

**2. Joint Business between Malaysia Airlines Berhad and Singapore Airlines Limited**

Reference Number	:	MAVCOM/ED/CC/DIV2/2019(3)
Application	:	Individual exemption under section 51 of Act 771
Applicants	:	Malaysia Airlines Berhad and Singapore Airlines Limited
Receipt of Application	:	30 October 2019
Current Status	:	Pending assessment by MAVCOM
Summary of Application	:	<p>Malaysia Airlines Berhad (“MH”) and Singapore Airlines Limited (“SQ”) (collectively, “the Parties) are seeking for an individual exemption for a metal neutral joint business partnership (“Proposed Joint Business”).</p> <p>The scope of the Proposed Joint Business covers all air passenger services between Malaysia and Singapore operated by MH and its sister company, FlyFirefly Sdn. Bhd. (“FY”), as well as, SQ and its subsidiaries, SilkAir Private Limited (“MI”) and Scoot Tigerair Pte. Ltd. (“TR”).</p> <p>The Application categorises the routes within the scope of the Proposed Joint Business as follows:</p> <ol style="list-style-type: none"> <li>a. Overlapping Direct Routes (where both Parties operate direct services): Kuala Lumpur-Singapore (which covers KUL-SIN and SZB-XSP), KCH-SIN.</li> <li>b. Overlapping Non-direct Routes (where one Party operates direct services and the other Party operates indirect services): BKI-SIN, PEN-SIN, LGK-SIN, KUA-SIN, KBR-SIN.</li> <li>c. Non-overlapping Routes (where both Parties do not compete in respect of the provision of services on such routes): AOR-SIN, TGG-SIN, BTU-SIN, LBU-SIN, SDK-SIN, MYY-SIN, SBW-SIN, TWU-SIN.</li> </ol> <p>The stated 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 will facilitate efficiency-enhancing integration and coordination of their services. The salient terms of the Proposed Joint Business include revenue sharing and cooperation/coordination in pricing, capacity, sales, and marketing.</p>

	<p>The Application also states that the Proposed Joint Business is expected to bring significant benefits to consumers through:</p> <ol style="list-style-type: none"> <li>a. additional capacity and improved scheduling;</li> <li>b. better accessibility through expanded code-sharing;</li> <li>c. more attractive fare options due to pricing, inventory, sales and marketing coordination;</li> <li>d. better corporate account offerings and benefits;</li> <li>e. co-ordinated Frequent Flyer Programmes, including a frequent flyer cross-participation programme; and</li> <li>f. improved disruption management.</li> </ol> <p>In addition, the Application states that the Proposed Joint Business will further strengthen trade ties between Malaysia and Singapore and increase passenger flows between the two countries.</p> <p>The Application provides that potential detriments to competition arising from the Proposed Joint Business are minimised by the competitive constraints posed by the Parties' current and future competitors, and the ability of consumers to switch to competing airlines.</p> <p>It is further asserted in the Application that the benefits and efficiencies arising from the Proposed Joint Business will outweigh any potential detriments to competition. The Application states that the presence of strong competitors operating direct services between Malaysia and Singapore is expected to continue exerting competitive pressure on the Parties.</p> <p>The Parties state that the Proposed Joint Business will not be implemented until the relevant approvals have been obtained from MAVCOM and the Competition and Consumer Commission of Singapore.</p>										
Timeline	<table border="1"> <thead> <tr> <th data-bbox="558 1576 885 1648">Date</th> <th data-bbox="885 1576 1386 1648">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="558 1648 885 1720">30 October 2019</td> <td data-bbox="885 1648 1386 1720">Receipt of application</td> </tr> <tr> <td data-bbox="558 1720 885 1832">8 November 2019</td> <td data-bbox="885 1720 1386 1832">Publication of the <a href="#">summary of application</a> for public consultation</td> </tr> <tr> <td data-bbox="558 1832 885 1944">9 December 2019</td> <td data-bbox="885 1832 1386 1944">Public consultation for the application was closed</td> </tr> <tr> <td data-bbox="558 1944 885 2007">20 July 2020</td> <td data-bbox="885 1944 1386 2007">File closed</td> </tr> </tbody> </table>	Date	Status	30 October 2019	Receipt of application	8 November 2019	Publication of the <a href="#">summary of application</a> for public consultation	9 December 2019	Public consultation for the application was closed	20 July 2020	File closed
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