

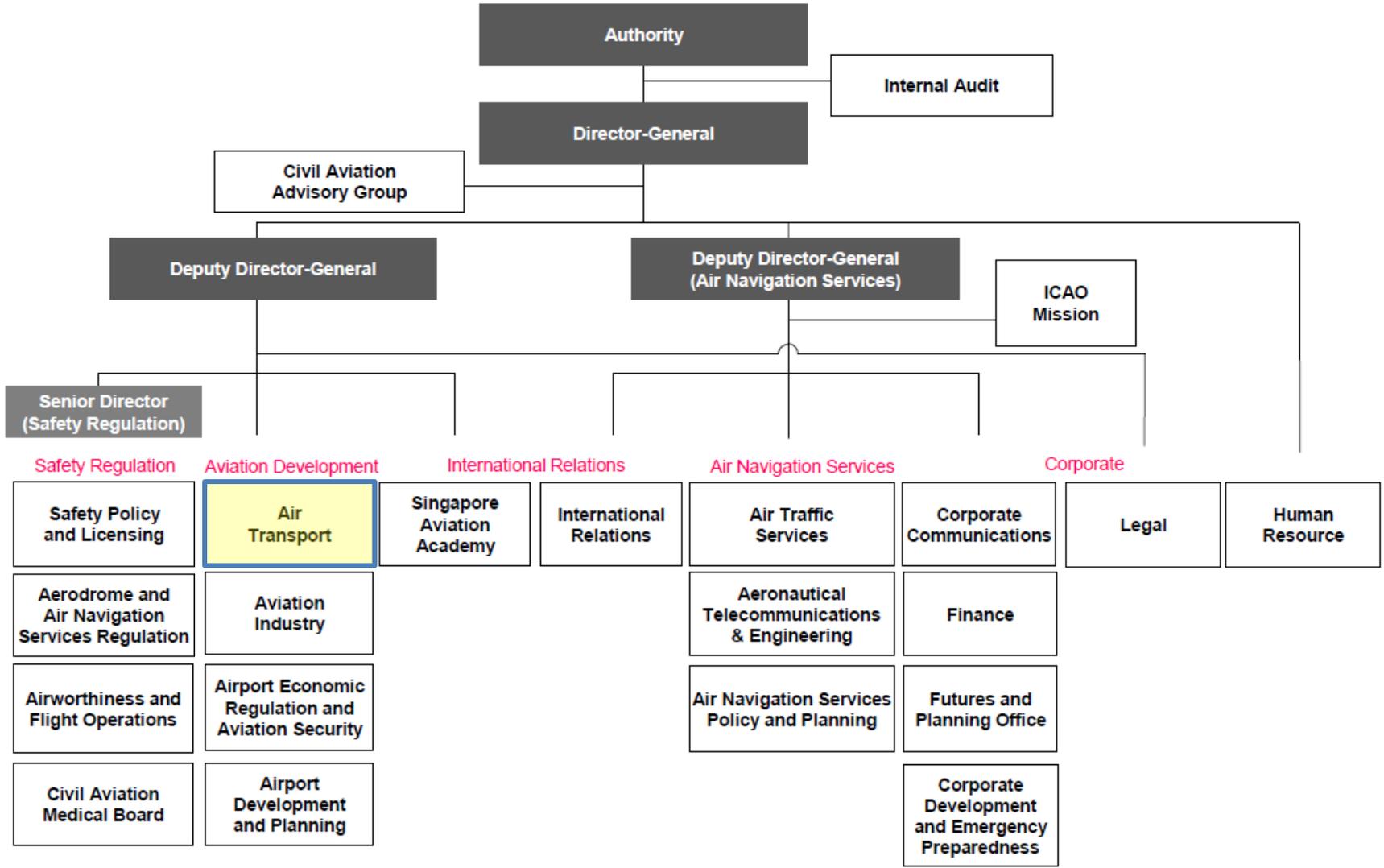


Air Services Liberalisation: The Singapore Experience

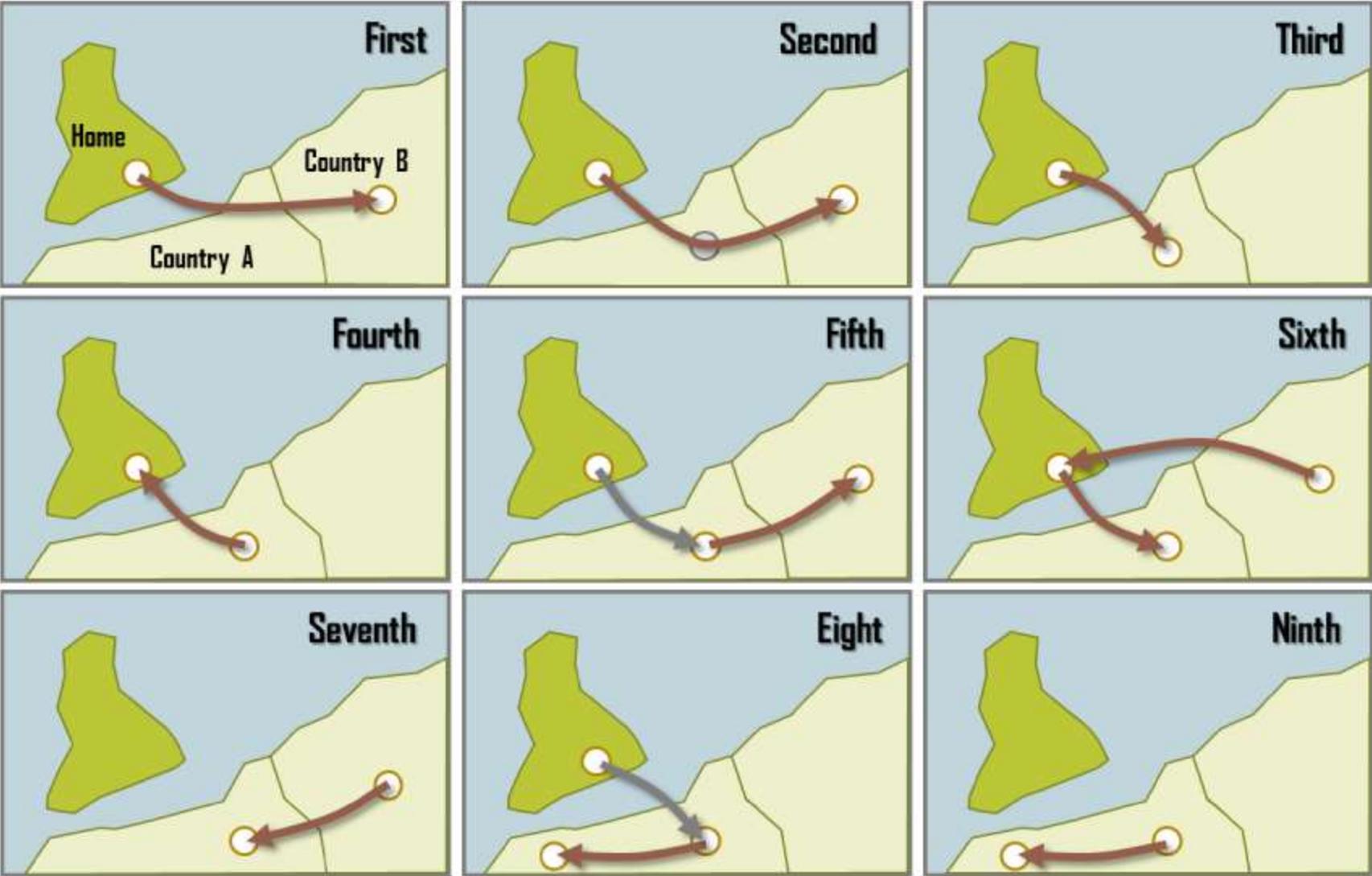
Ms. Margaret Tan
Director (Air Transport)

6 April 2017

CAAS Organisation Chart



Freedom of the Air



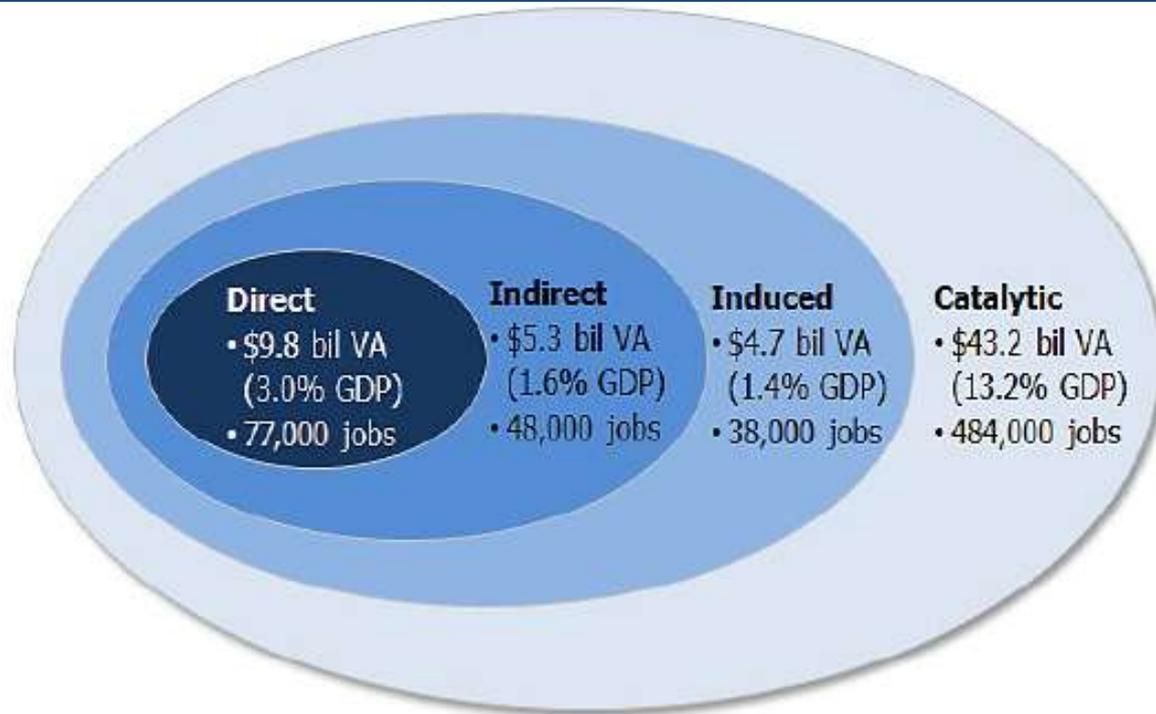
Singapore's air hub is a key enabler of the economy



Key Statistics for 2016	
GDP	S\$ 410 billion
Trade	S\$ 870 billion

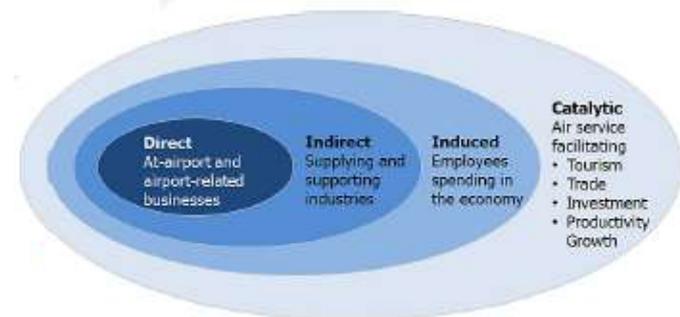
Changi Airport Statistics (2016)	
Scheduled Airlines	121
Physical City Links	151
Weekly Scheduled Flights	6,950
Pax Movements	58.7 million
Cargo Movements	2 million tonnes

In 2011, our air hub directly contributed 6% to Singapore's GDP, and a further 13% through its impacts on tourism and trade



- Changi contributed 6% to Singapore's GDP and created 163,000 in 2011 viz. direct, indirect and induced impact
- Catalytic impact on other sectors (tourism, trade, higher productivity etc) was 13% of GDP and 484,000 jobs
- Total economic impact of Changi = 19% of GDP and more than 640,000 jobs

Source: Intervistas (2011)



Our liberal air services policy has been crucial in the development and success of Singapore's air hub

- Enhancing connectivity through bilateral and multilateral agreements
 - Air Services Agreements with some 140 countries; over 60 are Open Skies Agreements
 - Singapore is a party to the Multilateral Agreement on the Liberalisation of International Air Transportation (MALIAT) and the ASEAN Roadmap for the Integration of the Air Transport Sector (RIATS)

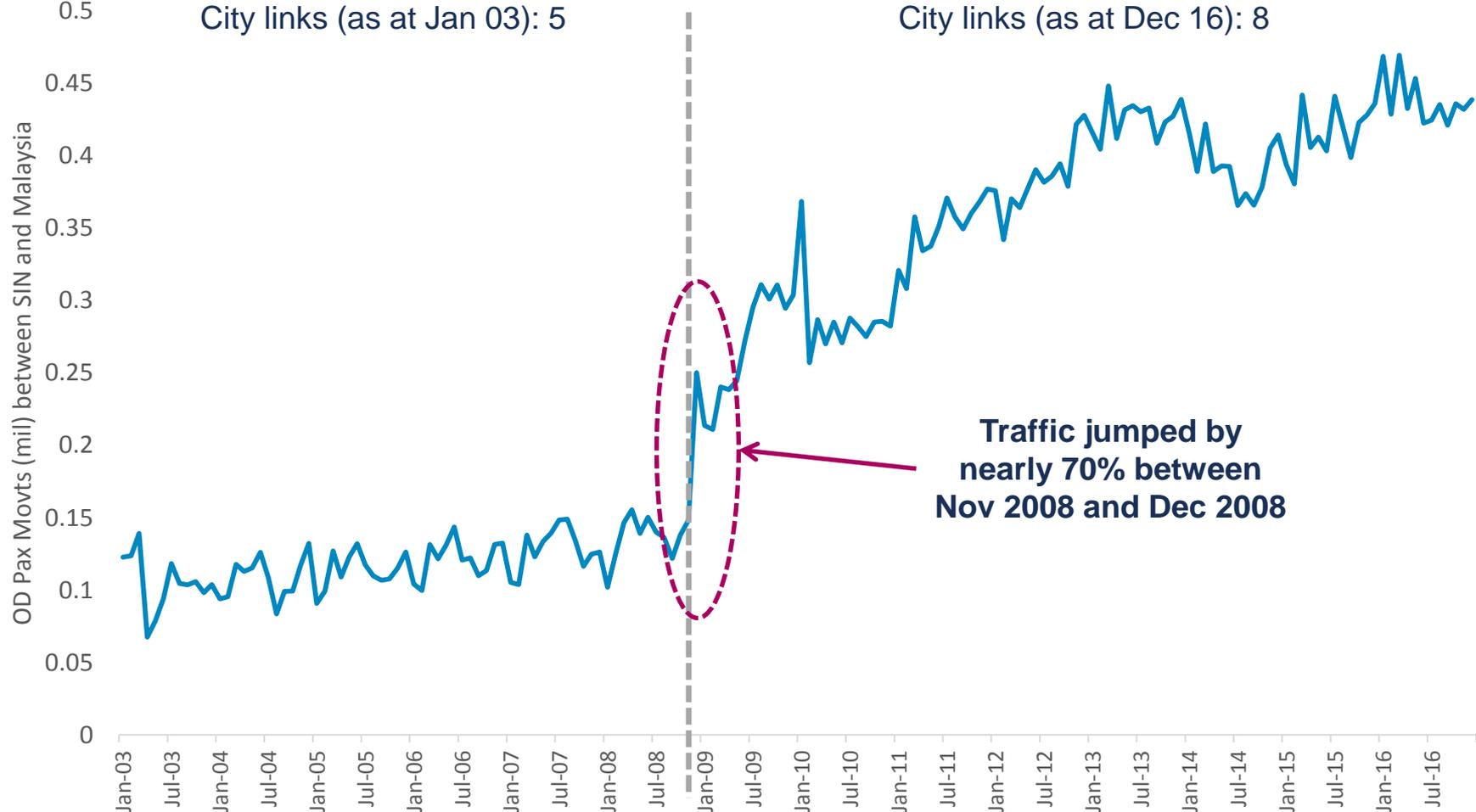
Liberalisation of Singapore-Malaysia ASA in 2008 increased connectivity between both countries

Pre-liberalisation (2003 – 2008)

Traffic CAGR: 3%
 Weekly services (as at Jan 03): 210
 City links (as at Jan 03): 5

Post liberalisation (2009 – 2016)

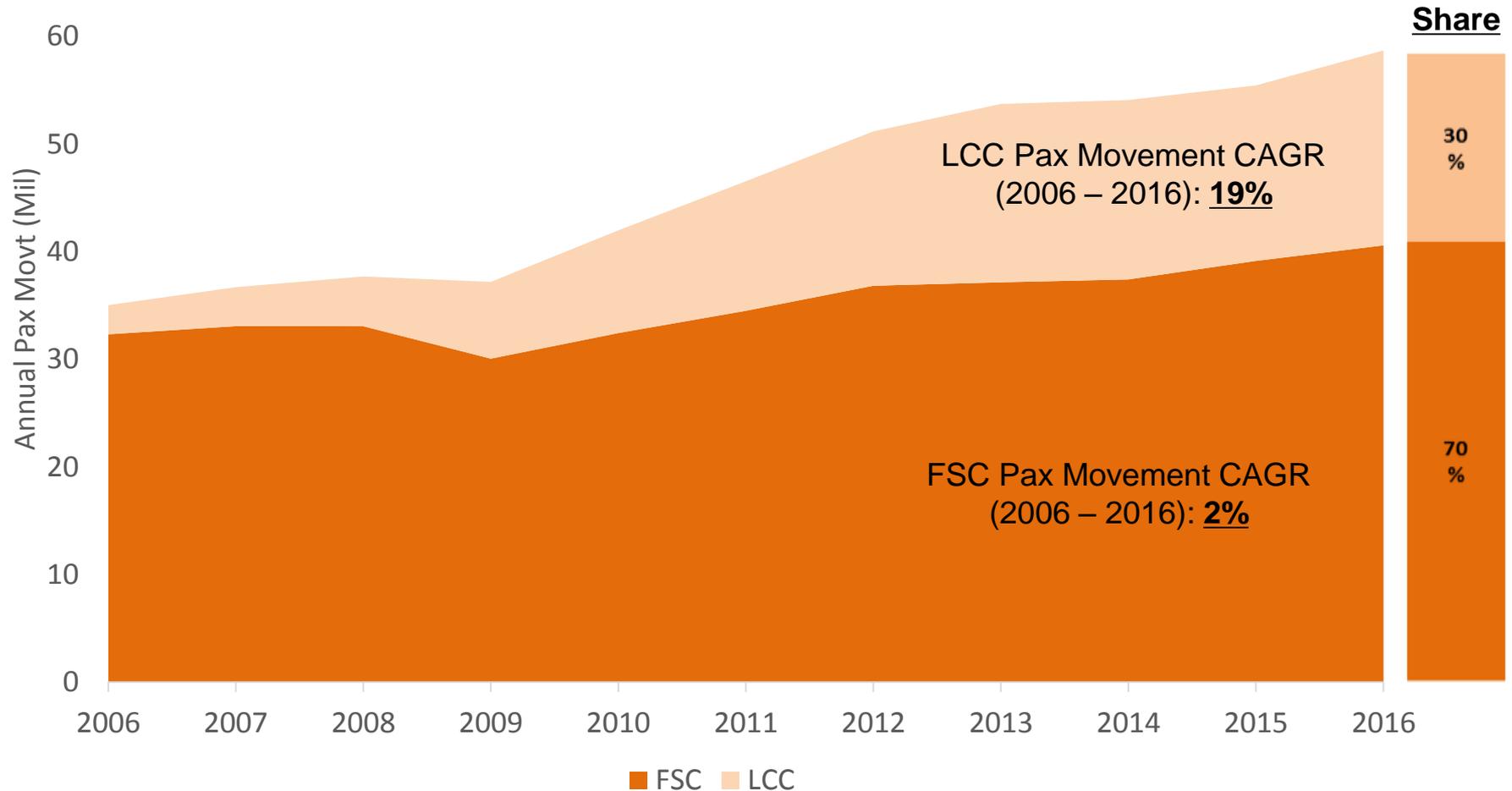
Traffic CAGR: 14%
 Weekly Services (as at Dec 16): 538
 City links (as at Dec 16): 8



Traffic jumped by nearly 70% between Nov 2008 and Dec 2008

Air services liberalisation stimulated growth of LCCs in Singapore

- Liberalisation in the region facilitated growth of the LCCs
- Of the 23 mil increase in pax movements from 2006 to 2016, nearly **two-thirds** of the increase came from LCCs



Air services liberalization is crucial to increasing air connectivity, enabling benefits to the aviation industry, economy and consumers

- **Airports and Airlines**

- Cristea, Hummels and Roberson (2012) found that OSA signatories experienced **18% higher growth in traffic five years after signing**, with more than a third of this growth accounted for by **growth in new routes**
- Air services liberalization can **enhance resilience and attractiveness of the airport as an air hub**, with the diversity of airlines serving the direct, beyond and intermediate markets
- 5th freedom operations can also facilitate airlines in supplementing 3rd/4th freedom traffic with 5th freedom traffic, and **improve commercial viability of physical airline operations**
- Open skies agreement puts in place a flexible and pro-business framework to **enable carriers to react nimbly to changes in market dynamics.**

Air services liberalization is crucial to increasing air connectivity, enabling benefits to the aviation industry, economy and consumers

- **Economic growth and wider economic benefits**

- InterVISTAS (2006) estimated that liberalising just 320 bilateral air services agreements into open skies agreements would **create 24.1 million full-time jobs** and **generate an additional US\$490 billion in GDP**

- **Consumers**

- Consumers benefit from more competitive airfares, as well as innovation and service improvements by airlines.
- Allowing 5th freedom carriers to enter some sectors would also increase the diversity of airlines serving the market, **providing consumers with greater choice**. The increased competition from liberalisation need not come at the expense of existing carriers, as the improved service offerings and more competitive fares **increase the overall market size**

Air services liberalization is a global trend

- Over past 4 decades, global air transport industry has witnessed a rising trend in air services liberalisation
- 39th ICAO Assembly recognised benefits of liberalising international air transport
- ICAO Council has adopted long-term vision for liberalisation, to serve as inspirational guide and reference point for States in their pursuit of air services liberalisation

“We, the Member States of the International Civil Aviation Organization, resolve to actively pursue the continuous liberalisation of international air transport to the benefit of all stakeholders and the economy at large. We will be guided by the need to ensure respect for the highest levels of safety and security and the principle of fair and equal opportunity for all States and their stakeholders.”



End