



MEDIA RELEASE

10 May 2022

CCCS Grants Conditional Approval of Proposed Commercial Cooperation between Singapore Airlines Limited and Malaysia Airlines Berhad

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has granted conditional approval of the Proposed Commercial Cooperation (the “**Cooperation**”) between Singapore Airlines Limited (“**SIA**”) and Malaysia Airlines Berhad (“**MAB**”) (collectively, the “**Parties**”), after accepting a set of proposed commitments from the Parties.

Background

2. The Cooperation will be given effect through a Commercial Cooperation Framework Agreement that the Parties entered into on 30 October 2019. On the same day, CCCS accepted a joint application for decision from the Parties on whether the Cooperation would infringe section 34 of the Competition Act (the “**Act**”). The Cooperation envisages a metal-neutral alliance¹ in respect of services between Singapore and Malaysia through a Joint Business Arrangement (“**JBA**”), and cooperation in other areas, including special prorate arrangements and expanded code sharing to grow traffic between Malaysia and Singapore and between Malaysia or Singapore and certain agreed markets such as Europe.

CCCS’s Assessment

3. In the course of its assessment, CCCS conducted a public consultation². Based on third party feedback and the approach taken by CCCS in past airline cases, CCCS is of the view that the relevant markets for the purposes of this assessment should comprise direct air passenger services between Singapore and Malaysia, in particular each origin-destination city pair below:

¹ The metal-neutral alliance contemplated under the JBA involves coordination between the Parties on network planning and scheduling, distribution, pricing and inventory management and distribution, joint sales and marketing, and revenue-sharing.

² From 27 November 2019 to 18 December 2019.

- a. Singapore to Kuala Lumpur including Seletar Airport to Sultan Abdul Aziz Shah Airport vice versa (“**vv**”); and
- b. Singapore to Kuching vv.

(collectively, the “**Overlapping Direct Routes**”)

Impact of COVID-19 Pandemic on Competition Assessment

4. The COVID-19 pandemic and the introduction of border restrictions disrupted the aviation sector which significantly impacted competition on the Overlapping Direct Routes and resulted in uncertainty as to the timing and extent of recovery of demand post-COVID-19. This limited CCCS’s assessment based on available information as to the competition impact of the Cooperation post-COVID-19, and the Parties’ ability to substantiate its claims of net economic benefits from the same.

5. Against this backdrop, the Parties submitted a set of proposed commitments (the “**Commitments**”) that will allow the JBA to be implemented during the recovery phase. Under the Commitments, the Parties will have to subject the JBA to CCCS’s further review when a series of indicators (the “**Trigger Events**”) signal a sustained recovery and subsequent sustained normalcy of aviation activity on the Overlapping Direct Routes. There are also sufficient safeguards in place for the Parties to furnish the necessary information for CCCS’s assessment as to whether the Trigger Events are met.

CCCS’s Assessment of the Parties’ Commitments

6. CCCS has assessed that the Commitments would provide sufficient safeguards to ensure that the JBA is implemented only during the recovery phase from the COVID-19 pandemic, when competition on the Overlapping Direct Routes is limited even without the JBA and any impact on competition which may be expected to result is mitigated. CCCS noted that the responses received during a market testing of Parties’ Commitments from 10 March 2022 to 24 March 2022 did not raise concerns regarding the Commitments.

7. CCCS has also noted the concerns raised by some third parties about the Cooperation and is of the view that the Commitments will allow CCCS to assess these concerns, alongside the competition impact and benefits of the JBA, on a more informed basis when there is a sustained recovery in the aviation sector.

CCCS's Decision

8. In view of the above, CCCS finds that the JBA does not infringe section 34 of the Act and has conditionally approved the Cooperation, subject to the Parties' implementation and compliance with the Commitments.

9. Further information on the application and CCCS's Grounds of Decision, including a copy of the Commitments, will be made available in due course on [CCCS's Public Register](#) at our [website](#).

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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 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.

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