



**WORLD'S BEST
LOW-COST AIRLINE
7 YEARS RUNNING**

ASEAN-China Entrepreneurs' Conference

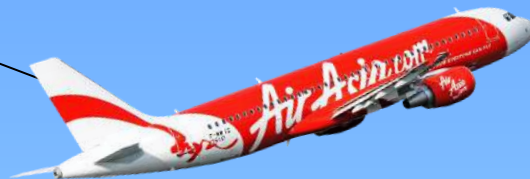
Topic: ASEAN Single Aviation Market

**Aireen Omar, CEO, AirAsia Bhd
13 May 2016, Kuching**



AirAsia

Now everyone can fly



ASEAN Single Aviation Market

A regional aviation policy that creates a unified and single aviation market

COVERAGE:

Market access

Air traffic management

Safety

Airline ownership and control

Tariffs

Aviation security

Consumer protection

Harmonization of standards

Regional mobility of aviation personnel

Competition law and policy

Regional accreditation

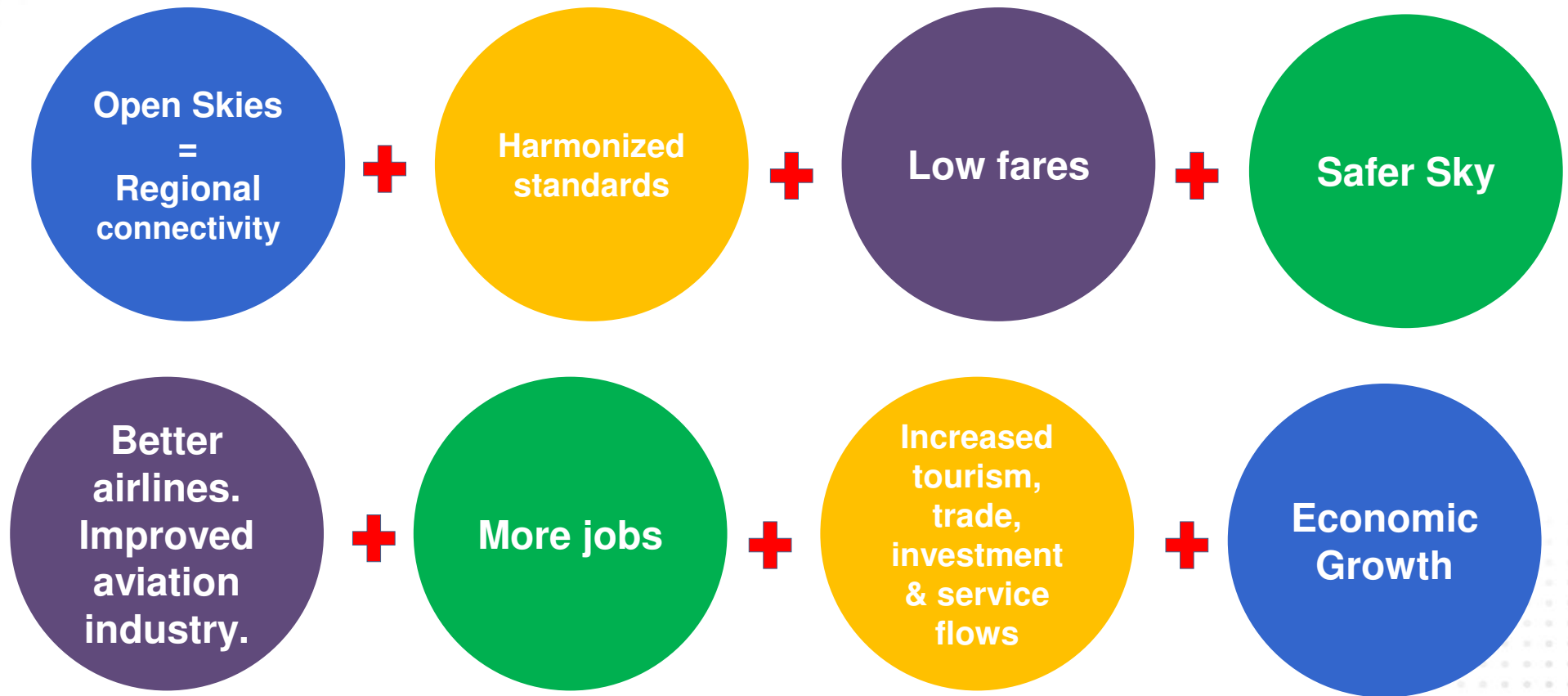
Dialogue partner engagement – EU, US, Japan, China, etc.

State aid

Airport user charges

Dispute resolution

Benefits of ASAM:



Air connectivity is crucial to the success of the ASEAN Community

Open Skies



Ratified by all 10 ASEAN countries



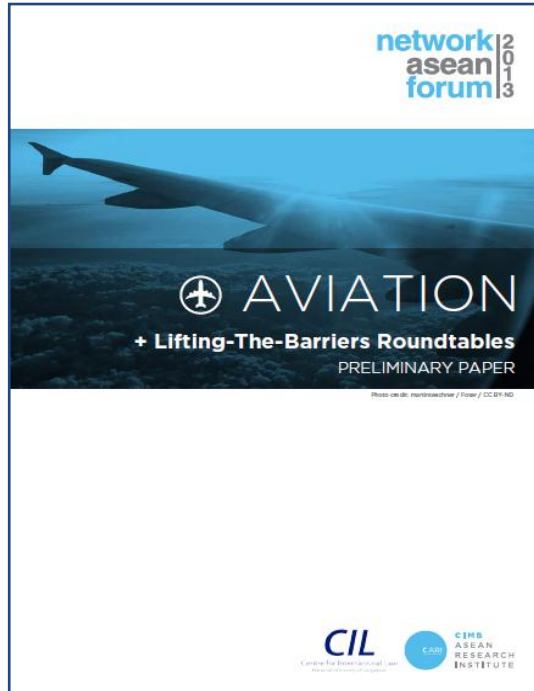
Why ASEAN Open Skies?

- ❖ Region divided by large bodies of water
- ❖ Land transportation deficient
- ❖ Most convenient way to traverse region is by air

Benefits of ASEAN Open Skies:

- ❖ Right to access all int'l airports = connectivity
- ❖ More routes, higher frequencies
- ❖ Increased traffic to secondary cities = development beyond the capitals
- ❖ Increased competition = lower fares
- ❖ Increased competition = better airlines, products and services
- ❖ More tourists = economic growth

Harmonised standards



Aviation must be uniformly safe across Asean.



Advantages of harmonised standards:

- ❖ Clear common rules
 - not 10 different sets of rules
 - eliminate redundant processes
- ❖ Mutual recognition of permits, licenses, certificates
 - ex. for pilots and aircraft engineers
 - eliminate redundant requirements
- ❖ Improved aviation safety
- ❖ Efficiency – operational, cost
- ❖ Free movement of aviation personnel

Push for:

- ❖ Regional standards
- ❖ Regionally-accredited training centres
- ❖ Asean Aviation Regulator

Better Asean airlines



How ASAM improves airlines:

- ❖ Increase competitiveness
 - Competition forces airlines to become better
- ❖ Force efficiencies – operational, cost
- ❖ Encourage better products
- ❖ Encourage better services
- ❖ Create regional carriers
 - No more need to set up affiliates, ex. AirAsia model



Improved aviation industry



Industry issues to be addressed by ASAM:

- ❖ Network expansion
- ❖ Regional standards
- ❖ Infrastructure constraints
 - ASAM will encourage the building/expansion of airports
- ❖ Congestion
- ❖ Limited staff mobility
- ❖ Lack of qualified aviation personnel
- ❖ Lack of transparency
- ❖ Protectionist policies
- ❖ Lack of travel/aviation support systems (roads, trains, etc)
- ❖ More...

ASAM will help Asean aviation achieve its growth potential

102.2m

int'l tourist
arrivals
in 2015

145m

proj. int'l tourist
arrivals as early
as 2023

Aircraft numbers:

1,600 ✈ in 2014

3,490 ✈ by 2032 (proj.)



More jobs



Asean needs 56,500 new pilots and 59,500 new aircraft technicians
In next 2 decades



Jobs created by travel and tourism in Asean

Year	Jobs directly created	Jobs directly & indirectly created
2012	9.7m	25.5m
2013	10.3m	26.9m
2014	11.3m	29.4m
2015	11.7m (est.)	30.2m (est.)

- ❖ ASAM will create more jobs
 - contribute to Asean Millennium Development Goal of poverty eradication
- ❖ Because ASAM supports development beyond capitals, more jobs will be available in secondary/tertiary cities, decongesting capitals
- ❖ More jobs = better lives and increased spending power = social and economic development

Tourism growth



Travel & tourism
soar on the
wings of
aviation

Tourist numbers

Year	Worldwide	Asean
2000	674m	38m
2010	940m	74m
2013	1.09b	102.2m
2014	1.14bn	105.1m
2015	1.18bn	108m (est)

- ❖ ASAM will:
 - improve connectivity and bring in more tourists
 - 145m projected international tourist arrivals in Asean as early as 2023
 - grow existing travel and tourism hubs
 - encourage building of new airports (spur infrastructure development) and develop new tourism destinations

Tourism is identified as a key revenue generator by every ASEAN state ¹⁰

Aside from supporting ASAM, we must also:



**Champion Asean
Common Visa**

**Introduce
e-visa system**

Support LCCs
110m guests flew on Asean's
3 biggest LCCs in 2014

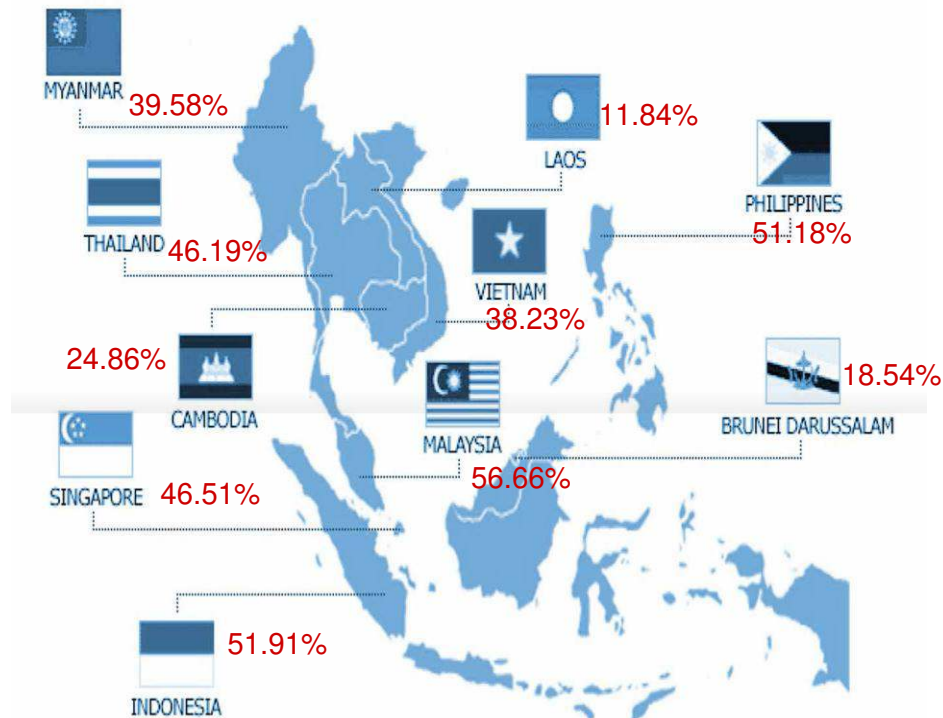
**and have
dedicated LCCTS**
Budget-conscious travelers
have specific needs
- ex. LCCTS, lower travel tax

LCCs have a growing role in aviation

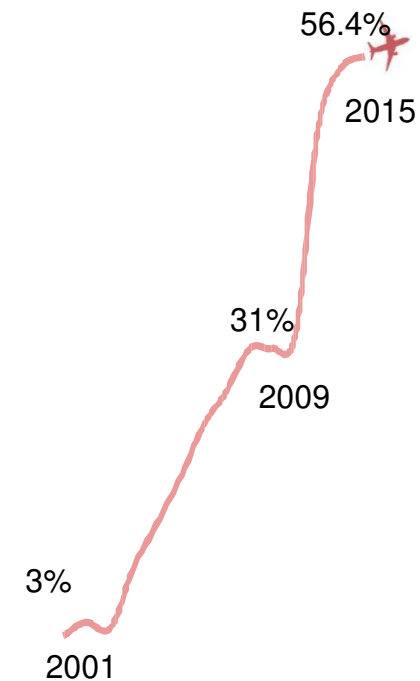


Low cost carriers have significantly changed the dynamics of ASEAN aviation in the last decade.

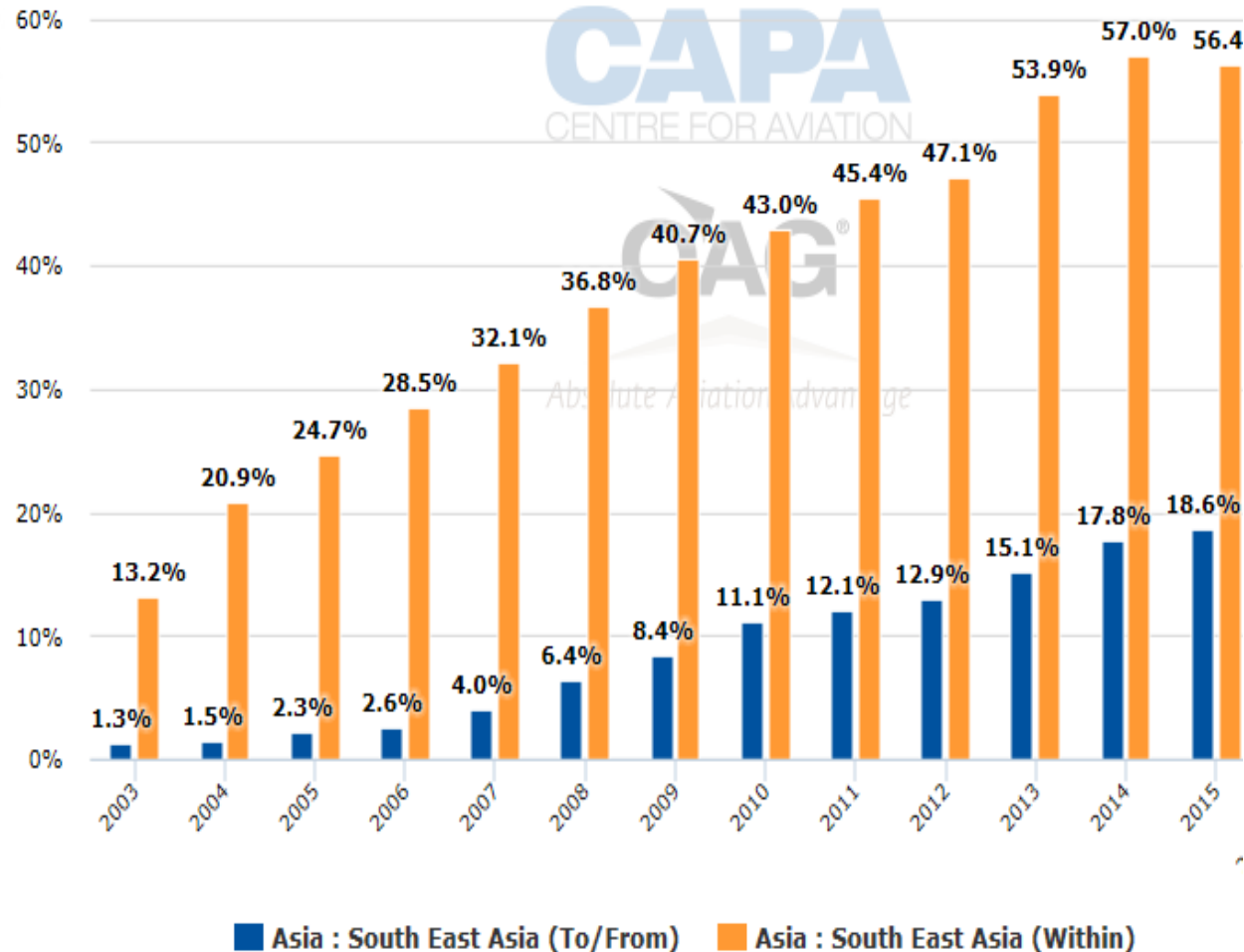
Low-cost airline seat capacity share (intra-Asean)
week of 25 Apr 2016



Low-cost carriers' share of total seats on intra-ASEAN routes



LCC annual penetration rate in Asean: 2003-2015



Source: CAPA – Centre for Aviation & OAG

Think REGIONAL



**ASEAN
625m**

**Malaysia
30m**

Thank you

