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AIRPORT DEVELOPMENT

(Middle East)

Airports in the Middle East will spend USD 86 billion in expansion projects up to 2025, according to the latest research by Frost & Sullivan. The region's aviation industry has expanded despite the pressures of the global recession and is expected to grow further, said Frost & Sullivan in an analysis of the 'Middle East Airports Infrastructure Market'. A backlog of Middle Eastern orders for the A380 jets, which accounts for 50% of global deliveries, will drive the aviation sector in the region. "The emergence of the Middle East as a global hub in the future is attributed to the expansion of the twelve major airports across the region that constitute over 90% of the total investment of USD 86 billion in the region," Gautam Ratan Kanal, research analyst, said and added that at present the region's main airports do not have the capacity to cope with rising passenger numbers and so are having to invest heavily on expansion plans to capitalize on growth. With 57% of investments being allocated for construction and terminal expansion, the region is anticipated to offer significant potential for private infrastructure investors, he added. Another key factor threatening market prospects is the political heterogeneity across the region. Kanal added: "The lack of technically skilled labour, unfeasible labour costs, and scarcity of land are likely to hamper market growth in the region. The current economic slowdown will not impact the Middle East commercial aviation industry, and airport development activities will persist despite the slowdown as most expansion activities are funded by governments in these countries."

The Middle East is projected to be the only region that will witness an increase in traffic as a result of the growing demand for air travel in the region, Frost & Sullivan said. Following build-operate-transfer (BOT) models for expansion, with the grant of concession to private operators, is regarded as a solution to overcome these challenges. Private investors that have government backing will be in a better position to smoothly execute expansion and operation plans, the analyst noted. "The civil aviation authorities of respective airports need to examine private participation in expanding and operating airports in order to leverage operational efficiencies," Kanal concluded in the report. -- Passenger traffic, cargo traffic, and aircraft movements across major airports in the region are expected to grow at a compound annual rate of 8.7%, 8.5%, and 4.8%, respectively, from 2008 to 2015. #872.1

Fujairah International Airport has announced that it has stepped in as one of the key sponsors of the first edition of Emerging Markets Airports Awards (EMAA) to be held on 26 April 2010 in Dubai. Organized by Arabian Reach, the region's leading marketing and promotions company, the EMMA 2010 will honour excellence in 23 categories of airports operations and of



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professionals from the emerging markets of the Middle East, Africa, the Indian subcontinent, Russia, and the CIS states. -- Launched with a vision to be recognized as the biggest and most prestigious event in the industry calendar EMAA 2010 is already being touted as the 'Oscars of the airport industry'.

"The aviation industry in the Middle East and around is witnessing phenomenal growth despite the global economic downturn. Investments of nearly AED 300 billion are being made to add new capacity or upgrade existing airports infrastructure across the region. EMAA 2010 will recognize the outstanding contributors from within these projects and lets you tap into the investment opportunities they offer," said John Ellis, CEO, EMA Awards office. -- The idea of having a distinguished award function recognizing the talents of the industry across the Mid East and other emerging markets was voiced during the 2009 Inter Airport Europe trade fair that took place in Munich in October 2009. Nominations for EMAA 2010 have begun on 1 December 2009 and will end on 14 February 2010. All submissions are independently scored by a panel of judges comprising of some of the most prominent names from the region's retail industry. They will be audited by Frost & Sullivan, the reputed international business research and consulting firm, to come up with a list of candidates for the voting process. Voting will take place from 25 February to 20 March 2010. An elite panel of advisors made up of industry stalwarts will guide the process.

For more details and updates, go to <http://www.arabianreach.com/ema/> #872.2

BAHRAIN

Two new terminals are to be built within four years at Bahrain International Airport as part of a BHD 1.8 billion (USD 4.7 billion) expansion project. The expansion, planned over the next 30 years, will triple the passenger capacity to 27 million a year, Gulf Daily News reported. Terminal 2 will be commissioned by 2012 and Terminal 1A will become operational a year later, according to Bahrain Airport Company (BAC) CEO Dr Osama Alali. "The two new terminals will make the BIA one of the most modern and futuristic in the world," he said in an interview. "All modern facilities, including recreation and leisure areas, shopping centres, hotels and anything else that a modern traveller needs, will be incorporated in the new development." Artist designs even include a swimming pool, he added. The existing terminal building will be demolished in 2014 and replaced with a brand-new state-of-the-art structure within a few years, said Alali, adding: "Piling work on the Terminal 2 construction will begin early in 2010 and construction will go on at a rapid pace thereafter." #872.3

QATAR

The New Doha International Airport – NDIA currently under construction outside the capital (#858.21) is expecting to handle 24 million passengers and 1.4 million tonnes of cargo in each of its first few years of operation. Qatar official Abdul Aziz al-Noaimi told a business conference in Qatar that the first passengers will be received in July 2011. The airport, built at an estimated cost of USD 14 billion, will serve as the new hub for national carrier Qatar Airways which has orders for more than 220 new aircraft. NDIA has been envisioned to become a major international gateway to the region. Akbar al-Baker, CEO of Qatar Airways and Doha International Airport, said in a recent interview: "This airport will be state-of-the-art, very environmentally friendly, and have a very sustainable design compared with any airport that has been built in the world."

Once completed, NDIA will be one of the first airports in the world designed to handle the Airbus A380. The British airline advisory firm Skytrax Research has confirmed that Qatar Airways will

receive five stars in the company's listing for 2009-2010, the only airline in the Middle East to receive such a status. -- Construction at the new Doha airport began in 2004 and 20 000 construction workers are involved in the building process. Many of the new airport buildings will have a water theme. The passenger terminal roof is shaped like a wave. Water is also featured along the arrival walkways. Flights and travel processing facilities will be organized in a way to minimize walking distance for passengers. Moving walkways will also help to shorten the distance to the contact gate. #872.4

* Qatar, the world's largest gas exporter, is investing heavily infrastructure development to diversify the economy away from hydrocarbons, help propel itself on the international arena and become a transport hub between Europe and Asia. Qatar is vying with Abu Dhabi and Dubai to become the Gulf's transit hub with all three boosting airport capacity. #872.5

IRAQ

The Ministry of Transport has formed a specialized committee to follow up the establishment of modern airports using funds from the investment body and allocate representatives in all provinces to follow up and stimulate work in this regard. An official source at the Ministry said that Transport Minister Amir Abdul-Jabbar held a meeting with specialists in aviation to discuss the establishment of airports by investment according to the requirements and regulations of civil aviation in the provinces that wish to do so in support of the investment sector and its development. The source added that co-ordinators will be selected from the investment body and determine the timeframe for the work of the Committee and the ratio of investment which will be determined according to a study on the economic feasibility of each project. The source said that the ownership of land on which the airports will be established belongs to the Ministry of Transport, represented by the Civil Aviation Authority; as for the other lands that belong to the Ministry of Defence or other bodies, such as military airports, their ownership will be transferred to the General Establishment of Civil Aviation through approaching the bodies concerned. #872.6

JORDAN

Airport International Group (AIG), the Jordanian company responsible for rehabilitation, expansion and operation of Queen Alia International Airport (QAIA) at Amman (#858.32), has been awarded the ISO 9001, 10002 and 14001 Certification for QAIA's Operations quality management systems. The ISO certification is an official recognition of AIG's on-going improvement of QAIA Operations and ability to provide quality services in meeting customers' expectations through efficient management systems, which is the prime focus and the long-term commitment of AIG to travellers, airlines, and business partners. #872.7

* The USD 750 million rehabilitation and expansion works under way at QAIA (#868.33) include construction of a new state-of-the-art 100 000-m² passenger terminal for up to 9 million passengers annually. AIG, under a 25-year concession agreement with the Hashemite Kingdom of Jordan, is responsible for the rehabilitation of existing facilities and construction of the new terminal. -- AIG is a Jordanian company with private shareholding by Invest AD (Abu Dhabi, UAE), Noor Financial Investment Company (Kuwait), Edgo Group (Jordan), Joannou & Paraskevaides (Overseas) Ltd (Cyprus), J&P-Avax (Greece), and Aéroports de Paris Management (France). #872.8



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SAUDI ARABIA

'Prince Muhammad bin Abdulaziz International Airport' in Madinah has embarked on a massive SAR 9 billion (USD 2.4 billion) build-operate-transfer expansion project (#858.7) to increase annual capacity to 30 million passengers, mostly pilgrims coming for hajj and umrah. The first phase of the project will be completed in 2014. Ala Samman, Director General of Business Development & Properties at Domestic Airports, said the General Authority of Civil Aviation (GACA) has taken into consideration the prospect of an increase in pilgrims over the next 30 years and the contract for the project would be awarded in October 2010. The project would reduce the pressure on Jeddah's 'King Abdulaziz International Airport', the main gateway of pilgrims, Samman added. – Madinah Airport currently has the capacity to handle 3 million passengers each year. #872.9

An expansion plan for 'King Khaled International Airport' in Riyadh has been approved the General Authority for Civil Aviation (GACA). The project will see the first phase of work increase the airport's annual capacity to 25 million passengers. "The project includes developing the airport commercially. It will also improve services to passengers and create more jobs for Saudis," Prince Sultan bin Salman, Chairman of the Saudi Commission for Tourism & Antiquities, told Arab News. -- An independent office will also be set up to investigate flight accidents under the control of the GACA, the paper reported. #872.10

The latest Infrastructure report for the fourth quarter of 2009 said that Saudi Arabia gives more attention to upgrading airports in the Kingdom with a number of them set for expansion. "Saudi Arabia stands apart from many of its regional peers as demand for infrastructure and construction projects is fuelled by domestic demand - as opposed to tourism or international demand - and thus is still evident during the global downturn," the report said and that a more comprehensive driver of growth are the Government's efforts to sustain much needed infrastructure projects. The report revised the forecast for 2009 upward, expecting real growth of 2.86% year-on-year in the construction industry, to reach a value of SAR 78.71 billion. Activity has been on-going in the majority of the major infrastructure projects currently under way with Government support, providing the lynchpin for much of this. In the airport sector, USD 11.3 billion worth of expansion is planned at Jeddah's 'King Abdul Aziz International Airport' (#835.13) where the Government aims to increase the passenger capacity from the current 16 million to 80 million in 2035 when the phased project is completed, and a USD 2.4 billion expansion project is in the pipeline for Madinah (see above). #872.11

* At Jeddah's 'King Abdul Aziz International Airport', the Government decided to upgrade the three runways and increase their size to 4000 m in length and 75 m in width to accommodate new-generation aircraft such as the A380. After completing upgrades of the runways and surrounding facilities, the airport will begin its terminal expansion in three phases. Phase 1 will accommodate up to 30 million passengers per year with in the new passenger terminal complex. The phase is expected to be completed by 2012 with 46 gates, a new air traffic control tower, and an air cargo village with handling capacity of 1.5 million tonnes of cargo per year. Contracts that will be up for tendering will include the deep foundation of the new terminal, relocation and demolition of facilities surrounding runways. Phase 2 will further increase passenger capacity to 50 million by 2020 and the third phase will see total capacity jump to 80 million passengers by 2035. The passenger terminal



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complex - when finished in 2035 - will cover 1 million m², while the cargo village will have a capacity of 3 million tonnes. #872.12

A General Authority of Civil Aviation (GACA) project calls for the design and construction of a civil airport in the Dhiba area of Tabuk in northern Saudi Arabia on the Jordanian border. The USD 1 billion project is still at very early study stage. No technical information is known to be available at this time. #872.13

UNITED ARAB EMIRATES

In late December 2009, Abu Dhabi Airports Company (ADAC) officially launched Skypark – the region’s first dedicated car-parking services brand – with special introductory offers for customers pre-booking and paying for their parking requirements at Abu Dhabi International Airport. Customers can book spaces up to 31 March 2010. Having only introduced its state-of-the-art parking facility at the airport’s new Terminal 3 in October 2009, Skypark has already received nominations for innovation at the recent Gulf Traffic Awards 2009 for its use of the latest technologies in parking services. These include: a ‘Car Finder’ tool, anti-theft Licence Plate Recognition technology, as well as the more obvious lighting indicators that allow drivers to spot available spaces from almost all areas of the carpark. #872.14

Abu Dhabi Airport Services (ADAS), the ground handling operator and subsidiary of Abu Dhabi Airports Company (ADAC), has been awarded the international quality standard ISO 9001:2008. The certification follows a formal audit by external auditors TÜV Nord Middle East, with key areas of strengths in the assessment including the company’s quality systems and procedures, as well as staff awareness, i.e. how they contribute to the overall success of these goals. Examples of these include the Quality Awareness Quizzes and Quality Management System briefings regularly conducted for employees. Huraiz Almur bin Huraiz, Chief Commercial Officer for ADAC, said: “ADAS is pleased to have been recognized for its on-going commitments to service and consistent high quality levels and in achieving this certification. This is testament to an all-round team achievement but we remain forward-looking and committed to developing more ways to enhance our operations in the future.” With the quality systems and processes for the ISO 9001:2008 certification in place, ADAS is carrying out internal service delivery audits for its customer airlines to ensure compliance with the IATA Airport Handling Manual Section 804. ADAS will further develop this series of quality programmes by introducing the IATA Safety Audit for Ground Operations (ISAGO) in 2010. #872.15

Dr Khaled Almazroui, General Manager of Fujairah International Airport, has announced plans to open an executive business jet terminal with five-star facilities and dedicated aircraft parking by mid-2010, Emirates Business has reported. The terminal will be able to accommodate about four aircraft at a time, and will have separate immigration and passport control sections, as well as a VIP access, he said. The airport has entered into an agreement with an Australian company to manage the terminal and do marketing activities. #872.16

Dubai Airports has started hiring key staff to manage the first phase of the new Dubai World Central-AI Maktoum International (DWC-AMI). The airport operator has set up a “small transition team” to start operations at the Jebel Ali airport, which are expected to begin in June 2010. More people



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will be added as time goes by. "In the meantime, we are also internally moving people and promoting some who have done well in their existing role," said Paul Griffiths, CEO of Dubai Airports, which will operate both Dubai airports. The new temporary terminal at DWC-AMI will have a capacity of handling 5 million passengers per year. Griffiths also said that Emirates Airline could shift its hub to DWC-AMI in around 2020, when Dubai's new airport was capable of handling the air traffic. Emirates will not run operations at both the airports, confirmed Griffiths, and would make the move once five runways, two terminals and the concourses were operational. -- Dubai Airports' traffic forecast for Dubai International and Dubai World Central-Al Maktoum International projects 13.6% growth in international passenger traffic in 2010 with total passenger traffic expected to top 46 million. #872.17

OMAN

Several international firms have submitted bids for a consultation contract for building an airport on the strategic Strait of Hormuz, a Tender Board official said. The construction tender for the airport at Musandam will be offered in the first quarter of 2010. The bidders include the U.S. firm Aecom Technology Corp., Canada's SNC Lavalin, and WS Atkins in the U.K. (#867.CON3). The terminal is designed to handle 100 000 passengers per year and would start operations in 2012. #872.18

Other regions

THE NETHERLANDS

Plans to build a new airport for Enschede to replace the city's temporarily closed Twente Airport and relieve pressure on Amsterdam-Schiphol, have been voted down by the regional parliament of the Overijssel province. Originally, the project of a new airport on the site of a former military airfield were approved by the City of Enschede because the project was expected to create 2700 jobs within five years and allow the handling of up to 2.4 million passengers. Now Münster/Osnabrück Airport in Germany, 60 km from Enschede, is expected to profit from the situation. The MSO management already has offered the Dutch neighbours a say in the future use of the airport. #872.19

ROMANIA

General Manager Tudor Jidav has announced that Bucharest-Otopeni International Airport will open a new EUR 70 million passenger terminal at the end of 2010. Construction will be supported by the airport's own funds. The new terminal with 15 boarding gates will increase the annual capacity to 6 million passengers, compared with the current 4.5 million, while the capacity per hour will increase from 1100 passengers to 2150. The investment is part of the third phase of a EUR 150 million development and modernization project at the airport. This phase also includes setting up a terminal for international arrivals until December 2011 and expanding the international departures terminal. #872.20

INDIA

The GMR Group reports that the modernization of Delhi's 'Indira Gandhi International Airport' (IGIA) is on schedule, with new infrastructure facilities at Terminal 3 set to be completed by March 2010. Three months of ORAT (Operational Readiness and Airport Transfer) trials will follow, before the new terminal is opened in July 2010. GMR says that the building will match quality



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facilities across the globe. T3 will boast 170 check-in counters spread over six islands. In addition, an advanced in-line baggage-handling system for with more than 12 500 bags per hour will be at the heart of the terminal, featuring nearly 6.5 km of baggage conveyor belts. T3 will have more than 90 travelators, in addition to 63 elevators and 31 escalators. Eight of the travelators will be inclined, the first of their kind in India. The lengths of the travelators vary between 28 and 118 metres.

In a statement, GMR said: "Work on Terminal 3 is nearing completion at a fast pace and currently, 84% of the works have been completed. The Terminal is spread across 5.2 million square feet and will rival some of the best airports in the world. In addition to its passenger-friendly features, T3 also has special features for passengers with special needs. These include specially designed ramps for wheelchairs, disabled-friendly toilets, reserved vehicle parking space, and a special contact zone service, manned by DIAL staff for unaccompanied passengers requiring special assistance. DIAL is also building two new taxiways - T and Y – that are parallel to IGIA's third runway, 11/29, opened in 2008 and has made IGIA the only airport in India with three operational runways. The two new taxiways will complement the existing parallel taxiway Z and provide additional routing options for aircraft movement on the ground." #872.21

THAILAND

Airports of Thailand Public Co. Ltd (AoT) had previously informed that the Board of Directors, at its meeting on 8 December 2009 resolved to approve the Development Plan for Fiscal Years 2010 - 2016 with an investment budget of THB 76.5 billion (including 10% contingency, 7% VAT, and interest during construction of THB 2.76 billion) and to approve the Sale of Shares in King Power Duty Free Co. Ltd. This sale of shares is not considered a transaction under the Notifications of the Capital Market Supervisory Board No. Tor Chor. 20/2008 regarding Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and No. Tor Chor. 21/2008 regarding Rules on Entering into Connected Transactions. #872.22

CHINA - Hong Kong

To ensure the same level of service for the growing number of passengers flying on smaller aircraft, the Airport Authority has invested over HKD 1 billion in a new North Satellite Concourse (NSC). The new concourse, which was soft-opened on 17 December 2009, will ensure that Hong Kong International Airport (HKIA) continues to meet its performance pledge of embarking and disembarking more than 90% of its passengers by air bridges. The NSC is designed to serve more than 5 million passengers a year at the initial stage. Situated to the north of the Terminal 1, the NSC is a two-storey facility equipped with ten frontal stands (Gates: 501 to 510) for narrow-bodied aircraft. Passengers using the new concourse depart as normal, completing their check-in, immigration and security procedures in either T1 or T2 before proceeding to a designated area at T1 to board a shuttle bus for the concourse. The concourse waiting area houses ten retail and two catering outlets. Departing passengers may also take the shuttle to T1 at any time. Passengers deplaning from an arriving flight at the facility will take a shuttle bus to T1 to clear customs and immigration, while transfer passengers will board a shuttle for their connecting flight at T1 or go to the NSC's transfer area if their next flight departs from the same concourse.

Howard Eng, Executive Director, Airport Operations of Airport Authority Hong Kong, said: "HKIA is dedicated to providing top-notch service and facilities to enhance its competitiveness as a regional and



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international aviation centre. With the new satellite concourse, less than ten flights will need to be parked at remote bays every day compared to the current 40 to 50. This means more passengers can embark or disembark their aircraft in a pleasant, weather-proof environment, sparing them the inconvenience of being exposed to hot or rainy weather."

The NSC has a floor area of 20 000 m² and is one of the core projects of the HKD 4.5 billion near-term airfield and terminal enhancement programme that was launched in 2006. Other highlights of the programme that have been completed include the reconfiguration of the Departures Immigration halls to increase HKIA's security-screening capacity by over 40%, and the expansion of the transfer area to cater for the continued growth of transit and transfer passengers. HKIA also intends to complete the upgrade of its baggage-handling system and consolidate the two Arrivals Immigration halls into one single, spacious area in the near future. The entire programme will be concluded by 2011. -- To cater for the airport's projected mid-term growth, HKIA is also studying a midfield expansion project that would provide additional aircraft stands, related apron facilities, and another passenger concourse to handle anticipated traffic demand up to the year 2020. The preliminary study will be completed next. #872.23

VIETNAM

On 12 December 2009, Deputy Prime Minister Hoang Trung Hai inaugurated the passenger terminal of Cam Ranh Airport (#862.26) in the country's south central coastal province of Khanh Hoa. The 14 000-m² terminal, built at a cost of over VND 200 billion (USD 10.9 million), is able to handle 800 passengers per hour. Under the Transport Development Master Plan to 2020 with vision for 2030, which has been approved by the Government, around VND 10.5 trillion will be raised to upgrade Cam Ranh Airport, which will be capable of accommodating 27 aircraft at any one time and handle 100 000 tonnes of cargo and 5.5 million passengers per year by 2020. By 2030, the airport is expected to be capable of handling 37 aircraft simultaneously, 200 000 tonnes of cargo, and 8 million passengers. -- After the inauguration, a Silk Airlines aircraft from Singapore touched down, becoming the first international carrier landing at the airport. Some airlines from Russia are seeking ways to open new flights from Russia to Cam Ranh in early 2010. #872.24

DOMINICAN REPUBLIC

IFC, a member of the World Bank Group, will provide USD 20 million to Corporación Aeroportuaria del Este, SA (CAE) in order to expand the Punta Cana International Airport and support the Dominican Republic's tourism sector. The corporation, which owns and operates the airport, will build a new runway and taxiway suitable for larger aircraft and expand the passenger terminal. The expansion will enable increased passenger capacity, improve services, and diversify destination markets. It also will benefit the local economy by supporting tourism, a key source of foreign exchange and fiscal revenues. Frank Rainieri, President & CEO of Grupo Punta Cana SA, CAE's shareholding company, said: "In 1984, we opened Punta Cana International Airport, an essential infrastructure project for the Dominican Republic's economic and social growth. We welcome IFC's financial support and expertise in this project that will help enhance regional development." -- The airport serves top-tourist destinations of the Punta Cana and Bavaro regions and is the country's busiest and fastest-growing international gateway. During the first ten months of 2009, it handled about 3.2 million passengers and accounted for roughly 43.2% of total air passengers in the Dominican Republic. #872.25



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U.S.A.

The Port Authority of New York & New Jersey is postponing major terminal projects. The announcement came in early December 2009 after the Port Authority adopted a recession-wracked budget of USD 6.3 billion for 2010 that shows no growth in operating costs for a second year and reduces staffing to a 40-year low. Replacement of two airport terminals, Central Terminal at La Guardia and Terminal A at Newark, is being deferred, although money will be allocated for planning. "In these tough economic times, we've been forced to make difficult choices to live within our means," said Anthony Coscia, the Port Authority's Chairman. The budget maintains a commitment for further improvements at Stewart International Airport, north of Manhattan. Investment at Stewart includes USD 15.8 million worth of upgrades to the terminal, parking, roads and runway and taxiway lighting, fixtures and cables. #872.26

INTERNATIONAL

In a comment on the state of the airline industry at the end of 2009, Giovanni Bisignani, IATA's Director General & CEO said: "The industry is structurally out of balance. The precipitous fall in yields will likely never be fully recovered. It is difficult to see how this can be balanced on the cost-side of the equation. After almost a decade of cost cutting, non-fuel unit cost reductions will be incremental at best. And the risk of rising fuel costs will be constant. There will be some individual airline success stories. But without relaying the foundations of the industry to facilitate structural change, covering the cost of capital for this hyper-fragmented industry will remain a dream at best," said Bisignani.

In November 2009, seven countries (Chile, Malaysia, Panama, Singapore, Switzerland, the UAE, and the USA) signed a multilateral Statement of Policy Principles that was also endorsed by the European Commission. These principles represent a commitment by the signatories to modernize the industry and make cross-border consolidation possible. They are premised on a level playing field which is a responsibility of governments. "Consolidation is the great hope for the industry. The round of consolidation experienced since this horrible decade began is a step in the right direction. But it has been confined within political borders as a result of ownership restrictions in the archaic bilateral system. The industry cannot afford the mounting losses of the status quo. The next decade must facilitate consolidation," Bisignani commented #872.27

When announcing annual airport economics results on 22 December 2009, Airports Council International (ACI) Director General Angela Gittens said: "The financial data for 2008 reflect the year's business environment: early year positive results, and then the financial turmoil that rocked global markets and provoked a stark economic recession. Airports revised expansion plans in many cases and continued to devise efficiencies to enable their long-term capacity needs. The cyclical nature of our aviation business means has taught us that we must look beyond the current situation, no matter how tough, and prepare for fundamental demand trends. Our communities need that stability and count on us to continue operations in a safe, secure and environmentally friendly manner."

The Airport Economics Survey 2009 drew a strong response with participation from 709 airports whose business represents approximately 3.4 billion passengers – 70% of worldwide traffic in 2008. The report provides analytical commentary based on actual performance data provide and is an established and unique resource for the industry, focusing on airport revenue streams, costs, capital expenditure, and employment.

Revenues: ACI estimates worldwide total airport income in 2008 reached USD 96 billion. Input concerning revenue streams is reported in two principal categories: aeronautical and non-aeronautical revenues. Aeronautical revenue, defined as passenger and airline user charges, accounts for 54% of industry-wide income. The survey shows that charging on a 'per passenger' basis rather than on an aircraft-related basis is a growing trend in the industry. This shift has significant implications for airports, whose income and financial viability is increasingly reliant on passengers and non-aeronautical business activity in and around the airport. In the non-aeronautical category, retail is the largest contributor, closely followed by car parking and property management, with significant regional variations. Only 22% of total airport industry revenues were airline-related and not more than 4% of the total worldwide operating cost of scheduled airlines in 2008.

Operating expenses: Airports reported total operating expenses apportioned by line items (personnel, security, maintenance, energy/water, sales/marketing, insurance, and a catch-all 'other' category), which ACI compiled at a global level. Airports worldwide in 2008 incurred operating expenses in the amount of USD 55 billion, or 57% of revenues. The largest single expense item reported was staff cost, accounting for 38% of operating expenses. Security (excluding staff) incurs 11% of operating cost, slightly higher than maintenance cost. As observed with the revenue data, the 'other' category for cost data is equally diverse. The largest component is rental or concession fees to governments, but the category also includes key items such as administration, consulting, and legal costs.

Capital Expenditure: In light of the global economic recession, a number of projects at airports around the world have been delayed, staggered or put on hold, but the large majority of projects already under way continue as planned. Capex at airports worldwide remained stable in 2008 compared to 2007 at USD 39.5 billion slightly less than the USD 40.1 billion spent in 2007. For 2009, capital expenditure commitment is expected to rise by 6% to USD 42 billion. These figures do not include new (greenfield) airports, neither do they include capital investment in the Middle East and China. In light of the significant airport expansions and modernizations announced in these countries, ACI estimates that the total figure is likely to be USD 44 billion in 2008 and to reach 46 billion in 2009, down from last year's surveys estimates made prior to the steep traffic declines in the first part of 2009.

Airport Employment: The survey reflects employment in the industry at the time of survey completion (2nd and 3rd quarters 2009). Two categories of staff employment data are reported: those directly employed by the airport (373 000 staff worldwide) and total staff employed on the airport site (3 975 000 employees). According to a study published by the Air Transport Action Group (ATAG) in 2008, the number of employees whose work is directly related airport activity but who work off-site is roughly equal to the number of on-site jobs, which means that today around 8 million jobs worldwide are dependent on airport activity.

Outlook: Aviation remains a growth industry, despite the lingering economic downturn. Barring a major setback in 2010, traffic is expected to rebound and may well exceed moderate predictions of +2% in 2010. It is for this reason that 'old' issues of capacity and congestion will surface sooner rather than later and airport financial decisions reflect the lead time needed to plan for, develop and implement airport expansion projects. With passengers driving airport revenues, facilities must satisfy their expectations for efficient service in the future.

Note: The Survey can be ordered on the ACI website at www.aci.aero in the Publications section.
#872.28