



MEDIA RELEASE

13 February 2007

CCS Conducts Public Consultation on Proposed Favourable Decision on Qantas-Orangestar Cooperation Agreement

1. The Competition Commission of Singapore (“CCS”) is conducting a public consultation on its draft notice of decision that the Cooperation Agreement between Qantas and Orangestar (“Agreement”) does not infringe the section 34 prohibition of the Competition Act (“Act”)¹.
2. The Agreement, which Qantas and Orangestar entered into on 21 April 2006, is conditional upon regulatory clearance. The Agreement allows them to coordinate their flying operations and activities, including network and scheduling decisions, sales and marketing initiatives, price and inventory decisions, and the sharing of expertise. On 25 April 2006, the Agreement was notified to the CCS for a decision on whether it infringes section 34 of the Act.

Net Economic Benefit

3. The CCS has assessed the Agreement. It is of the view that the Agreement is likely to bring about improvements and cost savings in the operations of Qantas and Orangestar, resulting in benefits to consumers in Singapore. The Agreement is also likely to improve Singapore’s air connectivity, and increase employment and demand for services related to the aviation industry in Singapore. Any anti-competitive detriments arising from cooperation are likely to be mitigated by the competitive presence of other airlines, and are outweighed by the benefits flowing from the Agreement.
4. The CCS is therefore of the preliminary view that the Agreement is excluded from the Act under the net economic benefit exclusion in the Third Schedule of the Act.

Public Feedback

5. A copy of the draft notice of decision on the Qantas-Orangestar Cooperation Agreement is available on the CCS' website at www.ccs.gov.sg. Interested parties are invited to submit their views on the draft notice of decision. Comments should reach the CCS no later than 27 February 2007².

Notice of Decision on Qantas-British Airways Restated Joint Services Agreement

6. The CCS has also released its notice of decision on the Qantas-British Airways Restated Joint Services Agreement ("JSA") on 13 February 2007. The CCS is of the view that the JSA between Qantas and British Airways similarly brings about net economic benefit to Singapore, and hence is excluded from the Act. As interested parties had not raised any substantive competition concerns during the assessment process, public consultation on the notice of decision was not conducted. A copy of the notice of decision on the Qantas-British Airways Restated JSA is also available on the CCS' website at www.ccs.gov.sg.

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About the Competition Commission of Singapore

The CCS is a statutory body established under the Competition Act (Cap 50B) on 1 January 2005 to administer and enforce the Act. Its mission is to promote healthy competitive markets that will benefit the Singapore economy based on sound economic principles applied objectively and consistently. For more information, visit www.ccs.gov.sg.

For media clarification, please contact:

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Notes to Editor:

1. Section 34 of the Competition 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 unless they are excluded or exempt in accordance with the provisions of Part III of the Act. Section 46 of the Act provides that, if the CCS has made a decision that the Agreement has not infringed the section 34 prohibition, the CCS shall take no further action with respect to the Agreement unless:

- a. it has reasonable grounds for believing that there has been a material change of circumstances 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.

2. Mode of Consultation:

- a. Written submissions are to be sent to the CCS via email **or** by post/courier/ fax:

Email: ccs_consultation@ccs.gov.sg

OR

Post/Courier: Competition Commission of Singapore
5 Maxwell Road
#13-01, Tower Block
MND Complex
Singapore 069110
Attn: Director, Economics

Fax: (65) 62246929

- b. The CCS reserves the right to make public all or parts of any written submission and to disclose the identity of the source. Commenting parties may request confidential treatment for any part of the submission that they believe to be proprietary, confidential or commercially sensitive. Any such information should be clearly marked and placed in a separate annex. If the CCS grants confidential treatment, it will consider, but will not publicly disclose, the

information. If the CCS rejects the request for confidential treatment, it will return the information to the party that submitted it and will not consider the information as part of its review. As far as possible, parties should limit any request for confidential treatment of information submitted. The CCS will not accept any submission that requests confidential treatment of all, or a substantial part, of the submission.