

Individual Exemption for the Joint Business between Malaysia Airlines Berhad and Japan Airlines Co. Ltd.

Reference Number	MAVCOM/ED/CC/DIV2/2022(4)
Application	Individual exemption under section 51 of Act 771
Applicant	Malaysia Airlines Berhad
Receipt of Application	18 May 2022
Summary of Application	<p>MAVCOM had previously granted an individual exemption to Malaysia Airlines Berhad (“MH”) and Japan Airlines Co. Ltd. (“JL”), (collectively referred to as the “Parties”) on 9 December 2019 for a period of three (3) years, for their metal neutral joint business partnership in respect of all scheduled air passenger services between Malaysia and Japan (“Joint Business”), which exemption ended on 8 December 2022. The Parties had submitted an application to renew the individual exemption (“Application”), which was deemed submitted to MAVCOM on 18 May 2022.</p> <p>The Joint Business is entered into by the Parties via an Alliance Agreement, a Joint Business Agreement, and a Revenue Sharing Agreement (collectively referred to as the “Definitive Agreements”), which applies to all scheduled air passenger services operated by the Parties, including services operated by JL’s affiliate, J-Air Co. Ltd. between Malaysia and Japan.</p> <p>The Joint Business is a metal neutral partnership which involves, amongst others, revenue sharing, network planning, schedule coordination, capacity management, performance monitoring, revenue planning, product development and alignment, quality control, cost synergies, joint sales and marketing, pricing coordination, inventory management, and frequent flyer arrangement, with respect to scheduled air passenger services between Malaysia and Japan.</p> <p>The Parties submitted that the Joint Business results in the following economic and social benefits to the Malaysian economy and Malaysian travellers:</p> <ul style="list-style-type: none"> (i) Increased travelling options through maintaining reasonable capacity and improved scheduling; (ii) Better corporate account offerings and benefits;

	<p>(iii) Better accessibility through expanded code-sharing;</p> <p>(iv) More attractive fare options due to pricing, inventory, sales and marketing coordination;</p> <p>(v) Seamless customer experience; and</p> <p>(vi) Improved disruption management through coordination of procedures and offering more options for bookings and re-accommodation.</p> <p>The Parties submitted that the Joint Business will provide additional expected benefits to consumers and to both countries' aviation industry and tourism sectors, including:</p> <p>(i) expedited resumption of flight frequencies up to pre-COVID-19 levels between Malaysia and Japan, resulting in more flight options for customers;</p> <p>(ii) better network connectivity;</p> <p>(iii) coordinated Frequent Flyer actions to provide greater benefits to customers;</p> <p>(iv) improved airports lounge offerings through joint products and services; and</p> <p>(v) better services arising from cost savings.</p> <p>The Parties also provided that the benefits and efficiencies which can be achieved through the Joint Business outweigh any potential detriments to competition, and there are adequate competition constraints from competitors within the Malaysia – Japan market.</p> <p>On 2 May 2023, MAVCOM issued its decision to grant an individual exemption to the Parties' Joint Business for a period of five (5) years, ending 1 May 2028.</p>	
Application Timeline	Date	Progress Update
	18 May 2022	Application made to MAVCOM
	2 June 2022	Publication of the summary of application for public consultation
	1 July 2022	Public consultation for the

		application was closed
	Date	Progress Update
	27 March 2023	Publication of the Proposed Decision for public consultation
	10 April 2023	Public consultation on the Proposed Decision was closed
	2 May 2023	Issuance of the Final Decision
	11 January 2024	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)