



## MEDIA RELEASE

15 December 2023

### **CCCS Consults on the Proposed Acquisition by ANA Holdings Inc of Nippon Cargo Airlines Co., Ltd.**

The Competition and Consumer Commission of Singapore ("**CCCS**") is inviting public feedback on the proposed acquisition by ANA Holdings Inc ("**ANAHD**") of 100 per cent of the issued share capital in Nippon Cargo Airlines Co ("**NCA**") (collectively, the "**Parties**") (the "**Proposed Transaction**").

2. On 7 December 2023, CCCS accepted an application from the Parties for a decision on whether the Proposed Transaction would infringe section 54 of the Competition Act 2004, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

#### **The Parties**

##### ANAHD

3. ANAHD is the holding company for the ANA Group, which is headquartered in Tokyo and publicly listed on the Tokyo Stock Exchange. ANA Group's key worldwide activities include operations in air transportation, airline related services (e.g., ground handling and maintenance), travel services (e.g., ticketing and travel options), trade and retail (e.g. imports/exports, merchandise, online shopping), and other services.

4. In Singapore, ANAHD provides both international air passenger transport and air cargo transport to and from Singapore. The business activity that is relevant to the Proposed Transaction is ANAHD's operations in international air cargo transport. ANAHD utilises dedicated cargo planes ("**freighters**") as well as passenger planes to transport cargo. ANAHD sells its services under the following brand names: "All Nippon Airways;" "ANA;" "ANA Cargo Express Singapore Pte. Ltd.;" and "ANA Courier Express Pte., Ltd."

## NCA

5. NCA is a wholly owned subsidiary of Nippon Yusen Kabushiki Kaisha and is Japan's sole cargo-only airline company, providing international air cargo transport. NCA's service offerings include air freighting and handling services for a diverse range of cargo types ranging from small packages to food, drugs, super-precision machinery, oversized cargo, vehicles, perishables, sensitive cargo and works of art, that are generally considered difficult to transport.

6. In Singapore, NCA provides air cargo transport through the use of freighters on international flight routes to and from Singapore. NCA sells its services under the brand name of "Nippon Cargo Airlines Co., Ltd. (NCA) Singapore Branch."

## **The Proposed Transaction**

7. The Parties submitted that they overlap in the provision of international air cargo transport. As airline operators, ANAHD and NCA provide air cargo transport services to **"forwarders"**. Forwarders are companies that provide logistics services for senders and recipients of air cargo (**"consignors"** and **"consignees"** respectively) but do not carry out the actual air transportation of the cargo.

8. The Parties consider the relevant market to be the supply of international air cargo transport on the Singapore-to-Japan and Japan-to-Singapore routes (the **"Relevant Markets"**).

9. According to the Parties, the Proposed Transaction will not result in a substantial lessening of competition in the Relevant Markets in view of the following:

- a) Within international air cargo transport, substitutes are available, as the combination of different routes between different cities (including direct and indirect flight routes) can satisfy the same or similar demands for air cargo transportation between Singapore and Japan.
- b) There is strong competition between all airlines in the international air cargo transport market, including other "combination airlines"<sup>1</sup> that utilise both

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<sup>1</sup> According to the Parties, "combination airlines" are airlines that own both freighters and passenger aircraft and can utilise both for the transport of air cargo, whereby passenger aircraft carry cargo in the belly hold.

freighters and passenger aircraft for the transport of cargo, and integrator airlines<sup>2</sup> that also offer air cargo transportation services to other forwarders.

- c) The international air cargo business is a largely commoditised business, and therefore competition occurs amongst all of the airlines in three primary areas, namely pricing, network flexibility (destination times), and services.
- d) There are no significant or insurmountable barriers to entry for the supply of international air cargo transport for the Relevant Markets.
- e) Customers (i.e. forwarders) can easily switch between airlines, with little cost and time required. Additionally, air cargo transport contracts are normally of a short duration and do not contain exclusivity clauses, allowing customers to easily switch.
- f) Coordination between market players in the supply of international air cargo transport for the Relevant Markets is also unlikely to arise given the large number of potential global competitors who are able to and currently do supply cargo services to and from Singapore and would be able to disrupt any coordinated behaviour amongst existing competitors.
- g) Although ANAHD has some freight forwarding capabilities and collectively the Parties offer some related services such as warehousing (which is outsourced to a third party), this limited vertical integration would not enable the merged entity to foreclose existing or potential competitors from competing in the air cargo transport market, or restrict the freight forwarding or warehousing options available to buyers in the market.

## **Public Consultation**

10. CCCS is inviting public feedback on the Proposed Transaction. The closing date for submissions is 2 January 2024, 5.00pm.

11. More information on the public consultation can be accessed and downloaded from the CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section [Public Consultation](#). If

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<sup>2</sup> According to the Parties, integrator airlines or “integrators” are companies that act as both forwarders and airlines in a single integrated service offered to end users (i.e. consignors and consignees). They can act as (i) a supplier of air cargo transportation services by offering such services to other forwarders, and (ii) a customer of air cargo transportation services by providing business to other airlines as forwarders/customers.

the submission or 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 (CCCS)**

The 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 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 businesses and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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