



## Commission sends Statement of Objections over proposed acquisition of Air Europa by IAG

Brussels, 26 April 2024

The European Commission has informed International Consolidated Airlines Group, S.A. ('**IAG**') of the Commission's preliminary view that IAG's proposed acquisition of sole control of Air Europa Holding, S.L. ('**Air Europa**') may restrict competition in the market for passenger air transport services, in particular for routes within, to and from Spain. The Commission is concerned that customers may face increased prices and/or decreased quality of services after the transaction.

**IAG** and **Air Europa** operate an extensive network of domestic routes in Spain, short-haul routes within the European Economic Area ('EEA') and neighboring countries as well as long-haul routes, in particular to and from North and South America.

### The Statement of Objections

On [24 January 2024](#), the Commission opened an in-depth investigation to assess if IAG's acquisition of Air Europa may reduce competition in the provision of passenger air transport services.

The Commission conducted a wide-ranging investigation to understand the potential impact of the deal. This investigation included, among others, gathering and analysing information and internal documents provided by the parties, and views from competing airlines, airports, slot coordinators and customers as well as from individual consumers and consumer representative organisations.

As a result of this in-depth investigation, the Commission is concerned that the transaction may:

- **Reduce competition** on a certain number of Spanish **domestic routes**, notably on routes where high speed trains do not provide an alternative, and on **routes between peninsular Spain and the Balearic and Canary Islands**. On such routes, IAG and Air Europa compete head-to-head. For a few of these routes, there will be no direct competition after the transaction. For other routes, competition appears limited and comes primarily from regional Spanish airlines and low-cost airlines, such as Ryanair.
- **Reduce competition** on a certain number of **short-haul routes connecting Spain with countries in Europe and in the Middle East**. On such routes, IAG and Air Europa compete or will compete head-to-head in the foreseeable future. Competition on such routes appears limited and comes primarily from low-cost carriers, such as Ryanair, who in many cases operate from more remote airports, or from the incumbent carrier of the destination country.
- **Reduce competition** on a certain number of **long-haul routes connecting in particular Spain with North and South America**. On such routes, IAG and its joint venture partners compete or will compete head-to-head with Air Europa. For some of these routes, there will be no direct competition after the transaction. For other routes, competition from other airlines appears limited and both parties have relatively high market shares.

Every year, millions of passengers travel on those routes for a total annual spending of over €3 billion. The Commission's objective is to **ensure that the transaction does not lead to adverse effects for customers** – consumers and businesses alike – in terms of increased prices or decreased quality of services. The Commission is concerned that, absent suitable remedies, the removal of Air Europa as an independent airline may have negative effects on competition in these already concentrated markets.

A Statement of Objections is a formal step in an investigation, where the Commission informs the companies concerned in writing of the objections raised against them. The sending of a Statement of Objections does not prejudice the outcome of the investigation. IAG now has the opportunity to reply to the Commission's Statement of Objections, to consult the Commission's case file and to request an oral hearing.

IAG also has the possibility to put forward remedies to address the preliminary competition concerns identified by the Commission. It can decide to submit remedies at any time of the proceedings until

the remedy deadline, which currently falls on 10 June 2024.

## Companies and products

**IAG**, headquartered in Spain, is a multinational airline holding company listed on the London Stock Exchange with secondary listings on Spanish Stock Exchanges. It controls the Spanish carrier Iberia Líneas Aéreas de España, S.A. Operadora ('Iberia') and the Spanish low-cost carrier Vueling Airlines, S.A., as well as the UK carrier British Airways Plc, the Irish carrier Aer Lingus Limited, and the Barcelona-based long-haul airline FLYLEVEL UK Limited. IAG is the parent company of IAG Cargo Limited. British Airways and Iberia are members of the oneworld alliance.

**Air Europa**, headquartered in Spain, and its wholly owned subsidiaries constitute the airline division of Globalia. Globalia is a Spanish tourism group headquartered in Lluçmajor, Spain. Air Europa is a member of the SkyTeam alliance.

## Background

The transaction was notified to the Commission on 11 December 2023. The Commission opened an in-depth investigation on [24 January 2024](#). On 23 February 2024, IAG submitted commitments to address some of the Commission's preliminary concerns. However, these commitments were considered insufficient, in terms of both scope and effectiveness, to clearly dismiss the Commission's preliminary concerns. The Commission therefore did not test them with market participants.

The Commission now has until 15 July 2024 to take a final decision.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see [Article 1](#) of the Merger Regulation) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

In addition to this proposed transaction, there is currently one ongoing Phase II merger investigation, namely the [proposed acquisition of ITA Airways by Lufthansa](#).

More information will be available on the Commission's [competition website](#), in the Commission's [public case register](#) under the case number [M.11109](#).

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