

Editorial

Special issue: Links in the air transport chain: Where and when does optimisation begin?

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The air transport sector has recently enjoyed a period of strong economic growth and boom, marked by the entry of new carriers, expanding business, and considerable profit-making. Clearly, though, this has not always been the case. What is more, in the first half of 2008, we have witnessed a new wave of mergers and takeovers, as well as bankruptcies and market exits, which would seem to suggest that the boom is over, for a while at least.

As in the maritime sector, thought and action in the airline business have evolved rapidly in recent years, with respect to both passenger and freight transport. Increasingly, players are approaching the industry from the perspective of air transport chains. Prospective customers are no longer selecting airports and airlines on the basis of their individual merits, but because they belong to an air transport chain that meets their preferences maximally and corresponds to their willingness to pay. Hence, the success of those airports and airlines depends crucially on whether or not they belong to a successful air logistics chain.

This process coincides with a degree of specialisation, air freight being a typical example. Whereas air freight used to be regarded as a 'side product' of passenger transport, there are now a number of carriers focusing exclusively on freight. Likewise, there are now airports (albeit smaller ones) who consider freight transport as their core business. This growing significance of full-freighter services has been occasioned by a combination of factors, including insufficient freight capacity and stricter safety regulations on passenger planes, a trend towards scale enlargement, and substantial imbalances between incoming and outgoing flows.

It is important that research should stay apace with this rapid evolution in the airline industry. In the present issue of the European Journal of Transport Infrastructure Research, we pick up on the now widely accepted transport chain perspective. The six contributions focus on different links in the air transport chain, but without losing sight of interdependencies and the possibility of integration.

The first contribution, by *Meersman, Van de Voorde and Vanelslander*, considers possible future scenarios in the air transport market after 2010, starting from the most significant trends of the past as well as current developments. The liberalisation of the 1990s represented a significant market shift and led to improved capacity utilisation in both passenger and freight transport. The impacts on and responses from airlines have varied across continents and types of company. Meanwhile, greater emphasis on yield has pushed airlines towards various forms of cooperation and integration. Future developments are likewise expected to fundamentally alter the air transport market. This paper explores the ongoing evolution towards this modified market and ownership structure.

Benacchio deals with consolidation in the air transport sector and antitrust enforcement in Europe. The paper aims at analysing the role for antitrust intervention in the light of the consolidation trend in the airline industry in Europe. Quasi-full liberalisation of the aviation sector has led to a situation where new market entries are enhancing (actual and potential) competition on EU routes and where, in parallel, profound forms of cooperation and integration are sought in order to improve performance at the national and international levels. This contribution explores the rational and economic analysis behind antitrust assessment in the evaluation of mergers and cooperation agreements in the air transport sector, which, in the current liberalisation phase, is probably the most relevant intervention for antitrust enforcers within the industry.

The issue of airline deregulation has, in recent years, been attracting closer attention, especially from the media. *Martin and Roman* analyse how deregulation in the European Union has affected the behaviour of carriers, particularly in relation to the entry of new low-cost airlines. They examine how the former legacy carriers have responded to this evolution by considering, among other aspects, the new focus on airline costs and productivity. They also present evidence regarding the potential roles of other players in the industry, including airports, Air Traffic Management firms and aircraft manufacturers.

The paper by *Roosens* deals with the problem of congestion in air transport. The focus is on congestion-related delays at airports and en route. One long-term solution is investment in new infrastructure, but this contribution focuses first and foremost on short-term operational techniques to optimise the use of existing capacity. Whatever the chosen solution, though, new challenges are constantly looming beyond the horizon. Growing environmental concerns in the light of air transport congestion are becoming a major issue.

De Wit and Burghouwt deal with secondary slot trading at hub airports. Growth in the downstream market of air travel is remarkably different from developments in the upstream market of airport capacity. There are many reasons why the supply of infrastructure capacity fails to keep pace with demand for capacity: time-consuming planning procedures, the environmental concern of noise abatement, political whims and the inability to launch new greenfield projects in the densely populated region of Western Europe. The difference in growth between air travel demand in the downstream market and the supply of airport capacity in the upstream market are increasingly resulting in a capacity crunch.

Airport activity involves a complex set of interactions between agents with divergent interests who must cooperate in an articulated chain of processes. Airport performance depends on the quality management of these processes, so that effective value can be offered to the different market segments. *Macário* argues that long-term business stability in the future airport industry is achievable through a business model that offers a clear mission, a thorough strategy, effective marketing, and efficient and accountable management.

In sum: each of the papers selected for this issue deals with one or several aspects of the air transport chain. In a subsequent phase, they may serve as building-blocks in a process of integration and optimisation.

