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**Section 44 of the Competition Act 2004**

**Grounds of Decision issued by the Competition and Consumer Commission of Singapore (“CCCS”)**

**Application for Decision by Singapore Airlines Limited and Malaysia Airlines Berhad  
7 July 2025**

**Case number: CCCS 400/110/2019/002**

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<p>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 [X].</p>
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## **I. Introduction**

1. This decision relates to an application received by the Competition and Consumer Commission of Singapore (“**CCCS**”) from Singapore Airlines Limited (“**SIA**”) and Malaysia Airlines Berhad (“**MAB**”) (each, an “**Applicant**”, and collectively, the “**Applicants**”) pursuant to section 44 of the Competition Act 2004 (the “**Act**”) as to whether the proposed commercial cooperation framework between SIA and MAB (the “**Proposed Commercial Cooperation**”) will infringe section 34 of the Act (the “**Application**”). The Application was submitted as an update to a prior application made by the Applicants in 2019, which was conditionally approved by CCCS on 10 May 2022 based on prevailing conditions of the airline industry<sup>1</sup> (the “**2022 Decision**”). While CCCS had accepted the Application on 24 March 2023 for review, the scope of the Application was only finalized on 3 November 2023 following a formal revision to the Proposed Commercial Cooperation to exclude the Applicants’ affiliated low-cost carriers<sup>2</sup> (“**LCC**”) from the Proposed Commercial Cooperation (as set out in paragraph 12).<sup>3</sup>
2. As part of CCCS’s assessment on the Application, CCCS sought further feedback from third parties, including an aviation regulatory body<sup>4</sup> and competitors<sup>5</sup> on the Proposed Commercial Cooperation. A consultation was subsequently conducted between 21 February to 4 March 2025 to obtain feedback on the draft commitments submitted by the Applicants to address potential competition concerns arising from the Proposed Commercial Cooperation.<sup>6</sup>
3. CCCS’s decision is based on the submissions and information provided by the Applicants, as well as information obtained from third parties.

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<sup>1</sup> In view of the Covid-19 situation where the airline industry had suffered significantly due to closed borders such that a competition assessment was not meaningful, CCCS had approved the Proposed Commercial Cooperation, on the condition that the Applicants would submit an updated application for CCCS’s review once air passenger traffic have sufficiently recovered. On 16 November 2022, the Applicants submitted information to CCCS which indicated that air passenger traffic had sufficiently recovered by the end of August 2022.

<sup>2</sup> The LCCs of SIA and MAB are Scoot Tigerair Private Limited and Firefly Sdn Bhd respectively.

<sup>3</sup> Paragraph 5(a) of the Applicants’ letter dated 11 October 2023 to CCCS and the Applicants’ letter dated 3 November 2023 to CCCS.

<sup>4</sup> [REDACTED].

<sup>5</sup> Competitors approached include [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED].

<sup>6</sup> CCCS reached out to [REDACTED] and competitors who had previously provided comments during the public consultation on the Proposed Commercial Cooperation.

## **II. The facts and Applicants' submissions**

### **A. The Applicants**

#### **(1) SIA**

4. SIA is a Singapore-based full-service airline ("**FSA**") offering scheduled air passenger services. It is a public company listed on the mainboard of the Singapore Exchange Securities Trading Limited. The principal activities of SIA comprise (through itself and its subsidiaries) the provision of scheduled international air passenger and air cargo transportation services, engineering services, training of pilots, air charters, and tour wholesaling and related services.<sup>7</sup>
5. Apart from SIA's FSA ("**Singapore Airlines**"), SIA has one wholly owned subsidiary, Scoot Pte Ltd ("**Scoot**"), which operates an airline positioned as a low-cost carrier ("**LCC**") for medium-haul and long-haul flights.<sup>8</sup>
6. The global turnover for the SIA group for the financial year ending March 2025 was \$19,539.8 million.<sup>9</sup>

#### **(2) MAB**

7. MAB is a wholly owned subsidiary of the Malaysia Aviation Group Bhd ("**MAG**") and a Malaysia-based FSA. The principal activities of MAB (through itself or related subsidiaries under the common ownership of MAG) consist of scheduled international air passenger and cargo air transportation services, and engineering services.
8. Apart from MAB's FSA ("**Malaysia Airlines**"), MAG has one wholly owned subsidiary, FlyFirefly Sdn Bhd ("**Firefly**"), which operates as a LCC, based mainly in Penang and Subang. Firefly provides connections to various points within Malaysia, Southern Thailand, Singapore and Sumatra.<sup>10</sup>
9. The global turnover for MAG for the financial year of 2024 was MYR 13.68 billion (approximately SGD 4.16 billion<sup>11</sup>).<sup>12</sup>

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<sup>7</sup> Paragraph 3.3 of Form 1.

<sup>8</sup> Paragraph 3.4 of Form 1.

<sup>9</sup> Page 17 of the SIA Annual Report 2025.

<sup>10</sup> Paragraph 11.2.2 of Form 1.

<sup>11</sup> Conversion to SGD using the Monetary Authority of Singapore's 2024 exchange rate of 100 MYR = 30.43 SGD.

<sup>12</sup> Media release issued by MAG dated 17 April 2025

(<https://malaysiaaviationgroup.com.my/en/MAG-media-centre/news-releases/2025/positive-niat-rm54mil.html>)

***B. The Proposed Commercial Cooperation***

*(1) Scope and nature of cooperation*

10. The Proposed Commercial Cooperation between the Applicants will be implemented through a Commercial Cooperation Framework Agreement executed on 30 October 2019 (“**Framework Agreement**”).<sup>13</sup> The Framework Agreement envisages a metal-neutral alliance in respect of scheduled air passenger services between Singapore and Malaysia, where the Applicants would cooperate in the following areas:
- (a) Revenue sharing on the agreed Joint Business Routes<sup>14</sup> pursuant to a mutually developed revenue share model.<sup>15</sup>
  - (b) Network planning and schedule coordination on the Joint Business Routes.<sup>16</sup>
  - (c) Alignment of the Applicants’ fare structures.<sup>17</sup>
  - (d) Coordination of the Applicants’ distribution systems and inventory management strategies.<sup>18</sup>
  - (e) Sales cooperation and joint marketing on various media channels.<sup>19</sup>
11. Aside from the aforementioned metal-neutral alliance, the Framework Agreement also contemplates the execution of other implementing agreements between the Applicants, including expanded codeshare and prorate agreements, a frequent flyer agreement to develop extensive frequent flyer programme cooperation, and a data sharing agreement.<sup>20</sup>

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<sup>13</sup> The Proposed Commercial Cooperation comprises of: (a) a metal-neutral alliance where the Applicants cooperate in areas outlined in paragraph 10(a), but the agreements in these areas of cooperation (such as the revenue sharing agreement) will not be implemented until requisite approvals have been obtained from CCCS and Malaysian Aviation Commission (“**MAVCOM**”); and (b) other individual implementing agreements between the Applicants, such as expanded codeshare agreements, which do not require competition law approval.

<sup>14</sup> This refers to all routes between Singapore and Malaysia, including the Overlapping Direct Routes (as defined in Table 1 of this decision). For the initial phase, the Applicants only intend to commence revenue sharing on the Overlapping Direct Routes. In subsequent phases, the Applicants will look to commence revenue sharing on non-Overlapping Direct Routes. Paragraph 13.17 of Form 1; Paragraph 4.6(a) of the Framework Agreement; Paragraph 2.1(b) and exhibit E6 of the Revenue Sharing Agreement dated 1 August 2022.

<sup>15</sup> Schedule 2 Part D of the Framework Agreement.

<sup>16</sup> Paragraph 13.19 of Form 1; Paragraph 4.6(c) of the Framework Agreement.

<sup>17</sup> Paragraph 13.20 of Form 1; Paragraph 4.6(d)(i) of the Framework Agreement.

<sup>18</sup> Paragraphs 13.21 and 13.22 of Form 1; Paragraphs 4.6(e) and 4.6(f) of the Framework Agreement.

<sup>19</sup> Paragraph 13.23 of Form 1; Paragraphs 4.6(g) and 4.6(h) of the Framework Agreement.

<sup>20</sup> Paragraphs 13.6 and 13.7 of Form 1. Although the Applicants submitted that the individual implementing agreements, by themselves, do not give rise to competition law concerns, the Applicants notes that these implementing agreements are part of the broader Proposed Commercial Cooperation for which competition law approval is sought in respect of the metal-neutral alliance.

12. On 11 October and 3 November 2023, the Applicants clarified that the scope of the Proposed Commercial Cooperation would be reduced to only cover the Applicants' FSAs, ie. Singapore Airlines and Malaysia Airlines, and not their LCCs. The Applicants explained that this was due to a lack of systems integration between their FSAs and LCCs, and that the Proposed Commercial Cooperation can only commence with their FSAs.<sup>21</sup> However, this does not preclude the Applicants from seeking to include their LCCs into the Proposed Commercial Cooperation at a subsequent phase.<sup>22</sup>

(2) *Duration*

13. Following the execution of the Framework Agreement on 31 October 2019, the Framework Agreement was automatically renewed after an initial five-year term lapsed on 31 October 2024. Unless terminated, the Framework Agreement would be automatically renewed on an annual basis.<sup>23</sup>

(3) *Purpose and objective*

14. The Applicants submitted that the Proposed Commercial Cooperation is intended to create efficiencies that neither Applicant could achieve on their own, which will allow them to expand and enhance its product and service offerings provided to customers, including a more seamless travel experience for customers travelling on Origin-Destination (“OD”) routes involving the Applicants' networks.<sup>24</sup>

### **III. Legislative framework**

15. Section 34 of the Act prohibits 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 (the “**section 34 prohibition**”). Specifically, section 34(2) of the Act states that:

*... agreements ... may, in particular, have the object or effect of preventing, restricting or distorting competition within Singapore if they —*

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<sup>21</sup> Paragraph 3 of the Applicants' letter dated 3 November 2023 to CCCS.

<sup>22</sup> The Applicants clarified that if they intend to include their LCCs in the Proposed Commercial Cooperation in future, they will seek CCCS's approval as necessary. Paragraphs 1.1 to 1.5 of the Applicants' response dated 8 April 2024 to CCCS's request for information (“RFI”) dated 25 March 2024.

<sup>23</sup> Clause 10.1 of the Framework Agreement.

<sup>24</sup> Paragraph 13.9 and 13.12 of Form 1.

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*(a) directly or indirectly fix purchase or selling prices or any other trading conditions;*

*(b) limit or control production, markets, technical development or investment...*

16. An agreement involving price fixing, bid-rigging, market sharing or output limitations will always be deemed to have an appreciable adverse impact on competition and fall within the scope of the section 34 prohibition, unless it is excluded or exempted.<sup>25</sup>
17. Given that each of the Applicants is an undertaking carrying on commercial and economic activities related to the provision of international passenger air transport services, the Proposed Commercial Cooperation constitutes an agreement between undertakings, which may be assessed within the scope of section 34 of the Act.

### IV. Competition assessment

#### A. *Theory of harm*

18. As discussed at paragraph 10 **Error! Reference source not found.** above, the Applicants intend to engage in revenue sharing and coordinate on capacity, network planning, scheduling, pricing, inventory and sales and marketing in respect of passenger air transport services between Singapore and Malaysia, pursuant to the Proposed Commercial Cooperation.
19. On the spectrum of alliance cooperations, the level of cooperation envisaged in the Proposed Commercial Cooperation extends to a very high level of cooperation between the Applicants for services between Singapore and Malaysia, requiring a high level of scrutiny where overlapping routes are considered. Further, the elements of coordination relating to price and capacity that are present in the Proposed Commercial Cooperation involve restrictions of competition by object. As set out in paragraph 2.24 of the *CCCS Guidelines on the Section 34 Prohibition*, agreements involving restrictions of competition by object will always have an appreciable adverse effect on competition.

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<sup>25</sup> Paragraph 2.24 of the *CCCS Guidelines on the Section 34 Prohibition*.

**B. The relevant market**

20. The Applicants had initially submitted that they overlap along the following seven OD routes, prior to the reduction of scope that excluded Scoot and Firefly from the Proposed Commercial Cooperation.<sup>26</sup>

<b>Table 1. The Applicants' submission on the overlapping routes</b>	
<b>Direct<sup>27</sup> (collectively, the "Overlapping Direct Routes")</b>	
1.	Singapore (Changi Airport) / Singapore (Seletar Airport) to Kuala Lumpur / Subang ("SIN/XSP-KUL/SZB") vice versa ("vv")
2.	Singapore (Changi Airport) to Kuching ("SIN-KCH") vv
<b>Indirect<sup>28</sup> (collectively, the "Overlapping Indirect Routes")</b>	
3.	Singapore (Changi Airport) to Kota Kinabalu vv
4.	Singapore (Changi Airport) to Kuantan vv
5.	Singapore (Changi Airport) to Langkawi vv
6.	Singapore (Changi Airport) to Miri ("SIN-MYY") vv <sup>29</sup>
7.	Singapore (Changi Airport) to Penang ("SIN-PEN") vv <sup>30</sup>

21. CCCS had, in the 2022 Decision, found that the relevant market for the purposes of the assessment should comprise direct air passenger services for each OD city pair of the Overlapping Direct Routes between Singapore and Malaysia.<sup>31</sup> The Applicants cited the same position in relation to the relevant market to be considered for the purposes of the Application, which is:<sup>32</sup>

(a) SIN/XSP-KUL/SZB vv; and

(b) SIN-KCH vv.

<sup>26</sup> Paragraph 7.4 of Form 1.

<sup>27</sup> This grouping comprises services between Singapore and Malaysia where both Singapore Airlines and Malaysia Airlines operate direct (ie. non-stop) services.

<sup>28</sup> This grouping comprises services between Singapore and Malaysia where Malaysia Airlines operates indirect services with one stop in Kuala Lumpur, and Singapore Airlines operates direct services.

<sup>29</sup> CCCS notes that the SIN-MYY vv route was not submitted as an Overlapping Indirect Route in its prior application in 2019. In updating its application to CCCS, the Applicants clarified that the SIN-MYY route became an Overlapping Indirect Route, as Singapore Airlines had begun operating the SIN-MYY vv route as a direct service on 23 February 2022. Paragraph 1.1 of the Applicants' responses dated 16 June 2023 to CCCS's RFI dated 31 May 2023.

<sup>30</sup> The Applicants submitted that for completeness, there is an existing codeshare arrangement between Singapore Airlines and Malaysia Airlines on the SIN-PEN vv route. However, as Malaysia Airlines does not operate its own aircraft on this route, it is considered an Overlapping Indirect Route. Footnote 9 of Form 1.

<sup>31</sup> Paragraph 53 of the 2022 Decision.

<sup>32</sup> Paragraphs 7.4 and paragraphs 8.1 to 8.3 of Form 1.



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22. As set out in paragraph 12, the Applicants submitted a reduction in the scope of the Proposed Commercial Cooperation, such that only the Applicants' FSAs (and not their LCCs) will be part of the Proposed Commercial Cooperation.
23. Consequently, CCCS notes that the Applicants' FSAs (ie. Singapore Airlines and Malaysia Airlines) would no longer overlap along the SIN-KCH vv route, Singapore (Seletar Airport) to Subang ("XSP-SZB") vv or Singapore (Changi Airport) to Subang ("SIN-SZB") vv routes<sup>33</sup>.
- (a) Only Scoot is currently operating along the SIN-KCH vv route.<sup>34</sup> Neither Firefly nor Malaysia Airlines<sup>35</sup> currently operates along the SIN-KCH vv route.<sup>36</sup>
  - (b) Neither of the Applicants' FSAs nor LCCs currently operate along the XSP-SZB vv route.<sup>37</sup>
  - (c) Neither of the Applicants' FSAs are currently operating on the SIN-SZB vv route.<sup>38</sup>
24. CCCS is of the view that there are no material developments since the 2022 Decision (including third party feedback) that warrant a reconsideration of the relevant market for the purposes of this Application, including the reduction in the scope of the Proposed Commercial Cooperation. Hence, CCCS considers that the following principles in CCCS's 2022 Decision remain applicable.
- (a) The approach to define market definition is based on the OD city pair as set out in paragraph 27 of the *CCCS Guidance Note for Airline Alliance Agreements* ("**CCCS Guidance Note**").

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<sup>33</sup> For completeness, there are no airlines flying along the XSP-KUL vv route therefore the Applicants' FSAs do not overlap along this route.

<sup>34</sup> Paragraph 4.1 and 5.1 of the Applicant's response dated 8 April 2024 to CCCS's RFI dated 25 March 2024. Singapore Airlines does not currently operate along the SIN-KCH vv route and has no intention of doing so.

<sup>35</sup> Firefly has never operated along the route. Malaysia Airlines had ceased operations along the route since 30 March 2024.

<sup>36</sup> Paragraph 6.1 of the Applicant's response dated 8 April 2024 to CCCS's RFI dated 25 March 2024; Paragraph 10.1 of the Applicant's response dated 4 October 2024 to CCCS's RFI dated 13 September 2024.

<sup>37</sup> Paragraph 1 of the Applicant's email dated 8 December 2023; and Paragraph 11.1 and 11.2 of the Applicant's response dated 4 October 2024 to CCCS's RFI dated 13 September 2024.

<sup>38</sup> Paragraph 12 of the Applicant's response dated 4 October 2024 to CCCS's RFI dated 13 September 2024.

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- (b) Indirect flights between Singapore and Malaysia do not belong to the same relevant market as direct flights.<sup>39</sup>
- (c) There is no need to further segment the market between FSAs and LCCs.<sup>40</sup>
- (d) Alternative airports in the same city are substitutable to each other (ie. Changi Airport and Seletar Airport in Singapore; as well as Kuala Lumpur and Subang). The relevant market would therefore include all four airports – Changi Airport, Seletar Airport, Kuala Lumpur International Airport and Sultan Abdul Aziz Shah Airport (Subang), and there is no need to define separate markets for any routes to/from Seletar Airport and Subang on the SIN/XSP-KUL/SZB route.<sup>41</sup> However, given the reduction in scope of the Proposed Commercial Cooperation, which no longer includes the LCCs, the route that is relevant for the purposes of the assessment is the route on which the Applicants' FSAs overlap (ie. the Singapore (Changi Airport) to Kuala Lumpur ("SIN-KUL") vv route).<sup>42</sup> For the purposes of assessing the effects on competition in the relevant market arising from the Proposed Commercial Cooperation, CCCS will consider the market shares of the Applicants' LCCs (ie., Scoot and Firefly, which continue to operate along the SIN-KUL vv route), alongside that of the Applicants' FSAs (ie. Singapore Airlines and Malaysia Airlines).<sup>43</sup> This is because Scoot and Firefly are wholly owned subsidiaries controlled by the Applicants and cannot be considered as independent competitors with the ability or incentive to compete against the Applicants' FSAs on the SIN-KUL vv route.<sup>44</sup>
- (e) There are no separate markets for time-sensitive and non-time sensitive passengers given the short-haul nature of the relevant flights.<sup>45</sup>

25. In view of the foregoing and for the purpose of assessing the Application, CCCS has assessed that the relevant market should comprise direct air

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<sup>39</sup> Paragraph 50 of CCCS's 2022 Decision.

<sup>40</sup> Paragraph 52 of CCCS's 2022 Decision.

<sup>41</sup> Paragraph 51 of CCCS's 2022 Decision.

<sup>42</sup> See paragraphs 21 to 23 of this decision.

<sup>43</sup> This approach is consistent with paragraph 53 of CCCS's Grounds for Decision dated 21 March 2025, in relation to the proposed commercial cooperation between Singapore Airlines Limited and All Nippon Airways Co., Ltd.

<sup>44</sup> Paragraph 5 of the Applicant's letter dated 3 November 2023.

<sup>45</sup> Paragraph 52 of CCCS's 2022 Decision.

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passenger services on the SIN-KUL vv route (excluding any routes to/from Seletar Airport and Subang) (the “**Relevant Market**”).

### *C. Object or effect of the prevention, restriction or distortion of competition within Singapore*

26. The Applicants submitted that the structure of the Relevant Market, the lack of market power on the part of the Applicants, and the entry conditions into the Relevant Market, are such that the Proposed Commercial Cooperation will not appreciably restrict competition in the Relevant Market generally. This is because the Applicants will continue to be effectively constrained by other strong competitors, low barriers to entry and expansion and competition from other modes of transport.<sup>46</sup>
27. In relation to the presence of strong competitors, the Applicants submitted that following the implementation of the Proposed Commercial Cooperation, they will continue to face intense competition in the Relevant Market from competing airlines such as AirAsia, Jetstar Asia and Batik Air Malaysia.<sup>47</sup> AirAsia for example, was highlighted as the market leader,<sup>48</sup> which has been aggressive in expanding capacity in its original home market of Malaysia and operates with lower operating costs (which traditional FSAs are unlikely to match).<sup>49</sup>
28. In respect of low barriers to entry and expansion, the Applicants submitted that air carriers (including those from other countries) are able to operate services in the Relevant Market by virtue of liberal air service agreements. There are no regulatory barriers to increase capacity on routes between Singapore and Malaysia by Singaporean or Malaysian carriers, and air carriers have the ability to deploy larger aircraft types for existing flights and/or deploy new services during off-peak periods as these airports do not have curfews. Accordingly, it would be relatively easy for existing competitors or new entrants to respond to any increases in demand as a result of any attempted exercise in market power by the Applicants (eg. price increase, reduction in output or quality) after the Proposed Commercial Cooperation.<sup>50</sup>

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<sup>46</sup> Paragraph 14.5 of Form 1.

<sup>47</sup> Paragraph 14.7 of Form 1.

<sup>48</sup> Paragraph 14.9 of Form 1.

<sup>49</sup> Paragraph 14.10 of Form 1. CCCS notes that while the Applicants cited “several key advantages” of AirAsia, they had only provided one advantage (lower operating costs) in their submission.

<sup>50</sup> Paragraph 14.24 of Form 1. Additionally, the Applicants note that Malaysia had announced plans to redevelop Subang Airport into a premium city airport and aviation hub with a maximum capacity of 8 million annual passengers, which involve the introduction of commercial jet passenger flights. However, CCCS considers this to be a neutral point, given that Subang airport is excluded from the Relevant Market.

29. Regarding competition from other modes of transport, the Applicants submitted that inter-modal transportation in the form of coach and car services is a substitute for the SIN-KUL vv route. Specifically, the total time taken and the costs involved to travel from the central business district in Singapore to Kuala Lumpur City Centre via various transport options are comparable. For example, travelling via the Applicants' direct flight services would take roughly 5 hours 28 minutes<sup>51</sup>, while coach services and private transport would take approximately 5 hours and 3 hours 48 minutes respectively<sup>52</sup>. Prices would also be in the range of about \$109 for air fares, and between \$28 to \$70 for coach services or private transportation.<sup>53</sup> The Applicants also submitted that coach services may be comparable or better in terms of frequency, scheduling and comfort when compared against flight services.<sup>54</sup>

(1) *CCCS's assessment*

(a) Object of preventing, restricting or distorting competition

30. As a starting point, CCCS considers that 'metal-neutral' airline alliances, which contemplate coordination between the parties on pricing, capacity, frequency and scheduling of flights, or sharing of revenue according to the capacity output by each airline, are akin to price-fixing or capacity control agreements and have the object of restricting competition.<sup>55</sup>

31. Accordingly, CCCS is of the view that where the elements of coordination present in the Proposed Commercial Cooperation are akin to a price-fixing or capacity control agreement on services provided by the Applicants in the Relevant Market, these would have an appreciable adverse impact on competition in Singapore.

32. Where an agreement is found to have the object of preventing, restricting or distorting competition, it would not be necessary to determine the actual effects of such agreements.<sup>56</sup>

33. Notwithstanding the above, considering the Applicants' submissions and feedback from third parties in relation to the Relevant Market, CCCS

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<sup>51</sup> Paragraph 14.17 of Form 1.

<sup>52</sup> Paragraph 14.18 of Form 1.

<sup>53</sup> Paragraph 14.19 of Form 1.

<sup>54</sup> Paragraphs 14.20 to 14.22 of Form 1.

<sup>55</sup> Paragraph 54 of the CCCS Guidance Note.

<sup>56</sup> *CU Water Services Pte Ltd v CCCS* [2023] SGCAB 1, at [50] to [55]. See also *Re Pest Control Operators in Singapore* [2008] SGCCS 1, at [48]; and *Re Price Fixing in Bus Services from Singapore to Malaysia and Southern Thailand* [2009] SGCCS 2, at [70].

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concludes that there are demonstrable appreciable adverse effects on competition in Singapore arising from the Proposed Commercial Cooperation, with respect to the SIN-KUL vv route. This is in light of the following reasons:

- (a) **High combined market share of SIA and MAB at the group level.** With reference to Table 2 below, the Applicants have sustained a high combined market share of [§<40-50]% (based on the January to July 2024 period) which grew from [§<40-50]% (based on the January to December 2023 period).<sup>57</sup> With the expected exit of Jetstar Asia from the Relevant Market on 31 July 2025, it is conceivable that the Applicants' combined market shares in the relevant market may further increase by up to [§<0-10]% (see paragraph 37 below). In contrast, the next largest competitor and market leader of the SIN-KUL vv route, AirAsia, has a market share of [§<20-30]% (based on the January to July 2024 period) which fell from [§<30-40]% (based on the January to December 2023 period). The Applicants' high combined market share relative to the next largest competitor could be indicative of the Applicants holding significant market power.
- (b) **Barriers to entry and expansion remain moderately high due to slot constraints.** Several competitors had noted slot <sup>58</sup> constraints/congestion at Changi Airport as an impediment to entry and expansion.<sup>59</sup> For example, several competitors highlighted prior failures in applying for airport slots in Changi Airport.<sup>60</sup> This suggests that it may be difficult for existing competitors to expand due to the slot constraints at Changi Airport, which will likewise apply to new entrants looking to enter and compete effectively with the Applicants.

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<sup>57</sup> Notwithstanding the Applicants' submissions that Scoot and Firefly are not covered by the Proposed Commercial Cooperation after the reduction in scope, CCCS has included Scoot and Firefly's market shares as part of the Applicants' market shares. See further elaboration in paragraph 35.

<sup>58</sup> According to the International Air Transport Association, slots are defined as a permission given by an airport coordinator for a planned operation to use the full range of airport infrastructure necessary to arrive or depart at an airport on a specific date and time.

<sup>59</sup> Paragraphs 6 to 8 of [§<]'s 3 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; Paragraphs 6 and 7 of [§<]'s 3 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; Paragraphs 6 and 7 of [§<]'s 20 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; and Paragraphs 6 to 8 of [§<]'s 13 February 2020 response to CCCS's 22 January 2020 Invitation to Comment.

<sup>60</sup> Paragraphs 6 to 8 of [§<]'s 3 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; Paragraphs 6 and 7 of [§<]'s 3 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; Paragraphs 6 and 7 of [§<]'s 20 February 2020 response to CCCS's 22 January 2020 Invitation to Comment; and Paragraphs 6 to 8 of [§<]'s 13 February 2020 response to CCCS's 22 January 2020 Invitation to Comment.

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- (c) **Competition from other modes of transportation may not exert sufficient competitive constraint.** CCCS had concluded that the Relevant Market in paragraph 25 above had excluded other modes of transportation such as coach and car services, which was also the position cited by the Applicants in the Application.<sup>61</sup> Most of third parties' feedback indicated that other modes of transport such as coach and car services are insufficient in influencing passengers' behaviour for them to be considered as a competitive substitute to flight services, due to the difference in travel time, costs and experience.<sup>62</sup> CCCS therefore considered that coach and car services do not serve as credible substitutes to direct flight services to passengers in the Relevant Market and are in turn, unlikely to exert sufficient competitive constraint on the Applicants.

(b) Market shares

34. Table 2 below shows the market share figures and actual number of passengers carried in the Relevant Market on a yearly basis. In assessing the effects on competition in Singapore arising from the Proposed Commercial Cooperation, CCCS will consider the competition dynamics in the Relevant Market.
35. CCCS notes that the Applicants' LCCs are excluded from the Proposed Commercial Cooperation, as stated in paragraph 12 above. Nevertheless, as mentioned earlier, CCCS considers the market shares of the Applicants' LCCs alongside that of the Applicants' FSAs given that Scoot and Firefly are wholly owned subsidiaries controlled by the Applicants that cannot be considered as independent competitors.
36. CCCS therefore observed that the combined market shares of the Applicants, ranging from [§<40-50]% in 2023 to [§<40-50]% in 2024,<sup>63</sup> has exceeded the indicative threshold of 20%, as set out in paragraph 55 of the *CCCS Guidance Note*.

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<sup>61</sup> Paragraphs 8.1 to 8.3 of Form 1.

<sup>62</sup> Paragraph 4 of [§<]'s response dated 3 February 2020 to CCCS's 22 January 2020 Invitation to Comment; Paragraph 4 of [§<]'s response dated 3 February 2020 to CCCS's 22 January 2020 Invitation to Comment; Paragraph 4 of [§<]'s response dated 13 February 2020 to CCCS's 22 January 2020 Invitation to Comment; and Paragraph 4 of [§<]'s response dated 13 February 2020 to CCCS's 22 January 2020 Invitation to Comment.

<sup>63</sup> Even if the Applicants' LCCs were to be excluded from the Applicants' combined market shares, CCCS notes the Applicants' combined market shares in respect of their FSAs alone (ie. Singapore Airlines and Malaysia Airlines) would amount to [§<30-40]% for 2023 and [§<30-40]% for 2024, which would nonetheless exceed the indicative 20% market share threshold.

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**Table 2: Market Share Figures on the SIN-KUL vv route<sup>64</sup>**

Airlines	2023 <sup>65</sup>		2024 <sup>66</sup>	
	Passenger count	Market share	Passenger count	Market share
Singapore Airlines	[X]	[X10-20]%	[X]	[X10-20]%
Malaysia Airlines	[X]	[X10-20]%	[X]	[X10-20]%
Scoot	[X]	[X10-20]%	[X]	[X10-20]%
Firefly	[X]	[X0-10]%	[X]	[X0-10]%
<b>Applicants' combined (Incl. LCCs)</b>	[X]	<b>[X40-50]%</b>	[X]	<b>[X40-50]%</b>
AirAsia	[X]	[X30-40]%	[X]	[X20-30]%
Batik Air Malaysia	[X]	[X10-20]%	[X]	[X0-10]%
Jetstar Asia	[X]	[X0-10]%	[X]	[X0-10]%
Ethiopian Airlines	[X]	[X0-10]%	[X]	[X0-10]%
Others	[X]	[X0-10]%	[X]	[X0-10]%
<b>Total</b>	<b>[X]</b>	<b>100%</b>	<b>[X]</b>	<b>100%</b>

(c) Cessation of operations of Jetstar Asia

37. CCCS notes that Jetstar Asia Airways Pte Ltd (“**Jetstar Asia**”), which owns and operates Jetstar, had announced on 11 June 2025 that it will permanently cease operations on all its 16 intra-Asia routes (including the Relevant Market) from 31 July 2025.<sup>67</sup> CCCS takes the view that this development reinforces CCCS’s assessment that the Applicants collectively possess high combined market shares at the group level, as Jetstar Asia’s exit from the Relevant Market may result in a further increase in the Applicants’ market shares. In this regard, using 2024 market share figures as a reference point, CCCS estimates that the Applicants’ combined market shares could increase by

<sup>64</sup> Based on MIDT Data. Paragraph 6 of the Applicant’s response dated 4 October 2024 to CCCS’s RFI dated 13 September 2024.

<sup>65</sup> This refers to the period from Jan 2023 to Dec 2023.

<sup>66</sup> This refers to the period from Jan 2024 to July 2024.

<sup>67</sup> See Jetstar Asia’s media release at: [https://www.jetstar.com/sg/en/travel-alerts#Jetstar%20Asia%20\(3K\)%20to%20cease%20operations%20from%2031%20July%202025](https://www.jetstar.com/sg/en/travel-alerts#Jetstar%20Asia%20(3K)%20to%20cease%20operations%20from%2031%20July%202025)

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[30-40]% to [30-40]% <sup>68</sup> (ie. approximately reaching [50-60]% to [50-60]%). Consequently, the Applicants' combined market shares would continue to exceed the indicative threshold as set out in paragraph 36.

38. CCCS also notes that the SIA Group (which includes Singapore Airlines and Scoot) announced, in reaction to Jetstar Asia's ceasing of operations, that it will increase the number of flights to various Asian destinations.<sup>69</sup> The SIA Group publicly indicated that it will be adjusting its flight schedules and network to support the demand for air travel on some of the 16 intra-Asia routes that Jetstar Asia will be exiting from.<sup>70</sup> Notably, even though Scoot will increase the number of flights between Singapore and Penang, Singapore Airlines and Scoot did not announce any planned flight increases on the SIN-KUL vv route. Consequently, CCCS's observation that the Applicants' combined market shares would be high and exceed CCCS's indicative threshold remain.
39. Nonetheless, CCCS will also take into consideration any efficiencies that would be generated from the Proposed Commercial Cooperation in our assessment below.

### ***D. The net economic benefit exclusion***

40. Section 35 of the Act read with paragraph 9 of the Third Schedule to the Act provides that the section 34 prohibition does not apply to “*any agreement which contributes to (1) improving production or distribution; or promoting technical or economic progress (“**Limb 1**”); but which does not (2) impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives (“**Limb 2**”); or (3) afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the goods or services in question (“**Limb 3**”)*” (collectively, the “**NEB Exclusion**”). The three limbs are cumulative.<sup>71</sup>

#### ***(1) The Applicants' submissions and CCCS's assessment***

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<sup>68</sup> CCCS estimates that the Applicants' market shares may increase by [30-40]% if Jetstar Asia's market shares are diverted to all other competitors on the route proportionally and may increase by up to [30-40]% if all of Jetstar Asia's market shares are diverted to the Applicants.

<sup>69</sup> See Straits Times article titled “*SIA Group to ramp up flights post-Jetstar Asia exit; Scoot to take over Okinawa, Labuan Bajo routes*” at <https://www.straitstimes.com/singapore/transport/sia-group-to-ramp-up-flights-post-jetstar-asia-exit-scoot-to-take-over-okinawa-labuan-bajo-routes>

<sup>70</sup> Examples include Scoot's new flights to Okinawa in Japan and Labuan Bajo in Indonesia. Singapore Airlines and Scoot will also increase flights for destinations such as Penang (Malaysia), Manila and Clark (Philippines), Colombo (Sri Lanka), Jakarta, Bali and Surabaya (Indonesia), Phuket (Thailand).

<sup>71</sup> See also paragraph 10.4 of the *CCCS Guidelines on the Section 34 Prohibition*.



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41. The Applicants submitted that the Proposed Commercial Cooperation would give rise to several benefits to travellers, which remain materially unchanged even after the scope of the Proposed Commercial Cooperation has been revised to not include LCCs within its scope.<sup>72</sup> Each of these claims are considered in turn, to assess if they have been properly substantiated under Limb 1 of the NEB Exclusion. If so, CCCS will proceed to consider if Limb 2 and Limb 3 have also been satisfied.
- (a) Limb 1 – Improving production or distribution; or promoting technical or economic progress
- (i) Enhanced air travel product for Singapore to Malaysia services
42. The Applicants submitted that the Proposed Commercial Cooperation will:
- (i) increase the number of itinerary options available for travellers between Singapore and Malaysia; (ii) lead to increased travel flexibility for travellers, which will be done through the introduction of a “[X]”; and (iii) potentially lead to the deployment of increased frequencies or capacity on routes between Singapore and Malaysia, or the introduction of new services.<sup>73</sup>
43. In respect of increased itinerary options, the Applicants submitted that across the SIN-KUL vv route, the number of possible itinerary options available to travellers, with the reduced scope of the Proposed Commercial Cooperation, is set out in Table 3 below, which remains a benefit to a considerable number of passengers travelling between Singapore and Malaysia<sup>74</sup>:

**Table 3: Number of possible itinerary options available to travellers<sup>75</sup>**

Route	Weekly itinerary combinations without the Proposed Commercial Cooperation		Weekly itinerary combinations with the Proposed Commercial Cooperation	Net increase
	Singapore Airlines	Malaysia Airlines	Singapore Airlines and Malaysia Airlines combined	

<sup>72</sup> Paragraph 18.2 of Form 1 and paragraph 6 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>73</sup> Paragraphs 18.3.1 to 18.3.3 of Form 1.

<sup>74</sup> Paragraph 8 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>75</sup> Paragraph 8 of the Applicants’ letter to CCCS dated 3 November 2023.

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<b>SIN-KUL vv</b>	[REDACTED] <sup>76</sup>	[REDACTED] <sup>77</sup>	[REDACTED] <sup>78</sup>	[REDACTED]([REDACTED]%)
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44. The Applicants submitted that even with a reduced scope, the Proposed Commercial Cooperation will lead to increased travel flexibility through the introduction of the “[REDACTED]”,<sup>79</sup> [REDACTED]<sup>80</sup>.<sup>81</sup> Such changes can also be effected under the “[REDACTED]” without the need for the customer to bear a fare difference.<sup>82</sup> Hence, there will be an increased degree of travel flexibility for passengers travelling on the SIN-KUL vv route, as well as increased frequencies or capacity on routes between Singapore and Malaysia.<sup>83</sup>
45. In respect of possible increases in frequency or capacity and introduction of new services, the Applicants submitted that the Proposed Commercial Cooperation is structured to incentivise the Applicants to grow traffic and optimise capacity on their combined services. Accordingly, the Applicants submitted that there is an increased likelihood of them planning for capacity increases through new frequencies, or through the upgauging of aircraft.<sup>84</sup> However, the Applicants acknowledged that specific plans with regard to the services between Singapore and Malaysia have yet to be discussed in detail and would be dependent on a number of factors including overall market demand, fuel prices, and overall network planning considerations.<sup>85</sup>
46. Regarding the increased number of itinerary options, CCCS notes that even though the net increase in number of itinerary options appears to be numerically large at [REDACTED], it is unlikely to result in any meaningful benefits to passengers. Without the Proposed Commercial Cooperation, Singapore Airlines and Malaysia Airlines were already scheduling significant number of daily flights on the SIN-KUL vv route individually.<sup>86</sup> Giving passengers access to more itinerary options on a route where the existing itinerary options are already aplenty is therefore unlikely to result in any significant benefit, even if it may benefit some passengers in specific circumstances. Similarly, while some passengers on the SIN-KUL vv route may benefit from

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<sup>76</sup> [REDACTED].

<sup>77</sup> [REDACTED].

<sup>78</sup> [REDACTED].

<sup>79</sup> Paragraph 7 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>80</sup> Paragraph 18.7 of Form 1 and paragraph 12.1 of the Applicants’ response dated 31 August 2023 to CCCS’s RFI dated 10 August 2023.

<sup>81</sup> For instance, the [REDACTED]. [REDACTED].

<sup>82</sup> Paragraph 18.8 of Form 1 and paragraph 12.1 of the Applicants’ response dated 31 August 2023 to CCCS’s RFI dated 10 August 2023.

<sup>83</sup> Paragraph 7 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>84</sup> Paragraph 18.10 of Form 1.

<sup>85</sup> Paragraph 18.11 of Form 1.

<sup>86</sup> Singapore Airlines flies at least six daily flights while Malaysia Airlines flies about eight daily flights on the SIN-KUL route.

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the increased travel flexibility through the “[X]” that the Applicants are planning to introduce under the Proposed Commercial Cooperation, CCCS is of the view that overall, such benefits are unlikely to be significant given the circumstances.

47. In relation to possible increases in frequency or capacity, CCCS notes that the Applicants are unable to provide specific estimates of, or internal plans relating to the possible increases in frequency or capacity or the introduction of new services arising from the Proposed Commercial Cooperation.<sup>87</sup> Instead, the Applicants referred to SIA’s previous alliance arrangements to support their argument that SIA has been able to increase capacity or frequency on services as a direct result of other joint ventures.<sup>88</sup> CCCS notes that the change in capacity in other joint venture arrangements<sup>89</sup> entered into by SIA cited by the Applicants differed across routes, ranging from [X<0]% to [X>100]%.<sup>90</sup> The wide disparity in outcomes shows that the effects of a joint venture can be highly variable and context specific. Accordingly, the increase in capacity observed in SIA’s past joint venture arrangements may not be directly relevant or similarly achieved in the context of the Proposed Commercial Cooperation due to the difference in competitive landscapes and competition concerns identified in each of the various joint venture arrangements. For instance, CCCS notes that the SIA-Scandinavian Airlines and SIA-Air New Zealand joint ventures cited by the Applicants were cleared by CCS (as it then was) through the NEB Exclusion whilst capacity commitments to address competition concerns were accepted in the SIA-Lufthansa joint venture. CCCS further notes that the Applicants acknowledged that the materialisation of these benefits is ultimately dependent on several factors including overall market demand, fuel prices, and overall network planning considerations.<sup>91</sup>
- (ii) Expansion of the Applicants’ respective virtual networks, thereby providing an increased number of service offerings to passengers
48. The Applicants submitted that the Proposed Commercial Cooperation would result in an expansion of the virtual networks of both airlines through expanded code sharing arrangements between the airlines, which would

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<sup>87</sup> The Applicants highlight that they are restricted from substantively discussing their joint venture plans until MAVCOM approval is granted under Malaysian law, which amongst others, affects their discussions in relation to their [X]. Paragraph 8.2 of the Applicants’ response dated 16 June 2023 to CCCS’s RFI dated 31 May 2023.

<sup>88</sup> Paragraph 18.10 of Form 1.

<sup>89</sup> Namely, the joint ventures between: (i) SIA and Scandinavian Airlines Systems; (ii) SIA and Deutsche Lufthansa AG; and (iii) SIA and Air New Zealand.

<sup>90</sup> Examples of capacity increases from previous joint ventures from Annex 18 to Form 1.

<sup>91</sup> Paragraph 18.11 of Form 1.

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allow Singapore Airlines to codeshare on services from Singapore to various destinations in Malaysia operated by Malaysia Airlines. In this regard, the Applicants submitted that a comparison of the Applicants' relevant virtual networks under the status quo and their expanded relevant virtual networks under the Proposed Commercial Cooperation shows that the Proposed Commercial Cooperation would result in SIA's virtual network reach into Malaysia increasing from [REDACTED] destinations.<sup>92</sup>

49. The Applicants also submitted that the broader international cooperation through expanded codesharing arrangements will enable the Applicants to introduce additional fare products, [REDACTED].<sup>93</sup> [REDACTED],<sup>94</sup> [REDACTED].<sup>95</sup>
50. However, CCCS notes that the Applicants were unable to provide any specific evidence to substantiate that the claimed efficiency is of significant value.<sup>96</sup> Similarly, aside from submitting a potential number of passengers that may use the "[REDACTED]",<sup>97</sup> the Applicant was unable to provide any meaningful basis to substantiate the significance of the "[REDACTED]" product.
- (iii) More competitive fares through the reduction of double marginalisation and better fare combinability
51. The Applicants submitted that the Proposed Commercial Cooperation would result in enhanced fare combinability and fare options where an itinerary involves services operated by both Applicants. As an example, if an itinerary involves a northbound flight on Singapore Airlines to Kuala Lumpur, and a southbound return flight to Singapore (Changi Airport) on Malaysia Airlines, the passenger has increased options from [REDACTED] fares to [REDACTED] fares (from [REDACTED]

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<sup>92</sup> Prior to the reduction in scope of the Proposed Commercial Cooperation, to the increase in SIA's virtual network reach into Malaysia would have been [REDACTED] destinations. Paragraph 18.14 of Form 1, Annex 19 to Form 1 on expanded virtual networks (comparison) and Paragraph 9 of the Applicants' letter to CCCS dated 3 November 2023.

<sup>93</sup> Paragraph 18.16 of Form 1.

<sup>94</sup> [REDACTED].

<sup>95</sup> Paragraph 12.2 of the Applicants' response dated 31 August 2023 to CCCS's RFI dated 10 August 2023.

<sup>96</sup> Under the First Limb, in evaluating whether the efficiencies are of a significant value such as to outweigh the anti-competitive effects of an agreement, the likelihood and magnitude of the claimed efficiency will need to be verified. In particular, the efficiency claimed must be substantiated by demonstrating how and when each efficiency will be achieved. In addition, the greater the increase in market power that is likely to be brought about as a result of the agreement, the more significant benefits would have to be shown. Paragraph 10.4 of the *CCCS Guidelines on the Section 34 Prohibition*.

<sup>97</sup> The Applicants submitted that there were [REDACTED] tickets sold from Europe and the United States of America to Malaysia from July 2022 to June 2023 and that Malaysia Airlines sold [REDACTED] [REDACTED] (a similar product) in Malaysia in 2022 to arrive at approximately [REDACTED] potential passengers for the [REDACTED]. Paragraph 12.8 of the Applicants' response dated 31 August 2023 to CCCS's RFI dated 10 August 2023.

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reservation-booking-designator categories<sup>98</sup> (“RBDs”) to [X] RBDs) due to the Proposed Commercial Cooperation.<sup>99</sup> This is due to the Applicants offering each other [X] on the SIN-KUL vv route with the objective of facilitating optimal inter-carrier flows, which results in more options and more competitive fares for the passengers.<sup>100</sup>

52. The Applicants elaborated that the realisation of the full benefit is dependent on fare harmonisation and inventory coordination arising from the Proposed Commercial Cooperation, underpinned by a revenue sharing agreement. Consequently, more seats will be made available in any given RBD across both airlines, which will increase the availability of fares in all RBDs across both airlines, including lower RBDs. If the Applicants are unable to harmonise fares and coordinate inventory, each airline would independently set availability, which would result in poorer availability across both airlines and potentially higher fares should passengers need to travel on both airlines (eg. if one airline makes its lowest RBD available, but the other airline only makes its higher RBD available, then the resultant fare would be higher).<sup>101</sup> The Applicants further submitted that the increased fare combinability would reduce the double marginalisation effect that would exist in the absence of the Proposed Commercial Cooperation and would allow the Applicants to offer more competitive fares. To illustrate the potential effect of the reduction in double marginalisation, the Applicants provided a simulated calculation, which shows a potential, illustrative fare reduction of [X] on the SIN-KUL vv route.<sup>102</sup>
53. However, the Applicants acknowledged that fare levels would still need to be benchmarked against market prices for the Applicants to remain competitive against offerings from other airlines, and fare levels are sensitive to fuel prices, demand movements and other exogenous factors.<sup>103</sup> CCCS also notes feedback from one third party that while the Proposed Commercial Cooperation is likely to result in lower prices in the short term due to price competition to maintain market shares, it is likely to lead to monopoly prices by the Applicants eventually in the long term because the majority of carriers would exit the market due to losses from price competition.<sup>104</sup> Taken together, CCCS is of the view that while the elimination of double marginalisation

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<sup>98</sup> RBD refers to a fare level category and is used to identify a booking class in reservations.

<sup>99</sup> Paragraph 18.17 of Form 1 and paragraph 11 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>100</sup> Paragraph 18.18 of Form 1 and paragraph 11 of the Applicants’ letter to CCCS dated 3 November 2023.

<sup>101</sup> Paragraph 18.19 of Form 1.

<sup>102</sup> Annex 20 to Form 1 on the reduction in double marginalisation and paragraphs 15.1 to 15.3 of the Applicants’ response dated 31 August 2023 to CCCS’s RFI dated 10 August 2023.

<sup>103</sup> Paragraph 18.20 of Form 1.

<sup>104</sup> [X]’s 20 February 2020 response to paragraph 10 of CCCS’s 22 January 2020 Invitation to Comment.

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could lead to a reduction in fares, the overall effect on fares is unclear considering that fare levels are subject to many other factors.

(iv) Benefits to corporate account customers

54. The Applicants submitted that the joint corporate contracting under the Proposed Commercial Cooperation will allow corporate customers to have a significantly greater number of travel options, by being able to travel on (and accrue benefits from traveling on) either Singapore Airlines' or Malaysia Airlines' services. Even with the reduced scope, corporate customers would be able to enjoy access to a wider range of corporate fare products for [§] unique flight routings on Singapore Airlines' and Malaysia Airlines' services. This reduced figure nevertheless represents a net increase in the benefits to corporate account customers, relative to the status quo where SIA corporate fares are extended for travel only within the Singapore Airlines network.<sup>105</sup> However, the Applicants did not substantiate these claims further.

(v) Benefits for frequent flyer programme members of Singapore Airlines and Malaysia Airlines

55. The Applicants submitted that as part of the Proposed Commercial Cooperation, they have entered into a frequent flyer agreement to develop deep and extensive cooperation, which is intended to allow customers to obtain the benefits of the metal-neutral alliance.<sup>106</sup> The Applicants submitted that customers could benefit from reciprocal frequent flyer benefits and the exchange of tier benefits, as well as an enhanced ability to accrue and redeem air miles when travelling on flights operated by the Applicants within the scope of the Proposed Commercial Cooperation.<sup>107</sup> In addition, the Applicants submitted that the benefits outlined in the paragraph above for corporate customers would also apply to non-corporate travellers.<sup>108</sup> However, none of these claims have been quantified or substantiated.<sup>109</sup> CCCS also notes that benefits from the frequent flyer agreement can be realized *without* the Proposed Commercial Cooperation (in particular, the metal-neutral alliance), given that the Applicants had already entered into the frequent flyer agreement in the second half of 2023.<sup>110</sup>

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<sup>105</sup> Paragraph 12 of the Applicants' letter to CCCS dated 3 November 2023.

<sup>106</sup> Paragraph 18.24 of Form 1.

<sup>107</sup> Paragraph 18.24 of Form 1.

<sup>108</sup> Paragraph 18.24.3 of Form 1.

<sup>109</sup> This is in part because the Applicants are restricted from substantively discussing their joint venture plans until MAVCOM approval is granted under Malaysian law, which amongst others, affects their discussions in relation to their [§]. Paragraph 8.2 of the Applicants' response dated 16 June 2023 to CCCS's RFI dated 31 May 2023.

<sup>110</sup> Paragraph 2.1.3 of the Applicants' response dated 16 June 2023 to CCCS's RFI dated 31 May 2023.

(vi) Scheduling benefits and time savings

56. The Applicants submitted that the Proposed Commercial Cooperation also envisages the co-ordination of scheduling and connection requirements for flights between Singapore and Malaysia. This would result in direct benefits to customers such as added convenience and potential reductions in transit time. The Applicants would have a clear incentive to harmonise their schedules over time in a way that most effectively connects with their combined behind and beyond services, in an attempt to grow traffic and optimise capacity on routes between Singapore and Malaysia. The revised fares and improved scheduling would also contribute towards increased demand, and over time, growth in capacity.<sup>111</sup>

57. However, the Applicants were unable to quantify or substantiate any of the above points, as they stated that specific discussions of how schedules would be harmonised can only take place once necessary approvals have been obtained, and the Applicants move forward to implement the Proposed Commercial Cooperation.<sup>112</sup>

(vii) Improved connectivity for both Singapore and Malaysia, with consequential benefits to both countries' aviation industry and tourism

58. The Applicants submitted that the Proposed Commercial Cooperation, even under the reduced scope of cooperation between the Applicants, would result in improved connectivity between Singapore and Malaysia through the introduction of more flight frequencies and flight capacity on Singapore Airlines and Malaysia Airlines flights, [REDACTED].<sup>113</sup> The resulting increased passenger traffic would create a multiplier effect in the form of increased tourism and off-airport expenditures.<sup>114</sup> [REDACTED].<sup>115</sup> [REDACTED].

(viii) CCCS's assessment on Limb 1

59. Having considered the Applicants' submissions, CCCS is of the view that while some of the purported benefits submitted can be considered economic benefits, they have not been adequately substantiated to satisfy Limb 1 on their own, for reasons highlighted above.

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<sup>111</sup> Paragraph 18.26 of Form 1.

<sup>112</sup> Paragraph 18.27 of Form 1.

<sup>113</sup> Paragraph 18.29 of Form 1 and paragraph 15 of the Applicants' letter to CCCS dated 3 November 2023.

<sup>114</sup> Paragraph 18.30 of Form 1.

<sup>115</sup> [REDACTED]. Paragraph 18.31 of Form 1 and paragraph 23.1 to 23.3 of Applicants' response dated 31 August 2023 to CCCS's RFI dated 10 August 2023.

(b) Limb 2 and Limb 3

60. Given the above assessment on Limb 1, CCCS will not proceed to consider if Limb 2 and Limb 3 have been satisfied.

**V. Commitments by the Applicants**

61. As summarised in paragraph 33 above, CCCS has assessed that there are demonstrable appreciable adverse effects on competition in Singapore in respect of the Relevant Market. CCCS has also assessed that the Proposed Commercial Cooperation is not excluded from the section 34 prohibition given that the NEB Exclusion is not satisfied. CCCS's assessment of the above issues were communicated to the Applicants through an issues letter dated 19 September 2023, and various state-of-play meetings between September 2023 to December 2024, where the Applicants discussed commitment proposals to address CCCS's concerns.
62. Following these state-of-play meetings, the Applicants finalised a set of commitments on 19 June 2025 for CCCS's consideration under section 60A(2) of the Act (the "**Commitments**", a copy of which is reproduced in **Annex A**). The key elements of the Commitments are summarised as follows:
- (a) The Applicants will maintain minimum weekly capacity in the following ways:
- (i) Singapore Airlines to maintain a minimum weekly scheduled air passenger transport capacity of [X] return seats<sup>116</sup> on the SIN-KUL vv route; and
- (ii) Malaysia Airlines to maintain a minimum weekly scheduled air passenger transport capacity of [X] return seats during the International Air Transport Association ("**IATA**") Summer seasons<sup>117</sup> and [X] return seats during the IATA Winter seasons<sup>118</sup> on the SIN-KUL vv route.

(collectively, the "**Committed Capacity Levels**").

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<sup>116</sup> Return seats refer to both legs of the flights between the origin and destination (eg. a passenger flying SIN-KUL and KUL-SIN is considered as 2 return seats).

<sup>117</sup> The IATA summer schedule begins on the last Sunday of March and ends on the last Saturday of October. Using the calendar year 2025 as an example, the IATA summer schedule begins on 30 March 2025 and ends on 26 October 2025.

<sup>118</sup> The IATA winter schedule begins on the last Sunday of October and ends on the last Saturday of March. Using the calendar year 2025 as an example, the IATA summer schedule begins on 27 October 2025 and ends on 29 March 2026.



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- (iii) The Committed Capacity Levels would be deemed fulfilled where they are achieved in [X] weeks (ie. up to a maximum of [X] weeks of non-fulfilment) for each calendar year (the “**Report Year**”)<sup>119</sup>.
- (b) The Applicants will develop and submit a business plan to CCCS, detailing the growth figures they have assessed that they can feasibly achieve on the SIN-KUL vv route, upon conjunctively meeting stipulated trigger factors (the “**Trigger Events**”).<sup>120</sup> The Trigger Events are:
  - (i) the achievement of [X80-90]% passenger load factor on a 12-month rolling aggregated basis on the SIN-KUL vv route following the commitments taking effect (“**PLF Trigger**”); and
  - (ii) the achievement of the RASK-CASK margin<sup>121</sup> on a 12-month rolling aggregated basis between the Applicants of [X\$0] to [X\$0.50] following the commitments taking effect (“**RCM Trigger**”).(collectively, the “**Capacity Growth Commitments**”).
- (c) The Applicants will appoint, at their own cost, an independent auditor to monitor the Applicants’ compliance with the Commitments and to provide CCCS with a report within three calendar months following the completion of the Report Year to which the report relates (the “**Reporting Obligations**”). The appointment of the independent auditor, and the terms and conditions of that appointment, will be subject to CCCS’s approval.<sup>122</sup> The report will also specify the individual capacity levels operated by the Applicants’ LCCs on the SIN-KUL vv route for information purposes and unconnected to the consideration of the achievement of the Committed Capacity Levels.<sup>123</sup>

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<sup>119</sup> Paragraphs 3.2 and 3.3 of the Commitments. The determination of the time period of fulfilment of the committed capacity will take into account leap years, where the additional day will be included in the relevant IATA season (ie., IATA Northern Winter).

<sup>120</sup> Paragraphs 3.5 to 3.9 of the Commitments.

<sup>121</sup> RASK-CASK margin refers to the [X] between the Applicants’ Revenue per Available Seat-Kilometre (RASK) and Cost per Available Seat-Kilometre (CASK) and is determined by the formula: [X].

<sup>122</sup> Paragraphs 4.1 and 4.2 of the Commitments. The appointment of the independent auditor may also be subject to MAVCOM’s approval.

<sup>123</sup> Paragraph 4.4 of the Commitments.

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- (d) The Commitments will commence on the date in which a positive decision is received from both CCCS and MAVCOM (whichever is the later), and will apply for as long as the Proposed Commercial Cooperation is in effect.<sup>124</sup>
63. Further, the Commitments are subject to certain conditions that allow for a temporary variation of commitments in circumstances that arise due to events beyond the Applicants' control, which are summarised as follows:
- (a) The Committed Capacity Levels would be temporarily suspended for the period where specific circumstances, as set out at paragraph 5.2 of the Commitments, arise which are beyond the reasonable control of the Applicants.<sup>125</sup> The Applicants would have the right to effect any required changes immediately as determined by either of the Applicants, and to notify CCCS as soon as reasonably practicable.<sup>126</sup>
  - (b) Other than the specific circumstances set out in paragraph 5.2 of the Commitments, where there are any circumstances outside the Applicants' control, which, in their view, would materially affect the ability of the Applicants to satisfy the Committed Capacity Levels or the Reporting Obligations in any relevant Report Year<sup>127</sup>, they would be required to notify CCCS in accordance with the timelines and requirements stipulated in paragraph 5.5 of the Commitments.

## **VI. CCCS's assessment of the Applicants' Commitments**

### ***A. CCCS's assessment prior to a consultation on the Commitments***

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<sup>124</sup> Paragraphs 5.1 and 5.7 of the Commitments.

<sup>125</sup> Under paragraph 5.2 of the Commitments, these circumstances include: (a) force majeure; (b) aircraft maintenance requirements as determined by either Applicant or technical problems associated with a specific type of aircraft necessitating maintenance or repair, as determined by the manufacturer and/or aviation authorities; (c) delays in aircraft deliveries, which directly impact the Applicants' ability to implement the Committed Capacity Levels; (d) worldwide, regional, or local grounding of any aircraft category, class, model or variant, arising from circumstances outside the Applicants' control (and which has an impact on the Applicants' network that could materially affect their ability to achieve the Committed Capacity Levels); (e) need for the return of slots / traffic rights to aviation regulators which could have a direct or indirect impact on commitments, including but not limited to seat capacity; (f) where either Applicant is instructed by any governmental or statutory body in Malaysia and/or Singapore to change its flight capacities for the SIN-KUL vv route or any other route between Malaysia and Singapore; and (g) any development that, in the assessment of either Applicant, could result in an imminent decline (ie. within the next financial year) of expected quarterly revenue on the SIN-KUL vv route by more than 5% compared to revenue from the same route during the equivalent quarter of the preceding year.

<sup>126</sup> Paragraph 5.3 of the Commitments.

<sup>127</sup> Such circumstances include, but are not limited to, operational issues such as engine failure, bird strike or partial damage of aircraft due to collision.

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### (1) *Committed Capacity Levels*

64. CCCS considered that the Committed Capacity Levels in the Commitments would disincentivise the Applicants from raising prices following the implementation of the Proposed Commercial Cooperation. Given that capacities are considered sunk and perishable, the Applicants will be incentivised to sell their capacities at competitive prices rather than risk having unutilised capacities. Further, CCCS considered that the Committed Capacity Levels are appropriate as they are sufficiently close to the Applicants' operated capacities during specific reference periods following the COVID-19 recovery, which CCCS considers to be reflective of the Applicants' current capacity levels.<sup>128</sup> Additionally, as the Commitments would apply for as long as the Proposed Commercial Cooperation is in effect, this would serve to mitigate CCCS's concerns about the long-term effects on competition that would result from the Proposed Commercial Cooperation.

### (2) *Capacity Growth Commitments*

65. CCCS considered that the Capacity Growth Commitments proposed by the Applicants are reasonable. In assessing the reasonableness of the Capacity Growth Commitments, CCCS considers the extent in which the PLF Trigger and RCM Trigger, when collectively met, would signal a sustained increase in demand on the SIN-KUL vv route, such that the Applicants should consider increasing capacities on the SIN-KUL vv route.
66. In this regard, the proposed [X<80-90]% passenger load factor for the PLF Trigger is [X<]<sup>129</sup>[X<] what the Applicants had collectively achieved in 2023, which can represent a good commercial environment where the Applicants would be in a position to consider growing capacity on the SIN-KUL vv route. It is also set at a [X<]<sup>130</sup> than [X<] what the Applicants had managed to achieve from January 2023 to July 2024, such that it remains a realistic target level that the Applicants are able to achieve. For the RCM Trigger, while CCCS considers that the proposed [X<S\$0] to [X<S\$0.50] for the RASK-CASK margin is [X<]<sup>131</sup> [X<] the average RASK-CASK margin that the Applicants had been collectively achieving from January 2023 to July 2024, the Applicants had [X<] the threshold of the RCM Trigger in some months in

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<sup>128</sup> For Singapore Airlines, the reference period was August to October 2023, when Singapore Airlines' weekly capacity ranged from [X<] to [X<]. For Malaysia Airlines, the reference period for IATA summer seasons was August to October 2023, when Malaysia Airlines' weekly capacity ranged from [X<] to [X<] and the reference period for IATA winter seasons was October to March 2024, when Malaysia Airlines' weekly capacity ranged from [X<] to [X<].

<sup>129</sup> Approximately [X<].

<sup>130</sup> Approximately [X<].

<sup>131</sup> Approximately [X<].

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2024. Taken together, CCCS is of the view that the proposed PLF Trigger and RCM Trigger levels are reasonable.

### (3) *Others*

67. CCCS noted that the Applicants have proposed a buffer of [~~3~~] weeks within the reporting year for non-fulfilment of the Committed Capacity Levels. CCCS assessed that the [~~3~~] buffer for non-fulfilment is reasonable as it affords the Applicants a degree of commercial flexibility to respond to any temporary change in market conditions should the need arise.
68. CCCS noted that the Commitments are subject to the list of conditions as stated in paragraphs 5.2 and 5.5 of the Commitments, which allow a temporary suspension of the Commitments due to circumstances beyond the Applicants' control. CCCS accepted that the conditions are clear, specific and relatively narrow in scope and purpose, in that they may only be relied on where they are beyond the Applicants' reasonable control. Accordingly, CCCS assessed that the conditions are reasonable.
69. CCCS further noted that paragraph 5.9 of the Commitments allows the Applicants to apply to CCCS for varying, substituting or releasing the Commitments, where either Applicant considers that there has been, or is likely to be, a material change in market conditions or operating circumstances or competitive conditions in respect of the SIN-KUL vv route which have not already been contemplated in paragraphs 5.1 to 5.6 of the Commitments, or for other reasons as may be stipulated in the application. In the event of such an application, CCCS would take into consideration all relevant factors that may include, amongst other things, route-specific profit margins and yield in determining whether to grant the approval to vary, substitute or release the Commitments. This is to ensure that the application for a release or variation of the commitments arises from a genuine deterioration or change of market conditions, rather than an exercise of market power by the Applicants to reduce output.
70. CCCS also noted that the proposed monitoring mechanism provides sufficient safeguards to ensure that any instances of non-compliance are captured objectively and brought to CCCS's attention in a timely manner. CCCS also noted that the appointment of an independent auditor would be done within three months from the date when a positive decision is issued by CCCS in respect of the Proposed Commercial Cooperation and would be subject to CCCS's approval.
71. Further, CCCS noted from paragraph 4.4 of the Commitments that the Reporting Obligations will specify the individual capacity levels operated by

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the Applicants' LCCs and schedules of the flights operated by the LCCs on the SIN-KUL vv route. While the Committed Capacity Level pertains only to the Applicants' FSAs, CCCS assessed that the reporting of the LCCs' individual capacity levels would enable CCCS to monitor whether the Applicants are shifting capacity on the SIN-KUL vv route from their respective LCCs to the FSAs, which would in turn have an impact on seat availability and fares in the market.

72. Accordingly, CCCS assessed that the Commitments submitted by the Applicants were acceptable in principle and conducted a consultation on the Commitments for the period of 11 February 2025 to 20 February 2025 with various third parties who had previously provided feedback on the Proposed Commercial Cooperation.<sup>132</sup>

### ***B. Third parties' responses***

73. [X], [X], [X] and [X] responded to CCCS's consultation.<sup>133</sup>

(a) [X] was of the view that the Commitments sufficiently address the potential competition concerns arising from the Proposed Commercial Cooperation.<sup>134</sup>

(b) [X]<sup>135</sup>, [X] and [X]<sup>136</sup> had no comments on the Commitments.

74. In conclusion, CCCS assesses that the Commitments provided by the Applicants are sufficient to mitigate the competition concerns identified in relation to the Relevant Market.

## **VII. CCCS's decision**

75. Based on the foregoing, CCCS concludes that, subject to the Applicants' adherence to the Commitments, the Proposed Commercial Cooperation will not infringe the section 34 prohibition.

76. For completeness, section 46 of the Act provides that, if CCCS has determined an application under section 44 by making a decision that the

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<sup>132</sup> The third parties are [X] and competitors who had previously provided comments during the public consultation on the Proposed Commercial Cooperation.

<sup>133</sup> Two other third parties ([X] and [X]) did not respond to CCCS's consultation.

<sup>134</sup> Response from [X] dated 16 January 2025 to CCCS's RFI dated 10 January 2025.

<sup>135</sup> [X] had some clarification questions regarding the mechanism of the Capacity Growth Commitments, which CCCS had responded to separately. [X]'s email response to CCCS dated 4 March 2025.

<sup>136</sup> [X] and [X]'s email response to CCCS dated 21 February 2025.

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agreement has not infringed the section 34 prohibition, CCCS shall take no further action in respect to the Proposed Commercial Cooperation unless:

- (a) it has reasonable grounds for believing that there has been a material change of circumstance since it gave its decision; or
- (b) it has reasonable grounds for suspecting that the information on which it based its decision was incomplete, false or misleading in a material particular.

77. To this end, the factors which CCCS may consider as a material change of circumstance include, but are not limited to, the following:

- (a) non-adherence with the Commitments;
- (b) material change to the scope of the Proposed Commercial Cooperation, including but not limited to the inclusion of any of the Applicants' LCCs (ie. Scoot, Firefly or any other LCCs under the Applicants' control) in the Proposed Commercial Cooperation;
- (c) material changes in Scoot's or Firefly's capacity, prices and schedules of flights on the SIN-KUL vv route, which CCCS may determine based on available information at hand;
- (d) material changes in the operations of the Applicants that will have a significant impact on the SIN-KUL vv route;
- (e) material changes in the state of competition along the SIN-KUL vv route including but not limited to a reduction in the number of competing carriers along the SIN-KUL vv route; and
- (f) material changes to any facts underlying the Applicants' submissions in respect of their application.

78. Should there be any material change in circumstances, be it arising from the factors listed above or otherwise, CCCS may undertake a further review of the Proposed Commercial Cooperation and if necessary, revoke the immunity afforded to the Applicants in respect of the Proposed Commercial Cooperation pursuant to section 46(4) of the Act.

79. In addition to the above, taking into account any developments that may take place in respect of the Proposed Commercial Cooperation, under section 60B(6) of the Act, CCCS may review the effectiveness of the Commitments

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accepted pursuant to section 60A(2) of the Act as it considers appropriate. Such developments include, but are not limited to, any significant increases in fares, or profit margins and/or yields with no corresponding significant increase in capacity by the Applicants.

ALVIN KOH  
CHIEF EXECUTIVE  
COMPETITION AND CONSUMER COMMISSION OF SINGAPORE