



MEDIA RELEASE

14 November 2019

CCCS APPROVES THE APPLICATION BY EMIRATES TO REMOVE ITS CAPACITY COMMITMENTS FOR SINGAPORE-BRISBANE ROUTE

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has approved the application by Emirates to remove its capacity commitments for the Singapore-Brisbane route, which was provided to CCCS on 28 March 2013, in relation to its alliance with the Qantas Airways Ltd (“**Qantas**”) (together, “**the Parties**”).

Background

2. On 12 October 2012, CCCS received an application for a decision under section 44(1)(b) of the Competition Act (Cap. 50B)(the “**Act**”) on whether the proposed alliance between Emirates and Qantas (“**the Alliance**”) would infringe section 34 prohibition of the Act.¹ The Alliance allowed the Parties to coordinate various aspects of their flight services such as pricing (relating to fares, rebates, incentives and discounts), scheduling, marketing, planning, operating capacity and airport facilities.
3. On 28 March 2013, CCCS issued a decision approving the Alliance after the Parties offered to provide CCCS with a voluntary undertaking (“**Undertaking**”)² to maintain and under certain circumstances, to increase seat capacity on the flights operated by the Parties on the Singapore-Melbourne and Singapore-Brisbane routes.³ CCCS had found that, with the capacity commitments, the Alliance would result in net economic benefits despite the competition concerns arising from the price and capacity coordination between the Parties. The capacity commitments remain in force for the duration of the Alliance.⁴
4. On 16 April 2019, Emirates applied to CCCS to vary the Undertaking by removing the minimum base seat capacity commitment in respect of the Singapore-Brisbane route, so

¹ Section 34 of the Act prohibits agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore.

² Emirates’ application amounts to a variation of the Undertaking.

³ The full grounds of decision can be accessed [here](#).

⁴ The Undertaking provides for the Parties to apply to CCCS for a variation of the seat capacities under specific circumstances, including (i) material change in market condition and (ii) material adverse financial performance.

that it can withdraw from this route. CCCS conducted a public consultation on the application from 13 to 24 September 2019. CCCS did not receive any feedback on concerns regarding the proposed variation of the Undertaking and the consequential withdrawal by Emirates from the Singapore-Brisbane route.⁵

CCCS's Assessment

5. Emirates provided evidence to support its claims on capacity under-utilisation, falling revenues and rising costs in relation to the Singapore-Brisbane route. Based on the information provided by the Parties and third parties, CCCS assessed that there remains competitive constraint on the Parties after the variation that removes Emirates' seat capacity commitment for the Singapore-Brisbane route. Seat capacity also remains adequate to meet demand for passengers whose journey terminates at Singapore or Brisbane. The Alliance with the varied capacity commitments by the Parties will continue to have net economic benefit on air passenger services, such that the Alliance will remain excluded from section 34 of the Act.⁶
6. Accordingly, CCCS approves the variation of the Undertaking to remove the base seat capacity commitment by Emirates in respect of the Singapore-Brisbane route, whilst Qantas maintains its commitment to provide at least 3,290 seats per week for the duration of the Alliance. Separately, the total base seat capacity for the Singapore-Melbourne route for both Emirates and Qantas remains unchanged at 8,246 seats per week.
7. More information on the application by Emirates can be accessed and downloaded from the CCCS website at www.cccs.gov.sg.

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⁵ Responses received by CCCS related primarily to queries from members of the public regarding their existing ticket bookings with Emirates on the Singapore-Brisbane route. These queries were re-directed by CCCS to Emirates.

⁶ Section 35 of the Act read with Paragraph 9 of the Third Schedule to the Act excludes agreements with net economic benefits.

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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