



Joint Venture between Singapore Airlines Limited and Deutsche Lufthansa AG

Reference Number	:	MAVCOM/ED/CC/DIV4/2022(2)
Application	:	Individual Exemption under section 51 of Act 771 (renewal application)
Applicants	:	Singapore Airlines Limited and Deutsche Lufthansa AG
Receipt of Application	:	31 March 2022
Summary of Application	:	<p>Singapore Airlines Limited (“SQ”) and Deutsche Lufthansa AG (“LH”) (collectively, the “Applicants”) have submitted an application (“Application”) seeking to renew the individual exemption granted for its joint venture arrangement in respect of scheduled air passenger services between Singapore, Indonesia, Malaysia, and Australia (“SQ Home Markets”), and Austria, Belgium, Germany, and Switzerland (“LH Home Markets”). Specifically, the joint venture had been implemented in respect of scheduled air passenger services with an origin in the LH Home Markets and a destination in the SQ Home Markets, or vice versa, pursuant to the individual exemption granted by MAVCOM on 3 September 2019. The individual exemption was granted for a period of three (3) years and will expire on 2 September 2022.</p> <p>The joint venture is governed by a Framework Agreement entered by SQ and LH, which also covers services operated by the subsidiaries of LH, namely, Swiss International Air Lines AG, and Austrian Airlines AG. The Application also covers services operated by SQ’s subsidiary, Scoot Tigerair Private Limited, in view of its anticipated inclusion into the JV. The objective of the Framework Agreement is to enhance scheduled air passenger services between the SQ and LH Home Markets.</p> <p>The Framework Agreement has been implemented between Malaysia and the LH Home Markets. The Application also seeks to include additional countries and territories within the SQ Home Markets and LH Home Markets beyond those granted in the original individual exemption by MAVCOM. The Framework Agreement will</p>



	<p>be implemented for those additional countries and territories subject to the Applicants obtaining the necessary approvals. In relation to the LH Home Markets, the Applicants intend to expand the Framework Agreement to Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, France, Greece, Hungary, Iceland, Republic of Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Republic of Moldova, Montenegro, Netherlands, North Macedonia, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, and the United Kingdom.¹</p> <p>Under the Framework Agreement, the Applicants cooperate in:</p> <ul style="list-style-type: none">(a) schedule coordination and capacity management;(b) pricing and inventory management;(c) sales;(d) marketing;(e) frequent flyer programmes; and(f) revenue sharing. <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">(a) better scheduling and expanded route options which results in benefits to travellers;(b) expanded virtual networks for both of the airlines through the alignment of networks that are largely complementary which benefits travellers;(c) wider range of fare products which leads to potentially more competitive fares;(d) better coordinated offerings for corporate accounts;
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¹ For completeness, the list of LH Home Markets also includes Andorra, Liechtenstein, Monaco, San Marino and the Vatican City. However, as these destinations do not have an airport, it is unlikely that there would be any routes to these destinations under the joint venture, subject to an airport being built.



	<p>(e) increased passenger, seat capacity, routes, and services;</p> <p>(f) stimulation of tourism and enhancing post-COVID-19 recovery for the airline and tourism industry; and</p> <p>(g) additional cost savings and other efficiencies.</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 competing airlines between the SQ and LH Home Markets, and the low barriers to entry and expansion on the routes covered under the joint venture.</p>
Reference(s)	: MAVCOM's Decision granting an Individual Exemption to the Parties' Joint Venture dated 3 September 2019
Consultation	: <p>MAVCOM welcomes any party to submit written feedback on the individual exemption application regarding the joint venture between SQ and LH.</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 6 May 2022.</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>