



MEDIA RELEASE

13 March 2024

CCCS Consults on the Proposed Cooperation between Singapore Airlines Limited and PT Garuda Indonesia (Persero) Tbk

The Competition and Consumer Commission of Singapore (“**CCCS**”) is seeking public feedback from 14 to 27 March 2024 on the proposed Singapore-Indonesia Commercial Cooperation Framework Agreement between Singapore Airlines Limited (“**SIA**”) and PT Garuda Indonesia (Persero) Tbk (“**GA**”) (the “**Proposed Cooperation**”).

2. CCCS accepted a joint application for decision from SIA and GA (collectively, the “**Parties**”) on the Proposed Cooperation on 19 February 2024. CCCS is now assessing whether the Proposed Cooperation would infringe section 34 of the Competition Act 2004, which prohibits agreements or concerted practices by undertakings which prevent, restrict or distort competition within any market in Singapore.

The Parties

SIA

3. SIA is a Singapore-based airline offering scheduled air passenger services to 75 destinations using a fleet of 147 aircraft. SIA is a public company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The principal activities of SIA comprise (through itself and its subsidiaries) the provision of scheduled international air passenger and air cargo transportation services, engineering services, training of pilots, air charters, and tour wholesaling and related services.

4. SIA also has a wholly-owned subsidiary, Scoot Private Limited (“**Scoot**”), which positions itself as a low-cost carrier offering scheduled air passenger services to 67 destinations using a fleet of 57 aircraft.

GA

5. GA is an Indonesia-based airline offering scheduled air passenger services to more than 50 destinations worldwide with a fleet of 69 aircraft and more than 169 daily flights. GA is publicly listed on the Indonesian Stock Exchange. The principal activities of GA comprise (through itself and its subsidiaries) the provision of scheduled and non-scheduled airline services, repair, overhaul and line maintenance services, and other services related to flight operations. GA has a 99.9 percent shareholding in a subsidiary, PT Citilink Indonesia (“**QG**”) which positions itself as a low-cost carrier offering scheduled air passenger services to more than 50 destinations using a fleet of 61 aircraft.

The Proposed Cooperation

6. The Proposed Cooperation comprises a Commercial Cooperation Framework Agreement, pursuant to which the Parties agree to cooperate on, amongst other things, scheduling, pricing, sales and marketing and other commercial areas (including expanded code sharing and special prorate arrangements) to bring about a metal-neutral alliance¹ in respect of their services between Singapore and Indonesia. CCCS’s assessment of the Proposed Cooperation would include both Scoot and QG.

7. The Parties have submitted that they overlap on 10 Origin-Destination routes (the “**Overlapping Routes**”) in the provision of air passenger transport services between Singapore and Indonesia, both on a direct² and non-direct basis³. The Parties have also submitted that the direct Overlapping Routes form the relevant markets for the purposes of the competitive analysis of the Proposed Cooperation.

8. According to the Parties, the Proposed Cooperation is unlikely to result in any adverse effects on competition as:

- a. The Parties will continue to face intense competition from low-cost carriers on the direct Overlapping Routes; and
- b. Existing low barriers to entry on the direct Overlapping Routes would facilitate entry by potential competitors.

¹ A metal-neutral alliance refers to a cooperative arrangement between airlines in which partners jointly plan and manage capacity, pricing and inter-airline financial settlement, so that all participating airlines share equally in the profits, such that the airlines become effectively indifferent as to which plane or ‘metal’ carries a passenger.

² The overlapping direct routes comprise Singapore-Jakarta (“**SIN-CGK**”), Singapore-Denpasar (“**SIN-DPS**”) and Singapore-Surabaya (“**SIN-SUB**”).

³ The overlapping non-direct routes (i.e., where only one party operates a direct flight, and the other operates a one-stop flight) comprise Singapore-Balikpapan (“**SIN-BPN**”), Singapore-Medan (“**SIN-KNO**”), Singapore-Lombok (“**SIN-LOP**”), Singapore-Manado (“**SIN-MDC**”), Singapore-Pekanbaru (“**SIN-PKU**”), Singapore-Makassar (“**SIN-UPG**”) and Singapore-Yogyakarta (“**SIN-YIA**”).

9. In addition, the Parties have submitted that the Proposed Cooperation is expected to result in significant consumer and economic benefits, as well as efficiencies such as:

- a. An enhanced air travel product for Singapore to Indonesia;
- b. Expanded virtual networks of the airlines, thereby providing an increased number of service offerings to passengers;
- c. More competitive fares through the reduction of double marginalisation and better fare combinability;
- d. Significant benefits to corporate account customers;
- e. Benefits for members of both SIA and GA's frequent flyer programmes;
- 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.

Public Consultation

10. CCCS is inviting public feedback in relation to the Proposed Cooperation. The closing date for submissions is on **27 March 2024**.

11. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About The Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**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 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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