

An Integrated Air Transport Market for China, Japan and Korea - II

**Strategic focus - Support small-mid size business
engagements**

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2001~2005 EWC-KOTI Study

“Single country’s success can even be harmful for the cooperative ground of integration”

Step 1. 3rd and 4th capacity no limitation

Step 2. 5th no restriction among three countries

Step 3. open skies for three countries

Cargo lib. comes first, FTA, doing-business

4 barriers : Regulatory, Admin., Infra., Tech.

Common stats, Compliance, Research, Skill training

Approaches: bilateralism – China=Korea take lead
soft spot approach

“Political Will” so important?

Political
will



Commercial
interest

ATRS 2006 paper

Political Framework

Customs Union

Low common denominator principle

“Managed” liberalization

Approaches

Compliance to International Conventions

Common Legal Structure

EU integration as the precursor of NEA

Eight causes of Transport Industry Protectionism

1. Costly infrastructure, equipment and vehicles
2. Government as major stakeholder: Aids
3. High barriers to the market entry
4. Fare cannot recover infrastructure costs
5. Marginal cost negligible to huge fixed costs
6. Temptation for dumping, market share
7. Government mindset=Public Service Concept
8. Absent universal competition law for fair treatment of national public industry

History of EU Common Transport Policy

1957 The Treaty of Rome (EEC)

1961 Schaus Memorandum

conflict between Commission and Council
community interest vs. national interest

1974 French seamen case

1981 Parliament appeal to ECJ for failed agreement
by Commission and Council

1983 ECJ decision to empower Commission

1985 “Completing the Internal Market”

1986 Single European Act (Unanimity – Q.M.V)

1992 Treaty on European Union (TEU)

1993 Trans-European Network (TEN)

Analysis of EU process for Common Transport Policy

- Problem of the Treaty of Rome
- 1985 Whitepaper “Completing the Internal Market”
- Trans-European Network Projects

Applicability to North East Asian Case

European Success Stories: Victory of
Politics over National Bureaucracy

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Characteristics of NEA environment

Bureau-centric structure

Transparency should be the key focus.

“Trust but Verify”

Strategic focus for NEA case “Transparency”

1. External pressure to enhance awareness
2. Multilateralism – reduce application of Bilateral agreement models
3. Use of law instruments - legislation, compliance, enforcement – *i.s.o.* administrative “micro-managing”

(laws are drafted ONLY by bureaucrats)

Reluctant Super-powers

How to make them **WILLING?**

1. Keidanren Paper: an awareness campaign
2. Small disclosure story
3. Incentive for small-mid size business
4. Political Declaration
5. A little grease – job opportunities

The Japanese Business Federation

- An expression of frustration of the Business Sector regarding the international supply chain strategies.
- Korea, Singapore etc. advanced.
- Ax the 1952 Customs Law regime.
- Centralism *i.s.o.* Sectionalism
- Compliance to international standard
- Yet, no sign of international cooperation

木桶原理

Conclusion

- “Cusk Theory” for China, Japan, Korea.

- Which is the lowest lath?

Political will, IT, Human & Financial Resources, Skills, Managing know-how, Business incentives, Laws, or Ecology???

