



Media Statement
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SA AIRLINK AND SAFAIR MERGER PROHIBITED

The Commission has prohibited the proposed merger between SA Airlink (Pty) Ltd and Safair Operations (Pty) Ltd, as the transaction is likely to result in a substantial prevention of competition.

The Commission is of the view that the merger is likely to result in the removal of an effective competitor to SA Airlink on the routes it currently operates on. Safair offers competitive prices and has been growing in the market both in terms of its existing routes, as well as recently entering new routes.

Safair is also a potential competitor of SA Airlink in those routes which it has not yet entered and is likely to pose a competitive constraint on SA Airlink bearing in mind its currently competitive pricing on competing and non-competing routes. The Commission found that there are significant price differences between Safair and SA Airlink and that if the merger were to be approved, there is a likelihood of significant price increases.

The Commission further found that the merger is likely to result in coordinated effects through the exchange of competitively sensitive information between SAA and Safair (and SA Airlink) since SAA has a shareholding in SA Airlink.

Further, SA Airlink currently operates under agreements with SAA. In the event that the merger were to be approved, SA Airlink would have the ability to adapt the business strategy of Safair such that Safair is incorporated into the agreements between SAA and SA Airlink. Further, the Commission also found that Even if Safair were not to be incorporated into these agreements, since post-merger SAA would have an indirect economic interest in Safair, this would dampen competition between Safair and SAA, (and presumably by extension SA Express).

In this regard, the Commission found that the merger would likely result in the enhancement and facilitation of coordinated conduct. The Commission found that no remedies could sufficiently address the competition concerns identified.

In light of the above, the Commission finds that the merger is likely to result in a substantial prevention of competition. For this reason, the Commission prohibits the proposed transaction.

Background

Airlink provides scheduled passenger services on feeder routes to major hubs in South Africa and destinations across Southern Africa. Airlink also provides belly cargo services and maintenance services. The airline conducts some of its own ground handling activities.

Safair provides scheduled passenger services to and from major airport hubs in South Africa. Safair also provides non-scheduled or chartered humanitarian aid and relief services to and from African countries as well as outside of Africa with a principal focus on remote regions like Antarctica (South Pole).

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