



Jane's Airport Review

Airlines seek a broader role in infrastructure planning

IATA wants airports and airlines to work together more closely when new terminals and runways are proposed

Frits Njio

Understanding existing capacity issues can help to focus attention on tackling the civil aviation industry's critical shortage of airport infrastructure, according to David Stewart, IATA's head of airport development.

"We can first see the number of airports operating at full capacity in the terminals causing long queues, overcrowded facilities, and bad levels of service," he said on 10 December 2014, during the IATA Global Media Day.

"In the case of runways we can see the number of airports operating at 90% of their capacity. At 90% an airport is effectively full. For the next 15 years we predict substantial increases in the number of airports facing either terminal or runway capacity issues."

Predictive tool

IATA has developed a tool for predictive capacity analysis. "With our Capacity Analysis Database we hope to maximise alignment of capital expenditure [capex] for major airport development programmes," said Stewart. "This includes major airports in different regions with their current throughput, growth rate and when the airport infrastructure, either terminals or runways, will reach full capacity."

Speaking to *IHS Jane's*, he noted that the database is produced by a small team within IATA. "It is a challenge, but we're focusing our efforts on the biggest countries, where we have the most airlines and where airlines may have more influence," he said.

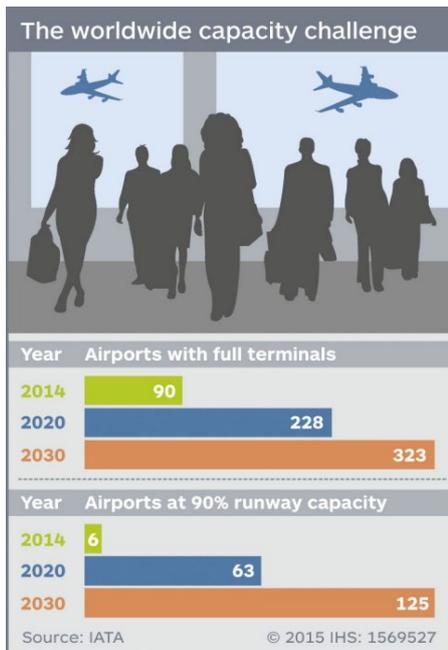
The overall objective is to make sure airports use carriers' scarce capital more effectively to address the major infrastructure shortfalls. "Alignment of airport capex is crucial if we are to ensure our industry has ongoing access to affordable infrastructure while creating sustainable traffic growth and that can only be for the benefit of all stakeholders," he added.

IATA will use its capacity database to focus its engagement with airport operators and governments, enabling sound decision-making in the best interests of all stakeholders, it argues.

"Every region of the world is moving to address the ongoing airport infrastructure challenge, but not always in a co-ordinated way," said Stewart.

Many international airports operate at 100% runway and/or terminal capacity, while others approach saturation. Some airports do have additional capacity, but not at times when people want to fly and that creates bottlenecks in the system. Other airports could unlock extra capacity, but cannot because of bureaucratic regulations and outdated processes.

"Unfortunately, a lack of co-ordination with airlines is coupled with unrealistic time frames," said Stewart. "Aviation infrastructure works are still viewed in many regions as trophy projects for national pride without considering the usefulness of the investment to their airlines."



The worldwide capacity challenge (IHS)

1569527

All too often, airport investment projects address only one part of the capacity shortfall, moving the bottleneck down the line to the next pinch point. Additional capacity needs to be phased so capacity is maintained and balanced across the whole airport campus.

"There is no point in landing more aircraft on a new runway if there is nowhere to park these same aircraft at the air terminal," he added. "Similarly, there is no point in building additional aircraft stands if the limit of the runway operation has been reached. Yet we see examples of this kind of misalignment happening in too many cases."

The general lack of co-ordination with airline users often causes major problems. Stewart cited the new Terminal 2 at Bogotá El Dorado International Airport in Colombia, which is already operating at capacity within six months of full use. Another example in South America is Terminal 3 at São Paulo Guarulhos in Brazil, where departure and transfer passengers experience operational bottlenecks.

"By forging ahead and minimising dialogue with the airline groups the concessionaire built a new terminal that did not take full advantage of all of the potential connectivity or fully optimise the transfer operation at this major hub airport," he explained.

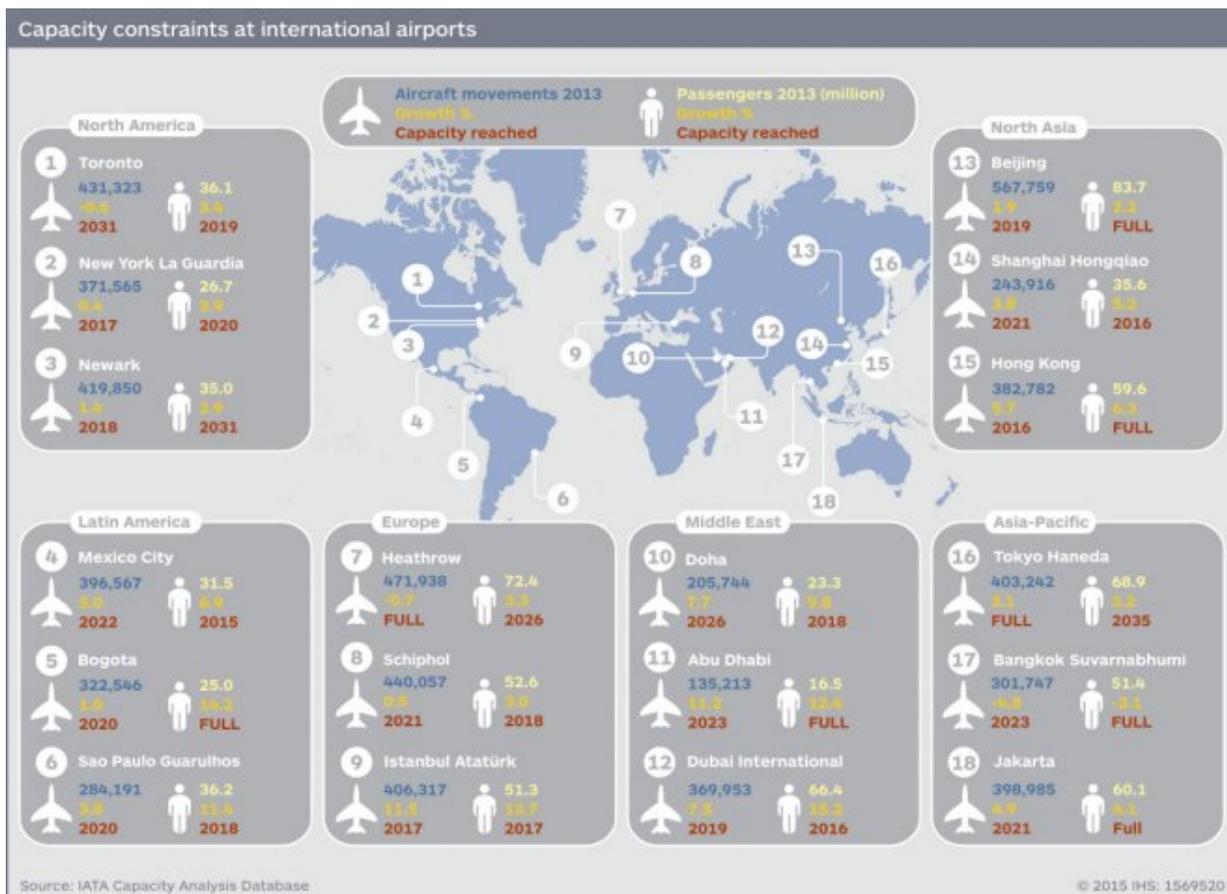
Is your new airport necessary?

Sometimes investment is misdirected into unnecessary projects. "It is a lack of co-ordination and consultation that is at the root [of the problem]," he added. "Money is being spent carelessly to address 'issues' that do not exist, or issues that can be mitigated using other means - operational improvements that include better co-ordination with stakeholders."

There is also the tendency to build big without the justification of user demand. Stewart referred to various unwarranted capital expenditure projects in Africa where new international airports are simply not required, given the low level of passenger traffic.

Europe also furnishes several examples of this unwelcome trend. Aeroporti di Roma (AdR), for instance, plans to raise annual passenger capacity to 55 million by 2020, but its two airports only handled a combined total of 36 million in 2013. The existing AdR runway system is already working at close to 100% capacity, so the best way to improve passenger volume is outside peak hours, without the need for extra infrastructure.

Another unoptimised airport is Athens, where a new terminal opened for the 2004 Summer Olympics. Traffic peaked in 2008 with 16 million passengers, but by 2013 had dropped to 12.5 million. "This drop can be easily attributed to the global financial crisis," Stewart noted, "but traffic recovery hasn't been aided by the fact that Athens, with its airport development charges, is one of the most expensive airports to operate from."



Capacity constraints at international airports (IHS)

1569520

On the other hand, Stewart cited Amsterdam Schiphol as a positive example to follow, despite the need to realign infrastructure to deal with complex passenger flows. "They have a very systematic, phased approach - Schiphol does not try to do everything at once, which is an advantage."

Stewart argued that, in many cases, airport operators and national regulators have limited experience of expanding existing facilities, particularly within a live operational environment. Often it appears simpler to build an entirely new airport rather than expand existing facilities. He urged regulators to make it mandatory to consult airline "subject matter experts" to ensure that expenditure is "necessary, functional, and will provide a return on investment".

"Unfortunately this is not happening, resulting in unwarranted capex that produces little actual benefit," he said.

IATA wants airport owners and operators to align their business strategies more closely with airlines through constructive engagement. This would ensure investment is directed where it is most needed to meet capacity shortfalls. Establishing service targets together with airline customers at an early stage provides a way of measuring the success of the project in addressing capacity shortfalls.

Such an approach "should be fundamental to any major airport development programme," said Stewart. "Such programmes need to be used within a clear governance structure and that's where effective regulation of airports is so important. Costs should be scrutinised and differences in usage/access to different facilities also need to be addressed."

In Europe, IATA worked closely with Heathrow Airport Limited and its 97 airline customers. Participation in the last five-year capex plan was challenging but very productive, said Stewart. The result is an aligned GBP3 billion investment strategy that is endorsed and supported by the 97 airlines at Heathrow.

Schiphol is another European hub where customer engagement has significantly improved. Airlines using the Amsterdam airport have transparent input on its design, operation and resulting cost base for the airport, and in 2014 it announced a 6% reduction in charges.

Copyright © IHS Global Limited, 2015