

Petreski, Sonya

From: Cartel Information Network
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From: Cartel Info Service
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Subject: Malaysia Airlines Cargo Sdn Bhd penalised \$6 million for price fixing cartel [SEC=UNCLASSIFIED]

Malaysia Airlines Cargo Sdn Bhd penalised \$6 million for price fixing cartel

Dear ACCC Cartel Information Network subscriber

Please find below a news release issued recently by the ACCC about the Federal Court penalising Malaysia Airlines Cargo Sdn Bhd \$6 million for price fixing as part of a cartel following action by the agency.

Internationally, penalties imposed by competition authorities have exceeded US\$1.5 billion dollars and several airline executives have faced jail terms. In addition, several airlines have faced class actions and have had to compensate customers measuring hundreds of millions of dollars.

Regards

Education and Engagement
Compliance Strategies Branch



Australian
Competition &
Consumer
Commission

ACCC news release (NR 113/11)
14 June 2012

Malaysia Airlines Cargo Sdn Bhd penalised \$6 million for price fixing cartel

The Federal Court in Sydney has penalised Malaysia Airlines Cargo Sdn Bhd \$6 million for price fixing as part of a cartel following action by the Australian Competition and Consumer Commission.

"This penalty sees the total penalties ordered against this international cartel increase to a record \$58 million. These penalties are the highest generated by a single ACCC Investigation," ACCC Chairman Rod Sims said.

The ACCC has been pursuing a number of international airlines for cartel conduct relating to the carriage of air freight. Malaysia Airlines Cargo Sdn Bhd is the ninth airline to settle proceedings against it.

"The ACCC's focus on stopping cartel conduct has sent a strong message. It is crucial for the proper functioning of business in Australia that the ACCC continues to tackle cartel conduct with the full force of the law. Cartel conduct is damaging and unlawful because it harms competition and usually inflates prices for consumers," Mr Sims said.

The ACCC instituted proceedings against Malaysia Airlines Cargo Sdn Bhd on 9 April 2010, alleging that it reached and gave effect to understandings with other international airlines regarding the level of particular surcharges and fees relating to air freight carriage from Indonesia. Malaysia Airlines Cargo Sdn Bhd has admitted that it did so in relation to:

- fuel surcharges between April 2002 and September 2005
- security surcharges between October 2001 and October 2005, and
- customs fees between May 2004 and October 2005.

Justice Emmett also made orders restraining Malaysia Airlines Cargo Sdn Bhd from engaging in similar conduct for a period of five years and to pay \$500,000 towards the ACCC's costs.

The ACCC's proceedings against Singapore Airlines, Cathay Pacific, Emirates, Air New Zealand and Thai Airways International continue. Proceedings against Garuda Indonesia are stayed pending the outcome of an appeal to the High Court.

Cartel conduct includes:

- price fixing
- output restrictions
- allocating customers, suppliers or territories
- bid-rigging.

Further information is available on the ACCC Cartels web page: www.accc.gov.au/cartels.

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