

NOTICE 273 OF 2010

Date: 12 March 2010

COMPETITION COMMISSION**NOTICE IN TERMS OF SECTION 10(7) OF THE COMPETITION ACT 89 OF 1998 (AS AMENDED): SAA GRANTED CONDITIONAL EXEMPTION**

Notice is hereby given in terms of Section 10(7) of the Competition Act, No. 89 of 1998, as amended ("the Act"), that the Competition Commission ("the Commission") has, in response to an application by the South African Airways (Pty) Ltd (herein referred to as "SAA") for an exemption from the provisions of Chapter 2 of the Act, granted an exemption in terms of Section 10(1)(a) of the Act for a period of 10 months, commencing immediately and ending on 31 December 2010

SAA's application was in respect of a new joint Star Alliance product called the Meeting Plus. The Meeting Plus product is a hybrid of two other Star Alliance joint products called the Convention Plus and the Corporate Plus Programs, which SAA is currently participating in as part of the Star Alliance.

The exemption applied for and granted by the Commission allows SAA to offer a joint Star Alliance Meeting Plus product in instances where there are calls for bids for airlines to offer air transport services for international meetings, which have been identified by the Star Alliance as being sufficiently global in attendance that multiple airlines will be required by the delegates. The Star Alliance offers meeting organisers a support programme and a package of discounts off published fares for purchase by meeting delegates.

The Commission concluded that SAA's participation in the Star Alliance joint Meeting Plus constitutes a prohibited practice, in contravention of Section 4(1)(b) of the Act in view of the fact that alliance members are in a horizontal relationship.

SAA based its application on the premise that its participation in the Star Alliance Meeting Plus is required to obtain the objectives contained under Sections 10(3)(b)(i) and 10(3)(b)(iii) of the Act, being the maintenance or promotion of exports and a change in productive capacity necessary to stop decline in an industry.

From the information received and after the analysis of the facts, the Commission is satisfied that this exemption will contribute to the maintenance and promotion of exports in South Africa.

The Commission also concluded that SAA's participation in the Star Alliance Meeting Plus is vital for the 2010 FIFA Soccer World Cup which would be held in June in South Africa.

The exemption was granted subject to the following conditions:

- The exemption was granted on the facts put forward by SAA. Should the said facts and circumstances change materially, the Commission should be notified so that the exemption may be re-evaluated;

- The application is only applicable to SAA's participation in the Star Alliance Meeting Plus product;
- Any amendment or addendum to the main Star Alliance Agreement must be approved by the Commission.

Kindly note that in terms of Section 10(8) of the Act, SAA or any other person with a substantial interest affected by this decision may appeal to the Competition Tribunal in the prescribed manner.

Further queries should be directed to either:

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In correspondence kindly refer to the following case number: 2009Feb4281