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AIR TRANSPORT PRIVATIZATION TRENDS

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Abstract: *It is important to consider basic principles, practical results and consequences, in order to understand practical results and consequences of privatization. In case of airline privatization trends, it is obvious that this process is very intensive, but without guarantee for success on the air transport market. Analysis of the European airlines members of Association of European Airlines in the period 1991-2015 is confirming trends of privatization for solving the problem of "distressed state airline syndrome", Airline foreign ownership and control rules is one of the limiting factors in privatization processes worldwide. Procedures and principles for the privatization process of airports and air navigation services are in accordance with ICAO's standards and recommended practices.The ownership structure is not the central issue of an airport privatization with different structure of solutions in practice. In the sector of Air Navigation Services or Air Traffic Control, privatization is not so frequent but still existing. From government perspective, it is important for the selected operator to be well reputed, financially stable and experienced enough. Analysis of air transport privatization points out complexity of different options in process of sustainability in very dynamic global changes and challenges on the aviation market.*

Keywords: *Air transport, privatization, airlines, airports, air navigation services.*

JEL classification: *F20, G30.*

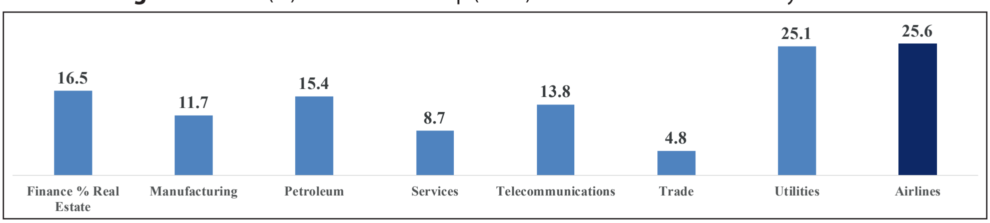
INTRODUCTION

From the very beginning, air transport was in detailregulatedat both international and national level for reasons of security, defense, and safety but at the same time also for consumer protection and even competition on the market. Globalization of thecyclicalairline industry, characterized by rapid technological changes, stimulated many trends including deregulation, liberalization and privatization processes followed by cost optimization and productivity improvements. Peter S. Morell (2013), Anne Graham(2014, 2017), Stephen Shaw (2011), RuwantissaAbeyratne(2016), Peter Belobaba et al. (2016), Rigas Doganis (2006, 2010), Adam Pilarski (2007), Bijan Vasigh et al.(2013, 2015),John G. Wensveen(2015),Stephen Holloway(2010), StevenTruxal(2013)are among authors with significant research contributiontowards aviation privatizationprocesseswhich wasmostly encouraged during the 1980s by World Bank, European Bank for Reconstruction and Development (EBRD) and Asian Development Bank. The complete or partial privatization of many government-owned airlines has been one of the most important industry transformationsand mostly with positive impact on efficiency, productivityand profitability.Similar situation is in generalwith two principal components of theworld's aviation infrastructure:global system of airports and the world's air-traffic managementsystems.Trends of privatization in air transportation sector are rising all around the world and it is important to analyze all consequencesand specific results, which will be helpfulto understand better difficultiesof privatization structural changes.

BASIC PRINCIPLES OF THE PRIVATIZATION PROCESS

According to the well-knowndefinition, privatization refers to transfer of ownership and control of government or state assets, firms and operations to private investors(OECD, 1993),assumed that the performance of state-owned enterprises could not be improved without the privatization of ownership. In general, it is obvious that private and public ownership havedifferent objectives. Main goal of private enterprise is profit maximization, but the goals of public enterprise in air transportincludesafety issues and additional arguments, whichis related to the concept of economic externalities (Pilarski, 2007: 195-196).The level of privatization in various industry sectors is different. In European Union (2005), airline sector was leading in share (25.6 percent) of state ownership (Figure 1).

Figure 1: Share (%) of state ownership (EU25) in selected industries in the year 2005



Source: According Alfredo Macchiati and Giovanni Siciliano (2007: 128), prepared by authors.

Besides, there wasrelatively high (63) total number of European withdrawn privatizations in the period 2004-2015 (Gabriele Lattanzio, 2017: 49).

Air transport sector with marginal profitability in many cases discourages implementation of privatization in the way it is present in other industries. Extremely dynamic market changes with continuous technology improvements keep constant pressure on the need for new, relatively large investments. The analysis of ownership structure in airtransportindicatesthe following possibilities (Philip Shearman, 1992: 18-19):

- Private property by an individual entrepreneur or multiple partners,
- Private ownership through shareholders, with the possibility of reselling company shares to the stock exchange,
- Public property at the city, municipality, region,
- State ownership controlled or managed by the Government orof the relevant ministry,
- Combination of the above possibilities.

Liberalized policies present in the air transport field, drive the development of the industry, bringing economic benefits for states, industryand consumers, such as growth in passenger/cargo trafficand aircraft movements (Abeyratne, 2016: 54). As an important part of those processes, privatization has changed the competitivemarket environment. In the past state ownership has always been a virtual guarantee that an airline would not go out of business, due to various forms of state subsidy. Competition with a privately owned airline has always been a different proposition from that with a state owned carrier, which have been able to take greater risks in defining their business and marketing strategies.However, Shaw (2011: 63-65) emphasizes that government owned airlines often suffered from a poor image associated with subsidy and bureaucracy andtheysometimes had poorlymotivated staff, making it very difficult for them to implement changes designed to improve service to customers.The basic reasons for justification and valorization of airline privatization are strategic and financial(Table 1).

Table 1. Strategic and financial reasons for privatization

Strategic reasons for privatization	Financial reason for privatization
Reducing the involvement of the state in the provision of goods and services;	Reduction of government budget deficits with these sources of cash;
Promotion of economic efficiency;	Allow space for reduction of taxes;
Generation of benefits for consumers;	Shifting the financial burden to another promising
Promotion of an enterprise culture;	private sector
Achievement of wider share ownership.	

Source: According to Morrell (2013: 161) prepared by authors.

According to the above mentioned possibilities of financing, taking into account the advantages and disadvantages of the private sector in relation to the state management model, there is no ideal solution. Thus, the disadvantages of state ownershipare (Mirko Tatalović, Ivan Mišetić and Jasmin Bajić, 2017: 42):

- Lack of financial balance sheet as capital investments are treated as part of the budget deficit;
- Flexibility and limitations in the amount of paid salaries of employees;
- Political constraints on voters;
- Different levels of interest between federal and local governments;
- Inert relationship to the prices of services and maintenance related investment.

On the other hand, the private sector's disadvantages are (Tatalović, Mišetić and Bajić, 2012: 224):

- Non motivation to raise the quality of service if there is no competition on the market;
- Possibility of raising the pricesof servicesmotivated by profitable reasons;
- Possibility of bankruptcy;
- Limited financial strength for some major financial projects.

If the process of privatization is understood as a simple formula for replacing an inert and uninitiated state with movable and efficient private entrepreneurial impulses, there is a real danger for serious consequences, which can lead to financial losses, recovery, and bankruptcy processes (Tatalović, Mišetić and Bajić, 2017: 43). For an airline efficiency improvement, it is necessary to pass through transformational changes on three basic stages(Triant G. Flouris and Ayse Kucuk Yilmaz, 2011: 166-167): (1) unfreezing process of existing levels of behavior, (2) moving to a new behavioral level, (3) refreezing at this new level. Besides, the author Truxal(2013:49)emphasises five commonly used criteria for efficiency: Pareto Optimality and Superiority,Possibility of Compensation,Coase Theoremand Tax Efficiency.These types of efficiency use criteria to compare two states of the world,to determine theparameters of their relationship in terms of relative "efficiency".

In the document "Manual on privatization in the provisionof airports and air navigation services - Doc 9980", the International Civil Aviation Organization (ICAO)defines the procedures and principles for theprivatization process of airports and air navigation services in accordance with ICAO's standards and recommendedpractices.The manual consists of the following chapters(ICAO, 2012):(1) Developments in ownershipand management; (2)ICAO's policies and guidance;(3) Ownership and management options; (4)Preparing for change in ownershipand management structure,including regulatory aspects; (5)Selection of a private provider.Privatization according to ICAO rules is important because of the existing monopoly power of airports and air-traffic control providers. Monopolies might be economically efficient in industries with very high fixed costs as in the case of air traffic control - *natural monopoly* (Holloway, 2010: 212).

AIRLINES PRIVATIZATION TRENDS

Development of airline partnership,stimulated by industry liberalization and leading to privatization, has continuity of progress starting from mid-1970s until today(interline agreements, code share agreements, antitrust immunity, global alliances, joint venture agreements, mergers, acquisitions...).Those processesare present, without exception, all over the world, and theachieved degree of privatization is different from case to case, depending on many parameters.For example, profit generation, export services and active foreign exchange balance,support for national tourism promotion, linking of ethnic groups abroad, strategic fleet planning decisions, technology improvements, quality education, etc.When it comes to the airline privatization, the mode of its implementation differs depending on whether the process involves(LucienRapp and FrancoisVellas,1992: 49):

- Capital, management and legal status of airlines,
- Substantial change of ownership (well known formula 51:49)
- Individual airline or airlines group.

There arebasically four modelsof the airline privatization process available (Tatalović, 1994):

- Fully state ownership;
- Fully private ownership;
- Majority state ownership (> 50 percent)
- Majority private ownership (> 50 percent).

Faced with continuing losses and a liberalizing marketplace, many countrieshave decided to privatize their state-owned airlines. This decision is driven by several considerations (Gerald N. Cook and Bruce G. Billig, 2017: 296): a) Growing free market economy with increases of national wealthand the standard of living; b) Need to increase airlineefficiency and competitiveness and, consequently, relieve the fiscal burden caused by continuing subsidies; c) Desire to create stakeholders with a vested interest in the financial success ofthe airline, including owners, employees, suppliers, and customers; d) Restrictions on government subsidy especially within the European Union.

In professional and scientific literature, the term "distressed state airline syndrome"is frequently used, characterized by (Doganis, 2006: 227-234):

- Serious financial difficulties;
- Too much frequent top management changes;
- No clear development strategy;
- Very powerful unions, and exhausting negotiations;
- Inadequate fleet structure;
- Bureaucratic and over-centralized management;
- Poor service quality in the air and on the ground;
- Political instability.

According to Morrell (2013:162) the average government stake in the largest 25 international airlines ranked by level of international revenue passenger kilometers (RPK) dropped from 28 percent in the year 1996 to 21 percent in 2001. Next 25 largest international airlines in 2001had average government stake of 59 percent.The situation was very different from continent to continent - 100 percent privately owned airlines in North America, Europe and Latin America around 90 percent, Asia and Africa 50 percent and Middle East only 10 percent. Table 2 shows a private ownership share of selected European airlines in the years 1991, 2004, 2008 and 2015.

Table 2. Airline private ownership share (%) changesinEurope 1991-2015

Airline	1991	2004	2008	2015
Adria Airways	0.0	22.0	12.3	30.1
Aer Lingus	0.0	4.8	74.8	74.9
Air France (AF/KL)	0.5	81.3	82.4	84.1
Air Malta	3.6	2.1	2.0	0.0
Alitalia	13.6	37.6	95.6	100.0
Austrian	33.1	50.0	51.4	100.0
British Airways (IAG)	100.0	100.0	100.0	100.0
Croatia Airlines	0.0	1.6	1.8	0.5
ČSA	0.0	45.6	8.5	44.0
Finnair	20.3	41.6	40.3	31.4
Iberia (IAG)	0.2	100.0	100.0	100.0
Icelandair	20.0	20.0	20.0	100.0
JAT / Air Serbia	0.0	0.0	0.0	49.0
KLM (AF/KL)	61.8	96.0	82.4	84.1
LOT	0.0	32.0	32.0	0.2
Lufthansa	43.1	100.0	100.0	100.0
Luxair	63.5	63.5	51.2	61.0
Malev (bankruptcy 2012)	0.0	2.0	100.0	-
Olympic Airways (ceased operation 2009)	0.0	0.0	0.0	-
Sabena / SN Brussels / Brussels Airlines	4.9	45.0	45.0	100.0
SAS	50.0	50.0	50.0	50.0
Swissair (Swiss)	79.6	79.7	100.0	100.0
TAP	0.0	0.0	0.0	100.0
Tarom	0.0	7.3	5.0	0.0
Turkish Airlines	1.3	24.8	50.9	50.9

Source: Tatalović, Mišetić and Bajić (2017: 44).

Methods of privatization are essentially one or a combination of the following solutionsMorrell (Morrell, 2013:164-177): (1) Full privatization through flotation –public subscription (British Airways); (2) Full privatization through trade sale and flotation (Qantas); (3) Gradual privatization (Lufthansa); (4) Partial privatization (Kenya Airways); (5) Full privatization and trade sale (Iberia); (6) Gradual privatization and acquisition (Air France).

One of the limiting factors for further liberalization and multinational integration in air transport industry is different restriction of foreign ownership and management rules (Table 3). According to the Airline Leader (2017: 12-17) there is a growing consensus in the airline industry that the 70-year-old provisions restricting the foreign ownership and control of airlines are archaic and should be significantly liberalized - or abolished. The ownership restrictions involve placing explicit numerical limits on foreign nationals' ownership of the voting equity share capital of airlines. However, "effective control" is not so easy to define and monitor. It is not always possible to express numerically the level of influence that an investor has in the management of an airline.

Table 3. Restrictions of foreign ownership by selected states

State	Restriction of foreign ownership
Australia	49% for international (25% single); 100% for domestic
Brazil	20% of voting equity
Canada	25% of voting equity (15% single)
Chile	Principal place of business only
China	35%
Colombia	40%
European Union	49%
India	26% for Air India, 49% for privately owned domestic carriers, 74% for charter and cargo
Indonesia	Substantial ownership and effective control
Israel	34%
Japan	33.33%
Kenya	49%
Korea	50%
Malaysia	45% for Malaysia Airlines (20% single), 30% other
Mauritius	40%
New Zealand	49% for international; 100% for domestic
Peru	49%
Philippines	40%

Singapore	None
Taiwan	33.33%
Thailand	30%
United States	25% of voting equity; one-third of board at maximum; Chairman must be US national

Source: Alex Cosmas, Peter BelobabaandWilliam Swelbar (2008: 3).

In United States, the private ownership in airlines is a constant.In spite ofthat, some of the financially distressedU.S. airlines operating under the protection of Chapter11 bankruptcy laws clearly have priced primarily for survival(John G. Wensveen, 2015:243). From Table 4 it is obvious that almost all major U.S. airlines (except Southwest) passed through reorganization and some protection from creditors during different Chapter 11 periods. In the case of liquidation – Chapter 7 consequences are grounding of aircraft and cease of operations.

Table 4. Key U.S. airline in Chapter 11bankruptcyprotection during the period 1982 - 2013

Airline	Chapter 11 period		
	Entrance	Exit	Total months
Braniff (1)	May 1982	April 1984	23
Continental (1)	September 1983	September 1986	36
Eastern	March 1989	January 1991	22
Braniff (2)	September 1989	November 1989	2
Continental (2)	December 1990	April 1993	28
Pan American (* bankruptcy)	January 1991	December 1991*	11
Midway	March 1991	November 1991	8
America West	June1991	August 1994	38
TWA	February 1992	November 1993	21
US Airways (1)	August 2002	March 2003	7
United	December 2002	February 2006	38
US Airways (2) (** merging with America West)	September 2004	September 2005**	12
Northwest	September 2005	May 2007	20
Delta Air Lines	September 2005	April 2007	19
AMR Corp	November 2011	December 2013	25

Source: According to Morell, P.S. (2013: 267), prepared and supplemented by the authors.

United States Chapter 11 bankruptcy restructuring plan during their periods under bankruptcy protection prevented liquidation of those carriers. Some foreign governments have even complained that Chapter 11 gives US airlines an unfair competitive advantage in the market as a significant measure of protection from bankruptcy (Bijan Vasigh, Kenneth Fleming and Barry Hamphreys 2015: 65).

PRIVATIZATION OF AIRPORTS

Historically, nearly all airports at a national or local level were government-owned. However, privatization trends during the last couple of decades go towards shifting airport ownership and management into the private sector or to a private-public partnership. According to Graham (2017: 80) the reasons for this vary, *although most often it is to improve efficiency and financial performance and/or to provide new funds for investment or access to capital markets*.Airports as a part of air transport system are multi-product providers convenient for privatization. They supply three basic services to the companies and passengers including (Kenneth Button, 2010: 64): (1) aeronautical services, (2) aeronautical-related services and (3) commercial services. It should be noted that operating profit margins are more favorable and higher compared to those of airlines.

Table 4. EBIT margin of selected European airports 2006 - 2016

Airport	State	2006	2008	2010	2012	2014	2016
Fraport	Germany	15.4	17.1	19.6	20.3	20.2	26.8
Schiphol Group	Netherlands	30.5	25.5	25.1	21.9	28.0	29.3
Aeroport de Paris	France	N.A.	19.8	22.5	24.4	22.6	25.1
HeathrowAirport Holdings / BAA	United Kingdom	31.6	22.5	24.4	32.0	35.5	35.8
Munich Airport Group	Germany	18.4	19.6	27.0	23.5	22.2	21.3
Aena Aeropuertos	Spain	5.5	3.5	1.0	13.7	33.2	38.9
Copenhagen Airports	Denmark	42.8	39.4	45.4	60.0	37.8	40.7
Aeroporti De Roma	Italy	26.9	16.9	24.9	26.9	37.3	46.2

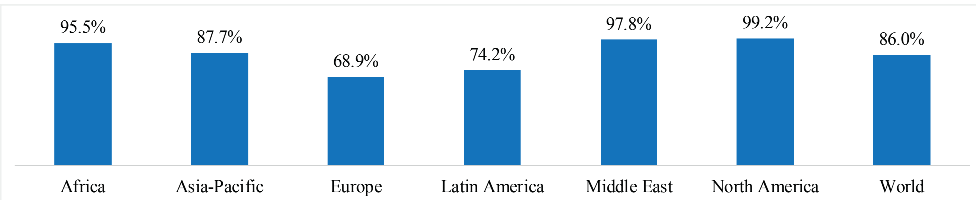
Source: From airports annual reportsprepared by authors.

In the year 2008, airlines scored EBIT (earnings before interest & taxes) margin -0.3 percentdue to extremely high fuel prices and global economic crisis. Probably the best ever airlines net profit result and EBIT margin of 8.8 percent in the year 2016 (IATA, 2017) is still three to five times lower compared to selected European airports data.

According to author Graham (2014: 6), three key development processes are crucial: 1. Airport commercialization - from a public utility to acommercial enterprise; 2. Airport privatization - transfer of the ownership and control to the private sector by a different methods; 3. Airport ownership diversification- different types of newinvestors and operators of airports. Participation of the private sector in themanagement, financing and/or ownership of airportinfrastructuremay include any or a combinationof the following (ACI, 2017: 4): a) Freehold - full private sector ownership and control for an unlimited time; b) Listed companies - owned by stock exchanges listed companies;c) Concessions or leases – public sector has given rights to private companies to operate and manage an airport for a limited period of time which also includes build–operate–transfer (BOT) schemes in all their variations; d) Management contracts - private sector obtains a fee for the management of all or parts of the airport or certain key aeronautical activities; e) Government-owned companies - the participation of government-owned companies in other airports as a private investment or for a fee.

Analysis by Airports Council International (ACI, 2017: 5) summarizes the proportions of airports fallingunder different ownership models by world regions. Themajority (86%) of the estimated 4,300 airports withscheduled traffic are public - owned bya government (Figure 2).

Figure 2. Share (percentage) of state ownershipin airportsby regions 2016



Source: According to ACI (2017: 5), prepared by authors.

From Figure 2 it is obvious thatNorth America region recorded the lowest level of privatization. In United States the airports are still mostly public non-profit companies, managed by six different entitiesunder the jurisdiction of the state administration (ACI 2011): (1) Cities - 33 percent (Atlanta, Austin); (2) Counties - 15 percent (Fort Lauderdale, Las Vegas); (3) States - 7 percent (Honolulu, Anchorage); Port authorities - 9 percent (New York, Oakland); Airportmanagement - 30 percent (Washington Reagan National and Dulles,Nashville); Other - 6 percent (Dallas Fort Worth - a contract between two cities and Monterrey). However, author Amedeo Odoni (2016: 38) emphasises that U.S. airports are among the most “privatized” in the world, in the sense that they outsource most of their financing, planning and operating activities to private companies. Consequently, the operators of major airports in the United States directly employ relatively small number of persons.

Main reasons for airport privatization are (Graham, 2017: 80):
- To improve efficiency and financial performance;
- To provide new airport investment funds;
- To bring financial gains to the government;
- To reduce government influence in airport operations;
- To improve airport service quality;
- To enhance airport management effectiveness;
- To allow diversification into new non-aeronautical areas;
- To encourage more competition.

In addition, it is important to take into account specific strengths and weaknesses ofairport regulatory approaches.

Table 5. Airport regulatory strengths and weaknesses

	Rate of return	Rate of Return Price Cap	Aeronautical Price Cap	Government Oversight
Predictable Aeronautical Prices	Moderate	Moderate	Strong	Weak
Predictable Airport Profits	Strong	Moderate	Weak	Weak
Improving Airport Operating Efficiency	Weak	Moderate	Strong	Weak
Ability to Attract Investment Capital	Strong	Moderate	Moderate	Strong

Source: Paul Stephen Dempsey (2012).

Involving the private sector in the airport infrastructure is different and sometimes there is no room for capital investment (terminal capacity expansion), and opposite in the cases of enlarging a runway and adding a runway.Regulatory versus competitive outcome is crucial (Doramas Jorge-Calderon, 2014: 84-139). One of the newest examplesanalyzed by Graham (2017: 81) isprivatization of Brazilian airports, connected with hosting the football World Cup 2014 and Summer Olympic Games 2016, and suitably urgent modernization and expansion of three major international airports: Sao Paolo - Gvarulhos, Sao Paolo – Viracopos/Campinas and Brazilia. State-owned organization Infraero maintained 49 a percent share in privatizedairports Regulation of Australian airports includes activities of Australian Productivity Commission if airport investment is planned (Graham, 2017: 83).

Future trends of airport privatization especially in United Statesindicate that the sale or lease of US airports is likely to remain politically unfeasibleunless airline opposition weakens. Contractual privatization, in part or in whole, remains the only viable alternative(Bijan Vasigh, Ken Fleming and Thomas Tacker, 2013: 151). Furthermore, where unregulated or benignly regulatedmonopolists tend to offer less and lower quality output or to sell at higher prices than would prevail in a competitive market,extra profits are in principle feasiblewhich is somethinga number of privatized airport operators stand accusedownership structure in air transport(Holloway, 2010: 212). Airport privatization trends are very important in the future *"aerotropolis concept"* with very complex connectivity and coordination of multimodal freight and passenger transportation with functional and planning aspects of the aerotropolis (John D. Kasarda and Stephen J. Appold, 2014: 282).

PRIVATIZATION OF AIR NAVIGATION SERVICE PROVIDERS

Progressive growth in air transport creates the need for efficient, globally harmonized and interoperable Air Traffic Management (ATM).These goals and future traffic levels require significant additional financial investments. *Air navigation service providers (ANSPs) are mostly operated by the public sector, even if they are "corporatized", and when they are privatized, they are operated as regulated monopolies* (Jorge-Calderon, 2014: 149). When considering privatization or private participation in the provision of air navigationservices detailed guidanceon ownership, control and governance of ANSPs is included in Chapter 2 of the "Manual on Air NavigationServices Economics - Doc 9161" (ICAO, 2013). ICAO recommended severalrequirements forthe air navigation servicesprivatization (Dempsey, 2012):(1)Organization should be subject to the state obligationsunder the Chicago Convention;(2) Board of directors for the corporation is appointed according to its charter;(3)Organization should be self-financing, obtain fundsfrom commercial markets, and attempt to achieve afinancial return on investment;(4) It should apply commercial accounting standards andpractices; (5) It should be subject to normal business taxes. It is necessary to emphasize that the ICAO should continue to monitor changes in ANSPs commercialization and privatization.

Author Jorge-Calderon (2014: 149) emphasises that ANSPs usually follow ICAO guidelines regarding air navigationcharges, but the implementation of such guidelinesvaries. Some apply formulasorganized by ranges of flight distanceand aircraft weight and other set charges as a percentage of air ticket price or per flight.In Eurocontrol example, the air navigation charge increases with distance and with aircraft weight, meeting ICAO recommendations according to the formula:

$$Charge = Unit\ Rate \times \frac{Distance}{100} \times \left(\frac{MTOW}{50}\right)^{n} \tag{1}$$

Where:
Unit rate = constant, measured in the applicablecurrency;
Distance = route length measured as the great-circle distancein kilometers;
MTOW = aircraft's maximum take-off weight;
n manages the proportionality between aircraft weight and thecharge.

Possible air navigation services providers organizational models are (Clinton V. Oster and John F. Strong, 2007: 194): a) Wholly government owned agency; b) Privately owned corporation (NAV Canada established in 1966); c) Public private partnership (NATS United Kingdom established 2001); d) Government corporation (Australia New Zeeland); e) Private corporation (not yet existing in practice).

Opposed attitudes are present concerning the initiative for the air navigation services privatization in United States according to Bart Jansen (2017). Most of the airlines are for it. The Airlines for America has been pushing for privatization for many years. The National Air Traffic Controllers Association, which represents more than 19,000 air-trafficcontrol professionals, supports privatization. Privatization works in other countries and might speed up adoption and implementation of NextGentechnology (i.e. shift from old radar technology toGlobal Positioning Systems - GPS).Some airlines are againstprivatization (Delta, which conducted a study in 2015 telling that privatization will increase user fees by 20 percent to 29 percent) and private jet owners and operators. Arguments are that U.S.air navigation system might be too big, complexand disruptive. The presence of opposed attitudes was recorded in the U.S.Senate on administration's proposal to privatize air-traffic control. Main argument is worry that the private corporation will be controlled by airlines without public oversight through Congress (Jansen, 2017).

CONCLUSIONS

The aviation industry is showing an increasingprivatization trend. It is very important to define appropriate privatization strategy taking in to account detailed-market potential analysis and worldwide benchmarks.Main goals of privatization process include reducing inefficiency, avoiding over regulated civil servicesand government procurement policies. Besides, increasing access to capital markets, which will stimulate innovation and responsiveness to market needs.Privatization processneed to disable bankrupt and to prevent private entity from ignoring safety requirements and prevent conflict of interest between one entity and another,

Increasing competition, fuel prices volatility, fast technological changes and improvements, e-Commerce expansion, customer centricity and personalization were leading to optimization of airline business model. In that context different models of privatization were developed.

Potential risks during airport privatization should be taken into consideration. The most important risks are under and unnecessary investments, concession rules and fees, increase in non-regulated aviation fees and other conflicts of interest connected with possible regulatory interventions.

Corporativeair navigation services providers are mostly government owned due to high degree of international and national regulations and specific rules worldwide.

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