



## MEDIA RELEASE

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### **CCCS Issues Guidance Note to Streamline its Review of Airline Alliance Agreements**

The Competition and Consumer Commission of Singapore (“**CCCS**”) has issued a guidance note to provide airlines with more clarity on the competition assessment of airline alliance agreements (the “**Airline Guidance Note**”). Greater clarity and streamlining of CCCS’s review process and criteria will facilitate easier self-assessment of airline alliance agreements, and when a notification is made to CCCS, a timeline is provided for review.

2. Singapore’s open skies policy encourages both local and foreign airlines to grow their connectivity at Changi and helped Singapore grow as a key air hub in the region. Airline alliances can enhance operational efficiencies, and provide benefits to the traveling public, for example, through seamless travel and lower airfares. On the other hand, certain forms of airline alliances can potentially restrict competition, and lead to fewer options and higher airfares.

3. In this regard, the Airline Guidance Note aims to assist airlines in their self-assessment of whether their alliance agreements will breach Section 34 of the Competition Act (Cap. 50B), which prohibits anti-competitive agreements in Singapore, and whether the alliance generates economic benefits that would outweigh competition concerns. After such a self-assessment, should an airline choose to notify CCCS for guidance or decision, the Airline Guidance Note would serve to further provide assistance on how such notifications should be made and set out the required documentation for CCCS’s review.

4. The Airline Guidance Note will provide more clarity to airlines and increase efficiency in the notification process by highlighting the procedural and substantive issues commonly encountered during CCCS’s review as follows:

- (a) **Procedural Matters** – When airlines should file a notification; basic information to submit in a notification; processes involved in CCCS’s review of the notification; the availability of pre-notification discussions and/or state-of-play meetings to assist in the notification process; the option to offer commitments to address potential competition concerns; and the availability of a streamlined process for expedited assessment of airline alliance agreements based on a basket of factors.

- (b) **Substantive Matters** – Screening factors affecting the need for notification; market definition; differentiated products within the relevant market; the appropriate counterfactual; the assessment of net economic benefits; the consideration of potential new entry; and the deliberation of strategic air hub benefits and benefits to consumers.

5. A new streamlined review process has also been introduced under the Airline Guidance Note, which provides an indicative timeframe for the completion of review of competition assessment of airline alliance agreements by CCCS. The indicative timeframe, which encompasses a two-phase approach, mirrors CCCS's current merger review timelines and addresses feedback from the industry for expedited decisions in this regard. This involves a Phase 1 review of 30 working days followed by a Phase 2 review of up to 120 working days. However, CCCS had in the past completed its assessment within a shorter time for most of the airline alliance agreements that were notified.

6. In issuing the Airline Guidance Note, CCCS has taken into account the feedback received from public consultations held from 22 January 2018 to 12 February 2018, which included a roundtable discussion on 30 January 2018 with competition law and economics practitioners, industry stakeholders, as well as relevant government agencies including the Ministry of Transport ("MOT") and the Civil Aviation Authority of Singapore ("CAAS").

7. Referring to the benefits of the Airline Guidance Note, Senior Parliamentary Secretary for Trade and Industry and Foreign Affairs Dr Tan Wu Meng said,

*"Over time, needs can change. Situations can evolve. So it's helpful to review regulations from time to time. When regulation becomes more efficient, it reduces compliance costs for businesses."*

8. More information on the **Airline Guidance Note** can be accessed and downloaded from the CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section "Public Register and Consultation".

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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](http://www.cccs.gov.sg)

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