

MEDIA RELEASE

23 September 2013

CCS ISSUES A CLEARANCE DECISION ON QANTAS-JETSTAR'S PROPOSED CONDUCT IN RELATION TO ITS PAN-ASIA STRATEGY

1. The Competition Commission of Singapore ("CCS") has cleared the notification for decision received from Qantas Airways Limited ("Qantas Airways") and Jetstar Airways Pty Limited ("Jetstar Airways"). The notification was regarding the application of section 34 of the Competition Act to their proposed conduct under the Jetstar Pan-Asia Strategy ("Proposed Conduct").
2. The Jetstar Pan-Asia Strategy pursued by Qantas Airways will enable the establishment of Jetstar joint ventures ("Jetstar JVs") in a number of Asian jurisdictions, by Qantas Airways/Jetstar Airways together with local airline partners, to operate low-cost carriers ("LCCs") under the Jetstar brand and business model. Under the strategy, the parties to the Proposed Conduct would coordinate on network, scheduling, pricing, marketing, purchasing, customer service and resourcing decisions.
3. After reviewing the submissions provided by the parties and various stakeholders, CCS finds that some parts of the Proposed Conduct would raise competition concerns but these would be offset by net economic benefits ("NEBs")¹ to Singapore passengers and therefore the Proposed Conduct is excluded from the Section 34 Prohibition of the Competition Act.² In arriving at this conclusion, CCS notes that the presence of LCCs on routes can generally increase the level of competitiveness through increased capacity and reduced prices from existing airlines on these routes.

¹ Under section 35 of the Act, an agreement with NEBs can be excluded from the Section 34 Prohibition of the Competition Act if such an agreement contributes to improving production or distribution or promoting technical or economic progress but which does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives, and does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods and services in question.

² Agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore fall within the Section 34 Prohibition. By operation of section 35 of the Competition Act (read with paragraph 9 of the Third Schedule of the Act), the Proposed Conduct, within the relevant markets, is excluded from the Section 34 Prohibition of the Competition Act.

4. CCS Chief Executive, Ms. Yena Lim said, “More airlines are turning to strategic alliances in response to changes in the global economy. When reviewing such applications, CCS considers whether the proposed conduct would result in better connectivity, lower fares or increased capacity to benefit Singapore passengers. This is necessary to address any competition concerns that may arise in such cooperation agreements.”
5. Further information on the Applicants and the analysis of the decision is set out at :

http://www.ccs.gov.sg/content/ccs/en/Public-Register-and-Consultation/Public-Register/Anti-competitive-Agreements.detail.proposed_conductbetweenqantasairwayslimitedandjetstarairwaysptyl.html

About Competition Commission of Singapore

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. For more information, please visit www.ccs.gov.sg.

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