

### 3. 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	:	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. The Application provides that the Proposed Joint Business is expected to significantly benefit consumers through:</p> <ol style="list-style-type: none"> <li>a. Increased travelling options made available by increased capacity and improved scheduling on trunk routes;</li> </ol>

- b. Better network connectivity through the availability of added destinations within Malaysia and Japan and beyond;
- c. Better accessibility through expanded codesharing;
- d. More attractive fare options due to pricing (including fare combinability), inventory, sales and marketing coordination;
- 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;
- f. Improved airport lounge offerings through joint products and services;
- g. Improved disruption management, through coordination of procedures and offering more options on bookings and re-accommodation;
- 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;
- i. Better services arising from cost savings brought about by the Proposed Joint Business;
- 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.

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.

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 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.

Timeline	:	<b>Date</b>	<b>Status</b>
		12 April 2019	Receipt of application
		25 April 2019	Publication of the <a href="#">summary of application</a> for public consultation
		27 May 2019	Public consultation for the application was closed
		12 September 2019	Publication of the <a href="#">Proposed Decision</a> for public consultation
		25 September 2019	Public consultation on the Proposed Decision was closed
		9 December 2019	Issuance of the <a href="#">Final Decision</a>
		14 October 2020	Publication of the <a href="#">individual exemption order</a> in the Gazette