

ACI Asia-Pacific Economic Review

2018



Acknowledgements

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

Disclaimer

The information contained in this publication was compiled based on a variety of public source data, and internal ACI Asia-Pacific analysis. The data for Section 2, "2018 Air Traffic" relies on traffic data submitted by member airports to ACI World. The data for Section 4 "Airport Economics" relies on economic data collected in the *2018 ACI Economics Survey* and builds on the analysis in the *ACI Airport Economics 2019 Report*.

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July 2019
ACI Asia-Pacific

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Executive Summary

The ACI Asia-Pacific 2018 Economic Review highlights key regional developments in the following areas:

- ✈ **Economic & Business Environment**

The global economy decelerated notably starting in the second half of 2018. Ongoing trade tensions and tariff hikes between China and the United States (US), a decline in business and consumer confidence, and a tightening of financial conditions all contributed to the slowdown. Heading into 2019, the global economy remains delicate and fragile.
- ✈ **Air Traffic**

Asia-Pacific maintained a solid growth momentum in 2018 while the Middle East generally softened. Chinese outbound tourism continued to be a major driver of air traffic growth, although India's aviation market started to gradually trend downward. Air freight experienced a decreasing trend amid ongoing trade tensions and a weaker global economy. The e-commerce industry emerged as a new engine for growth.
- ✈ **Meeting the Capacity Challenge**

ACI forecasted global passenger traffic to double by 2034. Eight out of the top ten fastest growing emerging markets from 2017 to 2040 will be from Asia-Pacific and the Middle East. To address rising demand in capacity, many airports in both regions are investing in new and existing airports, including introduction of new privatization developments/initiatives.
- ✈ **Airport Economics**

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

The overall economic environment in 2019 is clouded with uncertainty. The slowdown of the Chinese economy and the heightening of trade tensions with the US pose considerable risk to the global trade outlook. The air transport sector also slowed in the first quarter of 2019: the overall pace of growth in total passenger traffic eased and the impact of the trade war was reflected in decreasing air freight volume.