

Public Consultation Paper

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is conducting a public consultation from 13 to 24 September 2019 for interested parties to provide feedback on an application by Emirates to vary its undertaking (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 28 March 2013, CCCS issued a decision approving the proposed alliance (“**the Alliance**”) between Qantas and Emirates, allowing them 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. The Alliance involves coordination across the global networks of both Parties and has allowed them to compete across routes from Australia to Europe, via Singapore and Dubai. CCCS had found that there were competition concerns arising from the price and capacity coordination between the Parties which was akin to price-fixing and production control.
3. In response, the Parties offered to provide capacity commitments on their overlapping routes (Singapore-Brisbane and Singapore-Melbourne) in order to address CCCS’s competition concerns. In respect of the Singapore-Brisbane route (“**SIN-BNE**”), Qantas committed to 3,290 seats and Emirates to 4,956 seats (per week and for both inbound and outbound flights). The seat capacity commitments are in place for the duration of the Alliance (i.e. for as long as the Alliance exists). CCCS found that the capacity commitments would result in an improvement in production of air passenger services and hence result in economic benefit on the aforesaid overlapping routes, ameliorating the competition concerns and allowing the Alliance to be excluded from section 34 of the Competition Act.¹
4. As part of the commitments, BDO East Coast Partnership was appointed as the monitoring trustee to monitor the Parties compliance with the commitments. To date, the Parties have met their obligations under the commitments.

Proposed Variation of Undertaking

5. Emirates is seeking to vary the capacity commitments such that it is fully released from SIN-BNE, in order to enable it to withdraw from this route entirely. Emirates has cited overcapacity, declining revenues and rising costs that have resulted in substantial losses on this route for its withdrawal². Given that the economic benefits from the capacity commitments on SIN-BNE are part of the basis for approving the Alliance, CCCS will make an assessment of whether the Alliance continues to benefit from the section 34

¹ The full grounds of decision can be accessed [here](#).

² A non-confidential version of Emirates’ application can be found [here](#).

exclusion from the Competition Act notwithstanding Emirates' withdrawal from this route.

6. In this regard, there are currently three airlines servicing SIN-BNE. Emirates and Qantas each operating one daily flight, and Singapore Airlines operating four daily flights (42 flights in each direction per week in total across all three airlines). If Emirates were to withdraw its service, there would be an approximately 16% decrease in the total number of seats available on the route. Qantas will continue to be subject to the capacity commitments and will continue supplying at least 3,290 weekly seats on SIN-BNE irrespective of the outcome of Emirates' application.

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7. CCCS is seeking feedback to assist in its assessment of the effects Emirates' proposed withdrawal from SIN-BNE might have on air passenger services and air freight services between Singapore and Brisbane and/or other Australian routes. Following the public consultation, CCCS will determine whether to accept or reject Emirates' application.
8. Specifically, CCCS would like to understand if and how Emirates' proposed withdrawal from SIN-BNE would affect interested parties, in respect of:
 - a. Ticket prices and seat availability of air passenger travel for direct flights between Singapore and Australia (SIN-BNE or any other Australian city);
 - b. Ticket prices and seat availability of air passenger travel for flights from Singapore transiting in Brisbane (to an Australian or non-Australian end destinations) and vice versa;
 - c. Prices and capacity of air freight services between Singapore and Australia;
 - d. Whether another airline might consider entering the route (i.e. operating flights on SIN-BNE); and
 - e. Any other effect (positive or negative) arising from the proposed withdrawal
9. Please submit your feedback to CCCS_Feedback@cccs.gov.sg by 24 September 2019, 3pm.