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Beijing's New Daxing International Airport Set To Be World's Largest, But Business Aviation An Afterthought



Out of Asia, CONTRIBUTOR

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Zaha Hadid Architects

Beijing new Daxing airport terminal building rendering.

Set to open in late 2019, with eight runways serving 100 million passengers annually, Beijing's Daxing International will becoming the world's largest airport.

For a project of this scale, there's a planned "air transport-related economic zone," but that's not going to provide any relief for Chinese business aviation. Operators are expected to struggle daily for capacity at airports in China.

An important element of running a sustainable business and general aviation (BGA) industry is supporting infrastructure. The three most significant components impacting BGA are: airport capacity, fixed-base operations (FBOs) and maintenance, repair, and overhaul facilities (MROs).

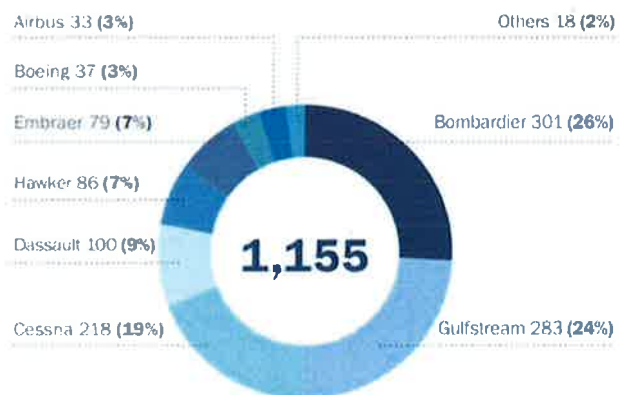
In the U.S., airports dedicated to BGA activity are abundant: 2,069 airports with runways longer than 5,000ft. To put that in context, for every six business jets there is a BGA airport, for every five an MRO facility, and for every four an FBO. These are envy-inducing ratios, making the U.S. market the standard-bearer for the industry worldwide.

In Asia, we can only look at the U.S. numbers and aspire to that kind of a future. At the end of 2016, the Asia-Pacific business jet fleet stood at 1,155 aircraft.

Asia Pacific Fleet by Size Category



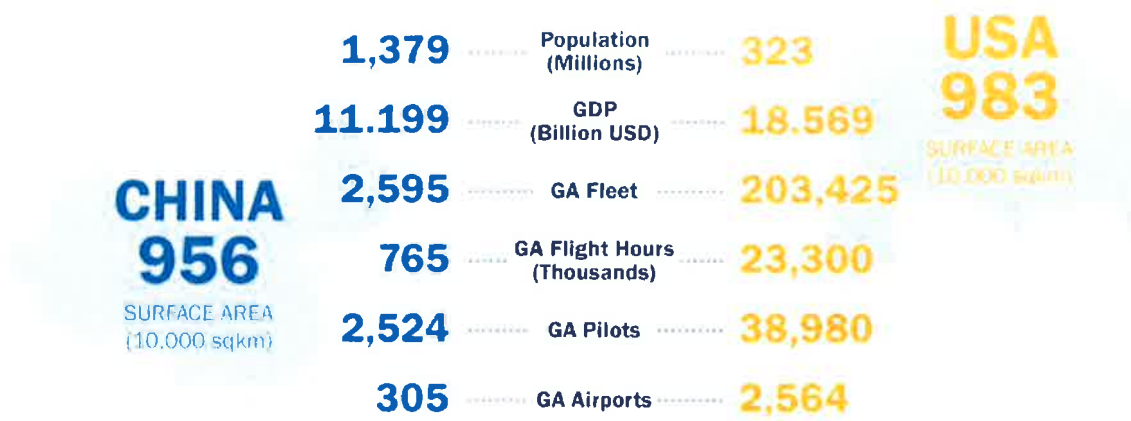
Asia Pacific Fleet by OEM



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Asia Pacific aviation fleet size

Yet despite the size of the fleet and the vastness of the region -- almost five times the size of the U.S. -- there were a mere 76 MROs and 61 FBOs, a significant imbalance.

GA Development Comparison - China vs USA



Data Source: World Bank, GAMMA (China Aircraft Availability Certificates Report 2016) and ASG Data

Global USA GA Airports is referenced from the FAA's NPAS 2017-2021 Report and includes 2,564 GA airports that are available for public use only

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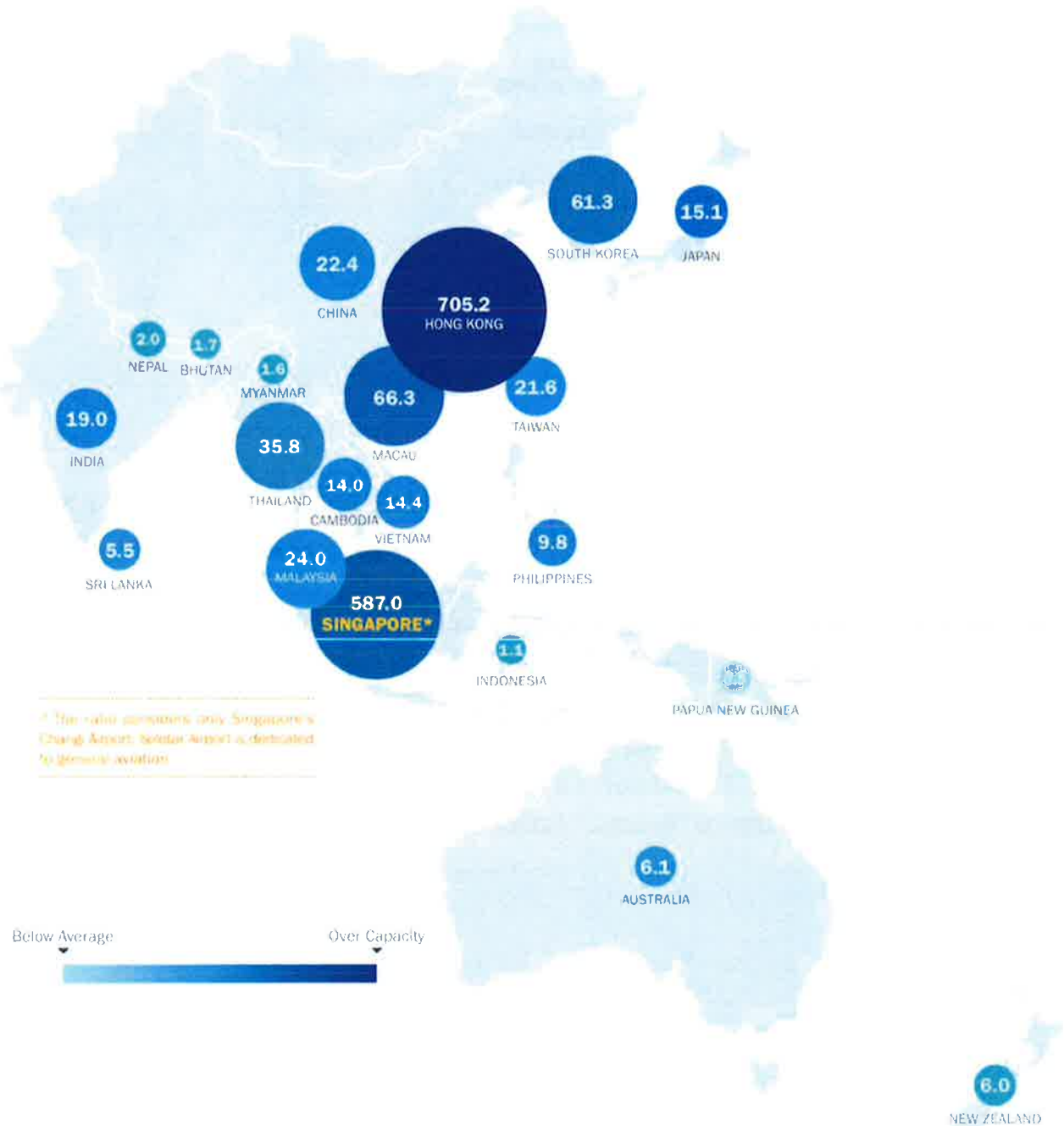
China has four times the population of the United States, but an eighth of general aviation airports

At first glance the situation with overall airport capacity appears positive. The Asia-Pacific region boasts 1,017 airports with paved runways of 5,000ft or longer, but these are rarely, if ever, dedicated BGA airports, and usually aren't even designed with the idea of serving the business aviation community at all.

Rather they are huge, international "ports of entry" like Daxing with the sole purpose to serve commercial carriers and the millions of passengers passing through their terminals. Therefore, the business aviation industry faces a different challenge with airports and that's one of "access." Access to airport slots and to parking bays upon arrival.

AIRPORT CAPACITY BY COUNTRY

Ratio of commercial traffic to airports (100K)



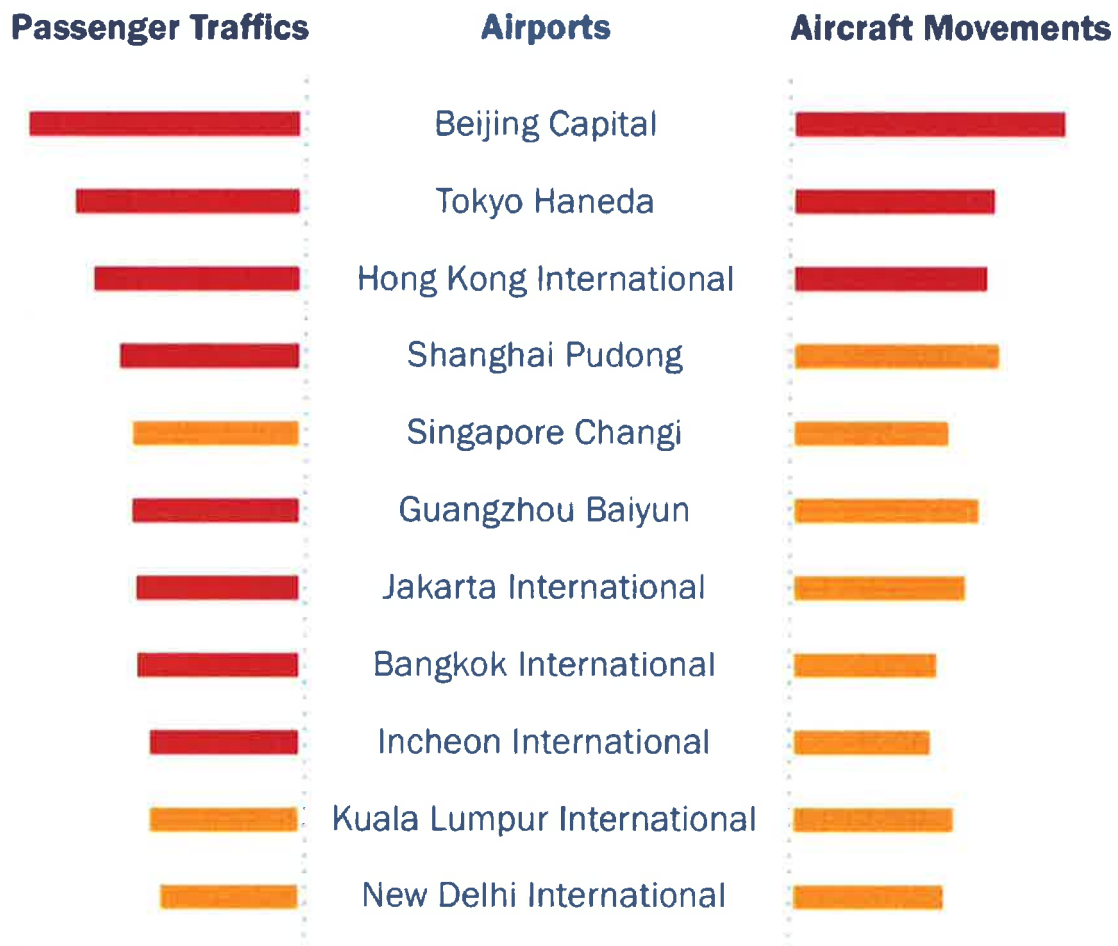
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Airport capacity by country

Over the next 20 years, commercial passenger traffic in the Asia-Pacific region is forecast to increase by 1.8 billion, the same amount for the rest of the world combined. More passengers mean more aircraft, which mean more movements and less access for business aviation. Within the next two years alone Beijing, Manila and Singapore will reach runway capacity. Hong Kong is already over capacity.

Terminals are no better, with eight of the top 14 airports in Asia already classified as "full," according to CAAC Civil Aviation Airport Movement Ranking.

AIRPORT CAPACITY OF ASIAN HUBS

- Capacity limit reached already or very soon
- Capacity limit reached in 5 years



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Airport capacity of Asian hubs

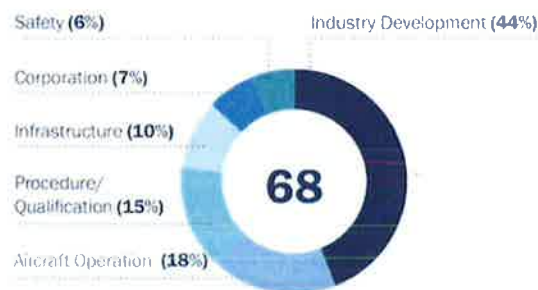
Unfortunately, from a capacity perspective there does not appear to be light at the end of the tunnel. While capacity constraints will only get worse before they get better, there are positive takeaways regarding Asia-Pacific's existing landscape.

Asia offers some extremely **competent MRO service centers**, providing everything from basic line maintenance to painting and interior work, to significant heavy maintenance capabilities. These facilities include OEM factory-owned service centers, large independent multi-country and multi-product authorized service providers, and smaller single country dedicated operations. Asia-Pacific also offers

business aviation users a number of first class FBO operations to choose from that often outshine their western counterparts in terms of scale and service.

There are significant issues and challenges the industry faces and will have to tackle in order to continue the growth trajectory of the Asia-Pacific BGA market. To effect change one certainly needs support from the top down, which we have recently witnessed with numerous regulatory and policy initiatives put in place by the central government. This is significant because the BGA fleet in China is the biggest -- and therefore the engine of growth.

Number of GA Policies 2016-2017



Number of GA Policies 2012-2017



Note: Extrapolated from June 2017

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Number of general aviation policies 2016 - 2017

Another essential pillar has to be from the bottom up and this means, at a grass roots level, interest in and development of general aviation. People will need to be drawn into general aviation in ever increasing numbers in the future and the challenge today is to give them the initiatives to do so. This means more dedicated GA airports, with more infrastructure at those airports and incentives to encourage investment from the private sector in the GA industry. It also means more manufacturing of domestic aircraft, more in-country training schools and individuals seeking their private pilot's license who ultimately see GA as a career, not just recreation.

Daxing appears to be an opportunity lost for business aviation, with three big commercial service providers -- Air China, China Eastern and China Southern -- already vying for space in this airport in Beijing's southern suburbs.

The hope for business aviation may be that the opening of Daxing will free up capacity at the existing Beijing Capital International Airport, which is not much of a silver lining.