

ISAS Brief

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Institute of South Asian Studies
Hon Sui Sen Memorial Library Building
1 Hon Sui Sen Drive (117588)
Tel: 68746179 Fax: 67767505
Email: isaspt@nus.edu.sg
Website: www.isas.nus.edu.sg



The Changi Airport Pullout – Some Thoughts

S. Narayan¹

Media reactions to the pullout by Changi airport authority from bidding for the privatisation of Delhi and Mumbai airports last week have been fairly moderate, though one or two newspapers did make some strident criticism. Among the final bidders, there is likely to be some relief at removal of competition from an established entity like Changi, and the bidders that I spoke to are confident that they can deliver a comparable product within the tender schedules. The loss, certainly, is that of Changi and of Singapore.

News in the media is that the Changi Airport authority was unwilling to provide a guarantee for non-performance that would have devolved on the foreign partner alone. The other part of the story appears to be the tussle between Bharti and Changi Airport over the control over the consortium, with both parties wanting the greater control. The pullout was as much due to the misunderstanding between the two sides as due to issues based on tender conditions. Bharti, the local party, would no doubt try, at this stage, to pass on the responsibility for the pullout entirely to Changi.

It is possible to look upon this experience as a learning process.

- It is important that the choice of the partner in these processes is done very carefully. In the airport bids, the other bidders have clearly identified the dominant partner, be it Indian or external, but in this case, the anxiety of both parties to secure a strong backing actually worked to the detriment of the combination. Both parties wanted a share in the design and construction as well as in the operations of the airport.
- Decisions in Singapore on the strategy need to be taken in the early stages, and not at such a late stage. It would be appropriate if there could be a properly advised strategy team that could map the course of action for the large government-owned companies.
- The failure of Singapore government-owned companies to secure a footing in India will, in the long term, tell on the relationship itself.
- Information networking through alternate sources is essential – the presence/services of an informed individual/organisation in India during the process could help gather information on the tactics of the different groups.

¹ Dr S Narayan is a Visiting Senior Research Fellow at the Institute of South Asian Studies, an autonomous research institute within the National University of Singapore. He is the former economic adviser to the Prime Minister of India. He can be reached at isassn@nus.edu.sg.

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- Media management is important, and there are several alternative ways to do this. The focus should be on the English language print media in India.

It may be worthwhile to do a detailed blow-by-blow analysis of this case to identify the strengths and weaknesses by an external agency such as the Institute of South Asian Studies.

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