

Tony's 'new airline' threatens MAS-AirAsia pact, says PKR
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KUALA LUMPUR, Nov 9 — PKR has called into question the credibility of the collaboration between Malaysia Airlines (MAS) and AirAsia following reports that Tan Sri Tony Fernandes is starting a new premium airline that could potentially be in competition with the national carrier.

MAS and Fernandes' AirAsia had in August entered into a collaboration agreement which also involved an exchange in equity between the parent companies of both airlines.

The Sun newspaper reported today that Fernandes will launch a new super-premium airline that will compete head-on with Qantas' RedQ. — Reuters file pic
PKR's director of strategy Rafizi Ramli said that if Fernandes is setting up a new premium airline, the relevance and usefulness of the Comprehensive Collaboration Framework (CCF) signed between MAS and AirAsia become questionable.

"The cornerstone of the CCF is MAS and AirAsia's commitment to stay in their niche markets (full premium service and no-frills respectively) in order not to commercially weaken each other by avoiding a direct competition," he said in a statement to the media.

Rafizi also called on Fernandes and Malaysia Airlines' parent, Khazanah Nasional, to clarify if the CCF prohibits Fernandes or AirAsia from starting a new premium airline and if the purported new airline would compete with MAS and therefore nullify the benefits of the CCF.

The Sun newspaper had reported today that Fernandes is set to expand his empire by starting a new super-premium airline that will compete head-on with Qantas' upcoming Asia-based super-premium carrier called RedQ.

The daily quoted sources as saying that the new regional airline would likely be called Caterham Jets and has yet to be granted an operating licence by the government but has secured several Bombardier CRJs which have been sent for retrofitting.

It also quoted industry observers as saying that a new airline by Fernandes could potentially strengthen his grip on the local aviation scene given that if it materialises, he would hold shares in MAS, AirAsia, AirAsia X, Firefly and the proposed Caterham Jets.

MAS's lacklustre financial performance in recent quarters had resulted in the share swap between MAS and AirAsia on August 9.

It saw state investment arm Khazanah taking a 10 per cent stake in Asia's top budget carrier in exchange for a 20.5 per cent stake in the flag carrier.

This paved the way for the AirAsia boss to sit on the MAS board, ostensibly to help turn the ailing airline around.

The share swap and accompanying CCF raised public concerns that it would give rise to an industry cartel. Firefly's budget jet operations were shuttered last month.

The Finance Ministry revealed on November 3, however, that the share swap between MAS and AirAsia is being probed by Bursa Malaysia and the Securities Commission (SC) for insider trading.

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