

**WORLDWIDE AIR TRANSPORT CONFERENCE: CHALLENGES AND  
OPPORTUNITIES OF LIBERALIZATION**

**Montreal, 24 to 29 March 2003**

- Agenda Item 1: Preview**  
**1.1: Background to and experience of  
liberalization**

**SINGAPORE'S EXPERIENCE IN MARKET LIBERALIZATION AT  
ASIA PACIFIC ECONOMIC COOPERATION (APEC) FORUM AND  
SUGGESTION FOR A PARALLEL AND/OR PHASED APPROACH  
TO MULTILATERAL LIBERALIZATION**

(Presented by Singapore)

**INFORMATION PAPER**

**SUMMARY**

Singapore is a member of APEC, which has served as an important forum for various economies to liberalize air services at their own pace. Recognizing the different concerns and circumstances for each economy, Singapore would like to urge economies to (a) pursue parallel tracks for air service liberalization and (b) consider a phased liberalization approach where necessary, in order to make maximum headway and encourage as many partners to come on-board the liberalization process as possible. Presented for the Conference's discussion.

**1. INTRODUCTION**

1.1 Singapore strongly believes that open and free trade is beneficial for businesses, consumers and economies as a whole.

1.2 In line with our belief, we have adopted a liberal air services policy, as demonstrated in our active role in Asia Pacific Economic Cooperation forum (APEC) and our membership in the Multilateral

Agreement on the Liberalization of International Air Transportation (MA). This paper presents Singapore's experience in market liberalization at APEC and the MA, as well as our suggestion for a parallel and/or phased approach to multilateral liberalization, for the Conference's discussion.

## **2. APEC AIR SERVICES**

2.1 The separate information paper tabled by APEC for the 5th Worldwide Air Transport Conference summarizes APEC's initiatives and progress in air services liberalization over the years. Singapore is privileged to be a member of this Group, and has been an active advocate for air services liberalization at APEC meetings. In October 1995, Singapore chaired the APEC Small Group Meeting held in Singapore as a follow up to the APEC Transportation Ministers' directive from the June 1995 Washington DC meeting. Under Singapore's chairmanship, the APEC Small Group identified eight options — viz. (i) air carrier ownership and control, (ii) tariffs, (iii) doing business matters, (iv) air freight, (v) multiple airline designation, (vi) charter services, (vii) airlines' cooperative arrangements and (viii) market access — for more competitive air services with fair and equitable opportunity for all member economies.

2.2 After the eight options were endorsed by the APEC Transportation Ministers in June 1997, Singapore was nominated as the Chairman of Air Services Group (ASG) to analyze and prioritize the eight options and to provide recommendations (based on consensus) on the development and implementation of the options. The eight options were since further categorized into three categories of different priorities based on their ease of implementation and had been a useful framework for APEC economies to liberalize air services at their own pace.

## **3. THE MULTILATERAL AGREEMENT ON THE LIBERALIZATION OF INTERNATIONAL AIR TRANSPORTATION - A PARALLEL TRACK**

3.1 At the Chicago Conference in December 1999, Singapore's then Minister for Communications and Information Technology, Mr Yeo Cheow Tong, had urged all economies to progress on parallel tracks — bilaterally, plurilaterally and/or multilaterally — to allow economies which are able and willing to liberalize faster to do so. This approach was subsequently endorsed by APEC as a possible step towards air services liberalization, at a pace comfortable to each economy given their unique conditions and concerns.

3.2 Singapore is one of the five founding members of the MA, together with Brunei Darussalam, Chile, New Zealand, and the United States of America. The MA provides a multilateral open skies framework<sup>1</sup> for other APEC and non-APEC economies to come on board when they are ready to do so, complementing APEC's other efforts at air services liberalization. Recognizing the need to make provisions for Parties to take further steps in liberalization at their own pace, the MA also built in an option for Parties to exchange hubbing rights for passenger services and for the carriage of domestic traffic under a separate

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<sup>1</sup> The MA allows airlines of the Parties to fly between and beyond each of the Parties' territory without restrictions in routing, capacity and frequency. In addition, it provides for all-cargo services to be operated from any Party's territory (hubbing rights).

Protocol. To date, Singapore, Brunei and New Zealand have signed on to the Protocol. The MA membership has also been expanded to include both APEC and non-APEC economies, including Peru and Samoa.

#### **4. PHASED APPROACH TO MULTILATERAL LIBERALIZATION**

4.1 While the MA provides a useful parallel track for liberalization, we recognize that not all interested economies may be able or willing to meet all the required obligations immediately. Hence, the MA members are discussing the possibility of an all-cargo agreement as an interim step for such potential members, given the less sensitive nature of air freight compared to passenger services.

4.2 In addition, the MA members had previously explored the possibility of a “transitional approach” to MA-accession, providing for phased liberalization of code-sharing, 5th freedom traffic rights, and/or hubbing rights under the MA. By putting in place clear milestones for the progressive liberalization of air services, potential members could be encouraged to gradually liberalize air services, eventually acceding in full to the MA.

4.3 Although these ideas are still being built upon and developed among the various MA members, they represent conscious efforts by the group to bring on board more APEC and non-APEC members, at a pace that is comfortable for the respective economies. Singapore welcomes and encourages other APEC and non-APEC economies to join the MA. We also urge economies worldwide to consider similar phased approaches in their bilateral, plurilateral and/or multilateral discussions, with the view to maximizing the opportunities for air services liberalization.

#### **5. CONCLUSION**

5.1 Singapore is glad to have contributed to and participated actively in air services liberalization at the APEC forum and through the MA. In line with APEC’s approach, we believe in a progressive liberalization at a pace comfortable to each economy. In order to make maximum headway and encourage as many partners on-board the liberalization process as possible, we would like to urge economies worldwide to (a) pursue parallel tracks for air service liberalization and (b) consider a phased liberalization approach where necessary. This is tabled for the Conference’s discussion.

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