

Remixing New Ideas with Old Countries—the Attempt to Apply Airport City Concept and Special City Quartier Concepts to the Armenian Landscape

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1 ABSTRACT

The article poses the question, how administrative units and entities, responsible for a developing country can generate value of modern city quartier reflections even if correlations are not “visible” at first sight. Based on the strategic concept of Airport Cities, introduced by John D. Kasarda of the Kenan-Flagler Business School at the University of North Carolina, model ideas and potential development pathways will be presented and discussed with selected employees of the administrative bodies of planning authorities and airport responsables of Erivan airport Zavrots. The existing lessons learned and their impulse generated have lead to valuable insights.

2 CONCEPT AND APPLICATION AREA

2.1 Airport city concept as development engines

In John Kasarda book “Aerotropolis: Airport-Driven Urban Development” (2000), a new phenomenon called “Airport city” has been introduced to city planners, airport executives and academic economic thinkers as well as administrative bodies on various levels. Based on the dynamics created by the pure traffic (“the buzz”) and the directly connected functions of airports, business infrastructure and internal allocation decider should seek proximity to airports. For the establishment of corporate real estates and communities of airport city inhabitants should be placed at vene-alike lanes to and from the aviation functions instead of supposedly preferable movements away from noise, traffic and environmental impacts towards urban areas or movement towards traditional city centers.

Airports which have either been traditionally and small within the city centre or new and allocated in the outer vast suburban area on large scale seemed the two available options. New developments like “densification programmes” at Memphis or consequent Area Development at Amsterdam Airport with dedicated companies for city development and quartier marketing seemed to herald a new area.

Airport executives from around the globe pursued this strategic approach and therefore allocated planning resources, investments and shareholder groups in structured, even clustered ways at the heart of their operations. Their investment did not exclusively focus on the development of direct and traditional non-aviation functions like travel value shops at departure gates, but have spread into entertainment parks, brainwork campuses or media centres. This changed settlement as well as planning approach have changed significantly from its former pure infrastructural setting for landings and takeoffs of planes. The revenue streams which could have been generated from rents, fees, marketing campaigns and real estate development have nearly grown as high as the aviation-related income (ratios differ significantly due to definition, revenue assessment and airport profile).

Based on academic research of the past decades, an internal benchmark study has been undertaken in 2008/2009 to assess existing planning approaches, models, success factors and development paths of selected Asian and European airports. Due to preselection criteria and decided strategic commitment of the respective managements, the group of probands was subjective and certain results might be predetermined as certain characteristics of Airport City concept applications were self-evident. Referring to this preset selection criterias and therefore limited assessment, a more open approach and therefore an attempt to apply the ideas to completely different airports has been taken into consideration.

2.2 “Old country—need for action”

Inspired by engagement with economists and academics for cultural history and economics at the DUA (Deutsche Universität in Armenien) in Armenia, the idea to apply the idea to this emerging country was born. In interviews and discussion rounds, the ideas of Airport City as well as the results of the aforementioned benchmark studies have been presented and selected feedbacks have been tracked for this article.

Armenia, as an interior land, surrounded by Georgia, Aserbajdschan, Iran and Turkey but restricted by effectively two closed borders, has to rely on the aviation and the corresponding infrastructure to engage with the rest of the world in terms of economic traffic, knowledge transfer and social planning tasks (living, studying, travelling, etc.) to manage the challenges at hand—dealing with employment situation, effects of the diaspora, need for development of soft and hard infrastructure, etc.¹

With roots grown in a culture of trade, Armenia has the general open mindset for infrastructure projects and should be in touch with modern infrastructure concepts and models to align its planning activities, objectives and resources accordingly. Within the last decade, comparably large infrastructure projects have already been launched—communes and cities fight for scarce resource and search for governmental support for development projects, ranging from universities to city routes. The question of adequate allocation of these resources as well as planning attention and intelligence is faced by the administrative bodies as well as associated advisory boards.

Even in hindsight to its historic role as a hub of trade routes, its geography and its position as one of the emerging countries within the Caucasus region with the strongest boom, the objective to become “hub for trade and tourism between Asia and Europe 1^{2c}” seems too eager and ambitious—however, the value of the vision might be alignment of various stakeholders, the inhabitants and the market forces.

2.3 Presentation of success factors for Airport Cities, resulting from initial benchmark study

Within the initial benchmark study, relevant and determining factors for the success of an airport city have been identified and defined. Each of these factors has been assessed for the Zvartnots, based on secondary research and selective interviews. Deeper assessment has been planned in next phase of cooperation.

- Ownership structures: Factor includes aspects like investors, their profiles and objectives as well as their potentially varying expectations, priorities and planning horizon.
- Location/Connectivity: Factor deals with infrastructural network aspects, intermodality with other infrastructures, levels of competition/cooperation for transport mode
- Airport core functions: Factor assesses the positioning in terms of hub, capital airport, percentage rate of logistics, effectiveness of aviation functions (mid-/long-term)
- Area and space situation: Factor includes evaluation of current and short-term situation as well as potential for extension for intended cluster settlement
- Framework parameters: Factor includes institutional and legal framework, responsibilities and competences within administrative units, etc.
- Planning and development culture: Factor includes prognosis and trend assessment, milestones and schedules of responsibilities and takes a closer look at planning and resource allocation procedures
- Leadership: This “soft“ factor deals with the positioning of the airport, or more precisely the airport management team. It provides insight into the role, either as the “engine“ of the process, supported by resources, competences and corresponding staff profiles, corporate culture and structure elements.
- Shareholder and stakeholder engagement: Factors deals with potential vision and mission for the concept, the handling of joint platforms for engagement and interaction, the level of trust and comfort for joint activities as well as formalized processes like mediation procedures or installed task forces

2.4 Application of success factors and lessons learned

Regarding the aforementioned factors, the following initial assessments have been undertaken for Zvartnots International Airport in 2011 with focus on the hard factors. The results represent only excerpts of the overall report.

¹ Various interviews with representatives from DUA (Deutsche Universität in Armenien), 2010/2011

² <http://www.armien.am/forum/index.php>, Artikel: Der neue Flughafen Zvartnots verbindet Deutschland mit Armenien 6x wöchentlich, accessed on the 17th of November 2010

2.4.1 Ownership structures

Early in the process, the need for investment into the existing facilities as well as management know-how transfer was perceived. Alike other countries in comparable situations, e.g. former satellite countries and their capital airports, the decision for cooperation and concession models like PPP or management contracts have been made. This resulted in 2001 in a 30-year contract concerning the operation and building of new facilities by the Armenia International Airports CJSC with an Argentine company, which belongs to business man Eduardo Eurnekian³. By involving the financial resources, the aviation-related infrastructure investments for rising passenger flows, e.g. terminals, new tower, arrival have been secured. The question still remains, if the resulting aviation-related fees cover the revenue expectations of the consortium or which other steps for the close-by areas might be necessary, to strengthen the location, the city and the country as a whole for internal/national and external/international markets.

2.4.2 Location/Connectivity

One key element of airport profile is their connectedness to city, region and country. Due to the current state of development, the main transport to and from the airport is via one main road and via taxi. As the rest of the country is on comparably lower development, the existing state might be sufficient for the medium term (1.44 mio. passengers in 2009; 1.6 mio. passengers in 2010). The capital Eriwan is approximately 10 km away and the next airport also lies close by. A more detailed assessment of infrastructure plans for the area is planned in the next step.

However, assessing the factor “location“ on a meta level, e.g. Armenia’s position as an interior country, with relatively limited infrastructure connections to its neighbours, it might result in a negative result, and therefore “blocking“ factor for Armenian development. But on the other hand, it might lead to the overall conviction and push towards leveraging even more of the attractiveness of the airport and, with this, its importance as infrastructure supplier and node for all kinds of traffic.

2.4.3 Airport core functions

Bearing the latest passenger numbers in mind and the underlying growth path, the provided facilities, as seem more than sufficient for the upcoming decades. The outlined and mostly finished activities like arrival halls, tower and logistic facilities had been necessary to cover the demands after the change in the political situation with the former UDSSR and the declaration of independence. The factor can be assessed as generally positive, taking into consideration the general size of the airport.

2.4.4 Area and space situation

The airport is located in medium proximity to the city, defined by the main road and forestal areas on one side. The overall situation is therefore positive, as potentially limiting factors like close-by residential areas, water or environmentally protected areas or historically protected buildings are not existent.

In discussions on this aspect of whether the allocation of clusters, buildings and business should take place here, the general impression was reinforced that there might be areas which are more pressing for investment. Nevertheless, the question of long-term development and conservation of future potential should be kept in mind, as John Kasarda mentions repeatedly⁴.

In addition to the questions, if respective settlement and allocation should be pursued, the question needs to be answered which clusters should be selected and attracted. The traditional clusters are logistics (which has already been included in the planning process), aviation-related services like aircraft maintenance and catering but also hotels and conference operations as well as connected social/entertainment and leisure services. The overall size of the airport and situation of the airport leads to a limited provision of these services and proposes the allocation of tertiary services within city limits.

2.4.5 Framework parameters

As mentioned before, the political situation in Armenia and the resulting framework parameters have been undergoing significant changes within the last decades, including the Berg-Karabach conflict, the situation and borders and the aftermaths of diasporas. However, the position and profile is continuously improving

³ www.wikipedia.com on Zvartnots airport, assessed on the 17th of November 2010

⁴ Kasarda, J., Lindsay, G., Aerotropolis – the way we’ll live next, 1st edition, 2011

and therefore the institutional and legal frameworks are still under development and design—this might have repressive as well as beneficial for planning procedures and projects.

Within the evaluation, that also covers the level of economic attractiveness of countries and locations, the level of stability of the law and more precisely the legal bindingness of contracts and negotiations have been assessed as “positive“, especially referring to international organizations, such as the German society for investment and development (Deutsche Investitions- und Entwicklungsgesellschaft (DEG) ⁵.

2.4.6 Planning and development culture

These factors have been assessed in close relation with the framework parameters. The ongoing geopolitical and social changes also impact on the respective culture, style and approaches—however universities, independent consultancies, administrative bodies are engaging in this field. In the special case of Armenia, the effects of the diaspora need to be taken into account which might lead to a faster, better and more efficient solution. Besides financial aspects and the attraction of foreign investments, other factors come into play and have been stressed by the World Bank, especially for countries in transition ⁶. These include quality of investment culture, speed of change in management culture, proximity to established markets, speed of transfer of new managerial skills, simplicity of access to existing access due to cultural links, potential position for advices to governments of home countries with respect to improvement of investment climate and deregulation. This factor therefore bears immense potential.

2.4.7 Leadership

This factor is assessed in a next step of the research project with organizational structures and processes to be analyzed for approaches of knowledge transfer, vision alignment and general positioning towards “beyond the fence“ developments. The potential of engagement between transmigrants which return to their home country as well as new entrants need to be leveraged especially for this important factor of the country’s development ⁷.

2.4.8 Shareholder and stakeholder engagement

Within the initial benchmark study, this soft factor of cooperation and communication has been given special attention as negative experiences like demonstrations, court cases with solid blocks against further development or cost intensive mediation procedures have been collected sufficiently at other airports as well as infrastructure projects. These lessons learned should be taken into account early in the process as engagement with concerned groups like inhabitants, local business communities, environmental groups and planning units are of importance for the overall success of this kind of projects. As the development stage of the country and the airport are still on a developing path (approximately 3.5 mio. overall Armenian inhabitants and approx. 2 mio. passengers in the near future), the active consideration of platform installation, forming of task forces or marketing units is still too early.

The general public has (hopefully) realized the importance of tourism and air traffic for their country and its development—this might result in limited resistance against airport-centered developments. However, continuous monitoring of the atmosphere and support of this process is recommendable.

3 SUMMARY AND OUTLOOK

In conclusion, the main lessons learned of the idea exchange and analysis process are captured as follows:

- The success factors which have been identified during the initial benchmark studies can be taken as feasible starting points for other airports and provide in their entirety a framework for thought-provoking impulses and analysis.
- Airports can be seen as nucleus for sociopolitical and resource allocating considerations of countries and also serve as interesting research areas for city planners, economists and business people.

⁵ http://www.karlsruhe.ihk.de/produktmarken/international/laenderschwerpunkt_armenien, Artikel: Deutschland finanziert Flughafenausbau in Armenien, Accessed on the 17th of November 2010

⁶ Freinkman, Lev, “Role of the diasporas in transition economies: lessons from Armenia”, The World Bank, 2000, collected in MPRA (Munich Personal RePEc Archive)

⁷ Dreusse, Mareike in „Zwischen Deutschland und Armenien: Die transnationale Diaspora als Akteur des sozialen Wandels“, Universität Wien, 2008

- Nor the pure direct application nor forceful imposing of a concept according to the principle of “one size fits all“ is to be aspired and to be understood as a guarantee for success, but the initiation of dialogues, reflection and assessment of ideas and models.
- The individual and collective examination of transferability and the deduction of knowledge for the individual work and ideas, independent of type of position as either planner or responsible at an institutional unit with conceptual tasks for guidelines or resource allocation has been the intended purpose of the research project.
- The task of remixing new ideas with old country has been completed by the attempt to apply and connect these two apparently non-connected aspects.
- As an outlook, the research team intends to assess the soft factors in more detail and monitor the ongoing process between the actors involved mid-term.

4 SOURCES AND REFERENCES

Various interviews with representatives from DUA (Deutsche Universität in Armenien), 2010/2011

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