

Competition Commission red lights Airlink and Safair merger

The proposed merger of airlines Airlink and Safair was blocked by the Competition Commission on Friday, 23 February 2018...



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Besides reducing competition between the two airlines on domestic routes, the commission said it was concerned about state-owned South African Airways (SAA) - which was already a shareholder of Airlink - also becoming a part owner of Safair via the deal.

"This would dampen competition between Safair and SAA, and presumably by extension SA Express," the commission said in Friday's statement.

"The commission is of the view that the merger is likely to result in the removal of an effective competitor to Airlink on the routes it currently operates on.

"Safair offers competitive prices and has been growing in the market both in terms of its existing routes, as well as recently entering new routes," the commission said.

"The commission found that there are significant price differences between Safair and Airlink and that if the merger were to be approved, there is a likelihood of significant price increases."

The commission said it found the merger was likely to result in a substantial prevention of competition.

"For this reason, the commission prohibits the proposed transaction."

Source: BDpro

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