

## Book Review

# Shaping Air Transport in Asia Pacific by Tae Hoon Oum and Chunyan Yu

This book gives a compact view of the aviation industry in the Asia Pacific region. Countries of this region written about are Japan, Korea, China, Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Philippines, Singapore, Cambodia, Laos, Vietnam and Australia. Insight of the airlines, airports, traffic freedom rights, and the liberalization of these are given. The impacts of the Asian economic crisis on the aviation are thoroughly questioned in this recent publication (2000). (Of course I am waiting with interest if the authors will update the second edition of the book with a look upon the influences of September 11, 2002.)

### Layout

The book is a beautiful hardcover of 255 pages, but the inside of the book is less beautiful. It is a black and white print with a lot of graphics. Most of the graphics are good, but some of them are bad, even unreadable. The authors could have done more map wise, since there were only three poor ones. Further the content is clearly presented. The book is written in a clear and simple manner repeating and summarizing a lot.



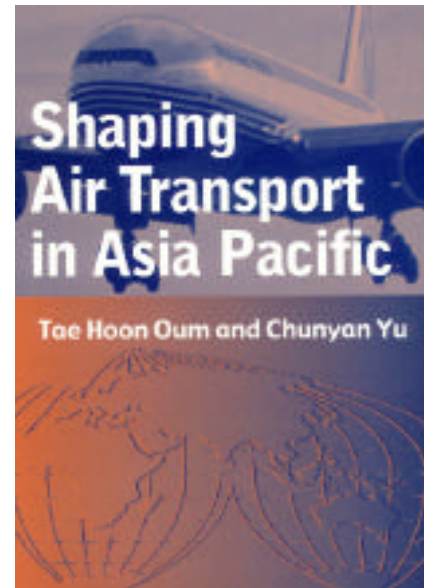
A book review by J. Tuominen

Airlines, Thai Airways and Qantas) are among the world's largest. The region also counts in world ranks for its busy hub airports. Average growth for the region is 8.2 percent.

For the countries of this region incoming visitors contribute to traffic growth to a larger extent than outgoing residents, which is opposite to Northeast Asia. Vietnam is the fastest grower of the region with amazing 40 percent growth per year in the past, soon followed by the Philippines and Thailand. Privatisation of national flag carriers belongs to the ongoing trends of the region.

### Aviation regulations and agreements

In the Chicago convention (1944) the U.S. signed air treaties that were more advantageous for the U.S. than for the others. Asian countries have realized this asymmetry that I working out in their disadvantage and since mid-1980s they have been trying to equalize the agreements with the U.S. The rights have been improved slightly by the U.S., but still a lot should be changed. The international air service of Asia Pacific has been traditionally in the hands of monopolistic flag carriers, but since the late 1980's intra-Asia carriers have emerged. When governments have made some liberalization in the markets, they tend to support these newcomers. (Japan has been a modest reformer, since the country is still bureaucratic and prices are under regulatory control. Japans problem is also the lack of airport slots, since a large amount of



them are being held by the U.S., which carriers use Tokyo-Narita as their Asian hub. This unbalance is tolerated only because of the complex economical relationship between these two countries.) The flaw in current bilateral processes is that the flag carriers are allowed to have influence in the negotiations and the consumer interests are not given that much of a thought. The Asia Pacific countries differ a lot from each other, but there have been some movements to liberalize aviation among the countries, with the EU as a role model. Still the open skies of the region are far from reality.

Bilateral agreements are inevitable to be reformed, U.S. being the aggressive motor for the changes. Asians are cautious to liberalize, but this has a reason; the U.S. would have more advantages and Asia more disadvantages. None of the Asian carriers have an efficient network covering the whole of Asia; also the intra-Asian bilaterals are full of restrictions. Therefore, Asians countries are better off creating their own open skies bloc first, which would allow the carriers to create a multiple hub network and therefore their status in global alliances would also be enhanced. This difficult road to liberalization inside Asia could be started among a few like-minded countries working towards long-term goals of non-discrimination principle promoted by the WTO.

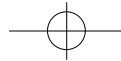
### Hub development

Since the economies of the Asian

### Country view

Northeast Asia has been the fastest growing air transport market of the world, already for the past two decades. The region accounts for 11.5 percent of the global market and five of its airports are ranked in the top 20 in the world. Though the amazing growth figures, whole Asia has been affected by the Asian financial crisis. Japan has accounted for more than 30 percent of the scheduled international passengers of the total in Asia-Pacific, but the share of this leader is expected to decrease. China with Hong Kong is expected to take the first place. Typical for the North-eastern countries of Japan, Korea and Taiwan is that their own residents outgoing travels contribute for the traffic growth. International traffic between Northeast Asia and the rest of Asia Pacific region represents most of the traffic within the whole of Asia Pacific.

Southeast Asia and South Pacific has gone through an important economic development, which has helped the growth in air traffic. Several airlines (such as Singapore



countries are experiencing a powerful growth, the air traffic will also develop with it. This will lead to congestion and capacity shortage problems in major airports in the near future. Capital is needed and the private sector could be a good source for it. However, the governments must create a friendlier environment first to attract private capital, thus public and private sector cooperation is welcome. In many countries the interests of the flag carrier are in the way of establishing successful hubs. However, in the long run the flag carriers will profit from the open market competition to improve their efficiency in order to stay competitive with foreign carriers. The network of the foreign carriers will also improve with free access to neighbouring countries.

**Asian economic crisis**  
The Asian economic crisis has given birth to pessimism about the region's airlines. The intra-regional traffic was reduced, but the trips to Asia were stimulated because of the currency devaluations in Asia. Also the cost competitiveness of Asia's airlines has improved. The problems that the carriers had were their debts, capacity matching with the weaker demand and weakening position in the world alliances. In the end there will be fundamental changes in areas of aviation caused by the economical crisis. In the long run sustainable competitiveness will be a positive change, leading to cost competitiveness, efficiency and modern management practises. Asian airlines themselves seem to want the liberalization and also the governments have taken a careful

ideology change towards the liberalization since the crises.

The editorial team would like to take this opportunity to invite you to review a book as well. Our slogan: "Review one, get one free". Publisher Ashgate will provide you with your one copy of the book you would like to review. If you are 'only' interested in reading this book, Ashgate offers members of Aerijs the opportunity to buy this book with an interesting discount. Please contact us for more information.

*Oum, Tea Hoon and Chunyan Yu (2000), Shaping Air Transport in Asia Pacific, Ashgate, Aldershot. ISBN 0-7546-1196-5. This book is available in the Aerijs Library.*

## "The JSF, Joining the Strike for best Fighter"

By Roger Cannegieter

In continuation of the article in our previous issue about the new generation of fighters, we have written a follow-up article. This article focuses on the decision making process and the future requirements of the Royal Netherlands Air Force (RNLAf) for its next fighter jet. This article is about an Aerijs lecture given by the former Lt. General of the RNLAf, Mr. Droste.

**Decision making process**  
The NIVR (Netherlands Agency for Aerospace Programmes) is an organization which gives subsidies to aviation development programmes. Subsidies are given to commercial programmes as well as to military programmes. In the commercial area the all-new Airbus A380 gets funds for new breakthrough technologies from The Netherlands, an example being the new Glare material which is developed in The Netherlands. This new material will eventually be used in almost 40 percent of the fuselage skin of the A380. On the military side, the NIVR gives subsidies to the aircraft replacement programme for The Netherlands Air force. The last time The Netherlands has placed an

order for a fighter aircraft was in 1975, which were delivered between 1979 and 1992. A long operational use of the F-16, new challenges, anticipations on post cold war requirements and a mentality change were reasons for the government to evaluate new models. The reason to evaluate the F-16 now, was the procurement of the F-16, early entry into multinational programme in 1975 and the fact that the F-16's are in use since 1979. This new programme which involves today's modern aircraft requirements brought new challenges and forces the RNLAf into new thinking. On a tactical level it involves the use of the current F-16 fleet. On strategic levels this means anticipation on post cold war requirements. At the time the F-16 was able to do more than needed, such as its high manoeuvrability, but the question is whether it will meet future requirements. Another aspect is the mentality change which involves the freedom of young officers and aircrew in squadrons and the staff getting considerable freedom to develop tactics and proposals for requirement programmes such as the mid-life



On March 24 2000, Lt. Gen. B.A.C. Droste (left) handed over command of the RNLAf to Mr. D. Berlijn (right). Photo: RNLAf

update of the F-16 initiated in 1986, the PGM's (including AMRAAM (Advanced Medium Range Air-to-Air Missile)), NITE (night operations) & AWX (All Weather Fighter) operations, the KDC-10 and training. The new thinking also means international co-operation in a truly mutually beneficial way, while downsizing and budget cutting in the '90's never sacrificed the training and flying hours. On the contrary the force has been sharpened. Remarkable successes in operational employment are the Deny Flight between 1993 and 1995 (flying