

# Asia-Pacific nations told to work together in negotiating with EU, PM: Need for fairer air pact

By Vijayan Menon

KUALA LUMPUR, Mon. — There is a need for fairer air services agreements which provide for more balanced opportunities into Europe and the United States, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said to counter the threat of "bloc negotiations" and the pursuit of "open skies" as well as to redress existing unbalanced air service agreements, Asia-Pacific nations must be prepared to act in concert and adopt a co-ordinated stance in negotiating with the European Union and the United States.

Dr Mahathir said the consequence of not doing so would likely be the domination of the aviation industry by the mega carriers from the US and Europe.

He said the governments of Asia-Pacific nations could establish very liberal exchange of rights or even an "Open 3rd/4th Freedom" access for carriers within the region.

This, he said, was to cater for the rapidly escalating Intra-Asia Pacific traffic in line with regional trade liberalisation and tariff reduction policies ascribed under the Asean Free Trade Area (Afta) and Asia-Pacific Economic Co-operation (Apec) forum.

"Hence, for the industry to prosper, governments

and airlines worldwide have to embrace liberal aviation policies that reflect the spirit of liberalism, give-and-take, and open-handedness in negotiating with one another."

Dr Mahathir said it was high time developed countries practised what they preached on global free trade and applied it to air transportation.

He added that it was pointless for the United States to single-mindedly pursue a policy of "open skies" and "equivalency of benefits" and insist on getting more Fifth Freedom traffic rights while keeping its domestic market closed to foreign competitors.

"This policy is unlikely to succeed in the Asia-Pacific region if the gains are one-sided and accrue only to American carriers," he said when opening the 51st International Air Transport Association (IATA) Annual General Meeting at the Putra World Trade Centre (PWTC) here.

More than 400 major players in the air transport industry, including heads of airlines, are attending the two-day meeting.

Among the items on the agenda are the report of the director-general on the state of the industry and IATA activities, and briefing sessions on industry issues.

Despite the deregulation

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# Air industry: Necessary to revamp policies

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of the air transport industry and the introduction of a single European Aviation market in 1992, the European Union's (EU) bilateral agreements with many Asia Pacific carriers could hardly be described as "liberal", said Dr Mahathir.

Malaysia, he said, encountered great difficulties in securing additional traffic rights into many of the European Union nations.

"Fortress Europe" was an apt term to describe many of the prevailing bilateral air services agreements, he added.

"Technology advances, on the other hand, have brought the air transport industry to the edge of a new era of the very-large-transport 300 seater aircraft and the twice-the-speed-of-sound High Speed Commercial Transport."

Dr Mahathir said air transport was both vital and necessary to global economic development and wealth creation, all must work together to revamp regulatory systems and policies that

impeded the growth of the industry.

The world needed an efficient transportation system, and the rapid growth forecast in air traffic worldwide in general and Asia Pacific in particular, must be accompanied by greater freedom for market access, he said.

Global economic development depended largely on the reduction of barriers to trade, travel and investments, he added.

He said the Malaysian Government had identified aerospace/aviation as one of the critical sectors which offered opportunities for the transfer of advanced technologies in engineering, electronics, composite materials as well as manufacturing and system integration with other industries in the economy.

He said although aerospace was a high-risk and capital-intensive industry, Malaysia wanted a share of the world's aerospace business which had a sales turnover of more than US\$218 billion (RM558 billion) in 1994.