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ASEAN Open Skies: Economic Integration and SAR

By Tsjeng Zhizhao Henrick and Benjamin Ho

Synopsis

The ASEAN Open Skies agreement promises to bring greater economic integration. However, this will require enhancements in aviation facilities and fleets, and, as MH370 has demonstrated, a strengthening in search-and-rescue cooperation.

Commentary

ASEAN IS looking to liberalise its airline and aviation market with an “ASEAN Open Skies” agreement. Slated to be in place by 2015, it aims for a single aviation market in ASEAN. This is in line with the implementation of the ASEAN Community 2015, which seeks to deepen intra-ASEAN integration and herald a new chapter in the regional group’s evolution.

The ASEAN Open Skies project would no doubt be a boon to the ASEAN aviation industry, which would likely see greater growth and development as airlines in the region are spurred to greater competition. It would also go a long way towards greater economic integration among ASEAN member states, notwithstanding the setbacks posed by the tragedy of the Malaysia Airlines flight MH370.

Open Skies and the ASEAN Community

MH370 might have cast a pall over the aviation market in ASEAN initially. Yet, public confidence in the airline industry in the region remains steady despite the initial shock and worry of its possible negative impact. Arising from this episode, two issues need to be addressed: Aviation facilities and fleets need to be further developed in ASEAN. As the MH370 incident has shown, there is a need to further enhance search-and-rescue cooperation to prepare for major incidents in future.

In November 2004, the ASEAN transport ministers drafted a 10-year plan under which the region’s air travel sector would be progressively integrated and liberalised. Three years later the ministers agreed to push for open skies within ASEAN by end of 2015. Through Open Skies, the region is expected to move towards greater economic integration as countries experience greater connectivity.

Increased aviation links would also result in increased intra-region travel, both for business and leisure, thus boosting the tourism industry – which is a major stimulus for growth for many ASEAN economies. According to the Pacific Asia Travel Association, some 89 million travellers visited ASEAN in 2012, a 9.9 percentage

increase from the previous year. Low cost carriers like Air Asia have leveraged on this strong growth and count more than 50 per cent of its overall annual passenger load from intra-ASEAN routes.

Yet for ASEAN to achieve this dream, countries would have to look beyond protecting their own airspace from external competition. In this respect, Indonesia, the most populous ASEAN country, remains largely resistant to opening its skies due to domestic airlines' interests. With a population of some 250 million – almost half the entire ASEAN population – how Jakarta responds would be of great significance.

To Indonesia's credit, it has been expanding its aviation facilities. This include building and upgrading more than 20 airports, including a US\$2 billion expansion of its international airport, which reportedly handles more than twice its capacity of 22 million passengers a year. Its flagship carrier, Garuda and its low-cost subsidiary Citilink are also spending hundreds of millions of dollars expanding their fleet. In 2012, Lion Air, the country's largest low-cost carrier, ordered more than 200 Boeing aircraft – an indication of its aviation ambitions.

Search-and-Rescue – A necessity for Open Skies

Expanding aviation facilities and fleets is, however, only part of the story. Air traffic is likely to rise significantly if and when the Open Skies Agreement is implemented, implying the need for search-and-rescue (SAR) cooperation to increase commensurately to cope with this expected rise. The MH370 incident has made abundantly clear the necessity and urgency of such collaboration. Already, the incident has drawn many countries in the region to contribute to the effort, the scale of which has been deemed unprecedented.

MH370 has also thrown the spotlight on the necessity of a coordinating centre. The Information Fusion Centre at the Changi Command and Control Centre participated in the search operation. Meanwhile, Singapore's defence minister recently offered to host a Humanitarian and Disaster Relief Coordination Centre. These are positive developments, as such assets are essential safeguards with the increased air traffic expected with liberalisation of the aviation industry.

What is worth highlighting is the fact that the countries involved were willing to come together to search for the missing plane, even in the South China Sea despite existing territorial disputes. Moreover, the Indonesian Navy recently held multilateral joint naval exercises which included a SAR simulation.

The MH370 search-and-rescue operation may not have been executed perfectly. Nonetheless, numerous leaders, including the Australian prime minister and Singaporean foreign affairs minister, as well as the US Navy, have praised the SAR efforts. One can see not only a greater willingness to cooperate among ASEAN's community of nations but also the will of ASEAN countries to focus on SAR, with positive implications for the Open Skies agreement.

The ASEAN Open Skies agreement may face hurdles towards its implementation. However, the slated improvements in aviation and fleet capacity, along with the strengthening of SAR cooperation and deepening intra-ASEAN relationships, demonstrate one thing about ASEAN: it has not only the will, but also the potential to develop the capabilities to meet the challenges of growth in air traffic.

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