

Joint Venture between Singapore Airlines Limited and Deutsche Lufthansa AG

Reference Number	:	MAVCOM/ED/CC/DIV2/2018(6)
Application	:	Individual exemption under section 51 of Act 771
Applicants	:	Singapore Airlines Limited and Deutsche Lufthansa AG
Receipt of Application	:	19 October 2018
Summary of Application	:	<p>Singapore Airlines Limited (“SQ”) and Deutsche Lufthansa AG (“LH”) are seeking for an individual exemption for a joint venture arrangement in respect of scheduled air passenger services between Singapore, Indonesia, Malaysia, and Australia (“SQ Markets”), and Austria, Belgium, Germany, and Switzerland (“LH Markets”). Specifically, the joint venture covers scheduled air passenger services with an origin in the LH Markets and a destination in the SQ Markets, or vice versa.</p> <p>The joint venture is governed by a Framework Agreement entered into by SQ and LH, which also covers services operated by subsidiaries of SQ and LH, namely SilkAir (Singapore) Private Limited, Swiss International Air Lines AG, and Austrian Airlines AG. The Framework Agreement is already implemented for the LH Markets and the SQ Markets of Singapore and Australia (where the necessary approvals have been attained), and Austria, Belgium, Germany, and Switzerland.</p> <p>Under the Framework Agreement, the Applicants will cooperate in: schedule coordination and capacity management; pricing and inventory management; sales; marketing; and revenue sharing.</p> <p>The objective of the Framework Agreement is to enhance scheduled air passenger services between the SQ and LH Markets.</p> <p>The Application provides that the joint venture will give rise to the following significant economic and social benefits to the Malaysian economy and Malaysian travellers:</p> <ul style="list-style-type: none"> (i) increased passenger numbers to Malaysia, resulting in benefits to a wide range of industries in Malaysia; (ii) potential increases in frequency of services and capacity which benefit travellers; (iii) better scheduling and resulting benefits to

	<p>travellers;</p> <ul style="list-style-type: none"> (iv) expanded virtual networks for both of the airlines through the alignment of networks that are largely complementary which benefit travellers; (v) potential introduction of new routes and services which benefits travellers; (vi) wider range of fare products which benefits travellers; (vii) improvement of existing services which benefits travellers; (viii) increased competition on the routes which benefits travellers; (ix) better offerings for corporate accounts; (x) other cost-savings efficiencies which may translate to more competitive fares for travellers; (xi) improved connectivity between the LH Markets and Malaysia <i>vice versa</i>; and (xii) employment-related benefits. <p>The Application also provides that the joint venture is unlikely to lead to any significant reduction in competition, due to the presence of strong competitive constraints exerted by indirect services between the SQ and LH Markets, and the low barriers to entry and expansion on the routes covered under the joint venture.</p>
<p>Consultation</p>	<p>: MAVCOM welcomes any party to submit written feedback on the individual exemption application regarding the joint venture between Singapore Airlines Limited and Deutsche Lufthansa AG.</p> <p>Any written feedback shall be titled “Joint Venture Between Singapore Airlines Limited and Deutsche Lufthansa AG” and submitted to MAVCOM by email to competition@mavcom.my by 3 December 2018.</p> <p>If the feedback contains confidential information, the party submitting the feedback shall clearly identify the confidential information and provide a non-confidential version of the feedback (with the confidential information removed and replaced by the word [“CONFIDENTIAL”]). “Confidential information” refers to trade, business or industrial information that belongs to any person, that has economic value and is not generally available to or known by others.</p>