

Development of Airport Regions: Varieties of Institutions in Schiphol and Frankfurt

In the era of globalization, airports are rapidly developing as new economic centers of the city-region. Despite internationally comparative economic trends and the challenge of urban planning this brings along, the institutional conditions for the actors involved remain rather local. Development agencies are set up for spatial-economic development of the airport region. A closer look at regional development agencies in the cases of Amsterdam (Schiphol Area Development Company) and Frankfurt (Rhein-Main Verkehrsverbund) illustrates great varieties in institutional systems, and in their impact on planning. Both celebrated their anniversaries recently. What have been the results so far, and how can each learn from the other in order to integrate infrastructure and land supply in planning in the context of changing governance structures in finding a balance between exploiting and protecting the airport area?

by: Michel van Wijk

Airport region development

Increased air transportation has fueled economic growth, so that airports have developed in the last 40 years from an air station (1960s), shopping center (1970s) to a business center (1980s) and an entertainment and leisure center in the 1990s (Hartwing 2000). The increase of services, businesses and leisure in the 1980s and 1990s, combined with a higher added value per square meter, has increased the pressure to exploit the direct airport environment. These extensions of business activities are facilitated by multi-modal transport connections on the airside and landside, and represent the development of what Güller and Güller define as the airport city:

“...the more or less dense cluster of operational, airport-related activities, plus other commercial and business concerns, on and around the airport platform. However, this cluster is called the airport city only if it shows the qualitative features of a city (density, access quality, environment, services).” (Güller and Güller 2002:70)

In the last decade, the impact of international airports goes beyond the airport territory itself. The impact on the region can be analyzed in terms of direct and indirect employment, urban development and related facilities. John Kasarda described this impact on the area around the airport, with a radius of up to 70 kilometers, as the development of the aerotropolis (2000). Despite discussions about the absence of a definition of the aerotropolis itself (Van Wijk 2007a), it clearly illustrates the impact and scale of the economic activities at and around the airports.

The described developments call for planning of airport regions. This is not an easy task: already in 1993, Weisbrod, Reed and Neuwirth pointed out that few types of economic development have been as poorly predicted as development around airports. A few North-American airport environments showed

unexpected rapid development, where in other cases, land reserved for development remained vacant for decades.

In the more successful cases, increased growth of aviation and increased airport capacity demand attract economic activities to the airports. Two approaches on how to accommodate businesses and to develop the airport region can be distinguished: the exploit-the-site approach, that makes full use of the business opportunities, and, in contrast, the protect-the-site approach that is more selective and prioritizes airport related activities (H+N+S et.al. 1998). Aviation specialists prefer the protection of sites, by only admitting platform-related activities, such as handling of cargo and baggage, and maintenance of airplanes. This is to avoid congestion and the downfall of the airport due its own success. The exploit-the-site approach, however, has a corporate background, and it sees the scarcity of the market as essential; land prices and rent levels will sort out the activities with the highest added value at the airport, often offices. In practice, the actors involved, like project developers, airport authorities, land agencies and governments, will aim for a vulnerable balance of exploiting the airport's economic potential and spin-off, while protecting the core business, in the context of changing governing structures.

Government and governance

During the last two decades, policymakers have become aware that governments are no longer the dominant actors in policy-making, as private actors increasingly play an important role in the ‘institutional arena.’ These networks of public and private actors are not new, but they are growing in number and in importance. In this actor-oriented institutional analysis, we focus on governance seen as a concept for the analysis of societal capacities ‘beyond’ government; there is no longer a strict separation between policy-making by governments or by market actors.

The engagement of economic actors in their organizations and networks is indispensable for improving governmental structures in the region as well. This engagement contributes to institutional competitiveness as a major component of regional economic competitiveness (cf. Hall and Soskice 2001). The challenge for metropolitan policies is to find the keys to unlock the connections between different spheres of action, where the focus on strategies

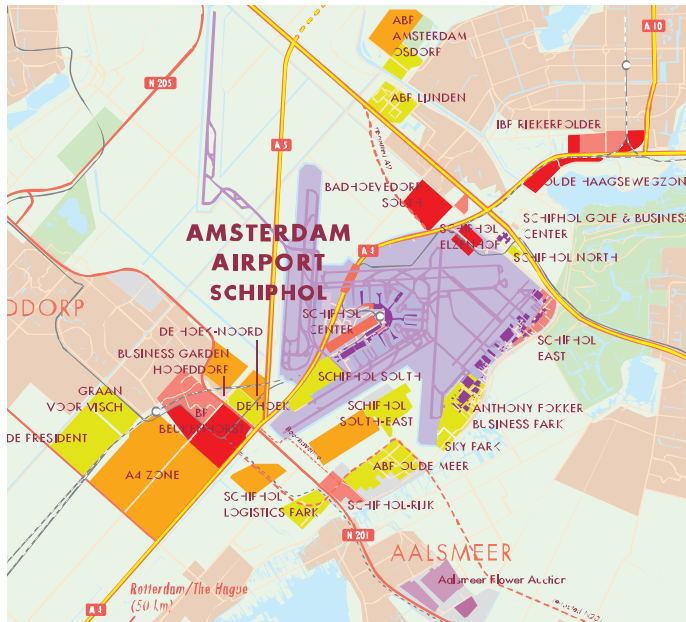


Figure 1: Coordinated land supply in the Amsterdam Airport Area. Courtesy of Amsterdam Airport Area (for complete map see appendix 1)

of connectivity of public and private actors and different levels of government with global economic and cultural networks is considered more urgent than formal reorganization of local and regional governments. Policy-making and implementation in the city-regions, including airport areas, is therein increasingly characterized by interaction, bargaining, negotiation and entrepreneurship (Gualini 2001).

We will challenge this theoretic framework with the noted shift from government to governance, and with the shift from formal organization to connected strategic entities in the cases of planning in the airport areas of Amsterdam and Frankfurt. Both airport city regions are comparable in size, structure and position, but vary in governance structure. In particular, planning systems in German regions is more decentralized and more formal than in Dutch regions. The Schiphol region is, therein, an example of coordinated land supply, implemented by a development agency. The Frankfurt region develops along infrastructural axes, planned and managed by a regional transportation authority. The case studies are analyzed first by introducing the main actors. Then, the actor coalitions and their institutional frameworks are briefly analyzed, focused on successes and current challenges. Finally, we will discuss what each can learn from the other.

The case of the Amsterdam Schiphol region

The province of North-Holland has a mediating and coordinating role between the local and national governments, and private and public interests. North-Holland supervises local land-use plans that should fit in the regional land-use plan. In the Schiphol area regional plan, the province of North-Holland sets strict zoning regulation, including admissions based on so-called ‘airport-relatedness’ criteria for office and industrial locations. The closer the parcel of land is to the airport, the more airport-related the businesses should be. This strict zoning is set up in order to protect the airport site from congestion.

The provincial planning agency and provincial planning deputy also have mandate and active development roles. These roles are mainly on a cooperative basis with the municipalities of Amsterdam and Haarlemmermeer, which is the municipality the airport is actually located in. These public actors coordinate land supply for industrial and office development in the so-called Bestuursforum Schiphol region (BFS). The Schiphol Group is an advisor for regional economic development strategies in the BFS. As land ownership is - more than in other countries- often public in the Netherlands, coordination of land supply is required in order to avoid inter-municipal competition (Janssen-Jansen 2007). This competition on commercial land supply is typical for the Netherlands, but has been avoided in the Schiphol region. Its leading planning program document is the Regional Economic Vision Schiphol (REVS).

Setting up a common land pool in 1987 enforced implementation of the development vision and strategies. Schiphol Area Development Company (SADC) is responsible for land supply and planning the airport business parks around the airport territory, and admits only airport-related companies at its business parks. SADC is not in charge of real estate development itself, however. Therefore, private real estate developers, such as Schiphol Real Estate (a full daughter of Schiphol Group), AMB and Pro-Logis, are hired. This framework makes SADC a government-owned company that operates as a market actor. It fulfills both public and private duties.

In 2007, twenty years of SADC was celebrated. What have been the results so far? In two decades, over 120 hectares of Airport Business Park have been developed, particularly industrial parks, but also office parks. These were linear projects, developed one by one. First, land was sold that directly bordered the airport territory. As the impact of the airport on the region expanded, so did the scale of development to the regional level. The current trend is to develop multiple locations and to offer the sites to various target groups in the airport area. SADC is leading nationally in terms of quality in developing and maintaining these industrial parks, with award-winning projects. Hundreds of companies have received approval for settlement on the business parks, while some not-airport-related companies have been refused. As the selection criteria since the 1990’s have been roughly the same, and the internationalization of the economy has continued, the domain of companies for settlement has increased.

Despite these successes as a planning model, often being studied by foreign delegations, we can identify two problems: balancing regional development and side effects of the Dutch governance style.

First, there is the continuous tension between protecting and exploiting the site. As non-aviation activities become more and more important to the airport, exploiting the airport territory for commercial activities is an attractive source of income. This can be seen in Schiphol Group’s AirportCity- development model. Exploitation of the site needs to be in balance with protecting the site. Considering the rapidly growing congestion in the airport region, this is an important element to consider in the evaluation of the leading REVS policy. The use of national highways and rail infrastructure is reaching their maximum capacity, and Schiphol constantly invests in infrastructure and accessibility of the airport territory. However, the regional network in-between these national and local levels cannot catch up with economic development, particularly with congestion caused by commuters

and cargo and flower trucking. Examples are the lack of a direct connection of the airport to Amsterdam's metro network, and the long planning process of 13 years of rerouting the provincial highway N201 that intersects the region.

Second, full use is made of the economic potential of the airport in the region, but in the framework of the Dutch consensus style for policy-making, this leads to unclear roles and monopolization of the actors involved. Strategic actors in the region join an airport area development coalition and most have its share. These actors are the ones operating in the Bestuursforum: Schiphol, the province, and local municipalities. One of the characteristics of the consensus style and coalition policy style is, however, that most, but not all, actors can participate, or they have to be satisfied with what is left over after sharing the pie (Galvin 2007).

Schiphol Group and Schiphol Real Estate, for instance, have a monopoly at the airport territory. This was originally intended to protect the site from uncontrolled real estate development. Global warehouse developers and asset investors as AMB, Goodman and ProLogis criticize this situation. These developers have – in contrast to airports in other countries – no direct access to the airside, in particular the platform of the airport. That is, development of the airport territory itself is a preferential development of Schiphol Real Estate.

Outside of the airport territory, and in the wider airport region, land ownership is partly private and partly public. The dominant position of public actors on the land market creates opportunities for balanced regional economic development. However, it also forces the (semi-) governments to constantly intervene on the land and property markets, and to control demand and (over)supply. From time to time, this can hamper and influence the market process correcting itself. One additional problem is the risk that other commercial land and property developers consider themselves as outsiders or excluded from this part of the market.

Regardless of whether this image of project developers and land speculators is true or not, in these cases, appearances are easily against public actors operating on the market. Their roles and interests are more plural than the ones of private actors, and airport development is a sensitive topic in any region, too.

The planning model for the Schiphol region can, despite these problems, be seen as a success in terms of creating jobs (around 120,000 direct and indirect jobs in the region), and it has balanced land supply and development of airport business parks (concentration on the ABPs in map 1 and avoiding regional sprawl). The Schiphol region did not get stuck in the discussion on airport noise, but it obviously has also benefited from the airport's growth since the 1980s. It is a unique institutional model of public-private partnership and governance. It is interesting, however, how to deal with its shortcomings in the re-

gional economic competitiveness by improving the accessibility of locations in the airport region and by improving the access to development coalitions for outsiders or newcomers. Therefore, we will take a closer look at Frankfurt Rhein-Main.

The case of Frankfurt Rhein-Main

The impact of the airport on regional development in Frankfurt Rhein-Main stretches out over the states of Hesse, Bavaria, and Rhineland-Palatinate. Since the airport is at the border of the territory of the 'independent' city of Frankfurt, this local government is, besides the state government of Hesse, the main actor in charge of airport planning and expansion. Although Frankfurt's and neighboring communities' and counties' land-use plans have to fit in the regional structure plans of Hesse, the bottom-up planning culture often leads to the adjustment of the plans at higher levels.

Regional planning in the case of Frankfurt Rhein-Main is, different from the Netherlands, less focused on land use regulation and planning of land supply and demand. Its focus is rather on facilitating spatial-economic development by infrastructure investments and facilitating project developers. One of the main reasons is the failure of setting up regional planning associations that could cross borders, and, at the same time, have sufficient planning competences (see a.o. Freund 2000). For instance, coordination of land supply between municipalities for office and industrial parks could not succeed as most of Frankfurt's smaller surrounding municipalities compete on corporate tax revenues. Corporate tax is in Frankfurt Rhein-Main the most important source of income for local governments.

As more general regional planning associations could not become successful in catching the appropriate planning jurisdictions, organizations with a more functional approach for dealing with planning issues could become effective. Here, we will focus on the role of one crucial actor, the regional transport authority Rhein Main Verkehrsverbund (RMV), which is a strategic actor that is publicly financed but independently functioning. Setting up this common transport agency, however, has a long history. Bus passengers had to buy separate tickets at the borders of the towns in the region until 1991. After a preparation period of two years, initiated by the mayor of Frankfurt and the county Main-Taunus, RMV was established in 1995. Various local and regional governments are shareholders of RMV. Although the municipalities remained responsible for the purely local transportation, a new law was adopted in order to bring regional public transport under responsibility of RMV. The integrated public transport authority improved the coordination of regional transport, and it has extended the regional network. Therefore, it could make use of the underground and light-rail network that has harmoniously developed in Frankfurt since the 1960's (figure 2).

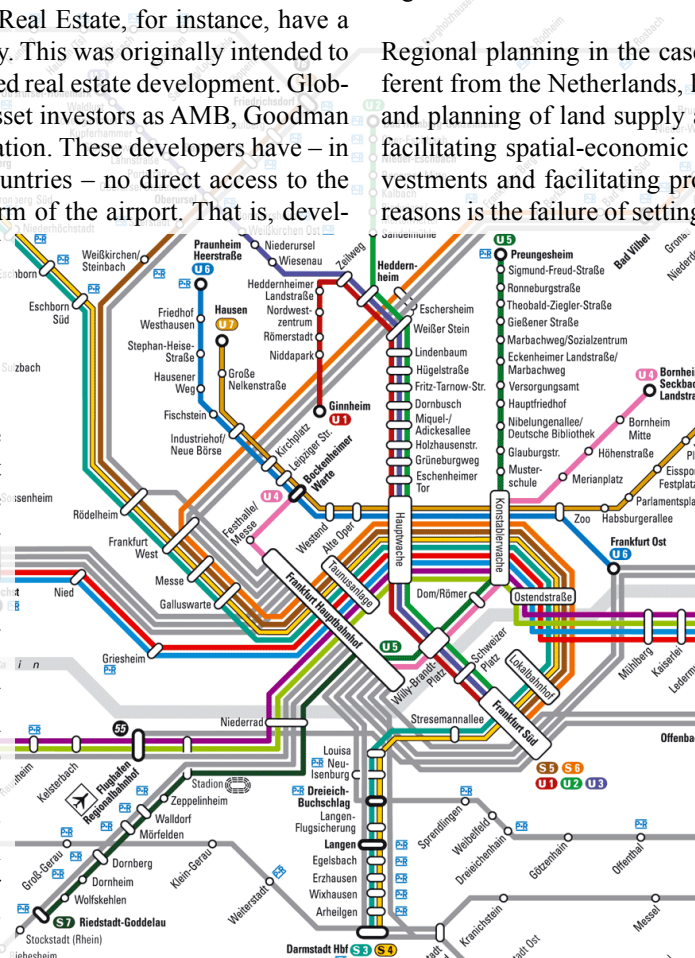


Figure 2: RMV Network of underground and light-rail trains in Frankfurt Rhein-Main. Courtesy of RMV

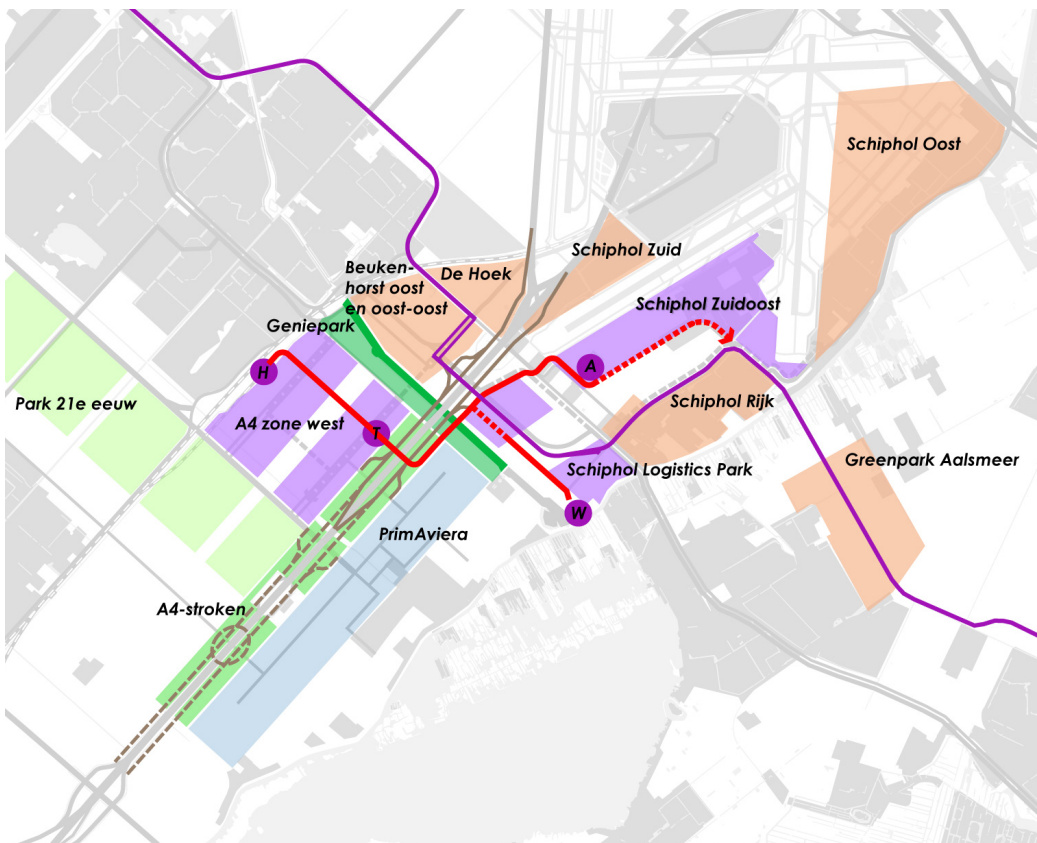


Figure 3: Concept Masterplan of ACT. Courtesy of SADC

In 2005, RMV looked back on ten years of regional public transportation planning. The results are integration of the network, a systematic approach to organizing transport services, modernization and upgrading of the infrastructure, uniform tariffs marketing and a new focus on customer demands. During these years, RMV has considerably increased the number of riders, has greatly improved the revenue situation, whilst keeping its expenditure of the network at a constant level (RMV 2005). The RMV is taken seriously by other actors, because it has its own budget and planning competences. In the airport development, a direct involvement is found with the plans for the regional tangents, that connect the airport in a more polycentric pattern with towns and villages west and east of the airport, rather than the current radial structure focused on Frankfurt's downtown and business districts.

The importance of developing the extended network in the region, however, goes beyond public transportation. In cooperation with regional media that help to develop a regional identity for Rhein-Main, it contributes to integration of the region to a large extent. These forces improve the economic competitiveness of the entire Frankfurt Rhein-Main region to a large extent (Van Wijk 2007).

Despite this importance and success, RMV managers argue that developing business parks and industrial sites is not always in balance with extending the network and opening new stations. Partly, this is related to the corporate tax competition. In addition, as the land market is mainly privately owned and business park development initiatives open to project developers, there is no particular ideal typical harmony between the two: develop business parks where accessibility by infrastructure is best. In order to do so, one would require a stronger development coalition of infrastructure planners, landowners and project developers than is currently at stake.

Comparison and conclusion

The increasing impact of airports on the airport region challenges regional planning. The airport's impact and ambition to develop as an airport city, and even on a larger scale, the aerotropolis, requires balanced development of infrastructure and business parks. In the era of globalization, corporate governance and a retreat of governmental activities, this challenge lies at the heart for an area development coalition with public and private partners involved. However, despite the comparable economic developments, the institutional setting is predominantly determined by the local situation.

The cases of Schiphol and Frankfurt show their approaches to planning based on typical institutional systems. In the case of Schiphol, regional and

local governments and the Schiphol Group, coordinate land supply. This supply is constantly monitored and matched with market demand for industrial land and office locations. The fact that local governments often own land not only creates an opportunity, but also forces them to join the planning processes to avoid a "battle of the fittest" in their own region. Regional planning of (airport) business parks is still a bridge too far in Frankfurt. Planning in the Rhein-Main region is more industry-oriented and the development of an extended light-rail system in the region can be seen as a successful way of developing the region. Whereas business park planning in the Schiphol case neglects the importance of infrastructure development on a regional scale, infrastructure planning in Frankfurt is not always in harmony with more market-driven business park development in the German region.

Both cases would benefit and boost the regional competitiveness by learning from each other. Considering the local and unique institutional context, it is, however, not easy to copy each other's success models – to be more precise, institutional transplantation from one case to the other often fails. The Dutch and German planning models vary greatly, which complicates learning how to deal with e.g. typical institutional systems as a consensus style of planning in the Schiphol region.

This is, however, not to say that learning cannot take place. The updated regional economic development plan for the Schiphol (REVS II) in particular should, more than before, go beyond the current quality of a free bus lane, and it should explore the possibilities of developing an infrastructure network comparable to the Rhein-Main region. Therefore, setting up a sufficient organization in order to establish a network of public infrastructure, for instance a light rail system, can be a major challenge. One of the great current opportunities for this is Amsterdam Connecting Trade (ACT): the development of a multi-modal hub connecting airport business parks between Schiphol and Hoofddorp (figure 3). Plans include a dedicated freight lane for trucks,

a cargo train station connecting to the high-speed rail network, a water terminal and an extension of the dedicated bus network Zuidtangent. On the other side, Frankfurt can learn from the coordinated land supply of the Schiphol region. Sooner or later, and as urban sprawl of business parks continues, municipalities in the Rhein-Main region have to acknowledge that coordinated development, related to the infrastructure network, is in the interest of all actors. If no agreement on regional land use regulation can be reached, legal and financial incentives should be introduced to balance the development of the airport area in Frankfurt's surrounding areas.

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Biography

Michel van Wijk graduated in urban planning and politics at the University of Amsterdam (The Netherlands) in 2001. His PhD research at Utrecht University (The Netherlands) and thesis (2007) focused on economic development and institutional learning in airport area planning. Since January 2007, he is project manager of concept and cluster development at Schiphol Area Development Company (SADC). This article is written in a personal capacity. To contact Michel van Wijk: mvw@sadc.nl

Appendix 1

Figure 4: Coordinated land supply and business locations in the Amsterdam Airport Area. Courtesy of the Amsterdam Airport Area

