

Individual Exemption for the Joint Venture Framework Agreement between Singapore Airlines Limited and Deutsche Lufthansa AG

Reference Number	MAVCOM/ED/CC/DIV2/2022(2)
Application	Individual exemption under section 51 of Act 771
Applicant	Singapore Airlines Limited and Deutsche Lufthansa AG
Receipt of Application	31 March 2022
Summary of Application	<p>MAVCOM had previously granted an individual exemption to Singapore Airlines Limited (“SQ”) and Deutsche Lufthansa AG (“LH”), (collectively referred to as the “Applicants”) on 3 September 2019 for a period of three (3) years, for their 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”), which exemption ended on 2 September 2022. The Parties had submitted an application to renew the individual exemption (“Application”), which was deemed submitted to MAVCOM on 31 March 2022.</p> <p>The joint venture is governed by a Joint Venture Framework Agreement (“Framework Agreement”) entered by the Applicants, which also covers services operated by the subsidiaries of LH, namely, Swiss International Air Lines AG (“LX”), and Austrian Airlines AG (“OS”), as well as SQ’s subsidiary, Scoot Tigerair Private Limited (“TR”). SQ, LH, LX, OS, and TR are collectively referred to as the “Parties”.</p> <p>The Application also seeks to include additional countries and territories within the LH Home Markets beyond those granted in the original individual exemption by MAVCOM, where 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>

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>The objective of the Framework Agreement is to enhance scheduled air passenger services between the SQ and LH Home Markets. Under the Framework Agreement, the Parties cooperate in schedule coordination and capacity management, pricing and inventory management, sales, marketing, frequent flyer programmes, and revenue sharing.</p> <p>The Framework Agreement has been implemented between Malaysia and the LH Home Markets. The Application provides that the joint venture gives rise to the following significant economic and social benefits to the Malaysian economy and Malaysian travellers:</p> <ul style="list-style-type: none"> (i) better scheduling and expanded route options which results in benefits to travellers; (ii) expanded virtual networks for both of the airlines through the alignment of networks that are largely complementary which benefits travellers; (iii) wider range of fare products which leads to potentially more competitive fares; (iv) better coordinated offerings for corporate accounts; (v) increased passenger, seat capacity, routes, and services; (vi) stimulation of tourism and enhancing post-COVID-19 recovery for the airline and tourism industry; and (vii) additional cost savings and other efficiencies. <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> <p>On 5 December 2022, MAVCOM issued its decision to grant an individual exemption to the Parties' Framework Agreement for another three (3) years, ending 4 December 2025.</p>	
Application Timeline	Date	Progress Update
	31 March 2022	Application made to MAVCOM

	Date	Progress Update
	6 April 2022	Publication of the summary of application for public consultation
	6 May 2022	Public consultation for the application was closed
	28 October 2022	Publication of the Proposed Decision for public consultation
	11 November 2022	Public consultation on the Proposed Decision was closed
	5 December 2022	Issuance of the Final Decision
	13 June 2023	Publication of the individual exemption order in the <i>Gazette</i> (under the purview of the Ministry of Transport and the Attorney General's Chambers)