



Economic regulation: imperative for infrastructure

ACI Conference on Investing in Airports
New Delhi - 4th December 2015

George Anjaparidze, Senior Economist

www.iata.org/economics

To represent, lead and serve the airline industry

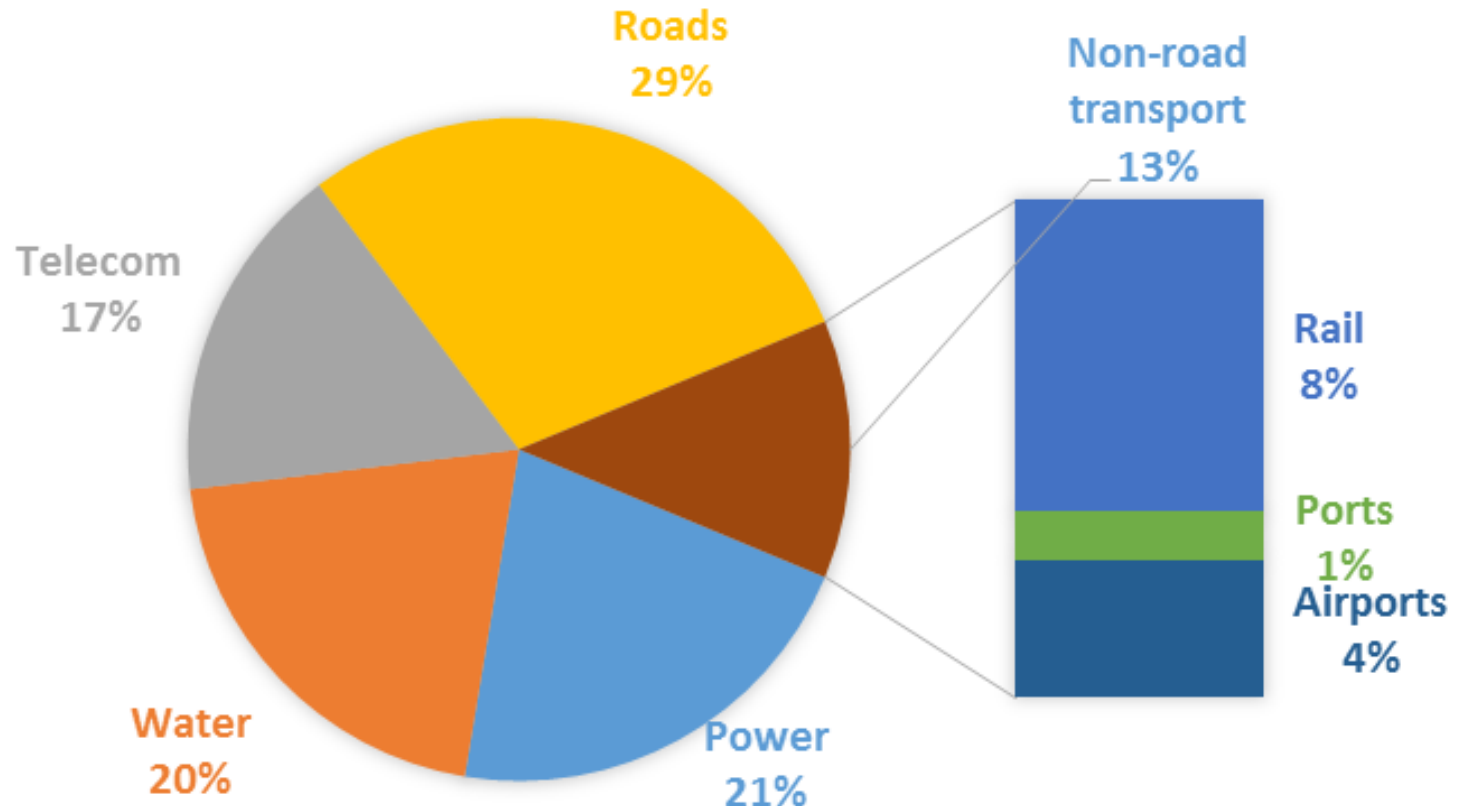


Infrastructure critical to drive productivity and economic development

- USD 57 trn needed by 2030 of which USD 2 trn for airports

Global infra investment 2013-2030

(Source: McK & co)

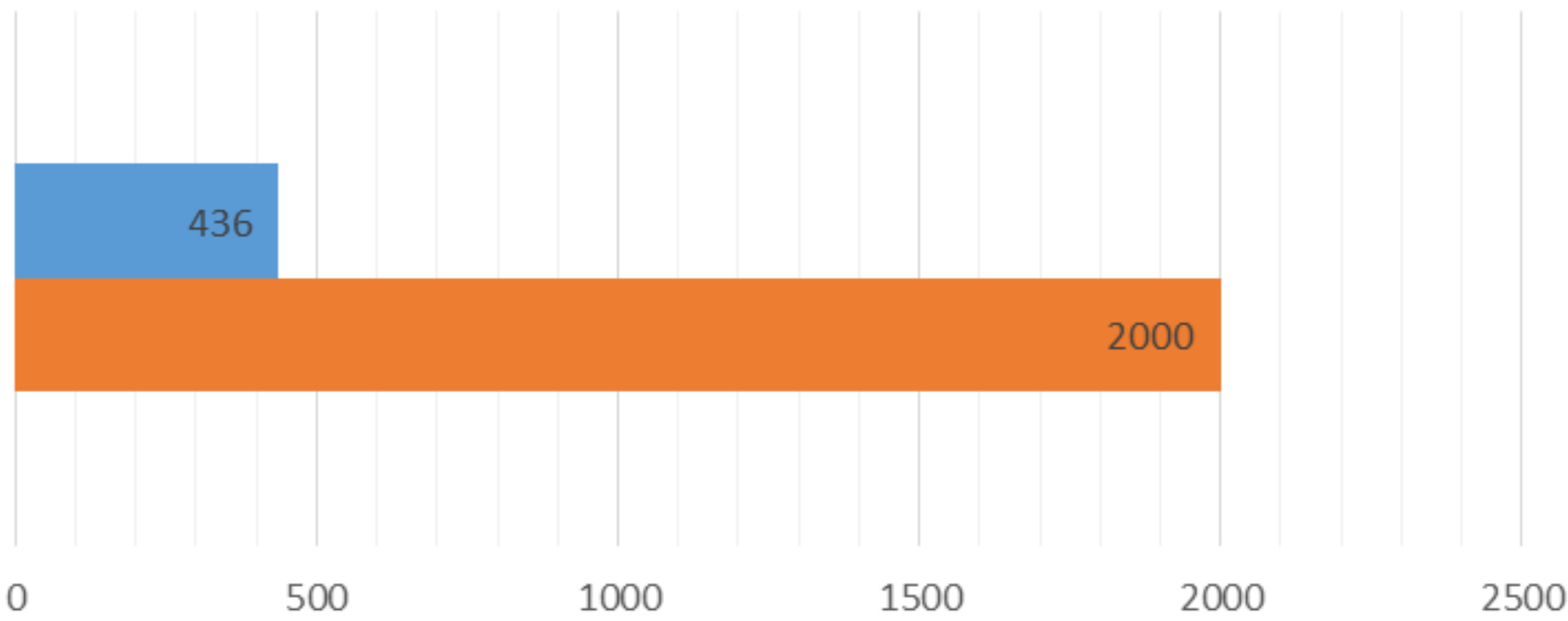


Major increases in capital spending will be needed in airport sector

Airport investments 2013-30, USD bn

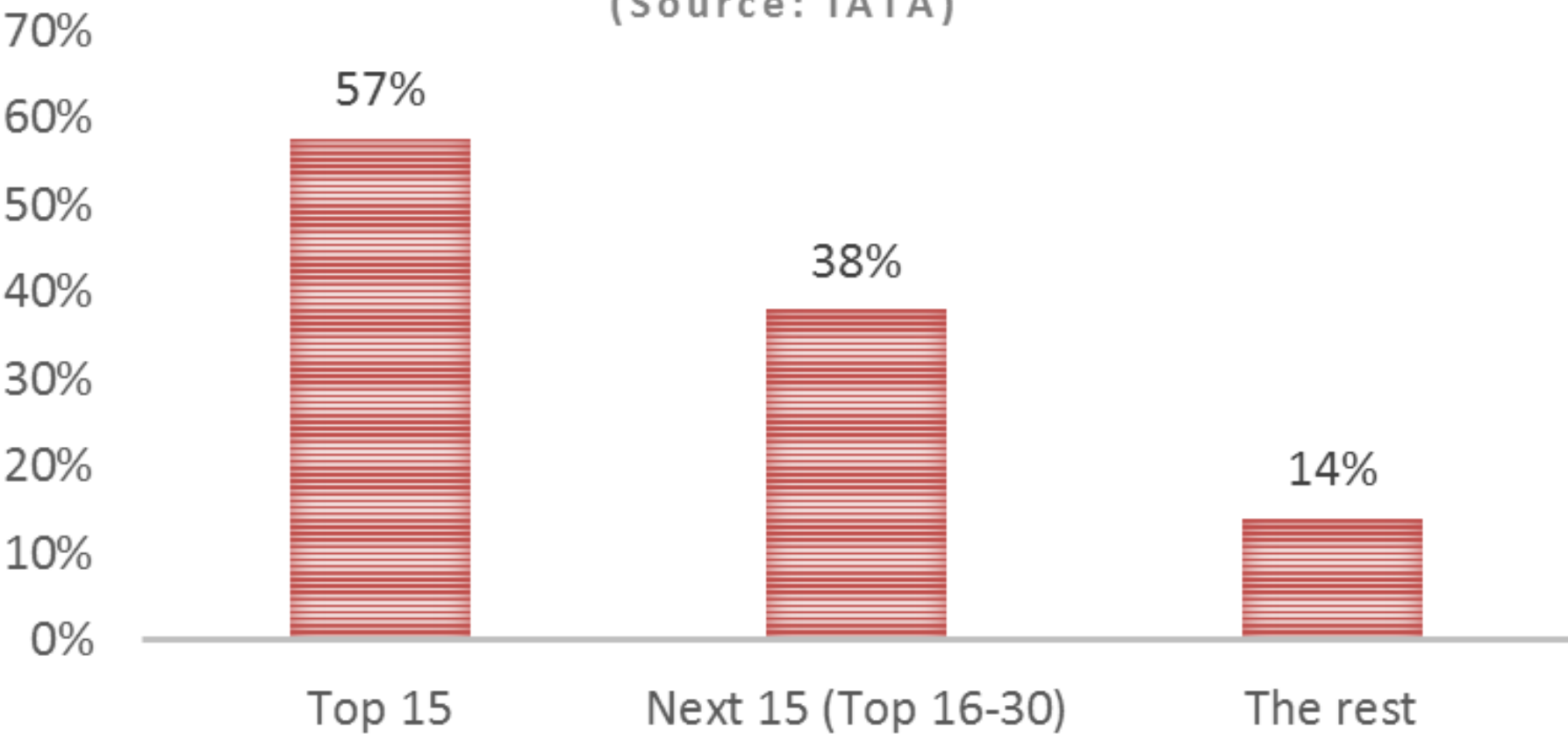
(Source: McK & co)

■ Cumulative invested capital 2012 ■ New capital (2013-2030)



...But smart investment is key – based on consumers needs

AsPac top 100+ airport runway
capacity: utilized vs best practice
(Source: IATA)



We know the winning formula

- Robust cost benefit analysis
- Engagement with stakeholders from the outset
- Right Structure
- Good governance
- Credible independent robust economic regulation

Private sector can continue to play a meaningful role under the right conditions

Airports have monopolistic powers:

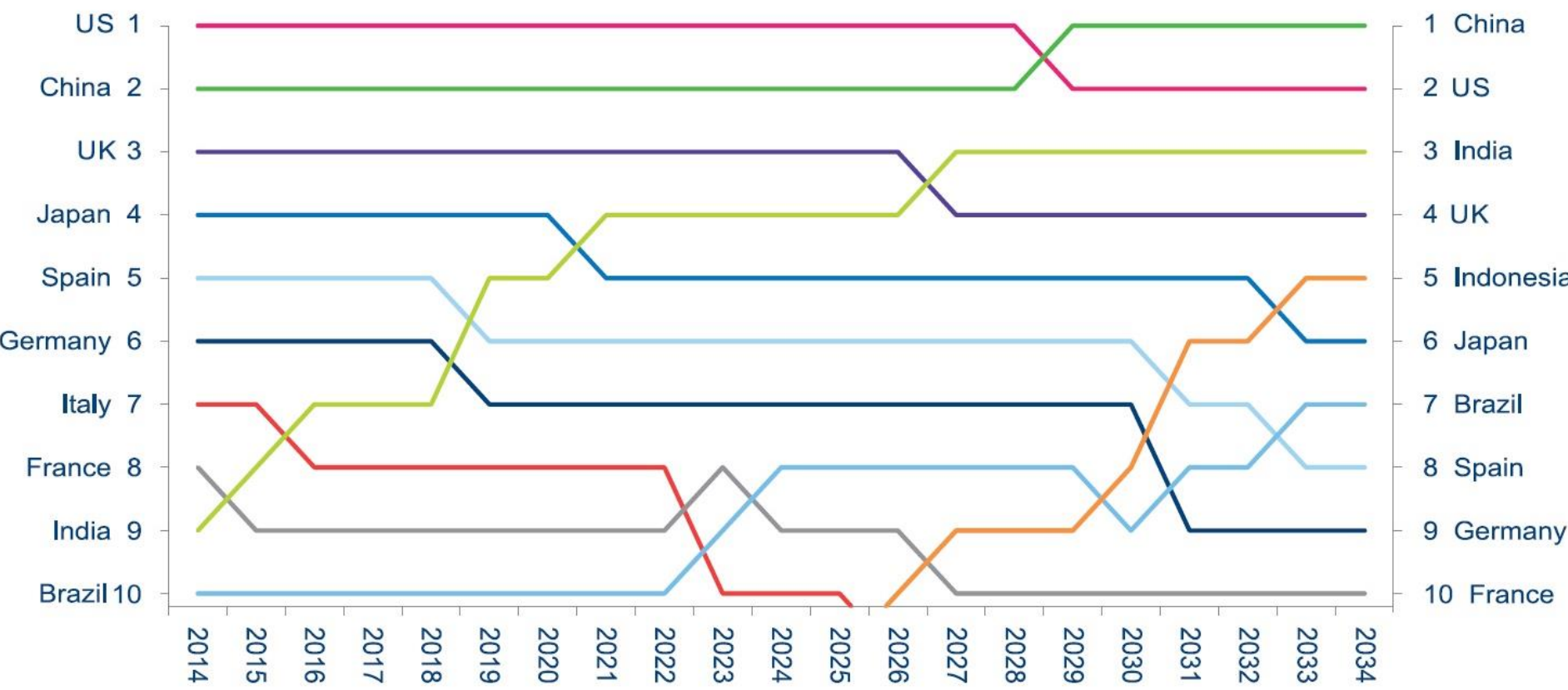
- Passenger locational preference
- Airport economies of scale
- Market dynamics and airline switching costs

Robust oversight to:

- Non-discrimination
- Drive efficiency improvements
- Ensure benefits accrue in broader economy

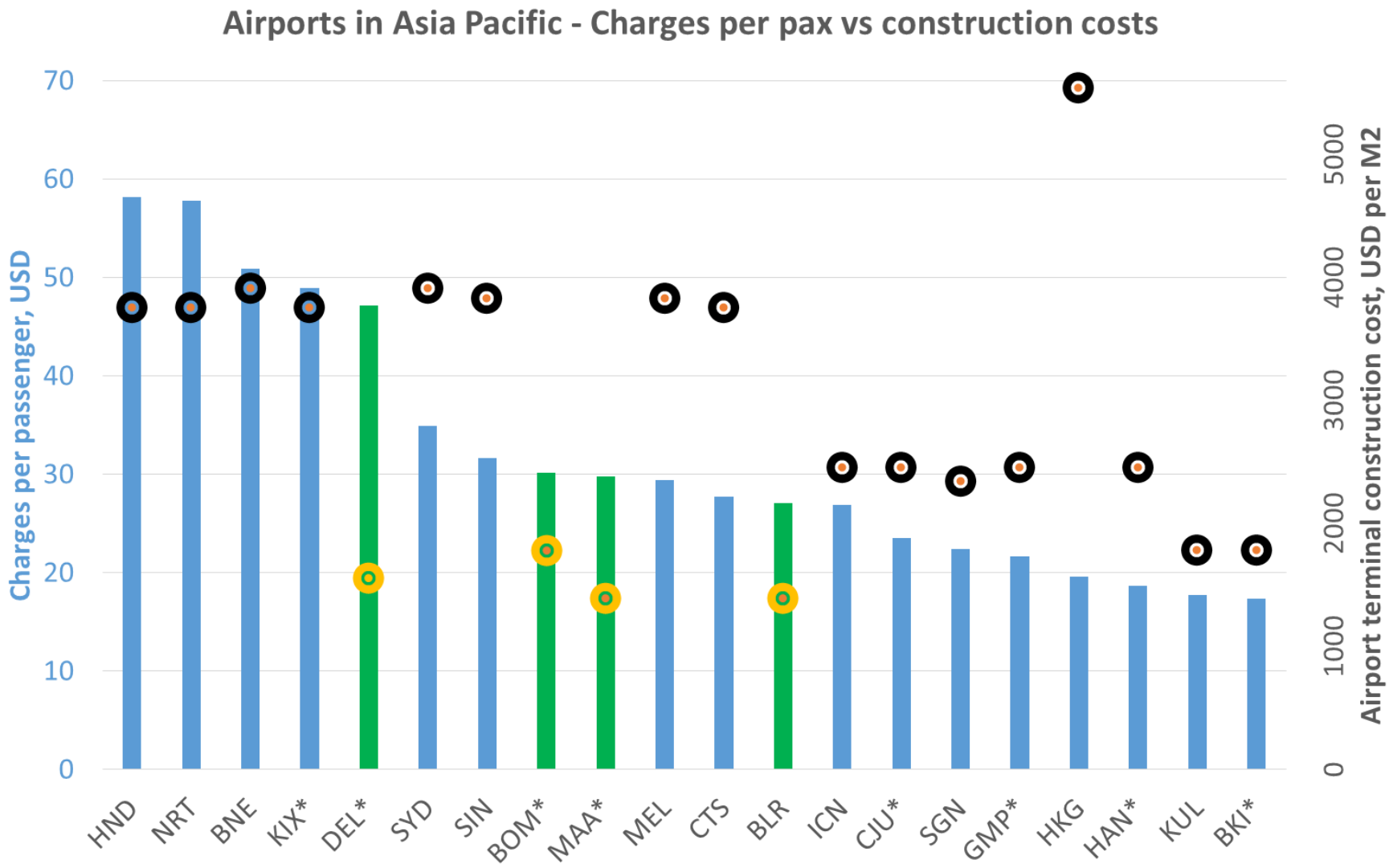
Underlying demand looks strong for India

Rank by size of O-D passenger flows in, out & within country



Source: IATA/Tourism Economics 'Air Passenger Forecasts'

India – a disconnect between the relatively low input costs observed for developing airport capacity and the high charges paid by passengers



Source: IATA, Turner & Townsend, Numbeo,

Evaluating the environment for PPP in Asia (Infrascope 2014)

Table 1: OVERALL SCORE

	Rank 2014		Score 2014	Score 2011	Rank 2011	Rank change
	1	Australia	91.8	92.3	1	–
	2	United Kingdom	88.1	89.7	2	–
	3	Republic of Korea	78.8	71.3	3	–
	4	Japan	75.8	63.7	6	+2
	5	India	70.3	64.8	5	–
	12	Bangladesh	49.3	39.2	11	-1
	13	Kazakhstan	41.4	34.3	13	–
	14	Pakistan	41.0	38.8	12	-2
	18	Viet Nam	33.1	26.3	14	-4
	19	Kyrgyz Republic	29.5	n/a	n/a	n/a
	20	Tajikistan	28.7	n/a	n/a	n/a

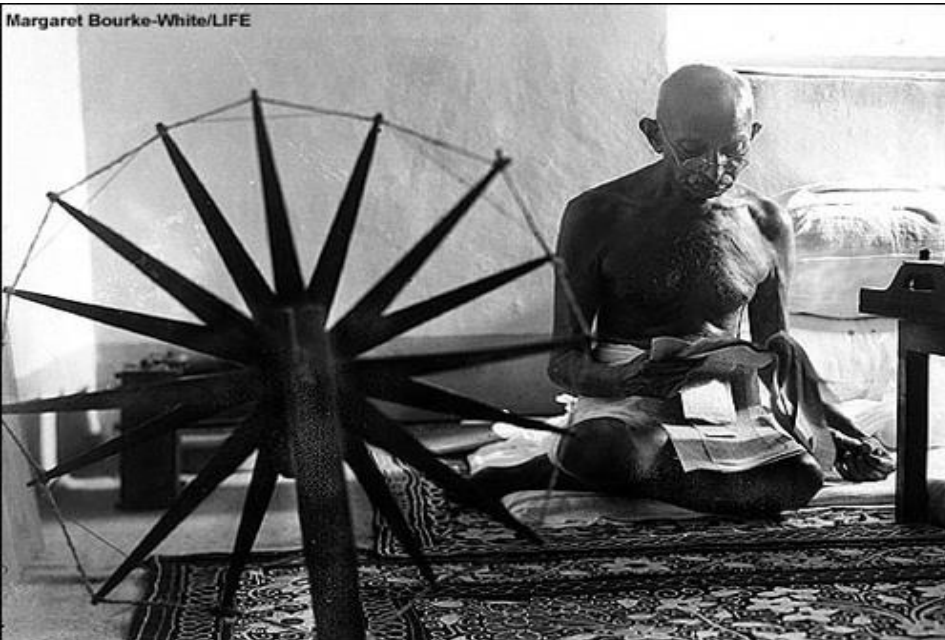
Mature (80-100)

Developed (60-79.9)

Emerging (30-59.9)

Nascent (0-29.9)

Enabling productivity - the modern charkha



Sources: Left Life magazine, Right: www.namtec.co.uk