



MEDIA RELEASE

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CCCS clears Proposed Acquisition of Asiana Airlines, Inc., by Korean Air Lines Co., Ltd.

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by Korean Air Co., Ltd. (“**Korean Air**”) of Asiana Airlines, Inc. (“**Asiana**”) (collectively, the “**Parties**”) (the “**Proposed Transaction**”).
2. Following its assessment, CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act 2004 (the “**Act**”).

Background

3. CCCS accepted an application from the Parties on 2 July 2021 for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers which have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.
4. Korean Air is a South Korea-based full-service carrier (“**FSC**”) with international operations, and is primarily active in four main activities: (i) passenger air transport services; (ii) air cargo transport services, (iii) aerospace and (iv) hotel businesses. Korean Air operates a hub-and-spoke network with its principal hub at Incheon International Airport in South Korea. In Singapore, Korean Air provides only passenger air transport services and air cargo transport services.

5. Asiana is a South Korea-based FSC with a global route coverage. Asiana engages primarily in domestic and international airline services, including both passenger and cargo, amongst others. Asiana's subsidiaries, Air Busan and Air Seoul, operate airline services, but do not operate flights to Singapore. In Singapore, Asiana provides only passenger air transport services and air cargo transport services.

CCCS's Assessment

6. CCCS conducted a public consultation from 6 July 2021 to 19 July 2021 and sought feedback from more than 150 stakeholders, including aviation regulatory bodies and the Parties' competitors and customers.

Relevant Markets Affected by the Proposed Transaction

7. CCCS focused its competition assessment on the following relevant markets:
 - a. the market for the provision of direct bidirectional passenger air transport services along the Singapore - Incheon ("**SIN-ICN**") route and vice versa; and
 - b. the markets for the provision of direct and indirect unidirectional air cargo transport services along the Singapore-Korea ("**SIN-KOR**") route and the Korea-Singapore ("**KOR-SIN**") route.

(collectively, the "**Relevant Markets**")

Competition Assessment

(a) The market for the provision of direct bidirectional passenger air transport services along SIN-ICN route and vice versa

8. CCCS found that it is likely that the merged entity will continue to face a high degree of competition from Singapore Airlines. Further, the entry and potential entry of new players will constrain the merged entity's ability to raise prices, and

disrupt any coordination between market players, in terms of price or sales terms.

(b) The markets for the provision of direct and indirect unidirectional air cargo transport services along SIN-KOR and KOR-SIN routes

9. CCCS has assessed that the merged entity will continue to face significant competition from Singapore Airlines, and competitive pressure from existing competitors, providers of indirect cargo flights between Singapore and Korea and potential new entrants. Further, the low price transparency, the high level of excess capacity and the entry and potential entry of new players will likely be sufficient to disrupt any coordination between market players.
10. Further information on the notification and CCCS's Grounds of Decision will be made available in due course on [CCCS's Public Register](#) at www.cccs.gov.sg.

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About the Competition & Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore ("CCCS") is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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