

NOTICE 644 OF 2015**NOTICE IN TERMS OF SECTION 10(6) OF THE COMPETITION ACT NO. 89 OF 1998****(AS AMENDED)****COMPETITION COMMISSION****APPLICATION FOR AN EXEMPTION**

1. Notice is hereby given in terms of section 10(6)(a) of the Competition Act, No 89 of 1998, as amended ("the Act") that South African Airways SOC Ltd ("SAA") 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 and cargo air transportation. SAA has previously been granted an exemption that expired in December 2010 and thereafter a further 5 year exemption expiring on 31 December 2015.
2. The subject matter of the application is with regard to SAA's participation in the Star Alliance global airline agreement and/ or arrangement, and its joint marketing of products offered by the alliance, specifically the Round-the-World-Fare; Regional Passes; Meetings Plus; Joint Convention and Joint Corporate Agreement products.
3. The Star Alliance is an alliance between a number of regional and international airlines, and is one of three major global airline alliances. As a member of the Star Alliance, SAA will be engaging in the following activities with other Star Alliance carriers:
 - 3.1. To coordinate routes and/or flying schedules. Airlines participating in offering a particular joint Star product will have to agree on the routes that each carrier will operate once the organiser of a meeting or conference consents to the Star joint proposal.
 - 3.2. To agree on fare conditions and/or a range of discounts which will be offered to passengers who purchase the above-mentioned products.
 - 3.3. To offer a joint product in instances where organisers of international events call for bids for an official airline to offer air transport services for a particular meeting. Participating airlines will therefore have to co-ordinate their responses to tender invitations.

4. Specifically SAA has requested from the Commission that they be exempt from the joint participation of the Star products.
5. Star Alliance members are competitors or potential competitors in the passenger airline market(s). Accordingly, the above conduct may constitute prohibited practices in contravention of section 4(1)(b)(i); 4(1)(b)(ii) and/ or 4(1)(b)(iii) of the Act.
6. SAA submits that their alliance is necessary and is required for:
 - 6.1. The maintenance or promotion of exports (section 10(3)(b)(i) of the Act);
and\ or
 - 6.2. A change in productive capacity necessary to stop decline in an industry (section 10(3)(b)(iii) of the Act).
7. SAA seeks the exemption for a minimum period of ten (10) years, starting from the date of the approval of the application by the Commission.
8. Notice is hereby given in terms of section 10(6)(b) of the Act to allow interested parties twenty (20) business days from the date of the publication of this notice to make written representations to the Commission as to why the exemption should be granted or not.

Such representations must be directed to either Mr Edward Chiweza or Mr Siphamandla Mkhwanazi on the following electronic addresses, EdwardC@compcom.co.za, SiphamandlaM@compcom.co.za respectively.

In correspondence kindly refer to the following Case No: **2015MAY0266**