

## ASSEMBLY – 35TH SESSION

### PLENARY

**Agenda Item 2: Statements by delegations of Contracting States and of Observers**

### **POLICY FOR THE AIRLINE INDUSTRY IN INDONESIA**

(Presented by Indonesia)

### INFORMATION PAPER

#### SUMMARY

This paper provides briefs account of information about policy for the airline industry implemented by Indonesia.

Indonesia is the biggest archipelago country comprising of more than 17.500 islands and over 210 million populations. Air transportation is essential for socio-economics development of the country.

The development of air transport should continue to be improved and it must give the priority for the development of a national air transport network which is able to ensure the accessibility and availability of efficient services through network expansion of international and domestic air services in accordance with global development trends and a professional effective management. The pioneering air transport services are need to be improved and developed, in order to reach all remote areas and islands, especially those which are not served by the land or sea transport services.

Directorate General of Civil Aviation (DGCA) is the national authority responsible for civil aviation in Indonesia. It has a big task to handle the development of air transportation in Indonesia and believes that the liberalization in the air transport industry should be for a long-term objective with gradual and progressive approach to ensure fair competition and participation by all carriers. In this case, step-by-step policy in relaxing some rules and regulations for the globalization in air transport industry has been taken. Since the last three years the Government of Indonesia has been relaxing the rules and regulation for the establishing airlines company, and up to now Indonesia has filled 31 operators holding commercial licences on scheduled flights and 44 operators holding commercial licences on non-scheduled flights. This development shows that the growth of air transport has been promising a better opportunity to face the National and Regional economics.

Meanwhile for the international flights, Indonesia has concluded Bilateral Air Transport Agreement with 67 countries around the world and there are 32 foreign carriers already serving Indonesia. In order to support the growth of national air transportation, the Government has built 187 airports throughout Indonesia, 26 of them are international airports.

Indonesia has also been active in the several multilateral forums such as : WTO- GATS, APEC and ASEAN for regional forum as well as sub regional forums such as IMT-GT and BIMP-EAGA. In cooperation with the ICAO, Indonesia applies all Annexes of the Chicago Convention.

In order to achieve efficiency in domestic flights, Indonesia develops airports within the national airspace in harmony with city and regional developments. A proposed hierarchy of airports is given to the National Transportation Development Plan as follows:

- Primary Airports : Airports serving passengers in large numbers, with service area coverage to a number of the provinces and as the major gateway to foreign countries.
- Secondary Airports : Airports serving passengers in medium numbers, with service area coverage of one province and connected to a primary airport, and
- Tertiary Airports : Airports serving passengers in small numbers, with coverage area of some regencies and associated with a primary or secondary airport.

In air travel, the airlines operate modern plans to international standards. Airport infrastructure is generally adequate, although safety consideration may dictate the need to relocate some airports, for example, Medan and Padang. Air traffic and air space control systems need to be brought up to more modern standards.

- Policy to support pioneer ( PERINTIS ) routes is through government subsidiary.
- Another policy is to maintain current infrastructures rather than invest in major new developments.
- Major investments in the short/medium-term are to improve safety and bring the air traffic control system to be acceptable in international standards.

Transportation policy is directed to achieve the stabilization and enhancement of reliable transport system in compliance with its role as a main contributor to economic, social, political, security and defense objectives. In achieving these objectives transport assist improvements to the people's quality of life and the maintenance and strengthening of national unity.

In conclusion, current transport policy and strategy guidelines and objectives uniform fairly close to what should be expected theoretically. There are no fundamental shortcomings at this overall in general level. Because of these shortcomings poor performance which has been experienced in implementing some policies, what appears to be missing are more clearly and objectives sub-sector level for some agencies.

#### **ACTION BY THE MEETING**

The meeting is requested to note this information.

—END—