set of commitments (the “**Proposed Commitments**”) pertaining to scheduled international air passenger transport services on the SIN-CGK vv and SIN-SUB vv routes where the Parties undertake, amongst other things, to:
 - a. Maintain seat capacity on an aggregated basis on the SIN-CGK vv and SIN-SUB vv routes at stipulated levels that existed prior to the Proposed Cooperation; and
 - b. Appoint an independent auditor to monitor compliance with the above, and render a report to CCCS on an annual basis.

8. For further details on the Proposed Commitments, please refer to **Annex A**.

CCCS’s Assessment of the Parties Commitments

9. From 13 to 26 June 2024, CCCS conducted a market testing exercise to assess whether the Proposed Commitments would sufficiently address the competition concerns arising from the Proposed Cooperation. Most relevant stakeholders did not raise any concerns with the Proposed Commitments.

10. After evaluating the feedback provided, CCCS considers the Proposed Commitments sufficient to address the competition concerns arising from the Proposed Cooperation.

Conclusion

11. CCCS has approved the Proposed Cooperation on 5 July 2024, subject to the Parties’ adherence to the Proposed Commitments.

12. Mr. Alvin Koh, Chief Executive, CCCS said: “Airline alliances are an important part of the aviation industry bringing significant benefits to the Singapore economy as well as overseas markets. We look forward to working closely with our businesses and stakeholders to deliver positive, prompt and impactful outcomes that matter. Full cooperation from businesses throughout the process, providing complete, concise and relevant information will facilitate the timely completion of CCCS’s review.”

13. More information can be accessed from the CCCS website at www.cccs.gov.sg under the section “Public Consultation”.

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About The Competition and Consumer Commission of Singapore (CCCS)

The CCCS is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

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

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ANNEX A

[Commitments by Singapore Airlines Limited to the Competition and Consumer Commission of Singapore](#)

[Commitments by PT Garuda Indonesia \(Persero\) Tbk to the Competition and Consumer Commission of Singapore](#)