

Individual Exemption for the Proposed 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
Receipt of Application	11 May 2022
Summary of Application	<p>Malaysia Airlines Berhad (“MH”) and Cathay Pacific Airways Limited (“CX”) (collectively referred to as the “Parties”) had 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 (“Joint Business”). The 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.</p> <p>The Application provides that the Joint Business would give rise to the following economic and social benefits to the Malaysian economy and Malaysian travellers:</p> <ul style="list-style-type: none"> (i) additional capacity and improved scheduling; (ii) making customer journeys as smooth as possible and boosting confidence to travel despite varying travel restrictions; (iii) more attractive fare options; (iv) better corporate account offerings and benefits; (v) better accessibility through expanded code sharing; (vi) improved Frequent Flyer Programmes; and (vii) improved disruption management through coordination of procedures and offering more options for re-accommodation. <p>The Application also provides that the benefits and efficiencies which can be achieved through the Joint Business outweigh any potential detriments to competition, and that the 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.</p>

	<p>On 20 January 2023, the Commission informed the Parties of its concerns over the Joint Business and provided the opportunity to the Parties to offer undertakings to address the Commission's concerns.</p> <p>The Parties responded to the Commission via several letters and submissions between February and July 2023 and provided proposed undertakings for the Commission's consideration. The Commission and the Parties were not able to come to an agreement on undertakings that would adequately address the Commission's concerns.</p> <p>On 31 July 2023, the Parties notified MAVCOM that it no longer intends to proceed with the Joint Business.</p> <p>In view of the Parties' notification to MAVCOM of their decision to not proceed with the Joint Business, MAVCOM ended its assessment of the Application and closed the matter on 15 September 2023.</p>	
Application Timeline	Date	Progress Update
	11 May 2022	Application made to MAVCOM
	20 May 2022	Publication of the summary of application for public consultation
	20 June 2022	Public consultation for the application was closed
	20 January 2023	Issuance of the Commission's letter to the Parties informing them of the Commission's findings and competition concerns
	31 July 2023	The Parties withdraw the Application
	15 September 2023	Publication of MAVCOM's announcement to end its assessment of the case