

FLIGHT RUSH IN SOUTHEAST ASIA



from Bangkok to Japan by mid-2024.

Southeast Asia is becoming a new hub for aviation, with billions of euros invested in larger airports to accommodate the expected increase in passenger numbers. Despite concerns related to geopolitics and the environment, the region is witnessing the emergence of new airlines, such as Really Cool Airlines, founded by an industry veteran. The airline is scheduled to start operations

Patee Sarasin, a Thai businessman and former head of low-cost carrier Nok Air, believes that starting an airline today is daunting. He admits that raising the required funds requires a lot of money and is exhausting. However, he sees an opportunity to take advantage of the upcoming boom in Southeast Asia. According to him, Southeast Asia will likely become one of the centers of global travel in the future, with Europe and the U.S. slowing down. Even though the aviation sector in Southeast Asia has not yet returned to its pre-pandemic level, private and public players in the region have ambitious plans for the future.

Boeing predicts that air traffic in Southeast Asia will increase by 9.5% annually over the next two decades, higher than the global average of 6.1%. This growth is due to the rise of tourism and the middle class in the region. Currently, the Southeast Asian fleet accounts for about 10% of global air traffic, with over 500 million passengers in 2019. However, this number is expected to quadruple by 2042 to meet the increasing demand. Despite this positive outlook, there are concerns about the region's overreliance on the Chinese market and the risk of overinvestment. Additionally, growing pressure to limit carbon emissions linked to climate change could challenge the aviation industry.

Big Ambitions

Thailand has initiated projects to upgrade airport infrastructure in Bangkok, Chiang Mai, and Phuket. Meanwhile, Vietnam is constructing its largest airport in Ho Chi Minh City, which is expected to be completed by 2026. However, the construction site has raised tons of red dust, causing suffocation among residents. As a result, the €14 billion megastructure has faced complaints from the affected residents.

Cambodia has set its sights on making the future Phnom Penh airport, which is expected to be completed in 2025, a regional hub that can compete with Bangkok and Singapore. The country aims to have around 50 million passengers annually by 2050.

In November, Cambodia inaugurated the new airport in Siem Reap, which serves the temples of Angkor. China funded the construction of this €1 billion project as part of its "Belt and Road Initiative." The airport is expected to welcome 12 million passengers a year by 2040, roughly double the number of international travelers who visited the country in 2019.

However, Philip Kao, president of a local tourism promotion association, believes more must be done to make Siem Reap more attractive. While the new airport is a game-changer, additional efforts are required to achieve the desired results.

Ghost New Airport

According to experts, the new airport terminal appears quite empty today, but it will be useful in the

future. The airport is ahead of its time and is expected to experience a strong uptick in traffic after the market returns to its pre-Covid level, predicted to happen in 2024 or 2025. Coordinated efforts in the region to revive tourism are expected to remove travel difficulties in the coming years.

Thailand heavily relies on tourism, which contributes to about 20% of its GDP. In recent weeks, the country has taken measures to attract Chinese and Indian visitors, who are considered two major customer sources. However, the number of Chinese tourists has been lower than expected due to China's economic slowdown.

Southeast Asia has sometimes relied too heavily on China, which could lead to unexpected setbacks despite positive predictions. As a result, Betong, located near the Malaysian border, opened an airport in 2022 to attract visitors to the Far South of Thailand. Airlines, however, left the airport after just a few months due to a lack of travelers.

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