ASEAN Multilateral Air Services Agreement Impact on Airports in Southeast Asia
Outline

• Southeast Asia
• Introduction
• Case Study of Singapore and Malaysia
  – Flight Frequencies
  – Airports
• Implications for the future
Southeast Asia
Introduction

• Agreement signed by all ten ASEAN member countries on 20 May 2009.

• Granting of unrestricted first to fourth freedom rights between capital cities by Dec 2010.

• Framework for unrestricted first to fifth freedom rights between any points in SEA by 2015.
• How would traffic patterns change?

• How can airports learn from the open skies endeavors today?

• What does the future hold for airports in Southeast Asia?
Why Singapore & Malaysia?

1960s-2000s
- Malaysia: Protectionist/ Nationalistic Policies
- Singapore: Open Skies

2002-2007
- Malaysia: Air Asia introduces low fare concept
- Singapore: Jetstar Asia, Valuair, Tiger Airways

2008
- Open Skies Agreement between Singapore and Malaysia

2010
- Implementation of ASEAN multilateral Open Skies
Effects of Deregulation

Weekly Seats on SIN-Kuala Lumpur Route

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Effects of Deregulation

**Weekly Seats on SIN-Penang Route**

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**Weekly Seats on SIN-K. Kinabalu Route**

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**Weekly Seats on SIN-Langkawi Route**

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**Weekly Seats on SIN-Kuching Route**

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Case: Singapore Changi Airport

• Budget Terminal
  – Tiger Airways
    • Point to point service with loopy schedule.
    • No baggage transfer service.
  – Cebu Pacific
    • Singapore is one node in its Network.
    • No transfer traffic.
Case: Singapore Changi Airport

• Terminal 1
  – Jetstar Asia
    • Transfer hub for Qantas Group Operations.
    • Airport Tax not prohibitive.
  – AirAsia
    • Point to point airline.
    • Unable to access Budget Terminal?
Case: Kuala Lumpur Int’l Airport

• Capacity of 35million now, up to 120million planned.

• Airport development at USD3.5 billion vs. Low Cost Carrier Terminal at USD35million.
  – In per passenger capacity terms, $100 vs $3.5.
Case: Kuala Lumpur Int’l Airport

• Tucked in a corner of the airport
  – 20km away, pay bus fare for transfers.
  – Transfer connectivity?
• Flat airport tax (USD 15) for both facilities.
  – Not appropriately targeted.
Case: Kuala Lumpur Int’l Airport

• Old Airport: Subang Airport
  – General purpose aviation + commercial turboprop operations.

• Push by AirAsia to reopen airport as Low Cost Airport (like Bangkok)
  – *Lower not low* cost as its only value proposition.
  – Politics may play a part.
  – Positioning of KLIA (new) as international gateway?
Case: Senai Airport, Johor Bahru

• Across the border from Singapore.
• Touted as an alternative origin airport for Singaporeans travelling to Malaysia.
• Lost its competitive advantage with deregulation.
  – Hassles of crossing the border.
  – Competitively priced fares.
  – S shape effect of connectivity.
Implications for SEA Airports

- Flexibility in space.
- Flexibility in design.
- LCCT model for cost conscious airports.
- Airport and airline interdependence.
LCCTs are not to be ashamed of.
Questions?