



MEDIA RELEASE

19 December 2022

CCCS Consults on the Proposed Expansion of Joint Venture between Singapore Airlines Limited and Deutsche Lufthansa AG

The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed expansion of a joint venture between Singapore Airlines Limited (“**SIA**”) and Deutsche Lufthansa AG (“**Lufthansa**”) (the “**Proposed Expanded JV**”).

2. CCCS accepted a joint application from SIA and Lufthansa (collectively, the “**Applicants**”) on 9 December 2022 for a decision on whether the Proposed Expanded JV 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 Applicants

SIA

3. SIA is a Singapore-based airline offering scheduled air passenger services to 69 destinations (including Singapore) using a fleet of 123 aircraft, as of March 2022. It is publicly 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.

Lufthansa

4. Lufthansa is the parent company of the Lufthansa Group. The Lufthansa Group is a global aviation group which comprises three operating segments: Network Airlines, Eurowings and Aviation Services. The Network Airlines segment comprises Lufthansa German Airlines, Swiss International Air Lines Limited (“**LX**”), Austrian Airlines AG (“**OS**”) and Brussels Airlines. Eurowings focuses on short-haul routes in direct traffic. Aviation Services particularly includes the Logistics, Maintenance, Repair

and Overhaul services, Catering and Additional Businesses and Group Functions as well as Lufthansa AirPlus, Lufthansa Aviation Training and Lufthansa Systems.

The Proposed Expanded JV

5. The Proposed Expanded JV involves the expansion of the geographic scope of a joint venture arrangement implemented in 2016 between the Applicants (the “**2016 JV**”).

6. The 2016 JV involves co-operation between SIA and Lufthansa on pricing, sales and marketing, scheduling and other commercial areas relating to the provision of scheduled air passenger services between Germany, Austria, Switzerland, and Belgium (the “**LH Home Markets**”) and Singapore, Indonesia, Malaysia, and Australia (the “**SQ Home Markets**”). The 2016 JV was cleared by the CCCS on 12 December 2016, subject to certain voluntary commitments made by the Applicants (the “**2016 CCCS Decision**”).¹

7. The Proposed Expanded JV will extend the definition of the LH Home Markets and SQ Home Markets respectively to include the following countries:

- i. In terms of LH Home Markets: (a) Albania, (b) Austria, (c) Belgium, (d) Bosnia and Herzegovina, (e) Bulgaria, (f) Croatia, (g) Cyprus, (h) Czech Republic, (i) Estonia, (j) France, (k) Germany, (l) Greece, (m) Hungary, (n) Iceland, (o) Republic of Ireland, (p) Italy, (q) Kosovo, (r) Latvia, (s) Lithuania, (t) Luxembourg, (u) Malta, (v) Republic of Moldova, (w) Montenegro, (x) Netherlands, (y) North Macedonia, (z) Poland, (aa) Portugal, (bb) Romania, (cc) Serbia, (dd) Slovakia, (ee) Slovenia, (ff) Spain, (gg) Switzerland, (hh) and the United Kingdom; (collectively, the “**Expanded LH Home Markets**”); and
- ii. In terms of the SQ Home Markets: (a) Singapore, (b) Australia, (c) Indonesia, (d) Malaysia, (e) New Zealand, (f) Vietnam and (g) the Philippines, (collectively, the “**Expanded SQ Home Markets**”).

8. The Proposed Expanded JV will extend to services operated by LX, OS, and Scoot Pte Ltd².

¹ <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/ccs-accepts-capacity-commitments-by-sia-and-lufthansa>

² The 2016 JV was extended to SilkAir (Singapore) Private Limited (“**MI**”). However, SIA completed an internal restructuring as of May 2021, pursuant to which MI was merged back into the SIA Group, and MI ceased to operate as a separate carrier.

9. The Applicants have submitted that the Proposed Expanded JV will result in co-operation between them on additional overlapping routes, nine on which SIA operates direct services and LH operates on a one-stop basis (the “**Proposed Expanded JV Key Routes**”)³, and others on which neither party operates direct services and both operate one-stop, or multi-stop services. The Applicants also submitted that the relevant routes for the purposes of the competitive analysis should be limited to the Proposed Expanded JV Key Routes.

10. The Applicants have submitted that the Proposed Expanded JV is unlikely to result in any actual adverse effects on competition, specifically on the Proposed Expanded JV Key Routes, as, amongst other things:

- i. the increment in market shares between the Applicants on these routes between 2019 to 2020 is limited;
- ii. the Applicants will continue to face intense competition from competitors such as the Gulf carriers; and
- iii. there are no material barriers to entry or expansion.

11. In addition, the Applicants submitted that the Proposed Expanded JV is expected to result in significant consumer and economic benefits and efficiencies including:

- i. increasing passenger numbers and tourists to Singapore that will benefit tourist-related industries;
- ii. more competitive fares arising from the elimination of double marginalisation;
- iii. expanding virtual networks for both of the airlines that will provide more service offerings to passengers;
- iv. significant benefits to corporate account customers; and
- v. improved connectivity for both SIA and LH, better utilisation of both Applicants’ assets and combined efforts to recover from the devastating effects of Covid-19 Pandemic, with consequential benefits to Singapore’s aviation industry and tourism.

Public Consultation

12. CCCS is inviting public feedback on the Proposed Expanded JV from 19 December 2022 to 31 January 2023, 5 p.m.

³ The routes comprise Singapore-Amsterdam (“**SIN-AMS**”) and Singapore-Athens (“**SIN-ATH**”), Singapore-Barcelona (“**SIN-BCN**”), Singapore-Paris (“**SIN-CDG**”) and Singapore-Rome (“**SIN-FCO**”), Singapore-London (“**SIN-London**”), Singapore-Manchester (“**SIN-MAN**”), Singapore-Milan (“**SIN-MXP**”), and Singapore-Berlin (“**SIN-BER**”).

13. 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 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 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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