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AirAsia plans to create affiliate in Cambodia

May Kunmakara | Publication date 12 December 2022 | 21:28 ICT

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Local tourism industry players are eager for the launch of budget airline AirAsia Cambodia, planned for late next year, as it spreads its wings to regional destinations and beyond, offering travellers another low-cost option for flying into the Kingdom.

This comes after Malaysia-based Capital A Bhd announced that its aviation arm AirAsia Aviation Group Ltd (AAAGL) had inked a joint venture (JV) agreement with Sivilai Asia Co Ltd on December 9 to establish the new airline, with plans to begin operations “in late 2023”.

The fully paid-up capital requirement for AirAsia Cambodia, to be headed by Sivilai Asia director Nam Vissoth, will be \$25 million, Reuters reported, citing Capital A and its boss.

“This new airline will allow AAAGL to operate to the various existing markets ... AirAsia Cambodia aims to further stimulate the Cambodian aviation and tourism industries, launch exciting new destinations, create jobs and bring a true low cost operation to the country,” the Kuala Lumpur-listed firm said in a statement.

Pacific Asia Travel Association Cambodia chapter chairman Thourn Sinan underlined the need for a wider selection of more appealing local airlines to draw in more travellers and support recovery of the tourism industry, as regional and world economies strive to shake off the impacts of the Covid-19 crisis and weather the ongoing headwinds from global geopolitical competitions.

Sinan claimed that nearby countries such as Vietnam had been more successful than Cambodia in bringing back foreign visitors, which he largely attributed to larger numbers of low-cost airlines operating there.

For reference, Ministry of Tourism statistics show that Cambodia welcomed 1.58 million foreign visitors in the January-October period, which is equivalent to 67 per cent of the 2.35 million cited by state newspaper Vietnamplus as the corresponding figure for Vietnam.

Sinan told The Post on December 11 that the local affiliate’s take-off, given AirAsia’s “very strong reputation in the region, will be a major boon for our tourism industry”.

“I hope that the airline will not only operate regional flights but also domestic ones.”

Capital A CEO Tony Fernandes said in the statement that his firm “continues to focus on ASEAN where we know best and our brand is the strongest. Cambodia is the fifth ASEAN country where we are continuing our march of being the region’s number one mover of people and cargo, and providing a linchpin of economic growth for ASEAN countries”.

He added that this year “was about restarting our airline to pre-Covid levels”, and noted that “Cambodia is a market that is familiar to us and where we have deep infrastructure in place”.

“That’s why all our future airlines will be based in ASEAN. As this is an area we know well and can derive quick profitability and connect our very large network to the main points of Cambodia, namely Phnom Penh, Siem Reap and Sihanoukville,” Fernandes said.

Also speaking in the statement, Sivilai Asia’s Vissoth said: “As one of the first countries to open up international travel with no quarantine in November 2021, Cambodia has led the way in ASEAN’s air travel recovery journey post-Covid, with the rest of [the] countries in the region following suit.

“[AirAsia Cambodia] will open the doors for students travelling abroad, supporting work-related travel, boosting trade ties, and providing a welcome boost for the growth of new small and medium enterprises,” he said.

Incorporated on January 19 as a management consultancy, the Phnom Penh-based Sivilai Asia reportedly plans to operate hospitality businesses in the Kingdom.

AAAGL group CEO Bo Lingam confirmed in the statement that his company would have majority control over AirAsia Cambodia, although he did not disclose ownership percentages.

However, industry publication AirInsight, citing Capital A’s Fernandes, reported that AAAGL will acquire a 51 per cent share in the airline, and that Sivilai Asia will hold the remaining 49 per cent.

Lingam touted AAAGL as the largest foreign airline and second largest airline group operating in the Kingdom, in terms of “capacity”.

AirAsia now offers some 49 weekly flights to Cambodia, whereas it had flown 90 from Thailand and Malaysia prior to Covid-19, he added.

“Setting up a JV in Cambodia is in line with our ASEAN expansion strategy. We plan to operate mostly to our existing stations within the four-hour radius from the Kingdom. AirAsia Cambodia will increase Cambodia’s network offerings by launching new services to ASEAN, North Asia and beyond in the future,” Lingam said.

The statement noted that AAAGL offers four routes to Cambodia – from Kuala Lumpur and Bangkok’s Don Mueang airport each to Phnom Penh and Siem Reap – and announced a new flight: from Penang to the Kingdom’s capital starting on January 3, 2023.

“Since entering the Cambodian market in 2005, AirAsia has carried over 10 million guests to and from Cambodia,” it said.

On the Bursa Malaysia, Capital A’s share price edged down 0.005 ringgit or 0.84 per cent to close at 0.590 ringgit on Monday, December 12 for a market capitalisation of 2.48 billion ringgit and 52-week range of 0.540-0.845 ringgit, with 2.15 million shares traded or 51 per cent of the 65-day average of 4.18 million, according to financial news website MarketWatch.



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Cambodia's Bokator now officially in World Heritage List

UNESCO has officially inscribed Cambodia's "Kun Lbokator", commonly known as Bokator, on the World Heritage List, according to Minister of Culture and Fine Arts Phoeurng Sackona in her brief report to Prime Minister Hun Sen on the night of November 29. Her report, which was



\$290M AEON 3 soft opening set for next week

Japan's largest retailer AEON is set to soft-open the AEON MALL Mean Chey – commonly referred to as AEON 3 – on December 15 in southern Phnom Penh, with plans for a grand opening in the first half of 2023. The mall has registered investment capital of \$289.6 million, and broke



Rare leopard photographed in Kingdom's eastern highlands

A senior official from the Ministry of Environment



Angkor Beer, 30 Years of Prestige and Still Counting

Let's celebrate 30 years of prestige with Angkor Beer. In this 2022, Angkor Beer is 30 years old and has been staying with Cambodian hearts in all circumstances. Head of core beer portfolio, Em Yuthousaid, "We have been with Cambodians for three decades now. We, ANGKOR Beer, pride



Sub-Decree approves \$30M for mine clearance

The Cambodian government established the 'Mine-Free Cambodia 2025 Foundation', and released an initial budget of \$30 million. Based on the progress of the foundation in 2023, 2024 and 2025, more funds will be added from the national budget and other sources. In a sub-decree signed by Prime Minister Hun Sen



Cambodia's poverty cut in half from 2009 to 2019: World Bank report

A report published by the World Bank on November 28

announced Cambodia's pride at having discovered the presence of a female leopard through a rare photo taken by camera traps. The species is considered close to extinction. "The leopard's presence in the eastern highlands is

states that Cambodia's national poverty rate fell by almost half between 2009 and 2019, but the Covid-19 pandemic recently reversed some of the poverty reduction progress. Cambodia's poverty rate dropped from 33.8 to 17.8 per cent over the 10

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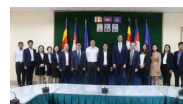
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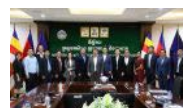


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