

# Chinese Airport Industry Is Worth USD 9 Billion

The Chinese airport industry is certainly entering a new stage in 2014. After years of growth, the trend may be reversing.

In China when we talk about the airport industry we are not just referring to passenger and commercial airports in the aeronautical sense. We are also covering advertising within the airports as well as non-aeronautical businesses which provide services for passengers. This entire industry is valued at roughly 9 billion dollars and employs close to 105,000 people and 95 businesses.



To give an idea of the volume carried by the airports in China in 2011 its airports reached a level of 293 million passengers along with mail and other cargo of 5.5 million tons. The four main airports in Beijing, Guang Zhou and Shanghai accounted for over 30 percent of this traffic. Beijing International Airport is ranked as the number 1 airport in Asia as well as the number 2 airport in the world according to industry statistics for passenger throughput.

Chinese airports performed incredibly well over the five year period between 2008 and early 2013. Average growth was in the range of 10% per year which has been widely credited to the overall positive performance of the Chinese economy, as well as China's launching of cross cultural exchange advertising efforts. This rate of growth took many by surprise during this time period.

Unfortunately, the Chinese airport industry now faces many real challenges. These include:

**Economic Slowdown:** The entire world, including China, is experiencing an economic slowdown. This is almost certain to negatively impact the airport industry in China.

**Increased Competition:** With more and more cities in China being serviced by high speed rail, Chinese airports are facing competition that is both less expensive and in many cases more convenient.



**Poor Flying Conditions:** A surprising factor that is expected to limit Chinese airport industry growth is the increasingly poor environmental conditions surrounding the skies over nearly all of the major Chinese cities. This is creating situations where the smog causes flight cancellations and other concerns, all of which impact the airports negatively.

It is very likely that the expert predictions are correct and the years of 10% growth for the Chinese airport industry are behind us. Smaller levels of growth are possible, though the possibility of this may rest on the overall wellbeing of the world economy more so than internal Chinese factors.

The success of high speed rail and environmental conditions could be hard to counter. One thing that is certain is that the Chinese airport industry is led by creative and dynamic leadership and if an opportunity presents itself they will seize it. This was shown in the years of heavy growth and could certainly surprise the world again in the near future.

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