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"Airports' commercial offering must develop and evolve in line with customer expectations to ensure competitiveness and maintain customer experience."

Angela Gittens, Director General of ACI World

Regional Office Updates

The Trinity Forum 2019

This year's **The Trinity Forum**, the global influential airport commercial revenues conference jointly organized by The Moodie Davitt Report, ACI World and ACI Asia-Pacific, was held in Doha, Qatar on 30-31 October. Now in its 16th year, the Forum brings together airports, concessionaires and brands to help improve the understanding between these three crucial sectors and help the industry confront challenges and seize opportunities in the airport retail business for the benefit of the travelling consumer.

Speaking at the Forum, ACI World Director General Angela Gittens said, "On average, aeronautical revenues do not fully cover capital and operating costs, and airports rely on non-aeronautical revenues for their financial viability. Worldwide, retail concessions remain the leading source of non-aeronautical revenue for airports, representing over 30% of the total, growing by 10.1% in 2017."

During her presentation, Gittens introduced a new approach taken by ACI World to passenger profiling, with research on different passenger personas as part of its ASQ suite of solutions. To the question whether passenger satisfaction can increase airport non-aeronautical revenue, Gittens responded in the affirmative, based on an ACI research report that shows a +1% increase in customer satisfaction resulted in a +1.5% increase in non-aeronautical spending.

ACI World emphasized that airports' commercial offering must develop and evolve in line with customer expectations to ensure competitiveness and maintain customer experience.



For more stunning photos, please visit the [PHOTO GALLERY](#).

ACI Asia-Pacific amplifies airports' interests at state-level meeting

Represented by Deputy Regional Director Ms Ada Tse, ACI Asia-Pacific attended the ICAO Fifth Meeting of Directors General of Civil Aviation - Middle East Region, also known as DGCA-MID/5, in Kuwait on 4-6 November.

Hosted by the Government of Kuwait, DGCA-MID/5 was attended by over 80 representatives from ICAO Member States in the Middle East, regulatory agencies from the UK and USA, industry partners such as ACI, IATA, CANSO etc., as well as staff from ICAO Headquarters and the Middle East Regional Office.

The meeting was opened by H.E. Sheikh Salman Al-Humoud Al-Sabah, President of Directorate General of Civil Aviation, Kuwait who welcomed all participants to Kuwait. Dr. Fang Liu, Secretary General of ICAO then addressed the meeting by congratulating the Middle Eastern States on their development and underscored their continued enhancement of the implementation of ICAO's safety, security, and sustainability standards and recommend practices (SARPs),

strategies, and other initiatives, which unlock tremendous economic and other sustainable development benefits in the region.

The 3-day meeting covered the whole spectrum of civil aviation matters and ACI's presence ensured airports' interests are represented at this high-level policy planning phase. ACI Asia-Pacific submitted an information paper on "ACI's work in relation to the Muscat Declaration" which highlighted ACI's contributions to the progress of ICAO's initiative "No Country Left Behind" since the signing of the Muscat Declaration at the last DGCA MID meeting in Muscat in 2017.



Regional representation at Global Security Standing Committee



The Regional Office attended the 51st meeting of the ACI World Security Standing Committee (WSSC) in Montreal from 30-31 October. Under the new security strategic work plan developed by the Committee early this year, three working groups have been created to explore innovative ways in security measures, develop advocacy positions to ICAO in the coming years and review ACI capacity building initiatives on security by analyzing data obtained from APEX in Security reviews.

The discussion of the 2-day meeting centered around the progress of these three working groups. With the presence of security experts from across the globe, the Committee members also shared insights and best practices in handling some of the latest security threats, including drone attacks and civil unrest in the airports.

In addition, the Regional Office delivered a presentation to highlight the outcomes of the recent **ACI Asia-Pacific Regional Aviation Security Committee (RASC)** meeting held in early October. Some of the advocacy topics

originating from the RASC, such as One-stop security, have been taken forward by WSSC for further advocacy to ICAO next year.

The next ACI World Security Standing Committee will be held in Hong Kong from 6 to 7 May 2020.



Other ACI Updates

Airport networks contribute to sustainability of global communities

ACI World participated in the 7th Global Friend Airport CEO Forum in Beijing, where it published an updated policy brief – **Airport Networks and the Sustainability of Small Airports** – which measures the significance of this management model at world level and identifies the main benefits to communities, airlines and the travelling public.

As acknowledged by the ICAO States at the 40th ICAO Assembly, airport networks can

play a key role in ensuring the economic sustainability of regional airports. The policy brief – which is published today in Chinese and English – notes that airport owners can consider a wide range of management models to serve their specific business needs and local circumstances, including single-airport, airport systems, airport networks and airport groups. Notably, 55% of all world's airports belong to airport networks and they handle an overall annual traffic volume of 3.7 billion passengers which is 42% of global passenger traffic.

“Airport networks support the operation of smaller airports which benefit airlines, passengers, and the communities they serve,” ACI World Director General Angela Gittens said. “This is important because 94% of loss-making airports around the world handle fewer than one million passengers – half of all small airports are operated by airport networks.

Read the full **PRESS RELEASE** and download the **POLICY BRIEF**.



Aviation industry collaboration crucial to accommodating demand



ACI World emphasized at the **World Aviation Conference** in South Korea on 5-7 November the importance of collaboration among aviation stakeholders to address the challenge of accommodating future air service growth while remaining safe, secure, sustainable, and customer-focused.

In attendance with ACI Asia-Pacific Regional Director Patti Chau, ACI World Director General Angela Gittens spoke to aviation leaders on how strengthened collaboration can provide solutions to some of the most pressing challenges facing the aviation industry.

“According to the just-released ACI Annual World Airport Traffic Forecasts (2019–2040), global passenger traffic demand will double by 2037 based on a projected growth rate of 3.8% a year,” she said.

“The drivers of demand are there; the question is will we be able to accommodate the demand so we can deliver the socio-economic benefits of growth.”
Delving into specific pressures felt by the

industry, Gittens highlighted the need to safeguard non-aeronautical (commercial) sources of revenue, secure infrastructure financing, increase efficiency via technological innovation and the importance of fighting climate change via environmental stewardship.

“Aeronautical revenues do not fully cover capital and operating costs, and airports rely on non-aeronautical revenues for their financial viability,” she said. “Worldwide, retail concessions remain the leading source of non-aeronautical revenue for airports.

Read the full **PRESS RELEASE**.

World Airport Traffic Forecasts show global traffic is set to reach 19.7 billion by 2040

REGIONAL CONTRIBUTION TO INTERNATIONAL PASSENGER TRAFFIC GROWTH 2018–2040



ACI World's annual World Airport Traffic Forecasts (WATF) reveal the airport industry is engaged in a high wire balancing act as it prepares to meet surging global demand for air services.

Having reached 8.8 billion in 2018, global traffic is forecast to double by 2037. Over the long term, it is projected to grow at an annualized rate of 3.7%, reaching 19.7 billion by 2040. China is projected to become the largest passenger market in 2031 and then to dominate passenger rankings in 2040, with more than 3.5 billion passengers which equates to an 18% share of the global passenger traffic market.

The US and India will follow, with 2.9 and 1.3 billion passengers respectively. Together, the three countries will handle almost 40% of global passenger traffic. Indonesia, currently the tenth largest market in terms of total passenger traffic worldwide, is expected to rapidly climb in the country rankings, reaching the fourth position by 2036.

In meeting this strong demand, the airport

industry faces a balancing act. Airport operators already face capacity constraints and the predicament of surging air transport demand outstripping available airport infrastructure. At the same time, the industry must contend with increased protectionism, isolationism, and risks associated with climate change that could stifle this growth.

Read the full [PRESS RELEASE](#) and download the [REPORT](#).

Data from over 100 countries across the globe



ACI World Airport Traffic Forecasts (WATF) 2019–2040



EXCEL FORMAT

ACI Asia-Pacific calls for reformed airport charges framework in Malaysia

ACI has been actively engaging with the Malaysian Aviation Commission (MAVCOM) since its establishment in 2016. After conducting two consultations in 2018, MAVCOM released a consultation paper in June 2019 on its proposed regulatory approach in setting aeronautical charges. Recently, ACI Asia-Pacific publicly stated it is a matter of urgency to finalize the reform of the framework to provide a stable perspective to the airport operator, who will incur significant infrastructure investments over the next years.

ACI Asia-Pacific applauds the transparent consultation process by the MAVCOM and hopes the model will provide adequate incentives in infrastructure investments that are aligned with government objectives, especially in view of the critical transfer

of risk of capital investment from the government to the airport operator.

Ms. Patti Chau, Regional Director, said, "Airports today are sophisticated, business-oriented service providers. Any regulatory intervention should be proportionate to the need of all relevant stakeholders. As the industry body representing the region's airports, we advocate for the airport operator's interests to be duly recognized. What is needed is a stable, consistent and proportionate economic oversight framework which facilitates timely investment in airport capacity."

Australian Productivity Commission's issues final report on economic regulations

The Australian Productivity Commission issued its final report concluding that the existing light-handed economic regulation of the industry is fit for purpose. The report on the inquiry on the economic regulation of airports confirmed the system benefits passengers and the community and there was no case for regulatory changes.

ACI Asia-Pacific commends the Commission for reaching this conclusion. The report is a significant step forward in assuring regulatory certainty and consistency. As airports today are sophisticated businesses in

their own right, sufficient levels of investment and charges are essential prerequisites if they are to continue to deliver increased capacity, quality and connectivity. Therefore, ACI Asia-Pacific believes, it is in the best interest of all aviation stakeholders to adhere to the current light-handed form of economic oversight.

Traffic Monitor

Aug 2019: Passengers up 1.6% in Asia-Pacific and 1.7% in the Middle East

Passenger traffic in Asia-Pacific and the Middle East recorded growth in August at +1.6% and +1.7% respectively.

The overall passenger traffic growth in China this month was negatively impacted by adverse weather conditions in eastern China and mass flight cancellations at many airports. The pace of growth in the domestic sector remained solid, whereas international demand was steady. Hong Kong (HKG) suffered a significant decline in passenger traffic of -12.4% due to civil unrest and flight cancellations over two days. As a result, some traffic was diverted to nearby airports, which possibly contributed to some of the growth of +9.3% in Shenzhen (SZX) and +6.4% in Guangzhou (CAN).

In India, passenger traffic grew marginally as capacity in both domestic and international sectors continued to adjust following the service suspension of Jet Airways. A number of airports benefited from the capacity expansion of a local carrier and recorded sizable growth in passenger volume: Cochin (COK) +64.4%, Ahmedabad (AMD) +10.6% and Hyderabad (HYD) +4.9%. The growth of Cochin (COK) was also partly driven by the

suspension of flights for two weeks in August 2018 as a result of major flooding at the airport.

Elsewhere in Asia-Pacific, a number of airports in Southeast Asia posted strong growth due to a surge in vacation travels during the summer holiday period: Bangkok Suvarnabhumi (BKK) +4.6%, Manila (MNL) +7.2% and Kuala Lumpur (KUL) +6.7%.

In the Middle East, passenger traffic growth slowed to +1.7% amid rising geopolitical tensions. Nevertheless, mixed results were recorded among major airports in the region: Dubai (DXB) -1.8%, Doha (DOH) +11.7% and Abu Dhabi (AUH) +0.9%.

In terms of air freight, Asia-Pacific and the Middle East declined at -6.8% and -5.9% respectively as trade tensions between the US and China intensified. Hong Kong (HKG), the largest air freight hub in the world, declined at -11.9% due to flight cancellations. Among the major air freight hubs, only Guangzhou (CAN) and Shenzhen (SZX) managed positive growth, growing at +2.3% and +7.2% respectively.

AUG 2019

ACI Asia-Pacific
Monthly Traffic Report

Preliminary year-on-year traffic growth rates for Airports reporting highest traffic volume in the respective size category in August 2019⁽¹⁾

Note:

⁽¹⁾ ACI preliminary passenger and freight statistics are based on a significant sample of airports that provide regular monthly reports to ACI. They represent approximately 60% of total passenger traffic and 70% of total freight traffic worldwide. Commentary, tables and charts are based on preliminary data submitted by participating airports and are therefore subject to change.

⁽²⁾ Airports are categorized based on the rolling passenger traffic in the last 12 months.

TOP 3 AIRPORTS BY SIZE CATEGORY ⁽²⁾

PASSENGER				FREIGHT	
> 40M	25M - 40M	15M - 25M	5M - 15M		
PEK Beijing	DOH Doha	CTS Sapporo Chitose	NGO Nagoya	HKG Hong Kong	-11.9%
-0.2%	+11.7%	-1.4%	+12.4%	PVG Shanghai Pudong	-5.2%
DXB Dubai	HGH Hangzhou	GMP Seoul Gimpo	SHJ Sharjah	ICN Seoul Incheon	-6.4%
+1.8%	+2.0%	+6.6%	+9.1%		
HND Tokyo Haneda	MEL Melbourne	OKA Naha	KHN Nanchang		
-7.3%	+0.5%	-2.3%	+4.2%		

Members at a Glance

World Business Partner Spotlight

E-Business Solutions Limited (EBSL) is a Hong Kong-based software technology company specializing in Internet of Thing (IoT), Radio Frequency Identification (RFID) and Mobility solutions. E-Business Solutions Limited have over 13 years of experience in applying RFID technology in baggage handling.

According to SITA's 2019 Passenger IT Insights research, tech-enabled passengers are happier. The contrast in satisfaction between tech-enabled passengers and those who rely on face-to-face service is particularly marked at three key points: during dwell time (+5.8%), on board the aircraft (+8.1%), and when collecting luggage at the carousel (+8.6%). Related to the latter, when passengers use services like real-time notifications, their satisfaction is 8.6% higher than passengers who do not use technology.

This bodes well for EBSL. Airports today are already using technology where RFID-embedded baggage loading devices can identify, record and verify the correct baggage to be loaded onto aircraft and

send out alerts in case of mismatches. The technology greatly enhances the efficiency and accuracy of baggage loading for departure flights. As the technology becomes increasingly mature, the next phase would be to integrate RFID solutions among airlines and airports to take baggage tracking and customer service to the next level.

Read more about how RFID is being used in the [ACI Insights blog](#).

To learn more about other World Business Partners (WBP), please visit our dedicated [WBP webpage](#) and browse through the [WBP Capability Database](#).



RFID



Mobile



IoT



Tracking



Did You Know

Incheon International Airport, South Korea

#DidYouKnow **Incheon International Airport (ICN)** triumphed as the World's Best Transit Airport by Skytrax in 2019?

Incheon International Airport, the largest airport in South Korea, was officially inaugurated in March 2001 to serve as the main gateway to international destinations. In 2018, after the grand opening of Terminal 2, the airport had 111 boarding gates handling 68 million passengers and almost 3 million tons of cargo.

Incheon International Airport aims to create value globally by responding in a timely manner to the constant rise in aviation demand. Another construction project is already underway to expand the recently-opened Terminal 2 and to construct a fourth runway for serving an additional 28 million passengers to accommodate a total of 100 million passengers by 2023. To preempt the future aviation market, ICN is planning to serve 120 million by 2030 under ICN Vision 2030.

Incheon International Airport deploys a smart airport approach with state-of-the-art technology to fully automate key steps in

the customer journey. Passengers can move through check-in, baggage and immigration without human interaction. For even more customer ease, the airport also offers a check-in from home service which allows passengers to send their baggage from home and retrieve them at their destination.

Opened for business in April 2017, Paradise City is the first resort complex in Northeast Asia. The complex equipped with a hotel, convention center, and casino facilities to strengthen meetings, incentives, conferences and exhibitions (MICE) development. It aims to further enhance the airport customer experience and grow non-aeronautical revenue. The next development is to be built adjacent to the airport by 2022. Called Inspire Integrated Resort, this will be a mega-scale resort complex with a hotel, theme park and casino.



Event Invitations for You...

2019

NOVEMBER



Airport Exchange 2019 | ABU DHABI

The biggest annual trade show of ACI is going to draw 1,000+ delegates, 70+ exhibitors and sponsors, and 120+ expert airport speakers. The three-day event takes place in **Abu Dhabi, UAE** on **25-27 November**.

[Register Now!](#)

2020

APRIL



15th ACI Asia-Pacific Regional Assembly, Conference & Exhibition | NARA

Our annual flagship event will take place in **Nara, Japan** on **21-23 April 2020** to bring all aviation leaders, regulators and industry partners together in sharing the latest industry insights and promoting airport excellence.

[Register Now!](#)



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