

Firefly must be sold to avoid price fixing, says Pakatan
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KUALA LUMPUR, Oct 11 — Pakatan Rakyat (PR) lawmakers have told Malaysia Airlines (MAS) to dispose of its subsidiary Firefly to ensure competition for air travel after the national carrier's share swap with AirAsia.

DAP publicity chief Tony Pua said the August 9 deal, which saw Tune Air Sdn Bhd hand over 10 per cent of the low-cost airline to Khazanah Nasional Bhd in exchange for 20.5 per cent of the flag carrier, will see "a collusive duopoly seeking to protect profits instead of being dictated by market forces."

The Petaling Jaya Utara MP said even if there was no active price fixing "there will be collusion as 'I don't reduce, you don't reduce, we all make money'."

He pointed out that despite fuel prices increasing by over five times since AirAsia began operations 10 years ago, passengers have enjoyed more than a 50 per cent reduction in domestic and regional air tickets.

The controversial share swap has come under fire from politicians on both sides of the divide.

MAS has said that Firefly will be turned into a full-service regional airline following the deal under the "Comprehensive Collaboration Framework" between MAS and AirAsia.

PAS research chief Dzulkefly Ahmad said unless Firefly was sold to the highest bidder, "it is a case of one step forward, two steps back for Datuk Seri Najib Razak's liberalisation."

The prime minister has introduced market reforms since taking office in 2009 but a recent spate of takeover bids by government-linked companies has raised questions over his administration's commitment to freeing the market for private sector players.

Permodalan Nasional Berhad (PNB) has made a mandatory offer to take property development giant SP Setia private after increasing its stake to over 33 per cent.

Sime Darby Bhd's recent acquisition of 30 per cent of property developer Eastern and Oriental (E&O) for RM766 million from a group of businessmen has also sparked concerns of insider trading and both counters were suspended this morning.

Kuala Selangor MP Dzulkefly said these moves reduced competition and were a "bottleneck to an efficient market" which would lead to capital flight.

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