

RECENT DEVELOPMENTS IN AIR TRANSPORT IN THE BALKANS

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In the last ten years, following the breakup of the Yugoslav Federation, the process of institutional consolidation and development of the respective economies gained momentum. These countries managed to overcome many of the most serious problems that plagued them throughout the turbulent years of the 1990s. While major difficulties still exist, a European future along with improved material wellbeing have characterized these governments' aspirations and concrete economic and administrative policies. Against this background there have been a series of structural reforms as part of the governments' agendas, parallel to numerous attempts to modernize the previously depressed economic mechanisms left by the socialist model (in its various Soviet and Yugoslav declinations) and subsequently torn apart by conflict and consequent instability. In the decade 2000-2010 political forces in the Balkans (Croatia, Bosnia-Herzegovina, Serbia, Kosovo, Montenegro, Macedonia,

Albania, Romania and Bulgaria), inspite of many obstacles, proceeded to take on the challenge of leaving behind the events of the recent past, both in political terms and as regards concrete living conditions. The quest for improved standards of living in the Balkans, previously denied compared to those in western Europe, has so far been particularly frenetic and confused. It has generated marked contradictions and contributed to the fragility of the economic foundations laid in various forms in the area during this period. Nevertheless, some socio-economic progress is visible and the positive influence of the European Union on the entire Balkan area has enabled economic growth to be anchored to European growth. Enhanced institutional stability experienced in the area in the past decade, a result of European efforts toward this end, has also had useful results in the economic field, by linking the EU's support to the speed of reforms and a significant willingness to pursue EU directives. There is a certain disuniformity in terms of timelines as far as accomplishments and the degree of progress attained. Bulgaria, Romania and Slovenia for example have been in the EU for some years whereas most of the Balkan states are still pursuing this goal. Beyond these differences and each country's internal characteristics, it is possible to identify a common trend: generalized economic progress in the region and surprising improvements in terms of technological development and efficiency.

One important example of this is the airport system in the Balkans, which has undergone marked progress in terms of development and modernization. Airports and their use by the national authorities are part of a wider transport policy which can be seen as one of the fundamental conditions for achieving the economic development goals in the Balkan capitals. A two-pronged strategy has been implemented over the last decade in this sector.

The first part of the strategy has been to attract foreign investors to enlarge airport infrastructure in the Balkans and make it more efficient. This step was successfully

taken by various countries such as Albania, enabling the authorities to shorten the timelines required to achieve competitive quality standards, in the absence of local public or private funding in the various countries in the region.

The second approach Balkan governments have taken has been to coordinate with the rest of Europe. In fact, modernization of airport infrastructure must coincide with frequent, stable connections between Balkan and west European air space, as the latter is the main market for destinations and departures for civilian and commercial routes with stopovers or final destinations in the Balkans (both eastwards as well as toward western Europe). It is sufficient to note that from 2001 to 2007 air traffic between western Europe and the Balkans increased by 130%. The process of organizing Balkan airports mainly based on west European routes follows the most well defined orientation of trade (and political and institutional) relations between the two areas. In the last fifteen years the majority of Balkan countries' trade has decisively turned westwards and this situation appears to be further consolidating. Therefore, while on the one hand governments on the Balkan peninsula have directed their efforts toward building closer connections between their own and west European airports, on the other hand the EU has encouraged these developments by including air transport as an item in the generous Structural Funds to countries that belong to the EU or in the Instrument of Pre-Accession Assistance (IPA) funds granted to countries which intend to join the EU in the future. In addition to substantial financial contributions, this factor has allowed the beneficiary countries to access assistance programmes regarding the regulations and guidelines which are indispensable for fully integrating Balkan civil aviation into the fully developed west European system. Thanks to the European Union, nine Balkan countries (with the exception of Slovenia and Greece) have concluded official agreements with Eurocontrol (the European agency which monitors and ensures the safety of European air traffic) and have joined

the European Common Aviation Area Agreement (ECAA); this treaty sets out the technical parameters for constructing a homogeneous aviation market for adhering countries. Thus private investment from abroad has found fertile ground for short- and medium-term returns due to the rapid progress made possible by the European Union's technical-organizational assistance.

Expansion and improvement of air transport infrastructure still has not eliminated many of the weak organizational aspects that continue to plague Balkan air transport, leaving ample margins for further improvement and deeper integration with the western part of the continent. Nevertheless, some examples should be highlighted to illustrate the ongoing changes that have already produced encouraging results for the Balkan airport sector. Tirana's airport increased passenger traffic by 120% from 2004 to 2010, inspite of the fact that in the last two years growth of air traffic has been limited by European economic difficulties. Another example is Croatia, where the airport in Zagreb has reached two million passengers per year. Traffic at the Belgrade airport increased by 70% in the period 2003-2010 while in Sofia it increased by 50% from 2007 to 2010, even though this time period coincides almost perfectly with the spread of the international economic and financial crisis. These figures highlight the speed and intensity of the recent development of the Balkan aviation market, which appears not to have been stopped by the difficult economic conditions in the Balkans and in western Europe (notably the market responsible for the recent growth). This leads us to deduce that growth of the sector in the Balkans (and therefore to and from western Europe) is structural, and not related to the short-term economic situation. Thus it has not been affected decisively by the negative economic trends currently affecting the region, but is rather constant over time due to economic and commercial factors acting on a deeper level (for example the development of tourism on the west coast of the Balkans, the establishment of local production facilities in these countries

by companies previously located in Italy, France or Germany, and trends in economic growth and improved living standards triggered by the process of the Balkan countries joining the EU).

The air freight and passenger transport sector is one of the Balkan countries' top priorities, with the goal of full integration into the larger network of European transport. The field is growing dynamically and should continue to be supported by the EU, which is well aware of the political, economic and commercial advantages deriving from the complete integration of the Balkans into the continent's air space. Furthermore, the European Commission's forecasts and expectations in this regard illustrate a scenario of increasing air traffic throughout the current decade. These circumstances should place Balkan political and economic authorities in an optimal position to exploit the existing potential on a local and regional as well as a continental level.

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