

CRANFIELD UNIVERSITY

MOHD HARISZUAN BIN JAHARUDIN

**THE AEROPOLITICAL REALITIES UNDERPINNING THE
FORMATION OF AN ASEAN SINGLE AIR MARKET**

SCHOOL OF AEROSPACE, TRANSPORT AND
MANUFACTURING (SATM)
Air Transport Management

PhD

Academic Year: 2020 - 2023

Supervisor: Darren, Ellis
Associate Supervisor: Romano, Pagliari
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ABSTRACT

This study investigated regional air transport liberalisation in Southeast Asia based on a mixed-methods approach which incorporated a pilot survey (n=10), an online expert survey (n=50) and in-depth interviews (n=15), while employing a strategic framework adapted for this study called the Aeropolitical Regional Integration Framework (ARIF). The Association of Southeast Asian Nations (ASEAN) has significantly promoted regional air transport liberalisation. This initiative is an integral part of the ASEAN Community project, designed to enhance connectivity and economic development that contribute to building a regional identity. However, despite initial progress, the regional open skies agreement known as the ASEAN single aviation market (ASAM) has not unfolded as anticipated, with existing literature suggesting that aeropolitical challenges are among the primary reasons for this. The hybrid thematic analysis of the data, incorporating both inductive and deductive approaches, has identified key aeropolitical barriers and opportunities from political economy, geopolitics, and geoeconomics dimensions. Additionally, the research identifies mechanisms ASEAN employs to mitigate these challenges and capitalise on the opportunities. Within this study, aeropolitics emerges from the dynamic interplay among diverse state entities, with a particular emphasis on power relations among smaller nations and superpowers, as well as non-state actors, including those beyond the aviation sector, across various levels — national, intraregional, and interregional — which collectively exert influence over the aviation market. Despite the strong influence of politics in the region, it also reveals a genuine desire within ASEAN for meaningful liberalisation of air markets. While ASEAN may not replicate the European-style single aviation market model, there is clear evidence that regional divisions and obstacles gradually diminish over time. The ASEAN Way is not inertia in disguise but rather progress in a different form, where ASEAN does not aim to establish a single regulatory institution but pursues advanced cooperation within its member states and regional partners.

Keywords: Regional air transport integration, regionalism, geopolitics of aviation, ASEAN air transport, ASEAN Way

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LIST OF ABBREVIATIONS

ACATA	ASEAN-China Air Transport Agreement
ADB	Asia Development Bank
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Area
AIIB	Asian Infrastructure Investment Bank
APSC	ASEAN Political-Security Community
ARIF	Aeropolitical Regional Integration Framework
ASAM	ASEAN Single Aviation Market
ASAs	Air Services Agreements
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
ATMs	ASEAN Transport Ministers' Meetings
ATWG	Air Transport Working Group
BBB	Build, Build, Build
BRI	Belt and Road Initiative
CATA	Comprehensive Air Transport Agreement
CVLM	Cambodia, Vietnam, Laos, Myanmar
FSC	full-service carrier
GDP	gross domestic product
HHI	Herfindahl-Hirschman Index
IATA	The International Air Transport Association
ICAO	The International Civil Aviation Organization
IOs	International Organisations
IPs	Implementing Protocols
KLIA	Kuala Lumpur International Airport
KOS	Sihanoukville International Airport
LCCs	Low-Cost Carriers
MAAS	ASEAN Multilateral Agreement on Air Services

MAFLPAS	ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services
MALIAT	Multilateral Agreement on the Liberalisation of International Air Transportation
MAS	Malaysian Airlines System
MAVCOM	The Malaysian Aviation Commission
MDBs	multilateral development banks
MNP	movement of natural persons
MRA	Mutual Recognition Arrangement
MSPDA	Manila Sangle Point International Airport
NEG	New Economic Geography
NEP	New Economic Policy
NGO	Non-Governmental Organisation
NPPIA	New Phnom Penh International Airport
OAG	Official Airline Guide
ODA	official development assistance
PEG	Politics Economy Geography strategic framework
PNH	Phnom Penh International Airport
PPOB	the principal place of business
REP	Siem Reap International Airport
RIATS	Roadmap for Integration of Air Travel Sector
SADC	Southern African Development Community
SEATO	Southeast Asia Treaty Organization
STOM	ASEAN Senior Transport Officials Meeting
UNCLOS	The United Nations Convention on the Law of the Sea

1 INTRODUCTION

1.1 ASEAN Air Transport

Under the ASEAN Economic Community Blueprint 2025, ASEAN plans to become a highly integrated and cohesive regional economy that sustains high economic growth (ASEAN, 2016). That intent can be achieved through increasing trade, investment, and job creation; improving the regional capacity to respond to global challenges and megatrends; deeper integration in trade in services; and a more seamless movement of investment, skilled labour, businesspeople, and capital. A critical method for enhancing connectivity lies within civil aviation, primarily because the unique geographical characteristics of the region limit the availability of alternative transportation modes. Spanning over 5,200 km from east to west and 3,400 km from north to south, Southeast Asia encompasses a vast expanse of more than 24,000 islands and serves as the residence for 650 million people (Trace et al., 2009).

Air transport is a reliable and efficient means of travel in the archipelagic nations of ASEAN, such as Indonesia and the Philippines, and in regions characterised by rugged terrain, like Northern Thailand, Vietnam, and Laos. Furthermore, it plays a crucial role in facilitating the movement of goods across the ASEAN region and significantly boosts the growth of the tourism sector, fostering elevated levels of development (ADB, 2023; Cho and Kurtz, 2023; Trace, Frielink and Hew, 2009b).

Recognising the need to increase connectivity in the region, ASEAN introduced the ASEAN Single Aviation Market (ASAM) initiative in 2015 at the 13th ASEAN Leaders Summit. ASEAN aims to employ the ASAM as a mechanism to enhance the performance of the air transport industry. This involves establishing efficient and competitive air transport marked by open market access, fair competition and a level playing field, promoting equitable competition and equitable conditions, and harmonisation and convergence of standards and procedures across the region (ASEAN, 2011; Jusoh and Haris Zuan, 2021).

1.2 Study Overview

Air transportation is one of the most regulated industries in the world. Over the last few decades, it has benefitted from significant liberalisation in many parts of the world, making it more competitive. Yet, as observed in various markets, air transport is still struggling with nationality rules, with variations in style and substance, which has influenced the liberalisation model of each air market (Ellis, 2018, 2021). While bilateral air services agreements (ASAs) are still dominating many aspects of international air transport, regional approaches to air transport liberalisation that implement multilateral instruments are emerging or have already emerged in many parts of the world, as evident in North America, in parts of Latin America, across several countries in Africa, and in Asia – inspired by the most successful model of all, the European model (ADB, 2020; AFRAA, 2019; ICAO, 2007a).

In Asia, the Association of Southeast Asian Nations (ASEAN) has implemented a substantial amount of regional air transport liberalisation or open skies policy as part of the ASEAN Community project to foster connectivity and economic development but ultimately to contribute to regional integration identity building. However, while there has been some progress since the initiative was announced in the region, the regional open skies agreement, known as the ASEAN Single Aviation Market (ASAM), has not advanced as much as was expected and planned (ASEAN, 2011; Zuan, Ellis and Pagliari, 2021).

Although most of the studies explaining this ‘aspirations versus reality’ in ASAM focus on the regulations related to the economic aspects of international air transport from the perspectives of law and policy, there is substantial body of literature that indicates geopolitics, aeropolitics, and soft power are all essential variables, that are still understudied and have not been fully explored in explaining the delays in ASAM implementation, and other regional air transport liberalisation in more broadly (Zuan, Ellis and Pagliari, 2021). The study focuses on two multilateral agreements in ASAM, ASEAN Multilateral Agreement on Air Services (MAAS) and ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services (MAFLPAS), as these agreements on passenger air services are more sensitive to liberalisation (Tan, 2013). In contrast, air cargo liberalisation is less controversial (Lee, 2019). Thus, this study

argues that passenger air services are the best-case study to demonstrate the aeropolitical challenges in the regional air market.

1.3 Overarching Aim

Taking the ASEAN Single Aviation Market as a study case, this thesis primarily aims to provide a systematic analysis from the perspective of aeropolitics in explaining the contestation of regional air transport liberalisation. This research explores and establishes key geopolitical barriers and opportunities to advance regional integration amongst ASEAN member states, particularly in its civil aviation sector. Given that ASEAN operates by non-interference and consensus-building traditions, or the 'ASEAN Way' and ASEAN Centrality, which differs considerably from the EU top-down model (Hamanaka and Jusoh, 2018; Menon, 2021; Yukawa, 2018), this research aims to provide a better understanding of the ASEAN regionalism model from an aeropolitical perspective.

1.4 Research Questions

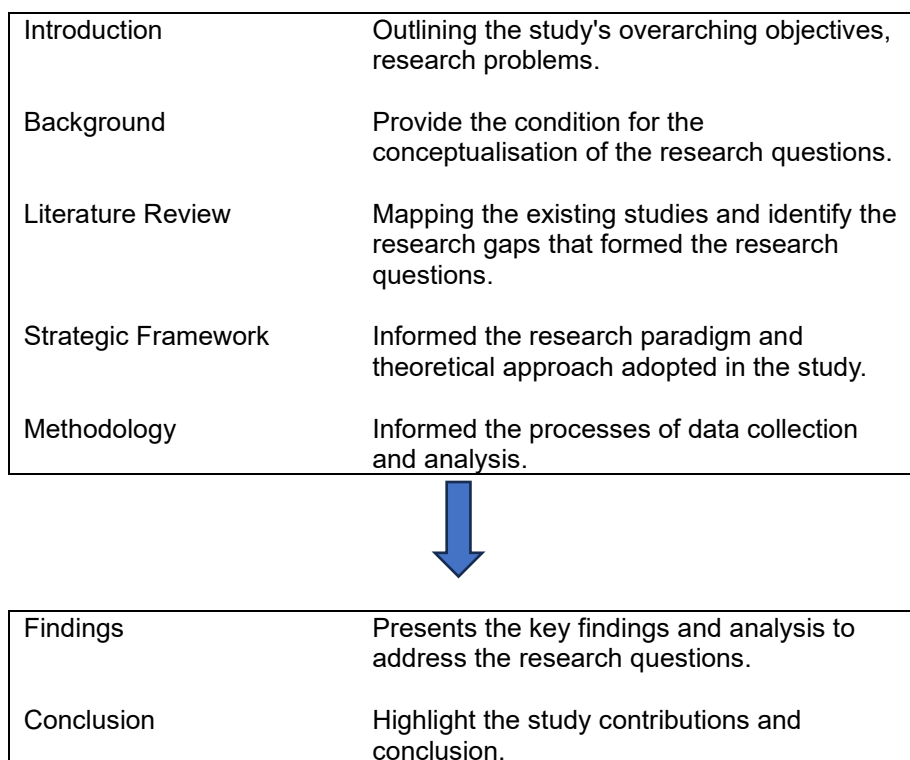
ASEAN has different geographical, demographic, economic, socio-historical, political, and institutional settings compared to the more developed regional air market of Europe. These characteristics mean that ASEAN faces aeropolitical challenges different from those in Europe and elsewhere. Therefore, this study is interested in answering the following four research questions:

1. What are the essential components of a framework for aeropolitics in the context of regional air market integration in ASEAN?
2. What are the primary aeropolitical barriers and opportunities in ASEAN air transport, including to extent these factors influence the process of regional air market integration?
3. How does ASEAN overcome and utilise the aeropolitical barriers and opportunities?
4. What are the key recommendations for ASEAN to enhance the regional air market integration process in the foreseeable future?

1.5 Thesis structure

This section provides an overview and synthesis of the thesis's organisation and arrangement. The research questions are at the core of the thesis structure, serving as the pivotal focus. Figure 1.1 visually portrays the thesis' arrangement, highlighting the contributions emanating from each chapter to shaping the evolution of the research questions and their subsequent resolutions. Ultimately, these efforts conclude in the study's findings.

Figure 1-1: The Thesis Structure Design



(Source: Author's compilation)

1.5.1 Chapter 1: Introduction

Chapter 1 serves as an introduction, outlining the study's overarching objectives and tables the overall research problem. Moreover, this chapter offers a condensed overview of each subsequent chapter, enabling readers to comprehend the logical progression and organisation of ideas throughout the thesis. This summary ensures

readers can easily navigate the ensuing discussions and follow the thesis flow, facilitating their understanding and engagement with the research presented.

1.5.2 Chapter 2: Background to air transport regionalism in ASEAN

Chapter 2 provides a background to key aeropolitical concepts explored in the study. It is structured into two distinct parts. The first part presents the historical context of ASEAN regionalism, tracing its development and formation over time. This historical perspective is important in better comprehending the context in which the ASEAN regional air market is integrating. The second part of Chapter 2 focuses specifically on the Southeast Asia air market and ASEAN Single Aviation Market (ASAM), which serves as the primary initiative for air market integration within the region. This section discusses the objectives, principles, and mechanisms of the ASAM, helping to unveil its significance and the impact it has on air transport within ASEAN.

1.5.3 Chapter 3: Literature Review

Chapter 3 of the thesis systematically analyses the relevant literature on ASEAN air market integration to identify research gaps addressed in the study. The chapter is divided into two parts, each serving a distinct purpose. The first part explores the central literature on the ASEAN Single Aviation Market (ASAM). It examines the development and trajectory of the ASAM, aiming to understand the factors that have contributed to the mismatch between the aspirations set forth by the ASAM and the realities on the ground. The second part of Chapter 3 identifies the existing literature gaps. It critically discusses the limitations and shortcomings of the current body of research, identifying areas where further investigation is required. This analysis aims to pinpoint the research gaps that the study here will address and, in the process, contribute to advancing knowledge in the field. Through these two parts, Chapter 3 plays an important role in synthesising the existing literature, highlighting gaps in knowledge, and laying the foundation for the subsequent chapters of the thesis.

1.5.4 Chapter 4: Strategic Framework

The key objective of this chapter is to present an overview of the strategic framework developed in the study, focusing on a theoretical discussion that encompasses the paradigm and strategic framework for air transport. The central component of this section is the development of the Aeropolitical Regional Integration Framework (ARIF), a strategic tool designed for the systematic analysis of regional air market integration. ARIF incorporates the concept of 'new regionalism' as a multidisciplinary, strategic, and theoretical framework to comprehend this phenomenon; together with the PEG (politics, economy, and geography) model, ARIF identifies three sub-dimensions: geopolitics, economic geography, and political economy. This comprehensive approach is crucial for understanding the intricate complexities of regional air transport integration in Southeast Asia.

1.5.5 Chapter 5: Methodology

Chapter 5 elaborates on the research methodology employed in this study by outlining the research design, data collection strategies, and data analysis approach. The research design integrates primary quantitative and qualitative data from a survey questionnaire and semi-structured in-depth interviews, unfolding across two phases: Phase 1 involved online surveys, and Phase 2 incorporated in-depth semi-structured interviews. Thematic analysis interprets both survey and interview data. At the same time, triangulation is employed to enhance quality and expand insights, supplementing primary data with secondary data from sources such as ASEAN statistical data (ASEAN Stats), the Official Airline Guide (OAG) flight database, and other relevant reports. The chapter concludes with a discussion of ethical considerations.

1.5.6 Chapter 6: Result

Chapter 6 of the thesis presents the key findings from the data collection process, including the survey and the in-depth interviews. The design of the survey and interview questions is based on the Aeropolitical Regional Integration Framework (ARIF) proposed in Chapter 4, ensuring alignment with the study's theoretical framework. The chapter is divided into two parts to effectively discuss and analyse the

findings. The first part offers an analysis of the survey findings. This includes presenting the quantitative data from the survey in descriptive statistics, such as statistical measures, charts, and graphs, to provide an overview of the participant's responses. The second part of Chapter 6 summarises the key themes that arise from the responses gathered during the in-depth interviews. These qualitative findings are presented in a narrative format, highlighting the insights and perspectives shared by the interviewees across each core question. The key themes are identified through a thematic analysis of the interview data, allowing for a deeper exploration of the research problem and objectives. Combining quantitative survey data and qualitative interview insights assists in providing a holistic understanding of the research topic. It also allows for a deeper analysis and interpretation of the results in the next chapter.

1.5.7 Chapter 7: Thematic analysis of the findings

Chapter 7 of the thesis focuses on the in-depth analysis of the results presented in Chapter 6. The chapter is divided into three parts to examine the findings thoroughly. The first part employs the ARIF to identify and analyse the aeropolitical challenges faced in Southeast Asia. It utilises the three main factors of the ARIF, namely political economy, geopolitics, and geo-economics, to explore the complexities and dynamics influencing the region's air transport integration. The second part of the chapter assesses and discusses how ASEAN addresses these aeropolitical challenges internally within the bloc and in its interactions with superpowers. This section offers an insightful discussion of the strategies and mechanisms employed by ASEAN to tackle these challenges and foster regional air market integration and draws on the collected primary study data. Informed by the insights gained from the first two parts, the final segment of Chapter 7 elaborates on the study's recommendations to advance air market integration in ASEAN. This section highlights the practical relevance and real-world applications of the research findings.

1.5.8 Chapter 8: Conclusion

The final chapter of the thesis serves as the culmination of the study, offering core conclusions regarding the aeropolitical challenges of the ASEAN regional air transport integration. The chapter is structured into two main parts. The first part of the chapter

links to the research questions outlined in Chapter 1. It provides a synthesis of the findings presented in the preceding chapters, addressing how the research has effectively discussed and addressed the research question. This part emphasises the study's contribution to the existing body of knowledge and highlights the critical insights gained throughout the research process. The final chapter acknowledges the study's limitations, identifying any constraints or challenges faced during the research process that may have influenced the results. It also explores potential avenues for future research, highlighting areas that could benefit from further investigation and expanding upon the findings of this study.

2 BACKGROUND TO AIR TRANSPORT REGIONALISM IN ASEAN

2.1 Introduction

This chapter provides a background to ASEAN air transport integration. The first part of this chapter gives a bigger picture of ASEAN regionalism by providing its historical background, philosophy, and operational mechanism as a regional bloc. This section is essential to provide a context to the ASEAN single aviation market and understand the complexities of ASEAN's aeropolitics. The subsequent segment explores ASEAN's strategic trajectory towards becoming an integrated regional air market. It outlines the establishment, functioning, and evolutionary course of the ASEAN single aviation market (ASAM) from 2010 to 2022. This analysis investigates the integral components of liberalisation, nationality rules encompassing market access, and ownership and control within this dynamic aviation landscape. The final part analyses the evolution of the air market within ASEAN following the inception of the ASEAN single aviation market. This analytical phase holds importance in facilitating an objective and informed discourse, scrutinising the degree to which ASEAN has effectively realised its ambitions of establishing a harmonised and barrier-free air market across the region.

2.2 Southeast Asia and ASEAN regionalism

Southeast Asia is located between two great powers, China, and India. Southeast Asia is an important maritime route connecting East and West Asia. So, from the very beginning, Southeast Asia has been continuously exposed to currents of external influences that become the context for the identity of the countries in Southeast Asia and ASEAN (Acharya, 2017a). In general, based on broad geographical divisions, Southeast Asia can be divided into two. First is Mainland Southeast Asia, also known as Indochina or the Indochinese Peninsula. The term Indochina was coined in the early nineteenth century, underlining the historical cultural influence of Indian and Chinese civilizations on the area. Another part, Maritime Southeast Asia comprises the countries of Brunei, Indonesia, Malaysia, the Philippines, Singapore (and East

Timor) which is also referred to as Malay Archipelago and Nusantara (Acharya, 1999; Thompson, 2009, 2013).

There are some differences in the physical environment of mainland and maritime Southeast Asia. The mainland Southeast Asia countries are characterised by a series of river basins that originate in the highlands that separate Southeast Asia from China and north-western India. The second feature is the vast lowland plains separated by forested hills and mountain ranges. These rivers and highlands become natural barriers to human interaction. The highlands have historically been home to a population with a subsistence economy based on plantation cultivation that was considered outside or marginal to the lowland state communities organised around water-based agriculture. The third feature of mainland Southeast Asia is the long coastline. Despite having a strong agrarian base, the communities that developed in the region were also part of the maritime trade network linking Southeast Asia with India and China. There are four main rivers that make up the main kingdoms (*mandala*) in mainland Southeast Asia, namely the Irrawaddy, Chao Phraya, Mekong, and Red Rivers. The Irrawaddy flows from north to south through Myanmar while the Chao Phraya flows from the north to the Gulf of Thailand. The Mekong and the Red River connect Yunnan province, Southern China with mainland Southeast Asia. This river basin has become fertile ground for political succession (Roberts, 2011; Thompson, 2009).

Maritime Southeast Asia is central to the role of the sea as a link between the two main civilizations in the West and in the East. Unlike the agrarian mainland, this maritime community was heavily involved in trades in the many ports throughout the 25,000 islands of the area that comprise many smaller archipelagos. The geography of the mountainous mainland, highlands, river basins, and valleys insulates the region to some extent separating it from Maritime Southeast Asia. The differences between mainland and maritime from historical, cultural, and socioeconomic aspects lead to two distinct sub-regional identities (Acharya, 2003; Thompson, 2009, 2013).

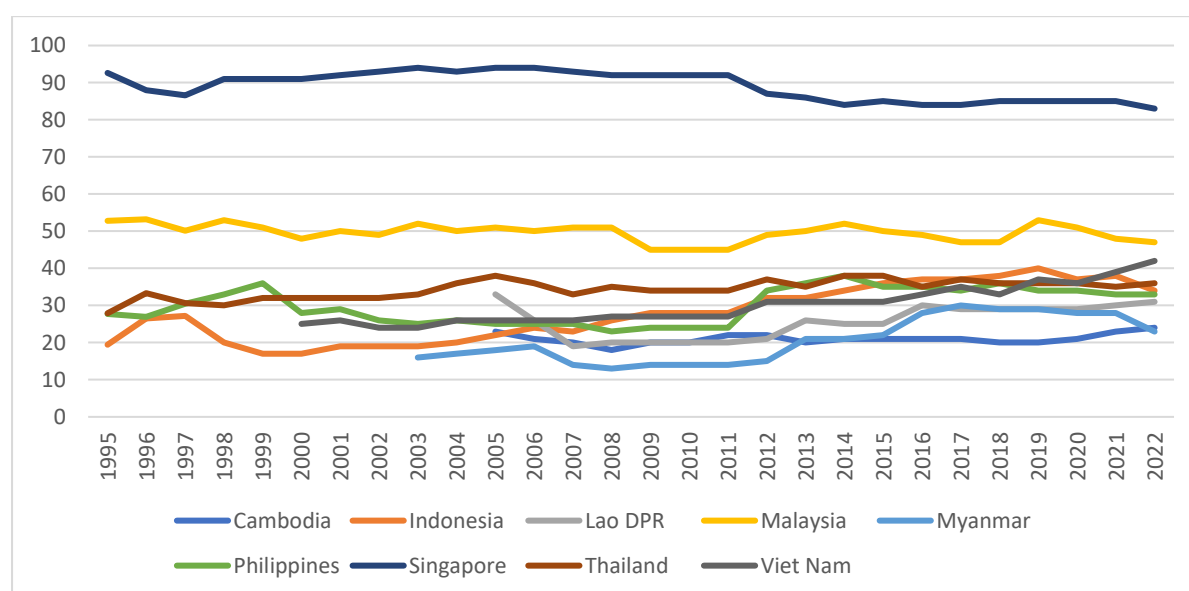
The modern nation-states of Southeast Asian are a product of the anti-colonial struggle in which all Southeast Asian countries (except Thailand) were once colonised by Western imperialist powers. Colonisation by Western powers such as the

Portuguese, Spanish, English, Dutch, France and the United States affects not only the economy and politics of Southeast Asian nations but also the legal and administrative systems. De-colonisation occurred after the Second World War (1939-1945), and Japan's occupation of much of the region until its defeat in August 1945.

2.1.1 Political systems

Colonialism contributes to various forms in shaping Southeast Asia's diverse political systems, ranging from an absolute monarchy in Brunei, to authoritarian regimes (Laos, Myanmar, Vietnam, Cambodia), to still struggling democracies (Malaysia, Singapore, Thailand, Indonesia, Philippines) (Economist Intelligence Unit, 2023). The same goes for perceptions of corruption in Southeast Asian countries, which are mostly negative, with only Singapore recording a good score - although in a slow downward trend since Transparency International introduced this index in 1995 (TI, 2023). Apart from Singapore, only Malaysia is hardly on top of the average global corruption perception index score, with a score of around 50 out of 100.

Figure 2-1: Corruption Perception Index 1995-2022



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cambodia											23	21	20	18	20	20	22	22	20	21	21	21	21	20	20	21	23	24
Indonesia	19.4	26.5	27.2	20	17	17	19		19	20	22	24	23	26	28	28	28	32	32	34	36	37	37	38	40	37	38	34
Lao DPR												33	26	19	20	20	20	21	26	25	25	30	29	29	29	29	30	31
Malaysia	52.8	53.2	50.1	53	51	48	50	49	52	50	51	50	51	51	45	45	45	49	50	52	50	49	47	47	53	51	48	47
Myanmar										16	17	18	19	14	13	14	14	14	15	21	21	22	28	30	29	29	28	23
Philippines	27.7	26.9	30.5	33	36	28	29		26	25	26	25	25	25	23	24	24	24	34	36	38	35	35	34	36	34	34	33
Singapore	92.6	88	86.6	91	91	91	92	93	94	93	94	94	93	92	92	92	92	87	86	84	85	84	84	85	85	85	85	83
Thailand	27.9	33.3	30.6	30	32	32	32	32	33	36	38	36	33	35	34	34	34	37	35	38	38	35	37	36	36	36	35	36
Viet Nam						25	26	24	24	26	26	26	26	27	27	27	27	31	31	31	31	33	35	33	37	36	39	42

(Source: TI, 2023)

Note: Data is unavailable for Brunei Darussalam. Cambodia and Laos DPR data is only available from 2005, Myanmar from 2003, and Vietnam from 2000.

Myanmar and Cambodia recorded the worst performance in Southeast Asia and the world. Indonesia and Vietnam, because of institutional reforms, show positive but very gradual trends. Myanmar also indicates a positive direction due to the democratisation process that allowed Aung San Suu Kyi, the 1991 Nobel Peace Prize laureate, to be elected through elections and form a democratic government in 2016. However, Suu Kyi's government only lasted until 2021, when the Myanmar military junta, or Tatmadaw, returned to power through a coup etat (Law et al., 2022). Political instability, particularly military coups, has significant economic implications, affecting air transport and tourism. These sectors are frequently suspended for periods or substantially curtailed due to reduced demand.

Without a mature democracy, Southeast Asian countries witnessed weak institutions and almost no separation of powers between the executive, legislative and judicial bodies. At the same time, politics and the economy are dominated by the political elite. Therefore, the economy in a country with less democracy is usually more restrictive and often a monopoly controlled by the elite, including in the air transport sector. Thus, it is not surprising that the Crony-Capitalism Index issued by *The Economic* (2023) ranked five ASEAN member states in the top 10 crony-capitalism nations in the world – Malaysia (2nd), Singapore (3rd), the Philippines (4th), Indonesia (8th), and Thailand (9th). Crony capitalism or rent-seeking is quite prevalent in government-owned companies and government-linked firms. Due to their nature, which often involves direct government intervention, it becomes relatively easy to justify cronyism, especially in many flag carriers where the government holds a significant stake.

Understanding each ASEAN country's political system is crucial for more holistically investigating air transport because air market liberalisation and deregulation generally require essential conditions such as the rule of law, strong governance institutions for adequate checks and balances, and transparency. Therefore, comprehending the intricacies of the political systems in each ASEAN country leads to the question of how far these political systems affect ASEAN's efforts to integrate and liberalise its air market across the region.

2.1.2 *The ASEAN formation*

Southeast Asian nationalism is different from the European experience. As a group of post-colonial countries, nationalism is a crucial factor in regionalism in Southeast Asia. For example, the Cold War divided Southeast Asia into pro-Western and pro-Soviet, not just based on nationalism but on security and domestic politics. Anti-colonial sentiments and nationalism became the core of Southeast Asian regionalism, meaning "nationalism and regionalism in Southeast Asia were more complimentary than competitive" (Acharya, 2017a, p.27). This fact is essential in understanding the regional integration process in Southeast Asia – including in the air transport sector.

Before the existence of ASEAN in 1967, several attempts were made to form a regional organisation. The first was the Association of Southeast Asia (ASA) in 1961, involving Malaya, Thailand, and the Philippines. However, this regional group was opposed by Indonesia under President Soekarno at the time, who saw ASA as a "Western-inspired" anti-communist bloc. Soekarno's criticism was that Thailand, and the Philippines are close allies of the US and members of the Southeast Asia Treaty Organization (SEATO),¹ while Malaya and Singapore remain close allies of Britain (Acharya, 2012). At the same time, formerly colonised North Borneo (Sabah) and British Crown Colony Sarawak and Singapore agreed to form a newly federated nation with Malaya, Malaysia. Indonesia opposed the newly independent federated nation, which led to armed conflict between Malaysia and Indonesia that was peacefully resolved in 1966. The formation of Malaysia was also opposed by the Philippines over the claim of North Borneo.²

The Philippines then proposed a different regional organisation called Maphilindo, which was a loose organisation with a membership of three countries that historically

¹ SEATO is a security defence anti-communist alliance established in 1954 which is made up of the United States, Britain, France, New Zealand, Australia, Pakistan, the Philippines, and Thailand.

² The Philippines' claim on Sabah still persists until now but is only raised once in a while. Most recently, Philippine senator Robinhood Padilla in August 2022 during his parliamentary speech wanted the Philippines government to continue its long-standing claim over Sabah. ASEAN is clearly not able to resolve the Sabah issue, but as Acharya argues, "ASEAN through direct and indirect measures of restraint, pressure, diplomacy, communication and trade-offs, did succeed in preventing any further escalation of the crisis that might have led to armed hostilities and destroyed the organization" (Acharya, 2012, p.166). These insights are key components in understanding how ASEAN is addressing its aeropolitical challenges.

shared similar cultures, namely Malaysia, the Philippines and Indonesia. These three countries are also historically part of the maritime cultural region known as Nusantara. Yet, this arrangement did not last long. However, despite its failure, Maphilindo has laid the foundation for some of ASEAN's main principles. The first is the concept of *musyawarah* (consultation) as the basis for resolving any disputes between members, and the second is the commitment to make the Southeast Asian region neutral rather than in favour of any superpower (Acharya, 2012).

The late entry of Cambodia, Vietnam and Myanmar into ASEAN membership is partly explained by their concern about China and adopting an increasingly pro-western stance. The Association of Southeast Asian Nations (ASEAN) was born in 1967 with five founding members – Indonesia, Malaysia, the Philippines, Singapore, and Thailand. The other members only joined ASEAN later; Brunei Darussalam joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia on 30 April 1999. The formation of ASEAN in the 1960s was underpinned by the Sino-Soviet political power competition and the United States at that time in the Vietnam War campaign (1955-1975). Thus, it is unsurprising that the Indo-Chinese members – Cambodia, Laos, Myanmar (the then Burma), and Vietnam – declined the early invitation to join ASEAN and viewed ASEAN as a western-back agenda and part of a new form of colonisation (Charadine, 2020).

Due to this geopolitical background, ASEAN maintained its neutrality towards any superpower from the beginning and insisted on a non-interference policy towards the domestic politics of its members. This ASEAN approach is understandable since all ASEAN mostly comprises relatively small members squeezed by superpowers. The former Prime Minister of Singapore, Lee Kuan Yew, expressed this position of ASEAN as "what the Caribbean is to America or Eastern Europe to the USSR" (Acharya, 2012, p.158). Even so, ASEAN is not entirely neutral. The early members of ASEAN, especially Indonesia, Malaysia, Singapore, and the Philippines, were worried about the dominance of communism in Indochina after the end of the Vietnam War. Consequently, it can be observed that ASEAN's initial bilateral relations strengthened existing joint security measures to combat insurgent activity along their shared border areas (Acharya, 2012). The Indochina geopolitical upheaval not only widened the ideological gap between the founding members of ASEAN and the members of

Indochina but also; more importantly, is one of the core ongoing causes of Southeast Asia's air transport systemic imbalances, and the complexity associated with aeropolitics in the region.

The economies of Malaysia, Singapore, Thailand, and Indonesia are proliferating because of support from foreign aid and capital. From the 1970s (Singapore started in the 1960s), with structural changes in the world economy, these countries began to adopt export-oriented industrialisation (EOI). When these ASEAN members start to pursue the same economic model, this leads to forming a joint economic ideology and strategy, allowing for better cooperation among ASEAN members. This ideology is essential in regional integration based on the principle of economic liberalisation and deregulation to allow free market competition at a regional level (Acharya, 2012).

ASEAN leaders believe the best approach against communism is not through military means but by overcoming poverty and social inequality. Thus, ASEAN members who share the same ideology directly and indirectly promote regional economic cooperation (Acharya, 2012). This ASEAN approach is well captured in a 1980s speech by former Malaysian foreign minister and an influential diplomat in ASEAN at the time, Ghazali Shafie (1982:31):

The concept of free enterprise as they apply [sic] in the ASEAN region is the philosophical basis of ASEAN. The appreciation of this is vital in the understanding of ASEAN and its sense of direction. The countries of the ASEAN region had come together to protect the system of free enterprise as a counterpoise against communism on the one hand and monopolistic capitalism on the other ... When the leaders of Malaysia, Indonesia, Philippines, Singapore and Thailand got together in Bangkok in 1967 to officiate at the establishment of the Association of Southeast Asian Nations, they were in fact making a commitment to jointly strengthen and promote the system of free enterprise in their countries in the belief that together they could harness the strength of the system to bring about the kind of national and regional resilience that would serve as a bulwark against communism.

In 1977, former Philippine President Marcos emphasised the importance of regional cooperation that can accelerate development to eliminate subversive threats compared to if each ASEAN member acted alone (Acharya, 2012). However, regional economic cooperation among ASEAN members was still relatively low in the 1970s

and 1980s. This can be seen with the low intra-ASEAN trade value compared to ASEAN countries with non-ASEAN markets, especially with the United States, Japan and Europe. During these periods, ASEAN was practically speaking only a regional political organisation, rather than an economic one (Stubbs, 2000).

Three factors lead to increased regional economic cooperation in ASEAN. First, the world economic recession in the 1980s, which led to increased protectionism in the United States, an international debt crisis, and the low flow of capital from developed countries to developing countries which eventually caused the slowdown of ASEAN's economy in the 1980s. The second factor was the increasing influence of business pressure groups among ASEAN countries that wanted access to a larger market. The third factor was ASEAN's political desire to remain relevant to compete with the newly formed economic bloc, the Asia-Pacific Economic Cooperation (APEC) forum. Subsequently, in 1992 ASEAN leaders agreed to create an ASEAN Free Trade Area (AFTA) within a 10-year period that came into effect in 2003, with new members being given an extension. AFTA shows positive results despite not achieving all the goals that have been outlined (Acharya, 2012a; Stubbs, 2000).

In 2003, in the Bali Concord II, ASEAN members expressed their commitment to further advance ASEAN economic integration by creating a single market involving 11 economic sectors by 2020. This commitment led to the formation of the ASEAN Community. The goal of the ASEAN Economic Community (AEC) is to form a single market in ASEAN by 2015, which is characterised by (1) free movement of goods, services, and investments, (2) more unrestricted flow of capital and skills and (3) harmonised trade and investment laws. The ASEAN Single Aviation Market project is part of the effort under the AEC. Most of the goals that have not been successfully achieved in AEC 2015 have been carried over to AEC 2025.

In 2008, another major milestone was achieved by ASEAN when it formally adopted the ASEAN Charter. ASEAN's scope is formalised under the three pillars of the 2009 ASEAN Charter; these are, the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC). The ASEAN Charter preamble states that the vital cooperation mechanism is to respect "the principles of sovereignty, equality, territorial integrity, non-interference,

consensus and unity in diversity” (ASEAN, 2008, p.2). One notable area where the principles of the ASEAN Charter come into play is within the realm of ASEAN air transport integration processes.

2.2 ASEAN Socio-economic transformation

This section discusses the profound importance of social and demographic advancements within the ASEAN region, intricately intertwined with air transportation. Comprising ten nations, ASEAN exhibits remarkable diversity in geographical features, economic trajectories, and socio-political landscapes. These varying facets collectively shape and influence the dynamic interplay between the region's societal progress and the evolution of its air transport sector.

2.2.1 Economic and Infrastructure Gaps

Regarding country size and population, ASEAN is home to Indonesia, the 4th-largest country by area (and the world's fourth-most populous nation). Singapore and Brunei ranked 190th and 171st among the smallest countries, respectively. When examining the economic landscape of ASEAN member states, variations in their gross domestic product (GDP) become apparent. Singapore and Brunei stand out as high-income economies, reflecting their advanced levels of economic development. Notably, Indonesia is the sole ASEAN member within the G20, signifying its substantial economic influence on the global stage. Malaysia and Thailand are categorised as upper-middle-income nations, indicating their commendable progress in economic growth over recent decades.

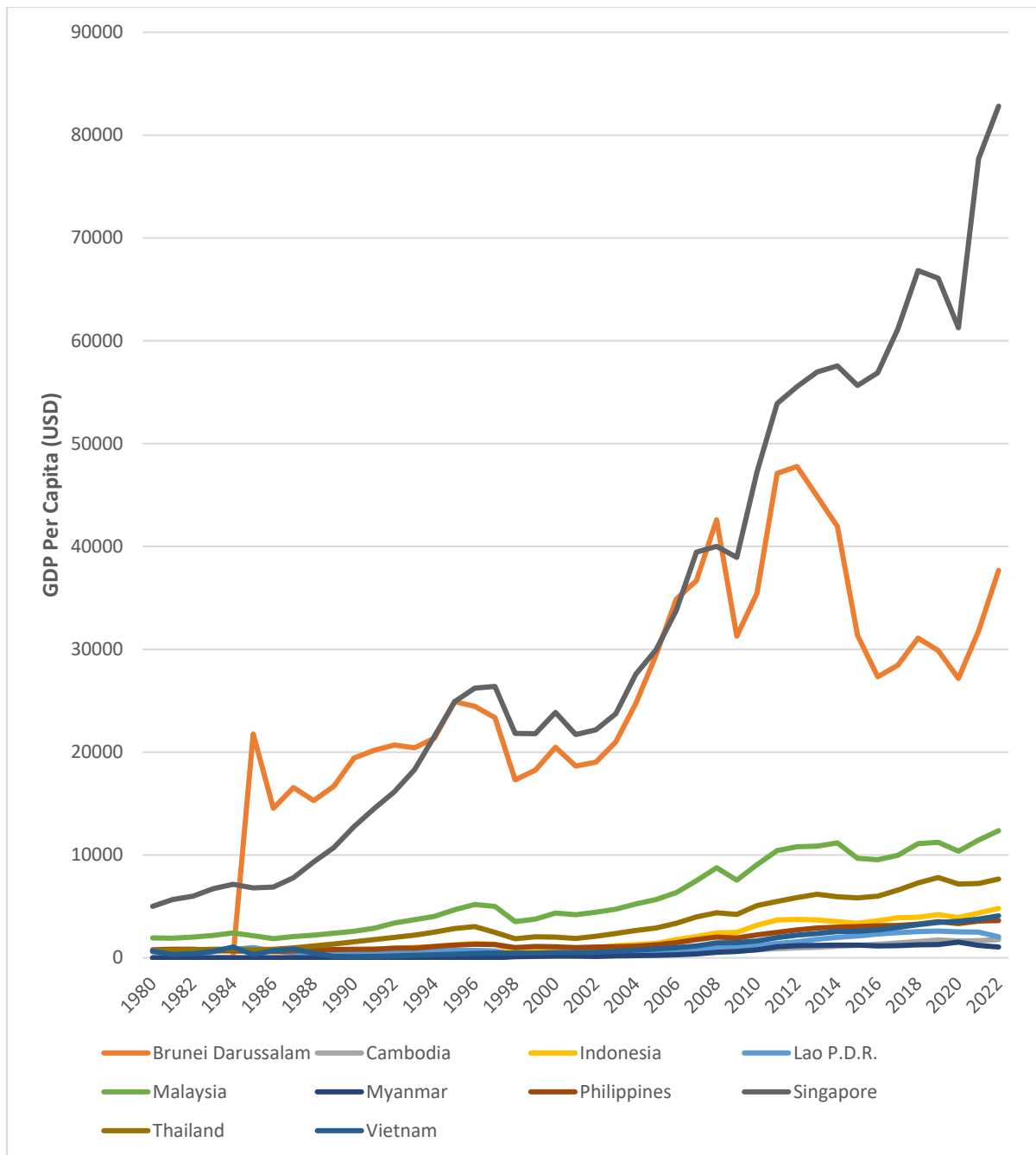
Table 2-1: ASEAN Population 2022

AMS	Land area (sqkm)	Population (000)	Urban population (%)
Brunei Darussalam	5,765.0	430.00	78.6
Cambodia	181,035.0	16,592.10	39.3
Indonesia	1,919,440.0	272,248.40	57.3
Lao PDR	236,800.0	7,337.80	36.9
Malaysia	330,155.0	32,576.30	77.7
Myanmar	676,577.2	55,295.00	30.1
Philippines	300,000.0	110,198.00	47.7
Singapore	728.6	5,453.60	100
Thailand	513,139.5	65,213.00	52.2
Vietnam	331,344.3	98,506.20	37.1

(Source: ASEAN, 2023)

In stark contrast, Laos and Myanmar are positioned within the United Nations' Least Developed Country Category according to the UN DESA's 2021 assessment (UN DESA, 2021). This classification underlines the challenges these countries face regarding economic development, highlighting the need for focused efforts to uplift their economies and improve living standards.

Figure 2-2: ASEAN Member States GDP Per Capita (USD) 1980-2022

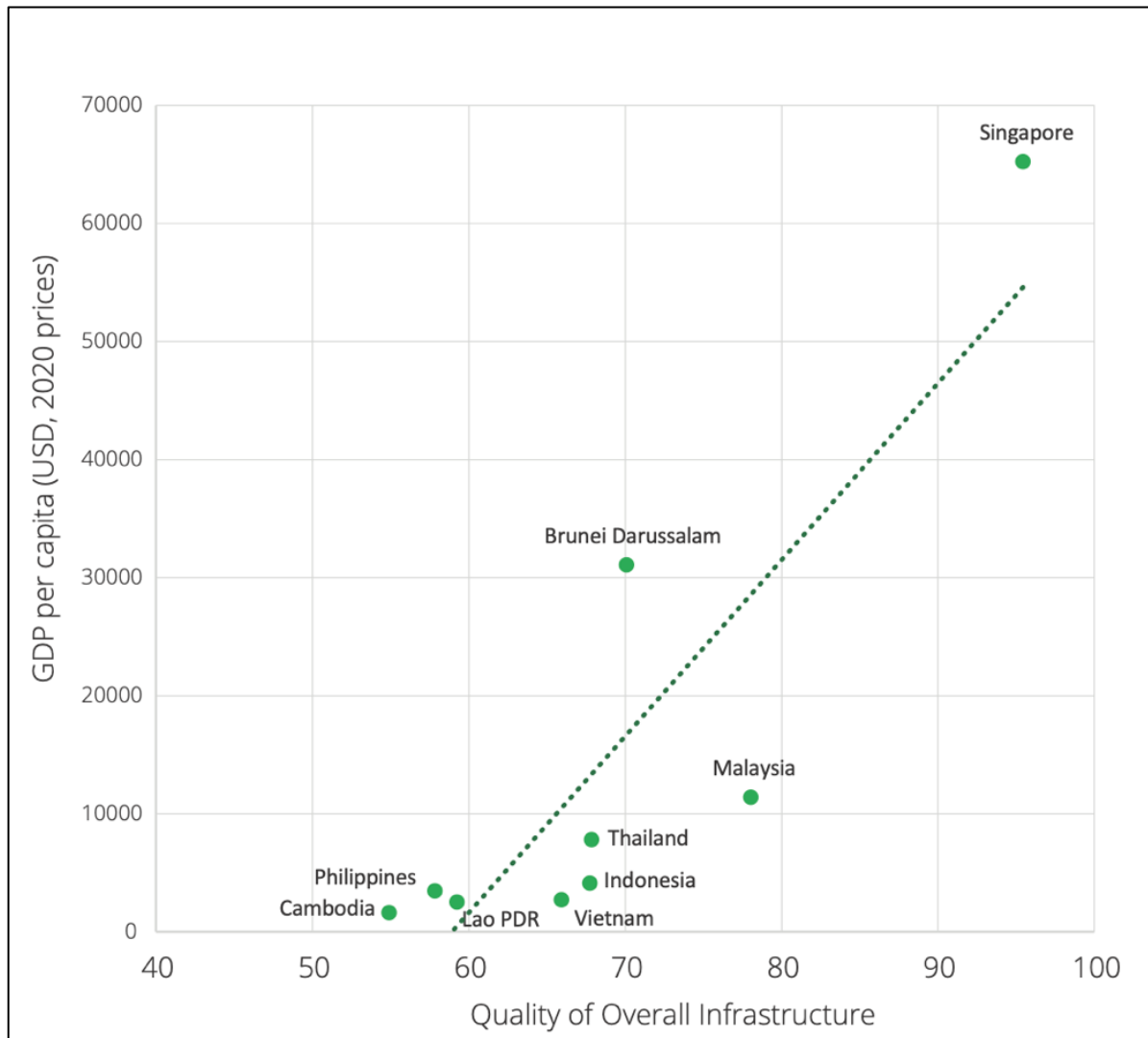


(Source: IMF, 2023)

The disparity in GDP among ASEAN member states creates a notable divide within the region's economic landscape. This gap is exemplified by the fact that in 2016, the ASEAN-6 nations boasted a GDP per capita 2.7 times greater than that of the CLMV countries – Cambodia, Laos, Myanmar, and Vietnam (ASEAN Stats, 2017). This divergence draw attention to the varying levels of economic advancement within

ASEAN, motivating a collective pursuit of strategies to bridge these disparities, promote inclusive growth, and ensure a more balanced economic trajectory for the entire region.

Figure 2-3: Infrastructure Quality and GDP in Southeast Asia



(Source: Deloitte, 2020)

This significant difference in GDP has a major impact on the development of transport infrastructure, including those related to air transport. Without proper investment, there is a substantial infrastructure quality gap between ASEAN countries, as shown in Figure 2-3. While Malaysia holds the third position in ASEAN based on GDP rankings, its infrastructure quality secures the second spot, trailing only behind Singapore. Singapore, being a city-state, boasts the highest level of infrastructure quality,

although this should be considered as its unique urban nature contributes to this distinction. Brunei, another affluent small nation, has not been compelled to rapidly modernise its infrastructure due to its heavy reliance on revenue generated from crude oil sales. Despite this reliance, Brunei's infrastructure surpasses most other Southeast Asian countries, except for Malaysia. However, with both Singapore and Brunei being exceptional cases, Figure 2-3 shows a strong relationship between GDP and infrastructure quality.

2.2.2 Economic transformation: the rise of middle class and tourism sector

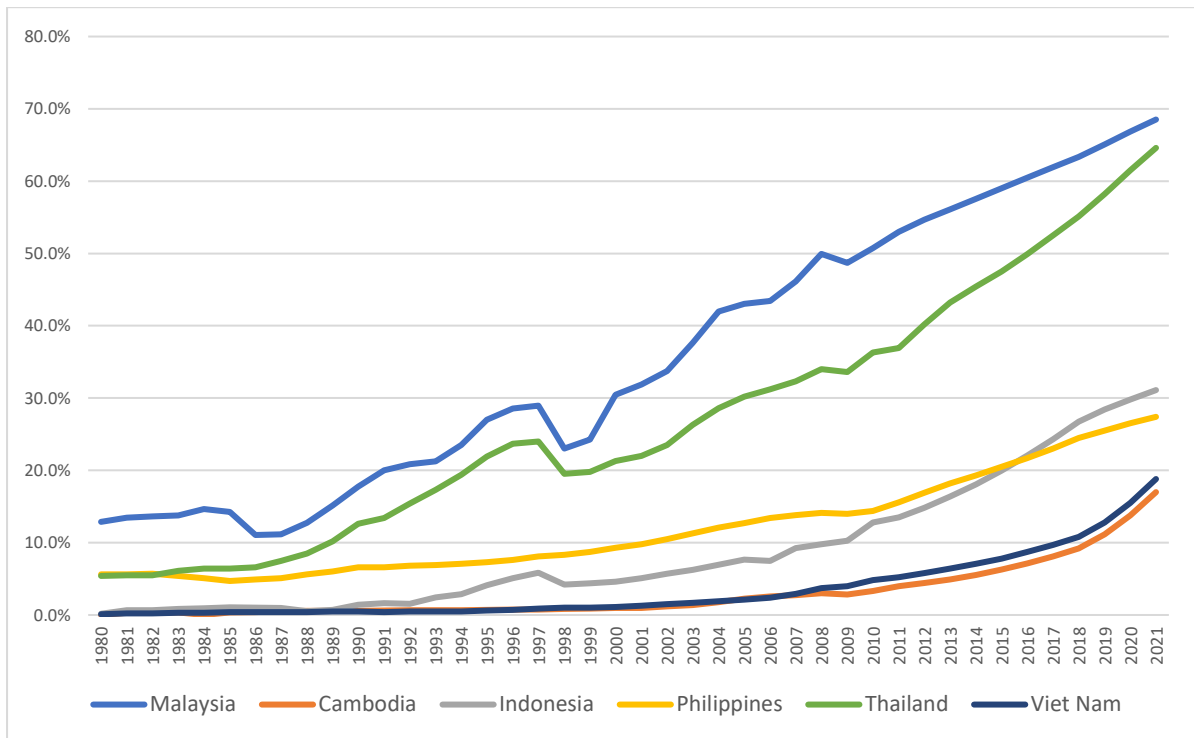
Nevertheless, if we consider ASEAN as a regional economic bloc, at USD 3.3 trillion in 2021, ASEAN is the fifth largest economy in the world.³ At 663.9 million people, ASEAN comprises almost 9% of the world's population. While ASEAN+3 (China, Japan and South Korea) make up 2.2 billion people (28.3% of the world's population), and ASEAN+6 (China, Japan, Korea, India, Australia and New Zealand) make up 3.7 billion people (46.5% of the world's population).⁴ As shown in Figure 2-4, there has been a significant increase in the middle class in Malaysia and Thailand since the 1980s, even though it was slightly affected during the 1997-1998 financial crisis.⁵ Currently, the ASEAN region serves as the residence for a substantial population of approximately 190 million individuals who can be categorised as the middle class. While Indonesia and the Philippines find themselves situated within the second tier, when analysing the percentage of their respective populations falling into this category, it is noteworthy that Indonesia's middle class has surpassed that in Malaysia and Thailand in sheer numerical terms. This is primarily attributed to Indonesia's immense population, which provides a robust base for middle-class expansion.

³ Behind US, China, Japan, Germany (ASEAN Stats 2023).

⁴ ASEAN + 3 and ASEAN + 6 are official economic cooperation platforms between ASEAN and its trading partners.

⁵ The definition of middle class and middle classes are complex. This 2012's projection data is from The Development, Aid and Governance Indicators (DAGI), Brookings Institution that define middle class as households earning or spending between 10 USD and 100 USD per person per day (based on 2005 purchasing power parity) (Kaufmann, Kharas and Penciakova, 2012).

Figure 2-4: Percentage of middle-class population in selected ASEAN Member State (1980-2021)



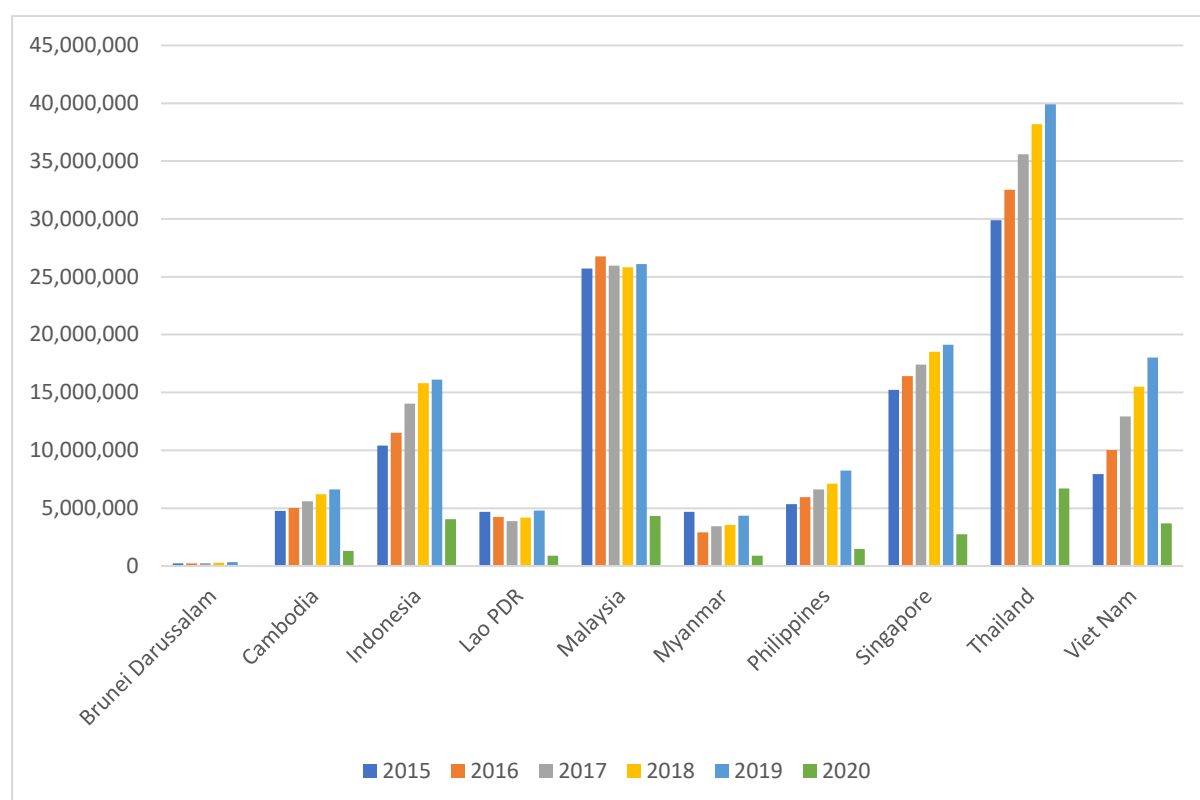
(Source: ASEAN, 2023)

Furthermore, the dynamics of the middle class in the ASEAN region extend beyond the larger nations. Cambodia and Vietnam, emerging economies within the region, have witnessed remarkable growth in their middle-class segments over the past decade. This growth reflects their evolving economic landscapes and increasing standards of living. As these nations continue to experience positive economic shifts and urbanisation, their middle-class populations have been propelled upwards, contributing to their rising prominence in the regional economic landscape. Collectively, these trends reflect the shifting socioeconomic fabric of the ASEAN nations, with a notable concentration of middle-class individuals shaping the region's consumption patterns, investment potential and propensity to fly.

Before the COVID-19 pandemic, Southeast Asia was one of the fastest-growing air transport markets. Over the decade leading up to the pandemic, passenger traffic in Southeast Asia exhibited a robust compound annual growth rate (CAGR) of approximately 9.8%. The passenger count surged from around 200 million in 2009 to

510 million in 2019. The aviation sector, encompassing all facets of air travel, such as airlines and airports, as well as its supply chain, including tourism, emerged as a significant driver of economic growth across the region, making substantial contributions to the GDP of several countries (ADB, 2023).

Figure 2-5: Visitor Arrivals to the ASEAN Member States (in person) 2015-2019



(Source: ASEAN, 2023)

The rise in regional trade and the emergence of a thriving middle class within ASEAN have synergistically contributed to a significant upsurge in mobility across the region, predominantly attributed to the flourishing tourism sector. In line with this trend, data from ASEAN indicates that Thailand, Singapore, Indonesia, and Vietnam have

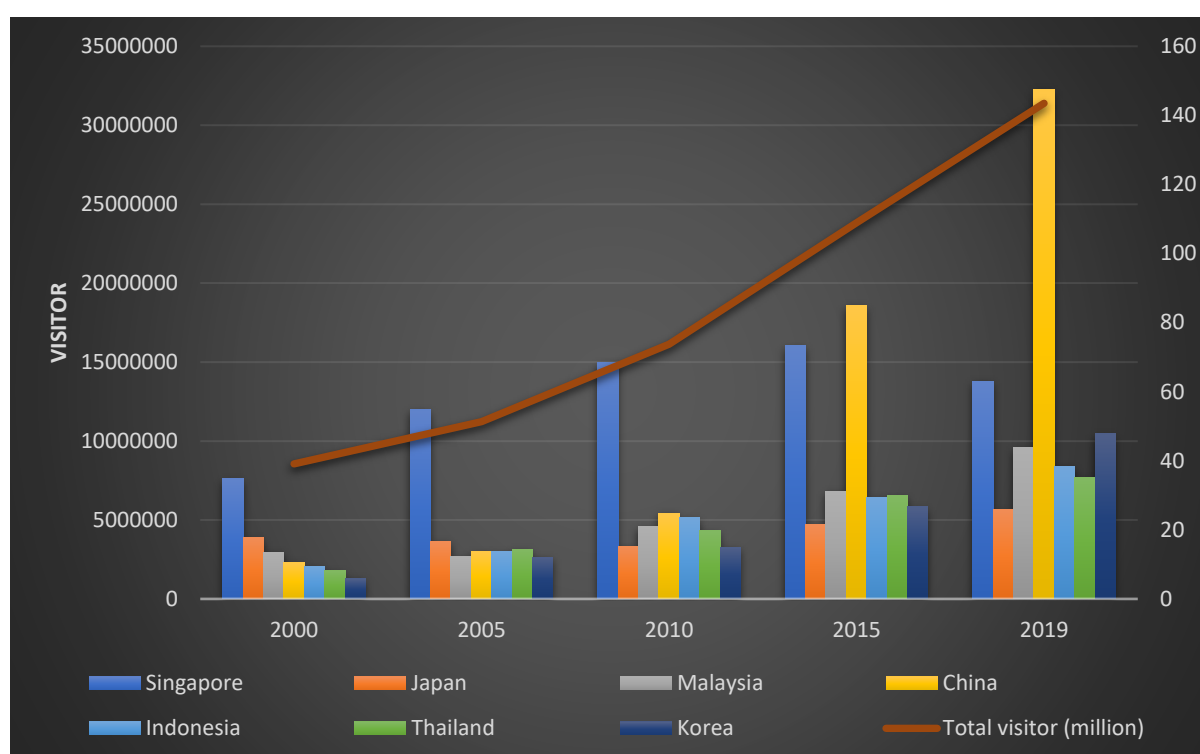
undergone a consistent growth in the number of visitors between 2015 and 2019. However, there are some nuances in this growth story. Despite being the second-largest tourist destination in the region, Malaysia's growth trajectory in terms of visitor numbers has displayed a more subdued pattern.

This phenomenon can be partially attributed to both the MH370 and MH17 incidents in 2014, which cast a shadow of uncertainty and concern over air travel safety. Consequently, these incidents had a dampening effect, particularly on the influx of Chinese tourists, a pivotal market segment for Malaysian tourism. As one of the world's popular tourism destinations, Southeast Asia also faced a severe setback due to the COVID-19 pandemic. Currently, all Southeast Asian nations are in different phases of recovery (ERIA, 2022). Nevertheless, it is important to acknowledge the broader context wherein these fluctuations occur (Liu, Liu and Zhang, 2022).

As shown in Figure 2-6, Chinese visitors only accounted for 5.8% (2.31 million visitors) of total visitors in 2000 and jumped to 22.4% (32.28 million visitors) in 2019. This exponential increase was aided by the implementation of ASAM in 2015 and the success of the 2010 ASEAN-China Air Transport Agreement (ACATA).⁶ The two agreements provide carriers with unlimited third and fourth freedom rights to fly from any international airport within ASEAN to any international airport within China – except Hong Kong, Macau, and Taiwan (list provided by China). Since 2015, Chinese visitors have surpassed visitors from Singapore. In addition, visitors from South Korea also become the second most important contributor of non-ASEAN tourists after China.

⁶ 2010 also marked as the creation of the ASEAN-China Free Trade Area (ACFTA) which was upgraded in 2014. ACFTA was signed after 20 years of The Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China in 2000.

Figure 2-6: Total Visits to ASEAN by Origin Country (2010-2019)



	2000	2005	2010	2015	2019
Singapore	7604076	11977149	14974784	16047128	13795446
Japan	3885615	3650425	3350910	4702988	5655512
Malaysia	2972361	2658824	4597239	6827787	9578497
China	2312536	3000247	5415882	18596288	32282583
Indonesia	2071018	3000347	5163349	6446579	8406572
Thailand	1776287	3138092	4307128	6520847	7677689
Korea	1303079	2645291	3286135	5838540	10463929
The total visitor (million)	39.1	51.3	73.8	108.9	143.5

(Source: ASEAN, 2023)

ASAM and ACATA have improved connectivity in ASEAN by opening more routes and offering more frequent flights at a lower price. As a result, intra-ASEAN passenger traffic grew by 9% per year between 2010 and 2018. ASEAN member states in the least developed category, such as Cambodia, Laos and Myanmar are also benefiting, with a 270% increase in average passenger traffic and the emergence of new domestically based airlines (ICAO, 2019).

2.3 ASEAN Single Aviation Market: Current Progress

The proposed formation of ASEAN open skies dates to the early 1990s (Tan, 2013), partially inspired by the success of the European Union in creating its single aviation market. In 1995, ASEAN incorporated the development of the open skies policy as part of cooperation in the Plan of Action for Transport and Communications (1994-1996) under the ASEAN's Agenda for Greater Economic Integration. Since then, the liberalisation of air transport has been one of the discussion agendas in high-level forums, especially in the annual ASEAN Transport Ministers' Meetings (ATMs).

Another critical factor that pushed ASEAN to speed up its regional economic integration was the 1997-1998's Asian financial crisis. ASEAN realised that the region should act as a single economic bloc to protect its economy and become competitive with other markets. For this purpose, at the end of 1997, at the Second Informal ASEAN Summit in Kuala Lumpur, Malaysia ASEAN agreed to expedite the implementation of the ASEAN Free Trade Area (AFTA) and establish the ASEAN Investment Area (AIA) (Cho and Kurtz, 2023).

In 2004, the 10th ATM in Phnom Penh, Cambodia, adopted an Action Plan for ASEAN Air Transport Integration and Liberalisation 2005-2015 (ASEAN, 2004). Subsequently, in 2007, to increase economic connectivity and create an integrated market under the ASEAN Economic Community (AEC), ASEAN agreed to establish the ASEAN Single Aviation Market (ASAM) by 2015 (Forsyth, King and Rodolfo, 2006). ASAM is an Open Skies Policy that aims to liberalise the ASEAN air market up to seventh freedom rights and enable the introduction of ASEAN community carrier by relaxing ownership and control restrictions. The development of ASAM is detailed through the Roadmap for Integration of Air Travel Sector (RIATS), which The ASEAN Senior Transport Officials coordinate through the Air Transport Working Group (ATWG). This ATWG is assisted by the ASEAN Air Transport Economic Cooperation and the ASEAN Air Transport Technical Cooperation Sub-Working Groups.

The ASEAN Transport Ministers (ATM) Meeting, functioning as the highest authority within ASEAN's transport sector, assumes the responsibility of establishing policy directions and engaging in discussions pertaining to matters of mutual concern. Acting

as the executive body, the ASEAN Senior Transport Officials Meeting (STOM) is tasked with overseeing, coordinating, and evaluating the initiatives and orientations established by the ASEAN Transport Ministers (ASEAN, 2020). ASAM has two major components: (1) economic, and (2) technical. The economic components consist of three multilateral agreements, which are (1) the Multilateral Agreement on Air Services (MAAS), (2) the Multilateral Agreement on the Full Liberalisation of Passenger Air Services (MAFLPAS), and (3) the Multilateral Agreement on the Full Liberalisation of Air Freight Services (MAFLAFS).

Figure 2-7: ASEAN Transport Organisational Structure

<ul style="list-style-type: none"> ❖ ASEAN Transport Ministers (ATM) Meeting ❖ ASEAN Senior Transport Officials Meeting (STOM) ❖ ASEAN Air Transport Working Group (ATWG) ❖ ASEAN Land Transport Working Group (LTWG) ❖ ASEAN Maritime Transport Working Group (MTWG) ❖ ASEAN Transport Facilitation Working Group (TFWG) ❖ ASEAN Multisector Road Safety Special Working Group (MRSSWG) ❖ ASEAN Transport SAR Forum (ATSF) 	
<i>Transport bodies established or designed for specific activity under specific agreements.</i>	
Air Transport	<ul style="list-style-type: none"> ❖ ASEAN Air Transport Economic Cooperation Sub-Working Group (ATEC SWG) ❖ ASEAN Air Transport Technical Cooperation Sub-Working Group Meeting (ATTIC SWG) ❖ ASEAN Air Transport Sectoral Negotiations (ATSN)
Land Transport	<ul style="list-style-type: none"> ❖ ASEAN Highways Sub Working Group (AHSWG)
Maritime Transport	<ul style="list-style-type: none"> ❖ ASEAN Single Shipping Market Coordinating Boarding
Transport Facilitation	<ul style="list-style-type: none"> ❖ ASEAN Transit Transport Coordinating Board (TTCB)

Source: (ASEAN, 2020)

The current working groups, namely the ASEAN Air Transport Working Group, ASEAN Land Transport Working Group, ASEAN Maritime Transport Working Group, and ASEAN Transport Facilitation Working Group, will continue to serve as the primary bodies responsible for coordinating and implementing the decisions made by the ASEAN Senior Transport Officials Meeting (STOM). Their primary objective is to execute various programmes, projects and activities within the sectoral areas outlined in the ASEAN Transport Strategic Action Plan 2016-2025. Additionally, any transport

entities established or designed for specific activities under specific agreements will continue their operations (ASEAN, 2020). The transport organs and the organisational structure are as illustrated in Figure 2-7.

2.4.1 Market access

According to the Roadmap for the Economic Elements of the ASAM, ASEAN member states should either ratify or accept and implement the ASEAN Multilateral Agreement on Air Services (MAAS) and its Protocols 1 to 6 as soon as possible, as the implementation deadline of the MAAS was agreed to be by the end of 2008 for Protocol 5, and by the end of 2010 for Protocol 6. Meanwhile, it was decided that the ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services (MAFLPAS) should be ratified or accepted by the end of June 2010 for Protocol 1, and by the end of June 2013 for Protocol 2 (ASEAN Secretariat 2021).

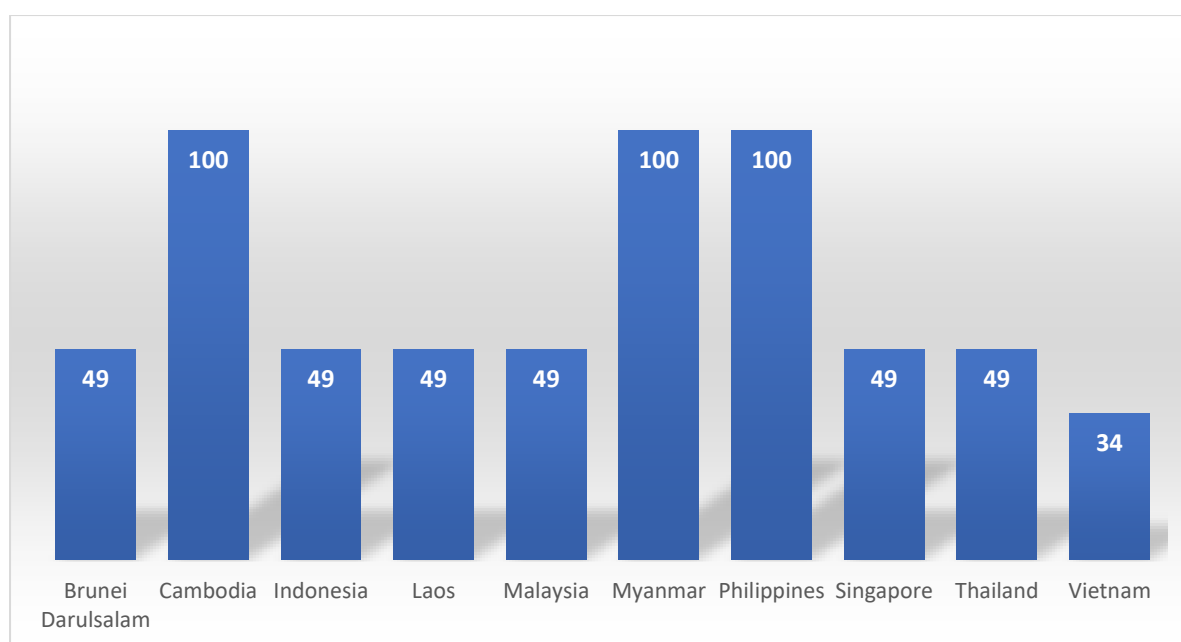
MAAS and MAFLPAS are fundamental instruments which set out separate liberalisation schedules for capital and non-capital points in the ASEAN territories (Tan 2014). These two instruments are essential in establishing the 'ASEAN community carrier' concept, which allows airlines to be substantially owned and effectively controlled by ASEAN member states (Gootiiz and Mattoo, 2015; Tan, 2009). However, each ASEAN member state has implemented the Road Map at a different pace and to varying degrees.

Some member states took the initiative to enter into multilateral agreements aimed at easing market access restrictions independently, without waiting for all other member states to follow suit. In 2004, Brunei, Singapore, and Thailand forged limited agreements in this regard, considerably ahead of the official timeline set by the broader ASEAN bloc (Tan, 2010). However, it is noteworthy that Indonesia, which happens to be ASEAN's largest economy and air market, only gave its ratification to these agreements in 2016 (Maulana, Sidik and Sari, 2021).

2.3.1 Airline ownership and control in ASEAN

ASEAN placed two measures in the roadmap regarding the relaxation of ownership and control. Firstly, ASEAN aims to work towards (1) adopting the principal place of business (PPOB) and effective regulatory control criteria in the designation of airlines of ASEAN member states. Secondly, ASEAN would like to explore the possibility of further liberalisation of ownership and control of ASEAN member states' airlines by (2) introducing the concept of an 'ASEAN community carrier'. Not much progress has been achieved in relaxing airline ownership and control in the region, except for Myanmar, the Philippines, and Vietnam. In 2022, the Philippines amended the 85-year-old Public Service Act, which allows 100% foreign ownership of airlines and several other public utilities sectors. In 2020, Vietnam increased the ownership ratio permitted for foreign airline investors from 30% to 34%. This adjustment aimed to provide the three key airlines – Vietnam Airlines (HVN), Vietjet (VJC) and Bamboo Airways (BAV) – the opportunity to secure additional capital for their business expansion initiatives. This strategic move aligned with the robust growth trajectory observed within Vietnam's aviation sector, allowing these airlines to harness the nation's thriving aviation landscape to their advantage (Huan Pham, 2020; Ngoc Thuy, 2019).

Figure 2-8: Ownership restrictions by ASEAN Member States (%)



Source: (Ayman, 2023; Jusoh and Haris Zuan, 2021; MAVCOM, 2018)

The ongoing debate about airline ownership centres on shifting from the current "substantial ownership and effective control" criteria to focusing on the principal place of business (PPOB). However, the practicality of this proposal is in doubt. One primary concern is that PPOB's regulatory dominance might clash with the prevailing cross-border joint-venture business model used by key players in the ASEAN aviation industry. Additionally, PPOB doesn't address the nationality rule, which effectively restricts airlines to one nationality or jurisdiction and specific home-based requirements. The complex operational dynamics of these airlines, which play a crucial role in shaping the regional air market, present significant challenges to making the proposed change viable.⁷

The community carrier concept, although progressive, is challenging to implement for two reasons. First, for such an airline to be established, it would need to obtain specific approval from all ASEAN members with which it wants to operate. Second, a community carrier can only be established effectively if market access within the region is relaxed. Lacking market access, establishing a community carrier would only confine its operations to third, fourth and fifth freedom flights originating from its designated or home state. This contradicts the fundamental concept of a community carrier, as the limitations on route offerings undermine the very essence of such a carrier designed to serve the broader region (Tan, 2014a).

2.3.2 ASEAN MRA on Flight Crew Licensing

Most studies on ASEAN air transport liberalisation and deregulation focus on the economic components of ASAM. Nevertheless, to understand the complexity of air transport liberalisation in ASEAN, the focus should also be given to the technical components, particularly on Mutual Recognition Arrangement (MRA) on flight crew licensing. MRA is one of the instruments adopted by ASEAN to remove non-tariff trade barriers and facilitate the movement of natural persons (MNP). MRA helps to promote market integration without overriding individual domestic regulations – a key characteristic of ASEAN regionalism.

⁷ For further discussion, refers Jetstar's case in Hong Kong (CAPA, 2015b).

In 2017, under the ASAM framework ASEAN signed the ASEAN Mutual Recognition Arrangement on Flight Crew Licensing at Singapore's 23rd ASEAN Transport Ministers Meeting. Although the MRA is placed under aviation safety in technical elements of the ASAM Road Map, the MRA is significant to advance market integration as it promotes flight crews' mobility across ASEAN member states. For example, under the MRA, any pilots licensed by any ASEAN member are mutually recognised and allowed work in any ASEAN member state without having to sit in redundant examinations and tests.

The MRA covers (1) training equipment, (2) oversight capabilities, (3) training organisations, (4) training programmes and (5) conversion of licences of commercial air transport pilots operating international air carriers. The MRA is an ASEAN instrument to achieve a higher level of harmonisation and convergence of standards and procedures (ICAO, 2019). In the MRA on the flight crew, each ASEAN member state shall equally recognise each respective ASEAN's approvals, certificates, and licences.⁸ The recognition indicates the confidence and trust of other ASEAN members. However, harmonisation and standardisation are relatively easy in the technical space, but much harder in the economic realm. This reality exists across the air transport industry globally, apart from Europe.

2.4 Air Transport Market in Southeast Asia

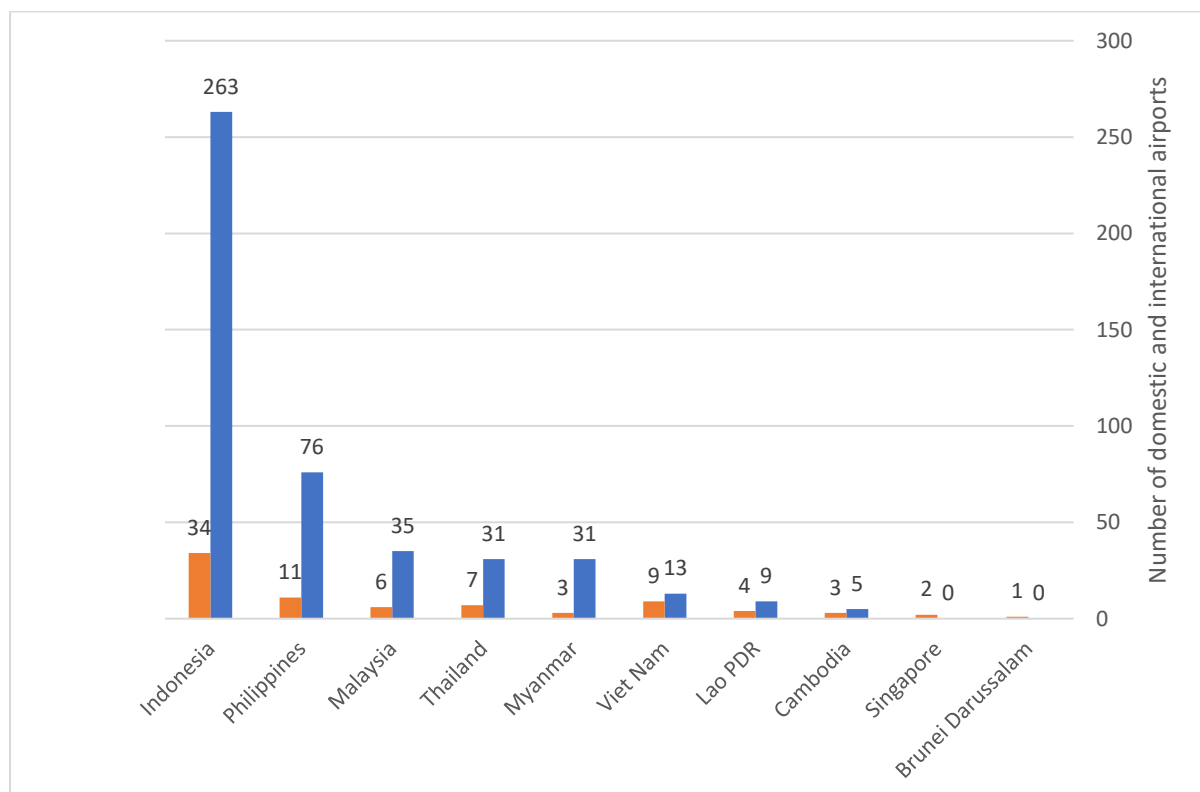
This section discusses the air market developments within Southeast Asia. The primary focus centres on crucial aspects such as the number of airports, the key players among airlines, and the dynamic evolution of seat capacity within each of the ASEAN member countries.

⁸ The MRA covers the training and licensing of commercial pilots, air transport pilots and multi-crew pilots.

2.4.1 Southeast Asia airports and connectivity

As the world's fourth-largest domestic air market, Indonesia boasts the highest number of airports in Southeast Asia, with 263 domestic and 34 international airports, followed by the Philippines, with 76 domestic and 11 international airports. Both countries have densely populated populations and, notably, are archipelagic nations. However, as Figure 2-9 shows, Indonesia has a significantly higher number of airports than other countries. The following three countries, Malaysia (35 domestic, 6 international), Thailand (31 domestic, 7 international), and Myanmar (31 domestic, 3 international), have nearly the same number of airports. The three smallest air markets also have a similar distribution of airports: Vietnam (13 domestic, 9 international), Lao PDR (9 domestic, 4 international), Cambodia (5 domestic, 3 international). In contrast, Singapore and Brunei do not have a domestic air market.

Figure 2-9: Number of Domestic and International Airports in Southeast Asia by Country



(Source: ASEAN, 2023)

The OAG Megahubs Index for 2023 provides insight into the world's most internationally connected airports, with seven airports from Southeast Asia making the list.⁹ Malaysia's KUL Airport takes the top spot, securing the 4th rank, a significant jump of 8 positions compared to 2019. Thailand's BKK Airport follows closely, ranking 11th and moving up three positions. Meanwhile, SIN Airport in Singapore has slipped four places to the 13th position, and CGK Airport in Indonesia has fallen three spots to the 19th in 2023, compared to its 16th rank in 2019. The Philippines' MNL Airport has seen a remarkable improvement, ascending from 29th in 2019 to 15th in 2023. Vietnam is the only country with more than one airport in the top 50 rankings, with SGN Airport at rank 40 and HAN Airport at rank 46. HAN Airport in Vietnam has notably climbed 15 positions from its 2019 position at 61st place.

Table 2-2: OAG Megahub Index 2023

2023 rank	2019 rank	Airport	Country
4	12	KUL	Malaysia
11	14	BKK	Thailand
13	9	SIN	Singapore
15	29	MNL	Philippines
19	16	CGK	Indonesia
40	43	SGN	Vietnam
46	61	HAN	Vietnam

(Source: OAG, 2023)

Drawing insights from the data presented, it becomes evident that while Indonesia and the Philippines boast many airports, their airport connectivity does not match the prowess of Malaysia, Thailand, and Singapore. This analysis accentuates the crucial distinction between the sheer quantity of airports and the quality of airport connectivity.

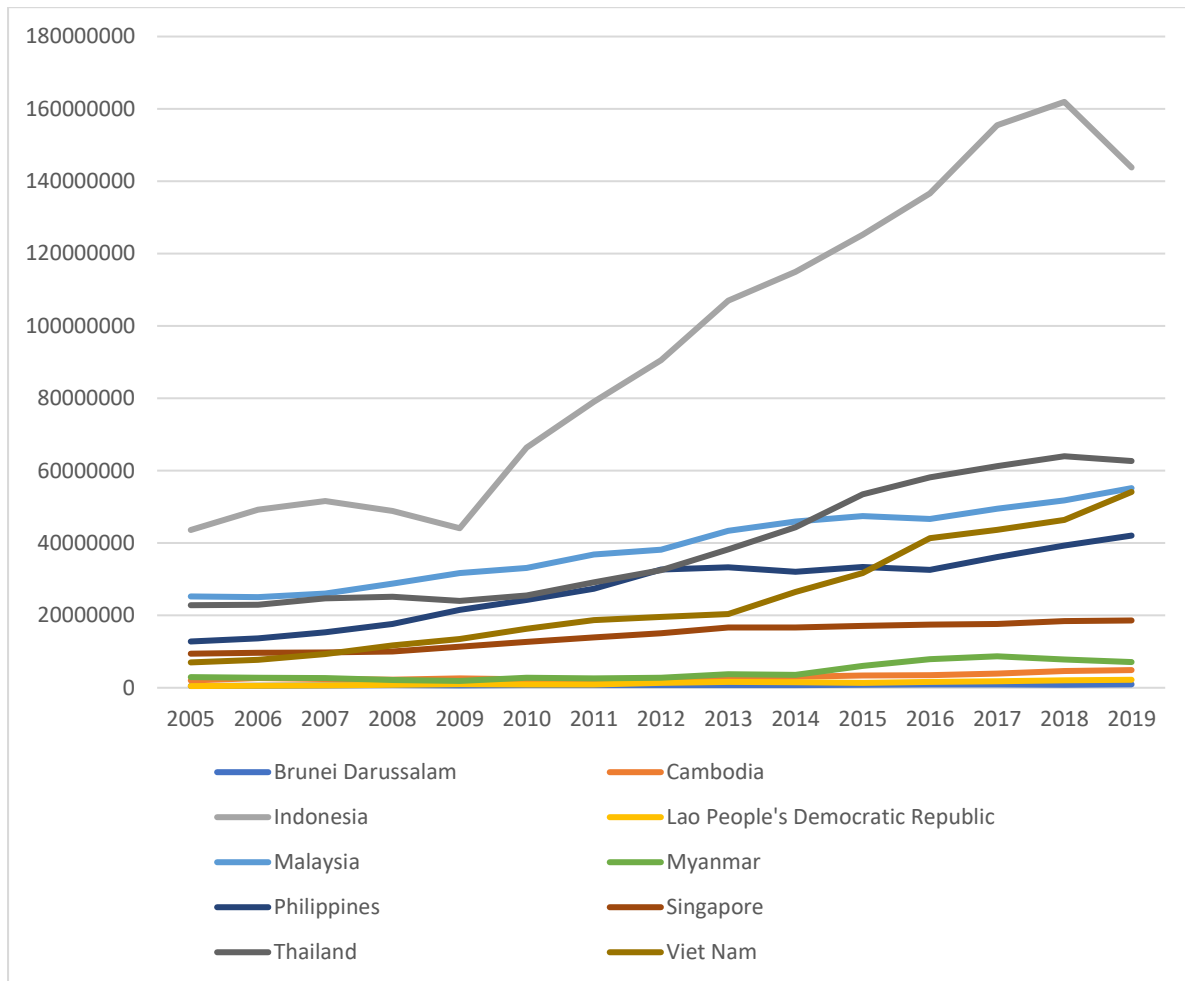
⁹ The OAG examined flight information for the world's top 100 airports, determined by total scheduled seats in August 2023. Additionally, on the busiest day of global aviation over the past year, Friday, August 11, 2023, the analysis extended to the largest 100 international airports. During the timeframe spanning September 2022 to August 2023, the OAG computed the overall count of potential connections within a six-hour window between inbound and outbound flights, encompassing scenarios where either the inbound, outbound, or both flights were international. For detail methodology refer to OAG Megahubs 2023 report (OAG, 2023).

Malaysia and Thailand are pivotal regional air connectivity hubs bolstered by robust Low-Cost Carriers (LCCs) networks. These nations have strategically positioned themselves to facilitate seamless travel connections, both domestically and internationally, enhancing their roles in the global aviation network. Despite lacking a domestic air market, Singapore shines internationally due to its world-renowned Changi Airport. This airport serves as a global aviation hub, offering exceptional international connectivity. This further illustrates that superior airport connectivity depends not solely on the number of airports but on adequate infrastructure, airline networks, and strategic positioning within the global aviation landscape.

2.4.2 The exponential growth

Although there are no significant achievements in terms of ownership and control relaxation, ASEAN open skies has helped boost the air transport market in Southeast Asia. Figure 2-10 below illustrates the development of the air market in ASEAN member states based on the number of seats from 2005 to 2019. The number of seats only increased by 20% from 126.8 million in 2005 to 152.2 million in 2009. With the introduction of ASAM, seats increased by 17% within a year in 2010.

Figure 2-10: Total Seats by ASEAN Member State by Origin of Departure 2005-2019



(Source: ASEAN Stats, 2023)

In 2018, the number of seats increased by 68% to 397.1 million compared to 2005 – although there was a slight cutback in 2019 compared to the previous year due to the US-China trade war, which affected not only the Southeast Asian market but also Europe (IATA, 2019). Yet, in less than 20 years, the number of seats offered in Southeast Asia has tripled. The exponential growth in air transport makes Southeast Asia one of the most vibrant emerging markets in the world, where it contributed 11% of the global air transport market in 2019 (ADB, 2023).

Indonesia has consistently contributed 34% and 40% of the total seats, with a 370% increase from 2005 to 2018 – the highest jump compared to other ASEAN countries. This figure shows that Indonesia is a very significant air transport market in Southeast

Asia in terms of size. However, there was a significant contraction of the domestic air market in 2019 due to a shift in Indonesian air transport policy that revised the floor and ceiling prices, resulting in higher domestic airfares (The Jakarta Post, 2019).

Thailand saw a significant seat increase due to the proliferation of joint-venture low-cost airlines in the country's air market (ADB, 2023). Thailand's LCCs have embarked on a swift global expansion, extending their reach even to medium-haul markets by incorporating widebody aircraft. Nevertheless, the international growth of Thailand's aviation sector has been significantly bolstered by the expansion of foreign low-cost carriers (LCCs) within the country's market. Presently, 25 foreign LCCs operate flights to and from Thailand, constituting nearly 40% of the international LCC seat capacity (CAPA, 2018a). This continuous increase allowed Thailand to surpass Malaysia in seats from 2015, which saw Thailand emerge as the second-largest Southeast Asian market after Indonesia. Currently, Bangkok Don Mueang Airport is the largest LCC airport in the world (CAPA, 2018b). Another important air transport market is Vietnam, which has seen significant growth because of the country's economic development over the last 20 years. Vietnam, the fastest-growing economy in Asia (World Bank, 2023), recorded a significant increase in seats – and was the third largest contributor after Indonesia and Thailand in 2019.

The strategic approach adopted by LCCs in establishing cross-border joint-venture airlines has proven to be a tricky manoeuvre that enables them to secure a considerable ownership stake and exert adequate control within the domestic markets of the ASEAN. This calculated move has paved the way for LCCs to extend their operational reach and market influence. A significant outcome of this strategy is granting access rights to LCCs for many international routes. This marks a departure from the traditional landscape, where established flag carriers predominantly monopolised such routes. The shift towards diversifying route access by allowing LCCs to serve these important international connections has introduced a dynamic and competitive dimension to the aviation sector. The ascendancy of LCCs in the Southeast Asian market can be traced back to the early 2000s when they first emerged as a disruptive force. Their innovative business models, focusing on cost-efficient operations and competitive pricing, swiftly gained traction among travellers seeking affordable air travel options, especially for price sensitive air travellers.

2.5 Conclusion

In summary, Chapter 2 presents an in-depth exploration of various facets, commencing with the background discussion on ASEAN regionalism and the inception of the ASEAN single aviation market. A pivotal aspect that emerges is how politics and geopolitical factors have fundamentally influenced ASEAN's regionalism since its inception. These factors have significantly shaped the characteristics of ASEAN's approach to regional integration. The overarching objective of this integration is to stimulate regional development and provide a coordinated response to the dominant forces of globalisation, notably represented by superpowers such as the United States and China.

While respecting individual member states' sovereignty, ASEAN diverges from the supranational organisational model of the European Union. The intricacies inherent in each ASEAN member's domestic politics, economics and societal dynamics necessitate a consensus-building mechanism known as the ASEAN Way. ASEAN also believes in a framework that emphasises mutual support and enhancement, underpinned by ASEAN's role as the driving force known as ASEAN centrality. Within this contextual framework, the ASEAN single aviation market was conceptualised. Consequently, ASAM encounters challenges in relinquishing nationality rule. Despite the gradual pace of ASAM's implementation, the air market has experienced exponential growth in size. The rationale behind this remarkable growth warrants exploration, inviting the question of what underpins this phenomenon.

Next, Chapter 3 examines the key literature that elucidates these intricate issues. It aims to foster an insightful discussion on the most effective approach to comprehending the complex aeropolitical factors within ASEAN.

3 LITERATURE REVIEW

3.1 Introduction

This chapter provides an overview of the key literature on the ASEAN single aviation market, examining its development and direction while identifying the existing knowledge gaps. This chapter is organised into three distinct parts. The first part starts with a brief background of air transport deregulation. The second part examines the literature surrounding the ASEAN single aviation market to explore its development and direction. Reviewing existing research and scholarly works, this section seeks to holistically understand ASAM's progress and challenges, emphasising the reasons behind the mismatch between the aspirations outlined for ASAM and the current realities. By critically analysing the available literature, the study aims to uncover potential gaps between what ASAM aims to achieve and the actual outcomes observed in practice. The final part of the chapter focuses on identifying the literature gaps within the ASAM research field. This allows the study to position itself and address and contribute to the gaps.

3.2 Air transport deregulation

An in-depth exploration of the historical dimensions surrounding air transport's impact on state boundaries and sovereignty is integral to unravelling the complexities of the ongoing debate on ASEAN air market liberalisation. It illuminates the multifaceted considerations that underlie the discourse and the necessity of forging a coherent and informed approach to address the intricate interplay between globalisation, state interests, and the dynamics of the aviation industry (Budd and Ison, 2018; Button, 2019; Button and Taylor, 2000; Duval and Macilree, 2011).

Two typical restrictions in air transport are market access (freedom rights) and ownership and control limits. Deregulation and liberalisation seek to limit or even, in some instances, eliminate these restrictions (Lumbroso, 2019). At the same time, ownership and control refer to foreign equity investment in national airlines and who can lead an airline (based on national citizenship) (Carney and Dostaler, 2006). While

bilateral agreements remain the critical instrument for regulating international aviation markets, multilateral agreements have emerged to liberalise intra-regional air markets – with the European single aviation market founded in the mid-1990s now the most mature and developed model to date (Ellis, 2020).

In the early 1990s, open skies agreements allowed multiple airlines of different countries mutual access to each other's markets (Morrison and de Wit, 2019). As Meyer (2002) explained, unlike standard bilateral agreements, open skies agreements eliminate the traditional role of government in setting routes, designating airlines, controlling the frequency, and approving fares. The open skies agreement allows airlines to fly to any two points in member states without restrictions on fares, service levels or Fifth Freedom operations. However, this liberalisation excludes cabotage (eighth freedom rights) and airline ownership and control (Button, 2009), and these agreements are almost exclusively bilateral.

In the late 1980s, with the introduction of the Single European Act of 1986, the EU began to loosen government control on air transport by implementing a series of market relaxation packages in 1987, 1990 and 1992 that eventually laid the foundations for the European Single Aviation Market (Baumgartner and Finger, 2014; Button, 2008; Zhang, 2010). Since then, the EU has experienced more affordable air travel, and the single aviation market has helped to integrate the EU economically and socially (Burghouwt et al., 2015). Meanwhile, other intra-regional blocs have embraced multilateral liberalisation but in different ways and at varying levels of intensity, such as the Southern African Development Community (SADC), the Multilateral Agreement on the Liberalisation of International Air Transportation (MALIAT) among several Asia-Pacific countries, Arab League Open Skies in the Middle East, and sub-regional liberalisation in Latin America. However, it should be noted that most of these examples remain more aspirational rather than actual (Budd, 2019; Hooper, 2014; Lumbroso, 2019).

In the global aviation discourse, an ongoing debate persists between proponents of liberalisation and those who emphasise the centrality of national sovereignty and interests within the industry. The aviation sector has traditionally occupied a unique position in international business, subject to distinct regulations and held to different

standards. Several factors contribute to this special status and the significant challenges of global aviation (Rhoades, 2016). Historically, the foremost rationale for this unique treatment was national defence. Additionally, the economic impact of aviation has been frequently cited as the second most compelling reason for its special treatment. The third factor elevating aviation's exceptional status is the strong connection between aviation and national pride and achievement. Even without arguments related to defence, economics, and national pride, aviation and aerospace are not perceived as “just another industry” (Rhoades, 2016, p.4).

As further explained by Chia (2022), nationalism constitutes a pivotal element in international airlines' framework — an industry that serves as a vital conduit for economic globalisation. States are often driven by economic nationalist motives, which compel them to harness international economic flows to bolster their sovereignty and national identity. Economic nationalism is a concept that can be understood as a performative phenomenon, elucidating how states bring sovereignty and nations to life through the facilitation and regulation of economic activities. Within this context, despite aspirational rhetoric and partial progress toward liberalisation in aviation, restrictions on foreign investment in domestic laws and policies remain widespread, according to a recent survey of 121 countries (Walulik, 2016). Tan (2014a) argues that multilateral agreements to liberalise air markets across regions and economic blocks share several similarities. First, there is no strong supranational organisation like the case in the EU (i.e. the European Commission) to facilitate and implement the agreements. Second, all these regions experience common aeropolitical challenges mainly related to more advanced air freedoms (i.e., 6th to 9th freedoms of the air). Therefore, the only real commonality is the divergent aeropolitical landscape in which multilateral agreements in air transport are situated.

3.3 ASAM progress: aspiration versus reality

Numerous scholarly works on the ASEAN single aviation market (ASAM) have highlighted the challenges and shortcomings associated with its implementation. The literature acknowledges the elusive nature of ASAM, as Dy (2014) noted, indicating that its objectives have been difficult to achieve. Additionally, multiple sources, such as Lee (2019) and Tan (2013), have pointed out that ASAM has fallen behind schedule

and remains incomplete (Gootiiz and Mattoo, 2015). This incompleteness could refer to various aspects, such as unresolved regulatory issues or unmet targets within the market. Tan (2013) also emphasises the inconsistency surrounding ASAM, suggesting there may be discrepancies or gaps between the intended goals and the actual market outcomes. Despite these challenges, a substantial body of literature highlights the potential benefits of air transport liberalisation for the ASEAN region. Authors such as Amirullah (2018), Laplace, Lenoir, and Roucolle (2019), Lee (2019), and Wahjoe, Heniarti, and Puspawati (2019) have contributed to this discussion and highlighted the positive impacts that a well-implemented ASAM could have on regional integration and economic growth. Yet, the most recent assessment from the Asian Development Bank (2023) reveals that the ASEAN open skies agreement has not resulted in any significant changes in the market thus far. Few airlines have taken advantage of their fifth freedom rights within ASEAN since the agreement was enacted. When the agreement was fully implemented, there were limitations regarding available slots at major ASEAN airports, which posed difficulties in launching potentially profitable fifth freedom routes. Furthermore, there was an excess of capacity and intense competition among routes within ASEAN when the agreement came into effect, making it challenging for airlines to justify using their newfound fifth freedom privileges for economic reasons.

3.4 ASEAN Way

The main reason for the challenges faced by the ASEAN single aviation market, as acknowledged in the key literature, is the absence of a supranational regional institution within ASEAN that could facilitate and ensure the effective implementation of the ASAM blueprint. This significant factor sets ASEAN apart from the European Union, where supranational institutions such as the European Commission play a crucial role in overseeing and supporting the implementation of regional initiatives. Several scholars have highlighted this key difference, including Alan Tan (2010b, 2013), Dy (2014), Jane Fox and Ismail (2017), Lee (2019), Ooi et al. (2018), Surya Putra (2019), and Thomas et al. (2008).

Since the early stages of the market's development, the absence of a supranational institution within ASEAN to oversee ASAM's implementation has been anticipated.

This recognition was emphasised in the first comprehensive study on ASAM, conducted by an aviation expert group in 2008 at the request of the ASEAN Secretariat. This study likely highlighted the need for a supranational institution to provide effective governance, coordination, and enforcement mechanisms to implement ASAM initiatives (Thomas et al., 2008).

Alan Tan provides valuable insights into the mechanism employed by ASEAN in implementing the ASEAN Single Aviation Market (ASAM). According to Tan (2013), the approach adopted by ASEAN can be described as an 'incrementalist philosophy'. This philosophy involves initially setting modest goals and gradually pursuing more ambitious relaxations at a later stage. This approach allows for a more manageable and controlled progression, considering the member states' various stages of development and interests. The rationale behind starting with modest goals is to build confidence and trust among the ASEAN member states (Anbumozhi, 2017; Gilson, 2005). By demonstrating the positive outcomes and benefits of initial liberalisations, ASEAN can foster a sense of cooperation, which can pave the way for more ambitious reforms in the future (Tan, 2013). The incrementalist philosophy acknowledges the complexities and challenges inherent in regional integration, particularly within the aviation sector. It recognises that significant regulatory, operational, and infrastructural adjustments are required for successful implementation (Jones and Smith, 2007). By taking gradual steps, ASEAN can systematically address these challenges, ensuring the necessary frameworks and mechanisms are in place to support further liberalisation (Menon, 2021; Menon and Lee, 2019).

Tan (2013) explains the strategic thinking behind ASEAN's approach to ASAM. It highlights the importance of a phased and progressive implementation process to foster consensus and build momentum towards more profound integration. This incrementalist philosophy allows flexibility, adaptability, and the opportunity to learn from experiences and address emerging issues. Indeed, the incrementalist philosophy aligns with the broader ASEAN Way mechanism, emphasising the value of process and consensus-building in decision-making (Menon and Lee, 2019).

The ASEAN Way is a unique approach characterised by a commitment to non-interference in the internal affairs of member states, consensus-based decision-

making, and a focus on building trust and cooperation among the diverse ASEAN nations. Within this framework, the incrementalist philosophy fits naturally, allowing for a step-by-step approach to regional integration while respecting the diversity of interests and priorities among ASEAN member states (Suthad and Chayut, 2019). Lee Jae Woon supports Alan Tan's perspective on the incrementalist philosophy and the practicality of the ASEAN integration model. As explained by Lee Jae Woon (2019, pp.189–190):

Although the Action Plan has not been implemented according to the suggested timetable, the fact that ASEAN used a concrete action plan to push ahead with regional liberalisation was instrumental in achieving meaningful results. All three agreements and their protocols have been ratified by all ten of the ASEAN states.

Lee highlights that while the process may be slow, it is ultimately practical considering the absence of supranational institutions and the need to ensure buy-in from reluctant member states (Lee, 2019). According to Lee (2019), the utilisation of a concrete action plan by ASEAN to drive regional liberalisation has played a crucial role in achieving meaningful results despite potential delays in implementation. Lee's viewpoint highlights the effectiveness of ASEAN's approach, emphasising the importance of a structured action plan in promoting regional liberalisation. By employing this gradual strategy, ASEAN has managed to maintain momentum and secure commitment from all member states, fostering a sense of collective responsibility for the implementation of ASAM (Ishikawa, 2021).

3.5 Shifting priorities and disjointed efforts

While some scholars attribute the delays in implementing the ASEAN single aviation market (ASAM) to the structure of ASEAN itself, others offer an alternative perspective. Dy (2014) argues that the delays are primarily a result of constantly shifting priorities and disjointed efforts among ASEAN member states rather than a consequence of the ASEAN structure. Dy (2014) highlights that even before the Implementation Framework for ASAM was completed, certain member states had already engaged in negotiations on air transport liberalisation with external parties outside of ASEAN, particularly China. This compromised ASEAN's centrality in its

relations and cooperation with external parties and indicated a lack of clear direction within ASEAN (Caballero-Anthony, 2022; Mueller, 2020).

Understanding the motivations and interests of individual member states may explain the dynamics that impact the implementation of ASAM. Tan (2017) asserts that the push for the ASEAN agreement with China came from a lobby consisting of Singapore and Malaysia, both of which have strong airlines, and it received support from the ASEAN Secretariat. The primary rationale behind this decision was to initiate the liberalisation movement within ASEAN. However, this idea did not gain traction among other member states with more protective aviation markets. The absence of an effective open skies policy creates a market imbalance between ASEAN and China (Lenoir and Laplace, 2016). Fox and Ismail (2017) describe the agreement as a diplomatic compromise rather than a comprehensive liberalisation measure. They suggest that it represents a balance struck between the ASEAN member states and China, which may not necessarily align with the principles and objectives of ASAM. Similarly, Laplace, Lenoir, and Roucolle (2019) highlight significant imbalances in offered seats, available routes, and network development, raising questions about the fairness and effectiveness of the agreement. Tan (2017) suggests that addressing this market imbalance requires commercial diplomacy, although he does not elaborate. Nevertheless, his suggestion highlights the need to unpack further and understand the complexities and challenges inherent in the region's aeropolitics.

However, Lee (2019), taking different stands, argued that the agreement is remarkable, especially considering that ASEAN lacks robust enforcement institutions akin to the European Union, where the European Union addressed external agreements only after successfully achieving internal market integration. Yet, Dy (2014) argues that such engagements with third parties before fully liberalising internal connectivity demonstrate confusion or a lack of clarity in ASEAN's air transport policy direction. This lack of clarity may compromise the completion of ASAM, as the focus shifts outward without addressing internal integration fully. This issue can be seen as “placing the cart before the horse” (Tan, 2012, p.1) as ASEAN expands external engagements without fully addressing the internal connectivity and liberalisation required to implement ASAM effectively. These differing viewpoints raise valid concerns about the sequencing and prioritisation of ASEAN's aviation policies. While

engaging with third parties can offer benefits, it is essential to ensure that internal connectivity is adequately developed and liberalised to maintain coherence and maximise the potential of ASAM.

Other issues in the ASAM implementation, as mentioned by Jordan (2016), Lee (2015) and Nugraha (2020), are that some member states have concluded multilateral agreements among themselves to relax market access restrictions without waiting for others. For example, Brunei, Singapore, and Thailand adopted limited agreements in 2004, well ahead of the official timeline (Tan, 2010). On the other hand, Indonesia and Laos signed the Multilateral Agreement only in 2016, a year after the deadline had expired (Walulik, 2016). One straightforward explanation for the protectionist attitudes of Indonesia is the geographic imbalance in the number of entries points they must offer to non-national airlines following ratification (Lee, 2015; Saraswati and Hanaoka, 2013). These member states have significant aviation markets but relatively less competitive airlines than countries like Singapore, with no domestic air market.

3.6 The geographical factor

The air transport dynamics in Southeast Asia are closely tied to the unique geographical characteristics of the region, as well as the shifts in socio-economic and politico-institutional factors (Dai, Derudder and Liu, 2018a). Above all, the region's diverse geographical landscape continues to influence its spatial and topological patterns. For instance, in remote areas with small populations and limited economic activity, Makassar is a local hub in Indonesia, facilitating frequent air connections between densely populated Java and Sulawesi and Irian Java regions. Similarly, due to the relatively underdeveloped nature of the Malaysian communities in Borneo and their geographical isolation from the Malay Peninsula, extensive air links have been established to connect various cities in East Malaysia, often via Kuching and Kota Kinabalu. This dispersal of archipelagic nations across vast distances has resulted in an unusual reliance on air services as a unifying factor to maintain the trajectory of national development projects (Dai, Derudder and Liu, 2018b, 2018a; Liu, Dai and Derudder, 2016).

The geographic imbalance in the ASEAN aviation market presents specific challenges for countries like Indonesia and the Philippines. These countries must navigate the delicate balance between opening their markets to foreign competition and protecting the interests of their domestic carriers. The concerns over competition and the need to safeguard their airlines' viability and competitiveness can influence their cautious approach and delayed adoption of agreements to liberalise the industry (Joyce, Meeran and Agrawal, 2021; Titik Anas and Findlay, 2017).

However, recent developments suggest a changing landscape in the region. For example, in 2021, the Philippines implemented a policy to liberalise the ownership and control of airlines in the country, allowing foreign investors to own up to 100% of Philippine carriers. This development requires a more comprehensive analysis and explanation, considering the domestic implications and geopolitical considerations. Liberalising airline ownership and control in the Philippines could be seen as a response to domestic needs and aspirations. According to Philippines scholars, the liberalisation is driven by the Duterte administration's focus on transportation infrastructure development as part of the "Build, Build, Build" policy (Francisco and Lim, 2022).

The government's emphasis on enhancing transportation infrastructure aims to improve connectivity, stimulate economic growth, and boost the competitiveness of the Philippines as a whole. In this context, opening up the airline industry to foreign investment could be seen as a strategic move to attract capital, expertise and technological advancements that can contribute to the country's overall development and competitiveness (JICA, 2016; Laplace, Lenoir and Roucolle, 2019; Michaels, 2001; Wu and Velasco, 2022). However, as Dy (2019) pointed out, a substantial challenge lies in the nationality rule clause embedded within bilateral ASAs between member states and between each member state and non-ASEAN countries. Most ASEAN member states uphold this clause, mandating that airlines designated by State A must have predominant ownership by State A's nationals. The nationality rule has been a standard requirement in many air service agreements since the 1940s and remains a crucial component in many recently negotiated bilateral agreements. In their bilateral air services agreements, countries have traditionally maintained the authority to withhold, revoke, or impose specific conditions on the operating privileges of a

foreign airline unless it is deemed substantially owned and effectively controlled by the designated country or its citizens (ICAO, 2013).

3.7 Geopolitical Considerations

The changing dynamics within the ASEAN region and the broader global context can impact countries' strategies and approaches. Various studies have emphasised this aspect across different economic sectors in ASEAN (De Castro, 2017; Davies, 2016; Rabena, 2021; Winston, 2020). Geopolitical shifts, alliances, economic opportunities, and regional integration efforts influence governments' decision-making processes when opening their aviation markets (Chia, 2022).

However, the existing academic literature on the role of geopolitics in the ASEAN Single Aviation Market (ASAM) is currently sparse (Zuan, Ellis and Pagliari, 2023, 2021). This is despite notable geopolitical developments related to air transport in the region, such as the diplomatic tensions between the US and Cambodia over the development of Dara Sakor. This development includes airport construction by a Chinese company, which the US alleges could be utilised for military purposes (Bradford, 2022; Economists Intelligence Unit, 2020; Jing Jing and Un, 2021; U.S. Embassy in Cambodia, 2020).

Conversely, significant statements made by various governments and state agencies warrant further analysis. For instance, Josep Borrell, the High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission, highlighted several successes in agreements, including the Comprehensive Air Transport Agreement (CATA) in 2022. He suggested the EU-ASEAN relationship could mitigate geopolitical rivalries and tensions between the US and China. Borrell posited that this could be achieved through "de-risking politically and economically, through diversification and closer relations with more partners" (Borrell, 2023, p.1). The acknowledgement of geopolitical tensions by high-ranking diplomats emphasises the necessity to examine the extent to which regional geopolitical developments contribute to the advancement or hindrance of the ASEAN Single Aviation Market.

3.8 Strong nationalism sentiments of post-colonisation nations

Indeed, several studies have highlighted the reluctance of ASEAN member states to further liberalise beyond the fifth freedom of air traffic rights and also to develop an effective ASEAN Carrier due to the protection of their national carriers (Gootiiz and Mattoo, 2015; Nugraha, 2020; Saraswati and Hanaoka, 2013; Tan, 2013). This protectionist stance can be attributed to strategic national interests, a sense of national pride and strong nationalism sentiments that emerged post-colonisation, where control over transportation and trade routes was an essential element of colonial power dynamics (Jane Fox and Ismail, 2017). During the colonial era, foreign powers controlled their colonies' transportation networks, using their resources, exert economic dominance, and facilitate trade. This historical experience has left a lasting impact on the collective consciousness of many nations, shaping their attitudes towards protecting critical sectors, including the aviation industry. In the post-colonial era, the emergence of strong nationalist sentiments further reinforced the inclination to safeguard national carriers. Flag carriers are often symbols of national identity, sovereignty and independence that represent the nation on the global stage and embody its values, culture, and achievements. It serves as a source of pride for citizens and can contribute to a sense of national unity and identity. Flag carriers are also viewed as tangible assets that contribute to a country's economic development, connectivity, and global standing (Chia, 2022; Raguraman, 1997).

One of the ways ASEAN member states practice protectionisms is through strict ownership and control policies, which safeguard their national carriers. These policies often involve bailing out unprofitable national carriers, such as the Malaysian Airlines System (MAS), Garuda Indonesia and Thai Airways, in the name of national interest (Elder, 2015; Lee, 2021). These actions are taken to maintain a strong national carrier seen as a symbol of prestige and sovereignty (Heymann, 1961).

3.9 Air transport as a strategic national and military asset

Furthermore, ASEAN member states with significant domestic markets also protect their flag carriers by limiting airport access to foreign airlines. For instance, in 2005 Indonesia imposed restrictions that prohibited new low-cost airlines from operating in

major cities like Jakarta, Surabaya, Denpasar and Medan (Hanaoka et al., 2014; Saraswati and Hanaoka, 2013). This limitation on access aims to preserve the national carriers' market share and competitive advantage. These protectionist policies reflect the complex balance that ASEAN member states must navigate between promoting regional integration and safeguarding their national interests (Titik Anas and Findlay, 2017; Trihermato, 2019; Wahjoe, Heniarti and Puspawati, 2019).

The reluctance to further liberalise and develop a genuinely integrated ASEAN carrier stems from the desire to protect and promote their national carriers, which are seen as strategic assets. While liberalisation measures, such as open skies agreements, have generally resulted in substantial progress and benefits for the air transport industry, it is essential to acknowledge that there have been cases of airlines going bankrupt or undergoing restructuring. This has been observed in other regions, including Europe (Hodencq, 2022; Shi and Li, 2021). This implication made ASEAN take a cautious step in liberalisation. Liberalisation can create a more competitive environment, allowing airlines to expand their operations and provide more choices for consumers. However, increased competition can also lead to challenges for some airlines, especially those struggling to adapt to the changing market dynamics, cost structures, or competitive pressures (Abeyratne, 2014a; Maulana, Sidik and Sari, 2021; Sosa, 2007; Surya Putra, 2019; Tan, 2013).

Understanding the challenges in implementing the ASEAN single aviation market requires a nuanced grasp of domestic politics. Permana, Hoen, and Holzhacker (2020) conducted a significant study in Indonesia to explore the country's intricate power dynamics. These dynamics, particularly the relationships between the state and airline companies, play a pivotal role in determining the ultimate success or failure of ASAM. However, the roles played by airline companies and their associations in the context of political economy, regarding their support (as seen with Air Asia and Singapore Airlines) or resistance (as observed with Garuda, the Indonesian National Air Carriers Association, the Philippines Airlines, and Cebu Pacific) to ASEAN single aviation market, remain relatively unexplored, as noted by several scholars (Hanaoka et al., 2014; Saraswati and Hanaoka, 2013). In the specific case of Indonesia, Tan (2013) argues against a blanket assumption that all major stakeholders in the country uniformly resist efforts to liberalise the air transport industry. The aeropolitical

landscape in Indonesia is, in fact, highly complex. This complexity raises another pertinent question: does a similar aeropolitical landscape exist in other ASEAN member states, and to what extent does it influence the broader aviation integration initiative?

Nugraha (2020) then highlights another reason for the slow air market liberalisation in Indonesia's case: the phenomenon of Indonesian airbases serving dual purposes for both military and civil aviation activities. As of 2019, 21 airports in Indonesia are shared by military and civil. While the shared use of airports for military and civilian purposes is common (Abeyratne, 2014b), in the context of congested airports in Indonesia, this practice significantly reduces the number of available airport slots, leads to overpriced tickets (Nugraha, 2020), and makes Indonesian airports politically sensitive (Utami, 2020; Wijaya, 2022). This phenomenon is not unique to developing nation like Indonesia only. The same case also found in Singapore due to its limited land availability and status as a bustling civil aviation hub. Balancing the needs of both commercial and military aviation has always been a tricky task which involves addressing issues related to airspace, providing land for airport infrastructure, and ensuring an adequate supply of skilled personnel. Although military and civilian aviation share the same airspace management system, their purposes and roles are fundamentally distinct (Chen Boon Chong et al., 2015). Such an arrangement introduces complexities beyond airport capacity issues and broader implications for aviation operations and policymaking.

3.10 The inadequacy of airport infrastructures

The inadequacy of airport infrastructure is indeed a significant factor that hampers the liberalisation process within ASEAN and affects the optimal realisation of the benefits of ASAM (Gootiiz and Mattoo, 2015; Lee, 2019; Saraswati and Hanaoka, 2013). Several airports, such as Soekarno-Hatta Airport in Jakarta, Indonesia; Ninoy Aquino Airport in Manila, Philippines; and Suvarnabhumi Airport in Bangkok, Thailand, have exceeded their maximum capacity (Tan, 2014). ASEAN has undergone a substantial social transformation, resulting in the emergence of a middle class with strong purchasing power (Hanaoka et al., 2014; Saraswati and Hanaoka, 2013). However, as Tan (2014) observed, ASEAN governments have not implemented adequate policy

changes to accommodate the increasing demand for air travel in the region. This discrepancy indicates that decisions regarding public transport infrastructures are not solely determined by economic factors but also by political calculations. The inadequacy of airport infrastructure poses challenges for ASEAN in fully capitalising on the economic opportunities presented by the ASEAN single aviation market (Hiebert, 2018; Hong, 2018). Insufficient airport capacity can lead to congestion, flight delays and limited connectivity, which can hinder the smooth operation and growth of the aviation sector. This, in turn, affects the ability of air carriers to fully enjoy the benefits of liberalisation and meet the demands of the growing middle-class population (Deloitte, 2020; Kikuchi and Unzaki, 2019; Vu, 2017).

The inadequacy of airport infrastructure in ASEAN countries presents a significant hurdle to the liberalisation process and the optimal realisation of ASAM's benefits. The overcrowding and limited capacity of airports impede the smooth operation and growth of the aviation sector, impacting the ability of air carriers to meet the demands of the growing middle-class population. The challenges in addressing infrastructure needs can stem from various factors, including political considerations, domestic and foreign funding constraints, and coordination challenges. Recognising the importance of public transport infrastructure and addressing these challenges is essential for successfully implementing ASEAN air market integration (Joyce, Meeran and Agrawal, 2021; Wang, 2022).

3.11 Literature Gaps

The existing literature highlights several critical barriers to achieving greater air market liberalisation within ASEAN. Prominent among these barriers are the absence of a supranational regional institution, systematic imbalances, robust nationalistic tendencies and weak air transport infrastructure. While the literature acknowledges the role of aeropolitics, such as geopolitics and political economy, in shaping these obstacles within the ASEAN air market (Tan, 2010b; Lee, 2019; Permana, Hoen and Holzhacker, 2020; Saraswati and Hanaoka, 2013; Tan, 2006, 2013), it tends to offer limited attention to these factors, leaving a more comprehensive study of their effects on the ASEAN aviation market lacking. A crucial opportunity exists to broaden the

spectrum of perspectives, enriching our comprehension of the complexities surrounding regional airline market liberalisation. Thus, a more comprehensive understanding of the multifaceted forces is sought here. Considering the context provided by the literature mentioned earlier, it becomes evident that a research gap persists, inviting exploration from an international relations standpoint on regionalism. Consequently, three pivotal areas emerge as focal points for this study:

3.11.1 Superpower rivalry

An essential factor in the literature gap analysis is the substantial influence wielded by economic superpowers in Southeast Asia, as pointed out in section 3.7 of this chapter. The region has been a focal point of attention for major global players such as the United States, Europe, Japan, and China (Glassman, 2005). The intricate interplay of these superpowers has significantly shaped the region's integration processes, presenting a compelling context to explore. Of particular note is the ongoing rivalry between the United States and China, which has cast a shadow over Southeast Asia, magnifying tensions in crucial areas like the South China Sea and the Korean peninsula (Chirathivat, Rutchatorn and Devendrakumar, 2022a; Chirathivat, Rutchatorn and Nakawiroj, 2020; Egberink and Van Der Putten, 2011; Wang, 2022). This geopolitical backdrop serves a critical role in assessing the dynamics of air transport development within the region. Understanding how military and diplomatic tensions intermingle can offer profound insights into the trajectory of aviation growth. Against this backdrop, examining ASEAN's strategic engagements with vital global powers becomes pertinent. In 2010, ASEAN inked an air service agreement with China, a significant move that carried the potential to reshape the aviation landscape in the region (Liu and Oum, 2018; Tan, 2012). Additionally, the recent comprehensive air service agreement established between ASEAN and the European Union in 2022 further reflects the multi-layered relationships shaping and impacting the region.

Within this context, it is essential to analyse the impact of the ongoing military and diplomatic tensions on air transport development. To what extent do superpower rivalries in the region encourage regional integration? In what keyways do these same rivalries place pressure on regional integration efforts? In what core ways can air transport become embroiled in superpower dynamics in the region? Exploring these

questions presents an opportunity to unravel the problematic dynamics and grasp how geopolitical complexities influence the aviation sector in Southeast Asia.

3.11.2 Military influence

The existing literature on ASEAN air market integration primarily emphasises economic and regulatory aspects, overlooking the influence of military interests on regional imbalances, as highlighted in section 3.9 of this chapter. Given the active military involvement in developing many Southeast Asian nations, understanding the contribution of military agendas to these imbalances becomes crucial. This is exemplified in cases like Singapore, where the coexistence of commercial and military aviation poses challenges related to airspace management, airport infrastructure, and skilled personnel supply. Similarly, Indonesian airbases serve dual purposes, creating complexities and political sensitivities, especially in congested airports. The shared use of airports for military and civilian activities is common but presents unique challenges, impacting airport slot availability and broader implications for aviation operations and policymaking. Since Southeast Asia air transport has a strong history with the military (Baumler, 2017), this led to the question of to what extent military influence impacts the liberalisation of the domestic air market, which contributes to the progress of regional air market integration.

3.11.3 Domestic politics

Another pivotal dimension to be explored within the literature gap analysis revolves around the impact of domestic politics on air transport liberalisation in Southeast Asia as discussed in Section 3.9 and 3.10. Like other developing regions, weak institutions and leader-centric governance are distinctive hallmarks of the region's politics (Acharya, 2012; Rodan and Hughes, 2014). Given this context, it becomes imperative to investigate the interplay of domestic politics and its repercussions on the ambitious endeavour of creating a seamless regional air market within ASEAN. The intricate tapestry of Southeast Asian politics is marked by a series of transitions, encompassing regime shifts and leadership changes. These transitions often transpire through electoral democratic processes or, at times, through coups. This inherently unstable

political landscape raises pertinent questions about the continuity of the national policy on air transport.

Drawing inspiration from Permana et al. (2020), it is evident that a significant number of studies have predominantly focused on quantifying the economic impact of open skies policies while relatively neglecting the empirical exploration of the domestic dynamics that resist such approaches. The complex interplay of forces within domestic political arenas remains inadequately addressed, creating a void in the existing literature. Furthermore, a pertinent example lies in a study by Jones (2016), which highlights the gap between the aspirational rhetoric and the tangible reality of initiatives like the ASEAN Economic Community. This gap is linked to the complexities arising from domestic political economies and social conflicts within ASEAN member states. Consequently, it becomes imperative to dissect how domestic political conditions, marked by power struggles, political transitions, and societal upheavals, influence the feasibility and actualisation of the ASEAN objective of a seamlessly integrated air market.

3.11.4 The need for a broader international relations perspective

The literature highlights the significance of aeropolitics in understanding the dynamics of air transport liberalisation in the ASEAN region. However, it also highlights the need to consider these factors in a broader context to fully comprehend their impact on the liberalisation of air transport. The relationship between aeropolitics and other aspects, such as economic factors, social dynamics, historical contexts, and geopolitical shifts, needs to be explored to understand the challenges of ASEAN in advancing air transport integration. While aeropolitical challenges have been identified as significant contributors to the slow progression of ASAM, it is essential to note that these challenges are multifaceted and interconnected. They require an international relations perspective considering the specific dynamics within ASEAN member states and their interactions within the broader regional and global context. Yet, despite the growing importance and scale of international air transport, its significance in international relations,¹⁰ specifically in geopolitics, is a relatively neglected subject of

¹⁰ Havel (2014) also agreed that there is a new development in aviation law studies, where a new generation of international law scholars are now utilising international relations theories “rather than

study (Ellis, 2018) – with few exceptions (Duval, 2008a, 2009; Flanagan, 2011; Heinonen, 2013; Ravich, 2015; Wang and Heinonen, 2015) . Most of the research on the issue has been conducted by scholars representing fields other than politics or international relations, particularly tourism, transport, or military history (Kobierecki, 2020). Geopolitics generally refers to geographic and political factors influencing international relations in a particular nation or region (Egberink and van der Putten, 2011). Geopolitics is a relatively new perspective in transport management studies, as explained by Lin (2019, p.2);

A 'new' area of inquiry that holds the key to understanding a *state's unspoken motives and strategies* in effecting change in the world through transport, and to comprehending the impact of these geopolitical games on transport's geographies.

Comparatively, Lin's definition of geopolitics is compatible with the description of aeropolitics provided by Duval (2008b), who defined it as “the *processes* through which, and *reasoning* behind, nation states develop and implement policy with respect to air access by foreign air carriers” (Duval, 2008b, p.238). Aeropolitics also focuses on the dynamic relationship between state and non-state interests in regulating and operating air services (Duval, 2008a).

3.12 Conclusion

In conclusion, the literature examining the incremental development of the ASEAN single aviation market explores various contributing factors to this process. These complexities encompass the absence of a supranational regional institution, geopolitical considerations, domestic political influences, protectionist tendencies, and the overall lack of airport infrastructure across the region. Whether direct or indirect, these factors contribute to a systemic imbalance within the region, surpassing the scope of domestic market sizes and individual country airline strengths. However, limited attention has been given to dissecting the roots of this systemic imbalance,

from the orthodox, but theoretically limited, thinking of the doctrinalists”. According to Havel and Sanchez (2014), international relations theories “open up a richer methodology to understand and critique international aviation law” as compared to the doctrinalism approach (Havel et al., 2014c, p.10).

particularly from a political perspective. The significance of these political factors is emphasised by their paramount role in the Southeast Asian air transport environment, as discussed in the literature gaps section.

An essential aspect highlighted in the literature gap analysis is the substantial influence exerted by economic superpowers in Southeast Asia. The region has garnered attention from superpowers whose intricate interplay significantly shapes the region's integration processes. Within this context, it is crucial to analyse the impact of ongoing military and diplomatic tensions on air transport development. Another pivotal dimension within the literature gap analysis revolves around the influence of domestic politics on air transport liberalisation in Southeast Asia. Characterised by weak institutions and leader-centric governance, the region's politics demand an exploration of the interplay between domestic politics and its consequences for the ambitious goal of creating a seamless regional air market within ASEAN.

While aeropolitical challenges have been identified as significant hindrances to the progress of the ASEAN single aviation market, it is crucial to acknowledge these challenges' multifaceted and interconnected nature. They necessitate an international relations perspective considering specific dynamics within ASEAN member states and their interactions in the broader regional and global context. Despite the growing importance and scale of international air transport, its significance in international relations, particularly in geopolitics, remains a relatively neglected subject of study. This section lays the groundwork for the subsequent chapter by strategically highlighting unexplored dimensions and establishing viable strategic frameworks and methodologies to address the identified gaps in this study.

4 STRATEGIC FRAMEWORK

4.1 Introduction

This chapter introduces the strategic framework employed in this study, offering an overview of its theoretical underpinnings and applications in air transport. The central focus of this section is the creation of the Aeropolitical Regional Integration Framework (ARIF), a comprehensive tool designed for the systematic analysis of regional air market integration. The development of ARIF involves an amalgamation of new regionalism from an international relations perspective into an existing PEG (Politics, Economy, and Geography) strategic framework. This integration captures three key understudied factors: geopolitics, political economy, and economic geography. The ARIF framework facilitates a more expansive analysis of regionalism in the aviation sector, providing valuable insights to inform regional air transport policies. By incorporating these dimensions, the study aims to enhance the understanding of the intricate dynamics shaping regional air market integration, contributing to the development of well-informed and effective policies in air transport.

4.2 Research Questions

Taking the ASEAN single aviation market as a case study, the study primarily aims to provide a systematic analysis from a geopolitical perspective in explaining the contestation of liberalisation and protectionism in regional air transport liberalisation. Based on a new regionalist approach, this research aims to explore and establish the critical political, economic and geographical barriers and opportunities in ASAM, and how these affect the liberalisation of regional air transport, particularly in terms of market access, ownership and regulations, amongst ASEAN member states. The specific research questions to be answered, as repeated here from Chapter 1, are as follows:

1. What are the essential components of a framework for aeropolitics in the context of regional air market integration in ASEAN?

2. What are the primary aeropolitical barriers and opportunities in ASEAN air transport, including to extent these factors influence the process of regional air market integration?
3. How does ASEAN overcome and utilise the aeropolitical barriers and opportunities?
4. What are the key recommendations for ASEAN to enhance the regional air market integration process in the foreseeable future?

4.3 Paradigm or worldview

This study adopts a pragmatic paradigm. A paradigm or worldview is a structured way of explaining a social phenomenon and how it is conceptualised and interpreted. Paradigms are essential in determining which methodology is to be used, because different methods have different techniques and procedures to collect, analyse and interpret the data (Creswell and Clark, 2018). Each paradigm is governed by different philosophical assumptions (Creswell and Clark, 2018; Pryce, Spencer and Walsh, 2014). Thomas Kuhn, the first scholar who introduced the term “paradigm” in his seminal work, *The Structure of Scientific Revolutions*, defined paradigm as a philosophical way of thinking (Kuhn, 1970) which can be elaborated as:

The choice of paradigm is influenced by sets of elements unique to each that define its assumptions of ontology (nature of reality), epistemology (nature of knowledge), axiology (nature of value and how the values of the researcher can influence what is to be studied), and methodology (techniques for inquiry and examining practice)

(Weaver, 2018, p.1289)

Different paradigms may result in different interpretations of the same set of data. This study adopts pragmatism as its paradigm or worldview. Pragmatist philosophy rejects adhering to only one scientific method, as it acknowledges significant contributions by other paradigms (e.g., post-positivist, constructivist and transformative) and seeks to utilise concrete practicalities of each paradigm (Creswell and Clark, 2018; Weaver, 2018). Pragmatism focuses:

...on the consequences of research, on the primary importance of the question asked rather than the methods, and on the use of multiple methods of data collection to inform the problems under study.

(Creswell and Clark, 2018, p.88).

Thus, pragmatism is underlined not by focusing on an absolute and objective ‘truth’ or ‘real’ state (Weaver, 2018) but by emphasising “workability in research” (Kivunja and Kuyini, 2017, p.36). This study explores aviation market integration from a multi-disciplinary approach beyond economic and legal aspects by offering a more nuanced explanation grounded in social-historical, cultural, and geopolitical perspectives (Vilanova, 2014). Here, pragmatism as a paradigm can provide a much richer and fuller understanding of the subject matter. It enables researchers to adopt a pluralistic stance of gathering all data types to best answer the research questions (Creswell and Clark, 2018, p.95). The flexibility in this approach not only helps to capture “the dynamic relationship between state and non-state interests in the regulation and operation of air services” (Duval, 2008, p.91), but it also makes visible the formal and informal mechanisms (Börzel, 2016) which impact air transport integration.

4.4 The strategic framework

Air transport management literature suggests that scholars writing on this subject do not give sufficient attention to the political dimension (Debbage, 2014). However, there is growing evidence that political science and international relations as a discipline, in general, are becoming more and more important in explaining new developments in air transport management (Duval, 2008a, 2009; Kobierecki, 2020). Thus, this research aims to contribute to this scholarly gap by integrating an International relations perspective into the strategic framework developed for the study. In this context, the strategic framework could be understood as theoretical and conceptual frameworks used elsewhere for air transport (Ellis, 2020; Shaw, 2016).

A strategic framework “is an elaboration of mission and vision; an environmental calculation which includes the internal consideration of the strengths and weaknesses, and an external scan of the opportunities and threats to reach strategy formulation” (Itani, O’Connell and Mason, 2014, p.2). While the internal environment is concerned

with organisational structures, the external environment consists of two analysis levels: the general environment and the industrial environment (Flouris and Dostaler, 2007). Incorporating an international relations perspective can be particularly enlightening for both internal and external levels of analysis within this framework. This is because the strategic framework acts as a unifying construct that integrates various theoretical viewpoints aligned with aspects of the research problem. It is a foundational structure for developing theories arising from the study, effectively consolidating multiple perspectives to enhance the understanding and articulation of the research problem (Berman and Smyth, 2015).

Three strategic frameworks are widely used in air transport analysis: the SWOT framework, a PEST analysis, and Michael Porter's five forces of competition model (Ellis, 2020; Itani, O'Connell and Mason, 2014). Ellis (2020) proposed the PEG as a strategic framework that better reflects the current geopolitics of air transport. PEG stands for three main factors in air transport management: *Politics*, *Economy*, and *Geography*. The underlying rationale of PEG is that politics and geography are two fundamental factors in conducting a strategic analysis of air transport that "must first be understood before the economic considerations can be more fully appreciated" (Ellis, 2020, p.221).

The PEG strategic framework highlights the missing geopolitical dimension, which is key in explaining the study's subject: ASEAN regional air transport integration. Since every factor in any strategic framework is not 'mutually exclusive and that it might be appropriate to discuss a particular issue under more than one heading' (Shaw, 2016, p.49), merging geopolitical and regional integration perspectives into PEG would as Ellis (2020) contends more broadly expand, stretch, refine, and elaborate each PEG's factors from its original definition.

Mayer (2015) has emphasised that prevalent economic or institutional explanations for regionalism in Europe and Asia, commonly found in various social sciences, do not adequately grasp integration's complex, multi-dimensional nature across diverse regions worldwide. This acknowledgement highlights the need for a fresh strategic framework that can effectively elucidate the processes of regional air market integration processes through an interdisciplinary approach. Consequently, embracing

interdisciplinary and cross-disciplinary strategies can enable a more comprehensive exploration and understanding of phenomena, drawing insights from multiple perspectives. Moreover, this approach may facilitate the development of transdisciplinary knowledge without the prolonged constraints often associated with constructivist research methods (Okhuysen and Bonardi, 2017).

A single aviation market in ASEAN, from an international relations perspective, is part of a regional integration exercise, which, in principle, is an economic and political response to asymmetrical interdependences created by globalisation (Button, 2008; Siew Yean and Basu Das, 2015, 2016; Tejedor, 2017). However, regionalism is a complex process that includes all social aspects, such as cultural, political and environmental. Each region experiences regionalism differently. Therefore, to understand, explain and conceptualise this complexity, Vilanova (2014) suggests that geopolitics and regionalism, or what he termed as 'new regionalism', could be deployed as a multi-disciplinary, strategic, and theoretical framework to understand this phenomenon. According to Vilanova (2014, p.23):

To analyse a political phenomenon, therefore, we seem to be limited by the currently available tools. In the case of the European Process, once verified that International Public Law is not sufficient, a traditional approach could suggest looking at Constitutional Law, Political Theory, Theories of the State, Comparative Politics, International Relations, etc. The fact is that the process seems to be complex enough to consider that there is a "theoretical weakness". It is not the first time a political process goes much ahead of the available theories to analyse it.

Regionalism is 'driven by independent decision-making of regional actors responding to causal factors located within or outside the region'. It should consider the role of non-state actors and informal institutions as equally crucial as state actors and formal institutions (Börzel, 2016). This definition by Börzel has been applied accurately to the air transport sector and other sectors (Bonser, 2019). Examining how other sectors respond to this phenomenon would help to create a framework to understand better how they affect the air transport sector.

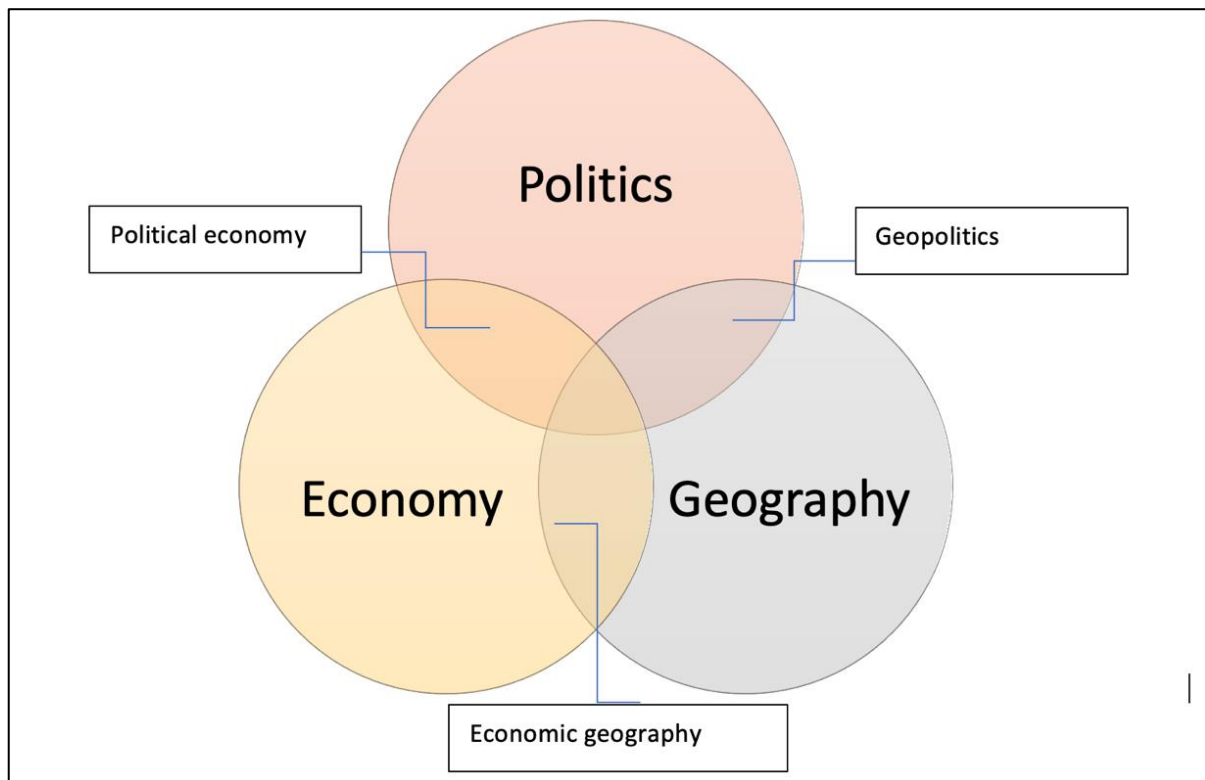
Since air transport is situated at the juxtaposition of state (regulatory), market (airline industries) and society (passengers), air transport studies have evolved from its heavy

focus on law, rules and regulations (Havel et al., 2014a) and economic perspectives (Button and Taylor, 2000), to now include multi-disciplinary perspectives such as international relations and politics (Button, 2008; Havel et al., 2014b; Jönsson, 1981; Kobierecki, 2020; Nayar, 1995; Pourcelet, 1967; Wang and Heinonen, 2015). Consequently, this leads to a pivotal question: how can these diverse multi-disciplinary perspectives be integrated into a strategic framework to effectively elucidate the aeropolitical challenges inherent in the ASEAN single aviation market? This question is addressed in the next section of this chapter.

4.5 The Aeropolitical Regional Integration Framework (ARIF)

ASEAN was born as a political and security pact during the Vietnam War in 1967; it was only in 1992 that ASEAN decided to pursue an economic agenda (Menon, 2021; Siew Yean and Basu Das, 2016). Thus, ASEAN integration should be considered part of a peace and community building project, not just an economic integration, with politics remaining the main determinator (Murray and Brennan, 2015). Nonetheless, the global airline industry is still struggling with solid protectionism (Ellis, 2018) that renders air transport policy and geopolitics as always interconnected to some extent. This posed a new challenge to air market integration – what is the best set of theoretical frameworks to explain these kinds of complex interactions? To address the question, this study proposed a new strategic framework which PEG inspires to demonstrate regional integration of air transport by making use of a new interdependent approach (Farrell and Newman, 2014, 2016) that captured the transnational cooperation and contestation between different market actors with domestic and global authorities. The framework proposed in this study is called the Aeropolitical Regional Integration Framework (ARIF), as depicted in Figure 4-1.

Figure 4-1: The Aeropolitical Regional Integration Framework (ARIF)



(Source: Compiled by the author using key ideas from Shaw (2016) and Ellis (2020))

Integrating the new regionalism framework with the PEG (politics, economy, and geography) model has resulted in the identification of three distinct sub-dimensions: geopolitics, economic geography, and political economy. This multidimensional approach, rooted in an interdisciplinary historical-sociological perspective within international relations (Lawson, 2018), provides a more comprehensive framework for investigating various factors within regional air transport integration. By extending the analysis to encompass factors at both the meso and macro levels, including inter-regional, intra-regional, and domestic dimensions (Zuan, Ellis and Pagliari, 2021), the research aims to shed light on aspects that may have been previously overlooked or insufficiently explored. This holistic approach is crucial in understanding the complexities of regional air transport integration in Southeast Asia.

The systematic analysis of each dimension helps to avoid confusion. For example, several works of literature attempt to discuss the role of geopolitics and aeropolitics, which are under political factors, but heavily emphasise deregulation and liberalisation, which are under economic factors. While it is correct to argue that deregulation and

liberalisation have geopolitical and aeropolitical dimensions, the most crucial aspect of politics, the study of power relations (Sloan and Gray, 1999), is missing from the analysis – for example, Debbage (2014), and Flanagan (2011).

The next part of this section elaborates more on each sub-themes and its significance to air transport management and market integration.

4.5.1 Geopolitics

Geopolitics combines geographic and political factors that influence international relations in a particular nation or region (Egberink and van der Putten, 2011). In other words, geopolitics studies how geography affects a nation-state's domestic and international policies (Klement, 2021). Regarding knowledge discipline, geopolitics constitutes human geography and international affairs (Flint, 2006). In this study, geopolitics focuses more on inter-regional power relations (Zuan, Ellis and Pagliari, 2021). In contrast to classical geopolitics, which tends to be mostly about *geodeterminism* and *statism*,¹¹ current studies on geopolitics treat geography not as a limiting factor but rather as a set of constraints or opportunities depending on the political strategies adopted by the states (Klement, 2021). This means geographical factors are not static but independent of agency (Scholvin, 2016).

Geopolitics of air transport is a systematic study of power relations (politics) of “state’s unspoken motives and strategies” (Lin, 2019, p.2) based on their spatial constraints and opportunities (geography) in international air transport policy, mainly dealing with economic and political superpowers. In the case of ASEAN, this could refer to ASEAN air market relations with the United States, the European Union and perhaps more importantly, with India, China, and East Asia.

There is a growing body of studies in geopolitics focusing on Southeast Asia, particularly concerning ASEAN and the involvement of superpowers in the region. This involvement is evident in issues such as the South China Sea dispute and China's

¹¹ Literature on geopolitics originated from military power studies, along with research into the political strategies of states, with the underlying assumption that social and political actions are determined by the surrounding environment (Cătălina, 2015; Klin, 2018; Sloan and Gray, 1999; Tuathail, 1999).

expanding influence through initiatives like the Belt & Road Initiative (BRI), which includes airport construction projects across the region (Chirathivat, 2022; Nagy, 2023; Sermcheep, 2022; Zhuning, 2022). China's role is notable, with the United States actively participating by vehemently criticising China's regional policies. Meanwhile, Britain is engaged in this scenario through initiatives like AUKUS and the US and Australia (Taylor, 2023; The Diplomat, 2021). Amid these geopolitical tensions, the European Union has successfully signed a Comprehensive Air Transport Agreement (CATA) with ASEAN, making it the first bloc-to-bloc CATA in the world (ASEAN, 2022; Borrell, 2023). One central question emerges: To what extent do these regional superpowers contribute positively or negatively to the integration of the ASEAN air market? Examining power dynamics through a geopolitical lens offers valuable insights for unravelling this intricate question.

4.5.2 Political Economy

While the geopolitics dimension in air transport analysis takes a spatial perspective, the political economy dimension investigates power relations in the air transport economy. Political economy helps to expand the discussion on protectionism and liberalisation of air transport beyond fundamental economic theories (such as demand, supply, costs and production) by taking a political perspective. For example, many studies suggest that state democratisation promotes better transnational cooperation (Mansfield et al., 2002; Mansfield and Milner, 2018; Manspeld et al., 1992; Remmer, 1998). International trade agreements are also used by political leaders as an indication of economic performance to gain political mileage (Mansfield et al., 2002; Mansfield and Milner, 2018).

Soft power represents another dimension in political economy, a concept coined by Joseph Nye (1990), who defines it as "the ability to obtain preferred outcomes by attraction rather than coercion or payment" (Nye, 2017, p.1). National carriers, serving as unofficial ambassadors, play a crucial role in enhancing the international reputation of their home country. By prioritising quality of service and expanding their global route maps, these airlines contribute significantly to developing soft power (McClory, 2010). Thus, air transport has become essential for the state to portray its national identity and help promote regional identity (Indriani, 2021; Raguraman, 1997). This aligns with

Nye's idea of soft power, emphasising that "the best propaganda is not propaganda" and highlighting that "credibility is the scarcest resource" (Nye, 2012, p.1). In essence, the positive image and influence projected by national carriers can be a powerful tool in shaping perceptions of a country on the global stage (Kobierecki, 2020).

Political economy discourses also explore the rising economic nationalism or neomercantilism among economic superpowers such as China and the US as part of populism political rhetoric, where the economy is seen to serve nationalist goals, which are to maximise the wealth and power of the nation-state (Helleiner, 2020; Wigell, 2016; Yu, 2019). Considering the high level of dependence of Southeast Asian countries on foreign economic development aid, it is imperative to assess how such political-economic ideologies, as manifested by major international development assistance countries like China and the United States, have influenced the development of air transport in Southeast Asia. The political economy perspective does not just study the state level, but market and/or non-state actors too, such as political elites, international firms, companies, NGOs and member-driven international organisations (IOs) like ASEAN by looking at their function and power distribution (Debre and Dijkstra, 2021; Elsig, 2010; Farrell and Newman, 2016).

4.5.3 *Goeconomics*

Another vital sub-theme that emerged from the interplay of main factors in the PEG strategic framework is economic geography – the geographical approach to the economy, goeconomics or spatial economics. Predominantly, these terms refer to the interaction of geopolitics and economics in international relations from location and spatial analysis (Baru, 2012; Klement, 2021; Thirlwell, 2010). Unlike the 'orthodox economy' or 'classical economy' approach, the economic geography approach strongly emphasises space, place, and scale in explaining economic issues (Neil M. Coe, Philip F. Kelly and Henry W.C. Yeung, 2010; Sokol, 2011). Space investigates territoriality, form, location, flows across space and uneven development. At the same time, *place* focuses on the specificity, particularity, and uniqueness of the geographical area "embedded in environmental, social, cultural, institutional and political contexts" (Neil M. Coe, Philip F. Kelly and Henry W.C. Yeung, 2010, p.16). Lastly, scale

in economic geography refers to spatial scale, which includes local, national, regional, macro-regional or international (Sokol, 2011).

Paul Krugman, the 2008 Nobel Prize winner in Economics who 'introduced' New Economic Geography (NEG), that formally analysis the distribution of economic activity in space (Felbermayr, Grossmann and Kohler, 2015), argued that “transportation costs are of the essence in the new economic geography” (1999, p.146). Transport cost explains the nature of development and market interactions which helps understand the role of air transport in a larger context.

Simply put, the theoretical discussion about aeropolitics can be summarised as follows.

Figure 4-2: Summary of operational definition and level of analysis of ARIF

Aeropolitics dimension	Operational definition	Level of analysis
Geopolitics	A study of power relations of spatial constraints and opportunities (geography) in international air transport policy by analysing the role of superpowers.	Inter-regional
Geoeconomics	A study of the economic relation of air transport cost by analysing space, place, and scale of the area.	Intra-regional
Political economy	A study of power relations in air transport economics by analysing states and non-state actors.	Domestic

(Source: Compiled by the author)

The discussion on the concept of aeropolitics aids this study in identifying critical dimensions within the framework of aeropolitics. Based on these dimensions and the issues that arise, all of these will be considered in formulating the survey questions and interviews detailed in the next chapter. This examination provides a

comprehensive understanding of how political dynamics, power relations, and geopolitical factors come into play within air transport.

4.6 Conclusion

In conclusion, this chapter has centred on developing the Aeropolitical Regional Integration Framework (ARIF), a strategic framework crafted for systematically examining regional air market integration. By integrating new regionalism into the existing Politics, Economics, and Geography (PEG) strategic framework, this research not only adapts and expands the framework but also refines each factor within PEG. This enhancement provides a more nuanced explanation of the air transport integration phenomenon, encompassing three key understudied factors: geopolitics, political economy, and economic geography.

ARIF's central objective is to facilitate a thorough investigation and enhanced understanding of the regional integration of air transport. Its inherent flexibility allows for continuous evolution, potentially leading to significant amendments or developing an entirely new framework. The most notable contribution of ARIF is its role in advancing the discourse on air transport regionalism, offering a conceptual framework to comprehend how bilateralism and multilateralism exert influence on the global industry. Clearing through aspirational rhetoric and policy positions becomes imperative for effectively gauging tangible industry changes. While the transformation of the air transport sector may span decades, a practical strategic framework is indispensable for accurately assessing progress.

With this theoretical foundation established, the next chapter discussed the study's methodology, encompassing data collection and analysis aspects.

5 METHODOLOGY

5.1 Introduction

This chapter explores the research methodology employed in this study, organised into three sections: research design, data collection strategies, and data analysis approach. In the research design section, the focus is on the application of mixed methods and triangulation. While discussions surrounding triangulation and mixed methods often occur in separate discourses, the potential for mutual enrichment is recognised. The second part of the chapter discussed the data collection strategies, providing detailed insights into sampling strategies and question design for both the survey and semi-structured interviews. The final segment of the chapter elaborates on the data analysis approach. Triangulation plays a crucial role in enhancing quality and broadening insights, supplementing Primary Quantitative (survey questionnaire) and Primary Qualitative (semi-structured interviews) data with secondary data from sources such as ASEAN statistical data (ASEAN Stats), the Official Airline Guide (OAG) flight database, and other relevant reports.

The chapter concludes with a discussion of ethical considerations, emphasising the ethical framework as a guiding compass throughout the research process.

5.2 Research Design

Mixed methods and triangulation represent interconnected concepts that share a similar foundational idea but manifest in distinct ways. Both concepts are widely recognised for integrating diverse methodological approaches within a study (Flick, 2019). Mixed methods combine qualitative and quantitative methodologies, whereas triangulation encompasses a broader array of methods. Triangulation is commonly employed by merging various qualitative methods and extends its application to include multiple theoretical approaches or diverse data types. Despite discussions around triangulation and mixed methods often taking place in separate discourses, there exists potential for mutual enrichment between the two (Fielding, 2012; Flick, 2019). These concepts collectively enhance qualitative research designs, fulfilling

various purposes, from acquiring additional knowledge to validating research findings (Howe, 2012; Mertens and Hesse-Biber, 2012). The section further explores the application of mixed methods and triangulation in this study.

5.2.1 Mixed method

This study adopted a mixed-methods and triangulation approaches and executed it in two distinct stages. The initial stage involved a pilot test survey (n=10), followed by the main survey (n=50). The subsequent stage entailed conducting in-depth interviews (n=15), supplemented by a content analysis. This study taking a single in-depth case study of the ASEAN single air market. A case study is a comprehensive examination of a phenomenon that 'provide(s) in-depth evidence for a case(s) or develops cases for comparative analysis' (Creswell and Clark, 2018, p.185). Johnson (2009), in his paper titled *Case Study Methodology in the Aviation Industry*, explains that a case study could be helpful and comprehensive because it allows for the process of thick description. Thick description is a qualitative research technique invented in social anthropology, but widely used in other research disciplines because this technique helps to provide complex cultural context and meaning that people place on actions, words, and things (Geertz, 1973).

On the other hand, case studies can be flexible, not necessarily confined to qualitative research, and amenable to mixed methods (Gerring, 2011). Case studies can utilise qualitative and quantitative research designs, such as a small number of face-to-face, semi-structured interviews with key informants, content analysis of documentary sources and questionnaires (Burton, 2011). While this study is not meant to be an extensive comparative study, by using the ASEAN single aviation market as a case study, some key findings are likely to be useful in cross-case analysis (Gerring, 2011) with other regional liberalisation models such as the Southern African Development Community (SADC) in Africa, the Multilateral Agreement on the Liberalisation of International Air Transportation (MALIAT) among several APEC members, the Arab League Open Skies in the Middle East region, and sub-regional liberalisation in Latin America as part of Mercosur (Spanish)/Mercosul (Portuguese). However, it should be

noted that any cross-case analysis must be carried out carefully to avoid over-generalisation.

Thus, it is essential to treat every case differently and be careful in establishing any correlations when developing new perspectives to understand the integration process of aviation markets. Significantly from an aviation perspective, Southeast Asia is much more geographically subdivided than, for example, the European Union (EU) or North America (Dai, Derudder and Liu, 2018).

As this study adopted a pragmatic paradigm focusing more on the research problems, the answers (knowledge) “arise out of actions, situations, and consequences rather than antecedent conditions” (Creswell, 2003, p.13). Therefore, pluralistic approaches are needed to capture both numerical and textual information. Research design or data collection strategies for pluralistic approaches involve collecting data “simultaneously or sequentially to understand best research problems” (Creswell, 2003, p.21).

5.2.2 Triangulation

The triangulation process contributes to the evaluation of findings, enhancing their validity. Flick (2019) describes triangulation as involving the convergence, corroboration, and correspondence of results. The triangulation also incorporates complementarity, aiming to elaborate or enhance insight development, facilitate further sampling and expansion, and achieve greater breadth and range by employing multiple research methods. The study utilises triangulation with three types of data:

1. **Primary Quantitative (survey questionnaire):** This involves an expert survey to (1) test identified factors and issues related to aeropolitical challenges in Southeast Asia based on literature and the ARIF strategic framework and (2) gather new emerging factors or issues. Descriptive analysis is employed to summarise data using simple quantitative measures like percentages or means or visual summaries such as histograms and box plots (Kaliyadan and Kulkarni, 2019).
2. **Primary Qualitative (semi-structured interviews):** Semi-structured interviews aim to explore further the identified and emerging factors and issues

from the survey, capturing new emerging data. The respondents for these interviews are experts, and thematic analysis is used to analyse the data.

3. **Secondary data:** Secondary data is triangulated with primary quantitative and qualitative data. This data mainly comes from official ASEAN statistics and OAG data. Statistical data provides a broader perspective based on findings from the survey and interviews, helping to verify and explain further the data findings from the primary sources. OAG data helps establish air market trends in Southeast Asia, and the Herfindahl-Hirschman Index (HHI) is used to measure the level of liberalisation in the Southeast Asian air market. The HHI is crucial to this study, as it indicates market concentration (a more detailed discussion on HHI is in Section 5.2.2.1, page 85). The triangulation of data from the survey and interviews helps to explain these trends.

The study deploys two research design strategies: Phase 1, a survey, and Phase 2, in-depth interviews and content analysis.

Table 5-1: Research Design Strategy

	Research Design	Disseminating Date	Target respondent/ participant cohort
Phase 1	<ul style="list-style-type: none"> Pilot test survey (n=10) 	July 2022	<ul style="list-style-type: none"> Air transport experts/consultants Academia Government officers International organisation officers Airline management Journalists
	<ul style="list-style-type: none"> Main Survey (n=50) 	Aug-Nov 2022	
Phase 2	<ul style="list-style-type: none"> In-depth Interview (n=15) Content analysis from secondary data 	Sep 2022 to Jan 2023	

5.3 Data collection

5.3.1 Phase 1 – Survey

The survey was deployed using a web-based platform, Qualtrics. The selection of a survey platform is essential because the data collection medium may influence the data gathered (Babbie, 2021). While web-based online surveys typically experience lower response rates and inadequate representation compared to face-to-face

questionnaire approaches, several studies have listed recommendations to address these issues, namely utilising well-known survey platforms, a large pool but with targeted potential respondents, diverse yet focused medium of dissemination, along with a short and precise survey question structure (Beam, 2023; Hayslett and Wildemuth, 2004; Newman et al., 2021). All these recommendations were considered in the survey design, with these details discussed next.

5.3.1.1 Sampling strategy for the survey

This section discusses the sampling strategy for the survey. Sampling strategies for quantitative methods are based on probability theory and usually are used to generalise findings to a wider population (Teddlie and Yu, 2007). However, in a qualitative survey that aims to obtain insights into a phenomenon, individuals, or events, the sampling is based on non-probability sampling (Onwuegbuzie and Collins, 2007).

Hence, data obtained from this survey is not claimed to be representative but rather to explore and validate identified premises in the study. By having this understanding, this study adopts purposive sampling (judgment sampling) by intentionally selecting respondents who are categorised as experts who have “experienced the central phenomenon or key concept being explored in the study” (Creswell and Clark, 2018, p.264). It could also provide important information that cannot be obtained from other available options (Maxwell 1997).

Adopting the expert survey approach proves appealing as it bridges case studies and the comparative analysis of numerous countries, leveraging more general and publicly available data. Expert survey offers researchers significant control over the dimensions crucial to comparative research, allowing for an examination guided by a well-defined theoretical framework. This approach facilitates rigorous comparisons, enhancing the reliability and validity of the research outcomes (Dorussen, Lenz and Blavoukos, 2005; Steenbergen and Marks, 2006).

Expert interviews are extensively used in political science as a data collection instrument (Steenbergen and Marks, 2006). Experts, in this context, offer valuable

inside information on the policy-making process. Within political science, experts play a pivotal role in coding' information related to policy processes and political actors, making expert surveys a common and valuable tool for gaining insights into complex political phenomena (Dorussen, Lenz and Blavoukos, 2005; Steenbergen and Marks, 2006). Expert opinions also prove valuable in comprehending complex issues, especially in situations where knowledge is scarce or limited (Zhang, Hayashi and Frank, 2021).

The target respondents for this survey were those with expertise in Southeast Asian air transport management and other related fields. An expert refers to an individual with specialised knowledge, experience, and expertise not just in the field of ASEAN air transport but also in other related regional integration sectors, such as trade, investment, and international relations. The survey also acknowledged the expertise of public intellectuals such as journalists who vastly engage with the subject matter. The survey used self-rating to define the level of knowledge of the respondents. The survey aimed to capture a comprehensive range of perspectives and expertise by engaging with diverse experts.

This study deployed two survey dissemination modes to reach specific experts. Firstly, data-based of potential respondents was developed from academic publications, official air transport-related organisation websites and the researcher's professional connections. Secondly, the survey also utilised professional social networking platforms such as LinkedIn to promote the survey. The survey also applied snowball sampling by encouraging the respondents to share the study within their networks. There was also a write-up in a university blog to further explain the research and to help locate potential respondents.

5.3.1.2 Pilot test

There were two stages to carrying out this survey. The first stage was a pilot test survey conducted in July 2022 involving ten respondents (n=10). This pilot test aimed to "identify potential problem areas and deficiencies in the research instruments and protocol before implementation during the full study" (Hassan, Schattner, and Mazza, 2006, p.1). The pilot test survey was employed to analyse the question flow, checking

for any instances of confusion and clarity, along with average response time (Cleave, 2021). The pilot test was also essential to ensure the selected online platform to disseminate the survey worked well. The pilot test survey respondents comprised six postgraduate students (60%) and four academics (40%). Apart from the issue of question structure and wording clarity, the pilot test also received some improvements in terms of (i) using a simpler five-point Likert scale, (ii) reducing open-ended questions to increase the response rate, and (iii) merging several sections to avoid repetition that could potentially confuse the respondents.

5.3.1.3 Main survey

The main survey was improved based on the feedback from the pilot test survey before it was disseminated from August to November 2022. The survey was uploaded to an established online survey provider, Qualtrics, to which the University subscribes. This is important to ensure the potential respondents' confidence and the data collection's effectiveness. The main survey received 66 (n=66) responses, but 16 (n=16) had to be removed due to two factors: (i) not meeting the essential criteria as an expert by identifying themselves as students (6 responses), and (ii) incomplete response with less than 50% of the survey questions completed (10 responses). In total, 50 responses (n=50) were useable data in this study.

5.3.1.4 Survey Design

The survey was organised into six parts that started with (i) the respondents' background and (ii) a general overview of the ASEAN and ASEAN single aviation market. The survey then zoomed into two main themes centred on this study: (iii) intra-regional; and (iv) inter-regional aeropolitics topics. The following part (v) investigated non-state actors that should be considered in this study. At the end of the survey, there is a (vi) open-ended section for respondents to add their comments and feedback. The survey structure can be visualised in Table 5-2 below, while the full survey instrument is available in Appendix 1.

Table 5-2: Survey structure

Part	Details	Question number
i.	Respondent's background	Q1: Professional capacity Q2: Knowledge/work focussed on ASEAN member state/s Q3: Level of knowledge of ASEAN in general
ii.	Overview of the ASEAN Single Aviation Market	Q4(a): Regional integration is a positive aspiration for ASEAN Q4(b): Level of air transport liberalisation compared to three other main economic sectors in ASEAN Q 4(c): An obstacle to greater regional aviation integration factors
iii.	Aeropolitics 1: Intra-region	Q5(a): National interest in air transport Q5(b): Political elite interest Q5(c): Role of ASEAN identity in regional air transport integration Q5(d): Air transport as soft power
iv.	Aeropolitics 2: inter-region	Q6(a): China's Belt & Road Initiative (BRI) Q6(b): ASEAN-EU agreement Q6(c): South China Sea Dispute
v.	Non-state actors influence	Q7(a): Airlines, airports, aerospace industries, regional organisations, international air transport organisations, passengers/consumers Q7(b): Other non-state actors [open-ended question]
vi.	Additional comments	Q9: Comments/ideas/ further information Q10: Contact details

In part 1, respondents were asked four background questions which were (i) professional capacity, (ii) expertise focus based on the ASEAN Member States, (iii) self-rated level of knowledge of ASEAN, and (iv) general overview of ASEAN air transport regional integration. The background questions help to (i) screen the respondents as part of a systematic process to determine whether respondents met

the requirement to be considered experts and (ii) to identify the geographical expertise of the respondents to ensure all ASEAN members were adequately represented.

In Part 2, the survey explored the concept of the ASEAN single aviation market. Question Q4(a) was designed to measure each respondent's overall attitude towards regionalism and the ideology of the political economy concerning deregulation and liberalisation of the air market. This question is crucial for understanding whether respondents perceive air transport integration as beneficial for the region or otherwise. This is significant because, as discussed in the literature review in Chapter 3 and theoretical discussion in Chapter 4, air market integration is deeply entrenched in political dynamics.

Question Q4(b) required respondents to assess the level of integration in four chosen trade sectors within ASEAN – goods, services, air transport, and tourism – using an 11-point Likert scale. This inquiry aimed to position the progress of ASEAN air transport integration relative to other significant economic sectors within the ASEAN community. Acknowledging its status as a military and politically sensitive sector (Baumler, 2017), the premise of this question assumes that air transport is the least integrated sector among other key economic sectors in ASEAN. The 11-point Likert scale ranges from 0 (indicating no integration at all, highly protectionism) to 10 (representing full integration, highly liberalise), with one to nine denoting the level of cooperation. This scale gave respondents a broader range to express their sentiments compared to four- and five-point Likert scales. Importantly, 'it yielded data that adhered to the normality assumption, unlike data obtained from the four- and five-point scales' (Chyung et al., 2017, p.6).

In the subsequent question, Q4(c), respondents were prompted to identify how each PEG+T factor contributed to the sluggish progress of regional air transport integration in ASEAN. Before delving into the specifics of the most salient aeropolitical factors, the question aimed to provide an initial overview of four primary factors derived from well-established strategic frameworks in air transport, notably the PEST framework along with the PEG framework (Ellis, 2020; Itani, O'Connell, and Mason, 2014; Sammut-Bonnici and Galea, 2014; Shannon, 2019). Together, these frameworks encompass political, economic, social, technological, and geographical location

categorisations, as these factors are closely connected to ARIF, and PEST and PEG inspire the foundation of the ARIF framework. This approach sought to ascertain the relative significance of each factor concerning the advancement of the ASAM project.

After examining air transport in the ASEAN region overall, the next part of the survey, part 3, focused on aeropolitical factors from the political economy dimension, which examines intra-regional relations. Drawing insights from the literature review in Chapter 3 and theoretical discussions in 4.5.2 of Chapter 4, the study pinpointed three key intra-regional factors for investigation in the survey. These include questions Q5(a) and Q5(b), addressing the balance between national interest and the political elite's interest in air transport. Question Q5(c) explored the impact of regional identity on regional integration, while Q5(d) examined the role of air transport as a form of soft power in developing states.

The questions in part 4 dealt with aeropolitical factors from geopolitical dimension as identified and discussed in Section 4.5.1, exploring inter-regional relations, and were based on three significant regional political developments. Question Q6(a) investigated the impact of China's Belt & Road Initiative (BRI) on ASEAN air transport, question Q6(b) inquired about the implications of the ASEAN-EU agreement, and question Q6(c) explored the material impact of maritime and territorial disputes in the South China Sea among ASEAN member states and China on ASEAN's regional air transport cooperation and integration.

In part 5 of the survey, participants were asked about the influence of specific non-state actors on regional air market integration within the ASEAN context, aligning with the new regionalism approach that emphasises the importance of these actors (Börzel, 2011; Hwee and Matera, 2015; Murray and Brennan, 2015; Söderbaum and Shaw, 2003), as discussed in Section 4.4 of Chapter 4. The survey presented five key non-state actors identified from the literature: airlines, airports, aerospace industries, regional organisations, and international air transport organisations (Adey and Lin, 2016; Budd and Goetz, 2014; Budd and Ison, 2018; Button, 2019; Button and Taylor, 2000; O'Connor and Fuellhart, 2016; Vasigh, Fleming and Tacker, 2018). Respondents were also allowed to suggest additional non-state actors they considered relevant. This exploration aimed to understand the diverse roles these

entities play in shaping the dynamics of air market integration across the ASEAN region. Such an investigation provides valuable insights into the complex network of stakeholders contributing to the development and functioning of the aviation sector in the region.

In the final part, part 6, respondents were invited to voluntarily provide their contact details if they expressed interest in participating in follow-up interviews concerning the study. Three respondents demonstrated their interest by submitting their contact information. Subsequently, these individuals were contacted and expressed willingness to engage in the in-depth interviews that followed the survey. The interviews were conducted online. Although only three main survey respondents volunteered to be interviewed, this response reflects the dedication and commitment of these respondents in contributing to a deeper understanding of the subject matter. It highlights the importance of their perspectives in further enriching the study's findings through qualitative insights and discussions.

5.3.1.5 Survey data analysis

The main survey received 66 responses (n=66). Once the survey was closed, all the data from Qualtrics was exported to a Microsoft Excel file for analysis. First, the data set went through a data validation or triangulation process where it was crosschecked from the Qualtrics generated data set with its corresponding entries in Excel. A data validation function embedded in Microsoft Excel was employed to achieve this. There were no errors found in the migrated data set. The data set underwent a second data cleaning round to discard unqualified data entries. The process was done manually; where entries were incomplete, with at least 50% of a survey response not completed, they were removed. In total, 16 (n=16) respondents were removed from the data set because of these data-cleaning measures.

Figure 5-1: Survey data screenshot

	A	B	C	D	E	F	G	H	I	J	K
1	Q1 Background	Q2	Q3_4	Q4 Somewhat agree (a) regional economic integration occurs with	Trade in Goods	Trade in Services	Air Transport	Tourism	Q5_1	Q5_2	Q5_3
2	What sector are you in? - Selected Choice	Is your knowledge/work focussed on any ASEAN member state/s	General idea on ASEAN - 4		General	General	General	General	Overview	Overview	Overview
3	Academic		5.0	Somewhat agree neither agree nor disagree	2	3	4	7	very significant	significant	moderate
4	Academic		5.0		7	5	6	7	moderate very	high very	high
5	Academic	Brunei Darussalam, Malaysia, Philippines	6.0	Strongly agree	8	8	5	9	significant very	significant	moderate
6	Academic		6.0	Strongly agree	6	6	4	8	significant very	high very	moderate
7	Academic	Cambodia, Myanmar, Lao PDR, Viet Nam	6.0	Strongly agree	8	7	5	10	significant very	significant	high
8	Academic	Indonesia, Myanmar, Malaysia, Philippines, Singapore, Thailand	7.0	Strongly agree	7	6	7	8	significant very	high	low
9	Academic	Indonesia, Singapore, Viet Nam	6.0	Strongly agree	7	7	8	9	significant	low	low
10	Academic	Malaysia	6.0	Strongly agree	5	3	3	3	moderate very	high very	high
11	Academic	Myanmar, Lao PDR, Viet Nam	8.0	Strongly agree	6	8	4	9	significant very	significant	moderate
12	Academic	Singapore	7.0	Somewhat agree	8	6	2	7	significant very	moderate	low
13	Academic	Thailand	5.0	Strongly agree neither agree nor disagree	6	7	8	10	significant very	high very	high very
14	Academic	Thailand	5.0		8	8	4	9	significant	significant	significant
15	Academic	Thailand	5.0	Somewhat agree	7	6	5	6	high very	high	moderate
16	Academic	Thailand, Viet Nam, Cambodia, Indonesia, Myanmar, Malaysia, Philippines, Singapore, Viet Nam	6.0	Strongly agree	7	6	7	4	significant very	high	high

(Source: Author compiled using data from study survey, 2022)

Every response item in the questionnaire was converted into numbered codes to be quantified using frequency and percentage. The process used the Pivot Table function to analyse two or more variables. All the data was automatically formatted into tables. Then, the tables were transformed into diagrams for analysis and better visual presentation (when deemed relevant).

5.3.2 Phase 2 – In-depth interviews

This section provides an overview of Phase 2 of the data collection process, which involved conducting semi-structured in-depth interviews (n=15). It elaborates on the sampling strategy employed, the design of the interview questions, and the subsequent thematic analysis undertaken to extract insights from these interviews. This phase represented a crucial component of the research methodology, facilitating a deeper exploration of the subject matter by tapping into the expertise and perspectives of the participants. The section clarifies the systematic approach to ensure the interviews' effectiveness in gathering valuable qualitative data to support and expand on the survey data before them.

5.3.2.1 Interview sampling strategy

The second phase of data collection involved conducting in-depth interviews with a group of experts, totalling 15 participants, spanning September 2022 to January 2023. These interviews, performed using a semi-structured format, were strategically

designed to provide a deeper layer of insight and context to complement and support the survey data. The structured interview outline, as in Appendix 2, encompassed five core questions, each supplemented by three optional probing follow-up inquiries. Additionally, interviewees were allowed at the conclusion of each session to impart any supplementary insights, comments, or recommendations on the overarching research theme.

Figure 5-2: List of Interviewees

Interviewee	Capacity	Mode	Duration
Interviewee 1	Former Head of the Air Transport Division at the Regional Organisation	Face to face	90 minutes
Interviewee 2	Director of National Air Transport Regulatory body	Face to face	60 minutes
Interviewee 3	Senior Officer of National Air Transport Regulatory body	Face to face	60 minutes
Interviewee 4	Academic - trade and investment	Face to face	60 minutes
Interviewee 5	Academic - air transport	Online	50 minutes
Interviewee 6	Former director of national air transport regulatory body in ASEAN	Face to face	90 minutes
Interviewee 7	Senior officer at international air transport organisation in ASEAN	Online	60 minutes
Interviewee 8	Aviation consultant	Online	20 minutes
Interviewee 9	Aviation consultant	Online	35 minutes
Interviewee 10	Aviation consultant	Face to face	60 minutes
Interviewee 11	Airline manager in Southeast Asia	Face to face	60 minutes
Interviewee 12	Academic – international relations	Online	90 minutes
Interviewee 13	Academic - air transport	Face to face	35 minutes
Interviewee 14	Academic – political sciences	Face to face	75 minutes
Interviewee 15	Academic - air transport	Face to face	85 minutes

All interviews were recorded, transcribed, and subjected to a thematic analysis. These interviews ranged from 30 to 90 minutes, with the average session lasting approximately 60 minutes. This approach to data collection allowed for a deeper exploration of the subject matter, drawing on the extensive expertise and experiences of the participants to provide valuable qualitative insights that further enriched the study's findings.

5.3.2.2 *Question design*

Semi-structured in-depth interviews are one of the qualitative tools commonly used to seek a more profound understanding of a specific issue from subject matter experts. Unlike an unstructured interview, a semi-structured interview gives the researcher more control and more focused responses, which help for a more organised and coherent analysis. At the same time, semi-structured interviews provide more room for flexibility to the respondents than structured interviews.

The interview questions for the study were structured with four core questions followed by two to three follow-up questions. The first question was a more general discussion on the main obstacles to greater regional air transport integration in Southeast Asia. The answers from the interviewees were categorised based on PEST (politics, economics, social, technology). The interviews followed up with a question about the systemic imbalance in ASEAN air transport. Here, informants were encouraged to focus more on the ASEAN open skies.

The second question brought the discussion to aeropolitical challenges. Interviewees were asked about their understanding of aeropolitics, followed up with questions on state interest versus political elite interests in air transport, and how domestic politics influence air transport policy. After discussing domestic politics, the discussion was channelled to the regional level, where the informants were asked about ASEAN Way of facilitating the air transport integration process. The questions after this look at the role of ASEAN identity, track II diplomacy and non-state actors in air transport. The final question explored the inter-regional dynamic that may impact air transport liberalisation in ASEAN, particularly the ongoing rise of China and the intervention of the other superpower, the United States, along with the EU's role and influence in Southeast Asia. The follow-up question here led to the impact of geopolitical tension in the region, especially the South China Sea dispute on ASEAN air transport.

Each interview was audio recorded, with transcriptions prepared unless any participant explicitly requested otherwise. To extract meaningful patterns and insights from the rich qualitative data obtained during these interviews, computer-assisted qualitative analysis software, specifically Nvivo, was employed.

5.3.2.3 Thematic data analysis

The method of interview data analysis used in this study was a qualitative approach through thematic analysis. Thematic analysis is a method of understanding qualitative data by identifying, analysing, and reporting pre-identified and emerging themes from the collected data (Braun and Clarke, 2006; Kiger and Varpio, 2020). This approach is often referred to as a hybrid approach, as it combines elements of both inductive and deductive thematic analysis methods, capitalising on their strengths. It incorporates pre-ordained categories based on a well-defined theoretical framework derived from existing literature while concurrently allowing for the emergence of themes directly from the data, thus encompassing an inductive aspect. In essence, deduction involves applying a predetermined theoretical model and testing it against observations, whereas induction commences with observations, seeking to identify patterns within them (Proudfoot, 2022).

Thematic analysis is one of the best methods to examine experiences, thoughts or behaviours across the data that answer the research questions (Kiger and Varpio, 2020). As a qualitative analysis software, Nvivo helps develop the thematic analysis by clustering all the responses or codes to each question. By clustering the codes by the question, the study can identify the main common points made by all informants. The study also managed to identify new and different perspectives that emerged from the transcripts. The sample of the thematic data analysis table is presented in Table 5-3 below, with the complete table available for reference in Appendix 3.

Table 5-3: Sample of thematic data analysis table

Example	Aeropolitical factor	Southeast Asia case	Influence on ASEAN air market liberalisation	Research Question
Tatmadaw (military Junta) family control Myanmar's commercial and military aviation industry.	Political economy	Crony-capitalism	Directly disturbs free market competition	RQ2: What are the primary aeropolitical barriers and opportunities in

Malaysia's failure to liberalise its flag carrier, MAS.				ASEAN air transport, including to extent these factors influence the process of regional air market integration?
Indonesia's duopoly of the air market due to political elite control.				

(Source: Compiled by author)

In the next stage, all the codes were catalogued into individual themes. Codes differ from themes, where a code comprises a single topic. In contrast, a theme “is where the interpretative analysis of the data occurs, and in relation to which arguments about the phenomenon being examined are made” (Braun and Clarke, 2006, p. 88). The themes were not rigid and static but progressively evolved, where several themes were merged, dropped and recategorised. Here, all themes interacted with each other. The process was carried out as suggested by Braun and Clarke (2006), who proposed six phases of thematic analysis, namely (1) familiarising with data, (2) generating initial codes, (3) searching for themes, (4) reviewing themes (5) defining and naming themes (6) producing the report.

5.3.2.4 Secondary Data analysis

In examining secondary data, this study employed a research question-oriented approach (Cheng and Phillips, 2014). This study's primary data sources are official ASEAN statistics (ASEAN Stats) and Official Airline Guide (OAG) data. The statistical data plays a crucial role in offering a more expansive perspective, drawing upon the insights derived from the survey and interviews. Its utility lies in the verification and additional explanation it provides for the findings obtained from the primary sources. By incorporating secondary statistical data, the study gains a broader context, enhancing the depth and reliability of the research findings. This secondary data serves as a means of validation and contributes to a more comprehensive understanding of the factors and dynamics influencing the Southeast Asian air transport sector.

The data obtained from the Official Airline Guide (OAG) plays a vital role in discerning air market trends in Southeast Asia. In particular, the study relies on the Herfindahl-Hirschman Index (HHI) as a crucial metric to measure liberalisation in the Southeast Asian air market. The triangulation process, incorporating data from the survey and interviews, provides a comprehensive understanding and explanation of these observed trends. Combining insights from primary sources with the quantitative measures derived from the HHI and OAG data gives the study a nuanced perspective on how market concentration and liberalisation dynamics influence the Southeast Asian air transport sector.

HHI is an index demonstrating the quadratic sum of each airline's market share compared to the total market size (Lijesen, 2004). When interpreting HHI figures, there are generally accepted thresholds that delineate different levels of market concentration. An HHI score of less than 1,500 indicates a market characterised by low concentration. In such cases, no individual player or a small group of players possesses substantial dominance over the market. The range of 1,500 to 2,500 represents a scenario of moderate concentration. In this context, a notable or a handful of players exhibit a more substantial share, yet competition remains viable and diverse. Finally, HHI scores exceeding 2,500 are associated with highly concentrated markets, where a few prominent players wield significant influence, potentially leading to reduced competition and consumer choices (Peng and Lu, 2022). The formula to calculate HHI as follows:

$$HHI = s_1^2 + s_2^2 + s_3^2 + \dots s_n^2$$

where:

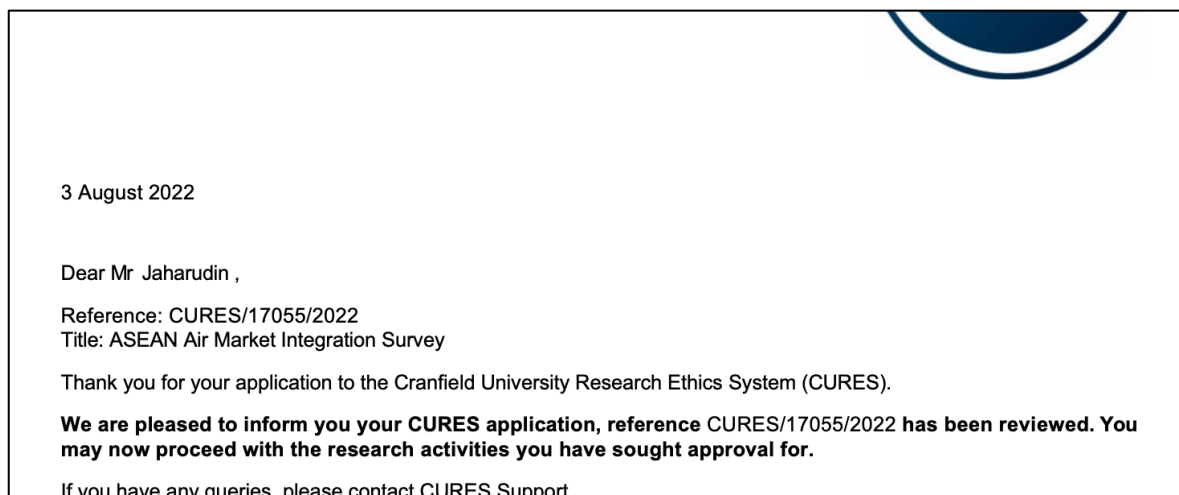
s_n = the market share percentage of firm n
expressed as a whole number, not a decimal

Source: (Peng and Lu, 2022)

5.4 Ethical considerations

Ethical clearance for this study was granted by the Cranfield University Research Ethics System (CURES) on August 3, 2022, with reference number CURES/17055/2022. This clearance ensures that the research adheres to ethical principles and guidelines, safeguarding the rights and well-being of participants. A copy of the CURES approval letter is in Appendix 4.

Figure 5-3: cropped screenshot of CURES approval letter



Before data collection, all participants were thoroughly briefed about the study's objectives, ethical considerations, and procedures for data handling, ensuring their anonymity and confidentiality. Each respondent provided explicit consent by endorsing the Informed Consent Form, as outlined in Appendix 5, before participating in the interviews.

5.5 Conclusion

This chapter serves as a crucial link between the theoretical discussions in Chapter 4 and the practical implementation of research design, data gathering, and analysis. It translates theoretical aspects into tangible methodologies that lay the groundwork for the empirical phase of this study, organised into three integral sections: research design, data collection strategies, and data analysis approach.

The research design section emphasises the application of mixed methods and triangulation, recognising the potential for mutual enrichment between these often-discussed concepts in separate discourses. The subsequent part of the chapter explores data collection strategies, providing comprehensive insights into sampling strategies and question design for both the survey and semi-structured interviews. The final segment elaborates on the data analysis approach, highlighting the crucial role of triangulation in enhancing quality and broadening insights. This involves supplementing primary quantitative and qualitative data with secondary data from the ASEAN statistical data, the Official Airline Guide (OAG) flight database, and other pertinent reports. The chapter concludes with a thorough discussion of ethical considerations, underscoring the ethical framework that served as a guiding compass throughout the research process.

The highlight on research design and data collection strategies, particularly the combination of survey and semi-structured interviews, showcases their pivotal role in capturing multifaceted perspectives and rich narratives aligned with the study's objectives. The thematic analysis of collected data contributes to a better understanding of the study's core elements.

As the narrative progresses, the upcoming chapter is poised to unveil the heart of the matter — presenting and discussing the data findings derived from this extensive fieldwork. Triangulating the primary findings with secondary data sources adds depth and reliability to the study's insights, facilitating a comprehensive exploration of the aeropolitical landscape in Southeast Asia's air transport integration.

6 RESULTS

6.1 Introduction

This chapter probes into the key findings derived from the study data. The survey and interview questions were strategically crafted, drawing inspiration from the ARIF framework proposed in Chapter 4. The discussion in this chapter is divided into two parts. The first part of the discussion entails an examination of the survey findings. The study analysed the survey responses using quantitative analysis techniques to understand the research variables. This analysis illuminates various aspects, including the respondents' perceptions on the level of air market integration and three main aeropolitical dimensions tested in the survey: political economy, geopolitics, and geoeconomics. The second part of the discussion centres around the pre-identified and emerging themes from the in-depth interviews. These interviews were designed to gather key insights and explore the perspectives of the experts in air transport regarding the aeropolitical challenges in the region. The study identified recurring patterns and significant ideas captured across the interview transcripts through a hybrid thematic analysis. By summarising these key themes, the study offers a qualitative perspective that complements the quantitative findings from the survey, providing a deeper level view of the research phenomenon – aeropolitical challenges in Southeast Asia.

6.2 Respondent demographics

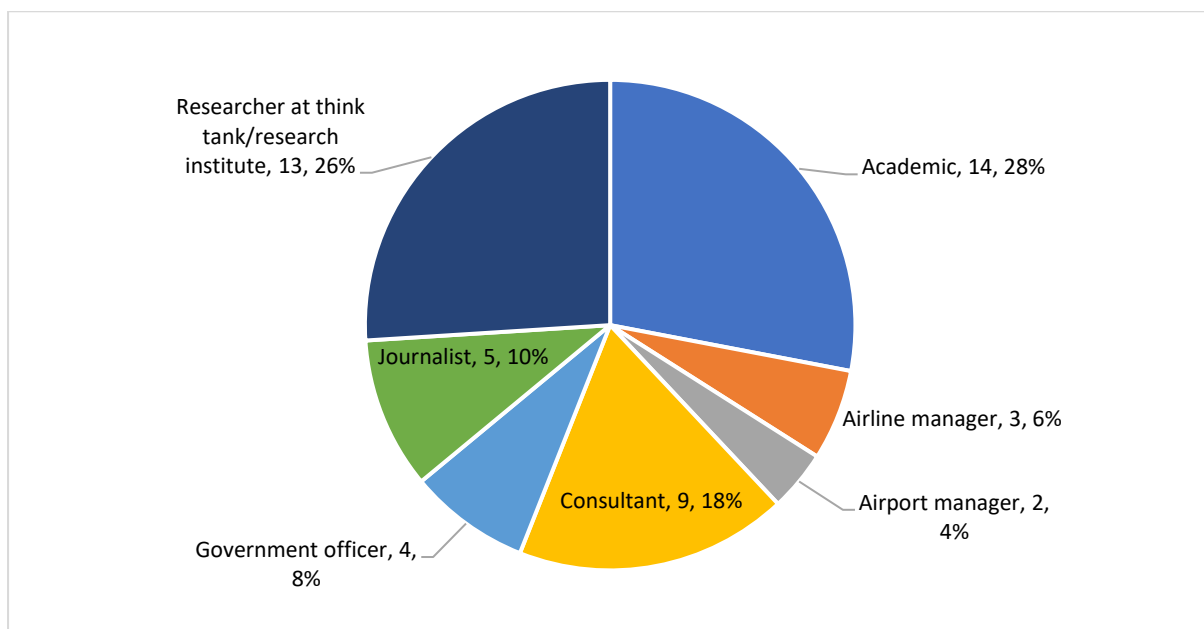
This section will detail the demographic breakdown of respondents, encompassing their professional backgrounds, ASEAN countries of expertise, their level of knowledge about ASEAN and their attitudes towards ASEAN integration. Understanding the respondents' background is essential as it provides crucial context for interpreting survey findings. Professional experiences influence the perspective and insights that respondents bring to research, and these potentially affected their understanding of ASEAN and its integration efforts in this study. Expertise in specific ASEAN countries could reveal varying levels of exposure to regional dynamics. In

contrast, the respondents' knowledge levels and attitudes towards ASEAN offer insights or informed opinions shaping their responses.

6.2.1 Respondents' professional backgrounds

The sample for this study comprised 50 respondents (n=50); among them, a significant portion of 28% (n=14) of the total sample identified themselves as university academics. Additionally, 26% (n=13) identified as researchers affiliated with research institutes. This number indicates a substantial representation of the academic community, which brings valuable insights to the research.

Figure 6-1: Respondent's Professional Background



(Source: Author compiled using data from study survey, 2022)

The remaining 46% (n=23) of the sample encompassed various professionals from various backgrounds. Notably, 18% (n=9) of the respondents were consultants, offering expertise from a practical and applied standpoint. Another 10% (n=5) were journalists, bringing a unique media-oriented perspective to the study. Moreover, 8% (n=4) of the sample consisted of government officers, providing policy and regulatory domain insights. In addition, the sample included respondents with roles in the aviation industry, with 6% (n=3) being airline managers, contributing hands-on knowledge of

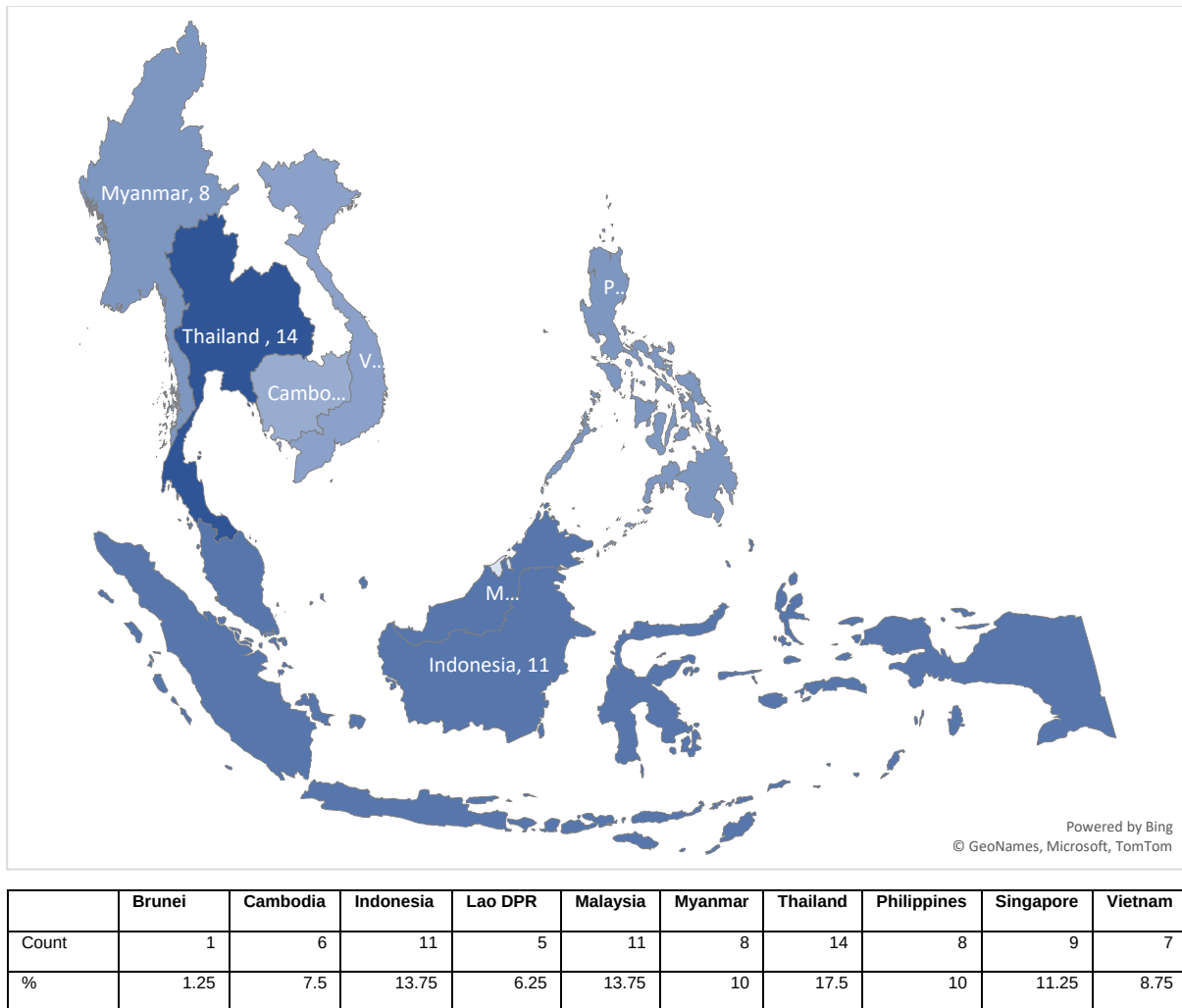
airline operations, and 4% (n=2) serving as airport managers, offering valuable insights into airport-related aspects.

6.2.2 Respondents' expertise

To further explore the specialised areas of knowledge among the respondents within the ASEAN Member States, 44 participants shared insights on this particular aspect of the study. The remaining six respondents abstained from answering this question, either due to reasons of confidentiality or because the question was irrelevant to their circumstances. It is important to note that respondents could choose multiple answers, allowing for a comprehensive understanding of their areas of specialisation, where the survey received 80 entries of various ASEAN countries. Moreover, it is significant that all ASEAN member states were represented among the respondents. However, there may be variations in the extent to which each member state was described in the sample.

Figure 5-2 outlines the distribution of respondents' expertise focus based on the ASEAN member states. This information is a valuable reference for understanding the geographical coverage and representation of expertise within the study. The research aimed to capture an understanding of the subject matter by incorporating insights from individuals with diverse expertise across the ASEAN region. The data reveals a noteworthy pattern in the respondents' areas of expertise, which primarily centre around distinct ASEAN nations. Notably, the highest proportions of specialised knowledge were concentrated in certain countries. Specifically, a substantial portion of respondents displayed an in-depth understanding of Thailand (17.5%, n=14), following closely expertise in Indonesia and Malaysia, which garnered a notable 13.5% (n=11), respectively — the distribution of knowledge extended beyond these top three countries.

Figure 6-2: Respondent's geographic expertise



(Source: Author compiled using data from study survey, 2022)

Singapore, a prominent ASEAN hub, drew the expertise of 11.25% or 9 entries. Additionally, the survey revealed that 10% (n=8) of the geographic expertise focus on Myanmar and the Philippines. While the concentration was more pronounced in certain countries, the study also highlighted the comprehensive nature of the respondents' expertise across the region. The remaining ASEAN countries, although representing slightly smaller proportions, emphasised the breadth of knowledge encompassed by the survey. Vietnam and Laos were each marked by 8.75% (n=7) and 6.25% (5) of entries with focused expertise, respectively. Similarly, Cambodian affairs attracted the insights of 7.5% (n=6) of geographic interest. The smallest

representation was attributed to Brunei, with 1.25% (n=1) of entries possessing specialised knowledge of the country's dynamics.

6.2.3 Respondent's knowledge of ASEAN

The participants consistently evaluated their comprehension of ASEAN as more than 5 out of 10. This trend is reflected in their self-assessment ratings on a 10-point Likert Scale, with a mean score of 7 out of 10. Among the participants, researchers at think tanks or research institutes, consultants, and airline managers reported the highest self-ratings, scoring 7.8, 7.7, and 7.0, respectively.

Figure 6-3: Respondent's Knowledge of ASEAN



(Source: Author compiled using data from study survey, 2022)

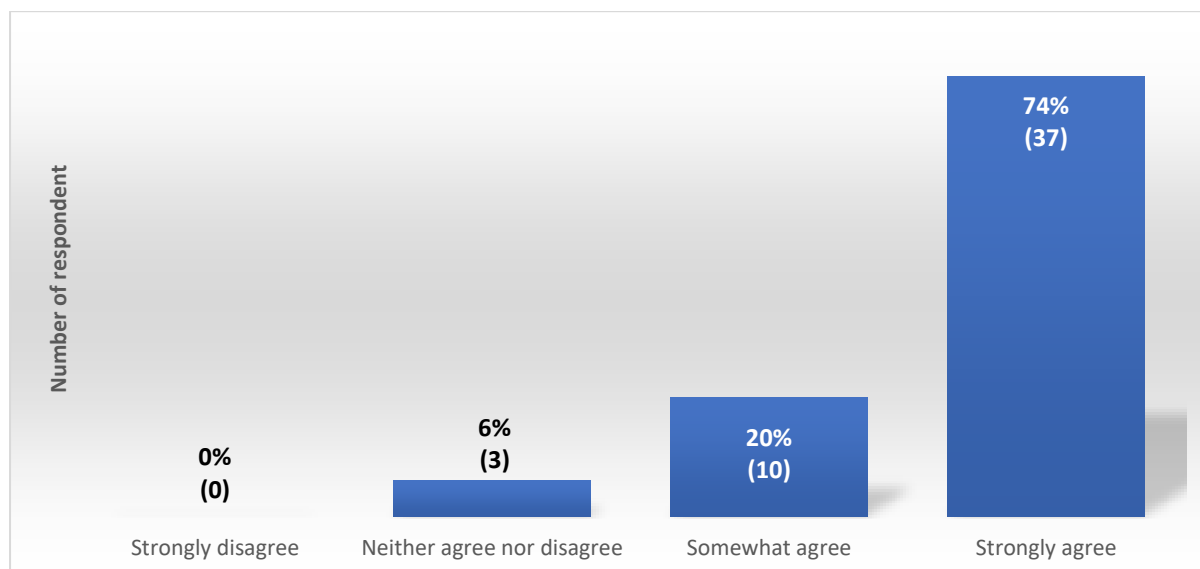
In contrast, government officers and airport managers provided 6.8 and 6.0 self-ratings regarding their knowledge of ASEAN. As a group, academic professionals had the lowest self-rating of 5.9 out of 10.

6.2.4 Attitude toward ASEAN integration

The second section of the survey encompassed three distinct components, namely Q4a, Q4b, and Q4c, to capture respondents' overarching perspectives on ASEAN regional integration and the ASEAN single aviation market. Question 4a aimed to

gauge respondents' attitudes towards ASEAN integration by providing insights into their political-economic ideologies on regionalism and the free market principles.

Figure 6-4: Regional Integration Is a Positive Aspiration For ASEAN



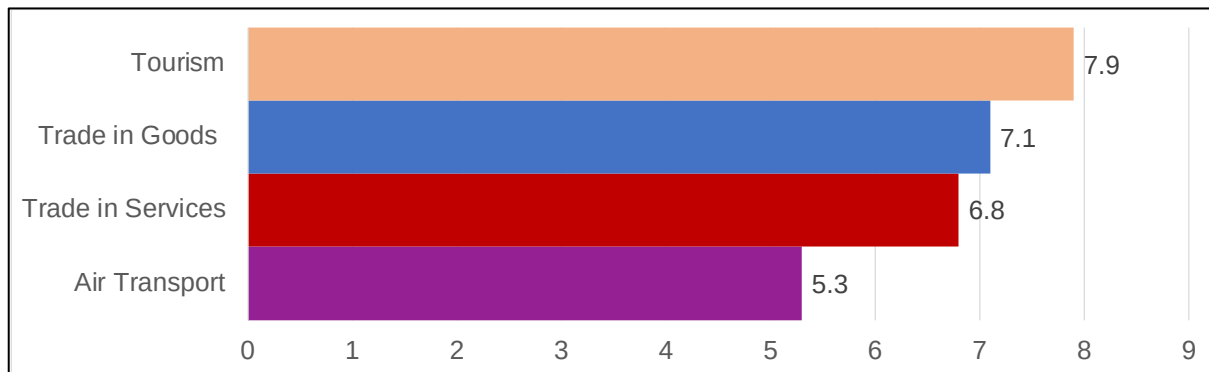
(Source: Author compiled using data from study survey, 2022)

The results revealed that a significant majority, comprising 94% of the respondents, expressed support for the ASEAN regionalism project. This question helps establish that, in the context of this study, the respondents generally support liberalising and deregulating domestic markets, which aligns with the broader principles underlying regional integration efforts.

6.3 Degree of integration within four specific trade sectors

The study addressed the subsequent question Q4b, which aimed to assess respondents' perceptions regarding the degree of air transport integration in comparison with three other sectors within the ASEAN context. These sectors are goods, services and tourism. Through this line of questioning, the study sought to elicit respondents' viewpoints on the existing level of air transport integration in ASEAN compared to the other three interconnected sectors. In order to obtain responses, respondents were provided with a Likert scale consisting of ten points, where zero represented "protectionism", ten indicated "integration," and values in between reflected varying degrees of "cooperation".

Figure 6-5: Level of integration in selected sectors



(Source: Author compiled using data from study survey, 2022)

The study's findings revealed that, on average, all respondents rated 7.9 for tourism, 7.1 for trade in goods, and 6.8 for trade in services, while air transport garnered a relatively lower score of 5.3. These results aligned with the existing literature and findings from in-depth interviews, as air transport received the lowest rating compared to the other three sectors under consideration. This indicates respondents perceived air transport integration within ASEAN as relatively weaker than in goods, services, and tourism. These ratings demonstrate the perceived level of integration within ASEAN's trade sectors, as evaluated by the study respondents. The higher ratings for goods, services and tourism imply that these sectors have made notable progress in regional integration. Conversely, the relatively lower rating for air transport suggests that areas require attention and improvement to enhance integration within this sector.

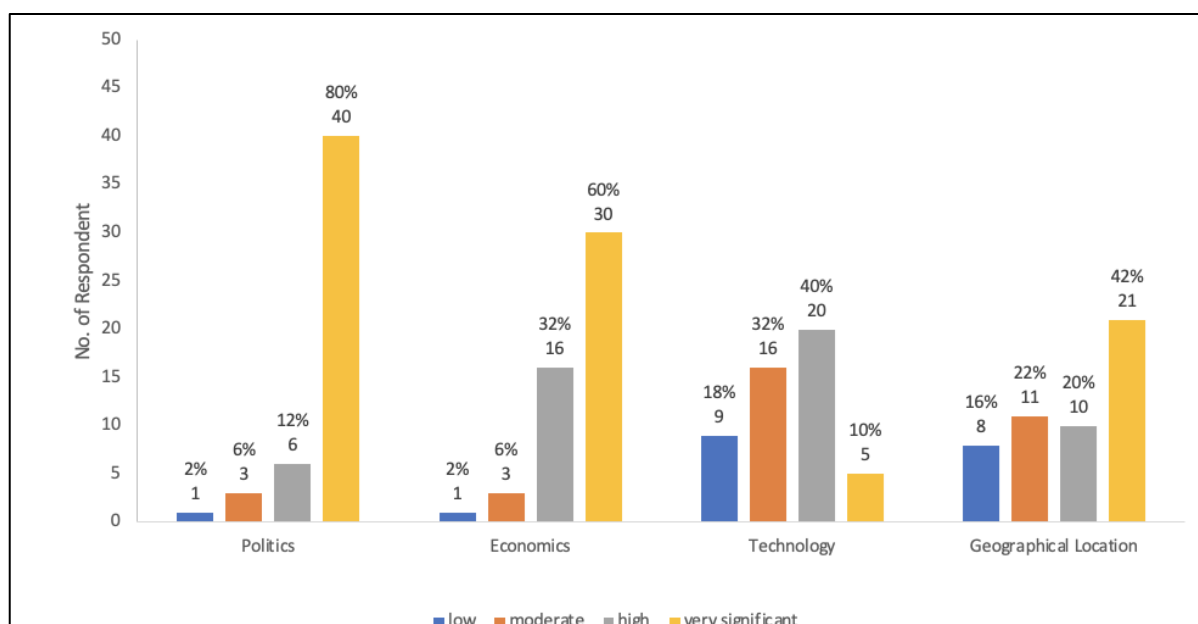
6.4 The most influential factors contributing to regional air transport integration within ASEAN

The respondents were presented with the final question in this section (Q4c), which aimed to elicit their perspectives on the most influential factors contributing to regional air transport integration within ASEAN, particularly concerning the ASEAN single aviation market.

The survey results in Figure 5-6 illustrate the respondents' perceptions regarding the factors influencing the success of air transport integration within ASEAN. An overwhelming majority (92%) of participants firmly hold the belief that politics wields

either a *highly significant* (12%) or a *very significant* (80%) role in this endeavour. This near unanimous consensus underlines the pivotal influence of political considerations in driving and facilitating regional air transport integration. It is crucial to note that the ASAM agreement lacks legal binding, mirroring other agreements within the ASEAN framework (Tan, 2014). Thus, politics is vital. However, it is important to clarify that the political factor encompasses a broader spectrum beyond mere political will. This includes a more extensive purview that delves into political economy and geopolitics, as elaborated in greater detail in the subsequent chapter.

Figure 6-6: Summary of factors contributing to regional air transport integration within ASEAN



(Source: Author compiled using data from study survey, 2022)

Regarding economic considerations, most respondents (60%) expressed the view that the economy plays a *significant role*, while an additional 32% considered it *highly* important in driving regional air transport integration. It is worth noting that economics plays a dual role in air market integration. On the one hand, the integration of air markets is a pivotal enabler for the ASEAN economic bloc, offering numerous economic advantages to its member countries. Conversely, as discussed in previous chapters, the considerable economic disparities among ASEAN member states present challenges that demand attention. This survey outcome aligns with the

findings of various studies on ASEAN air market integration, underscoring the pivotal role of the economy as a prominent and influential factor in this context.

The analysis of respondents' perspectives concerning the role of technology portrays a spectrum of viewpoints. Notably, a substantial portion, comprising 40% of respondents, perceives technology as *highly* influential, with an additional 10% deeming it *very significant*. This collective stance stresses a notable belief in technology's transformative potential within regional air market integration, especially to bridge the disparity between highly developed aviation hubs like Singapore and Malaysia and their counterparts in less developed nations such as Cambodia, Vietnam, and Laos (ADB, 2023). However, it is essential to note that technology is not ranked as critically influential as politics and economics factors in the respondents' views. Conversely, 18% of respondents assigned low impact to technology in the integration process, suggesting a perception of its limited role in facilitating regional integration efforts. These diverse opinions highlight the intricate and multifaceted nature within air market integration when it comes to technology. While some stakeholders consider technology a pivotal driving force, others may interpret its impact as less pronounced or central to the integration process.

The survey analysis reveals a consensus among respondents regarding the impact of geographical location on air transport integration within ASEAN. Specifically, a clear majority (64%) of participants attribute significant importance to geographical location, with 20% considering it *highly* influential and 42% rating it as *very significant* in steering the integration process. This collective perspective underlines the respondents' recognition of the pivotal role played by geographical factors in shaping the integration dynamics. These geographical considerations encompass a wide array of factors, including landlocked states, archipelagos nations, the varying sizes of countries and the distances between them (Ishikawa, 2021). Each of these elements contributes significantly to the trajectory of integration initiatives within the ASEAN region. This understanding aligns with the complex challenges posed by the region's diverse geographical characteristics, which continue to mould the evolving landscape of air connectivity and integration in Southeast Asia.

To gain a better comparative understanding of the importance of each factor in the Q4 (C) findings (Figure 6-6), they have been subjected to further analysis employing statistical tools, specifically the weighted mean. This approach is used to gauge an average that considers each factor's relative importance. The weighted mean is calculated by multiplying the average of each factor from the dataset by its respective weighting factor (low = 1, moderate = 2, high = 3, very significant = 4. The actual calculation of each factor in the Q4 (C) findings is as below:

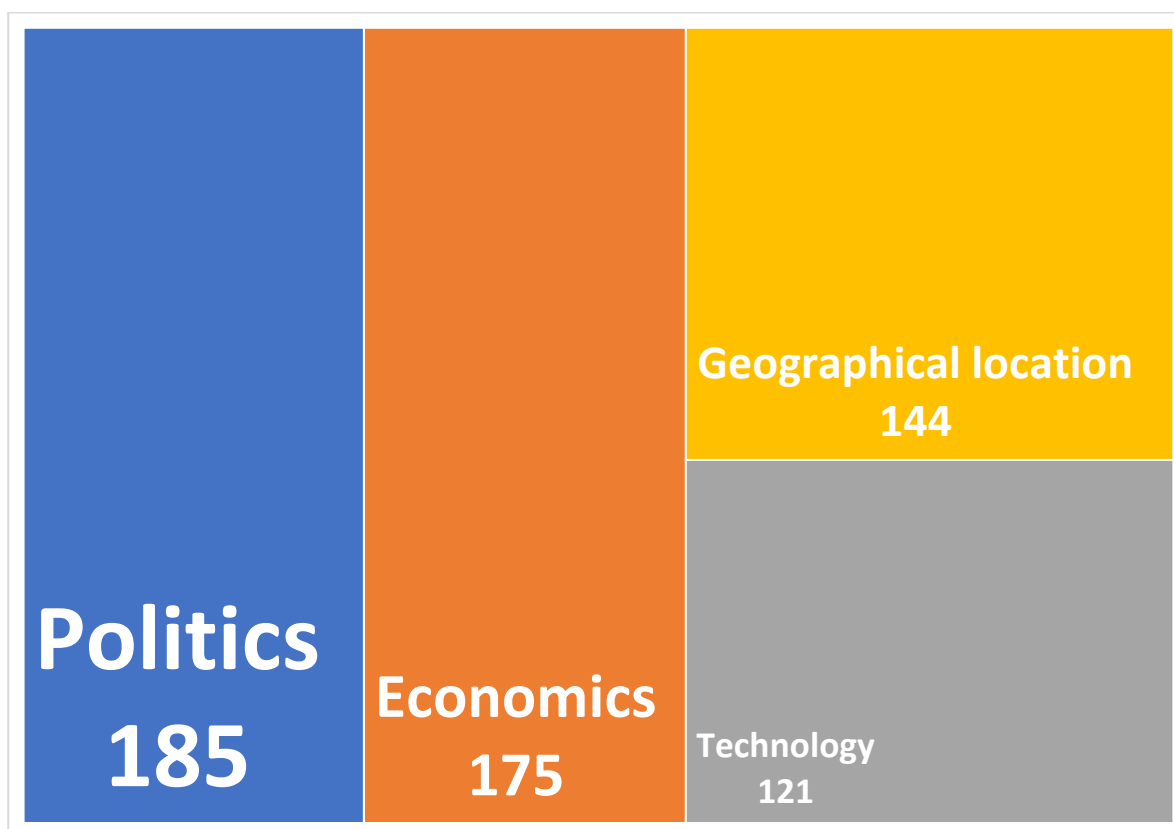
Figure 6-7: Weighted mean calculation for Question Q4(C)

		Politics		Economics		Technology		Geographical Location	
Scale	weighting factor	score	Mean average	score	Mean average	score	Mean average	score	Mean average
low	1	1	1	1	1	9	9	8	8
moderate	2	3	6	3	6	16	32	11	22
high	3	6	18	16	48	20	60	10	30
very significant	4	40	160	30	120	5	20	21	84
Total			185		175		121		144

(Source: Author analysis using data from study survey, 2022)

The outcomes of this analysis reveal valuable insights, underscoring the importance of political and economic factors in understanding the gradual progress of the ASEAN single aviation market. The political factor notably attained a weighted score of 185, firmly establishing its prominence in shaping the landscape, followed by economic factors, with a weighted score of 175.

Figure 6-8: Weighted mean of factors contributing to regional air transport integration within ASEAN



(Source: Author analysis using data from study survey, 2022)

The geographical location factor also plays an important role, as indicated by its weighted score of 144. In contrast, the technology factor garners the lowest score, with a weighted score of 121. These weighted scores offer a nuanced perspective on the relative importance of these factors within the context of the ASEAN single aviation market's sluggish progress to date, with politics and economics emerging as the dominant forces shaping the landscape.

6.5 Political economy

The next survey section aimed to gather respondents' perspectives on various premises concerning the interplay between political economy themes and aeropolitics. There were four questions divided into two purposes: statements of contentions to understand the reality (question Q5a and Q5b), and forward-looking statements to seek solutions (question Q5c and Q5d).

Figure 6-9: Matrix for survey question Q5

statements of contentions	Statement of Forward-Looking
<p>(Q5a) National interest in air transport:</p> <p>This question explores respondents' views on the significance of national interests in shaping policies and decisions related to air transport. It aims to uncover the extent to which national priorities influence the development and regulation of the aviation sector.</p>	<p>(Q5c) The relationship between regional identity and air market integration:</p> <p>This question investigates the perceived connection between regional identity and the process of economic integration in the context of air transport. It aims to understand whether respondents perceive a synergistic relationship between developing a regional identity and advancing economic integration within the aviation sector.</p>
<p>(Q6b) The vested interest of political elites in air transport:</p> <p>This question probes respondents' perceptions regarding the vested interests of political elites in the realm of air transport. It seeks to examine whether political elites have personal or group interests that affect decision-making and resource allocation within the aviation industry.</p>	<p>(Q5d) Air transport as soft power:</p> <p>This question explores the concept of air transport as a soft power tool. It seeks to gauge respondents' perspectives on the extent to which air transport can be used to project influence, promote cultural exchange, and enhance diplomatic relations.</p>

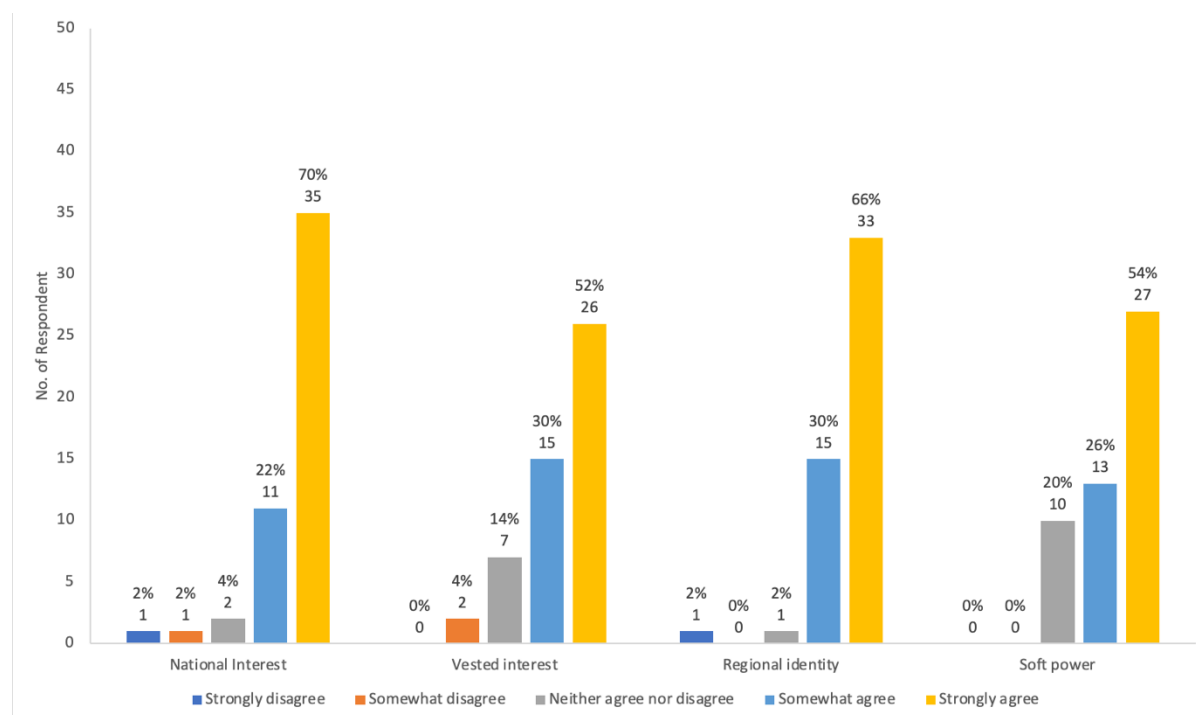
By addressing these premises, this section of the survey aims to comprehensively understand the respondents' perceptions regarding the intersection of political economy themes and aeropolitics. Analysing these responses provides valuable insights into the role of political interests, regional identity and soft power dynamics in shaping policies, decision-making processes, and relationships within the air transport sector.

6.5.1 Result of political economy factors

In general, the respondents in this section agreed that all the political economy factors tested significantly influence the liberalisation of air transport within ASEAN. This line of questioning enabled the study to pinpoint the sub-factors that most effectively contribute to delineating the landscape of opportunities and barriers within ASEAN. It is important to note that the purpose of this section was not to rank these factors, as they can coexist and interact in complex ways. However, the findings indicate clear

associations between certain factors and air transport liberalisation, as perceived by the respondents.

Figure 6-10: Summary of Political Economy Factors



(Source: Author compiled using data from study survey, 2022)

In question Q5(a), respondents were tasked with offering their insights regarding airline ownership and control restrictions within ASEAN member states, primarily driven by the intent to safeguard national interests. The findings reveal a strong consensus among the respondents, with 70% supporting this assertion. This perspective implies that those in agreement recognise how Southeast Asian nations perceive such restrictions as a strategic means of maintaining control over their aviation sectors. The in-depth interviews, covered in the subsequent section, discussed the strategic importance of national carriers. These interviews offer valuable insights into the role of national carriers, which extend beyond commercial considerations, encompassing aspects of national defence, public service obligations, and national pride.

The question Q5(b) reveals a high level of consensus when examining respondents' perceptions concerning the influence of political elites with vested interests in air

markets, particularly concerning deregulation and liberalisation within ASEAN. In this context, 75% *strongly agreed*, while another 22% *somewhat agreed* that political elites with vested interests hinder further progress in the deregulation and liberalisation of the air transport market. This suggests that respondents harbour concerns about political entities with personal or group interests impeding integration progress, which in turn points to apprehensions about monopolies, duopolies, (CAPA, 2018; Trihermato, 2019) cronyism and rentier capitalism (Elder, 2015; ICAO, 2007b; MAVCOM, 2019) within the region's air transport sector.

The survey question Q5(c) then assessed the role of regional identity in air transport integration within the ASEAN region and yielded insightful results. A majority (66%) of respondents *strongly agreed* that regional identity plays a pivotal role in ASEAN air market integration, and a further 30% of respondents opted for *somewhat agree*. These statistics highlight the consensus among the participants regarding the importance of nurturing a sense of shared identity and a common purpose among the member nations of ASEAN to propel the integration process forward. This perspective, which highlights the significance of regional identity, indicates that respondents acknowledged the fundamental role of fostering a collective identity and shared goals among the diverse member countries of ASEAN in achieving deeper integration in the field of air transport. The same underlying drive might explain why AirAsia strategically positions itself as a representative of ASEAN. Being the leading low-cost airline in Southeast Asia, AirAsia introduced the '*Truly ASEAN*' tagline in 2008 and the '*I Love ASEAN*' slogan, along with the ASEAN emblem, in 2017. These actions demonstrate their dedication to aligning with and advancing the common identity and goals of the ASEAN region.

In the survey question Q5(d), a significant portion of respondents (54% *strongly agreed*, and 26% *somewhat agreed*) believed that air transport is a vital soft power tool employed by ASEAN member states. This perspective likely arises from the perception that air connectivity nurtures closer relationships and fosters positive rapport between ASEAN member countries and the broader international community. Singapore Airlines stands out as a prime example of successfully utilising branding deeply rooted in a Southeast Asian identity, as evidenced by the iconic Singapore Girl in her *kebaya sarong*. She has been the only commercial figure featured in the

prestigious Madame Tussaud's wax museum since June 1993 (Heracleous, Wirtz and Pangarkar, 2009).

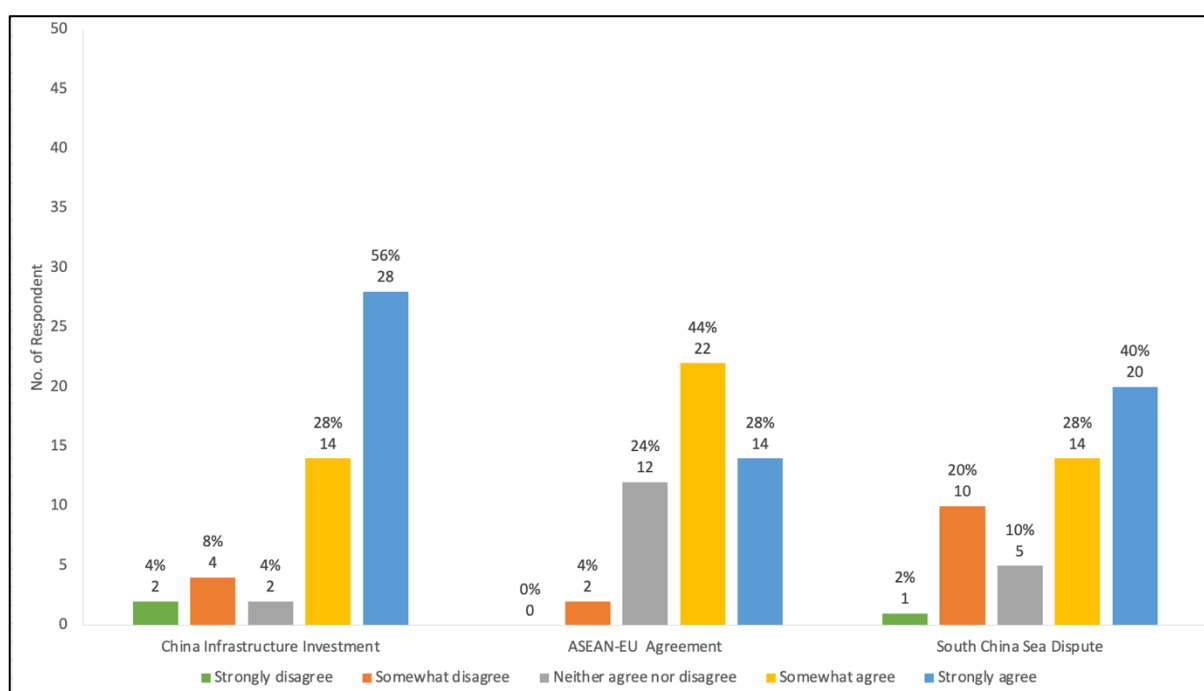
6.6 Geopolitical and geoeconomics factors

The survey section covering geopolitical and geoeconomics factors aimed to capture the respondents' perspectives on the geopolitical and geo-economic dynamics and how they shape air transport policy within ASEAN. Respondents were presented with three significant geopolitical and geo-economic issues related to major powers, focusing on China and their implications for ASEAN's air transport policy. Analysing the responses contributes to a better understanding of the challenges, opportunities and dynamics at play in the region. The topics explored were Question 6(a): China's Belt and Road Initiative (BRI) investment impacts ASEAN air transport integration, Question 6(b): The ASEAN and EU air transport agreement in relation to China's dominance over ASEAN, and Question 6(C): The material impact of maritime and territorial disputes in the South China Sea between ASEAN member states and China on ASEAN's regional air transport cooperation and integration.

6.6.1 Summary of geoeconomics and geopolitical factors

The findings from questions Q6(a), Q6(b) and Q6(c) explained various geoeconomics and geopolitical issues and their impact on ASEAN's air transport policy and regional integration efforts. The findings in this section indicate the complex and multi-faceted nature of geopolitical issues in shaping ASEAN's air transport policy and regional integration efforts. While respondents acknowledged the potential benefits of China's investment, together with the ASEAN-EU agreement, differing perspectives emerged regarding the impact of maritime disputes. These findings emphasise the importance of considering diverse viewpoints, while also understanding the implications of geopolitical dynamics for the sustainable development of air transport within ASEAN heading forward.

Figure 6-11: Summary of geoeconomics and geopolitical factors



(Source: Author compiled using data from study survey, 2022)

The first question in this section, Q6(a), explored respondents' perspectives on China's significant investment in air transport infrastructure in Southeast Asia as part of its Belt and Road Initiative (BRI). Most respondents (84%) agreed that China's substantial investment in air transport infrastructure through the BRI positively contributes to regional air transport cooperation and integration within ASEAN. This result indicates that the respondents perceive China's investments in infrastructure as an enabler of enhanced connectivity, improved transportation networks and increased opportunities for economic cooperation among ASEAN member states. On the other hand, 12% of respondents expressed disagreement with the statement. These dissenting views may stem from concerns related to the impact of China's investment on national sovereignty, and concerns related to economic dependency – especially in the case of Laos, where Laos holds a notably high public debt-to-GDP ratio in the region, with a significant portion owed bilaterally to China (The World Bank, 2020). These differing opinions demonstrate the complex dynamics surrounding China's investment in air transport infrastructure, and the need to assess potential benefits and drawbacks carefully.

In the survey question Q6(b), respondents were asked to provide perspectives on the 2022 comprehensive air transport agreement between ASEAN and the EU. A majority (72%) agreed that the ASEAN-EU agreement could be interpreted as an attempt by the EU to challenge China's economic and political dominance in the region. Respondents perceived the agreement as a strategic move to strengthen ASEAN's position, and to promote a more balanced relationship with the major powers. However, 24% of respondents could not provide a definitive answer, indicating uncertainty or insufficient information to form an opinion. This suggests a need for further analysis or clarification regarding the motivations behind the ASEAN-EU air transport agreement, and its relationship with China's geopolitical ambitions. Notably, no respondents strongly disagreed with the statement.

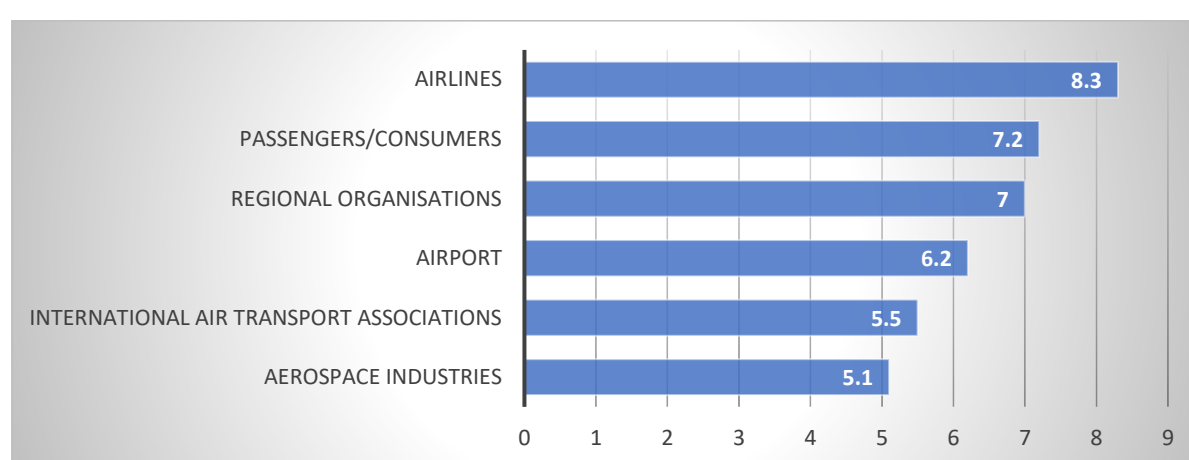
Related to this was how respondents perceive the implication of South China Sea maritime disputes and their potential impact on the region's air transport development. Findings of question Q6(c) indicate a spectrum of views among the respondents. Most respondents (68%) agreed that these disputes have no material impact on ASEAN's regional air transport cooperation and integration. This is partly explained by the ASEAN practice of non-interference and the ASEAN Centrality policy wherein (1) at any air transport meeting, non-air transport issues are not discussed out of respect for member sovereignty; and (2) placing ASEAN at the centre of regional architecture “could make the Great Powers “comfortable” with the ASEAN-led institutions as “deliberative forums” within which to engage each other in confidence-building, and generate a shared understanding of regional security issues that might limit their rivalry and induce strategic restraint and counter-realpolitik behaviour in them” (Acharya, 2017b, p.276).

Even so, 22% of survey participants did express disagreement, indicating that they perceive the conflicts as substantial challenges or hindrances to infrastructure development and harmonisation initiatives within ASEAN. As noted by several interviewees, Southeast Asia is increasingly entangled in the ongoing superpower rivalry between China and the United States. The United States is actively scrutinising various transportation infrastructure projects spearheaded by China in the region. These geopolitical developments are elaborated further in the next chapter.

6.7 Non-state actors

After analysing the role of states in the previous sections, the survey shifted focus to the influence of non-state actors; that is, airlines, airports, aerospace companies, regional organisations, international air transport associations and passengers/consumers groups on the air market liberalisation and deregulation process in ASEAN. Respondents were asked to rate the extent to which selected non-state actors affect the process using a 10-point Likert-type item.

Figure 6-12:Q7(a) non-state actor influence in ASEAN air transport integration



(Source: Author compiled using data from study survey, 2022)

Airlines, consumers and regional organisations were identified as the most influential non-state actors with airlines perceived as being the most critical, with an average rating of 8.3. The influence of airlines is likely attributed to their economic importance, market power and ability to drive changes in industry practices – specifically, the role of low-cost airlines in the region. At the same time, flag carriers are also viewed as powerful and influential with their market position enhanced by state support.

Passengers and consumers were regarded as possessing a notably substantial level of influence, as indicated by an average rating of 7.2. The importance of consumers' impact becomes even more pronounced due to the rising middle class with more substantial purchasing power within the ASEAN region (IDEAS and FNF, 2022). It is essential to note that their opinions and preferences can indirectly shape the industry through market demands and consumer advocacy. However, in ASEAN member

states, aviation consumer protection primarily operates within national-level consumer protection frameworks. Generally, there are no additional sector-specific regulatory measures besides implementing the Montreal Convention (1999), except for Malaysia and the Philippines (ASEAN, 2018; ICAO, 2022). In order to formally recognised passenger rights in the region, according to *Interviewee 5* (academic - air transport), consumer NGOs in ASEAN could utilise the 2022 ASEAN-EU Comprehensive Air Transport Agreement which aims to achieve a high level of consumer protection, while also recognising the importance of cooperation in this aspect.

Regional organisations were also regarded as influential non-state actors, with an average rating of 7.0. This signifies that respondents recognise the importance of ASEAN in fostering cooperation, setting standards and facilitating policy coordination among its member states. ASEAN contributes to harmonising regulations and promoting shared goals in air transport integration. Airports received an average rating of 6.2, reflecting their role as crucial infrastructure providers and facilitators of air connectivity. The influence of airports may stem from their ability to attract airlines and passengers, and their involvement in regulatory processes and development plans. International air transport associations and aerospace industries were rated as having lower levels of influence, with average ratings of 5.5 and 4.9, respectively.

6.7.1 Open-ended section

The open-ended section of the survey received 32 additional comments which were thematically analysed and grouped into two main categories. Tourism-related sector received support from 22 respondents as an industry with a crucial non-state actor role in driving air market liberalisation and integration in ASEAN. For instance, respondents mentioned terms like "leisure travel," "key tourist destinations," and "big events like sports and concerts." These comments highlight the multifaceted relationship between tourism and air travel, as both industries are profoundly interconnected and mutually influential (Law, Zhang and Zhang, 2018; Spasojevic, Lohmann and Scott, 2018).

The remaining 11 comments highlighted the significant role of 'businesses' and emphasised how companies and multinational corporations play a crucial part in

shaping the aviation sector. Examples include terms such as "multi-national companies," "cross-border investment," "professional people" and "movement of labour". A notable illustration is Cambodia, which achieved a milestone by surpassing the 10-million inbound air passenger mark in 2018. This achievement can be attributed to robust investments made across diverse economic sectors within the country (PwC, 2022).

In conclusion, the open-ended section of the study brought forth valuable participant comments that expanded our understandings around non-state actors driving air market liberalisation and integration in the ASEAN region. The emphasis on 'tourism-related industries' highlights the intertwined nature of tourism and air travel, while the recognition of the significant role played by 'businesses' demonstrates how their cross-border investments and trade activities spur demands that, in turn, influence the evolution of the aviation sector. These findings highlight the diverse and interconnected forces shaping air travel's future in the ASEAN region.

6.8 In-depth interview findings

This section explores the outcomes derived from the semi-structured, in-depth interviews conducted as part of this study. Structured around four central inquiries, each core question was supplemented with two or three probing follow-up questions. The insights gleaned from the 15 interviewees were transcribed and thematically analysed.

The coding process in NVivo focused on three significant themes derived from the ARIF strategic framework: political economy, geopolitics, and geoeconomics. Relevant words or phrases extracted from interview transcripts, as detailed in Chapter 4 Section 4.5, were initially categorised into nodes corresponding to these themes. The nodes were then organised into hierarchical structures, encompassing both parent and child nodes, facilitating a systematic approach to coding.

This hierarchical organisation allowed for the compilation of all material gathered as child nodes into their respective parent nodes, contributing to constructing a narrative

rooted in the identified themes within the Aeropolitical Regional Integration Framework (ARIF). This analysis revealed seven parent nodes and 16 child nodes, drawing insights from 15 different sources represented by interview transcripts. The detailed breakdown of these nodes and sources is presented in Table 6-1 below. The subsequent chapter discussed a more in-depth analysis of the NVivo findings, building upon the insights gained from the coding process and shedding further light on the implications of the identified themes within the ARIF.

Table 6-1: Nvivo report summary

Theme	Parent node	Child node	No of source
Political economy	Crony-capitalism	Military influence	9
		MAS Malaysia	
		Indonesia duopoly	
		Political elite	
	Political culture	Political interferences	12
		Feudalism	
		Corruption	
	Diverse legal traditions	MRA	2
Geopolitics	Vietnam War	Infrastructure gap	4
		Clark International Airport	
		Thai DCA's leadership	
	BRI	Cambodia airport	5
		PH's BBB project	
	Geopolitics rivalry	South China Sea	13
		Airport constructions	
Geoeconomics	Hu Line	China's air transport investment in Indochina	3

(Source: Author compiled using data from study interviews, 2022)

To enhance the robustness of the findings, the interview results were triangulated with secondary data, particularly sourced from the Official Airline Guide (OAG). The synthesis of these findings encapsulates the diverse perspectives, rich narratives, and expert opinions articulated during the interviews. By scrutinising these interview findings, the study aspires to unveil the nuanced layers of insight, including the

unconventional perspectives that contribute to a more profound understanding of the overarching research theme. Additionally, these interview findings aim to bolster and elaborate upon the survey results, providing a comprehensive and enriched perspective on the subject matter.

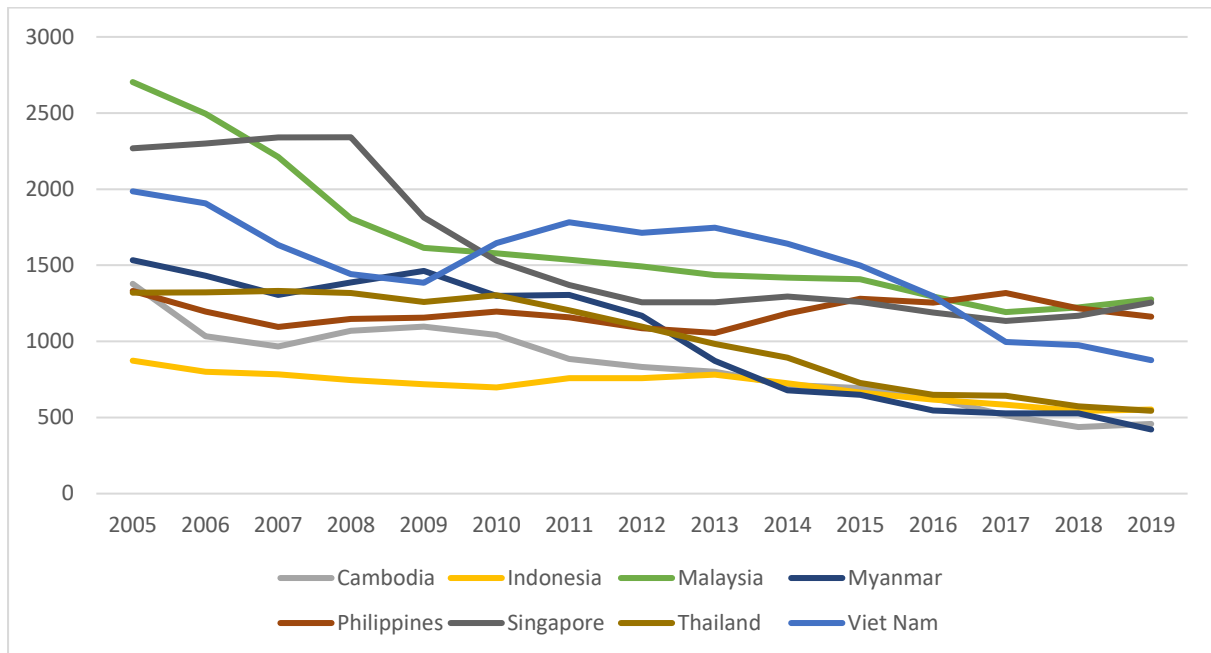
6.8.1 Question 1: Overall progress of ASEAN single air market

The initial interview question contained the primary objective of gaining insight into the current status of the ASEAN single aviation market and its repercussions on the Southeast Asian air market. All interviewees agreed that since the full ratification of the ASEAN single aviation market in 2015, ASAM is yet achieved its objective of creating an effective regional single market. Nevertheless, there was unanimous agreement among all interviewees that substantial progress has indeed occurred within the air transport sector across ASEAN. Firstly, 10 interviewees highlighted an increasing number of passengers, and the emergence of low-cost carriers make the ASEAN market more competitive. As explained by *Interviewee 8*,

While there hasn't been much headway in ownership and control, when it comes to market access, we've seen some encouraging changes. Certain key routes, once under the sole dominion of flag carriers, have now opened up. This liberalisation has paved the way for increased competition, resulting in reduced fares and a broader array of options for passengers.

The observations align closely with the findings from the HHI analysis which was conducted using the OAG analyser on international routes within Southeast Asia. The HHI analysis on international routes within ASEAN as tabled in Figure 5-12 indicates a trend towards heightened competitiveness and reduced market concentration. This shift is evident across all analysed international routes within the region. The average HHI score, which serves as an indicator of market concentration, exhibited a significant decline from 1671 in 2005 to 818 in 2019. However, the analysis does not encompass the two smallest international markets within ASEAN, specifically Brunei Darussalam and Laos DPR. These markets have been omitted due to their comparatively small size, as their inclusion could potentially distort the analytical outcomes.

Figure 6-13: HHI Analysis for ASEAN International Routes (2005-2019)

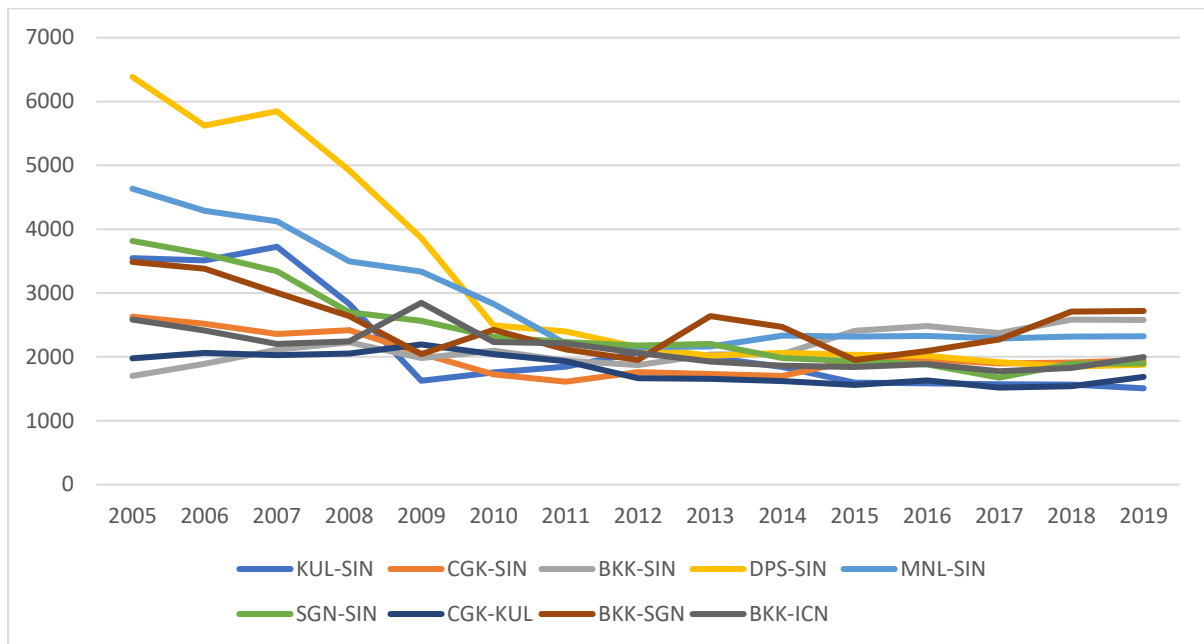


(Source: OAG, 2023)

A similar trend is evident when examine Southeast Asia's top 10 busiest routes as shown in Figure 6-13. Across the board, these routes are experiencing a shift towards increased competition and reduced concentration. Take, for example, the Denpasar, Bali – Singapore route (DPS-SIN). In 2005, it registered a HHI score of 6385, but by 2019, this figure had significantly decreased to 1878 HHI points.

Another notable case is the Kuala Lumpur-Singapore route (KUL-SIN), renowned as one of the busiest routes globally. In 2005, it recorded an HHI score of 3547, dwindling to 1508 HHI points by 2019. These illustrative examples feature the overarching trend of growing competition and diminishing market concentration across the region's most bustling air routes (CAPA, 2019a; Foong et al., 2023).

Figure 6-14: HHI analysis of 10 busiest routes in ASEAN



(Source: OAG, 2023)

In discussions surrounding the open skies model, the prevailing sentiment among most interviewees was that drawing a direct comparison between the progress of ASEAN and the more mature air market of the EU is somewhat unfair. One interviewee aptly pointed out that "the EU also took longer before it could establish a single market" (*Interviewee 13*). Another interviewee emphasised that "the initiative to create a single market in the EU came into play only after the establishment of the European Parliament, which differs from ASEAN's operational framework" (*Interviewee 1*). In a broader context, all the interviewees agreed that Southeast Asia's political landscape is notably distinct, with "each ASEAN member states bearing a unique political history and economic system" (*Interviewee 11*). This diversity in political contexts contributed to the differences in the pace and nature of regional integration efforts within the ASEAN air market.

However, as summarised by *Interviewee 7*, one of the most significant challenges within ASEAN lies in aligning the mutual interests of its member states. Each member state holds distinct priorities, objectives, and intentions, leading to a complex landscape of divergent interests. *Interview 7* takes Malaysia as an example, which occupies a middle ground in this context. Malaysia is generally open to expanding market access for traffic rights. However, there are limitations to the extent of this

openness. Malaysia's willingness to liberalise extends up to fifth freedom rights, while Indonesia is comparatively more restrictive than Malaysia. *Interviewee 7* contended:

Yet, streamlining mutual interest among member states are the biggest issue. Different member states have different priorities, aims and intention. For example, Malaysia, is somewhere in between. When it comes to opening up market access of traffic rights, Malaysia is open. However, there's a limitation, in terms of level of openings. Malaysia just opens up until the fifth freedom, but Indonesia I would have to say they are more restrictive compared to Malaysia. So, only at that aspect, we can see the varieties of focus. Or priorities of the states. Let alone if we to talk about soft-rights and others. So, the priorities of states between ASEAN are still not harmonised.

This diversity in the level of openness reflects the varying focus and priorities of ASEAN member states. This complexity becomes even more apparent when discussing soft rights. The differing priorities among ASEAN states reflect the ongoing challenge of harmonising and aligning the interests of member nations within the region.

6.8.1.1 Follow up questions

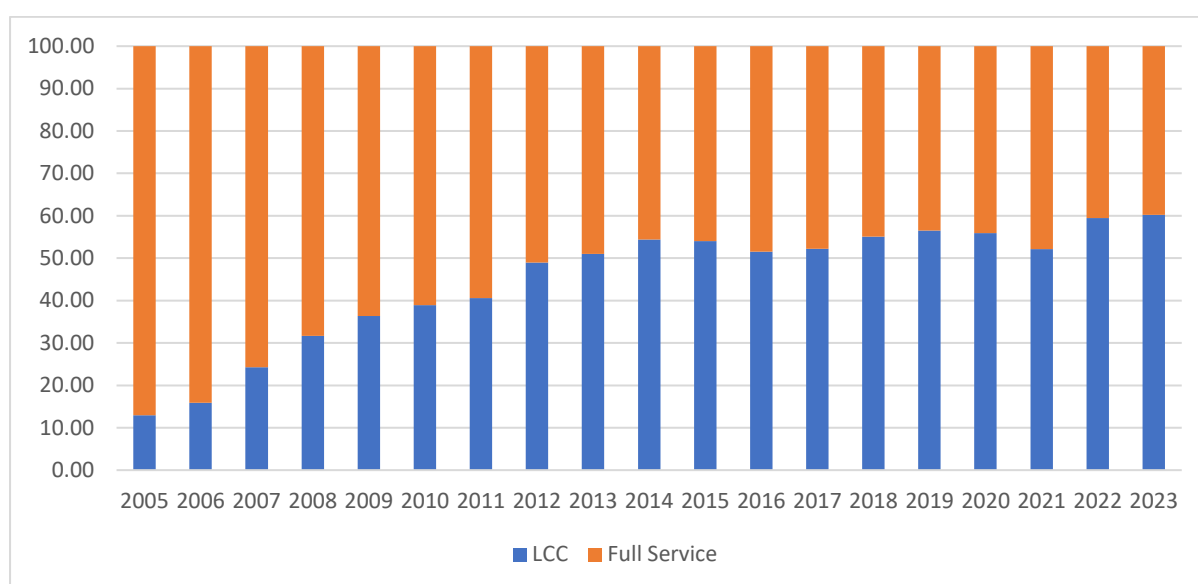
Interviewees were then questioned about a prevailing notion: whether countries with substantial domestic air markets but weaker airlines, as exemplified by Indonesia and the Philippines, tend to exhibit a higher degree of protectionism in their domestic markets? Conversely, nations with no or smaller domestic air markets but robust airlines, like Singapore are frequently viewed as more pro-liberalisation. The interview findings emphasise that this perspective does not comprehensively depict Southeast Asia's intricate aeropolitical dynamics. The region's aviation landscape is far more multifaceted and diverse than can be encapsulated by this generalised viewpoint. Three interviewees challenged this perspective, believing it to be overly simplistic, and not fully reflective of the nuanced aeropolitical landscape in Southeast Asia.

For instance, *Interviewee 9* highlighted a specific example where Singapore denied AirAsia's request to operate the Kuala Lumpur-Singapore-Yangon route. This case highlighted that while Singapore may advocate for ASEAN as a free market, the practical implementation of such ideals face hurdles, with no member state readily taking the initiative. *Interviewee 7* also mentioned the same issue:

And, there was also issues concerning implementation of fifth freedom, some states were being very tricky, I would say. In actuality the implementation of fifth freedom is straight forward. But, in ASEAN, the discussion got pretty difficult, when they started to factor in geographical factors. Which means, they don't allow ASEAN airlines to conduct back tracking routing. It gets too technical, you see. That discussion would never be an issue, when negotiations at bilateral level were held. Or even negotiations with ASEAN partners were held. It was never an issue. But, when they have a discussion internally among ASEAN member states, even that, becomes a problem to be resolved. Meaning, for example, they did not allow airlines, for example AirAsia from KL to fly to Vietnam and to stop at Singapore. Because they said it is out of the routing. They don't allow that. But, actually, the spirit of fifth freedom. There is no limitation of geographical factors. Afterall, it is called as freedom.

Additionally, *Interviewee 11* mentioned that the Philippines had already liberalised ownership and control to 100% by 2020, demonstrating that it is not necessarily true that countries with substantial domestic markets will consistently adopt protective stances – although Philippines can still be very protective in terms of market access. These insights collectively emphasise the intricate and multifaceted nature of aeropolitics in Southeast Asia, transcending overgeneralise categorisations. *Interviewee 15* pointed out that Thailand, one of the region's largest air markets, maintains one of the most liberalised domestic air markets within ASEAN. Thailand allows numerous cross-border joint venture airlines to operate on domestic and international routes, a practice less common among other ASEAN members. Additionally, the interviewee highlighted that low-cost carriers (LCC) hold a substantial 70% share of Thailand's domestic market, the region's highest proportion. This phenomenon is partly attributed to Thailand's heavy reliance on tourism and its status as a prominent leisure destination in Southeast Asia (CAPA, 2018a; Law, 2022). It is worth noting that the emergence of LCCs is not unique to Thailand but is observed across the region as well, as depicted in Figure 5-14, illustrating the shifts in market shares over the years.

Figure 6-15: ASEAN Market LCC Vs Full Service by Percentage of Seats (2005-2023)



(Source: OAG, 2023)

In 2005, LCCs held a modest 13% share of the Southeast Asian market, reflecting their initial presence as a niche player within the industry. However, this landscape began to experience transformation as LCCs became more adept at catering to the evolving preferences of travellers seeking affordable air travel options. The year 2010 marked a significant milestone, with LCCs capturing a substantial 39% market share in the region. The turning point occurred in 2013 when LCCs surpassed the market share held by traditional flag carriers, further validating the impact of the dual-brand strategy on reshaping the competitive landscape. Fast-forward to 2023, LCCs have not only maintained their dominance but have expanded their market share to a substantial 60% of the total market. This remarkable journey of growth and transformation underlines the dual-brand strategy's ability to successfully align with the evolving needs and preferences of travellers (Sobie, 2021).

6.8.2 Question 2: Political factors in ASEAN air transport

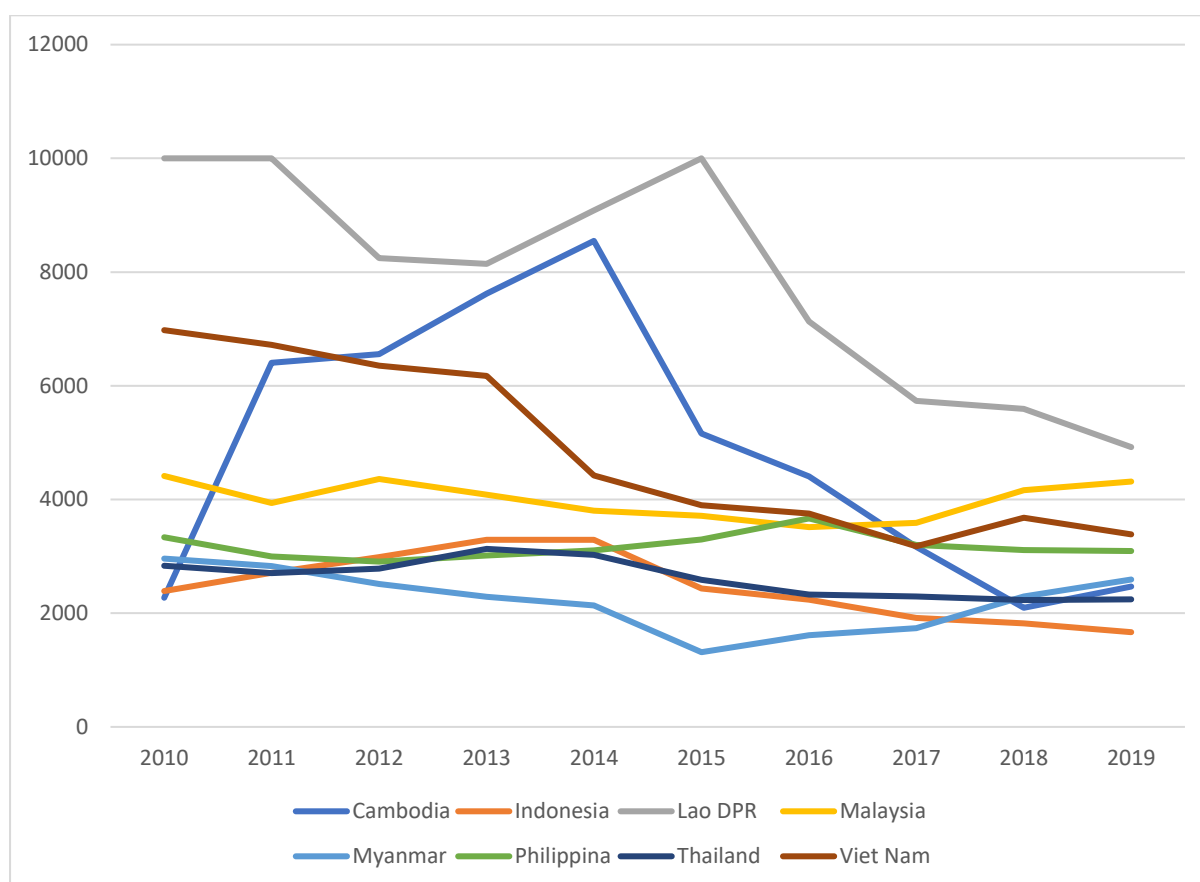
Interviewees were next asked the direct and indirect impacts of domestic politics on the air market liberalisation process. Interviewees highlighted the intricate interplay of diverse political systems, ideological leanings, and the varying degrees of democracy within ASEAN member states. These elements significantly influence how each state perceives the role of the aviation sector within its boundaries.

Myanmar is a poignant example of how domestic politics intimately intersects with air transport, as elucidated by *Interviewee 12*, “the domestic air market in each country is also not immune from corrupt capitalism”. Following the termination of over five decades of military junta rule in 2011, Myanmar witnessed an influx of Southeast Asian carriers, connecting the nation with the global community. However, the brief tenure of elected democracy in Myanmar ended abruptly with the military coup in 2021. Consequently, when international travel resumed in April 2022 under the junta's regime, only a few airlines were inclined to reinstate flights to Myanmar.

Several interviewees emphasised that social welfare considerations further compound the intricate relationship between domestic politics and air transport. For instance, in the Philippines, as outlined by *Interviewee 11*, before a constitutional amendment in 2020, the classification of air transport as a public utility under the Constitution allowed for natural monopolies to emerge. However, with robust infrastructure development and the rapid evolution of the airline industry, air transport gradually transitioned from being considered a public utility to being viewed as a commercial mode of transportation. This shift demonstrates how political changes and broader economic and industry-related transformations have shaped the dynamics of air transport within the country.

Protectionist sentiments within the aviation industry are also closely entwined with the vested interests of political elites, which can serve as a barrier to deregulation and liberalisation. This intricate nexus between politics and aviation is exemplified by *Interviewee 6's* assertion that “political interference remains deeply entrenched within the airline sector,” notably illustrated by the ownership of Lion Air by a politician, which, while a private entity, somehow enjoys governmental protection. According to *Interviewee 1*, Indonesia is highly restrictive regarding foreign capital competition, leading to a “market monopoly by the Lion Air group, responsible for keeping ticket prices very high”. Furthermore, previous proposals by the Indonesian President to open up competition in 2019 also failed due to lobbying efforts by Lion Air (Dinarjito, 2023; Tempo.co, 2019).

Figure 6-16: Domestic ASEAN Air Transport HHI 2010-2020



(Source: OAG, 2023)

The landscape of domestic air markets competition across Southeast Asian countries exhibits a prevalent theme – the notable dominance of a select few major players within each market. As shown in Figure 6-15, across the region, none of the markets fall below the threshold of 1500 points on the HHI scale. While the markets remain dominantly concentrated, an intriguing development unfolds when analysing the HHI figures over time. Between 2010 and 2019, a clear trend emerges – the concentration levels have reduced. The average market concentration has descended from around 4400 points in 2010 to approximately 3000 points in 2019. Amid these dynamics, Laos stands out as the most concentrated market. The country's smaller market size inherently poses challenges for feasible competition, rendering a concentrated scenario more likely.

In contrast, Thailand shines as the market displaying the highest degree of openness to competition. With an HHI that falls within the range of 1500-2500, Thailand's

domestic air market falls squarely into the category of moderate concentration. This phenomenon can be attributed to the keen interests of both business and political elites in airport infrastructure development and the retail sector, as argued by *Interviewee 15*:

The most significant political backers of the ruling party in Thailand happen to be the three most prominent construction firms in the country, and they wield substantial influence within the Ministry of Transport (MOT).

Concurrently, according to *Interviewee 15*, military elites in Thailand tend to show a greater inclination toward engaging in the maintenance, repair, and operations (MRO) business rather than focusing on airline operations. These findings clearly indicate that the interests of elites in various forms in Southeast Asia are among the main obstacles to air market liberalisation in the region.

6.8.2.1 Follow up questions

In discussions regarding the extent to which flag carriers impede the liberalisation of the air market, all interviewees recognised the role played by these carriers in the region. They serve as symbols of national pride and strategic assets crucial for social welfare and national security. Consequently, the prevailing consensus was that flag carriers will likely endure for an extended period. Interestingly, as elucidated by *Interviewee 15, 12, 3 and 7*, the military exerts significant influence within the aviation sector in some member states, such as Thailand, Myanmar, and Vietnam. This unique dynamic can be traced back to the geopolitical histories of these nations, particularly within the context of the Second World War. Insights from interviewees under this particular question further reveal how apart from Southeast Asia nationalism, national carriers also serve as strategic assets. For instance, the following two key opinions were given on the topic area:

They still consider airlines as a strategic asset. Just like when we are having war with the Sulu people. They flew troops there and if you don't have your national carriers... During those times or emergencies, that time you cannot count on other countries because the airlines are owned by other countries.

Interviewee 3

It is quite similar to what America does. America has their Air Mobility Command (AMC). During the Gulf war crisis, they forced American, Delta, Pan Am, to fly the troops to Kuwait, Saudi Arabia. They take their aircraft for the purpose of war. That's what they do. Moreover, for small countries [*like Malaysia*, engage in similar actions too].

Interviewee 7

Furthermore, as a region mostly comprised of developing countries that rely heavily on air transportation to link island archipelagos and mountainous terrain, fulfilling public service obligations (PSO) is vital, especially on unprofitable routes.

AirAsia tried it to make it a commercial success. How many months did they last? Less than a year. PSO is one of the reasons also why the airlines must stay. Without these services, the people will be cut off from the outside world.

Interviewee 9

Interviewee 15 highlighted a crucial political culture dimension that plays a pivotal role in this complex interplay, such as the royal associations with flag carriers, as evidenced in Thailand. Here, the royal family's utilisation of Thai Airways for official and unofficial journeys is a testament to the deeply rooted bond between the monarchy and the national carrier. Even when the king occasionally travels with the Royal Air Force, the requirement for Thai Airways uniforms for cabin crew indicates the unique and enduring connection between the King and Thai Airways — an emblematic symbol of the Thai populace's profound affection for its monarch, extending to the national airline. These findings contribute to the empirical evidence of the intricate relationship between politics, culture, and aviation in Southeast Asia and enrich the literature on how the Thai royal institution is embedded in socio-politics and governance in Thailand, particularly from the perspective of air transport (Chachavalpongpun, 2022; Haberkorn, 2018).

6.8.3 Question 3: Regionalism

The focus of the third interview question revolved around the inherent structural constraints of ASEAN, characterised by the absence of a supranational authority and regional identity. Instead, ASEAN relies on a diplomatic approach known as the

"ASEAN Way" to drive the integration process. The ASEAN Way hinges on the principles of "*musyawarah*" (consultation) and "*muafakat*" (consensus). This approach is heavily shaped by informal interactions among state officials, international bureaucrats, and private sector representatives, often called Track II diplomacy (Caballero-Anthony, 2022; Tuan, 1996). The concept of the ASEAN Way is put to a test in the context of ASEAN-China negotiations, where ASEAN member states negotiate collectively as a unified bloc. As articulated by *Interviewee 7*, who was directly involved in the process, it is unequivocally clear that ASEAN presents a united front in these negotiations. This unity is emphasised by the principle that if even a single ASEAN member state is unable to commit to any proposed agreements or commitments, it effectively translates to a collective inability for all ASEAN states to do so.

To illustrate further, *Interviewee 7* explained if the EU were to propose a measure to ASEAN, and nine member states were amenable to it, but one member state could not commit, the outcome would automatically be that ASEAN as a whole would be unable to commit. This echoes the unity among ASEAN member states in negotiations, where each state's position is duly respected, irrespective of its size or stature. *Interviewee 1* pointed out that while the ASEAN Way offers flexibility, it can also be a slow process. He emphasised the importance of personal relationships in building trust, especially when negotiating market access and mutual recognition agreements. He highlighted a challenge wherein member officers frequently change roles, necessitating the rebuilding of relationships from scratch. In his words:

Personal relations are crucial in establishing trust, particularly during negotiations for market access. The issue is that members' officers often have short tenures, requiring us to start the relationship-building process anew.

6.8.3.1 Follow up questions

A follow-up question was posed to explore whether regional identity could play a constructive role in promoting the implementation of ASEAN open skies. According to *Interviewee 1*, one of the reasons why ASEAN countries exhibit a relatively relaxed approach towards cross-border joint ventures that may challenge ownership and

effective control is the belief that within ASEAN, such a strategy might not be sanctioned to the same extent. As *Interviewee 1* phrased it, "I don't believe ASEAN member states would permit non-ASEAN airlines to pursue a similar strategy on the same scale."

Nonetheless, the capacity of regional identity to drive ASEAN open skies initiatives has its constraints. *Interviewee 10* argued that ASEAN, as a political identity, emerged during the Cold War era, and this construct can sometimes clash with pre-existing regional identities. For instance, in the archipelagic realm of ASEAN, encompassing primarily Indonesia, West Malaysia and the southern part of Thailand, the historical and cultural identity of "Nusantara" prevails. Similarly, in the mainland ASEAN, comprising Cambodia, Thailand, Vietnam, Laos and Myanmar, the distinct identity of "Indochina or Mekong" holds significance. *Interviewee 10* articulated that these existing regional identities can create complexities in pursuing a unified ASEAN identity for air transport integration. According to *Interviewee 10*:

If you examine Cambodian airlines, you'll see they're all under Chinese ownership. It is even challenging for ASEAN airlines to establish a foothold there.

These sub-regional identities can, in part, elucidate the considerable presence of Chinese enterprises within Cambodian airlines. *Interviewee 3* expanded on this issue from a complementary perspective, noting that ASEAN-based airlines face significant challenges when trying to penetrate Cambodia's domestic aviation market. In contrast, they pointed out that AirAsia, originally a low-cost airline in Malaysia, took two decades from its initial joint-venture airline launch in Thailand to establish AirAsia Cambodia in 2023 (Ch-Aviation, 2023).

6.8.4 Question 4: Geopolitics

The last core interview question focused on ASEAN's geopolitical relations with other superpowers, particularly China, and how this impact regional air transport. All interviewees, in general, agreed that China's massive investment in air transport infrastructure in Southeast Asia, as part of its Belt and Road Initiative (BRI), has positively contributed to ASEAN's regional air transport cooperation and integration.

The main argument is that better air-transport-related infrastructure make the domestic market more competitive to participate in a free market.

As per insights shared by *Interviewee 7*, it was highlighted that during air transport negotiations involving ASEAN, whether internal discussions or dialogues with partners such as China and the EU, the focus remained primarily on air transport matters. Other facets beyond air transport were not deliberated and did not hold significant sway over the decision-making process. However, this lack of emphasis on non-aviation factors was evident during negotiations between ASEAN and the EU, where several atypical elements found their way into bilateral air services agreements. The EU sought to incorporate these elements, such as labour and social rights, which traditionally had not been integral to air service agreements. This inclusion of unconventional elements became a source of contention, leading to extended negotiations and delays in finalising the agreement.

However, *Interviewee 12* argued that China's substantial investment also has a negative impact, citing China's support – economically and politically – towards the military regime in Myanmar could compromise ASEAN centrality and divide the region. Due to its geographical location in Southeast Asia, Myanmar plays a strategic role in China's geopolitical calculations, significantly as an alternative access to the Bay of Bengal – solving the 'Malacca dilemma situation'. This situation allows Myanmar to not have to depend on ASEAN, which effectively weakens ASEAN's influence in Myanmar.

6.8.4.1 Follow up questions

In discussions concerning maritime and territorial disputes within the South China Sea and superpower rivalry in the region, it is worth noting that most interviewees did not perceive direct material implications for ASEAN's air transport sector. However, *Interviewee 4* brought attention to a specific incident involving the Philippines. They highlighted the Philippines' decision to revoke the USD10 billion Sangley Airport development project awarded to the state-owned China Communications Construction Company, Limited (CCCC). This decision was influenced by the fact that the CCCC was among the companies the US Department of Defence banned in 2020 under the

Trump administration. The Philippine Navy expressed concerns due to the project's proximity to highly sensitive military facilities and its association with the CCCC Dredging Group, which had been involved in developing artificial islands within disputed South China Sea territories. Furthermore, both *Interviewee 4* and *Interviewee 2* expressed concerns regarding major powers' infrastructure investments in the region, which included contentious airport construction projects amid the escalating South China Sea dispute. They voiced apprehensions that such investments could potentially lead to a division in the region, with one bloc aligning with China's interests and another with the United States.

Conversely, *Interviewee 12* offered a historical viewpoint that diverged from these apprehensions by pointing out that Southeast Asia has had centuries of interactions with China, during which China has never invaded the region. Instead, historical invasions were attributed to the United States, Japan, and other European powers. This perspective shows the contrasting viewpoints regarding the consequences of superpowers' participation in infrastructure projects within the South China Sea region. While some express worries about potential divisions, others highlight the significance of historical relationships.

6.8.5 *Miscellaneous viewpoints*

Several miscellaneous viewpoints were captured toward the end of each interview. It is essential and valuable to acknowledge the presence of miscellaneous views in academic research. The miscellaneous viewpoints presented in the discussions offer unique insights that, while not necessarily shared by many interviewees, provide valuable perspectives on various aspects of the air transport industry in Southeast Asia. These viewpoints shed light on interesting issues that might not have been at the forefront of the discussions but are nonetheless significant in understanding the complexities of the region's aviation landscape. Instead, they serve as unique data points that can offer alternative angles of understanding or highlight nuanced aspects of the research topic. In this context, these comments are treated as valuable inputs that enrich the depth and comprehensiveness of the analysis.

In the discussion on regionalism, particularly focusing on the ASEAN Way, *Interviewee 1* emphasised the necessity for the ASEAN Secretariat to bolster its air transport sector by enhancing the capacity of its officers and augmenting funding allocations for activities that could accelerate various processes. Presently, ASEAN relies heavily on external financing for endeavours such as studies, fact-finding missions and training initiatives, which raises concerns about long-term sustainability. Additionally, concerns were raised by *Interviewee 2* regarding the absence of monitoring bodies at both regional and member-state levels within the context of air transport Mutual Recognition Agreements (MRAs). In contrast to more advanced MRAs in ASEAN, the air transport MRAs lack a dedicated monitoring body. While there was a proposal in 2015 to establish a regional-level body to address these concerns, progress on this front has been relatively limited since then.

Although much of the academic and popular discourse tends to centre on China's dominant role in ASEAN-China relations, *Interviewee 12* offered a different perspective. *Interviewee 12* emphasised that this narrative does not necessarily hold true, pointing to China's dependency on Indochina to bolster the less developed western regions of China. According to *Interviewee 12*, China has been heavily investing in infrastructure, energy and transportation projects in Myanmar, Cambodia, Vietnam, and Laos. These investments are primarily aimed at stimulating the economic development of western China, particularly in the Kunming region. This viewpoint highlights the multifaceted nature of ASEAN-China dynamics, suggesting that the relationship encompasses diverse dimensions and motivations beyond a simple narrative of dominance.

Another perspective shared during the interviews highlighted ASEAN's evolving trajectory from being airline-centric to consumer-centric, particularly with the region's emergence and proliferation of low-cost carriers (LLCs). *Interviewee 2* elucidated this transformation: "ASEAN has now become one of the largest markets for LLCs worldwide. Governments are increasingly inclined to safeguard the interests of their citizens over those of private airlines." This shift in focus towards consumer welfare is evidenced by several member states revising their aviation legislation to enhance consumer protection measures. For instance, Malaysia established The Malaysian Aviation Commission (MAVCOM) in 2016, signalling a commitment to prioritising

consumer interests. Consequently, air transport regulations across ASEAN member states are gradually assuming a more consumer-oriented stance, aligning with the region's evolving dynamics of the aviation industry.

6.9 Conclusion

In conclusion, this chapter has provided comprehensive findings from surveys and in-depth interviews, contributing to a deeper understanding of aeropolitics in ASEAN. The parallel of ideas between the survey results and interview responses adds credibility and robustness to the findings. The respondents' response on the key factors such as state national interest, political elites with vested interests, regional identity, and the influence of superpowers aligns with the initial hypotheses of this research. These findings provide empirical evidence supporting the importance of these factors in shaping air transport policies and integration within ASEAN.

Furthermore, the in-depth interviews conducted in this chapter have played a crucial role in deepening and widening the discussion on these primary themes. The interviews allowed for a more nuanced exploration of the factors influencing aeropolitics in ASEAN, providing valuable insights from academics, industry experts, and other relevant stakeholders. The qualitative data obtained through the interviews complement the quantitative data from the surveys, offering a comprehensive view of the complexities and dynamics at play in the region.

Moving forward, the next chapter will delve into a more detailed analysis of the factors identified in this chapter, exploring their interconnections, impacts, and implications. The combination of quantitative and qualitative data will enable a comprehensive examination of the research questions and contribute to advancing knowledge in aeropolitics within ASEAN.

7 DISCUSSION AND ANALYSIS

7.1 Introduction

This chapter further thematically analyses the survey and in-depth interview data in Chapter 6. The discussion is structured into three distinct parts, each offering valuable insights into the aeropolitics of Southeast Asia. The first part examines the aeropolitical challenges and opportunities by conducting a thematic analysis based on the ARIF. The study scrutinises the critical factors influencing the region's aviation landscape using an inductive approach to develop a larger perspective. This section also closely examines the impact of these aeropolitical factors – political economy, geopolitics, and geoeconomics – on Southeast Asia's air transport market development and liberalisation.

Subsequently, the second part investigates ASEAN's strategies and mechanisms to surmount the identified challenges and capitalise on the opportunities presented by aeropolitics. By analysing ASEAN's approach, the study explains how the regional body navigates complex aeropolitical dynamics to promote cohesive air market integration.

Drawing on our comprehensive understanding of aeropolitical intricacies and ASEAN's mechanisms, the final part of this chapter puts forth three actionable recommendations to propel ASEAN's air transport liberalisation efforts. These recommendations are designed to optimise the region's potential for fostering an integrated and dynamic aviation market. Through this multi-dimensional analysis, the chapter aims to offer a deeper understanding of the complex interplay between aeropolitics and ASEAN's air transport goals.

7.2 Chapter overview

This section demonstrates how the ARIF strategic framework, as discussed in Chapter 4, is applied to assist in analysing the data from the survey and interviews in Chapter 6. As outlined in Chapter 5, the survey and interviews were designed based on the

ARIF strategic framework. The research findings are subsequently outlined in Chapter 6. In Chapter 7, data from the survey and interviews are analysed collectively using thematic analysis methods. Thus, the overall research findings can be categorised into three main ARIF themes: political economy, geopolitics, and geoeconomics. The presentation in this section employs an inductive approach, where data collected from interviews and surveys are linked to international relations.

Table 7-1: Chapter 7 Overview

Chapter break down	Thematic analysis
Part (I) Aeropolitical challenges and opportunities in Southeast Asia (ARIF Framework)	Political economy <ul style="list-style-type: none"> • Diverse political system & legal traditions • Elite capture • Political culture
	Geopolitics <ul style="list-style-type: none"> • Vietnam War & Cold War • Rise of China • South China Sea Disputes
	Geoeconomics <ul style="list-style-type: none"> • China's Hu Line Development Gaps
Part (II) ASEAN mitigation strategies	<ul style="list-style-type: none"> • ASEAN Way • ASEAN Centrality • Hedging strategy
Part (III) Recommendations	<ul style="list-style-type: none"> • Establish dedicated monitoring bodies and regional coordination institutions. • Set up a well-structured, sustainable internal financing mechanism. • Empower passengers/consumers by formalising a platform for air passenger rights in the region.

(Source: compiled by author)

Under the political economy theme, three sub-themes have been identified: (i) diverse political systems & legal traditions, (ii) elite capture, and (iii) political culture. In the geopolitics section, three sub-themes have been identified: (i) the Vietnam War & Cold War, (ii) BRI: the rise of China, and (iii) the US-China geopolitical rivalry. In the last part, geoeconomics, two sub-themes have been identified: (i) China's Hu Line Development Gaps. Based on the discussion in this first section, this study further identifies how Southeast Asian countries and ASEAN as a regional organisation

address these aeropolitical challenges. Thus, the study has identified three mitigation strategies: (i) the role of the international bureaucrat, (ii) the ASEAN Way, and (iii) the hedging strategy. This chapter lays the groundwork for a nuanced exploration of how Southeast Asia and ASEAN respond to the aeropolitical intricacies, offering valuable insights into the region's strategies for addressing these challenges. The final part tabled evidence-based recommendations to advance the ASEAN air market integration, which are (1) establish dedicated monitoring bodies and regional coordination institutions; (2) set up a well-structured, sustainable internal financing mechanism; (3) empower passengers/consumers by formalising a platform for air passenger rights in the region.

7.2.1 ARIF: Political economy

This section discusses the first component of ARIF, the political economy. The political economy serves as a tool to broaden the discourse on protectionism and liberalisation within air transport, extending beyond fundamental economic theories such as demand, supply, costs, and production. It accomplishes this by investigating power dynamics within the air transport economy. This section further elaborates on the political economy dimension through the exploration of three distinct sub-topics: (i) political systems and legal traditions, (ii) crony capitalism, and (iii) political culture.

7.2.1.1 Diverse political systems and legal traditions

One of the criticisms of implementing the ASEAN Single Aviation Market is the slow ratification process, with each country taking different amounts of time. While it is common for countries with larger air markets to take longer, in the context of ASEAN, Indonesia only ratified the agreement in 2016, which was a year beyond the agreed-upon timeframe. One of the main reasons for this varying ratification period is that ASEAN does not have a regulatory framework like in Europe. Each agreement must go through the legislative process in each respective country, and each country has different legislative processes.

The diversity in air transport laws and regulations across Southeast Asian countries can be traced back to the legacy of colonialism. These unique aviation laws

subsequently impact the process of regional integration. Colonialism in Southeast Asia has given rise to modern nation-states with a wide range of legal systems. These legal systems vary considerably, encompassing common law systems in countries like Malaysia, Singapore, and Brunei Darussalam, civil law systems in Cambodia, Laos, and Indonesia, and hybrid systems in the Philippines (ABLI, 2022). Since ASEAN values state sovereignty and does not see a single regional regulatory body model as an option, the successful implementation of the ASEAN Single Aviation Market is subject to the existing laws and regulations of the aviation sector in each of the ASEAN Member States (Jusoh and Haris Zuan, 2021).

Nonetheless, regional cooperation requires compatibility with domestic systems that embed specific values of legal traditions (Hamanaka and Jusoh, 2021). ASEAN has been trying to strike a delicate balance between its member state's capacity to fully determine domestic regulations and the need to standard/harmonise them at the regional level by implementing a Mutual Recognition Agreement (MRA) on Flight Crew Licensing (ASEAN, 2017). Implementing this MRA is quite challenging because each ASEAN member state has different rules related to flight crew licensing regarding intake, training requirements, license conversion, etc. Thus, only several Implementing Protocols (IPs) have been ratified, and duplication of work in issuing approvals, certificates and licences is still evident across ASEAN member states with low labour mobility. The slow progress demonstrates the complexity of each member state's domestic law and regulations. At the same time, since the recognition is based on confidence and trust, the slow progress indicates low confidence and trust among ASEAN member states, too.

7.2.1.2 Elite captures

As explained in Chapter 2, Southeast Asia, as a post-colonial product, has various political and economic systems with different paths of democracy. There is not a single country in Southeast Asia that is categorised as a mature democracy. The absence of institutional checks and balances facilitates the flourishing of crony capitalism, which directly disturbs free market competition. The domestic air market in each country is also not immune from crony capitalism. According to the survey, 82% of respondents agreed that political elites with vested interests hinder air market deregulation and

liberalisation in ASEAN. The in-depth interview data led to three best case studies illustrating the political elite capture phenomenon in air transport: Myanmar, Malaysia, and Indonesia.

In Myanmar, there is no free market; the domestic market is highly regulated and controlled by the ruling elite – especially the military. As explained by *Interviewee 14*,

“in a country without the rule of law, there is no national interest, only the political interest of those in power. They control everything. Just study Myanmar: Although the Junta was no longer in power at that time, they kept running every aspect of the economy. Not just airline...air transport...any (other) transports too...and other sectors. That’s why Junta can simply get back to power.”

In 2021, *Reuters* published a special report detailing the involvement of the Tatmadaw (military Junta) elite family, the Air Force chief, Maung Maung Kyaw, who control both the country’s commercial and military aviation industry. Based on corporate filings, army procurement documents, and interviews with friends, family, and leading defence contractors reveal that Maung Maung Kyaw's family not only run companies that supply almost every part of Myanmar's civil and armed forces aviation industries but also controls the country flag carrier, the Myanmar National Airlines too (McPherson et al., 2021).

To respond to the 2021 military coup, the United States sanctions 65 individuals (top military commanders and senior regime members) and 26 companies that generate revenue for the regime (Tien, 2022). However, although uncomfortable with the Junta’s atrocities, China is supporting the military government to protect its investments in the country and its strategic position in Myanmar (Kurlantzick, 2022). ASEAN is taking a rather scrupulous position on Myanmar issues – only Malaysia openly criticises Myanmar and urges ASEAN to “carve Myanmar out” from the association (Sim, 2023). The revelation regarding the military elite's dominance over the nation's aviation sector illustrates a concept well-established in political sociology literature called elite capture. This phenomenon refers to a scenario where elites exert disproportionate influence in development due to their superior social, political, or economic status. Elite capture leads to shaping development processes by the priorities of the privileged class, often resulting in the appropriation of development

resources for private gain (Acemoglu and Robinson, 2008; Alatas et al., 2013; Wang, 2023).

Malaysia, like a few other Southeast Asian countries, is regarding a crony-capitalist economy partly fuelled by the privatisation policy, which was implemented through the 1970 New Economic Policy (NEP) framework – which created *Bumiputera* capitalism.¹² Malaysia Airlines was the first government agency to go through the privatisation scheme in 1985 when the government sold 40% of the share to the public (ICAO, 2007b). In 1994, the government sold its significant shares to Tajudin Ramli, a Bumiputera businessman with a strong connection to the Prime Minister, Mahathir. However, in 2000, in the aftermath of 1998's Asian Financial Crisis, the government bought the shares at the same price as in 1994 – the price was reported to be about twice the market price, effectively bailing out Tajudin Ramli (Johnson and Mitton, 2001).

As explained by *Interviewee 6*, MAS is a good study case to demonstrate to what extent “crony-capitalism is part of aeropolitics in Malaysia.” Rephrasing a court statement by the man himself, Tajudin, *Interviewee 6*, highlighted

“...Mahathir and Daim (the Finance Minister) had forced him to buy MAS as a form of national service at a high price. You see, this is not real privatisation or liberalisation but simply a cronyism in practice.”

Drawing attention to a statement made by Tajudin, *Interviewee 6* highlights the role of key political figures, notably Prime Minister Mahathir and Finance Minister Daim, in coercing the acquisition of MAS, framing it as a form of “national service” at an inflated price. This characterisation challenges the notion of genuine privatisation or liberalisation, revealing instead a practice steeped in cronyism.

¹² Crony-capitalism in Malaysia is a by-product of an attempt to correct colonial legacy that created huge economic disparity based on ethnic line. The native, Malay or also known as Bumiputera (son of soil) were left behind economically which led to ethnic class in 1969. In 1970, government introduced New Economic Policy (NEP) to “eradicating poverty for all Malaysians as well as reducing and subsequently eliminating identification of race by economic function and geographical location.” While the NEP successfully helps Malaysia to transformed to middle income nation, it create Bumiputera crony-capitalism via political favouritism.

Another classic example of a political elite vested interest in air transport is the Suharto family, the former Indonesian president.¹³ During his presidency (1968–1998), the Suharto family controlled many industries in Indonesia, from construction manufacturing to air transport. His youngest son, Tommy Suharto, controls several airlines, such as Sempati Air, Mandala Air and Gatari Utama Air Service. Suharto's third son, Bambang Trihatmodjo, controls PT Angkasa Semesta, Indonesia's leading ground and cargo handler.

Sempati Air was one of the most controversial airlines in Indonesia during its operational time. Sempati is said to have received special treatment from the government despite being a private airline. Sempati, like other companies in the late 1990s, was affected by the Asian Financial Crisis of 1998. However, Sempati failed to be included in the rescue package drafted by the International Monetary Fund (IMF). Sempati Air ceased operations after filing bankruptcy just after Suharto's presidential resignation in 1998 due to people uprising, *gerakan Reformasi* (the Reform movement).

The IMF also set conditions to speed up the deregulation and liberalisation of the market, including air transport, to enable Indonesia to get a financial aid package. As a result, in 1999, Indonesia passed a bill on airline deregulation called Law Number 5 Year 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition.

One of the early policies of the *Reformasi* era was the deregulation (and) liberalisation of the airline market, which was previously heavily monopolised by state-owned airlines and Cendana cronies, such as Garuda, Mandala and Merpati. As a result, in the early 2000s, many newcomers appeared, such as Adam Air, Batavia Air, AirAsia...and *this* Lionair...

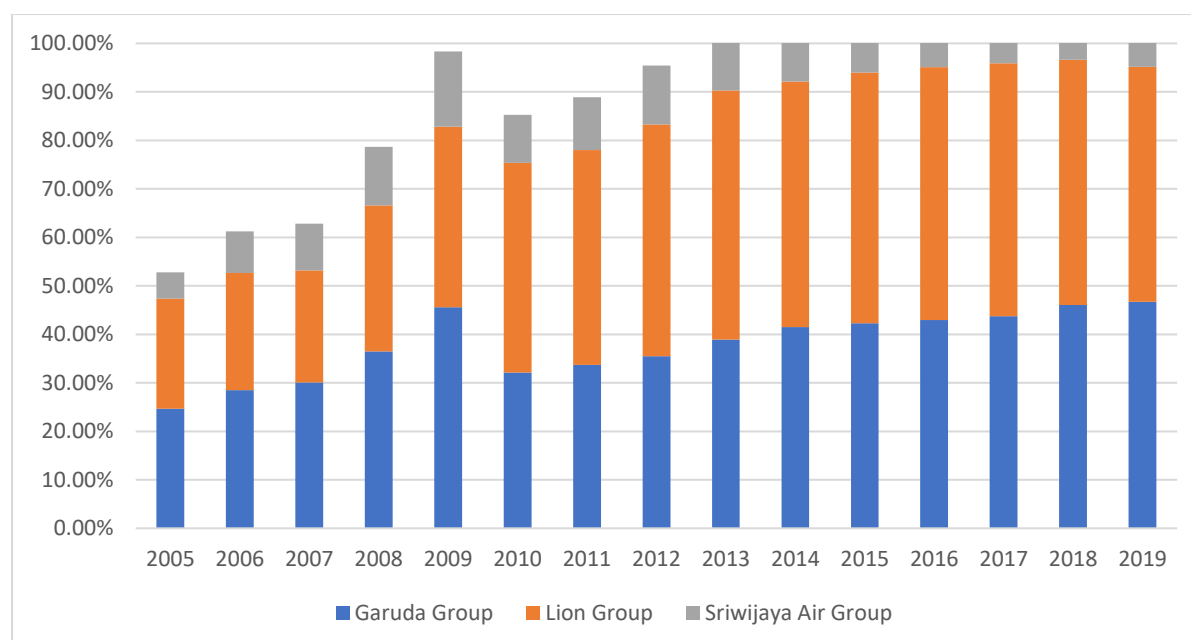
Interviewee 8

However, this deregulation did not lead to the proliferation of airlines in Indonesia because of the deregulation policy. Many airline companies emerged in Indonesia, but many incurred substantial losses and went bankrupt (*Interviewee 10*). This

¹³ In 1998, *The New York Times* reported that the wealth of the Suharto family was estimated at USD 30 billion – making Suharto one of the richest families in the world .

observation was further elucidated by *Interviewee 6*, who expounded on the consequences of an influx of airline companies into the market without effective oversight of safety and quality standards. The lack of enforcement, as described by *Interviewee 6*, resulted in numerous air accidents, leading to Indonesia being characterised as "the most dangerous country in Asia to fly" at one point. Moreover, *Interviewee 15* highlighted the financial fragility of these airline companies. One significant player in the Indonesian air market, Lion Air, emerged following deregulation and capitalised on the proliferation of low-cost airlines in Southeast Asia during that period. Lion Air rapidly asserted dominance in the domestic air market, contributing to the increasing concentration of Indonesia's domestic aviation sector, eventually leading to a duopoly (CAPA, 2018c; Trihermato, 2019). This progression is corroborated by OAG data, which reveals that in 2006, both the Garuda Group and Lion Group began to control over 50% of Indonesia's domestic market. This market share surged to 80% in 2009 before slightly decreasing the following year to 75%. However, it continued its upward trajectory, nearly reaching 100% by 2019.

Figure 7-1: Indonesia Air Market Concentration of three main airline groups



Source: OAG (2023)

Lion Air is a low-cost company developed by Rusdi Kirana, a small businessman who started with only one plane and became the leading market player in the fifth-largest

domestic market in the world. Criticism of Rusdi Kirana is not only because of his business strategy but also because of his action of using his political position to ensure his company's profits. In 2014, he was named deputy general chairman of the National Awakening Party (PKB). He later resigned from the position after President Jokowi appointed him as a member of the Presidential Advisory Board in 2015. In 2017, Jokowi appointed him as the Indonesian ambassador to Malaysia. Rusdi Kirana strategically appointed the brother of the vice President of Indonesia, Halim Kalla, as the Lion Group Commissioner.

Rusdi Kirana's business character is anti-competition. Lion's strategy is killing the competitors, especially small ones, through super cheap ticket prices...But later, after the competitors were 'destroyed' and Lion became the main player in the market, they teamed up with Garuda, and then they used their position to lobby the government to get more protection. Indonesians have been held hostage by Lion. Unlike other LCCs in the world that not only sell cheap prices but also quality, Lion vulgarly only sells cheap prices. Rusdi himself admitted this.

Interviewee 16

Interviewee 16 refers to Rusdi Kirana's famous statement in a 2015 interview with Indonesia's leading magazine, Kompas, where he said, *"My airline is the worst in the world, but you have no choice"* (Kompas.com, 2015). When President Jokowi in 2019 proposed to liberalise Indonesia's domestic market to enable more competition to lower ticket prices, Halim Kalla was one of the strongest opposed to the proposal – which clearly shows a conflict of interest. Until today, there is no indication that Indonesia will liberalise its domestic market.

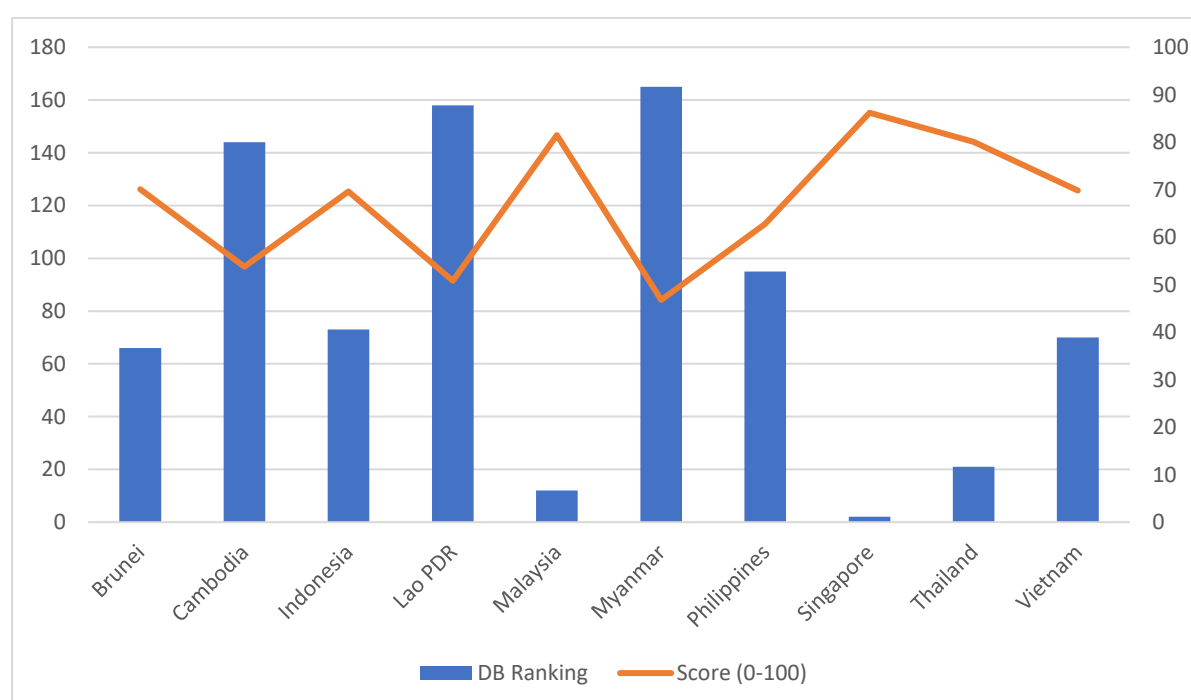
7.2.1.3 Political culture

Three interviewees suggested that the political culture in Southeast Asia also impacted efforts to liberalise the air market in the region. Most Southeast Asian countries, as developing countries, do not have strong institutions and are strongly influenced by individuals. *Interviewee 10* stated that based on his experience of negotiating to get access and slots, personal relationships and informal bargaining are very important - which often involve elements of corruption. According to *Interviewee 10*,

When new person replaces the position, the process of building personal relationships and trust needs be done from the beginning. All of these informal proses make the operating costs to be very high and business to be very slow”.

This view of *Interviewee 10* aligns with the World Bank report, which described the cost of doing business as high in the region – except for Singapore and, to some extent, Malaysia and Thailand.

Figure 7-2: Doing Business Ranking for Southeast Asia Countries 2020



Source: World Bank (2020)

In addition, *Interviewee 3* suggested that political interference with no economic basis is used in making decisions related to air transport. He referred to the case where the Federal government rejected the proposal to upgrade the Penang International Airport (PEN) in Malaysia. In contrast, PEN, based on its position as one of the busiest airports in Malaysia, is in dire need of such an upgrade. At the same time, the Federal government upgraded the much lower-capacity airport in Kuching, Sarawak, which is ruled by the same party at the Federal level. This example illuminates how political interference led to an uncompetitive air market.

Interviewee 13 then brings the example of Indonesia, which upgraded an airport as an international airport even though there are no international flights. According to him, the latest result is just a popular election promise that only aims to give the impression that there are improvements in facilities in their area. Such actions only cause high costs to provide immigration facilities and so on, which are not even necessary. *Interviewee 13* gave an anecdote of how politicians in Indonesia promised the construction of a new airport as an election promise because it would enable the people there to perform Hajj in Makkah, Saudi Arabia, by direct flight. The anecdotes demonstrate that air transport is an essential symbol of development in Southeast Asian society and can capture their imagination and emotions.

Interviewee 15 highlighted a crucial aspect of the political culture that significantly influences the dynamics of the airline industry, exemplified by the enduring ties between royalty and flag carriers. One notable illustration of this phenomenon can be observed in Thailand. The bond between the Thai monarchy and the national carrier, Thai Airways, runs deep and is a poignant symbol of this unique connection. The royal family's consistent use of Thai Airways for both official and unofficial journeys reflect the integral role the airline plays in representing the monarchy.

This connection goes beyond mere symbolism; it signifies the profound affection and reverence of the Thai populace for their monarch, an emotion that extends not only to the royal family but also to the national airline. In Thailand, the intertwining of political culture and the aviation industry is exemplified by the enduring association between the monarchy and Thai Airways, showcasing the intricate dynamics at play in the realm of flag carriers. *Interviewee 1* further expands on this notion in a broader discussion, asserting that nationalism in Southeast Asia holds exceptional strength, surpassing that observed in Europe, contributing to the longevity of flag carriers in the region.

7.2.2 ARIF: Geopolitics

Most of the literature, as discussed in Chapter 3, highlights that one of the challenges to ASEAN air market integration is caused by a 'systematic imbalance'. This systematic imbalance refers to the size of the domestic market, which is different and not in line with the ability of home airlines and airport infrastructures (Hanaoka et al.,

2014; Lee, 2019; Tan, 2009, 2012, 2014a, 2014b; Yean Tham, 2008). For example, Singapore, which does not have a domestic market to offer, has one of the best airlines in the world, compared to Indonesia, which is the largest domestic market in Asia after China and India but with relatively weaker airlines. The geopolitical approach can help further explain the systemic imbalance due to economic development factors and post-colonial history and the effects of superpower interventions such as the United States and China in the region.

7.2.2.1 Vietnam War Impact on Southeast Asia Air Transport

The superpower intervention in Southeast Asia air transport was one of the main factors of systemic imbalance, agreed by *Interviewee 5*, who gave an example of how the Vietnam War caused an imbalance in the development of infrastructure, technology, and the air market in the Southeast Asian region.

The process of development and modernisation of Thai's aviation industry, especially the airports, was influenced by the foreign policy of the United States during the Truman and Eisenhower eras, which made Thailand their key ally during the Korean War and the Vietnam War. Philippines was the US ally too. Lots airports in Philippines developed during those years.

This observation aligns with Acharya's argument regarding the influence of the United States in Southeast Asia. According to Acharya (2012), American foreign policy during the Vietnam War was significant in developing Southeast Asia's critical transport infrastructure, such as highways, seaports, and airports. President Truman shifted US foreign policy as soon as the Communist Party won in China in 1949 and the outbreak of the Korean War in 1950 by increasing military and non-military aid to Southeast Asia. Thailand is one of the main US allies in this region, besides the Philippines. As shown in Table 7-2, Thailand received aid amounting to USD 433.7 million between 1948 and 1965. Assistance in the air transport sector has been designed to achieve the dual objectives of security and economic purposes.

Table 7-2: Inflow of U.S Economic and Military Assistance to Thailand 1946-1965 (U.S Fiscal Year – in millions of U.S Dollars)

Program	1946-1948	1949-1952	1953-1957	1958	1959	1960	1961	1962	1963	1964	1965	Total
U.S Economic Loans	6.2	1.0	23.0	1.8	34.7	2.0	-	22	4.9	19.0	20.9	135.5
U.S Economic Grants	-	16.1	109.2	24.1	24.2	23.9	24.3	25.6	17.0	13.0	20.8	298.2
Total Economic Aid	6.2	17.1	132.2	25.9	58.9	25.9	24.3	47.6	21.9	32.0	41.7	433.7
	-	16.5	205.1	19.7	18.0	24.7	23.9	39.1	68.5	Data classified		
	6.2	33.6	337.3	45.6	76.9	50.6	48.2	86.7	90.4	Data classified		

Source: U.S Oversea Loans and Grants and Assistance from International Organisations, Special Report Prepared by Agency for International Development for the House Foreign Affairs Committee, March 18, 1966, p. 69 – as cited in (Osiri, 1974).

Between 1954 and 1960, the transport sector comprised half of aid spending. American aid for civil aviation began in 1956 through the International Cooperation Administration (ICA), the forerunner of the US Agency for International Development (AID). This assistance includes the improvement of Thai airport infrastructures, including the Dong Muang airport in Bangkok, ground-air and airport-airport communication technology, power generation and related training (Newton, 1994).

A similar development can be observed in the Philippines. In 1947, the Truman administration's State Department Policy Planning Staff, George Kennan, identified the Philippines as one of the "strongpoint defence" in Asia besides Okinawa, Japan, as part of the strategy to contain Soviet communist influence. In the same year, the US and the Philippines signed The Military Bases Agreement (MBA) that granted the US the right to establish and operate military bases in the Philippines. The same agreement also gives the US access to 23 specified bases for ninety-nine years until 2045 (Gregor, 1984). The most crucial bases mentioned in the deal were Clark Air Base in Pampanga and Subic Naval Base in Zambales, which are located approximately 100 km apart.

In the early 1970s, the Philippines received USD 50 million in grant aid, and in 1979, the amount jumped to USD 500 million in military and economic grants and assistance

over five years. In 1981-1989, during Reagan's presidency, the Philippines received another USD 900 million in security and economic aid. The US reported spending USD 300 million annually to maintain all the bases and provided 40,000 employees to the Philippines nationals (Gregor, 1984).

These compensatory aids and capital transfers comprise seven to eight per cent of the Philippines' gross national product (GNP). The funds helped the Philippines deliver rapid public infrastructure development, including expanding the country's main gateway, the Manila International Airport (MIA).¹⁴ However, vast portions of the aid were mismanaged during the 21 years of Ferdinand Marcos's presidency (1965-1986), which became what *The Guardian* called the most significant theft in history (Davies, 2016). In 1987, due to domestic political pressure, the Philippines amended its Constitution to limit foreign bases on its soil after 1991, which forced the US to surrender all the bases back to the Philippines (Maj, 2019). In June 2022, Ferdinand “Bongbong” Marcos Jr. was elected the 17th President of the Philippines.

Thailand and Philippines cases demonstrate the geopolitical influence of the US in the early development of the air transport industry in Southeast Asia. The US campaign in Vietnam helped develop air transport in several Southeast Asian countries. However, the infrastructures developed by the US were concentrated in selected countries in the region. The infrastructure gaps between US friendly-Southeast Asia nations such as Thailand and Indo-China nations such as Cambodia, Vietnam, and Laos were left behind.

Simultaneously, the military intervention caused the construction of airports and the development of the entire industry to be significantly influenced by military considerations rather than economics. The best example is the Clark International Airport in the Philippines (at one time, it was the largest US military facility outside the

¹⁴ As an interesting footnote, in 1987, the MIA was renamed to the Ninoy Aquino International Airport – after the late senator Benigno Aquino Jr. Aquino that was assassinated in 1983 at the airport during the Marcos dictatorship. Aquino's assassination started a series of events that lead to the 1986's People Power Revolution that toppled Marcos. In 2022, an elected member of the Philippine House of Representatives filed a bill to rename the Ninoy Aquino International Airport to Ferdinand E. Marcos International Airport – to honour the late President contributions.

country), which was built far from Manila,¹⁵ which made it hard to make it economically viable and failed to support the overcapacity Ninoy Aquino International Airport (Sidel, 2019). This has direct implications for integrating the regional air market where the Philippines is committed under ASAM to liberalise international airports other than the NAIA (NAIA not included because of congestion).

In addition, historically, the development of air transport in the region has been influenced by military considerations, affecting the underlying ideology and perspective in the air transport sector. While air transport has started to be seen as a necessity for mobility, most policymakers in Southeast Asia still see air transport as a military strategic asset that the state must control. Even in many ASEAN countries, the management and administration of the air transport sector are still controlled by the military – albeit indirectly. *Interviewee 15* gave an example of most of the captains and senior captains at Thai Airways and the Thai DCA's leadership having a Royal Thai Air Force background. According to *Interviewee 15*, to some extent, the military ideology that sees air transport as a strategic national asset compared to business interests makes it quite tricky for Thailand's air transport sector to reform.

7.2.2.2 China's Belt and Road Initiatives (BRI)

The investment in air transport infrastructure is significant because one of the main factors that slow down the process of air market integration in ASEAN is the infrastructure gap between developed ASEAN member states such as Singapore, Malaysia and Thailand and developing ASEAN member states, especially the countries of Indochina, namely Cambodia, Vietnam, Laos, Myanmar (CVLM). However, the investment from China comes with geopolitical implications for the region.

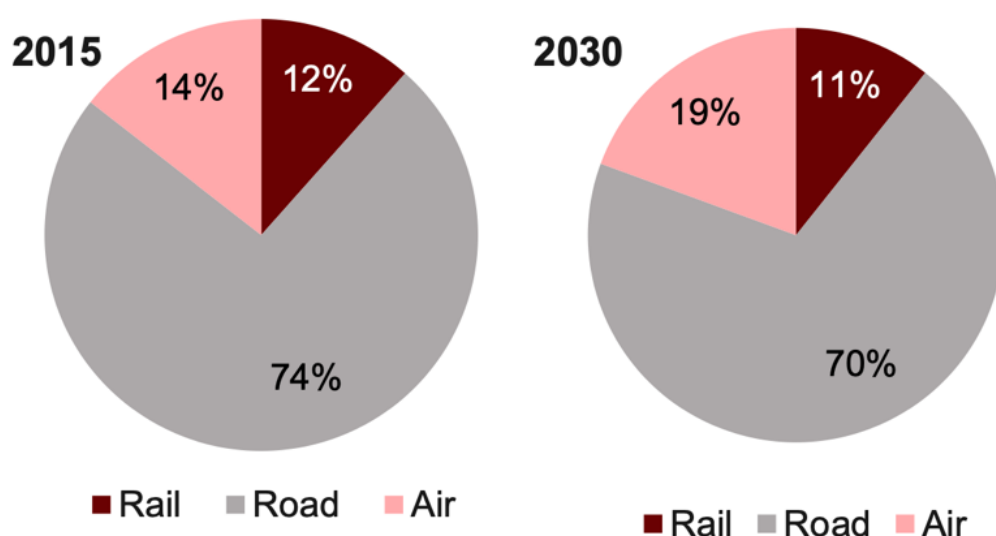
China's foreign policy as international development assistance is relatively new, still evolving and differs substantially from traditional donors (Renwick, 2016). One of the most critical transitions in China's foreign policy regarding her active role as an

¹⁵ NAIA is located approximately only 10 km from the business centre of Metro Manila while Clark located approximately 90 km to the northwest from the city centre (JICA, 2016).

international development assistant was the Belt and Road Initiative (BRI). Just a year in power, President Xi Jinping announced 2013 an ambitious BRI – re-imagining and re-creating an ancient trading route linking Asia in the east with Europe in the west. BRI has substantially impacted Southeast Asia's economic and political development since its launch as one of the project's primary focuses. While most BRI-related projects are concentrated in energy, railways, roads, and ports, China also shows strong interest in investment in airport construction, but it has given less attention.

China's Asian Infrastructure Investment Bank (AIIB)¹⁶ forecasted Asia Pacific's air transportation share of passengers compared to other mode of transportation will increase from 14% in 2015 to 19% in 2030 – due to the liberalisation of the aviation sector and the rising middle class in the region (AIIB, 2018).

Figure 7-3: Forecast Asia-Pacific Passenger Mode Share (Passenger Kilometres), 2015 to 2030



Source: AIIB (2018)

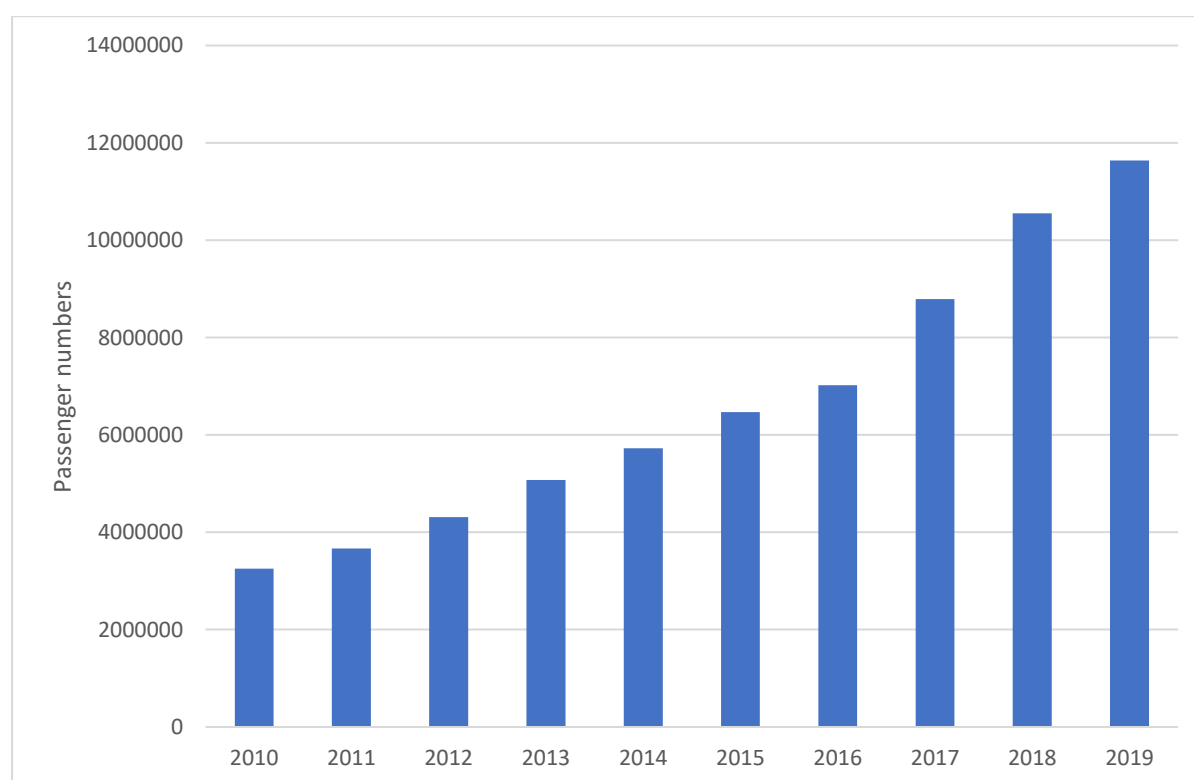
The construction of airport infrastructure is financed mainly through private funds. At the same time, multilateral development banks (MDBs) such as AIIB, ADB and World Bank focus more on the road, while Japanese and Chinese developmental agencies

¹⁶ In late 2015, to fund the BRI implementation, China has set up a multilateral development bank called the Asian Infrastructure Investment Bank (AIIB) with USD 100 billion capital. AIIB began operations in 2016 with 57 founding Members (37 regional and 20 non-regional). By the end of 2020, AIIB had 103 approved Members (AIIB, 2023) – more than its competitor, Japan's Asia Development Bank (ADB).

focus more on the road and urban rail. However, AIIB has identified a large potential in the construction of greenfield airports in the Philippines, Vietnam, and Myanmar, which not many are able to finance with private funds because this type of project requires new legislation and pricing regimes.

Cambodia's growing economy and increasing influence in Southeast Asia are reflected in the annual air passenger numbers, which exceeded 10 million passengers in 2018 for the first time – with more than 30% contributed by Chinese visitors. The three existing international airports, Phnom Penh International Airport (PNH), Siem Reap International Airport (REP) and Sihanoukville International Airport (KOS), were operating close to their designed capacity.

Figure 7-4: Number of annual air passengers for Cambodia (2010-2019)



Source: (CEIC Data, 2021)

Based on the encouraging development, Cambodia plans to upgrade the three existing airports and build several more international airports, including the (1) New Phnom Penh International Airport (NPPIA), (2) Siem Reap Angkor International Airport and (3) Dara-Sakor International Airport. NPPIA is planning to be the largest airport in

the world in terms of land area. These investments are a potential means to rectify the existing imbalances in the region's air transport infrastructure. By focusing on current initiatives, *Interviewee 4* highlights the investment in air transport infrastructure is significant because one of the main factors that slow down the process of air market integration in ASEAN is the infrastructure gap between developed ASEAN member states such as Singapore, Malaysia and Thailand and developing ASEAN member states, especially the countries of Indochina, namely Cambodia, Vietnam, Laos, Myanmar (CVLM). *Interviewee 3* then supported this argument by identifying a few mega projects in the CVLM region, including the New Phnom Penh Airport, currently under development, is poised to become one of the world's largest airports in terms of land area, "which could be a future for secondary level hubs in Southeast Asia" (CAPA, 2022a, p.1).

Based on the in-depth interviews, it becomes evident that these investments have not only narrowed the development disparities between different sub-regions within Southeast Asia but have also had a positive impact on the liberalisation of air transport within these countries. *Interviewee 4* articulated this point by stating:

China's investments in transportation infrastructure, such as airports, roads and railways, have been a significant boon for poor countries in Indochina. Now, these Indochinese countries seem to be more open to allowing many airlines to enter their markets – like the latest cross-border joint venture, AirAsia Cambodia. Vietnam has also increased foreign ownership for local airlines from 30% to 34%. Though this is among the lowest in the region, it is hard to imagine such developments 20 years ago.

Interviewee 4

7.2.2.3 US-China geopolitical rivalry

However, the investment from Chinese private companies comes with geopolitical implications for the region. Upon closer examination, it becomes evident that many of these China-based private companies are, in fact, state-owned entities. This holds particularly in the context of crucial projects related to airport construction, notably in the Indochina countries, often referred to as the Mekong region. The substantial impact of these projects on ASEAN air transport integration is noteworthy. The

significance lies in these companies being state-owned, indicating that their motivations extend beyond profit-driven objectives. Instead, geopolitical considerations may strongly influence these entities, primarily aligned with China's broader foreign policy goals. An illustrative case highlighting this dynamic is observed in Cambodia and the Philippines.

In Cambodia, Cambodia Airports (SCA) manages the operation of the three airports, and the State Secretariat of Civil Aviation (SSCA) oversees the operations of all airports.¹⁷ However, SCA is not involved in the NPPIA construction project since the company was previously accused of “insufficient investment” (CAPA, 2019, p.1). The Cambodian government now wants to “forging a Cambodian’ identity’ in transport infrastructure” (CAPA, 2019b, p.4) – despite Cambodia’s State Secretariat of Civil Aviation (SSCA) statement in 2020 that SCA and Overseas Cambodia Investment Corporation (OCIC) have agreed to jointly develop the new airport (Thou Vireak, 2020).

While the Cambodian government's effort to liberalise the airport’s construction and operation should be welcome, there is a concern when all the new airport construction projects are awarded to Chinese companies in joint ventures with less experienced local companies (CAPA, 2019b). *Interviewee 3* has highlighted a significant aspect of the ongoing dynamics in Southeast Asia. The mega-projects involving infrastructure development, such as airports, ports, railways, and roads, are integral to a broader regional initiative led by China, the Belt and Road Initiative (BRI). According to *Interviewee 3* insights, these investments have transformed the region's physical landscape and led to increased geopolitical tensions, notably between Cambodia and the United States.

Following the 2019 *Wall Street Journal* exposé, the United States expressed concern over China’s state-controlled construction company, the Union Development Group (UDG)’s 99-year exclusive right to develop the Dara Sakor coastline. The project award includes constructing a navy vassal base in Ream and a commercial

¹⁷ SCA is a special purpose company which owned by France's VINCI Airports (70%) and Muhibbah Masteron Cambodia (30%), a Malaysian-Cambodian joint venture. SCA holds a 25-year concession (1995-2025) from the Government of Cambodia to manage and operate the three airports.

international airport that could be utilised for military purposes due to its oddly long runway (Page, Lubold and Taylor, 2019). The United States Secretary of State Mike Pompeo, in his official statement, said:

The coastal development project at Dara Sakor could be used to host PRC military assets, and if so, would go against Cambodia's Constitution and could threaten Indo-Pacific stability, possibly impacting Cambodia's sovereignty and the security of our allies.

(U.S Embassy in Cambodia, 2020, p.1)

This project further aggravated diplomatic relations between the United States and Cambodia. In 2020, the United States imposed sanctions on the UDG (Economists Intelligence Unit, 2020), and Cambodia later 2021 rejected the United States' request to access the construction site in Ream, stating that "the US demands violated Cambodian sovereignty and represented hidden agendas for geopolitical gains"(Bradford, 2022, p.4).

China's influence in Cambodia's air transport goes beyond constructing infrastructures; Chinese companies also have substantive shares in all Cambodian airlines, including its flag carrier, Cambodia Angkor Air. Xinggang Group, the Henan Provincial government entity, with a 28% share, became the second largest shareholder after the Cambodian government (30% share). According to *Interviewee 2*, China's substantial share in Cambodian airlines brings unfair competition to the regional market.

"...these airlines in Cambodia and Laos are not owned by the ASEAN citizens. Cambodia, especially, all six airlines are owned by Chinese nationals, totally owned by them. So, the other ASEAN members said, 'Eh, this is not fair. This is foreign funding; this is not your money. And you are flooding the market with the capacity that we do not need. So, you are spoiling our domestic market. That is not fair.'

By controlling Cambodian airlines, China can utilise the ASEAN's 5th freedom rights by leveraging onward flights via Cambodia to other Southeast Asian countries (CH-Aviation, 2022).

The airport construction in the Philippines also traps in the same geopolitics rivalry. The development project of the Manila Sangle Point International Airport (MSPDA) serves as a comprehensive lens through which to analyse how the Philippines has become entangled within the intricate geopolitical rivalry between China and the United States, significantly impacting its aviation aspirations. The provincial government of Cavite initiated an ambitious venture to alleviate mounting demand and congestion at Ninoy Aquino International Airport by transforming the Sangle Point military airbase into the MSPDA – to serve as a pivotal aviation hub, catering to the surging air traffic demands of the capital. This airport's envisioned magnitude and scope were poised to outstrip its existing counterpart, marking a substantial stride in infrastructural capacity (CAPA, 2022b, 2023).

However, the MSPDA's evolution quickly catches up in the China-US geopolitical rivalries. The collaboration between China's CCCC and MacroAsia emerged as the sole bidder for the project in December 2019, raising apprehensions about the engagement of a Chinese company in a project of paramount importance. This unease emanated from CCCC's previous involvement in constructing contentious artificial islands within disputed South China Sea regions of the West Philippine Sea (Camus, 2020).

In August 2020, the situation escalated as the Trump administration strategically added CCCC and 23 other Chinese companies to a list restricting them from purchasing American products. This strategic move was motivated by their roles in aiding the Chinese military's construction of artificial islands within the South China Sea (Swanson, 2020). Subsequently, in January 2021, the province of Cavite responded to the U.S. sanctions by cancelling its award of a \$10 billion airport deal at Sangle Point, a project that stood as one of the significant endeavours involving a Chinese firm under President Duterte's administration, characterised by warmer ties with Beijing since 2016 (Nikkei Asia, 2021).

A year after the cancellation, the Cavite provincial government embarked on a new Joint Venture agreement with the SPIA Development Consortium, comprised of entities such as Cavitex Holdings, Samsung C&T Corporation, and Munich Airport International GmbH. This collaboration indicates the delicate diplomatic balancing act

that the Philippines must navigate between China and the United States to actualise its infrastructure aspirations (CAPA, 2023).

This complex scenario unveils the challenges that Cambodia and the Philippines face in managing the conflicting interests of superpowers while advancing their air transport infrastructure objectives. While the South China Sea dispute might not directly impact the Southeast Asian air market, Dara Sakor airport and the MSPDA cases serve as illustrative examples of how geopolitical tensions can indirectly influence the pivotal construction of air transport projects.

7.2.3 *ARIF: Geoeconomics*

The geoeconomics approach complements the geopolitical perspective, which often portrays Southeast Asian countries as caught between the rivalry of the United States and China. Moreover, the geoeconomics perspective reveals that the relationship between superpowers in Southeast Asia is not merely a centre-periphery relation but a more balanced and interdependent relationship – especially with China.

7.2.3.1 *Southeast Asian Transport Addressing China Development Gaps*

The geoeconomics perspective provides a valuable addition to the geopolitical view, offering more profound insights into the intricate nature of ASEAN's relations with superpowers, particularly China. It elucidates China's approach of not merely seeking dominance over ASEAN but instead aiming to accommodate the region, recognising the mutual interdependence between the two. Geoeconomics explains how China's interests are intricately linked with ASEAN, fostering a relationship of interdependence and cooperation in air transport between the two entities.

As explained by *Interviewee 12*, the geographical factor that caused the unbalanced development between Western China and Eastern China was separated by the Hu Line.¹⁸ On the other hand, the eastern part, although geographically more compact,

¹⁸ The Hu Line, also known as the Hu Huanyong Line, refers to an imaginary boundary extending from Heihe, a northern Chinese city on the border with Russia, down to Tengchong, a southwestern city of China that shares its border with Myanmar. This demarcation effectively splits China into two nearly equal parts. While the western side spans vast territories, encompassing diverse landscapes such as

supports a higher concentration of people due to factors such as fertile plains, abundant resources, and historical population distribution patterns.

Figure 7-5: China's Hu Line Development Gap



Source: (Chen et al., 2019)

Therefore, as a strategy to address the development gap in Western China, China has implemented three stages of development strategy: Balance Development (1949-1978), Non-Balance Development (1979-1991), and the current stage, Coordinated Development (1992-present). In each of these strategies, particularly in the third stage, China places great emphasis on the development of Southeast Asia as a catalyst for the development of Western China. Southeast Asia, particularly Indochina, provides

plateaus, deserts, and mountains, its population remains relatively sparse. Specifically, the region west of this line encompasses 64 per cent of China's total land area. However, in stark contrast, it accommodates a mere 4 per cent of the country's population. The stark contrast in geography and population has a direct impact on economic development, where the Western China per-capita GDP is 15 per cent lower on average than in the East side of China (Kong, 2021; Lemoine et al., 2014; Xiang Deng, Zheng Lu and Xuezheng Chen, 2011).

markets and natural resources to Western China.¹⁹ Since the early 2000s, numerous economic initiatives have existed between the western regions of China and Indochina.

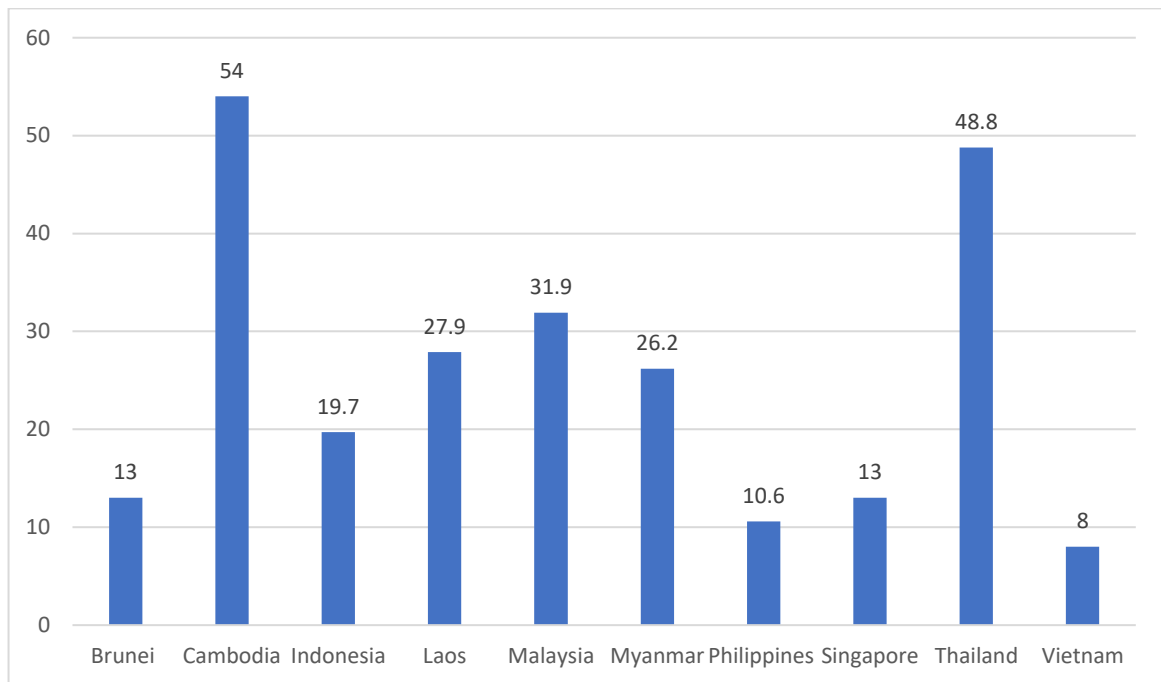
These initiatives seek to capitalise on the geographical proximity of major Chinese provinces like Yunnan, Hainan, and Guangxi by fostering their ongoing development through closer integration with Southeast Asia. To facilitate these development initiatives, Kunming and Guangxi are turned into transportation nodes – part of the Belt and Road Initiative (BRI) – expected to sustain economic development in West China and narrow the east–west gap (Wang, 2022). Therefore, China under BRI places significant emphasis on developing transportation infrastructure in Indochina, which explains why, despite their smaller size, Lao PDR and Cambodia received significant BRI investment (Chirathivat, Rutchatorn and Devendrakumar, 2022b; Sermcheep, 2022).²⁰ Indochinese countries played a vital role in the development of Western China. As stated by *Interviewee 12*,

In the case of Yunnan's development, China relies heavily on Indochina more than the other way around because mainland ASEAN (Indochina) connects borders with China and India and between the Indian Ocean and the Pacific Ocean.”

¹⁹ The existing trade framework between China and Cambodia, Laos, and Vietnam is presently characterised by China's predominant importation of natural resources and exportation of manufactured goods. This distinctive trade structure starkly differs from the trade arrangements between China and certain other Southeast Asian nations, including Malaysia, the Philippines, and Thailand, where the trade framework exhibits greater complexity and entails less reliance on resource-intensive exports to China (Rutherford, Lazarus and Kelley, 2008).

²⁰ Investment and construction contracts have consistently played a significant role in contributing to overall investment in ASEAN from 2013 to 2019. Indonesia secured the highest BRI-related investment with US\$ 36.2 billion during the period, followed by Singapore (US\$ 33.1 billion) and Malaysia (US\$ 31.4 billion). Lao PDR, Cambodia, and Vietnam also received substantial investments, receiving US\$ 17.7 billion, US\$ 10.3 billion, and US\$ 10.2 billion, respectively. On the other hand, Thailand, the Philippines, Myanmar, and Brunei received amounts below US\$ 10 billion.

Figure 7-6: Percentage of China investment and construction contract in the transport sector in ASEAN countries, 2013-2019



Source: (Chirathivat, Rutchatorn and Devendrakumar, 2022b)

Indochina presents a highly favourable alternative route for circumventing the Strait of Malacca's significant bottleneck— described by President Hu Jintao in 2013 as the 'Malacca Dilemma' (Zhong, 2016, p.85). Presently, approximately 60 per cent of China's exported and imported goods and 80 per cent of its imported oil are reliant on this strait, with as many as 29 out of its 39 maritime routes passing through it (Vu, 2017).

According to *Interviewee 12*, Kunming, located in southwest China, has traditionally served as the country's gateway to Southeast Asia. Flights to Southeast Asia make up a significant portion of Kunming's international air traffic, accounting for approximately 60% of the international seats available at the airport. This sets Kunming apart from many other Chinese airports, which typically have a greater emphasis on global connections with Northeast Asia. By being strategically positioned in southwest China, Kunming benefits from its proximity to Southeast Asian countries.

The geographic advantage has facilitated the development of strong transportation links and air routes between Kunming and various destinations in Southeast Asia.

These connections have contributed to the city's status as an important hub for travel and trade between China and Southeast Asian nations. It is worth noting that Kunming's international exposure to Southeast Asia doesn't diminish its overall importance within China's aviation network. The city maintains connections with other regions, both domestic and international, but the significant focus on Southeast Asia distinguishes it from many other airports in the country (CAPA, 2015a).

7.3 ASEAN Strategies and Mechanisms to Mitigate the Effects of Aeropolitics

Based on the discussion in the first part of this chapter, it can be concluded that ASEAN faces significant aeropolitical challenges at both domestic and regional levels. Furthermore, each ASEAN member is affected by the power struggle between major global powers, particularly China and the United States, along with their allies. This section discusses how ASEAN addresses these aeropolitical challenges, both within ASEAN itself and in its interactions with major powers.

7.3.1 The role of international bureaucrats

At the ASEAN level, as discussed in previous chapters, the ASEAN way serves as the primary mechanism to ensure ASEAN functions as a regional organisation. Many scholars have recognised and discussed the ASEAN way, referring to non-interference and consensus decision-making. At the same time, the ASEAN way also refers to the role of non-state actors and informal mechanisms. However, limited information is available regarding these informal mechanisms in the context of air market integration in ASEAN. Therefore, this section aims to document some of these informal mechanisms and their contributions to air market integration in ASEAN.

An illuminating anecdote shared by *Interviewee 1* provides insight into the collaborative decision-making process among ASEAN member states. A crucial point of contention arose during the discussion on the second open sky agreement in Penang in 2009. The matter was whether to include the names of airports within the agreement itself. As represented by *Interviewee 1*, one ASEAN member state initially advocated for listing airport names in the agreement to protect its national interests.

However, this proposal faced resistance from the other nine ASEAN countries who objected to such an approach, recognising the dynamic nature of international airport statuses.

In a pivotal turn of events, *Interviewee 1*, who was leading the discussion as a regional organisation representative, engaged in a constructive conversation with his country counterpart, who was persistent about including airport names. They extended the lunch break and discussed various topics, including family matters and education. Eventually, *Interviewee 1* proposed a solution that resonated with the country counterpart. The proposal allowed the country to maintain a dynamic list of airports outside the formal agreement, which could be amended. This approach would grant the country the flexibility to manage its airports independently. The Indonesian counterpart agreed to this idea but with apprehensions about conveying it during the meeting. *Interviewee 1* assured the country representative that they would speak on their behalf during the meeting to *save his face*. *Interviewee 1* articulated the proposal when the discussion resumed, and the country's stance shifted, opting for a dynamic, independent list of airports instead of including them in the formal agreement.

“Oh ok.” “Then you have to say these in the discussion, Pak.”

“But how. I don’t want to be shameful in the meeting.”

*“Ok, ok. You just leave the floor to me, then I will explain. **I will save your face Pak.**”*

This episode exemplifies ASEAN members' proactive and collaborative spirit in finding pragmatic solutions to complex issues. It underscores the importance of informal dialogues and negotiation techniques that facilitate cooperation and enable nations to safeguard their interests while advancing regional integration. Based on the anecdote, there are two essential issues within these informal mechanisms. Firstly, the personal relationships between regional organisation officers and member state representatives play a crucial role in the informal negotiation process. In such informal processes, personal relationships are highly significant, especially in regional organisations like ASEAN that highly depend on consensus building with no legislative mechanism. However, there are limited systematic observations and explanations on bureaucratic influence in transnational governance (Busch and Liese, 2017; Eckhard

and Ege, 2016; Ege, 2020; Ege, Bauer and Wagner, 2021) that are worth further examination.

Secondly, the concept of "face" or "saving face" (in Malay called *muka* or *air muka*) is equivalent to the concept of *nama* (literally translated as name) related to reputation, status, and prestige. The concept of face is not only understood in political terms but also encompasses diplomatic missions related to sovereignty (Milner and Siti Munirah, 2018). This notion of face suggests not only a sense of status and reputation but also the preservation of diplomatic missions, as highlighted by Milner and Siti Munirah (2018, p.386),

“There is more in the non-Westphalian heritage of the Malay world that might illuminate the country’s modern behaviour in international relations. The priority given to building strong and emotive inter-polity relations may be one example; the emphasis on what might be called “moral balance” — and not just balance-of-power — may be another.”

As explained by other Southeast Asian scholars, “saving face” is a typical ASEAN Way where there are no penalties for noncompliance or efforts to name and shame (Suthad and Chayut, 2019). This anecdote shows that international bureaucrats in ASEAN not only make the most of their personal relationships in dealing with multilateral air transport issues diplomatically but also have the wisdom of Southeast Asia cultural politics.

7.3.2 ASEAN Way

The ASEAN Way is the approach used by ASEAN to manage differences and reach decisions within the organisation. The ASEAN Way can also be observed being translated into the mechanisms used during negotiations for air transport agreements in the region. Here, three mechanisms are discussed: ASEAN minus, ASEAN consensus, and ASEAN centrality.

Interviewee 7 explained that air market imbalances did have an impact during the negotiations. Some member states argued that the market offerings among member states were not equitable. Some nations had more substantial aviation markets, while others had very little due to single-entry points, exemplified by countries like Singapore

and Brunei. This imbalance in market offerings led to a temporary impasse in the discussions, with some issues being put on hold. During this period, Singapore held the chairmanship of the ASEAN working group overseeing these negotiations. Under Singapore's leadership, they navigated the discussions and pushed for a solution. Ultimately, an agreement was reached to adopt the "ASEAN minus" principle.

At one point, during negotiation of the ASEAN Open Skies Agreement, it does impact. Because some states were saying that, the market offering among member states are not equal. Some member states have larger market to offer to the table. Unfortunately, some doesn't have any to offered, at the table, because of the single- entry point that they have. Example, Singapore and Brunei. So, that, I would have to say, did put some on hold to the discussion. Having said that, during that period, the ASEAN working group meeting was chaired by Singapore. So, Singapore managed to steer the discussion, and push for it at the end. They agreed to ASEAN minus as principal, and which means Indonesia were allowed to come on board later on.

Interviewee 7

Under this principle, member states could move forward with the agreement, even if some could not fully participate. In this case, Indonesia was allowed to join the agreement at a later point. This ASEAN minus mechanism was instrumental in addressing the challenges of air market imbalances and ensuring progress toward regional integration within ASEAN.

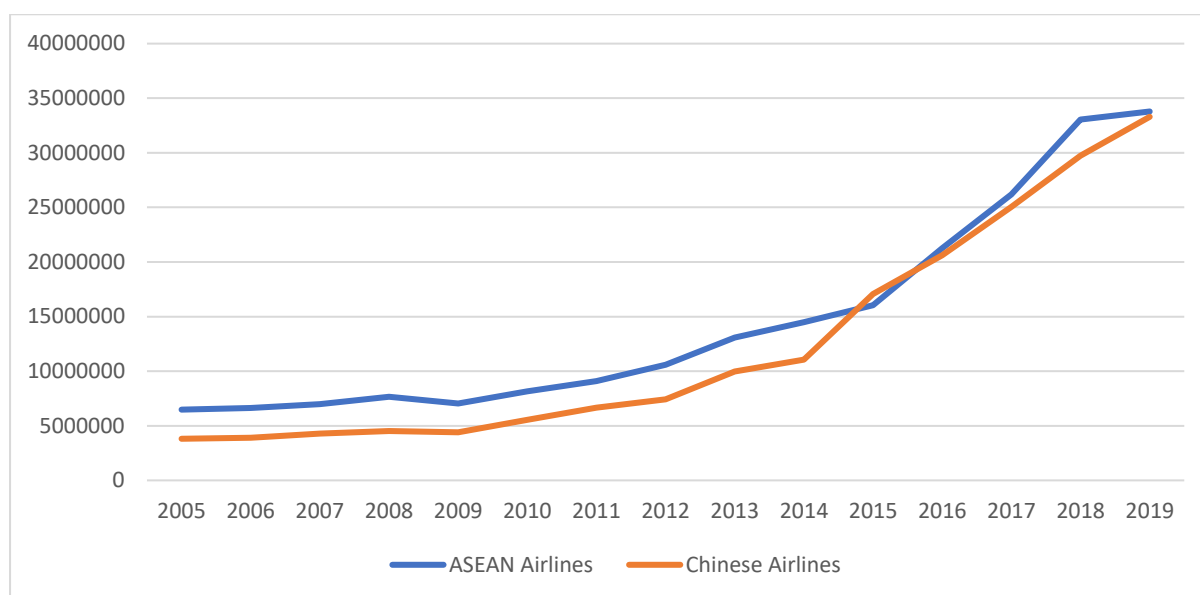
Another important mechanism of the ASEAN Way is consensus and ASEAN centrality. According to Acharya (2012), ASEAN centrality encompasses various roles, such as leader, driver, architect, institutional hub, vanguard, nucleus, or fulcrum, within the broader Asia-Pacific region. This concept is enshrined in the ASEAN Charter as a fundamental principle and purpose. According to *Interviewee 1*, ASEAN centrality is about positioning the organisation at the core of regional architecture, granting it the authority to define the extent and significance of regional cooperation in its interactions with both regional and major powers. The mechanism is evidenced in the 2010 Air Transport Agreement (ATA) between ASEAN member states and China and the 2022 ASEAN-EU Comprehensive Air Transport Agreement.

The 2022 ASEAN-EU Comprehensive Air Transport Agreement encountered noteworthy concerns, particularly among ASEAN member states whose airlines already possessed unrestricted access to key European airports. These countries expressed the need for additional slots, which were not fully addressed in the comprehensive agreement. Additionally, some member states objected to including labour rights issues within the agreement, as explained by *Interviewees 2, 3 and 7*. Nonetheless, guided by the principle of ASEAN centrality and the collective pursuit of regional cooperation, these countries ultimately signed the agreement, acknowledging its potential advantages for the ASEAN air market. By demonstrating flexibility and commitment to consensus-driven decision-making, ASEAN exemplified its ability to navigate complexities and foster cooperation in the aviation sector.

In 2010, even before establishing a single air market within ASEAN, all member states collectively agreed to sign an agreement with China. While some sceptics viewed this move as premature, insights from the interviews revealed unanimous agreement on the agreement's positive impact on the ASEAN air market. Recent statistical data from OAG further validate this stance, showing that ASEAN carriers now dominate the ASEAN-China market.

The total seats of ASEAN-China routes increased by 30% from 10,290,177 seats in 2005 to 13,695,291 seats in 2010. Since adopting the ASEAN-China ATA in 2010, the total seats had increased exponentially by almost 300% by 2015 to 33,108,329 seats. By 2019, the total seat offers on these routes were doubled to 67,079,128 seats. Between 2010 and 2015, the ASEAN-China market also attracted more new airlines to operate. There were eight Chinese airlines and four Thai airlines, one each from Vietnam and Singapore (Laplace, Lenoir and Roucolle, 2019).

Figure 7-7: Number of seats by airline origin on routes between ASEAN and China 2005-2019



Source: OAG (2005-2019)

The dominance of ASEAN carriers has contributed to the increase of ASEAN LCCs, as shown in the table below, where ASEAN LCC dominates almost half of the ASEAN-China market. At the same time, the Chinese FSC shrank from 45.9% in 2014 to 31.7% in 2018. Chinese LCCs only accounted for less than 5% of the market share in 2018 (Liu and Oum, 2018).

Table 7-3: Share of scheduled flight frequency in the China-ASEAN market over the 2014-2018 period (excluding routes to/from the top 10 Chinese airports)

Year	Chinese LCC	Chinese FSC	ASEAN LCC	ASEAN FSC	Other airlines
2014	0.2	45.9	36.5	17.3	0.1
2015	2.5	51.7	29.0	15.8	0.9
2016	6.3	38.0	40.2	15.1	0.3
2017	4.4	31.8	40.1	22.9	0.9
2018	4.6	31.7	44.9	18.1	0.7

Source:(Liu and Oum, 2018)

Chinese LCCs are not able to expand and capitalise on the ASEAN-China market to protect Chinese BIG-3 carriers. Chinese LCCs are also busily expanding China's domestic market, especially in the routes not dominated by the BIG-3 airlines (Liu and Oum, 2018). During the negotiation of the ASEAN-China agreement, China was aware that ASEAN LCCs might dominate its market. *Interviewee 7*, involved in the negotiation, mentioned that:

During the ASEAN-China negotiation, in the agreement, there was even a portion of it stated that, the routes to Beijing, were not allowed for low-cost carriers. So, I remembered objecting to that. Because it imposes discriminations.

ASEAN carriers quickly take advantage of these China's internal aeropolitical challenges. This successful outcome exemplifies how ASEAN's unified approach and cooperation with external partners can yield tangible benefits for the region's aviation industry, underscoring the significance of collective decision-making in driving positive developments.

7.3.3 Hedging strategy

Southeast Asia heavily relies on foreign investments to aid in developing its transportation infrastructure, including air transport. Each country in Southeast Asia ensures that it can maximise investments while simultaneously minimising the risk of overreliance on superpowers such as Japan and China. This hedging strategy is not limited to the aviation sector; it is also observed across various other economic sectors. In this context, Hedging is an approach adopted by sovereign actors in high stakes and uncertainties. It involves pursuing contradictory and intentionally ambiguous policies concerning competing powers to establish a fallback position in case circumstances change (Kuik, 2016, 2022).

Southeast Asian countries strategically engage with foreign investors and superpowers in their development projects, carefully balancing multiple interests. This approach allows them to reduce vulnerability and mitigate potential negative consequences in case geopolitical dynamics or economic conditions shift. These nations seek to secure their growth and development by diversifying their investments

and partnerships, regardless of external influences. Such a proactive and versatile hedging strategy is instrumental in the region's sustainable progress and self-reliance.

The Philippines is an example of a Southeast Asian country caught in the geopolitical clash between the United States and China – which impacts the development of the air market. As a small country, the Philippines uses a hedging strategy to manoeuvre between these two great powers, especially after the confrontative Aquino administration. Aquino Administration 2013 instituted arbitral proceedings against China under UNCLOS. In 2016, the arbitral tribunal ruled in favour of the Philippines – during the same period, Aquino also increased military cooperation with the United States (De Castro, 2017; Wu and Velasco, 2022). However, when Duterte took over the office in 2016, Duterte's stance was a dramatic shift compared to his predecessor. As explained by *Interviewee 14*:

After Duterte assumed office in 2016, his approach changed dramatically. Remember, he only won 40% of the vote. He was desperate to prove himself to his people. After becoming the President, he shifted away from his anti-China stance and came closer to China. Duterte started to openly criticise the US at one point. Duterte did even not dare to utilise the 2016 Arbitral Tribunal decision over China.

The victory of the populist leader, Duterte, in the presidential election with only 40% of the vote made him eagerly prove his ability beyond the political rhetoric of the war on drugs and deliver the development the Philippines desperately needs. After taking office, Duterte dropped his anti-China populist during the electoral campaign and tightened diplomatic ties with China – Duterte also began to criticise the US publicly – although Duterte later reaffirmed the Philippines' relations with the US and ultimately restored the Philippines's key military agreement with US. Duterte did not use the Philippines' victory in the Arbitral Tribunal 2016 as a diplomatic advantage over China. Just after coming into power, during the ASEAN Summit in 2016, Duterte made a statement:

“I am ready to not really break ties [with America], but we will open alliances with China and...I will open up the Philippines for them to do business, alliances of trade and commerce”(Heydarian, 2017, p.220)

Duterte later repeatedly made an apologetic statement over China regarding the South China Sea dispute. On various occasions, Duterte has stated, “the Philippines is

'indebted' to China, and that going to war with China would be 'suicidal'...the tensions in the South China Sea are a by-product of China–US great power rivalry" (Rabena, 2021, p.1).

According to *Interviewee 14*, Duterte's attitude is understandable because he desperately needs BRI funds from China to implement his infrastructure development vision - especially transport infrastructures. In 2017, the Duterte administration launched the Build, Build, Build (BBB) program to facilitate the country into its "Golden Age of Infrastructure." The project contributes 3.9% to 7.0% of the gross domestic product (GDP) throughout its implementation (2017-2022). Duterte envisioned the BBB as a game-changer for the Philippines to go from a developing country to becoming an industrialised nation. Duterte focused specifically on transportation in the BBB, with 72 of the 112 BBB projects being in the transportation and mobility sector, involving 91.2% of the total projects of PhP 4687.2 billion (Senate of the Philippines, 2022). In his official national address to the Philippines Congress in 2017, he explained the importance of China in his air transport infrastructure projects.

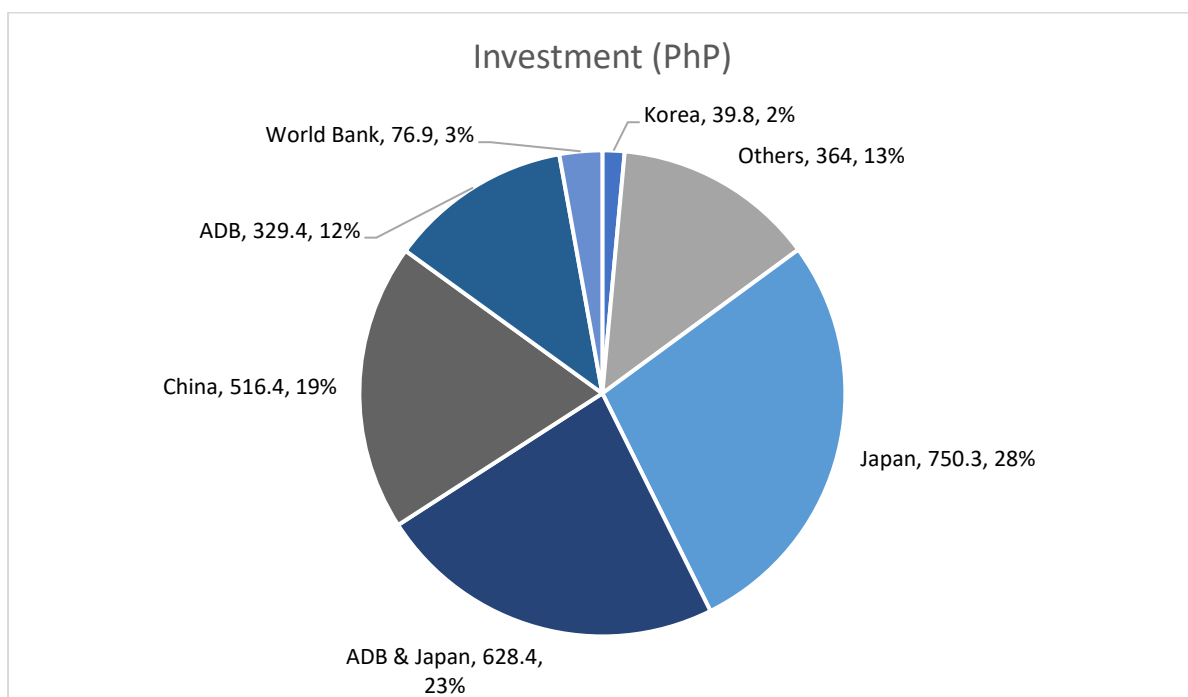
We will make the next few years the Golden Age of Infrastructure in the Philippines to enhance our mobility and connectivity and thereby spur equitable growth and development in the country. In other words, we are going to Build, Build and Build. ...but we needed money and we tried to get your help to raise money... Airports, we are building new airports. We might get some money also from China and will have new airports in the coming days... we are now accelerating the implementation of the communications, navigations, surveillance, and air traffic managements system projects which will result the on-time arrivals, departures better managed air traffic, reduced flight operational cost and safer and more convenient travel experience. Revenues are the life blood of government, which enables us to provide for the people's needs.

(Duterte, 2017, pp.22–23)

However, Duterte is seeking funding from various sources beyond just China to finance his costly and ambitious BBB program. It has been revealed that more than half of the funds for the program come from official development assistance (ODA), involving 54 out of 112 projects. Further investigation into the BBB funding structure reveals an interesting pattern. While China is indeed one of the significant contributors

to the program, its investment amount does not surpass the existing ODA from other countries in the Philippines, mainly from Japan and the Japan-led Asian Development Bank (ADB) (Senate of the Philippines, 2022). Japan and China are the primary financiers of the Philippines' infrastructure projects, supporting 15 and 13 projects, respectively. Additionally, the ADB supports ten projects, the World Bank funds five, and Korea contributes to 6 projects. Among the significant infrastructure projects in the Philippines is the construction of the new Bohol Airport, which falls under Japan's new scheme called 'Quality Infrastructure Investment.'

Figure 7-8: ODA Source (in PHP Billion)



Source: (NEDA, 2023; Senate of the Philippines, 2022)

This diverse funding approach illustrates how the Philippines is strategically rebuilding its relations with China while simultaneously diversifying its sources of financing for infrastructure development. The country adopts a pragmatic economic approach, seeking support from multiple partners. By doing so, the Philippines hedges its risks and avoids excessive dependence on a single funding source. This prudent strategy also directly impacts the liberalisation of its air transport sector, enabling the country to make balanced decisions based on its economic needs and strategic interests.

Due to the rapid development, Duterte faced low disbursements for all projects under the BBB. Thus, to speed up infrastructure disbursements, Duterte, at the end of his term in 2022, has liberalised the infrastructure sector that has been highly protected under the ‘public utility’ to foreign participation by amending the Public Service Act (PSA).

The amendment, which took effect in April 2023, liberalised key public services by allowing full foreign ownership of companies that used to be highly protective industries, including airlines (NEDA, 2023; Senate of the Philippines, 2022). The Philippine domestic air market has been very concentrated, with almost half the market size dominated by Cebu Pacific Air, one-third by Philippines Airlines and Philippines Airasia between 10%-17%. Through the liberalisation of airline ownership and control, coupled with better transportation infrastructures, it is likely that the Philippine domestic market will become more competitive soon. The Philippines case demonstrated that the ASEAN relationship with China and other superpowers is complex and should not be confined to a simplistic explanation of a balancing-versus-bandwagoning dichotomy.

7.4 The Key Recommendations for ASEAN to Enhance The Regional Air Market Integration Process

The recommendations presented in this study are derived from the thematic analysis of the study findings. They are rooted in the ASEAN Way and ASEAN Centrality principles, distinctive approaches characterised by informal mechanisms of economic pragmatism that respect the sovereignty and nationalism of its member states. This unique framework aims to address the aeropolitical challenges and opportunities associated with ASEAN air transport integration in a practical, inclusive, and sustainable manner. This mechanism relies on dialogue, consultation and consensus building as the primary decision-making tool, supporting the continued use of this non-binding mechanism to promote a culture of cooperation and trust among member states. Open communication and active engagement are key elements that increase the region's capacity to address pressing issues and collectively achieve common goals.

7.4.1 Monitoring bodies and regional coordination institutions

The establishment of a dedicated monitoring body and regional coordination institution is an essential step towards ensuring the successful development and implementation of the ASEAN single aviation market. Although the ASEAN Way places significant emphasis on non-binding mechanisms and consensus building, there is growing recognition that certain aspects of ASAM would benefit from more formal structures and oversight. Currently, the monitoring and coordination of the ASEAN single aviation market is handled at the regional level by a small division within the ASEAN Secretariat. A dedicated monitoring body could function as a centralised coordination body responsible for overseeing the implementation of ASAM agreements and protocols. It will play an important role in monitoring the progress of regional aviation integration. Such a body could also facilitate information exchange, data collection and performance evaluation, increasing transparency and accountability within the ASAM framework.

The proposed coordination mechanism should be designed to empower member states, not undermine their sovereignty. It should promote unity, cooperation, and collective decision-making in line with the principles of the ASEAN Way while addressing the unique complexities of regional air transport integration. These institutions can focus on capacity building, technical assistance and coordinating regulatory frameworks. They will function as a forum for dialogue and cooperation, fostering community spirit and shared responsibility among ASEAN countries.

7.4.2 A well-structured, sustainable internal financing mechanism

A well-structured internal funding mechanism can be designed to allocate resources to priority areas, such as conducting research to identify potential barriers to ASAM implementation, organising training programs for aviation professionals, and conducting regular progress assessments. A sustainable funding mechanism will enhance ASEAN's monitoring capacity and demonstrate its commitment to the successful realisation of ASAM. It will send a positive signal to stakeholders inside and outside the region that ASEAN is dedicated to ensuring the smooth integration of its

aviation market and maximising the benefits of ASAM for all member countries. In addition, the funds can be used to establish a robust monitoring body that can effectively track and evaluate the development of ASAM and its impact on the region's aviation industry.

Based on interviews, ASEAN currently relies on external funding sources, such as contributions from the European Union and the Australian government, to support important tasks related to ASAM, such as research, fact-finding missions, training, and capacity building. Establishing a more independent internal financing mechanism within ASEAN is crucial to ensure ASAM's long-term sustainability and enable effective monitoring and reporting of its progress. ASEAN can reduce its dependence on external contributions by establishing internal financing mechanisms, leading to greater financial autonomy and flexibility. This self-sufficiency will allow ASEAN to take proactive steps in overseeing the implementation of ASAM. It will increase its ability to adapt to changing conditions and emerging challenges in the aviation market.

7.4.3 Empower passengers/consumers by formalising a platform for air passenger rights in the region

ASEAN needs to empower passengers/consumers by formalising a platform for air passenger rights in the region to support better policies and services that drive the industry towards more customer-centric practices that benefit all stakeholders. Various measures can allow passengers and consumers to play a more vital role. First, increasing the transparency and accessibility of information about airline services, rules and rights. Well-informed consumers can make better decisions and hold airlines and regulators accountable for discrepancies or unfair practices. Findings from the survey and in-depth interviews revealed common sentiments among respondents. According to their view, passengers and users play an important role in driving this process in the current stage of development.

In ASEAN member countries, aviation consumer protection mainly operates within a national consumer protection framework. There are no additional sector-specific regulatory measures other than implementing the Montreal Convention (1999), except for Malaysia and the Philippines. Malaysia has the Malaysian Aviation Consumer

Protection Code 2016, overseen by The Malaysian Aviation Commission (MAVCOM), while in the Philippines, civil aviation consumer protections are supervised by the Civil Aeronautics Board. ASEAN could leverage the ASEAN-EU Comprehensive Air Transport Agreement 2022. This agreement aims to achieve a high level of consumer protection while also recognising the importance of cooperation in this aspect.

7.5 Conclusion

This chapter has undertaken a comprehensive examination and analysis of the study's findings to better understand the aeropolitical challenges and opportunities in Southeast Asia. The study systematically examines each ARIF aeropolitical factor by employing a broader and long-term perspective, explaining its influence on the regional air market. The study has revealed that in the context of emerging economies, such as ASEAN, aeropolitical factors play a significant role in shaping the dynamics of the regional air market. These factors exert their influence internally within ASEAN and externally from the broader global context. As a result, regional air markets adopt distinct approaches in addressing these challenges, emphasising the need for tailored strategies to navigate the intricacies of regional integration processes effectively.

Moreover, ARIF explores the aeropolitical challenges and opportunities in Southeast Asia and the intricate dynamics shaped by the socio-historical and cultural context of ASEAN on air transport in the region. This interdisciplinary historical-sociological perspective within international relations enriches the analysis by acknowledging the interconnectedness of various elements within the broader socio-political context. It recognises that regional air transport integration cannot be fully understood without considering the historical narratives and sociological underpinnings that contribute to the unique characteristics of the ASEAN region. Therefore, ARIF offers a comprehensive and holistic framework that extends beyond the traditional confines of aeropolitical analysis, capturing the essence of the region's aviation landscape.

Throughout this study, it has become evident that the aeropolitical landscape is dynamic and evolving. The complexities arising from political, economic, regulatory, and diplomatic factors necessitate adaptive and flexible approaches to promote seamless air connectivity and market integration. Each challenge presents an

opportunity for ASEAN and other emerging economies in Southeast Asia to refine their strategies and pave the way for sustainable growth and development in the aviation sector. The upcoming chapter draws conclusions from the study findings and highlights limitations, pointing towards potential avenues for future research in this vital field.

8 CONCLUSION

8.1 Introduction

This final chapter provides a conclusion to this study which investigated the complexities of aeropolitical challenges and opportunities in the ASEAN air market integration context. The chapter unfolds with three distinct parts covering the core research findings. Firstly, the chapter summarises the three fundamental research questions addressed in the study. The second part of this chapter focuses on drawing meaningful contributions of this study to the knowledge corpus. The study aims to enrich the existing body of knowledge on aeropolitical dynamics, and to also contribute to the refinement of a theoretical framework in the air transport management.

The study also allows for an elaboration in this final chapter on the potential policy implications that arise from the research findings, aiming to inform policymakers and industry stakeholders for more effective decision-making. The study's limitations are noted in the final part of this chapter. Every study inevitably faces certain constraints, and acknowledging these limitations is crucial for contextualising the results and conclusions. Doing so ensures a balanced assessment of the study's scope and lays the foundation for future endeavours.

8.2 Research Questions

This study is anchored in four research questions, initially outlined in Chapter 1. Chapter 4 explores the strategic framework, addressing the first research question. Subsequently, Chapter 7 discussed and answered the second, third, and fourth research questions. A summarised overview of the key discussions related to the research questions is presented in Table 8-1, followed by key takeaways derived from each research question.

Table 8-1: The Research Questions, Objectives and Findings

Research questions	Findings	Thematic data analysis approaches
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RQ1: What are the essential components of a framework for aeropolitics in the context of regional air market integration?	Aeropolitical Regional Integration Framework (ARIF)	Deductive
RQ2: What are the primary aeropolitical barriers and opportunities in ASEAN air transport, and to what extent do these factors influence the process of regional air market integration?	Political economy <ul style="list-style-type: none"> • Diverse political systems & legal traditions • Elite capture • Political culture Geopolitics <ul style="list-style-type: none"> • Vietnam War & Cold War • BRI • US-China rivalry Goeconomics <ul style="list-style-type: none"> • China's Hu Line Development Gaps 	Inductive
RQ3: How does ASEAN overcome and utilise the aeropolitical barriers and opportunities?	ASEAN strategies <ul style="list-style-type: none"> • The role of international bureaucrats • ASEAN Way • Hedging strategy 	
RQ4: What are the key potential recommendations for ASEAN to enhance the regional air market integration process?	Recommendations <ul style="list-style-type: none"> • Establish dedicated monitoring bodies and regional coordination institutions • Set up a well-structured, sustainable internal financing mechanism • Accelerate the negotiation and implementation of the Air Transport Agreement with India • Empower passengers/consumers by formalising a platform for air passenger rights in the region 	

(Source: compiled by author)

8.2.1 RQ1: The essential components of a framework for aeropolitics in the context of regional air market integration

The study addressed research question RQ1 through an interdisciplinary historical-sociological approach within international relations. It proposes a new strategic framework that builds upon the existing PEG framework, which focuses on politics, economy, and geographical factors but expands it to systematically analyse aeropolitical factors in regional air transport integration.

By incorporating these elements and examining how each factor interacts and overlaps, the proposed framework offers a more comprehensive understanding of the intricate dynamics involved in regional air market integration. The new strategic framework is called Aeropolitical Regional Integration Framework (ARIF). Through the implementation of ARIF, this study conducts an analysis of aeropolitical factors within the emerging region. By employing this framework, the study identifies key aeropolitical barriers and opportunities in regional air transport at three distinct levels: domestic, intra-regional, and inter-regional. These analyses are conducted across three dimensions: political economy, geopolitics, and geoeconomics.

Table 8-2: Aeropolitical dimensions, operational definitions and levels of analysis of ARIF

Aeropolitical dimensions	Operational definitions	Levels of analysis
Geopolitics	A study of power relations of spatial constraints and opportunities (geography) in international air transport policy by analysing the role of superpowers.	Inter-regional
Geoeconomics	A study of economic relation of air transport cost by analysing space, place, and scale of the area.	Intra-regional
Political economy	A study of power relations in air transport economics by analysing states and non-state actors.	Domestic

(Source: compiled by author)

The study adopts an interdependent approach that captures the power relations of transnational cooperation and contestation among various market actors and domestic and global authorities. Furthermore, the framework is influenced by new regionalism perspectives that critically analyse different paths of regionalism beyond the European model. This perspective is essential to ensure the analysis contextualises Southeast Asia and recognises the diverse regional integration paths and processes. The new regionalism approach also helps offer a more comprehensive picture highlighting the characteristics of regionalism in Southeast Asia, which is

exposed to superpower interactions – more so in the air transport sector. Not only can it avoid being trapped in an EU-centric framework, but the new regionalism also helps to open the potential for a more comprehensive theoretical and regionalism approach.

8.2.2 RQ2: Aeropolitical barriers and opportunities in ASEAN air transport

To address research question RQ2, this study adopted a pragmatic paradigm with a mixed methods approach as the overarching methodology, centred around an in-depth case study of the ASEAN single air market. The data collection process incorporated pluralistic approaches to gather numerical and textual information. This involved conducting pilot survey (n=10), online expert surveys (n=50) and in-depth interviews (n=15) with experts in the field of study. The research findings can be categorised into three deductive key themes: political economy, geopolitics, and geoeconomics. Within these overarching key themes, 10 inductive sub-themes have emerged. Under the political economy theme, three sub-themes were identified: (i) diverse political systems & legal traditions, (ii) elite capture and crony-capitalism, and (iii) political culture. In the geopolitics theme, three sub-themes have been identified: (i) the Vietnam War, (ii) BRI: the rise of China, and (iii) the US-China geopolitical rivalry. In the last theme, geoeconomics, one sub-theme was identified: (i) China's Hu Line development gaps. Building on the discussions in the first section, the study explores how Southeast Asian countries and ASEAN as a regional organisation address these aeropolitical challenges. In this context, three existing mitigation strategies were identified. Under the regional-level key theme, two sub-themes emerged: (i) the role of international bureaucrats and (ii) the ASEAN Way. In the second key theme focused on the inter-regional level, one sub-theme was identified: the hedging strategy. These findings contribute to a more nuanced understanding of the aeropolitical dynamics in Southeast Asia and the strategies employed to navigate them.

Divergent political systems throughout ASEAN have fostered a political culture prioritising individual countries over institutions. Consequently, when institutions are weakened, there is a heightened susceptibility to 'elite capture' or 'crony-capitalism' where political, social, and economic elites often exploit nationalistic sentiments and political identities for their gain rather than working towards the betterment of the vulnerable populations they claim to represent. The study highlighted three cases in

Myanmar, Malaysia and Indonesia where political elites at different levels captured the air transport sectors.

After the Second World War, once again, the world's major powers, particularly the United States, influenced the structure of the air market in Southeast Asia. Firstly, this influence was exerted by developing air transportation infrastructure in allied countries, thereby widening the infrastructure gap between non-allied nations. Secondly, the construction of infrastructure to serve the interests of the United States during the Vietnam War led to considerations of air transportation infrastructure in Southeast Asia being more military-centric rather than economically driven. Consequently, future planning, such as airport expansion, became challenging. Thirdly, forming a centrally oriented air transportation ideology focused on national security made it difficult to view air transportation outside the context of national interests. Given the close integration of air transportation with military considerations, it was challenging to perceive air transportation solely in terms of public interest.

After the Vietnam War ended in the 1970s, with the market liberalisation of Indochina countries and their participation in ASEAN, Southeast Asia witnessed increasingly active involvement from China as a catalyst for transportation infrastructure development, including air transportation within ASEAN. Through initiatives such as the Belt and Road Initiative (BRI), the gap between ASEAN countries has begun to narrow, and air transportation infrastructure is becoming more integrated with other modes of transportation, particularly railways and highways. Modernising air transport infrastructure has resulted in a growth in both airlines and passengers across the region, fostering a more competitive air market, as evidenced in Cambodia, Vietnam, and Laos. Additionally, in the Philippines, it has facilitated the liberalisation of airline ownership and control, resulting in further advancements in the industry.

The geoeconomics approach complements the geopolitical perspective, providing a more balanced view of Southeast Asian countries' relations with the superpowers. Instead of a simple centre-periphery dynamic, the geoeconomics perspective highlights a mutually interdependent relationship between the superpowers and Southeast Asia. In the case of China, to address the development gap in Western China, China has pursued a three-stage development strategy: Balance Development

(1949-1978), Non-Balance Development (1979-1991), and Coordinated Development (1992-present). In the current stage, China prioritises the development of Southeast Asia, particularly Indochina, as a catalyst for western China's growth. Various economic initiatives between western China and Indochina have been established since the early 2000s, capitalising on geographical proximity and fostering closer integration.

Kunming and Guangxi serve as transportation nodes under the BRI to support these development initiatives, facilitating economic growth in western China and narrowing the east-west gap. Consequently, China places significant emphasis on developing transportation infrastructure in Indochina, with Kunming being a crucial gateway to Southeast Asia. The city's strategic location in southwest China allows it to benefit from strong transportation links and air routes with Southeast Asian destinations, making it a key player in regional connectivity. In this context, the geoeconomics perspective complements the geopolitical view, shedding light on the complexity of ASEAN's relations with superpowers like China. It explains how China seeks to accommodate ASEAN rather than simply dominating it, as China also relies on ASEAN for its interests. The interdependence between China and ASEAN becomes evident through the lens of geoeconomics.

The hybrid thematic analysis of the data findings, incorporating both inductive and deductive approaches, has discerned three crucial aeropolitical factors that significantly influence the development and characteristics of Southeast Asia's air transport, subsequently impacting the regional air market integration process. These factors include the political economy dimension, encompassing diverse political and economic systems, various legal traditions, elite capture, and political culture. The geopolitics dimension examines the role of superpowers in historical events like the Vietnam War and Cold War, the rise of China, and the South China Sea Disputes. Additionally, the geoeconomics dimension explores the role of Indochina in addressing China's Hu Line development gaps. By analysing and understanding how each of these factors shapes the region's air transport landscape, this study provides valuable insights into the dynamics of regional integration. The Appendix 5 summarises the key findings for ease of reference.

8.2.3 RQ3: ASEAN strategies in overcome and utilise the aeropolitical barriers and opportunities

The research question (RQ3) dedicated to comprehending the existing strategies and mechanisms employed by ASEAN to counter the effects of aeropolitics, as identified in RQ2. From the insights gained through in-depth interviews, this study has identified three emergent sub-themes elucidating the internal and external mechanisms employed by ASEAN to address and alleviate aeropolitical challenges within the region. These mechanisms are deeply entrenched in ASEAN's core philosophy, known as the ASEAN Way, and revolve around the principle of ASEAN centrality.

The first mechanism involves the significant role played by ASEAN international bureaucrats. The study examines the informal methods utilised by these international bureaucrats in their endeavours. For instance, the study presented an anecdote illustrating how an international bureaucrat uses personal connections with state representatives to gain support during ASEAN air transport negotiations. While the role of international bureaucrats has been studied elsewhere, the present study emphasises its relevance within the context of ASEAN, given the organization's central role in informal consensus building.

The second mechanism is ASEAN Way. This mechanism is exemplified in the 2010 air transport agreement between ASEAN member states and China and the more recent 2022 ASEAN-EU Comprehensive Air Transport Agreement. Despite some reservations and challenges, both arrangements reflect ASEAN's commitment to collective decision-making and regional cooperation. In the case of the ASEAN-China agreement that was signed in 2010, critics raised concerns about the agreement as putting the cart before the horse since ASEAN is yet a single market. However, insights from the interviews revealed that all participating ASEAN member states acknowledged the agreement's positive impact on the regional air market. Recent statistical data from OAG further corroborates these insights, indicating that ASEAN carriers now dominate the ASEAN-China market. This success indicates the effectiveness of ASEAN's consensus-driven approach, demonstrating how collective

decision-making has facilitated positive outcomes for the region's air market, despite initial scepticism and challenges.

The third mechanism is the hedging strategy. Most country in the region adopt a hedging approach to maximise investments while minimising the risk of becoming overly dependent on superpowers such as China or the United States, or big economic powers like Japan. A prime example illustrating the hedging strategy in air transport investment is seen in the Philippines, a country caught in the middle of the geopolitical clash between the United States and China and affecting the development of its air market. The Philippines strategically manoeuvres between these two global powers as a smaller nation which helped the Philippines to develop its air transport infrastructure. In mid-2023, it further liberalised key public services, allowing full foreign ownership of previously highly protected industries, including airlines. This move is part of the country's plan to modernise its infrastructure and boost economic growth. The hedging strategy employed by Southeast Asian countries like the Philippines exemplifies their efforts to navigate complex geopolitical dynamics and attract investments while safeguarding against overreliance on any single superpower.

8.2.4 RQ4: The key recommendations for ASEAN to enhance the regional air market integration process

The recommendations presented in this study derived from the thematic analysis of the study findings and are rooted in the principles of the ASEAN Way and ASEAN Centrality, distinctive approaches characterised by informal mechanisms, economic pragmatism that respects the sovereignty and nationalism of its member states. This unique framework aims to address the aeropolitical challenges and opportunities associated with ASEAN air transport integration in a practical, inclusive, and sustainable manner. This mechanism relies on dialogue, consultation and consensus building as the primary decision-making tool, supporting the continued use of this non-binding mechanism to promote a culture of cooperation and trust among member states. Open communication and active engagement are key elements that increase the region's capacity to address pressing issues and collectively achieve common goals.

8.2.4.1 Monitoring bodies and regional coordination institutions

Establishing a dedicated monitoring body and regional coordination institution is crucial for successfully developing the ASEAN single aviation market (ASAM). While the ASEAN Way traditionally relies on non-binding mechanisms, there is a growing recognition that ASAM would benefit from more formal oversight. Currently, the ASEAN Secretariat handles monitoring and coordination at the regional level. A proposed dedicated monitoring body would centrally oversee ASAM implementation, monitor progress, and enhance transparency. It must respect member states' sovereignty, promote unity, and align with ASEAN principles. Such institutions can focus on capacity building, technical assistance, and coordinating regulatory frameworks, fostering cooperation and shared responsibility among ASEAN countries.

8.2.4.2 A well-structured, sustainable internal financing mechanism

A well-structured internal funding mechanism is vital for allocating resources to priority areas within the ASEAN single aviation market (ASAM), including researching potential barriers, organizing training programs, and conducting progress assessments. A sustainable funding approach will bolster ASEAN's monitoring capacity, signalling a commitment to ASAM's successful realization. It also conveys dedication to maximising ASAM benefits for all member countries, fostering positive stakeholder perceptions. Currently reliant on external funding, establishing an independent internal financing mechanism is crucial for long-term ASAM sustainability. This shift reduces dependence on external contributions, enhancing financial autonomy and flexibility for proactive monitoring and adapting to market changes and challenges.

8.2.4.3 Empower passengers/consumers by formalising a platform for air passenger rights in the region

ASEAN must establish a formal platform for air passenger rights to enhance the aviation industry's customer-centric practices, empowering passengers, and consumers. Transparency and accessibility of information about airline services and rights are crucial, enabling well-informed decisions and holding stakeholders accountable. Survey and interview findings highlight the pivotal role of passengers in

this process. ASEAN nations operate within national consumer protection frameworks, with Malaysia and the Philippines having sector-specific measures. Leveraging the ASEAN-EU Comprehensive Air Transport Agreement 2022 can provide a model for high-level consumer protection and international cooperation.

8.3 Contribution to Knowledge, Policy, and Practice

This study centres on making a knowledge contribution through an international relations approach to regional liberalisation in air transport. It enhances the discourse on non-western regionalism by providing empirical evidence from air transport, focusing on Southeast Asian regionalism. While previous studies have touched on this subject, this study goes further by elucidating the reasons behind Southeast Asia's divergent trajectory in regional air transport development from an aeropolitical standpoint. The outcomes of this study substantiate the assertion that an examination of air transport is intricately tied to geographical factors, necessitating an understanding of its socio-political and historical backdrop.

This thesis thus highlights the necessity of recognising the multifaceted nature of air transport development within the context of its geographical and political surroundings. Moreover, by taking more comprehensive international relations approaches, this research demonstrates that aeropolitics encompasses more than the regulatory framework, as exemplified by comprehensive air service agreements, whether bilateral or multilateral, particularly in terms of governmental supervision over accessibility, operations, ownership, and control. Within this study, aeropolitics emerges from the dynamic interplay among diverse state entities, with a particular emphasis on power relations among both smaller nations and superpowers, as well as non-state actors, including those beyond the aviation sector, across various levels — national, intraregional, and interregional — which collectively exert influence over the aviation market.

This research contributes to the field of air transport study by offering a deeper understanding of non-western regionalism from the perspective of international relations. By employing an aeropolitical perspective and analysing the intricate interplay of geographical, political, and economic factors in ARIF, the study unveils

new dimensions that challenge traditional frameworks and enlighten on the dynamics of air transport development in ASEAN.

The ongoing efforts to integrate air transport in the ASEAN region have numerous and varied policy implications for governments, institutions, and organisations within and outside the bloc. Politics will continue to heavily influence the prospects of closer air transport integration. While national interests and market protectionism persist, mutual interests and market growth are strong motivators for ASEAN states. Member states, aviation-related entities, and regulatory bodies should anticipate a progressively open and integrated regional future. The study highlights the central role of aeropolitics in the global air transport industry and reveals a genuine desire in ASEAN for meaningful liberalisation, balancing political influences. The recommendations emphasise the ASEAN Way and Centrality principles, urging a well-structured internal financing mechanism, dedicated monitoring bodies, and a formalised platform for air passenger rights. These measures aim to address aeropolitical challenges in a practical, inclusive, and sustainable manner, fostering cooperation and trust among member states.

8.4 Study limitations and future research

This study was conducted during significant geopolitical changes in Southeast Asia and the world. Firstly, the global community has recently emerged from the aftermath of the COVID-19 pandemic, which has profoundly impacted the aviation industry, with the air travel market in Southeast Asia still recovering. Several countries have undergone restructuring, marked by increased government intervention in the aviation sector, which has consequently influenced the liberalisation of the air travel market, particularly concerning implementing the ASEAN single aviation market. As ASEAN is currently in a transitional phase and the recovery process is ongoing, it remains challenging to precisely ascertain the comprehensive effects of the COVID-19 pandemic on the overall implementation of the ASEAN single aviation market. Despite this limitation, as the region navigates its way through this transformative phase, there is an opportunity for future research to delve deeper into the intricate connections between these factors and their implications for the ASEAN Single Aviation Market trajectory.

This study identifies the relationship between geopolitics and the air market in Southeast Asia. Given the dynamic nature of geopolitics, examining the implications of geopolitics on the air market faces additional challenges. Furthermore, this study confirms that the geopolitical perspective is relatively new in air transport research, resulting in limited expert insights on this issue. As a result of these limitations and the dynamic nature of the geopolitical landscape, it becomes evident that the investigation into the geopolitical implications on the air market is an ongoing and complex process. To comprehensively address this issue, there is a need for continuous analysis that considers the unfolding geopolitical developments and their subsequent effects on the Southeast Asian air market. This study underlines the necessity of adopting a forward-looking approach in examining the intersection of geopolitics and the air market, ensuring that the research remains current and relevant within the rapidly changing geopolitical context.

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APPENDIX 1: SURVEY INSTRUMENT



Thank you for agreeing to participate in this survey covering the [ASEAN air market integration](#). This regional survey is part of an ongoing doctoral research project. The survey aims to identify the key aviation diplomatic, aeropolitical, geopolitical barriers and opportunities in understanding the aviation regional market integration processes.

The survey will take approximately 10 to 15 minutes. All responses will be anonymous and confidential. Your participation in this survey is voluntary. By clicking "[Next page](#)", you agree to participate in the survey according to the aforementioned terms. If you have any questions, please email the researcher at hariszuan@cranfield.ac.uk. If you would like to share the survey with others, please use this [link](#).

Further details of the researcher can be found [here](https://www.cranfield.ac.uk/people/mohd-hariszuan-bin-jaharudin-24621048) (<https://www.cranfield.ac.uk/people/mohd-hariszuan-bin-jaharudin-24621048>)

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Is your knowledge/work focussed on any ASEAN member state/s? If yes, please choose from the list below. You may choose more than one.

- ☐ Brunei Darussalam
- ☐ Cambodia
- ☐ Indonesia
- ☐ Myanmar
- ☐ Lao PDR
- ☐ Malaysia
- ☐ Philippines
- ☐ Singapore
- ☐ Thailand
- ☐ Viet Nam

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What is your profession?

- ☐ Academic
- ☐ Government officer
- ☐ Journalist
- ☐ Researcher at think tank/research institute
- ☐ Airline manager
- ☐ Airport manager
- ☐ Consultant
- ☐ Other



Where do you think the ASEAN Community is currently located across these selected sectors?

Protectionism	Integration
Trade in Goods	
☐	☐
0	10
Trade in Services	
☐	☐
0	10
Air Transportation	
☐	☐
0	10
Tourism	
☐	☐
0	10

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In 2004, ASEAN announced the establishment of single aviation market by 2015 - also known as the ASEAN Single Aviation Market (ASAM). However, till now, ASAM is yet to achieve its objectives with a lot of restrictions still applied at various levels. In your opinion, to what extent is each of these factors on their own an obstacle to greater regional aviation integration?

	not at all	low	moderate	high	very significant
Politics	☐	☐	☐	☐	☐
Economics	☐	☐	☐	☐	☐
Technology	☐	☐	☐	☐	☐
Geographical location	☐	☐	☐	☐	☐

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Multilateral agreements in the Southeast Asian region illustrate the common aeropolitical challenges that confront the liberalisation of air transport.

How much do you agree with the following statements?

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
Airline ownership and control restrictions are mainly to protect the national interest of a nation.	☐	☐	☐	☐	☐
Political elites with vested interests hinder air market deregulation and liberalisation in ASEAN.	☐	☐	☐	☐	☐
A stronger sense of ASEAN identity will help to facilitate better advancement of the integration of ASEAN's Single Aviation Market.	☐	☐	☐	☐	☐
Air transport is seen as a key tool of soft power by the ASEAN member states.	☐	☐	☐	☐	☐



Geopolitics of air transport is a systematic study of power relations based on a state's motives and strategies related to their spatial constraints and opportunities in international air transport policy.

How much do you agree with the following statements?

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
China's huge investment in air transport infrastructure in Southeast Asia, as part of its Belt and Road Initiative (BRI), positively contributes to ASEAN's regional air transport cooperation and integration.	☐	☐	☐	☐	☐
The successful signing of the world's first bloc-to-bloc air transport agreement between ASEAN and the EU in 2022, was partly due to trying to offset China's dominance over ASEAN.	☐	☐	☐	☐	☐
Maritime and territorial disputes in the South China Sea among ASEAN member states and China have no material impact on ASEAN's regional air transport cooperation and integration.	☐	☐	☐	☐	☐



To what extent do the actors below influence the air market liberalisation and deregulation processes in ASEAN?

[0 is not significant, 10 is most significant]

Airlines



Airports



Aerospace industries



Regional organisations



International air transport associations



Passengers/consumers



Beside the above list of actors, can you identify other actor(s) that contribute to air market liberalisation and deregulation in ASEAN?

Actor 1

Actor 2

Actor 3

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How do you rate your overall level of knowledge of ASEAN in general?

low

medium

high



Regional economic integration occurs when nations come together to form free trade areas, offering members preferential trade access to each other's markets by adopting more open and flexible policies.

Thus, to what extent do you agree that regional integration is a positive aspiration for ASEAN?

- ☐ Strongly disagree
- ☐ Somewhat disagree
- ☐ Neither agree nor disagree
- ☐ Somewhat agree
- ☐ Strongly agree

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Do you have any comments/ideas/ further information regarding this overall research?

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Thank you for participating in this survey. Do you interested in being interviewed for this research project? If so, please leave your contact details as below.

Name

Affiliations

e-mail address

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We thank you for your time spent taking this survey.
Your response has been recorded.

We take your data privacy very seriously and use your information to provide the products and services you have requested from us. We may, under legitimate interest (see our [privacy policy](#)), provide other opportunities which may be of interest. We will not sell, license or trade your information without your consent. For more information about how your data will be processed, please see our [privacy policy](#). Where required, we may share your information across the University and with our commercial subsidiaries. You can opt out of marketing communications from us at any time.

APPENDIX 2: INTERVIEW OUTLINE

ASEAN Single Aviation Market Study

Haris Zuan
Cranfield University

Semi-structured interview questions (draft)

1. Overview of current progress

Core question: What's your perspective on the current status of the ASEAN single aviation market, and what observable effects have emerged within the ASEAN air market as a direct result of this?

Follow up questions:

- 1.1 Till now, ASAM is yet to achieve its objectives with a lot of restrictions still applied at various levels. In your opinion, what is the biggest obstacle to greater regional aviation integration?
- 1.2 There is a 'systemic imbalance' in the ASEAN aviation market, where some member states have bigger air markets with relatively small airlines at present and *vice versa*.

2. Political factor

Core question: Many scholars mentioned that multilateral agreements on air transport in the Southeast Asian region illustrate the common aeropolitical challenges that confront the liberalisation of air transport. In your understanding, what are these aeropolitics challenges and how these challenges different from any other political challenges in other multilateral agreements?

Follow up questions:

- 2.1. Does flag carrier model still relevant and apart from the grounds of nationalism, why does the ASEAN member states still want to maintain this flag carrier?
- 2.2. To what extent this conflict of interest hinders the deregulation and liberalisation processes in ASEAN?

3. Regionalism

Core question: Without supranational body, ASEAN is depending on ‘ASEAN ways’ to facilitate the integration process. From your observation, how ‘ASEAN ways’ is interpreted in the process and is there any room for improvement?

Follow up questions:

- 3.1. Does a stronger sense of ASEAN identity will help to facilitate better advancement of the integration of ASEAN's Single Aviation Market.
- 3.2. How do you see the role of track II diplomacy in expediting the integration processes?
- 3.3. To what extent, non-aviation actors such as provincial governments, tourism authorities, and business communities in general, help to promote greater liberalisation?

4. Geopolitics and China

Core question: China’s huge investment in air transport infrastructure in Southeast Asia, as part of its Belt and Road Initiative (BRI), positively contributes to ASEAN’s regional air transport cooperation and integration?

Follow up questions:

- 4.1. Do you agree that agreements with larger aviation markets such as China and EU help to promote greater *intra*-regional liberalisation?
- 4.2. Maritime and territorial disputes in the South China Sea among ASEAN member states and China have no material impact on ASEAN’s regional air transport cooperation and integration?

APPENDIX 3: THEMATIC DATA ANALYSIS TABLE

Reference from transcripts	survey data	Theme (Aeropolitical factor)	Parent Node (Southeast Asia case)	Influence on ASEAN market liberalisation & integration	Research Questions	
Tatmadaw (military Junta) family control Myanmar's commercial and military aviation industry.	Q6(b)	Political economy	Crony-capitalism	Directly disturbs free market competition	RQ2: What are the primary aeropolitical barriers and opportunities in ASEAN air transport, including to extent these factors influence the process of regional air market integration?	
Malaysia's failure to liberalise its flag carrier, MAS.						
Indonesia's duopoly of the air market due to political elite control.						
Malaysia's federal government rejected the proposal to upgrade the Penang International Airport (PEN), located in a state controlled by different political parties.			Political culture	Political considerations with no economic basis are used in making decisions related to air transport - the domestic air market is becoming uncompetitive.		
Indonesian government upgrade certain airports as international airports even though there are no international flights as part of popular election promises.						
The challenge in implementing ASEAN Mutual Recognition Agreement (MRA) on Flight Crew Licensing.	Q4(c)		Geopolitics	Diverse legal traditions		Variation in aviation law and regulations.
The infrastructure gaps – contribute to systemic imbalance in air transport in the region				Air transport development in Southeast Asia during Vietnam War		Substantial US air transport investment in US friendly-Southeast Asia nations such as Thailand compared to Indo-China nations such as Cambodia, Vietnam, and Laos.
Clark International Airport is not economically viable and failed to support the overcapacity Ninoy Aquino International Airport. The Philippines is		Air transport infrastructure development is influenced by military considerations rather than economics.				

committed under ASAM to liberalise international airports other than the NAIA (NAIA not included because of congestion).					
Thailand: most of the captains and senior captains at Thai Airways and the Thai DCA's leadership have a Royal Thai Air Force background.	Q6(a)			Military ideology makes it hard for Southeast Asia's air transport sector to liberalise.	
The US opposed China's involvement in Cambodia's airport construction accused could be utilised for military purposes.			China's Belt and Road Initiatives (BRI)		
In 2020, the Philippines cancelled the Sangley airport development project to China company CCCC after the U.S. Department of Defence banned the company. Philippine Navy argues that the project, located at highly sensitive military facilities and CCCC subsidiary CCCC Dredging Group, was involved in artificial islands development in the South China Sea disputes territory.	Q6(c)		South China Sea dispute	Southeast Asia air transport development projects trap in US-China geopolitical rivalry	
It contributed to modernising Indochina's air transport, making it more competitive.	Q6(a)	Goeconomics	ASEAN-China interdependence	China's significant investments in transportation infrastructure, including airports, support the development of Western China.	
The proposal allowed the country to maintain a dynamic list of airports outside the formal agreement, which could be amended. <i>Interviewee 1</i>		Regional level	The role of international bureaucrats	consensus building with no legislative mechanism personal relationships in dealing with multilateral air	

the concept of "face" or "saving face"				transport issues diplomatically,	RQ3: How does ASEAN overcome and utilise the aeropolitical barriers and opportunities?
negotiation of the ASEAN open skies agreement. the market offering among member states are not equal. They agreed to ASEAN minus as principal, and that which means Indonesia were allowed to come on board later on.					
ASEAN-EU Comprehensive Air Transport Agreement. labour rights issues: Interviewee 2, 3 and 7. During the ASEAN-China negotiation, in the agreement, there was even a portion of it stated that, the routes to Beijing, were not allowed for low-cost carriers. So, I remembered objecting to that. Because it imposes discriminations. (Interviewee 7)			ASEAN Way		
Duterte Golden Age of Infrastructure." Belt and Road Initiative (BRI) funds Japan's Official Development Assistance (ODA)		Inter-regional level	Hedging strategy	directly impacts liberalising the Philippines' air transport sector planning and constructing new airports to enhancing the functions of existing ones, supporting environmental measures, and developing human resources within the airport sector.	

APPENDIX 4: CURES APPROVAL LETTER



3 August 2022

Dear Mr Jaharudin ,

Reference: CURES/17055/2022

Title: ASEAN Air Market Integration Survey

Thank you for your application to the Cranfield University Research Ethics System (CURES).

We are pleased to inform you your CURES application, reference CURES/17055/2022 has been reviewed. You may now proceed with the research activities you have sought approval for.

If you have any queries, please contact CURES Support.

We wish you every success with your project.

Regards,

CURES Team

APPENDIX 5: INFORMED CONSENT LETTER

Informed consent form

Title of the project:	
Name of the researcher:	
Researcher's contact details:	
Participant number:	
Date:	

Part 1: request consent to participate and note the ability to withdraw.

1. I confirm that I have been informed about this research project and I agree to take part.
2. I understand that all personal information I provide will be treated with confidence.
3. I have been provided with a participant number as shown above. The researcher(s) will record data against my participant number instead of recording my name. The file linking my name to my participant number will be accessible only to the main researchers and will be securely destroyed after the study is completed.
4. I understand that I can withdraw from this project at any stage by informing a member of the research team, for whom contact details have been provided. I also understand that I can withdraw my data for a period of up to 6 months from today, as after this time it will not be possible to identify my individual data from the aggregated results as explained in point 3.

Part 2: confirm the security of data storage.

1. I understand that the data I provide will be used by Cranfield University for the purpose of research. The data will be stored on the University's network that can only be accessed by authorised users, in line with UK Data Protection Act 2018.

Part 3: Datasets management

Interview (face to face):

- Interviews will be recorded and securely stored on the Cranfield University network as audio files. These audio files will be securely deleted as soon as they are no longer required.
- The recordings will be transcribed and saved as text files. These files (and any backups) will also be securely deleted as soon as they are no longer required.
- Anonymised transcripts will be created, by removing or replacing identifiers such as name, age, and location. These anonymised transcripts may be quoted from or published in full, in support of findings (e.g. in journal articles, conference papers).

I am happy for my anonymised transcript to be published:

Yes / No (delete as appropriate)

- Analytical software will be used to aggregate the results of the research and every reasonable step will be taken to anonymise the data.

I understand that the aggregated data will be published in support of the research findings:

Yes / No (delete as appropriate)

Interview (online):

- Video recordings will be securely stored on the Cranfield University network. These video files will be securely deleted as soon as they are no longer required.
- Still images (extracts) of the videos will be taken to provide evidence for the research findings. These images will also be securely deleted as soon as possible. Where we wish to publish images online in support of the research, we will contact you for permission to do so.
- The videos will be analysed to aggregate findings such as timings, positions, etc. Any analysis will attempt to remove any personal descriptors but where this is not possible further permission(s) will be sought.

I understand that the final analysis will be published in support of the research findings:

Yes / No (delete as appropriate)

I will respect the confidentiality of the others taking part in the workshops by not discussing comments made outside of the interview session.

Yes / No (delete as appropriate)

I confirm that I have read and understand the information provided on this form and give my consent to taking part in this research.

Participant's signature:		Date:	
Participant's name:			
Researcher's signature:		Date:	

One copy of this form must be given to the participant and one copy held by the researcher.

This form was developed by ethics and research data support staff; for comments or assistance, please email cures-support@cranfield.ac.uk (and/or researchdata@cranfield.ac.uk on the data-specific areas).

APPENDIX 6: KEY FINDING SUMMARY

Aeropolitical factor	Southeast Asia case	Influence on ASEAN market liberalisation & integration	Example
Political economy	Crony-capitalism	Directly disturbs free market competition	Tatmadaw (military Junta) family control Myanmar's commercial and military aviation industry.
			Malaysia's failure to liberalise its flag carrier, MAS.
			Indonesia's duopoly of the air market due to political elite control.
	Political culture	Political considerations with no economic basis are used in making decisions related to air transport - the domestic air market is becoming uncompetitive.	Malaysia's federal government rejected the proposal to upgrade the Penang International Airport (PEN), located in a state controlled by different political parties.
			Indonesian government upgrade certain airports as international airports even though there are no international flights as part of popular election promises.
	Diverse legal traditions	Variation in aviation law and regulations.	The challenge in implementing ASEAN Mutual Recognition Agreement (MRA) on Flight Crew Licensing.
Geopolitics	Air transport development in Southeast Asia during Vietnam War	Substantial US air transport investment in US friendly-Southeast Asia nations such as Thailand compared to Indo-China nations such as Cambodia, Vietnam, and Laos.	The infrastructure gaps – contribute to systemic imbalance in air transport in the region
		Air transport infrastructure development is influenced by military considerations rather than economics.	Clark International Airport is not economically viable and failed to support the overcapacity Ninoy Aquino International Airport. The Philippines is committed under ASAM to liberalise international airports other than the NAIA (NAIA not included because of congestion).
		Military ideology makes it hard for Southeast Asia's air transport sector to liberalise.	Thailand: most of the captains and senior captains at Thai Airways and the Thai DCA's leadership have a Royal Thai Air Force background.

	China's Belt and Road Initiatives (BRI)	Southeast Asia air transport development projects trap in US-China geopolitical rivalry	The US opposed China's involvement in Cambodia's airport construction accused could be utilised for military purposes.
	South China Sea dispute		<p>In 2020, the Philippines cancelled the Sangley airport development project to China company CCCC after the U.S. Department of Defence banned the company.</p> <p>Philippine Navy argues that the project, located at highly sensitive military facilities and CCCC subsidiary CCCC Dredging Group, was involved in artificial islands development in the South China Sea disputes territory.</p>
Geoeconomics	ASEAN-China interdependence	China's significant investments in transportation infrastructure, including airports, support the development of Western China.	It contributed to modernising Indochina's air transport, making it more competitive.