

NOTICE 488 OF 2006

Date: 29 March 2006

COMPETITION COMMISSION**APPLICATION FOR AN EXEMPTION**

Notice is hereby given in terms of section 10(6)(a) of the Competition Act, No. 89 of 1998, as amended ("the Act"), that the South African Airways (Pty) Ltd (herein referred to as "SAA"), a state owned company, registered in terms of the Company Act of 1973, has applied to the Competition Commission ("the Commission"), in terms of section 10 (1) of the Act, to be exempted from certain provisions of Chapter 2 of the Act. SAA is active in the business of providing passenger air transportation services in South Africa, the African region and internationally.

The subject matter of the application is a code share agreement between SAA and Qantas Airways Limited ("Qantas") on the South African / Australia route.

The Commission has previously exempted this agreement and the Applicant is in essence asking the Commission to again consider granting such an exemption. In particular, the Applicant has requested that it be permitted to engage in the following activities:

- a Co-ordination of activities in respect of the route between South Africa and Australia.
- In terms of the agreement, SAA is to operate the route between Johannesburg and Perth, while Qantas is to operate between Johannesburg and Sydney.
- The parties shall acquire blocks of seats, in various classes, on the each other's aircraft.

Since SAA and Qantas are in a horizontal relationship, being a relationship between competitors, the code share agreement may constitute prohibited practice, in contravention of section 4(1)(b) of the Act.

Section 10(3)(b) of the Act provides grounds on which an exemption application may be granted. Therefore, the Applicant aver that the activities of the parties are required for:

- The maintenance and promotion of exports [section 10(3)(b)(i)];
- A change in productive capacity necessary to stop decline in an industry [section 10(b)(iii)].

The Applicant seeks an exemption for a further period of 5(five) years.

Interested parties may, in terms of section 10(6)(b) of the Competition Act, within 20 business days from the date of this notice, make written representations to the Commission why the exemption should not be granted.

Such representations may be directed to the Manager: Enforcement and Exemptions, Private Bag X23, Lynnwood Ridge, 0040, or by facsimile to number (012) 394 4272.

In correspondence kindly refer to case number ~~Case~~ No. 2005Dec2041.