



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/09/209)

20th October 2014

Notice under section 6(2) of the Competition Act, 2002 given by:

- **Airbus Services Asia Pacific Pte. Ltd.; and**
- **Singapore Airlines Limited**

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

1. On 11th September 2014, the Competition Commission of India (hereinafter referred to as the '**Commission**') received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the '**Act**') given by Airbus Services Asia Pacific Pte. Ltd. (hereinafter referred to as '**Airbus Asia**') and Singapore Airlines Limited (hereinafter referred to as '**SIA**') (hereinafter Airbus Asia and SIA shall be collectively referred to as the '**Parties**').
2. The proposed combination relates to formation of a joint venture company Airbus Asia Training Centre Pte. Ltd. (hereinafter referred to as '**AATC**' or the '**JV Co.**') which shall be engaged in providing flight pilot training services. In terms of Joint Venture Agreement (hereinafter referred to as '**JVA**') and Subscription Agreement (hereinafter referred to as '**SA**') entered into between the Parties on 13th August 2014, on completion of the proposed combination, Airbus Asia will hold fifty-five percent of the share capital of the JV Co. and SIA will hold the remaining forty-five percent of the share capital.
3. Airbus Asia is a private limited company incorporated in Singapore. It is an indirect subsidiary of the holding company, Airbus Group N.V., (hereinafter referred to as '**Airbus Group**') incorporated in Netherlands. The principal activities of Airbus Asia comprise the management and performance of services on aircraft and warehousing activities related to aircraft spare parts. Airbus S.A.S. (hereinafter referred to as '**Airbus**') is a wholly owned subsidiary of Airbus Group with its headquarter in France. Airbus Group operates in India through its various subsidiaries. However, none of its subsidiaries in India are engaged in the service of providing flight pilot training as envisaged by the JV Co.



4. SIA is a limited liability company incorporated in Singapore. SIA is a leading provider of aviation services. It provides *inter alia* flight passenger services, cargo services, maintenance services, engineering and training services. The principal activity of SIA consists of passenger air transportation. As stated in the notice, in India, SIA provides these services except the aircraft engineering and maintenance services, pilot and maintenance training and tour wholesaling services.
5. AATC, incorporated in Singapore, is a wholly owned subsidiary of Airbus Asia. As per the information given in the notice and other documents on record, SIA will transfer to AATC three full flight simulators (hereinafter referred to as ‘**FFS**’) for different Airbus aircraft types along with the FFS spares. Further, as stated in the notice, the business of the JV Co., as detailed under the JVA, will comprise providing *inter alia* aviation training (i.e. civil flight aviation training program for Airbus aircrafts) to SIA and other airlines and contractual training for Airbus to the benefit of SIA and other airlines of the ‘territory’¹ as defined under the JVA.
6. It has also been stated in the notice that the JV Co. would provide flight pilot training services on FFS for the Airbus aircrafts belonging to the A320, A330, A350XWB and A380 family and certain other types of Airbus aircrafts.
7. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as ‘**Combination Regulations**’), vide letter dated 24th September 2014, the Parties were required to remove certain defects and provide information/document(s) latest by 30th September 2014. The Parties filed their reply on 7th October 2014 after seeking an extension.
8. It is observed that flight pilot training services can be broadly distinguished into firstly, *ab initio* pilot training, whereby an individual with no previous flight experience is given the license to fly a commercial aircraft; and secondly, certain flight pilot training categories, wherein a pilot is trained at controls of a particular aircraft and gains necessary licence endorsements. The aforesaid second category of

¹ Territory means the following countries: Brunei Darussalam, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Australia, New Zealand and Papua New Guinea. Immediately following the date that TATA – SIA commences the use of Airbus aircraft, India shall also be included in this definition of Territory.



flight pilot training, comprises *inter alia* type rated training (or conversion training) and contractual training. The JV Co. envisages providing flight pilot training services in the segments like (i) intermediate and advanced phases of multi crew pilot licenses, a type of *ab initio* flight training; (ii) conversion training, where a pilot is first trained at controls of a particular aircraft and gains necessary licence endorsements; (iii) recurrent training, required periodically to ensure that the pilot retains the necessary licence endorsements; (iv) additional training, which is purchased separately and can be provided by all flight training service providers and (v) contractual training, which is provided pursuant to an aircraft sale and purchase agreement or lease agreement, through credits to the airlines.

9. It is observed that FFS equipment and instructors are the two key requirements for provision of flight pilot training programmes. FFS is a device that artificially re-creates the aircraft flight and also the environment in which the aircraft flies, for pilot training, design or other purposes like research into aircraft characteristics and control handling qualities. FFS manufacturers are independent of the airline manufacturers. Some of the major FFS manufacturers having an Indian presence, include CAE and Sim Industries, which have collaboration with InterGlobe and Flight Simulation Technique Centre Pvt. Ltd. (hereinafter referred to as 'FSTC') respectively, in India. In this regard, it is also noted that the Directorate General of Civil Aviation (hereinafter referred to as 'DGCA') can grant any flight training centre a Type Rating Training Organisation (hereinafter referred to as 'TRTO'). As submitted by the Parties, DGCA grants TRTO approval for Airbus aircrafts if the said training centre can deliver Airbus aircraft training. As regards the requirement of instructors for flight pilot training programmes, it is not mandatory for the instructors to be from the respective aircraft manufacturers.
10. As stated by the Parties, SIA only operates flights to India and does not have any flight pilot training centre in India. Further, although Airbus Group does not have any flight pilot training centre in India, it provides flight pilot training services through its arrangement with FFS providers like CAE, Bangalore, InterGlobe-CAE and FSTC, in India. However, as stated by the Parties, Airbus Group has taken FFS equipment on lease, only to a limited extent, for provision of flight pilot training programs in India. Further, as stated by the Parties, in terms of volume, during 2010 to 2013, Airbus Group has purchased, on an average, less than 700 FFS hours only



from CAE, Bangalore for contractual training purposes. Airbus Group has not purchased any FFS hours from any training centres in India in 2014.

11. Further, it is observed that there are TRTOs like Air India, Jet Airways as well as independent training centres such as InterGlobe–CAE, CAE, Bangalore and FSTC, in India, for providing flight pilot training, as envisaged under the JV Co. The services of the TRTOs can be availed for provision of contractual training, in case the airlines operating in India, prefer so. In this regard, it is also noted that most of the Airbus aircrafts owned/operated by Indian carriers belong to the Airbus A320 family. It is also noted that as the category of Airbus A320 aircrafts has not been included in the non-compete and the exclusivity clause provided in the JVA, Airbus Group may use FFS facilities in India to provide flight pilot training services for the A320 aircrafts. As regards the contractual training for A330 aircrafts, it has been stated in the notice that Jet Airways, which has mostly A330 aircrafts, has largely used the Airbus training centre, located in Toulouse (France), for its A330 aircrafts, in the last 3 to 5 years, though Jet Airways has facilities in India for the providing the said training. Further, Air India has only two such A330 aircrafts.
12. In view of the foregoing and, as there is no horizontal overlap or vertical relationship between the Parties with respect to provision of flight pilot training, the proposed combination is not likely to give rise to an adverse effect on competition in India.
13. Considering the facts on record and the details provided in the notice, 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 proposed combination under sub-section (1) of Section 31 of the Act.
14. This approval is without prejudice to any other legal/statutory obligation as applicable.
15. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.



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16. The Secretary is directed to communicate to the Parties accordingly.