



**Proposed Joint Business between Malaysia Airlines Berhad and Japan Airlines Co. Ltd.**

Reference Number	:	MAVCOM/ED/CC/DIV2/2019(2)
Application	:	Individual exemption under section 51 of Act 771
Applicant(s)	:	Malaysia Airlines Berhad
Receipt of Application	:	12 April 2019
Summary of Application	:	<p>Malaysia Airlines Berhad (“MH”), on behalf of MH and Japan Airlines Co. Ltd. (“JL”) (collectively, “the Parties”), is seeking for an individual exemption for a metal neutral joint business partnership (“Proposed Joint Business”).</p> <p>The Parties intend to cooperate on all their passenger services between Malaysia and Japan, comprising:</p> <ol style="list-style-type: none"> <li>a. non-stop services operated by either MH or JL between Malaysia and Japan, including Kuala Lumpur – Tokyo, Kuala Lumpur – Osaka, and Kota Kinabalu – Tokyo; and</li> <li>b. routes within Malaysia or Japan connecting to or from the routes mentioned in paragraph (a) above.</li> </ol> <p>The Proposed Joint Business will not be implemented until the relevant approvals have been granted by MAVCOM and Japan’s Ministry of Land, Infrastructure, Transport and Tourism.</p> <p>The Proposed Joint Business will facilitate efficiency-enhancing integration and coordination of their services. The salient terms of the Proposed Joint Business include coordination or cooperation in:</p> <ol style="list-style-type: none"> <li>a. schedule and capacity;</li> <li>b. sales and marketing;</li> <li>c. performance monitoring; and</li> <li>d. revenue planning.</li> </ol> <p>The objective of the Proposed Joint Business is to realize significant consumer and economic benefits, and efficiencies that can be achieved through commercial cooperation in relation to the Parties’ respective networks.</p> <p>The Application provides that the Proposed Joint Business is expected to significantly benefit consumers through:</p>



	<ul style="list-style-type: none"><li>a. Increased travelling options made available by increased capacity and improved scheduling on trunk routes;</li><li>b. Better network connectivity through the availability of added destinations within Malaysia and Japan and beyond;</li><li>c. Better accessibility through expanded code-sharing;</li><li>d. More attractive fare options due to pricing (including fare combinability), inventory, sales and marketing coordination;</li><li>e. Co-ordinated Frequent Flyer Programmes that will allow customers to choose the programme which best meets their needs while flying on either MH's or JL's network worldwide;</li><li>f. Improved airport lounge offerings through joint products and services;</li><li>g. Improved disruption management, through coordination of procedures and offering more options on bookings and re-accommodation;</li><li>h. Better corporate account offerings and benefits allowing customers to have access to a broader range of inventory and fares, more flexible travel operations and ability to accumulate benefits earned from separate contracts under one scheme;</li><li>i. Better services arising from cost savings brought about by the Proposed Joint Business;</li><li>j. Seamless customer experience brought about by streamlining operational processes such as customer check-in services, crew management and training, flight booking systems to become more efficient.</li></ul> <p>Contemporaneous benefits will accrue to the Malaysian economy through strengthening trade ties between Malaysia and Japan, potential increases in traffic to Malaysia, and the promotion of Kuala Lumpur International Airport as an air hub.</p> <p>The Application also provides that any detriments to competition arising from the Proposed Joint Business are minimised by the competitive constraints posed by current and future competitors, and the ability of consumers to</p>
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	<p>switch to competing airlines. It further asserts that the benefits and efficiencies that arise from the Proposed Joint Business outweigh any potential detriments to competition. The presence of strong competitors operating both direct and indirect services between Malaysia and Japan are expected to continue to exert competitive pressure on the Parties.</p>
Consultation	<p>: MAVCOM welcomes any party to submit written feedback on the individual exemption application regarding the Proposed Joint Business between MH and JL.</p> <p>Any written feedback shall be titled “Joint Business Between Malaysia Airlines Berhad and Japan Airlines” and submitted to MAVCOM by email to <a href="mailto:competition@mavcom.my">competition@mavcom.my</a> by 27 May 2019.</p> <p>If the feedback contains confidential information, the party submitting the feedback shall clearly identify the confidential information and provide a non-confidential version of the feedback (with the confidential information removed and replaced by the word [“CONFIDENTIAL”]). “Confidential information” refers to trade, business or industrial information that belongs to any person, that has economic value and is not generally available to or known by others.</p>