

The deregulation of ground handling services at airports

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The purpose of this paper is to analyze the effects of the deregulation of ground handling services at airports assessed by the EU Directive 97/87 in 1996. The liberalization process of the ground handling market shall be observed from different angles focusing on the broadly differing stakeholders' points of view.

In a first step, the market structure before and after the deregulation of ground handling services in Europe shall be observed within the broader framework of public regulation and the new institutional economics perspective.

In a second step, the effects of the deregulation of ground handling services at airports will be further observed and analyzed. The effects will be segmented into three main categories: the effects on vertical integration, the effects on horizontal integration and the effects on factor markets. The theoretical examination will include transaction cost theory, principal agent theory, learning effects, synergy effects, scale and scope effects and social welfare effects. Theoretical concepts will be completed by real observations and empirical data obtained from interviews with different stakeholders in the ground handling industry.

Complementing the analysis of past developments and the current situation in the ground handling market, several alternative strategies for the different stakeholders will be drafted and elaborated to analyze possible future effects and outcomes of the deregulation.

Finally, the results of the analysis shall give an outlook on further developments in the ground handling market with focus on the German airport market in comparison with other European and international airports.