



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

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Case number: MAVCOM/ED/CC/DIV2/2022(1)

**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 Act 771 by All Nippon Airways Co., Ltd.  
and United Airlines, Inc.**

**10 August 2022**

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## **Summary of the Decision:**

1. The Transpacific Joint Venture Agreement entered into by All Nippon Airways Co., Ltd and United Airlines, Inc. falls within the scope of section 49 of the Malaysian Aviation Commission Act 2015 [Act 771]. The Transpacific Joint Venture Agreement involves a metal neutral partnership for scheduled air passenger services which involves, amongst others, joint pricing, coordinated revenue management, sales and marketing efforts, frequent flyer programs, airport operations, and information technology with respect to transpacific routes between Malaysia and the Americas.
2. Upon assessing the Transpacific Joint Venture Agreement, and by virtue of sections 50 and 51 of Act 771, the Commission proposes to grant an individual exemption to the Transpacific Joint Venture Agreement from the section 49 prohibition of Act 771 for a period of five (5) years from the date of issuance of the Final Decision.

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## 1.0 BACKGROUND

1. All Nippon Airways Co., Ltd. (“**ANA**”) and United Airlines, Inc. (“**United**”) (collectively referred to as the “**Parties**”) had submitted an application (“**Application**”) to the Malaysian Aviation Commission (“**Commission**”) to renew the individual exemption granted to their Transpacific Joint Venture Agreement (“**JVA**”) pursuant to section 51 of the Malaysian Aviation Commission Act 2015 [Act 771]. The Parties submitted their complete Application on 28 January 2022. On 14 February 2022, the Commission published a summary of the Application on its website for public consultation for a period of one (1) month. No feedback was received on the Application.
2. The Commission had previously granted an individual exemption to the Parties’ JVA on 11 May 2017, for a period of five (5) years, which had expired on 10 May 2022. Pursuant to the individual exemption granted by the Commission, the Parties had implemented the JVA in the Malaysian market through joint published fares for itineraries with a point of origin in the Americas on 26 September 2018. Meanwhile, for itineraries with a point of origin in Malaysia, joint published fares were implemented on 16 January 2019. As of the date of this Proposed Decision, the JVA remains in force and the Parties have since, continuously operated under the JVA in the Malaysian market.
3. This Proposed Decision is made upon taking full consideration of the Application and the Commission’s findings and analysis.
4. This Proposed 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**.

## 2.0 OVERVIEW OF THE PARTIES TO THE JVA

### 2.1 Background on ANA

5. ANA is a company incorporated in Japan, where it was founded on 27 December 1952 and is a wholly-owned subsidiary of ANA Holdings Inc (“**ANA Holdings**”). ANA Holdings is listed on the Tokyo Stock Exchange. ANA’s principal purpose includes the following:
  - (a) scheduled air transportation business;
  - (b) non-scheduled air transportation business and business utilising aircraft;
  - (c) business of buying, selling, leasing, and maintenance of aircraft and aircraft parts; and
  - (d) aircraft transportation ground support business including passenger boarding procedures and loading of hand baggage.

6. ANA's worldwide turnover was USD 17.3 billion in FYE 2019.<sup>1</sup>
7. Air Japan Co., Ltd. ("**NQ**") is a wholly-owned subsidiary of ANA Holdings. The airline operates flights from NRT to Asian destinations as well as HNL on behalf of ANA under the ANA brand. Flights operated by NQ are sold by ANA and marketed as ANA flights under the "NH" ticketing code. Flights operated by NQ will therefore be considered as NH flights for the purposes of the Commission's assessment.

## **2.2 Background on United**

8. United is a wholly-owned subsidiary of United Continental Holdings, Inc. ("**UCH**"), a company incorporated on 30 December 1968 in the United States ("**US**"). On 27 June 2019, UCH changed its name to United Airlines Holdings, Inc. ("**UAL**") and UAL is now a public-listed company on the New York Stock Exchange.
9. United is a major US airline engaged in the business of transporting passengers, cargo, and mail within the US and internationally.
10. UCH merged with Continental Airlines, Inc. on 1 October 2010. Since 2013, both United Airlines and Continental Airlines, Inc. operate under the same leadership under the name United Airlines, the current party to the JVA.
11. United had an annual turnover of USD 43.3 billion in FYE 2019.

## **2.3 Cooperation between the Parties prior to the JVA**

12. The Parties had previously entered into a code-share agreement on 25 October 2011 on routes between Japan and the US. The Parties then entered into the current JVA on 7 May 2012. The Parties then submitted their individual exemption application to the Commission on 17 June 2016 in order to implement the JVA in Malaysia. The Parties had also entered into a code-share agreement with Air Canada on routes between Japan and Malaysia which was jointly approved by the Commission and the Civil Aviation Authority of Malaysia, on 17 October 2016. The current JVA in question is separate from the code-share agreement with Air Canada as the JVA involves only ANA and United without the participation of Air Canada.
13. The Parties are both members of the Star Alliance. United has been a member of the Star Alliance since it was founded on 14 May 1997. ANA became a member of the Star Alliance in October 1999.

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<sup>1</sup> The reported amount in ANA's 2019 Annual Report was in Japanese Yen at ¥1,974.2 billion.

### 3.0 THE JOINT VENTURE AGREEMENT

14. The Parties had entered into the JVA on 7 May 2012, with the aim of forming a metal neutral alliance, through coordinating their business operations and sharing of revenues and costs for scheduled air passenger services on transpacific routes between Asia and the Americas.
15. The following are the areas of cooperation between the Parties as set out in their JVA, with the aim of achieving metal neutrality:
  - (a) **Route Planning and Scheduling.** The Parties had set up a Network Planning Board that carries out a joint system for coordinating routes, capacity, and schedules.
  - (b) **Revenue Management.** All revenues arising from routes within the scope of the JVA are pooled and redistributed between the Parties. A Revenue Management Board consisting of representatives from each Party is responsible for the overall direction of revenue management and oversees the management and administration of the pricing and revenue management activities of the Parties.
  - (c) **Sales.** The Parties have implemented joint sales strategies, policies, procedures, programs, and products in each of their sales channels. The Parties also share between them all data, resources, and infrastructure to achieve their sales goals.
  - (d) **Marketing.** The Parties have joint marketing plans to promote each Party's services equally while preserving each individual airline brand.
  - (e) **Frequent Flyer Programs ("FFP").** The Parties coordinate their FFP to create benefits for their customers irrespective of which Party customers fly with.
  - (f) **Airport Operations.** The Parties have aligned their passenger and baggage policies and procedures using the Star Alliance practices and standards as their baseline.
  - (g) **Information Technology.** The Parties cooperate and aim to develop consistency among their information technology systems.
  - (h) **Performance Measurement.** The Parties track, monitor, and report passenger revenues [✂] to support the measurement and reporting of the performance of the Parties. [✂].
  - (i) **Inclusion of Cargo.** The Parties have enhanced their cargo cooperation which includes, but is not limited to, joint pricing of cargo services, sharing of cargo revenue, harmonisation and integration of cargo services, the joint development of cargo sales products, the joint usage of cargo facilities, the coordination of

non-air services, and the harmonisation of standards for cargo products and services.

16. In achieving the above cooperation, the Parties have set up a Steering Board consisting of [X]. The Steering Board has general oversight over all the other Boards formed under the JVA.
17. Beyond providing general guidance to the other Boards, the Steering Board exercises primary decision-making authority with respect to all matters relating to the JVA which are not specifically governed by another Board or reserved for the discretion of the Parties' Chief Executive Officers.
18. The JVA has an initial term of [X] and would be automatically renewed for [X].

### **3.1 Legal Framework**

19. Subsection 49(1) of Act 771 provides that:

*“an agreement between enterprises is prohibited insofar as the agreement has the object or effect of significantly preventing, restricting, or distorting competition in any aviation service market.”*

20. The JVA falls under the scope of the above prohibition and has the object of significantly distorting competition as it is an agreement which aims to share revenues, costs, and profits and to coordinate the Parties' marketing and network plans, all while the Parties remain as separate entities.
21. The Parties had submitted an individual exemption application for their JVA to the Commission pursuant to subsection 51(1) of Act 771, which provides that, *“an enterprise may apply to the Commission for an exemption with respect to an agreement from the prohibition of section 49.”*
22. An agreement may be exempted from the prohibition in section 49 of Act 771 subject to the conditions under section 50 of Act 771 being satisfied. Section 50 of Act 771 provides that an enterprise applying under subsection 51(1) of Act 771 must show the following:
  - (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.

## 4.0 DEFINING THE RELEVANT MARKETS

### 4.1 Legal Framework

23. Section 47 of Act 771 defines an “aviation service market” as “a market for aviation services in Malaysia or in any part of Malaysia”. The Commission’s Guidelines on Aviation Service Market Definition provide that a service market could include a group of services which are substitutable or competitive with one another.
24. The Commission’s Guidelines on Aviation Service Market Definition further state that the identification of the relevant market should generally consider two dimensions of the market—the service market and the geographical market. Market definition depends on the facts of each case.

### 4.2 The Parties’ Submission

25. The Parties submit that the scope of the JVA is limited to itineraries between Malaysia and the Americas (i.e., countries in North America, South America, and the Caribbean) that involve at least one transpacific flight operated by either of the Parties. The Parties do not view other modes of transport (e.g., ferry service) as substitutes, since travellers who intend to travel between Malaysia and the Americas are highly unlikely to consider them as viable options.
26. In defining the Relevant Markets, the Parties used the same approach as has been used by the Commission in its decision for the Parties’ first individual exemption application dated 11 May 2017 (“**2017 NH-UA Decision**”). The Relevant Markets identified were based on Origin and Destination (“**O&D**”) city-pairs. The O&D city-pairs include all substitutable airports within the same catchment area, using the demand substitutability approach.
27. Following this approach, the Parties had identified twelve (12) Relevant Markets in their submission dated 17 January 2022. Following a review of the Parties’ submission, the Commission found that the Relevant Markets initially identified by the Parties had not adequately covered the scope of the JVA and requested for the Parties to re-assess their list of Relevant Markets and to identify all routes falling within the scope of the JVA. This also includes identifying routes that are significant to the Malaysian market or likely to require further assessment by the Commission.
28. In a subsequent submission dated 20 April 2022 and pursuant to the Commission’s request above, the Parties provided the list of O&D routes that fall under the scope of the JVA that had traffic in 2017 or 2019. The Parties provide that there are numerous possible permutations of O&D pairings between Malaysia and the Americas falling under the JVA, but the Parties opted to identify O&D routes that had traffic in 2017 or 2019. The number of routes identified by the Parties was 483.
29. Out of the 483 O&D routes identified, the Parties further identified and revised the Relevant Markets which the Parties consider as significant for the Commission’s assessment (“**Significant Relevant Markets**”). The Significant Relevant Markets were

identified by the Parties using two criteria where the Parties submit that both must be satisfied. First, the market must feature at least one percent (1%) of the total traffic between Kuala Lumpur and the Americas in 2017 or 2019. Second, the market must be where the Parties' combined market share was in the top three (3) in 2017 or 2019.

30. The Parties submit that markets with less than one percent (1%) of the total traffic between Kuala Lumpur and the Americas are insignificant due to their low traffic volume. The Parties further submit that any market with at least one (1%) percent of the total traffic between Kuala Lumpur and the Americas where the Parties' combined market share is not in the top three (3) is insignificant due to the small market presence of the Parties.
31. As a result of the above considerations, and after applying the two criteria, the Parties identified eleven (11) Significant Relevant Markets, as below:
  - (a) Kuala Lumpur – New York City;
  - (b) Kuala Lumpur – Los Angeles;
  - (c) Kuala Lumpur – San Francisco & San Jose;
  - (d) Kuala Lumpur – Houston;
  - (e) Kuala Lumpur – Chicago;
  - (f) Kuala Lumpur – Washington D.C.;
  - (g) Kuala Lumpur – Dallas;
  - (h) Kuala Lumpur – Seattle;
  - (i) Kuala Lumpur – Mexico City;
  - (j) Kuala Lumpur – Honolulu; and
  - (k) Kuala Lumpur – Detroit.

#### **4.3 The Commission's Analysis**

32. The Commission accepts that the service market is air passenger services between Malaysia and the Americas. In line with the Commission's previous decisions, including the Commission's 2017 NH-UA Decision, the geographical market is defined by O&D city-pairs between Malaysia and the Americas.
33. The Commission also adopted its findings in its previous decisions in relation to the different aspects of defining the service market. For the purposes of the Parties' Application, and in accordance with the Commission's previous decisions, the Commission did not make any distinction between time-sensitive and non-time sensitive passengers. The Commission also did not find any other mode of transport to be

substitutable with air passenger services between Malaysia and the Americas. Further explanation of the above aspects of the service market can be viewed in the Commission's 2017 NH-UA Decision, the Decision for the Individual Exemption Application by Singapore Airlines Limited and Deutsche Lufthansa AG<sup>2</sup>, and the Decision for the Individual Exemption Application by Malaysia Airlines Berhad and Japan Airlines Co. Ltd.<sup>3</sup>

34. The Commission had also previously found that indirect services are substitutable to direct services where the services are long-haul flights. Due to the significant amount of travelling time between Malaysia and the Americas, and in line with the Commission's previous decisions, the Commission finds that itineraries with more than one stop are substitutable with one-stop services. The Parties themselves carry passengers on itineraries that have more than one stop. The Commission has also found that distinctions between one-stop services and services with more than one stop do not materially affect its findings. Therefore, for the purposes of this assessment, the Commission will treat multiple-stop services as part of the same market as direct or one-stop services.

#### **4.4 Conclusion**

35. The Relevant Markets are therefore air passenger transport services on O&D city-pairs between Malaysia and the Americas. As there would be numerous Relevant Markets due to the various possible permutations of the O&D routes arising from the large scope of the JVA, the Commission carried out an exercise to refine the scope of its analysis. By way of an illustration, there are a total of 5,211 airports<sup>4</sup> in the US in 2021, not including airports in South America and the Caribbean.
36. The Commission agrees with the Parties that it is not necessary to identify and assess each O&D route that falls under the scope of the JVA as most of these airports have none or very little traffic to or from Malaysia carried by the Parties. The Commission, therefore, had refined the scope of its analysis to focus only on Relevant Markets that are more materially impacted by the JVA. O&D routes that are only minimally impacted by the JVA have not been included in the Commission's full analysis. The Commission's findings on the number of O&D routes falling under the scope of the JVA and how the Commission carried out the exercise of refining the scope of the Commission's analysis will be further explained in paragraph 57 below.

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

#### **5.1 Legal Framework**

37. 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.

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<sup>2</sup> Decision dated 3 September 2019.

<sup>3</sup> Decision dated 9 December 2019.

<sup>4</sup> Bureau of Transportation Statistics (2022); Refers to public airports only.

38. Subsection 49(2) of Act 771 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.”*

## **5.2 The Parties’ Submission**

39. The Parties submit that the JVA may raise some competition concerns in relation to section 49 of Act 771 but submit that they are able to satisfy the relief of liability requirements under section 50 of Act 771. The Parties’ submission for relief of liability will be discussed further below.

## **5.3 The Commission’s Analysis**

40. The JVA, which is a horizontal agreement aiming to achieve metal neutrality between the Parties, falls within the definition of an agreement prohibited under section 49 of Act 771 and has the object of significantly preventing, restricting, or distorting competition in any aviation service market by virtue of subsection 49(2) of Act 771.

## **6.0 RELIEF OF LIABILITY**

### **6.1 Legal Framework**

41. An agreement prohibited under section 49 of Act 771 may be granted an individual exemption by the Commission if such an agreement fulfils all of the requirements under section 50 of Act 771, as follows:

- (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.
42. The Commission’s Guidelines on Anti-Competitive Agreements (“**Guidelines**”) further provide that, in claiming any benefits under subparagraph 50(a) of Act 771, the applicant shall identify and provide evidence on the nature of the benefits. The Guidelines also state that claims of benefits that are unsubstantiated would be rejected.

**6.2 The Parties’ Submission**

***Subparagraph 50(a) of Act 771 – Significant identifiable technological, efficiency or social benefits directly arising from the agreement***

43. The Parties submit that the JVA has allowed the Parties to coordinate closely and provide consumer benefits that would not have been possible otherwise. In particular, the Parties submit that the following benefits have directly arisen from the JVA:
- (a) Better maintenance and the expansion of the Parties’ network through joint sales and marketing promotions;
    - (i) The Parties claim that the expansion of the Parties’ network through the combination of ANA’s Asia network and United’s US and Latin American networks is an indispensable benefit for consumers and businesses in and outside of Malaysia. The Parties submit that through the JVA, passenger traffic between Malaysia and North America on the Parties’ flights increased by 123% in the 3-year period from 2017 to 2019 compared to the 3-year period from 2014 to 2016. **Table 1** below shows the Parties’ submission on the increase in total passenger traffic, carried by the Parties between Malaysia and North America, both ways.

**Table 1: Total passenger traffic carried by the Parties between Malaysia and North America, both ways**

| Year      | ANA        | United     | Total      | Increase (Total) |      |
|-----------|------------|------------|------------|------------------|------|
|           |            |            |            | Passengers       | %    |
| 2014-2016 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]       | 123% |
| 2017-2019 | [REDACTED] | [REDACTED] | [REDACTED] |                  |      |

Source: Parties’ submission

- (ii) The Parties also provide that the JVA enabled ANA to launch its direct service between Narita and Mexico City in February 2017, providing customers with a one-stop service between Kuala Lumpur and Mexico City.
- (iii) The Parties further provide that they have attempted to stimulate demand from Malaysia through joint sales activities and joint marketing efforts in order to maintain the JVA's network. The Parties submitted the following examples of such joint activities, that have been carried out pursuant to the JVA:
  - (A) [REDACTED];
  - (B) [REDACTED]; and
  - (C) [REDACTED].

The Parties had further provided documentary and photographic evidence to substantiate their submission on joint sales and marketing activities above.

- (b) Improvement in the quality of online connecting services via the Parties' hubs such as NRT;
  - (i) The Parties submit that the JVA has allowed the Parties to closely coordinate their schedules and networks to optimise connection opportunities between ANA's services from Kuala Lumpur to Tokyo and the Parties' flights between Tokyo and North America. The Parties claim that this has resulted in an increase in passenger traffic carried by the Parties as shown in **Table 1** above.
- (c) Expansion of fare products;
  - (i) The Parties submit that with harmonised fares and a coordinated inventory, the Parties have been able to provide customers with a wider range of offers such as promotional fares as well as greater seat availability. The Parties had introduced a new booking class, which is the "P" business class, in February 2019. The Parties claim that the new "P" booking class provides customers with a lower fare option in business class while maintaining other booking class options.
- (d) Achieving a metal neutral choice for passengers through the cooperation of the Parties' FFP;
  - (i) Through the JVA, the Parties allow members of their FFPs to use points to get upgraded on each other's flights. The Parties also submit that they offer their premium members the ability to earn bonus miles on top of the

base miles they accrue regardless of whether the member flies with ANA or United.

- (e) Reduction in travelling time;
  - (i) The Parties submit that as a result of optimising connecting times at ANA's hubs at NRT and HND, their customers' travelling times have been reduced when comparing the connecting flight schedules in 2015 and 2018. The Parties provided a sample of the elapsed time for the Parties' flights, as well as their competitors' in relation to the initial list of Relevant Markets provided by the Parties. For example, the Parties submit that the total elapsed time from KUL to IAH using an online or interline connection was reduced from 1,340 minutes to 1,225 minutes (i.e., a decrease of 115 minutes) through an improvement in connectivity arising from the JVA.
- (f) Expansion of the Parties' one-stop shopping offers to corporate clients; and
  - (i) The Parties submit that the streamlining of their corporate scheme has generated benefits to their corporate travellers, providing them with a one-stop shopping experience where only one airline signature is required on a corporate agreement.
  - (ii) The Parties provide that the one-stop shopping offers are carried out through the Parties' [REDACTED].
  - (iii) [REDACTED]. The Parties submit that [REDACTED] has resulted in a more competitive offering under the JVA as the Parties are able to [REDACTED] which provides the customer with a more seamless shopping experience.
  - (iv) The Parties also submit that before the granting of the individual exemption by the Commission, ANA had a total of [REDACTED] global corporate clients, while United had [REDACTED], and the Parties had only [REDACTED] common corporate clients. Following the implementation of the JVA, joint efforts were made to increase the number of corporate accounts, and the Parties now have a total of [REDACTED] jointly managed unique global corporate clients.
- (g) Expansion of the Parties' network created service to 49 airports that no other airline combination is able to currently offer.
  - (i) The Parties provided a list of 49 airports in North America (46 airports in the US and three (3) airports in Mexico) which were served by United and no other major US airline<sup>5</sup> during the 2021 winter season. The Parties submit that only ANA and United are able to provide the Malaysian travelling public with online connection services to and from Kuala

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<sup>5</sup> Major US airlines include American Airlines ("AA"), Delta Air Lines ("DL"), Southwest Airlines, Alaska Airlines, and Jetblue Airways.

Lumpur for these 49 airports. The list of airports provided by the Parties is shown in **Appendix II**.

***Subparagraph 50(b) of Act 771 – The benefits could not reasonably have been provided without the agreement having the effect of preventing, restricting, or distorting competition***

44. The Parties provide that without the joint optimisation of the Parties’ networks enabled by the JVA, the Parties would not have been able to successfully launch and maintain ANA’s daily services to Kuala Lumpur from NRT and HND airports. The Parties claim that these two flights connecting to the Parties’ transpacific network from Tokyo to 13 distinct points in the Americas (as shown in **Table 2**) have generated numerous new one-stop services between Kuala Lumpur and the Americas, offering the travelling public a much wider variety of choice.

**Table 2: The Parties’ submission on the frequency and seats for their direct transpacific flights from NRT and HND to airports in the Americas**

| Transpacific O&D route |     | Operations per week (one-way) | Seats per week (one-way) |
|------------------------|-----|-------------------------------|--------------------------|
| NRT                    | IAD | 14                            | 3,633                    |
|                        | IAH | 14                            | 3,717                    |
|                        | JFK | 7                             | 1,484                    |
|                        | LAX | 21                            | 5,362                    |
|                        | ORD | 14                            | 3,633                    |
|                        | SEA | 7                             | 1,288                    |
|                        | SFO | 14                            | 4,298                    |
|                        | SJC | 7                             | 1,321                    |
|                        | DEN | 7                             | 1,533                    |
|                        | EWR | 7                             | 2,450                    |
|                        | HNL | 21                            | 6,149                    |
|                        | MEX | 7                             | 1,183                    |
| HND                    | JFK | 7                             | 1,484                    |
|                        | LAX | 7                             | 1,750                    |
|                        | ORD | 7                             | 1,750                    |
|                        | SFO | 7                             | 1,764                    |
|                        | HNL | 7                             | 1,722                    |

|  |     |   |       |
|--|-----|---|-------|
|  | YVR | 7 | 1,680 |
|--|-----|---|-------|

Source: Parties' submission

**Subparagraph 50(c) of Act 771 – The detrimental effect of the agreement on competition is proportionate to the benefits provided**

45. The Parties submit that the benefits of the JVA outweigh any determinantal effects on competition. The Parties submit that the JVA has allowed the Parties to introduce greater choice to the public by offering numerous new one-stop services between Kuala Lumpur and the Americas, with competitive connecting times.

**Subparagraph 50(d) of Act 771 – The agreement does not allow the enterprise concerned to eliminate competition completely in respect of a substantial part of the aviation services**

46. The Parties submit that the JVA has not enabled them to eliminate competition. The Parties provided that the Relevant Markets have remained highly competitive following the granting of the individual exemption in 2017, with each Relevant Market featuring at least 20 airlines competing with each other. The Parties provided the following information in **Table 3**, which sets out the number of players in each of the Parties' list of Relevant Markets to substantiate their claim.

**Table 3: The Parties' submission on the number of players in each Relevant Market in 2015 and 2019**

| No. | Relevant Market                         | Number of players in 2015 | Number of players in 2019 |
|-----|---|---------------------------|---------------------------|
| 1.  | Kuala Lumpur – Los Angeles              | 30                        | 32                        |
| 2.  | Kuala Lumpur – San Francisco & San Jose | 28                        | 26                        |
| 3.  | Kuala Lumpur – Seattle                  | 21                        | 21                        |
| 4.  | Kuala Lumpur – Washington D.C.          | 24                        | 27                        |
| 5.  | Kuala Lumpur – New York City            | 32                        | 38                        |
| 6.  | Kuala Lumpur – Houston                  | 25                        | 21                        |
| 7.  | Kuala Lumpur – Chicago                  | 29                        | 25                        |
| 8.  | Kuala Lumpur – Denver                   | 20                        | 20                        |
| 9.  | Kuala Lumpur – Vancouver                | 21                        | 21                        |
| 10. | Kuala Lumpur – Toronto                  | 35                        | 31                        |
| 11. | Kuala Lumpur – Calgary                  | 21                        | 26                        |
| 12. | Kuala Lumpur – Mexico City              | 25                        | 23                        |

Source: Parties' submission

### 6.3 The Commission's Analysis

47. The Commission places more emphasis on 2019 data as compared to data from 2020 and 2021 as the data during those years were significantly affected by the COVID-19 pandemic and do not reflect the usual market conditions. The Commission considers data from 2019 as more accurately reflecting post-COVID-19 market conditions. Therefore, the Commission places more reliance on data from 2017 and 2019 to indicate pre-JVA and post-JVA periods, respectively, in conducting its analysis to verify the Parties' claims. Nevertheless, the Commission had also considered 2020 – 2021 data and took into account significant trends occurring during the period in the Commission's analysis.

#### ***Subparagraph 50(a) of Act 771 – Significant identifiable technological, efficiency or social benefits directly arising from the agreement***

48. The Commission had considered all of the benefits claimed by the Parties and found that there are significant identifiable efficiency and social benefits directly arising from the JVA, particularly the following:

- (a) Better maintenance and the expansion of the Parties' network through joint sales and marketing promotions;
  - (i) The Commission accepts the Parties' submission of the maintenance and expansion of their network through the JVA. However, contrary to the submission by the Parties to support this claim, the Commission found that there had not been any significant increase in passenger traffic carried by the Parties, post-implementation of the JVA in Malaysia. The Commission found that the total passenger traffic between KUL and the Americas on the Parties' flights grew year-on-year by 12% in 2018 but decreased by 8% in 2019. A significant increase was found in 2016 when passenger traffic between KUL and the Americas on the Parties' flights grew year-on-year by 215%. However, the JVA had not yet been implemented in the Malaysian market in 2016. As such, the increase in passenger traffic that year could not be attributed to the JVA.
  - (ii) The Commission, however, does not see the increase in passenger traffic on the Parties' flights as conferring much direct benefit to consumers. The Commission finds that it would be a direct benefit to the Parties, and any increase in the Parties' revenue may have indirect knock-on benefits to consumers. However, there has been no claim by the Parties of any indirect benefit to consumers arising out of the increase in passengers carried by the Parties. Any increase in passengers carried by the Parties would therefore be treated by the Commission only as indicative of the Parties being able to maintain the frequency of their services and the maintenance of their network.
  - (iii) The Commission places more emphasis on benefits that can directly affect consumers. The Commission, therefore, accepts that the JVA has

allowed the Parties to launch new services allowing for the maintenance and expansion of the Parties' network. The Commission notes that prior to the implementation of the JVA in Malaysia, there had not been any ANA flights from NRT to MEX. Implementation of the JVA has allowed for passengers from Malaysia to travel on a one-stop service from Kuala Lumpur to Mexico City on the Parties' flights.

- (iv) The Parties had also provided evidence of joint sales and marketing efforts carried out in order to stimulate demand from Malaysia. The Commission views positively any efforts made to stimulate demand from consumers, especially efforts such as the introduction of promotional fares and marketing efforts carried out by the Parties during travel fairs.
  - (v) However, the Parties have not shown any similar marketing efforts made in the Americas to promote Malaysia as a travel destination. The Commission, therefore, finds that while the JVA has encouraged demand from Malaysian travellers, the JVA does not contribute as much to promoting Malaysia as a travel destination to travellers from the Americas.
- (b) Expansion of fare products;
- (i) Despite the introduction of the new "P" booking class in business class, which the Parties claim provides a lower corporate fare option to travellers, the Commission finds that there has been very minimal positive impact arising from the new booking class. In the examples provided by the Parties, there are samples that show fare increases and some that show reductions in fares through the new "P" booking class. While the Commission accepts that there has been an expansion in fare products, this does not necessarily amount to a significant benefit arising out of the JVA.
- (c) Achieving metal neutral choice for passengers through the cooperation of the Parties' FFP;
- (i) The Commission views the coordination of the Parties' FFP as beneficial to the Parties' customers. The Parties' customers would have more flights on which they can earn miles. ANA's frequent flyer members would be able to earn points and miles on United's flights and vice versa. The collected points and miles can thereafter be redeemed for upgrades on both of the Parties' flights.
- (d) Reduction in travelling time;
- (i) The Commission found that there has been a reduction in travelling time post-implementation of the JVA. For example, on the KUL-NRT-LAX route, the elapsed time has reduced from 1120 minutes pre-JVA to 1112 post-JVA. **Table 4** below shows the comparison between the elapsed time for a selected number of routes on the Parties' flights and their competitors' in 2019.

**Table 4: Comparison between the elapsed time for selected routes on the Parties and their competitors' flights in 2019**

| Route       | Minimum elapsed time (mins) |        | Average elapsed time (mins) |        |
|-------------|-----------------------------|--------|-----------------------------|--------|
|             | Parties                     | Others | Parties                     | Others |
| KUL-ORD     | 1,280                       | 1,205  | 1,291                       | 1,552  |
| KUL-DEN     | 1,140                       | 1,670  | 1,163                       | 1,745  |
| KUL-HNL     | 980                         | 895    | 1,048                       | 1,141  |
| KUL-LAX     | 1,100                       | 1,035  | 1,112                       | 1,399  |
| KUL-EWR/JFK | 1,285                       | 1,240  | 1,285                       | 1,510  |
| KUL-SFO/SJC | 1,090                       | 1,020  | 1,090                       | 1,374  |
| KUL-IAD     | 1,245                       | 1,300  | 1,245                       | 1,543  |

Source: Commission's analysis, AirportIS

Note: the numbers shaded in green indicate the lower elapsed time

- (ii) The data above shows that the Parties' average elapsed time is lower as compared to their competitors' in each of the routes analysed. The Commission finds that the lower elapsed time shows better quality in connectivity and is a benefit from the perspective of consumers.
- (iii) The Parties also claimed that the significant increase in passengers is due to the launching of ANA's direct flights between Kuala Lumpur and Tokyo and due to the coordination of the Parties' schedules. The Commission accepts that while lower elapsed time is a factor in attracting passengers to fly on the Parties' flights, any increase in the number of passengers carried by the Parties is largely attributable to the launching of ANA's direct flight between KUL and Tokyo.
- (iv) Furthermore, as provided in paragraph 48(a)(i), the Commission had not found any significant increase in the number of passengers carried by the Parties, post-JVA. There was only a significant increase in 2016 before the JVA was implemented in Malaysia. The increase in the number of passengers carried by the Parties could not, therefore, be attributed to the improvement in connections between the Parties' flights.
- (e) Expansion of the Parties' one-stop shopping offers to corporate clients;
  - (i) The Commission accepts that the "JV TOT" and "JV Corp" fare types have provided the Parties' customers with a seamless shopping experience as customers need only engage with one airline when purchasing tickets for both Parties' flights.
  - (ii) The Commission finds that it would also be easier for the Parties, as well as their customers, to manage their corporate accounts. Customers would need to have only one account between both airlines and the Parties can also manage their corporate accounts jointly.

- (f) Expansion of the Parties' network created service to 47 airports that were not served by other major US airlines.
  - (i) The Commission found that there were 47 airports in the US and Mexico, instead of the 49 airports as claimed by the Parties, that were not served by any major US airline, apart from United, during the 2021 winter season. Although most of these airports are not major airports, and there are no direct services from Tokyo to these destinations by the Parties, the Commission nevertheless values United's network which reaches smaller airports.

***Subparagraph 50(b) of Act 771 – The benefits could not reasonably have been provided without the agreement having the effect of preventing, restricting or distorting competition***

- 49. The Commission found that some of the more discernible benefits for consumers, such as benefits arising out of coordination of the Parties' FFP, and joint scheduling could be provided without a metal neutral alliance in place.
- 50. However, the Commission notes that network planning and scheduling, as well as coordination of the Parties' business strategies, would work more seamlessly in a joint venture where the Parties' Revenue Management Board could make joint decisions and effective planning together. Network planning is a key aspect of the business strategy of an airline and the Parties would be able to better leverage each other's network through a metal neutral alliance.
- 51. Furthermore, while the Commission finds that the coordination of the Parties' FFP is possible without a metal neutral joint venture, the Commission finds that there is more incentive for the Parties to coordinate their FFPs where there is a metal neutral joint venture that allows both Parties to share revenues and payoffs arising out of the coordination of their FFPs.
- 52. The benefit where corporate customers can engage with either Party for flight plans and purchase of tickets on both airlines is also a benefit that could not have been provided without the JVA, as such joint management of corporate accounts is possible due to the joint pricing and revenue management scheme under the JVA.
- 53. The Commission, therefore, finds that the subparagraph 50(b) of Act 771 requirement is satisfied and some of the benefits arising out of the JVA could not have been provided without the JVA being a metal neutral alliance.

***Subparagraph 50(c) of Act 771 – The detrimental effect of the agreement on competition is proportionate to the benefits provided***

- 54. In assessing whether the Parties fulfil the requirement under subparagraph 50(c) of Act 771, the Commission first identified the Relevant Markets that may raise competition concerns.

55. The Commission thereafter analysed any detrimental effects of the JVA in the identified Relevant Markets and assessed whether the benefits accepted by the Commission in paragraph 48 above outweighed the detrimental effects of the JVA.
56. As submitted by the Parties, there are numerous permutations of O&D routes between Malaysia and the Americas, due to the large scope of the JVA. The Commission found that there was a total of 243 routes that had traffic carried by the Parties from 2018 onwards between Malaysia and the Americas.
57. Due to the large scope of the JVA, and as a consequence, the large number of possible Relevant Markets, the Commission further carried out an exercise to refine the scope of the Commission's assessment to determine only O&D routes that may raise competition concerns and likely to require full competition assessment. The Commission carried out the following steps to identify the O&D routes that would require full competition assessment.
- (a) **Stage 1(a):** the Commission set two thresholds for determining O&D routes that are deemed significant to the Malaysian market and to the Parties. The thresholds applied to each route are:
    - (i) the Parties' combined market share in the route in either 2018 or 2019 is more than 20%; and
    - (ii) the traffic contribution of the route constitutes at least 1% of the entire Malaysia – Americas traffic in either 2018 or 2019.
  - (b) **Stage 1(b):** the Commission further identified any other route within the scope of the JVA that does not meet the above thresholds, but may be considered significant enough for further assessment. Upon identifying the list of routes in accordance with Stage 1(a) and (b), the Commission carried out its market definition exercise on each route, where each Relevant Market is defined as a Significant Relevant Market.
  - (c) **Stage 2:** The Commission then carried out a market analysis on each Significant Relevant Market to determine the levels of competition and to further identify Significant Relevant Markets that may raise concerns. This includes identifying the levels of market concentration, the number of players in the market, the size of the Parties' combined market shares, and whether the Parties have the highest market share in the Significant Relevant Markets or not.
  - (d) **Stage 3:** Upon identifying the list of Significant Relevant Markets that are likely to raise concerns, the Commission carried out a full competition assessment on each of the Significant Relevant Markets identified in Stage 2 in order to fully determine and assess the detrimental effects of competition arising from the JVA. This includes further assessment into any anti-competitive outcome arising from the JVA through the analysis of fares and barriers to entry.

58. The Commission found that there were ten (10) routes or markets identified in Stage 1(a) above. The ten (10) routes are as shown in **Table 5** below:

**Table 5: Relevant Markets identified in Stage 1(a)**

| No. | Relevant Market                         | Affected Route |
|-----|---|----------------|
| 1.  | Kuala Lumpur – Los Angeles              | KUL-LAX        |
| 2.  | Kuala Lumpur – San Francisco & San Jose | KUL-SFO        |
|     |   | KUL-SJC        |
| 3.  | Kuala Lumpur – Seattle                  | KUL-SEA        |
| 4.  | Kuala Lumpur – Washington D.C.          | KUL-IAD        |
| 5.  | Kuala Lumpur – New York City            | KUL-JFK        |
|     |   | KUL-EWR        |
| 6.  | Kuala Lumpur – Houston                  | KUL-IAH        |
| 7.  | Kuala Lumpur – Chicago                  | KUL-ORD        |
| 8.  | Kuala Lumpur – Mexico City              | KUL-MEX        |
| 9.  | Kuala Lumpur – Honolulu                 | KUL-HNL        |
| 10. | Kuala Lumpur – Las Vegas                | KUL-LAS        |

*Source: Commission's analysis*

**Appendix III** outlines how each of the ten (10) Relevant Markets were determined and the airports that were considered as part of the Relevant Markets.

59. The Affected Route in the list above refers to the airport pairs flown by the Parties. In Stage 1(b), the Commission further identified one (1) additional market, which is the Kuala Lumpur – Denver market, which the Commission deems as significant to be further assessed.
60. The Kuala Lumpur – Denver route had failed to meet the second threshold in Stage 1(a) as it had a 0.9% traffic contribution against the Malaysia – Americas market in 2019 (2018: 0.8%). However, the Parties have consistently been dominant in this route with very high combined market shares. Combined with the market's traffic contribution in 2019 which was close to 1%, the Commission found that the Kuala Lumpur – Denver market is a Significant Relevant Market that had to be further analysed and had chosen to move it on to Stage 2.
61. In Stage 2, the Commission carried out a market analysis on each route to determine the levels of competition in each Significant Relevant Market. The Significant Relevant Markets that had shown to still be highly competitive did not move on to Stage 3 for a full competition assessment. As a result of the Commission's findings in Stage 2, only five (5) Significant Relevant Markets were seen as showing lower levels of competition and warranted further assessment. The market data and the Commission's analysis for Stage 2 are shown in **Appendix IV**.

62. The five (5) Significant Relevant Markets which were further assessed by the Commission in Stage 3 are:

- (a) Kuala Lumpur – Denver;
- (b) Kuala Lumpur – Honolulu;
- (c) Kuala Lumpur – Mexico City;
- (d) Kuala Lumpur – Houston; and
- (e) Kuala Lumpur – Seattle.

*Kuala Lumpur – Denver*

63. Information related to the Commission’s market analysis for the Kuala Lumpur – Denver market is shown in **Table 6** below.

**Table 6: Market data for the Kuala Lumpur – Denver market**

| Market share (%)   | HHI  | Delta HHI (2019 vs 2017) | Change in market share (2019 vs 2017) | Pax contribution in 2019                      |
|--|--|--------------------------|---------------------------------------|---|
| 2017: [REDACTED]<br>2018: [REDACTED]<br>2019: [REDACTED] | 2017: 0.3117<br>2018: 0.5843<br>2019: 0.5470 | +0.2352                  | [REDACTED]                            | 2,760<br>(0.9% of Malaysia – Americas market) |

Source: Commission’s analysis, AirportIS

(a) *Market condition*

64. In assessing the levels of competition in the market, the Commission based its findings on pre-COVID-19 pandemic data, as it would more accurately represent actual post-JV market conditions. The Commission, however, notes that while data during the pandemic are less representative of normal and future market conditions, the Commission found it necessary to make references to market changes that occurred during the pandemic as airlines have carried out a restructuring of their businesses and operations as a result of the pandemic. Such changes and restructuring may remain in the long-term and should therefore be considered in the assessment of future market conditions.

65. The Parties are dominant in the Kuala Lumpur – Denver market and have very high market shares where they had a market share of [REDACTED] in 2019. **Appendix IV** shows the Parties’ combined market share in the Kuala Lumpur – Denver market from 2015 to 2021. The Commission notes that this is due to Denver International Airport (“**DEN**”) being one of United’s largest hubs in the US. The Kuala Lumpur – Denver market also has a very high market concentration and it had the highest Herfindahl-Hirschman Index (“**HHI**”) in 2019 out of all of the Significant Relevant Markets. Its HHI has also consistently been above 0.25, at least since 2015. In line with the Commission’s previous decision<sup>6</sup>, an HHI above 0.25 may be indicative that the Relevant Market is highly concentrated.

<sup>6</sup> 2017 NH-UA Decision

66. The Parties were also able to increase their market share by [redacted] post-JV (2019 vs 2017). The Parties had managed to maintain their dominance in 2020 when their market share reached the highest for the Kuala Lumpur – Denver market, at [redacted]. However, in 2021, while the Parties still had the highest market share, their market share had decreased significantly as it faced a strong new competitor in the market, Qatar Airways (“QR”). In 2021, QR had a market share of [redacted] (Parties: [redacted]).
67. The Commission finds that the [redacted] would prevent the Parties from exercising their dominance.
68. In relation to the detrimental effects on competition, the Commission analysed potential barriers to entry and fares that had been offered by the Parties. The Commission finds that there are low barriers to entry into the Kuala Lumpur – Denver market as evidenced by the entry of QR, which had aggressively introduced capacity and managed to capture market share from the Parties. The Commission finds that the barrier to entry is especially low, as evidenced by QR entering the market during the pandemic, when travel restrictions had not fully been lifted and demand had yet to reach pre-pandemic levels.
- (b) *Impact of the JVA on fares*
69. In relation to the impact of the JVA on fares offered in the Kuala Lumpur – Denver market, the Commission found an increase of [redacted] in the Parties’ average one-way economy class fares (2019 vs 2017). However, the Commission also found that the Parties’ fares were still consistently lower than their competitors. For example, the Parties’ average one-way economy class fare in 2019 was [redacted] while their competitors’ was [redacted]. Although there had been an increase in fares post-JVA, the Commission finds that price increases may be due to various factors which include, but are not limited to, inflation, demand, and variable costs. Furthermore, the fare increase is mitigated by the Parties having consistently lower fares than their competitors. **Appendix V** shows the chart illustrating the trend in the Parties and their competitors’ average one-way economy class fares for the Significant Relevant Markets assessed in Stage 3.
70. The Commission, therefore, finds that although there has been some lessening of competition in the Kuala Lumpur – Denver market, the Commission finds that such lessening of competition had not had any major impact on consumers or on the Parties’ competitors.

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*Kuala Lumpur – Honolulu*

71. Information related to the Commission’s market analysis for the Kuala Lumpur – Honolulu market is shown in **Table 7** below.

**Table 7: Market data for the Kuala Lumpur – Honolulu market**

| Market share (%)   | HHI  | Delta HHI (2019 vs 2017) | Change in market share (2019 vs 2017) | Pax contribution in 2019                      |
|--|--|--------------------------|---------------------------------------|---|
| 2017: [redacted]<br>2018: [redacted]<br>2019: [redacted] | 2017: 0.1819<br>2018: 0.2753<br>2019: 0.3853 | +0.2034                  | [redacted]                            | 9,978<br>(3.2% of Malaysia – Americas market) |

Source: Commission’s analysis, AirportIS

(a) *Market condition*

72. In relation to the Kuala Lumpur – Honolulu market, the Parties used to have the highest market share up to 2019, the year in which AirAsia X (“D7”) started flying on the route. D7 had the highest market share in 2019 at [redacted], whereas the Parties only had a [redacted] market share. D7 suspended its operations in March 2020 due to the COVID-19 pandemic, and the market shares are now more evenly distributed between the Parties and other competitors. In 2021, the Parties had the second-highest market share at [redacted]. [redacted]. Although the market is considered as highly concentrated, the Parties do not currently have the highest market share. Furthermore, as the tourism industry is seeing recovery and demand for travel is increasing, other airlines may choose to enter the Kuala Lumpur – Honolulu market in the future. It should be noted that in June 2022, D7 announced its re-entry into the market, resuming its flights from KUL to HNL via KIX at a frequency of twice a week.

73. Although the market is highly concentrated, the barrier to entry into the market is low. This is evidenced by the entry of strong competitors into the market. In 2019, D7 entered the market and captured most of the Parties’ market share. It is therefore expected that other airlines can enter the market to meet future demand.

(b) *Impact of the JVA on fares*

74. In relation to the impact of the JVA on fares in the Kuala Lumpur – Honolulu market, the Commission found that the Parties’ fares have shown to be lower when they were in a dominant position. The Commission found that the average fare offered by the Parties in 2018 when they were dominant was [redacted]. Although the Parties’ average fare in 2019 was slightly higher than their competitors’ [redacted], the Parties had a much lower market share than D7, which had a [redacted] market share. As such, the Commission found that the JVA does not pose any detrimental effect neither in terms of fares for the Kuala Lumpur – Honolulu market nor on entry into the market by future competitors.

*Kuala Lumpur – Mexico City*

75. Information related to the Commission’s market analysis for the Kuala Lumpur – Mexico City market is shown in **Table 8** below.

**Table 8: Market data for the Kuala Lumpur – Mexico City market**

| Market share (%)   | HHI  | Delta HHI (2019 vs 2017) | Change in market share (2019 vs 2017) | Pax contribution in 2019                      |
|--|--|--------------------------|---------------------------------------|---|
| 2017: [REDACTED]<br>2018: [REDACTED]<br>2019: [REDACTED] | 2017: 0.2142<br>2018: 0.1919<br>2019: 0.2436 | +0.0294                  | [REDACTED]                            | 3,444<br>(1.1% of Malaysia – Americas market) |

Source: Commission’s analysis, AirportIS

(a) *Market condition*

76. The Parties have been steadily gaining market share in the Kuala Lumpur – Mexico City market, especially since 2019 onwards when it recorded a [REDACTED] increase from its 2017 market share. In 2021, the Parties’ market share reached [REDACTED], making the Parties the dominant player in the market. Although the market concentration in 2019 was not considered as high, due to the HHI being less than 0.25, it was close to reaching the high concentration threshold as it was at 0.2436. Although the Parties had the highest market share in 2019, their competitor, KLM Royal Dutch Airlines (“KL”), had a market share of [REDACTED], close to its market share of [REDACTED].

77. [REDACTED] is also [REDACTED] a strong competitor against the Parties as it has managed to maintain a [REDACTED] market share even in 2021.

78. The Commission also found that the barrier to entry into the market was low as the market used to be competitive before the pandemic. It is therefore expected that the airlines that used to operate in the market in 2019, before the pandemic, may resume operations when demand increases. This is assuming that the airlines are still operational post-pandemic.

(b) *Impact of the JVA on fares*

79. Although the Parties were dominant in the market in 2019, the Commission found that their average one-way economy fares were slightly lower than their competitors. For example, the average of the Parties’ one-way economy fares in 2019 was [REDACTED], while their competitors’ average was [REDACTED]. As such, the JVA did not appear to have any detrimental effect in terms of fares.

*Kuala Lumpur – Houston*

80. Information related to the Commission’s market analysis for the Kuala Lumpur – Houston market is shown in **Table 9** below.

**Table 9: Market data for the Kuala Lumpur – Houston market**

| Market share (%)   | HHI  | Delta HHI (2019 vs 2017) | Change in market share (2019 vs 2017) | Pax contribution in 2019                       |
|--|--|--------------------------|---------------------------------------|--|
| 2017: [REDACTED]<br>2018: [REDACTED]<br>2019: [REDACTED] | 2017: 0.1601<br>2018: 0.2115<br>2019: 0.2238 | +0.0637                  | [REDACTED]                            | 19,313<br>(3.2% of Malaysia – Americas market) |

Source: Commission’s analysis, AirportIS

(a) *Market condition*

81. Although the Parties had the highest market share in 2019, they were followed by strong competitors, such as QR, with a market share of [REDACTED] and Emirates (“EK”) with [REDACTED]. QR has since posed as a strong competitive constraint on the Parties where the Parties lost some of their market share to QR. In 2020, the Parties had a market share of [REDACTED], and a market share of [REDACTED] in 2021. Meanwhile, QR had gained a high market share of [REDACTED] in 2021. Furthermore, the market had never reached the high concentration threshold of 0.25 in the six (6) years prior to 2021. Although it became highly concentrated in 2021 with an HHI of 0.72, the Parties’ market share was low at only [REDACTED].

82. The Commission finds that [REDACTED] to dominate the market as [REDACTED].

83. The Commission found that the JVA would not likely raise any significant anti-competitive concerns in the Kuala Lumpur – Houston market. Furthermore, the Kuala Lumpur – Houston market has two international airports in the same catchment area, where airlines can choose to fly to. The low barrier to entry is also indicated by the HHI which had never reached the high concentration threshold prior to 2021.

(b) *Impact of the JVA on fares*

84. In relation to fares, the Commission found that the Parties’ average economy fares were higher than their competitors in 2019 [REDACTED], the year in which their market share was the highest at [REDACTED]. Since then, the Parties have lost a significant amount of market share and their average fares in 2021 were lower than their competitors’ [REDACTED]. There is therefore little concern in terms of fares in this market.

*Kuala Lumpur – Seattle*

85. Information related to the Commission’s market analysis for the Kuala Lumpur – Seattle market is shown in **Table 10** below.

**Table 10: Market data for the Kuala Lumpur – Seattle market**

| Market share (%)   | HHI  | Delta HHI (2019 vs 2017) | Change in market share (2019 vs 2017) | Pax contribution in 2019                      |
|--|--|--------------------------|---------------------------------------|---|
| 2017: [REDACTED]<br>2018: [REDACTED]<br>2019: [REDACTED] | 2017: 0.3536<br>2018: 0.3405<br>2019: 0.2332 | -0.1204                  | [REDACTED]                            | 7,892<br>(2.6% of Malaysia – Americas market) |

Source: Commission’s analysis, AirportIS

(a) *Market condition*

86. Although the Parties consistently had market shares higher than [15–25]% since 2015, they have never held the highest market share. Eva Air (“BR”) had consistently held the highest market share since 2015. BR’s 2019 market share was [REDACTED]. Although BR had no market share in 2021, QR has since replaced BR to hold the highest market share of [REDACTED] in 2021 [REDACTED]. The market also became increasingly competitive before the pandemic as evidenced by the decrease in HHI to below the high concentration threshold.

87. [REDACTED] a dominant and strong competitor in the market.

88. The Commission found that the barrier to entry into the market was low as the market used to be competitive, prior to the pandemic. The HHI can be seen to have decreased throughout the years. The entry of QR into the market despite the COVID-19 pandemic and the increase in AA’s market share in 2021 further indicates the potential entry of other airlines once the market recovers to pre-pandemic levels.

(b) *Impact of the JVA on fares*

89. The Commission found that the Parties’ average fare throughout 2019 has consistently been lower than their competitors’ [REDACTED]. The Parties’ average fares in 2021 were also lower than their competitors’ [REDACTED]. In the absence of market power in the Kuala Lumpur – Seattle market, the Parties’ fares are expected to remain low for them to remain competitive in the market. As such, the JVA is unlikely to pose any detrimental effect in terms of fares for the Kuala Lumpur – Seattle market.

**Conclusion on subparagraph 50(c) of Act 771**

90. The Commission, therefore, finds that there are no significant detrimental effects on competition or on consumers. While there has been some lessening of competition, such as in the Kuala Lumpur – Denver market, the Commission finds that any negative effect is mitigated and has also not been passed on to consumers. Therefore, on balance, the

Commission finds that the benefits of the JVA outweigh the detrimental effects of the JVA on competition.

***Subparagraph 50(d) of Act 771– The agreement does not allow the enterprise to eliminate competition completely in respect of a substantial part of the aviation services***

91. The Commission found that the Parties have satisfied the requirement in subparagraph 50(d) of Act 771 as there has not been any complete elimination of competition arising out of the JVA. As detailed above, while there has been some lessening of competition, such as in the Kuala Lumpur – Denver market, the Significant Relevant Markets, including Kuala Lumpur – Denver, remain competitive, albeit at different levels of competitiveness. The Commission found that the fact that there have been new entrants in the Relevant Markets post-JVA and even during the COVID-19 pandemic, shows that the Parties would have to remain competitive especially in the Relevant Markets that they are dominant in.

## **7.0 CONCLUSION**

92. In conclusion, the Commission is satisfied that the JVA as per the Application fulfils the requirements under section 50 of Act 771 to qualify for an individual exemption.

## **8.0 THE COMMISSION'S DECISION**

93. Based on the considerations stipulated above, the Commission concludes that the JVA fulfils the requirements under section 50 of Act 771 and qualifies for renewal of the individual exemption.

94. The Commission proposes to grant a renewal of the individual exemption with respect to the JVA from the prohibition under section 49 of Act 771. The individual exemption shall be effective for a period of five (5) years from the date of the Final Decision.

95. The individual exemption shall continue to be subject to subsection 51(6) of Act 771. The Commission may take any action under subsection 51(6) of Act 771, should the Commission be satisfied that there has been a material change of circumstances from the time when the Commission grants the individual exemption. Material change of circumstances, amongst others, may include changes in market conditions.

96. The individual exemption shall further be 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 JVA or a Party to the JVA, either Party shall file for variation or amendment of the individual exemption to the Commission within two (2) weeks of the variation or amendment. A material change includes, but is not limited to a change in the scope of the JVA; an addition of any new route or airline; and a cooperation arrangement or a merger with any airline that would affect the services in the Relevant Markets; and

- (c) The Parties shall provide any document or information as requested by the Commission, at any time, in relation to the JVA for monitoring purposes.
- 97. The Parties may submit an application to renew the individual exemption for their JVA to the Commission before expiry of the five (5) year exemption period.
- 98. The individual exemption granted by the Commission herewith is only in relation to the JVA which the Parties had submitted to the Commission and does not preclude an investigation by the Commission on any other potential infringements under Act 771 by the Parties.

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

## APPENDIX I: IATA AIRPORT CODES

| Airport Code                    | Airport Name   |
|---------------------------------|--|
| <b>Airports in Malaysia</b>     |  |
| KUL                             | Kuala Lumpur International Airport   |
| SZB                             | Sultan Abdul Aziz Shah Airport (Subang International Airport)  |
| <b>Airports in Japan</b>        |  |
| HND                             | Haneda Airport, Tokyo  |
| NRT                             | Narita International Airport, Tokyo  |
| KIX                             | Kansai International Airport, Osaka  |
| <b>Airports in the Americas</b> |  |
| BUR                             | Bob Hope Airport (Hollywood Burbank Airport), Burbank, California, United States                           |
| BWI                             | Baltimore/Washington International Thurgood Marshall Airport, Anne Arundel County, Maryland, United States |
| DCA                             | Ronald Reagan Washington National Airport, Arlington County, Virginia, United States                       |
| DEN                             | Denver International Airport, Denver, Colorado, United States  |
| EWR                             | Newark Liberty International Airport, Newark, New Jersey, United States                                    |
| HNL                             | Daniel K. Inouye International Airport (Honolulu International Airport), Honolulu, Hawaii, United States   |
| HOU                             | William P. Hobby Airport, Houston, Texas, United States  |
| IAD                             | Washington Dulles International Airport, Dulles, Virginia, United States                                   |
| IAH                             | George Bush Intercontinental Airport, Houston, Texas, United States  |
| JFK                             | John F. Kennedy International Airport, New York City, New York, United States                              |
| LAS                             | Harry Reid International Airport (Las Vegas Airport), Paradise, Nevada, United States                      |
| LAX                             | Los Angeles International Airport, Los Angeles, California, United States                                  |
| LGA                             | LaGuardia Airport, New York City, New York, United States  |
| LGB                             | Long Beach Airport, Long Beach, California, United States  |
| MEX                             | Benito Juárez International Airport (Mexico City International Airport), Mexico City, Mexico               |
| OAK                             | Oakland International Airport, Oakland, California, United States  |
| ONT                             | Ontario International Airport, Ontario, California, United States  |
| ORD                             | Chicago O'Hare International Airport, Chicago, Illinois, United States                                     |
| SEA                             | Seattle–Tacoma International Airport, SeaTac, Washington, United States                                    |
| SFO                             | San Francisco International Airport, County of San Mateo, California, United States                        |
| SJC                             | Norman Y. Mineta San Jose International Airport, San Jose, California, United States                       |
| SNA                             | John Wayne Airport (Orange County Airport), Santa Ana, California, United States                           |



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

**APPENDIX II  
NORTH AMERICAN AIRPORTS SERVED BY UNITED  
AND NO OTHER MAJOR US AIRLINE DURING THE  
2021 WINTER SEASON AS SUBMITTED BY THE  
PARTIES**

**APPENDIX II: NORTH AMERICAN AIRPORTS SERVED BY UNITED AND NO OTHER MAJOR US AIRLINE DURING THE 2021 WINTER SEASON AS SUBMITTED BY THE PARTIES**

| No                        | Airport Code | City           | Airport Name   |
|---------------------------|--------------|----------------|--|
| <b>Airports in the US</b> |              |                |  |
| 1                         | ALS          | Alamosa        | San Luis Valley Regional Airport                             |
| 2                         | ATY          | Watertown      | Watertown Regional Airport                                   |
| 3                         | BFF          | Scottsbluff    | Western Nebraska Regional Airport (William B. Heilig Field)  |
| 4                         | BIH          | Bishop         | Eastern Sierra Regional Airport                              |
| 5                         | CGI          | Cape Girardeau | Cape Girardeau Regional Airport                              |
| 6                         | CKB          | Clarksburg     | North Central West Virginia Airport                          |
| 7                         | CMX          | Hancock        | Houghton County Memorial Airport                             |
| 8                         | CYS          | Cheyenne       | Cheyenne Regional Airport (Jerry Olson Field)                |
| 9                         | DDC          | Dodge City     | Dodge City Regional Airport                                  |
| 10                        | DEC          | Decatur        | Decatur Airport  |
| 11                        | DIK          | Dickinson      | Dickinson Theodore Roosevelt Regional Airport                |
| 12                        | DVL          | Devils Lake    | Devils Lake Regional Airport (Devils Lake Municipal Airport) |
| 13                        | EAR          | Kearney        | Kearney Regional Airport                                     |
| 14                        | EAU          | Eau Claire     | Chippewa Valley Regional Airport                             |
| 15                        | FOD          | Fort Dodge     | Fort Dodge Regional Airport                                  |
| 16                        | GCC          | Gillette       | Gillette–Campbell County Airport                             |
| 17                        | HOB          | Hobbs          | Lea County Regional Airport                                  |
| 18                        | HYS          | Hays           | Hays Regional Airport  |
| 19                        | JLN          | Joplin         | Joplin Regional Airport                                      |
| 20                        | JMS          | Jamestown      | Jamestown Regional Airport                                   |
| 21                        | JST          | Johnstown      | John Murtha Johnstown–Cambria County Airport                 |
| 22                        | LAR          | Laramie        | Laramie Regional Airport                                     |
| 23                        | LBF          | North Platte   | North Platte Regional Airport (Lee Bird Field)               |
| 24                        | LBL          | Liberal        | Liberal Mid-America Regional Airport                         |
| 25                        | LWB          | Greenbrier     | Greenbrier Valley Airport                                    |
| 26                        | MCW          | Mason City     | Mason City Municipal Airport                                 |
| 27                        | MEI          | Meridian       | Meridian Regional Airport (Key Field)                        |
| 28                        | MKG          | Muskegon       | Muskegon County Airport                                      |
| 29                        | OGS          | Ogdensburg     | Ogdensburg International Airport                             |
| 30                        | OTH          | North Bend     | Southwest Oregon Regional Airport                            |
| 31                        | PAH          | Paducah        | Barkley Regional Airport                                     |
| 32                        | PBG          | Plattsburgh    | Plattsburgh International Airport                            |
| 33                        | PIB          | Laurel         | Hattiesburg–Laurel Regional Airport                          |
| 34                        | PIR          | Pierre         | Pierre Regional Airport                                      |
| 35                        | PQI          | Presque Isle   | Presque Isle International Airport                           |
| 36                        | PRC          | Prescott       | Prescott Regional Airport (Ernest A. Love Field)             |

| No                        | Airport Code | City              | Airport Name   |
|---------------------------|--------------|-------------------|--|
| 37                        | PUB          | Pueblo            | Pueblo Memorial Airport                                |
| 38                        | RIW          | Riverton          | Central Wyoming Regional Airport                       |
| 39                        | RKS          | Rock Springs      | Rock Springs–Sweetwater County Airport                 |
| 40                        | SHD          | Staunton          | Shenandoah Valley Regional Airport                     |
| 41                        | SHR          | Sheridan          | Sheridan County Airport                                |
| 42                        | SLN          | Salina            | Salina Regional Airport                                |
| 43                        | SUX          | Sioux City        | Sioux Gateway Airport (Colonel Bud Day Field)          |
| 44                        | TBN          | Fort Leonard Wood | Waynesville-St. Robert Regional Airport (Forney Field) |
| 45                        | VCT          | Victoria          | Victoria Regional Airport                              |
| 46                        | VEL          | Vernal            | Vernal Regional Airport                                |
| <b>Airports in Mexico</b> |              |                   |  |
| 47                        | PBC          | Puebla            | Hermanos Serdán International Airport                  |
| 48                        | TAM          | Tampico           | General Francisco Javier Mina International Airport    |
| 49                        | VER          | Veracruz          | General Heriberto Jara International Airport           |

**APPENDIX III**  
**DETERMINATION OF EACH RELEVANT MARKET**

**APPENDIX III: DETERMINATION OF EACH RELEVANT MARKET**

| No. | Relevant Market                         | Affected Route | All Airports in the Market      |
|-----|---|----------------|---------------------------------|
| 1.  | Kuala Lumpur – Los Angeles              | KUL-LAX        | BUR<br>LAX<br>LGB<br>ONT<br>SNA |
| 2.  | Kuala Lumpur – San Francisco & San Jose | KUL-SFO        | OAK<br>SFO<br>SJC               |
|     |   | KUL-SJC        |                                 |
| 3.  | Kuala Lumpur – Seattle                  | KUL-SEA        | SEA                             |
| 4.  | Kuala Lumpur – Washington D.C.          | KUL-IAD        | BWI<br>DCA<br>IAD               |
| 5.  | Kuala Lumpur – New York City            | KUL-JFK        | EWR<br>JFK<br>LGA               |
|     |   | KUL-EWR        |                                 |
| 6.  | Kuala Lumpur – Houston                  | KUL-IAH        | HOU<br>IAH                      |
| 7.  | Kuala Lumpur – Chicago                  | KUL-ORD        | ORD                             |
| 8.  | Kuala Lumpur – Mexico City              | KUL-MEX        | MEX                             |
| 9.  | Kuala Lumpur – Honolulu                 | KUL-HNL        | HNL                             |
| 10. | Kuala Lumpur – Las Vegas                | KUL-LAS        | LAS                             |
| 11. | Kuala Lumpur – Denver                   | KUL-DEN        | DEN                             |

*Note: The Commission considers KUL and SZB are, to a large extent, substitutable airports serving Kuala Lumpur.*

**APPENDIX IV**  
**MARKET ANALYSIS OF THE SIGNIFICANT**  
**RELEVANT MARKETS**

## APPENDIX IV: MARKET ANALYSIS OF THE SIGNIFICANT RELEVANT MARKETS

The percentage of the Parties' combined market shares in the Significant Relevant Markets from 2015 to 2021

| No. | Relevant Market                         | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----|---|------|------|------|------|------|------|------|
| 1.  | Kuala Lumpur – Denver                   | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 2.  | Kuala Lumpur – Honolulu                 | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 3.  | Kuala Lumpur – Mexico City              | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 4.  | Kuala Lumpur – Seattle                  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 5.  | Kuala Lumpur – Houston                  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 6.  | Kuala Lumpur – San Francisco & San Jose | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 7.  | Kuala Lumpur – Washington D.C.          | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 8.  | Kuala Lumpur – Chicago                  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 9.  | Kuala Lumpur – Las Vegas                | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 10. | Kuala Lumpur – Los Angeles              | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |
| 11. | Kuala Lumpur – New York City            | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  | [✂]  |

Source: Commission's analysis, AirportIS

Note: The market shares in red indicate a market share higher than 20%

### Market concentration (HHI) of each Significant Relevant Market from 2015 to 2021

| No. | Relevant Market                         | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|-----|---|--------|--------|--------|--------|--------|--------|--------|
| 1.  | Kuala Lumpur – Denver                   | 0.2941 | 0.4237 | 0.3117 | 0.5843 | 0.5470 | 0.7011 | 0.3735 |
| 2.  | Kuala Lumpur – Honolulu                 | 0.1695 | 0.2439 | 0.1819 | 0.2753 | 0.3853 | 0.3219 | 0.2455 |
| 3.  | Kuala Lumpur – Mexico City              | 0.2609 | 0.2517 | 0.2142 | 0.1919 | 0.2436 | 0.3058 | 0.4280 |
| 4.  | Kuala Lumpur – Seattle                  | 0.4549 | 0.2790 | 0.3536 | 0.3405 | 0.2332 | 0.3129 | 0.5624 |
| 5.  | Kuala Lumpur – Houston                  | 0.1661 | 0.1329 | 0.1601 | 0.2115 | 0.2238 | 0.2229 | 0.7179 |
| 6.  | Kuala Lumpur – San Francisco & San Jose | 0.2173 | 0.1773 | 0.1334 | 0.1633 | 0.1618 | 0.2989 | 0.2664 |
| 7.  | Kuala Lumpur – Washington D.C.          | 0.1370 | 0.1591 | 0.1801 | 0.1909 | 0.1623 | 0.3428 | 0.4429 |
| 8.  | Kuala Lumpur – Chicago                  | 0.1216 | 0.1227 | 0.1277 | 0.1619 | 0.1784 | 0.3344 | 0.3730 |
| 9.  | Kuala Lumpur – Las Vegas                | 0.1421 | 0.1191 | 0.1221 | 0.2145 | 0.1699 | 0.2889 | 0.1497 |
| 10. | Kuala Lumpur – Los Angeles              | 0.1713 | 0.1440 | 0.1129 | 0.1287 | 0.1067 | 0.2361 | 0.2293 |
| 11. | Kuala Lumpur – New York City            | 0.1308 | 0.1116 | 0.1009 | 0.1103 | 0.1045 | 0.1707 | 0.3220 |

Source: Commission's analysis, AirportIS

Note: The numbers in red are HHIs that are higher than 0.25, which the Commission considers as indicating high concentration

**Changes from pre- to post-implementation of the JVA to the total passengers, the Parties' combined market shares, and market concentration in the Significant Relevant Markets**

| No. | Relevant Market                         | 2017 (Pre-JV) vs. 2019 (Post-JV) |                                |           |
|-----|---|----------------------------------|--------------------------------|-----------|
|     |   | Total Passenger Growth (%)       | Parties' Combined Market Share | Delta HHI |
| 1.  | Kuala Lumpur – Denver                   | -1.7                             | [✂]                            | +0.2352   |
| 2.  | Kuala Lumpur – Honolulu                 | 177.2                            | [✂]                            | +0.2034   |
| 3.  | Kuala Lumpur – Mexico City              | 49.2                             | [✂]                            | +0.0294   |
| 4.  | Kuala Lumpur – Seattle                  | 7.4                              | [✂]                            | -0.1204   |
| 5.  | Kuala Lumpur – Houston                  | 32.4                             | [✂]                            | +0.0637   |
| 6.  | Kuala Lumpur – San Francisco & San Jose | 16.1                             | [✂]                            | +0.0284   |
| 7.  | Kuala Lumpur – Washington D.C.          | -5.6                             | [✂]                            | -0.0178   |
| 8.  | Kuala Lumpur – Chicago                  | 9.4                              | [✂]                            | +0.0507   |
| 9.  | Kuala Lumpur – Las Vegas                | 33.3                             | [✂]                            | +0.0478   |
| 10. | Kuala Lumpur – Los Angeles              | 5.9                              | [✂]                            | -0.0062   |
| 11. | Kuala Lumpur – New York City            | 11.8                             | [✂]                            | +0.0036   |

Source: Commission's analysis and AirportIS

Note: The numbers in red indicate that there was a negative change to the market post-JVA, i.e. the numbers in red for total passenger growth indicate a decrease in total passengers, the red numbers for the Parties' combined market shares indicate an increase in the Parties' market share post-JVA and the numbers in red for the delta HHI indicate that there has been an increase in market concentration post-JVA.

## Summary of the market analysis for the Significant Relevant Markets

| No. | Relevant Market                         | High HHI (>0.25)* | Delta HHI (>0.1)** | Market Share Increase (>2.5%)** | Largest market share by the Parties* | Pax contribution (>1%)* |
|-----|---|-------------------|--------------------|---------------------------------|--------------------------------------|-------------------------|
| 1.  | Kuala Lumpur – Denver                   | ✓                 | ✓                  | [✂]                             | ✓                                    |                         |
| 2.  | Kuala Lumpur – Honolulu                 | ✓                 | ✓                  | [✂]                             | ✓                                    | ✓                       |
| 3.  | Kuala Lumpur – Mexico City              |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 4.  | Kuala Lumpur – Houston                  |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 5.  | Kuala Lumpur – Seattle                  | ✓                 |                    | [✂]                             |                                      | ✓                       |
| 6.  | Kuala Lumpur – San Francisco & San Jose |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 7.  | Kuala Lumpur – Washington D.C.          |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 8.  | Kuala Lumpur – Chicago                  |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 9.  | Kuala Lumpur – Las Vegas                |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 10. | Kuala Lumpur – Los Angeles              |                   |                    | [✂]                             | ✓                                    | ✓                       |
| 11. | Kuala Lumpur – New York City            |                   |                    | [✂]                             | ✓                                    | ✓                       |

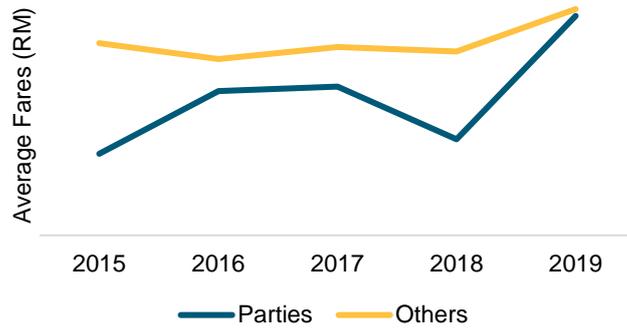
Source: Commission's analysis

\* Based on 2018 and 2019 data

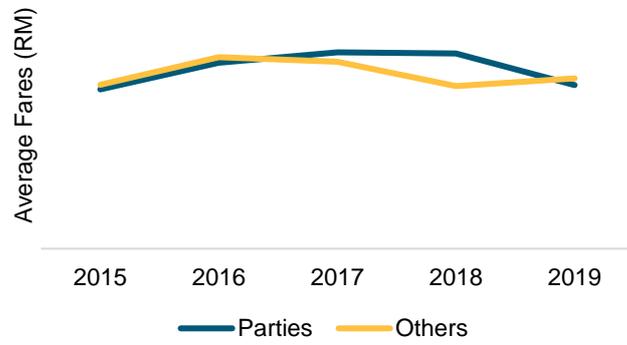
\*\* 2019 vs 2017.

**APPENDIX V**  
**CHARTS OF ONE-WAY AVERAGE ECONOMY FARES**  
**OFFERED BY THE PARTIES AND THEIR**  
**COMPETITORS IN THE SIGNIFICANT RELEVANT**  
**MARKETS**

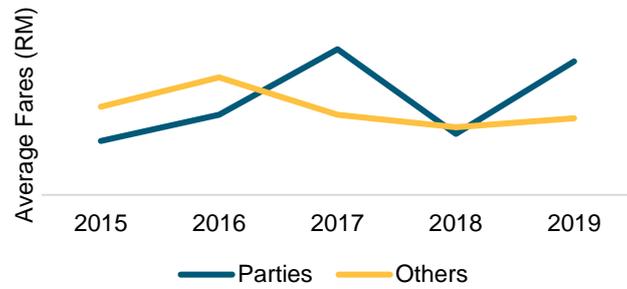
### KUL-DEN



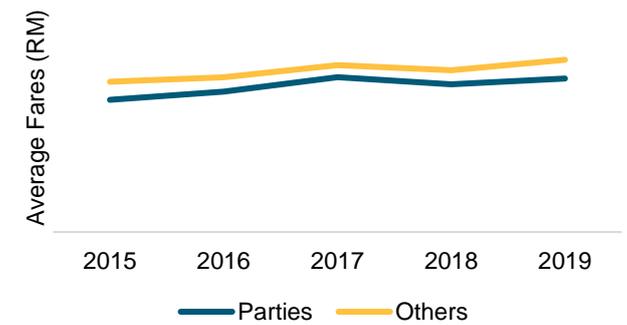
### KUL-HNL



### KUL-MEX



### KUL-HOU



# KUL-SEA

