

**SPEECH BY MR RAYMOND LIM, MINISTER FOR TRANSPORT
AND SECOND MINISTER FOR FOREIGN AFFAIRS,
AT 14TH ASEAN TRANSPORT MINISTERS MEETING,
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**Fellow ASEAN Transport Ministers,
ASEAN Secretary-General,
Distinguished Delegates,
Ladies and Gentlemen,**

1 Good morning. I would like to first extend my sincere gratitude to the Philippines Ministry of Transport and Communications for their warm hospitality and for all the arrangements made for the meetings to come. I would also like to express thanks to my fellow ATM Leaders for the support given to me over the past year as your Chairman.

2 The transport sector in ASEAN has come a long way and much progress has been achieved through our collective efforts over the years. Amidst the difficult economic situation and uncertain outlook, it is important that we do not lose sight of our long term goals. Although a cyclical slowdown is inevitable, it is important for the transport sector to maintain its momentum of development so that it will be ready to support the renewed growth of trade and movement of people across our region when the recovery comes.

3 As you are all aware, the collapse of the financial markets stemming from the problems of the U.S. sub-prime sector has now fed through into the real global economy, threatening all economies with slower economic growth for at least a few quarters, maybe more. The growth of many advanced economies, such as U.S., U.K. and Germany is projected to slow down to 0.5% in 2009. Many countries have already sunk into, or are on the brink of recession. In Asia, the outlook is slightly brighter - the International Monetary Fund (IMF) still expects economic expansion in many countries in emerging

Asia, although growth is expected to moderate. Next year, China's growth is expected at 9.25% and India, 7%. The Asian Development Bank (ADB) has shaved its forecast for ASEAN's growth rate this year by 1% but we are still expected to hit 5.5%.

4 As ASEAN transport leaders, we can collectively play a part in bringing a positive impact on ASEAN's growth by further liberalising the transport sector through this downturn. Guided by our goal of establishing an ASEAN Economic Community (AEC), further liberalisation in the transport sector will support ASEAN economies through this bumpy economic period by stimulating more businesses, trade, investment and people flows in and through our region. This will help counteract the recessionary pressures in ASEAN economies as the major economies tighten their belts.

5 In the area of civil aviation, overall capacity cuts in Asia are so far not as bad as feared, compared to the declines in other aviation markets. According to the Center for Asia-Pacific Aviation (CAPA), there would be an expected 6.5% reduction in capacity in the Asian region this year. This figure is significantly less than the 9% cut in capacity for US carriers and comparable to the 5.6% cut in capacity for European carriers. Air traffic on the Trans-Atlantic and Trans-Pacific routes are also expected to experience a 3% reduction in capacity. Given the dynamic nature of air travel, new routes led by the Low Cost Carrier sector are set to play an increasingly important role in shoring up domestic and international air travel. Families and businesses will cut back on holidays or work trips to far-flung locations and probably opt to travel to nearer destinations. These shifts in demand and travel patterns are good opportunities for market expansion in the intra-ASEAN region travel.

6 In this regard, it is indeed a significant step forward that we will be concluding two key Multilateral Agreements at this 14th ATM - the Multilateral Agreement on Air Services and Multilateral Agreement on the Full Liberalisation of Air Freight Services, and their respective protocols. These two agreements will implement the Roadmap for Intergration of Air Travel Sector (RIATS), which will help propel our goal of liberal air travel in the ASEAN region forward. The conclusion of these two agreements will mark a

key milestone in our journey together to enhancing air transport connectivity and growth within the ASEAN region.

7 The next step after that is to realise our intentions through the timely implementation of the RIATS. It is important for ASEAN's international credibility that we do so, given the close attention the world has paid to the progress of our efforts on this front to date. At the same time, the timely implementation of RIATS would also take us closer to realising a fully liberalised air services regime as part of the ASEAN Single Aviation Market that would be achieved by 2015. I am confident that if we put together our collective resolve and energy, we will succeed.

8 ASEAN is also looking towards forging stronger ties with the two foremost economic engines of Asia - China and India. Our two Dialogue Partners have been keenly observing our progress on air transport liberalisation to date. I believe our successful implementation of RIATS will be a strong, positive signal of our readiness to engage them on expanding our air services arrangements with them. The reality of open skies with our dialogue partners is within reach and I am confident that all ASEAN members as well as those of our Dialogue Partners will stand to benefit significantly from such agreements.

9 We are also making progress in the area of transport facilitation. The conclusion of the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (FAFIT) at this ATM marks another step forward towards the implementation of the ASEAN Free Trade Area, and further integration of the region's economies. We can look forward to enjoying seamless and more efficient inter-state transport of goods through harmonised transport, trade and customs regulations and requirements. This will be a boon in further positioning ASEAN as a choice location for investment and trade. Business confidence in the ASEAN region will certainly be increased.

10 Our STOM leaders have put in much effort over the past three days to deliberate on new and important areas of transport co-operation amongst the ASEAN members. As

I hand over my chairmanship, I would like to commend them and the ASEAN Secretariat for their good work, and encourage them to keep up their diligence and tenacity.

11 I am confident that the discussions over the next two days will be fruitful. I wish everyone a successful 14th ATM.

12 Thank you.

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