

JFTC Responded the Consultation on Information Sharing of Eight Member Airlines of the Star Alliance

October 21/2011
Japan Fair Trade Commission

On October 21, 2011, the Japan Fair Trade Commission (JFTC) provided the following response to the consultation from All Nippon Airways Co., Ltd., (ANA), under the prior consultation system for activities of businesses.

1. Background and general situation

Among the alliance of airlines called Star Alliance, 8 airlines (All Nippon Airways, United Airlines, Lufthansa Airlines, Swiss International Air Lines, Air Canada, Scandinavian Airlines System, Air China, and Asiana Airlines)(Note(1)) have proposed to share—in the following methods through ANA—the data on sales performance for their corporate services called Corporate Plus(Note(2)) that are sold for companies with subsidiaries throughout Japan.

- (1) The 8 airlines will voluntarily report—to Star Alliance Services Ltd. (Services)(Note(3)), Germany—the total sales (fare by airline route and the number of total services sold are not included) for the past six months for each of their contracting companies who have entered into an agreement to provide Corporate Plus.

Foot Note (1) Names of each Airline company are described as in the consultation.

Foot Note (2) Corporate Plus is a service of the Services in which ANA is entrusted from the member airlines of Star Alliance to execute and maintain a basic agreement excluding fare.

Foot Note (3) The Services is a support company to plan and develop the service that the Star Alliance members offer.

- (2) The Services will receive the data of total sales separately from the 8 airlines (not on their contracting companies' basis but on their total sum basis) and provide them with the data of the total sales only, combined for the airlines as in the (1) above.

The 8 airlines will individually negotiate with their clients on the terms of contract if effects on sales price competition and others can be anticipated after sharing the data of their sales performance. The 8 airlines will take any action not to share the each airlines' price information among them.

2. The AMA Policy to the Consultation

The JFTC examined this consultation from the viewpoint of Section 3 (unreasonable restraint of trade) in the AMA, because it is the information sharing among competitors in the international air transport services.

Depending on the competitive situations and a way to use the information, there may arise a restriction on the competition of the number of sales, its price, and so on for Corporate Plus in the future.

However, the JFTC, taking the following into consideration, concluded that this information sharing would not restrain the price/quantity competition in the market concerned substantially.

- (1) The 8 airlines will report the total sales for the past six months for each of their contracting companies to the Services, whereas the Services will provide the 8 airlines with the data of the total sales only, combined for the airlines.
- (2) Among the 8 airlines, some dispatch their staff to the Services; however, there are articles for the obligation of confidentiality between the 8 airlines and the Services. Moreover, there is the clause for the obligation of confidentiality between the staff and the Service, so the information of the 8 airlines that the Services collected could never be disclosed to any of the airlines.

3. Conclusions

Upon the basis of the JFTC policy, the conduct of the 8 airlines shall not be the problem for the AMA.

Note: If any facts underlying the judgment for the response are modified or the reply is

inappropriate to maintain, all or part of the response may be withdrawn by issuing a document showing the reasons. In this case, JFTC would not take any legal measure against the act above until the withdrawal.

*Every announcement is tentative translation.