

28/07/2003

Proposal for low-cost carriers to service Malaysia, Thailand

LANGKAWI, Sun. - Malaysia and Thailand have agreed to look into low-cost carriers servicing destinations in both countries as one way to promote greater co-operation and to enhance people-to-people relationship.

The matter was agreed upon today by Prime Minister Datuk Seri Dr Mahathir Mohamad and his Thai counterpart Thaksin Shinawatra.

"The leaders agreed on the need for co-operation on having low-cost airlines operate in each other's countries, so this will be discussed further by the relevant authorities," Foreign Minister Datuk Seri Syed Hamid Albar said today.

He was briefing reporters here on the delegation meeting between Malaysia and Thailand in conjunction with the annual consultation between the Prime Ministers of the two countries.

Dr Mahathir and Thaksin earlier held a meeting at a hotel here.

Elaborating on the no-frills airline link-up, Syed Hamid said:

"The idea is to have airlines like AirAsia and Thai low-cost carriers to fly to destinations within the two countries.

"This would mean that airlines servicing Chiangmai and Phuket, for example, would also fly to destinations in Malaysia."

Syed Hamid said Thailand had agreed in principle, indicating it had no problems granting fifth freedom to Malaysian no-frills carriers.

"We have also agreed on joint promotions to attract tourists to places like Langkawi and Phuket together. This matter will be followed up to see how it can work."

Syed Hamid said the agreement for low-cost carriers would initially involve Malaysia and Thailand, but might be expanded and replicated to other countries.

"If it is successful, we will look further to other Asean countries."

To speed up co-operation in the low-cost airline service, Syed Hamid said Malaysia was also looking into participating in the production of aircraft.

He said Malaysia would study a proposal for a joint venture with Thailand to resume production of the CN235 transport plane, formerly produced by Indonesian manufacturer IPTN.

Syed Hamid said IPTN had ceased production of the CN235, adding that the company had approached both Thailand and Malaysia on the possibility of both countries participating in resuming production, which could also include passenger jets.

"Malaysia is studying the proposal to see whether it is viable for us to take part. But if we come in, we would like Thailand to participate."

On another matter, Syed Hamid, who was asked on the stand of Malaysia and Thailand on the reported coup attempt against Philippine President Gloria Arroyo, said:

"Because of Asean interdependence, anything which happens which has got the tendency to cause instability in any one country would impact on other Asean countries.

"We hope the situation, which is domestic in nature, will be resolved as soon as possible," he said.

Syed Hamid was also asked about the action to be taken by Malaysia over Singapore's shoddy treatment of Malaysian High Commissioner to the republic Datuk N. Parameswaran.

He said that the action would be limited to a formal complaint to be

lodged against the republic.

The Singapore Foreign Ministry issued a Press statement on Wednesday expressing disappointment over Parameswaran's off-the-cuff statement at the Singapore Press Club luncheon on the same day.

Dr Mahathir and Thaksin had earlier witnessed the signing of two memorandums of understanding.