Joint Business between Malaysia Airlines Berhad and Cathay Pacific Airways Limited

Reference Number	:	MAVCOM/ED/CC/DIV4/2022(3)
Application	:	Individual Exemption under section 51 of Act 771
Applicants	:	Malaysia Airlines Berhad and Cathay Pacific Airways Limited
Receipt of Application	:	11 May 2022
Summary of Application	:	Malaysia Airlines Berhad ("MH") and Cathay Pacific Airways Limited ("CX") (collectively, the "Applicants") have submitted an application ("Application") seeking an individual exemption for their metal neutral joint business partnership in respect of all scheduled air passenger services between Malaysia and Hong Kong operated by MH and CX ("Proposed Joint Business"). The Proposed Joint Business applies to non-stop services operated by the Parties between Malaysia and Hong Kong ("Direct Routes"), as well as services on routes within Malaysia, connecting to or from the Direct Routes.

The Proposed Joint Business includes cooperation between the Parties in the following areas:

(a)   Revenue-sharing;

(b)   Network planning and schedule coordination;

(c)   Pricing coordination;

(d)   Inventory management coordination;

(e)   Coordination in distribution systems to maximise visibility of each other's flights;

(f)   Joint sales;

(g)   Joint marketing;

(h)   Service and product cooperation; and

(i)   Frequent flyer agreement. |

		The Applicants submit that the Proposed Joint Business increases the likelihood of an expedited and more sustainable reinstatement of capacity, offering flexibility for customers to travel easily at attractive prices. The Applicants submit that it will support improved connectivity for both Hong Kong and Malaysia, with resulting benefits to customers, and to both countries' aviation industry and tourism sectors.
		The Applicants submit that the Proposed Joint Business will give rise to the following economic and social benefits to the Malaysian economy and Malaysian travellers:
		(a) Additional capacity and improved scheduling;
		(b) Making customer journeys as smooth as possible and boosting confidence to travel despite varying travel restrictions;
		(c) More attractive fare options;
		(d) Better corporate account offerings and benefits;
		(e) Better accessibility through expanded code sharing;
		(f) Improved Frequent Flyer Programmes; and
		(g) Improved disruption management through coordination of procedures and offering more options for re-accommodation.
		The Application also provides that the benefits and efficiencies which can be achieved through the Proposed Joint Business outweigh any potential detriments to competition, and that the Proposed Joint Business is unlikely to have the effect of significantly preventing, restricting or distorting competition because there is adequate competition from competitors within the Malaysia – Hong Kong market.
Consultation	:	MAVCOM welcomes any party to submit written feedback on the individual exemption application regarding the joint venture between MH and CX.
		Any written feedback shall be titled "Joint Business between Malaysia Airlines Berhad and Cathay Pacific

| | | Airways Limited" and submitted to MAVCOM by email to competition@mavcom.my by 20 June 2022. |
| | | 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. |