European Commission - Press release





Commission approves EasyJet, IAG and AFKLM as remedy takers in the context of ITA Airways merger control investigation

Brussels, 29 November 2024

The European Commission has approved, under the EU Merger Regulation, EasyJet Airline Company PLC ('EasyJet'), International Airlines Group ('IAG') and Air France-KLM S.A., Société Air France and Koninklijke Luchtvaart Maatschappij N.V. (together 'AFKLM') as suitable remedy takers under the commitments made by Lufthansa AG ('Lufthansa') and the Italian Ministry of Economy and Finance ('MEF') in order to acquire joint control over ITA Airways ('ITA'). The approval of suitable remedy takers is a condition for Lufthansa and the MEF to implement the transaction.

In <u>July 2024</u>, the Commission approved the acquisition of joint control of ITA by Lufthansa and the MEF, conditional upon full compliance with a remedy package submitted by Lufthansa and the MEF consisting of:

- Commitments for short-haul routes: Lufthansa and the MEF had to make available to one or two rival airlines the necessary assets to enable them to start non-stop flights between Rome or Milan and certain airports in Central Europe. They also had to ensure that one of those rival airlines would have access to ITA's domestic network to offer indirect connections between certain airports in Central Europe and certain Italian cities other than Rome and Milan.
- **Commitments for long-haul routes**: Lufthansa and the MEF had to enter into agreements with rivals to improve their competitiveness on the long-haul routes of concern between Italy and North America, for instance through interlining agreements or slot swaps. This would lead to increased frequencies of non-stop flights and/or improved connections for one-stop flights on each of the routes.
- **Commitments for Milan Linate airport**: Lufthansa and MEF also had to transfer take-off and landing slots at Linate airport to the remedy taker(s) for the short-haul routes to address competition concerns at the airport.

Pursuant to the commitments, Lufthansa and the MEF can only implement the transaction following the Commission's approval of suitable remedy takers for each of the short-haul, long-haul and Milan Linate commitments.

Lufthansa and the MEF notified to the Commission their choice of (i) EasyJet as the remedy taker for the short-haul routes and for the transfer of take-off and landing slots at Milan Linate airport; and (ii) IAG and AFKLM as the remedy takers for the long-haul routes. Lufthansa and the MEF submitted also the related proposed agreements with the relevant remedy takers for the Commission's approval.

Approval of EasyJet, IAG and AFKLM as suitable remedy takers

Today, the Commission has concluded that EasyJet, IAG and AFKLM are suitable remedy takers. In particular, the Commission found that they fulfilled the relevant criteria of (i) independence from Lufthansa, the MEF and ITA; (ii) financial resources, proven expertise and incentives to act as viable and active competitive forces in competition with Lufthansa and ITA; and (iii) absence of *prima facie* competition concerns or risks in delaying the implementation of the commitments.

In addition, the Commission has concluded that the remedy agreements entered by Lufthansa and the MEF with the suitable remedy takers to implement the remedy package are consistent with the commitments.

For its assessment, the Commission gathered extensive information from Lufthansa, MEF, ITA and the proposed remedy takers and consulted closely with the monitoring trustee appointed in this case.

Following today's approval, Lufthansa and the MEF can implement the transaction.

Background

The proposed acquisition of joint control of ITA by Lufthansa and the MEF was notified to the Commission on 30 November 2023. On 23 January 2024, the Commission opened an in-depth investigation into the transaction, which was followed by the sending of a Statement of Objections. On 3 July 2024, the Commission approved the proposed acquisition subject to conditions.

Following the conditional clearance of the joint acquisition of ITA by Lufthansa and MEF, it was the responsibility of Lufthansa and MEF to find and propose to the Commission suitable remedy taker(s) under the commitments.

To ensure that the implementation of the commitments will solve the competition concerns, the Commission assesses the suitability of the proposed remedy taker(s) according to the purchaser criteria set out in the text of the commitments. The Commission only accepts the proposed remedy taker(s), when it is convinced that they have the ability and incentive to continue to operate in the future in a way that they will constitute a competitive force on a lasting basis in the market.

More information will be available on the Commission's <u>competition website</u>, in the public <u>case register</u> under the case number <u>M.11071</u>.

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