Section 58 of the Competition Act 2004

Grounds of Decision issued by the Competition and Consumer Commission of Singapore

In relation to the notification for decision of the proposed acquisition of Air India Limited by Talace Private Limited

Date: 5 March 2024

Case number: 400/140/2021/008

Confidential information in the original version of this Decision has been redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [✂].

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I. THE NOTIFICATION AND EXECUTIVE SUMMARY

1. On 14 December 2021, the Competition and Consumer Commission of Singapore ("**CCCS**") received a notification for decision as to whether the acquisition by Talace Private Limited (the "**Applicant**" or "**TPL**") of all shares and voting rights of Air India Limited ("**AI**") from the Government of India ("**GoI**"), along with AI's shareholding interest of 100% in the equity share capital of Air India Express Limited ("**AIXL**") and 50% in the equity share capital of Air India SATS Airport Services Private Limited ("**AISATS**") (the "**First Transaction**") would infringe section 54 of the Competition Act 2004 (the "**Act**"). TPL also notified the First Transaction to the Competition Commission of India ("**CCI**") which cleared the same unconditionally on 20 December 2021.

2. TPL submitted that its parent company, Tata Sons Private Limited ("**TSPL**") (through its involvement in the provision of international air transport services through Tata SIA Airlines Ltd[1], which operates under the brand name "**Vistara**"), AI and AIXL overlap in the provision of international air passenger transport services, along direct flights on the Singapore-Mumbai route and vice-versa ("**SIN-BOMvv**"); and the Singapore-Delhi route and vice-versa ("**SIN-DELvv**"); as well as the provision of air cargo services from Singapore to India ("**SIN-IND**") and India to Singapore ("**IND-SIN**").

3. The First Transaction was completed on 27 January 2022 during the course of CCCS's Phase 1 review. This was notified to CCCS on 30 January 2022. Accordingly, as of 30 January 2022, CCCS has treated the notification as being made pursuant to section 58 of the Act.

4. Subsequently, TPL provided [✂]. [✂].

5. In reviewing the First Transaction, CCCS contacted 57 third parties, comprising competitors and customers of AI, AIXL and Vistara, as well as other relevant industry stakeholders including [✂] and [✂]. Of the third parties contacted, 12 replied[2], of which nine (9) provided substantive responses. The third parties who responded indicated that they were neutral or had no competition concerns with the First Transaction. CCCS has taken into consideration TPL's submissions and the feedback received from third parties in its assessment of the First Transaction.

[1] Tata SIA Airlines Ltd. is a joint venture between TSPL and Singapore Airlines Limited ("**SIA**"), with TSPL and SIA holding 51% and 49% of the total equity shareholding respectively.

[2] [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂]; [✂].

6. Following the conclusion of the Phase 1 review on 3 June 2022, CCCS is of the view that the relevant markets for the First Transaction are the provision of direct bi-directional passenger transport services between Singapore and Delhi, and Singapore and Mumbai respectively (i.e., along the Origin-Destination ("**OD**") city pairs of SIN-DELvv and SIN-BOMvv) and the provision of direct and indirect unidirectional air cargo transport services along the SIN-IND and IND-SIN routes. Third party feedback suggests that AI and Vistara are two (2) of the three (3) key market players along the SIN-DELvv and SIN-BOMvv routes, and both airlines are likely to be close (if not the closest) competitors to one another. Moreover, while third party feedback cited the presence of Singapore Airlines Limited ("**SIA**") as a significant competitor to the merged entity along the SIN-BOMvv, SIN-DELvv, SIN-IND and IND-SIN routes, it is unclear whether SIA has the ability and incentive to exert a competitive constraint on the merged entity arising from the First Transaction (i.e. AI and Vistara) along these routes post-First Transaction. This is in view of SIA's affiliation with TSPL given that both parties are joint venture partners in Vistara. Further, it is also unclear whether the competitive constraint from other airlines such as InterGlobe Aviation Limited (operating as "**IndiGo**") would be sufficient to offset the anti-competitive effects of the First Transaction. Accordingly, following CCCS's Phase 1 review of the First Transaction, CCCS was of the view that, *inter alia*, the following competition concerns potentially arise:

   a. ***Loss of rivalry between close (if not closest) competitors***: Third party feedback suggests that AI and Vistara are two (2) of the three (3) key market players operating along the SIN-BOMvv and SIN-DELvv routes. AI and Vistara are close (if not the closest) competitors to each other, with such rivalry between AI and Vistara being a source of price competition as well as non-price competition along the SIN-BOMvv and SIN-DELvv routes prior to the First Transaction. There were concerns that the effective merger between AI and Vistara, as a result of AI falling under TSPL's control following the First Transaction, will lead to the loss of close rivalry, to the detriment of customers in Singapore.

   b. ***Lack of competitive constraint due to the Vistara JV***: While third party feedback has cited the presence of SIA as a significant competitor that will continue to exert competitive constraint on the merged entity arising from the First Transaction (i.e. AI and Vistara) along the SIN-BOMvv, SIN-DELvv, SIN-IND and IND-SIN routes post-First Transaction, it is unclear whether SIA will act as a sufficient competitive constraint given that SIA and TSPL are joint venture partners in Vistara.

c. ***Ability of SIA to further affect the structure of competition post-First Transaction***. Prior to the First Transaction, SIA, TSPL and TPL entered into a cooperation agreement which, *inter alia*, provides SIA with the right to require TSPL to integrate the operations of AI and Vistara post-First Transaction. This effectively meant that SIA was in a position to further affect the state of competition post-First Transaction, and SIA did in fact exercise the said right on 29 November 2022.

d. ***Other competing airlines to the merged entity may not be able to exert sufficient competitive constraints on the merged entity***: Based on the information available, other competing airlines (e.g. IndiGo) may not exert sufficient competitive constraint on the merged entity arising from the First Transaction (i.e. AI and Vistara). In this regard, the combined market share of the merged entity over 2019 to 2020 for the SIN-BOMvv and SIN-DELvv routes was approximately [✂30-40]%, with the next largest supplier (i.e. IndiGo) having a market share of approximately only [✂0-10]% over the same period. While TPL has submitted that [✂], the extent to which these airlines can start or expand operations in the face of increased demand is unclear.

e. ***Insufficient countervailing buyer power to exert a competitive constraint on the merged entity***: Third party feedback suggests that customers may not be able to exert sufficient competitive constraint on the merged entity post-First Transaction.

f. ***Insufficient information to assess claimed efficiencies arising from the First Transaction***: TPL has submitted that the First Transaction will bring about several benefits in Singapore including increased tourism, contribution to employment and contribution towards the growth of Changi Airport. In the absence of further evidence to substantiate the claimed efficiencies, it is unclear whether the claimed efficiencies will either avert any potential substantial lessening of competition ("**SLC**") or be sufficient to outweigh any adverse competition effects that may arise from the First Transaction in Singapore.

7. On 29 November 2022, TSPL, TPL, AI, SIA and Vistara (collectively, the "**Parties**") entered into an agreement (the "**Implementation Agreement**"[3])

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[3] Annex 2 of the Parties' 9 October 2023 response to CCCS's 28 September 2023 Request for Information ("**RFI**").

resulting in: (i) the merger[4] of each of TPL and Vistara into AI, with AI as the surviving entity (the "**Integrated Entity**"); and (ii) SIA acquiring approximately 25.1% of the enlarged equity capital of the Integrated Entity (the "**Second Transaction**"). The Second Transaction was cleared by the CCI on 1 September 2023, subject to the relevant parties' compliance with a set of voluntary commitments.[5] (The First Transaction and Second Transaction will henceforth be referred to collectively as the "**Transactions**").

8. The Second Transaction has had consequential impact on the competition assessment of the First Transaction as the Second Transaction effectively integrates the operations of AI and Vistara under one single entity (i.e. the Integrated Entity) and grants SIA a minority shareholding of 25.1% in the Integrated Entity. Accordingly, CCCS is of the view that the overlaps in air passenger transport services between AI and SIA are a material consideration in addition to the overlaps identified between AI and Vistara in relation to the First Transaction. Therefore, in addition to assessing the overlapping routes between AI and Vistara, CCCS finds it necessary to consider the overlapping routes between: (i) AI and SIA, and (ii) AI, Vistara and SIA. The Parties have identified 22 overlapping air passenger transport routes and two (2) overlapping air cargo transport routes. Based on the routes submitted by the Parties, CCCS has identified four (4) routes of concern in relation to air passenger transport services which are as follows:

   (a) Singapore-Mumbai and vice versa (SIN-BOMvv);

   (b) Singapore-New Delhi and vice versa (SIN-DELvv);

   (c) Singapore-Chennai and vice versa (SIN-MAAvv); and

   (d) Singapore-Tiruchirappalli and vice versa (SIN-TRZvv).

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[4] The term "merger" was used by TPL to refer to the integration of TPL into AI, as well as the integration of Vistara into AI. However, this use of "merger" is to be distinguished from the definition of "merger" under section 54 of the Act, which states that a merger occurs if –
(a) 2 or more undertakings, previously independent of one another, merge;
(b) one or more persons or other undertakings acquire direct or indirect control of the whole or part of one or more other undertakings; or
(c) the result of an acquisition by one undertaking (the first undertaking) of the assets (including goodwill), or a substantial part of the assets, of another undertaking (the second undertaking) is to place the first undertaking in a position to replace or substantially replace the second undertaking in the business or, as appropriate, the part concerned of the business in which that undertaking was engaged immediately before the acquisition.

[5] The voluntary commitments include minimum capacity requirements for a 4-year period from the date which the Second Transaction is completed, and a requirement to appoint an independent auditor to provide scheduled compliance reports.

9. For completeness, the Parties submitted that as a result of the Second Transaction, the Integrated Entity will replace Vistara as the countersigning party to the Proposed Commercial Cooperation with SIA (the "**Revised Alliance Parties**") via a new agreement (the "**Revised Commercial Cooperation**").[6] The Proposed Commercial Cooperation sets out the cooperation between SIA and Vistara in the provision of scheduled international air passenger transport services between Singapore and India. The Revised Commercial Cooperation has not been implemented yet and is under separate review by CCCS.[7]

10. Following CCCS's assessment of the Second Transaction, CCCS concludes that the competition concerns identified by CCCS at the end of the Phase 1 review (set out at paragraph 6 above) remain unchanged. To address these competition concerns, the Parties proposed three (3) sets of behavioural commitments to CCCS on 10 February 2023 (the "**Proposed Commitments**"). The Proposed Commitments were subsequently revised in response to CCCS's feedback before third parties were consulted from 8 December 2023. Between 8 December 2023 and 1 February 2024, pursuant to section 60A of the Act, CCCS consulted 16 third parties on the Proposed Commitments. At the end of the market testing, CCCS received responses from a total of four (4) third parties. Two (2) third parties who responded to the consultation were of the view that the Proposed Commitments were sufficient to address the competition concerns identified or did not raise further concerns in relation to the Proposed Commitments. These two (2) third parties did not raise any further competition concerns with regard to the First Transaction and the Second Transaction. Another third party submitted that the Parties have a high combined market share and that two (2) competitors that used to operate air passenger transport services between Singapore and India have since ceased operations. However, this third party did not raise issues with the Proposed Commitments. The fourth and last third party submitted that the First Transaction and Second Transaction give rise to significant competition concerns in relation to air passenger transport services between Singapore and India. This third party also submitted that the Proposed Commitments are insufficient to remedy competition concerns that arise as a result of the First Transaction, Second Transaction and Revised Commercial Cooperation. This third party also suggested that additional conditions should be imposed, which CCCS has considered as part of the overall assessment of the Proposed Commitments (see paragraphs 286 to 290 below). On balance, CCCS considers the Proposed Commitments to be sufficient to address the competition concerns which could arise from the

[6] Paragraph 1.1 of the Parties' 19 January 2023 response to CCCS's 3 January 2023 RFI.
[7] Paragraph 24.17.2 of Form M1.

confluence of the First Transaction, Second Transaction and Revised Commercial Cooperation.

11. CCCS concludes that subject to the Parties' adherence to the Proposed Commitments, the First Transaction and Second Transaction have not infringed section 54 of the Act.

12. Unless otherwise stated, information in this Grounds of Decision is based on the Parties' submissions in relation to the First Transaction and Second Transaction and feedback from third parties. In the absence of any further submissions from the Parties or third parties, CCCS is of the view that the relevant information is also applicable to the Second Transaction.

II. THE PARTIES

(A) First Transaction

The Acquirer – TPL

13. TPL is a private company incorporated in India solely for the purposes of the First Transaction.[8] Prior to the First Transaction, TPL had not engaged in any business activity, had no registered entities or presence in Singapore and had not generated any turnover. It has since acquired AI as part of the First Transaction.

14. The shareholders of TPL are as follows:[9]

Table 1: Shareholders of TPL and respective numbers of shares held

S/No.	Name of shareholder	No. of shares held
1	TSPL	25,199,999
2	TSPL jointly with Mr. Eruch N. Kapadia	1
	TOTAL	25,200,000

15. TSPL is an investment holding company, which is registered as a core investment company with the Reserve Bank of India and classified as a "Systemically Important Non-Deposit Taking Core Investment Company". TSPL is the principal investment holding company of the Tata Group of companies.[10] TSPL's relationship with its group operating companies is governed primarily by (a)

[8] Paragraph 7.1 of Form M1.
[9] Paragraph 7.2 of Form M1.
[10] The Tata Group is a global enterprise, headquartered in India, comprising 30 companies across ten verticals, namely IT, Automotive, Consumer & Retail, Infrastructure, Financial Services, Aerospace & Defence, Tourism & Travel, Telecom & Media, and Trading & Investments. See paragraph 7.4 of Form M1.

shareholding held by TSPL in such companies; and (b) a Brand Equity and Business Promotion ("**BEBP**") Agreement[11].[12]

Description of relevant companies in the Tata Group

16. To aid CCCS's assessment of the First Transaction, TPL also made submissions in relation to companies in the Tata Group which have a presence in the aviation sector, namely: (i) Tata SIA Airlines Ltd.; and (ii) AirAsia India Ltd.

Tata SIA Airlines Ltd

17. Tata SIA Airlines Ltd. is a joint venture between TSPL and SIA, with TSPL and SIA holding 51% and 49% of the total equity shareholding respectively.[13] Tata SIA Airlines Ltd. operates under the brand name "Vistara".[14]

18. Vistara is primarily engaged in the business of providing the following services: (a) domestic scheduled air passenger transport services in India, (b) international scheduled air passenger transport services, and (c) international air cargo transport services. Flights on international routes commenced in financial year ("**FY**") 2019 – 2020. TPL submitted that Vistara serves 30 domestic destinations and 10 international destinations with over 200 flights daily operated by a fleet of 47 aircraft.[15] In particular, Vistara provides international air passenger services and air cargo transport services on two direct routes from/to Singapore, namely SIN-DELvv and SIN-BOMvv.[16]

AirAsia India Ltd.

19. AirAsia India Ltd. ("**AirAsia India**") is a wholly-owned subsidiary of AI.[17] AirAsia India is primarily engaged in the business of providing the following

[11] Every company that uses the 'Tata' brand is a signatory to the Tata Sons' BEBP agreement. The agreement confers upon the operating companies the right to use the Tata brand in return for a commitment from them to run their businesses ethically and with excellence. As part of the BEBP agreement, the operating companies must adopt: (a) Tata Code of Conduct; and (b) Tata Business Excellence Model.

[12] Paragraph 7.3 of Form M1.

[13] The joint venture was not notified to CCCS in 2013 when it was first entered into.

[14] Paragraph 7.5(a) of Form M1.

[15] Paragraph 7.5(a) of Form M1.

[16] Paragraph 10.9 of Form M1.

[17] AirAsia India was previously a joint venture between TSPL and AirAsia Investments Ltd, with TSPL and AirAsia Investments Ltd holding approximately 84% and 16% of the total equity shareholding in Air Asia India respectively. On 14 June 2022, the CCI gave its approval for AI to acquire the remaining 16% stake of Air Asia India from AirAsia Investments Ltd, and subsequently merge AirAsia India with AI.

services: (a) domestic scheduled air passenger transport services in India and (b) international air cargo transport services. AirAsia India does not provide air passenger transport services on international routes.[18] TPL submitted that AirAsia India serves 17 destinations within India with a fleet of 32 aircraft.[19]

Turnover of TPL and relevant companies in Tata Group

20. The total (group) Singapore turnover and total (group) worldwide turnover for TPL, TSPL and the other relevant companies in the Tata Group have been provided in the table below.[20]

Table 2: FY 2020 Total Singapore turnover and total worldwide turnover of TPL, TSPL and relevant parties to the Transaction

Entity Name	Singapore Turnover (SGD)	Worldwide Turnover (SGD)
TPL	[✂]	[✂]
TSPL	*Not provided by TPL*	[✂]
Tata SIA Airlines Ltd	[✂]	[✂]
AirAsia India	[✂]	[✂]

The Target – AI, AIXL, AISATS

AI

21. AI is a public limited company incorporated in India. The issued and paid-up share capital of AI is INR 326,652.2 million (SGD 5,946.7 million) divided into 32,665.2 million equity shares. The GoI was the beneficial and legal owner of 100% of the equity shares representing 100% of the total issued and paid-up share capital of AI, including 80 equity shares that were jointly held by the President of India with other shareholders.[21]

22. AI is India's national airline which, prior to TPL's acquisition through the completion of the First Transaction, operated under the administrative control of India's Ministry of Civil Aviation. AI, along with its 100% subsidiary AIXL, is

[18] AirAsia India recently obtained a conditional licence to operate non-scheduled/charter/cargo international flights. In addition, AirAsia India is still awaiting their licence approval for scheduled international flights; the approval was requested since January 2019; Paragraphs 11.1 and 11.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[19] Paragraph 7.5(b) of Form M1.
[20] Appendix 12 to TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[21] Paragraph 7.7 of Form M1.

primarily engaged in the business of providing: (a) domestic scheduled air passenger transport services in India; (b) international scheduled air passenger transport services; and (c) international air cargo transport services. The Parties submitted that AI had a network coverage of 52 domestic destinations and 34 international destinations while AIXL served 20 domestic destinations and 14 international destinations. They operated a fleet of 141 aircraft (AI operates 117 and AIXL operates 24).[22]

23. The wholly-owned or majority-owned subsidiaries of AI are as follows:[23]

(a) AIXL;
(b) AI Airport Services Limited;
(c) AI Engineering Services Limited;
(d) Alliance Air Aviation Limited; and
(e) Hotel Corporation of India Limited.

With the exception of AIXL, these subsidiaries are not part of the First Transaction.[24]

24. AI and AIXL are registered in Singapore.[25] AI trades under the following names in Singapore: (i) Air India; and (ii) Air India Express.[26]

AIXL

25. AIXL is the wholly-owned low-cost subsidiary of Air India. AIXL, which was established in 2004, operates a network that covers domestic destinations in India as well as international destinations in Asia and the Middle East.[27] AIXL does not operate scheduled flights on the SIN-BOMvv and SIN-DELvv routes.

AISATS

26. AISATS is a 50/50 joint venture between AI and SATS Limited. AISATS is engaged in the business of providing ground handling services at the following airports in India, i.e., Delhi, Bengaluru, Hyderabad, Mangalore and Trivandrum as well as cargo handling services at Bengaluru airport.[28]

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[22] Paragraph 7.9 of Form M1.
[23] Paragraph 8.4 of Form M1.
[24] Paragraph 8.5 of Form M1.
[25] Paragraph 10.2 of Form M1.
[26] Paragraph 10.4 of Form M1.
[27] Paragraph 10.7(b) of Form M1.
[28] Paragraph 7.10 of Form M1.

Turnover of AI, AIXL and AISATS

27. The total (group) Singapore turnover and total (group) worldwide turnover for AI, AIXL and AISATS have been provided in the table below.[29]

Table 3: FY 2020 Total Singapore turnover and total group turnover for AI, AIXL and AISATS

Entity Name	Singapore Turnover (SGD)	Worldwide Turnover (SGD)
AI	[✂]	[✂]
AIXL	[✂][30]	[✂]
AISATS	[✂]	[✂]

(B) Second Transaction

SIA

28. SIA is a Singapore-based airline offering scheduled air passenger services to more than 63 destinations in 32 countries and territories using a fleet of 125 aircraft as at 1 September 2019, prior to the COVID-19 pandemic. SIA is a public company listed on the Mainboard of the SGX-ST. The principal activities of SIA comprise (through itself and its subsidiaries) the provision of scheduled international air passenger and cargo air transportation services, engineering services, training of pilots, air charters, and tour wholesaling and related services. All of these services have been impacted by the COVID-19 pandemic, with the SIA Group's passenger capacity estimated to reach around [✂90-100]% of pre-pandemic levels as of December 2023. SIA is a full-service airline with a strong reputation for customer service.[31]

29. Scoot Pte. Ltd. ("**Scoot**") and SilkAir (Singapore) Private Limited ("**SilkAir**") are wholly-owned subsidiaries of SIA. While the Revised Commercial Cooperation will not include SilkAir,[32] SIA and Vistara have not confirmed whether the

[29] Appendix 12 to TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[30] CCCS notes that AIXL operates on some of the 22 overlapping air passenger transport routes (e.g. SIN-MAAvv, SIN-BLRvv, SIN-TRZvv, SIN-HYDvv, SIN-IXMvv, SIN-COKvv and SIN-CJBvv).
[31] Paragraph 3.3 of Form 1 dated 30 November 2020 and submitted by SIA and Vistara in relation to their notification for decision of the Proposed Commercial Cooperation pursuant to section 44 of the Act.
[32] As of September 2021, the integration of SilkAir with SIA was completed, where all 52 SilkAir routes were transferred to SIA and Scoot's network.

Revised Commercial Cooperation will include the operations of Scoot.[33] However, the scope of the Revised Commercial Cooperation is with the SIA Group, which includes its subsidiaries.

<u>The Integrated Entity</u>

30. The Integrated Entity refers to the surviving entity (i.e. AI) following the merger of each of TPL and Vistara into AI.

III. THE TRANSACTIONS

(A) Nature of the Transactions

<u>Structure of the Transactions</u>

First Transaction

31. The First Transaction relates to TPL's acquisition of all shares and voting rights of AI from the GoI, along with AI's shareholding interest of 100% in the equity share capital of AIXL and 50% in the equity share capital of AISATS.[34]

32. By way of background, the GoI had on 27 January 2020 published a Preliminary Information Memorandum ("**PIM**") for the strategic disinvestment of AI by way of transfer of management control and sale of 100% of the equity share capital of AI held by the GoI along with AI's shareholding 100% interest in the equity share capital of AIXL and 50% interest in the equity share capital of AISATS (together the "**AI Entities**").[35]

33. In response to the PIM, TPL submitted its expression of interest dated 14 December 2020 expressing its desire to purchase the shares, representing 100% of the total paid-up capital of AI and on 15 September 2021, submitted its financial bid for the acquisition of the AI Entities.[36]

34. Pursuant to the competitive bidding process, TPL was declared as the confirmed selected bidder and the Share Purchase Agreement ("**SPA**") amongst the President of India, TPL and AI was executed on 25 October 2021.[37]

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[33] This issue does not affect CCCS's substantive assessment given that the CCCS has already accounted for Scoot's market share under the SIA Group.
[34] Paragraph 1.1 of Form M1.
[35] Paragraph 11.7 of Form M1.
[36] Paragraph 11.8 of Form M1.
[37] Paragraph 11.9 of Form M1.

Establishment of Vistara (Shareholders Agreement) and the Cooperation Agreement

35. Prior to the First Transaction, TSPL and SIA had separately entered into a joint venture agreement dated 22 October 2013 to establish Vistara (the "**Shareholders Agreement**"). The Shareholders Agreement included a [✂].[38] On 14 August 2021, TPL, TSPL and SIA entered into a cooperation agreement (the "**Cooperation Agreement**") to, *inter alia*, [✂][39], [✂]. The Cooperation Agreement also [✂].[40] [✂]. In its submissions, TPL highlighted that the Cooperation Agreement [✂]. [✂].[41]

Second Transaction

36. On 29 November 2022, SIA [✂] by executing the Implementation Agreement wherein the Parties agreed that: (i) each of TPL and Vistara shall be merged into AI (to form the Integrated Entity); and (ii) upon closing of the Second Transaction, TSPL shall hold at least 51% of the share capital of the Integrated Entity, and SIA shall hold 25.1% of the share capital of the Integrated Entity. The Implementation Agreement will [✂].[42]

Value of the Transactions

First Transaction

37. The First Transaction involves an enterprise value bid of INR 180,000 million (SGD 3,276.9 million), of which the equity to be paid in cash amounts to INR 27,000 million (SGD 491.5 million) (or such higher number as determined in accordance with Clauses [✂] and [✂] of the SPA.)[43]

[38] Under the Shareholders Agreement, [✂].

[39] The Parties used the term "merger" to refer to the integration of AI with and into Vistara or vice-versa i.e. Vistara with, and into AI. However, this is different from the definition of a merger in the *CCCS Guidelines on the Substantive Assessment of Mergers* ("***CCCS Merger Guidelines***") which states that a merger situation occurs where two or more undertakings, previously independent of each other, merge. In this context, CCCS takes the view that post-First Transaction, AI and Vistara are not independent of each other given that they share the same ultimate parent company, TSPL (see paragraphs 47 –50 below). Accordingly, for the avoidance of doubt, CCCS has adopted the phrase "integrate the operations" to refer to such instances throughout this paper.

[40] Paragraph 11.10 of Form M1.

[41] Paragraph 24.15.4 of Form M1.

[42] Clause [✂] read with Clause [✂] of the Implementation Agreement.

[43] Paragraph 11.15 of Form M1.

Second Transaction

38. For SIA, the consideration for the Second Transaction comprises its 49% interest in Vistara and an amount in cash being INR 20,585 million (approximately SGD 360 million), in exchange for a 25.1% equity interest in the Integrated Entity.[44]

(B) Commercial Rationale

First Transaction

39. According to TPL, the key rationale for the First Transaction from the GoI's perspective is to [✂]. In this regard, AI has been loss-making since FY 2017.[45] The GoI had made prior attempts to sell the airline but was not successful in finding bidders.[46]

40. According to TPL, the First Transaction is a result of the GoI's policy to strategically divest its ownership and control in certain public sector enterprises[47]. In addition, the confidential information memorandum issued by the Ministry of Civil Aviation, in relation to the strategic divestment of AI, specifically mentions the following as one of the potential tasks for the potential bidder: "[✂]". TPL submitted that [✂].[48]

41. From TPL's perspective, [✂]. The First Transaction will [✂].[49]

42. Accordingly, TPL submitted that the First Transaction [✂].[50]

Second Transaction

43. According to SIA, the Second Transaction will, first, allow SIA continued access to the fast-growing Indian aviation market, which has strong domestic and international traffic flows and is expected to more than double over the next 10 years. SIA would be able to strengthen its position in the Indian market by becoming a key strategic shareholder in AI. India is the third largest aviation market globally and was the fastest growing large aviation market prior to the COVID-19 pandemic. The market remains underserved with low international

[44] Clause [✂] of the Implementation Agreement.
[45] Paragraphs 6.1 to 6.3 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.
[46] Paragraph 12.1 of Form M1.
[47] [✂].
[48] Paragraph 12.2 of Form M1.
[49] Paragraph 12.4 of Form M1.
[50] Paragraph 12.5 of Form M1.

seats per capita, indicating significant growth potential. As the global economy recovers from COVID-19, business and leisure travel in and out of India is expected to grow strongly, supported by an expanding Indian economy, rising income levels, and rising demand for air travel.[51]

44. Second, the merger of AI and Vistara will create an enlarged entity that will be the only airline group in India that will have both a full service carrier and a low cost carrier (through the 100% holding in AIXL and AirAsia India), making it unique in its ability to capture demand across all market segments in the Indian aviation market. Together, the AI Group and Vistara hold 23% of the domestic passenger traffic share within India and 23% of the international passenger traffic to and from India based on the latest available information, making the Integrated Entity the second largest domestic carrier and largest international carrier in India. With the Second Transaction, the Integrated Entity will be able to achieve scale synergies, seamless connectivity on domestic and international routes, as well as the optimisation of its route network and resource utilisation, enabling it to offer more choices and better connectivity for consumers "while creating a champion that can compete effectively internationally". It will be able to tap on a larger consumer base and offer a larger network to strengthen its loyalty programme. The enlarged AI will also have the backing of two well-established shareholders, namely SIA and the TATA Group.[52]

45. Third, Vistara forms an integral part of the SIA Group's multi-hub strategy for SIA to gain access to growth markets which complement its Singapore hub, thus enabling SIA to establish a stake in the Indian aviation market. Vistara has been loss-making and needs to scale up in order to achieve cost and network efficiency to reach profitability. Vistara faces challenges in scaling up amid strong competition in the Indian aviation market, especially from larger incumbent Indian airline companies, which have established strong footholds in terms of securing air traffic rights and aircraft slots in many of the flight networks throughout as well as in and out of India over the years. Accordingly, the proposed consolidation of Vistara into the enlarged AI would enable the SIA Group to immediately gain exposure to an entity that is four to five times larger in scale compared to Vistara (through this investment in the enlarged AI), which has access to valuable slots and air traffic rights at key domestic and international airports that are not available to Vistara, and therefore strengthen its market presence.[53]

[51] Paragraph 4.1 of SGX announcement by SIA dated 29 November 2022.
[52] Paragraph 4.2 of SGX announcement by SIA dated 29 November 2022.
[53] Paragraph 4.3 of SGX announcement by SIA dated 29 November 2022.

(C) Merger under Section 54 of the Act

46. Section 54(2)(b) of the Act states that a merger occurs if one or more persons or undertakings acquire direct or indirect control of the whole or part of one or more other undertakings. Control may be acquired over an undertaking where the acquiring party becomes the holder of the rights, contracts or other means that entitle the holder to exercise decisive influence over the activities of that undertaking.[54]

CCCS's conclusion on whether the First Transaction constitutes a merger under the Act

47. In light of TPL's acquisition of 100% of the shares of AI through the First Transaction, CCCS is of the view that TPL has acquired direct control of AI. CCCS also notes that with TPL's acquisition of direct control over AI, TSPL will in turn have acquired indirect control over AI given that TPL is a wholly-owned subsidiary of TSPL.

48. In view of the foregoing, CCCS is of the view that the First Transaction constitutes a merger under section 54(2)(b) of the Act, arising from the acquisition of direct control over AI by TPL, and indirect control over AI by TSPL.

49. It also bears noting that TSPL and SIA hold 51% and 49% of the shares in Vistara respectively.[55]

50. CCCS is of the view that TSPL's majority shareholding of 51% in Vistara combined with TSPL's acquisition of control over AI via the First Transaction, means that the First Transaction, as viewed through the competition lens is essentially a merger between AI and Vistara under section 54 of the Act.[56]

CCCS's consideration on whether the Second Transaction constitutes a merger under the Act

51. In relation to the Second Transaction, CCCS notes that the Parties have proposed commitments pursuant to section 60A(1) of the Act, and to address potential

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[54] Section 54(3) of the Act.
[55] Paragraph 7.5(a) of Form M1.
[56] Paragraphs 37.1 to 37.3 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

competition issues arising from the Second Transaction.[57] In view of the position taken by the Parties, CCCS has analysed the effect on competition arising from the Second Transaction under section 54 of the Act and has proceeded to assess whether the Second Transaction Commitments are sufficient to address the potential competition concerns it has identified.

IV. INDUSTRY BACKGROUND

52. In relation to the First Transaction, TPL submitted that AI and TPL do not overlap in the provision of any goods and services. However, AI and Vistara overlap in the provision of international air passenger transport services on routes between Singapore and India and on the provision of international air cargo services on routes between Singapore and India. It was also submitted that Vistara has a very limited and relatively newer presence on the international routes, and hence, has no significant impact on the industry as yet. For completeness, TPL also submitted that AI and TPL do not overlap on any other part of the supply chain.[58]

53. Related to the Second Transaction, the Parties submitted that SIA, AI and Vistara overlap in the provision of international air passenger transport services on routes between Singapore and India[59] and on the provision of international air cargo services on routes between Singapore and India[60].

Current industry trends

Air passenger transport services

54. TPL submitted that air passenger transport services are a very competitive market where the demand is not characterised by its loyalty to one brand or another, or a loyalty to the 'home carrier'. Further, the demand is very heterogenous. Airlines are thus led to compete for each and every customer on prices, the quality of the in-flight services they provide, as well as on the range of destination offered, and the frequencies of their flights.[61]

55. Before the COVID-19 pandemic, TPL submitted that Southeast Asia was one of the fastest growing markets for air transport, characterised by fierce competition

[57] Refer to paragraphs 274 to 290 below.
[58] Paragraph 18.1 of Form M1.
[59] Paragraph 2.1 to 2.3 of the Parties' 19 January 2023 response to CCCS's 3 January 2023 RFI and paragraph 1.1 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.
[60] Paragraph 4.1 of the Parties' 19 January 2023 response to CCCS's 3 January 2023 RFI and paragraph 3.1 of the Parties 13 September 2023 response to CCCS's 6 September 2023 RFI.
[61] Paragraphs 18.8 and 18.9 of Form M1.

between low-cost carriers and full-service carriers. However, the aviation industry has suffered from the COVID-19 pandemic. According to the International Air Transport Association ("**IATA**"), the airline sector's revenue loss in 2020 was estimated at USD84.3 billion in 2020 and a decline of passenger travel of over 50% compared to 2019.[62]

56. Notwithstanding, TPL submitted that leisure travel between Singapore and India is likely to recover fairly quickly, citing a recent report by McKinsey & Company which projects that the rise in leisure trips is likely to outpace the recovery of business travel in view that remote work and other flexible working arrangements are likely to remain in some form post-pandemic and people will take fewer corporate trips. This is especially relevant to routes between Singapore and India with India being the third largest source of tourism in Singapore.[63]

Air cargo transport services

57. In respect of the provision of international air cargo transport services, TPL submitted that it involves a fairly extensive supply chain, involving various ancillary services such as ground handling services, freight forwarders, air cargo terminals and custom services. For completeness, it was submitted that neither TPL nor AI provide such services in Singapore.[64] Instead, TPL and AI only provide air cargo transportation in the belly of passenger flights.[65] In this regard, AI transports both general cargo and specialised cargo, as long as it meets "AI's Dangerous Goods Regulations". AIXL transports general cargo and perishable cargo, while Vistara transports only general cargo.[66]

<u>Intermediate Customers</u>

Air passenger transport services

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[62] Paragraphs 18.15 and 18.16 of Form M1.
[63] Paragraph 18.17 of Form M1.
[64] In this regard, TPL submitted that [✂]. See paragraph 14.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[65] Cargo may be transported through dedicated, cargo-only airplanes, or in the "belly" of flights also carrying passengers. Air cargo transportation providers may transport both general cargo (e.g., electronics and documents) or specialized cargo (i.e., cargo requiring special transportation conditions such as temperature control).
[66] Paragraphs 15.1 to 15.3 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.

58. TPL submitted that intermediate customers of air passenger transport services include travel agents/aggregators, which comprise the offline/online marketing and distribution of airline seats as well as other travel and travel-related services.[67]

59. There were no concerns raised regarding the First Transaction in the feedback received from intermediate customers of air passenger transport services.[68]

Air cargo transport services

60. TPL submitted that intermediate customers of air cargo transport services include freight forwarders and consolidators as well as cargo agents/general sales agents.

61. There were no concerns raised regarding the First Transaction in the feedback received from intermediate customers of air cargo transport services.[69]

End Customers

Air passenger transport services

62. TPL submitted that end-customers in the provision of air passenger transport services are passengers. No feedback from CCCS's public consultation on the First Transaction was received from members of the public.

Air cargo transport services

63. The end customers in the provision of air cargo services comprise both businesses and individuals.

64. There were no concerns raised regarding the First Transaction in the feedback received from end customers of air cargo transport services.[70]

Regulatory environment

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[67] TPL highlighted that travel agency services comprise the marketing and distribution of airline seats as well as other travel and travel-related services. Travel agency services can be operated either offline or online. See paragraph 18.4 of Form M1.

[68] See paragraph 6a of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI, paragraph 6a of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI and paragraph 6a of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.

[69] See [✂]' 15 January 2022 response to CCCS's 10 January 2022 RFI.

[70] See paragraph 6b of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.

65. Air transport services between two nations depend on the bilateral Air Service Agreement ("**ASA**") between them, which establishes the framework for scheduled air services. These agreements generally specify the entitlements of the designated airline(s) of both countries in terms of frequency of operations, number of seats, points of call etc. and provide different degrees of "freedom of air", which are a set of commercial aviation rights granting a country's airlines the privilege to enter another country's air space. Bilateral agreements envisaging minimal or no restriction on the ability of designated airlines of the party nations to operate on routes between the two nations are referred to as "open-skies agreements".[71] Save for the period during the COVID-19 pandemic,[72] Singapore has an open skies policy which has helped Singapore grow as a key air hub in the Asia-Pacific region by allowing carriers of two nations to operate any route between the two countries without significant restrictions on capacity, frequency or price, and have the right to operate fifth and sixth freedom services.[73]

66. In Singapore, CAAS issues the licences, permits and certificates necessary to provide air passenger transport services in/into Singapore as a Singapore Air Operator or as a Foreign Air Operator. While fares, surcharges and fees are not regulated by CAAS or CAG, the allocation of airport slots at Singapore Changi Airport is overseen by CAAS, with CAG appointed by CAAS as the slot coordinator.[74]

Other agreement(s) and joint venture(s) relevant to CCCS's assessment of the First Transaction

Commercial Cooperation Framework Agreement

67. On 13 February 2020, Vistara and SIA entered into the Proposed Commercial Cooperation which envisages a metal-neutral cooperation between them on aspects such as revenue sharing, [✂] codeshares, and network planning and schedule coordination, with respect to routes in certain identified markets (incl. the SIN-DELvv and SIN-BOMvv routes). [✂].[75]

[71] Paragraph 18.10 of Form M1.
[72] Paragraph 18.11 of Form M1.
[73] Fifth freedom refers to the right for an airline to fly commercially to two foreign countries, with the flight originating from or terminating in its home country while sixth freedom refers to the right for an airline to fly commercially from one foreign country to another, with a layover in its home country. For further details, see International Air Transport Association article titled "Impact of International Air Service Liberalisation on Singapore" dated July 2009. See also paragraph 18.13 of Form M1.
[74] Paragraph 18.14 of Form M1.
[75] Paragraph 24.17.1 of Form M1.

68. The Proposed Commercial Cooperation was notified to CCCS on 30 November 2020 by way of a separate application for a decision that the proposed cooperation will not infringe section 34 of the Act.

Code-share agreement and Star Alliance

69. Vistara and SIA have a code-share agreement in place that is separate from the Revised Commercial Cooperation. On routes between India and Singapore, AI has code-shares with SIA (Singapore-Kolkata route); [✂]. AI is also a member of Star Alliance.[76]

<u>Other agreement(s) and joint venture(s) relevant to CCCS's assessment of the Second Transaction</u>

Implementation Agreement

70. As set out in paragraph 36 above, [✂] on 29 November 2022 by executing the Implementation Agreement, wherein the Parties agreed that: (i) each of TPL and Vistara shall be merged into AI to form the Integrated Entity; and (ii) upon closing of the Second Transaction, TSPL shall hold at least 51% of the share capital of the Integrated Entity, and SIA shall hold 25.1% of the share capital of the Integrated Entity. The Implementation Agreement also records the right of TSPL to [✂].[77]

Revised Commercial Cooperation Framework Agreement

71. As set out in paragraph 9 above, the Parties submitted that as a result of the Second Transaction, the Integrated Entity will replace Vistara as the countersigning party to the Proposed Commercial Cooperation with SIA via the Revised Commercial Cooperation. The Parties intend to give effect to the Revised Commercial Cooperation through a new framework agreement (the "**New Framework Agreement**"), reflecting the SIA Group and the post-merger Enlarged AI Group as parties to cooperation in the provision of scheduled international air passenger transport services between Singapore and India, to be entered into in due course.[78] While the Parties' have mentioned in their submissions that this New Framework Agreement, which will give effect to the Revised Commercial Cooperation, will still require further discussion and agreement, CCCS notes that the Revised Commercial Cooperation is envisaged to be similar in scope to the Proposed Commercial Cooperation.[79]

[76] Paragraph 24.18.1 of Form M1.
[77] Recital [✂] of the Implementation Agreement.
[78] Paragraph 1.1 of the Parties' 19 January 2023 response to CCCS's 3 January 2023 RFI.
[79] Annex 12 of Form 1 submitted on 30 November 2020; Paragraph 1.1 to 1.6 of the Parties' 19 January 2023 response to CCCS's 3 January 2023 RFI.

V. COMPETITION ISSUES

<u>TPL's submissions for air passenger transport services in relation to the First Transaction</u>

72. At the time of notification of the First Transaction, TPL submitted that it is newly incorporated, does not provide any goods or services into Singapore, and that it intended to step into the shoes of the GoI post-First Transaction by becoming the holding company of AI.[80] AI offers international air passenger transport services and international air cargo transport services to customers in Singapore.[81]

73. According to TPL, there are horizontal overlaps between AI and Vistara (which is owned by TPL's parent company, TSPL) in the supply of air passenger transport services on routes between Singapore and India, namely SIN-DELvv and SIN-BOMvv. In respect of vertical effects, TPL submitted that there are no vertical relationships between TPL and AI that would impact Singapore.[82]

74. TPL further submitted that Vistara has a very limited and relatively newer presence on international routes (including the abovementioned overlapping routes). In this regard, TPL submitted that Vistara had only started providing international flights to and from India from 2019 due to India's aircraft regulations, which previously mandated that Indian carriers could only start operating international services after: (i) competing domestically for 5 years and (ii) possessing at least 20 aircraft in their fleet (the "**5/20 Rule**"). Following the revocation of the 5/20 Rule in 2016, Vistara was the first beneficiary to be granted permission to conduct international operations in 2019.[83] However, TPL submitted that [✂]. [✂].[84]

75. TPL also submitted that [✂].[85] However, TPL submitted that the [✂] and there are strong players such as IndiGo which had over [✂10-20]% market share on [✂] and over [✂30-40]% market share on [✂].[86]

76. For completeness, TPL submitted that for FY 2017 – 2021, other international destinations that included OD routes that involved Singapore as part of the OD

[80] Paragraph 15.1 of Form M1.
[81] Paragraph 14.2 of Form M1.
[82] Paragraph 36.1 of Form M1.
[83] Paragraph 13.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[84] Paragraph 13.5 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[85] Paragraph 17.1 of Form M1.
[86] Paragraph 8.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.

pairs (apart from SIN-DELvv and SIN-BOMvv) which AI and/or AIXL operated along consisted of[87]:

(a) Chennai (SIN-MAAvv)
(b) Bengaluru (Bangalore) (SIN-BLRvv)
(c) Tiruchirappalli (SIN-TRZvv)
(d) Hyderabad (SIN-HYDvv)[88]
(e) Kolkata (Calcutta) (SIN-CCUvv)
(f) Madurai (SIN-IXMvv)
(g) Kochi (Cochin) (SIN-COKvv)
(h) Coimbatore (SIN-CJBvv)
(i) Thiruvananthapuram (SIN-TRVvv)[89]
(j) Vijayawada (SIN-VGA)[90]

77. Finally, TPL submitted that as of January 2022, AI operated four (4) OD routes involving Singapore as part of the OD pairs. These were: (i) Delhi; (ii) Mumbai; (iii) Bangalore; and (iv) Chennai. Similarly, AIXL operated two OD routes involving Singapore as part of the OD pairs: (i) Tiruchirappalli; and (ii) Chennai.

<u>TPL's submission for air cargo transport services in relation to the First Transaction</u>

78. TPL submitted that it does not overlap with AI in the provision of any goods and services in respect of air cargo.[91] However, AI and Vistara do overlap in the provision of air cargo transport services, which is limited to the provision of belly-hold cargo services i.e., air cargo services provided on an ancillary basis to their passenger air transport services along the Singapore-India corridor.[92] Notwithstanding this, TPL submitted that any overlaps between AI and Vistara for air cargo services are miniscule, and the First Transaction would result in no

[87] Paragraph 3.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[88] TPL submitted that limited flights were operated between SIN and HYD as part of the Vande Bharat Mission operations (COVID-19 repatriation flights for Indian Nationals stranded overseas).
[89] TPL submitted that only one (1) flight was operated in August 2020 due to the Kochi flood, and a single operation SIN-MAA-TRV was operated as part of the Vande Bharat Mission operations.
[90] TPL submitted that limited flights were operated from SIN to VGA as part of the Vande Bharat Mission operations.
[91] Paragraph 19.3 of Form M1.
[92] Paragraph 19.3 of Form M1.

meaningful impact in the market for air cargo services along the SIN-IND and IND-SIN unidirectional routes.[93]

79. In this regard, TPL submitted that the estimated market share (based on cargo carriage in tonnes from Singapore to India and vice-versa) of the merged entity was [✂0-10]% and [✂50-60]% in FY 2020 and FY 2021 respectively.[94] As regards 2021, TPL submitted that the data is not reflective of business as usual ("**BAU**") market conditions on account of, *inter alia*, the serious drop in demand as well as restrictions on international air cargo services pursuant to the COVID-19 pandemic.[95]

80. Further, TPL submitted that revenue gained from the provision of air cargo transport [✂].[96] This is evident in the volume of cargo transported by AI (including AIXL) and Vistara. For instance, in FY 2019 – 2020, AI (including AIXL) transported around [✂] tons of cargo between the SIN-IND and IND-SIN routes compared to an overall tonnage estimated at [✂]tons, i.e. only [✂]% of the tonnage carried. In the same year, Vistara only transported [✂] of cargo.[97]

81. TPL also cited the CCS SIA/Tiger Airways Decision[98] to support its view that CCCS should focus its analysis on the provision of air passenger services in this case given that the most significant overlap in the First Transaction is in relation to air passenger transport services, and that any overlaps in air cargo transport services from Singapore to India and vice-versa are not relevant to the assessment of the First Transaction.[99]

Focus of CCCS's assessment in relation to the First Transaction

82. In respect of air passenger transport services, CCCS considered whether the First Transaction will lead to horizontal effects that would substantially lessen competition in relation to the supply of air passenger transport services on the overlapping routes between AI and Vistara; namely the SIN-BOMvv and SIN-DELvv routes (the "**Original Overlapping Air Passenger Transport Routes**").

83. In relation to air cargo transport services, CCCS has likewise considered whether the First Transaction will lead to horizontal effects that would substantially lessen

[93] Paragraph 7.6 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[94] Appendix 18 of TPL's 30 April 2022 response to CCCS's 26 April 2022 RFI.
[95] Paragraph 1.3 of TPL's 30 April 2022 response to CCCS's 26 April 2022 RFI.
[96] Paragraph 19.3 of Form M1.
[97] Paragraph 19.4 of Form M1.
[98] See CCS Decision 400/011/14 – SIA / TIGER AIRWAYS (28 November 2014).
[99] Paragraph 19.6 of Form M1.

competition in respect of the supply of air cargo transport services along the SIN-IND and IND-SIN routes (the "**Overlapping Air Cargo Transport Routes**"). In particular, with regard to TPL's submission that the provision of air cargo services along the Original Overlapping Air Cargo Transport Routes is not relevant to the assessment, CCCS has received information to suggest that the overlap may not be as minimal as TPL asserts. In this regard, according to [✂]' market share estimates (based on Available-Tonne Kilometres), CCCS notes that the First Transaction is likely to create the second largest player with an estimated market share of [✂20-30]% and a post-merger CR3 of [✂90-100]% along the SIN-IND and IND-SIN routes.[100] The market share estimates exceed the indicative thresholds in the *CCCS Guidelines on the Substantive Assessment of Mergers* ("***CCCS Merger Guidelines***") where competition concerns are likely to arise. Therefore, CCCS considers it necessary to include the provision of air cargo services along the Overlapping Air Cargo Transport Routes as part of the assessment of the First Transaction.

84. In the absence of any third party feedback or information that suggests otherwise, CCCS accepts TPL's submission that there are no vertical relationships present between TPL and AI that would impact Singapore. Accordingly, CCCS does not consider it likely that the First Transaction will raise any vertical concerns.

<u>TPL's submission for air passenger transport services in relation to the Second Transaction</u>

85. In view of the Second Transaction which effectively integrates the operations of AI and Vistara and grants SIA a minority shareholding in the Integrated Entity, the Parties have identified 22 overlapping routes (between: (i) AI and SIA, and (ii) AI, Vistara and SIA (the "**Overlapping Air Passenger Transport Routes**"):[101]

SIA Group's and the Integrated Entity's overlapping direct routes ("Category A Routes"):

(a) Singapore to Chennai (SIN-MAAvv);
(b) Singapore to New Delhi (SIN-DELvv);

[100] Paragraph 10a of [✂]'s 21 April 2022 response to CCCS's 10 January 2022 RFI.
[101] Paragraph 2.2 of TPL's 19 January 2023 response to CCCS's 3 January 2023 RFI.

(c) Singapore to Mumbai (SIN-BOMvv); and
(d) Singapore to Tiruchirappalli (SIN-TRZvv)

SIA Group's and the Integrated Entity's overlapping indirect routes where at least one party operates on a direct basis ("Category B Routes") :

(e) Singapore to Ahmedabad (SIN-AMDvv);
(f) Singapore to Amritsar (SIN-ATQvv);
(g) Singapore to Bengaluru (SIN-BLRvv);
(h) Singapore to Coimbatore (SIN-CJBvv);
(i) Singapore to Hyderabad (SIN-HYDvv);
(j) Singapore to Kochi (SIN-COKvv);
(k) Singapore to Kolkata (SIN-CCUvv);
(l) Singapore to Thiruvananthapuram (SIN-TRVvv); and
(m) Singapore to Vishakhapatnam (SIN-VTZvv)

SIA Group's and the Integrated Entity's overlapping indirect routes where both parties operate indirect services (and SIA operates only via code-share operations with Vistara ("Category C Routes"):

(n) Singapore to Bhubaneswar (SIN-BBIvv);
(o) Singapore to Dibrugarh (SIN-DIBvv);
(p) Singapore to Goa (SIN-GOIvv);
(q) Singapore to Guwahati (SIN-GAUvv);
(r) Singapore to Lucknow (SIN-LKOvv);
(s) Singapore to Patna (SIN-PATvv);
(t) Singapore to Port Blair (SIN-IXZvv);
(u) Singapore to Varanasi (SIN-VNSvv); and
(v) Singapore to Chandigarh (SIN-IXCvv).

TPL's submission for air cargo transport services in relation to the Second Transaction

86. In view of the Second Transaction, the Parties have identified two overlapping routes in relation to air cargo transport services between: (i) AI and SIA, and (ii) AI, Vistara and SIA.[102] These two routes are (i) Singapore to India (SIN-IND); and (ii) India to Singapore (IND-SIN) (the "**Overlapping Air Cargo Transport Routes**").

[102] Paragraph 3.1 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.

Focus of CCCS's assessment in relation to the Second Transaction

87. In relation to air passenger transport services, CCCS considered whether the Second Transaction will lead to a SLC with regard to the supply of air passenger transport services on the Overlapping Air Passenger Transport Routes.

88. In respect of air cargo transport services, CCCS likewise considered whether the Second Transaction will lead to a SLC with regard to the supply of air cargo transport services along the Overlapping Air Cargo Transport Routes. In particular, based on the estimated market share figures which the Parties submitted in relation to the Overlapping Air Cargo Transport Routes, CCCS notes that the combined market share of the Parties for the IND-SIN route for FY 2023 exceeds [✂30-40]%, which exceeds the indicative thresholds in the *CCCS Merger Guidelines* where competition concerns are likely to arise.[103]

89. With respect to the Revised Commercial Cooperation (as defined in paragraph 9), CCCS notes that it is the subject of a separate notification for decision pursuant to section 44 of the Act. In any case, insofar as the Second Transaction is concerned, CCCS's competition assessment covered whether any competition concerns arise from the affiliations between SIA and the Integrated Entity. For the avoidance of doubt, CCCS's decision on the Second Transaction will stand regardless of whether the Revised Commercial Cooperation is eventually implemented.

90. Accordingly, CCCS is of the view that with regard to the scope of assessment for the Second Transaction, the relevant air passenger transport routes should include each of the Overlapping Air Passenger Transport Routes set out in paragraph 85 above, and the relevant air cargo transport routes should include each of the Overlapping Air Cargo Transport Routes set out in paragraph 86 above.

91. In summary, CCCS will be focusing its assessment on whether the First Transaction and Second Transaction will lead to horizontal effects in relation to:

    (a) the provision of air passenger transport services on the Original Overlapping Air Passenger Transport Routes (for the First Transaction) and the Overlapping Air Passenger Transport Routes respectively (for the Second Transaction); and

    (b) the provision of air cargo transport services on the Overlapping Air Cargo Transport Routes for the First Transaction and Second Transaction.

[103] Refer to Annexes 6, 7 and 8 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.

VI. COUNTERFACTUAL

92. Paragraph 4.14 of the *CCCS Merger Guidelines* states that CCCS will, in assessing mergers and applying the SLC test, evaluate the prospects for competition in the future with and without the merger. The competitive situation without the merger is referred to as the "counterfactual". The SLC test will be applied prospectively; that is, future competition will be assessed with and without the merger.

93. In most cases, the best guide to the appropriate counterfactual will be the prevailing conditions of competition, as this may provide a reliable indicator of future competition without the merger. However, CCCS may need to take into account likely and imminent changes in the structure of competition in order to reflect as accurately as possible the nature of rivalry without the merger.[104]

<u>CCCS's assessment of the counterfactual</u>

94. In relation to the First Transaction, TPL has raised the Failing Firm Defence ("**FFD**"). The factors giving rise to the FFD are described in detail in Annex A. TPL submitted that in the absence of the First Transaction, AI would have exited the market as AI had been debt-ridden for years, which prompted the GoI to try and divest AI on several occasions.[105] Please refer to Annex A which sets out in detail CCCS's assessment in this regard and why the counterfactual should be one where AI remains a going concern for the purpose of the competition assessment. In conclusion, for the purpose of CCCS's assessment, as it is unclear whether AI will fail in the absence of the First Transaction, CCCS considers the appropriate counterfactual to be one where AI remains an independent competitor. In relation to the Second Transaction, in view of the fact that it follows the First Transaction, CCCS considers the appropriate counterfactual to be the situation post-First Transaction.

VII. RELEVANT MARKETS

95. For the purpose of CCCS's assessment of relevant markets, CCCS has focused on the Original Overlapping Air Passenger Routes for the analysis of the First Transaction, and the Category A Routes for the analysis of the Second Transaction. CCCS is of the view that the remaining Category B Routes and Category C Routes

[104] Paragraph 4.16 of the *CCCS Merger Guidelines.*
[105] Paragraph 23.1 of Form M1.

are unlikely to raise competition concerns for the reasons set out in paragraph 161 below.

(A) Air Passenger Transport Services

Parties' submissions on market definition of air passenger transport services

96. TPL submitted that the relevant product markets for the purposes of assessing the competitive impact of the First Transaction are the Original Overlapping Air Passenger Routes.[106]

97. The Parties submitted that the relevant product markets for the purpose of assessing the competitive impact of the Second Transaction are all of the abovementioned Overlapping Air Passenger Transport Routes.[107]

TPL's submissions on segmentation by passenger types

98. TPL cited the European Commission's ("**EC**") Ryanair/Laudamotion Merger Decision[108] and the Ryanair/Aer Lingus III Merger Decision[109], in submitting that the market for air passenger transport services does not need to be segmented between time sensitive ("**TS**") and non-time sensitive ("**NTS**") passengers. TPL also relied on the EC's Ryanair/Laudamotion Merger Decision for the position that passengers are becoming increasingly price-sensitive and more corporate customers are applying lowest-fare policies, whilst the offerings for TS and NTS customers are becoming increasingly similar.[110]

99. TPL also cited the EC's United Airlines/US Airways Merger Decision[111] and the CCS Lufthansa/SIA Decision[112] in submitting that the market for air passenger transport services does not need to be segmented between business travellers and leisure travellers.[113]

100. To substantiate its claim that passengers who travel between India and Singapore are largely NTS as compared to TS, TPL submitted data of direct flights along the Original Overlapping Air Passenger Transport Routes from the IATA Direct Data

[106] Paragraph 20.1 of Form M1.
[107] Annex 1 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.
[108] See EC Case No COMP/M.8869 - RYANAIR / LAUDAMOTION (12 July 2018).
[109] See EC Case No COMP/M.6663 RYANAIR/AER LINGUS III (27 February 2013).
[110] Paragraph 19.15 of Form M1.
[111] See EC Case No COMP/M.2041 - UNITED AIRLINES / US AIRWAYS (12 January 2001)
[112] See CCS Decision 400/001/16 - LUFTHANSA / SIA (12 December 2016)
[113] Paragraph 19.10 of Form M1.

Solutions database.[114] These figures are set out in the tables below. TPL also submitted that the compound annual growth rate ("**CAGR**") of NTS traffic is generally higher than the CAGR of TS traffic across the Original Overlapping Air Passenger Transport Routes over the years 2017 – 2021.[115]

[114] Paragraph 22.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[115] Paragraph 22.3 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

Table 4: SIN-DELvv passenger data by passenger time-sensitivity

Type	FY 2017		FY 2018		FY 2019		FY 2020	
	Pax	CAGR	Pax	CAGR	Pax	CAGR	Pax	CAGR
Non-time sensitive	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%
Time sensitive	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%

Table 5: SIN-BOMvv passenger data by passenger time-sensitivity

Type	FY 2017		FY 2018		FY 2019		FY 2020	
	Pax	CAGR	Pax	CAGR	Pax	CAGR	Pax	CAGR
Non-time sensitive	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%
Time sensitive	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%	[✂]	[✂]%

TPL's submission on segmentation by carrier types

101. TPL submitted that there is no need to make any further distinction based on carrier types, i.e., Full-Service Airlines ("**FSAs**") such as SIA, Vistara, and AI, as well as Low-Cost Carriers ("**LCCs**") such as AIXL and IndiGo. TPL cited the CCS SIA/Tiger Airways Decision[116] in submitting that there is no need to distinguish between FSAs and LCCs on short-haul routes (which TPL submits extend to approximately five (5) to six (6) hours of travel).[117]

102. TPL further submitted that air passenger transport services provided by LCCs are substitutable or considered to be in the same market as the services provided by FSAs in the context of the Original Overlapping Air Passenger Transport Routes.[118] To substantiate its claim, TPL submitted that FSAs offer customers the option of "low-cost carrier" seats with minimum baggage allowance, limited flexibility of seat selection and limited benefits.[119] TPL also submitted that LCCs currently allow passengers to separately pay for and purchase extra baggage allowance, in-flight food, or Wi-Fi. As such, passengers in LCCs have the option to choose and purchase the services that are already included in the airfares of FSAs, which effectively eliminate the differences between carrier types.[120] In this regard, TPL submitted that the distinction between FSAs and LCCs has become increasingly blurred.[121]

103. TPL posited that based on the submission in paragraph 102 above, coupled with the fact that both FSAs (e.g., AI, SIA) and LCCs (e.g., IndiGo) own significant slot shares across major international airports (and therefore offer several options to customers in terms of scheduling), there is no real product differentiation between the services offered by all carriers in terms of their ability to impose competitive pressure on one another.[122]

TPL's submission on segmentation by direct and one-stop flights

104. TPL submitted that the First Transaction should be assessed with reference to market shares that account for both direct and one-stop flights, given that: (a) one-stop flights may be considered substitutable for direct flights and hence, impose significant competitive constraints on direct flights; and (b) market shares

[116] See CCS Decision 400/011/14 – SIA / TIGER AIRWAYS (28 November 2014).
[117] Paragraph 19.14 of Form M1.
[118] Paragraph 19.17 of Form M1.
[119] Paragraph 49.3 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[120] Paragraph 19.19 of Form M1.
[121] Paragraphs 19.19 and 33.2 of Form M1.
[122] Paragraph 19.19 of Form M1.

considering only direct flights will severely overestimate the market shares of the TPL and AI, as it would not account for the overall number of passengers flying on the routes and would further ignore the competitive pressure exerted by competing one-stop and/or connecting flights on the same route.[123]

105. To support its submission, TPL provided market share figures by passenger count along the SIN-IND corridor on a direct and one-stop basis, which comprise routes between Singapore and the following cities/airports in India: Delhi, Mumbai, Chennai, Bengaluru, Trichy, Hyderabad, Kolkata, Madurai, Kochi and Coimbatore.[124] In summary, TPL submitted that the additional supply from indirect flights does act as a constraint on prices for flights along the Original Overlapping Air Passenger Transport Routes, as supported by the substantive additional number of passengers that travel along the SIN-IND corridor.[125]

106. Finally, TPL cited the CCI's Etihad Airways PJSC/Jet Airways (India) Limited Decision to support its submission that Indian passengers were generally more fare sensitive, and therefore may find direct and indirect flights substitutable for one another.[126]

107. In relation to the Second Transaction, CCCS notes that the Parties did not make any submissions on whether it should be assessed with reference to market shares that account for both direct and one-stop flights. Accordingly, CCCS has proceeded with the assessment on this aspect in relation to the Second Transaction based on the information available.

Parties' submission on relevant geographic markets

108. TPL submitted that the relevant geographic market in the air passenger transport services industry for the First Transaction is the Original Overlapping Air Passenger Transport Routes. In support of its claim, TPL submitted market share figures along the Original Overlapping Air Passenger Transport Routes on a bi-directional basis.

109. The Parties submitted that the relevant geographic market in the air passenger transport services industry for the Second Transaction are the Overlapping Air Passenger Transport Routes as outlined in paragraph 85 above. In support of its

[123] Paragraph 20.3 of Form M1.
[124] Paragraph 26.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[125] Paragraph 26.5 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[126] See CCI Combination Registration No. C-2013/05/122 - Etihad Airways PJSC/Jet Airways (India) Limited.

claim, TPL submitted market share figures along the Category A Routes, stating that the figures provided were bi-directional.

<u>CCCS's assessment of market definition for air passenger transport services</u>

110. CCCS has identified the focal product as air passenger transport services on the Category A Routes (i.e. SIN-DELvv, SIN-BOMvv, SIN-MAAvv and SIN-TRZvv) and the Category B and C Routes[127] given that the typical starting point for market definition relating to the provision of scheduled air passenger transport is the OD pair, which is usually a city pair. Passengers generally want to travel to a specific destination and will not substitute this for another destination when faced with a small, but significant non-transitory increase in price. Therefore, each combination of a city of origin and a city of destination can form a distinct market. This approach is consistent with the approach in overseas jurisdictions.[128]

Substitutability of other forms of transport

111. Third party feedback suggests that alternative modes of transportation (e.g. non-air transportation or combination of air and non-air transportation) are unlikely to be viable substitutes for scheduled air passenger transport. In general, third parties submitted that as New Delhi is land-locked, transportation by sea is much slower and infrequent compared to transportation by air, and land transportation via trucks is not viable.[129]

112. Accordingly, CCCS agrees with the submissions from third parties that land and sea modes of transport, and a combination of air, land and sea modes of transport are not a viable substitute for air passenger transport services on the Overlapping Air Passenger Transport routes.

113. Third party feedback also stated that chartered flights are not a viable substitute for scheduled flights, primarily due to the cost factors involved.[130] For instance,

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[127] These other overlapping air passenger transport routes include Singapore-Ahmedabad ("**SIN-AMDvv**"); Singapore-Amritsar ("**SIN-ATQvv**"); Singapore-Bengaluru ("**SIN-BLRvv**"); Singapore-Kolkata ("**SIN-CCUvv**"); Singapore-Coimbatore ("**SIN-CJBvv**"); Singapore-Kochi ("**SIN-COKvv**"); Singapore-Hyderabad ("**SIN-HYDvv**"); Singapore-Thiruvananthapuram ("**SIN-TRVvv**"); and Singapore-Vishakapatnam ("**SIN-VTZvv**").

[128] Paragraph 27 of CCCS's 2018 Airline Guidance Note.

[129] Paragraphs 12a and 12b of [✂]'s 18 January 2022 response to CCCS's 10 January 2022; Paragraph 4d of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4d [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4d of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4d of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.

[130] Paragraph 4g of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4g of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4g of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 4g of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.

[✂] indicated that chartered flights are typically booked in the instance that a company requires large movements of people, for which the tickets would not be possible to book through traditional scheduled flights. [✂] added that such scenarios are rare as chartered flights are expensive and involve significant paperwork.[131]

114. Accordingly, CCCS is of the view that chartered flights are not a viable substitute for scheduled flights on the Overlapping Air Passenger Transport Routes.

Segmentation by passenger types

115. Third party feedback generally indicated that it may be necessary to distinguish different types of passengers (i.e., TS passengers vs. NTS passengers) as they possess different demand characteristics. For instance,

(a) [✂] submitted that it is necessary to distinguish between different groups of passengers as business travellers are typically more TS and less price-sensitive as compared to leisure travellers.[132] This position is supported by [✂], which submitted that the SIN-IND corridor also serves India-Australia transfer traffic (prior to the COVID-19 pandemic) where these segments of travellers make use of Singapore as their stopover point due to Changi Airport's extensive network into Australia as well as Changi Airport's popularity amongst the Indians and Australians.[133]

(b) [✂] submitted that when their employees travel for business, they are typically TS and [✂] is therefore more likely to choose a flight based on travel time, flight schedule and availability and switching costs. The fare for the ticket is generally a less important criteria. Generally, NTS passengers who travel for leisure purposes balance a number of factors (including fare, travel time, departure and arrival times) in choosing to purchase a flight ticket. Since the COVID-19 pandemic, switching costs are also likely to be considered by NTS passengers.[134]

(c) [✂] submitted that the relevant factors for business travel are: (i) schedule (arrival timing); (ii) service quality; (iii) loyalty programmes; and (iv) fares involved. Flight duration is not a relevant consideration given that it is the same for direct flights on the Original Overlapping Air Passenger Transport

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[131] Paragraph 4g of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[132] Paragraph 4a - d of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[133] Paragraph 2d of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.
[134] Paragraph 4a of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI.

Routes. In descending order of importance, the relevant factors for leisure travel are: (i) fares; (ii) schedule (arrival timing); (iii) loyalty programmes; and (iv) service quality. Travel time is not as relevant for leisure travel given that leisure travellers prioritise fares first. Leisure travellers are also price-sensitive enough to consider indirect flights as a substitute for direct flights.[135]

116. Based on third party feedback received, CCCS acknowledges the likely existence of two distinct groups of customers: (i) TS passengers who tend to travel for business purposes, require significant flexibility for their tickets and are willing to pay higher prices for this flexibility; and (ii) NTS passengers who travel predominantly for leisure purposes, who do not require flexibility with their booking and are more price-sensitive than the first category.

117. Notwithstanding the abovementioned third party feedback, CCCS notes TPL's submission that passengers are becoming increasingly price-sensitive and more corporate customers apply lowest fare policies.[136]

118. On balance, CCCS agrees with TPL's submission given the evidence provided to date that there is no need to identify separate markets for TS and NTS passengers, considering that the lines between these categories of passengers have become increasingly blurred. Nevertheless, the degree of substitution by different passenger types will still be considered in the assessment of effects on competition.

119. CCCS notes that in relation to the Second Transaction, the Parties did not make any further submissions with regard to market segmentation by passenger types. Accordingly, CCCS has proceeded with the assessment of this aspect based on the information already provided by the Parties and third parties.

Segmentation by seat types (i.e., business and economy class seats)

120. Third party feedback is mixed in relation to whether it is necessary to make a distinction between different seat types (i.e., business class seats vs. economy class seats) as they possess different demand characteristics. For instance,

(a) [✂] submitted that as the flight time for each of the Original Overlapping Air Passenger Transport Routes is between five (5) to six (6) hours, some business class passengers would downgrade to economy class in the event of

[135] Paragraph 4a and 4b of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[136] Paragraph 19.15 of Form M1.

seat supply shortage. Nonetheless, such substitutes would be possible only to a certain extent as there is a segment of affluent Indian and Singaporean individuals, as well as business travellers who are not elastic to such substitutes.[137]

(b) [✂] submitted that they may consider different classes of seats substitutable depending on travel duration and the fare for the flight.[138]

(c) [✂] submitted that substitution between different classes of seats typically depends on company policies, which differentiate the seating class an employee is entitled to based on their seniority and the flight duration involved.[139]

121. Based on the information available, CCCS does not have sufficient evidence to conclude that different seat types, in particular economy and business class, constitute separate product markets. However, CCCS is of the view that the exact market definition in this regard can be left open for the purpose of the competition assessment of the Transactions, as it does not affect the outcome of the same.

Segmentation by carrier types (i.e. FSAs and LCCs)

122. Third party feedback largely corroborated TPL’s submission that services provided by LCCs and FSAs are substitutable on the SIN-BOMvv and SIN-DELvv routes. For instance,

(a) [✂] submitted that LCCs possess strong penetration in the Indian market and posited that LCCs are a viable substitute for FSAs, given the short flight distance on the Original Overlapping Air Passenger Transport Routes, and lack of international air connectivity to many Indian cities.[140]

(b) [✂][141] and [✂][142] submitted that they do not consider LCCs as viable substitutes for FSAs for business travel. [✂] further submitted that SIA tends to be a closer competitor to Vistara, whilst IndiGo is a closer competitor to AI and AIXL.[143]

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137 Paragraph 2c of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.
138 Paragraph 4h of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI.
139 Paragraph 4h of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
140 Paragraph 4b [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
141 Paragraph 4h of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI.
142 Paragraph 4h of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
143 Paragraph 7f of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.

(c) [✂][144] and [✂][145] submitted that LCCs are a viable substitute for FSAs for business travel.

123. CCCS notes that whilst SIA and AI are both labelled as FSAs, [✂] indicated that they are not considered close competitors. On the other hand, other submissions of such distinction between airline types provide that there is a degree of substitutability between and within each carrier type (i.e. FSAs vs. LCCs). On balance, CCCS is of the view that there is a spectrum of carrier characteristics that different airlines compete on, which extend beyond the boundaries of carrier types that CCCS does not need to assess.

124. On balance, CCCS takes the view that services provided by LCCs and FSAs are substitutable on the Overlapping Air Passenger Transport Routes.

Segmentation by direct and indirect flights

125. Third party feedback is mixed on whether indirect flights form the same relevant product market as direct flights for the Original Overlapping Air Passenger Transport Routes. For instance,

(a) [✂] submitted that indirect flights are a viable substitute for direct flights for most travellers, including leisure travellers, who tend to be more price-sensitive, as well as business travellers heading to smaller Indian cities. [✂] added that leisure travellers tend to be more price-sensitive and are willing to stopover at hubs in South or Southeast Asia in exchange for cheaper fares, and that business travellers would still need to take one-stop flights via an Indian gateway to travel to a smaller Indian city without international air connectivity.[146]

(b) [✂] submitted that their employees are time-sensitive and therefore, [✂] generally prefers booking direct flights and does not consider indirect flights as a viable substitute unless there are significant advantages.[147]

[144] Paragraph 4h of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI.
[145] Paragraph 4h of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.
[146] Paragraph 4a of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[147] Paragraph 4f of [✂]'s 17 January 2022 response to CCCS's 10 January 2022 RFI.

(c) [✂][148], [✂][149] and [✂][150] submitted that indirect flights are not a viable substitute for direct flights. [✂] further submitted that passengers would only book indirect flights to avoid certain airlines.

126. Nevertheless, CCCS notes that the EC has not generally considered indirect or one-stop flights to be a competitive constraint to direct/non-stop flights under six (6) hours which is the case along the Category A Routes.[151] According to TPL's submissions and desktop research, the flight durations for the Category A Routes fall within the EC's threshold as mentioned above.[152]

127. Accordingly, CCCS is of the view that a market comprising direct flights only is appropriate for the purpose of the competition assessment. Moreover, CCCS notes that while TPL has indicated that one-stop indirect flights exercise a competitive constraint on the merged entity, TPL does not submit that the one-stop indirect flights are in the same market as the direct non-stop flights.[153]

128. In relation to the Second Transaction, CCCS did not receive any third party feedback on whether indirect flights form the same relevant product market as direct flights for the other Overlapping Air Passenger Transport Routes apart from those mentioned in paragraph 125 above. In the absence of third party feedback suggesting otherwise, CCCS maintains its view that a market comprising direct flights only is appropriate for the purpose of competition assessment. For completeness, CCCS has also assessed the proportion of indirect flights vis-à-vis direct flights for the Category A Routes and notes that the proportion is not significant (i.e., indirect flights form less than [✂0-10]% of the total flights for each of the Category A Routes). CCCS has also conducted further assessment in paragraph 160 below in relation to whether the inclusion of indirect flights within the Category A Routes will affect CCCS's assessment.

Segmentation by bi-directional or uni-directional flights

129. Third party responses generally submit that demand for air passenger transport services along the Original Overlapping Air Passenger Transport Routes is generally similar along both directions of travel. In particular:

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[148] Paragraph 4f of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[149] Paragraph 4f of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI.
[150] Paragraph 4f of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.
[151] See paragraph 29 of Case No COMP/M.6828 Delta Air Lines / Virgin Group / Virgin Atlantic Limited.
[152] Paragraph 3.1 of TPL's 30 April 2022 response to CCCS's 26 April 2022 RFI.
[153] Paragraph 26.6 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

(a) [✂] submitted that most tickets booked for its employees are round trips.[154]

(b) [✂][155] and [✂][156] submitted that most passengers purchase round-trip tickets, adding that one-way tickets are only purchased if the company is bringing in a new employee from abroad or repatriating an employee back to their home country.

(c) [✂] submitted that passengers generally book round trips along the Category A Routes.[157]

130. On the basis of the third party feedback, CCCS accepts TPL’s submission that air passenger transport services along the Original Overlapping Air Passenger Transport Routes are generally bi-directional in nature.

131. In relation to the Second Transaction, CCCS notes that third parties did not make any submissions. In the absence of third party feedback, CCCS takes the view that air passenger transport services along the Overlapping Air Passenger Transport Routes are generally bi-directional in nature.

CCCS’s conclusion on market definition for air passenger transport services

132. Therefore, for the purpose of its competition assessment, CCCS has assessed the relevant market for OD passengers to be: i) the provision of direct bi-directional passenger transport services along the Original Overlapping Air Passenger Transport Routes for the First Transaction; and ii) the provision of direct bi-directional passenger transport services along the Overlapping Air Passenger Transport Routes for the Second Transaction.

(B) Air Cargo Transport Services

TPL’s submissions on market definition of air cargo transport services

133. Save for the geographical scope of the market for the provision of air cargo transport services, TPL did not make any further submissions on market definition in this regard, despite CCCS having requested such information. As such, CCCS proceeded with its assessment based on the information available, including feedback gathered from third parties.

[154] Paragraph 4c of [✂]’s 17 January 2022 response to CCCS's 10 January 2022 RFI.
[155] Paragraph 4c of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[156] Paragraph 4c of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI.
[157] Paragraph 4c of [✂]’s 12 January 2022 response to CCCS’s 10 January 2022 RFI.

134. In respect of geographical scope, TPL submitted that the market for the provision of air cargo transport services has typically been defined on the basis of country pairs rather than city pairs. TPL cited CCCS's decision on an alliance by Qantas Airways and Emirates[158] to support its argument that the geographic scope of markets for the provision of cargo services have been typically defined on the basis of country pairs, rather than city pairs.[159]

<u>CCCS's assessment of market definition for air cargo transport services</u>

Substitutability of other forms of transport

135. CCCS notes third party feedback that air cargo transport is generally substitutable for sea (and sometimes land) transport except in situations where the cargo is time-sensitive. For instance,

(a) [✂] submitted that sea transport is a viable substitute for air cargo transport services, where cargo is not time-sensitive.[160] Land cargo transport services would be required for points that do not have a nearby port (e.g., Bangalore, which was a key pre-COVID 19 destination for the cargo carrier Aerologic.).[161]

(b) [✂] submitted that both land and sea cargo transport services are close substitutes for air cargo transport services, and cargo could also be conveyed across different transport modes (i.e., sea and land, air and sea) depending on the shipper's needs.[162]

(c) [✂] submitted that sea cargo transport services are a viable substitute for air cargo transport services, though purely using land cargo transport services would be too risky.[163]

(d) [✂] submitted that sea cargo transport services were always in direct competition with air cargo transport services and are a substitute for air cargo transport services where cargo is unable to fit onto the aircraft or air cargo transport service prices are too high.[164]

[158] See CCS Decision 400/006/12 - QANTAS / Emirates (12 October 2012).
[159] Paragraph 7.7 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[160] Paragraph 5c of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[161] Paragraph 5d of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[162] Slide 7 of [✂]'s 21 January 2022 response (Cargo) to CCCS's 10 January 2022 RFI.
[163] Paragraph 4d of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.
[164] Paragraph 12a of [✂]'s 19 January 2022 response to CCCS's 10 January 2022 RFI.

136. Nevertheless, in the absence of TPL’s further submissions in this regard, CCCS considers it prudent to assess the competition effects of the Transactions at the narrowest market possible (i.e. air cargo only). In other words, if the Transactions are unlikely to result in a SLC at the narrowest market definition, it is unlikely that the Transactions will give rise to a SLC if a wider market definition is used.

Segmentation by direct and indirect flights

137. CCCS also notes third party feedback that there is no need to separate the markets for direct and indirect flights given that customers normally consider them as viable substitutes. In this regard, [✂][165], [✂][166], [✂][167] and [✂][168] submitted that indirect air cargo transport services are generally regarded as a good substitute for direct air cargo transport services.

138. In the absence of market feedback or information suggesting otherwise, CCCS agrees with TPL’s submission that there is no need to separate the markets for direct and indirect flights.

Segmentation by bi-directional or uni-directional flights

139. CCCS notes third party feedback that demand is asymmetric on each end of the route given that customers’ requirement for air cargo transport service is one-way. For instance, [✂]submitted that exports along the IND-SIN corridor are not as strong as that of the SIN-IND corridor.[169]

140. In the absence of market feedback or information suggesting otherwise, CCCS is of the view that that air cargo transport is generally uni-directional in nature.

Segmentation by geographic scope of the markets

141. In the absence of market feedback or information suggesting otherwise, CCCS is of the view that the geographic scope of the markets for the provision of air cargo services on the basis of country pairs is appropriate for CCCS’s competition assessment.

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[165] Paragraph 5a of [✂]'s 3 March 2022 response to CCCS’s 10 January 2022 RFI.
[166] Slide 7 of [✂]'s 21 January 2022 response to CCCS's 10 January 2022 RFI.
[167] Paragraph 4f of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.
[168] Paragraph 12c of [✂]'s 19 January 2022 response to CCCS's 10 January 2022 RFI.
[169] Paragraph 9 of [✂]'s 19 January 2022 response to CCCS's 10 January 2022 RFI.

Segmentation by types of air cargo and/or planes

142. CCCS notes from third party feedback that there may be scope to segment the air cargo services market by the type of goods transported and by the type of planes used for the provision of air cargo transport services. In this regard, [✂] submitted that the viability of substitution depends on the cargo being carried and the needs of the customer.[170] For instance, for time-sensitive cargo, there are no viable substitutes for integrators[171] while for over-sized cargo (e.g. industrial machinery), there are no viable substitutes for cargo airlines.[172] However, CCCS also notes [✂]'s feedback that [✂].[173] This is consistent with [✂]'s feedback that it views the different plane options as similar and does not have a preference, as long as the aircraft is able to deliver cargo.[174]

143. On balance, CCCS is of the view that it is not necessary to conclude whether there is a narrower market based on the type of goods transported or by the type of planes used for the provision of air cargo transport services.

<u>CCCS's conclusion on market definition for air cargo transport services</u>

144. Given CCCS's assessment of the relevant markets above, CCCS is of the view that the relevant markets for the purpose of assessment are the provision of direct and indirect uni-directional air cargo transport services along the Overlapping Air Cargo Transport Routes (i.e. SIN-IND route and IND-SIN route to be considered as two separate markets).

VIII. MARKET STRUCTURE

(A) Market shares relating to the First Transaction and Second Transaction

145. For the assessment of market shares relating to the First Transaction and Second Transaction, CCCS's assessment will be based on the FY 2023 market shares (as

[170] Paragraph 5b of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[171] An integrator is a type of logistical company which handles a package from pick up to drop off (e.g. DHL, FedEx and UPS).
[172] Paragraph 5b of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[173] Slide 6 of [✂]'s 21 January 2022 response to CCCS's 10 January 2022 RFI.
[174] Paragraph 4g of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.

set out in Tables 6 and 7 below). This is in view of the fact that the FY 2023 market share figures are the most updated market share figures and thus, most reflective of the current state of competition.

<u>Parties' submission on market shares for air passenger transport services</u>

146. The Parties' submissions on the total market size for the provision of air passenger transport services, along direct flights on the SIN-DELvv, SIN-BOMvv, SIN-MAAvv and SIN-TRZvv routes, and the market share estimates of AI, Vistara and of their competitors are set out in the tables below.[175]

147. Additionally, the Parties have submitted market shares based on the total number of passengers and revenues considering direct flights and connecting flights, i.e. flights which include SIN-DELvv, SIN-BOMvv, SIN-MAAvv or SIN-TRZvv as a direct segment of an indirect flight. They submit that looking at market share on direct flights only would overlook the number of passengers travelling to or via Singapore (i.e. through flights connecting in Singapore).

148. For completeness, the Parties also submitted market shares based on the total number of passengers considering: i) direct flights and one-stop flights along the SIN-AMDvv, SIN-ATQvv, SIN-BLRvv, SIN-CCUvv, SIN-CJBvv, SIN-COKvv, SIN-HYDvv, SIN-TRVvv and SIN-VTZvv routes; and ii) one-stop flights along the SIN-BBIvv, SIN-DIBvv, SIN-GAUvv, SIN-GOIvv, SIN-IXZvv, SIN-LKOvv, SIN-PATvv, SIN-VNSvv and SIN-IXCvv routes.[176] CCCS has inserted detailed market share figures of these routes within **Annex B**.

<u>Table 6: Market Share Figures for Category A Routes (Direct Flights only) for FY 2023 (i.e. 1 April 2022 – 31 March 2023)</u>

S/N	OD Route (vv)	SIA	AI	Vistara	Integrated Entity	SIA + Integrated Entity	Indigo	CR3
1	SIN-BOM	[✂50-60]%	[✂20-30]%	[✂20-30]%	[✂40-50]%	[✂90-100]%	[✂0-10]%	[✂90-100]%
2	SIN-DEL	[✂30-40]%	[✂40-50]%	[✂20-30]%	[✂60-70]%	[✂90-100]%	[✂]	[✂90-100]%[177]

[175] Annex 1 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.
[176] Paragraphs 7.1 & 7.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[177] There are no third parties which operate direct flights on this route.

3	SIN-MAA	[✂40-50]%	[✂20-30]%	[✂]	[✂20-30]%	[✂70-80]%	[✂20-30]%	[✂90-100]%
4	SIN-TRZ	[✂40-50]%	[✂20-30]%	[✂]	[✂20-30]%	[✂70-80]%	[✂20-30]%	[✂90-100]%

Table 7: Market Share Figures for Routes of Concern (Inclusive of Direct and Indirect Flights) for FY 2023 (i.e. 1 April 2022 – 31 March 2023)

S/N	OD Route (vv)	SIA	AI	Vistara	Integrated Entity	SIA + Integrated Entity	Indigo	CR3
1	SIN-BOM	[✂50-60]%	[✂20-30]%	[✂20-30]%	[✂40-50]%	[✂90-100]%	[✂0-10]%	[✂90-100]%
2	SIN-DEL	[✂30-40]%	[✂40-50]%	[✂20-30]%	[✂60-70]%	[✂90-100]%	[✂0-10]%	[✂90-100]%
3	SIN-MAA	[✂40-50]%	[✂20-30]%	[✂0-10]%	[✂20-30]%	[✂60-70]%	[✂20-30]%	[✂90-100]%
4	SIN-TRZ	[✂40-50]%	[✂20-30]%	[✂]	[✂20-30]%	[✂60-70]%	[✂20-30]%	[✂90-100]%

Table 8: No. of Passengers carried (inclusive of Direct and Indirect Flights) for the period FY 2023 (i.e. 1 April 2022 – 31 March 2023)

S/N	OD Route (vv)	Passenger Volume
1	SIN-BOM	[✂]
2	SIN-DEL	[✂]
3	SIN-MAA	[✂]
4	SIN-TRZ	[✂]

CCCS's assessment of market shares for air passenger transport services

149. As set out in the *CCCS Merger Guidelines*, competition concerns are unlikely to arise in a merger situation unless the merged entity will have a market share of 40% or more, or the merged entity will have a market share of between 20% to 40% and the post-merger CR3[178] is 70% or more.[179]

First Transaction

150. In relation to the First Transaction, CCCS considers the combination of AI and Vistara along the Original Overlapping Air Passenger Transport Routes on the

[178] CR3 refers to the combined market share of the three largest firms.
[179] Paragraph 5.15 of the *CCCS Merger Guidelines*.

basis that the First Transaction is effectively a merger of both AI and Vistara under the same parent company (i.e., TSPL).

151. With reference to Table 6 above, the combined market share of AI and Vistara for the Original Overlapping Air Passenger Transport Routes are [✂60-70]% (SIN-DELvv) and [✂40-50]% (SIN-BOMvv) respectively. The post-merger CR3 for both the Original Overlapping Air Passenger Transport Routes is [✂90-100]%. These figures clearly exceed the indicative thresholds set out in the *CCCS Merger Guidelines*. The incremental market share arising from the First Transaction is also not insignificant when measured by passenger volume, with Vistara's market share figures along the Original Overlapping Air Passenger Transport Routes at [✂20-30]% (SIN-DELvv) and [✂20-30]% (SIN-BOMvv) within the same time period.

152. CCCS also notes [✂]'s submission that local carriers such as SIA and Scoot have a majority market share (by seat capacity) for Singapore to India (and vice-versa) operations pre-COVID 19.[180] The tables below show the list of airlines flying on the Original Overlapping Air Passenger Transport Routes in December 2021.[181] [✂]also noted that SIA has been the leading carrier for the Original Overlapping Air Passenger Transport Routes. [✂].[182]

Table 9: SIN-DELvv Weekly Seat Capacities (December 2021)

No	Airline	Frequency	Seats	Local Time (dep/arr)	Aircraft
1	AI	[✂]	[✂]	[✂]	[✂]
2	SIA	[✂]	[✂]	[✂]	[✂]

Table 10: SIN-BOMvv Weekly Seat Capacities (December 2021)

No	Airline	Frequency	Seats	Local Time (dep/arr)	Aircraft
1	AI	[✂]	[✂]	[✂]	[✂]
2	SIA	[✂]	[✂]	[✂]	[✂]
3	Vistara	[✂]	[✂]	[✂]	[✂]

[180] Paragraph 6a of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.
[181] Paragraph 1 of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.
[182] Paragraph 7a of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.

153. Similarly, [✂]submitted that the merged entity would be subject to significant competitive pressure from SIA, which has about [✂50-60]% to [✂70-80]% market share based on various indices such as passenger traffic, seat capacity and frequency share.[183]

154. [✂]submitted that SIA was the largest market player pre-COVID 19, followed by Jet Airways and AI.[184] [✂]submitted that the market share ranking (based on seat capacities) in descending order will be SIA, AI, followed by Vistara.[185]

155. [✂]also submitted that SIA has the majority market share on the Original Overlapping Air Passenger Transport Routes.[186]

156. Whilst CCCS notes the presence of SIA as a potential competitor on the Original Overlapping Air Passenger Transport Routes, it is unclear whether SIA is able to truly exert a competitive constraint on the merged entity post-First Transaction, especially in light of SIA's affiliation with TSPL by reason of the existing JV partner in Vistara.

157. As such, CCCS is of the view that in relation to the First Transaction, significant competition concerns exist for each of the Original Overlapping Air Passenger Transport Routes.

Second Transaction

158. CCCS has considered the combined market shares of AI and Vistara as an Integrated Entity following the Second Transaction, and the combined market share of the Integrated Entity and SIA.

159. CCCS provides the subsequent assessment of market shares based on the figures in Tables 6 and 7 above.

160. CCCS is of the view that potential competition concerns may arise along the Category A Routes (i.e., the SIN-DELvv, SIN-BOMvv SIN-MAAvv and SIN-TRZvv routes) for the following reasons:

    (a) As shown in Table 6 above, the Parties' combined market shares on the Category A Routes are significant at around [✂70-80]% to [✂90-100]%,

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[183] Paragraph 9a of [✂]'s 21 April 2022 response to CCCS's 10 January 2022 RFI.
[184] Paragraph 5a of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[185] Paragraph 5b of [✂]'s 13 January 2022 response to CCCS's 10 January 2022 RFI.
[186] Paragraph 7a of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI.

clearly exceeding the indicative thresholds of 40% in the *CCCS Merger Guidelines* where competition concerns are likely to arise. As shown in Table 7 above, even if indirect flights are included in the market share calculation, CCCS's concerns remain relevant as the Parties' combined market shares on the Category A Routes remain significant at around [✂60-70]% – [✂90-100]%. In both Tables 6 and 7 above, the resulting CR3 of each of the Category A Routes exceed [✂90-100]%, indicating significantly high levels of market concentration even if indirect flights are included in the CR3 calculation.

(b) Prior to the First Transaction, the Second Transaction and the Revised Commercial Cooperation, both SIA and the Integrated Entity had substantial presence on each of the four (4) routes of concern as shown in Table 6 above. This means that the collective effect of the First Transaction, the Second Transaction and the Revised Commercial Cooperation will result in a significant increase in market share. Further, the Second Transaction results in SIA obtaining a stake (which is not insignificant) in the Integrated Entity which is likely to result in further restriction or distortion of competition along the Category A Routes.

(c) CCCS assesses that the effect from the loss of competition for the Category A Routes are likely to be significant due to the large passenger volume carried on each of these routes of concern as seen from Table 8 above.

As such, CCCS is of the view that significant competition concerns exist for each of the Category A Routes.

161. For completeness, CCCS is of the view that the remaining Category B/C Routes are unlikely to raise competition concerns for the following reasons:

(a) **Category B Routes (direct-indirect)**: Save for SIN-AMDvv, CCCS notes that the incremental market share is small (<[✂0-10]%) which suggests that the loss in competition is likely to be small or inconsequential. (see Tables 5 - 13 in Annex B) For SIN-AMDvv, while the incremental market share is not insignificant at [✂10-20]%, CCCS note that the impact of any loss in competition is likely to be small due to relatively low levels of yearly passenger traffic (see Table 5 in Annex B). For instance, in FY 2023, [✂]passengers were carried on the SIN-AMDvv route, which translates to about [✂] passengers per day. In comparison, the yearly passenger traffic for each of the Category A Routes exceeds [✂]passengers on a per route basis, which translates to about [✂] passengers per day. Further, CCCS notes that there are other airlines (e.g. IndiGo and Vietjet) available along this route.

(b) **Category C Routes (indirect-indirect)**: There is no direct overlap among the Parties in respect of these routes. For example, SIA operates only via code-share operations with Vistara along these routes. In other words, there is no end-to-end 'metal' overlap between SIA and the Integrated Entity along these routes. CCCS notes that the total passenger volume for each Category C Route is *de minimis* (less than [✂]passengers travelled across each of these routes across FY 2023 which translates to about [✂]passengers each week or [✂]passengers daily). Moreover, the combined market shares of the Parties falls below the indicative threshold of 40% for all of these routes (save for SIN-IXCvv and SIN-IXZvv, see Tables 18 and 22 in Annex B) and the loss in competition is likely to be mitigated by the significant presence of IndiGo, which has a market share ranging between [✂20-30]% to [✂90-100]% depending on the route in question. For SIN-IXCvv, the increase in market share is incremental (at [✂0-10]%) and for SIN-IXZvv, the traffic volume for FY2023 is only [✂] passengers.

<u>TPL's submission on market shares for air cargo transport services</u>

162. TPL made submissions on the total market size by cargo carriage in tonnes, and the estimated market shares of SIA, AI and Vistara for the provision of air cargo services on the SIN-IND and IND-SIN routes in FY2023.[187] The market share estimates provided by TPL can be found below.

<u>Table 11: Singapore-India corridor cargo carriage market share estimates for 2023</u>

S/N	OD Route	SIA's Market Share	Integrated Entity's Market Share	Combined Market Share
1	IND-SIN	[✂30-40]%	[✂10-20]%	[✂40-50]%
2	SIN-IND	[✂10-20]%	[✂10-20]%	[✂20-30]%

<u>CCCS's assessment on market shares for air cargo transport services</u>

163. CCCS is of the view that the Overlapping Air Cargo Transport Routes are unlikely to raise competition concerns.

[187] See Annex 6, 7 and 8 of the Parties' 13 September 2023 response to CCCS's 6 September 2023 RFI.

First Transaction

164. With reference to Table 11 above, on both the IND-SIN and SIN-IND routes the combined market shares of AI and Vistara are [✂10-20]% and [✂10-20]% respectively. These fall below the indicative threshold of 40%. Therefore, competition concerns are unlikely to arise in the context of the First Transaction.

Second Transaction

165. For the SIN-IND route, the combined market share of the Parties falls below the indicative threshold of 40% (see Table 11 above). For the IND-SIN route, while the combined market shares of the Parties at [✂40-50]% is above the indicative threshold of 40%, CCCS notes the following:

   (a) The presence of other competitors specialising in logistics (i.e., DHL or FedEx) vis-à-vis AI and Vistara, and the fact that unlike AI and Vistara who do not have dedicated air cargo operations (i.e., all of their air cargo is carried in belly-hold),[188] some of AI's and Vistara's competitors carry cargo in belly-hold and in dedicated flights for transporting cargo.

   (b) The Parties' submissions that switching costs between different cargo service providers are likely to be low given that customers can cancel or release booked cargo space at no cost and without financial penalty since the vast majority of cargo capacity sold on India routes is sold either on an ad-hoc or block space basis.[189]

   (c) Cargo is likely to be less time-sensitive than passenger traffic on indirect routes, which allows cargo shippers to shop around for a wide variety of options.[190]

In view of the foregoing, CCCS is of the view that the Overlapping Air Cargo Transport Routes are unlikely to raise competition concerns in the context of the Second Transaction.

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[188] Cargo may be transported through dedicated, cargo-only airplanes, or in the "belly" of flights also carrying passengers. "Belly" is the lower deck of a passenger aircraft and is the space that is used to store passengers' luggage and cargo. Air cargo transportation providers may transport both general cargo (e.g., electronics and documents) or specialized cargo (i.e., cargo requiring special transportation conditions such as temperature control).
[189] Paragraph 4.3 of the Parties' response dated 6 November 2023 to CCCS's emails dated 27 October 2023 and 2 November 2023.
[190] Paragraphs 4.1 to 4.3 of the Parties' response dated 6 November 2023 to CCCS's emails dated 27 October 2023 and 2 November 2023.

<u>CCCS's conclusion on market shares</u>

166. In view of the above, whilst the combined market share levels indicate potential competition concerns regarding the loss of competition in both the air passenger transport services market and air cargo transport services market, as well as the limited ability of the next largest player to competitively constrain the merged entity, CCCS notes that exceeding the thresholds of market share alone does not give rise to a presumption that the Transactions will substantially lessen competition.

167. CCCS will also have to consider other relevant factors (e.g., barriers to entry and expansion, countervailing buyer power) to assess the likely effects on competition arising from the Transactions, which will be covered in the sections below.

(B) Barriers to Entry and Expansion

168. Entry by new competitors or the ability of rival firms in the market to expand their capacity quickly may be sufficient in likelihood, scope and time to deter or defeat any attempt by merger parties or their competitors to exploit the reduction in rivalry flowing from the transaction (whether through coordinated or non-coordinated strategies).[191]

<u>TPL's submission for air passenger transport services</u>

Regulatory barriers

169. TPL submitted that the provision of air passenger transport services is generally subject to regulation by the relevant aviation authorities or airports in each jurisdiction.[192] In this regard, the two areas of regulation are: (i) bilateral rights as to which cities each country can fly to; and (ii) allocation of slots at the respective airports.

170. **Bilateral rights**: According to TPL, the key element of being able to fly between two countries will depend on the air service agreement ("**ASA**") in place between them. The specifics of the ASA will provide for bilateral rights as to which cities in each country airlines can fly into and land, the number of seats that can be offered and the frequency of flights, amongst other factors. While the ASA can act as a constraint if no further rights are available to be allocated by the respective Governments to airlines for expansion of operations, the total available rights can

[191] Paragraphs 5.46 of the *CCCS Merger Guidelines.*
[192] Paragraph 28.1 of Form M1.

typically be increased if airlines in either country favour such an increase. A new entrant to the market can apply for unallocated rights under the ASA and obtain an allocation. An existing airline may lose allocated rights if the rights are not utilized. ASAs are entered into between the respective Governments and do not favour any one carrier over another.[193]

171. TPL provided the following table, detailing the bilateral rights available for allocation in Singapore, and those allocated to AI and Vistara, as well as an estimate by TPL of those allocated to their competitors in February 2020.[194]

Table 12: Bilateral rights available for allocation in Singapore in February 2020[195]

Country	Airport	Total	AI	IndiGo	SpiceJet	GoAir	Vistara
Singapore	Singapore	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

172. According to TPL, SpiceJet has [✂] unutilised bilateral entitlements for flights between India and Singapore. Further, TPL also estimates that IndiGo and GoAir have not utilised [✂] and [✂] of their bilateral entitlements for flights between India and Singapore, respectively. This means that all these carriers have the ability to expand or enter the market easily.[196]

173. **Airport slots**: Apart from bilateral rights, each country's authorised aviation regulator will typically manage access to, and congestion levels, at airports with the aim of ensuring safety through the allocation of slots at their respective airports. Slots refer to the right to use the full range of airport infrastructure (such as the runway, terminal, apron and gate) necessary for any aircraft flight operation at a coordinated airport on a specific date and at a specific time. According to TPL's estimates of slot holdings (estimated on the basis of slot utilisation data), AI and Vistara utilised [✂]of the slots available at Changi Airport in FY 2019 – 20. The remaining [✂] was utilised by AI and Vistara's competitors on the Original Overlapping Air Passenger Transport Routes. Of this [✂], SIA and its wholly-owned subsidiaries, SilkAir and Scoot, utilised a total of [✂]. In addition, AI, Air Asia India and Vistara utilised [✂] and [✂] of the slots at the airports in

193 Paragraph 58.1 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.
194 Paragraph 30.1 of Form M1.
195 As data on bilateral rights allocated to and utilized by third parties is not available in the public domain, TPL has calculated the figures in Table 12 based on TPL's estimates of Indigo, GoAir and SpiceJet's utilisation of their bilateral entitlements for flights between India and Singapore, respectively based on: (a) data on total bilateral rights available for allocation; and (b) airline passenger data available in the PaxIs database (for the representative month of February 2020) (weekly passenger (actual seat utilization) between Indian cities and Singapore based on PaxIs for the month of February 2020 divided by four).
196 Paragraph 30.2 of Form M1.

Delhi and Mumbai respectively for the same period. The remaining [✂] and [✂] respectively were utilised by other airlines.[197]

174. TPL submitted that airport slots are not a barrier to entry in view of TPL's inference from available data that AI and Vistara's competitors on the Original Overlapping Air Passenger Transport Routes have unutilised airport slots in Singapore which can be used should these competitors choose to. This inference is drawn from the fact that the slot holdings (based on slot utilisation) in Singapore of these competitors had decreased in FY 2020 – 21 in Level-3 international airports[198] as a result of the COVID-19 pandemic, coupled with TPL's knowledge that airports have not revised their slot allocations.[199]

Structural barriers

175. **Capital expenditure**: TPL submitted that whilst the traditional models of setting up airlines require capital expenditure, adopting a lease model can significantly reduce the cost of entry. By way of example, IndiGo was set up with an initial investment of INR 350 crores (approximately SGD 4,749,850,000) in 2006 and is now the market leader in India's domestic air transport segment.[200] Based on TPL's estimates, in order to commence operations on the Original Overlapping Air Passenger Transport Routes, TPL would have infused SGD [✂] in the ownership model, versus SGD [✂] for the lease model.[201]

176. TPL further submitted that a majority of the prerequisite assets in the aviation sector can be leased.[202] In particular, TPL submitted that the largest assets for airlines are aircraft which can be entirely leased. To illustrate, as of 31 March 2021, [✂]. In addition, the global aircraft leasing market is generally liquid and therefore airlines can add aircraft as per the demand and business requirements as well as release aircraft as necessary. For example, in 2020, Vistara had returned one of its Boeing 737 aircraft to its lessor, GE Capital Aviation Services, as a way to reduce its costs given reduced passenger demand during the COVID-19 situation.[203]

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[197] Based on TPL's estimates, CCCS notes that SIA's utilisation rate was only [✂]at the airport in Mumbai. For completeness, TPL was not able to provide an estimate of SIA's slot utilisation rate at the airport in Delhi. See paragraphs 62.1 and 62.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[198] The Level-3 international airports in which AI and Vistara operate are as follows: Bangkok, Colombo, Dubai, Frankfurt, London-Heathrow and Singapore.
[199] Paragraph 58.3 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.
[200] Paragraph 26.1 of Form M1.
[201] Paragraph 55.1 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[202] Paragraphs 26.1 and 26.2 of Form M1.
[203] Paragraph 56.2 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.

177. In addition, according to TPL, the airline business is an inherently scalable model. Apart from the aircraft, the other critical services required are maintenance, repair and operations services, which are typically provided by third parties, and a skilled employee base comprising the pilots and crew. Both these categories of assets are scalable. To illustrate, IndiGo operates based on a business model where all its aircraft are leased, and thus required a relatively low amount of equity from its shareholders (approximately INR 1-2 billion [SGD 18.2 - 36.4 million]) to commence and continue with operations.[204]

178. Furthermore, to effectively operate, rights to fly over and into a country and importantly, to be able to land are required. This would be driven by regulatory requirements and not hard assets for which there are high costs.[205]

179. As such, based on the business model adopted by airlines, sunk costs may be low and do not play a significant role on the ability of an entity to enter the airline sector.[206]

180. **Advertising/promotion**: TPL submitted that for Vistara, the estimated scale of annual expenditure on advertising/promotion relative to sales required to achieve a market share of 5% is [✂]% for FY 2020 and [✂]% for FY 2021.[207]

181. For AirAsia India, the estimated scale of annual expenditure on advertising/promotion relative to sales required to achieve a market share of 5% is [✂]% for FY 2020 and [✂]% for FY 2021.[208]

Others

182. **Market entry and exit in the past five years**: TPL raised the example of Jet Airways, which ceased operations since 17 April 2019 and underwent proceedings under the Insolvency and Bankruptcy Code, 2016.[209] In filing its Form M1 in December 2021, TPL cited that Jet Airways is expected to re-enter the Indian domestic market from 1Q2022 to resume short to medium haul international services in 3Q2022 or 4Q2022.[210] However, to TPL's knowledge, Jet Airways has not publicly disclosed whether the resumption of short to medium haul

[204] Paragraph 56.3 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI; Paragraph 26.2 of Form M1.
[205] Paragraph 56.4 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.
[206] Paragraph 29.2 of Form M1.
[207] Paragraph 57.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[208] Paragraph 57.2 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[209] Paragraphs 29.1 to 29.3 of Form M1.
[210] According to desktop research, even though Jet Airways attained a new Air Operator Certificate (AOC) in May 2022, it failed to launch and did not renew its AOC in 2023. The airline aims to relaunch in 2024. Paragraph 29.1 of Form M1.

international services would include the SIN-BOMvv and/or the SIN-DELvv routes.[211]

183. In addition, subsequent to Jet Airways' exit, IndiGo and Vistara were able to enter/expand on the Original Overlapping Air Passenger Transport Routes virtually immediately in FY 2019-20, and capture market shares, despite not having a prior presence on these routes. For example, IndiGo had gained a market share of [✂0-10]% (based on direct flights and excluding connecting flights) within the first year of its operations on the SIN-DELvv route, and had captured an [✂0-10]% market share on the SIN-BOMvv route for FY 2020 [✂]. This shows IndiGo establishing itself as a strong competitor [✂]. Likewise, Vistara was able to gain market share immediately when entering the market from FY 2019, gaining a market share (based on direct flights and excluding connecting flights) of [✂10-20]% and [✂10-20]% respectively on the SIN-DELvv and SIN-BOMvv routes in FY 2019.[212]

184. **Existing competitors have the ability to rapidly expand**: TPL submitted that IndiGo has the ability to quickly deploy more capacity on the Original Overlapping Air Passenger Transport Routes as compared to Vistara, AI and AIXL, and in the same range as Jet Airways before its collapse. This is because while IndiGo and Vistara were each able to gain equivalent market share on the routes (looking at direct flights only) when they started flying them, IndiGo's order book includes [✂]. On the other hand, AI and AIXL [✂], whilst Vistara's [✂].[213] Vistara's order book is set out below, with the last aircraft expected to be received in November 2023:

<u>Table 13: Order book for Vistara</u>

Aircraft	December 2021	December 2022	December 2023
A320 (Narrow Body)	[✂]	[✂]	[✂]
A321 (Narrow Body)	[✂]	[✂]	[✂]
B737 (Narrow Body)	[✂]	[✂]	[✂]
787-9 (Wide Body)	[✂]	[✂]	[✂]
Total	**[✂]**	**[✂]**	**[✂]**

[211] Paragraph 59.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[212] Paragraph 29.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[213] The term "order book" refers to the aircraft an airline has ordered and will receive in due course based on the orders placed with aircraft manufacturers and/or lessors. The size of the order book reflects the number of aircraft an airline will be able to deploy on current routes, through increased flights frequency for instance, and on new routes. An airline with new aircraft joining its fleet will, therefore, have an increased ability to deploy additional capacity on routes, compared to an airline which will have to redispatch aircraft from one route to another as a mean to deploy additional capacity on a given route; Paragraphs 36.1 and 36.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

185. In comparison to Vistara, IndiGo has 580 aircraft in its order book and is receiving them at a rate of around 50 aircraft per year.[214]

186. For completeness, CCCS notes that the Parties did not provide further submissions regarding barriers to entry and expansion on the other Category A Routes (i.e., SIN-TRZvv and SIN-MAAvv). Accordingly, CCCS proceeded with its competition on this aspect based on the information available, including feedback gathered from third parties.

<u>TPL's submission on air cargo transport services</u>

187. TPL did not provide submissions on barriers to entry and expansion in respect of air cargo transport services, despite CCCS's request for the same. As such, CCCS proceeded with its competition assessment on this aspect based on the information available, including feedback gathered from third parties.

<u>CCCS's assessment on air passenger transport services</u>

188. For new entry (actual or potential) to be considered a sufficient competitive constraint, three conditions must be satisfied: the entry must be likely, sufficient in extent and timely.[215]

189. CCCS notes that besides the standard investment required to operate flights (i.e. aircraft, manpower costs, marketing costs, etc.) the major barrier to entry and expansion highlighted is the allocation of airport slots. In this regard, [✂]submitted that the process of granting airport slots to an airline is an iterative one, and dependent on available airport capacity (i.e. runway, terminal and airside capacity) at the specific timings filed by airlines. [✂].[216] [✂].[217]

190. The feedback from [✂]is consistent with that of [✂]in that the airports in Singapore, Delhi and Mumbai are slot-coordinated airports, and airlines that wish to mount services in those airports are required to obtain their respective slots prior

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[214] Paragraphs 36.4 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[215] Paragraph 6.33 of the *CCCS Merger Guidelines.*
[216] Paragraph 4 of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.
[217] Paragraph 5 of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.

to operations. [✂]has also indicated that these airports tend to be slot-constrained. [✂].[218]

191. Further, [✂].[219] In this regard, [✂].[220] However, CCCS notes that not all airline operators may possess the ability to up-gauge, or to up-gauge to a similar extent. For instance, larger airlines may have greater ability to up-gauge given their higher flight volumes which allows them to reap economies of scale, as compared to smaller (and newer) airlines.

192. In respect of air traffic rights for the Category A Routes (e.g., SIN-DELvv and SIN-BOMvv), CCCS notes [✂]. [✂].[221]

193. In relation to market entry in the past five years, CCCS notes that IndiGo was able to achieve an estimate market share of [✂0-10]% along the SIN-DELvv route and [✂10-20]% along the SIN-BOMvv route when it first entered in FY 2019 – 2020.[222]

194. In terms of potential entrants, [✂]submitted that a new Indian carrier, Akasa Air, plans to start operations in mid-2022[223] and will have the ability to operate on the Category A Routes (e.g., SIN-DELvv and SIN-BOMvv) from around early 2023.[224]

195. Based on the foregoing, CCCS is of the view that there are moderate barriers to entry and expansion on the Category A Routes, and this conclusion applies to CCCS’s assessment on both the First Transaction and the Second Transaction. In this regard, CCCS notes that constraints on airport slots may act as a barrier to entry, as the allocation of the same is dependent on the respective airports. However, CCCS notes that [✂]. In addition, [✂] suggests that constraints on airport slots are not an insurmountable barrier to expansion. Similarly, constraints on bilateral rights for the Category A Routes do not appear to be an insurmountable barrier to entry, and are dependent on the ASA between Singapore and India as well as the subsequent allocation by the respective regulators.

196. Specifically in relation to potential entrants on the Category A Routes (i.e. Akasa Air, SpiceJet and GoAir), there is a lack of information as to whether these

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[218] Paragraph 1 of the attachment to [✂]'s 1 April 2022 response to CCCS's 10 January 2022 RFI.
[219] Paragraph 6 of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[220] Paragraph 2 of the attachment to [✂]'s 1 April 2022 response to CCCS's 10 January 2022 RFI.
[221] Paragraph 6 of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[222] Paragraph 21.3 of Form M1.
[223] According to desktop research, while Akasa Air has obtained the necessary approvals to fly internationally, it has yet to commence flights from India to Singapore.
[224] Paragraph 9 of [✂]’s 21 April 2022 response to CCCS’s 10 January 2022 RFI.

potential entrants have requested slots to mount services in Changi Airport. As such, CCCS is unable to ascertain whether entry by these airlines is likely, sufficient in extent, or timely.

197. For completeness, based on the information available, it does not appear that barriers to entry and expansion differ significantly for the remaining Category A Routes (i.e., SIN-TRZvv and SIN-MAAvv). Accordingly, in the absence of market feedback or information suggesting otherwise, CCCS is of the view that barriers to entry and expansion along the Category A Routes are moderate.

<u>CCCS's assessment on air cargo transport services</u>

198. In relation to the Overlapping Air Cargo Transport Routes, [✂]submitted that cargo operations to and from India have low regulatory barriers in terms of [✂]. [✂].[225] This is consistent with [✂]'s feedback that [✂].[226] It should be noted that under Indian regulation, Indian airlines are subject to a minimum fleet size of 20 aircraft before they will be permitted to operate international routes.[227]

199. [✂].

200. In view of third party feedback and in the absence of submissions by TPL to the contrary, CCCS is of the view that barriers to entry on the Overlapping Air Cargo Transport Routes are moderate but not insurmountable.

(C) Switching and Countervailing Buyer Power

201. As noted in the *CCCS Merger Guidelines*, the ability of a merged entity to raise prices may be constrained by the countervailing buyer power of customers.[228] CCCS considers that buyer power is sufficient if customers have a strong post-merger bargaining position that prevents an SLC in the market post-merger.[229]

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[225] Slide 7 of [✂]'s 21 January 2022 response (Cargo) to CCCS's 10 January 2022 RFI.
[226] Paragraph 8 of [✂]'s 3 March 2022 response to CCCS's 10 January 2022 RFI.
[227] Page 7 of [✂]'s 21 January 2022 response (Cargo) to CCCS's 10 January 2022 RFI.
[228] Paragraph 5.60 of the *CCCS Merger Guidelines*.
[229] Paragraph 5.62 of the *CCCS Merger Guidelines*.

TPL' submission on air passenger transport services

202. TPL submitted that customers in the passenger air transportation sector primarily comprise individual passengers who purchase their tickets. Therefore, details of the top customers of the merger parties are not relevant to CCCS' review of the First Transaction. Nevertheless, TPL provided the proportion of Vistara's and AI's revenue in Singapore which can be attributed to their top five customers (by revenue) in relation to the Category A Routes (e.g., SIN-DELvv and SIN-BOMvv) in FY 2020/2021:

Table 14: Top five (5) customers of Vistara and AI, by proportion of revenue, on the Overlapping Air Passenger Transport Routes in FY 2020/2021

Vistara's top customers[230]	Proportion of revenue in Singapore	AI's top customers[231]	Proportion of revenue in Singapore
[✂]	[✂]	[✂]	[✂]
[✂]	[✂]	[✂]	[✂]
[✂]	[✂]	[✂]	[✂]
[✂]	[✂]	[✂]	[✂]
[✂]	[✂]	[✂]	[✂]

203. According to TPL, on each of the Original Overlapping Air Passenger Transport Routes, customers have a range of options including (a) domestic and foreign carriers; (b) FSAs as well as LCCs; and (c) direct and one-stop flights. Further, various modes (e.g., websites, mobile applications, ticket counters etc.) where the details of services offered by the airline, i.e., prices, availability of seats, timings of flights, services offered by the airline are accessible to the customer in a transparent manner. Global Distribution System ("**GDS**") websites also permit real-time comparison among airlines as they list all details including the prices charged by each airline in a comparable, transparent and real-time manner.[232]

204. As the methods of distribution of tickets (i.e., websites and mobile applications of airlines and GDS) provide all information (including prices and seat availability) to the consumer on a real-time basis, the information is transparently and readily available to the consumer at the time of making the purchase. There are no costs associated with choosing one airline over another. There is therefore no switching

[230] The top five customers of Vistara on the Original Overlapping Air Passenger Transport Routes have been provided to aid CCCS in its review of the First Transaction as TPL does not provide passenger air transport services; Appendix 10 of Form M1.
[231] Appendix 11 of Form M1.
[232] Paragraph 50.1 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

cost as the customers are able to seamlessly choose between the different distribution modes and airlines on the basis of complete information when making their purchasing decisions. At best, the time involved is in relation to identifying the alternative flight schedules and then making a decision of which carrier to fly with.[233]

205. Consumers can thus switch to a cheaper option almost instantly without any real switching costs (especially considering there are LCCs operating on each overlapping O&D pair i.e., SIN-DELvv and SIN-BOMvv). As such, customers would find an affordable option even if the merger parties (i.e., AI and Vistara) were to increase their margins).[234]

<u>TPL's submission on air cargo transport services</u>

206. TPL did not provide submissions on countervailing buyer power in respect of air cargo transport services, despite CCCS's request for the same. As such, CCCS has proceeded with its competition assessment on this aspect based on the information available, including feedback gathered from third parties.

<u>CCCS's assessment on air passenger transport services</u>

207. Market feedback suggests that intermediate customers are able to negotiate to some extent favourable terms (e.g. prices) for contracts with AI and Vistara for the Category A Routes (e.g., SIN-DELvv and SIN-BOMvv).[235] In particular, one intermediate customer indicated that airlines (such as IndiGo and AI) sometimes reached out to obtain information on how the airlines can better position themselves and increase their market share on certain routes involving Singapore where the national carrier (i.e. SIA) typically dominates in terms of market share.[236]

208. Third party feedback from an intermediate customer also indicates that it has been able to switch to alternative airlines on the Category A Routes, and that the choice of airline ultimately lies with the end-customer (i.e. the passenger).[237]

209. However, CCCS notes that AI and Vistara's top customers do not account for a high proportion of their respective sales for the provision of air passenger transport

[233] Paragraph 50.2 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[234] Paragraph 32.3 of Form M1.
[235] Paragraph 11 of [✂]'s 16 January 2022 response to CCCS's 10 January 2022 RFI; Paragraph 11 of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI.
[236] Paragraph 11 of [✂]'s 19 January 2022 response to CCCS's 10 January 2022 RFI.
[237] Paragraph 12 of [✂]'s 19 January 2022 response to CCCS's 10 January 2022 RFI.

services in the Category A Routes (e.g., SIN-DELvv and SIN-BOMvv), and that the majority of customers are likely to be individuals with little to no bargaining power against AI and Vistara. In view of the above, notwithstanding the ease of switching by and price sensitivity of customers, CCCS is of the view that customers of AI and Vistara are unlikely to be commercially significant to the extent that they will possess sufficient countervailing buyer power to discipline the merged entity's pricing strategy.

210. With regard to the Second Transaction, CCCS is of the view that there is similarly a lack of countervailing buyer power.

<u>CCCS's assessment on air cargo transport services</u>

211. Market feedback suggests that customers for air cargo transport services on the Overlapping Air Cargo Transport Routes have limited countervailing buyer power. For example, [✂]stated that it does not possess significant bargaining power. In the event that AI or AIXL increases prices, and there is no alternative, [✂]would have no choice other than to accept the increased prices.[238]

212. Having considered the third party feedback, and in the absence of submissions by TPL to the contrary, CCCS is of the view that customers of AI, AIXL and Vistara on the Overlapping Air Cargo Transport Routes are unlikely to possess sufficient countervailing buyer power to discipline the merged entity's pricing.

IX. COMPETITION ASSESSMENT

(A) Non-Coordinated Effects

213. Non-coordinated effects may arise where, as a result of the transaction, the merged entity finds it profitable to raise prices (or reduce output or quality) because of the loss of competition between the merged entities.[239]

<u>TPL's submission on air passenger transport services</u>

214. TPL submits that the horizontal overlaps which the First Transaction gives rise to will not lead to non-coordinated effects resulting in an SLC in the relevant markets.

[238] Paragraph 10 of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.
[239] Paragraph 5.21 of the *CCCS Merger Guidelines*.

215. First, TPL submitted that AI and Vistara are not close competitors. TPL submitted that AI and Vistara differentiate themselves based on the nature of the in-flight and on-ground services provided. The key differences between AI and Vistara are listed as follows:[240]

(a) Vistara has its own Frequent Flyer Programme called the Club Vistara membership while AI does not have one. The Club Vistara membership entitles customers to accumulate points to qualify for exclusive offers and promotions (such as car rentals, dining, health and wellness, retail and lifestyle, and hotel stays), and flight privileges, such as being able to make changes to their booking at no additional charge, complimentary seat selection, priority check in, additional carry-on baggage allowance, priority boarding, priority baggage handling, and access to partner lounges. Points can be accumulated through booking flights on Vistara, or any of its five (5) partner airlines.

(b) AI is a member of Star Alliance, the world's largest airline alliance, while Vistara is not a member of any airline alliances. Star Alliance enables customers of AI to accumulate points to build up their Star Alliance status when they book any Star Alliance flight from its 26 member airlines. Benefits from being a member of the Star Alliance include, inter alia, priority airport check-in, priority baggage handling, airport lounge access to over 1,000 lounges worldwide when a customer flies on a Star Alliance member airline flight, priority boarding, and extra baggage allowance.

(c) In terms of in-flight food, Vistara offers complimentary beverages and vegetarian and non-vegetarian meals for all international flights irrespective of fare category, and complimentary hot meals for domestic flights for customers who have paid Economy Flexi and Standard Fares. In comparison, AI offers complimentary beverages and meals (with a choice of continental, Indian non-vegetarian, or Indian vegetarian meals) for international flights, and only beverages and vegetarian meals for domestic flights.

216. Second, TPL submitted that all carriers i.e., both FSAs (like SIA) and LCCs (like IndiGo) are able to impose competitive pressure on each other including the merged entity post-First Transaction along the Overlapping Air Passenger Transport Routes based on the following considerations:[241]

[240] Paragraph 17.3 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.
[241] Paragraphs 33.2 to 33.5 of Form M1.

(a) The distinction between FSAs and LCCs has become increasingly blurred especially on short-haul routes given that both carrier types are able to offer similar services to passengers. This is evident when SIA, IndiGo and Vistara managed to capture the market share of Jet Airways when it ceased its operations in 2019 which suggests that passengers do effectively see LCCs and FSAs as substitutes.

(b) In addition to being able to offer similar services to passengers on these routes, both FSAs and LCCs own significant slot shares at Singapore, Delhi and Mumbai International airports to offer several options to customers in terms of scheduling.

(c) Evidence of existing carriers being able to impose competitive pressure on each other. For instance, IndiGo was able to gain more than [✂0-10]% market share on both the Original Overlapping Air Passenger Transport Routes in the first year of its operations in FY 2020 (based on passenger share, considering direct and one-stop flights).

217. Third, TPL submitted that existing competitors have the ability to rapidly expand their operations in response to any hypothetical increase in prices or reduction in the quality of services or flight offerings. For instance:[242]

(a) SIA has a substantial share on both routes which means that it is able to meet any increase in demand (including on account of increase in fares by existing players or the exit of an existing player) simply by using unutilised capacities or bilateral rights to start/expand operations and gain market shares swiftly, without any additional costs.

(b) IndiGo, which entered the two routes in 2019 was able to gain around [✂0-10]% market share in less than a year of operations on the Original Overlapping Air Passenger Transport Routes, without utilising all of its bilateral entitlements for flights between India and Singapore. It is estimated that IndiGo has [✂]unutilised bilateral rights on the two routes which allows IndiGo to continue increasing its share on the routes. The size of IndiGo's order book and its plans to increase its international operations from [✂] to [✂] in the next few years makes IndiGo a strong contender on the two routes.

218. Accordingly, TPL submitted that AI and Vistara will face strong competition both from an FSA and from an ambitious LCC, both of which have capacity to increase

[242] Paragraphs 34.6 and 34.7 of Form M1.

their supply to meet any increase in demand. Importantly, TPL further submitted that the First Transaction will ensure that an established carrier continues to serve the Original Overlapping Air Passenger Transport Routes, thus acting as a competitive constraint on SIA and IndiGo, even with the existence of the Proposed Commercial Cooperation.[243]

219. Fourth, TPL submitted that there are no barriers to entry or expansion as evidenced by the following[244]:

(a) [✂]. [✂]. On this basis, there are many potential existing carriers which can gain market share.

(b) Jet Airways which ceased operations in 2019 has indicated that it will resume international short-haul flights from the end of 2022.[245]

(c) Between FY 2018 – 19 and FY 2019 – 20, various airlines (save for AI and AIXL) flying between Mumbai/Delhi and Singapore were able to gain significant market share (based on capacity proxied by Available Seat Kilometres) in a very short period of time as a result of Jet Airways' exit in FY 2019 – 20 as evident from the table below:

Table 15: FY 2018 – 2019 Available Seat Kilometre Market Shares

ASK (DEL/BOM-SIN)	FY 2018	FY 2019
IndiGo	[✂]	[✂]
Jet Airways	[✂]	[✂]
AI & AIXL	[✂]	[✂]
Vistara	[✂]	[✂]
SIA	[✂]	[✂]

220. TPL submitted that the above shows that aside from the ability of existing competitors to expand, there are additionally various airlines which would be able to promptly (i.e., within around six (6) months, which correspond to a 'scheduling period') enter any or both of the two routes and discipline any attempt by the merged entity to increase prices or lower quality. Accordingly, TPL submitted that the First Transaction will not allow Vistara and AI to operate independently of competitive forces on the overlapping routes.[246]

243 Paragraphs 34.8 and 34.9 of Form M1.
244 Paragraphs 34.11 to 34.12 and 34.15 to 34.16 of Form M1.
245 According to desktop research, while Jet Airways attained a new Air Operator Certificate in May 2022, it failed to launch and did not renew its certification in 2023. Jet Airways aims to do so in 2024.
246 Paragraphs 34.13 to 34.14 of Form M1.

221. Fifth, TPL submitted that there are no switching costs for customers. In particular, given the presence of several players on the two routes, coupled with no switching costs associated with choosing an alternative airline, customers have the ability to switch to another airline virtually immediately and the merged entity would not have the ability to unilaterally increase prices or act independent of its competitors.[247]

<u>TPL's submission on air cargo transport services</u>

222. TPL did not provide submissions on non-coordinated effects in respect of air cargo transport services, despite CCCS's request for the same. As such, CCCS proceeded with the assessment on this aspect based on the information available, including feedback gathered from third parties.

<u>CCCS's assessment on air passenger transport services</u>

223. CCCS is of the view that non-coordinated effects are likely to arise from the Transactions on the Category A Routes due to the following reasons.

First Transaction

Market shares

224. CCCS notes that there are few market players operating along the Original Overlapping Air Passenger Transport Routes post-First Transaction. Pre-First Transaction, there were only four (4) players, namely AI, SIA, Vistara and IndiGo following the exit of Jet Airways in 2019. While CCCS notes TPL's submission that SIA and TSPL are contractually obligated to keep AI and Vistara operationally independent post-First Transaction, the First Transaction effectively removes AI as an independent competitor and reduces the number of market players from four (4) to three (3) since it has been assessed that the First Transaction is effectively a merger between AI and Vistara.

225. The First Transaction creates a merged entity with a substantial combined market share in the supply of air passenger transport services along the Original Overlapping Air Passenger Transport Routes of [✂60-70]% (SIN-DELvv) and

[247] Paragraph 34.17 of Form M1.

[✂40-50]% (SIN-BOMvv) respectively.[248] CCCS further notes that the First Transaction also creates a more saturated market as evident from the post-merger CR3 figures for the corresponding routes of [✂90-100]% (SIN-DELvv) and [✂90-100]% (SIN-BOMvv) respectively.

Closeness of competition

226. The concept of "closeness of competition" may play an important role in better understanding the competitive constraint exerted by different competitors on each other in differentiated markets such as airline markets.

227. The comparison of service offering is a relevant factor for assessing the closeness of competition between airlines.

228. What matters from a substantive competition perspective is the high degree of substitutability between the services of AI and Vistara on the Original Overlapping Air Passenger Transport Routes. In this regard, third party feedback suggests that the services provided by both airlines are rather similar to one another thus indicating that AI and Vistara are one another's close (if not the closest) competitor. For instance, [✂]submitted that AI and Vistara would be each other's closest competitors, as they typically offer a quality of service below that of SIA but above that of the LCCs e.g. IndiGo.[249] This is also consistent with the feedback from [✂]that SIA provides a relatively more premium service than AI and Vistara.[250]

229. In respect of the potential loss of such rivalry between AI and Vistara following the First Transaction, CCCS has also received market feedback in relation to the ability of the merged entity to raise prices of air passenger transport services along the Original Overlapping Air Passenger Transport Routes post-First Transaction. For instance, [✂], an intermediate customer of the merged entity, submitted that TPL certainly has the bandwidth (which CCCS understands to refer to incentive and ability) to raise its prices and/or reduce quality, capacity and frequency on the Original Overlapping Air Passenger Transport Routes post-First Transaction given that TPL has a stake in Vistara through its parent company, TSPL.[251]

Competitive constraint from existing competitors

[248] See combined market share of the Parties in Table 7.
[249] Paragraph 11a of [✂]'s 21 April 2022 response to CCCS's 10 January 2022 RFI.
[250] Paragraph 6 of [✂]'s 21 January 2022 response to CCCS's 10 January 2022 RFI.
[251] Paragraph 6a of [✂]'s 12 January 2022 response to CCCS's 10 January 2022 RFI.

230. While CCCS notes the market feedback at paragraphs 152 to 155 citing the presence of SIA as a significant competitor to AI and Vistara along the Original Overlapping Air Passenger Transport Routes that will continue to exert competitive constraint on the merged entity post-First Transaction, it is unclear at this juncture whether SIA has the ability and/or incentive to truly do so post-First Transaction given SIA’s affiliation with TSPL, namely, a fellow JV partner in Vistara. Given this affiliation, it is possible that the Parties may have the incentive to align their prices and quality of service provided on the Original Overlapping Air Passenger Transport Routes, which may in turn narrow consumer choice along these routes.

231. On balance, CCCS is of the view that it remains unclear as to whether SIA will have the incentive to exert competitive constraint on the merged entity in view of SIA’s affiliation with TSPL via the JV.

232. Third party feedback also cited the presence of LCCs such as IndiGo which may serve as a competitive constraint on the merged entity along the Original Overlapping Air Passenger Transport Routes post-First Transaction. For example, [✂]was of the view that the merged entity is unlikely to raise prices post-First Transaction given that IndiGo (in addition to local carriers such as SIA and Scoot) is likely to resume air passenger transport services on the Original Overlapping Air Passenger Transport Routes when ease of air travel is back to the norm.[252]

233. While TPL has submitted that competing airlines (e.g. IndiGo) have unutilised rights for flights to Singapore, the extent to which these competing airlines can start/expand operations by tapping on such unutilised rights in the face of increase demand, is unclear.

Potential New Entrants

234. Third party feedback also highlighted the possibility of potential new entrants which may serve to keep the merged entity in check post-First Transaction along the Original Overlapping Air Passenger Transport Routes. In this regard, [✂]submitted that there is significant scope for other Indian carriers to start services along the overlapping routes as [✂]. Moreover, some of these Indian carriers (e.g. SpiceJet and GoAir) already have operational set-ups in Singapore (e.g. contracts with ground handling companies/sales agents), as they operate flights to Singapore from other points in India. In addition, [✂]noted that any newly established Indian carriers would benefit from the GoI’s relaxation of the

[252] Paragraph 6a of [✂]’s 21 January 2022 response (Passengers) to CCCS’s 10 January 2022 RFI.

"5/20" rule which previously mandated that an Indian airline could only start operating international services after (i) operating domestically for five (5) years and (ii) acquiring at least 20 aircraft. In 2016, the GoI relaxed the first limb of the requirement which effectively makes it a "0/20" rule and significantly lowered the barrier to entry for a newly-established Indian carrier. As mentioned at paragraph 194, one such new Indian carrier is Akasa Air, which plans to start operations in mid-2022, acquire 18 Boeing 737 MAX aircraft by end-2022, and expand its fleet to 72 aircraft by 2026. This effectively means that Akasa will meet the "0/20" rule by early 2023 and have the ability to operate air passenger transport services on the Original Overlapping Air Passenger Transport Routes.[253] [✂]further submitted that the carrier is a credible competitor that is likely to survive despite it being a new airline, as it is financially backed by an Indian billionaire.[254]

235. However, there is a lack of information as to whether the abovementioned potential entrants (e.g. Akasa Air, SpiceJet and GoAir) have requested slots to mount services in Changi Airport. CCCS also acknowledges that the uncertainty and instability in air travel brought about by the COVID-19 pandemic may impede the entry plans of these potential entrants. As such, CCCS is unable to ascertain whether entry by these airlines is likely, sufficient in extent, or timely to constrain the merged entity along the Original Overlapping Air Passenger Transport Routes.

Countervailing buyer power

236. Notwithstanding the ease of switching by and price sensitivity of customers, CCCS is of the view that majority of customers of AI and Vistara are unlikely to be commercially significant to the extent that they will possess sufficient countervailing buyer power to constrain the merged entity post-First Transaction in the supply of air passenger transport services along the Original Overlapping Air Passenger Transport Routes.

Second Transaction

237. In relation to the Second Transaction, CCCS notes that similar factors as elaborated above may further heighten the prospect of the Parties raising prices post-Second Transaction. First, CCCS notes that the Parties have a large share of the market along the Category A Routes ranging from [✂60-70]% to [✂90-100]%.[255] Second, as mentioned at paragraph 233, it is unclear the extent to which

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[253] According to desktop research, while Akasa Air has obtained the necessary approvals to fly internationally, it has yet to commence flights from India to Singapore.
[254] Paragraph 9 of [✂]'s 21 April 2022 response to CCCS's 10 January 2022 RFI.
[255] See combined market share of the Parties in Table 7.

competing airlines (e.g. IndiGo) can start/expand operations by tapping on unutilised rights in the face of increased demand. Third, as mentioned at paragraph 235, CCCS is also unable to ascertain whether the entry by potential entrants (e.g. Akasa Air, SpiceJet and GoAir) is likely, sufficient in extent, or timely to constrain the Parties along the Category A Routes. In other words, if the Parties reduce their seating capacity significantly below the level that would have prevailed without the Second Transaction, existing and potential competitors may not have sufficient capacity to replace the shortfall in output and higher prices may ensue. Fourth, as mentioned at paragraph 236, CCCS is of the view that customers of the Parties are unlikely to be commercially significant to the extent that they will possess sufficient countervailing buyer power to constrain the Parties post-Second Transaction in the supply of air passenger transport services along the Category A Routes.

<u>CCCS's conclusion on non-coordinated effects for air passenger transport services</u>

238. Given the foregoing, CCCS is of the view that the First Transaction is likely to result in the loss of a close (if not the closest) competitor to each of the merging parties in relation to the supply of air passenger transport services along the Original Overlapping Air Passenger Transport Routes, and that there may be insufficient competitive constraints on the merged entity post-merger. This, in turn, may give rise to the merged entity having the ability to raise prices or reduce quality.

239. Likewise, CCCS is of the view that the Second Transaction is likely to give rise to non-coordinated effects along the Category A Routes in view of the large combined market share of the Parties along these routes, limited countervailing buyer power as well as the fact that it is unclear whether remaining competitors (both existing and potential) have sufficient capacity (or ability to expand capacity) to constrain the Parties post-Second Transaction should the Parties decide to their seating capacity significantly below the level that would have prevailed in the absence of the Second Transaction.

<u>CCCS's assessment for air cargo transport services</u>

First Transaction

240. CCCS is of the view that non-coordinated effects are unlikely to arise from the First Transaction on the Overlapping Air Cargo Transport Routes for the reasons set out at sub-paragraphs 165(a) to (c) and the additional reasons set out below:

(a) For both the SIN-IND and IND-SIN routes, the combined market share of the parties (i.e., AI and Vistara) falls below the indicative threshold of 40% (see Table 11).

(b) Third party feedback indicates that indirect flights are a viable substitute for direct flights. For instance, [✂]and [✂]noted that indirect flights are considered as good substitutes for direct flights for air cargo. This is consistent with feedback from [✂]which cited the example of one-stop flights with a connection via Kuala Lumpur as decently cost effective though they require one (1) day more than direct flights.[256]

Second Transaction

241. In relation to the Second Transaction, CCCS notes that non-coordinated effects are unlikely to arise on the Overlapping Air Cargo Transport Routes as the factors referred to above at paragraph 240 for the First Transaction are likely to apply to the Second Transaction. CCCS also notes that no concerns were raised by third parties regarding the Overlapping Air Cargo Transport Routes during the limited consultation of the Second Transaction.

<u>CCCS's conclusion on non-coordinated effects for air cargo transport services</u>

242. Given the above, CCCS is of the view that the First Transaction is unlikely to lead to non-coordinated effects on the Overlapping Air Cargo Transport Routes. Likewise, CCCS is of the view that the Second Transaction is unlikely to give rise to non-coordinated effects on the Overlapping Air Cargo Transport Routes.

(B) Coordinated Effects

243. A merger may also lessen competition substantially by increasing the possibility that, post-merger, firms in the same market may coordinate their behaviour to raise prices, or reduce quality or output.[257] Given certain market conditions, and without any express agreement, tacit collusion may arise merely from an understanding that it will be in the firms' mutual interests to coordinate their decisions.[258]

244. Coordinated effects may arise where a merger reduces competitive constraints from actual or potential competition in a market, thus increasing the probability

[256] Paragraph 4f of [✂]'s 14 January 2022 response to CCCS's 10 January 2022 RFI.
[257] Paragraph 5.33 of the *CCCS Merger Guidelines*.
[258] Paragraph 5.34 of the *CCCS Merger Guidelines*.

that competitors will collude or strengthening a tendency to do so.[259] Coordinated effects can arise as a result of a merger, even if not all competitors in a given market are involved.[260]

245. For tacit or explicit coordination to be successful or more likely as a result of a merger, three conditions should be met or be created by the merger:[261]

(a) participating firms should be able to align their behaviour in the market;
(b) participating firms should have the incentive to maintain the coordinated behaviour; and
(c) the coordinated behaviour should be sustainable in the face of other competitive constraints in the markets.

<u>TPL's submission on air passenger transport services</u>

246. In respect of the First Transaction, TPL submitted that the ease of switching by customers for air passenger transport services means that there are incentives for the airline to continue pricing competitively which would reduce the sustainability of any coordinated behaviour.[262]

247. In addition, whilst TPL has focused its analysis on direct flights on the Original Overlapping Air Passenger Transport Routes, any attempt to price above competitive level will likely trigger a shift to one-stop routes, through international airports close to Singapore such as Kuala Lumpur or Bangkok which are as well connected to India as Singapore.[263] However, TPL submitted that it does not have supporting documentation to substantiate this point. Instead, TPL explained that given the price sensitivities of travellers on the Original Overlapping Air Passenger Transport Routes, the availability of flights between India and Thailand and Malaysia on the one hand and Singapore and Malaysia and Thailand on the other, and the relatively short time that such a one-stop would add to the overall travelling time, customers can be motivated to switch to such one-stop routes if prices on direct routes were increased to above competitive levels.[264]

[259] Paragraph 5.35 of the *CCCS Merger Guidelines*.
[260] Paragraph 5.37 of the *CCCS Merger Guidelines*.
[261] Paragraph 6.22 of the *CCCS Merger Guidelines*.
[262] Paragraph 35.2 of Form M1.
[263] Paragraph 35.3 of Form M1.
[264] Paragraph 66.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.

248. TPL also submitted that the absence of barriers to entry on the Original Overlapping Air Passenger Transport Routes and the high potential for increased competition on these routes also creates disruptive effects and would reduce sustainability of any coordinated behaviour.[265]

249. In relation to the Second Transaction, the Parties did not make any submissions on whether the Second Transaction will give rise to coordinated effects on the Category A Routes. Therefore, CCCS has proceeded with its assessment on this aspect in relation to the Second Transaction based on the information available.

TPL's submission on air cargo transport services

250. TPL did not provide submissions on coordinated effects in respect of air cargo transport services for the First Transaction, despite CCCS's request for the same. TPL also has not provided submissions on this aspect in relation to the Second Transaction. As such, CCCS has proceeded with its assessment on this aspect in respect of the First Transaction and Second Transaction based on the information available.

CCCS's assessment on air passenger transport services

First Transaction

251. To date, while CCCS has not received any third party feedback regarding coordinated effects on the Original Overlapping Air Passenger Transport routes, CCCS has received feedback regarding the structure of the market and the nature of competition within it. For the reasons set out below, CCCS is of the view that there is a risk of coordinated effects arising on the Original Overlapping Air Passenger Transport Routes.

252. First, the following factors are likely to enable AI, Vistara and SIA to align their behaviour on the Original Overlapping Air Passenger Transport Routes:

(a) The level of market concentration as illustrated in Table 6 above for the Original Overlapping Air Passenger Transport Routes respectively is extremely high (CR3 = [✂90-100]%). It is likely that the First Transaction will lead to more symmetrical market shares between AI and Vistara on the one hand, and SIA on the other for both routes. This in turn increases the

[265] Paragraph 35.4 of Form M1.

likelihood of AI, Vistara and SIA being better able to coordinate their behaviour.

(b) Apart from differences in cabin classes and whether an airline is classified as a LCC or FSA, air passenger transport services for short haul flights appear to be relatively homogenous as compared to air cargo transport services, thus there would be more room for coordination between AI, Vistara and SIA;

(c) There is a high degree of transparency in the market given that air fares for individual passengers are easily accessible on a real-time basis via the airlines' websites,[266] thus making it easier for AI, Vistara and SIA to monitor one another. In particular, CCCS notes TPL's submission that online booking of airline tickets through either the website of the airline itself or through online travel agents has allowed for complete price transparency.[267]

(d) The interlinkages among SIA, AI and Vistara brought about by the joint venture between SIA and TSPL that is Vistara and the First Transaction may aid coordination (for example, through the exchange of information).

253. Second, in relation to incentives to maintain coordinated behaviour, CCCS notes the following factors are likely to incentivise AI, Vistara and SIA to maintain coordinated behaviour on the Original Overlapping Air Passenger Transport Routes:

(a) the high degree of market transparency as explained at paragraph 252(c) above makes it easier for AI, Vistara, and other competitors including SIA to monitor one another and detect deviations from the terms of coordination;

(b) the interlinkages among SIA, AI and Vistara as explained at paragraph 252(d) above make it easier for AI, Vistara and SIA to monitor one another and detect deviations from the terms of coordination; and

(c) the joint venture between SIA and TSPL that is Vistara is evidence of a long-term agreement in respect of the Original Overlapping Air Passenger Transport Routes by TSPL and SIA. This may serve as a conduit for TSPL and SIA to signal to each other their intentions to maintain the aligned behaviour.

[266] Paragraph 32.2 of Form M1.
[267] Paragraph 28.2 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.

254. Third, in relation to the sustainability of coordination by AI, Vistara and other competitors including SIA on the Original Overlapping Air Passenger Transport Routes, CCCS is of the view that barriers to entry and expansion on these routes are moderate although not insurmountable. As such, CCCS cannot rule out the possibility of potential entrants entering the market and disrupting coordination between AI, Vistara and SIA, thereby rendering any coordination unsustainable.

255. In addition, CCCS also notes the existence of a potential entrant on the Original Overlapping Air Passenger Transport Routes (i.e. Akasa Air), and recognises the possibility that IndiGo may resume air passenger transport services on these routes.[268] On the other hand, CCCS notes that customers of AI and Vistara are unlikely to be commercially significant to the extent that they will possess sufficient countervailing buyer power to discipline the merged entity's pricing. As such, it is unlikely that these customers will be able to disrupt any coordination between AI, Vistara and SIA (for example, by threatening to enter the market themselves or sponsoring market entry).

Second Transaction

256. The high level of market concentration as illustrated in Table 6 above for SIN-BOMvv, SIN-MAAvv and SIN-TRZvv (CR3 = [✂90-100]%) increases the likelihood of the Integrated Entity, SIA and remaining competitors reaching a consensus on coordinated behaviour. Similarly, CCCS also recognises that air passenger transport services appear to be relatively homogeneous (besides differences in cabin class and whether the airline is a LCC or FSC), thus providing greater scope for coordination between the Integrated Entity, SIA and other competitors. Air fares for individual passengers are also easily accessible on a real-time basis via the airlines' websites making it easier for the Integrated Entity, SIA and other competitors to monitor one another. CCCS notes that there is no scope for coordination between the Integrated Entity and SIA on the one hand, and remaining competitors on the other, on the SIN-DELvv route given that the Integrated Entity and SIA will possess [✂90-100]% market share post-Second Transaction.

<u>CCCS's assessment on air cargo transport services</u>

257. Similarly, CCCS has not received any third party feedback on whether the First Transaction or Second Transaction will give rise to coordinated effects on the Overlapping Air Cargo Transport Routes. However, CCCS is of the view that

[268] Paragraph 6a of [✂]'s 21 January 2022 response (Passengers) to CCCS's 10 January 2022 RFI.

coordinated effects are unlikely to arise on the Overlapping Air Cargo Transport Routes for the reasons set out below.

First Transaction

258. CCCS is of the view that the reasons set out at sub-paragraphs 165(a) to (c) and 240(a) to (b) above in relation to non-coordinated effects on the Overlapping Air Cargo Transport Routes similarly apply to CCCS's assessment of coordinated effects on the same routes in relation to the First Transaction.

Second Transaction

259. In respect of the Second Transaction, CCCS is of the view that the reasons set out at sub-paragraphs 165 (a) to (c) and 240(a) to (b) above in relation to non-coordinated effects on the Overlapping Air Cargo Transport Routes similarly apply to CCCS's assessment of coordinated effects on the same routes in relation to the Second Transaction.

(C) Vertical Effects

260. Vertical effects may arise from a merger involving firms at different levels of the supply chain; for example, a merger between an upstream supplier and a downstream customer. The vertically-integrated firm may be able to foreclose rivals from either an upstream market for selling inputs or a downstream market for distribution or sales.[269] CCCS will be concerned in situations where competitors lack a reasonable alternative to the vertically integrated firm, as they may either be deprived of access to inputs or customers altogether or might be allowed to obtain the product or the facility only at unfavourable prices, thereby lessening rivalry in the market.[270] CCCS will also consider whether the merged entity would have the ability and incentive to foreclose its competitors and the likely effect of that foreclosure on competition.[271]

<u>TPL's submission on vertical effects</u>

[269] Paragraph 6.11 of the *CCCS Merger Guidelines.*
[270] Paragraph 6.12 of the *CCCS Merger Guidelines.*
[271] Paragraph 6.13 of the *CCCS Merger Guidelines.*

261. TPL submitted that there are no vertical relationships between TPL and AI that would impact Singapore in respect of the First Transaction.[272]

262. The Parties did not make any further submissions on vertical relationships in the context of the Second Transaction.

<u>CCCS's assessment on vertical effects</u>

263. CCCS did not receive any third party feedback that the First Transaction or Second Transaction will give rise to any vertical concerns. Accordingly, in the absence of further evidence or information suggesting otherwise, CCCS does not consider it necessary to assess whether the Transactions will give rise to any vertical concerns in respect of the Original Overlapping Air Passenger Transport Routes, Overlapping Air Passenger Transport Routes and Overlapping Air Cargo Transport Routes.

X. EFFICIENCIES

<u>TPL's submission on efficiencies</u>

264. First, TPL submitted that the First Transaction will ensure that an Indian carrier (i.e. AI) remains potentially competitive internationally. Having a strong Indian carrier compete with the likes of SIA will mean that consumers continue to have an effective choice.[273]

265. Second, TPL submitted that the First Transaction would allow the Parties to offer better connectivity on international routes from domestic points and from Singapore to an extended number of destinations within India. This is in view of potential complementary effects arising where the carriers' networks do not overlap, but instead are expanded in total by the network integration. Such complementary effects may bring about potential benefits including expanded destination choices for travellers; greater scheduling and other conveniences to passengers; and lower prices.[274]

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[272] Paragraph 36.1 of Form M1.

[273] In this regard, TPL highlighted that the joint venture between Vistara and SIA does not impeach this argument as the carriers can continue to operate independently for the foreseeable future given the Cooperation Agreement. The Proposed Commercial Cooperation is a separate matter to be evaluated independently. See also paragraphs 42.2 and 42.3 of Form M1.

[274] Paragraphs 42.5 to 42.7 of Form M1.

266. Third, TPL submitted that the First Transaction will ensure at least the following benefits into Singapore:

(a) **Increased tourism**. This is in view that tourists from India form a large proportion of the tourism contribution into Singapore – third largest contributors in terms of tourism receipts to Singapore pre and during COVID-19 period.[275]

(b) **Contribution to employment**. Given that visitors from India spent a significant amount (between 35% to 40%) on accommodation during their stay in Singapore, the increase in tourist traffic from India is likely to translate into higher employment numbers in Singapore in the hospitality sector, thereby contributing to Singapore's economic growth.[276]

(c) **Contribution towards the growth of Changi Airport**. The First Transaction will ensure that Indian travellers continue to make up a significant share of tourists' contribution into Singapore which in turn, enhances the growth of Changi Airport. Not only will the passengers from India disembark in Singapore, but the potential influx of regional passengers looking to travel to India as well as passengers from India looking to fly into the region means a greater number of transit passengers at Changi Airport. This aids in ensuring the growth of a wide range of services to be offered at Changi Airport and indirectly also employment. Additionally, the flow enhances the status of Changi Airport as an aviation hub.[277]

267. For completeness, CCCS notes that the Parties did not make further submissions on possible efficiencies arising from the Second Transaction. Accordingly, CCCS proceeded with the assessment based on the information available.

<u>CCCS's assessment on efficiencies</u>

268. CCCS notes that in the assessment of net economic efficiencies, merger parties are required to show that these efficiencies will be sufficient to outweigh the adverse effects resulting from SLC caused by the merger.[278]

[275] Paragraph 42.4.1 of Form M1.
[276] Paragraph 42.4.5 of Form M1.
[277] Paragraph 42.4.6 of Form M1.
[278] Paragraph 7.3 of the *CCCS Merger Guidelines*.

269. For efficiencies to be taken into account by CCCS, merger parties must show that the efficiencies are:[279]
(a) demonstrable;
(b) merger specific, that is, they are likely to arise from the merger;
(c) timely, in that the benefits will materialise within a reasonable period of time; and
(d) sufficient in extent.

270. However, CCCS notes that the efficiencies claimed by TPL are neither sufficiently quantified nor substantiated with concrete evidence, and TPL has not provided detailed and verifiable evidence about the claimed efficiencies at this stage.

271. Without more evidence from TPL to substantiate the claimed efficiencies, CCCS is unable to draw any conclusions at this stage as to whether the claimed efficiencies will either avert any potential SLC or be sufficient to outweigh any adverse competition effects that may arise from the First Transaction and Second Transaction in Singapore.

XI. ANCILLARY RESTRICTIONS

272. TPL did not submit in its notification of the First Transaction that it has entered into any ancillary restriction.[280]

273. For completeness, CCCS notes that the Parties did not make further submissions on possible ancillary restriction in relation to the Second Transaction.

XII. COMMITMENTS

274. On 10 February 2023, the Parties submitted the following three (3) sets of commitments (collectively, the "**Proposed Commitments**") to address the competition concerns identified by CCCS:

(a) commitments by AI and Vistara in relation to the First Transaction (the "**First Transaction Commitments**");

[279] Paragraph 8.9 of the *CCCS Merger Guidelines*.
[280] Paragraph 43.1 of Form M1. Paragraph 10 of the Third Schedule to the Act provides that the section 34 prohibition (prohibiting anticompetitive agreements and/or concerted practices) and the section 47 prohibition (prohibiting abuse of dominance) shall not apply to any agreement or conduct that is directly related and necessary to the implementation of a merger.

(b) commitments by the Integrated Entity and SIA in relation to the Second Transaction (the "**Second Transaction Commitments**"); and

(c) commitments by the Integrated Entity and SIA in relation to the Revised Commercial Cooperation (the "**RCC Commitments**").

275. The Proposed Commitments were subsequently revised in response to CCCS's feedback. Under the Proposed Commitments, the Parties essentially commit that they will each[281] maintain a minimum weekly scheduled air passenger transport capacity at pre-COVID-19 levels[282] (i.e., calendar year 2019 ("**CY 2019**") figures), on a permanent basis, on each of the:

(a) SIN-BOMvv route;
(b) SIN-DELvv route;
(c) SIN-TRZvv route[283]; and
(d) SIN-MAAvv route[284].

276. The commitments would be deemed fulfilled for each Party where [✂]% of the CY 2019 levels on each of the SIN-BOMvv, SIN-DELvv, SIN-TRZvv and SIN-MAAvv routes are achieved in [✂] weeks [✂] weeks (i.e., maximum of [✂] weeks of non-fulfilment) for each report year.[285]

277. However, if the Second Transaction does not proceed, the commitments would be deemed fulfilled for:

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[281] The capacity commitments are separate, i.e. one set of capacity commitments by SIA and the other set of capacity commitments for AI and Vistara on a combined basis.

[282] The pre-COVID-19 levels for SIA are defined as the combined capacity operated by SIA for the calendar year of 2019, and calculated as a weekly average. The pre-COVID-19 levels for AI and Vistara are defined as the combined capacity operated by AI and Vistara respectively for the calendar year of 2019, and calculated as an aggregate weekly average. As Vistara only started operations on the SIN-BOMvv and SIN-DELvv routes on 6 August 2019 and 7 August 2019 respectively, its capacity figures for the SIN-BOMvv and SIN-DELvv routes are provided on an annualised basis. Paragraph 1.2 of the Parties' response dated 6 November 2023 pursuant to CCCS's emails dated 27 October 2023 and 2 November 2023.

[283] Given that Vistara does not operate non-stop (i.e. direct) services along the SIN-TRZvv route, only the weekly average capacity operated by AI will be used for the purpose of weekly average comparison.

[284] Given that Vistara does not operate non-stop (i.e. direct) services along the SIN-MAAvv route, only the weekly average capacity operated by AI will be used for the purpose of weekly average comparison. For the SIN-MAAvv, route, the capacity commitments by AI/Vistara for the Second Transaction will commence starting earlier of (i) three (3) calendar months from the AI Effective Date (i.e. the date of CCCS's approval to the First Transaction and Second Transaction under Section 58 of the Act; and (ii) Effective Date (i.e. date when the Second Transaction closes as per the Implementation Agreement, save that in the case of AI and Vistara, the Effective Date will be the AI Effective Date).

[285] A report year is defined in the Proposed Commitments as a period of 12 calendar months which commences from the date which CCCS issues the decision, save for the Second Transaction Commitments undertaken by SIA which commence on the date which the Second Transaction closes.

(a) each of AI and Vistara where [✂]% of CY 2019 levels on each of the SIN-BOMvv and SIN-DELvv routes are achieved collectively in [✂] weeks [✂] weeks by AI and Vistara in aggregate (i.e. up to a maximum of [✂] weeks of non-fulfilment collectively) for each report year.

(b) AI where [✂]% of CY 2019 levels on each of the SIN-MAAvv and SIN-TRZvv routes are achieved in [✂] weeks [✂] weeks (i.e. up to a maximum of [✂] weeks of non-fulfilment) for each report year.

278. As part of the Proposed Commitments, the Parties will appoint, at their own cost, an independent auditor to monitor each Party's compliance with the Proposed Commitments and provide CCCS with a written report within two (2) calendar months following the period which the report relates to.[286]

279. Prior to the independent auditor's report, each Party will also submit an interim report which monitors their respective compliance with the committed capacity levels upon meeting three (3) weeks of non-fulfilment in a report year.[287] CCCS can also request that ad-hoc reports be provided to CCCS to verify the accuracy of any submissions or data provided by the Parties under certain scenarios.[288]

<u>CCCS's assessment of the Parties' Proposed Commitments</u>

280. CCCS is of the view that the commitment to maintain capacities on these routes would disincentivise the Parties to raise prices post-Transactions. Given that capacities are considered sunk and perishable, CCCS is of the view that the Parties will have a greater incentive to sell out their capacities at competitive prices rather than risk having unutilised capacities. In addition, as the commitment to maintain capacity is on a permanent basis, this would also serve to alleviate CCCS's

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[286] The reporting periods are generally as follows: the first report will cover the period of 6 calendar months after the start of the first report year, and subsequent reports will cover a yearly period from the 6 calendar months mark. To illustrate, if the Second Transaction closes on 5 March 2024, the effective date under the merger commitments will be 5 March 2024, the first report for the merger commitments will cover the 6 calendar months from 5 March 2024 to 5 September 2024, and the next report will cover the period from 6 September 2024 to 6 September 2025.

[287] Each Party will submit the interim reports within [✂] after the non-fulfilment threshold is met. If the due date of any interim report falls less than [✂] from the due date of the independent auditor's report, the interim report will not be required.

[288] Per paragraph 3.1 of the Parties' response dated 6 November 2023 to CCCS's emails dated 27 October 2023 and 2 November 2023, the scenarios include:

a. CCCS has identified discrepancies in the Parties' submissions or data that cannot be easily verified or explained, and these discrepancies are in the Parties' favour;
b. There are amendments to the submissions or data that cannot be easily verified or explained, and these amendments are in the Parties' favour; and
c. CCCS receives credible information that the Parties' submissions or data are inaccurate, and these inaccuracies are in the Parties' favour.

concerns regarding the permanent effects on competition as a result of the First Transaction, Second Transaction and Revised Commercial Cooperation.

281. CCCS further notes that the Parties have proposed a buffer of [✂] weeks of non-fulfilment for each of the Parties (i.e., a maximum of [✂] weeks of non-fulfilment in a report year if each of the Parties has [✂] weeks of non-fulfilment each).[289] Whilst this buffer is larger compared to previous cases decided by CCCS, such as the *Application for Decision by Deutsche Lufthansa AG and Singapore Airlines Limited (CCS 400/001/16)*, CCCS notes that the Parties are operating under vastly different circumstances due to the unprecedented disruptions to air travel between Singapore and India arising from COVID-19, along with the geopolitical unrest and conflicts resulting in, *inter alia*, volatile operating costs, especially in respect of fuel prices. Accordingly, CCCS is of the view that the larger buffer of [✂] weeks of non-fulfilment for each of the Parties is reasonable as it affords the Parties a degree of commercial flexibility to respond to any change in market conditions should the need arise.[290]

282. CCCS notes that there are certain qualifications as set out in paragraph 5 of each set of the Proposed Commitments which allow for a temporary suspension of the said Proposed Commitments if these specified scenarios were to be realised. CCCS accepts that the qualifications are clear, specific and relatively narrow in scope and purpose, and would affect the Parties' ability to fulfil their commitments to maintain or increase capacity if the listed scenarios were to occur, given that they are outside the control of the Parties. Accordingly, CCCS is of the view that the qualifications are reasonable given the circumstances.

283. CCCS also notes that paragraphs 5.7 and 5.8 of each set of the Proposed Commitments allow for the Parties to apply to CCCS to seek a variation, substitution or release of the commitments in respect of the Category A Routes should the Parties consider that there has been, or is likely to be, a material change in market conditions or operating circumstances or competitive conditions not already contemplated in paragraph 282 above. In the event of such an application,

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[289] In the unlikely event that the Second Transaction does not proceed and only the First Transaction Commitments remain, the [✂] weeks' quota will be split as follows: (i) [✂] weeks collectively for AI and Vistara on each of the Original Overlapping Air Passenger Transport Routes (as both AI and Vistara operate on these routes); and (ii) [✂] weeks for AI only on each of the SIN-MAAvv and SIN-TRZvv routes (as Vistara does not operate on the SIN-MAAvv and SIN-TRZvv routes).

[290] CCCS has no objections regarding the Parties' proposal to split the [✂] weeks quota between AI and Vistara for the Original Overlapping Air Passenger Transport Routes (i.e., SIN-DELvv and SIN-BOMvv) if the Second Transaction does not proceed as this is consistent with the Parties' proposed approach to split the [✂] weeks quota between SIA and AI/Vistara should the Second Transaction proceed. Likewise, CCCS has no objection to the Parties' proposal to allocate the full [✂] weeks quota to AI for SIN-TRZvv and SIN-MAAvv as these routes are in addition to the routes of concern (i.e. SIN-DELvv and SIN-BOMvv) that CCCS raised in respect of the First Transaction.

CCCS will take into consideration all relevant factors that may include, *inter alia*, route-specific profit margins[291] and yield[292] in determining whether to grant the approval to vary, substitute or release the relevant commitments. This is to ensure that the need for a release or variation of the commitments arises from a genuine deterioration of market conditions, rather than an exercise of market power to reduce output.

284. Given the above, CCCS assessed that the Proposed Commitments were acceptable in principle and conducted a consultation of the same from 8 December 2023 to 1 February 2024 with third parties that had previously provided comments on the First Transaction and Proposed Commercial Cooperation and potential new entrants. The public consultation was with regards to whether the Proposed Commitments would address these third parties' concerns with the First Transaction and Second Transaction, and to provide their views on the Second Transaction, if any.

285. At the end of the public consultation, CCCS received responses from a total of four (4) third parties.

First Transaction

286. All but one (1) of the third parties who provided feedback did not raise concerns with the First Transaction Commitments.[293] That third party submitted that the First Transaction gives rise to significant competition concerns in relation to air passenger services between Singapore and India.[294] It further submitted that the First Transaction Commitments are insufficient to remedy competition concerns arising from the First Transaction and submitted that additional conditions should be imposed, namely, (i) capacity on the four Category A Routes should be made available to facilitate entry of other airline operators; (ii) regular review mechanisms should be implemented to assess the impact of the First Transaction on market dynamics and consumer pricing; and (iii) there should be public reporting on key performance metrics such as on time performance, customers' satisfaction and pricing trends. In relation to the third party's suggestion to make capacity available on the Category A Routes to facilitate entry of other carriers, CCCS notes that slot divestment directly from one party to another for flights

[291] Defined as 1 – (Passenger cost per ASK / Passenger revenues per RPK). Unit cost is calculated based on ASK rather than RPK in order to avoid endogenous increase in unit cost caused by an exercise of market power to raise prices and reduce the number of passengers.
[292] Passenger revenues divided by RPK.
[293] [✂], [✂] and [✂] did not raise concerns with the First Transaction Commitments. [✂] raised concerns with the First Transaction Commitments.
[294] [✂]'s 1 February 2024 response to CCCS's 25 January 2024 RFI.

along the same route is not a viable option as the allocation of airport slots at Changi Airport is centrally coordinated by CAAS, with CAG appointed by CAAS as the slot coordinator which allocates available slots to many routes based on a multitude of factors. In relation to the third party's suggestion to implement a mechanism for regular review to assess the impact of the First Transaction and public reporting on key performance metrics, CCCS is of the view that these conditions do not materially improve the level of competition on the Category A Routes, and in any event, CCCS will be monitoring the Parties' adherence to the First Transaction Commitments. Additionally, pursuant to section 60B(6) of the Act, CCCS may review the effectiveness of the Proposed Commitments in such circumstances as it considers appropriate. Finally, CCCS will continue to monitor developments on the Category A Routes and will include these performance metrics to the extent that they are relevant for the purpose of monitoring the Integrated Entity's and SIA's adherence to the Commitments under the independent auditor's scope of work.

287. Twelve other third parties[295] did not respond to CCCS's consultation. As such, CCCS takes the view that the First Transaction Commitments on the Original Overlapping Air Passenger Transport Routes in the event that the Second Transaction does not proceed, are appropriate for the purpose of CCCS's competition assessment.

Second Transaction

288. Save for one (1) third party, the remaining third parties who provided feedback did not raise concerns with the Second Transaction Commitments.[296]

289. The same third party who had concerns with the First Transaction Commitments also raised the same concerns with the Second Transaction Commitments and suggested the same additional conditions to be imposed on SIA and the Integrated Entity. CCCS's assessment of the concerns and suggestions raised for the Second Transaction Commitments is similar to that of the First Transaction Commitments. Twelve other third parties[297] did not respond to CCCS's market testing. As such, CCCS takes the view that the Second Transaction Commitments in relation to the four Category A Routes are appropriate for the purpose of CCCS's competition assessment.

[295] [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂] and [✂].
[296] [✂], [✂] and [✂] did not raise concerns with the First Transaction Commitments. [✂] raised concerns with the First Transaction Commitments.
[297] [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂], [✂] and [✂].

290. In conclusion, CCCS is of the view that the (i) First Transaction Commitments provided by AI, Vistara and SIA; and (ii) Second Transaction Commitments provided by the Integrated Entity and SIA would be sufficient to address the competition concerns which may arise from the First Transaction and Second Transaction respectively.

XIII. CONCLUSION

291. Under section 60A(1) of the Act, CCCS may accept commitments from such person as it thinks appropriate, which remedy, mitigate or prevent the SLC or any adverse effect which has resulted or may be expected to result from a completed merger which has been notified to CCCS.

292. Pursuant to section 60(B)(1) of the Act, CCCS concludes that (i) subject to AI and Vistara's adherence to the First Transaction Commitments, the First Transaction will not infringe section 54 of the Act; and (ii) subject to the Integrated Entity and SIA's adherence to the Second Transaction Commitments, the Second Transaction will not infringe section 54 of the Act. For completeness, in the event that the Second Transaction does not complete (i.e., only the First Transaction remains), CCCS's conclusion in (i) would still stand. Notwithstanding the foregoing, pursuant to section 60(B)(6), CCCS may review the effectiveness of the First Transaction Commitments and the Second Transaction Commitments in circumstances it considers appropriate, including but not limited to, the expiration of the Parties' commitments to CCI in 4 years' time and any significant increases in fares and/or yields with no corresponding significant increase in capacity.

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Alvin Koh
Chief Executive
Competition and Consumer Commission of Singapore

XIV. ANNEX A – CCCS'S ASSESSMENT OF TPL'S FAILING FIRM DEFENCE

1. Paragraph 4.16 of the *CCCS Merger Guidelines* provides that where one of the parties to a merger is genuinely failing, that failing party may exit the market in the event that the merger does not occur. In such a situation, the counterfactual analysis is to be adjusted to reflect the likely failure of one of the parties and the resulting loss in rivalry. That is, in circumstances where CCCS is satisfied that AI would be likely to cease operating if the First Transaction were not to proceed and the conditions to qualify for the FFD are met, then the relevant counterfactual analysis is whether the future with the First Transaction would constitute an SLC when compared with the likely state of competition where the First Transaction does not proceed and AI were to exit the market.

2. Paragraph 4.17 of the *CCCS Merger Guidelines* sets out the following test which must be satisfied before CCCS can accept the FFD:

- First, the firm must be in such a dire situation that without the merger, the firm and its assets would exit the market in the near future. Firms on the verge of judicial management may not meet these criteria, whereas firms in liquidation will usually do so. ("**Limb 1**");
- Second, the firm must be unable to meet its financial obligations in the near future and there must be no serious prospect of re-organising the business, for example, a liquidator has been appointed pursuant to a creditor's winding up petition ("**Limb 2**");
- Third, there should be no less anti-competitive alternative to the merger available. Even if a sale is inevitable, there may be other realistic buyers whose acquisition of the firm and its assets would produce a more competitive outcome. Any offer to purchase the assets of the failing firm at a commercially reasonably price, even if the price is lower than that which the acquiring party is prepared to pay, will be regarded as a reasonable alternative offer. It may also be better for competition that the firm fails and the remaining players compete for its customers and assets than for the failing firm to be transferred wholesale to a single purchaser.

3. In relation to the third bullet point above, CCCS considers that there are two distinct considerations, a) whether there are no less anti-competitive alternative buyers for AI ("**Limb 3a**"); and b) whether it is better for competition in the market to allow AI to fail and exit the market ("**Limb 3b"**).

4. Pursuant to paragraph 4.18 of the *CCCS Merger Guidelines*, the party claiming the FFD would need to provide the following evidence:

- That AI is indeed about to fail imminently under current ownership (including evidence that trading conditions are unlikely to improve);
- All re-financing options have been explored and exhausted; and
- There are no credible bidders in the market (by demonstrating that the firm has made good faith and verifiable efforts to elicit reasonable alternative offers of acquisition).

Limb 1: Whether AI is about to fail imminently under current ownership

<u>TPL's submission</u>

5. First, TPL submitted that AI has far passed the stage of being in a dire situation.[298]

   (a) TPL submitted that AI had been making losses since it merged with the state-owned domestic operator Indian Airlines in 2007. According to the GoI, [✂]. In this regard, TPL also submitted the total comprehensive loss suffered by AI over FY 2017 – 2020 in the table below.[299] Due to continuous losses, AI's net worth (i.e., equity share capital, other equity and receipts from Air India Assets Holding Ltd towards restructuring) remained materially negative at INR 227,899.3 million (SGD 4,148.9 million). Although AIXL has been profitable for this period, the combined loss of AI and AIXL still remains significantly high over this period. Despite the profits made by AIXL over this period, AIXL's net worth (i.e. equity share capital and other equity) remained negative at INR 2,759 million (SGD 50.2 million) due to past accumulated losses.

[298] Paragraphs 23.4 to 23.9 of Form M1.
[299] Paragraph 6.2 of TPL's 4 March 2022 response to CCCS's 6 January 2022 RFI.

<u>Table 1: FY 2017 – 2020 AI and AIXL Total Comprehensive Losses</u>

Financial year	AI Standalone Total Comprehensive Loss for the year (in SGD & INR millions)	AIXL Standalone Total Comprehensive Loss for the year (in SGD & INR millions)
FY 2020 (Year ended 31 March 2021)	SGD 1,289.6 [INR 70,839.1]	SGD 18.1 [INR 996.3]
FY 2019 (Year ended 31 March 2020)	SGD 1,453.3 [INR 79,828.2]	SGD 90.8 [INR 4,985.3]
FY 2018 (Year ended 31 March 2019)	SGD 1,557.7 [INR 85,563.6]	SGD 29.4 [INR 1,615.9]
FY 2017 (Year ended 31 March 2018)	SGD 973.6 [INR 53,481.7]	SGD 40.0 [INR 2,195.8]

(b) AI's precarious position has been addressed by GoI officials on several occasions. In January 2020, the Minister of Civil Aviation has said, "*There is no choice, we either privatise or we close the airline.*" The press release issued by the Ministry of Civil Aviation when the PIM in relation to AI Strategic Divestment was issued further stated: "*Even after infusion of about Rs. 30,500 crore as per Turn Around Plan since 2012, Air India has been running into losses year after year. Due to its accumulated debt of about Rs. 60,000 crore, its financial position is in a very fragile condition*".

(c) AI's loss-making status is also reflected in the difference between its Load Factor ("**LF**")[300] and Break-Even Load Factor ("**BELF**") i.e., when LF is less than BELF, the airline in question is making a loss. For instance, between 2018 and 2019, while Air India's LF was at 79%, the BELF was 93.6%, i.e., a difference of 14% (as opposed to IndiGo, for which the difference was 1.4% and GoAir, whose LF was higher than its BELF by 1%). Similarly, in FY 2018 – 19, SpiceJet and IndiGo had a better LF on international flights (88.1% and 83.1% respectively) compared to AI (78.2%). In FY 2019 – 20 (during the COVID-19 pandemic), IndiGo and SpiceJet had a LF of 81.1%

[300] A higher LF implies that an airline is successful in selling available seats. However, a higher LF may not result in higher operating profit.

and 82.3% respectively on their international routes, as opposed to AI which had a LF of 80.3%. As of May 2021, AI's overall LF stood at 39.3%, as opposed to IndiGo's at 51.2%, SpiceJet at 64% and GoAir at 63.3%.

(d) The average age of AI's fleet (10.2 years) is also significantly older than that of its competitors like IndiGo (5 years) and GoAir (3.7 years). Older fleet effectively compromise the ability of a carrier to effectively compete, owing to increased operational costs per passenger, poor density and poor fuel efficiency, compared to modern aircraft that are designed to be more efficient and accommodate more passengers. Older aircraft also tend to be visually less appealing than newer planes and are therefore unable to attract more passengers. As such, an aged fleet not only increases the cost of operations, it also makes it harder for an airline to increase its LF by attracting more customers, ultimately leading to its inability to act as an effective competitor in the market.

CCCS's assessment

6. CCCS is cognisant of the significant financial difficulties faced by AI, in particular the operational deficits and losses incurred to sustain its operations, which have been exacerbated by the COVID-19 pandemic.

7. CCCS notes that AI has been unprofitable even before the COVID-19 pandemic. Its earnings before income tax were already negative in 2018 and 2019 at INR 85,563.6 million (SGD 1,557,684) and INR 79,828.2 million (SGD 1,453,271) respectively. Further, AI continues to be unprofitable during the COVID-19 pandemic. In this regard, its earnings before income tax were INR 69,792.8 million (SGD 1,270,577) in 2020. However, CCCS notes that after adjusting for expenses such as interest expense, depreciation and amortisation, AI's cash generated from its operations was positive in 2019 and 2020.[301]

8. According to AI's standalone financial statements for 2020-2021, its current liabilities stand at INR 615,988.2 million (SGD 11,214,058) while its current assets stand at INR 43,202.8 million (SGD 786,507) with assets held for sale valued at INR 134,922.3 million (SGD 2,456,259).[302] This effectively means that its current ratio is significantly lower than 1 at 0.07 which is indicative that AI is likely to face issues meeting its short-term financial obligations. Moreover, AI's

[301] Appendix 5-1 of Form M1: Standalone financial statements AIL FY2020-21 (page 4).
[302] Appendix 5-1 of Form M1: Standalone financial statements AIL FY2020-21 (page 1).

debt-to-equity ratio as of 31 March 2021 stands at negative 1 which reflects the inability of shareholder equity to cover all debt in the event of a business downturn.

9. In respect of TPL's submission on BELF and LF, while CCCS notes TPL's submission that AI has been operating at levels where its LF was below BELF, CCCS also notes that other airlines operating along the same routes have been operating at similar levels. For instance, between 2019 and 2020, Vistara's LF and BELF were at 71.4% and 90.3% respectively with a larger difference of 18.9%. Yet, there is no indication that Vistara is a failing firm even though it is operating at a loss. Moreover, CCCS notes that the difference between AI's revenue per RPK and cost per RPK along the Original Overlapping Air Passenger Transport Routes (i.e. SIN-DELvv and SIN-BOMvv) have turned positive in recent years. For instance, between 2019 and 2020, the difference between AI's revenue per RPK and cost per RPK for the SIN-DELvv and the SIN-BOMvv routes were 0.79 and 0.22 respectively. In comparison, between 2018 and 2019, the corresponding figures for the SIN-DELvv and the SIN-BOMvv routes were -0.38 and -0.22 respectively.[303]

10. On balance, CCCS considers it unclear that the evidence provided by TPL that AI is about to fail imminently in the absence of the First Transaction is sufficient to satisfy Limb 1 of the FFD. Notwithstanding AI's deteriorating financial condition as described above, AI is not in liquidation and there is also no evidence that AI's creditors are seriously considering placing AI in liquidation.[304] For completeness, while TPL has submitted that the average age of AI's fleet is much older than its competitors (e.g., IndiGo and GoAir), CCCS is of the view that this is not a relevant consideration in assessing whether AI is about to fail imminently under the former ownership of GoI.

11. In view of the abovementioned, CCCS is thus unable to conclude that AI is highly likely to fail and exit its operations if not for the First Transaction such that Limb 1 of the FFD would be satisfied.

Limb 2: Whether AI has explored and exhausted all re-financing options

<u>TPL's submission</u>

[303] For completeness, the case team requested TPL to provide the corresponding LF, BELF, RPK, ASK, revenue per RPK and cost per RPK of competing airlines operating direct flights along the SIN-DELvv and the SIN-BOMvv routes but TPL submitted that they are unable to do so as such data is not publicly available. See paragraphs 42.1 to 42.5 of TPL's 21 April 2022 response to CCCS's 6 January 2022 RFI.

[304] Paragraphs 39.1 and 45.1 to 45.3 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.

12. TPL submitted that AI is unable to meet its financial situation.[305]

(a) [✂].

(b) Per the consolidated audited financial statements of the AI group for FY 2019 the group had INR 739,608.9 million (SGD 13,464.6 million) in assets, but INR 959,135.7 million (SGD 17,461.1 million) in liabilities. On a long-term basis, the group does not have sufficient assets to meet its liabilities. Moreover, the annual financial performance of the group is worsening the losses in each year of operation. AI group's annual loss from continuing operations was INR 61,169.3 million (SGD 1,113.6 million), and an annual total loss for the group of INR 74,312.4 million (SGD 1,352.9 million).[306]

(c) [✂]. [✂].

(d) On a long-term basis, therefore, the AI group does not have sufficient assets to meet its liabilities and AI is not a viable enterprise without government subsidies. Absent the First Transaction, once such subsidies cease, AI would be highly likely to exit the market very shortly thereafter, resulting in a loss of its assets and employees, as well as availability of any aviation services.

<u>CCCS's assessment</u>

13. At the outset, CCCS notes that TPL did not make any submission that AI has explored and exhausted all re-financing options.

14. Further, CCCS notes that there is no evidence to confirm that in the absence of the First Transaction, AI's creditors (including GoI) will not provide further financial support. On the contrary, the cited auditor's report for the 2019 AI group annual report expressed that the AI group has received continuous support from the GoI initially through the introduction of the Turnaround Plan/Financial Restructuring Plan approved in 2012 and then under the Strategic Revival Plan in FY 2018 which has helped the AI group to improve its operating and financial parameters.[307] Further, the report also noted that the AI group has regularly received equity infusion from the GoI with an aim to aid the AI group to clear its balance sheet. Moreover, the report highlighted that the GoI's support to AI continued in FY

[305] Paragraphs 23.10 to 23.13 of Form M1.
[306] Paragraph 46.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[307] Pages 44 to 45 of Consolidated Financial Statements of Air India Group for the year ended 31st March 2020.

2020, a period in which the aviation industry is severely affected by the COVID-19 pandemic.

15. When asked to provide an estimate of when the GoI's financial support is projected to cease, TPL did not provide an indication.[308] As such, CCCS inferred that GoI's financial support will continue for the foreseeable future as it is noted in the very same auditor's report that the AI group expects improvement in its operational and financial performance in the near future in view of, *inter alia*, the financial support from the GoI.[309]

16. Accordingly, in view of the continual financial support from the GoI to AI, CCCS is of the view that it is unlikely that AI has exhausted all financing options.

Limb 3a: There is no less anticompetitive alternative to TPL acquiring AI, and there are no other credible bidders in the market

<u>TPL's submission</u>

17. TPL submitted that there is no less anti-competitive alternative to the First Transaction.[310]

    (a) Based on public reports and articles, the GoI had tried to sell 76% of the shares of AI in 2018 but no bidder showed interest.

    (b) The First Transaction will ensure that the Indian home carrier (i.e. AI) continues to fly on international routes and compete with international carriers on those routes. In selecting the acquirer, the GoI has taken into account the ability of the selected bidder to ensure AI would become an efficient competitor on international routes to and from India, including routes to/from Singapore.

    (c) Moreover, as far as Singapore is concerned, the overlap between the merger parties is minimal and does not result in a SLC.

    (d) It must be noted that there is no other alternative to the First Transaction, which must be closed to fulfil the GoI's requirements.

<u>CCCS's assessment</u>

[308] Paragraph 46.2 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.
[309] Pages 45 of Consolidated Financial Statements of Air India Group for the year ended 31st March 2020.
[310] Paragraphs 23.14 to Paragraphs 23.17 of Form M1.

18. Apart from the GoI's attempt to sell 76% of the shares of AI in 2018 as mentioned above, based on the submissions and feedback received, no third party has indicated an interest in taking an equity stake in AI. Nor to date, no third party has indicated any such interest. Moreover, CCCS is cognisant of the impact of the COVID-19 pandemic on the aviation sector, and considers it likely that there are no other credible bidders in the market.

Limb 3b: It will not be better for competition if AI were to exit

19. Under Limb 3b of the FFD, CCCS needs to assess, even if AI is indeed a failing firm in the operational and financial sense, whether it would nonetheless be better for competition in the relevant market(s) to let AI exit its operations, and let the remaining players compete for its customers and assets, rather than transferring them to TPL through the merger. In particular, for airline related businesses, CCCS needs to consider in the event that AI exits, whether:

    (a) the airport slots held by AI at both ends of the Original Overlapping Air Passenger Transport Routes and Overlapping Air Cargo Transport Routes will continue to be allocated to the abovementioned routes for the remaining competitors or potential new entrants; and

    (b) the aircraft owned/leased by AI will be acquired/leased by the remaining competitors or potential new entrants to serve the Original Overlapping Air Passenger Transport Routes and Overlapping Air Cargo Transport Routes at cheaper costs.

20. When asked to provide information on the abovementioned, TPL submitted that it is not in a position to speculate on a potential "break-up scenario" as this is not the option that was elected by the GoI.[311] Accordingly, in the absence of the relevant information, CCCS is unable to assess whether Limb 3b is fulfilled in the present case. Nevertheless, CCCS does not see a need to come to any conclusion on Limb 3b given that CCCS is unable to conclude that AI is a failing firm based on the other limbs.

21. In conclusion, for the purpose of the assessment, as it is unclear that AI will fail in the absence of the First Transaction, CCCS considers the appropriate counterfactual to be one where AI remains a going concern.

[311] Paragraph 40.1 of TPL's 5 February 2022 response to CCCS's 6 January 2022 RFI.

XV. ANNEX B - MARKET SHARE FIGURES AND ACTUAL PASSENGER NUMBERS ON THE OVERLAPPING ROUTES FOR ALL THE CARRIERS[312][313]

Table 1A: Market share figures for SIN-BOM vv (inclusive of carriers flying indirect flights for SIN-BOM)

SIN-BOM		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂20-30]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂20-30]%
SQ	[✂]	[✂50-60]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
Others[314]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂50-60]%
Integrated Entity (AI + Vistara)	[✂]	[✂40-50]%
Post Second Transaction	[✂]	[✂90-100]%

[312] Annex 1 of the Parties' 13 September 2023 response to CCCS's RFI dated 6 September 2023.

[313] The complete list of airlines and their respective airline codes are defined here: JetAirways ("**9W**"), IndiGo ("**6E**"), Qantas ("**QF**"), Garuda Indonesia ("**GA**"), Air Anka Airlines ("**TZ**"), SriLankan Airlines ("**UL**"), Malaysia Airlines ("**MH**"), Thai Airways ("**TG**"), Malindo Airways ("**OD**"), Thai Lion Air ("**SL**"), Thai Smile ("**WE**"), Emirates ("**EK**"), VietJet ("**VJ**"), Cathay Pacific ("**CX**"), GoAir ("**G8**"), Qatar Airways ("**QR**"), Bangkok Airways ("**PG**"), Ethihad Airways ("**EY**"), Indonesia AirAsia X ("**XT**"), Saudi Arabian Airlines ("**SV**"), Korean Air ("**KE**"), All Nippon Airways ("**NH**"), Hahn Air ("**H1**"), JetStar ("**3K**"), Myanmar Airways International ("**8M**"), AirAsia Berhad ("**AK**"), Bhutan Airlines ("**B3**"), British Airways ("**BA**"), Biman Bangladesh Airlines ("**BG**"), Pacific Airlines ("**BL**"), US-Bangla Airlines ("**BS**"), Air China ("**CA**"), China Southern Airlines ("**CZ**"), AirAsia X Berhad ("**D7**"), BOK Airlines ("**DD**"), Thai AirAsia ("**FD**"), Flydubai ("**FZ**"), Batik Air ("**ID**"), Japan Airlines ("**JL**"), Aero Nomad Airlines ("**KA**"), Royal Bhutan Airlines ("**KB**"), China Eastern ("**MU**"), Air France ("**AF**"), Turkish Airlines ("**TK**"), Regent Airways ("**RGE**"), Riyadh Air ("**RX**"), Myanmar Airways ("**UB**"), Vietnam Airlines ("**VN**"), Thai VietJet ("**VZ**"), Flexflight ("**W2**"), Oman Air ("**WY**"), Fiji Airways ("**FJ**"), Air New Zealand ("**NZ**"), Virgin Australia ("**VA**"), Asiana Airlines ("**OZ**"), Airasia Indonesia ("**QZ**"), Lufthansa ("**LH**") and Gulf Air ("**GF**"),

[314] Airlines aggregated under others comprises of airlines with a [✂]passenger share. The airlines are: UL – [✂0-10]%, MH – [✂0-10]%, 6E – [✂0-10]%, TG – [✂0-10]%, OD – [✂0-10]%, SL – [✂0-10]%, EK – [✂0-10]%, VJ – [✂0-10]%, CX – [✂0-10]%, QR – [✂0-10]%, EY – [✂0-10]%, GA – [✂0-10]%, H1 – [✂0-10]%, AF – [✂0-10]% and TK – [✂0-10]%.

Table 1B: Market share figures for SIN-BOM vv (includes carriers flying direct flights for SIN-BOM only)

SIN-BOM		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂20-30]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂20-30]%
SQ	[✂]	[✂50-60]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
Others[315]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂50-60]%
Integrated Entity (AI + Vistara)	[✂]	[✂40-50]%
Post Second Transaction	[✂]	[✂90-100]%

Table 2A: Market share figures for SIN-DEL vv (inclusive of carriers flying indirect flights for SIN-DEL)

SIN-DEL		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂40-50]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂20-30]%
SQ	[✂]	[✂30-40]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
Others[316]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂30-40]%
Integrated Entity (AI + Vistara)	[✂]	[✂60-70]%

[315] Airlines aggregated under others comprises of airlines with a [✂]passenger share. The airlines are: 6E – [✂0-10]% and GA – [✂0-10]%.

[316] Airlines aggregated under others comprises of airlines with a [✂]passenger share. The airlines are: 6E – [✂0-10]%, MH – [✂0-10]%, UL – [✂0-10]%, TG – [✂0-10]%, OD – [✂0-10]%, D7 – [✂0-10]%, G8 – [✂0-10]%, EK – [✂0-10]%, VJ – [✂0-10]%, CX – [✂0-10]%, QR – [✂0-10]%, NH – [✂0-10]%, VN – [✂0-10]%, LH – [✂0-10]% and GF – [✂0-10]%.

Post Second Transaction	[✂]	[✂90-100]%

Table 2B: Market share figures for SIN-DEL vv (includes carriers flying direct flights for SIN-DEL only)

SIN-DEL		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂40-50]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂20-30]%
SQ	[✂]	[✂30-40]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂30-40]%
Integrated Entity (AI + Vistara)	[✂]	[✂60-70]%
Post Second Transaction	[✂]	[✂90-100]%

Table 3A: Market share figures for SIN-MAA vv (inclusive of carriers flying indirect flights for SIN-MAA)

SIN-MAA		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂10-20]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂40-50]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂20-30]%
Others[317]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂40-50]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂60-70]%

[317] Airlines aggregated under others comprises of airlines with a [✂]passenger share. The airlines are: UL – [✂0-10]%, AK – [✂0-10]%, MH – [✂0-10]%, FD – [✂0-10]%, TG – [✂0-10]%, EK – [✂0-10]%, QR – [✂0-10]%.

Table 3B: Market share figures for SIN-MAA vv (includes carriers flying direct flights for SIN-MAA only)

SIN-MAA		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂10-20]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂40-50]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂20-30]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂40-50]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂70-80]%

Table 4A: Market share figures for SIN-TRZ vv (inclusive of carriers flying indirect flights for SIN-TRZ)

SIN-TRZ		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂0-10]%
IX	[✂]	[✂20-30]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂40-50]%
6E	[✂]	[✂20-30]%
Others[318]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂40-50]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂60-70]%

[318] Airlines aggregated under others comprises of airlines with a [✂]passenger share. The airlines are: OD – [✂0-10]%, AK – [✂0-10]% and UL – [✂0-10]%.

Table 4B: Market share figures for SIN-TRZ vv (includes carriers flying direct flights for SIN-TRZ only)

SIN-TRZ		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂0-10]%
IX	[✂]	[✂20-30]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂40-50]%
6E	[✂]	[✂20-30]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂40-50]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂70-80]%

Table 5: Market share figures for SIN-AMD vv

SIN-AMD		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	Passenger share (%)
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂10-20]%
SQ	[✂]	[✂60-70]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂0-10]%
VJ	[✂]	[✂0-10]%
Others[319]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂60-70]%
Integrated Entity (AI + Vistara)	[✂]	[✂10-20]%
Post Second Transaction	[✂]	[✂80-90]%

[319] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: WE – [✂0-10]%, EK – [✂0-10]%, QR – [✂0-10]%, VZ – [✂0-10]%, TG – [✂0-10]% and W2 – [✂0-10]%.

Table 6: Market share figures for SIN-ATQ vv

SIN-ATQ		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂90-100]%
Others[320]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂90-100]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂90-100]%

Table 7: Market share figures for SIN-BLR vv

SIN-BLR		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂60-70]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂20-30]%
Others[321]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂60-70]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂60-70]%

[320] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: OD – [✂0-10]%, 6E – [✂0-10]%, G8 – [✂0-10]% and QR – [✂0-10]%.

[321] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: UL – [✂0-10]%, MH – [✂0-10]%, FD – [✂0-10]%, TG – [✂0-10]%, AK – [✂0-10]%, OD – [✂0-10]%, EK – [✂0-10]%, QR – [✂0-10]%, CX – [✂0-10]%, G8 – [✂0-10]% and VJ – [✂0-10]%.

Table 8: Market share figures for SIN-CJB vv

SIN-CJB		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂80-90]%
6E	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
(D) SIA Group Combined	[✂]	[✂80-90]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂90-100]%

Table 9: Market share figures for SIN-HYD vv

SIN-HYD		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂30-40]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂50-60]%
6E	[✂]	[✂10-20]%
Others[322]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂80-90]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂80-90]%

[322] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: MH – [✂0-10]%, AK – [✂0-10]%, TG – [✂0-10]%, UL – [✂0-10]%, EK – [✂0-10]%, QR – [✂0-10]%, WE – [✂0-10]% and VJ – [✂0-10]%.

Table 10: Market share figures for SIN-COK vv

SIN-COK		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂70-80]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂10-20]%
AK	[✂]	[✂0-10]%
Others[323]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂70-80]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂70-80]%

Table 11: Market share figures for SIN-CCU vv

SIN-CCU		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂30-40]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂50-60]%
Others[324]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂30-40]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂40-50]%

[323] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: OD – [✂0-10]%, UL – [✂0-10]%, FD – [✂0-10]%, MH – [✂0-10]%, EK – [✂0-10]%, QR – [✂0-10]% and EY – [✂0-10]%.

[324] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: TG – [✂0-10]%, AK – [✂0-10]%, FD – [✂0-10]%, OD – [✂0-10]%, BG – [✂0-10]%, 8M – [✂0-10]%, WE – [✂0-10]%, BS – [✂0-10]%, EK – [✂0-10]% and QR – [✂0-10]%.

Table 12: Market share figures for SIN-TRV vv

SIN-TRV		
	Pax carried from 1 Apr 2022 - 31 Mar 2023	
Carrier	**Passenger count**	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂90-100]%
Others[325]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂90-100]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂90-100]%

Table 13: Market share figures for SIN-VTZ vv

SIN-VTZ		
	Pax carried from 1 Apr 2022 - 31 Mar 2023	
Carrier	**Passenger count**	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂80-90]%
6E	[✂]	[✂10-20]%
Others[326]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂80-90]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂80-90]%

[325] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: 6E – [✂0-10]%, UL – [✂0-10]%, EK – [✂0-10]% and QR – [✂0-10]%.

[326] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: G8 – [✂0-10]%.

Table 14: Market share figures for SIN-BBI vv

SIN-BBI		
	Pax carried from 1 Apr 2022 - 31 Mar 2023	
Carrier	**Passenger count**	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂10-20]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂70-80]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂20-30]%

Table 15: Market share figures for SIN-DIB vv

SIN-DIB		
	Pax carried from 1 Apr 2022 - 31 Mar 2023	
Carrier	**Passenger count**	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂90-100]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂0-10]%

Table 16: Market share figures for SIN-GAU vv

SIN-GAU		
	Pax carried from 1 Apr 2022 - 31 Mar 2023	
Carrier	**Passenger count**	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%

SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂30-40]%
KB	[✂]	[✂60-70]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂0-10]%
Post Second Transaction	[✂]	[✂0-10]%

Table 17: Market share figures for SIN-GOI vv

SIN-GOI		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂10-20]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂60-70]%
Others[327]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂20-30]%
Post Second Transaction	[✂]	[✂30-40]%

Table 18: Market share figures for SIN-IXZ vv

SIN-IXZ		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂50-60]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂50-60]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%

327 Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: QR – [✂0-10]% and G8 – [✂0-10]%.

Summary		
SIA Group Combined	[✂]	[✂50-60]%
Integrated Entity (AI + Vistara)	[✂]	[✂50-60]%
Post Second Transaction	[✂]	[✂90-100]%

Table 19: Market share figures for SIN-LKO vv

SIN-LKO		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂20-30]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂0-10]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂50-60]%
FD	[✂]	[✂0-10]%
Others[328]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂30-40]%
Post Second Transaction	[✂]	[✂30-40]%

Table 20: Market share figures for SIN-PAT vv

SIN-PAT		
Carrier	**Pax carried from 1 Apr 2022 - 31 Mar 2023**	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂20-30]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂10-20]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂60-70]%
Others[329]	[✂]	[✂0-10]%
Grand total	[✂]	[✂90-100]%
Summary		

[328] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: G8 – [✂0-10]% and EK – [✂0-10]%.

[329] Airlines aggregated under others comprises of carriers with a [✂]passenger share. The carriers are: KB – [✂0-10]%.

SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂30-40]%
AI	[✂]	[✂20-30]%

Table 21: Market share figures for SIN-VNS vv

SIN-VNS		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂10-20]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂60-70]%
G8	[✂]	[✂10-20]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂10-20]%
Post Second Transaction	[✂]	[✂20-30]%

Table 22: Market share figures for SIN-IXC vv

SIN-IXC		
Carrier	Pax carried from 1 Apr 2022 - 31 Mar 2023	
	Passenger count	**Passenger share (%)**
AI	[✂]	[✂0-10]%
IX	[✂]	[✂0-10]%
UK	[✂]	[✂70-80]%
SQ	[✂]	[✂0-10]%
MI	[✂]	[✂0-10]%
TR	[✂]	[✂0-10]%
6E	[✂]	[✂20-30]%
Grand total	[✂]	[✂90-100]%
Summary		
SIA Group Combined	[✂]	[✂0-10]%
Integrated Entity (AI + Vistara)	[✂]	[✂70-80]%
Post Second Transaction	[✂]	[✂70-80]%