



**Malaysian  
Aviation Commission**  
*Suruhanjaya Penerbangan Malaysia*

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Case number: MAVCOM/ED/CC/DIV2/2019(2)

**SECTION 51 OF THE MALAYSIAN AVIATION COMMISSION ACT 2015 [ACT 771]**

**INDIVIDUAL EXEMPTION**

**Proposed Decision by the Malaysian Aviation Commission on an Application for Individual Exemption under Section 51 of the Malaysian Aviation Commission Act 2015 by Malaysia Airlines Berhad**

**3 September 2019**

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**Summary of the Proposed Decision:**

1. The Proposed Joint Business partnership between Malaysia Airlines Berhad and Japan Airlines Co. Ltd falls within the scope of section 49 of the Malaysian Aviation Commission Act 2015 [Act 771]. The Proposed JB involves a metal neutral partnership for scheduled air passenger services between Malaysia and Japan. The Parties will cooperate in scheduling, capacity management, sales and marketing, performance monitoring, and revenue planning, amongst others.
2. Upon assessing the Proposed JB, the Commission, by virtue of sections 50 and 51 of Act 771, proposes to grant an individual exemption from the section 49 prohibition of Act 771 for a period of five (5) years from the Final Decision (2019 – 2024).

[Published version]

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## BACKGROUND

1. On 12 April 2019, the Malaysian Aviation Commission (“**MAVCOM**” or “**Commission**”) received an application for an individual exemption under section 51 of the Malaysian Aviation Commission Act 2015 (“**Act 771**”) for a proposed metal neutral joint business partnership (“**Proposed JB**”) between Malaysia Airlines Berhad (“**MH**”) and Japan Airlines Co. Ltd. (“**JL**”) (“**Application**”). The Proposed JB between MH and JL (collectively referred to as “**Parties**”) concerns scheduled air passenger services between Malaysia and Japan. The Application was submitted by MH with the consent of JL for the benefit of both Parties.
2. On 25 April 2019, MAVCOM published a summary of the Application on its website. The Commission also invited relevant industry players and the public at large to provide any written feedback on the Application within the period of 25 April – 27 May 2018. The Commission received written feedback from two (2) airlines, namely [REDACTED] and [REDACTED] on 16 May 2019 and 27 May 2019, respectively.
3. This decision refers to airports according to the airport codes as defined by the International Air Transport Association (“**IATA**”). The IATA airport codes used are provided in **Appendix I**.

## OVERVIEW OF THE PARTIES TO THE PROPOSED JOINT BUSINESS

4. The Proposed JB will be governed by an Alliance Agreement and a Joint Business Agreement (“**JBA**”) (collectively referred to as “**Definitive Agreements**”) signed by MH and JL:
  - (a) MH is principally engaged in the business of air transportation and other related services. MH is a wholly owned subsidiary of Malaysia Aviation Group Bhd, which in turn is wholly owned by Khazanah Nasional Bhd.
  - (b) JL is an enterprise engaged in the provision of air transport services, aerial work services, and other related businesses. JL is listed on the Tokyo Stock Exchange.
5. [REDACTED].

## THE DEFINITIVE AGREEMENTS

6. The Applicant submitted the final drafts of the Definitive Agreements together with the Application. The Definitive Agreements will only be signed and implemented by the Parties after the respective individual exemption from MAVCOM and the antitrust immunity from Japan’s Ministry of Land, Infrastructure, and Transport are obtained. [REDACTED].
7. The stated objective of the Proposed JB is to realise significant consumer and economic benefits and efficiencies that can be achieved through commercial cooperation in relation to the Parties’ respective networks. The Applicant also stated that the Proposed JB seeks to enhance the Parties’ passenger air services between Malaysia-Japan and to gain critical mass for the sustainable operation of services in view of the stiff competition from other carriers from Malaysia, Japan, and nearby hubs (e.g. SIN, BKK, and HKG).

8. The Proposed JB is for a minimum term of [REDACTED] years and [REDACTED].<sup>1</sup>
9. MH submitted that the aviation services covered by the Proposed JB are broadly divided into the following:
  - (a) Non-stop services operated by either MH or JL between Malaysia and Japan, including the existing services on KUL-Tokyo, KUL-Osaka, and BKI-Tokyo (“**Direct Routes**”); and
  - (b) Routes within Malaysia or Japan connecting to/from the Direct Routes (“**Indirect Routes**”).

The Proposed JB would enable [REDACTED] Malaysian cities to connect to Japan, and [REDACTED] Japanese cities to connect to Malaysia (see **Appendix II**). The routes above are not exhaustive and new services between Malaysia and Japan may be opened by the Parties in response to market demand. The Proposed JB does not apply to domestic services that have an origin and destination (“**O&D**”) in Malaysia or Japan.

10. Under the JBA, the Parties will cooperate in the following matters:
  - (a) Revenue sharing: [REDACTED].
  - (b) Schedule coordination: [REDACTED].
  - (c) Capacity management: [REDACTED].
  - (d) Performance monitoring: [REDACTED].
  - (e) Revenue planning: [REDACTED].
  - (f) Product development and alignment: [REDACTED].
  - (g) Quality control: [REDACTED].
  - (h) Cost synergies: [REDACTED].
  - (i) Sales: [REDACTED].
  - (j) Sales organisation: [REDACTED].
  - (k) Pricing: [REDACTED].
  - (l) Inventory management: [REDACTED].
  - (m) Frequent Flyer Programs (“**FFP**”): [REDACTED].
11. In general, the Definitive Agreements are non-exclusive and do not preclude either Party from entering into and maintaining relationships—such as code sharing, frequent flyer cooperation, and benefit sharing arrangements with other airlines. However, during the term of the Alliance Agreement, JL shall not do the following without prior written consent from MH:

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<sup>1</sup> [REDACTED]

- (a) [REDACTED];
- (b) [REDACTED];
- (c) [REDACTED];
- (d) [REDACTED]; or
- (e) [REDACTED].

Corresponding restrictions as described in paragraphs (a) – (e) also apply to MH in respect of Japan.

12. The exclusivity restrictions described in paragraph 11 of this Proposed Decision are limited in scope, as they shall not apply to the following:

- (a) [REDACTED];
- (b) [REDACTED];
- (c) [REDACTED];
- (d) [REDACTED];
- (e) [REDACTED]; or
- (f) [REDACTED].

13. [REDACTED].

## **DEFINING THE RELEVANT AVIATION SERVICE MARKET**

### **Applicant's Submission**

#### *Focal aviation services*

14. MH submitted that the focal aviation services for which the individual exemption is sought are scheduled air passenger services between Malaysia and Japan, consistent with the scope of the Proposed JB.

#### *O&D city-pairs*

15. The Applicant submitted that demand-side substitution, rather than supply-side substitution, should be considered. The Applicant stated that passengers generally want to travel to a specific destination and will not substitute another destination when faced with a small but significant and non-transitory increase in price. The Applicant submitted that for this Application, the market for scheduled air transport services is defined as the O&D city-pair.

16. With regard to HND and NRT in particular, the Applicant submitted that these airports belong to the same market given that they are within the same catchment area serving Tokyo as a destination. Also, both passengers and travel operators consider NRT and HND as airports for Tokyo. The Applicant also stated that this is consistent with the MAVCOM’s Decision on the Individual Exemption Application by All-Nippon Airways Co., Ltd. and United Airlines, Ltd (“**ANA/United**”).<sup>2</sup>

*Direct and indirect services*

17. The Applicant submitted that the relevant aviation service market definition should also take into consideration the direct and indirect services provided by other airlines between Malaysia and Japan.
18. The Applicant noted that, other than the Parties, AirAsia X Berhad (“**D7**”), NH, and Malindo Airways Sdn Bhd (“**OD**”) also provide direct services between Malaysia and Japan (see Table 1). The Applicant submitted that these direct services compete with the focal aviation services in the Proposed JB on each O&D city-pair.

**Table 1: Airlines Serving Direct Flights Between Malaysia and Japan**

Route	Airline	Frequency (flight/week)
<b>KUL-NRT</b>	MH	12
	JL	7
	NH	7
<b>KUL-HND</b>	D7	7
	NH	7
<b>KUL-KIX</b>	MH	7
	D7	7
<b>BKI-NRT</b>	MH	2
<b>KUL-CTS</b>	OD	3
	D7	4

Source: Application Document

19. With regard to indirect services, the Applicant submitted that the level of substitutability of indirect flights for direct flights depends on several key factors including fare level, scheduling, product/service offered, loyalty, and duration of the journey.
20. The Applicant submitted that it is likely for travellers to view indirect flights operated by SQ, Thai Airways International Public Co. Ltd (“**TG**”), and Cathay Pacific Airways Limited (“**CX**”) as substitutes to direct flights offered by MH and JL. With regard to O&D services within the Malaysia-Japan market that are not operated directly by MH or JL—such as PEN-Tokyo and KUL-NGO—the Applicant submitted that most airlines offer at least one-stop services and, thus, the competitive pressure of other direct or indirect airlines is higher for MH and JL. In particular, the Applicant’s submission on the substitutability of services by other airlines is as per Table 2.

<sup>2</sup> Paragraph 6.1.4 of the ANA/United Decision (MAVCOM/ED/CC/DIV2/2017(1)).

**Table 2: Travel Time and Substitutability of Direct and Indirect Flights for Selected Malaysia-Japan Routes**

Route	Airline	Service	Travel time	Applicant's Submission on Substitutability with MH/JL Services
<b>KUL-NRT</b>	MH/JL	Direct	6h40m	-
	CX	Indirect via HKG	9h25m	Substitutable
	SQ	Indirect via SIN	8h30m	Substitutable
	TG	Indirect via BKK	9h25m	Substitutable
<b>KUL-HND</b>	D7	Direct	6h50m	Substitutable
	CX	Indirect via HKG	9h25m	Substitutable
	SQ	Indirect via SIN	8h45m	Substitutable
	TG	Indirect via BKK	8h50m	Substitutable
<b>KUL-KIX</b>	MH	Direct	6h00m	-
	D7	Direct	6h25m	Substitutable
	CX	Indirect via HKG	9h30m	Not substitutable – additional travel time is more than 150 minutes
	SQ	Indirect via SIN	8h25m	Substitutable
	TG	Indirect via BKK	8h20m	Substitutable
<b>PEN-NRT/HND</b>	MH	Indirect via KUL	9h50m	-
	JL	Indirect via KUL	9h10m	-
	CX	Indirect via HKG	11h40m	Not substitutable – additional travel time is 150 minutes
	SQ	Indirect via SIN	9h15m	Substitutable
	TG	Indirect via BKK	8h55m	Substitutable
<b>KUL-NGO</b>	MH	Indirect via KUL	11h05m	-
	JL	Indirect via KUL	11h05m	Substitutable
	CX	Indirect via HKG	10h00m	Substitutable
	SQ	Indirect via SIN	9h55m	Substitutable
	TG	Indirect via BKK	9h05m	Substitutable

Source: Application Document

*Substitutability of other forms of transport*

- As the focal aviation services under the Proposed JB involve long-haul international flight services, the Applicant submitted that other modes of transportation are not appropriate substitutes to air passenger services as they are not comparable in terms of speed and convenience.

### *Business and leisure travellers*

22. The Applicant submitted that it is not necessary to consider separate markets for business and leisure travel. Due to the nature of the Malaysia-Japan markets, the demand for air travel is constituted by a mix of business and leisure travellers, and all carriers try to attract both segments of customers.

### *Conclusion*

23. The Applicant submitted that the focal aviation services are the direct and indirect scheduled air passenger services between Malaysia and Japan.
24. The Applicant further submitted that for the purpose of this Application, the assessment should focus on the O&D city pairs where at least one of the Parties operates a direct service between Malaysia and Japan, namely, the Direct Routes:
- (a) KUL-Tokyo, with NRT and HND considered as a single market;
  - (b) KUL-Osaka; and
  - (c) BKI-Tokyo.
25. In relation to other routes between Malaysia and Japan, the Applicant submitted that there is no ‘metal’ overlap between MH and JL because they rely on their existing codeshare and interline arrangements to connect to Malaysian and Japanese destinations through the Direct Routes. The Applicant also stated that there are sufficient competitive pressures on the Parties from other carriers. The Applicant further noted that under the bilateral arrangements between Malaysia and Japan, ninth freedom traffic rights are not allowed.

### **Commission’s Analysis**

26. Section 47 of Act 771 provides that “aviation service market” is “a market for aviation services in Malaysia or in any part of Malaysia”. MAVCOM’s Guidelines on Aviation Service Market Definition provides that in defining and identifying the relevant aviation service market, the two dimensions of the market—the service market and the geographic market—should be considered.<sup>3</sup>

### *Focal aviation services*

27. In terms of the service market, the Commission agrees that the focal aviation services are scheduled air passenger services.

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<sup>3</sup> Paragraph 3.1 of MAVCOM’s Guidelines on Aviation Service Market Definition (GL/Competition/ASMD/2018).

### *O&D city-pairs*

28. In terms of the geographic market, the Commission notes that air travellers generally travel to a specific destination for a reason and are not likely to switch to another destination when faced with a small but significant, non-transitory increase in price. Thus, the relevant geographic market for air transport services is commonly defined based on the O&D city-pair. The Commission finds no reason to depart from this approach.
29. With regard to Tokyo, the Applicant submitted that it is served by two (2) airports, NRT and HND, which belong to the same market. In this regard, the Commission notes that in its ANA/United Decision<sup>4</sup>, the Commission considered the following factors in assessing the substitutability between airports:
- (a) The catchment radius of each airport and the substitutability between airport
  - (b) The connectivity between potentially substitutable airports
  - (c) The scheduling and frequency of flights
  - (d) The convenience and quality of airport services.

Based on these factors, the Commission is satisfied that NRT and HND are regarded as substitutable airports for Tokyo connection, both from the demand and supply-side. As such, the Commission agrees with the Applicant that HND and NRT belong in the same market for the purpose of this assessment.

30. With regard to Osaka, the Commission notes that there are two (2) airports serving the city, namely ITM and KIX. ITM focuses on domestic connections to/from Osaka while KIX focuses on international connections. In the Application, reference to the KUL-Osaka services was used interchangeably with KUL-KIX.
31. For the purpose of this assessment, the Commission holds the view that KUL-KIX constitutes a single market, as one of the Direct Routes. Even though both ITM and KIX serve Osaka, the Commission finds that it is not necessary to consider ITM as being in the same market as KIX for this assessment because KUL-ITM is served by one-stop services and two-stop services that are not comparable to KUL-KIX in terms of travelling time. For example, the durations for the direct KUL-KIX services by MH and D7 are 6 hours and 6 hours 25 minutes, respectively. On the other hand, the shortest duration for KUL-ITM one-stop services is 9 hours 50 minutes, operated by NH. In any case, the Commission further notes that even if ITM is considered as being part of a larger KUL-Osaka market, it will not materially affect the findings as KUL-ITM would constitute less than 2% of such market.

### *Direct and indirect services*

32. The Commission agrees that for the purpose of this assessment, direct and indirect services provided by other airlines between Malaysia and Japan can be considered as substitutes.

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<sup>4</sup> Paragraph 6.1.5 of the ANA/United Decision.

33. The Commission also notes that during the consultation period as mentioned in paragraph 2 of this Proposed Decision, [X] provided written feedback stating that they regard direct services as competing with or substitutable to one-stop services. [X] further stated that the substitutability of direct and one-stop services is subject to the overall elapsed time being competitive.
34. The Applicant submitted that flight services on the same route are only considered as substitutes if the increase in travel time is not more than 150 minutes compared to the Parties' services. For this assessment, the Commission finds that such differentiation in terms of travel time is immaterial to its findings.

#### *Substitutability of other forms of transport*

35. Given the long-haul nature of the services under the Proposed JB, the Commission agrees that other forms of transport are not comparable to the scheduled air passenger services on the Direct Routes and the Indirect Routes in terms of speed and convenience. Thus, other forms of transport are not substitutes to scheduled air passenger services for the purpose of this assessment.

#### *Business versus leisure travel*

36. The Commission agrees with the Applicant that it is not necessary to distinguish between business and leisure passengers for the purpose of this assessment.

#### *Conclusion*

37. Based on the above considerations, the Commission concludes that the relevant aviation service market is the scheduled air passenger services for each O&D combination between Malaysia and Japan, including direct and indirect services. In particular, the relevant markets for the Direct Routes are:
- (a) KUL-Tokyo, with NRT and HND considered as a single market;
  - (b) KUL-KIX; and
  - (c) BKI-Tokyo.
38. The Applicant submitted that this assessment should only focus on the Direct Routes. The Commission is of the view that each market—including the Indirect Routes—can and should be assessed separately based on the respective O&D passenger data to determine the effect of the Proposed JB on the market.

## **PROHIBITION ON ANTI-COMPETITIVE AGREEMENT**

### **Legal Framework**

39. Subsection 49(1) of Act 771 prohibits an agreement between enterprises that “has the object or effect of significantly preventing, restricting or distorting competition in any aviation service market”. The reference to “object or effect” in subsection 49(1) of Act 771 should be read disjunctively.<sup>5</sup>

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<sup>5</sup> Paragraph 2.7 of the MAVCOM's Guidelines on Anti-Competitive Agreements.

40. Subsection 49(2) of Act 771 contains a deeming provision that further provides as follows:

*“Without prejudice to the generality of subsection (1), a horizontal agreement between enterprises which has the object to—*

- (a) fix, directly or indirectly, a purchase or selling price or any other trading conditions;*
- (b) share the aviation service market or sources of supply;*
- (c) limit or control—*
  - (i) production;*
  - (ii) market outlets or market access;*
  - (iii) technical or technological development; or*
  - (iv) investment; or*
- (d) perform an act of bid rigging,*

*in connection with aviation services, is deemed to have the object of significantly preventing, restricting, or distorting competition in any aviation service market.”*

### **Applicant’s Submissions**

41. The Applicant submitted that the Proposed JB will not be likely to have the effect of significantly preventing, restricting or distorting competition within the relevant markets in Malaysia. Nevertheless, given that the Proposed JB contemplates deep collaboration between the Parties, the Parties have made this Application for relief of liability pursuant to section 50 of Act 771.

### **MAVCOM’s Analysis**

42. The Commission is of the view that the Proposed JB falls within the scope of an anti-competitive agreement prohibited under section 49 of Act 771. In particular, it constitutes a horizontal agreement involving cooperation in areas stated in paragraphs 10 – 13 of this Proposed Decision, subsection 49(2) of Act 771 applies. As such, by virtue of subsection 49(2), the Proposed JB is concluded as having an object of significantly preventing, restricting, or distorting competition in the relevant aviation service markets.

### **RELIEF OF LIABILITY**

#### **Legal Framework**

43. An agreement prohibited under section 49 of Act 771 may be granted an individual exemption by MAVCOM if such agreement fulfils all of the requirements under section 50:
- (a) There are significant identifiable technological, efficiency or social benefits directly arising from the agreement;

- (b) The benefits could not reasonably have been provided by the parties to the agreement without the agreement having the effect of preventing, restricting or distorting competition;
  - (c) The detrimental effect of the agreement on competition is proportionate to the benefits provided; and
  - (d) The agreement does not allow the enterprise concerned to eliminate competition completely in respect of a substantial part of the aviation services.
44. MAVCOM's Guidelines on Anti-Competitive Agreements further provides that, in claiming any benefits under paragraph 50(a) of Act 771, the applicant shall identify and provide evidence on the nature of the benefits.<sup>6</sup> The Guidelines also state that unsubstantiated claims of benefits would be rejected.

### **Applicants' Submission**

#### *Section 50(a) – Significant identifiable technological, economic or social benefits directly arising from the agreement*

45. The Applicant submitted that the Proposed JB will give rise to the following significant benefits to the travelling public:
- (a) Increased capacity
    - (i) KUL-Tokyo services
      - MH currently operates 12 flights/week for KUL-NRT, utilising a mix of A350 and A380. With the Proposed JB, MH plans to [✂].
      - [✂]. At present, the air traffic rights (“**ATRs**”) for KUL-HND are limited to 7-weekly flights, which are fully utilised by D7. [✂].
      - [✂].
      - MH will also consider to [✂] for its the KUL-Tokyo services.
    - (ii) Potential new services
      - The Applicant also submitted that it wishes to introduce the following potential new services:

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<sup>6</sup> Paragraph 3.4 of MAVCOM's Guidelines on Anti-Competitive Agreements (GL/Competition/ACA/2018).



(b) Better accessibility through expanded code-sharing

- (i) MH submits that the Proposed JB [X] will increase the number of accessible destinations in Japan and Malaysia via the Direct Routes.
- (ii) The Applicant stated that JL has a significant operation out of HND compared to NRT. With the Proposed JB and subject to [X], MH can possibly expand its connections from four (4) to [X] Japanese cities. In addition, the Proposed JB will also increase the MH-JL codeshares to extend to [X] cities compared to the current five (5) cities (see Table 5). The connections to Malaysian and Japanese cities before and after the Proposed JB are listed in **Appendix II**.

**Table 5: Accessibility to Japanese and Malaysian Cities Via Expanded Codeshares under the Proposed JB**

Through	Pre-JB	Post-JB
<b>Connections to Japanese cities</b>		
NRT	Routes: 4 <sup>7</sup> Frequency: 42/week Seats: 7,259/week	Routes: [X] Frequency: [X]/week Seats: [X]/week
[HND]	Routes: [X] Frequency: [X]/week Seats: [X]/week	Routes: [X] Frequency: [X]/week Seats: [X]/week
KIX	Routes: 2 <sup>8</sup> Frequency: 42/week Seats: 6,930/week	Routes: [X] Frequency: [X]/week Seats: [X]/week
<b>Connections to Malaysian cities</b>		
KUL	Routes: 5 Frequency: 215/week Seats: 34,400/week	Routes: [X] Frequency: [X]/week Seats: [X]/week

Source: Application Document

- (iii) The Applicant also submitted that [X]. Regardless, the connectivity to Japanese cities through KIX and NRT, as well as, Malaysian cities through KUL under the Proposed JB will not be affected.

(c) More attractive fare options due to pricing, inventory, sales, and marketing coordination

- (i) The Applicants submitted that the Proposed JB will allow the Parties to:
- offer customers a greater variety of joint fare products (including discounted fare products, joint tour products, group travel products);
  - improve customer access to lower fares due to seat inventory coordination;

<sup>7</sup> CTS, FUK, ITM, and NGO.

<sup>8</sup> CTS and HND.

- [REDACTED];
  - increase the number of customers to whom these joint fare products are made available due to marketing coordination; and
  - offer customers discounted fares over a broader network of services.
- (ii) At present, MH only allows JL to sell tickets for MH-operated services for certain booking classes, and vice versa. Pursuant to the metal neutrality principle under the Proposed JB, [REDACTED].
- (iii) The Applicant further submitted that the [REDACTED] applied by MH and JL under the current codeshare arrangements will be removed under the Proposed JB. For example, [REDACTED]. The Applicant submitted the following potential reduction in fares for the Direct Routes under the Proposed JB:

**Table 6. Estimated Range of Available Fares Pre- and Post-JB**

Route	Economy class fares (RM)		Business class fares (RM)	
	Pre-JB	Post-JB	Pre-JB	Post-JB
<b>Range of MH return fares available on JL operated flights</b>				
KUL-Tokyo	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KUL-KIX	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BKI-Tokyo	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Range of JL return fares available on MH operated flights</b>				
KUL-Tokyo	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KUL-KIX	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BKI-Tokyo	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: Applicant's response to MAVCOM dated 9 May 2019  
 \*surcharge per direction

- (d) Improvements in the Parties' Frequent Flyer Programmes
- (i) Under the Proposed JB, the Applicant submitted that even though the Parties will continue to offer separate FFPs, they will coordinate their respective FFPs to deliver enhanced in-journey service benefits and provide FFP members with more access to offers, incentives, and promotions from the other Party. Subject to applicable restrictions on data privacy, the Parties intend to create a shared database of FFP Members to enable the delivery of relevant marketing programmes, enhancement of ancillary revenue and delivery of service benefits across the Parties' networks.

- (ii) Noting that MH and JL are oneworld partners, the Parties will negotiate on additional benefits under the Proposed JB such as the following:
  - JL offering similar benefits as to those provided by MH to its FFP members, namely pre-reserved seating option on flights
  - Better points accrual per additional mileage
- (iii) Amongst others, the Applicant wishes to explore the following with JL:
  - [✂].
  - [✂].
  - [✂].
  - [✂].
  - [✂].
- (iv) The Applicant also submitted that the benefits will be automatically available to the Party's FFP members. At present, MH's Enrich Loyalty Programme has approximately [✂] members.

(e) Airport lounges

- (i) At present, JL uses MH lounge in KUL while MH uses third-party lounges in Japan.
- (ii) With the Proposed JB, [✂].

(f) Disruption management

- (iii) The Applicant submitted that under the Proposed JB, the Parties shall streamline and improve their disruption management processes over and above those offered under the oneworld alliance. These improvements could include the following:
  - Coordination of procedures in the event of disruptions
  - Rebooking on MH and JL operating at lower costs and offering more options of re-accommodation
  - Availability of additional manpower to manage disruptions by utilising both MH and JL teams, instead of both airlines managing their own teams separately
  - Possible cost-savings in terms of accommodation being offered by leveraging on options available to both Parties.

(g) Better corporate account offerings and benefits

- (i) The Applicant submitted that the Proposed JB creates benefits for Malaysian corporate travellers as they will have access to MH and JL flights and enjoy the same benefits, enjoy a broader range of inventory and fare options under the same contract, more flexible travel options and accumulate benefits earned from separate contracts under one scheme.
- (ii) The Applicant submitted that other benefits to corporate customers in Malaysia include:
- [REDACTED];
  - [REDACTED];
  - [REDACTED];
  - [REDACTED]; and
  - [REDACTED].
- (iii) The Applicant further submitted that the benefits will be automatically enjoyed by the Parties' corporate customers. Between January and May 2019, JL had a total of [REDACTED] corporate clients while MH had [REDACTED], with only [REDACTED] common corporate clients. As such, MH and JL had [REDACTED] and [REDACTED] unique corporate clients, respectively.

(h) Benefits for MH network

- (i) The Applicant submitted that in addition to connectivity in Malaysia, JL sells connecting traffic via KUL to/from the rest of MH's network. The Applicant expected [REDACTED], which would not be considered without the Proposed JB due to potential financial risk and negative perception.

(i) Increased passenger numbers and tourists to Malaysia, and benefits to the Malaysian economy

- (i) The Applicant submitted that the Proposed JB will [REDACTED]. It was also submitted that Malaysia would benefit from the potential increase in transiting passengers as a hub and a destination, as a portion of such traffic may have extended stays in KUL or Malaysia.

(j) Cost savings leading to better services for customers

- (i) The Applicant submitted that the coordination activities involving sales, marketing, capacity, and disruption management under the Proposed JB can potentially help the Parties reduce their operational costs.
- (ii) The Applicant submitted that cost reductions can occur in the following areas:
- [REDACTED].
  - [REDACTED].

- [REDACTED].
  - (iii) These cost reductions can enable MH to [REDACTED], and improved customer services.
- (k) Streamlining of operational processes
- (i) The Applicant submitted that the exchange of best practices between the Parties can improve the efficiency of operational processes including customer check-in services, crew management and training, and flight booking systems.
  - (ii) The Applicant submitted the following potential improvements as a result of this streamlining:
    - [REDACTED].
    - [REDACTED].
    - [REDACTED].
    - [REDACTED].

*Section 50(b) – The benefits could not reasonably have been provided without the agreement having the effect of preventing, restricting or distorting competition*

46. The Applicant submitted that the Proposed JB is necessary and indispensable for the attainment of the enhanced economic efficiencies and expanded network for Malaysia and Japan. The cost savings, expanded networks, improved products, and service offerings for customers would not materialise without the implementation of the Proposed JB. The Applicant also submitted that the Proposed JB [REDACTED].
47. The Applicant further submitted that maintaining metal-neutrality and the sharing of scheduling and price information for coordination purposes are required to attain the claimed benefits. The benefits are unlikely to be achieved with a lower level of cooperation (such as a codeshare agreement) given the lack of alignment of commercial interest between the Parties and the inability to coordinate their commercial activities.
48. Without schedule coordination, capacity and operational management, inventory management, and pricing and sales cooperation, the Parties would not be incentivised or able to align their flights on the Direct Routes. In turn, it would not be possible for the claimed benefits to be realised.
49. The Applicant further submitted that the Proposed JB does not restrict the Parties from entering into arrangements and collaboration with other third parties in relation to services to countries other than Malaysia and Japan. Related thereto, the Applicant claimed that the exclusivity provisions under the Alliance Agreement is necessary to ensure that the commercial objective and rationale of the Proposed JB are not undermined, thus, realising the economic benefits arising from the Proposed JB.

*Section 50(c) – The detrimental effect of the agreement on competition is proportionate to the benefits provided*

50. The Applicant submitted that there are ample competitive constraints on the Parties from D7 which has the biggest market share for Malaysia-Japan services, NH which is a strong competitor to JL, and carriers connecting through other cities including SQ, TG, and CX. For flights between Malaysia and Japan, D7 has consistently had the highest market share since 2014. In 2018, D7 had 35% of the market share for Malaysia-Japan, followed by MH (26%), JL (9%), and the remaining indirect carriers (aggregating SQ, TG, CX, and other airlines) at 16%. The average Malaysia-Japan fare of MH, JL, and NH has been on a decreasing trend since 2014, with D7 influencing the fares.
51. On specific Malaysia-Japan routes:
- (a) KUL-Tokyo: D7 had the highest market share from 2013 to 2016 with around 32 – 40%. D7 and NH served approximately half of the traffic since 2016, which is comparable to MH and JL combined. The Applicant stated that this indicates that D7 and NH would offer competitive pressure to MH and JL on the KUL-Tokyo route.
  - (b) KUL-KIX: D7 has the highest market share since 2013, with above 60% for 2016 – 2018. Thus, the Applicant concluded that D7 would offer a competitive constraint to MH and JL.
  - (c) BKI-Tokyo: For BKI-Tokyo, MH has 78% market share with OD, D7, CX, LJ, and SJ as competitors. MH is the only carrier providing direct services on this route, with a frequency of two (2) flights weekly. The Applicant further submitted that [REDACTED].<sup>9</sup>
  - (d) Indirect Routes: D7 has had the biggest market share for Indirect Routes since 2014. In 2018, D7 had 31% market share, compared to MH (15%), JL (5%), and NH (8%). Other indirect carriers also had significant markets shares such as SQ (11%), CX (6%), and TG (7%).
52. The Applicant submitted that potential price increases arising from the combined market power of the Parties on overlap routes will be adequately constrained by the following factors:
- (a) Current and future competitors
  - (b) The price sensitivity of customers and their ability to switch easily between different airlines
  - (c) Ease of entry into the Malaysia-Japan market due to low barrier to entry in the Malaysia-Japan markets
    - (i) The Applicant stated that the Air Services Agreement between Malaysia and Japan is liberal and does not place any restriction on capacity, frequency or type of aircraft for carriers. The only exception is HND, where the air traffic rights are limited to seven (7) times weekly.

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<sup>9</sup> [REDACTED]

- (ii) The Applicant submitted that in general, there is no significant barriers to entry or expansion in terms of acquiring slots and accessing ground services in Malaysia and Japan airports. However, the Applicant further submitted that there is slot congestion in HND.
  - (iii) The Applicant cited the introduction of D7's KUL-FUK direct services and OD's KUL-CTS services in the first quarter of 2019 as evidence of recent entries into the Malaysia-Japan markets.
- (d) Transparency of pricing and other flight information
53. The Applicant also stated that the Proposed JB enables the Parties to offer many benefits such as more travel options in terms of improved connectivity, capacity, reduced connecting times, more fare options, improved passenger experience, streamlined operations, amongst others, as described in paragraph 45 of this Proposed Decision.
54. Thus, the Applicant submitted that the benefits and efficiencies which can be achieved with the Proposed JB outweigh any potential detriments to competition.

*Section 50(d) – The agreement does not allow the enterprise to eliminate competition completely in respect of a substantial part of the aviation services*

55. The Applicant submitted that the Proposed JB does not eliminate competition as there are strong competitors in the KUL-Tokyo city pair providing direct (D7 and NH) and indirect (SG, TG, and CX) services. Strong competitive pressure also exists for the other O&D pairs between Malaysia and Japan by competitors providing direct and indirect services, which are expected to continue post-JB.

### **MAVCOM's Analysis**

*Section 50(a) – Significant identifiable technological, efficiency or social benefits directly arising from the agreement*

56. The Commission has considered all of the benefits claimed by the Applicants and found that there are cumulative significant identifiable efficiency benefits arising directly arising from the Proposed JB, particularly the following:
- (a) Increased capacity
    - (i) With regard to the KUL-Tokyo services, the Commission is satisfied that MH plans to [X]. The Commission also notes MH's [X].
    - (ii) As for the Applicant's claims of potential new services and [X] for its KUL-Tokyo services, the Commission is of the view that such claims had not been sufficiently substantiated.
    - (iii) The Commission also finds that the Applicant had shown possible, although limited, improvement in scheduling arising from the Proposed JB, which would provide more options to passengers in terms of timing.
  - (b) Better accessibility through expanded code share arrangement

- (i) The Commission acknowledges that through the Proposed JB, the Parties will expand their code share arrangement and consequently, increase the accessibility to destinations in Malaysia and Japan through the Direct Routes.
  - (ii) The Commission notes that with regard to the increased connection to an additional [redacted] Japanese cities through the Proposed JB, such benefit will only materialise if [redacted]. The Commission further notes that the Proposed JB will increase the connections to Malaysian cities by covering [redacted] routes instead of five (5) routes currently.
- (c) More attractive fare options due to pricing, inventory, sales, and marketing coordination
- (i) The Commission is satisfied that the Applicant had objectively shown that the Proposed JB will enable the Parties to offer substantially lower fares to customers on the Direct Routes, through pricing and seat inventory coordination, as well as, [redacted].
  - (ii) The Commission also notes that under the Proposed JB, the Parties will [redacted]. The estimates provided by the Applicant on the Direct Routes showed that this would enable the passengers to:
    - [redacted];
    - [redacted]; and
    - [redacted].
- (d) Better corporate account offerings and benefits
- (i) The Commission agrees with the Applicant's claim that the Proposed JB will provide enhanced benefits to corporate customers including harmonised discounts, simplified management, increased ability to qualify for volume discounts, and discounted travel over a wider network. These benefits will be automatically enjoyed by the Parties' corporate customers. The magnitude of the benefits can be implied from the Parties' unique corporate clients, totalling [redacted].
- (e) Improved products and services
- (i) The Commission finds that the Applicant's claims on improved lounge services, improved FFP, disruption management, and streamlined operational process are interrelated and should be considered together as improvements in terms of the Parties' overall products and services. In this regard, the Commission is satisfied that the Proposed JB will give rise to the benefits as mentioned in paragraphs 45(d), (e), (f), and (k).

57. It is emphasised that the Commission's finding of significant efficiency benefits arising from the Proposed JB is not dependent upon [redacted]. The Commission recognises that [redacted]. However, the Commission further notes that even in the absence of [redacted], the following benefits could still be realised and are significant:

- (a) Increased frequency [✂]
  - (b) Enhanced accessibility to Malaysian cities
  - (c) Lower fare options
  - (d) Better corporate account offerings
  - (e) Improved products and services
58. With regard to the Applicant's claims of benefits mentioned in paragraphs 45(h), (i), and (j), the Commission finds that these claims were not sufficiently substantiated. As such, these claims are rejected.
59. Based on the considerations above, the Commission concludes that there are significant efficiency benefits arising directly from the Proposed JB, thus, fulfilling the requirement under section 50(a) of Act 771.

*Section 50(b) – The benefits could not reasonably have been provided without the agreement having the effect of preventing, restricting or distorting competition*

60. The Commission agrees with the Applicant that the benefits discussed in paragraph 56 of this Proposed Decision could not be materialised without the Proposed JB. The Commission also notes that an alternative form of agreement—such as a code share agreement, a special prorate agreement, or a frequent flyer agreement—could not bring about similar benefits of increased frequency, lower fare options, better corporate account offerings, and improved products and services.
61. The Commission notes the Proposed JB does not restrict the Parties from entering into arrangements and collaboration with other third parties in relation to services to countries other than Malaysia and Japan. In addition, the Commission further notes that the Proposed JB will not affect [✂]. This is consistent with the feedback received from [✂] which stated that the Proposed JB [✂].
62. Based on the above, the Commission concludes that the requirement under section 50(b) of Act 771 is fulfilled.

*Section 50(c) – The detrimental effect of the agreement on competition is proportionate to the benefits provided*

63. As stated in paragraphs 37 and 38 of this Proposed Decision, the relevant markets comprise the O&D pairs of the Direct Routes (KUL-Tokyo, KUL-KIX, and BKI-Tokyo) and the Indirect Routes (all other Malaysia-Japan O&D pairs). The Commission's assessment on the Proposed JB's detrimental effect on competition for the Direct Routes and the Indirect Routes is provided in paragraphs 65 – 75 this Proposed Decision.
64. As a starting point, the detrimental effect of the JB on competition was analysed based on the following considerations:
- (a) Annual passenger volume

- (b) Market concentration based on the Herfindahl-Hirschman Index (“**HHI**”). In particular, the Commission looked at the post-JB HHI<sup>10</sup> and the change in the HHI resulting from the JB (“**delta HHI**”).<sup>11</sup>

Direct Routes

65. Based on the factors mentioned in paragraph 64 of this Proposed Decision, the Commission finds that all Direct Routes—namely, KUL-Tokyo, KUL-KIX, and BKI-Tokyo—have a low delta HHI of below 0.1000, showing that the Proposed JB will not cause a significant increase in concentration in the respective markets. Table 7 below shows the passenger volume, post-JB HHI, and delta HHI for the Direct Routes.

**Table 7. Passenger Volume, Post-JB HHI, and Delta HHI for Direct Routes**

Route	Passenger Volume	Post-JB HHI	Delta HHI
KUL-Tokyo	677,258	0.3231	0.0944
BKI-Tokyo	41,851	0.6371	0.0237
KUL-KIX	399,460	0.4871	0.0009

Source: MAVCOM, Applicant’s Submission

66. Amongst the Direct Routes, KUL-Tokyo has the highest delta HHI at 0.0944. In this regard, the Commission notes that the Parties combined market shares had declined to below 50% in recent years, recording 45% in 2018. Similarly, the HHI for the KUL-Tokyo market had also shown a declining trend between 2013 and 2018. The declining HHI over this period was attributable to NH’s entry into the market, increasing its market share from 0% in 2013 to 26% in 2018. This had come at the expense of the Parties’ market share, as well as, D7. This shows that there is strong competition in the KUL-Tokyo market.
67. With regard to the KUL-KIX market, the Commission finds that MH’s market share had declined from 43% in 2013 to 29% in 2018, while D7’s market share had grown from 45% to 63% during the same period. The KUL-KIX market had also become more concentrated in recent years, recording an HHI of 0.4870 in 2018 compared to 0.3892 in 2013. The increase in concentration was attributable to D7’s increased passenger volumes. JL does not operate any direct KUL-KIX services and its indirect services on this route is negligible. As such, the delta HHI arising from the Proposed JB is only 0.0009.
68. As for BKI-Tokyo, the Commission notes that MH is only carrier providing direct services. The Commission further notes that the passenger volume is approximately 42,000 in 2018, making it a smaller market compared to KUL-Tokyo and KUL-KIX. MH’s market shares were 62% in 2013 and 78% in 2018, while JL had 3% and 2% market share in 2013 and 2018, respectively. Thus, the Proposed JB will not cause any significant increase in market concentration, with a delta HHI of 0.0237.

<sup>10</sup> The market shares of the Applicants are combined for the calculation of the post-JB HHI for the Focal Routes and Relevant Indirect Routes.

<sup>11</sup> Delta HHI = post-JB HHI – pre-JB HHI.

69. MH's next largest competitor in the BKI-Tokyo market is D7, which recorded 10% market share in 2018. Although MH's market share for BKI-Tokyo is high, the Commission notes the Applicant's claim that [REDACTED]. The Commission also finds that despite being the sole provider of direct BKI-Tokyo services, the Applicant's average fare had been on a declining trend from 2013 to 2018. Considering the overall profile of the BKI-Tokyo market, the Commission is of the view that the detrimental effect of the Proposed JB on competition will not be substantial.

#### Indirect Routes

70. The Commission also analysed the Indirect Routes based on the factors mentioned in paragraph 62 of this Proposed Decision.
71. Out of a total of 268 Indirect Routes, only 23 routes had passenger volumes of more than 2,500 per annum and were further analysed in terms of the post-JB HHI and delta HHI. Appendix III shows the passenger volume, post-JB HHI, and delta HHI for these 23 routes. The Commission finds that, in general, the delta HHIs recorded on these 23 routes are low. The Commission highlights the following findings:
- (a) The largest Indirect Route in terms of passenger volume is KUL-CTS (2018: 115,596 passengers), where the Parties' indirect services face strong competition from D7 which provides direct services.
  - (b) Only two routes have a delta HHI of above 0.1000, which are KCH-Tokyo (0.1784 delta HHI with 5,371 passengers) and KUA-Tokyo (0.1858 delta HHI with 2,699 passengers).
72. In terms of barriers to entry, the Commission notes that in Japan, only HND is limited in terms of ATRs granted to Malaysian carriers. In addition, the Commission further notes that HND faces a high level of congestion in terms of slots. In this regard, the Commission notes that the barriers to entry in relation to markets involving HND are high, being limited in both ATRs and slot availability. However, this does not change the finding of this Proposed Decision, as the current 7-weekly ATRs for HND are currently utilised by D7.
73. With regard to other airports in Japan, the Commission notes that NRT and FUK are also considered as congested airports in terms of slots, being categorised as Level 3 airports. However, the levels of congestion in NRT and FUK are lower than that of HND. The Commission finds that the potential barriers to entry to NRT and FUK are not material to the outcome of the Commission's assessment, in light of the competitive nature of the Tokyo markets and the relatively low post-JB HHI of the KUL-FUK market (below 0.2000).
74. The Commission also agrees with the Applicant's submission that the Parties will continue to face strong competition from current and future competitors on the Malaysia-Japan markets in general, coupled with the ease of switching between airlines for consumers. The Commission also considers the recent introduction of D7's KUL-FUK's direct services and OD's KUL-CTS services in 2019 as examples of the competitiveness of the Malaysia-Japan markets. The Commission further notes [REDACTED] response during the consultation on this Application which states that it does not face any difficulty in introducing or expanding air passenger services between Malaysia and Japan, including in terms of commercial viability, legal barriers, air rights, gate access, and slot availability.

75. Based on the considerations mentioned above, the Commission concludes that the significant benefits directly arising from the Proposed JB outweigh the detrimental effect of the JB on competition. Therefore, the requirement under section 50(c) of Act 771 is fulfilled.

*Section 50(d) – The agreement does not allow the enterprise to eliminate competition completely in respect of a substantial part of the aviation services*

76. The Commission agrees that the Proposed JB does not allow the enterprises to eliminate competition completely in respect of a substantial part of the scheduled air passenger services on the Direct Routes and the Indirect Routes. As observed in the paragraphs above, the relevant markets have been competitive and are expected to continue to be competitive even after the Proposed JB, given the existing and potential competition from direct and indirect services.

77. In addition, the Commission also observes that Proposed JB will not affect [§].

### **THE COMMISSION'S PROPOSED DECISION**

78. Based on the considerations stipulated above, the Commission concludes that the Proposed JB fulfils the requirements under section 50 of Act 771 and is eligible for an individual exemption.

79. The Commission hereby proposes to grant an individual exemption with respect to the Proposed JB from the prohibition under section 49 of Act 771, effective for a period of 5 years from the date of the Final Decision (2019 – 2024).

80. The individual exemption is subject to the following conditions and obligations:

- (a) The Parties shall not operate under a common name.
- (b) Where any material change is made to the Proposed JB or a Party to the Proposed JB, either Party shall file for variation or amendment of the individual exemption to MAVCOM within two weeks. A material change includes: a change in the scope of the Proposed JB; an addition of any new route or airline in the Proposed JB; and a cooperation arrangement or a merger with any airline that would affect the services in the relevant markets.
- (c) The Parties shall provide any document or information as requested by the Commission in relation to the Proposed JB for monitoring purposes

**APPENDIX I**  
**IATA AIRPORT CODES**

**APPENDIX I: AIRPORT CODES**

Airport Code	Airport Name
<b>Airports in Malaysia</b>	
AOR	Sultan Abdul Halim Airport (Alor Setar)
BKI	Kota Kinabalu International Airport
BTU	Bintulu Airport
JHB	Senai International Airport
KBR	Sultan Ismail Petra Airport (Kota Bharu)
KCH	Kuching International Airport
KUA	Sultan Ahmad Shah Airport (Kuantan)
KUL	Kuala Lumpur International Airport
LBU	Labuan Airport
LGK	Langkawi International Airport
MYY	Miri Airport
<b>Airports in Japan</b>	
AKJ	Asahikawa Airport
AOJ	Aomori Airport
ASJ	Amami Airport
AXT	Akita Airport
CTS	New Chitose Airport
FUK	Fukuoka Airport
HIJ	Hiroshima Airport
HKD	Hakodate Airport
HND	Tokyo Haneda Airport
ITM	Itami Airport
IZO	Izumo Airport
KCZ	Kochi Airport
KIX	Kansai International Airport
KKJ	Kitakyushu Airport
KMI	Miyazaki Airport
KMJ	Kumamoto Airport
KMQ	Komatsu Airport
KOJ	Kagoshima Airport
KUH	Kushiro Airport
MMB	Memanbetsu Airport
MSJ	Misawa Airport
MYJ	Matsuyama Airport
NGO	Chubu Centrair International Airport, Nagoya
NGS	Nagasaki Airport
NRT	Tokyo Narita Airport
OBO	Tokachi-Obihiro Airport

Airport Code	Airport Name
OIT	Oita Airport
OKA	Naha Okinawa Airport
OKJ	Okayama Airport
TAK	Takamatsu Airport
TKS	Tokushima Awaodori Airport
UBJ	Yamaguchi Ube Airport
<b>Other Asian Hubs</b>	
BKK	Suvarnabhumi Airport, Bangkok
HKG	Hong Kong International Airport
SIN	Changi Airport, Singapore

## **APPENDIX II**

### **COMPARISON OF CONNECTIONS TO JAPANESE AND MALAYSIAN CITIES PRE-JB AND POST-JB**

**APPENDIX II: COMPARISON OF CONNECTIONS PRE- AND POST-JB**

**Connections to and from Japanese cities**

Connecting Hub	Destination Airport	Destination City
<b><u>Existing connections before JB</u></b>		
KIX	CTS	Sapporo
KIX	HND	Tokyo-Haneda
NRT	CTS	Sapporo
NRT	FUK	Fukuoka
NRT	ITM	Osaka-Itami
NRT	NGO	Nagoya
<b><u>New connections after JB</u></b>		
[✂]	[✂]	[✂]

**Connections to and from Malaysian cities**

Connecting Hub	Destination Airport	Destination City
<b><u>Existing connections before JB</u></b>		
KUL	BKI	Kota Kinabalu
KUL	KCH	Kuching
KUL	KUA	Kuantan
KUL	LGK	Langkawi
KUL	PEN	Penang
<b><u>New connections after JB</u></b>		
[✂]	[✂]	[✂]

Source: MAVCOM, Applicant's Submission

## **APPENDIX III**

# **PASSENGER VOLUMES, POST-JB HHI, AND DELTA HHI FOR SELECTED INDIRECT ROUTES**

**APPENDIX III: PASSENGER VOLUME, POST-JB HHI AND DELTA HHI FOR SELECTED INDIRECT ROUTES**

<b>Route</b>	<b>Passenger Volume</b>	<b>Post-JB HHI</b>	<b>Delta HHI</b>
KUL-CTS	115,596	0.7176	0.0003
PEN-Tokyo	63,424	0.2595	0.0729
KUL-NGO	38,388	0.1752	0.0041
PEN-KIX	30,837	0.2570	0.0004
KUL-FUK	28,850	0.1912	0.0003
BKI-KIX	21,586	0.2210	0.0000
LGK-Tokyo	12,705	0.4666	0.0724
BKI-CTS	11,750	0.4026	0.0000
PEN-NGO	10,944	0.3244	0.0002
KUL-ITM	8,954	0.5611	0.0138
BKI-FUK	8,830	0.4711	0.0000
PEN-CTS	8,404	0.4728	0.0002
JHB-KIX	7,335	0.3336	0.0003
KUL-KIX	6,429	0.2247	0.0049
JHB-Tokyo	5,820	0.4560	0.0516
LGK-KIX	5,528	0.4756	0.0009
KCH-Tokyo	5,371	0.6953	0.1784
PEN-FUK	4,686	0.6437	0.0000
KBR-KIX	3,501	0.6122	0.0000
JHB-CTS	2,907	0.5881	0.0000
BKI-NGO	2,833	0.4575	0.0010
AOR-KIX	2,752	0.7650	0.0000
KUA-Tokyo	2,699	0.8767	0.1858

Source: MAVCOM, Applicant's Submission