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Press release

## **CMA blocks airline booking merger**

Following an in-depth investigation, the CMA has blocked Sabre’s proposed takeover of Farelogix.

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Competition and Markets Authority (<https://www.gov.uk/government/organisations/competition-and-markets-authority>)



Among other products and services, Sabre and Farelogix supply software solutions which help airlines to sell flights via travel agents including those that operate online. Their IT solutions enable airlines to create add-ons to tickets sold through travel agents such as seats with extra leg room, WiFi and meals. Additionally, the 2 companies offer services to help airlines connect with passengers via travel agents.

Following its in-depth “Phase 2” investigation (<https://www.gov.uk/government/news/sabre-s-takeover-of-farelogix-raises-competition-concerns>), the Competition and Markets Authority (CMA) has found that Sabre’s purchase of Farelogix could result in less innovation in their services, leading to fewer new features that may be released more slowly. Fees for certain products might also go up. As a result, airlines, travel agents and UK passengers would be worse off.

Farelogix has developed technology that allows airlines to offer more choice to passengers who purchase tickets from travel agents by way of customising their flight experience through, for example, booking specific meals or seats with extra leg room. Sabre does not currently offer this new technology but is investing in developing it. If Sabre were to buy Farelogix it will be unlikely to develop the technology itself. Airlines, and ultimately their passengers, will lose out from both this lack of innovation and the insufficient competition between the remaining companies in the market.

Additionally, Sabre is one of the main established businesses worldwide that airlines can use to connect to travel agents. The CMA has found that Farelogix offers airlines a good alternative. Sabre is also investing in its ability to better meet airlines' needs. The CMA considers that Farelogix's continued independence will likely help motivate Sabre to innovate further, giving airlines more choices in connecting to travel agents that will allow tickets and extra products to be sold through travel agents in more innovative ways.

Martin Coleman, Chair of the CMA inquiry group, said:

The products and services that Sabre and Farelogix provide ultimately affect many passengers flying in and out of the UK. The two companies are helping drive technological change in this industry and we are concerned that the merger will see airlines and their UK passengers miss out on the benefits from continued innovation.

We recognise that our decision in this inquiry comes at a time of uncertainty and disruption in the global travel industry due to the COVID-19 pandemic. It remains important that we protect competition among businesses that provide services to airlines and the benefits such competition can bring for airlines and passengers. We never take decisions to block mergers lightly and in this case the evidence of harm is clear.

The US Department of Justice (DoJ) carried out a separate review and took Sabre and Farelogix to court to block the merger on the basis of concerns in one of the two areas where the CMA has found problems. On 7 April, the US District Court of Delaware decided to clear the deal, with the DOJ free to appeal that decision. The CMA's job is to protect competition in the UK for the benefit of UK consumers and its processes, and grounds for assessment, are different to those in the USA.

For more information, visit the Sabre / Farelogix merger inquiry (<https://www.gov.uk/cma-cases/sabre-farelogix-merger-inquiry>) web page.

For media queries, contact the CMA press office on 020 3738 6460 or [press@cma.gov.uk](mailto:press@cma.gov.uk).

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