Economic regulation: imperative for infrastructure

ACI Conference on Investing in Airports
New Delhi - 4\textsuperscript{th} December 2015

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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
Major increases in capital spending will be needed in airport sector

Airport investments 2013-30, USD bn
(Source: McK & co)

- Cumulative invested capital 2012: 436
…But smart investment is key – based on consumers needs

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

- Top 15: 57%
- Next 15 (Top 16-30): 38%
- The rest: 14%
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.
Evaluating the environment for PPP in Asia (Infrascope 2014)

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Enabling productivity - the modern charkha

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