

Policy Opportunities in Civil Aviation

Essays on Civil Aviation by Policy Experts Around the World

Early 2008, the Airlines Magazine Foundation will publish its first book in close cooperation with Scienceguide / Dutch University Press. The book addresses important contemporary policy areas of today's air transport industry, relevant for businessmen, policymakers, researchers and students alike. We have managed to attract a number of highly respected experts on the field who share their expertise. To give you a glimpse on the content of this book, we herewith provide you with a short introduction.

By Daan de Jong, Bram Kaashoek & Willem-Jan Zondag

In a small European country like the Netherlands, air transport policy making by excluding the international context is simply impossible. For most (European) countries, air transport is an international industry by definition. The more boundaries airplanes cross, the more international the associated air transport policy becomes.

Air transport policy making in the present global industry is very complex. Not only the national and foreign governments have a say, non-governmental agencies and supra-national bodies (the EC and ICAO) also hugely influence air transport policies.

Air transport policy making is important for all stakeholders in the aviation industry. It largely determines the competitive landscape and is of vital importance for all companies involved. Public policy usually attempts to strike a balance between public and private interests. These interests are changing continuously. Hence, the field of air transport policy making is extremely dynamic.

In this publication, we have put together expert opinions on a wide range of air transport policy aspects. These essays have been compiled into four different themes. These different themes – the legal dimension, sustainability, airport policy and policy with regard to the interchange of air transport and other modalities reflect the contemporary dynamics of the air transport industry.

Air Transport Policy in an International Context

In the first part of this book, we kick-off with contributions on the international

dimension of air transport policy making by six highly respected scholars on air transport. The first author, Peter Nijkamp, provides us with an overview of air transport policy developments in general. He is followed by Ken Button who reviews policy developments on the transatlantic market with a special focus on Europe. In his essay, dominantly an economic perspective is chosen: which industrial consequences can be noticed?

Furthermore, policymaking is to a large extent a legal and political process. Therefore, we have included three contributions written by air law experts in this part of the book. Peter van Fenema discusses the recently signed aviation agreement between the European Union and the United States. Pablo Mendes de Leon discusses new measures designed to arrive at liberalisation in the airline sector, especially the establishment of an Open Aviation Area in the transatlantic market. Athar Hussain Kahn and David Henderson (Association of European Airlines), writing from an airlines perspective, stress the need for an integrated approach in order to define coherent policy and legislations for the European airline industry to be sustainable.

Sustainability and Environmental Issues in Air Transport

Sustainability seems to be one of the most important contemporary policy issues in aviation today. Governments, consumers and other stakeholders worry about the impact of aviation on the world's climate change. Aircraft and engine manufacturers are pressured to build planes that produce a minimum of

CO2 emissions while airlines and consumers are more and more requested to compensate for these emissions, voluntarily or by policy interventions. Bart Boon kicks-off this chapter with an introduction into sustainability in aviation.

In line with the complexity of sustainable management and policy making addressed by Bart Boon, Bart de Jong from Utrecht University uncovers the complexity related to the spatial dimension of environmental policy. He suggests a relational planning approach for airports and governments in order to manage the so-called 'glocal' complexity; the constant tension between local and global interests.

Paul Upham, Alice Bows, Kevin Anderson and John Broderick discuss the disjuncture between EU aviation emissions growth and the EU climate change commitment to not exceeding a 2 °C rise in global mean surface temperature above the pre-industrial level. They come-up with short term and long term suggestions for not exceeding the threshold. Apart from emissions, noise nuisance is another important aspect that dominates the environmental debate around air transportation worldwide. Noise disturbance is the single most important local impact arising from airport operations. Callum Thomas, Janet Maughan, Paul Hooper and Ken Hulme analyze the perception of aircraft noise disturbance and discuss policy initiatives deployed by the ICAO and the EU to control the nuisance.

The sustainability chapter ends with two contributions about the monetary instrument that governments might use to

influence consumer behaviour: taxation on tickets. First, Narisra Limtanakool, Ruud Ummels and Sebastiaan de Stigter doubt whether the implementation of tax on tickets, as the Dutch government is proposing, really culminates in environmental benefits. Secondly, on behalf of the Dutch Ministry of Finance, Carlijn Jonkman clarifies the rationale behind the proposed ticket tax on an environmental basis. She explains the difference between taxes and public charges and, furthermore, makes clear that such an intervention is also meant as a stimulus of desired behavior.

Challenges of Airport Policy

Airports are important transport nodes for regions. They not only unlock the region with markets abroad but are often also attractive business locations thus generating jobs and impacting a region's economy positively. However, airports also play a key role in the environmental debate as outlined in the previous part.

This part particularly, but not solely, puts emphasis on developments surrounding Schiphol Airport and to regional airports in general. Being a major European airport situated in one of the most densely populated areas in the world, Schiphol is an excellent case study for airport policy purposes. Popular airports like Schiphol are often facing more demand for their capacity than they can offer. To overcome this problem, airports might use a wide array of demand management options. A relatively new method in this respect is called selectivity. Bouke Veldman discusses several aspects of this policy instrument.

Selectivity suggests a certain luxury; it becomes superfluous if demand declines. Edwin Koster and Paul Bleumink explore opportunities to sustain Schiphol as a hub given competitive forces. They focus their contribution to competition in the air cargo industry. Next, Geert Boosten introduces the 'Schiphol Paradox': on the one hand, the airport is major enabler for economic development in its immediate surroundings. On the other hand, the 'by product' of the actual aviation operations might become an important blocking factor for the region's future

development. Just like Edwin Koster and Paul Bleumink, Geert Boosten particularly addresses the focus on added value, for example by providing services or activities related to the dominant service economy.

This chapter is concluded with three contributions on regional airports. Hans Heerkens discusses the lacking vision of the Dutch government on the development of regional airports. This is a consequence of a policy decision made some years ago to assign public responsibility for these airports to local authorities (provinces and municipalities) and shareholders. Hence, when it comes to regional airports, local interests often prevail over national interests. Additionally, Hugo Gordijn argues that sensible policy making on regional airports is necessary as technological advancements might fade away traditional objections on regional airport development. Peter Forsyth, finally, contributes about subsidies often awarded by regional governments in Europe to regional airports, in the hope of attracting low cost carriers and more tourism. He concludes that this is a questionable public perspective as costs are often underestimated while benefits are greatly overestimated.

Intermodality: Rail, High Speed Rail and Seaport Opportunities

The air transport system can not exist without other transport modalities offering ground transportation from the point of origin to the airport of departure and from the airport of arrival to the final destination. This goes for passengers as well as cargo. In this way, different modalities can be perceived as complementary. However, some policymakers believe that one transport modality, for example rail, can be a substitution for the other (air transportation) making these modalities competitive. This final chapter outlines several aspects related to modal complementarities versus modal competition.

In the first contribution of this chapter, Nicole Adler provides research outcomes concerning the competitive outcome of additional or expanded high-speed rail infrastructure on the transport equilibrium in the medium to long haul passenger market. Think for

example of trips beyond 300 kilometres. Among others, she concludes that it is only worthwhile improving the high-speed European rail network if the regulators are willing to subsidize the cost of the infrastructure upgrading. She also proposes to set an environmental charge of €100 per flight and €50 per train service without dramatically changing the transport equilibrium, thus collecting approximately half the estimated environmental damage.

Furthermore, Wolfgang Grimme discusses the relevance and importance of air-rail intermodality and integration in Europe. Policymakers often demand better intermodal cooperation. Increasing intermodality and integration may require considerable public funding. However, as successful air-rail integration has proved to reduce pollution and congestion on and around major airports, such an investment might be justified.

Policymakers support substitution of air by rail services, which are usually promoted through competition between the modes. In line with the Grimme essay, Moshe Givoni argues that the potential benefits from air-rail cooperation are greater than the benefits from air-rail competition. Hence, policymakers should promote integration instead of competition.

Finally, Hugo Roos concludes the last part of this book with a discussion about common misunderstandings on interconnectivity between airports and seaports, particularly with regard to cargo traffic. These misunderstandings often arise when the logistical aspects of modal choice are neglected. He clarifies these misunderstandings.

Concluding Remarks

The new book "Policy Opportunities in Civil Aviation" provides a bird's-eye-view on contemporary policy issues in air transport. Although The Netherlands often served as a case-study, we believe numerous papers are also highly interesting for readers from all around the world. The book will be available for sale as of spring 2008 and can be ordered via www.aerlinesmagazine.com. Please visit our website for the most recent details, a table of contents and ordering options.