

# Competition authorities investigating Emirates

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The Competition Commission has confirmed that it is investigating Emirates Airline for abuse of dominance under the Competition Act, after claims that it offered incentives to travel agents to divert sales from competitors.



Julian Herzog via [Wikimedia Commons](#)

The airline industry is particularly cut-throat and operates on low margins, giving dominant players much advantage. Section 8 of the Competition Act prohibits a dominant firm from "inducing" a customer to not deal with a competitor, or to engage in any other conduct that impedes or prevents its competitors from entering into or expanding within a market.

Emirates, which is the world's largest airline and operates a fleet of at least 251 aircraft, confirmed on Friday that it was the subject of a probe. The investigation centres on allegations that between 2010 and 2014 Emirates offered travel agents incentives to lock out competitors.

Emirates Southern African manager Fouad Caunhye said the airline had not been informed who laid the complaint. This information would become available only should the matter progress to the Competition Tribunal, Caunhye said.

Itumeleng Lesofe, the spokesman for the Competition Commission, said the investigation had been running since April 2015. "Unfortunately, I am unable to tell when the investigation will be completed, but substantial work has been done," Lesofe said.

This is not the first airline abuse of dominance case of this sort to be brought before the commission. In 2005, South African Airways (SAA) was found to have contravened the Competition Act by providing travel agents with incentives to divert traffic from the now bankrupt Nationwide and Comair, and fined R45m, at the time, the largest fine levied under the act.

In 2010, the aggrieved parties took SAA to the commission again, to win a declaratory order to open the way to pursue damages in the high court. Both airlines are in the process of suing SAA for damages. Liquidators for Nationwide are demanding R325m in damages, while Comair is suing for R1bn. Both are awaiting judgment.

Internationally, Emirates and other Gulf airlines are frequently the target of complaints by competitors for unfair business practices. In the US, three domestic airlines - Delta, American and United - are lobbying the American government to impose restrictions on Gulf airlines, claiming that they receive government subsidies that are enabling their rapid expansion into the US market.

Domestically, Emirates Airline has also faced opposition over its expansion, with an attempt by the Department of Transport to block the airline's plans to introduce a fourth daily flight from Johannesburg to Dubai in October 2015.

*Source: Business Day*

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