

Media Release

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Competition Commission refers air cargo cases for prosecution

The Competition Commission referred cases of collusion in the cargo carriage market against eight airline firms to the Tribunal for adjudication on 28 July 2010.

The airlines face allegations of fixing the price of the fuel surcharges and cargo rates on cargo flown into and out of SA.

Airlines allegedly involved in the price fixing conduct include British Airways PLC, South African Airways Cargo, Air France Cargo-KLM Cargo, Alitalia Cargo, Cargolux International S.A., Singapore Airlines, Martinair Cargo and Lufthansa Cargo.

The Commission initiated this investigation on 27 March 2006, following an application for leniency by Lufthansa. In its application Lufthansa admitted that various surcharges and price increases were agreed upon with its competitors and it was granted conditional immunity from prosecution provided it cooperates with the Commission in its investigation and prosecution.

During the investigation the Commission found that the conduct started in 1996 when there was an increase in the price of jet fuel. In response to this, the respondents, in their capacity as members of the International Air Transport Association (IATA), adopted a resolution in terms of which a fuel surcharge mechanism was introduced. The resolution entailed a mechanism through which carriers would decide on the timing and the amount of the fuel surcharge on cargo. Evidence before the Commission indicates that this conduct continued until 2006.

Furthermore, Lufthansa, Cargolux, Air France, and KLM face allegations of fixing cargo rates. These airlines identified routes and concluded agreements to implement increases in cargo rates on those routes. This was done through meetings and workshops facilitated by the three airlines.

The Commission has asked the Tribunal to impose an administrative penalty of 10 percent of annual turnover on each of the airlines involved, except Lufthansa which was granted conditional immunity from prosecution by the Commission provided that it fully co-operates in the Commission's investigation and prosecution of this case.

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Further Info:

Oupa Bodibe: Advocacy and Stakeholder Manager
012 394 3267/ 082 563 6970/ oupaB@compcom.co.za