

#### 4. Joint Venture between Singapore Airlines Limited and Deutsche Lufthansa AG

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|------------------------|---|---|
| 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"> <li>(i) increased passenger numbers to Malaysia, resulting in benefits to a wide range of industries in Malaysia;</li> <li>(ii) potential increases in frequency of services and capacity which benefit travellers;</li> <li>(iii) better scheduling and resulting benefits to travellers;</li> <li>(iv) expanded virtual networks for both of the airlines through the alignment of networks that are largely complementary which benefit travellers;</li> <li>(v) potential introduction of new routes and services which benefits travellers;</li> <li>(vi) wider range of fare products which benefits travellers;</li> </ul> |

|                      | <p>(vii) improvement of existing services which benefits travellers;</p> <p>(viii) increased competition on the routes which benefits travellers;</p> <p>(ix) better offerings for corporate accounts;</p> <p>(x) other cost-savings efficiencies which may translate to more competitive fares for travellers;</p> <p>(xi) improved connectivity between the LH Markets and Malaysia <i>vice versa</i>; and</p> <p>(xii) employment-related benefits.</p> <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>   |                   |  |                  |   |                 |   |                 |  |              |  |               |   |                |  |
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| Application Timeline | <table border="1"> <thead> <tr> <th data-bbox="608 882 903 931">Date</th> <th data-bbox="903 882 1386 931">Progress Update</th> </tr> </thead> <tbody> <tr> <td data-bbox="608 931 903 987">19 October 2018</td> <td data-bbox="903 931 1386 987">Receipt of application</td> </tr> <tr> <td data-bbox="608 987 903 1077">2 November 2018</td> <td data-bbox="903 987 1386 1077">Publication of the <a href="#">summary of application</a> for public consultation</td> </tr> <tr> <td data-bbox="608 1077 903 1167">3 December 2018</td> <td data-bbox="903 1077 1386 1167">Public consultation for the application was closed</td> </tr> <tr> <td data-bbox="608 1167 903 1256">19 July 2019</td> <td data-bbox="903 1167 1386 1256">Publication of the <a href="#">Proposed Decision</a> for public consultation</td> </tr> <tr> <td data-bbox="608 1256 903 1346">2 August 2019</td> <td data-bbox="903 1256 1386 1346">Public consultation on the Proposed Decision was closed</td> </tr> <tr> <td data-bbox="608 1346 903 1400">27 August 2019</td> <td data-bbox="903 1346 1386 1400">Issuance of the <a href="#">Final Decision</a></td> </tr> </tbody> </table> | Date              | Progress Update  | 19 October 2018  | Receipt of application  | 2 November 2018 | Publication of the <a href="#">summary of application</a> for public consultation | 3 December 2018 | Public consultation for the application was closed | 19 July 2019 | Publication of the <a href="#">Proposed Decision</a> for public consultation | 2 August 2019 | Public consultation on the Proposed Decision was closed | 27 August 2019 | Issuance of the <a href="#">Final Decision</a> |
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