

Regaining Faa's Category 1 Status A Top Priority

Restoring Malaysia's air safety rating to Category 1 will be a pivotal goal in stabilising the country's aviation industry. The US Federal Aviation Administration (FAA) had, after a review in November last year, downgraded the Civil Aviation Authority of Malaysia (CAAM) as a Category 2 aviation regulator.

Transport Minister Datuk Seri Dr Wee Ka Siong said a task force is currently ratifying the 33 outstanding issues raised by the FAA before Malaysia could be reaudited to improve the status. "Malaysia's Category 1 rating has to be restored as soon as possible. It is our immediate-term goal for the local aviation industry because within 1 1/2 years, there will be an international audit from the International Civil Aviation Organisation (ICAO). "FAA made 33 comments on our aviation industry relating to training modules and standard operating procedures for inspection that must be resolved, and we are currently fixing every single issue," he said in a press conference in Putrajaya recently.

While prohibiting airlines from adding new flights to the US, the demotion of Malaysia' air safety will threaten the country's burgeoning maintenance, repair and overhaul (MRO) activities for the aviation industry. "Aviation business in Malaysia is on the rise, especially in supplying aircraft parts. "If we do not regain the Category 1 status, there will be a long-term repercussion to businesses such as MRO," he said.

In a report released in February, the Malaysian Aviation Commission (MAVCOM) said the revenue impact of the downgrade could reach RM371.6 million to the local aviation sector, of which RM360.8 million are imposed to Malaysian carriers and RM10.8 million for aerodrome operators. The report also stated that the negative perception of the industry might lead to a slowdown in investment activities and stifle the expansion of Malaysia's MRO segment. There might also be the risk of facing a bottleneck for approvals that involve the FAA in relation to MRO, such as aircraft parts from the US.

Since 2012, the local MRO activities have generated a stable compound annual growth rate of 4%-5%, which represent 46% of the RM14.4 billion revenue of the overall aerospace sector in 2018. Malaysia first received its Category 1 rank in 1996 and was at risk for a downgrade in 2003 after a second audit by FAA following the Sept 11, 2001, attacks. The findings were presented to the Department of Civil Aviation, which had been corporatised and renamed as CAAM, and managed to be resolved within six months.

FAA, in its third audit of the aviation agency last year, downgraded Malaysia to Category 2, which prevents carriers from expanding their destination to

other parts of the US. Carriers that intend to fly to the US require the Category 1 rating, a status that represents meeting the ICAO standards. It also provides security to other airlines that share similar airspace. Presently, it is understood that AirAsia X Bhd is the only Malaysian airline that operates to the US directly, namely to Honolulu, Hawaii, through Osaka, Japan.

The Transport Ministry (MoT) has made several changes to the CAAM administration to improve FAA's rating on Malaysia's aviation status. "Many countries have taken years to regain their Category 1 status after being downgraded. "Knowing this, we have reviewed the CAAM board and selected the best candidates to fill the positions who can lead the agency to restore the confidence in our aviation industry," Wee said.

In May, Captain Chester Voo Chee Soon was appointed CAAM's new CEO, filling in a seven-month vacancy after Ahmad Nizar Zolfakar resigned last October, a month prior to the FAA audit. MoT has also appointed Datuk Mohd Khairul Adib Abd Rahman as the agency's new chairperson, succeeding Captain Ahmad Ridzwan Mohd Salleh, whose contract was terminated by the ministry following a review of all chairpersons and directors at statutory bodies and government agencies.

Also in regaining the Category 1 rank, MoT had on Dec 11 announced its plan to dissolve MAVCOM and transfer the agency's functions to CAAM, stating that this will strengthen the latter's financial position and allow it to hire the best qualified technical personnel.

Upon the departure of Dr Nungsari Ahmad Radhi as MAVCOM's Executive Chairperson in April, MoT appointed its former Secretary General Datuk Seri Saripuddin Kassim last month to fill in the position.