

Press Release

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Competition Commission investigates collusion amongst airlines

The Competition Commission has initiated an investigation against major airlines BA/Comair, South African Airways, 1Time, SA Airlink, Mango and SA Express for allegedly colluding on prices and pricing strategies to be adopted during the FIFA 2010 World Cup tournament.

The investigation follows a leniency application by South Africa Airways (SAA), in December 2009, in which SAA undertakes to fully cooperate with the Commission in exchange for leniency from prosecution under the Competition Act. In November 2009, the Office of the President also requested the Commission to look into concerns that airlines planned to escalate their air fares during the World Cup.

In its application SAA gave the Commission e-mail correspondence between the airlines in which there are indications that the airlines might adjust air fares ahead of the World Cup. In particular, the e-mail suggests that since there is no indication as to which flights will represent peak demand flights, *airlines have the option to either not provide any inventory for sale until such time, or price all inventory at peak time rates until such time as they have greater certainty*. This e-mail also suggests that *air fares will have to be raised* in order to cover various anticipated additional costs.

"The Soccer World Cup tournament provides South African business with a good opportunity to showcase our international competitiveness, an opportunity which could have positive and lasting benefits. But it is also possible that some firms might want to exploit the situation by engaging in anti-competitive conduct. The Commission is obliged to investigate all legitimate complaints in such instances," says Commissioner Shan Ramburuth.

The Commission will investigate the allegations made by SAA and circumstances surrounding the allegations to determine if the airlines have colluded to increase prices or adopt similar pricing strategies ahead of the World Cup. If it finds that they have, the Commission will refer the case to the Competition Tribunal for a hearing and request an appropriate penalty.

ENDS

Further info:

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