




ASEAN Air Connectivity Agenda: Implications for APEC Tourism Growth

Destination APEC 2020: A Conference on Enhancing Tourism and Air Transport Connectivity
in the Asia-Pacific Region
27-28 January 2012, Manila, Philippines




ASEAN Air Transport Milestones

- ASEAN Plan of Action in Transport and Communications 1994-1996
- Ministerial Understanding on ASEAN Cooperation in Transportation, 19 March 1996, Bali
- Roadmap for Integration of ASEAN (RIA) for ASEAN Competitive Air Services Policy, 2004
- ASEAN Open Skies Agreements, 20 May 2009, Manila
- ASEAN Multilateral Agreement on Full Liberalisation of Passenger Air Services, 12 November 2010, Bandar Seri Begawan
- ASEAN-China Air Transport Agreement
- ASEAN Single Aviation Market



Roadmap for Integration of Air Travel Sector (2004)

- Objective: is to advance the full liberalisation of air transport services in ASEAN, to achieve the ASEAN Leaders' vision of Open Sky in the ASEAN region
- It provides concrete actions to achieve greater and significant air transport liberalisation in ASEAN, through a staged and progressive implementation.
- Measures, among others:
 - Full liberalisation of ASEAN air freight services
 - Liberalisation of scheduled passenger services with no limitations on third, fourth and fifth freedom traffic rights:
 - Within sub-regions (IMT-GT, IMS-GT, BIMP-EAGA, GMS)
 - Between sub-regions (IMT-GT, IMS-GT, BIMP-EAGA, GMS)
 - ASEAN capitals



ASEAN Open Skies Agreements

ASEAN Multilateral Agreement of the Full Liberalisation of Air Freight Services (20 May 2009):

- Protocol 1 on Unlimited Third, Fourth and Fifth Freedom Traffic Rights among Designated Points in ASEAN
- Protocol 2 on Unlimited Third, Fourth and Fifth Freedom Traffic Rights among All Points with International Airports in ASEAN

ASEAN Multilateral Agreement on Air Services (20 May 2009):

- Protocol 1 on Unlimited Third and Fourth Freedom Traffic Rights within ASEAN Sub-Region
- Protocol 2 on Unlimited Fifth Freedom Traffic Rights within ASEAN Sub-Region;
- Protocol 3 on Unlimited Third and Fourth Freedom Traffic Rights between ASEAN Sub-Regions;
- Protocol 4 on Unlimited Fifth Freedom Traffic Rights between ASEAN Sub-Regions;
- Protocol 5 on Unlimited Third and Fourth Freedom Traffic Rights between ASEAN Capital Cities; and
- Protocol 6 on Unlimited Fifth Freedom Traffic Rights between ASEAN Capital Cities.

ASEAN Multilateral Agreement of the Full Liberalisation of Passenger Air Services (12 November 2010)

- Protocol 1 on Unlimited Third and Fourth Freedom Traffic Rights Between Any ASEAN Cities; and
- Protocol 2 on Unlimited Fifth Freedom Traffic Rights Between Any ASEAN Cities.



ASEAN Multilateral Agreement on Air Services, Protocols 1 and 2

- BIMP-EAGA
 - Brunei Darussalam: Bandar Seri Begawan
 - Indonesia: Balikpapan, Manado, Pontianak and Tarakan
 - Malaysia: Kota Kinabalu, Labuan, Kuching and Miri
 - The Philippines: Davao, General Santos, Puerto Princesa and Zamboanga
- CLMV
 - Cambodia: Phnom Penh
 - Lao PDR: Vientiane, Luang Prabang and Pakse
 - Myanmar: Yangon and Mandalay
 - Viet Nam: Ha Noi, Ho Chi Minh City, Da Nang, Dien Bien Phu, Phu Bai, Cat Bi and Lien Khuong
- IMT-GT
 - Indonesia: Medan, Padang, Banda Aceh, and Nias
 - Malaysia: Langkawi, Penang, Alor Star, Ipoh and Kota Bharu
 - Thailand: Hat Yai, Narathiwat, Pattani, Trang and Nakhon Si Thammarat

ASEAN Multilateral Agreement on Air Services, Protocols 3 and 4

- BIMP-EAGA
 - Brunei Darussalam: Bandar Seri Begawan
 - Indonesia: Balikpapan and Manado
 - Malaysia: Labuan and Miri
 - The Philippines: Davao, General Santos, Puerto Princesa and Zamboanga
- CLMV
 - Cambodia: Phnom Penh
 - Lao PDR: Vientiane, Luang Prabang and Pakse
 - Myanmar: Yangon and Mandalay
 - Viet Nam: Ha Noi, Da Nang, Dien Bien Phu, Phu Bai, Cat Bi and Lien Khuong
- IMT-GT
 - Indonesia: Medan and Padang
 - Malaysia: Alor Star and Ipoh
 - Thailand: Hat Yai, Narathiwat, Pattani, Trang and Nakhon Si Thammarat

ASEAN Multilateral Agreement on Air Services, Protocols 5 and 6

• Brunei Darussalam	:	Bandar Seri Begawan
• Cambodia	:	Phnom Penh
• Indonesia	:	Jakarta
• Lao PDR	:	Vientiane
• Malaysia	:	Kuala Lumpur
• Myanmar	:	Yangon
• Philippines	:	Manila
• Singapore	:	Singapore
• Thailand	:	Bangkok
• Viet Nam	:	Ha Noi

ASEAN Multilateral Agreement of the Full Liberalisation of Passenger Air Services (12 November 2010)

- Protocol 1 on Unlimited Third and Fourth Freedom Traffic Rights Between Any ASEAN Cities*; and
- Protocol 2 on Unlimited Fifth Freedom Traffic Rights Between Any ASEAN Cities*.

• Note: *any cities with international airports

Characteristics of ASEAN Open Skies Agreement

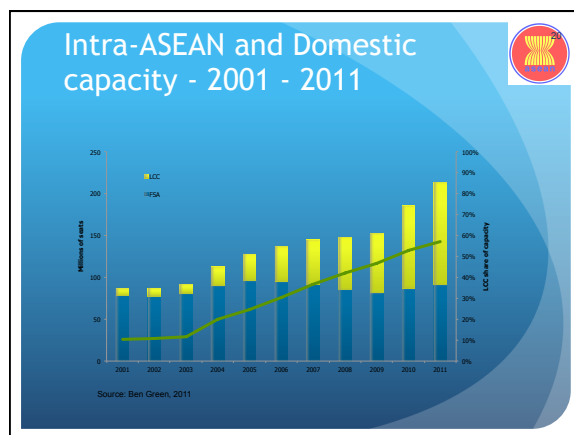
- No limitation on capacity
- No limitation on frequency
- No limitation on aircraft type

ASEAN China Air Transport Agreement

- ASEAN-China Air Transport Agreement (24 Jan 2011):
 - Protocol 1 on Unlimited Third and Fourth Freedom Traffic Rights Between Any Points in Contracting Parties
- Characteristics:
 - any point in its territory with an international airport to any point in the territory of China with an international airport and vice versa
 - no limitation on capacity, frequency and type aircraft

Open Skies with Dialogue Partners (Under Negotiation)

- ASEAN-India Air Transport Agreement
- ASEAN-ROK Air Services Arrangement



- ### APEC Member Economies
- Australia
 - Brunei Darussalam*
 - Canada
 - Chile*
 - China
 - Hong Kong, China
 - Indonesia
 - Japan
 - Korea
 - Malaysia
 - Mexico
 - New Zealand*
 - Papua New Guinea
 - Peru
 - Philippines
 - Russia
 - Singapore*
 - Chinese Taipei
 - Thailand
 - United States*
 - Viet Nam
- Note: *Parties of MALAP
Establishing/Conclude Open Skies Agreement with ASEAN
Parties (United States)

THANK YOU

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ASEAN "OPEN SKIES" AGREEMENT AND ITS IMPACT ON APEC AIR CONNECTIVITY, TOURISM AND INFRASTRUCTURE

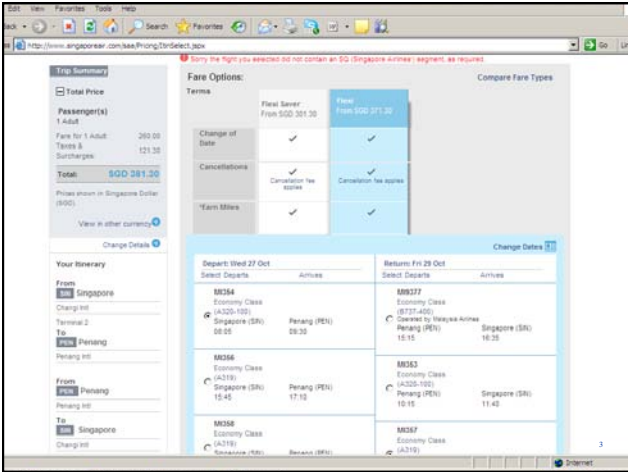
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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE



**Airline Pricing:
SG-Penang 23-27 Oct 2010**



Fare Options:

Option	Fare
Fixed Saver	From SGD 301.30
Flex	From SGD 271.30

Change of Date: ✓

Cancellations: ✓

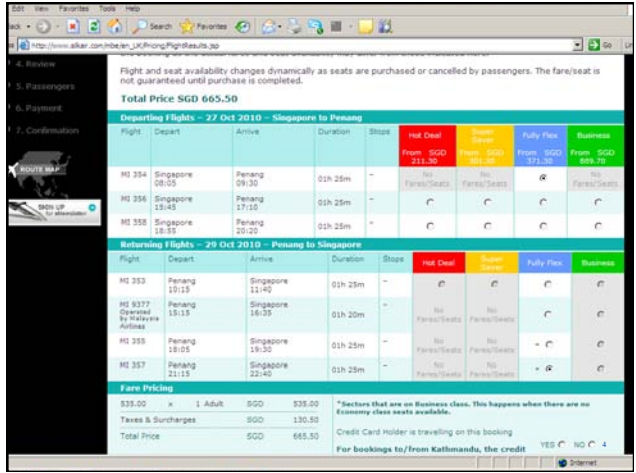
Yarn Miles: ✓

Depart: Wed 27 Oct

Flight	Class	From	To	Time
M354	Economy Class (JA325-100)	Singapore (SG)	Penang (PEN)	08:00
M356	Economy Class (JA319)	Singapore (SG)	Penang (PEN)	15:45
M358	Economy Class (JA319)	Singapore (SG)	Penang (PEN)	17:10

Returns: Fri 29 Oct

Flight	Class	From	To	Time
M357	Economy Class (8737-400)	Penang (PEN)	Singapore (SG)	15:15
M353	Economy Class (JA325-100)	Penang (PEN)	Singapore (SG)	18:15
M357	Economy Class (JA319)	Penang (PEN)	Singapore (SG)	11:42



Total Price SGD 665.50

Departing Flights - 27 Oct 2010 - Singapore to Penang

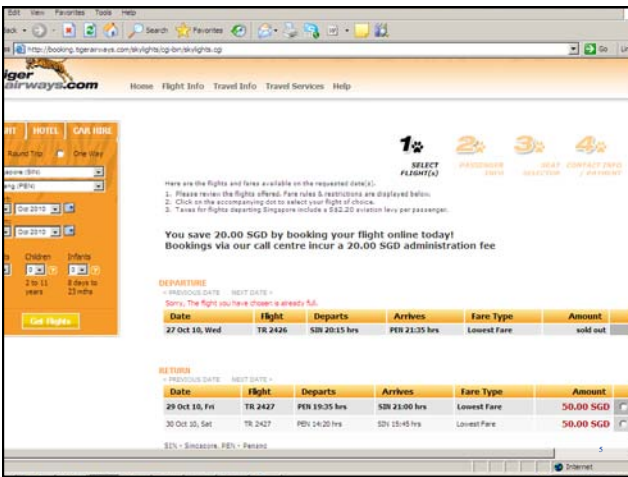
Flight	Depart	Arrive	Duration	Stop	Hot Deal	Best Price	Fully Flex	Business
HQ 354	Singapore 08:00	Penang 08:30	01h 25m	-	From SGD 211.30	From SGD 261.30	From SGD 371.30	From SGD 609.70
HQ 356	Singapore 15:45	Penang 17:10	01h 25m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats
HQ 358	Singapore 17:10	Penang 18:35	01h 25m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats

Returning Flights - 29 Oct 2010 - Penang to Singapore

Flight	Depart	Arrive	Duration	Stop	Hot Deal	Best Price	Fully Flex	Business
HQ 353	Penang 10:15	Singapore 11:40	01h 25m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats
HQ 377	Penang 15:15	Singapore 16:35	01h 20m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats
HQ 355	Penang 18:35	Singapore 19:30	01h 25m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats
HQ 357	Penang 21:15	Singapore 22:40	01h 25m	-	No Fares/Seats	No Fares/Seats	No Fares/Seats	No Fares/Seats

Fare Pricing

535.00	x	1 Adult	SGD	535.00
Taxes & Surcharges	SGD	130.50		
Total Price	SGD			665.50



1* SELECT FLIGHT(S)

2* MANAGE BOOKING

3* SEAT SELECTION

4* CONTACT 24/7

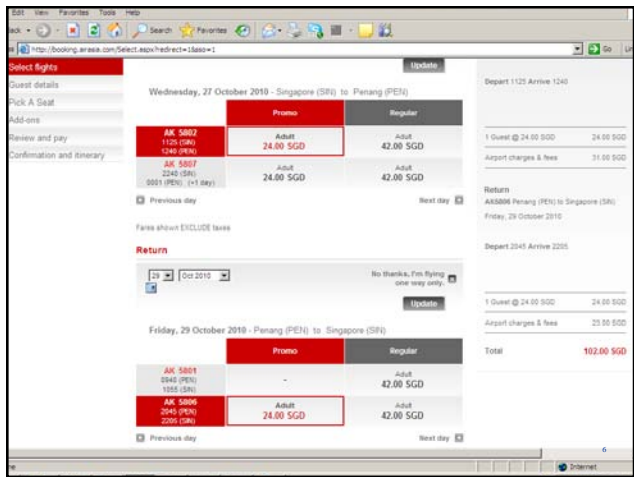
You save 20.00 SGD by booking your flight online today! Bookings via our call centre incur a 20.00 SGD administration fee

DEPARTURE

Date	Flight	Departs	Arrives	Fare Type	Amount
27 Oct 16, Wed	TR 2426	SIN 20:15 hrs	PER 21:35 hrs	Lowest Fare	sold out

RETURNS

Date	Flight	Departs	Arrives	Fare Type	Amount
29 Oct 16, Fri	TR 2427	PER 19:35 hrs	SIN 21:00 hrs	Lowest Fare	50.00 SGD
30 Oct 16, Sat	TR 2427	PER 14:20 hrs	SIN 15:45 hrs	Lowest Fare	50.00 SGD



Select flights

Guest details

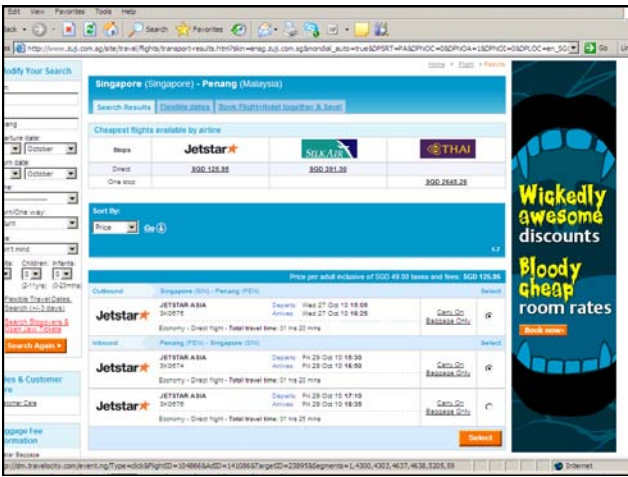
Wednesday, 27 October 2010 - Singapore (SG) to Penang (PEN)

Flight	Class	Fare
AK 5802	1125 (CAR)	24.00 SGD
AK 5807	2240 (CAR)	24.00 SGD

Return

Flight	Class	Fare
AK 5801	0840 (PEN)	42.00 SGD
AK 5806	2040 (PEN)	24.00 SGD

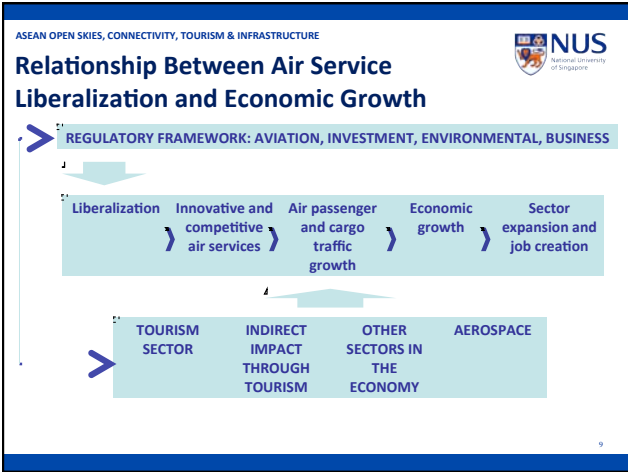
Total: 102.00 SGD



ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Raw Fare (SIN - PEN)	1 Adult @ SGD 27.00	SGD 27.00
SIN - PEN Passenger Security Service Charge		
SGD 8.00 Aviation Levy		
SGD 2.20 Passenger Service Charge		
SGD 7.80		
Taxes/fees		SGD 18.00
Raw Fare (PEN - SIN)	1 Adult @ SGD 24.00	SGD 24.00
PEN - SIN Passenger Service and Security Charge		
SGD 2.00		
Taxes/fees		SGD 26.00
Other taxes/fees		
Spoilage fees (w/Tax)	SGD 0.00	
Upgrades (w/Tax)	SGD 0.00	
Convenience fees	SGD 0.00	
Seat fees	SGD 0.00	
Total price		SGD 95.00

Internet fare as on February 21 2012



ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Liberalizing only 320 bilateral agreements of the existing thousands would create **24.1 million full-time jobs and generate an additional \$490 billion in Gross Domestic Product.** This corresponds to an economy almost the size of Brazil. InterVISTAS-ga²

General conclusions

1. Impact on tourism sector has been positive;
2. Indirect impacts has been larger;
3. Airlines are more efficient operationally and business wise;
4. Travelers benefit through greater choice, lower fares and better connectivity;
5. Regulators are waking up but they have to balance between political and social interests

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Obama eases visa rules to boost U.S. tourism

By Bart Zansen, USA TODAY, Updated 1/19/2012 4:37 PM <http://travel.usatoday.com/news/story/2012-01-18/Obama-expected-to-shorten-tourist-visa-process/5262668/>

President Obama on Thursday declared that "America is open for business" and laid out steps to make it easier for some foreign visitors to travel here announced an executive order designed to **reduce the time in takes for travelers from China and Brazil to get visas to the U.S.**

And he is making permanent the **Global Entry program**, which allows travelers who undergo rigorous background checks to breeze through customs.


He ordered the Commerce and Interior departments to develop a national tourism strategy that highlights national parks, and cultural and historic sites. And he's adding **business executives** to a tourism advisory board.

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Outline

- Key elements of ASEAN "OPEN SKIES"
- Impact on connectivity, tourism in ASEAN & APEC, integration of APEC
- Stakeholder response to potentials and challenges
- Areas of cooperation within APEC tourism & and air transport sector
- Conclusion

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE



Liberalization of Air Freight Services

Liberalization of air freight services with no limitation of third and fourth freedom traffic rights and with increased tonnage and additional designated points to those stated in the ASEAN MOU on Air Freight Services (2002)

December 2006

Full liberalization of ASEAN air freight services

December 2006

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE



Liberalization of Scheduled Passenger Services

<p>Integrated Implementation Program for the ASEAN Plan of Action in Transport and Communications</p> <p>Competitive Air Services Policy in ASEAN sub-regional Groupings/Growth Areas;</p> <p>Development of the ASEAN Open-Sky Policy;</p> <p>ASEAN Multilateral Agreement on Commercial Rights on Non-Scheduled Services Among the ASEAN Countries</p> <p>1997</p>	<p>Liberalization of scheduled passenger services with no limitations on third and fourth freedom traffic rights for all designated points within the ASEAN sub-regions</p> <p>December 2005</p>	<p>Liberalization of scheduled passenger services with no limitations on third and fourth freedom traffic rights for at least two designated points between the ASEAN sub-regions</p> <p>December 2006</p>	<p>Liberalization of scheduled passenger services with no limitations on fifth freedom traffic rights for at least two designated points in each country between the ASEAN sub-regions</p> <p>December 2008</p>	<p>ASEAN-wide liberalization of scheduled passenger services, with no limitations on fifth freedom traffic rights for the capital city in each ASEAN Member Country</p> <p>December 2010</p>	<p>Single Aviation Market</p> <p>2015</p>
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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE



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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE




What is ASEAN connectivity?

- The physical, institutional and people-to-people linkages to achieve the objectives of the economic, political-security and socio-cultural pillars of the ASEAN Community by 2015;
- The **physical connectivity** encompassing transport, information communications technology and energy. Community building through,
 1. **institutional connectivity** (trade and economics such as trade and investment liberalization and facilitation, investment, mutual recognition arrangements and capacity building), and
 2. **People-to-people connectivity** (tourism, education and culture);
- **Physical and institutional connectivity:** Reduction in business transaction costs, time and cost of travel.

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE




Assessment of ASEAN connectivity?

- Traffic **congested cities** require urgent infrastructure investment, demand management strategies and innovative behavioral changes;
- **Poor quality roads:** ASEAN Highway Network (38,400 kilometers): missing links, poor quality; 50% 'Class-III and below;
- New **railway development** is **slow**. The Singapore-Kunming Rail Link: Missing links connecting Thailand & Cambodia, Thailand & Myanmar, and between Cambodia & Viet Nam; Spur lines within Lao PDR to the Viet Nam border;

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE



Assessment of ASEAN connectivity?

- ADB estimates for construction of missing links: **US\$ 9.6 billion** = only about **56 percent** of the **missing rail track**. Does not include rolling stock and the facilities and equipment;
- Maritime transport: **Large variation in port infrastructure quality and port performance, poor accessibility of gateway ports to land based transport;**
- Aviation: Sufficient **capacity** in capitals but **not in other airports**. **Air navigation system and procedures not harmonized.**

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Characteristics of ASEAN

1. First, great diversity, economic, political, cultural, and linguistic diversity is greater than the European Union;
2. Unequal economic development performance of member states. Membership is no guarantee of economic success;
3. Weak ASEAN secretariat and limited effectiveness and capacity for strong and decisive action. More as a diplomatic facilitator and conference organizer;
4. Not an EU type organization nor a NAFTA-type economic bloc. So far unable to establish strong economic cooperation. Trade liberalization as part of unilateral domestic reforms. Unlikely to develop formal mechanisms for macroeconomic policy coordination

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

ASEAN Key Economic Indicators

Country	GDP, 2008		GDP per capita, 2008		Population, 2008	Percent of GDP* (value added), 2007				Human Development Index, 2008	Poverty headcount ratio at \$2/day, PPP (% population)	
	Current \$ bil	PPP \$ bil	Current \$	PPP \$		Agri	Ind	Man	Ser			
Brunei Darussalam ^a	14.6	19.7	37,053	50,199	0.4	75	1	71	10	28	0.9	30
Cambodia	9.6	28.0	651	1,905	14.7	83	32	27	19	41	0.6	131
Indonesia	514.4	907.3	2,254	3,975	228.3	126	14	47	27	39	0.7	107
Lao PDR	5.2	13.2	837	2,134	6.2	27	40	31	20	29	0.6	130
Malaysia	194.9	383.7	7,221	14,215	27.0	82	10	48	28	42	0.8	63
Myanmar ^b	28.2	88.0	446	1,156	58.8	75	—	—	—	—	0.6	132
Philippines	168.9	317.1	1,847	3,510	90.3	303	14	32	22	54	0.8	90
Singapore	181.9	238.5	37,597	49,294	4.8	7034	0	31	25	69	0.9	26
Thailand	280.7	519.1	3,889	7,703	67.4	132	12	46	38	43	0.8	78
Viet Nam	90.7	240.1	1,052	2,765	86.2	278	20	42	21	38	0.7	105

Notes:
 \$B = billion, and m = million. Agri = agriculture, Ind = industry, Man = manufacturing, and Ser = services.
 * GDP, GDP per capita and total population data are from the IMF World Economic Outlook Database, October 2009.
^a 2008
^b 2007
^c 2002
^d 2009
 Source: World Bank, 2009 World Development Indicators; IMF, World Economic Outlook Database, October 2009; UN, 2009 Human Development Indicators.

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

ASEAN TRADE AND COMMERCIAL POLICY REGIME

Country	Trade/GDP, 2007 (%)	FDI Stock/GDP, 2007 (%) ¹	Average Tariff, 2006 (wtd, %)	Index of Economic Freedom ² Rank	Regulatory Quality ³ Rank	Ease of Doing Business ⁴ Rank
Brunei Darussalam	95	82	ng (v low)	..	75.8	14
Cambodia	138	49	10.8	108	34.3	22
Indonesia	55	14	4.3	131	45.4	19
Lao PDR	87	28	9.3	150	9.7	24
Malaysia	200	43	3.4	58	60.4	4
Myanmar	..	29	3.9	176	1	..
Philippines	85	13	3.2	104	51.7	21
Singapore	429	160	0	2	99.5	1
Thailand	144	35	4.7	67	59.9	3
Viet Nam	167	60	13.3	145	32.4	13

Notes:
¹ = not available.
² FDI data are estimates for 2007.
³ Measures ten components of economic freedom, assigning a grade in each using a scale from 0 to 100, where 100 represents the maximum freedom. The ten component scores are then averaged to give an overall economic freedom score for each country.
⁴ One of the six dimensions of governance captured by the World Bank's Worldwide Governance Indicators. Reflects the ability of the government to provide sound policies and regulations that enable and promote private sector development.
⁵ This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic. A high ranking on the index means the regulatory environment is conducive to the operation of business.
 Source: World Bank, 2009 World Development Indicators; UNCTAD, 2009 Foreign Direct Investment Database; The Heritage Foundation and Wall Street Journal, 2009 Index of Economic Freedom; World Bank, 2009 Worldwide Governance Indicators; World Bank, 2009 Doing Business.

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Singapore OSA

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Growth potential of Asia-Pacific's aviation market

Annual Air Traffic Forecast ICAO, BOEING

Growth Rate	2010 to 2030
7.0%	Intra-Asia Pacific
6.8%	Intra-Asia Pacific minus China
7.5%	Intra-China
4.0%	Intra-EU
5.9%	EU-Asia Pacific
2.3%	Intra-North America
5.1%	Inter-Pacific
7.2%	Middle-east-Asia Pacific

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

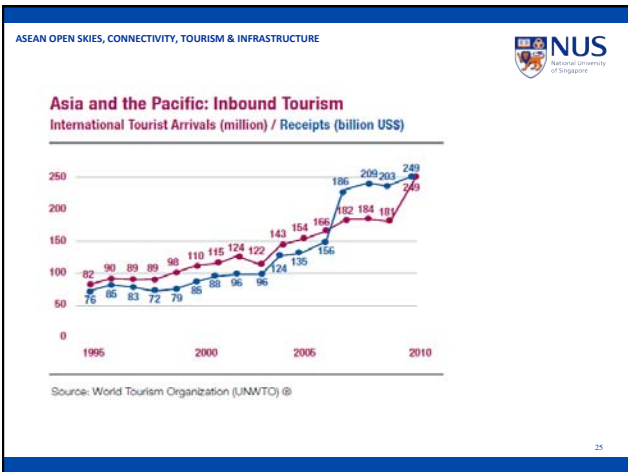
International Tourist Arrivals, 2010

International Tourism Receipts, 2010

Region	Arrivals (mn)	Percentage
Europe	477	51%
Asia and the Pacific	204	22%
Americas	150	16%
Middle East	60	6%
Africa	49	5%

Region	Receipts (\$ bn)	Percentage
Europe	406	44%
Asia and the Pacific	249	27%
Americas	182	20%
Middle East	50	6%
Africa	32	3%

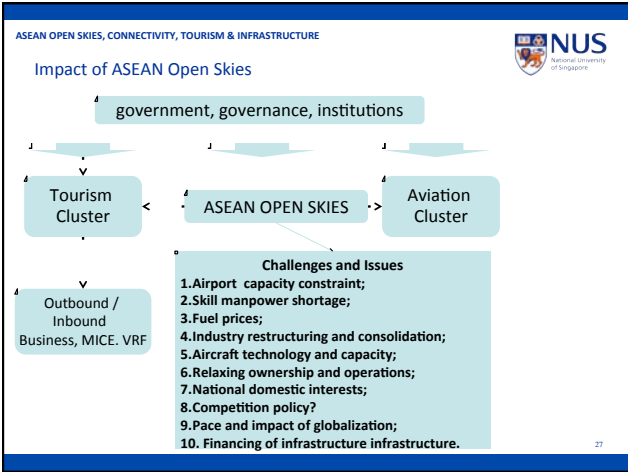
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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

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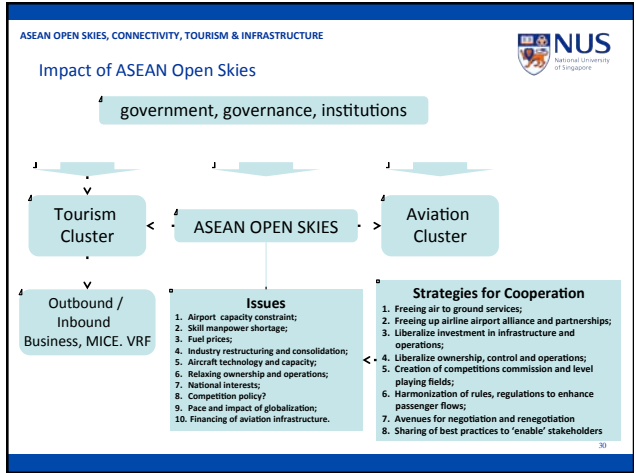
ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

ASEAN member states will require infrastructure investments amounting to US\$596 billion 2015, with an average investment of US\$60 billion per year, and specifically for transport, about US \$16 billion a year in the ten years leading up to 2015

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Eight Options for More Competitive Air Services with Fair and Equitable Opportunity

Liberalisation Option	APEC Target
1 Relax ownership & control	Move to principal place of business
2 Ease tariff regulations	Double disapproval, no filing
3 Doing Business	Remove impediments
4 Air freight	No restrictions; greater flexibility
5 Airline designation	Move to multiple designation
6 More liberal charters	Increase pax, freight charters
7 Cooperative agreements	Expand codesharing/joint services
8 Improve market access	Move to open 3 rd , 4 th & 5 th freedom/other rights

Source: Liberalization of Air Services in the APEC Region, 1995-2005, APEC 2007

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Airport network development?

New Beijing airport forecast to become world's busiest
Agence France-Press/February 27, 2012

BEIJING - China's capital Beijing will begin construction this year of an airport that is likely to replace Hartsfield-Jackson Atlanta International Airport in the United States as the world's busiest, local media said on Sunday.

The online edition of Caijing magazine put the cost at 30.2 billion yuan (\$4.8 billion). With nine runways, the new airport will handle more than 130 million passengers and 5.5 million tonnes of cargo annually, occupying an area of 2,680 hectares. Located in Daxing, 46 km south of Tiananmen Square, Beijing's political centre, construction is due to be completed in October 2017.

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Strategies and Areas of Cooperation

1. Freeing aviation support services;
2. Freeing up airline airport alliance and partnerships;
3. Liberalize investment in infrastructure and operations;
4. Liberalize ownership, control and operations;
5. Creation of competition commission and ensure level playing fields;
6. Harmonization of rules, regulations to enhance passenger flows;
7. Avenues for negotiation and renegotiation
8. Sharing of best practices to 'enable' stakeholders
9. Identify and understand the relationship between in the tourist service supply chain
10. Ensure seamless integration between airline, airport & tourism sector

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Global distribution of airport cities

ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

CATEGORIZATION OF AIRPORT REVENUE SOURCES

Aeronautical or Traffic Revenues	Non-aeronautical or Concession Revenues
Landing Fees	Rents or other lease income (from airlines and other tenants)
Airport air traffic control charges	Recharges to tenants (for electricity water, cleaning, etc.)
Aircraft Parking, hangar-age and picketing	Concession income (from shops, catering, duty-free shops, banks, car parks, hotels, etc.)
Passenger Charges	Direct sales (shops etc. operated by airport authority)
Freight Charges	Car-park revenue (if operated by airport authority)
Apron services and aircraft handling (if provided by airport authority)	Miscellaneous (e.g. interest earned)
	Non-airport related activities (e.g. land development)

Source: Doganis (1992)
 Note: ¹ Individual airports may not have access to all of the revenue sources listed.



ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Outline

- Key elements of ASEAN “OPEN SKIES”
- Impact on connectivity, tourism in ASEAN & APEC, integration of APEC
- Stakeholder response to potentials and challenges
- Areas of cooperation within APEC tourism & and air transport sector
- **Conclusion**

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

In Conclusion 1

- **Identify strategically investment gaps** impediments, develop strategies to assist the tourism industry and attract further investment **including soft and hard infrastructure including financing options.**
- Liberalize tourism sector in APEC: **Allow foreign equity participation with fair conditions of competition** with effective safety nets for low income members and visa liberalization;
- Develop airports focusing on the dynamic global supply chain. **Airports are not just people and cargo processing points!** It's a business!

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

In Conclusion 2

- Utilize **IT** to promote an integrated differentiated tourist focus on **impression branding** at critical point of contact with ASEAN + RoA destinations;
- **Develop airports as business hubs and entities;**
- **Human resource development and management** and benchmarking performance and competency in tourism services.
- It's nice to think big and reap big but do not ignore **small and medium airport development:** the missing vital links!
- Let private sector with global mindsets take the lead!

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ASEAN OPEN SKIES, CONNECTIVITY, TOURISM & INFRASTRUCTURE

Thank you

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México

2 2 6 0 0 0 0 0

visitors **can't** be wrong

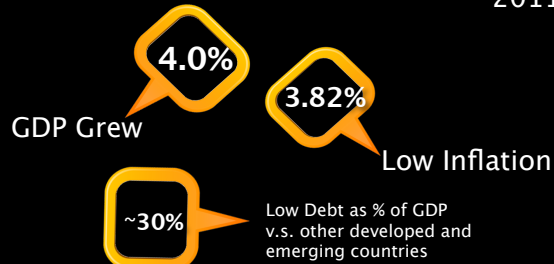
MEXICO
14th
largest economy



source: International Monetary Fund & Department of Commerce USA

Strong
Stable
& easy to do Business

MEXICO 2011



source: National Institute of Statistics and Geography / Central Bank of Mexico / IMF

What
tourism
means to Mexico

MEXICO


#10

in tourist arrivals

source: UNWTO 2011

Tourism

as % of GDP



9%

Mexico

source: UNWTO 2011

Tourism is Mexico's **third source of income**

Generates **2.5 million direct jobs** having an impact on:

- second income source of life

What do we offer?

- 38 World Heritage Sites
- Cuisine and Mariachi World Heritage
- 4 World Heritage natural areas
- 50 Magical Towns

What do we offer?

- First place in cruise ship arrivals
- First place in SPAS
- Number 2 in luxury travel (14AAA-5 Diamonds Hotel)
- Best place for retirement
- 50 world class golf courses

What do we offer?

- 3,000 years of history
- + 40,000 archaeological sites
- 62 ethnic groups



National Tourism Agreement

Federal Government
Financial Sector
Legislators
State governors
Universities

Media
Unions
Private Sector
UNWTO
WTTC



2018

Willing to be on
TOP 5
tourist destinations
in the world

National Agreement

10 Axes

1. Increase connectivity and transit facilities

2. Build, maintain and restore tourism infrastructure to improve urban planning.

3. Strengthen and promote tourism in the country and abroad.

4. Encourage public and private investment for tourist sector.

5. Raise tourist destination competitiveness to ensure the best tourist experience.

6. Enrich and diversify tourist offer.

7. Promote integration of national productive chains.

8. Provide best service to promote tourism culture.

9. Approach regulatory changes to promote tourism.

10. Promote sustainable development.



Priority segment: Air travelers

2011

74 millions

International visitors

100%

Expenditure by international tourists

11.7 billion USD

100%

10.8 millions

Tourists by air*

15%

Expenditure by tourists by air

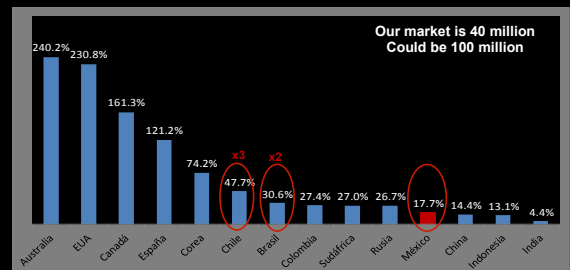
8.8 billion USD

75%

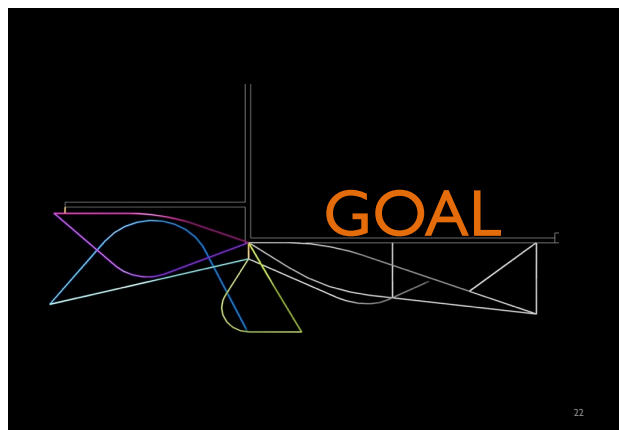
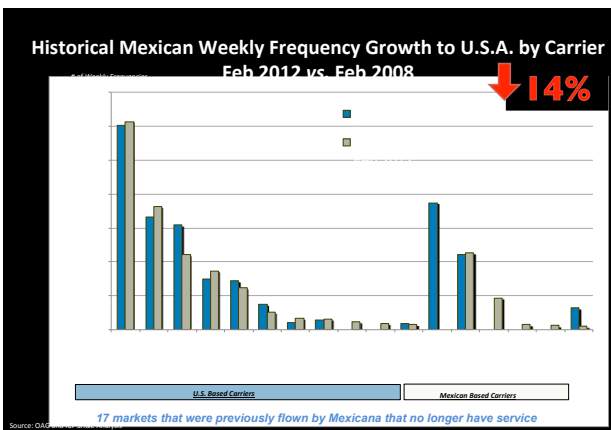
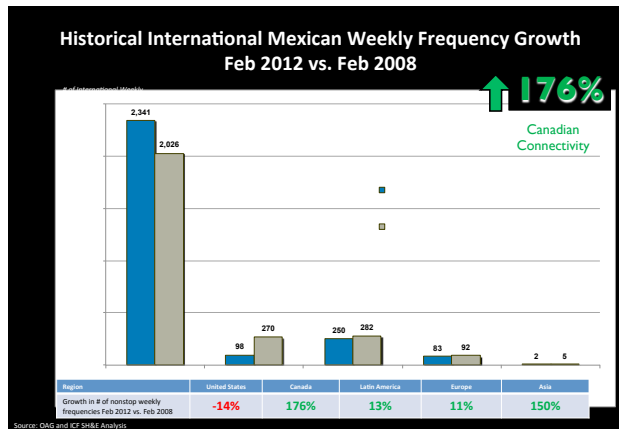
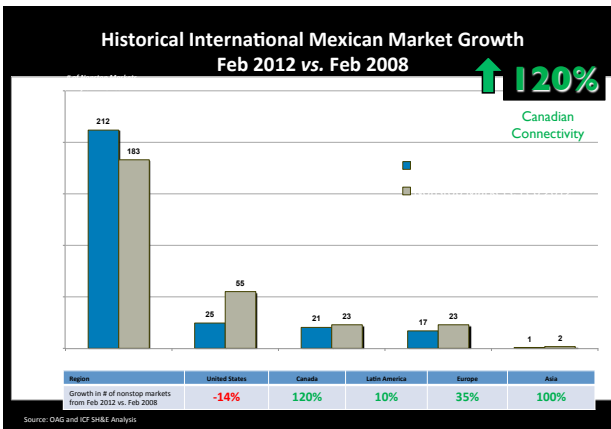
Note: Banxico considers Mexican residents travelers tourists

Mexico air travel passengers

% of total population (2008)



Source: Estimations by Federal Commission for Competition based on World Bank data World Development Indicators and Global Development Finance.

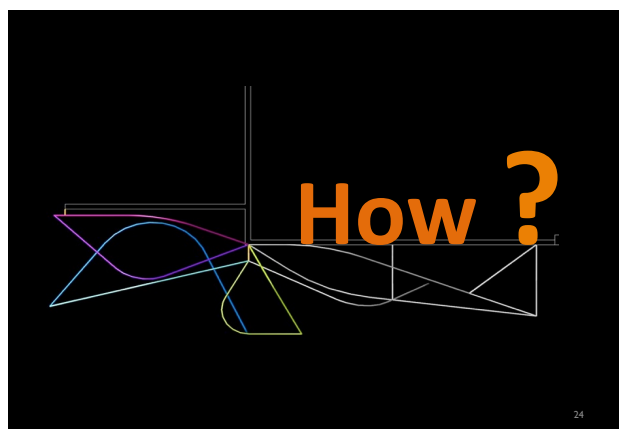


1. More tourists

- New routes
- More frequencies
- More capacity

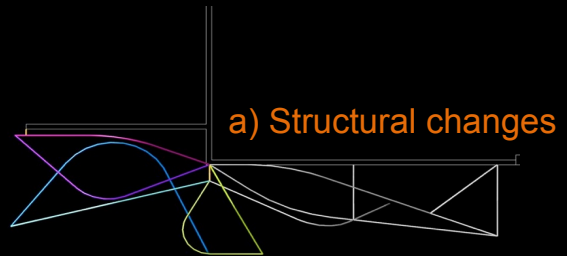
2. Lower fares

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Strategies

- a) Structural changes
- b) Short term incentives



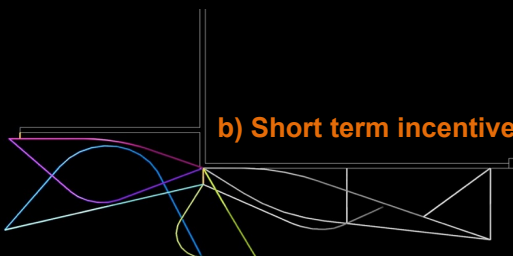
Prioritizing

Impact High Immediate Effect Main entry barriers Medium Differed Effect Relevant barriers and distortions Low Under current situation Lower impact barriers and distortions	<ul style="list-style-type: none"> Promoting best routes with open skies WTTC 		<ul style="list-style-type: none"> Strategic scheduling at AICM
	<ul style="list-style-type: none"> Higher limit for foreign investment 	<ul style="list-style-type: none"> Flexibility in bilateral trades 	<ul style="list-style-type: none"> Get rid of market disruptive subsidies
	<ul style="list-style-type: none"> Understanding needs for automatic routes authorization 	<ul style="list-style-type: none"> Supplementary services competitiveness Airport fee re-balance 	<ul style="list-style-type: none"> Elimination of ASA exclusivity in fuel provision
	Low Changes in law	Medium Negotiation with other actors	High In hands of executive
	Factibility		

Mexico-Canada Bilateral Agreement July 27th, 2011

Before	Now
General rule. Double designation.	Multiple designation
Triple and cuadruple in some cases.	Liberalized: <ul style="list-style-type: none"> • Equipment • Frequencies

b) Short term incentives



Mexico's Tourism Ministry (SECTUR) project to enhance Air Connectivity

- Technical analysis to identify air service opportunities for 42 destinations in Mexico developed by a consultant company : ICF SH&E.

The project is divided in two stages

- In stage 1, 116 unique routes were identified for 20 destinations including airline, schedule proposed and a route forecast.
 - 65 internacionales (78 rutas potenciales porque se pueden proponer a más de una aerolínea).
 - 51 nacionales (55 rutas potenciales porque se pueden proponer a más de una aerolínea).
- Stage 2 analyzed routes possibilities for 22 left destinies.
- Once two stages are completed, next step will consist on meeting airlines in a joint effort to attract them.

Air Connectivity limitations

- The high elevation of Mexico City
 - Limits the operation of non-stop service to some regions such as Asia
- The current aircraft range capabilities
 - Limits the operation of non-stop service from Europe to Leisure destinations in the Mexico West Coast such as Los Cabos
- Lack of Immigration and Custom facilities at some airports
- Bilateral agreements
 - Limit in some cases the growth of specific destinations

Some of the technical constraints will be taken care in the future with advanced technology and negotiations from the Federal Government

Averages / Challenges

