

PUBLIC WEBINAR

**THE PHILIPPINE AIR TRANSPORT INFRASTRUCTURE:
STATE, ISSUES, AND WAY FORWARD**



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DISCUSSANT

13 April 2023

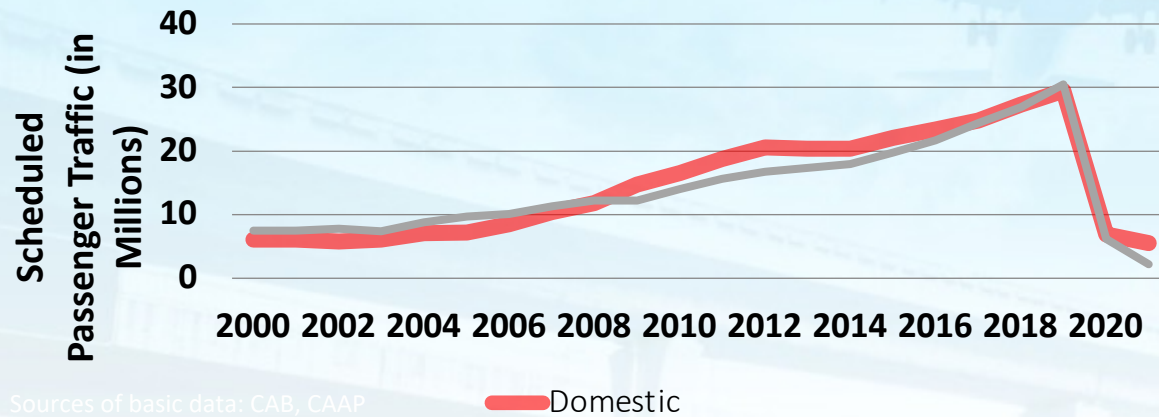


National College of Public Administration and Governance
University of the Philippines

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Growing Passenger-Cargo Traffic (Pre-COVID)



- International cargo: 57.3% of total traffic
 - 70% of air cargoes are in the belly of commercial planes.
- Lifted from the presentation of Dr. Cherrylyn Rodolfo (2017)

Cargo Traffic in the Philippines, 2006-2014 (million kg)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Intl	323.68	310.23	296.79	280.71	295.14	282.50	301.14	405.18	337.47
Domestic	132.64	142.70	137.66	148.07	185.21	183.31	204.64	226.89	250.68

Source of basic data: CAB

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Airport Infrastructure Capacity Expansion

BULACAN INTERNATIONAL AIRPORT



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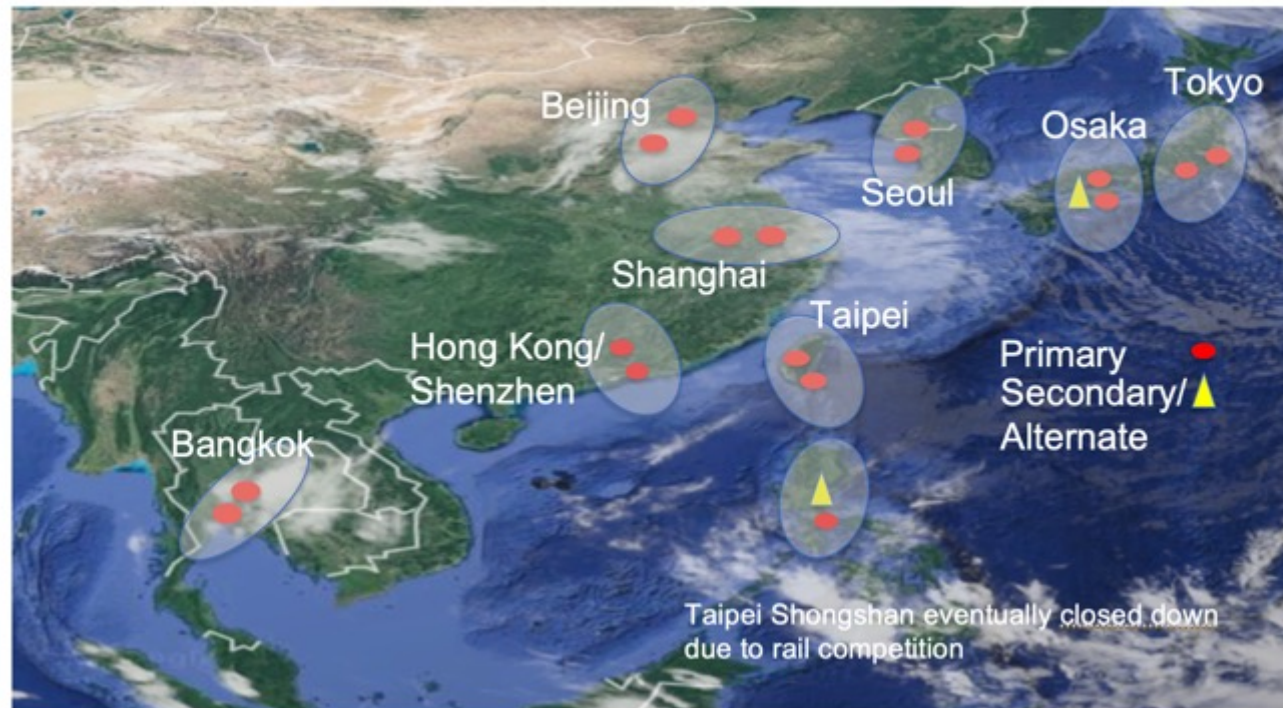


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Dual/Multi-Airport Systems



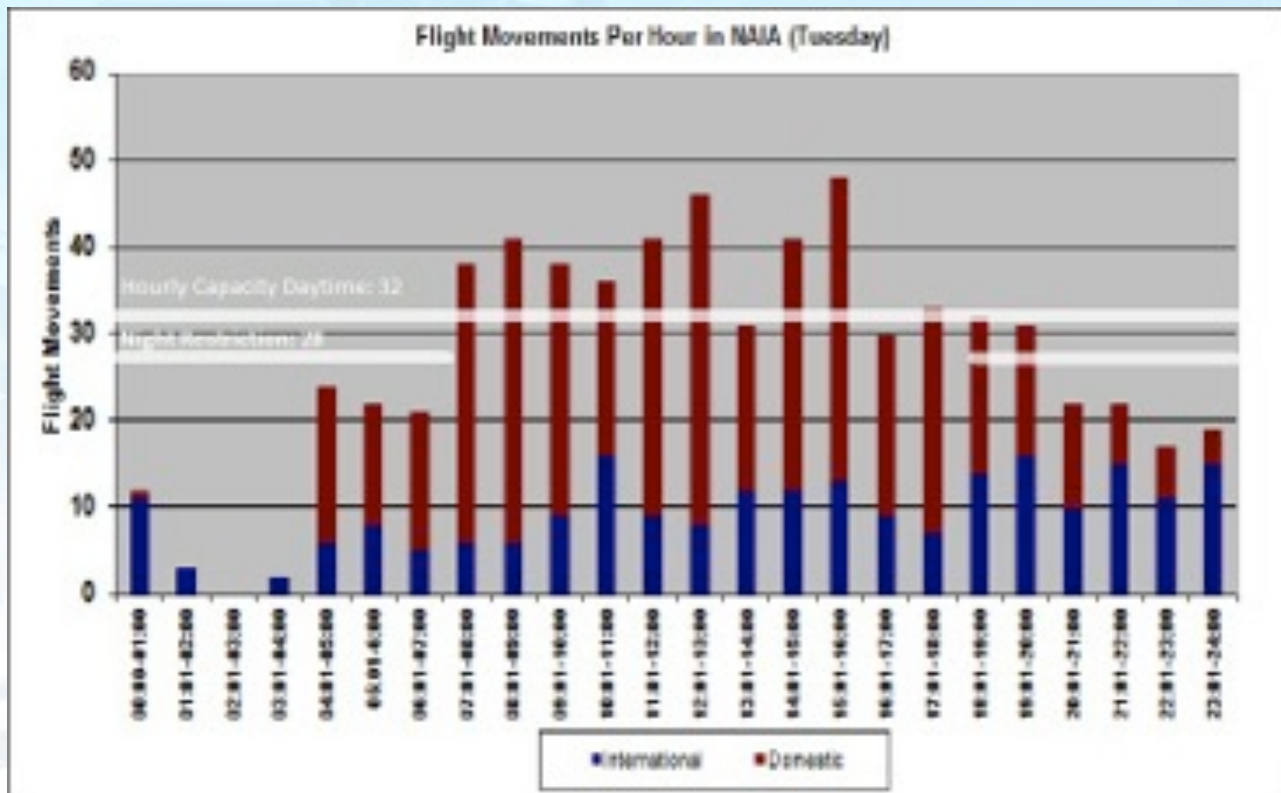
Source: Presentation of
Dr. C. Rodolfo

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To decongest NAIA (flatten the curve), secondary airports must be night-rated in order to accommodate early evening and morning flights.

This will also decongest Metro Manila (traffic going/from NAIA during the day)



Source: lifted from the presentation of C. Rodolfo

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Aggressive stance on negotiating for the Air Service Agreements (ASA) will put pressure on airport infrastructure

New Airseats to the Philippines (2015)



524,444 New Airseats for 2015
Flying direct to NAIA, Cebu, Kalibo, Laoag, Legaspi, and Puerto Princesa
Source: DOT

From 200,000 seats in 2013

Lifted from the presentation of Dr. Cherrylyn Rodolfo



Tourism in 2018 was responsible for 5.4 million jobs, contributing 12.7% (\$44B) to GDP

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Philippine Infra ranking

WEF Global Competitiveness Report – Overall Infra Ranking

COUNTRIES	QUALITY OF OVERALL INFRASTRUCTURE	ROADS	RAILROADS	SEAPORTS	AIRPORTS
SINGAPORE (2019)	1	1	5	1	1
SINGAPORE (2018)	1	1	5	1	1
MALAYSIA (2019)	35 ↓	19 ↑	13	19 ↓	25 ↓
MALAYSIA (2018)	32	20	13	17	19
THAILAND (2019)	71 ↓	55	75 ↑	73 ↓	48
THAILAND (2018)	60	55	91	68	48
INDONESIA (2019)	72 ↓	60 ↑	19	61	56 ↓
INDONESIA (2018)	71	75	19	61	49
VIETNAM (2019)	77 ↓	103 ↑	54 ↑	83 ↓	103 ↓
VIETNAM (2018)	75	109	61	78	101
PHILIPPINES (2019)	96 ↓	88	88 ↑	88 ↓	96 ↓
PHILIPPINES (2018)	92	88	100	84	92
CAMBODIA (2019)	106 ↑	97 ↑	N/A	91 ↓	113 ↑
CAMBODIA (2018)	112	100	109	86	114

Source: WEF (2019-2020 Edition). WEF published Special Edition in 2020 (without 'rankings')

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2020 GOCC CORPORATE DIVIDEND (In Billion Pesos)

1. Bangko Sentral ng Pilipinas	40.5	9. National Power Corporation	4.0
2. Philippine Deposit Insurance Corp.	18.0	10. Philippine Ports Authority	3.5
3. Phil. Amusement and Gaming Corp.	17.0	11. Phil. Charity Sweepstakes Office	2.3
4. Tourism Infra Econ Zone Authority	12.0	12. PNOC Exploration Corporation	2.0
5. Civil Aviation Authority of the Phils.	6.0	13. Philippine Export Zone Authority	2.0
6. Manila Intl. Airport Authority	6.0	14. Bases Conversion & Devt. Authority	1.2
7. Philippine National Oil Company	5.0	15. Clark Development Corporation	1.1
8. Philippine Reclamation Authority	4.4		

Top 15 GOCC Contributors **122.7**

Others GOCCs (< Php 1 billion contribution) **37.9**

TOTAL CONTRIBUTIONS **160.6**

Source: Department of Finance

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Corporate Mandate

PRIVATE ENTERPRISE

Commercial
(Economic)



CSR

PUBLIC ENTERPRISE

Development
(Social)



Commercial
(Economic)

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Commercial
(Economic)



Development
(Social)



Regulatory

Unique Structure

Conflict of Interest

Basilio and Villanueva (2023). **Conflicted Regulatory Environment in the Transportation Sector: The Cases of PPA and CAAP**

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Decoupling the conflicting regulatory and commercial mandates
of the Civil Aviation Authority of the Philippines (CAAP)



Airport Operator



Regulator

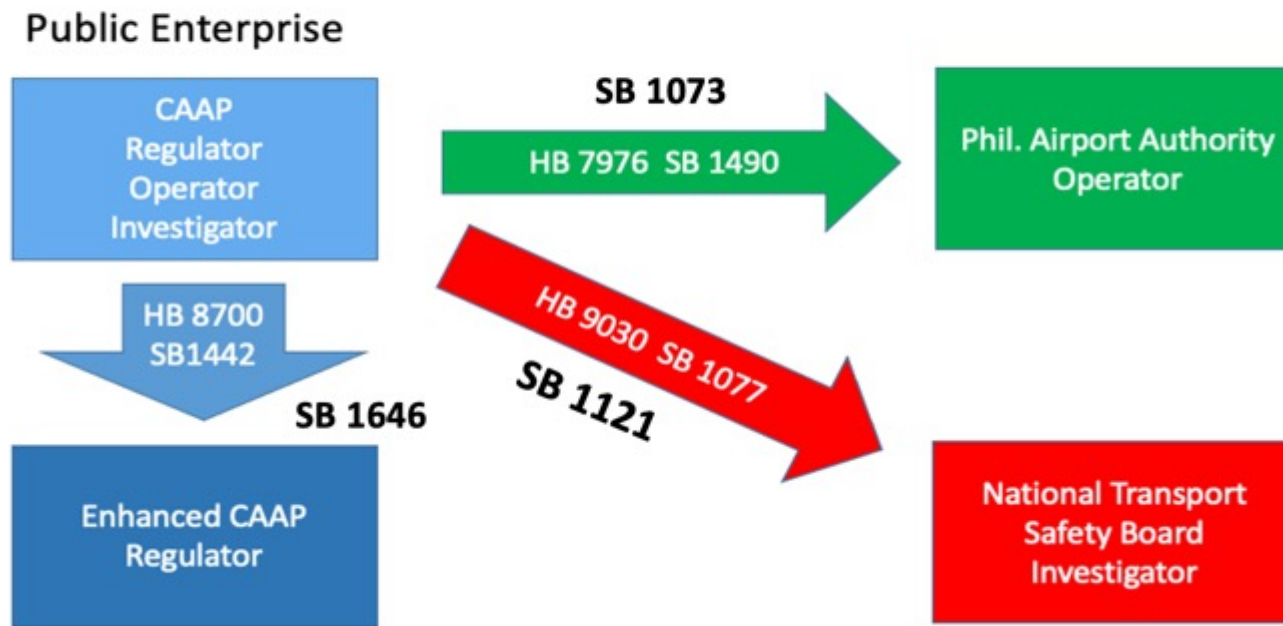


Safety

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From Current to Desired State



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PHILIPPINE
DEVELOPMENT
PLAN

Philippine Development Plan 2017-2022

Key Legislative Agenda

Enactment of a Law Creating Independent Regulatory Bodies for Railway and **Maritime Transport Sectors** to address **“the weak and fragmented institutional setup of concerned transport agencies by creating respective independent regulatory bodies** for the railway sector and maritime transport sector, consistent with the National Transport Policy. **The existing dual roles of some agencies acting as both operator and regulator of transport facilities will be effectively eliminated”**

(See Chapter 19, Accelerating Infrastructure Development, p. 313).

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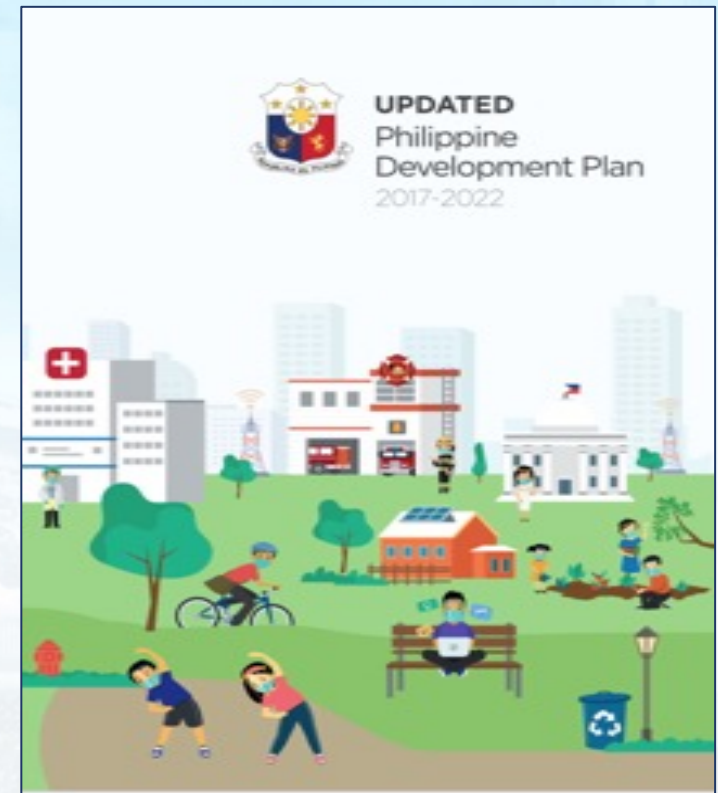
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Revisit the management and regulation of ports to improve efficiency of port operations and encourage competition among ports.

The **separation of the regulatory and operational functions of port authorities and the subsequent establishment of a single entity for port regulations** may increase the efficiency and competitiveness of ports by **allowing inter-port competition** and **encouraging more private sector participation**.

(See Chapter 9B, Key Strategies to Upgrade Logistics Services, p. 9-26)



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Enforce the separation of regulatory and proprietary activities of GOCCs

The government will enforce the separation between the regulatory and proprietary activities of GOCCs under the GOCC Governance Act of 2011 (RA 10149) to ensure that GOCCs are subject to the same regulatory framework as private companies. To this end, the Government Commission for GOCCs (GCG) and other relevant agencies, in consultation with the PCC, will work with government agencies whose legislative charters provide for dual regulatory and proprietary functions, to review their mandates and ensure that structural measures are in place to limit potential conflicts of interest in their exercise of regulatory functions.

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POLICY DISCUSSION

- Creation of the Philippine Transport Safety Board (PTSB)
- Potential impact of the recent amendment of the Public Service Act on the aviation sector
- EO 500 and 500-A (s. 2006) - Pocket Open Skies policy for DMIA and SBIA

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Thank you.