Strengthening the ASEAN Single Aviation Market: A Discussion Paper by IDEAS

Introduction

In order for the Association of South East Nation (ASEAN) to prosper economically via its ASEAN Single Aviation Market (ASAM), the latter's effective implementation is critical.

The AEC Blueprint 2025 emphasised strengthening ASAM for a more competitive and resilient ASEAN through 3 key measures, namely to (a) advance safer and more secure skies in ASEAN, (b) enhance efficiency and capacity of ASEAN air traffic management through a seamless ASEAN sky, and (c) foster greater connectivity between ASEAN member states, including concluding aviation agreements with its Dialogue Partners.

This article discusses these key measures with an in-depth focus in the context of ASAM implementation. It offers 5 solid recommendations: (1) enhance aviation standards monitored by a joint oversight office, (2) accelerate the process of Mutual Recognition Agreement on flight crew licensing, (3) full implementation of ASEAN Community Carrier, (4) consolidate freedom of the air, and (5) sustainable agreement with dialogue partners.

Advancing Safer and More Secure Skies in ASEAN

For ASEAN to have more efficient operations and improved safety standards, there is a need for it to have a common oversight office. Therefore, this paper proposes to build a common oversight office for enhanced aviation standards monitored by joint oversight office in ASEAN and accelerate the process of Mutual Recognition Agreements for flight crew. In short, more efficient operations and aligned standards to advance aviation safety in the ASEAN region is critical.

1. Enhanced Aviation Standards Monitored by a Joint Oversight Office

Phase 1

This discussion paper recommends setting up a formal annual meeting of Director Generals (DGs) of all ASEAN Member States' (AMS) Civil Aviation Authorities (CAA) for more effective decision making on aviation regulatory matters. DGs of ASEAN CAA require a regular platform to move forward with the implementation of the ASEAN single aviation market policy. Such meetings will allow more in-depth discussions and efficient execution.

The meeting of DGs of CAA for all AMS can be linked with ASEAN Transport Ministers (ATM) and complements the work of ASEAN Senior Transport Officials Meeting (STOM) and ASEAN Transport Working Group (ATWG) for stronger implementation of the policy. The STOM and ATWG play a vital role in ensuring progress towards single sky policy for ASEAN.

However, the director generals of all ASEAN member states' civil aviation authorities are not involved in STOM or ATWG. This makes it difficult to have discussions pertaining to regulatory and technical matters. Directors general of the respective civil aviation authorities should be be given more authority to complement the STOM and ATWG to push forward for stronger implementation policy.

Phase 2

Set up a Regional Safety Oversight Organisations (RSOO): This as an oversight office of ASEAN guided by the standards of International Civil Aviation Organization (ICAO). The RSOO should be chaired alternately by DGs of CAA from all AMS every year. The RSOO should set common standards and implement them. While the jurisdiction of such standards would be still with member states, each AMS will need to follow the standards and guideline agreed and overseen by the RSOO.

2. Accelerate the Process of Mutual Recognition Agreement on Flight Crew Licensing

Accelerate the implementation of the Mutual Recognition Agreement (MRA) for pilot licensing in the aviation sector. At the ATM in 2017, it was agreed that a framework for the MRA of pilot licences will be developed. Hence, developing and implementing the Implementing Protocols (IPs) is now essential. The next step is to develop the IPs which will contain the detailed procedures and scope for implementation of the MRA. The following IPs are to be developed sequentially

IP1: Qualification of Flight Simulation Training Devices (FSTD);
IP2: Aviation Training Organisations (ATO);
IP3: Oversight Capability; and
IP4: Licences and ratings.

License and certification for personnel, such as the pilots should be universally accepted throughout ASEAN. The license and certification requirements should not necessarily be the same but harmonised to every ASEAN member is able to recognise the licenses and certificates produced by other ASEAN countries.

Fostering Connectivity Within ASEAN

The ASAM should be praised for making progress in promoting connectivity. However, to enhance connectivity, STOM and ATWG need to recognise and commit to establishing an ASEAN Community Carrier in the near future. This article urges STOM and ATWG to engage in the full implementation of ASEAN Community Carrier and to start a discussion on 7th freedom of the air to enhance connectivity within ASEAN.

3. Full Implementation of ASEAN Community Carrier

Establish a definite end of timeline for ASEAN Community Carrier to be realised under the provision of the STOM and ATWG. This timeline needs to be tracked and led by STOM and ATWG. The STOM and ATWG should set up a rule for AMS to recognise the Community Carriers without neglecting the issue of sovereignty. For instance, country A may continue to apply national ownership and control requirements for its own national carriers but it should also recognise a Community Carrier designated by Country B for purposes of flying to Country A. The STOM and ATWG need to amend Article 3(2)(a)(ii) in the ASEAN multilateral agreement on the full liberalisation of passenger air services by deleting the phrase "subject to acceptance by a Contracting Party receiving such application". The amendment will remove the individual states' discretion to deny access by other member states' Community Carriers. Ideally, each AMS will allow community carrier from other AMS to operate within the region.

In the medium to long run, STOM and ATWG need to lead the member states to amend their laws – the "internal lock" - to allow other ASEAN nationals to hold a majority stake in the AMS' non-national airlines. With the amendment of the "internal lock", ASEAN Community Carrier can be realised without limitation and having the opportunity to be better capitalised with more liberal foreign ownership caps following the ASEAN Framework Agreement on Services (AFAS). The foreign ownership rule can be structured in a way that 70% of it are owned by ASEAN nationals while the rest are foreign owned.

4. Consolidating Freedom of the Air

The AMS needs to start thinking about liberalising the 7th freedom of the air for air cargo service to improve trade between ASEAN. Cargo air transport is less complicated than passenger air transport, and it provides speedy and efficient access to supply chains that reduce logistics costs. In short, cargo air transport facilitates trade through exports and imports. Ultimately, AMS should start a discussion on liberalising the 7th freedom of the air for passenger services. It does not require a timeline, but a forum should be conducted to begin conversations on 7th freedom of the air to understand concerns and allows for the transparent exchange of thoughts before deciding the next steps

Fostering Connectivity between ASEAN and Dialogue Partners

ASEAN has done a very good job in engaging with its dialogues partners, given that ASEAN does not have strong institutions with enforcement functions like the European Union (EU). The Association had aviation Dialogue Partners including with the three East Asian states of China, Japan, and South Korea as an initial priority, followed by India and the EU. However, AMS must have a critical assessment of these agreements by taking the long-term implication into account and forming a more sustainable agreement with its dialogue partners

5. Sustainable Agreement with Dialogue Partners

Review wording and conditions used in ASEAN agreements with dialogue partners to take long-term implications into account, hence sustainable agreements with dialogue partners which should be fair and ensure that all stakeholders have equal chances. To secure a viable long-term agreement for ASEAN and its carriers, the Association should be able to designate carriers from all member states allowing them to utilise the traffic rights to fly to the dialogue partner from any point in ASEAN which would ensure fairness in the long term.

Then, there is a need to add a new clause in the ASEAN agreement with its dialogue partners to oblige the latter to allow ASEAN community carrier to enter the dialogue partners' country. Despite ASEAN Single Aviation Market blueprint providing an ASEAN community carrier, destinations are still subject to negotiations with each separate member state. This includes destinations outside ASEAN, which the community carrier would need to negotiate

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