

Joint Business between Malaysia Airlines Berhad and Japan Airlines Co. Ltd.

Reference Number	MAVCOM/ED/CC/DIV2/2019(2)
Application	Individual exemption under section 51 of Act 771
Applicant	Malaysia Airlines Berhad
Receipt of Application	12 April 2019
Status	Individual exemption granted by MAVCOM
Summary of Application	<p>Malaysia Airlines Berhad (“MH”), on behalf of MH and Japan Airlines Co. Ltd. (“JL”) (collectively, “the Parties”), had submitted an application (“Application”) for an individual exemption for a metal neutral joint business partnership (“Joint Business”).</p> <p>The Application provides that the Parties will cooperate on all of their passenger services between Malaysia and Japan, comprising:</p> <ul style="list-style-type: none">(a) non-stop services operated by either MH or JL between Malaysia and Japan, including Kuala Lumpur – Tokyo, Kuala Lumpur – Osaka, and Kota Kinabalu – Tokyo; and(b) routes within Malaysia or Japan connecting to or from the routes mentioned in paragraph (a) above. <p>The Application provides that the Joint Business will facilitate efficiency-enhancing integration and coordination of their services. The salient terms of the Joint Business include coordination or cooperation in:</p> <ul style="list-style-type: none">(a) revenue sharing and planning;(b) schedule coordination;(c) capacity management;(d) performance monitoring;(e) product development and alignment;(f) quality control;(g) cost synergies;

- (h) sales;
- (i) pricing;
- (j) inventory management; and
- (k) Frequent Flyer Programs.

The objective of the Joint Business is to realize significant consumer and economic benefits, and efficiencies that can be achieved through commercial cooperation in relation to the Parties' respective networks. The Application provides that the Joint Business is expected to significantly benefit consumers through:

- (a) Increased travelling options made available by increased capacity and improved scheduling on trunk routes;
- (b) Better network connectivity through the availability of added destinations within Malaysia and Japan and beyond;
- (c) Better accessibility through expanded codesharing;
- (d) More attractive fare options due to pricing (including fare combinability), inventory, sales and marketing coordination;
- (e) Co-ordinated Frequent Flyer Programmes that will allow customers to choose the programme which best meets their needs while flying on either MH's or JL's network worldwide;
- (f) Improved airport lounge offerings through joint products and services;
- (g) Improved disruption management, through coordination of procedures and offering more options on bookings and re-accommodation;
- (h) Better corporate account offerings and benefits allowing customers to have access to a broader range of inventory and fares, more flexible travel operations and ability to

	<p>accumulate benefits earned from separate contracts under one scheme;</p> <p>(i) Better services arising from cost savings brought about by the Joint Business;</p> <p>(j) Seamless customer experience brought about by streamlining operational processes such as customer check-in services, crew management and training, flight booking systems to become more efficient.</p> <p>The Application also submits that contemporaneous benefits will accrue to the Malaysian economy through strengthening trade ties between Malaysia and Japan, potential increases in traffic to Malaysia, and the promotion of Kuala Lumpur International Airport as a hub.</p> <p>The Application also provides that any detriments to competition arising from the Joint Business are minimised by the competitive constraints posed by current and future competitors, and the ability of consumers to switch to competing airlines. It further asserts that the benefits and efficiencies that arise from the Joint Business outweigh any potential detriments to competition. The Application also submits that the presence of strong competitors operating both direct and indirect services between Malaysia and Japan are expected to continue to exert competitive pressure on the Parties.</p>															
Application Timeline	<table border="1"> <thead> <tr> <th data-bbox="552 1377 855 1451">Date</th> <th data-bbox="855 1377 1402 1451">Progress Update</th> </tr> </thead> <tbody> <tr> <td data-bbox="552 1451 855 1525">12 April 2019</td> <td data-bbox="855 1451 1402 1525">Receipt of application</td> </tr> <tr> <td data-bbox="552 1525 855 1637">25 April 2019</td> <td data-bbox="855 1525 1402 1637">Publication of the summary of application for public consultation</td> </tr> <tr> <td data-bbox="552 1637 855 1749">27 May 2019</td> <td data-bbox="855 1637 1402 1749">Public consultation on the application was closed</td> </tr> <tr> <td data-bbox="552 1749 855 1861">12 September 2019</td> <td data-bbox="855 1749 1402 1861">Publication of the Proposed Decision for public consultation</td> </tr> <tr> <td data-bbox="552 1861 855 1973">25 September 2019</td> <td data-bbox="855 1861 1402 1973">Public consultation on the Proposed Decision was closed</td> </tr> <tr> <td data-bbox="552 1973 855 2031">9 December 2019</td> <td data-bbox="855 1973 1402 2031">Issuance of the Final Decision</td> </tr> </tbody> </table>	Date	Progress Update	12 April 2019	Receipt of application	25 April 2019	Publication of the summary of application for public consultation	27 May 2019	Public consultation on the application was closed	12 September 2019	Publication of the Proposed Decision for public consultation	25 September 2019	Public consultation on the Proposed Decision was closed	9 December 2019	Issuance of the Final Decision	
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	14 October 2020	Publication of the individual exemption order in the <i>Gazette</i> (under the purview of the Ministry of Transport and the Attorney General's Chambers)
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