

## How to help Politics and Regional Authorities to evaluate regional airports' interest ?

### The case study of Rhône-Alpes

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- The situation of French regional airports
- Why the Rhône-Alpes case study ?
- Which air transport services are in competition in Rhône-Alpes airports ?
- The main questions for the regional Authorities
- How could we help them ?



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### The situation of French regional Airports Two new laws

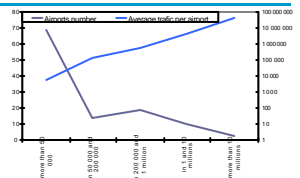
- Big Regional Airports (More than 1 million pax : Nice, Lyon, Marseille, Toulouse, Bordeaux, Strasbourg, Nantes and Montpellier) :
  - ▶ The new law allow creating new company, open to the private sector, but using historical operator (CCI).
- Other Regional Airports :
  - ▶ The new law (13-8 2004) defines the « processus de decentralisation » in the airport sector;
  - ▶ Before the 1st January 2007, airports will be transferred by the government to the Local Authorities which have demanded this transfer;
  - ▶ Airports for which no demand has been made by the Local Authorities will be transferred to one Local Authorities, by a regional Prefect decision.



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### The situation of French regional Airports A lot of airports (112) and not enough traffic (124 Mpax)

- Just 12 airports with a traffic more than 1 million !
- 69 airports with a traffic less than 50 000 pax per year



- Most of regional Airports are too expensive for the State, the regional Authorities and Local Authorities
- Few of them have the capability to make profit



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### The situation of French regional Airports Main consequences of the new law for little French regional airports

- Closing around 30 airports to commercial traffic, which will cost Local Authorities a lot
- Change of airport operators (Vinci, Kéolis, ...)
- Encourage international traffic (LCC)
- Use airports to foster regional development
- Local Authorities wish to lessen adverse environmental impacts



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## Why the Rhône-Alpes case study ? Main reasons

- The first economic region (except Ile-de-France)
- A Region, where 2 airports (Chambéry and Grenoble) are operated by Vinci Airports
- A regional airport, Lyon Saint Exupéry, which would become the French Manchester or Munich airport :
  - ▶ With 4 runways (2 new runways in 2015) !
  - ▶ 200 M€ during 2004/2006 and much more after !
  - ▶ But, this airport realised only 6 millions pax in 2004 (with 2 runways) !
- A Regional Authority which is :
  - ▶ Not absolutely convinced by LYS expansion plan
  - ▶ Obligated, by the new law, to declare its interest or not in the other Rhône-Alpes airports
  - ▶ In France, the first to make a study to determine his airport strategy.

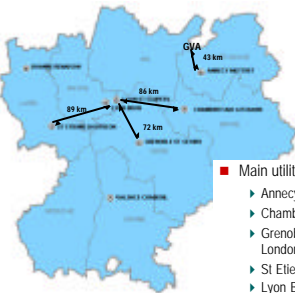


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## Which air transport services are in competition in Rhône-Alpes airports ? LYS represent 92% of Rhône-Alpes traffic



Airports	Air Transport (pax)	Pax	Part
LYON ST EXUPERY	6 124 793	91.9%	
GRENOBLE ST GEORGES	203 547	3.1%	
CHAMBERY/AN LES BAINS	178 319	2.7%	
ST ETIENNE BOUTHEON	94 224	1.4%	
ANNECY-HAUTE-SAVOIE	49 215	0.7%	
LYON BRON	11 473	0.2%	
VALENCE-CHAREUIL	1 962	0.0%	
ROANNE REVAISON	139	0.0%	
<b>TOTAL RHÔNE-ALPES</b>	<b>6 663 662</b>		

Source : DGAC/SDEEP, Janvier 2005

- Main utility of the regional Airports
  - ▶ Anney : Paris
  - ▶ Chambéry : Charter ski
  - ▶ Grenoble : Charter (ski and export) and London (LCC)
  - ▶ St Etienne : London (LCC)
  - ▶ Lyon Bron : Business Jets



## Which air transport services are in competition in Rhône-Alpes airports ? Main actors

- Air France :
  - ▶ Competition with TGV on Paris-Rhône-Alpesmarket, which prevails AF on concentrate air transport services in Lyon SaintExupéry (Chambéry, St Etienne and Grenoble have been cancelled, Annecy maintained by a subsidiary company).
  - ▶ Create a mini-european hub in LYS, which induces on :
    - A strong runway utilisation during peak hours (for only 10% of correspondence traffic !)
    - Need runway capacity disconnected from the total traffic.
    - Urge on LCC actors using regional airports (St Etienne, Grenoble and Chambéry).
- Low costs :
  - ▶ Ryanair actually uses St-Etienne airport from London stansted (Import);
  - ▶ easyJet uses Lyon St Exupéry and Grenoble, from London. But, easyJet uses Geneva as a base, which is just 150 km far to LYS.
- Charter ski :
  - ▶ Flybe uses Chambéry for deservving Savoie and Haute - Savoie during 14weekends in a year.



## Which air transport services are in competition in Rhône-Alpes airports ? Analysis of UK-Rhône-Alpes market 1994 - 2004

- Why this market ?
  - ▶ It is the only one for which we have competition with 3 types of operator (FSA, LCC, Charter) using 4 Rhône-Alpes Airports:
  - ▶ It is the first market (number of passengers) after French market
  - ▶ It illustrates the main problematic in Rhône-Alpes: is the growth of international traffic of Rhône-Alpes regional Airports (except LYS) a source of competition for air services offered at LYS and a threat or an advisability for the Rhône-Alpes regional Authorities ?
- Main conclusions :
  - ▶ Londres – Rhône-Alpes: the new Air Transport services at St Etienne and Grenoble (just in 2002) prevails a very little negative effect on LYS traffic, but a very positive result on growth for air transport demand between LON and Rhône-Alpes
  - ▶ Charter Ski : UK – Rhône-Alpes: the new Air Transport services in Chambéry and Grenoble induce a negative effect on LYS traffic, but a very positive effect on growth's air transport demand, during winter period, between UK and Rhône-Alpes
  - ▶ This diversification of Air Transport services (prices, airports used and operating costs) induce a positive effect on the development of air transport demand between UK and Rhône-Alpes.



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## Main questions for the regional Authorities Summary

- Concentration or diversification : One airport (LYS) is it enough to bring all air transport demand in Rhône-Alpes ?
- With which approvals on :
  - ▶ prices and frequencies of air transport services;
  - ▶ choice of airports and operating costs;
  - ▶ demand;
  - ▶ investments realised;
  - ▶ environment costs
- ... diversification of air transport services on regional airports is socially efficient ?



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## How could we help them ? Methodology

- Benchmark ?
- Cost-Benefits Analysis ?
- Define and evaluate a regional Welfare in two different scenarios ?
- I will prefer to use the third one, but at the present time it is not actually simple to define regional Welfare with the regional Authorities :
  - ▶ time period;
  - ▶ traffic;
  - ▶ economic impact;
  - ▶ investments realised and operating costs;
  - ▶ environment costs (aircraft, car and rail).

