

Executive Summary

Air transport plays a crucial role in the overall economic prosperity of ASEAN. Aviation connects businesses, tourists, friends and family. It is a key enabler of trade and investment that supports millions of jobs and generates billions in economic growth. Air transport in ASEAN is underpinned by the ASEAN Single Aviation Market which is designed to drive integration and liberalisation of ASEAN's aviation markets.

In this Policy Ideas, we explore the economic benefits of the ASEAN Single Aviation Market, considering both what has been achieved so far and what further potential there is. We also consider the steps needed to progress implementation of the ASEAN Single Aviation Market.

We conclude that:



Market liberalisation, through the ASEAN Single Aviation Market (ASM) has delivered significant economic benefits to the citizens and businesses of ASEAN. ASAM has lowered prices and increased choice for passengers; ASAM has increased tourism, creating new jobs and wealth; and ASAM has facilitated trade and made ASEAN a more attractive place for foreign investment. This is particularly important as e-commerce in the region continues to expand at a rapid pace.



There are significant further benefits that can be achieved if ASAM is implemented in full. Passenger and cargo demands are set to grow, but full implementation of ASAM is crucial if this demand is to be met. We estimate that growth in the air transport industry will support over two and a half million jobs across ASEAN by 2030 and contribute nearly 100bn USD to the economy every year if new passenger demands can be met. We also estimate it will be more than three times easier for ASEAN citizens to travel by air by 2030.



The biggest markets will be the biggest winners. All ASEAN Member States stand to benefit, but large countries like Indonesia and the Philippines can expect to see the biggest increases in new jobs and GDP, given the size of their domestic markets.



Full realisation of these benefits requires sustained commitment to the implementation of ASAM. Significant achievements have been made but future growth requires an ongoing commitment to the reforms envisioned by ASAM and concerted efforts by all Member States. Implementation of the agreed commitments under ASAM remains slow and uneven.



There are specific steps that ASEAN Member States should proceed with immediately to advance implementation of ASAM. We recommend that ASEAN Member States take the following steps:

- i) provide a formal platform for the Directors General of all ASEAN Member States' civil aviation authorities to discuss the ways to overcome the specific challenges in achieving the ASEAN Single Aviation Market and work towards a Regional Safety and Oversight Office (RSOO) as per the highest international safety standards and ICAO guidelines;
- ii) allow open access to aviation information between the ASEAN Member States; and
- iii) intensify the process of ASEAN harmonisation by advancing the Mutual Recognition Agreements for aviation-related services as fast as possible.
- iv) prioritise full implementation of ASEAN Community Carriers.