COALITIONS FOR CHANGE HELPS PROMOTE CLARK AND EASE MANILA AIRPORT CONGESTION
The Australian Embassy in the Philippines and The Asia Foundation, through its Coalitions for Change (CfC) flagship program, hopes to effect policy reform by encouraging civil society, the private sector, the academe, and the government to work together and contribute to transformative change.

CfC works on development concerns that are consistent with the Philippine government’s agenda: improving education outcomes, reducing vulnerabilities to disaster, ensuring peace and stability in Mindanao, promoting economic growth, and advocating for effective governance.

The severe congestion in Ninoy Aquino International Airport (NAIA), the Philippines’ international gateway, is hampering growth and investments. Designed for 30 million passengers but possessing a single runway, NAIA is prone to flight delays.\(^1\) Coalitions for Change (CfC) embarked on finding a way to alleviate this airport congestion issue in December 2015.

Using technical analysis and coalition building, CfC’s work led to the government’s policy commitment to develop a second international gateway airport away from Manila. This story traces the events that transpired from this significant policy direction in Philippine air transport.

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\(^2\) “Project for the Study on Airport Strategies for the Greater Capital Region in the Republic of the Philippines”, JICA and the Department of Transportation and Communications (DOTC), March 2010.


\(^4\) Also known as Diosdado Macapagal International Airport (DMIA) in Clark, Pampanga.
THE AIRPORT DEVELOPMENT CHALLENGE

As far back as the early 2000s, NAIA was already projected to reach and surpass its capacity to handle the growing number of flights and passengers. In 2012, NAIA breached its rated capacity of 30 million passengers. Its congestion has steadily increased (see Figure 1), leading to passenger delays and discomfort. Air services are critical to tourism, with 99 percent out of the six million tourists in a year arriving by air; the remaining one percent via cruise ships. Hence, the inability of NAIA to accommodate more flights and passengers is a major deterrent to national growth, investments, and employment.

There have been commendable initiatives by donor agencies, including the Japan International Cooperation Agency (JICA) and the Korean International Cooperation Agency (KOICA), to study airport decongestion and determine the feasibility of developing Clark Airport. Using these available technical studies and analyses, CfC determined the most viable solution towards developing Clark International Airport (CIA) as the complementary gateway airport to NAIA.

Clark is a former United States military facility located about 90 kilometers north of Manila. CIA currently has one major runway, with sufficient room to accommodate two additional runways. Travelers from the northern parts of Manila can reach Clark in about an hour, only half of the commute time it takes to reach NAIA due to Manila’s worsening traffic.

The Arroyo and Aquino administrations significantly shaped Clark’s stalled development. Under President Arroyo (2000-2010), commercial flights began at Clark Airport and passenger traffic grew to 600,000. Under President Aquino (2010-2016), passenger traffic continued to grow largely due to momentum.

Passenger traffic began to decline in 2013, however, lacking the administration’s priority. Abandoning the plan to develop a new terminal

Figure 1. NAIA’s growing passenger traffic (in millions)
Source: Civil Aviation Authority of the Philippines (CAAP)
became the most significant setback for this promising airport. In 2012 Aeroports de Paris was commissioned to design a new budget terminal for eight million passengers but the following year, Clark’s terminal capacity was reduced to three million passengers. By 2014, the expansion plans for Clark Airport were ultimately cancelled, sending a clear signal: the Aquino administration would not support the development of Clark Airport. Investors lost interest, carriers abandoned their routes, and passenger traffic sharply declined (see Figure 2).

With Clark’s expansion cancelled, carriers were left with no other option but to continue flying to NAIA, further exacerbating runway and terminal congestion and leading to regular flight delays.

Figure 2. Clark Airport Passenger Traffic
Source: Clark International Airport Corporation (CIAC)
“By 2014, the expansion plans for Clark Airport were ultimately cancelled, sending a clear signal: the Aquino administration would not support the development of Clark Airport. Investors lost interest, carriers abandoned their routes, and passenger traffic sharply declined.”
BUILDING THE COALITION

In December 2015, CfC met with Clark Airport stakeholders, including former Clark Airport executives, the Director of the Subic-Clark Alliance for Development, the President of the Metro Angeles Chamber of Commerce and Industry, and the Head of the Greater Clark Visitors Bureau to generate support. From that meeting, a six-point manifesto was prepared, with two provisions urging the government to develop a dual airport policy and implement the masterplan of Clark Airport as designed, with appropriate infrastructure support.

On April 22, 2016, the Advocacy for Dual Airport Priority (ADAPT), a multi-stakeholder coalition to pursue the six-point agenda, was launched. ADAPT’s coalition members included representatives from airlines, municipal and provincial governments, hotels, restaurants, travel agents, business associations, and universities.5

5 ADAPT’s launch generated interest. See the following stories:
“Group calls for Clark full development; banking on next administration”, Interaksyon, April 22, 2016.
“PamCham pushes for Clark railway link to Regions 1, 2, 3, and Cordilleras”, by Ashley Manabat, Business Mirror, April 25, 2016.
1. Definition and implementation of the dual airport strategy for NAIA and Clark as a national priority

2. Implementation of the Clark Airport Masterplan as designed and investing in the infrastructure support and restoring the terminal to its 15 million passenger capacity

3. Directing of POEA, OWWA, DOH and other government agencies to ensure that pre-employment procedures and services required of OFWs are available near Clark International Airport in Pampanga

4. Legislation of the non-imposition (or a moratorium on the collection) of travel tax in all airports of the Philippines, except Manila

5. Legislation of the exemption of Filipino airlines flying domestic routes at all Philippine airports except Manila from payment of excise tax and value added tax on their aviation fuel

6. Passage of the Clark Airport Authority Act
President Rodrigo Roa Duterte, less than a week after his electoral victory, announced his intention to appoint Arthur Tugade as the Secretary for the Department of Transportation (DOTr). As the former President and CEO of the Clark Development Corporation, incoming Sec. Tugade is an active supporter of the dual airport policy. CfC and ADAPT seized this invaluable link to the reform. On May 27, 2016, CfC and ADAPT briefed Secretary Tugade on key points that sought his support for the development of the Clark Airport.

Two of ADAPT’s members briefed then president-elect Duterte on June 13, 2016 to apprise him of the value and advantages of making Clark Airport development an administration priority. The meeting likewise tackled how Clark could be utilized to mitigate NAIA’s congestion.

Soon after these briefings with the administration, the President announced his support for the development of Clark. In his first State of the Nation Address (SONA) on July 25, 2016, President Duterte emphasized that “Clark Airport can be utilized to shift some operations of our domestic and international airlines.”

In addition to this show of support, the President also appointed Alex Cauguiran, one of the leaders of the ADAPT coalition, as the President and Chief Executive Officer (CEO) of Clark International Airport Corporation in August 2016.

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A victory for ADAPT. Sec. Tugade inaugurates the One-Stop Center for overseas workers on September 16, 2016.
THE MARKET RESPONDS

President Duterte’s announcement of Clark Airport’s development had an immediate impact on carriers and other civil aviation market players (see Figure 3).

On the same month of Cauguiran’s appointment, Philippine Airlines (PAL), one of the two local air carriers, announced its flight schedule change. PAL’s accommodation of new flights out of Clark was considered part of “their contribution to reduce congestion at NAIA.”7

On December 16, PAL held its inaugural Clark-Caticlan flight, Caticlan being the gateway to Boracay, a premiere island tourist spot.

Meanwhile, Cebu Pacific Air, the Philippines’ largest air carrier, also expanded its operations to Clark on September 2016.8 Its Vice President, Atty. JR Mantaring said the airline “sincerely look(s) forward to the progression of flight and ground operations at Clark.” The carrier increased its weekly Cebu-Clark flights from three to six times and Clark-Hong Kong operations up from seven to ten times a week.

The market confidence on the announced Clark development policy further propelled PAL to add new destinations on January 2017. PAL launched its international flights from Clark-Incheon, South Korea and added domestic flights to Clark-Cebu and Clark-Davao. PAL will soon launch Clark-Puerto Princesa, Palawan this March 2017.9

Completing the top local carriers, AirAsia also announced the resumption of its Clark-Kalibo,
Aklan flights on the first quarter of 2017.\textsuperscript{10} PAL's hub establishment in Clark is a major milestone. Airline hubs centralize a specific airport's passenger traffic and flight operations, and represent significant investments for carriers to facilitate its ground handling, catering, and other support activities. Given the scale of investments directed to establishing such hubs, carriers tend to continue the routes within their airline hubs.

The almost immediate response of carriers to the President's announcement highlights the critical role of the government in providing clear policy direction. The previous Aquino administration’s de-emphasis on Clark Airport development evidently led to the low interest of carriers. In the crux of the airport congestion issue, CfC played an important role in supporting local leaders to introduce the pro-Clark Airport policy to the Duterte administration. The rise of Clark as the alternative to NAIA is already promoting growth, investment, and employment, not to mention easing the air traffic and passenger congestion at Manila’s gateway airport.

Moving forward, CfC and ADAPT will continue to support the development of Clark Airport. At the top of this reform agenda is the expansion of its passenger terminal from the current three flights to 15 flights per hour, at the minimum. This increase will allow carriers to continuously expand their flight services without fear of terminal congestion. With Clark airport’s development, passengers in both NAIA and Clark should experience more comfort and fewer delays in the days to come.
For More Information

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