

# 1997 INTEGRATED IMPLEMENTATION PROGRAMME FOR THE ASEAN PLAN OF ACTION IN TRANSPORT AND COMMUNICATIONS

*Adopted in Cebu, Philippines on 5 September 1997*

I. PREAMBLE.....	2
II. AREAS AND OBJECTIVES OF COOPERATION .....	3
III. IMPLEMENTATION PROGRAMMES.....	4
PROGRAMME 1: DEVELOPMENT OF MULTIMODAL TRANSPORT AND TRADE FACILITATION .....	4
PROGRAMME 2: DEVELOPMENT OF ASEAN INTERCONNECTIVITY IN TELECOMMUNICATIONS, INCLUDING FIXED AND MOBILE VOICE AND DATA AND EDI SERVICES FOR TRADE AND BUSINESS COMMUNICATION, AND TO ENHANCE LAND, SEA AND AIR TRANSPORT .....	6
PROGRAMME 3: HARMONIZATION OF ROAD TRANSPORT LAWS, RULES AND REGULATIONS IN ASEAN .....	7
PROGRAMME 4: IMPROVEMENT OF AIR SPACE MANAGEMENT IN ASEAN.....	8
PROGRAMME 5: SAFETY OF MARITIME TRANSPORT AND PREVENTION OF POLLUTION FROM SHIPS.....	9
PROGRAMME 6: HUMAN RESOURCES DEVELOPMENT IN TRANSPORT AND COMMUNICATIONS .....	10
PROGRAMME 7: DEVELOPMENT OF A COMPETITIVE AIR SERVICES POLICY WHICH MAY BE A GRADUAL STEP TOWARDS AN OPEN-SKY POLICY IN ASEAN.....	11
IV. INSTITUTIONAL ARRANGEMENT.....	12

# 1997 INTEGRATED IMPLEMENTATION PROGRAMME FOR THE ASEAN PLAN OF ACTION IN TRANSPORT AND COMMUNICATIONS

*Adopted in Cebu, Philippines on 5 September 1997*

## I. PREAMBLE

ASEAN member states are not geographically contiguous. Only four of them (Malaysia, Singapore, Thailand and Vietnam) are physically connected. The rest are separate from each other although parts of them may be connected and other member states are archipelagic (Indonesia and the Philippines). Yet, in part what has driven ASEAN is the identity of being one region. A critical area of ASEAN cooperation has therefore been in “connecting” the member states together, through transport and communications. A call from the Heads of Government of ASEAN in this regard was re-echoed during the Manila Summit on 15 December 1987 when they agreed, among others, that “the existing transportation system shall be strengthened to form an overall ASEAN transportation network”.

Subsequently, under the Singapore Declaration and the Framework Agreement on Enhancing ASEAN Economic Cooperation of 28 January 1992, the Leaders agreed that ASEAN countries “further enhance regional cooperation to provide safe, efficient and innovative transportation and communications infrastructure networks” and “continue to improve and develop inter-country postal and telecommunications system to provide cost-effective, high quality and customer oriented services”.

To achieve these goals, SEOM 4/25 held 6-8 June 1994 in Jakarta agreed to convene a working group on transport and communications with the task of determining the priority theme issues, key objectives and projects and activities for ASEAN cooperation in transport and communications, paying special attention to identifying measures to contribute to the objectives of the ASEAN Free Trade Area (AFTA). The working group formulated an ASEAN Plan of Action in Transport and Communications (1994-1996), which was endorsed by SEOM 2/26 held 15-17 March 1995 in Jakarta, and adopted, as amended, by the 27th AEM on 7-9 September 1995 in Bandar Seri Begawan.

The 27th AEM proposed that, in addition, the Plan of Action could include the development of an open-sky policy for ASEAN. The Economic Ministers also urged the Ministers of Transport and Communications to convene a meeting among themselves with the view to promoting greater cooperation in transport and communications in support of the AFTA process.

Consequently, at the Fifth Summit on 15 December 1995 in Bangkok, the ASEAN Heads of Government adopted the Agenda for Greater Economic Integration which provided, inter alia, that ASEAN shall complete the implementation of the Plan of Action in Transport and Communications 1994-1996; the implementation of the ASEAN Plan of Action on Infrastructure Development; the establishment of the ASEAN Investment Area (AIA); and cooperation under the ASEAN Framework Agreement on Services which covered air transport, maritime transport, telecommunications and tourism.

The ASEAN Transport Ministers (ATM) had its first formal meeting in Bali, Indonesia on 17-19 March 1996. They concluded a Ministerial Understanding establishing a formal mechanism for cooperation and coordination and institutionalized the ASEAN Senior Transport Officials Meeting (STOM). The First ATM also revised the implementation timeframe of the Plan of Action from 1994-1996 to 1996-1998. Seven Working Groups under STOM were further formed to detail the work programme for

each theme issue under the Plan of Action, with country coordinators designated to lead the activities of the Working Groups.

The Transport Ministers stipulated that ASEAN cooperation in transportation will have the following objectives:

- (a) establishment and development of a harmonized and integrated regional transport system;
- (b) promotion of interconnectivity and interoperability of national networks and access thereto with other regional and global transport networks;
- (c) enhancing cooperation to contribute to the achievement of the objectives of AFTA; and
- (d) establishment of a mechanism to coordinate and supervise cooperation projects and activities in the transport sector.

In addition to the Plan of Action, two new initiatives directed by the ASEAN Leaders are to be pursued in the transport sector. These are the Singapore-Kunming (China) Railway Link Project, under the ASEAN-Mekong Basin Development Cooperation, and the cooperation in the Facilitation of Goods in Transit in ASEAN. The rail link project was discussed during the Bangkok Summit, and the facilitation initiative in the First Informal Meeting held in Jakarta on 30 November 1996. The latter was initially agreed in the 28th AEM, where the Economic Ministers agreed to refer the matter to STOM and recommended the formation of a Joint SEOM-STOM Working Group to formulate the ASEAN Framework Agreement for goods in transit. At the Second ATM, STOM has been directed to work closely with the Senior Economic Officials Meeting (SEOM) in the formulation of the Framework Agreement.

This Integrated Implementation Programme was endorsed in the Third ASEAN Senior Transport Officials Meeting (STOM) and adopted by the Second ASEAN Transport Ministers (ATM) Meeting held in Chiang Mai, Thailand on 25-27 February 1997 and 28 February 1997, respectively.

## **II. AREAS AND OBJECTIVES OF COOPERATION**

ASEAN is now experiencing a freer movement of goods through the AFTA process. ASEAN services would in the coming years' experience a more liberal cross-border movement. The implementation of AIA would attract and retain capital within ASEAN and encourage foreign direct investment and boost the development of AFTA on increasing trade within ASEAN and with the rest of the world.

Trade and investment liberalization initiatives require closer coordination of transport and communications infrastructure which implies the removal of barriers so as to facilitate movement. An interconnected infrastructure network accelerates trade and better and efficient transport and communications services and facilities across ASEAN reduce transaction costs in trade. The flow of goods, information and services within and cross borders must be ensured in the most effective and efficient way. Bottlenecks in a small segment could lead to congestion, late deliveries and ultimately loss of future contracts.

Hence, the transport and communications sector in ASEAN must be viewed as a critical logistics and services support sector to enhance regional economic growth and social integration. As an economic sector, transport and communications (i.e., by improving efficiency and reducing costs) is an essential contributory ingredient to international competitiveness.

It is viewed that trade is not possible without transport. If there is a demand for goods from a certain area, ways would be found to transport them. An efficiently managed transport system is a

prerequisite for the competitiveness of goods. By effectively enhancing the physical means of communication in ASEAN, intra-regional trade and investment will be likely facilitated greatly. In this context, and with AFTA as the overriding concern, cooperation in the transportation sector in ASEAN shall address the coordination of policies and programmes for the development of infrastructure and services, application of transport facilitation measures in e.g. alleviating bottlenecks, improving border crossings and gaining access to markets, and harmonization of the technical aspects of design and safety rules, procedures and standards leading to eventual mutual recognition. Enhancement of human resources development, to include strengthening of regional institutions, and improvement of safety in travel and transport, and the protection of the environment shall similarly be addressed. The participation of the private sector shall be vigorously encouraged in the development and implementation of transport and communications programmes.

In order to deepen interaction and promote collective action, the ASEAN Member Countries shall commit themselves to complete the ASEAN Plan of Action in Transport and Communications as detailed in this Implementation Programme. In particular, the ASEAN Member Countries shall endeavor to complete the following seven programmes, with the country coordinator as indicated.

- 14.1. Development of Multimodal Transport and Trade Facilitation (THAILAND);
- 14.2. Development of ASEAN Interconnectivity in Telecommunications, including Fixed and Mobile Voice and Data and EDI Services for Trade and Business Communication, and to Enhance Land, Sea and Air Transport ( THE PHILIPPINES / ATRC);
- 14.3. Harmonization of Road Transport Laws, Rules and Regulations in ASEAN (MALAYSIA);
- 14.4. Improvement of Air Space Management in ASEAN (INDONESIA);
- 14.5. Human Resources Development in Transport and Communications (INDONESIA);
- 14.6. Safety of Maritime Transport and Prevention of Pollution from Ships (SINGAPORE); and
- 14.7. Development of a Competitive Air Services Policy which may be a gradual step towards an Open-Sky Policy in ASEAN (INDONESIA).

### **III. IMPLEMENTATION PROGRAMMES**

The following programmes will be implemented. The programmes principally focus on the areas where regional cooperation is required to improve the efficiency of transport and communications, and where externalities such as safety and pollution as well as competition have acquired regional dimension to warrant cooperative action. The summary and classification listings of the 45 projects and activities which form part as basis for ASEAN cooperation in transport are presented in ANNEXES A and B. Brief description and updated status of the regional projects and activities are also presented in ANNEX C.

#### **PROGRAMME 1: DEVELOPMENT OF MULTIMODAL TRANSPORT AND TRADE FACILITATION**

The key role of the transport network is to assist in the production, consumption and distribution – or the supply chain – of goods and services. The ability to trade is absolutely vital to the economy of ASEAN. This means that goods must be produced and delivered to the market (or customer) in the right quantity, required quality and at a competitive price. Multimodal transport could play an important role in facilitating this distribution process.

Multimodal transport is an efficient transport system which provides the physical operation to be carried out within the environment of simple streamlined documentation, efficient management with effective control, a single liability system and provides a service which is totally reliable, predictable and fully meeting the needs of the customer. Efficient operation of transport modes and interface points resulting from reduced barriers and institutions and simplified legal regimes is the condition necessary for the effective implementation of multimodal transport operations.

Support of ASEAN Member Countries for its implementation within ASEAN will therefore facilitate regional and international trade by ensuring an uninterrupted and smooth flow of cargo and giving better control over the transport chain.

Cooperation in multimodal transport and trade facilitation shall, inter alia, involve simplification and modernization of formalities and procedures in international trade and transport, including the development or utilization of new methods of data processing and communications. ASEAN cooperation in multimodal transport and trade facilitation shall bring together the three players involved; namely, Transport Users (importers and exporters), Transport Providers (modal carriers, freight forwarders, multimodal transport operators) and Government, to collectively review and assess regional directions for trade and transport, in particular the use of modern technologies and international practices (e.g. electronic commerce, containerization), changes in commercial and administrative rules, regulations or practices, and more importantly, the need for institutional reforms in streamlining and updating of trade-cum-transport related administrative procedures and regulations, and in the strengthening of the complementarity, instead of competition, of the transport modes.

The projects and activities to be implemented are listed below. Initiatives under this programme, together with those under the ASEAN cooperation in customs, interconnectivity in telecommunications, and the harmonization of road transport laws, rules and regulations, could largely be built upon as basis for possible cooperation in the Facilitation of Goods in Transit endorsed by the 28th AEM and the First Informal Summit.

MT1. Continuation of the implementation of the ASEAN Cargo Transport Study (ACTS) Action Plan

MT2. Formulation of a Regional Multimodal Transport Framework Agreement

MT3. Facilitation of Transit Cargo, to include Rail Transportation

MT4. Simplification of Port Documentation and Procedures

MT5. Seminar on Intermodal/Multimodal Transport System

MT6. Seminar on Information Technology with Emphasis on EDI

MT7. Development in Container Shipping

MT8. Training of Trainors for Multimodal Transport Operators

MT9. Joint ASEAN-EU EDI Network Project

**PROGRAMME 2:  
DEVELOPMENT OF ASEAN INTERCONNECTIVITY IN TELECOMMUNICATIONS, INCLUDING  
FIXED AND MOBILE VOICE AND DATA AND EDI SERVICES FOR TRADE AND BUSINESS  
COMMUNICATION, AND TO ENHANCE LAND, SEA AND AIR TRANSPORT**

Increasing costs and competition in the global trade and transport have resulted in the search for efficient and cost effective technology, particularly through the use of information technology and computers. Viable modern transport requires fast and reliable telecommunications facilities to facilitate transport and trade, i.e., information must move faster than cargo. The establishment of electronic communications networks, e.g., EDI, becomes very important in the day-to-day communication of both traders and transport operators with their counterpart partners.

The inability of traders and transport operators to use EDI will constitute a very serious barrier to make exports competitive in the world markets. The main impediments, however, in the development of EDI initiatives could be the poor or sometimes inadequate telecommunications infrastructure network to support widespread implementation, and the limited understanding of the trading community (e.g. customs, financial institutions, etc.) of the role of EDI.

In recent years, ASEAN has experienced the telecommunications revolution which has taken place dramatically. Driven by the private sector, and with the Governments' policies of deregulation, liberalization and privatization, demand for telephone lines has been met faster and at falling costs, in what otherwise requires a long waiting period in some countries. In 1984-1994, ASEAN achieved the second fastest growth (12.1% vs average of 7.6%) in telephone installation in the Asia-Pacific region, with Vietnam (20.2% p.a.) and Indonesia and Thailand (16.7% p.a.) recording the fastest growth. Substantial growth in wireless communications – cellular, fixed radio, paging and data services – in ASEAN was also impressive. Three ASEAN countries (Malaysia, the Philippines and Thailand) are forecast to be among the top 10 cellular markets in Asia.

The convergence of telecommunications and computing, e.g. EDI, Internet and satellite broadcasting, would virtually shrink ASEAN in terms of physical distance as fast and efficient communication links change the pace of financial transactions and made possible interactive consultations, thus facilitating decision-making and consensus building. Two ASEAN countries (Malaysia and Singapore) are currently building up their Information Infrastructure or Superhighway. In the coming years, a liberalized environment for the telecommunications sector in ASEAN will be in place, brought about by the Services Negotiations under the ASEAN Framework Agreement on Services.

Cooperation in ASEAN telecommunications shall therefore entail collective efforts in the interconnection and harmonization of services between the ASEAN countries and between ASEAN and the global network. The coordination of telecommunications policies and programmes, harmonization or standardization of technical standards for telecom services, mutual recognition of product testing and type approval standards will also be undertaken. The projects and activities to be implemented are the following:

IT1. Development of ASEAN EDI Service

IT2. Development of ASEAN ISDN

IT3. Development of ASEAN Mobile Networks

IT4. Development of ASEAN Aeronautical-Terrestrial Communications Network

Considering that telecommunications requires a specialized expertise, and that telecommunications in some Member Countries is not within the Ministry of Transport and/or Communications, it is advisable that a senior officials' forum be established to deal with ASEAN cooperation in telecommunications, and collectively accelerate to optimum use the potential opportunities brought about by the telecommunications revolution in ASEAN.

During the Second ATM held in Chiang Mai, the ASEAN Transport Ministers agreed with the recommendation of STOM to request the ASEAN Telecommunication Regulators' Council (ATRC), which is already in existence, to assume the responsibility to deal with cooperation in telecommunications matters in ASEAN.

**PROGRAMME 3:  
HARMONIZATION OF ROAD TRANSPORT LAWS, RULES AND REGULATIONS IN ASEAN**

The success of the CEPT scheme and the eventual realization of AFTA cannot be assured without a safe, efficient and cost effective transport and communications system in the region. The rapid increase of ASEAN's total trade has made the region the fourth largest trading group, after the United States, Europe and Japan. On current trends, by the end of this century, ASEAN's share of world output and income will be about 6%, more than double its share in 1975; an economic weight about halfway between those of Germany and Japan.

This sustained growth will consequently bring about an increasing number of cross border traffic movements within ASEAN and ASEAN with the rest of the world. ASEAN highways and rail system can function effectively for the movement of international traffic only if the equipment or the vehicles can cross borders, the transport laws, rules and regulations are transparent and harmonized, and if ASEAN carriers collectively cooperate.

Thus, ASEAN cooperation shall be towards the harmonization of road transport laws, rules and regulations, with the end in view of facilitating cross border land transport and achieving mutual recognition of safety standards and practices in driving, and in vehicle and highway design. Accession of member countries to existing ASEAN agreements in the land transportation sub-sector will also be addressed. The projects and activities to be implemented are the following:

HR1. Accession to the 1985 Agreement on the Recognition of Domestic Driving Licenses Issued by ASEAN Countries

HR2. Publication of the Revised Information Booklet on Driving Licenses

HR3. Road Design and Related Facilities

HR4. Vehicle Weight and Dimension Standards

HR5. Motor Vehicle Inspection Requirements and Standards

HR6. Motor Vehicle Administration Standards, Law Enforcement and Traffic Safety Administration

<sup>1</sup>HR7. Recognition of Chartered Bus Operating Licenses Issued by ASEAN Countries

---

<sup>1</sup> Endorsed by the COTAC Project Review Meeting held on 24 February 1997 in Chiang Mai, Thailand and adopted by the Third STOM.

Considering the differences in the transport laws, rules and regulations in ASEAN, the priority will be on feasible areas for cooperation. Where harmonization is not feasible, a flexible approach will be considered through administrative or executive issuances (as distinguished from legislative action which is a lengthy process).

#### **PROGRAMME 4: IMPROVEMENT OF AIR SPACE MANAGEMENT IN ASEAN**

For the period 1982-1992, Asia-Pacific's scheduled airline traffic grew at an average annual rate of 8.1%, above the world's growth of 5.6%. The region is set to overtake Europe, to become the second largest aviation market after North America. Asia-Pacific will account for more than half of the world's air traffic by 2010, up from one-third in the early 1990s. By the year 2000, air passenger traffic will be about 200 million and by 2010 to increase to 398 million.

Asia is similarly going to be the number one in the acquisition of aircraft. Nearly four of every 10 orders forecast to be built in the next decade will be from Asia. Over the next 15 years, Asia will require some 2,600 new aircraft (24% of global requirement), with an investment of US\$224 billion.

ASEAN is not spared from this explosion in air travel, in view of the region's sustained and strong economic growth, increasing affluence, expanding population, and increased competition in the airline industry. Tourist arrivals to ASEAN in 1995 stood at 29 million, and this compares favorably with those of the traditional tourist destinations in the world. ASEAN accounts for about five percent of the world's tourist arrivals and ranks fifth among the top 30 tourist destinations, ahead of countries like United Kingdom, China, Mexico, Germany and Canada (with five major source markets of tourist arrivals to ASEAN from intra-ASEAN, Europe, Japan, Australia, and the United States). ASEAN airports (Singapore's Changi and Bangkok's Don Muang) are also among the top 30 airports in the world. New airports are also under implementation, e.g., the Kuala Lumpur International Airport, the second Bangkok International Airport and the new Manila International Airport.

The economic benefits of aviation can only be realized if the aviation industry is able to meet the demand for its services. To do so requires major capital investments for instance in new technology, larger and quieter aircraft, and improved levels of safety. These have to be matched also by government investments in infrastructure for airport development / expansion, ground access transportation and air traffic control systems.

The present state, however, is alarming. There is worsening congestion of airspace on some of the busier routes and the worsening congestion and delays of some of the busier airports. One estimate suggests that in the Asia-Pacific region severe congestion is costing the airlines US\$ 100 million annually, under an air traffic control infrastructure groaning under severe strain.

The thrust, therefore, of ASEAN cooperation is to ensure efficiency of airspace utilization, ensure adequate level of safety, and provide effective air traffic management systems. Member Countries shall likewise be encouraged to become contracting parties to existing ASEAN agreements in civil aviation. The projects and activities to be implemented are as follows:

AM1. Accession to the 1972 Agreement for the Facilitation of Search for Aircrafts in Distress and the Rescue of Survivors of Aircraft Accidents

AM2. ICAO-CNS/ATM Systems and its Application in ASEAN

AM3. Implementation of the 1,000 Ft Vertical Separation Minimum above FL 290



AM4. Cooperative Development of Operational Safety and Continuing Airworthiness under the ICAO Safety Oversight Programme-South East Asia

**PROGRAMME 5:  
SAFETY OF MARITIME TRANSPORT AND PREVENTION OF POLLUTION FROM SHIPS**

Maritime transport is crucial for trade and investment in ASEAN, as well as within archipelagic countries such as Indonesia and the Philippines. Poor transportation adds to the cost of trade between countries, and sometimes foreign trade becomes cheaper than domestic trade for distant or isolated countries. The original ASEAN Member Countries (Singapore, the Philippines, Indonesia, Thailand and Malaysia) are among the 35 most important maritime nations. These five countries have a total of 1,943 ships with a combined tonnage of 28.4 million DWT, or about 7% and 4% of worldwide fleet, respectively.

Asia's import growth of 13% in 1995 was way above the world average of 8.5%. 1995 was also the fourth consecutive year in which imports to Asia expanded more rapidly than exports. Six East Asian traders (including Malaysia, Singapore and Thailand) reported an expansion of imports nearly twice the world average. In ASEAN, total trade has been steadily increasing; from US\$ 429 billion in 1993 to US\$ 620 billion in 1995. Intra-ASEAN trade, which is 20% of total trade, follows a similar pattern, from US\$ 80 billion to US\$ 122 billion, respectively. With this trade growth, maritime transport within ASEAN, and with Europe, the Americas and Northeast Asia is indispensable.

Oil trade also places a heavy strain on ASEAN's searoutes. Oil product shipments (44% of total seaborne trade for 1995) continued to increase by 3.3%, to 380 million tons in 1995, with continued large increases to countries in South East Asia and the Far East. 1995's LNG imports in South East Asia of 56 million tons is forecast to reach 77 million tons by the year 2000.

Against this backdrop, and with the importance of maritime transport in the carriage of ASEAN trade, cooperation shall be geared towards ensuring that ASEAN ships shall be of good quality, well maintained and manned by competent seafarers along international standards, and in the collective implementation of regional harmonized standards for safe operation of ships and the prevention of marine pollution. Member Countries must also be urged to provide measures for the eventual ratification and/or implementation of the conventions, protocols and agreements adopted by the International Maritime Organization (IMO). Thus, the projects and activities to be implemented are, as follows:

SP1. Implementation of Maritime Conventions

SP2. Harmonization of Maritime Instruments in respect to Port State Control Procedures for ASEAN Countries.

SP3. Establishment of an ASEAN Ship Reporting System

SP4. Accession to the 1975 Agreement for the Facilitation of Search for Ships in Distress and Rescue of Survivors by Ship Accidents

SP5. Transboundary Shipborne Pollution [jointly with the ASEAN Senior Officials on Environment (ASOEN)]

<sup>2</sup>SP6. Common ASEAN Near Coastal Voyages

---

<sup>2</sup> Endorsed by the COTAC Project Review Meeting held on 24 February 1997 in Chiang Mai, Thailand and adopted by the Third STOM.

**PROGRAMME 6:  
HUMAN RESOURCES DEVELOPMENT IN TRANSPORT AND COMMUNICATIONS**

The people of ASEAN are the region's most important asset and centre of development. With the continued growth of ASEAN economies, and the dynamism and technology advances reflected in changing human resources needs, continued priority attention should be given to developing human resources. There is continued need for people with the technical skills and/or necessary educational qualifications, with world-class standards, to support the accelerated, balanced and equitable economic growth of ASEAN.

Human resources development has an important role in achieving ASEAN's goal of liberalization and facilitation of trade and investment. HRD in the ASEAN transport sector will be achieved by the planning, development and implementation of practical and relevant education and training programmes for present and future managers, entrepreneurs and workers in both public and private sectors.

The areas for this HRD cooperation programme shall be in cooperative undertakings such as in the improvement of productivity, skills, entrepreneurial capabilities and efficiency; conduct of regional transport labour market analysis; improvement of the quality of instructions and training, among others. The specific projects and activities to be implemented are the following:

HD1. Networking of National Training Centres

HD2. Establishment of ASEAN Regional Centres of Excellence for Land Transport, Railways and the Inland Waterways and Ferries sub-sectors

HD3. Continued Implementation of the Human Resource Development in the Civil Aviation Sector under the Japan-ASEAN Cooperation Promotion Programme (JACPP)

HD4. Continued Implementation of the ASEAN-Japan Workshop-Cum-Seminar on Urban Transportation

HD5. HRD for Land Transportation

HD6. HRD for Sea Transportation

HD7. HRD for Air Transportation

HD8. HRD for Multimodal Transport

HD9. Trainers Training for Seafarers' Academies in ASEAN

HD10. Port Commercialization

HD11. Study Tour in Developed Ports

HD12. Attachment in Developed Ports

**PROGRAMME 7:  
DEVELOPMENT OF A COMPETITIVE AIR SERVICES POLICY WHICH MAY BE A GRADUAL  
STEP TOWARDS AN OPEN-SKY POLICY IN ASEAN**

The 27th AEM included in the Plan of Action the development of an open-sky policy as an area of possible cooperation. The ASEAN Tourism Ministers in its informal meeting in Surabaya on 07 January 1996 reiterated development of such a policy in ASEAN. In January 1997, Singapore announced that she has concluded an open-skies agreement with the United States. New Zealand and Australia has a bilateral civil aviation agreement which grants the other's flag carriers the right to fly beyond the carrier's own borders to the United States.

Of the five freedoms of the air, it is the "fifth freedom right" that posed the greatest challenge to governments and international civil aviation regulation. The fifth freedom is essential for the development of international travel, especially the long-haul routes. It is argued that without fifth freedom, an airline operation catering only for third and fourth freedom traffic is not economically justified.

Fifth freedom rights are, however, not easy to gain for obvious reasons. The 1944 Chicago Convention qualified that states should not increase capacity to carry additional fifth freedom traffic unless they could show that traffic could not be carried by local airlines due to such limitations as lack of capacity and technical difficulties.

In ASEAN, where some national airlines were among ASIaweek's 1000 largest corporations, there have been some liberalization actions of the civil aviation regulatory regime. For instance, the Philippine deregulation policy brought in five new carriers to compete with the official flag carrier in domestic routes. One of these five entrants (two more had applied) was given the second official flag carrier status for regional routes. Indonesia has opened 23 gateways for international tourism, among others. Air traffic rights have also been liberalized as in the case of service agreements between Singapore and Indonesia, and the Philippines and Singapore.

ASEAN Member Countries shall cooperate towards the liberalization of the air transport industry, to further accelerate the growth of business and foreign investments, tourism and trade. Hence, a regional competitive environment in international air transport within ASEAN shall be developed and promoted, with no restrictions in frequency, capacity and aircraft type for point-to-point services. This competitive regime must also be based on the progressive, orderly and safeguarded change in international air transport regulations on the basis of fair and equal opportunity for all member countries. Liberalization shall start within and/or between sub-regions such as IMT-GT, IMS-GT, BIMP-EAGA and the new-sub-regions. To achieve this, the following programmes will be implemented:

CP1. Implementation of the Competitive Air Services Policy in ASEAN Sub-regional Groupings / Growth Areas

CP2. Development of the ASEAN Open-Sky Policy

<sup>3</sup>CP3. ASEAN Multilateral Agreement on Commercial Rights on Non-Scheduled Services Among the ASEAN Countries, 1971

---

<sup>3</sup> Originally proposed under the Air Space Management programme. Endorsed by the COTAC Project Review Meeting held on 24 February 1997 in Chiang Mai, Thailand and adopted by the Third STOM.

## IV. INSTITUTIONAL ARRANGEMENT

In endorsing this Integrated Programme for the Plan of Action, it must be recognized that its successful implementation requires the collective commitment and support of the ASEAN Senior Transport Officials Meeting (STOM) and other concerned transport agencies and officials.

In the implementation of the Integrated Programme for the Plan of Action, STOM shall be responsible for the following:

1. Undertake all measures for its implementation, including the approval of the necessary cooperation programmes, projects and activities;
2. Serve as the principal coordinating body to address all issues relating to its implementation;
3. Identify financial support and relevant technologies from within and outside ASEAN, to include but not limited to the private sector and the ASEAN Dialogue Partners; and
4. Report on the implementation progress to the ASEAN Transport Ministers.

STOM would convene the STOM Working Groups and / or special meetings consisting of the ASEAN Member Countries to further elaborate on the modalities for implementation, in general, and the preparation of the necessary project proposals / documents, in particular. The host country and/or the country coordinator for the cooperation programmes would be subject to mutual agreement by STOM. The organizational structure for ASEAN cooperation in the transport sector is shown in ANNEX D.

The ASEAN Secretariat shall assist STOM in carrying out the above responsibilities, including technical support and assistance in the supervision, coordination and review of the cooperation programmes, projects and activities.

In view of their eventual membership to ASEAN, Cambodia, Laos, and Myanmar will be invited to participate in the implementation of this Integrated Programme. Cooperative programmes in the transport sector will be further developed with the CLM countries, especially in the context of the Mekong Basin development cooperation. Furthermore, the development of the Trans-ASEAN transportation network and a regional shipping policy for ASEAN may be looked into in the future.

Finally, in pursuance of the principles under the Framework Agreement on Enhancing ASEAN Economic Cooperation concluded on 28 January 1992, all Member States shall participate in intra-ASEAN economic arrangements. However, in the implementation of these economic arrangements, two or more Member States may proceed first if other member states are not ready to implement these arrangements. Similarly, the Bangkok Summit Declaration of 1995 provided that all ASEAN economic cooperation decisions shall be made by flexible consensus so that Member Countries wishing to embark on any cooperation scheme may do so while the others can join at a later date.