

Section 44 of the Competition Act 2004

Grounds of Decision issued by the Competition and Consumer Commission of Singapore

Application for Decision by Singapore Airlines Limited and Deutsche Lufthansa AG

28 January 2025

Case number: CCCS 400-110-2022-001

Confidential information in the original version of this Decision has been redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [X].

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I. INTRODUCTION

1. This decision relates to two applications received by the Competition and Consumer Commission of Singapore (“**CCCS**”) from Singapore Airlines Limited (“**SIA**”) and Deutsche Lufthansa AG (“**Lufthansa**”) (collectively, the “**Applicants**”), made pursuant to section 44 of the Competition Act 2004 (the “**Act**”). These applications pertain to a joint venture between Lufthansa and SIA described below.

(a) The Applicants

2. SIA is a Singapore-based airline company offering scheduled air passenger services. Its main activities 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 related services. Apart from SIA’s full-service carrier (“**SQ**”), SIA’s wholly owned subsidiary, Scoot Pte. Ltd. (“**TR**”), positions itself as a low-cost carrier.
3. Lufthansa is the parent company of the Lufthansa Group (“**LHG**”), which is a global aviation group comprising three operating segments: Network Airlines, Eurowings¹ and Aviation Services². The wholly owned carriers within LHG involved in Lufthansa’s joint venture with SIA at the time of the 2022 Application (defined below) are Lufthansa German Airlines (“**LH**”), Swiss International Air Lines Limited (“**LX**”) and Austrian Airlines AG (“**OS**”).

(b) The Applications

The 2016 Application

4. The first application was made on 5 February 2016 (the “**2016 Application**”) in relation to a joint venture (the “**2016 JV**”) which the Applicants had entered into by executing a Joint Venture Framework Agreement (the “**Framework Agreement**”). The 2016 JV entailed 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:

¹ Eurowings focuses on short-haul routes in direct traffic.

² Aviation Services 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.

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- (a) Austria, Belgium, Germany and Switzerland (the “**LH Home Markets**”); and
 - (b) Singapore, Australia, Indonesia and Malaysia (the “**SQ Home Markets**”).
5. The airlines to which the 2016 JV applied are LH, LX and OS (within LHG), and SQ.
6. CCCS’s decision in respect of the 2016 Application is set out in its decision dated 12 December 2016 (the “**2016 Decision**”)³, which concluded that the 2016 JV would not infringe the section 34 prohibition as long as the commitments offered by the Applicants at the time (the “**2016 Commitments**”)⁴ were complied with.
7. The Applicants subsequently extended the 2016 JV in 2018 to include TR within its scope and informed CCCS of this via a letter dated 28 August 2018.

The 2022 Application

8. The Applicants’ second application was accepted by CCCS on 9 December 2022 (the “**2022 Application**”) and relates to the proposed expansion of the 2016 JV (the “**Proposed Expansion**”). The 2016 JV, as expanded by the Proposed Expansion, is referred to in this decision as the “**Proposed Expanded JV**”. By their 2022 Application, the Applicants seek to expand the geographic scope of the 2016 JV to include:
- (a) additional European countries, such that the scope would cover (i) Albania, (ii) Austria, (iii) Belgium, (iv) Bosnia and Herzegovina, (v) Bulgaria, (vi) Croatia, (vii) Cyprus, (viii) Czech Republic, (ix) Estonia, (x) France, (xi) Germany, (xii) Greece, (xiii) Hungary, (xiv) Iceland, (xv) Republic of Ireland, (xvi) Italy, (xvii) Kosovo, (xviii) Latvia, (xix) Lithuania, (xx) Luxembourg, (xxi) Malta, (xxii) Republic of Moldova, (xxiii) Montenegro, (xxiv) Netherlands, (xxv) North Macedonia, (xxvi) Poland, (xxvii) Portugal, (xxviii) Romania, (xxix) Serbia, (xxx) Slovakia, (xxxi) Slovenia, (xxxii) Spain, (xxxiii) Switzerland, and (xxxiv) the United Kingdom (the “**Expanded LH Home Markets**”); and
 - (b) additional Asia/Asia-Pacific countries, such that the scope would cover (i) Singapore, (ii) Australia, (iii) Indonesia, (iv) Malaysia, (v) New

³ The 2016 Decision can be accessed on CCCS’s public register.

⁴ The 2016 Commitments can also be accessed on CCCS’s public register.

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Zealand, (vi) Vietnam and (vii) the Philippines (the “**Expanded SQ Home Markets**”),

(collectively, the “**Expanded Home Markets**”).

9. The areas of cooperation under the Proposed Expanded JV remain unchanged from the 2016 JV,⁵ with the Framework Agreement remaining unchanged as at the date of the 2022 Application, save for [X], and relate only to scheduled air passenger services (i.e. the Proposed Expanded JV will not involve cargo operations). On 2 December 2024, the Applicants informed CCCS of a contemplated operational realignment to involve coordination with LHG’s other affiliate airlines under the JV; namely, Air Dolomiti, Brussels Airlines SA/NV, Lufthansa City Airlines and Discover Airlines.
10. Accordingly, the Applicants submitted that the most material areas of cooperation are in respect of:⁶
- (a) schedule coordination and capacity management⁷;
 - (b) pricing and inventory management⁸;
 - (c) sales and marketing cooperation⁹; and
 - (d) sharing of joint venture route results¹⁰.

(c) CCCS’s Further Review of the 2016 JV

11. While the 2016 JV was approved by CCCS subject to the 2016 Commitments, pursuant to section 46 of the Act, CCCS may take further action with respect to the 2016 JV if it has reasonable grounds for believing that there has been a material change of circumstance since the 2016 Decision. In this regard, it was stated at paragraph 182 of the 2016 Decision that the factors which CCCS may consider as material changes of circumstance include, amongst others, a significant change of scope of the 2016 JV.
12. As the 2022 Application indicates a significant expansion of the scope of the 2016 JV, CCCS is of the view that there has indeed been a material change of circumstance since the 2016 Decision. Furthermore, cooperation between the Applicants pursuant to the Proposed Expansion may also impact the state of competition in relevant markets that were assessed under the 2016 Application such that it is necessary for CCCS to review the agreements between the Applicants in their entirety. Hence, CCCS informed the

⁵ Please refer to paragraphs 26 to 43 of the 2016 Decision for further details of the 2016 JV.

⁶ Paragraph 13.2 of Form 1.

⁷ Clause 6.1.1 of the Framework Agreement.

⁸ Clause 6.1.2 of the Framework Agreement.

⁹ Clauses 6.1.3 and 6.1.4 of the Framework Agreement.

¹⁰ Clause 4.1 and Exhibit A of the Framework Agreement.

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Applicants on 2 August 2023 that it would be proceeding with a further review of the Applicants' joint venture in its entirety. This decision therefore supersedes the 2016 Decision.

13. As part of CCCS's assessment, CCCS sought feedback from third parties including aviation regulatory bodies, competitors and customers. This decision sets out CCCS's assessment of the Proposed Expanded JV as notified to CCCS through the 2016 Application and the 2022 Application.

II. LEGISLATIVE FRAMEWORK

14. Section 34 of the Act 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 (the "**section 34 prohibition**"). Specifically, section 34(2) of the Act states that:

"... agreements ... may, in particular, have the object or effect of preventing, restricting or distorting competition within Singapore if they –

- (a) *directly or indirectly fix purchase or selling prices or any other trading conditions;*
- (b) *limit or control production, markets, technical development or investment;*
- ... "*

15. An agreement involving price fixing, bid rigging, market sharing or output limitations will always be deemed to have an appreciable adverse impact on competition and fall within the scope of the section 34 prohibition, unless it is excluded or exempted.¹¹

III. COMPETITION ASSESSMENT

Scope of Application

16. At the outset, the Applicants highlighted that the 2022 Application is made only in respect of the *incremental* scope of the joint venture operations and that the 2022 Application is not for reconsideration of the scope and effect of the 2016 JV, but for CCCS's decision in relation to the proposed expanded geographic scope of the joint venture to include the countries listed in paragraph 8 above.¹² Further, the Applicants indicated that they are seeking

¹¹ CCCS Guidelines on the Section 34 Prohibition, at paragraph 2.24.

¹² Paragraphs 7.4 and 8.1 of Form 1; paragraph 5.1 to 5.3 of the Applicants' 9 December 2022 response to CCCS's 1 December 2022 request for information ("**RFI**").

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CCCS's decision with respect to other origin-destination (“OD”) city pair routes within the Proposed Expanded JV on which neither Applicant is currently operating services but may decide to do so in the future.¹³

17. The Applicants also submitted that indirect routes between the Expanded SQ Home Markets and Expanded LH Home Markets where Singapore is only the transit point (e.g. Manila-Singapore-London) do not form part of the *incremental* scope of the joint venture operations for the purposes of the 2022 Application. The Applicants consider that CCCS's approval is not required in respect of these indirect routes since they are not marketed to Singapore consumers and do not affect Singapore's markets for goods and services.¹⁴
18. CCCS disagrees with the Applicants' reasoning in paragraph 17 above. Insofar as the end-to-end indirect services are not marketed or sold to customers in Singapore, they may still affect the market for services in Singapore where one sector of the service (e.g. the segment of the flights between Singapore and the origin / final destination) is sold to Singapore customers. For example, an increase in demand for services on indirect routes originating outside of Singapore but transiting through Singapore may result in a reduction in the available capacity for Singapore originating passengers who wish to travel on the sector of such routes connecting Singapore and the end destination. This is discussed in further detail at paragraph 77 below.
19. In any case, as explained in paragraph 12 above, CCCS is of the view that there has been a material change of circumstance since the 2016 Decision and has hence reviewed the Proposed Expanded JV in its entirety. It is therefore unnecessary to define the “incremental scope” of joint venture operations arising from the Proposed Expansion.

(a) **Relevant Market(s)**

Overlapping OD city pair routes

20. The Applicants classified the overlapping OD city pairs on which both Applicants offered air passenger transport services (the “**Overlapping Routes**”) into three categories:¹⁵
 - (a) OD city pairs where both Applicants operate direct services (“**Category 1 Routes**”);¹⁶

¹³ Paragraph 5.2 of the Applicants' 9 December 2022 response to CCCS's 1 December 2022 RFI.

¹⁴ Paragraph 5.3 of the Applicants' 9 December 2022 response to CCCS's 1 December 2022 RFI.

¹⁵ Paragraph 7.3 of Form 1.

¹⁶ Paragraph 7.3.1 of Form 1.

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- (b) OD city pairs where only SIA (including its subsidiaries)¹⁷ operates direct services and LH operates on a one-stop basis (“**Category 2 Routes**”); and¹⁸
 - (c) OD city pairs where both Applicants operate only indirect services (“**Category 3 Routes**”).¹⁹
21. The Overlapping Routes identified in the 2016 Decision that qualify as Category 1 Routes are Singapore-Frankfurt (and vice-versa) (“**SIN-FRA vv**”) and Singapore-Zurich (and vice-versa) (“**SIN-ZRH vv**”), and the Applicants continue to overlap in the provision of direct services on these routes. In addition, LH introduced direct services on Singapore-Munich (and vice-versa) (“**SIN-MUC vv**”) in 2018, which overlaps with SIA’s provision of direct services on this route.²⁰ Hence, SIN-MUC vv qualifies as a Category 1 Route as well. The Applicants submitted that no new Category 1 Routes arise from the Proposed Expansion as it does not combine any new direct routes between the Expanded SQ Home Markets and the Expanded LH Home Markets, on which both Applicants operate services, nor does it involve, as currently contemplated, any new direct services operated by LH.²¹ Hence, the Category 1 Routes are SIN-FRA vv, SIN-ZRH vv and SIN-MUC vv.
22. In respect of Category 2 Routes, the Applicants submitted that the Proposed Expanded JV will result in nine additional Category 2 Routes (the “**Proposed Expanded JV Key Routes**”), between:
- (a) Singapore and Amsterdam (and vice versa) (“**SIN-AMS vv**”);
 - (b) Singapore and Athens (and vice versa) (“**SIN-ATH vv**”);
 - (c) Singapore and Barcelona (and vice versa) (“**SIN-BCN vv**”);
 - (d) Singapore and Paris (and vice versa) (“**SIN-CDG vv**”);
 - (e) Singapore and Rome (and vice versa) (“**SIN-FCO vv**”);
 - (f) Singapore and London (and vice versa) (“**SIN-London vv**”);²²

¹⁷ Paragraph 28.1 of the Applicants’ 14 February 2023 response to CCCS’s 19 December 2022 RFI.

¹⁸ Paragraph 7.3.2 of Form 1.

¹⁹ Paragraph 7.3.3 of Form 1; Paragraph 4.1 of the Applicants’ 9 December 2022 response to CCCS’s 1 December 2022 RFI.

²⁰ This would have been classified as a Category 2 Route in 2016 as LH was operating one-stop services while SIA was operating direct services at the time.

²¹ Paragraph 7.5 and 7.6 of Form 1.

²² The London airports included in SIN-London vv are London City Airport, London Gatwick Airport, London Heathrow Airport (“**LHR**”) and London Stansted Airport. Paragraph 1.1 of the

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- (g) Singapore and Manchester (and vice versa) (“**SIN-MAN vv**”);
 - (h) Singapore and Milan (and vice versa) (“**SIN-MXP vv**”); and
 - (i) Singapore and Berlin (and vice versa) (“**SIN-BER vv**”)²³.
23. The Applicants further submitted that Singapore-Dusseldorf (and vice-versa) (“**SIN-DUS vv**”), which would previously have qualified as a Category 2 Route at the time of the 2016 Application, now qualifies as a Category 3 route, as SIA last operated direct services on SIN-DUS vv on 16 March 2020. SIA permanently suspended direct services on this route since 1 December 2020 though it continues to offer indirect services (flying via Frankfurt, Zurich and Munich) through codeshare arrangements with LHG on the Frankfurt-Dusseldorf, Zurich-Dusseldorf and Munich to Dusseldorf sectors.²⁴ Separately, as SIA also introduced a 4 times weekly direct service on Singapore-Brussels (and vice-versa) (“**SIN-BRU vv**”) on 5 April 2024,²⁵ this route, which would previously have qualified as a Category 3 Route, will be regarded by CCCS as a Category 2 Route in this decision, alongside the Proposed Expanded JV Key Routes.
24. In respect of Category 3 Routes, the Applicants submitted that the Proposed Expansion will result in 108 new OD city pairs.²⁶ Further, of the 23 Relevant Indirect Routes²⁷ identified in the 2016 Decision that would have qualified as Category 3 Routes, the Applicants submitted that Singapore-Lugano (and vice-versa) (“**SIN-LUG vv**”) and Singapore-Rostock-Laage (and vice versa) (“**SIN-RLG vv**”) no longer constitute an overlap. CCCS also notes that SIN-BRU vv and SIN-BER vv now qualify as Category 2 Routes, such that only

Applicants’ 7 February 2023 response to CCCS’s 19 December 2022 RFI and paragraph 2.1 of the Applicants’ 16 June 2023 response to CCCS’s 25 May 2023 RFI.

²³ CCCS notes that the SIN-BER vv OD city pair was determined to likely result in a minimal loss of competition as part of the 23 Relevant Indirect Routes analysed in the 2016 JV. However, the scope of the 2016 JV previously assessed by CCCS did not include TR, which operates direct services on SIN-BER vv.

²⁴ Paragraph 1.1 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI.

²⁵ https://www.singaporeair.com/en_UK/sg/media-centre/press-release/article/?q=en_UK/2023/July-September/ne0923-230912

²⁶ Paragraph 1.2 of the Applicants’ 17 July 2023 response to CCCS’s 10 July 2023 RFI, paragraph 7.11 of Form 1 and Paragraph 2.1 of the Applicants’ 14 February 2023 response to CCCS’s 19 December 2022 RFI.

²⁷ The full list of the 23 Relevant Indirect Routes is set out at Annex B.

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19 of the original 23 Relevant Indirect Routes now qualify as Category 3 Routes.²⁸ Hence, there are a total of 127 Category 3 Routes.²⁹

25. As noted by the Applicants, the CCCS Guidance Note for Airline Alliance Agreements (the “*CCCS Guidance Note*”) indicates that CCCS would take the starting point for market definition relating to the provision of scheduled air passenger services to be the OD city pair route.³⁰ In the present case, CCCS likewise considered the starting point for market definition relating to scheduled air passenger services offered by the Applicants to be each overlapping OD city pair route, as passengers generally want to travel to a specific destination and will not substitute another destination when faced with a small, but significant, non-transitory increase in price.

Distinguishing between direct and non-direct services

26. The Applicants submitted that indirect services, in particular services with no more than one stop in between, ought to be considered substitutes to direct services for the same OD city pair. CCCS recognised in the 2016 Decision that direct and indirect flights are substitutable to a certain extent.³¹
27. In response to CCCS’s request for feedback from third parties, competitors noted that indirect services provide a constraint on direct services, particularly for price-sensitive, leisure and other non-time-sensitive consumers, subject to a quality adjusted price to reflect the additional travel time and layover.³² In other words, for long-haul flights, many consumers will consider indirect services as substitutes, provided services reflect the quality adjusted price of the additional travel time. While one competitor noted that for business and similar time-sensitive travellers, indirect services generally do not provide a constraint on direct services as they are less viable substitutes,³³ another competitor noted that a number of considerations including overall journey time, customers brand preference, flight timings and flight availability and service quality of airlines and transfer airports factor into such passengers’ considerations as well.³⁴

²⁸ Paragraph 1.1 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI. LX ended its operations on ZRH-LUG in September 2019, and ZRH-LUG vv is now operated by Swiss rail operator SBB with an LX flight number, while SIA does not sell tickets on this sector. LHG also ended its operations of MUC-RLG vv in November 2020 and does not operate FRA/ZRH-RLG vv, and no longer operates one-stop flights from SIN-RLG vv.

²⁹ The full list of destinations for the Category 3 Routes is set out at Annex A.

³⁰ Paragraph 8.2 of Form 1.

³¹ Paragraph 74 of the 2016 Decision.

³² [REDACTED]

³³ [REDACTED]

³⁴ [REDACTED]

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28. In the 2016 Decision, CCCS had considered it appropriate to include one-stop flights in the relevant market for the 2016 JV as the extent of substitutability and closeness of competition will in any case be manifested in the actual market share trends and/or price differentials assessed over a period of time.³⁵ This remains true for the Overlapping Routes. CCCS notes the Applicants' submissions and third party feedback and considers that one-stop flights can be included in the same relevant market as direct flights for the Overlapping Routes in the present case.

Substitutability of other forms of transport

29. The Applicants do not consider other modes of transport to be substitutable with long-haul international flights operated by the Applicants. The speed and convenience offered via air travel is unlikely applicable to other modes of transportation, especially where travel involves crossing significant land mass and bodies of water.³⁶ Given the long-haul nature of the Overlapping Routes, CCCS is of the view that there is no need to consider other substitutes to air travel.

Identification of separate markets for business and leisure travellers

30. The Applicants noted that the distinction between different types of passengers have become less apparent.³⁷ In particular, while the price and time sensitivity of travellers may be relevant considerations in defining the relevant markets, such considerations are less significant with long haul flights under the Proposed Expanded JV.³⁸ The Applicants submitted that it is not necessary for travellers to be categorised into business or leisure travellers, or whether they are time-sensitive.³⁹
31. CCCS had previously observed in *SIA/Scandinavian Airlines*⁴⁰ that the lines between business passengers (who tend to be more time-sensitive but less price-sensitive) and leisure passengers (who tend to be price-sensitive but less time-sensitive) have become increasingly blurred. It was also recognised in the European Commission's decision in *United Airlines/US Airways*⁴¹ that criteria other than travel times (such as price, flexibility, loyalty programs and service quality), which were also highlighted in feedback from third parties in the present case, play a more important role in passengers' decisions, as total travel time increases. In this regard, CCCS agrees that for

³⁵ Paragraphs 8.13 and 8.14 of Form 1.

³⁶ Paragraph 8.7 of Form 1.

³⁷ Paragraph 8.9 of Form 1.

³⁸ Paragraph 8.8 of Form 1.

³⁹ Paragraph 8.11 of Form 1.

⁴⁰ *SIA/Scandinavian Airlines*, Case no. CCS 400/001/12, paragraph 50.

⁴¹ *United Airlines/US Airways*, Case M.2041, paragraph 18.

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the Proposed Expanded JV there is no need to identify distinct markets for business and leisure travellers.

Conclusion on Relevant Markets

32. The Applicants submitted that the relevant markets for the purposes of the 2022 Application are for scheduled air passenger services, including direct and one-stop services, along each of the Proposed Expanded JV Key Routes as listed in paragraph 22 above.⁴²
33. As section 34 of the Act specifically prohibits the prevention, restriction and distortion of competition *within* Singapore, CCCS considers that scheduled air passenger services, including direct and one-stop services, for all overlapping OD city pair routes originating or terminating in Singapore would be relevant for CCCS's consideration. Further, as CCCS is considering the Applicants' joint venture in its entirety, there is no need to distinguish between overlapping routes within the scope of the original 2016 JV and overlapping routes which only arise as a result of the Proposed Expanded JV. Hence, CCCS considers that the relevant routes for the purposes of the review of the Applicant's joint venture are all Category 1⁴³, Category 2⁴⁴ and Category 3⁴⁵ Routes.

(b) Object or Effect of the Prevention, Restriction or Distortion of Competition within Singapore

Applicants' submissions

Category 1 Routes

34. The Applicants submitted that there have been changes to the competitive landscape in relation to the Category 1 Routes (i.e. SIN-FRA vv, SIN-ZRH vv and SIN-MUC vv) since the 2016 Decision was issued and provided updated market shares figures to support their submissions.⁴⁶

⁴² Paragraph 8.15 of Form 1.

⁴³ SIN-FRA vv, SIN-ZRH vv and SIN-MUC vv.

⁴⁴ SIN-AMS vv; SIN-ATH vv; SIN-BCN vv; SIN-CDG vv; SIN-FCO vv; SIN-London vv; SIN-MAN vv; SIN-MXP vv; SIN-BER vv and SIN-BRU vv.

⁴⁵ Please refer to Annex A for the list of destinations for the Category 3 Routes.

⁴⁶ Paragraph 3.1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI; Annex 1 and 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

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SIN-FRA vv

35. Table 1 below shows the market shares of the Applicants along the SIN-FRA vv route between 2016 to 2019 and 2022 to 2024 (January to July) submitted by the Applicants.

Table 1⁴⁷

Carriers	Market shares on SIN-FRA vv						
	2016	2017	2018	2019	2022	2023	2024 (January- July)
SIA	[3 40-50]%	[3 40-50]%	[3 40-50]%	[3 40-50]%	[3 50-60]%	[3 30-40]%	[3 40-50]%
LHG	[3 20-30]%	[3 30-40]%	[3 30-40]%	[3 30-40]%	[3 10-20]%	[3 20-30]%	[3 20-30]%
Applicants Combined	[3 70-80]%	[3 70-80]%	[3 70-80]%	[3 70-80]%	[3 70-80]%	[3 60-70]%	[3 70-80]%
EK	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 10-20]%	[3 0-10]%
EY	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%
QR	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%
EK, EY and QR Combined	[3 10-20]%	[3 10-20]%	[3 10-20]%	[3 10-20]%	[3 10-20]%	[3 20-30]%	[3 10-20]%
Other airlines	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%	[3 0-10]%

36. On SIN-FRA vv, the Applicants submitted that their combined market shares dropped from [~~3~~] to [~~3~~], in favour of Emirates (“**EK**”), Etihad Airways (“**EY**”), and Qatar (“**QR**”), comparing data from 2019 and 2023. However, the Applicants’ market shares increased to [~~3~~] for 2024 (January to July). CCCS also notes that during the same period, the market shares of EK and EY had fallen from a high in 2023 back to the market share levels seen during 2016 to 2019, and that QR’s market shares had remained relatively stable throughout the period.

⁴⁷ Annex 1 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI, paragraph 16 of the Applicants’ 22 August 2024 letter to CCCS, and Annex 1 of the Applicants’ 10 December 2024 response to CCCS’s 3 December 2024 RFI. Market shares for 2020 and 2021 were excluded given that the airline industry was severely impacted by the COVID-19 pandemic and the market shares during this period are unlikely to be informative. This applies to Table 1 to Table 3.

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37. The Applicants also submitted that Gulf Air had emerged as new entrant on the route, carrying [redacted] passengers in 2023,⁴⁸ demonstrating that barriers to entry and expansion on the route are low and that customers can switch to other carriers easily.⁴⁹

SIN-ZRH vY

38. Table 2 below shows the industry-wide passenger figures and market shares of the Applicants along the SIN-ZRH vY route between 2016 to 2019 and 2022 to 2024 (January to July), as submitted by the Applicants.

Table 2⁵⁰

Carriers	Market Shares on SIN-ZRH vY						
	2016	2017	2018	2019	2022	2023	2024 (January- July)
SIA	[redacted]50-60]%	[redacted]40-50]%	[redacted]40-50]%	[redacted]40-50]%	[redacted]50-60]%	[redacted]30-40]%	[redacted]30-40]%
LHG	[redacted]20-30]%	[redacted]30-40]%	[redacted]30-40]%	[redacted]30-40]%	[redacted]20-30]%	[redacted]30-40]%	[redacted]40-50]%
Applicants Combined	[redacted]80-90]%	[redacted]80-90]%	[redacted]70-80]%	[redacted]70-80]%	[redacted]70-80]%	[redacted]70-80]%	[redacted]70-80]%
EK	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%
EY	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%
QR	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%
EK, EY and QR Combined	[redacted]10-20]%	[redacted]10-20]%	[redacted]10-20]%	[redacted]10-20]%	[redacted]10-20]%	[redacted]20-30]%	[redacted]10-20]%
Other airlines	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%	[redacted]0-10]%

39. On SIN-ZRH vY, the Applicants submitted that their combined market shares fell from [redacted] to [redacted] between 2019 and 2023 in favour of EK, EY and QR. However, CCCS notes that the Applicants' market shares increased to [redacted] in 2024 (January to July). In contrast, the combined market shares of EK, EY and QR increased [redacted] from 2019 to 2024 (January to July).

⁴⁸ Annex 1 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

⁴⁹ Paragraph 3.4 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI.

⁵⁰ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI, paragraph 16 of the Applicants' 22 August 2024 letter to CCCS, and Annex 1 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

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40. The Applicants submitted that if customers could not switch easily between carriers, the Applicants would theoretically have lost passengers in proportion with the market decline. Hence, the disproportionate decline indicated that the Applicants' high market shares on SIN-ZRH vv were not representative of their market power, as a significant number of passengers switched to flying on other carriers.⁵¹
41. The Applicants also noted that QR had increased its capacity and began operating Doha-Zurich services 10 times a week from April 2022 compared to 7 times weekly in 2016. Similarly, since February 2022, EK had resumed Dubai-Zurich services 14 times a week after it previously reduced the frequency in March 2020 due to the COVID-19 pandemic. While capacity from the Middle Eastern hubs to Europe on one-stop services such as Singapore-Dubai-Zurich are not representative of actual capacity on the SIN-ZRH vv route, any increase or reduction in capacity would indirectly have an impact on available seats and ticket sales; thus the additional capacity offered by QR and EK increases the competitive pressure on the SIN-ZRH vv route.⁵²

SIN-MUC vv

42. Table 3 below shows the industry-wide passenger figures and market shares of the Applicants along the SIN-MUC vv route between 2016 to 2019 and 2022 to 2024 (January to July), as submitted by the Applicants.
43. The Applicants' combined market shares increased from [3<] to [3<] between 2016 and 2024 (January to July), with LH having commenced 5 times weekly direct services on SIN-MUC vv on 27 March 2018, which increased to 7 times weekly from June 2019.⁵³

⁵¹ Paragraph 3.6 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI.

⁵² Paragraph 3.7 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI.

⁵³ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI, and Annex 1 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

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Table 3⁵⁴

	Market Shares on SIN-MUC vv						
Carriers	2016	2017	2018	2019	2022	2023	2024 (January- July)
SIA	[<30-40)%	[<40-50)%	[<30-40)%	[<30-40)%	[<50-60)%	[<30-40)%	[<30-40)%
LHG	[<0-10)%	[<10-20)%	[<20-30)%	[<30-40)%	[<20-30)%	[<20-30)%	[<30-40)%
Applicants Combined	[<40-50)%	[<50-60)%	[<60-70)%	[<60-70)%	[<70-80)%	[<60-70)%	[<60-70)%
EK	[<10-20)%	[<10-20)%	[<10-20)%	[<10-20)%	[<0-10)%	[<0-10)%	[<0-10)%
EY	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%
QR	[<10-20)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%	[<0-10)%
EK, EY and QR Combined	[<30-40)%	[<30-40)%	[<20-30)%	[<20-30)%	[<10-20)%	[<20-30)%	[<20-30)%
Other airlines	[<10-20)%	[<10-20)%	[<0-10)%	[<0-10)%	[<0-10)%	[<10-20)%	[<0-10)%

44. Despite the increase in the combined market shares, the Applicants submitted that their competitors offering one-stop services continue to exert strong competitive pressure on the Applicants. These competitors also have the ability to increase capacity on different sectors of their indirect services. Further, the Applicants submitted that the introduction of the direct services on SIN-MUC vv in 2018 was a benefit directly resulting from the 2016 JV.⁵⁵
45. Nonetheless, the Applicants submitted that they would remain subject to strong competition on all Category 1 Routes from a large number of carriers operating indirect services to and from Singapore to the original and Expanded LH Home Markets, and that despite their high market shares, the Applicants’ have faced and continue to face competitive constraints from existing and potential competitors.⁵⁶ Barriers to entry remain low for new or existing competitors to enter or expand on these route, as bilateral air service agreements between Singapore and Europe are liberal and have become even

⁵⁴ Annex 1 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI, and Annex 2 of the Applicants’ 10 December 2024 response to CCCS’s 3 December 2024 RFI.

⁵⁵ Paragraph 2.1 of the Applicants’ 1 March 2024 response to CCCS’s 13 February 2024 RFI.

⁵⁶ Paragraph 3.9 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI.

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more so with the introduction of the EU-ASEAN Comprehensive Air Transport Agreement.⁵⁷

Category 2 and 3 Routes

46. The Applicants’ combined market shares between 2016 to 2019 and 2022 to 2024 (January to July) for Category 2 Routes are set out in Table 4 below.

Table 4: Applicants’ combined market shares on Category 2 Routes⁵⁸

Category 2 Routes	2016	2017	2018	2019	2022	2023	2024 (January-July)
SIN-AMS vv	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%
SIN-ATH vv	[<0-10)%	[<20-30)%	[<40-50)%	[<30-40)%	[<50-60)%	[<50-60)%	[<40-50)%
SIN-BCN vv	[<50-60)%	[<40-50)%	[<30-40)%	[<40-50)%	[<30-40)%	[<30-40)%	[<30-40)%
SIN-BER vv	[<30-40)%	[<30-40)%	[<60-70)%	[<60-70)%	[<70-80)%	[<60-70)%	[<40-50)%
SIN-BRU vv	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<40-50)%
SIN-CDG vv	[<40-50)%	[<40-50)%	[<40-50)%	[<40-50)%	[<40-50)%	[<30-40)%	[<30-40)%
SIN-FCO vv	[<40-50)%	[<40-50)%	[<40-50)%	[<40-50)%	[<30-40)%	[<30-40)%	[<30-40)%
SIN-London vv	[<40-50)%	[<40-50)%	[<30-40)%	[<30-40)%	[<50-60)%	[<40-50)%	[<40-50)%
SIN-MAN vv	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%	[<30-40)%
SIN-MXP vv	[<60-70)%	[<50-60)%	[<50-60)%	[<40-50)%	[<40-50)%	[<40-50)%	[<50-60)%

47. The Applicants submitted that the barriers to entry and expansion on the Proposed Expanded JV Key Routes are not insurmountable as competing air carriers (including from third countries), such as the Gulf carriers, are able to operate services along the Proposed Expanded JV Key Routes, subject to the third countries’ Air Services Agreements (“ASAs”) with Singapore and the Expanded LH Home Markets. Competing air carriers could deploy larger

⁵⁷ Paragraph 3.9 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI.

⁵⁸ Annexes 1 and 2 of the Applicants’ 31 August 2023 response to CCCS’s 4 August 2023 RFI, and Annex 2 of the Applicants’ 10 December 2024 response to CCCS’s 3 December 2024 RFI.

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aircraft types for existing flights and/or deploy new services at off peak periods as most of these airports do not have curfews. The Applicants further submitted that it is more likely for such carriers to have spare capacity due to the decrease in air travel demand as a result of the COVID-19 pandemic. Accordingly, the Applicants submitted that it would be relatively easy for existing competitors or new entrants to respond to any increases in demand in a timely and sufficient manner as a result of any attempted exercise in market power by the Applicants after the Proposed Expanded JV.⁵⁹

48. The Applicants also submitted that the barriers to entry and expansion on the Category 3 Routes are not insurmountable in the context of ASAs.⁶⁰ Bilateral ASAs allow the Gulf carriers to operate one-stop flights between Singapore and Europe. In addition, airlines generally cooperate in a number of ways to overcome the restrictions imposed by bilateral ASAs and to expand their global reach by combining their networks (e.g. interlining and code-sharing arrangements, and revenue-sharing alliances or global airline alliances).⁶¹

CCCS's assessment

49. As a starting point, CCCS considers that 'metal-neutral' airline alliances, which contemplate coordination between the parties on pricing, capacity, frequency and scheduling of flights, or sharing of revenue according to the capacity output by each airline, are akin to price-fixing or capacity control agreements and have the object of restricting competition.⁶²
50. Accordingly, CCCS is of the view that where the elements of coordination present in the Proposed Expanded JV are akin to a price-fixing or capacity control agreement on services provided by the Applicants in the Relevant Markets as set out in paragraphs 9 to 10, these would have an appreciable adverse impact on competition in Singapore.
51. Where an agreement is found to have the object of preventing, restricting or distorting competition, it would not be necessary to determine the actual effects of such agreements.⁶³
52. Notwithstanding the above, CCCS had found in the 2016 Decision that there were demonstrable appreciable adverse effects on competition in Singapore arising from the 2016 JV with respect to the SIN-FRA vv and SIN-ZRH vv

⁵⁹ Paragraph 14.7 of Form 1.

⁶⁰ Paragraph 13.1 of the Applicants' 14 February 2023 response to CCCS's 19 December 2023 RFI.

⁶¹ Paragraph 13.3 of the Applicants' 14 February 2023 Response to CCCS's 19 December 2023 RFI.

⁶² Paragraph 54 of the CCCS Guidance Note.

⁶³ *CU Water Services Pte Ltd v CCCS* [2023] SGCAB 1, at [50] to [55]. See also *Re Pest Control Operators in Singapore* [2008] SGCCS 1, at [48]; and *Re Price Fixing in Bus Services from Singapore to Malaysia and Southern Thailand* [2009] SGCCS 2, at [70].

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routes. In particular, the high combined market shares sustained by the Applicants' on these routes and the limited competitive constraint posed by competitors were noted.⁶⁴ In comparison, CCCS noted that the Applicants' combined market shares were lower on SIN-MUC vv, which was then a Category 2 Route (i.e. at the time, the Applicants' did not directly overlap as only SIA operated direct flights whereas LHG operated one-stop flights), and that competition from indirect flights appeared keen.⁶⁵

53. In the present case, CCCS considers that there continues to be a greater likelihood and magnitude of significant adverse effects on competition in Singapore arising from the Applicants' joint venture with respect to SIN-FRA vv and SIN-ZRH vv routes, as compared to SIN-MUC vv, the Category 2 Routes and the Category 3 Routes, as will be explained at paragraphs 55 to 65 below.
54. Separately, CCCS notes that the COVID-19 pandemic resulted in significant disruptions to air travel and air passenger services, particularly in 2020 and 2021 when the borders of most countries were closed. Nonetheless, most borders have since reopened and the industry appears to be recovering.⁶⁶ In this context, market share information between 2020 and 2021 is unlikely to be informative as to the likely state of competition moving forward. Hence where relevant, CCCS has considered market shares prior to 2020 and after 2021 for the purposes of its assessment.

Category 1 Routes

55. Having considered the Applicants' submissions and feedback from third parties, CCCS remains concerned about the potential for significant reductions of competition on SIN-FRA vv and SIN-ZRH vv arising from the Proposed Expanded JV. Competitors continue to offer only indirect services on SIN-FRA vv and SIN-ZRH vv, which poses only a limited competitive constraint on the direct services offered by SIA and LHG, despite slight market share movements. Notwithstanding the slight decrease in the market shares of the Applicants on SIN-FRA vv and SIN-ZRH vv between 2016 and 2024 (January to July), CCCS notes that the combined market shares of the Applicants on both SIN-FRA vv and SIN-ZRH vv are still high. CCCS also does not consider it meaningful to aggregate the market shares of EK, EY and QR as submitted by the Applicants, as the Applicants have not provided any evidence to CCCS to suggest that these airlines operate as a coordinated group. In this regard, CCCS notes that while the market shares of competitors

⁶⁴ Paragraph 102 of the 2016 Decision.

⁶⁵ Paragraph 103 of the 2016 Decision.

⁶⁶ [§<], [§<] and [§<].

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such as EK, EY and QR generally⁶⁷ showed slight increases since 2016, the market shares of the Applicants remain significantly higher on SIN-FRA vv and SIN-ZRH vv as set out at Tables 1 and 2.

56. CCCS notes that over a longer period between 2016 and 2024 (January to July), each of these competitors' market shares on SIN-FRA vv and SIN-ZRH vv were stable.⁶⁸ Further, as described at paragraph 36 above, there is some evidence that the Applicants' combined market share on SIN-FRA vv is recovering. CCCS also notes from Table 2 above that the Applicants' combined market share on SIN-ZRH vv in 2024 (January to July) was slightly higher than 2023, which may also indicate some level of recovery though to a smaller extent compared to SIN-FRA vv. Hence, the slight increase in market shares of EK, EY and QR in 2023 do not appear to be indicative of the ability of each of these competing airlines to exert strong and sustained competitive pressure on the Applicants going forward as the industry continues to recover from the effects of the COVID-19 pandemic.
57. Turning to SIN-MUC vv, CCCS notes that after the issuance of the 2016 Decision, LH had introduced direct services on this route in 2018, resulting in the Applicants being the only two airlines offering direct services on SIN-MUC vv. CCCS also notes that LH's introduction of direct services on this route has resulted in significantly greater capacity for direct services on this route, which the Applicants consider to be a benefit to passengers which would not have been realised in the absence of the 2016 JV.⁶⁹ Furthermore, while the indirect services offered by other competitors on this route have become less substitutable for and places a lesser competitive constraint on the direct services offered by LH as compared with LH's previous indirect service,⁷⁰ competing indirect services continue to account for approximately [§<] of passenger volumes in 2024 (January to July). On balance, taking into account the data submitted by the Applicants in relation to competitive parameters on SIN-MUC vv, including fare and profit margin data, CCCS is of the view that there is no indication of a significant impact from the reduction in competition on this route following the Applicants' coordination.
58. In terms of barriers to entry, CCCS notes that regulatory barriers for other airlines to offer direct and/or indirect services along the Category 1 Routes appear to be low, as there are no restrictions on capacity, frequency, or type

⁶⁷ Only EK's market share on SIN-FRA vv fell between 2016 and 2024.

⁶⁸ Excluding 2020 and 2021 given the severe impact of the COVID-19 pandemic on the airline industry in these years, as noted above at paragraph 54.

⁶⁹ See paragraph 116 of the 2016 Decision.

⁷⁰ With LH experiencing an increase in market share from [§<] in 2016 (prior to the introduction of direct services) to [§<] in 2024 (January to July) – see Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI, and Annex 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

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of aircraft for air carriers on these routes under the EU-ASEAN Comprehensive Air Transport Agreement. However, slots and runway constraints at Changi Airport continue to limit other airlines' ability to mount additional flights to compete with the Applicants, and airlines may also face barriers to offer direct services along these routes without having a home base at either the origin or the destination.

59. CCCS also considered whether the expanded scope of cooperation between the Applicants arising from the Proposed Expansion would enhance the competitive position of the Applicants' offering on the Category 1 Routes. In this regard, CCCS noted that all incremental overlapping routes that would arise under the Proposed Expansion would include a sector involving SIN-FRA vv, SIN-ZRH vv or SIN-MUC vv,⁷¹ and entails further cooperation only for services behind and beyond Frankfurt, Zurich and Munich. As the routes behind and beyond Frankfurt, Zurich and Munich are already served via existing codeshare or interline arrangements between SIA and LHG,⁷² the Proposed Expansion does not change the network reach for each of the Applicants. Nonetheless, to the extent that the Applicants are able to further align and coordinate schedules for services behind and beyond Frankfurt, Zurich and Munich as a result of the Proposed Expansion, this may increase demand for the Applicants' services on the incremental overlapping routes with a corresponding reduction in available capacity for passengers and increase in the Applicants' pricing power for services on the Category 1 Routes.

Category 2 Routes

60. In contrast to SIN-FRA vv and SIN-ZRH vv, the Applicants' market shares on Category 2 Routes are generally lower. Moreover, the Applicants do not overlap in offering direct services on these routes as only SIA (including TR) operates direct flights whereas LHG operates one-stop flights, and indirect services offered by other competitors continue to compete effectively with the Applicants' indirect services on these routes.
61. In relation to SIN-AMS vv, SIN-CDG vv and SIN-London vv, CCCS notes that the Applicants are not each other's closest competitors. In particular, competing airlines such as KLM ("KL"), Air France ("AF") and British Airways ("BA") respectively offer direct services on each of these routes in close competition with SIA. In addition, Qantas Airways ("QF") also offers direct services on SIN-London vv. The greater degree of competitive constraints posed by these airlines on the Applicants is also reflected in the

⁷¹ Paragraph 9.2 of the Applicants' 9 December 2022 response to CCCS's 1 December 2022 RFI.

⁷² Paragraph 9.1 of the Applicants' 9 December 2022 response to CCCS's 1 December 2022 RFI.

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market shares in Table 4 above. In respect of competing indirect services on these routes, carriers such as EK and QR have consistently held higher market shares than LHG (including LX and OS) from 2016 to 2019 (prior to the COVID-19 pandemic) and in 2022.

62. In relation to SIN-BCN vv, SIN-FCO vv, SIN-MAN vv and SIN-MXP vv, the Applicants are similarly not each other's closest competitors. From 2016 to 2019, LHG's market shares (including LH, LX and OS) on these routes ranged between [REDACTED]⁷³, while competitors such as QR and EK appeared to be more significant competitors, with market shares of approximately [REDACTED]⁷⁴ on these routes in the same period. Similarly, with the introduction of the direct service by SIA along SIN-BRU vv in April 2024, LHG competes more closely with competitors offering indirect flights such as EK, EY and QR along this route. In 2024 (January to July), LHG's market shares (including LH, LX and OS) were [REDACTED], comparing to EK's, EY's and QR's market shares at [REDACTED], respectively⁷⁵.
63. In relation to SIN-ATH vv and SIN-BER vv, CCCS notes that SIA offers both direct services (via TR) and indirect services (via SQ). While TR has held a large market share (in the range of [REDACTED])⁷⁶ on these routes since it introduced direct services on these routes,⁷⁷ competitors' indirect services on these routes compete effectively with the indirect services of SQ and LHG. In 2024 (January to July), the combined market shares of SQ and LHG were [REDACTED] on SIN-ATH vv, as compared against market shares of EK, EY QR, and Turkish Airlines ("TK") which ranged from [REDACTED]. In the same period on SIN-BER vv, the combined market shares of SQ and LHG stood at [REDACTED], followed closely by QR at [REDACTED], and TK at [REDACTED]. CCCS also notes that the passenger volumes on both routes for QR for 2024 (January to July) have not returned to pre-COVID-19 pandemic levels (i.e. comparing against 2019 (January to July)), suggesting scope for further recovery by QR as well.

Category 3 Routes

64. In relation to Category 3 Routes, CCCS notes that SIA relies on existing codeshare and interline arrangements with LHG and its affiliates to provide

⁷³ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI and Annex 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

⁷⁴ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI and Annex 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

⁷⁵ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI, and Annex 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

⁷⁶ Annex 1 of the Applicants' 31 August 2023 response to CCCS's 4 August 2023 RFI and Annex 2 of the Applicants' 10 December 2024 response to CCCS's 3 December 2024 RFI.

⁷⁷ TR introduced direct services on SIN-ATH vv in June 2017 and on SIN-BER vv in June 2018. See <https://www.straitstimes.com/singapore/transport/scoots-first-long-haul-flight-to-athens-takes-off> and <https://www.straitstimes.com/singapore/budget-airline-scoot-launches-singapore-berlin-route-its-third-long-haul-destination>.

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these services.⁷⁸ In other words, SIA does not physically fly to these destinations and therefore there is no end-to-end ‘metal’ overlap between the Applicants in respect of these destinations. The overlap occurs only because there exists codeshare and interline arrangements between SIA and LHG. Therefore, the loss in competition between the Applicants on these routes is likely to be minimal.

Conclusion

65. As set out in paragraphs 49 to 51 above, CCCS finds that the Applicants’ joint venture has as its object the appreciable prevention, restriction or distortion of competition in Singapore, and therefore, it would not be necessary to determine the actual effects of such agreements. Nonetheless and in light of the above, CCCS is of the view that the anti-competitive impact of the Proposed Expanded JV would be significant in particular on SIN-FRA vv and SIN-ZRH vv. CCCS is concerned that with the limited competition constraints on the Applicants on these two routes, the Applicants may have the ability and incentives to profitably decrease capacity and raise prices on these two routes.

(c) The Net Economic Benefit Exclusion

66. Section 35 of the Act read with paragraph 9 of the Third Schedule to the Act provides that the section 34 prohibition does not apply to agreements with net economic benefits, i.e. agreements that (1) contribute to improving production or distribution, or promoting technical or economic progress (“**Limb 1**”); (2) do not impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives (“**Limb 2**”); and (3) do not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods or services in question (“**Limb 3**”) (collectively, the “**NEB Exclusion**”). The three limbs are cumulative.⁷⁹
67. The Applicants submitted that the Proposed Expanded JV would give rise to several benefits to the Singapore economy and to Singapore travellers.⁸⁰ Each of these claims are considered in turn, to assess if they have been properly substantiated under Limb 1 of the NEB Exclusion. If so, CCCS will proceed to consider if the second and third limbs have been similarly satisfied.

⁷⁸ Paragraph 2.1 of Applicants 29 March 2023 response to CCCS’s 9 March 2023 RFI.

⁷⁹ See also paragraph 10.4 of the *CCCS Guidelines on the Section 34 Prohibition*.

⁸⁰ Paragraph 18.2 of Form 1.

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Limb 1 - contributes to improving production or distribution, or promoting technical or economic progress

Aiding the recovery of Singapore's aviation industry from the COVID-19 pandemic

68. The Applicants submitted that with the Proposed Expanded JV, they would be better positioned to facilitate and expedite the recovery of travel services between the Expanded SQ Home Markets and the Expanded LH Home Markets, and to mitigate risks related to premature capacity injections.⁸¹ In the COVID-19 pandemic context, the Applicants would be able to reinstate capacity in a sustainable manner without incurring the risk of overinvesting in capacity.⁸² There would also be improved connectivity for the Applicants, better utilisation of both Applicants' assets and combined efforts to recover from the "devastating effects" of the COVID-19 pandemic, with consequential benefits to Singapore and Germany's aviation industry and tourism.⁸³
69. CCCS notes that this claimed benefit is no longer applicable as passenger traffic has increased and generally recovered close to 2019 (i.e. pre-COVID-19 pandemic) levels.⁸⁴

Increase passenger numbers and tourists to Singapore – resulting in improvements to Singapore's competitiveness as an aviation hub and benefits to a wide range of industries in Singapore

70. The Applicants submitted that the Proposed Expanded JV would strengthen Singapore's position as an air hub by, amongst other things, enhancing connecting flight options at Changi Airport and by driving more traveller traffic through Singapore.⁸⁵ The Applicants also submitted that demand for services between Singapore and the Expanded LH Home Markets would be increased through increases in the frequency of flights, capacity, the alignment of behind and beyond services through schedule coordination, more competitive fares, and better corporate offerings.⁸⁶
71. The Applicants further submitted that the Proposed Expanded JV will provide an incentive for them to route traffic (encompassing both leisure and corporate travellers) between the Expanded SQ and LH Home Markets

⁸¹ Paragraph 18.5 of Form 1.

⁸² Paragraph 18.5.1 of Form 1.

⁸³ Paragraph 18.5.2 of Form 1; Paragraph 15.1 of the Applicants' 14 February 2023 response to CCCS's 19 December 2022 RFI.

⁸⁴ [§<]

⁸⁵ Paragraph 18.8 of Form 1.

⁸⁶ Paragraph 18.13 of Form 1.

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through Singapore, rather than other potential hubs.⁸⁷ An increased number of transit passengers in Singapore will have positive spillover effects on the Singapore economy, to the extent that such passengers spend on Singapore-produced goods and services.⁸⁸

72. In terms of quantification, the Applicants submitted that it was difficult to predict the increase in the total number of passengers carried through Singapore due to the Proposed Expanded JV, as it depends on numerous factors, including macroeconomic conditions that are outside of the Applicants' control.⁸⁹ They added that the impact of the COVID-19 pandemic had also limited their ability to demonstrate the claimed benefit with reference to passenger movements between 2020 and 2022.⁹⁰
73. Nonetheless, in support of the claimed benefit, the Applicants submitted passenger volume data showing an increase for passenger bookings following the 2016 JV, between 2016 and 2019 via direct sales and corporate bookings on the airline websites.⁹¹
74. In addition, the Applicants also submitted passenger traffic data which sought to demonstrate that a larger proportion of LHG passengers have been channelled through Singapore rather than through other Asian hubs between 2015 and 2019, following the implementation of the 2016 JV. The passenger traffic data provided showed that there was an increase in passengers transiting through Singapore between Germany, Austria, Switzerland and Belgium (collectively, "DACHB") at one end, and Australia or Malaysia at the other.⁹²
75. CCCS finds that the data provided by the Applicants indicates an increase in both the overall passenger numbers for the Category 1 Routes as well as the number of passengers travelling between DACHB and Australia or Malaysia that have been routed through Singapore since the implementation of the 2016 JV. While the Applicants were unable to precisely quantify or substantiate the extent to which such an increase was attributable to the implementation of their joint venture, CCCS accepts that the increase may be attributable, in part, to the 2016 JV. This is particularly so in relation to SIN-MUC vv on which LH introduced direct services following the implementation of the 2016 JV.

⁸⁷ Paragraph 18.9 of Form 1.

⁸⁸ Paragraph 18.14 of Form 1.

⁸⁹ Paragraph 17.1 of the Applicants' 14 February 2023 response to CCCS's 19 December 2022 RFI.

⁹⁰ Paragraph 7.1 of the Applicants' 29 March 2023 response to CCCS's 9 March 2023 RFI.

⁹¹ Paragraph 17.2 of the Applicants' 14 February 2023 response to CCCS's 19 December 2022 RFI; paragraph 4 of the Applicants' 23 June 2023 response to CCCS's 25 May 2023 RFI.

⁹² Paragraph 7.1 of the Applicants' 29 March 2023 response to CCCS's 9 March 2023 RFI; paragraph 10 of the Applicants' 16 June 2023 response to CCCS's 25 May 2023 RFI.

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76. In relation to the Proposed Expansion, CCCS notes that while it is theoretically possible to align behind and beyond services to increase demand for services between Singapore and the Expanded LH Home Markets, no supporting evidence was provided in respect of any plans that the Applicants may have to do so. The provision of more competitive fares through the elimination of double marginalisation is also possible but the Applicants have not substantiated the extent of the pass-through benefits to Singapore consumers.
77. In relation to the potential increase in transit passengers, CCCS had separately noted concerns in the 2016 Decision around the displacement of Singapore-originating passengers as a result of the increased flow of connecting traffic leaving fewer seats available for such passengers.⁹³ This concern was addressed via the 2016 Commitments from the Applicants to carry a minimum number of Singapore point-of-sale passengers (“**SIN POS passengers**”) on the SIN-FRA vv and SIN-ZRH vv routes.⁹⁴ In the 2022 Notification, the Applicants submitted that such an increase in transit demand would incentivise them to increase capacity rather than to lose demand to another carrier, and that in the short term, demand on SIN-FRA vv and SIN-ZRH vv is well served by existing capacity. However, CCCS notes that the Applicants have themselves indicated challenges in upgauging capacity on these two routes due to, amongst other things, resource constraints as well as difficulties in redeployment of larger aircraft.⁹⁵ Hence, CCCS’s remains concerned that Singapore-originating passengers may be displaced by an increased flow of connecting traffic in the absence of commitments to carry a minimum number of SIN POS passengers.

Expanded virtual networks for both of the airlines through the alignment of networks that are largely complementary, benefiting travellers

78. The Applicants submitted that the Proposed Expanded JV has increased the virtual networks of the Applicants, with increases in the number of codeshare sectors between the Applicants and increased routing options for passengers.⁹⁶

⁹³ 2016 Decision at paragraph 143 and 161.

⁹⁴ SIN POS passengers comprise passengers where the point-of-sale for the ticket is Singapore. It only includes passengers that travel one-way from Singapore to Frankfurt or Zurich only and passengers travelling one-way from Frankfurt or Zurich to Singapore only. It also includes return travelers on direct services (i.e., SIN-FRA-SIN or SIN-ZRH-SIN). Passengers that have an interlining component to their itinerary are excluded (for instance a passenger travelling SIN-FRA-LHR, where the FRA-LHR sector requires interlining with another carrier). Passengers transiting Frankfurt en route to New York (on SIA’s linked service), are excluded.

⁹⁵ Paragraph 7 of Applicants’ 22 August 2024 letter to CCCS.

⁹⁶ Paragraphs 18.16 to 18.18 of Form 1, paragraphs 21.1 and 24.1 of the Applicants’ 14 February 2023 response to CCCS’s 19 December 2022 RFI and paragraph 13.1.1 to 13.1.2 of the Applicants’ 23 June 2023 response to CCCS’s 25 May 2023 RFI.

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79. In relation to the increased number of codeshare sectors as a benefit arising from the Proposed Expanded JV, the Applicants have not substantiated what further coordination beyond the scope of ordinary codeshare arrangements are envisaged such that these additional codeshare sectors (and associated increase in routing options arising from such additional codeshare sectors) cannot be implemented or sustained without the Proposed Expanded JV.

Better scheduling and resulting benefits to travellers

80. The Applicants submitted that the Proposed Expanded JV will allow for better scheduling and provide additional routing options to travellers, which is a significant benefit as travellers would have more options available to suit their schedules.⁹⁷
81. CCCS notes that some third party feedback had also indicated that the Proposed Expanded JV could potentially lead to better scheduling, improved connection times, and increased variety of flights.⁹⁸ However no substantiation was provided by the Applicants in relation to any plans for further coordination of schedules to improve connectivity and travel times, or the availability of more competitive fares.

Improvement of existing services

82. The Applicants submitted that the Proposed Expanded JV would lead to an improvement in their services, with potential increases in connection options arising from any increase in frequency. Travellers would benefit from more available seats and timing options, as well as reduced transit times, which may result in increased passenger convenience and decreased waiting times.⁹⁹ The Applicants also submitted that they would be incentivised to continue investing in systems and products to enhance their joint service, including operations interfaces and IT and accounting systems to achieve a more seamless experience for passengers.¹⁰⁰ However, these claims have not been quantified or substantiated.

Better offerings for corporate accounts

83. The Applicants submitted that the Proposed Expanded JV would enable better corporate offerings for corporate travellers, such as the flexibility and convenience of using any flight operation within the Proposed Expanded JV

⁹⁷ Paragraph 18.21 of Form 1.

⁹⁸ [§<]

⁹⁹ Paragraph 18.23 of Form 1.

¹⁰⁰ Paragraph 18.24 of Form 1.

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scope, increased flight frequency, better connections and more competitive fares.¹⁰¹ CCCS considers that these claimed benefits do not significantly differ from the claimed benefits which are applicable to all other categories of travellers, and there is no need to evaluate these claims on corporate travellers separately.

84. That said, CCCS notes that corporate contracts are structured with [X] accruing to the customer. Corporate customers enjoy the benefits of increased travel options through the ability to choose whether to fly on SIA or LHG aircraft and the increased number of flight routes, and the ability to [X].¹⁰² In this regard, CCCS considers that the Applicants have shown some benefits to corporate travellers arising from Proposed Expanded JV.

Other efficiencies

85. The Applicants submitted that with the higher traffic on routes arising from the Proposed Expanded JV, this would result in better load factors and scale effects in operations as fixed costs are allocated to more flights and spread over more passengers.¹⁰³ They added that there may be the potential to eliminate cost duplication through an increased ability to deploy the appropriate sized aircraft on the relevant routes, in order to maximize load factors. The Applicants further stated that they have been able to reduce excess costs through an increased ability to deploy the appropriately sized aircraft on SIN-FRA vv, SIN-ZRH vv and SIN-MUC vv.¹⁰⁴ However, these claims have not been quantified or substantiated. In particular, the Applicants acknowledged that generally, it was difficult to provide a meaningful quantification and estimate of the potential increase in load factors and scale effects in operations.¹⁰⁵
86. In addition, the Applicants noted that even though the primary objective of the Proposed Expanded JV was not to reduce costs, they had nonetheless experienced significant cost savings and synergies due to the 2016 JV, such as the optimisation of sales of seats, thereby reducing seat wastage to the extent possible. This in turn allowed them to offer more competitive fares to consumers.¹⁰⁶ Lastly, the Applicants submitted that there are costs savings from synergies in marketing and sales. Cost synergies will likely vary according to capacity and the extent to which the Applicants are able to capitalise on the opportunities following the Proposed Expanded JV. The

¹⁰¹ Paragraphs 18.25 and 18.26 of Form 1.

¹⁰² Paragraph 25.1 of the Applicants 14 February 2023 response to CCCS's 19 December 2022 RFI.

¹⁰³ Paragraph 18.28 of Form 1.

¹⁰⁴ Paragraph 18.30 of Form 1.

¹⁰⁵ Paragraph 26.1 of the Applicants 14 February 2023 response to CCCS's 19 December 2022 RFI.

¹⁰⁶ Paragraph 18.29 of Form 1.

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Applicants' level of cost savings achievable may also depend on other macroeconomic conditions.¹⁰⁷ CCCS notes that there was no substantiation in terms of comparison of fares. Nor was there any explanation of whether and how any cost savings would be passed on to consumers.

CCCS's assessment on Limb 1

87. Having considered the Applicants' submissions and third party feedback, CCCS accepts that the claimed benefit of (1) increased passenger numbers and tourists to Singapore and (2) better offerings for corporate accounts, have been adequately substantiated, are objective in nature and bear a causal link to the Proposed Expanded JV.

Limb 2 - does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives

88. The Applicants submitted that the Proposed Expanded JV is indispensable to the claimed benefits, citing the severe impact that the COVID-19 pandemic has had on the aviation industry.¹⁰⁸ In particular, the Applicants submitted that the cooperation elements envisaged under the Proposed Expanded JV are necessary in combination, to provide the requisite incentives for each of the Applicants to work together to make the metal-neutral alliance materialise, and as such are necessary for the anticipated benefits to arise.¹⁰⁹ The benefits are dependent on each airline being neutral as to whether travellers are carried on SIA or LHG aircraft.¹¹⁰ Revenue sharing is thus required to remove the desire for airlines to carry passengers only on their own aircraft that would otherwise exist without the Proposed Expanded JV, and to fairly remunerate both airlines.¹¹¹ Besides revenue sharing, the Applicants also submitted on the need to be able to coordinate schedules and capacity, which provides more possibilities to (a) manage capacity in a way that optimizes services directly, and (b) time services in a way that better connect to onward services.¹¹² Lastly, the Applicants submitted that the scope of cooperation under the Proposed Expanded JV is similar to other airline cooperation agreements which CCCS had previously raised no issues within its decisional practice.¹¹³
89. CCCS notes that the areas of cooperation under the Proposed Expanded JV remain unchanged from the 2016 JV, with the Framework Agreement remaining unchanged as at the date of the 2022 Application, with some minor

¹⁰⁷ Paragraph 18.31 of Form 1.

¹⁰⁸ Paragraph 18.33 of Form 1.

¹⁰⁹ Paragraph 18.34 of Form 1.

¹¹⁰ Paragraph 18.35 of Form 1.

¹¹¹ Paragraph 18.35 of Form 1.

¹¹² Paragraph 18.36 of Form 1.

¹¹³ Paragraph 18.40 of Form 1.

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deviations. In that regard, CCCS considers it appropriate to take reference from its assessment in the 2016 JV as a starting point. At the time, CCCS had accepted the Applicants' submissions that "*short of a Proposed JV, which incorporates schedule coordination, capacity management, inventory management, pricing and sales cooperation, there would be no incentive and it would not be possible in practice for the Parties to align their flights on the Revenue Share Routes, which will in turn lead to the claimed benefits as set out above.*"¹¹⁴

90. CCCS considers this reasoning to continue to apply in respect of the Proposed Expanded JV and agrees with the Applicants' submissions on the indispensability of the restrictions in the context of the 2022 Application. Broadly, the Proposed Expanded JV is necessary in order for the Applicants to align themselves in terms of flight scheduling, codesharing and other arrangements.
91. In terms of exclusivity, CCCS notes that while there is an exclusivity clause in the Framework Agreement that restricts codeshare on services to a destination in either the Expanded SQ Home Markets or Expanded LH Home Markets to only a Permitted Partner Carrier (i.e. the Applicants' airlines),¹¹⁵ exceptions may be allowed subject to mutual agreement and that the Applicants would not unreasonably object to [X]. CCCS also notes that some such exceptions are already in place and [X].¹¹⁶ Further, the Applicants [X].¹¹⁷ Hence, so long as the exclusivity clauses are limited in scope, they would be reasonably necessary to protect the commercial interest underpinning the Proposed Expanded JV and, accordingly, for the attainment of the economic benefits claimed.

Limb 3 – does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods or services in question

92. Under the third limb of the NEB Exclusion, CCCS will take into account the degree of competition prior to the agreements, and also the reduction in competition that the agreements bring about.¹¹⁸ Accordingly, in a market where competition is already relatively weak, this factor may be more important.

¹¹⁴ Paragraph 154 of 2016 Decision.

¹¹⁵ Paragraph 5.1 of the Applicants' 17 July 2023 response to CCCS's 10 July 2023 RFI. CCCS also notes that one third party had provided feedback raising concerns pertaining to potential exclusivity arrangements arising from the Proposed Expanded JV which may prevent non-JV airlines from having codeshare arrangements with the Applicants.

¹¹⁶ Paragraphs 5.2 to 5.3 of the Applicants' 17 July 2023 response to CCCS's 10 July 2023 RFI.

¹¹⁷ Paragraph 5.5 of the Applicants' 16 June 2023 response to CCCS's 25 May 2023 RFI.

¹¹⁸ Paragraph 10.12 of the Section 34 Guidelines.

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93. CCCS notes that the states of competition on Category 1, 2 and 3 Routes are different. For Category 2 Routes, CCCS has found that the Applicants were not each other's closest competitors, with multiple competitors offering indirect services which compete closely with LHG's one-stop services on these routes. For Category 3 Routes, CCCS has found that the loss in competition between the Applicants on these routes is likely to be minimal. For SIN-MUC vv, CCCS has found that the competitive parameters do not indicate a significant impact from the reduction in competition following the Applicants' coordination. Given these considerations, the third limb of the NEB Exclusion is likely to be met for SIN-MUC vv and Category 2 and 3 Routes.
94. However, the same cannot be said for SIN-FRA vv and SIN-ZRH vv:
- (a) As noted at paragraphs 55 to 56 above, despite the Applicants' slight decrease in market shares on the SIN-FRA vv and SIN-ZRH vv flights, their market shares are still high, and the individual market shares of the Gulf carriers are nowhere near the significant combined market share of the Applicants. There is also no clear indication that the competitors' market shares will further increase moving forward from the COVID-19 pandemic.
 - (b) Furthermore, CCCS notes that SIN-FRA vv and SIN-ZRH vv were already part of the 2016 JV and the competition concerns in respect of these routes identified in the 2016 Decision remain unchanged. It is unlikely that the scope of the Proposed Expanded JV will diminish these concerns given that the cooperation in respect of these routes remains the same.
95. Given the above considerations, CCCS is of the view that significant competition concerns remain in relation to the SIN-FRA vv and SIN-ZRH vv routes, and the third limb of the NEB Exclusion is unlikely to be met.

IV. COMMITMENTS BY THE APPLICANTS

Applicants' Commitments

96. In response to the competition concerns raised by CCCS, in particular on the SIN-FRA vv and SIN-ZRH vv routes ("**Routes of Concern**"), the Applicants proposed a set of commitments for CCCS's consideration under section 60A(2) of the Act (the "**2024 Commitments**"), a copy of which is reproduced in **Annex C**. In summary, the 2024 Commitments are as follows:

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- (a) The Applicants will maintain a minimum weekly capacity of [X] seats¹¹⁹ in respect of the SIN-FRA vv route and a minimum weekly capacity of [X] seats¹²⁰ in respect of the SIN-ZRH vv route (both on an aggregate basis between the Applicants) (collectively, the “**Committed Capacity Levels**”).¹²¹ The Committed Capacity Levels would be deemed fulfilled where the Committed Capacity Levels on each of the Routes of Concern are achieved in [X] out of 52 weeks (i.e., up to a maximum of [X] weeks of non-fulfilment) for each calendar year.¹²²
- (b) The Applicants will carry, in each calendar year, a minimum of [X] SIN POS passengers on the SIN-FRA vv route and a minimum of [X] SIN POS passengers on the SIN-ZRH vv route.¹²³
- (c) The Applicants will appoint, at their own cost, an independent auditor to monitor each Applicant’s compliance with the Commitments and provide CCCS with a written report within three calendar months following the calendar year which the report relates to (the “**Reporting Obligations**”). The appointment of the independent auditor (and the terms and conditions of that appointment) will be subject to CCCS’s approval.¹²⁴
97. The 2024 Commitments would apply for as long as the Proposed Expanded JV is in effect,¹²⁵ and allow for temporary variation in specific circumstances that arise due to events beyond the Applicants’ control.¹²⁶

CCCS’s Assessment of the Applicants’ Commitments

Capacity Commitments

98. CCCS is of the view that capacity commitments would disincentivise the Applicants from raising prices post-Proposed Expanded JV. Given that capacities are considered sunk and perishable, the Applicants will be incentivised to sell their capacities at competitive prices rather than risk having unutilised capacities.

¹¹⁹ The [X] seats comprise: [X] seats flown by SIA, and [X] seats flown by LHG. SIA currently operates 14 weekly services on the SIN-FRA vv route, where 7 of these 14 weekly services continue from Frankfurt to New York. Capacity of SIA on the SIN-FRA vv route in respect of the linked services has been calculated at 50% of the total capacity of the linked flight.

¹²⁰ The [X] seats comprise: [X] seats flown by SIA, and [X] seats flown by LHG.

¹²¹ Paragraph 2.2 of the 2024 Commitments.

¹²² Paragraph 2.3 of the 2024 Commitments.

¹²³ Based on 95% of the SIN POS passengers carried in 2019 on both routes.

¹²⁴ Paragraphs 4.1 and 4.2 of the 2024 Commitments.

¹²⁵ Paragraph 3.2 of the 2024 Commitments.

¹²⁶ Paragraphs 3.3 and 3.4 of the 2024 Commitments.

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99. The committed capacity for SIN-FRA vv route is the capacity that the Applicants have been operating since 1 April 2024 and is slightly higher than the Applicants' operated capacity before the COVID-19 pandemic.
100. The committed capacity for the SIN-ZRH vv route is the capacity that the Applicants have been operating since September 2023. This is approximately [X] of the Applicants' operated capacity levels before the COVID-19 pandemic. Separately, the Applicants have also explained that they are unable to increase their capacities on SIN-ZRH vv further due to difficulties in obtaining additional airport slots and in upgauging their aircrafts. For SIA, upgauging would involve re-deploying the A380 aircraft in their fleet away from other routes that are subject to separate capacity commitments agreed with CCCS, or the Singapore-Sydney ("SIN-SYD") or Singapore-London (Heathrow) ("SIN-LHR") routes, which may result in displacement of passengers on those routes. In practical terms, this means that there are no immediate means for the Applicants to upgauge on the SIN-ZRH vv route at this point in time.
101. Having considered all the factors above and the available data¹²⁷, CCCS assessed that the capacity commitment levels for SIN-FRA vv and SIN-ZRH vv would place sufficient constraint on the Applicants' ability to exploit their market power on these routes arising from the Proposed Expanded JV.

SIN POS Passenger Commitments

102. CCCS notes that the commitment to carry a minimum number of SIN POS passengers on both SIN-FRA vv and SIN-ZRH vv would ensure that passengers with trips originating and/or ending in Singapore would not be adversely affected by any increase in transit passengers due to the Proposed Expanded JV. Such a commitment in absolute number rather than percentage terms would minimise disincentives for the Applicants to carry more of the transit passengers, so long as there are seats available. This addresses the concern that an increase in transit passengers would leave fewer seats available for passengers originating and/or ending in Singapore, especially on SIN-FRA vv and SIN-ZRH vv where the Proposed Expanded JV would result in a significant loss of competition.
103. The SIN POS commitment levels are based on 2019 passenger levels that are slighter higher for SIN-ZRH vv and lower for SIN-FRA vv as compared to the corresponding figures in the 2016 Commitments. CCCS notes that the

¹²⁷ CCCS also considered all the data available at the time of decision including route-specific data on fare trends and the Applicants' profit margins on these Routes of Concern.

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demand from SIN POS passengers may differ from overall demand on a particular route, as the latter includes demand from transit passengers. This may result in overall demand trending in an opposite direction from SIN POS demand. Based on the available information, CCCS considers that the 2024 SIN POS commitment levels for both routes are acceptable, as they reflect changes in demand and travel patterns for SIN POS passengers since 2016.

Others

104. CCCS notes that the Applicants have proposed a buffer of [X] weeks of non-fulfilment of the Committed Capacity Levels. CCCS is of the view that the buffer of [X] weeks of non-fulfilment is reasonable as it affords the Applicants a degree of commercial flexibility to respond to any temporary change in market conditions should the need arise.
105. CCCS also notes that the 2024 Commitments are subject to conditions (as provided at paragraphs 3.3 and 3.6 of the 2024 Commitments) that allow for a temporary suspension of commitments due to circumstances beyond the control of the Applicants. CCCS accepts that the conditions are clear, specific and relatively narrow in scope and purpose, in that they may only be relied upon where they are outside the Applicants' control and are linked to the Applicants' ability to fulfil the 2024 Commitments. Accordingly, CCCS is of the view that the conditions are reasonable.
106. CCCS is of the view that the proposed monitoring mechanism provides sufficient safeguards to ensure that any instances of non-compliance are captured objectively and highlighted to CCCS's attention in a timely fashion. CCCS also notes that the appointment of the independent auditor would be done within three months of the Proposed Expanded JV becoming operationally effective and would be subject to the approval of CCCS.
107. CCCS further notes that paragraphs 3.9 and 3.11 of the 2024 Commitments provide that the Applicants may apply to CCCS to seek a variation, substitution or release of the 2024 Commitments should the Applicants consider that there has been, or is likely to be, a material change in market conditions or operating circumstances or competitive conditions not already contemplated in paragraphs 3.7 to 3.7 of the 2024 Commitments; or for other reasons as may be stipulated in the application.
108. CCCS assessed that the commitment proposal put forth by the Applicants was acceptable in principle and conducted a limited consultation on the

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Applicants' 2024 Commitments from 15 November 2024 to 29 November 2024.¹²⁸

Third parties' responses

109. [X], [X] and [X] responded to CCCS's consultation.
- (a) [X] considered that the current capacity deployments were right-sized based on the 2023/2024 passenger load factors. [X] also highlighted that redeploying [X] would result in a potential imbalance of capacity to meet demand on the respective markets. Moreover, it would be difficult for airlines to address this capacity imbalance given that [X] are highly slot-constrained airports.¹²⁹
 - (b) [X] did not raise objection to the Proposed Expanded JV and did not comment on the substance of the 2024 Commitments.¹³⁰
 - (c) [X] stated that the Proposed Expanded JV will not significantly affect the market share of [X] and did not object to the Proposed Expanded JV.¹³¹
110. CCCS notes [X] that the capacities for SIN-ZRH are right-sized based on the current demand and any further increase in capacities for SIN-ZRH [X]. On balance, taken together with the points noted at paragraph 100 above, CCCS is of the view that the capacity levels for SIN-ZRH vv route would sufficiently address competition concerns arising from the Proposed Expanded JV along that route.
111. Third parties did not raise any concerns in relation to the 2024 Commitments. Taken together with CCCS's assessment of the 2024 Commitments from paragraphs 98 to 108 above, CCCS is of the view that the 2024 Commitments provided by the Applicants would be sufficient to mitigate the competition concerns identified in relation to the Routes of Concern.

V. CCCS'S DECISION

112. Based on the foregoing, CCCS concludes that, subject to the Applicants' adherence to the 2024 Commitments, the Proposed Expanded JV will not infringe the section 34 prohibition.

¹²⁸ CCCS reached out to [X] (which had previously raised concerns in relation to the Proposed Expanded JV) for the limited consultation).

¹²⁹ [X]'s 21 November 2024 response to CCCS's 18 November 2024 RFI.

¹³⁰ [X]'s 29 November 2024 response to CCCS's 18 November 2024 RFI.

¹³¹ [X]'s 29 November 2024 response to CCCS's 18 November 2024 RFI.

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113. For completeness, section 46 of the Act provides that, if CCCS has determined an application under section 44 by making a decision that the agreement has not infringed the section 34 prohibition, CCCS shall take no further action in respect to the Proposed Expanded JV unless:
- (a) it has reasonable grounds for believing that there has been a material change of circumstance since it gave its decision; or
 - (b) it has reasonable grounds for suspecting that the information on which it based its decision was incomplete, false or misleading in a material particular.
114. To this end, the factors which CCCS may consider as a material change of circumstance include, but are not limited to, the following:
- (a) non-adherence with the 2024 Commitments;
 - (b) significant change to the scope of the Proposed Expanded JV;
 - (c) material changes in the operations of the Applicants which will have a significant impact on routes classified as Category 1 Routes (including the addition of new Category 1 Routes);
 - (d) material changes in the state of competition along the Category 1 Routes; and
 - (e) material changes in the factual information submitted by the Applicants under this application.
115. CCCS also notes the possibility of the Applicants offering direct services on routes between Singapore and the Expanded LH Home Markets where they currently do not do so. Any such changes in the operations of the Applicants in the future may be considered a material change of circumstance and result in CCCS taking further action with respect to the Applicants' joint venture.
116. Should there be any material change in circumstances, be it arising from the factors listed above or otherwise, CCCS may undertake a further review of the Proposed Expanded JV and if necessary, revoke the immunity afforded to the Proposed Expanded JV pursuant to section 46(4) of the Act.
117. In addition to the above, taking into account any developments that may take place in respect of the Routes of Concern, under section 60B(6) of the Act, CCCS may review the effectiveness of the 2024 Commitments accepted pursuant to section 60A(2) of the Act as it considers appropriate.

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Such developments include, but are not limited to, any significant increases in fares, or profit margins and/or yields with no corresponding significant increase in capacity.

118. As noted at paragraph 12 above, this decision supersedes the 2016 Decision.

ALVIN KOH
CHIEF EXECUTIVE
COMPETITION AND CONSUMER COMMISSION OF SINGAPORE

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Annex A

No.	Airport Code	Destinations	Status
1	AGP	Malaga	New
2	ALC	Alicante	New
3	BEG	Belgrade	New
4	BHX	Birmingham	New
5	BIO	Bilbao	New
6	BLQ	Bologna	New
7	BRS	Bristol	New
8	BUD	Budapest	New
9	CLJ	Cluj-Napoca	New
10	CTA	Catania	New
11	DUB	Dublin	New
12	EDI	Edinburgh	New
13	FAO	Faro	New
14	FNC	Funchal	New
15	GLA	Glasgow	New
16	KEF	Reykjavik	New
17	KRK	Krakau	New
18	LCA	Larnaca	New
19	LIN	Milan-Linate	New
20	LIS	Lisbon	New
21	LYS	Lyon	New
22	MAD	Madrid	New
23	MLA	Luga	New
24	MRS	Marseille	New
25	NAP	Naples	New
26	NCE	Nice	New
27	OPO	Porto	New
28	OTP	Bucharest	New
29	PMI	Palma de Mallorca	New
30	PMO	Palermo	New
31	PRG	Prague	New
32	RIX	Riga	New
33	SJJ	Sarajevo	New
34	SOF	Sofia	New
35	SPC	La Palma	New
36	SVQ	Sevilla	New
37	TIA	Tirana	New
38	TLL	Tallinn	New
39	TLS	Toulouse - Blagnac	New
40	VCE	Venice	New
41	VLC	Valencia	New
42	VNO	Vilnius	New
43	WAW	Warsaw	New

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44	FUE	Fuerteventura	New
45	LPA	Las Palmas	New
46	TFS	Tenerife - Sur Reina Sofia	New
47	FLR	Florence	New
48	LJU	Ljubljana	New
49	LUX	Luxembourg	New
50	SKG	Thessaloniki	New
51	BOD	Bordeaux	New
52	NTE	Nantes	New
53	WRO	Wrocław	New
54	ORY	Paris - Orly	New
55	BRI	Bari	New
56	GDN	Gdansk	New
57	KTW	Katowice	New
58	LPL	Liverpool	New
59	NCL	Newcastle	New
60	POZ	Poznan	New
61	TRS	Trieste	New
62	TSR	Timișoara	New
63	ZAG	Zagreb	New
64	AOI	Ancona	New
65	DEB	Debrecen	New
66	GOA	Genoa	New
67	SBZ	Sibiu	New
68	BDS	Brindisi	New
69	BGY	Bergamo	New
70	BIA	Bastia	New
71	BIQ	Biarritz	New
72	BZG	Bydgoszcz	New
73	CAG	Cagliari	New
74	CFU	Corfu	New
75	CHQ	Chania	New
76	DBV	Dubrovnik	New
77	HER	Heraklion	New
78	IAS	Iași	New
79	IBZ	Ibiza	New
80	JER	Jersey	New
81	JMK	Mykonos	New
82	JTR	Thira	New
83	KGS	Kos	New
84	KLX	Kalamata	New
85	MAH	Mahon	New
86	OLB	Olbia	New
87	ORK	Cork	New
88	PDL	Ponta Delgada	New
89	PFO	Paphos	New

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90	PSA	Pisa - Gal Galilei	New
91	PUY	Pula	New
92	PVK	Preveza / Lefkada	New
93	RHO	Rhodes	New
94	RJK	Rijeka	New
95	RNS	Rennes	New
96	RZE	Rzeszów	New
97	SCQ	Santiago de Compostela	New
98	SPU	Split	New
99	SUF	Lamezia Terme	New
100	SXB	Strasbourg	New
101	TIV	Tivat	New
102	TPS	Trapani	New
103	TRN	Turin	New
104	VAR	Varna	New
105	VRN	Verona	New
106	XRY	Jerez de la Frontera	New
107	ZAD	Zadar	New
108	ZTH	Zakynthos	New
109	HAM	Hamburg	
110	VIE	Vienna	
111	GVA	Geneva	
112	HAJ	Hannover	
113	STR	Stuttgart	
114	NUE	Nuremberg	
115	DRS	Dresden	
116	GRZ	Graz	
117	LEJ	Leipzig	
118	BRE	Bremen	
119	BSL	Basel	
120	CGN	Cologne-Bonn	
121	FMO	Muenster	
122	LNZ	Linz	
123	SZG	Salzburg	
124	INN	Innsbruck	
125	PAD	Paderborn	
126	FDH	Friedrichshafen	
127	GWT	Westerland	

Annex B

Destinations for the 23 Relevant Indirect Routes

1. Berlin
2. Hamburg
3. Vienna
4. Geneva
5. Brussels
6. Hannover
7. Stuttgart
8. Nuremberg
9. Dresden
10. Graz
11. Leipzig
12. Bremen
13. Basel
14. Cologne-Bonn
15. Muenster
16. Linz
17. Lugano
18. Salzburg
19. Innsbruck
20. Paderborn
21. Friedrichshafen
22. Westerland
23. Rostock-Laage