

**54th CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

*Ulaanbaatar, Mongolia
07 — 11 August 2017*

**AGENDA ITEM 4: ECONOMIC DEVELOPMENT OF
AIR TRANSPORT**

AIR TRANSPORT CHALLENGES IN ASIA PACIFIC REGION

(Presented by Mongolia)

INFORMATION PAPER

SUMMARY

This paper signifies Asia Pacific States to consider growing competition between low cost airlines and national flag carriers.

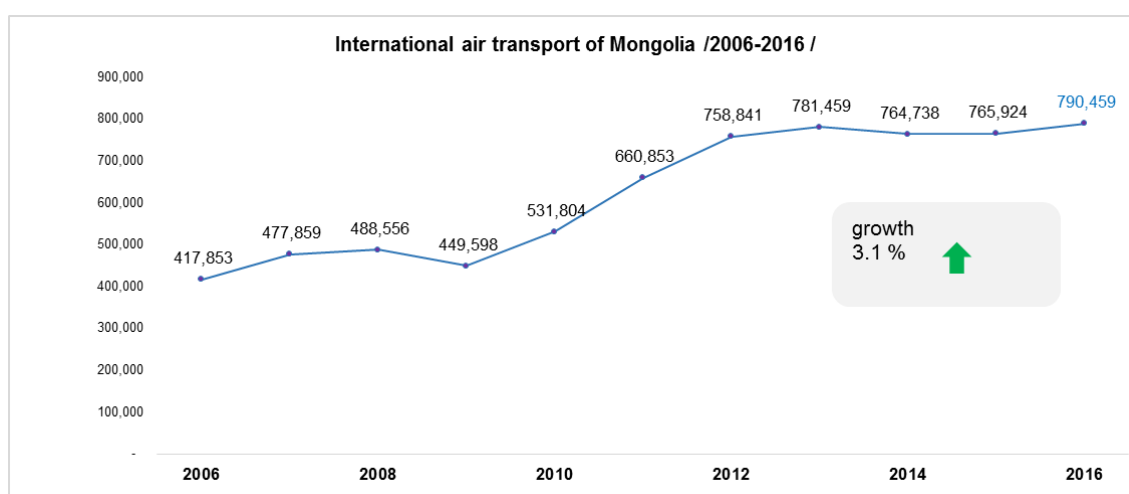
There are many challenges in Asia Pacific Aviation Industry, especially for developing countries as follows:

- Responds to the LCC s
- strongly regulated aviation policy
- protection of national carrier

AIR TRANSPORT CHALLENGES IN ASIA PACIFIC REGION

1. INTRODUCTION

1.1 The Asia Pacific air transport market is considered one of the fastest growing and remained strongly regulated. The bilateral air service agreements between some Asia Pacific States are largely restrictive and as a result of this it is hard to expand its air transport market globally. While most countries of the region are driven by the global trend, aviation market in some countries is still heavily regulated. Although, airlines in Asia and the Pacific Region benefits from growth of the market, but faces huge challenges to meet demand. The growth of new model airlines/low cost airlines/ and liberalization in the region increases already strong competition in some developing countries of Asia Pacific region. For example, aviation market in Mongolia is heavily regulated and currently facing the low cost competition. And there is a still no significant growth in international air transport market of Mongolia.



Source: Civil Aviation Authority of Mongolia.

International Air Transport Market in Mongolia

Mongolia's air transport industry growth has been slow in last ten years. Between 2010 and 2012 international passenger growth was 19% per year. Last year, one LCC entered Mongolian market.

- Air Busan – 2016- LCC
- Air Astana /designated/ – 2017 (1000 seats) – low cost structured /51% is owned by government/

2. DISCUSSION

2.1 There is a greater need to work together to determine integrated strategy in order to create fair competition between developing countries' national flag carriers and low cost airlines.

3. CONCLUSION

3.1 The growth of LCCs will be significant in markets serving within the region and within the country. Low cost carrier already emerged international air transport market of Mongolia. The government and policy makers need to reform Mongolian aviation policy in the near future. In spite of these challenges, Mongolia is expected to open New Ulaanbaatar International Airport in the third quarter of 2018. There is a need to move from the current status of strongly regulated aviation market to partly liberalized aviation market by step by step.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to note the information contained in this Paper.

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