

ABSTRACT

Title: STATUS AND TRENDS OF THE AIRLINE INDUSTRY IN THE PHILIPPINES VIS-À-VIS SELECTED FOREIGN COUNTRIES' "OPEN SKIES" POLICY

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Summary:

The airline business industry does not rely on its product alone, but also on its service quality. The airline industry is a complex-changing business for its sweeping changes usually occur overnight. The Philippine Air Transport industry is now facing a scenario that will affect its services, viability and competitiveness. The concept of "Open Skies" policy is seriously taking its inroads in the international market among all continents in the world. The Philippines has yet to enter "Open Skies" and is still seriously studying its effects. The researcher gathered statistics pertaining to air travel, tabulated and employed one-way analysis of variance and correlation analysis. Data were gathered from government agencies like the Department of Tourism, National Statistics

Coordination Board, Civil Aeronautics Board and Department of Labor and Employment.

The researcher concluded that a coping strategy should be in place in anticipation of the implementation of the “Open Skies” policy rather than to be caught flat-footed. Based on the results of the study, it was found out that we can compete with “Open Skies”, but only in countries that can give us an advantage over the other country/s. Furthermore, the researcher concluded that it is only in the country pair of RP-Japan that it can compete with “Open Skies”. Though it produced good results in the RP-USA country pair, our transportation officials should be cautious in considering it. The USA is the proponent of “Open Skies”. It may eat up the advantage of the Philippines, if we will not examine the perceive effects and the current slight advantage in terms of flight frequency, seating capacity and air passenger volume. For other country pairs, the Philippines experiences inequality due to inability of match the strength and resources of its foreign competitors. The country had only PAL to compete worldwide, while new local airlines like Cebu Pacific Air has just yet to enter in full force in the international arena. The researcher recommends not adapting “Open Skies” in other country pairs. It is also concluded that an increase of number of flights and seating capacity trends will definitely increase passenger volume. An increase in air tourism growth would also increase in the country’s contribution to the Gross National Product but not in the labor with respect to air transport. An increase in

air tourism growth will not guarantee an increase in labor. As the country anticipates “Open Skies”, government officials, especially in the air transport sector, should examine the need to improve every facet and aspect of the local airline industry. This includes improvement of airport terminals. Moreover, local air carriers should be given preference over foreign airlines as practiced in other countries. The researcher recommends all concerned agencies and local airlines to work hand in hand in the development of the Philippine air transport. Although the Philippine government has the ultimate decision of adapting “Open Skies”, the local airlines should find ways of continuously improving their respective services. The labor department should exert effort to eliminate the negative perceptions about labor in air transport. Further research can be conducted in order to validate the performance of country pairs.