

Anti-trust decision on AirAsia, MAS upheld
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The Malaysia Competition Commission (MyCC) is standing by its September 2013 decision to fine AirAsia and Malaysia Airlines RM10 million apiece for anti-competitive behaviour.

Both AirAsia and Malaysia Airlines received a notice of infringement from MyCC today confirming an earlier 'proposed decision' on Sept 6, 2013 and both airlines has released statements saying they will appeal the decision.

In the notice of infringement, MyCC said they would maintain their earlier findings and proceed to fine both airlines RM10 million. AirAsia and Malaysia Airlines are in breach of section 4(2)(b) of the Competition Act 2010, which prevents them from entering into agreements to share markets served by both airlines.

"Market sharing is considered a serious infringement under the Act as it is deemed to have the object of significantly preventing, restricting, or distorting competition in any market for goods and services," said MyCC chairperson Siti Norma Yaakob in a September 2013 statement.

Siti Norma was referring to a short period in 2011 when the country's two largest airlines by far, AirAsia and Malaysia Airlines, cooperated in the markets they served.

Khazanah Nasional owned Malaysia Airlines entered into a share swap agreement in August 2011 with privately-held Tune Air Sdn Bhd. At that time, Khazanah held 69% of Malaysia Airlines shares and Tune Air held 23% of AirAsia shares.

Under the share swap agreement, Tune Air, controlled by Tony Fernandes and his partners, would have received a 20.5% stake in Malaysia Airlines. In return, Khazanah would have got 10% of AirAsia and sister-company AirAsia X. However, the deal was unwound in an abrupt turnaround months later.

At the 5.00pm bell today, MAS was unchanged at 21 sen while AirAsia rose 2 sen to finish at RM2.30.

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