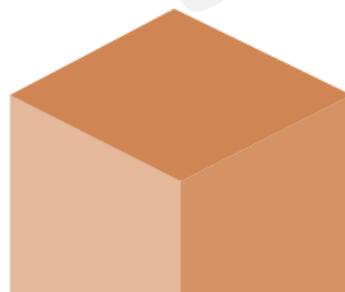




ACI Asia-Pacific Economic Review

2017



Acknowledgements

ACI Asia-Pacific would like to extend its gratitude to the ACI Asia-Pacific Regional Economics Committee, the ACI Asia-Pacific Regional Board and the Economics team from ACI World and ACI Europe for their guidance and support throughout the preparation of the third issue of this annual publication.

Disclaimer

The information contained in this publication was compiled based on a variety of public source data, and internal ACI Asia-Pacific analysis. The data for Section 2, "2017 Air Traffic" relies on ACI traffic statistics collected from traffic data submitted by member airports to ACI World. The data for Section 4 "Airport Economics" relies on economic data collected in the *2017 ACI Economics Survey* and builds on the analysis in the *ACI Airport Economics 2018 Report*.

Although every effort has been made to ensure accuracy, ACI Asia-Pacific shall not be held responsible for loss or damage caused by errors, omission, misprints or misinterpretation of the contents hereof. ACI Asia-Pacific makes no representation, warranty or undertaking (express or implied) with respect to and does not accept any responsibility for, and hereby disclaims liability for the accuracy or completeness or timeliness of the information contained in this document. The information contained in this document may be subject to change without prior notice.

No part of this document may be published, reproduced or reformatted in any form by any means without prior written permission from ACI Asia-Pacific.

July 2018
ACI Asia-Pacific

© Airports Council International Asia-Pacific 2018

Table of Content

| | |
|---|-----------|
| Executive Summary | 3 |
| Section 1: 2017 Economic & Business Environment | 4 |
| Section 2: 2017 Air Traffic | 7 |
| 2.1 Passenger Traffic | 7 |
| 2.2 Air Freight Traffic..... | 11 |
| 2.3 Aircraft Movements | 13 |
| Special Focus: Low Cost Carriers (LCCs) developments | 14 |
| Section 3: Meeting the Capacity Challenge | 17 |
| 3.1 Asia-Pacific to host majority of global growth in the next 24 years | 17 |
| 3.2 Airports are increasingly congested | 18 |
| 3.3 Investment in airport infrastructure..... | 19 |
| 3.3.1 Overview - Planned Airport Construction Projects..... | 19 |
| 3.3.2 Investment in Existing Airports..... | 20 |
| 3.3.3 Investment in New Airports | 20 |
| 3.4 Financing Airport investment – the trend towards Privatization..... | 22 |
| Section 4: Airport Economics | 24 |
| 4.1 Introduction | 24 |
| 4.2 Airport Revenues..... | 24 |
| 4.2.1 Total Revenue..... | 24 |
| 4.2.2 Aeronautical Revenues..... | 25 |
| 4.2.4 Non-aeronautical Revenues | 27 |
| 4.3 Airport Costs | 28 |
| 4.3.1 Total Cost..... | 28 |
| 4.3.2 Operating Expenses..... | 29 |
| 4.3.3 Capital Costs | 30 |
| 4.4 Profitability..... | 31 |
| Section 5: Outlook | 32 |

Executive Summary

The ACI Asia-Pacific 2017 Economic Review highlights key regional developments in the following areas:

- ✈ **Economic & Business Environment**

The solid economy in China, the “new normal” of lower oil prices, the prospect of rising interest rates, strengthened global trade, and the added uncertainties of the looming trade war between China and the United States had impacted the operating environment in 2017 and will continue to influence the outlook in 2018.

- ✈ **Air Traffic**

Asia-Pacific maintained a strong growth momentum in 2017 while the Middle East softened. Chinese outbound tourism continued to be a major force, and India’s domestic sector sustained robust growth. Low Cost Carriers (LCCs) in the region developed and evolved at a faster pace, gained market share, and flew longer routes. In terms of air freight, the e-commerce industry emerged as a new engine of growth, together with the growing pharmaceutical sector.

- ✈ **Meeting the Capacity Challenge**

According to ACI long-range forecasts, the Asia-Pacific region is expected to host the majority of global growth in the next 24 years. The expected high-growth is adding pressure to airport infrastructure and many airports in both Asia-Pacific and the Middle East are becoming increasingly congested. To address rising demand in capacity, many airports in both regions are investing in new and existing airports, including the introduction of new privatization developments/initiatives.

- ✈ **Airport Economics**

On an aggregate level, total revenue generated from Asia-Pacific airports was sufficient to cover total cost. However, aeronautical revenues were only able to cover operating expenses, and a portion of capital cost requirements. Hence it is vital for airports to maintain a healthy stream of non-aeronautical revenues to meet their financial obligations and strengthen their ability to fund infrastructure development.

- ✈ **Outlook**

Going into 2018, the air transport industry faces an environment where oil prices partially recovered, global trade remained strong, and further interest rate hikes are expected. The growth prospect is darkened by the looming trade war between China and the United States, and vulnerabilities in the financial markets. The air transport sector continues to benefit from strong demand and the boost of air freight by e-commerce. Outlook for China, India and Southeast Asia are generally positive, whereas the signals are mixed for the Middle East.