



# ASEAN Air Transport Integration and Liberalisation for an ASEAN Single Aviation Market

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# ASEAN Economic Community Blueprint 2025

*Published in November 2015*

(i.) Create a **deeply integrated and highly cohesive ASEAN economy** that would support sustained high economic growth and resilience even in the face of global economic shocks and volatilities;

(v.) **Widen ASEAN** people-to-people, institutional, and **infrastructure connectivity** through ASEAN and sub-regional cooperation projects that **facilitate movement** of capital as well as skilled labour and talents;

**Strengthen the ASEAN Single Aviation Market (ASAM)** for a more competitive and resilient ASEAN, through the following key measures:

- **Advance safer and more secure skies** in ASEAN;
- **Enhance air traffic management efficiency and capacity** through a seamless ASEAN sky;
- **Foster greater connectivity**, including the **conclusion of aviation agreements** with Dialogue Partners.

# Kuala Lumpur Transport Strategic Plan ASEAN Transport Strategic Plan (2016-2025)

*Published in December 2015*

## Strategic Goals (Aviation Related)

### Air Transport:

Strengthen the ASEAN Single Aviation Market for a more competitive and resilient ASEAN

### Sustainable Transport:

Formulate a regional policy framework to support sustainable transport which includes low carbon modes of transport, energy efficiency and user-friendly transport initiatives, integration of transport and land use planning

*Other Strategic goals related to non-air transport are not shown here  
Builds upon the Brunei Action Plan (BAP) 2011-2015*



# Status of Kuala Lumpur Transport Strategic Plan

*'Work towards a more efficient and competitive air transport market and strengthen engagement with Dialogue Partners...'*

*Progress but further to go for an ASEAN-wide implementation*

## Internal Connectivity

- 3 out of 9 KLTSP protocols due before 2025 ratified by all ASEAN member states

## External Connectivity

- 2x Air Transport Agreements in place with 5-6\* Dialogue Partners. Others in Discussion.  
\*Target increased from 5 to 6 in the KLTSP revised schedule of actions
- 1 out of 4 KLTSP protocols due before 2025 ratified by all ASEAN member states

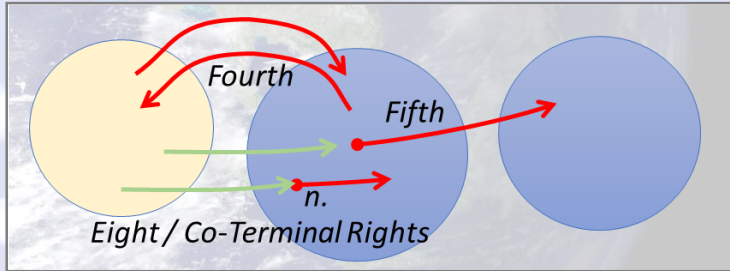
### Ratification Status of ASEAN Transport Instruments (as of 21 February 2024)

ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services ✓	Ratified + In-Force Prior to Kuala Lumpur Transport Strategic Plan
ASEAN Multilateral Agreement on Air Services ✓	
<small>MAFLAS and MAAS already in Force (2009)</small>	
ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services signed on 12 November 2010	
• Protocols 1, 2 Ratified ✓	
• Protocols 3, 4 Partially Ratified (all but 1 state) ✓	
ASEAN Framework Agreement on Services	
- Protocols to Implement Packages of Commitments on Air Transport Services	
• Packages 4, 5, 6, 7 ✓	Ratified + In-Force Prior to Kuala Lumpur Transport Strategic Plan
• Packages 8 Ratified ✓	
• Packages 9, 10 Partially Ratified (all but 2 states) ✓	
• Package 11 Partially Ratified (all but 3 states) ✓	
• Package 12 Ratified by 5 states, not yet in force ✓	

### Ratification Status of ASEAN Transport Instruments (as of 21 February 2024)

Air Transport Agreement between the Governments of the Member States of the Association of Southeast Asian Nations and the Government of the People's Republic of China	
• Protocols 1, 2 Ratified ✓	
• Protocols 3 Ratified by 5 states ✓	
Comprehensive Air Transport Agreement between the Member States of the Association of Southeast Asian Nations, and the European Union and its Member States (AE CATA)	
• Ratified by 2 ASEAN Member states (and 4 EU Member States) ✓	

# Challenges and Opportunities for Greater Internal Connectivity



Focused on extending capacity:

- Unlimited 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> freedom rights and pseudo 8<sup>th</sup> freedom rights.
- No specific liberalisation beyond operations involving originating state.

*ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services*

## Limitations

## Impact (examples)

[Protocol 1]:	3 <sup>rd</sup> and 4 <sup>th</sup> : Origin and Destination cannot both be Capital Cities	}	→	Limits Network Flexibility
[Protocol 2]:	5 <sup>th</sup> (wholly within ASEAN): One Airport must <u>not</u> be at a Capital City			
[Protocol 3]:	Domestic Code Shares (as a pseudo-Eighth Freedom)		→	Scheduling Complexity
[Protocol 4]:	Co-Terminal Rights (expressly excludes cabotage)			
	Must be 'on the same routing'		→	Limits routing options
	Limited to International Airports	}	→	Limits Connectivity
	Limited to Five Entry Points in Indonesia			
[Protocol 5]:	Stopover Rights within ASEAN – under deliberation			

# Challenges and Opportunities for Greater External Connectivity

‘Ratify/approve ASEAN-wide ASAs before approaching ASEAN-Dialogue Partners’

- *MOU on the ASEAN Air Services Engagement with Dialogue Partners – Nov 2020*

- Air Transport Agreement with China [Partially Ratified]
  - Comprehensive Air Transport Agreement with the EU [Partially Ratified]
  - Air Transport Agreement with India [Deferred]
  - Air Transport Agreement with Japan [In Discussion]
  - Air Transport Agreement with ROK [In Discussion]
  - Air Transport Agreement with New Zealand [Concluded Sep 2020. Pending Ratification]
  - Air Transport Agreement with Other Partners [To Be Confirmed]
- 
- Formulate a regional policy framework to support sustainable transport
    - ASEAN Sustainable Aviation Action Plan
    - Japan Eco-Airport Collaboration

## External Connectivity

# ASEAN Air Transport Agreement with China

## Enablers not catalysts

- Desire to grow secondary and tertiary markets
- Challenging to establish initial passenger demand without access to main hub airports

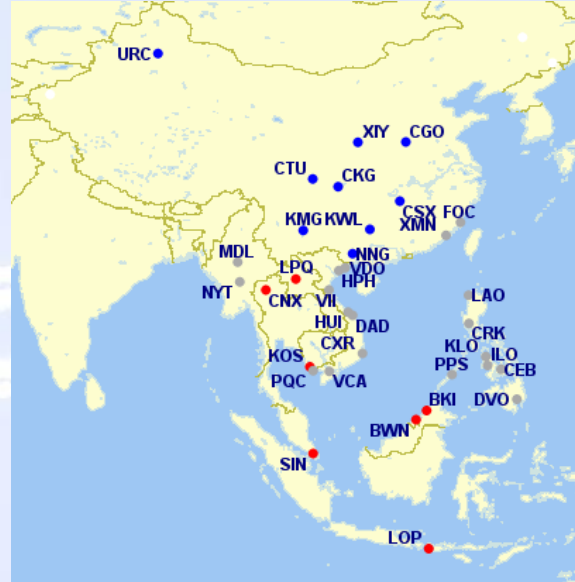
### Potentially fosters greater intra-ASEAN connectivity

- No directional or geographic limitations
  - Intermediate points within ASEAN
- [Points outside ASEAN and China also permitted]*

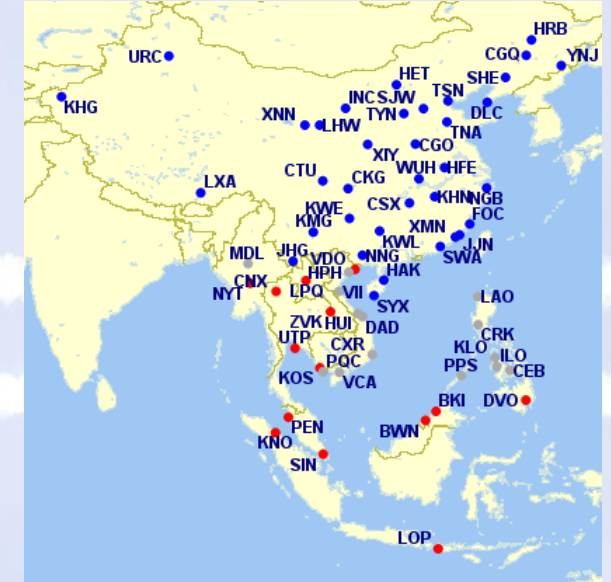
## Protocol 2 a (Unlimited 5<sup>th</sup> Freedoms)



## Protocol 2 b (Limited 5<sup>th</sup> Freedoms)



### Protocol 3 a (Unlimited 5<sup>th</sup> Freedoms)



Points in ASEAN (red), Points in China (blue), Points Subject to Selection (grey)

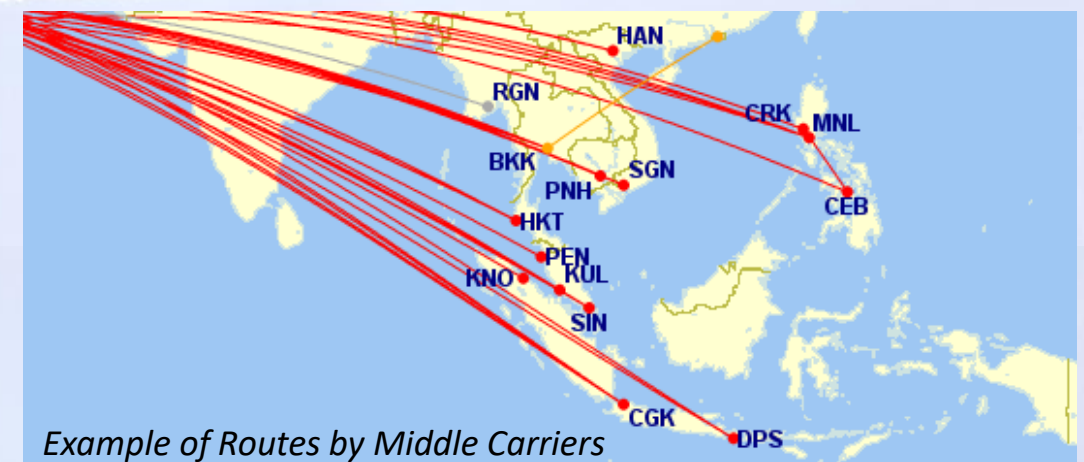
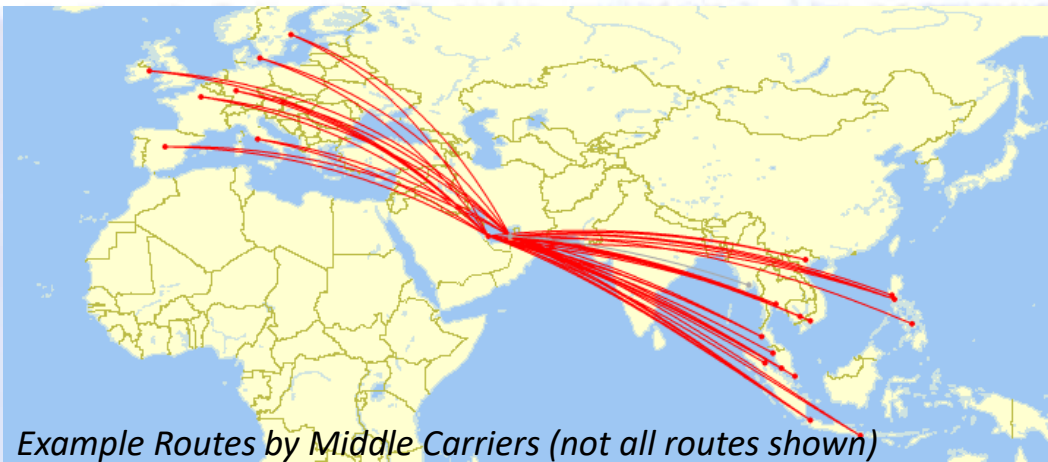
*[Not Fully Ratified]*



# External Connectivity

## Comprehensive Air Transport Agreement with the European Union

Opportunity for ASEAN airlines to compete against Middle East hubs...  
...but this requires feeder traffic (intra-ASEAN connectivity) to nurture markets



### Challenges

- Many ASEAN airlines reduced European services post COVID-19
- Lots of interim complexities, e.g., schedule tariffs,
- Limited to 5-points in Indonesia, e.g. excludes Yogyakarta International Airport

### Potential to foster greater intra-ASEAN connectivity

- No directional or geographic limitations (not constrained to include capital cities)
- Intermediate points within ASEAN permitted
- Increase of frequency on 5<sup>th</sup> Freedom subject to no existing competition

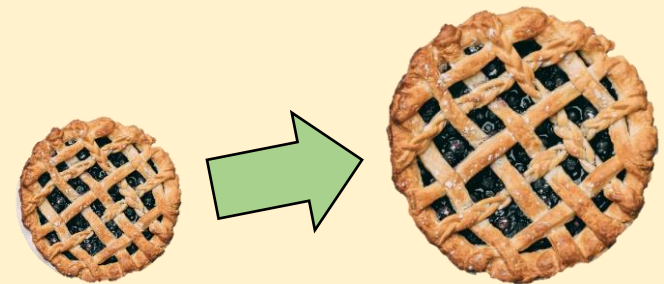
# Recommendation For Strengthening the ASEAN Single Aviation Market

Is there a concern that ASEAN carriers won't be competitive?

- ➡ Do ASEAN member states need a plan (or set a deadline) that drives respective airlines to become competitive to enable a greater relaxation of the restrictions?
- ➡ Do the benefits of the ASEAN Single Aviation Market need to be re-quantified?

Passenger Demand Forecast to Double by 2040...  
(compared to 2019)

*Based on ACI, IATA and ICAO Traffic Forecast Information*





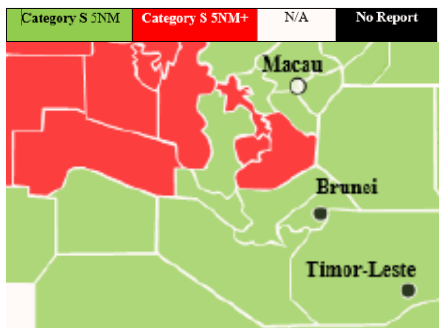
# Recommendation For Air Navigation Services - Capacity and Efficiency

*Progressing but difficult and further to go for an ASEAN-wide consistency*

## 1. Consistent Application of Separation Minima

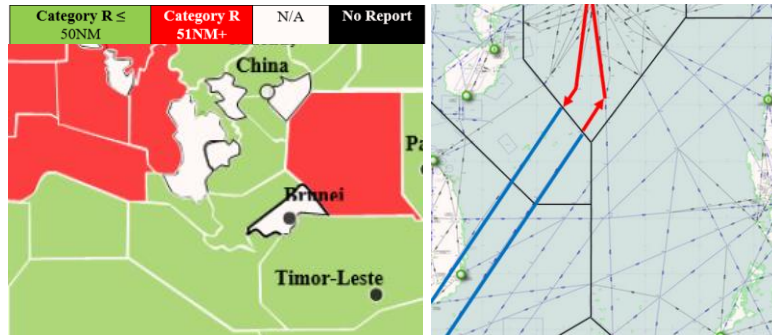
- ➡ ASEAN-wide Capacity Implications
- ➡ Loss of ANSP Revenue (Overflight Charges)
- ➡ Increased delays across ASEAN = Economic losses (as traffic growth occurs)

### Implications within ASEAN

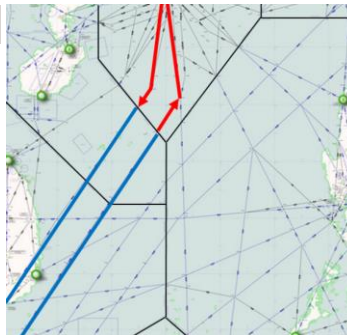


'Serviced' Enroute Airspace  
Target: 5NM spacing

### Implications beyond ASEAN



Remote Enroute Airspace  
Target: ≤ 50NM spacing



(20NM Operational  
Trial HK FIR)

Diagrams Adapted from ATM/SG/11 Outcomes of APANPIRG/34 – WP/10 and Skyvector

## 2. Aeronautical Data Management

- Data Quality Assurance } ➡ Safety, Efficiency
- Consistent Data Language }
- Underpins Future Capabilities ➡ NOTAMs, PBN, FF-ICE Etc.

## 3. Greater Regional, Network Analysis

- Operational
  - AND Economic
  - AND Strategic Implications
- ➡ Support Engagement of Stakeholders relevant in each State

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“Understanding the obstacles and challenges to an [ASEAN Single Aviation Market], while also acknowledging the opportunities and benefits, are required if aspirations are to become realities”

- Haris Zuan, Darren Ellis, Romano Pagliari, *Geopolitics and the ASEAN single aviation market: Aspirations versus realities*, *Transportation Research Procedia*, Volume 59, 2021, <https://doi.org/10.1016/j.trpro.2021.11.101>