



# Ready to **rumba**

A number of high-profile sporting tournaments will be held in South America over the next few years. Along with an expanding economic growth rate, these events will boost the continent's air traffic and as a result its airports are undergoing major regeneration projects. **Keith Mwanalushi** reports.

**S**o much attention has been focused on the remarkable growth of aviation sectors in China, India and Asia that the rise of South America has almost gone unnoticed. The 2014 World Cup and 2016 Olympics, both of which will be hosted by the continent, have created an interesting contest between South American countries eager to show economic superiority, technological advancement and Latin flair.

The current economic growth in South America of 3.9% per year will drive air traffic to expand by about 7%, according to Boeing, a figure well above the global average growth rate of 5%. The delivery of an estimated 1,640 new aircraft worth \$150 billion to the region is also forecast over the next two decades.

## Colombia

Development to cater for this growth can be seen across the continent. In Colombia, El Nuevo Dorado International Airport in Bogota is in the process of major works. It is managed by Operadora Aeroportuaria Internacional (OPAIN) and Swiss airport operator Unique (Flughafen Zurich).

The Colombian Government awarded a contract for a viable external investment of \$650 million for the expansion and modernisation of El Nuevo Dorado International to OPAIN. Work on the airport began in 2007 and the construction of a new international terminal, the upgrade of an older terminal and the installation of new baggage handling technology have been completed.

The next phase will involve the completion of an office building and the construction of a new maintenance area with a turbine tester and sound barriers. Construction is scheduled to be complete by 2012 and will increase the airport's capacity to 16 million passengers a year.

## Peru

In Peru, rising investment and improved terms of trade have helped stabilise the economy. A recent free-trade agreement with the US as well as increased trade with China, Brazil and Chile have contributed to a surge in movements of goods and air travel.

Peru is reported to have had the best economic growth rate in 2009 of any Latin American country in relation to the economic crisis. Its prime gateway, Jorge Chavez International Airport in Lima, was in a poor state in the early part of the last decade, with dilapidated infrastructure and technology. With the assistance of its shareholder, German firm Fraport, it is now an award-winning airport and considerable upgrade work is underway.

A terminal extension was inaugurated last year providing 28 gates, 19 of which have

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boarding bridges. Internal remodelling of the control tower and a 12,000m<sup>2</sup> extension of the south apron were also carried out. The airport is expected to install an ILS CAT III system this year to help with fog landings. A second runway is also scheduled to be operational by 2014 in time for the World Cup, as more visitors are expected from Brazil.

Fraport reports that Jorge Chavez registered 4.2 million users in the first half of 2009, up 6.3% on the same period the previous year. Investment should prepare the airport for a capacity of 10 million passengers annually in the next three to four years.

## Venezuela

Airport growth seems to be running at a slower pace in Venezuela as the country's economy has been severely affected by the financial crisis. The country has failed to diversify its oil-dependent economy and is facing a sharp slowdown from the global oil bust while experiencing Latin America's highest inflation rate of 30%. Political interference and negotiations with neighbouring governments on issues of technology transfer and service agreements have in the past caused problems with large infrastructure projects for the country.

In 2004, Unique (Flughafen Zurich) and its Chilean affiliate signed a contract with Venezuela covering the expansion and operation of the airport on Isla de Margarita for 20 years. This agreement was later declared void by a newly elected provincial governor. After a series of

interventions and court appearances, the final ruling was for a revised joint operation of the airport by all stakeholders, including the local government.

In terms of the situation today, a statement from Unique said: “We will try the case against Venezuela at the International Centre for Settlement of Investment Dispute in Washington if no amicable settlement can be achieved in the next few months.”

Unique is engaged in nine other airports in four Latin American countries that are successful and run without major problems.

**Brazil**

Brazil's economy outweighs those of all other South American countries, helped by its well-developed mining, agricultural, manufacturing and service sectors.

Sustained growth is expected over the next few years. One of the first sectors to reflect this change is commercial aviation.

As host country for the 2014 World Cup and 2016 Olympics, airport modernisation is underway throughout the country.

Brazil's airport operator Infraero is spending \$2.5 billion on upgrades and the construction of new airports. The International Air Transport Association (IATA) says air transport supports 2.6% of Brazil's economy, creating thousands of jobs and billions of dollars in business.

Brazil has adopted a new civil aviation national policy and IATA is pushing for the country to use the new policy to build a more competitive industry by overcoming major fiscal and infrastructure handicaps. IATA's director general and CEO Giovanni Bisignani mentioned two critical areas: airport concessions and

congestion. Brazil is contemplating future airport concessions to help speed infrastructure improvements.

**Argentina**

Argentina's 32 commercial airports are recording steady growth, according to airport company Aeropuertos Argentina 2000. Since 2002, traffic has reportedly risen almost 40% as the economy has seen a period of relatively stable growth.

Domestic traffic is still down, however, with growth primarily coming from international services at Buenos Aires Ezeiza Airport.

Domestic flights are currently operated at nearby Jorge Newbery Airport. Following a \$400 million investment in Ezeiza, the airport's southern wing will accommodate domestic operations for the first time. It will also rely on flexible design features, allowing it to be used for international flights if required. Work is expected to finish this year. Argentina's market recovery has been directly linked to the rise in international traffic from Ezeiza.

**Chile**

Copper-rich Chile, a long-time favourite of foreign investors, recently announced a \$2 billion investment plan. Unique is involved in three airport projects in Chile, El Tepual, La Florida and El Loa, as part of the first wave of privatisation in the country.

Internal mining activities have prompted a rapid development of domestic airports. It is also believed that main airport Santiago Arturo Merino Benitez lacks the facilities of other South American airports. But Chile also considers tourism a major economic driver that will boost airport growth.

South America receives about 70 million international arrivals annually and tourism in the region is worth \$60 billion in revenue. Tourism is on the shortlist of industries to form the basis of economic development. The 2014 World Cup and 2016 Olympics, coupled with increasing tourism and trade, will be the main driving force in airport growth in this region for the next few years.

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