

# ASIA-PACIFIC AIRPORTS

THE OFFICIAL MAGAZINE OF ACI ASIA-PACIFIC



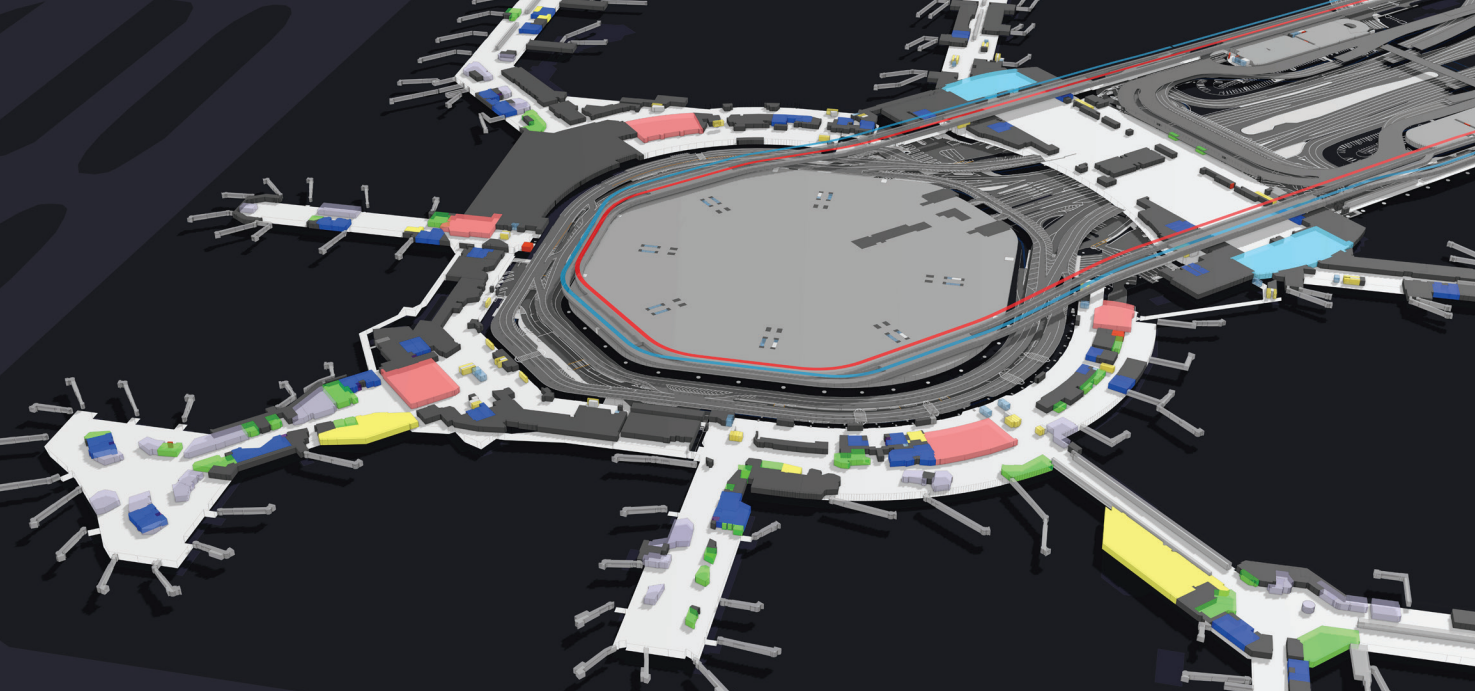
## SHOWTIME: ANNUAL CONFERENCE REVIEW

Issue 2, 2023

- Airport profile: Sydney
- Special Report: Creating a Top Logistics Hub
- Plus: Keeping Cool at Changi and Destination Net Zero



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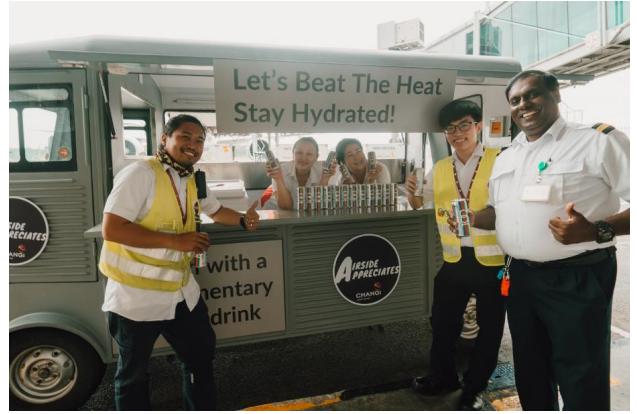
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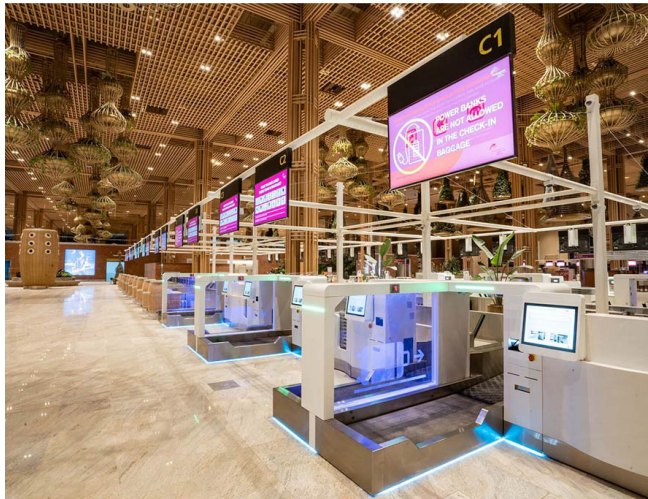


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ACI Asia-Pacific is proud to be the voice of airport operators in two of the fastest-growing regions of the world, Asia-Pacific and the Middle East.

Our team of professionals work tirelessly to serve and lead airports in the region with a vision to shape the future of the aviation industry.

Based in Hong Kong SAR, ACI Asia-Pacific is one of five regions of the only global airport trade organisation, Airports Council International (ACI) World.

### ACI Asia-Pacific key facts:



**132**  
AIRPORT MEMBERS



**4**  
AFFILIATE AIRPORT MEMBERS



**623**  
OPERATED AIRPORTS



**12**  
ASSOCIATE MEMBERS



**47**  
COUNTRIES/ AREAS



**98**  
WORLD BUSINESS PARTNERS

In 2021, ACI Asia-Pacific and Middle East airports collectively handled 1.6 billion passengers and 55.6 million tonnes of cargo.



**55.6**  
MILLION TONNES CARGO



**1.6**  
BILLION PASSENGERS



# THE TRINITY FORUM 2023

THE GLOBAL AIRPORT COMMERCIAL REVENUES CONFERENCE

## 25 & 26 OCTOBER

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The Trinity Forum 2023, the world's leading airport commercial revenues event, will be hosted by Hong Kong International Airport on 25-26 October.

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## VIEW FROM THE TOP

Director general, Stefano Baronci, reflects on the negative impact of soaring airfares and a busy second quarter of the year that included the 18th ACI Asia-Pacific Regional Assembly, Conference and Exhibition in Kobe.

**S**oaring airfares across the globe grabbed many headlines in the second quarter of 2023 and, sadly, Asia-Pacific and the Middle East were not immune to the unwanted new trend.

In the aftermath of the pandemic, it is encouraging to see that the majority of airports are reporting positive passenger numbers, though very few in our region have reached or exceeded the pre-pandemic levels.

As we emerge from the gloom of the COVID-19 pandemic, however, rising airfares continue to cast a negative spell over the overall recovery of the sector.

We recently conducted a fares related study with Flare Aviation Consulting and the results are quite alarming. International airfares have increased by as much as 50%, while domestic routes saw an increase of about 10%. The markets that have seen the highest increase are India (41%), the United Arab Emirates (34%), Singapore (30%) and Australia (23%).

There is no doubt that the airlines are taking advantage of the low competition and pent-up demand in order to spur profits and make up for the losses sustained during the pandemic.

On the other hand, despite high operational expenditure, airports continue to invest in providing improved services to travellers.

In the current environment, the financial health of the industry is unbalanced, which is hindering the long-term recovery of the industry. These exorbitant airfares are endangering the long-term recovery of the aviation industry and may have a substantial impact on other related industries as they decrease demand for air travel and increase the financial burden on an already stressed industry.

Airlines should use fair pricing that promotes recovery and protects the interests of customers. They also shouldn't exploit a supply-demand imbalance by limiting capacity, especially for international travel, which is a major driver of social and economic development and a major source of revenues for the airport sector.

We urge airlines to carefully consider the long-term impacts of their pricing strategies. While maintaining control over airfares, governments must also think about liberalising markets through initiatives like open skies.



The primary factors contributing to the increase in airfares are high fuel prices and inflation. Fuel prices went up 76% in 2022 compared to 2019. The airlines' costs increased as the Consumer Price Index saw an average 10% increase over the same period. Having said this, it is worth noting that several major international airlines recently announced record profits for 2022. In contrast, airport operators have been reporting negative EBITDA margins for the last 10 consecutive quarters, particularly in China, Japan, Thailand, and India.

Coincidentally, increasing airport charges have traditionally been blamed for increasing airfares. This is a great misconception as airport charges in 2019–2022 remained stable or decreased in nominal terms in Asia-Pacific and the Middle East by 4% on international routes and increased only by +3% on domestic routes. The few airports that increased charges did so significantly below CPI levels after COVID in both domestic and international markets.

Unlike airlines, airport operators do not have the privilege to set airport charges capable of covering the full cost of the service. And this is due to a variety of market-driven variables, including competition and/or the airline industry's strong buying power, in addition to the fact that airport charges are strictly regulated. We hope to see a balanced and fair outcome that paves the way for the sustainable recovery of the industry.

**REGAINING MARKET LEADERSHIP**

Notwithstanding the various challenges, Asia-Pacific – which lost its dominating market share during the global pandemic – is likely to regain leadership by the end of 2023, reaching 2.9 billion passengers, or 85.3% of the 2019 level.

The Middle East, which reached 84.9% of pre-pandemic levels when it handled 345 million passengers in 2022, is anticipated to serve 396 million passengers in 2023, recovering 97.3% of 2019 traffic.

**ENGAGEMENT AND EVENTS**

The second quarter of 2023 was very busy for us. We had a series of engagements in New Delhi, Riyadh, Tokyo, Beijing and Singapore before culminating in Kobe for the ACI Asia-Pacific Regional Assembly, Conference and Exhibition.

The whirlwind tour, which took place during this quarter, provided a chance to close gaps and strengthen existing relationships in the region. It also brought together stakeholders and industry leaders from across the region to exchange best practices and talk about the newest developments in air travel.

The 18th ACI Asia-Pacific Regional Assembly, Conference and Exhibition in Kobe was a resounding success. Not only was it a fantastic showcase of products and services for airports, but it also gave excellent insights from all of the panellists. This year's event was more significant since it was held after a three-year hiatus owing to the COVID-19 pandemic. It was heartening to see so much optimism from within the sector.

At our 35th Board Meeting in Kobe, our directors provided us with strategic directions as well as new goals to achieve. It was also an opportunity to elect new board members. The newly appointed members are Musad Abdulaziz Aldaood, CEO of Riyadh Airports Company, and Nguyen Duc Hung, the deputy general director of Airports Corporation of Vietnam. Sarah Samuel, the senior vice president for airport and airline operations at ICM Airport Technics (an Amadeus subsidiary), was appointed as the World Business Partner director.

Hag Jae Lee, president and chief executive officer of Incheon International Airport Corporation, will fill the seat left vacant following the resignation of his predecessor, Kyung Wook Kim.

**LOOKING FORWARD**

We are now gearing up for our inaugural Airports Innovate global conference, which will take place in Muscat, Oman, on November 21-22, 2023.

Airports Innovate will reflect the rapid advancements of the industry in terms of innovation, technology, business, and strategy. It will look at how airports have changed the way they operate, from leveraging technology to improve operational efficiency to introducing new business models to create new revenue streams and uplift airport experience.

The event will discuss the most up-to-date innovations, best practices, and strategies for the future. I look forward to seeing you in Muscat.

# INDUSTRY NEWS

We provide a snapshot of some of the latest news stories from across Asia-Pacific and the Middle East.

## FEVER PITCH AT AUCKLAND AIRPORT



APA Issue 2, 2023

Auckland Airport has unveiled its new-look International Arrivals area with a grandstand and mock football field to welcome visitors ahead of the upcoming FIFA Women's World Cup 2023 tournament.

Chief customer officer, Scott Tasker, said the airport wants to give players and fans a warm Kiwi welcome to the host city and create a moment that resembles walking out of a player's tunnel and onto the pitch.

"Welcoming sports heroes to Tāmaki Makaurau Auckland is something we've been really looking forward to, so

we're showing our support for this global women's sporting tournament by creating an arrivals experience like no other," enthused Tasker.

"We can't wait to see the teams start to arrive from early July and the community enjoying the space."

Kitted out with a 22m by 17m football field, the New Zealand gateways believes that the new-look area will help people can get into the spirit of the event and welcome their favourite teams into the country.

## CAG TO HELP DEVELOP UZBEKISTAN GATEWAY

Changi Airports International (CAI) has signed an agreement with Uzbekistan Airports Joint Stock Company (JSC) to jointly develop Islam Karimov Tashkent International Airport in Uzbekistan.

The gateway is the largest international airport in the Republic of Uzbekistan and the third busiest airport in Central Asia based on pre-pandemic passenger levels.

The agreement – CAI is the international subsidiary of Changi Airport Group (CAG) – also includes looking into the possibility of building a new international airport in Tashkent in the future.

CAI's CEO, Eugene Gan, said: "Changi Airports International is pleased to collaborate with Uzbekistan Airports JSC. Uzbekistan is one of the fastest-growing countries in the Central Asia region with great potential for business and tourism.

"We look forward to sharing our airport development and management expertise to optimise the capacity, operational standards and financial performance of the existing Tashkent International Airport as well as support the plans to develop the new airport, which is in the pipeline, to support Uzbekistan's plans to grow its trade and tourism industries."





## HAMAD OUTLINES SUSTAINABILITY GOALS

Hamad International Airport (DOH) celebrated the UN's World Environment Day by confirming its commitment to sustainability and pledging to up its efforts to beat plastic pollution.

The airport reports that an enhanced waste management system led to 40% of its operational waste being reused or recycled in the fiscal year 2022/2023, including 736 tonnes of plastic waste, while non-recyclable waste was used to produce electricity.

Further enhancements to the system, driven by the airport's goal to send zero waste to landfill, has since led to over 1,200 tonnes of waste a month being diverted from landfill for further segregation, recycling and energy recovery.

To maintain the airport landscape features and requirements, organic fertiliser originating from recycled green waste is used after being introduced as one of the

initiatives from Hamad International Airport's partnership with the Ministry of Municipality.

Through the airport's dedicated wastewater treatment plant, 100% of the wastewater generated from the airport is reused for landscape irrigation, resulting in zero wastewater being discharged to the sea.

The gateway also notes that DOH's Oryx Airport Hotel has replaced plastic with more sustainable solutions, such as with water containers created from 76% vegetable origin replacing plastic bottled water, introducing bamboo guestroom cards, utilising recycled paper for all hotel collaterals and substituting plastic hotel amenities with more biodegradable materials.

Earlier this year the Doha gateway successfully renewed its Level-3 'Optimisation' status in ACI's Airport Carbon Accreditation programme.

## NEWCASTLE BREAKS GROUND ON TERMINAL EXPANSION PROJECT

Australian Prime Minister, Anthony Albanese, made a flying visit to Newcastle Airport in early July for the official ground-breaking ceremony for the gateway's Terminal Expansion Project.

The event marked the beginning of construction for the project, which is designed to enhance the airport's capacity, efficiency, and overall user experience.

Newcastle Airport CEO, Dr Peter Cock, says the transformative construction project is critical to delivering the region the airport it deserves.

"Aviation is a catalyst to our economy's growth and our region's transition," noted Dr Cock. "Newcastle Airport is committed to growing the airport the region deserves. As the sixth largest economy in the country, the people of our region are passionately behind our airport and connecting the Hunter to the rest of the world."



Talking about the design of the terminal expansion, Newcastle Airport's executive general manager of marketing and communication, Burcak Sezar, said: "The design incorporates the sand dunes, our beaches, and the iconic Hunter Valley in the design and colours.

"We want people in our airport to know they are in Newcastle Airport. We want the people of the Hunter to feel that this is our airport and use it with pride."

# REGIONAL UPDATE

Manager for communications and brand marketing, Yuman Lau, rounds-up the latest news and developments from ACI Asia-Pacific.

## HUMAN RESOURCE CHALLENGES AND CYBERSECURITY ON AGENDA OF AVIATION SECURITY COMMITTEE



Airport security experts extensively deliberated on the human resources challenges and cybersecurity threats at the 30th ACI Asia-Pacific Regional Aviation Security Committee (RASC) meeting held recently in Osaka, Japan.

Over the course of the two-day meeting – attended by 35 security experts from airports across the region – the committee discussed a number of workforce-related challenges commonly faced by airports in Asia-Pacific and the Middle East and, indeed, the world.

These included the scarcity of security screeners to meet the anticipated increase in passenger volumes; the increased threat of insiders as a result of employee layoffs and furloughs during the pandemic; and the need to further develop a security culture in light of airport personnel turnover.

At the meeting, ACI Asia-Pacific reiterated the importance of OSS to the sustainability of the civil aviation industry, and encouraged States to share challenges and difficulties in implementation at future MID-RASFG meetings.

## GUANGZHOU AVIATION HUB HIGH-QUALITY DEVELOPMENT CONFERENCE



Our director general, Stefano Baronci, had the honour of making the opening remarks at the Guangzhou Aviation Hub High-Quality Development Conference in Guangzhou, China, in early June.

Emphasising the importance of Chinese airports in improving global air connectivity, commerce, and economic contribution, the DG said that passenger traffic in China is expected to nearly triple in the next two decades, from less than a billion to over 3.5 billion, accounting for more than 20% of global passenger traffic growth. This underlines the significance of China to the global aviation industry.

## RECONNECTING CHINA



ACI Asia-Pacific and the China Civil Airports Association (CCAA) have signed a Memorandum of Understanding to strengthen co-operation and promote excellence in airport operations and management.

The MoU will enhance the synergy between ACI Asia-Pacific and CCAA to promote regular exchanges of information and economic data, assessment of airport service quality, customer service best practices and capacity building initiatives through establishing communication mechanisms.

## NEW AIRPORT CARBON ACCREDITATION MILESTONE

We are thrilled to celebrate a new milestone for ACI Airport Accreditation (ACA) programme, the independent framework guiding airports on the pathway to more sustainable operations.

More than 500 airports across the world are now certified under the programme, in which 61 airports of ACI Asia-Pacific and the Middle East region have been accredited. Congratulations to all airports who have been reaffirming their commitment towards achieving sustainability goals.

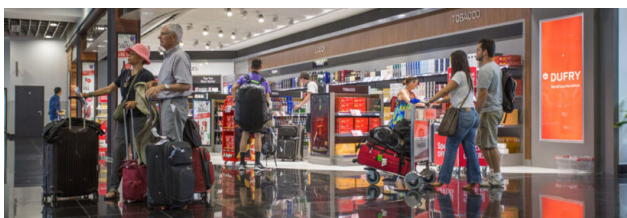
## ONLINE WORKSHOP ON INCREASED AIRFARES AND IMPACT ON AVIATION

Echoing the recent trending topic of increased airfares, we held 'Flightpath to Fairness', an online workshop on June 14.

The aim of the initiative was to discover the impact of airlines' monopolistic practices, supply-demand mismatches, fuel prices, and inflation on airfares, and gain insight into the financial challenges faced by airport operator.

The workshop was a genuinely enriching exchange. The industry's long-term recovery is jeopardised by rising airfares, which may have a far-reaching impact on the associated industry by lowering demand for air travel and raising the financial strain on an already stressed sector. We thank Flare Aviation Consulting for the collaboration and all participants for contributing to the discussion.

## THE TRINITY FORUM 2023



The Trinity Forum 2023, the world's leading airport commercial revenues event, will be hosted by Hong Kong International Airport on October 25-26, 2023.

Jointly organised by The Moodie Davitt Report, ACI Asia-Pacific and ACI World, the event brings together the world's airports, brands and concessionaires, alongside their business partners in the travel retail sector for provocative and stimulating conversations. Register by August 15 to take advantage of the early-bird rates.



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# CALL FOR CONNECTIVITY AND SUSTAINABILITY ENHANCING EU-INDIA AVIATION AGREEMENT



On the occasion of the EU-India Aviation Summit in New Delhi, ACI Asia-Pacific and ACI EUROPE jointly called on India and the European Union (EU) to establish a comprehensive aviation agreement to liberalise traffic rights and boost regulatory alignment, including the acceleration of decarbonisation policies between the two regions.

India's aviation sector has been amongst the fastest growing in the world, with ACI's long-term forecast predicting that it could grow by 339% over the next two decades to reach 1.1 billion passengers by 2041. This will result in fast-increasing demand on EU-India routes.

Therefore, ACI believes it is essential for India and the EU to work on a comprehensive aviation agreement that would effectively enable the development of air connectivity by removing current traffic rights limitations and red tape.

It is believed that such a comprehensive aviation agreement would support trade and tourism with significant benefits for consumers and the economy on both sides.

ACI Asia-Pacific and ACI EUROPE also emphasised the need to increase co-operation and seek policy and regulatory alignment in areas such as environment, safety and security, facilitation and competition.

Stefano Baronci, director general of ACI Asia-Pacific said: "The economic and social implications of a stronger co-operation between the EU and India are clear to all, given the strong perspective to growth of these two partners.

"Consumers in India would be the first beneficiary of a closer co-operation, with less hurdles and more choices to fly, more competitive prices and improved service more respectful of the environment.

"All this is subject to ensuring a strong commitment by both parties to further liberalise traffic rights, simplify the VISA issuance to fly to the Schengen area, introduce a one-stop-security regime to unleash the potentials of Indian airports as international hubs and secure public and private investment for the decarbonisation of the sector."

## WARM WELCOME TO OUR NEWEST MEMBER



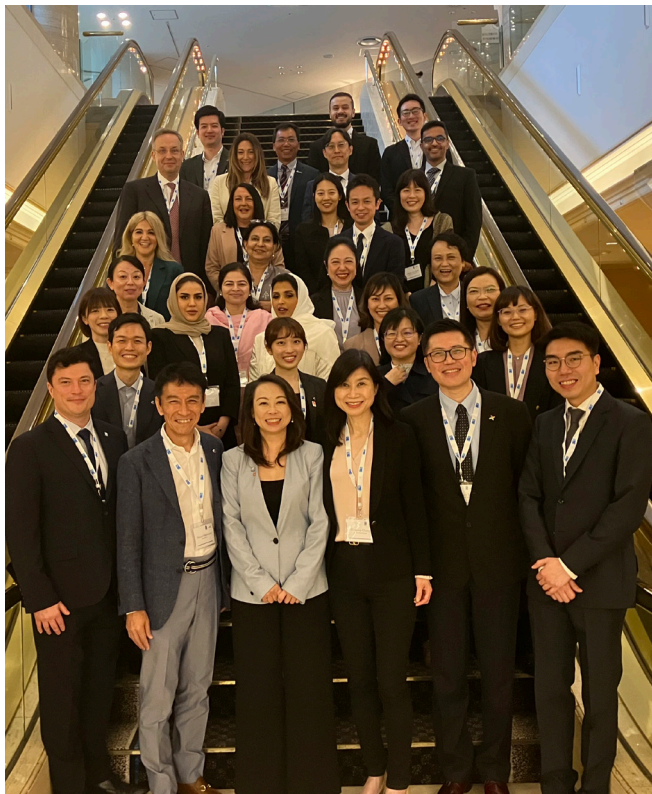
We are delighted to welcome our new Airport Member: India's Kannur International Airport. Operator, Kannur International Airport Limited, is an unlisted public company promoted by the Government of Kerala to build and operate the airport to international standards, primarily to cater to the travelling needs of the region.

Commissioned on December 9, 2018, Kannur is the fourth international airport in Kerala and the second greenfield airport in Kerala, built using the Public Private Partnership model in an area of about 2,300 acres.



## AIRPORTS INNOVATE

Our new global aviation conference Airports Innovate will take place in Muscat, Oman, on November, 21/22, 2023. The event is co-organised by ACI Asia-Pacific, ACI EUROPE, ACI World and hosted by Oman Airports. We are now calling for potential exhibitors and sponsors to participate in our flagship event. If you are looking for opportunities to showcase your products and solutions to the market and explore collaborations, here is your opportunity. Mark your calendars now!



## HUMAN RESOURCES AND ENVIRONMENTAL MATTERS

Sustainability and its implications on human resources were the central topic of discussion at the recent ACI Asia-Pacific Regional Human Resources Committee meeting (pictured left) in Kobe, Japan.

During the two-day meeting, the committee discussed how sustainability can be integrated into human resources policies and practices, as well as various workforce-related challenges commonly faced by airports after the pandemic.

The 17th meeting of the ACI Asia-Pacific Regional Environment Committee also took place in Kobe in May 2023, and was attended by 35 environmental sustainability experts from airports and World Business Partners in Asia-Pacific and the Middle East.

Meeting highlights included the keynote speech and presentation on airport climate resilience by Mathieu Boutitie, corporate executive vice president/CTO at Kansai Airports, and a discussion with Airbus Japan and IATA Asia-Pacific about Sustainable Aviation Fuel (SAF), hydrogen powered aircraft and the potential infrastructure airports will need to accommodate them.

## AVAILABLE ONLINE NOW!

The paper submitted by the winner of the Asia-Pacific Young Executive Award 2023, together with those that received honourable mentions, are among a number of documents and publications now available on our website.

The Asia-Pacific Young Executive Award aims to encourage young talents in the Asia-Pacific and the Middle East regions to contribute innovative solutions for current aviation industry issues. The topic of the this year's award is 'The Future of Airport Workforce'.

Also found online is our Airport Solar PV Implementation Guidance Document for Asia-Pacific and Middle East Airports.

This guidance document lays out the project development process as a series of tasks, namely, demand estimation; site selection; technology evaluation and plant design; financial viability assessment; selection of developer/supplier; plant construction; plant commissioning; and operation and maintenance.

## STUDY ON AIRFARE TRENDS IN THE REGION

Airport charges have remained steady since the pandemic, while airfares have soared above pre-pandemic levels as major airlines reap record profits hampering the aviation industry recovery, reveals ACI Asia-Pacific's study on airfare trends in the region. The comprehensive study, undertaken in collaboration with



Some project development activities may happen in parallel. It is up to individual airports to oversee the activities and ensure they are co-ordinated and synchronised appropriately to achieve the desired outcome.

ACI Asia-Pacific would like to express its gratitude to the ACI Asia-Pacific Regional Environment Committee for their time and efforts in drafting the guidance document amid their busy daily work schedule at their respective airports.

Special thanks goes to Delhi International Airport Ltd and Malaysia Airports Holdings Berhad for leading and steering the development of this guidance document.

Click [here](#) to view our online documents, publications and guidance material.

Flare Aviation Consulting, examined around 36,000 routes in the top 10 aviation markets in Asia-Pacific, exposed an alarming increase in international airfares. The highest airfare increases in our region have been experienced in India (41%), United Arab Emirates (34%), Singapore (30%) and Australia (23%).



# BEING A GOOD NEIGHBOUR

Sydney Airport is looking to the future with optimism with the sustainable operation and development of its facilities high on the agenda, writes Joe Bates.

**T**he sustainable operation and development of its facilities is so important to Sydney Airport (SYD) that it is front and centre into the master plan that will shape its growth over the next 20 years.

Indeed, the gateway’s Master Plan 2039 embeds its approach to sustainability into the planning and design of the future Sydney Airport expansion, actions that led to its proposals receiving a 4-Star Communities rating from the Green Building Council of Australia.

Airport CEO, Geoff Culbert, says: “We are committed to reducing the carbon footprint of the airport, ensuring it is resilient to climate change, conserving significant items of natural, indigenous or heritage value and protecting environmentally significant areas.

“We have a strong track record on incorporating sustainability into our operations and in recent years entered into a power purchase agreement for renewable energy and developed market-leading financial instruments like sustainability-linked bonds and loans.

“We have also implemented several energy efficient projects including a large solar PV array on one of our carparks and electrification of our bus fleet. We have also

invested significantly in a recycled water treatment plant and reticulation network.

“We have clear targets of being carbon neutral by 2025 and reaching net zero by 2030, and we are working closely with the industry on sustainable aviation fuel initiatives. Like everyone in the industry, we know how critical this is.”

Sydney Airport took the opportunity to go into more detail about its sustainability actions and ambitions ahead of the UN organised World Environment Day on June 5.

Among its key goals are:

- A commitment to supporting the decarbonisation of the aviation industry
- Supporting the global goal of 10% sustainable aviation fuels by 2030
- Achieving net zero emissions by 2030 (Scope 1 and Scope 2 emissions)
- Reducing Scope 3 emissions by 50% from airport ground operations by 2025
- To be using 100% renewable electricity by 2025
- Providing A\$1 million per year to local environmental projects, including bush regeneration works across Sydney Airport Wetlands.



A statement issued by SYD said: “As Australia’s busiest airport, Sydney Airport understands that global warming is a shared challenge requiring action from all, and we are committed to supporting the aviation industry to decarbonise.

“The most urgent aviation industry priority is developing a sustainable aviation fuel industry in Australia. Australia can have a significant role to play in the global fuels transition, and Sydney Airport commends the Federal Government’s decision to establish a Jet Zero Council and looks forward to ongoing participation in the council. Regenerating and protecting the precious ecosystem surrounding our airport is also a key priority for the airport.”

It also marked World Environment Day by donating A\$200,000 to Bayside Council for landscaping in Sir Joseph Banks Park in Botany to increase the tree canopy and provide new habitat for wildlife.

Bush regeneration works in the wetlands around the airport have now been underway since 1999 and, in the last year, more than 10,000 native trees, shrubs and grasses were planted at Engine Ponds East with the help of Sydney Airport staff volunteers and Wildflower – Gardens for Good, an Indigenous-owned and managed not-for-profit.

SYD’s co-head of safety, sustainability and the environment, Jake Atkins, says: “Our passengers often tell us they are blown away by the beauty of Botany Bay as they fly into Sydney Airport.

“The Botany Wetlands, including the Sydney Airport Wetlands, are considered one of the last remaining green corridors in a

highly disturbed area of Sydney. Being surrounded by such precious wetlands is an immense privilege, and we take the responsibility of caring for them very seriously.

“As the aviation energy transition gains pace, Sydney Airport will continue to play a role in aviation’s decarbonisation journey and is focused on delivering the infrastructure and management measures needed to decarbonise.

“Several energy efficiency projects have recently been completed, including the installation of more efficient LED lights in our car parks and terminals, with another 3,500 LED lights to be installed later in the year.

“This year, we will continue to work with airlines and ground handlers to increase the use of ground power and pre-conditioned air, reduce jet fuel burn while on the gates, and progress electrification of ground service equipment fleets.

“We will also continue to consult with the Australian Government and the community on the review of the Demand Management Scheme at Sydney Airport. There are still important improvements that can be made to enhance the efficiency of airport operations while also having beneficial carbon emissions outcomes.”

#### **MASTER PLAN 2039**

Unveiled in 2019, expanding the current terminals, building a new satellite pier, and enhancing the airfield are key elements of SYD’s 20-year development plan, and they remain very much on the table now that passenger numbers are on the rise again following the end of the global pandemic.



Culbert says: “We intend to keep building the infrastructure and capacity to cater for every passenger and airline that wants to fly to SYD. While COVID temporarily delayed the roll out of some projects, we have completed others. These have included a major runway resurfacing project, the complete refurbishment of the Terminal 1 forecourt and a new luxury shopping precinct in T1.

“The good news is that aviation activity at Sydney Airport is continuing to recover strongly, and we have just adopted a renewed, five-year capital works pipeline that runs to more than A\$2 billion.

“Next year, our capital expenditure budget will be nearly 60% bigger than it was in 2019, and we will be investing more than a A\$1.3 million a day in projects to further improve the customer experience, accommodate growth and enhance capacity.”

SYD’s Five-Year Ground Transport Plan and 20-year Ground Transport Strategy to enhance surface access and connectivity to SYD are included in Master Plan 2039. What will these projects involve and why are they so important?

“Like all major city airports around the world, we recognised that traffic is a real pain point for people and that’s why we are investing so much in alleviating congestion,” says Culbert. “Recent road upgrades and traffic management strategies have already improved journey times, but there is more work to be done.

“Key projects we’ve completed to reduce congestion include building new and wider roads entering and exiting both our international and domestic terminal precincts.

“However, the real game changer will be the new A\$2.6 billion Sydney Gateway Road. Anyone who’s travelled to the airport recently will know its construction is well underway. This new toll-free connection will significantly cut travels times from Western Sydney to the airport.”

**TRAFFIC TRENDS**

A total of 3,010,000 passengers passed through Sydney Airport in May 2023, representing an 85.7% recovery compared to pre-pandemic May 2019.

Domestic passenger traffic increased 5.5% year-on-year with 1,934,000 travellers through the terminals in May. The figure amounts to an 87.3% recovery rate compared to May 2019.

The picture is also looking better for international travel, especially since the start of the return of Chinese travellers, whose numbers continue to rise by the day. Indeed, Chinese passenger numbers recovered to 54% of pre-pandemic levels in May.

In facts and figures, the 1,076,000 passengers accommodated at SYD’s T1 International terminal in May was just 17% down on pre-COVID levels, representing the strongest post-COVID performance for SYD since Australia’s borders re-opened.

Culbert says: “The airport has just posted its strongest international traffic numbers since borders closed in March 2020.

“In the first five months of this year, we’ve had 5.5 million international passengers through Sydney Airport, which is almost three times the number we saw in the same period in 2022.



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“The recovery of the China market continues to impress, with passenger numbers on the mainland route increasing seven-fold since the start of the year.

“Capacity in this market will continue to grow with a total of seven airlines flying 48 return services per week between mainland China and Sydney in July.

“This is one of the strongest China recoveries of any international airport globally, which provides a critical boost to Australia’s tourism industry, and the economy more broadly”.

**RECORD NUMBER OF AIRLINES**

The recent launch of Vietjet flights to SYD was a significant one as it marked a major milestone for Sydney Airport.

“For the first time in our proud 103-year history, we have 50 airlines flying through Sydney Airport. This is an incredible achievement when you consider air travel was almost non-existent through COVID,” enthuses Culbert.

“We now have four airlines flying to Vietnam and, in total, have onboarded six new airlines over the last 12 months, and existing airlines have returned and are continuing to increase capacity, providing great opportunities and choice for the travelling public.

“Attracting airline networks to rebuild capacity to Sydney is key to supporting the recovery of international tourism, business travel, student travel and the broader New South Wales economy.”

Sydney Airport currently has direct flights to around 100 different cities around the world. In July, during the Australian winter holidays, some of the most popular direct routes included Singapore, the US, China, the United Arab Emirates and Indonesia.

**LESSONS LEARNT FROM THE GLOBAL PANDEMIC**

Like at most airports across the globe, Culbert and his management team have now had time to reflect on the global pandemic and its impact on SYD and the aviation industry as a whole.

Is it possible to say what lessons, if any, SYD has learnt from the events of the last few years? “Before COVID hit, we knew that aviation was an ecosystem, and all the parts needed to work together seamlessly for the whole system to work, but COVID really reinforced that,” says Culbert.

“We have 800 different businesses operating at SYD. Pre-COVID they employed 30,000 people, and during COVID 15,000 jobs were lost. When all the state-wide travel restrictions eased and the international border re-opened in early 2022, Australians were desperate to travel again, and we were inundated with passengers.

“However, filling all the crucial jobs across the airport to cater for this surge in air travel was a huge challenge, especially as Australia was facing its tightest labour market in almost half a century, and this led to operational challenges in the first half of last year across the entire airport ecosystem.”

After a mammoth recruitment drive, staff shortages at SYD are now a thing of the past with the airport workforce back to full strength.

**ENHANCING THE PASSENGER EXPERIENCE**

In February, SYD officially unveiled SYD X, the redeveloped T1 International Terminal luxury shopping precinct, which proudly boasts that it features 20 of world’s most desirable brands all under one roof, including Louis Vuitton’s first retail travel store in the Southern Hemisphere.



“As part of the project, the ceiling height was more than doubled from four metres to nearly 10 metres and the precinct footprint was increased to 2,700sqm,” reveals Culbert.

“We have created a unique luxury shopping destination for international travellers, which we think is one of the best in the world.”

Sydney Airport now also boasts Australia’s first hotel inside an airport, with an Aerotel opening in the T1 International complex in August last year.

“Work also recently finished on the transformation of our T1 International Terminal forecourt,” notes Culbert. “The team has created a beautiful and functional green space where people can gather, celebrate, and reconnect after getting off a long-haul flight or being reunited with friends and family.”

The new SYD sign on the grass near the main terminal exit has certainly proved a huge hit, with tourists flocking to it to get their first selfie in Sydney.

“Enhancing the customer experience remains a central focus for Sydney Airport, and having a wide selection of retailers and food and beverage options is one of the key elements,” adds Culbert.

### **MOVING ON TO PASTURES NEW**

Despite still very much enjoying the role, Culbert recently announced that after almost six years in the hot-seat at SYD, this one will be his last as he intends to seek a new challenge elsewhere in 2024.

He joined the publicly listed Sydney Airport as CEO in January 2018 from GE and will continue in his role until the end of the year to ensure a smooth transition.

During his time at SYD, he steered Australia’s largest airport through a unique period of challenge, opportunity, and complexity. This of course, included successfully restructuring and operating the airport through the global pandemic, managing and championing the airport through Australia’s largest ever take private transaction (to a consortium led by Global Infrastructure Partners and IFM Investors), and subsequently overseeing SYD’s strong recovery in activity and passenger numbers at the airport.

In response to the news, Sydney Airport chair, David Gonski, said: “We are enormously appreciative of Geoff’s skilled leadership during one of the most significant and disruptive periods in aviation history.

“This includes managing the airport through the pandemic when traffic was devastated by border closures, the recent rapid recovery, and dealing with the largest take-private transaction in Australian corporate history. As a leader, Geoff also built an outstanding team and culture that will endure long after he departs.”

So, why is he going? Culbert simply says: “By the end of the year the airport will be close to fully recovered, and that will be the right time to hand over to a new CEO who will lead the airport through the next phase.

“It’s been a privilege to have led Australia’s premier domestic and international airport since 2018, and to work with such a wonderful team through a unique and challenging period in the airport’s history.

“Sydney Airport has been part of the social and economic fabric of Sydney and NSW for more than 100 years and I’m confident it will continue to play a crucial role for the next hundred.”



# GOOD TO BE BACK!

The 18th ACI Asia-Pacific Regional Assembly, Conference and Exhibition in Kobe, Japan, marked a strong return for ACI Asia-Pacific’s annual event, writes Sunil Subbaiah and Yuman Lau.

**T**he 18th ACI Asia-Pacific Regional Assembly, Conference and Exhibition provided the perfect opportunity for us to reconnect with our members and industry colleagues, and it didn’t disappoint.

Indeed, based on our experience and the positive feedback we have received from delegates and speakers, the event was a resounding success. Not only was it a fantastic showcase of products and services for airports, but it also gave excellent insights from all of the panelists.

It was very well attended, with more than 400 delegates making their way to Kobe, many of whom commented on the great atmosphere and the quality content of the conference programme.

We are grateful to all of our delegates and speakers for making this event truly memorable and, in particular, would like to express our heartfelt gratitude to our host, Kansai Airports, for their extraordinary efforts in hosting this conference.

## THE APPROACH TO NET ZERO

The event actually started with a pre-conference workshop called ‘Airports’ Approach to Net Zero in Asia Pacific & Middle East’ on May 16. It was a pleasure to see that airports in Asia-Pacific and the Middle East are working towards exploring potential pathways towards net zero by implementing energy efficiency measures.

The workshop was a huge success, with experts from across the region and beyond offering their insights and ideas on how to achieve the net zero carbon emission objective. We thank the speakers for sharing their expertise and best practices with us.

## WELCOME AND OPENING REMARKS

ACI Asia-Pacific president, Emmanuel Menenteau, and Yoshiyuki Yamaya, representative director CEO of Kansai Airports, were among those to welcome delegates on Day 1 of the conference.

In his opening remarks Menenteau – a former co-CEO of Kansai Airports – said: “This conference provides a perfect opportunity to discuss pathways for development and exchange knowledge to build on the forward momentum, with an aim to put our region back at the forefront of global aviation.

“The Asia-Pacific and the Middle East regions are home to many popular tourist destinations, which are expected to continue to attract visitors from around the world, driving demand for air travel.”

As part of the conference opening, Stefano Baronci, director general of ACI Asia-Pacific delivered his key note, titled ‘Reflections’. His speech focused on the role that Asia-Pacific plays today and will, in the future, in an environment where risks and



opportunities appear to be inextricably intertwined. He suggested that if the future challenges resembled those of the COVID-19 pandemic, the potential solutions might require a rethinking of strategy and approaches.

The DG also used his time at the podium to remind everyone that despite suffering severe financial losses, the region's airports continue to deliver superior services to passengers.

Baronci noted that passenger volumes across the region are expected to skyrocket in the coming years, which would eventually place a strain on existing facilities and necessitate either the modernisation and expansion of current terminals or the construction of new ones.

Either option would, of course, require more investment from airport operators, as will the industry's efforts to reduce its carbon footprint. He admitted that the scenario would inevitably lead to some airports raising their fees to offset these additional costs.

**LEADERS DIALOGUE AND CHINA'S IMPACT ON THE WORLD**

The conference began with a session called 'Leader's Dialogue – Transforming the Industry' which involved Nicolas Notebaert, CEO of VINCI Concessions and president of VINCI Airports being interviewed by former BBC Anchor, Sharanjit Leyl.

Everything from how airports weathered the challenges to the best way to build a smart and future-ready ecosystem was covered in the entertaining and informative 45 minute discussion.

The first morning ended with a section called 'Interview With The Expert: China's Impact on The Region and the World', featuring Xiaomei Li, secretary general of the China Civil Airports Association and Joanna Lu, head of consultancy for Asia at Ascend by Cirium.

Li enlightened the audience about China's impact on the region and the world from the air transportation point of view.

**RESTORING CONNECTIVITY**

One of the first sessions of the afternoon was a debate called 'Connectivity, Recovery and Beyond'.

It involved PwC's Simon Booker and Edward Clayton decoding the key findings of our study on connectivity, before industry leaders that included Melbourne Airport CEO, Lorie Argus, and Fukuoka International Airport's general manager, Yosuke Shigemori, considered the opportunities and challenges in the short and medium-term that are associated with the recovery and development of air connectivity.

**THE 35TH ACI ASIA-PACIFIC BOARD MEETING**

During the 18th ACI Asia-Pacific Regional Assembly, Conference and Exhibition, we had the opportunity to meet with our Board Members and, among other things, pass a new resolution.

The new resolution is designed to promote, restore and develop air connectivity in Asia-Pacific and the Middle East to ensure social and economic development as well as support the United Nations Sustainable Development Goals.

It emphasises the importance of fully restoring and further developing air connectivity in the region, recognising the

# 18th ACI ASIA-PACIFIC REGIONAL ASSEMBLY, CONFERENCE & EXHIBITION

May 16-18, 2023, KOBE, JAPAN



essential role that airports – served by efficient and affordable air connectivity – can play in driving economic growth and social development.

Between 2019 and 2022, there was a significant drop in the number of direct routes, flight frequencies and available seat capacity in Asia-Pacific as a result of the global COVID-19 crisis. In contrast, airports in the Middle East fared much better and subsequently have recovered much faster, especially at the region's large international airports.

Considering the fact that the aviation sector generates economic value and supports employment besides boosting trade, tourism, education and foreign investments, ACI Asia-Pacific believes that a holistic approach is required to create fertile ground for the industry to grow. This should include:

- Boosting connectivity by further liberalising international aviation markets.
- Given strong growth outlook and ensuing congestion, re-thinking the model of optimising the use of existing infrastructure (through slots allocation, modernised and more flexible charging system).
- Incentivising funding and financing of airport infrastructure with a reasonable return on investment.
- Urging governments to simplify and streamline visa process for inbound international travellers, where applicable.
- Compliance with environmental and other sustainability objectives, including reducing CO2 emissions in compliance with the long-term global aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050.

Commenting on the resolution, ACI Asia-Pacific president, Emmanuel Menanteau, said: "Connectivity is a critical enabler for social and economic wealth. Restoring air

connectivity in the Asia-Pacific region and the development of more routes in the Middle East is essential to support the recovery of their economies.

"This resolution reaffirms the commitment of the airport community of Asia-Pacific and the Middle East to work together with national and regional authorities in an economically and environmentally sustainable manner for the benefit of passengers as well as local communities served by the airports."

While Baronci noted: "Asia-Pacific is resurging after three complex years. Modernising the sector means critically assessing what can be done differently, and better, through a close dialogue between institutional and industry stakeholders.

"Following the model of the first bloc-to-bloc air transport agreement between the EU and the ASEAN States and the recent Summit between India and the EU, we call upon States to implement a more liberalised market and strengthen co-operation and harmonisation on safety, security, environmental protection and ATM optimisation. This will require sense of leadership and significant investment, but also building capacity and expertise. At all levels, ACI Asia-Pacific is keen to provide its contribution through this process of transformation."

A handful of new board members were elected at 18th ACI Asia-Pacific Regional Assembly. The new additions are Musad Abdulaziz Aldaood, CEO of Riyadh Airport Company; Nguyen Duc Hung, deputy general director of Airports Corporation of Vietnam; and Sarah Samuel, senior vice president for airport and airline operations at ICM Airport Technics (an Amadeus subsidiary), who joins as World Business Partner (WBP) director.

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Fred Lam, CEO of Airport Authority Hong Kong; Dato' Iskandar Mizal Mahmood, managing director of Malaysia Airports Holdings Bhd (MAHB); and SGK Kishore, executive director of GMR Hyderabad International Airport Ltd (GHIAL) have been nominated to represent ACI Asia-Pacific on the ACI World Governing Board.

Andrew Perrier, group business development director at Almusbah International Holdings LLC, has also been elected to serve as WBP representative for Asia-Pacific and the Middle East on the ACI World WBP Advisory Board.

We congratulate the new members and gratefully acknowledge the contributions of outgoing members Nitinai Sirismatthakarn (Airports of Thailand) and the long serving Greg Fordham (Airbiz Aviation Strategies Pty Ltd) for their contributions.

**ENGAGEMENTS WITH WORLD BUSINESS PARTNERS**

Our World Business Partners (WBP) Breakfast with CEOs session, sponsored by JT International SA, got Day 2 of the ACI Asia-Pacific Regional Conference & Exhibition in Kobe off to a lively and fulfilling start.

The WBP Programme offers a one-of-a-kind platform to assist commercial firms, associated with the aviation sector to maximise their business connections and expertise in the airport industry.

WBP members and airport leaders exchanged ideas and discussed prospective collaborations during the breakfast event. It also provided a place for networking with like-minded individuals and getting vital insights into current industry trends and opportunities.



The session, moderated by Airbiz founder and managing director, Greg Fordham, covered a broad range of topics. Sarah Samuels, our new Board Director (WBP Representative), and Andrew Perrier (Regional Representative on ACI World's WBP Advisory Board) were also present.

**FOCUS ON SUSTAINABILITY**

The second day of the conference began with an address from FTI Consulting Melbourne's senior director, David Whitely, about 'Recovery, Growth and the Path to Net Zero in an ESG-Focused World', before former ACI World director general and current president of SUSA, Angela Gittens, moderated a session titled 'Can Small & Regional Airports Recover in an Economically Sustainable Manner?'

Joining the always engaging Gittens on stage were Cyril Girot, CEO of Cambodia Airports; Jean-Michel Ratron, director general of Aeroport de Tahiti (ADT); and Nikau Tangaroa, CEO of Airport Authority Cook Islands.

The speakers discussed how some of the small and regional airports in the region managed their way through the global pandemic, and their recovery strategies in restoring air connectivity and competitiveness in an economically sustainable manner.

They were followed by an insightful session on 'Green Airports, Green Tourism – a New Way to Do Business?' that was once again moderated by Leyl, who spoke to Kiran Jain, COO of Noida International Airport, and Michael White, the aviation business development and commercial contracts director for Red Sea International Airport.





Both shared perspectives on the sustainability plans for their yet to open new airports as well as the significant economic and social benefits they will provide.

### THE HUMAN TOUCH

The final panel session of the conference turned the spotlight on human resources and people development.

There's no doubting that the travel industry was in a 'survival mode' during the darkest days of the pandemic, and aviation has yet to fully recover from COVID'S devastating impact on the world.

Arguably, HR leaders cemented their indispensability during the crisis as corporates navigated for change, redefined their priorities, updated business models and worked to transform themselves to meet the ever-changing challenges head on.

Dato' Iskandar Mizal Mahmood, managing director of MAHB; Mari Ruiz-Matthyssen, chief people experience and marketing officer of Australia Pacific Airports Corporation Limited; Jonathan Song, global director of business development at Plaza Premium Group; and Yuan-Hung Ting, director of human resources at Taoyuan International Airport Corporation Limited, addressed some of the HR issues facing airports today in the session entitled 'People Development in Corporate Strategy: Where to Innovate Post Pandemic'.

The panel examined the travel industry's human capital shift, the diversified role of HR, re-energising the workforce and building a people-centric sustainability strategy.

### EXHIBITOR INNOVATION AND JAPANESE CULTURE

A total of 25 exhibitors showcased their innovative products and services to the over 400 delegates who attended the 18th ACI Asia-Pacific Regional Assembly, Conference & Exhibition in the beautiful port city of Kobe.

On the sidelines, the event also provided the opportunity to showcase the country's rich customs and traditions through cultural performances, such as demonstrations of ancient Japanese art and music at both the Welcome Reception and Gala Dinner sponsored by host, Kansai Airports, and the Japan Art and Culture Strategy Organization (JACSO).

### ACI AWARD WINNERS

The Conference concluded with a number of award ceremonies. First up was the announcement that MAHB's Noor Sabrina was the winner of the ACI Asia-Pacific Young Executive Award 2023. Not being able to make it to Japan, Malaysia Airports' managing director, Dato' Iskandar Mizal Mahmood, received the honour on her behalf.

Delegates then got to celebrate with the 12 airports honoured in ACI Asia-Pacific's Green Airports Recognition 2023 programme. Each was recognised for achieving exceptional results in their efforts to eliminate single-use plastics on campus.

It was also an occasion to recognise the accredited airports in ACI's pioneering Airport Carbon Accreditation programme.



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# COOL RUNNINGS!

Changi Airport Group's Claudia Wong explains how Singapore's gateway to the world keeps its airside staff cool during the hot summer months.

**S**ingapore Changi is one of the world's busiest international airports and its status ensures that it is home to many staff, including 30,000 airside workers engaged in multiple roles such as ramp assistants, aircraft maintenance engineers and in-flight catering drivers.

All play a key role in supporting operations at Changi and, as Singapore experiences record high temperatures of late, and with higher temperatures posing a greater risk to outdoor workers, Changi Airport Group (CAG) has introduced a number of new measures to keep its airside workers cool.

## BEATING THE HEAT WITH INFRASTRUCTURE AND FACILITIES

First up are some new 2.5-metre-tall refresh pods located at the various staff rest areas. Cool air is blown and circulated within the pod, at the easy touch of a button. Workers may use it to cool down or dry themselves when caught in wet weather conditions.

To keep airside workers well hydrated, there are over 40 water coolers installed airside, with about eight coolers per pier. A new initiative being introduced this year is the deployment of a drinks truck during the hot months to remind workers to drink up.

Apart from keeping cool, UV protection is also important. Protective sun wear such as UV arm sleeves are being distributed to airside staff, so they can stay protected from the heat at all times.

For new joiners, heat acclimatisation protocols are encouraged for them to get used to the work environment. This means that they are exposed to outdoor weather at gradual time increments and have the flexibility to take more rest breaks during their workday until their body is used to the working conditions.

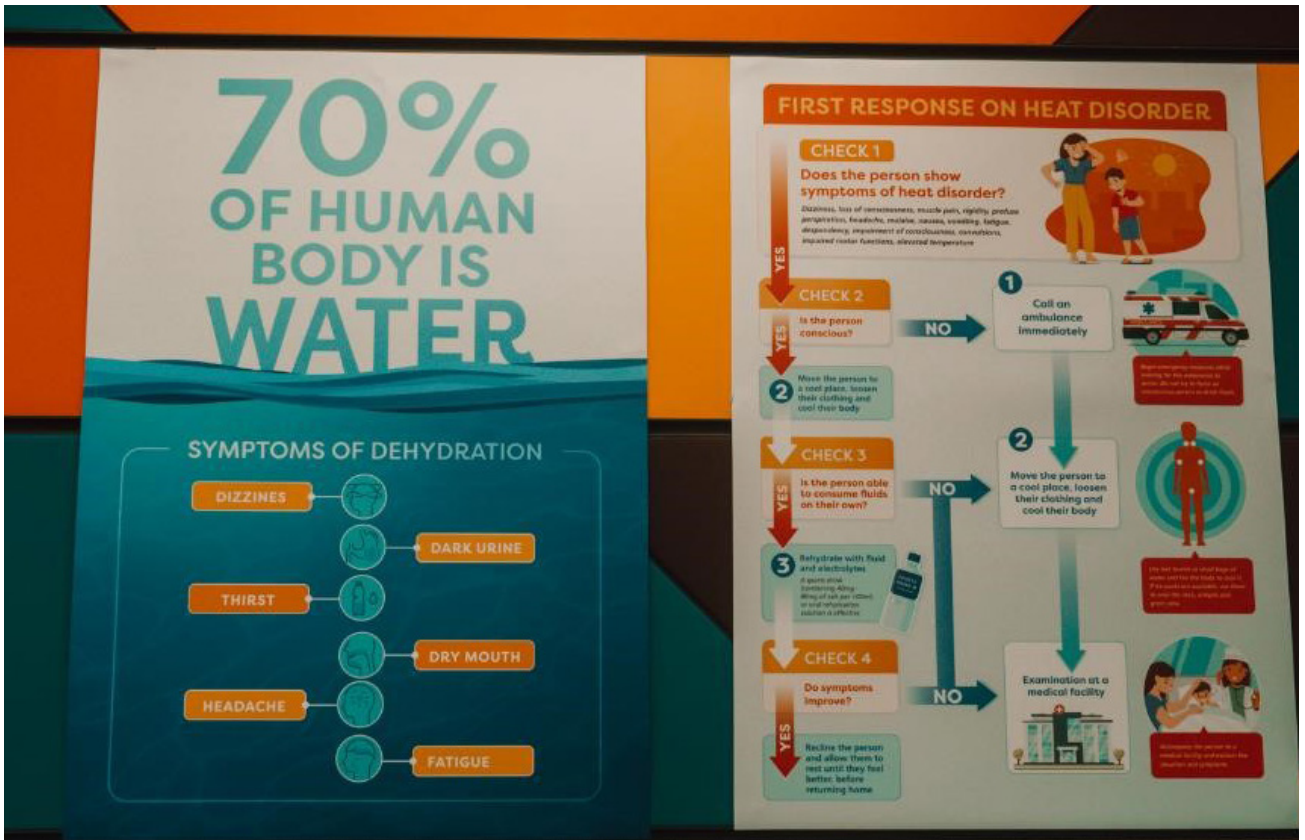
## AWARENESS AND EDUCATION KEY TO MANAGE HEAT-STRESS

In partnership with Raffles Medical Group, talks will be organised for airside supervisors and team leaders to educate them on symptoms of heat stroke and how to render first aid for workers suspected of heat stress.

Dr Sharen Tian from Raffles Medical Group said: "The risk of heat related illness is higher for airside workers, compared to those who work in an indoor setting. It is important to recognise symptoms and prevent heat-related illnesses, before it turns into heat stroke, which is life threatening.

"Some quick tips would be to always remain hydrated and know one's limits, so that you don't push yourself beyond that. Colleagues should also keep a lookout for one another."

These heat stress management measures are all but one part of managing higher ambient temperatures at Changi under CAG's climate resilience strategy. Foresight and early planning are critical to fostering long-term climate resilience for Changi Airport to enable operational continuity for our passengers.



CAG continually seeks to bolster Changi Airport’s resilience to climate change through infrastructural adaptations and taking care of its staff.

**BACK ON TRACK**

Following the relaxation of Singapore’s border restrictions in April 2022, passenger traffic through Changi Airport rose steadily to reach 82% of pre-Covid levels by March 2023.

For the whole of CAG’s FY2022/23, passenger traffic saw an eightfold year-on-year increase to 42.6 million, or 62% of pre-Covid levels, while air traffic movements doubled to reach 67% of pre-COVID levels, supporting the partial recovery in revenues from airport services and airport concessions.

At Jewel, with the resumption of international travel, footfall more than doubled, while the mall was close to approaching full occupancy. Overall, revenue for the Group doubled to S\$1.9 billion during FY2021/22.

Talking about the year ahead, Seow Hiang Lee, CEO of CAG, said: “Leveraging the current growth momentum, we are optimistic that passenger traffic can reach pre-COVID levels by 2024.

“However, as we approach a return to normalcy, we are cognisant of new frictions and hurdles that can hamper growth. These include aircraft availability and long-term changes to travelling behaviour. For these reasons, we remain vigilant and will continue to pave the way forward with our emphasis on sustainable travel and building for the future through innovation.”





# CREATING TOP LOGISTICS HUBS

Aerotropolis concept creator, Dr John Kasarda, explains why certain hubs prosper and describes what it takes to become a world-class air logistics hub.

A frequent question asked by executives of larger commercial airports and their surrounding jurisdictions is, what can we do to become a major air logistics hub?

They ask this question because air logistics serves as the go-to mobility resource for today's high-tech and advanced manufacturing value chains and to meet the expanding demands of our must-have-it-now e-consumer population.

Their desire reflects reality: Airport regions anchored by major air logistics hubs are more economically competitive and often the preferred location for firms in modern industrial growth sectors such as aerospace, biopharmaceuticals and medical devices, cross-border e-commerce, new energy and intelligent vehicle components, and smart electronics along with premium fresh foods and other high-value perishables.

Aerotropolis Institute China fellows Michael Canon, Ram Menen, and I have been studying the aviation networks, multimodal surface infrastructure, cargo handling facilities and operations, new technology applications, Customs, regulatory environments, regional industry mix, and related factors underlying the growth and competitive advantages of many of the most prosperous global air logistics hubs.

These include, among others, Hong Kong (HKG), Singapore Changi (SIN), Memphis (MEM), Dubai (DXB and DWC), Amsterdam Schiphol (AMS), Frankfurt (FRA), and Paris Charles de Gaulle (CDG), as well as European mid-sized airports that have evolved into thriving international logistics centres such as Brussels (BRU), Liege (LGG), Leipzig/Halle

(LEJ), and Luxembourg (LUX). While each of these successful hubs has unique features, I synthesise below common characteristics that make them flourish.

## AIR NETWORK POWER

The primary engine of a global air logistics hub is not the airport per se, but its aviation network including the types of aircraft utilised.

The ideal hub possesses the right mix of widebody passenger and all-cargo aircraft operations bolstered by an international hub airline that provides it with expansive, high-density routes often supported by regional road feeder services (RFS).

All major air logistics hubs possess extensive international air routes with Hong Kong, Singapore Changi, Dubai, Amsterdam, Frankfurt, and Paris CDG relying heavily on daily scheduled widebody passenger aircraft whose bellies carry over 50 % of the airport's cargo.

International widebody passenger aircraft not only generate considerable direct cargo lift on a more frequent schedule than air freighters; they also offer the airport's cargo and express airlines additional on-demand capacity, agility, and market reach by providing them with belly space options through inter-airline agreements.

Greater volumes of belly cargo, in turn, make more international passenger aircraft flights financially feasible by providing them with a margin of profitability, thus contributing to airport route expansion. Traditionally averaging 13% of major international passenger airline



revenues, cargo revenues were double that percentage in COVID-impacted 2021 and 2022.

Belly cargo likewise contributes to the competitiveness of the airport and its outlying regions by offering more economical rates.

Total air logistics costs are lowest at global gateways with extensive non-stop routes served by widebody aircraft, enabling freight forwarders to consolidate broader regional cargo for lower unit shipping rates while minimising temporal and other costs of further cargo transfers among aircraft.

International route expansion at some hubs has been accelerated by an 'Open Skies' policy, with Dubai the exemplar. Open Skies essentially allow a foreign airline to serve the airport, as long as appropriate slots are available, and the market sustains the flight.

Since most hub airports are dominated by national flag carriers which tend to be highly protective of their passenger market, commencing with Open Skies for cargo-only aircraft, as India demonstrates, can be a fruitful first step.

Acquiring international 'Freedoms of the Air' through bilateral and multilateral agreements has proven essential to the success of many of the largest global air logistics hubs. These include 5th, 7th, 8th and 9th Freedom Rights, the last three being particularly important for international air express airlines such as FedEx, UPS and DHL to establish a foreign regional hub at the airport.

Several of the top global air logistics hubs offer international express and cargo airlines 7th Freedom Rights, which have proven instrumental to their establishment of foreign regional hubs. These 7th Freedom Rights permit airlines serving a foreign airport to feed cargo to and from it via other foreign countries without having to connect to their home countries.

For airports in large, geographically expansive countries, extending 9th Freedom Rights to an international express airline to further connect its aircraft to other domestic airports increases the appeal of the airport to become a foreign regional hub by the likes of FedEx, UPS or DHL.

To operate a foreign hub, these express airlines usually require 'change of gauge rights', as well, in order to transfer cargo between their long-haul widebody and short-haul narrowbody aircraft for smaller, more dispersed shipments. Even here, though, national regulations can impact logistics system efficiency by requiring international air express operators to subcontract with local firms such as ASL in Europe and Blue Dart in India for first and last-mile delivery.

Many hubs permit airline ownership and operation of cargo terminals. For example, all the freight terminals at HKG, the world's busiest cargo airport, are privately owned and operated while self-handling of cargo is desired (or required) by integrator express and some general cargo airlines.

### WINNING ON THE GROUND

Whereas aviation networks are the primary driver of air logistics hubs, the battle for air cargo is ultimately won on the ground. Even in the fast-paced integrator/air express sector, on average less than 15% of the time consumed in door-to-door air cargo shipments is airborne, while international general air cargo still takes an average of six days from shipper to consignee.

Top global air logistics hubs are distinguished by the speed, agility, security, and predictability of cargo ground handling. They feature state-of-the-art, fully automated freight terminals, the highest quality cool chain, and other temperature control facilities and equipment.

They also boast express Customs clearance including preclearance of cargo prior to aircraft landing, minimum dwell time for RFS and in-transit cargo, expertise in handling out-size cargo, live animals, and consumer valuables, have a cloud-based air cargo community systems that provide for the real-time secure exchange of information and data to all stakeholders along the entire air cargo chain, and paperless single-window electronic declaration of imports and exports that go instantly to all pertinent government agencies.

The most innovative air logistics hubs are taking digitisation a revolutionary leap forward by introducing AI technologies



and predictive analytics for real-time space and pricing optimisation and to reduce the risk of cargo facility overbooking or underutilisation.

AI further allows logistics operators to move well beyond track and trace cargo chain visibility into the realm of simulation and control of the entire cargo chain, providing solutions for any forecasted cargo chain disruption and even preventing the disruption from occurring.

Well-trained airport technical staff service these functions. This includes monitoring digitised sensors that provide a central control unit with the status and conditions of the airport's cargo 24/7.

Not surprisingly, all leading air logistics hubs score high on World Bank Logistics Performance Index measures (see the World Bank's Connecting to Compete report for 2023). This is especially so for Customs performance, which exhibits a strong positive correlation with on-time delivery of international shipments. Logistics hub performance is typically best where Customs officers and border control agents act as facilitators of trade rather than as policemen.

**LEVERAGING MULTIMODALITY**

Fast and seamless intermodal cargo transfers are likewise features of top air logistics hubs. Some such as AMS, HKG, SIN, DXB, MEM and LGG are quadrimodal, meaning that they effectively integrate air, highway, rail, and waterborne transit modes for competitive advantage.

Dubai provides a rich lesson on how to enhance air cargo flows across different modal infrastructures. The emirate's government established bonded highway freight corridors among its two airports (DXB and DWC), Jebel Ali seaport, and its land ports creating multimodal efficiencies that accelerated logistics hub growth.

Most of the world's leading air logistics hubs are efficiently linked to thriving inland ports that receive and ship substantial cargo via rail and truck. Several of these provide the complete set of 'freight village' features including rail/truck intermodal interfaces, warehouses, fulfilment centres, parts distribution, light manufacturing

and assembly, free-trade zones, Customs operations, truck maintenance, hotels, restaurants, and leisure/rest venues.

The most effective global air logistics hubs speed up international commerce and trade through Fintech and the free movement of major international currencies. They also provide an attractive business environment for freight forwarders and third-party logistics providers (3PLs).

While the beneficial owners of cargo are the shippers (e.g. manufacturers) and consignees, forwarders and 3PLs are instrumental in connecting them, including selecting the airport and airline for payload transit. This selection plays a critical role in an airport region's air cargo leakage via trucking to more distant competitor airports.

Looking to the near future, specialised high-speed cargo trains are on the horizon. China, for example, has already developed a prototype high-speed cargo train that it said to be capable of carrying up to 110 tonnes of goods while traveling at speeds of around 350 kilometres per hour.

An express package and e-commerce logistics park is being designed adjacent to the large high-speed rail station in the Zhengzhou Airport Economy Zone, which will be connected to the airport's cargo areas six kilometres away. Plans are also underway for a 400 square-kilometre 'Oriental Aerotropolis' in Shanghai, the project being driven by Shanghai Pudong Airport (PVG) and the new high-speed rail station under construction nearby.

In Europe, airport high-speed rail cargo synergies are being pursued at Paris CDG. Known as EuroCarex, France's TGV system will be connected to those of other Western Europe nations to carry air pallets/containers to main European airports and express hubs on distances between 300km and 800km. Opportunities and challenges to be overcome are part of ongoing feasibility studies.

The future is already here for drone cargo delivery. Airport management must consider thinking about the safe and efficient integration of drones into their air cargo areas and providing locations for next-generation aircraft such as





eVTOL, avoiding any conflicts with the airport's crew-operated commercial aircraft.

New modes of air transport plus rapidly evolving AI call for fresh thinking and proactive agility by management to capitalise on these and yet-to-be-imagined innovations that will transform today's airports into tomorrow's.

## THE WAY FORWARD

Let me summarise with 15 succinct suggestions on how to create a world-class air logistics hub.

- Because international aviation networks power global air logistics hubs, expanding international cargo and widebody passenger services through incentives to airlines, regulatory liberalisation, and improving airport operations must be a priority.
- Work diligently with regional leaders to grow and diversify the airport region's aviation-oriented industrial base to improve the prospects and reduce the risks for international cargo airlines operating and expanding at the airport while boosting regional economic output.
- Acquire 5th, 7th, and 8th Freedom Rights and, where appropriate, explore 9th Freedom Rights to appeal to a major foreign air express airline to establish a regional hub at the airport.
- Regularly upgrade the airport's aeronautical infrastructure and cargo facilities for receiving, handling, and shipping freight, but don't outrun demand-driven headlights.
- Allow general air cargo and air express airlines that are willing to establish a significant presence at the airport, at their own expense, to construct and manage their facilities, including self-handling of cargo should they desire, with any added costs to the airport or Customs paid by the airlines.
- Assess and pursue optimal ways to accommodate air cargo drones and eVTOL aircraft at the airport and nearby areas in a non-conflicting way with crewed commercial carrier operations, putting safety first.
- Aggressively recruit more international freight forwarders and 3PLs who are frequently the primary decision-makers for large shippers and consignees regarding which airport and which airline their products will be transported internationally.

- Determine the amount of air cargo originating in the airport region that is trucked to competing airports for international transport and work to minimise cargo leakage. Capturing a good portion of this leakage may support more international cargo routes and make new international passenger aircraft routes financially feasible.
- Create a paperless cargo environment by going fully digital, implementing single-window electronic Customs declarations for all imports and exports, and utilising the latest application programme interface (API) and air cargo community system software for real-time secure access to cargo status by pertinent stakeholders.
- Recognise that AI will be a major disruptor of the air cargo sector as it already is in many other commercial and societal sectors. Make plans to fully leverage AI including bringing on board the technical talent to implement it.
- Accelerate the development of intermodal inland ports and freight villages, as well as e-commerce and time-critical packages logistics parks adjacent to high-speed rail stations where they are operational in airport regions, and efficiently connect them to the airport's cargo area through freight corridors including bonded corridors if necessary.
- Develop free trade zones that will allow the layering of ancillary light manufacturing and assembly facilities, fulfilment centres, spare parts distribution bases, and other inventory-holding activities along with providing Fintech and a liberalised monetary environment that fosters free currency movement to accelerate transactions and trade.
- Regularly benchmark the logistics performance of the airport and its extended aerotropolis using the seven basic indicators of the World Bank's 2023 Logistics Performance Index.
- Conduct a complete audit of all nodes impacting the airport's average time to clear cargo from a flight focusing on where and why delays are occurring. Is it ground handling, security, Customs, taxation agencies, health ministries, etc, and are the problems regulatory, document or operations-related? If the airport's shippers, freight forwarders, ground handlers, and cargo-carrying airlines are interviewed, it should become apparent where the problems lie that should be addressed.
- Establish a Global Logistics Hub Task Force made up of airlines, airport executives, freight forwarders, 3PLs, manufacturers/distributors, logistics training institutions, metropolitan region business and government leaders, and other key stakeholders to promote and advance the air logistics hub on multiple fronts.

### ABOUT THE AUTHOR

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# DESTINATION NET ZERO

SNC-Lavalin and Engineering Net Zero director, Isabelle Smith, shares insight on the challenges ahead and explains why data-driven decisions will be fundamental in achieving the industry's green ambitions.

**T**he long, steady journey to reduce carbon emissions is becoming urgent. Against the unrelenting pressure of a changing, unpredictable climate, the task is enormous.

Aviation accounts for 2.5% of global CO2 emissions, but its overall contribution to climate change is significantly higher when other non-CO2 gases, contrails and particulates are considered. Aviation emissions are also hard to abate, due to the high cost and limited maturity of decarbonisation measures and technology.

Aviation infrastructure also faces a physical climate risk, with 25% of the world's busiest airports all situated less than 10 metres above sea level.

This means that if we want to deliver sustainability in aviation, we will need to use assets more efficiently, more innovatively, and more collaboratively. We also need credible plans to retrofit and redesign this extensive asset base, changing behaviours and integrating new technologies.

As net zero commitments draw closer each year, we need to start making intelligent investment decisions now in order to get programmes in place that will drive sustainability in the long run.

Sustainable aviation in terms of airports is a particular challenge. Airports are highly operational clusters of buildings, underpinned and interconnected by complex utilities infrastructure.

As quasi mini-cities, airports resemble industrial ecosystems more than a standard estate portfolio. They are the nexus of diverse aviation supply chains, fulfilling a critical, strategic role in the entire transport sector.

And although airports contribute only a small share of aviation emissions, they stand at the vanguard of the transition, because decarbonising aircraft emissions is not possible without the right infrastructure and systems in place on the ground.

What airports do, and when they do it, matters a great deal. Without a programme of broad, forward-thinking investment, the rest of aviation will not be able to decarbonise.

## ONWARDS AND UPWARDS

Building a long-term strategy for decarbonisation is difficult enough, let alone actually deploying a programme of interventions at scale. While energy reduction typically has a quick return on investment (being measurable and quantifiable over the short-term), decarbonising means going beyond cutting down on power.

Strategic leadership and commercial innovation are crucial. Writing, and acting upon, the commercial case for change will only be successful if interwoven with transparent, informed decision-making and a clear reporting process. Without an improved line of sight to the performance of assets, rooted in an adaptive framework for interventions and investment, decision-making will be neither clear nor confident.

Decarbonisation of airports also demands a holistic view that connects the boardroom to the furthest end of the supply chain. Capturing and reducing emissions at scale will require an intricate, multi-disciplinary understanding of the processes that define complex organisations, engaging stakeholders and driving strategic intent into the wider supply chain.

It will be vital to create new structures for collaboration and co-ordination. And it is airports that are in a privileged position to pave the way here, due to their economic weight, scope for innovation, and unique ability to lead collaboration across stakeholders.

Strategic partnerships with net zero delivery partners are also becoming an increasingly important element of decarbonisation. Setting up joint ownership of outcomes and deliverables can transform the planning process by embedding sustainability and streamlining the path to actually delivering it.

### ADAPTING TO A CHANGING WORLD

In a changing regulatory and energy landscape, flexibility is also fundamental. As the price of electricity fluctuates, interest rates rise or new green investment funds appear, powerful positive and negative effects will alter the commercial viability of long-term decarbonisation.

That's another reason why data-driven decisions are key. By scenario modelling macro-economic changes, and transparently demonstrating the sensitivity of a given roadmap, decision making is more informed – improving planning and resilience and mitigating risk.

Roadmaps should be built upon high-quality data, and quickly adapt to environmental and economic changes. In an uncertain world, it's all the more important that business cases are agile and reactive.

We can start employing approaches that ascertain and deliver more sustainable value for money, alongside working with supply chains to realise far-ranging benefits.

By illuminating the most impactful, valuable and cost-effective choices, and revealing the long-term risk of others, it's possible to change direction by small turns, with targeted decision-making that both improves performance now and lays the foundation for future decarbonisation.

### AIRPORT OPPORTUNITY

The airport's importance to the energy system – and its future – is significant. Take Keflavik Airport, in Iceland, where Atkins-SNC Lavalin recently modelled an airport-wide energy transition to hydrogen.

The report concluded that, to support that transition, all of Iceland's energy generation and distribution would need to massively increase. And as emerging

technologies mature, airports will be the critical enabler of airlines' ability to use fuel sources like SAF (which IATA estimate could make up around 65% of the emissions reduction needed by 2050) at scale. All of which makes airports a potent driver of energy transformation.

That's why we increasingly expect airports to take on the net zero challenge internally, creating micro-grids and future-proofing their own utilities infrastructure, which may include transforming business models and becoming energy providers in their own right.

Moreover, because airports are well integrated into local economies, and can act as an influential decision-making entity, they're perfectly placed to work with governments, tapping into green funding and amplifying the effects of sustainability down through their diverse supply chains. If airports lead the way, they have the opportunity to cascade change throughout aviation.

### FINAL CALL

Delivering net zero in a financially sustainable way is difficult. Technology alone is not a silver bullet, which is why we recently launched Decarbonomics™ Airports, a service fully integrated with multi-disciplinary expertise.

'Decarbonomics Airports' is an emergent solution based on our existing Decarbonomics building platform. It combines multi-disciplinary expertise with data science and digital technology, to help complex environments, like airports, identify where and how to reduce carbon – and confidently navigate a path towards sustainability.

As more data is collected, a more accurate picture of an airports emissions starts to emerge, whether that's from inside the terminal building or the ground fleet.

Once you have benchmarks, a tailored roadmap can be created to start reducing emissions as efficiently as possible. That roadmap is also completely agile to the changing macro-economics that always exist in long term delivery programmes.

However, data-driven delivery must coexist with enhanced human decision-making and problem solving. Without a clear line of sight into the impact of commercial decisions, and justification for taking them, transformation will be filled with uncertainty and risk.

The road to net zero is no doubt a huge challenge, but also presents an exciting catalyst for change and transformation for airports and the wider aviation sector.

If we can proactively identify and navigate the risks and opportunities, by applying data insights, we can look forward with optimism to a low-carbon future of travel.

# WBP NEWS

The latest news and views from ACI Asia-Pacific's World Business partners.

## ENHANCING THE PASSENGER EXPERIENCE AT BLR'S TERMINAL 2



The new Terminal 2 at Bengaluru's Kempegowda International Airport (BLR) continues to impress visitors with its state-of-the-art technology and unique garden aesthetic, designed to reflect Bengaluru's status as India's 'Garden City'.

Based on the success of a previous collaboration for its self-service solutions in Terminal 1, Bangalore International Airport Ltd (BIAL) commissioned Materna IPS to equip the new terminal with 34 Self Bag Drop systems in a bid to optimise the passenger journey.

And BIAL's commitment to constantly looking to enhance the passenger experience at BLR led to Materna IPS' Flex.Go systems being put into operation in the first half of 2023, with AirAsia India and Air Vistara becoming the first airlines to offer the technology to their passengers.

The SBDs (Self Bag Drop) are said to be equipped with artificial intelligence-based dimensional and "conveyability detection" to ensure smooth and secure a baggage drop.

Other features, such as biometrics, can be added at a later stage depending on the airport's requirements. The integration of an excess baggage payment solution is in progress.

Dr Georg Oschmann, managing director of Materna IPS, said: "Everyone involved is absolutely honoured to take our collaboration with Bangalore International Airport further and we want to thank BIAL for their continued trust in our products."

## NEW LOOK DUTY FREE OUTLETS AT KUALA LUMPUR INTERNATIONAL AIRPORT



Heinemann Duty Free Malaysia has officially launched its redeveloped stores at Kuala Lumpur International Airport, Terminal 2 (KLIA Terminal 2).

As a result, it claims that passengers travelling through KLIA Terminal 2 departures can now look forward to a "refreshed and inviting store across all categories, further enhancing the overall airport experience".

The new store design is said to be guided by Heinemann's vision of Malaysia as a proud, dynamic and innovative nation. Along with the Heinemann Duty Free retail brand, Heinemann has also launched its web shop and click-and-collect service for KLIA Terminal 2 passengers, which it hopes will provide a more convenient way to shop as part of its ambition to turn travel time into valuable time.

As part of its contract renewal and store redevelopment, it has also taken over gate retail space at the airport, a move which has increased its total footprint at KLIA Terminal 2 to 1,686sqm.

## NUCTECH ATTENDS ICAO SYMPOSIUM

Nuctech was invited to take part in the ICAO Global Implementation Symposium in Seoul, South Korea, earlier this year, which showcased the latest aviation technologies such as its advanced security inspection solutions for screening passengers and baggage.

These included its WooKong series stationary CT baggage inspection systems; CTitan Air Cargo CT inspection system; and MW1000AA Millimetre-wave Body Scanner.

## BAR WITH BEST VIEWS OF AIRFIELD OPENS AT HONG KONG INTERNATIONAL AIRPORT



Hong Kong International Airport's Sky Bridge has its own cocktail bar after the June 15 opening of 'Intervals' by the Plaza Premium Group (PPG).

PPG boldly promises that the first-of-its-kind concept will offer "an unparalleled world-class cocktail and dining experience". Indeed, it describes Intervals as being a destination-in-its-own right, offering "a creative concept that elevates the airport experience with a unique food and drink programme on the Sky Bridge".

At 200 metres long and 28 metres high, Sky Bridge is the world's longest airside bridge, its unique vantage point offering visitors spectacular views of the entire airfield.

Mei Mei Song, PPG's brand and product transformation director, said: "Our commitment is to make travel better and we are grateful that Hong Kong International Airport has always offered a platform for us to drive new concepts to uplift the passenger experience.

"As we celebrate our 25th anniversary this year, it is fortuitous that we're able to work together again to introduce a new experience by creating a world-class airport bar that is a destination in itself. We hope everyone can take a moment and treat themselves to their favourite tittle, over some good food with spectacular views of the airport, giving passengers a new way to spend their time at the airport."

Alby Tsang, head of retail and advertising for Airport Authority Hong Kong, said: "We are delighted to welcome Intervals, which offers passengers with an elevated dining experience. Sky Bridge is the world's longest airside bridge and it is aspired to be the iconic feature at HKIA and we hope passengers could enjoy the stunning view of airport during their visit at Intervals."

## WBP PROFILES



### ALSTEF GROUP (GLIDEPATH LTD)

**Location:** New Zealand

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**W:** [www.glidepathgroup.com](http://www.glidepathgroup.com)  
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With a dedicated team aviation and aerospace specialists, Marsh has extensive industry experience to help you navigate the unique risk-related challenges that you face. Clients both large and small choose Marsh to gain access to our industry leading intelligence, analytics, risk placement, claims handling and risk consulting capabilities and know our depth of expertise can help negotiate competitive pricing and cover for your company's risk and insurance requirements.

### OAG AVIATION WORLDWIDE PTE LTD

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### TOP AWARD FOR HONG KONG INTERNATIONAL AVIATION ACADEMY

Hong Kong International Aviation Academy (HKIAA) has been awarded Platinum Training Centre of Excellence status in ICAO’s TRAINAIR PLUS Programme (TPP), the programme’s highest recognition.

It is just the second organisation in the world to receive the prestigious ACI-ICAO recognition. By providing a methodology that streamlines and standardises aviation courses, the TRAINAIR PLUS Programme aims to support civil air transport in sustaining a safe, secure and steady development.

Simon Li, president of HKIAA, said: “We are honoured to receive the advanced recognition from ICAO. The Academy has provided a diverse range of programmes and courses to over 230,000 local, Mainland China, and overseas participants since 2017.

“We are glad that our continuous efforts are acknowledged. Looking ahead, we shall further innovate and expand our courses for regional aviation talent. We will strive to be the pioneer incubator to nurture and enrich industry specialists to serve the ever-growing aviation industry.”

### HUGE NEW INDIAN AIRPORT TECHNOLOGY DEAL FOR SITA

SITA has been awarded a landmark deal by the Airports Authority of India to provide technology to 43 of India’s biggest airports.

The deal will see improvements at over 2,700 passenger touchpoints, paving the way for the adoption of “new-age solutions” to meet the modern passenger’s expectations.

Initially deployed across 43 airports, the technologies are scalable to an additional 40 airports over the next seven years. Over 500 million passengers are expected to be processed during this period.

The roll-out of new cloud technology will enable Indian airports to shift to common use passenger experiences where multiple airlines can leverage the same infrastructure, such as check in counters, self-service kiosks, and boarding gates.

Sumesh Patel, SITA’s president for Asia Pacific, said: “The number of airports in India is expected to increase from 148 today to 220 by 2025. The new airports will bring closer together India’s almost 50 cities with



populations exceeding one million people, creating substantial economic value in the long-term.

“By connecting these cities better, air travel and transport will help unlock the full potential of India’s economic growth too. Ensuring efficient and fluid operations and a seamless passenger experience at these airports will be critical to delivering on India’s air transport industry opportunity.”

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