

PROBABLE DEVELOPMENTS IN AIR TRAFFIC BETWEEN ITALY AND EASTERN EUROPE: THE CASE OF FORLÌ

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Economic developments over the last ten years in Eastern Europe and the Balkans have been marked by two main aspects. On the one hand the region experienced rapid and tumultuous economic growth which in just a few years led to massive economic and manufacturing dynamism. In this case the reforms adopted after the fall of the socialist systems worked to propel a major increase in industrial and manufacturing activity, in addition to boosting the main macroeconomic indicators such as foreign direct investment and foreign trade. On the other hand, the quantitative increase in output and the extreme dynamism experienced by the economies of eastern Europe and the Balkans made possible by the liberal reforms promoted by the International Monetary Fund in the area after 1990, left major gaps, as yet unfilled. These structural gaps are a legacy of the model that is presently more or less consolidated in the region, with all of its socio-economic virtues and imbalances.

Both the unresolved problems of management and equilibrium in each individual country in the area, as well as the critical points in terms of administrative, economic and social organization suggest the need for support and assistance which would be mutually beneficial for the countries in question as well as state and private actors, potentially able to concretely operate in the above-mentioned complementariness. The lack of the cultural and human background suitable for sustaining this growth, or the scarcity of know-how, organization of production cycles and other essential qualitative aspects, are some of the vulnerabilities of east European economies, which are still trying to find a solid political and commercial connection to the western part of the continent as well as a more balanced and long-term domestic economic strategy with their respective regional and national borders.

In this context, the progress of European political and economic integration has been and still is the main focus of east European governments. Whereas most of them have already taken on European institutional structures, a significant number of these countries (in particular the western Balkans) are still pursuing accession to the European Union. In any case this goal is unanimously seen as the natural landing place in the history of these countries after many years of socialist regimes which suffocated their yearning for economic and social development. The European aspect of the economic growth of recent years should be considered fundamental, an institutional and political symbol of the inevitable and growing closeness of values and economic and commercial initiatives. In fact all national economic strategies in the area are focused on the European Union as the fulcrum of their future. Currently about 70% of eastern Europe's trade is oriented westwards or is characterized as interregional trade between EU members in the east European region.

The dimension and the essentially European vision that the economies of the area in question have assumed as a priority, is thus combined with unbalanced but dynamic

domestic growth, creating obvious complementarities between western investors and companies and east European public authorities and private entrepreneurs.

The transport sector is particularly important in this scenario, as it is a strategic element for any government in the region engaged in achieving long-awaited modernization. Communication forms the basis for any economic progress, and in this case it has two important implications. Most large-scale infrastructure for the transport of goods and people has been built up in the area over the last ten years with the political and financial support of the European Union. The EU has invested in this strategic aspect in order to upgrade the major transportation links to be able to support economic integration between east and west on the continent. On the other hand, private western investors have placed a significant part of their investment in infrastructure projects: both in building infrastructure itself in the countries receiving European Union funding, but also as a premise for establishing manufacturing operations in countries in the region that previously lacked transport infrastructure.

In this framework the sector of east European and Balkan air transport is no exception. The sector has extensively used European financial aid in the form of Structural Funds or other types of European public financing. The region's air transport market has thus profited from the above-mentioned circumstances, with extremely favorable legislation for foreign investors and operators, to attract foreign economic actors to contribute to the ongoing development of the sector. For the last decade air transport in the Balkans and eastern Europe has made a decisive leap forward, visibly extending and building itself up in the entire area. Overcoming the international economic and financial crisis has put the sector to a major test. However, in spite of a decline in the most important economic indicators and in many manufacturing sectors, the air transport market has not only maintained the position it established over the previous decade, but has actually continued to grow, suffering

only a slight slowdown. This indicates the sector's structural tendency to expand and thus its continued attractiveness to foreign investors. Therefore the sector should be able to reasonably count on a further increase in the volumes of goods and passengers transported in the upcoming years by air, to and from the present airports in the region. This trend should continue inspite of gaps in the sector's level of quality and completeness; since these gaps need to be filled for the sector to reach the standards requested by the EU, this is a further incentive for west European private and public entities to support airport development in eastern Europe with its reciprocal advantages.

The commercial relations or institutional collaboration already established or still to be set up between airport authorities and private operators on both sides of the continent in the process of integration, involve actors of various dimensions. The large European airports currently benefit from the advantages of their geographical location and the implicit importance of commercial numbers they can boast. Nevertheless, in western countries such as Italy, just as in eastern Europe, there are a significant number of smaller airports which have to come up with their own business strategies to best adapt to the conditions of the European air transport market.

While this situation involves various airports all over Europe, emblematic is the case of the airport in Forlì. It is located in northeastern Italy, in the southern part of the Emilia Romagna region. Squeezed between two other regional airports (Bologna and Rimini), it reflects the opportunities and difficulties that smaller airports face due to their small size. As for difficulties, it is obvious how its location in between a medium-large airport such as Bologna and a touristic one like Rimini, makes it very difficult to aggregate a sufficient number of passengers and freight flights to be able to financially sustain its business. The close competition and the existence of other flight options close by calls into question any strategy aimed at winning over commercial

flights based on a classic offering. In the best scenario, the sum of total flights that transit the three airports is not enough, not even if it were more equally divided, to sustain three different airports. In addition the passenger market potentially attainable with classic flight offerings does not amount to a consistent number that would justify the presence of three airports simultaneously.

From the point of view of the opportunities, the absence of traditional alternatives pushes smaller airports like Forlì to try to find their own specificity. In this way new market niches can be won over and as yet unexplored commercial channels in eastern Europe could be the answer to an otherwise rather dim future. In a scenario of competition among airports which is increasingly taking place on a European and international level (similar to trends in the whole economy), the search for a preferred solution to develop in accordance with one's own characteristics in order to avoid being surpassed by other better placed actors in the sector, is becoming an imperative that many smaller airports are seriously taking into consideration.

In the emblematic case of Forlì, the complementarity described previously between east and west European airports is definitely a factor. Since it cannot hope to access a pool of customers like the airport in Bologna, and it does not have the capacity to attract tourists like nearby Rimini, the Forlì airport has to figure out, from its local strong points and strategic intuition based on local characteristics, the right way to enter into intense commercial contact with airports such as those in eastern Europe and the Balkans, that are growing but are also in need of reliable partners in the sector. In maneuvering within the evolving air transport market in eastern Europe, one cannot ignore the institutions and policies directly or indirectly promoted by the authorities of the various countries in this strategic and promising sector. For example, tourism and industrial policies promoted in the Balkans, based on mid-sized airports, represent an opportunity for joining the increase in economic cooperation

between the two areas with the simultaneous opening of transport channels that follow and promote local industrial policies oriented towards cooperation between transport, and manufacturing and export sectors.

Likewise Forlì's education and training capacity in the aeronautics field (with its aeronautics center), recognized on a national and European level, must orient its strategies for airport connections to places where this valuable sectoral training and specialization is lacking or absent: the Balkans and eastern Europe. With its excellent training programs covering the theoretical and practical aspects of aviation, cooperation with existing authorities and airport entities in areas where this training is absent could be a key strategy of regional and European synergies. Indeed, training students and technicians in fields requiring a high degree of specialization seems to be one of the key potentials.

These are examples of an overall strategy which entails public authorities, policies and companies in the sector, dealing on a European level, moving in the direction of increasing specialization which has to take into account the most promising aspects of European economic enlargement with indispensable strategic creativity, at once public and private. On the other hand one can foresee a lost battle in the field of competition for generalist flights, reflecting the fact that the market is saturated. Without forgetting that east European and Balkan political and economic authorities compare themselves to the above-mentioned gaps in terms of sectoral organization and specific know-how, so as to gear their own air transport development strategies towards filling the gaps brought to light by the markets of eastern Europe.

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