Indonesia Air Space Liberalization towards ASEAN Community 2015

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ASEAN integration gives consequence in regional and national aviation. As a part of ASEAN Economy Community (AEC) programme, ASEAN Aviation proclaimed Open Sky as a policy for liberalization. In addition, the policy has dramatically implication in Indonesia aviation market including passenger, destination and facilities which Indonesia is not ready yet. Air space liberalization covers 3rd, 4th, and 5th freedom of the air and some soft right for facilities. For Indonesia these are no easy to face it. Indonesia government with all the limitation has to analyze and raise the capability of its human resources and facilities with international standard. In the other hand, Singapore with Singaporean airlines and some facilities are ready for enforcing the item of this policy. Furthermore, ASEAN integration should have seen from whole aspect, not only political reason as a tool for achieving international recognition but also the readiness of the members.

Keywords: Open Sky, Liberalization, ASEAN integration

I. Introduction

ASEAN is a regional organization in South East Asia. It was established in 8 August 1967 with 10 country members today. Since Bali Concord II proclaimed, ASEAN would be transformed to become community in 2015. ASEAN Community with a new design of ASEAN organization in 2015 gives some consequences especially in the status of organization and relationship (external and internal). The status gives ASEAN more flexible to move and build relationship with international entity. By this status, ASEAN could be organization with international subject after the member ratified ASEAN charter as a requirement.

The new design of ASEAN has three pillars; ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-

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Cultural Community (ASCC). AEC with air transport is a project from 12 sectors which integrated in 2010. The potency of ASEAN should be integrated like European Union for facing challenge and competition to power country in Asia, China and India.

As a largest geographical area involving long distances between major cities and largest population in ASEAN, Indonesia should have to think twice for this challenge and preparation. For reason such as these, Indonesia was an ideal market for the development of air transport, but in the other hand this situation could be negative for domestic airline in competition market.

II. Bilateral Agreement on Air Transport and Service

Traditionally, governments have been heavily involved in air transport, as owners/operators of airlines and other air transport participants, and as economic regulators thereof. The tendency of governments to (over) regulate air transport has, in many countries, also been inspired by the fact of considering civil air transport to be an adjunct of military air power, of national security (the idea, for instance, that a civil air fleet can constitute a reserve military air fleet). Many governments have considered-and many continue to do so-air transport as a public utility or quasi-public utility, calling for economics controls. In more recent times, however, many other governments, under a policy of deregulation/liberalization of air transport, have wholly or, more often, partially withdrawn from the economic regulation of air transport. In addition, many governments have wholly or partially privatized their formerly State-owned airlines. This does not mean, however, they are no longer involved with air transport.[2]

The basic regulation, between states, of international air transport has always been by way of multilateral and bilateral air transport agreement: few multilateral agreements; many bilateral agreements between states. Multilateralism has always seemed to be the preferred theoretical model, but bilateralism is generally the practical norm.[3]

Bilateral agreements between States dealing with the performance of commercial international air services developed concurrently with such services as of about the year 1919. In addition, sometimes international air services were performed on an informal basis, or pursuant to unilateral

[2] Haanappel, P.P.C., The Law and Policy of Air Space and Outer Space; a Comparative Approach, Kluwer Law International, Netherlands, 2003. p. 103.

[3] Ibid.

permits delivered by aeronautical authorities, or again on the basis of concessions given directly to foreign airlines.[4]

Most bilateral agreements only cover scheduled air services, and then have one Annex or Schedule with routes for one contracting Party, and another one with routes for the other Party. Where charter services are covered as well, there may be more complicated Annexes or Schedules.[5]

Bilateral agreements, in their turn, are concerned with the rights of designated air carriers to operate on certain routes.[6] Manual on the Regulation of International Air Transport has organized 9 freedom of the air as a rule of the airline for operating cross country.[7]

1st Freedom of the air: the right or privilege, in respect of scheduled international air services, granted by one State to another State or States to fly across its territory without landing

2nd Freedom of the air: the right or privilege, in respect of scheduled international air services, granted by one State to another State or States to land in its territory for non-traffic purposes

3rd Freedom of the air: the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down, in the territory of the first State, traffic coming from the home State of the carrier

4th Freedom of the air: he right or privilege, in respect of scheduled international air services, granted by one State to another State to take on, in the territory of the first State, traffic destined for the home State of the carrier

5th Freedom of the air: the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down and to take on, in the territory of the first State, traffic coming from or destined to a third State.

ICAO characterizes all "freedoms" beyond the Fifth as "so-called" because only the first five "freedoms" have been officially recognized as such by international treaty.

6th Freedom of the air: the right or privilege, in respect of scheduled international air services, of transporting, via the home State of the carrier, traffic moving between two other States (also known as a Sixth Freedom Right). The so-called Sixth Freedom of the Air, unlike the first five

[4] Ibid. p.110.
[5] Ibid. p.116
[6] Ibid. p.105
[7] http://www.icao.int/icao/en/trivia/freedoms_air.htm.

freedoms, is not incorporated as such into any widely recognized air service agreements such as the "Five Freedoms Agreement".

7th Freedom of the air: the right or privilege, in respect of scheduled international air services, granted by one State to another State, of transporting traffic between the territory of the granting State and any third State with no requirement to include on such operation any point in the territory of the recipient State, i.e the service need not connect to or be an extension of any service to/from the home State of the carrier.

8th Freedom of the air: the right or privilege, in respect of scheduled international air services, of transporting cabotage traffic between two points in the territory of the granting State on a service which originates or terminates in the home country of the foreign carrier or (in connection with the so-called Seventh Freedom of the Air) outside the territory of the granting State (also known as a Eighth Freedom Right or "consecutive cabotage").

9th Freedom of the air: the right or privilege of transporting cabotage traffic of the granting State on a service performed entirely within the territory of the granting State (also known as a Ninth Freedom Right or "stand alone" cabotage)

There are two chief shortcomings to the bilateral system today. First, the system's ethos of growth within restraints can no longer accommodate efficiently the growing globalization of markets, and their increasing interdependence. The limitations of liberalism have been exacerbated by the transformation of the global economy over the past decade. In a world characterized by economic and political volatility, airlines are increasingly unable to functions efficiently without full commercial freedom.[8]

Second, such a system, with its fundamental characteristics determined by constraints on ownership of, and investment in, airlines, and controls on market access, capacity and price, are inconsistent with the general industrial trade liberalizing approaches being pursued in other economic sectors.[9]

The bilateral system is also strikingly clumsy. There are some 2000 bilateral air transport service agreements in place today. For governments, the time and expense of negotiating and renegotiating bilateral agreements every time airlines want to serve new markets imposes significant and unnecessary – burdens on government resources.[10]

[8] Lipman, G., Multilateral Liberalism ; The Travel & Tourism Dimension, Air & Space Law Journal, p. 152.
[9] Ibid.
[10] Ibid.

In 2009 the world economy faced the most severe and synchronized recession since the Great Depression, leading to significant changes which heavily impacted that air transport industry. This difficult situation began in the first half of 2008, prompted by high fuel prices which peaked at $150/barrel in July 2008, and was exacerbated in the second half of 2008 by the credit crunch and the near collapse of the global financial system-plunging the world into a downward spiral of recession which registered the first negative growth of the global economy since the Great Depression of 1929.[11]

The air carriers have moved from a cost-side to revenue-side crisis in a high operating-cost environment. In a context of stock market decreases, it was increasingly difficult to raise capital as there was less opportunity to borrow money leading to a high number of airline bankruptcies. In order to deal with these traffic and revenue declines, especially on the premium segment (business travel), the following short-term solutions have been implemented by air carriers thus far[12]:

- Aircraft capacity cutting (approximately 10 percent of the world fleet)
- Earlier retirement of older aircraft types (not always replaced by new ones)
- Frequency reduction and shutdown of several routes, hurting the quality of service
- Delaying or canceling orders for new aircraft
- Substantial lay-offs (in North America and Europe, approximately 200,000 direct and indirect jobs have been lost)
- Discounted airfares to stimulate demand for air travel.

As indicated above, the preliminary 2009 results are revealing a passenger traffic collapse, with the exception of the LCC segment which seems to be particularly resilient during crisis periods. Liberalization is the necessary framework for Low-cost Carriers (LCC) development and it has been evolving at various level since the eighties. The success of the low-cost formula is based on the implementation of sustainable and significant cost advantages operating initially I domestic markets but, increasingly, also on international routes. The examples of Ryanair and easyJet in Europe, Air Asia in Asia and Air Arabia and Jazeera Airways in the Middle East are the

[11] Teyssier, Narjess, Emerging From Crisis: The 2009 Air Transport Year in Review, "The ICAO Journal", Volume 65, Number 2, 2010. p. 5

[12] Ibid. p.8.

most significant examples of these trends.[13]

In those countries where it has taken place, degrees of deregulation/ liberalization have varied. It is not without significance to note that deregulatory or liberalizing policies can, at least in some countries, be pursued without legislative change, merely by applying existing legislation in a more flexible fashion, or even by deciding not to enforce existing legislation. This is one of the reasons why it is very hard to take stock of those jurisdictions which have, in whole or in part, deregulated/liberalized air transport regulation. Generally, however, it can be said that air transport has been deregulated/liberalized in the Americas (not fully though in Middle and South America), in Europe, in parts of Asia and Asia Pacific. Africa is just at beginning of liberalization, South Africa being the furthest advanced.[14]

Governmental reasons for airline/air transport privatization vary. Some privatizations have been carried out for reasons of 'principle': in a deregulated/liberalized environment, privately owned and operated airlines would fit in better than governmentally owned airlines. Very often, however, privatizations have functioned as a way for governments to improve the public balance sheet.[15]

III.The US Deregulation Policy

Airlines in the US have always been privately-owned. As with all industries the US anti-trust laws were assumed to be appropriate and applicable to air transport to ensure that some form of competition existed.[16] The US domestic air transport market is particularly large with highly sophisticated travelers. It is without question the largest domestic air travel market in the world. The US primary and secondary carriers undertook nearly 500 million passenger journeys in 1990 of which about 385 million were on domestic routes.[17]

There are a number of factors which influence this market size and propensity to travel:[18]

- The US has a large population of some 255 million people

[13] Ibid.
[14] Haanappel, P.P.C., Ibid., p.143.
[15] Ibid.
[16] Shearman, Philip., Air Transport; Strategic Issues in Planning and Development, Pitman Publishing, 1992. p. 84.
[17] Ibid.
[18] Ibid.

- It is a large geographical area involving long distances between major cities
- Surface transport systems such as railways are relatively poorly developed. During the Industrial Revolution period in the nineteenth century, the population was relatively small and was spread thinly over the vast area of the US. This was not conducive to largescale railway building, in contrast to the European situation.
- The emergence of the US after World War II as a major economic power has produced an affluent society with relatively high levels of disposable income
- A culture which accepts the need for mobility of labour in turn has contributed to an acceptance of travel around the as the 'norm'.
- A culture which accepts that fast communications including air transport, brings trade, employment opportunities and wealth to the communities concerned.

For reason such as these the US was an ideal market for the development of air transport. Initially the industry was seen to be strategically important and an infant industry which therefore had to be nurtured.[19]

IV. European Liberalization

The establishment of a single European market is based upon the development and application of appropriate legislation over a period of time, in theory culminating in a fully liberalized by 1993.[20]

The first package of measures to liberate European air transport was agreed late in 1987 and applied from January 1988. It included the introduction of zonal fares which governed fare levels in different market segments covering the normal economy, the discount level and the deep discount level. All fare proposals within the zones, for example 30-79% for deep (i.e. large) discount, were to be approved automatically. Rights of entry on certain 'regional' routes, i.e. not routes connecting the major European cities, were improved. Equal split of the capacity to be provided on each route was removed but only progressively.[21]

The second package was approved in November 1990 and extended the zonal fares approach. It also introduced the requirement for "double

[19] Ibid.
[20] Ibid. p.99.
[21] Ibid p. 100.

disapproval" which meant that only if both national governments disapprove of a fare, would be stopped. In addition the second package further loosened the capacity sharing agreements and introduced a commitment to safe guard against anti-competitive behavior by airlines.[22]

The third package was put to the EC Council in mid-1992 to become effective in January 1993. It enables all EC airlines to operate third, fourth, fifth and cabotage services throughout the EC. It allows for multi-designation of airlines on routes but it does provide for some protection to a new entrant operating on a 'thin' volume route for a temporary period. The package accepts that some time is required for the second package fares arrangements to become established and therefore it was proposed that 'free' pricing be introduced in 1996.[23]

From an EC Commission point of view every step towards liberalisation has been contested, principally by the established airlines and their supporters.[24]

It is accepted that the benefits of competition can be highly advantageous with lower fares, greater consumer choice and more efficient airlines. Therefore greater freedom of competition is a fundamental part of the creation of the single European market. However, competition can only be effective if conditions are equal for all participants in the market and the supply side constraint created by limited resources airports, some form of regulation is required to redress the balance. [25]

So far de-regulation or liberalisation of air transport has been largely restricted to domestic operations. Australia, Canada, the US and to some extent the UK have introduced de-regulation but in different ways and different result, although it is really still too early to judge all but the US results.[26]

To support a largescale competitive air transport industry a country ideally needs:[27]

- a large geographical area
- a large population with a propensity to travel; and
- a reasonably affluent society

Others state that posses some or all of the criteria mentioned above and therefore may move to a de-regulated position in the future include: Brazil,

[22] Ibid. p.101.
[23] Ibid.
[24] Ibid.
[25] Ibid. p.107.
[26] Ibid. p.108.
[27] Ibid.

China, India, Indonesia, Japan, the Commonwealth of the former Soviet Union states and of course EC.[28]

Can de-regulation occur internationally but not domestically? Yes definitely. This is quite possible particularly where the state concerned does not have a large geographical area or a large population, but does have a reasonably strong international airline. Singapore is an obvious example having practiced an 'open –skies' policy for some years.[29]

The European Commission's Directorate General for Transport espoused liberalization early on and has been trying to push various proposals through the Council of Ministers since 1975. Initially its only limited success was the July 1983 Council Directive on Inter-Regional Air Services (CEC, 1983). This allowed airlines flying aircraft of 70 seats or fewer to develop air routes freely between regional airports within the European Community. However, by excluding air routes from regional centers to capitals or major hubs, this directive had relatively little effect.[30]

The European Commission outlined its own air transport objectives in the March 1984 Civil Aviation Memorandum No.2 (CEC, 1984). This included proposals for reduction of capacity controls within Europe, for greater pricing flexibility through the adoption of fare zones or 'zones of reasonableness', and for allowing revenue-pooling agreements only if the transfer limits were very tight and thereby encourage competition. From this memorandum and from various subsequent speeches by official of the Directorate General for Transport it was possible to identify the Commission's long-term air transport objectives. These could be summarized as follows:[31]

1. Community airlines should be free to operate between any airports in the 12 member state
2. Until the creation of the single internal market on 1 January 1993, fifth freedom rights should be available for members airlines on intra-Community services but with some limits on the capacity offered
3. Multiple or double designation of airlines on all routes once traffic surpasses certain threshold levels.
4. No capacity controls on air services
5. Cabotages (that is, the right to carry traffic between two points in the same country) should be available within limits

[28] Ibid.

[29] Ibid.

[30] Doganis, Rigas, Flying off Course; The Economics of International Airlines, Routledge, London, 1991, p. 82.

[31] Ibid.

6. Fares to be set freely by airlines but states should have powers to control predatory pricing. In time, a 'double disapproval' regime should be introduced
7. Airlines of one state (A) should have the same rights in another state B as airlines of that State (B)
8. Anyone meeting the technical and economic standards required for establishing an airlines in any Community state should have the right to set up an airline in that state without hindrance
9. Negotiations of traffic rights with non-Community states should be carried out by the Community rather than bilaterally as previously

V. The Indonesian Landscape

De-regulation domestic airline after the reformation era as an impact of economic crisis gives Indonesia chance to develop in airline management. Contrast in era 1990 – 1998 there are only few airlines in Indonesia and today there are 15[32] scheduled airlines. For maximize the potency and solve the crisis, National Transportation Department introduced de-regulation policy by looking US experience to introduce the policy 1978.

Era which US proclaimed de-regulation has similarity condition like Indonesia. There are a number of similarity factors in size and propensity to travel:

- Indonesia has a large population of some more than 200 million people
- It is a large geographical area involving long distances between major cities
- Surface transport systems such as railways are relatively poorly developed.
- A culture which accepts the need for mobility of labour in turn has contributed to an acceptance of travel around the as the 'norm'.

As a result, it has succeeded to create new airlines, but all the new airlines with Low Cost Carrier (LCC) model; there are Lions Air, Batavia Air, Sriwijaya Air, Adam Air, Awair, Citilink, Bayu Air, Express Air, etc. This policy unfortunately didn't predict the negative impact in safety sector; on the name of effective and efficient for improving the capital of airlines, many airlines ignore the importance of safety, and consequently there are a

[32] http://hubud.dephub.go.id/?id+maskapai_armada+detail+berjadwal

lot accident and incident during 2000 - 2008.

Negative reaction rose in Indonesia society, in that situation government by controversial publicity realized rank of safety all airlines in Indonesia. In the government publicity; no one airlines in Indonesia have safety standard number one including government airlines Garuda Indonesia, looking the report of Indonesia government; European Union (EU) declared ban for all Indonesia airlines for operating in European Sky.

In 2007 ICAO has realized Universal Safety Oversight Audit Programme (USOAP) for all member of ICAO. The report of ICAO found that there are 121 non-compliances to ICAO standard in Indonesia. By this report, Indonesia government took an action by realizing new law in national Aviation (Law number 1 year 2009). The new Law was signed the end era of de-regulation in Indonesia. Even the era has ended, LCC airlines have strong enough for new regulation with strictly rules in safety.

In 2009 national aviation take positive advantages, the airlines can reached maximum profit without ignore safety as a first requirement, not only government airlines (Garuda Indonesia) success getting maximum profit by delivering passenger but also private airlines with LCC can grow positively by attending new airplane. But it's no longer.

F. ASEAN Liberalization

In the first 20's century ASEAN move dramatically, in economy integration plan ASEAN to realize the concept of single market in ASEAN. Air transport as a part of ASEAN economy integration, in year 2008 limitations for air transport between ASEAN capitals would be removed, and the rights of cargo transport in 2009, and the right passenger in 2010, and the last one is Single Aviation Market in 2015 as stated in The ASEAN Air Transport Working Group: "The Roadmap for the Integration of ASEAN: Competitive Air Services Policy."

The chronology of Open Sky/Liberalization air transport started in 1997 with ASEAN vision 2020. That vision is of ASEAN as a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies.[33] In order to implement the long-term vision, action plans are being drawn up to realise this Vision. The Hanoi Plan of Action (HPA) is the first in a series of plans of action building up

[33] http://www.aseansec.org/1814.htm

to the realisation of the goals of the Vision[34] in 1998. In 2003, Bali Concord II has been signed by Head of Government members of ASEAN, and achieves declaration with 3 pillars; ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-Cultural Community (ASCC).

Open Sky policy as a consequence of ASEAN Economy Community (AEC) has the goals to integrate the policy of Airline Services. According research by Christopher Findlay[35] with the title 'Strategic Directions for ASEAN Airlines in a Globalizing World' he said that proposals for a move to Open Sky in ASEAN are to be considered in the context of the goals to

1. To develop a more efficient, competitive and sustainable air transport system within ASEAN to enhance consumer choices, and ensure that air transport services are safe, reliable, comprehensive and cost effective;
2. To ensure that airlines achieve stable, efficient and viable financial operations so that reliable services are delivered, fares for travelers and shippers remain competitive, and mobility particularly of ASEAN nationals is enhanced; and
3. To expand the depth and scope of the liberalization of trade in the air transport services under the ASEAN Framework Agreement on Services (AFAS).
4. Other more specific ambitions are to:
   a. develop and ensure the stable and sustainable growth of a thriving airline industry in each ASEAN member country, which is essential to facilitating economic activities in the region, including tourism, trade, commercial links, etc. and
   b. strengthen cooperative efforts, including alliances and other marketing arrangements between ASEAN Airlines, so as to achieve greater efficiency and synergy.

ASEAN scheme for liberalization have two rights which would be liberalized; First, Hard Right Services, It included the introduction of Roadmap Integration for Air Travel Sectors (RIATS) and ASEAN Multilateral Agreement on the Full Liberalization of Passenger Air Services (MAFLPAS). In addition, RIATS introduce two designs; ASEAN Multilateral Agreement on the Full Liberalization of Air Freight Services; a commitment protocol

[34] http://www.aseansec.org/8754.htm

[35] Findlay, Christopher, Strategic Directions for ASEAN Airlines in a Globalizing World, August 2005. p.1

1 and 2. Protocol 1 to regulate Full Liberalization (3rd, 4th and 5th freedom) only on city was appointed by ASEAN (In Indonesia there are seven airports; Batam, Balikpapan, Biak, Makasar, Manado, Palembang, Pontianak) and protocol 2 Full Liberalisation (3rd, 4th and 5th freedom) for all cities which have International airport in ASEAN, and ASEAN Multilateral Agreement on Air Services with six protocols, Protocol 1; Unlimited Third and Fourth Freedom Traffic Rights within ASEAN Sub-Region (IMT-GT : Medan, Banda Aceh, Padang, Nias; BiMP-EAGA: Manado, Pontianak, Tarakan, Balikpapan already accomplished in 2007 by BIMP-EAGA MoU on the Expansion of Air Linkages), Protocol 2; Unlimited Fifth Freedom Traffic Rights Within ASEAN Sub-Region (IMT-GT: Medan, Banda Aceh, Padang, Nias; BiMP-EAGA: Manado, Pontianak, Tarakan, Balikpapan), Protocol 3 Unlimited Third and Fourth Freedom Traffic Rights Between ASEAN Sub-Regions (Point: Medan, Padang, Manado, Balikpapan), Protocol 4; Unlimited Fifth Freedom Traffic Rights Between ASEAN Sub-Regions (Point: Medan, Padang, Manado, Balikpapan), Protocol 5; Unlimited Third and Fourth Freedom Traffic Rights Between ASEAN Capital Cities (due date 31 December 2008 if have ratified), Protocol 6; Unlimited Fifth Freedom Traffic Rights between ASEAN Capital Cities (due date 31 December 2010 if have ratified).

ASEAN Multilateral Agreement on The Full Liberalization of Passenger Air Services (MAFLPAS), Protocol 1; Unlimited Third And Fourth Freedom Traffic Rights Between Any ASEAN Cities (due date 30 June 2010), Protocol 2; Unlimited Third, Fourth and Fifth Freedom Traffic Rights Between Any ASEAN Cities (due date 30 June 2013).

Further, the second liberalization is related to Soft Right Services, Liberalization of the ASEAN Air Transport Ancillary Services. There are 13 sectors of soft right services which regulated with 6 sectors as common sector and will available in 2010. The sectors are:

1. "Aircraft Repair and Maintenance Services" mean such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service and do not include so-called line maintenance.
2. "Selling and Marketing of Air Transport Services" mean opportunities for the air carrier concerned to sell and market freely its air transport services including all aspects of marketing such as market research, advertising and distribution. These activities do not include the pricing of air transport services nor the applicable conditions.
3. "Computer Reservation System (CRS) Services" mean services pro-

vided by computerized systems that contain information about air carriers' schedules, availability, fares and fare rules, through which reservations can be made or tickets may be issued.

4. "Aircraft Leasing without Crew" means the lease of an aircraft without crew is normally referred to as a "dry lease". Under most lease agreements the lessee who provides the crew is the responsible party who must exercise operational control over the aircraft with all the attendant responsibilities. (From ICAO).
5. "Aircraft Leasing with Crew" means the lease of an aircraft with flight crew provided is normally referred to as a "wet lease". In wet lease the lessor normally exercises operational control of the aircraft. Usually the wet lease situation means the aircraft should be operated under an AOC (Air Operator Certificate) issued by the competent authority of the State of Registry of the aircraft. (From ICAO)
6. "Airfreight Forwarding Services" means the activity and arrangement of air transport and related services provided to or performed on behalf of the shipper/consignee for the transportation of goods by air from port of origin to final destination. Scope of services includes the following services:
   - Securing cargo space with airline
   - Preparing necessary export/import documents
   - Processing customs formalities
   - Pick-up and delivery
   - Packing/warehousing
   - Freight consolidation & break-bulk
   - Door to door and logistics services
   - Inland freight services
7. "Cargo Handling" means services to provided or arrange for warehouse, facilities, and services for storage and handling of any type of shipment that transported by air. Cargo handling services cover physical handling of outbound/inbound, transit shipments, document handling of outbound/inbound, transit shipments, irregularities handling, control of Unit Load Device, and services relate to customs control. (Source: IATA AHM 810 version January 2004 on section concerning cargo services).
8. "Aircraft Catering Services" means the preparation/production of food and beverages for airlines, including loading/unloading of catering equipments and supplies, arrangement of bar chart, magazines,

flowers, souvenirs and miscellaneous items to/from aircraft, washing, cleaning, storing of catering equipment and laundering of cabin linen-ware.

9. "Refuelling Services" means the management and operation of fuel tankers for aircraft and airport motor vehicles and distribution of fuelling products (United Nations CPC 74220, 74610, 61300, 62113. 62271).
10. "Aircraft Line Maintenance" means Routine and non routine inspection and malfunction ratification performed enroute and at base station with turnaround time up to 24 hours (Source: IATA Planning and Production Control).
11. "Ramp Handling" means services provided by ground support equipments to an aircraft upon arrival, during parking until departure. The services include the following facilities:
    - Ground Support Equipment i.e. Aircraft Towing Tractor, Air Condition Unit, Air Start Unit, Ground Power Unit, Loading Equipment, Unit Load Devices (ULDs).
    - Ramp Bus Services to transfer passengers and crews to and from the aircraft to the passenger terminal.
    - Security Services to the aircraft as well as passengers in the ramp area.
    - Toilet and aircraft interior cleaning servicing.
    - Portable water servicing.
    - Post and mail servicing.
    - GSE and ULDs maintenance.
12. "Baggage Handling" means a process on departure and arrival system at terminals. On departure, baggage handling consists of three activities: (1) in-town check-in passenger checks outside the airport boundary; (2) check-in at the airport terminal; (3) check-in passenger carries baggage at the aircraft gate and check-in at that point. On arrival, baggage handling consists of three activities: (1) off-loading of baggage from the aircraft; (2) transport of baggage between aircraft and reclaim area; (3) loading of baggage onto the reclaim unit. (From Dictionary of Air Traffic and Traffic Control by E.B. Oeran)
13. "Passenger Handling" means responsibility in providing services to passengers from check-in point to aircraft side as per the carrier's procedures and instructions.

This ASEAN liberalization targeting would be realized at least in 2015,

but for member which are not ready yet, ASEAN – X (read: ASEAN minus X) mechanism is facilitated. Indonesia could be joined in this part and all a members have to respect by decision.

Singapore as a smallest country in South East Asia has probability to take much advantage from Open Sky Policy. There are some reasons for this; First, the experience of Singapore in Open Sky Policy since 1960's gives Singapore in the top of level for preparing towards liberalization; Second, Singapore well prepared for all instrument which required, for example Changi airport facilities and Air Traffic Control Services; Third, Singapore with Singaporean Airline and affiliation (Silk Air) have excellence management with Singapore government support.

The shortage of Singapore in the large of its territory could be advantages, because Singapore only has one airport. It's contrary to Indonesia as a largest, Indonesia has 26 international airports, and it means that Indonesia has the most gates for foreign airline for operating. Geographic position of Singapore in the center of South East Asia, airport facilities and capability for giving the best service for Air Traffic Control make Singapore has a planned to take hub airport status in ASEAN. This status automatically gives Singapore as a predicate 'poor country with highest advantages'.

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