



## PUBLIC REGISTER VERSION

22 March 2024

Mr Tham Chang Xian  
Assistant Director  
Legal & Enforcement Division  
Competition & Consumer Commission of Singapore  
45 Maxwell Road  
#09-01  
The URA Centre  
Singapore 069118

By email:

Copy:

Dear Chang Xian,

### Case No 400/006/12: Qantas / Emirates Undertaking

We refer to the Notice of Decision dated 28 March 2013 (**Notice of Decision**) by the Competition and Consumer Commission of Singapore (**CCCS**) in respect of the Master Coordination Agreement between Qantas Airways Limited (**Qantas**) and Emirates (**Emirates**) (together, **the Parties**) and in particular the undertaking provided by Qantas and Emirates to the CCCS dated 28 March 2013 which formed the conditions on which the Decision was issued (the **Undertaking**).

The Parties wish to advise the CCCS on a strictly confidential basis that:

for its independent reasons set out in its separate letter to the CCCS dated [REDACTED - CONFIDENTIAL INFORMATION] Emirates will be terminating its operations on the Singapore-Melbourne route [REDACTED - CONFIDENTIAL INFORMATION]

- as a result:
  - Emirates will not be able to meet the minimum capacity conditions in Clause 3 of the Undertaking in relation to the Singapore-Melbourne route [REDACTED - CONFIDENTIAL INFORMATION]; and
  - there will no longer be any operational overlap between the Parties on any route to/from Singapore.
- in the Parties' view, the Undertaking (which relates only to the two routes on which the Parties historically overlapped in 2012) is no longer relevant or necessary and instead places an unreasonable burden on Qantas going forward;
- in these circumstances, and given that the Parties wish to retain anti-trust immunity from the CCCS to



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enable them to continue to deliver benefits to Singapore that would not be possible on an arms-length basis [REDACTED - CONFIDENTIAL INFORMATION], the Parties request that the CCCS agree to:

- terminate the Undertaking in its entirety, such that the CCCS' Notice of Decision remains in force but is not conditional on the Undertaking; or
- otherwise, and only if entire termination of the Undertaking is not possible, vary the Undertaking pursuant to Clause 8 [REDACTED - CONFIDENTIAL INFORMATION] such that [REDACTED - CONFIDENTIAL INFORMATION]:
  - the Undertaking does not impose any minimum capacity requirements or mandatory growth requirements on the remaining soler operator, Qantas; and
  - instead, only requires that the Parties will:
    - inform the CCCS in advance of any future actual operational overlap on any route/s between Australia and Singapore; and
    - if considered necessary by the CCCS at the time of such notice being given, provide further information about whether any new capacity requirements should be introduced to the Undertaking.

Further information is set out below.

This letter is filed with the CCCS on behalf of both Parties on a strictly confidential basis.

#### **Singapore-Melbourne Route**

[REDACTED - CONFIDENTIAL INFORMATION]

Qantas currently operates over 6,500 seats per week on the Singapore-Melbourne route and notes that this level of capacity exceeds the minimum capacity requirements in Clause 3 of the Undertaking by over 3,000 seats. [REDACTED - CONFIDENTIAL INFORMATION]

#### **Singapore-Brisbane Route**

As the CCCS is aware, Emirates withdrew from the Singapore-Brisbane route in March 2020 on the basis of Material Change in Market Conditions and Material Adverse Financial Performance. Emirates has also re-confirmed to the CCCS in its letter dated 20 March 2024 that it is currently not intending to resume operations on this route.

Qantas currently provides over 3,600 seats per week on the Brisbane-Singapore route and notes that this level of capacity exceeds the minimum capacity requirements in Clause 3 of the Undertaking by over 300 seats.

In light of there being no ongoing operational overlap between the Parties on any other route between Singapore and Australia [REDACTED - CONFIDENTIAL INFORMATION], the Parties feel that it is no longer appropriate or necessary that Qantas singularly remain subject to capacity requirements in the Undertaking. The fact that Qantas has a strong growth trajectory planned for routes to/from Singapore and will continue to operate in an increasingly competitive market, described further below, should already give the CCCS sufficient comfort that Qantas has no ability to 'give less and charge more' or otherwise act in any anti-competitive manner to justify ongoing conditions attached to anti-trust immunity.

#### **The Parties Wish To Retain Anti-Trust Immunity To Provide Ongoing Benefits To Singapore**

As noted above, from the Route Termination Date, there will be no operational overlap between the Parties on any routes between Australia and Singapore.

However, the Parties still consider Singapore to be an important part of the Alliance customer proposition and wish to retain ongoing anti-trust immunity from the CCCS to enable them to continue to deliver benefits to Singaporean consumers that would not be possible on an arms-length basis.

The Parties therefore request the CCCS continue to confer anti-trust immunity in relation to Singapore, but without the capacity requirements.

### *Benefits to Singapore*

The Parties urge the CCCS to consider this request in the context of the Alliance's proven track record in delivering public benefits to Singapore since 2013.

The Alliance has supported Singapore as a key regional hub for origin-destination and transit passengers between Australia and the Middle East/UK/Europe. For example, through the Alliance, Qantas and Emirates can offer customers increased schedule choice from Australia to the UK and Europe using Singapore as a mid-point. This includes both Qantas and Emirates selling journeys such as Perth-Singapore-London, Melbourne-Singapore-London, Sydney-Singapore-London, Brisbane-Singapore-London and various routings from Australia-Singapore-Dubai. This codeshare support has assisted Qantas to recover post-pandemic – for instance, in the 24 months to December 2023, 92,812 Emirates codeshare passenger segments flew on Qantas operated services from Australia to/from Singapore, either as part of an Australia-Singapore itinerary or an Australia-Singapore-UK/Europe/Middle East itinerary.

The Alliance has also benefitted consumers in Singapore by providing access to both carriers' combined networks and frequent flyer programs. For example, since partnership inception over [REDACTED - CONFIDENTIAL INFORMATION] of Qantas frequent flyer members have redeemed points on Emirates operated services to/from Singapore (representing around [REDACTED - CONFIDENTIAL INFORMATION] passenger segments travelled), while [REDACTED - CONFIDENTIAL INFORMATION] of Emirates frequent flyers have redeemed points on [REDACTED - CONFIDENTIAL INFORMATION] Qantas operated passenger segments to/from Singapore. These frequent flyer benefits are meaningful for a significant portion of the Australian public. There are currently around 14 million members of the Qantas Frequent Flyer program, constituting almost 60 per cent of the Australian population, with a growing base. In addition, there are nearly [REDACTED - CONFIDENTIAL INFORMATION] members of the Qantas Frequent Flyer program who reside in Singapore. There are approximately 32.8 million members of the Skywards program, of whom [REDACTED - CONFIDENTIAL INFORMATION] are resident or based in Australia, which represents nearly 10% of the Australian population and there are approximately [REDACTED - CONFIDENTIAL INFORMATION] Skywards members based in Singapore.

Going forward, the Qantas Group has significant growth plans for its overall operations between Australia and Singapore – all of which would be supported by the continuation of the Alliance. In addition to its existing services from Melbourne and Brisbane outlined above, Qantas operates an extensive network to Singapore from Sydney (14 services per week) and from Perth (7 services per week). In addition, Qantas will launch services between Singapore and Darwin in Northern Winter 2024, commencing with five services per week, increasing to daily from Northern Summer 2025. As part of its long-term commitment to its operation in Changi, Qantas' engineering operation recently expanded in order to support such additional future flying to Singapore. In future, new fleet technology will also enable opportunities for Qantas to serve new markets, which may potentially include new origin-destination options to/from Singapore in future.

In respect of Emirates, Singapore remains an important part of its network. Of note, Emirates continues to recover its pre-Covid flight frequencies between Dubai and Singapore and will shortly be commencing its fourth daily service from 1 May 2024, with an extension to Phnom Penh, thereby reinstating in full its pre-Covid capacity between Dubai and Singapore. Committed to enhancing its service offering, Singapore was also the first destination in Asia where Emirates introduced its new Premium Economy product in June 2023.

Qantas' subsidiary Jetstar has also resumed operations on the Melbourne-Singapore route and has grown capacity compared to pre-pandemic levels, currently offering 6-7 services per week compared to 2 per week. Jetstar also plans to commence flying on the Perth-Singapore route from August 2024, operating 6 services per week. In addition, Jetstar Asia intends to announce the commencement of a new route between Broome and Singapore, with the aim of launching from 25 June 2024 and operating 6 services per week.

Taking all this into account, Qantas Group capacity between Australia and Singapore is expected to total approximately 36,000 seats per week by October 2024 which compares to approximately 28,000 in 2013 and 30,000 pre-pandemic.

The Parties wish to continue to enable Emirates to codeshare on all Qantas' services between Australia and Singapore (and for Qantas to continue to code on Emirates' services between Singapore and Dubai).

This would give passengers more routing options when travelling between Dubai and Australia and also between Europe / Middle East and Australia. The Parties will support these services through joint sales and marketing and the offer of reciprocal frequent flyer benefits – and this kind of support would be beyond what would be offered in an arms-length relationship.

Likewise, from a cargo perspective, having ongoing ATI would enable Qantas and Emirates to collaborate in relation to freight in point-of-sale Singapore in future, which in turn would increase the feasibility of freight flows across the combined networks to facilitate imports / exports to and from Singapore. This would become a valuable opportunity for the Parties to explore as their respective networks stabilise post-pandemic, providing reach beyond what each carrier could achieve alone and delivering benefits to the local Singaporean economy.

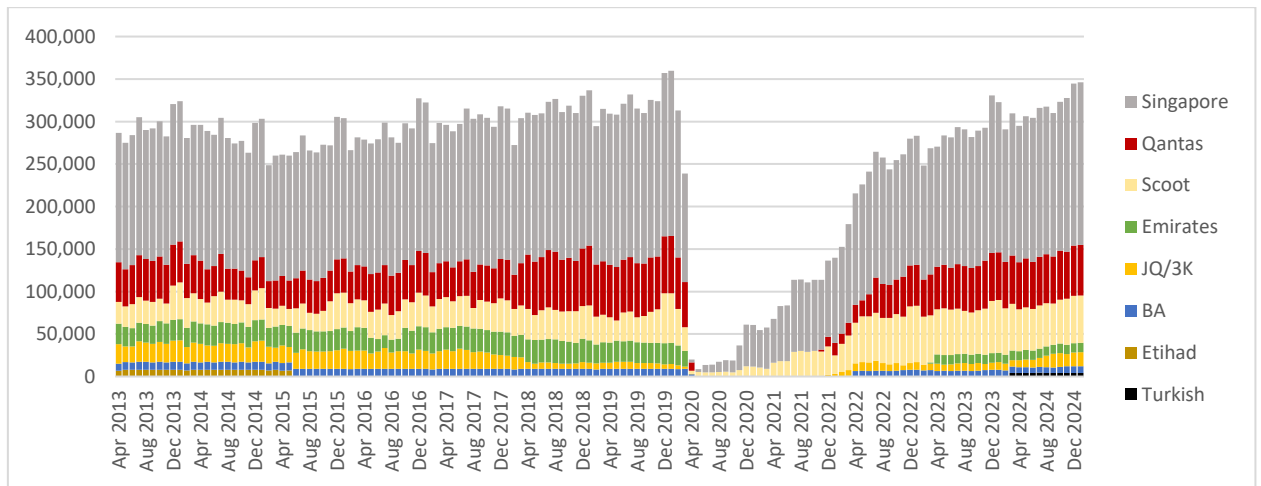
By contrast, if Singapore were to be carved out of scope of the Alliance because of unworkable conditions attached to anti-trust immunity, the Parties would not be incentivised to support Qantas' flights between Australia and Singapore (or Emirates' flights between Singapore and Dubai) and there would be no (or significantly reduced) flexibility for respective frequent flyer members to earn and redeem their points on both carriers' services to Singapore, and no prospect of future coordination in relation to cargo.

#### *Highly Competitive Market*

The Parties are of the strong view that continuing the Alliance in relation to Singapore without a conditional immunity will not produce any competitive detriment and will instead only deliver continued consumer benefits to Singaporeans.

Routes between Singapore and Australia are characterised by strong and effective competition with multiple carriers offering direct access between Singapore and all of Australia's gateway cities. Competitors will continue to constrain the Parties and prevent the Alliance from acting in any way other than to attract and retain passengers through price and product competition.

As shown in Table 1 below, Singapore Airlines has retained its dominance and overall capacity is restoring post-pandemic.

**Table 1: Capacity (Seats Flown/Published) Australia To Singapore, April 2013-December 2024**

Source: CIRIUM Diio Mi; flown April 2013-February 2024; published March 2024-December 2024<sup>1</sup>

The Alliance has not artificially diluted or restrained competition and has instead delivered increased choice to consumers. There has not been any adverse competitive effect on the incumbent, dominant Singapore Airlines, nor has there been any stifling of new entry, as shown by Turkish Airlines commencing operations in March 2024 between Singapore and Melbourne.

In 2023, the Australian Competition and Consumer Commission (ACCC) re-authorised the Alliance for a further five years. As part of its final determination,<sup>2</sup> the ACCC noted:

*“The ACCC considers that Singapore Airlines and its related entity Scoot are likely to provide strong competition to the Applicants on the Melbourne-Singapore route. The ACCC considers that they have the ability and incentive to compete aggressively with the Applicants for passengers travelling to Singapore as a destination and ensure Singapore’s continued viability as a key aviation hub in the Asia region. In view of this competitive constraint, it is unlikely that the Applicants would find it profitable to unilaterally raise fares or reduce services on the Melbourne-Singapore route.*

*The ACCC does not consider that the Conduct materially increases the likelihood of coordinated effects on this route, given Singapore Airlines’ incentives to compete aggressively to secure more Singapore destination traffic as well as traffic via Singapore to UK/Europe.”*

Singapore Airlines has steadily increased the number of seats offered to or from Australia over the period 2013 to 2024, and has rapidly resumed its offering since 2021, with its capacity as at end of 2024 expected to be back to 93% of pre-pandemic levels. The Parties further expect that Singapore Airlines’ capacity will exceed pre-pandemic levels by 2025.

Australia has been referenced as a "core market" by Singapore Airlines<sup>3</sup> and the carrier has signed a Memorandum of Understanding with the New South Wales (NSW) Government aimed at rebuilding visitor levels as part of the NSW Government’s \$60 million Aviation Attraction Fund. In addition to its codeshare arrangements with Virgin Australia, Singapore Airlines has arrangements which allow Virgin Australia’s Velocity members to redeem points on Singapore Airlines operated flights, and to transfer points from Velocity to Singapore Airlines KrisFlyer.

Singapore Airlines’ subsidiary, Scoot, has also reinstated and expanded capacity between Singapore and Australia, operating up to 141 round-trip services per month in total to Sydney, Melbourne, and Perth in the Northern Summer 2024 scheduling season. With Scoot operating high-density configured Boeing 787-800 and 787-900 aircraft, its seat capacity has grown considerably and it is now approximately 88.5% that of Qantas’ seat capacity across the same season (compared to approximately 50.0% in Northern Summer

<sup>1</sup> Data accessed 12 February 2024. Jetstar Airways and Jetstar Asia combined and defined as “JQ/3K”; Silk Air and Singapore Airlines combined and defined as “Singapore”. Finnair and Alliance Airlines (QF wet lease operations) combined with Qantas and defined as “Qantas”.

<sup>2</sup> See paragraphs 4.80 and 4.81, ACCC Final Determination in relation to the Alliance: [ACCC public register](#), 17 August 2023.

<sup>3</sup> Available here: <https://www.singaporeair.com/saar5/pdf/Investor-Relations/Annual-Report/annualreport2022.pdf>

2019). Despite removing Gold Coast from its network, Scoot is now concentrating on Sydney, Melbourne and Perth routes, increasing overall seat capacity to Australia by over 60.0% compared to pre-pandemic.

In addition, Singapore Airlines' wholly owned subsidiary, SilkAir, operated as Singapore Airlines' regional arm from 1989 until 2021. SilkAir operated narrow-body aircraft to destinations across Southeast Asia, the Indian subcontinent, East Asia and Northern Australia. SilkAir ceased operations in May 2021, with all aircraft acquired by Singapore Airlines and Australian routes taken over by the parent company. SilkAir had most recently commenced operations from Singapore to Darwin and Cairns, as a multi-stop service, in 2018. Today, Singapore Airlines continues operations to Northern Australia using narrow-body aircraft to Darwin, but will upgauge its direct Singapore-Cairns service from a 156-seat B737-MAX to a 300-seat A350 wide-body aircraft from April 2024.

Other operators also provide competitive constraint on the Melbourne-Singapore route. British Airways has also reinstated operation of its daily London-Singapore-Sydney service in March 2022. The airline currently operates using a Boeing 787-900 in the Northern Winter scheduling season, switching to the larger Boeing 777-300ER during Northern Summer.

Further, Turkish Airlines' entry onto routes between Australia and Singapore is a critical new development in the Australia-Singapore market. Turkish Airlines is one of the world's largest carriers and operates to more countries than any other airline, connecting to 120 countries from Istanbul with a fleet of over 450 aircraft.<sup>4</sup> Turkish Airlines, like Singapore Airlines, is a member of STAR Alliance.

Turkish Airlines commenced Istanbul-Singapore-Melbourne services on 1 March 2024, operating 3 times a week, initially using a 300-seat Boeing 787-900. The service will upgauge to a 329-seat Airbus 350-900 at the commencement of the Northern Summer 2024 season. Turkish Airlines is currently entitled to operate 21 services per week to Australia. It has been reported that these entitlements will progressively increase to 28 services per week in calendar year 2024, and to 35 services per week in 2025<sup>5</sup>.

Turkish Airlines' chairman has publicly announced that further to Melbourne, the carrier will commence operations to Sydney "four days a week this year (2024)"<sup>6</sup>. It is anticipated that any services to Sydney would similarly operate via Singapore, bringing further capacity onto the Australia-Singapore market. The carrier has outlined that direct services between Istanbul and the east coast of Australia would not be possible until at least 2026<sup>7</sup>.

It is important to note that further new entry on routes between Australia and Singapore will be possible, which will act as a further constraint on the Parties going forward. The 'Open Skies' air services arrangement permits Australian and Singaporean designated airlines to determine their own capacity and frequencies between the two countries. Both countries also take a liberalised approach to allowing third country carriers to compete with designated national carriers which means that carriers such as Etihad Airways, Qatar Airways, the Chinese carriers and low cost carriers operating in Asia all have the (regulatory) ability to start operating services between the two countries.

### **Proposed Position**

In light of:

- Emirates' upcoming withdrawal from the Melbourne-Singapore route;
- the absence of any ongoing operational overlap between Emirates and Qantas to/from Singapore;
- the fact that the Alliance has not caused any competitive detriment over time and has instead delivered, and would continue to deliver, proven consumer benefits; and
- the highly competitive nature of the market for services to/from Singapore, with the ongoing dominance of Singapore Airlines Group and new entry of Turkish Airlines continuing to constrain the Parties,

the Parties consider that the Undertaking is no longer relevant or necessary as a condition of ongoing anti-trust immunity for the Alliance.

<sup>4</sup> Turkish Airlines website (accessed 5 March 2024): [Our Story | About Us | Turkish Airlines @](#)

<sup>5</sup> Australian Financial Review website (accessed 8 March 2024): [Transport minister quietly triples Turkish Airlines' air rights](#)

<sup>6</sup> Executive Traveller website (accessed 6 March 2024): [Turkish Airlines to start Sydney-Istanbul flights this year](#)

<sup>7</sup> Executive Traveller website (accessed 6 March 2024): [Turkish Airlines: non-stop flights to Australia in 2026](#)

The Undertaking was signed over 10 years ago, when the Alliance had not yet commenced or been tested, and at a time when there was operational overlap between the Parties in relation to both Singapore-Melbourne and Singapore-Brisbane routes. The Parties' delivery of public benefits has been re-tested by regulators in both Australia and New Zealand on five yearly intervals, with both the ACCC and New Zealand Minister of Transport renewing the existing authorisations to enable the public benefits to continue to be delivered from 2023 for a further 5 years.<sup>8</sup>

Termination of the Undertaking in its entirety, such that the CCCS' Notice of Decision remains in force but is not conditional on the Undertaking, would enable the Parties to continue to operate and implement the Alliance with Singapore within scope, and hence deliver the various consumer benefits articulated above.

The Parties consider that termination of the Undertaking would be the most appropriate regulatory position for the CCCS given the current state of the market and operating positions of the Parties, because it would allow Emirates to support Qantas' growth plans to Singapore, provide Qantas with greater operational flexibility to optimise the performance of those routes and reduce Qantas' regulatory burden and costs.

#### *Variation of Undertaking*

The Parties request that if the Undertaking cannot be terminated in its entirety, then it instead be varied such that [REDACTED - CONFIDENTIAL INFORMATION] it only requires that the Parties will:

- inform the CCCS in advance of any future actual operational overlap on any route or routes between Australia and Singapore; and
- if considered necessary by the CCCS at the time of such notice being given, provide further information about whether any new capacity requirements should be introduced to the Undertaking.

We look forward to your consideration of this letter as soon as possible. We are happy to arrange a phone call to discuss further if that would be easiest, or to provide any further information the CCCS considers relevant to its assessment.

Yours faithfully

[signatures redacted]

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<sup>8</sup> See further [ACCC public register](#), 17 August 2023 and [New Zealand Ministry of Transport website](#), 28 March 2023.