

ACI Asia-Pacific 2016 Economic Review



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 second 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, "2016 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 *2016 ACI Economic Survey* and builds on the analysis in the *ACI Airport Economics 2017 Report*.

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July 2017
ACI Asia-Pacific

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Executive Summary

The ACI Asia-Pacific 2016 Economic Review highlights key regional developments in the following areas:

- Economic & Business Environment**

Asia-Pacific and Middle East generate a number of very different business conditions for airports that operate in these countries. The gradual slowdown in China, the “new normal” of lower oil prices, the prospect of rising interest rates, and the added uncertainties following the Brexit vote and the new administration in the US had impacted the operating environment in 2016 and will continue to influence the outlook in 2017.

- Air Traffic**

Both Asia-Pacific and Middle East continue to lead the world in generating solid passenger traffic growth in 2016 -- driven primarily by: rising Chinese outbound tourism, vibrant domestic traffic in India, increasing penetration of Low Cost Carriers (LCC), Middle Eastern and Chinese carriers actively expanding routes into new territories.

- Airport Developments & Trends**

To address rising demand in capacity, many airports in the region are investing in new and existing airports, including the introduction of new privatization developments/initiatives. LCCs in the region continued to develop and evolve at a fast pace, forming alliances, and flying longer routes.

- Airport Economics**

On an aggregate level, total revenues generated from Asia-Pacific airports were able to cover total costs. However, aeronautical revenues alone were not sufficient, hence it is vital for airports to maintain a healthy stream of non-aeronautical revenues to strengthen airports’ ability to attract investors/ financing.

- Outlook**

The overall economic environment in 2017 is clouded with uncertainties. Growing sentiments towards inward policy and protectionism, and increased security concerns have created a higher level of uncertainty in the global marketplace. The Air transport sector continues to benefit from strong demand and a stable level of low fuel costs and improved profitability of the airline industry. Outlook for China and India are generally positive, whereas the signals are mixed in the Middle East and Southeast Asia.