



MEDIA RELEASE

27 November 2019

CCCS Consults on the Proposed Commercial Cooperation between Singapore Airlines Limited and Malaysia Airlines Berhad

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is conducting a public consultation from 27 November to 18 December 2019 to invite feedback on the Proposed Commercial Cooperation between Singapore Airlines Limited (“**SIA**”) and Malaysia Airlines Berhad (“**MAB**”).

2. CCCS received a joint application for decision from SIA and MAB (collectively, the “**Parties**”) on the Proposed Commercial Cooperation and accepted the application as complete on 30 October 2019. CCCS is now assessing whether the Proposed Commercial Cooperation would infringe section 34 of the Competition Act (Cap. 50B), which prohibits agreements or concerted practices by undertakings which prevent, restrict or distort competition within any market in Singapore.

The Parties

SIA

3. SIA is a Singapore-based full service airline offering scheduled air passenger services to 63 destinations in 32 countries and territories using a fleet of 125 aircraft. It is a public company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The principal activities of SIA comprise (through itself and its subsidiaries) the provision of scheduled international air passenger and cargo air transportation services, engineering services, training of pilots, air charters, and tour wholesaling and related services.

MAB

4. MAB is Malaysia-based carrier and provides (through itself and its sister companies) scheduled international air passenger and cargo air transportation services and engineering services.

The Proposed Commercial Cooperation

5. The Proposed Commercial Cooperation comprises a Commercial Cooperation Framework Agreement that the Parties entered into on 30 October 2019, pursuant to which the Parties agree to cooperate on scheduling, pricing, sales and marketing, and other areas (including special prorate arrangements and expanded code sharing to grow traffic between Malaysia and Singapore and between Malaysia or Singapore and certain agreed markets such as Europe).

6. The Parties have submitted that while they¹ provide overlapping direct and indirect routes between Singapore and seven destinations² in Malaysia, the relevant market for the purposes of the competitive analysis of the Proposed Commercial Cooperation should be focused on the overlapping direct routes³ between (i) Singapore (Changi Airport and Seletar Airport) and Kuala Lumpur (Kuala Lumpur International Airport and Sultan Abdul Aziz Shah Airport) and (ii) between Singapore (Changi Airport) and Kuching (Kuching International Airport).

7. The Parties also submitted that the Proposed Commercial Cooperation is unlikely to result in any adverse effects on competition as:

- a. the Parties will continue to face intense competition from low cost carriers on the overlapping direct routes;
- b. the Parties will continue to face competition from alternative modes of transportation such as coach services and private car services on the Singapore (Changi Airport and Seletar Airport) and Kuala Lumpur (Kuala Lumpur International Airport and Sultan Abdul Aziz Shah Airport) route; and
- c. there are low barriers to entry on the overlapping direct routes which would facilitate entry by potential competitors.

8. In addition, the Parties submitted that the Proposed Commercial Cooperation will also result in significant efficiencies, as well as consumer and economic benefits, such as:

- a. an enhanced air travel product for Singapore to Malaysia services;
- b. expanded virtual networks of the airlines, which would provide an increased number of service offerings to passengers;

¹ Including their subsidiaries – SilkAir (Singapore) Pte. Ltd., Scoot Tigerair Pte. Ltd., and FlyFirefly Sdn Bhd.

² The seven destinations are Kuala Lumpur, Kuching, Kuantan, Langkawi, Penang, Kota Kinabalu and Kota Bahru.

³ The overlapping direct routes comprise Singapore-Kuala Lumpur and Singapore-Kuching, while the overlapping indirect routes comprise Singapore-Kuantan, Singapore-Langkawi, Singapore-Penang, Singapore-Kota Kinabalu and Singapore-Kota Bahru.

- c. more competitive fares through the reduction of double marginalisation and better fare combinability;
- d. significant benefits to corporate account customers;
- e. benefits to both airlines' frequent flyer programme members;
- f. potential scheduling benefits and time savings; and
- g. improved connectivity for both Singapore and Malaysia, with consequential benefits to both countries' aviation and tourism industries.

Public Consultation

9. CCCS is inviting public feedback in relation to the Proposed Commercial Cooperation.

10. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Register and Consultation](#)". The closing date for submissions is on or before **18 December 2019**. If the submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About The Competition and 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 (Cap. 50B), 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 (Cap. 52A) or CPFTA 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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