

Treatment of Suspected Violation of the Antimonopoly Act by Two Major Air Carriers  
(Tentative Translation)

June 12, 2008  
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC), in accordance with the Antimonopoly Act, has investigated All Nippon Airways Co., Ltd. and Japan Airlines International Co., Ltd. (hereinafter, collectively “the two major air carriers”) as it was suspected that they had set unreasonably low fares for flights on the Haneda-Sapporo, Haneda-Fukuoka and Haneda-Naha routes (hereinafter, “the three routes”) in time slots close to those in which new entrants operated their flights in an attempt to exclude or impede the new entrants from their business operations in violation of Article 3 and 19 of the Antimonopoly Act. However, the JFTC has recently decided to terminate the investigation.

The outline of the case and other details are as follows.

1. Outline of the Case

- (1) The two major air carriers set discount fares for one-day and seven-day advance bookings for flights on the three routes that varied with the time slot according to the number of passengers served by individual flights. In fiscal 2007, they introduced lower fares mainly for flights in time slots close to those with flights operated by new entrants than for flights in other time slots.
- (2) As far as the Haneda-Fukuoka route is concerned, the two major air carriers revised the discount fares for one-day and seven-day advance bookings for flights in June 2008 after a new entrant changed its discount fares. As a result, their new discount fares were lower than some of the discount fares proposed by the new entrant for one-day and seven-day advance bookings and higher than its discount fares for two-day and eight-day advance bookings.

2. Response of the JFTC

The JFTC investigated the two major air carriers in terms of pricing, costs, impacts on new entrants and other factors. At the moment, it cannot be confirmed that their discount fares for flights on the three routes are significantly lower than the cost required for providing the service or unreasonably low or discriminatory, and that the setting of these discount fares constitutes any violation of the Antimonopoly Act. The JFTC has therefore decided to terminate the investigation.

The JFTC will be continuing to monitor the status of competition in the domestic air transport industry with a view to promoting fair and free competition in the market.