



TIGERAIR, CEBU PACIFIC GET GREEN LIGHT FOR COLLABORATION ON FLIGHT ROUTES

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[Airlines Cebu Pacific and Tigerair](#) have received the green light for a collaboration on flight routes, following changes to their proposed alliance, said the Competition Commission of Singapore (CCS) on Tuesday (Sep. 22).

In the revised agreement, the budget carriers will coordinate connecting times in their booking systems for interline journeys, where passengers need to travel on multiple airlines. The scheduling of flights will be done independently.

This means that the passengers could benefit from improved connectivity, but the airlines will not have coordinated fares.

The clearance came after Cebu Pacific and Tigerair revised their agreement to address competition concerns raised by CCS. The airlines had initially proposed to jointly operate their Singapore-Philippine routes, jointly sell their routes and cooperate in other areas including sales and marketing, distribution and airport operations.

"CCS considered that the alliance would by its nature, prevent, restrict or distort competition on the overlapping common routes," said the statutory board. The airlines operate common routes between Singapore and Manila, Singapore and Clark, and Singapore and Cebu.

CCS said that the collaboration would eliminate competition on the Singapore-Clark route as both airlines are the only competitors operating the current route. "Even though the barriers to entry are low, CCS has assessed based on industry feedback that it is unlikely for other airlines to commence operation on this generally unprofitable route in the near future," said CCS.

It also pointed out that the airlines account for more than 80 percent of market share by passengers on the Singapore-Cebu route. "While the route appears to be commercially viable and barriers to entry are low, CCS has assessed based on industry feedback that there is no indication of any likely new entrant in the next 12 months," the statutory board said. CCS added that "it would be even more unlikely for other airlines to commence operation on the route in the near future" if the collaboration went ahead.

In the revised agreement, the airlines will not coordinate for pricing, surcharges and capacity, and they will not undertake any form of revenue sharing on the Singapore-Clark and Singapore-Cebu routes.

Earlier in 2014, Tigerair had divested its 40 percent interest in loss-making Tigerair Philippines to Cebu Pacific for US\$7 million (S\$8.9 million) in a bid to form a wide-ranging strategic alliance. The divestment resulted in Cebu Pacific gaining full ownership of Tigerair Philippines.

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