

## City Haggles Over Location for New Airport

MARK GODFREY, in Beijing

SUSTAINED economic growth and soaring passenger numbers are both reasons why Beijing is building a long-mooted second airport for commercial and cargo use. Digging into a US dollar USD\$400 billion national fund for infrastructure, the Chinese capital is opening a new airport to cope with expected overcrowding at the city's Beijing Capital International Airport (BCIA), which added its celebrated dragon-styled Terminal Three only two years ago.

The Beijing Development and Reform Commission – a policy-drafting body attached to government – had announced that construction would start in 2010 and be completed in 2015. However, work on the new airport has yet to commence at the site in Daxing, a largely industrial zone of the city an hour's drive south of Tiananmen Square. Sources attending the recent Inter Airport China exhibition in the Chinese capital suggested that the Civil Aviation Authority of China (CAAC), the national regulatory body, is continuing to debate the traffic allocated to the new airport while debates on the future a third existing airport, the largely military Nanyuan, are also delaying the construction of the new airport.

Wang Changshun, a deputy director of CAAC indicated recently that a Daxing project feasibility study is complete and now only awaits the approval of the State Council, China's cabinet. Various CAAC and local government sources suggest a construction budget for the new airport of USD4 billion, making it slightly more expensive than BCIA's futuristic Terminal 3.

A spokesman for Beijing Capital International Airport Co., Ltd, which runs the current BCIA, said it had no details to share, referring queries to the National Development and Reform Commission, CAAC and the Beijing municipal government. The Hong Kong-listed airport company took part in the feasibility study, but would not clarify if it had a role in the new airport other than it would “strive for participation.”

Space constraints at BCIA demand a new airport is built, particularly since its operating company chairman Zhiyi Dong has repeatedly stated his vision to beat off South Korea's Incheon and make his airport the dominant hub for north Asia traffic. With its third terminal, Beijing Capital has an annual capacity of 86 million passengers.

That capacity is being soaked up faster than anticipated: throughput reached 65.4 million in 2009; this year's figure is expected to approach 75 million according to a BCIA official. Authorities had predicted that the 76 million passengers-a-year mark would be hit in 2015 when the third terminal, built for US\$3.97 billion. This now appears to have been a wild underestimate.

Beijing will ultimately mirror Shanghai, which already operates two main international airports within its city boundaries. Yet BCIA will deal in much bigger numbers: it is already the world's second busiest airport, frog-leaping London Heathrow in the first half of 2010 according to data from the Centre for Asia Pacific Aviation. China's continued economic growth in 2009, amid a global recession, pushed Beijing capital region's traffic up 17% to total 65 million and lifting the airport from eighth to third place worldwide. BCIA in the first six months of 2010 recorded 251,608 aircraft movements, an increase of 5.75% on the same period last year, making it number two after Atlanta's Hartsfield

Jackson. The passenger throughput reached 35 million, representing an increase of 13.22%, while a cargo throughput of 732,230 tonnes represented an increase of 11.04% on the same period last year.

The CAAC predicts the two Beijing airports (excluding Nanyuan) will together handle a combined sum of 145 million passengers a year. Continuing rises in outbound tourism and inbound business travel will drive those figures. Another factor is that Beijing has more routes to feed: China plans to build nearly 100 new airports over the next decade at a cost of Chinese Yuan Renminbi CNY 450 billion (USD62 billion). Some 97 new airports will be operational by 2020.

The lack of clarity on the project is driven by intense manoeuvring within the local Communist Party apparatus for the honour of getting the airport project within their ward. Interviews conducted with staff at the Beijing-based Civil Aviation University of China and BCIA suggest the airport is also central to a struggle among Beijing officials to readdress the misbalance between the city's north, home to the current Capital Airport and business district and the south. Indeed, south of the axis set by the iconic Forbidden City there's little more than industry and drab residential zones. Putting an airport in Daxing gives the city an excuse to extend the kind of subway coverage enjoyed by the north.

Shen Baochang, (Communist) Party Secretary for the Daxing district has told the local press that the Lixian township in the southeastern part of Daxing had been earmarked in a city land-use blueprint for the airport. Terrain, infrastructure, climate and air traffic control conditions were deemed "most ideal" he said.

South Beijing of course already has Nanyuan, a single terminal (and previously military only) airport which has seen more activity since low fare pioneer China United Airlines started operating there. Nanyuan appears to have previously been a solo-run by the People's Liberation Army's (PLA) vast industrial complex: China United Airlines, which operates out of here was handed over to Shanghai Air in 2005 when the government blocked PLA ventures into civil aviation. United however held onto its privileged access to Nanyuan.

Even though China United has been more successful than other private airlines like cash-troubled Okay, it remains virtually unknown, its minnow status in Nanyuan reflecting the stranglehold of the big state airlines on civil airports and aviation. It is unclear if United, which subsists on routes to more obscure second and third tier cities (where central and local government have been keen to build airports) will remain at its current, limited Nanyuan base.

Located between the city's fourth and fifth ring roads and directly north of Daxing, Nanyuan's future is likely one of the factors delaying progress on the new airport. Peter Jiang, senior consultant at GALink Aviation, a Chinese aviation consulting firm, believes the location of the new airport so close to the current Nanyuan site will force the closure of Nanyuan, the birthplace of the PLA's airforce and home to a cluster of 'sensitive' sites, a local government euphemism for military sites that dot the city since the Communist Party took power in 1949. Beijing Nanyuan Airport is the only one of Beijing's airports classed as dual-use: Beijing Liangxiang Airport, Beijing Shahe Airport and Beijing Badaling Airport are all reserved for the military.

The fact that details of the new airport's location have been reported mostly in the Hong Kong rather than the mainland Chinese media indicates a great deal of sensitivity around

the timing and location of the development. Also complicating matters, the choice of location for the new Beijing airport is also designed to fit into a broader state development plan for the Bohai rim, a land mass encompassing Beijing, adjacent Hebei province and the coastal city of Tianjin.

The region has largely lagged the explosive growth of the country's southeast. Shen, the Daxing party boss, pledged that a new airport in his ward would boost the economic development of Tianjin as well as the cities of Langfang, Zhuozhou, Shijiazhuang and Baoding in Hebei province, heavy-industry cities which have struggled in the post-socialist economy.

While officials in the various subdistricts that make up Beijing competed fiercely for the right to host the airport, the proximity of Daxing to Tianjin appears to have swung it. Tianjin, already served by its own small airport – low fares carrier Air Asia flies daily to Kuala Lumpur from here – has benefited in recent years from favouritism from the national government. Hometown of current premier Wen Jiabao, the city, which hosts Airbus' assembly plant, has become a hub for aviation manufacturing and new energy industries while also emerging as a pilot centre for financial reform.

It is not however clear how the new Beijing airport will affect operations at the existing Tianjin airport – particularly its role as north China hub for Air Asia. The suggestions are that, given its position as a manufacturing hub, Tianjin will exploit its proximity to major cargo flows and concentrate on cargo.

Some indications have suggested the new airport will be a hub for domestic and southeast Asian traffic, generated by China benefiting from ASEAN (Association of Southeast Asian Nations) free sky agreements.

Beijing is also a draw for officialdom and business from other healthy Asian economies, particularly southeast Asian states such as Burma, Cambodia and Laos which all remain dependent on economic and diplomatic ties to Beijing.

Other factors likely to drive capacity demands include a long-expected liberalisation of China's airspace (currently over 80% of which is controlled by the military and a much-anticipated opening up of the general aviation market.