

## **Imperial Air Cargo urges Competition Commission to investigate anti-competitive behaviour in airfreight market**

**An urgent request has been made by Imperial Logistics for the Competition Commission to initiate a market inquiry into the general state of competition in the domestic overnight express airfreight market.**

*"This industry is in a state of escalating crisis, and our intention is to draw the Commission's urgent attention to non-commercial conduct and structures that are preventing, distorting and restricting competition,"* states Imperial Logistics chief integration officer Cobus Rossouw.

He stresses that this has serious implications not only for the market concerned, but also for related industries, and for South Africa's economy as a whole, *"The ramifications are far reaching. It is clear that, if unresolved, this crisis is likely to negatively affect key sectors of South Africa's economy due to the significant knock-on effects with regard to productive capacity, efficiency and pricing of goods and services in general."*

In an expansive submission to competition commissioner Shan Ramburuth, Imperial Logistics has provided details of non-competitive conduct by state-funded SAA Cargo, which is the dominant player in this market alongside only one private operator, Imperial Air Cargo (IAC). Among other points, the submission outlines SAA Cargo's failure to pass on increases in major cost drivers to customers - like fuel, landing and handling, air traffic navigation, aircraft leases and the impact of exchange rate deterioration.

Rossouw elaborates: *"SAA Cargo has frozen its prices since April 2012, despite the impact of increased costs and deteriorating exchange rates. It has only very recently intimated that it would increase its prices. It is our view that SAA Cargo's conduct can only be seen as an exclusionary strategy to eliminate the only remaining competitor, IAC, from the domestic overnight express airfreight market. There are compelling grounds to justify the Commission launching an enquiry into this market, on an urgent basis,"*

*"Failure to do so may result in the overnight express market slipping into a subsidised State-owned monopoly, which would lead to a substantial increase in prices and a reduction in both efficiency and reliability in the domestic overnight express airfreight market,"* Rossouw concludes.