

**UNIVERSITI TEKNOLOGI MARA**

**GLOBAL DISTRIBUTION SYSTEM  
(GDS) IN AIRLINE INDUSTRY AND  
MALAYSIAN COMPETITION LAW**

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## **ABSTRACT**

The emergence of the Global Distribution System (GDS) in the 1960s signified a pivotal advancement in interlinking stakeholders within the global airline industry. Over time, it has evolved into a primary conduit facilitating engagement between airlines, travel agents, and business clientele. While extensively adopted across diverse sectors like hotels and transportation, this study specifically focused on dissecting the intersection of GDS and competition law within Malaysia's airline industry. An in-depth examination uncovers the substantial control exerted by major industry players over agreements between airlines and GDS entities, significantly affecting competition in the domain of ticket purchasing services. These agreements intricately dictate content provision to GDS, constraining the manoeuvrability of airlines in exploring alternative distribution channels. Through qualitative analysis, this research identifies elements within GDS agreements that inhibit fair competition in Malaysia. Furthermore, the thesis delves into the implications of the Competition Act 2020 and briefly touches upon the Malaysian Aviation Consumer Protection (Amendment) Code 2019. Methodologically, this study encompasses qualitative research methods, including in-depth interviews and focus group discussions. These sessions involve active participation from industry players, competition law experts, and specialists well-versed in the workings of the Global Distribution System. The insights garnered from these interactions add depth to the analysis, providing nuanced perspectives crucial in understanding the impact of Global Distribution System arrangements on Malaysia's Competition Law Act 2010. Additionally, due to ongoing litigation, the study limits its examination to publicly available agreements, necessitating a comprehensive review of international articles, cases, and literature, particularly from Europe and the United States, to augment the assessment of GDS dynamics within Malaysia's legal framework. This study hopes to propose recommendation in the form of effective mechanisms for the enforcement to resolve the issue of anti-competitive practices in the Global Distribution System arrangements.

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# **CHAPTER ONE**

## **GLOBAL DISTRIBUTION SYSTEM AND COMPETITION LAW FRAMEWORK**

### **1.1 Background**

This study examines the Global Distribution System (GDS) and its conformity with Malaysian Competition law, focusing on the examination of GDS and competition law in Malaysia airline industry. The GDS market structure in Malaysia airline industry consists of the Global Distribution System providers, airlines, hotel operators, and travel agents. Service providers such as airlines, bus transportations, hotels and accommodations use GDS to consolidate their data and reach out to travel agencies. With this system, the travel agencies can view the available services provided by the service providers and match it with the needs of the end users.

This study is divided into 6 chapters. The first chapter incorporates the background of the thesis, the problem statement regarding GDS, the research questions, research objectives, scope and limitation of studies, significance of study and research methodology. The second chapter consolidates literatures for the study that indicate the competition issue in GDS within the confines of airline industry. Literatures gathered are from United States and Europe.

Chapter 3 explains on the functions and importance of GDS in airline industry. The chapter further elucidate the GDS structure and its business model, highlighting on the GDS mechanism and models in United States, Europe and Malaysia. Chapter 3 also explains on the characteristics of competitive market, which the implementation will be discussed in Chapter 4.

#### Global Distribution System (GDS)

GDS is a computerised network system which consolidates data and transactions of service providers such as airlines, cruise operators, car hire companies, hotels, and other accommodations, all under one system. GDS is essentially a business to business (B2B)