

Airline merger could see passengers pay more to fly from London to South Korea

Press release

The buyout of Asiana Airlines by Korean Air could lead to higher prices for passengers flying between London and Seoul, as well as impacting air cargo services.



Image credit: CMA

Korean Air and Asiana Airlines are the only carriers operating direct passenger flights between London and Seoul and currently compete closely for customers. The only competition that the merged businesses would face on this route would come from providers of indirect flights, which the CMA's investigation found are a much weaker option for customers.

On this basis, the CMA found that the merger would risk higher prices and a reduced quality of service for passengers flying between London and Seoul. While customer demand has recently been lower on this route as a result of the Covid-19 pandemic, around 150,000 passengers travelled from London to Seoul in 2019 – and this level of demand is expected to return in the next few years.

The CMA also found that the merger raises competition concerns in the supply of air cargo services. The CMA found that Korean Air and Asiana Airlines are the two main suppliers of direct cargo services between the UK and South Korea and, even when taking into account the more significant competition that providers of indirect flights provide for cargo customers, would not face sufficient competition after the merger. The deal could therefore result in higher costs for UK businesses transporting products to or from South Korea.

The merger remains subject to merger control clearance in the US, China,

Japan and the EU.

Colin Raftery, Senior Mergers Director at the CMA, said:

Korean Air and Asiana Airlines are the two main players on the London to Seoul route and the deal risks UK customers and businesses paying over the odds or receiving a lower quality of service.

Should Korea Air and Asiana Airlines fail to address our concerns, this deal will progress to a more in-depth investigation.

1. According to Oxford Economics there were 143,676 UK arrivals into South Korea in 2019. This fell post-pandemic to 44,021 arrivals in 2022, although numbers are returning to pre-pandemic levels.
2. The CMA is considering the impact of the deal for UK customers – assessing whether other competitors are available to provide alternative passenger or cargo services if Korea Airlines and Asiana Airlines come under common ownership.
3. The CMA's competition concerns relate to:
 - air passenger services on the London-Seoul route.
 - air cargo services on the Europe to South Korea route for customers transporting cargo from the UK to South Korea.
 - air cargo services on the South Korea to Europe route for customers transporting cargo from South Korea to the UK.
4. The parties have until 21 November to submit proposals to address the CMA's competition concerns. The CMA would then have until 28 November to consider whether to accept these in principle or refer the deal for an in-depth phase 2 investigation.
5. All enquiries from journalists should be directed to the CMA press office by email on press@cma.gov.uk or by phone on 020 3738 6460.
6. All enquiries from the general public should be directed to the CMA's General Enquiries team on general.enquiries@cma.gov.uk or 020 3738 6000.

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