

Fomca wants competition panel to probe MAS, AirAsia
The Malaysian Insider
February 24 , 2012
By Yow Hong Chieh

PETALING JAYA, Feb 24 — The Federation of Malaysian Consumers Associations (Fomca) wants the Malaysian Competition Commission (MCC) to investigate how the MAS-AirAsia share swap has affected fares in both airlines.

This should include a comparative price analysis of air fares offered by the flag carrier and the low-budget airline before and after the share swap in August last year, the consumer watchdog group said today.

Fomca added that the MCC needs to also review the routes serviced by MAS and AirAsia to see if any sharing of routes has reduced competition in the airline sector.

Fomca noted that since the share swap, MAS has terminated low-cost offshoot Firefly's flights to Sabah and Sarawak, affecting travel between the peninsula and east Malaysia.

AirAsia's long-haul sister airline, AirAsia X, also cut routes to London, Paris, New Delhi and Mumbai following the swap, which critics have alleged was a move was to accommodate and establish a business strategy with MAS.

Fomca chief executive Datuk Paul Selva Raj noted an increase in the number of complaints lodged with the association against AirAsia from 903 in 2010 to 956 in 2011 which, he said, may have been due to decreased competition.

"Prices may rise due to lack of competition and customers will have fewer choices... now that flights have been cancelled," he told reporters at the MCC office here after lodging a formal complaint with the commission.

"There needs to be competition because when two companies compete, consumers will benefit. If competition is lessened, there's a possibility consumers will face high prices, fewer choices and lower quality."

In August, Tune Air Sdn Bhd exchanged 10 per cent of its AirAsia stock for 20.5 per cent of loss-making MAS held by state investment arm Khazanah Nasional Bhd, paring down the latter's stake in the ailing flag carrier by almost a third.

Before the share swap, Tune Air was the biggest shareholder in AirAsia with a 26.28 per cent stake while Khazanah held a total of 69.33 per cent in MAS.

Under the deal, MAS will return to being a long-haul premium airline while Firefly will cater to the short-haul premium market, leaving AirAsia and AirAsia X to cater to the growing low-cost market.

Critics have questioned the share swap, which they claimed creates an aviation "cartel" that will lead to higher fares for passengers in the long term.

Selva Raj said he was "not very happy" with MCC as no one was present today to receive Fomca's complaint despite being informed earlier.

"It's not a good sign for competition... They should take consumers' complaints more seriously. This may be the first but it won't be the last," he said, adding that Fomca intends to file complaints against other allegedly monopolistic companies.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/fomca-wants-competition-panel-to-probe-mas-airasia/>