



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/08/200)

17th October, 2014

Notice under Section 6 (2) of the Competition Act, 2002 given by Boeing Singapore Pte Ltd and SIA Engineering Company Limited

Order under Section 31(1) of the Competition Act, 2002

1. On 7th August 2014, the Competition Commission of India (hereinafter referred to as '**Commission**') received a notice under Section 6 (2) of the Competition Act, 2002 (hereinafter referred to as '**Act**') given by Boeing Singapore Pte Ltd ("**Boeing Singapore**") and SIA Engineering Company Limited ("**SIAEC**") (**together, referred to as "Parties"**).
2. The Parties were required to furnish additional information under Regulation 5 and Regulation 19 of the Competition Commission of India (Procedure In Regard To Transaction Of Business Relating To Combinations) Regulations, 2011 ("**Combination Regulation**") vide letter dated 28th August, 2014. Thereafter, vide letters dated 9th September, 2014 and 16th September, 2014, the Parties were required to remove defects and furnish certain clarifications in terms of Regulation 14 of the Combination Regulations. The Parties filed their response to the said letters on 8th September, 2014, 15th September, 2014 and 13th October, 2014, respectively.
3. Based on information furnished by the Parties, it is observed that the proposed combination relates to establishment of a joint venture company ("**JV Co.**") in Singapore by Boeing Singapore and SIAEC wherein Boeing Singapore and SIAEC will hold fifty one per cent (51%) and forty nine per cent (49%) shares, respectively. The proposed JV Co. will offer maintenance, repair and overhaul ("**MRO**") services together with related engineering, logistics and supply chain



and inventory management services in South Asia Pacific region, including India, with respect to certain aircrafts manufactured by The Boeing Company.

4. Boeing Singapore is a private limited company which has been incorporated under the laws of Singapore. It is a wholly owned subsidiary of The Boeing Company, which in turn, is incorporated under the applicable laws of the USA. Boeing Singapore is currently engaged in, *inter alia*, the field of fleet management solutions. The Boeing Company is one of the leading manufacturers of commercial jetliners and military aircrafts.
5. SIAEC, a part of Singapore Airlines group, is incorporated under the laws of Singapore. It is engaged in the business of provision of MRO services for aircraft, engines and related components.
6. The notice was filed pursuant to execution of Formation and Contribution Agreement (“FCA”) on 9th July, 2014 by The Boeing Company, Boeing Singapore and SIAEC. The FCA will govern, amongst other things, the incorporation and establishment of the JV Co. and following the fulfillment of certain conditions and clearances, Boeing Singapore, The Boeing Company and SIAEC will execute a joint venture agreement. Further, pursuant to the FCA, The Boeing Company, Boeing Singapore and SIAEC will novate contracts to the JV Co. for the provision of MRO services with respect to certain aircrafts manufactured by The Boeing Company to both SIA group customers and third party customers. The novation of customer contracts by The Boeing Company, Boeing Singapore and SIAEC to the JV Co. and consequently, the acquisition of these assets by the proposed joint venture amounts to notifiable transaction under Section 5(a) of the Act.
7. On the basis of the information provided in the notice and other documents available on record, it is observed that the MRO services can be classified into the segments such as (a) heavy maintenance, including major structural



COMPETITION COMMISSION OF INDIA



inspection of airframes; (b) line maintenance, including routine maintenance checks; (c) component maintenance; and (d) engine maintenance.

8. As stated by the Parties, the JV Co. will not provide engine maintenance services. Further, neither the Boeing Company nor SIAEC provides any line maintenance services in India. As a result, the competition assessment with respect to the above notice has been limited to the effect of the proposed combination on the market segments comprising (a) heavy maintenance; and (b) component maintenance.
9. It is observed that in both of the said segments of MRO services, the Parties have no presence in India since neither the Boeing Company nor SIAEC provides any MRO services in India. SIAEC does not provide MRO services to Indian carriers in India. The Boeing Company has, through its group companies, provided *ad hoc* services to Indian carriers outside India. However, the revenues from such services are insignificant. It is noted that several Indian players are active in both these segments and have a significantly larger market share vis-à-vis the Parties in both these segments of MRO services.
10. Further, as stated in the notice, The Boeing Company does not have any arrangement with any of the Indian carriers or the MRO service providers in India. Also as stated in the notice, post combination, (a) Indian carriers using Boeing aircrafts will be free to procure MRO services from any MRO service provider; (b) The Boeing Company will not be prevented from supplying spare parts or technical support to MRO service providers in India.
11. In view of the foregoing, it is noted that the proposed combination is not likely to have any adverse effect on competition in India.
12. Considering the facts on record and the details provided in the notice given under sub-section (2) of section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the



COMPETITION COMMISSION OF INDIA



Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under sub-section (1) of section 31 of the Act.

13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
15. The Secretary is directed to communicate to the Parties accordingly.