
GENERAL NOTICES ALGEMENE KENNISGEWINGS

NOTICE 291 OF 2008

Date: 14 February 2008

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, for an exemption from certain provisions of Chapter 2 of the Act. SAA provides passenger air transportation services both in South Africa and internationally.

The subject matter of the application is a code share agreement which SAA entered into with Qantas Airways Limited ("Qantas"), an Australian airline which also provides passenger air transportation services globally. The agreement concerns the direct airline routes between South Africa and Australia.

It is to be noted that the Commission had previously exempted this agreement and SAA is in essence asking the Commission to consider granting an extension. In particular, SAA has requested the Commission that it be permitted to engage in the following activities with Qantas:

- Co-ordinate their activities in respect of the direct routes between South Africa and Australia.
- Divide the market by allocating territories, in terms of which SAA is to operate on the route between Johannesburg and Perth, while Qantas will service the Johannesburg / Sydney route.
- Acquire blocks of seats through a hard block arrangement, in various classes, on each other's aircraft.

The Commission found, in its previous assessments, that the agreement constitutes geographic market sharing, in contravention of section 4(1)(b) of the Act. However, the Commission granted an exemption as it was satisfied that the agreement contributes to the objectives set out in section 10(3)(b) of the Act, being the maintenance or promotion of exports [section 10(3)(b)(i)]; and a change in productive capacity necessary to stop decline in an industry [section 10(b)(3)(iii)].

SAA therefore seeks an extension for a further 3 (three) year period.

Notice is further hereby given, as required by section 10(6)(b) of the Act, to allow interested parties to make written representations as to why the exemption should not be granted. Interested parties have 20 business days from the date of this notice to submit their representations to the Commission.

Such representations should be directed to:

Mr Shadrack Rambau
Competition Commission of SA
Enforcement and Exemptions Division,
Private Bag X23,
Lynnwood Ridge, 0040
Facsimile: (012) 394 4263
Email: shadrack@compcom.co.za

In correspondence kindly refer to the following case number: **2007Oct3311**.