

THE UNIVERSITY OF HONG KONG



DEPARTMENT OF GEOGRAPHY
CENTRE OF URBAN PLANNING AND ENVIRONMENTAL MANAGEMENT
DEPARTMENT OF CIVIL ENGINEERING

are pleased to present a seminar by

Prof. Anming Zhang

The University of British Columbia, Canada

On

Airport Privatization and Deregulation: Theory and Empirical Evidence from the World's Airports

Time: 7:00 p.m., Friday, 10 December, 2004

Venue: Room 222, Hui Oi Chow Science Building, HKU

About the Speaker

Anming Zhang is a Professor in Operations and Logistics and holds YVR Authority Professorship in Air Transportation at the University of British Columbia. He currently serves as the Director of the Centre for Transportation Studies, Sauder School of Business. Dr. Zhang is the recipient of the "Yokohama Special Prize for Outstanding Young Researcher" awarded at the 7th World Conference on Transportation Research (WCTR) in Sydney, Australia in 1995, and is the recipient of the "WCTR-Society Prize", awarded to the overall best paper of the 8th WCTR in Antwerp, Belgium, in 1998. Dr. Zhang has published over 50 refereed journal papers in the areas of transportation and industrial organization. He has co-authored two recent books: Globalization and Strategic Alliances: The Case of the Airline Industry, 2000, Pergamon Press, Oxford; and Air Cargo in Mainland China and Hong Kong, 2004, Ashgate, London (*Chinese edition* published by Infolink Publishing Ltd., Hong Kong). Dr. Zhang has been a consultant to organizations in Hong Kong, Mainland China, and Canada. He has just completed a research project "Towards Estimating the Social and Environmental Costs of Transportation in Canada." This is an input to Transport Canada's ongoing effort to estimate the full costs of all transportation modes including automobile, rail, air and shipping.

Seminar Abstract

Airports have traditionally been owned by governments, national or local governments. In 1987, the British government privatized the British Airports Authority (BAA), which owns and operates the three London airports and several other large airports. Since then, many airports around the world have been or are in the process of being privatized (e.g. Hong Kong International Airport). Out of the concern that the airports are local monopolies, many airports in the world are under price regulation in order to prevent them from abusing their market power. The form that this price regulation has taken varies from country to country, with rate of return, price-cap or cost-based price regulations being the norm. Recent studies on country-specific options and experience were critical of regulations. Further, the emergence of commercial activities (e.g. concessions) as an increasingly vital part of airport business has led some

economists to argue that formal regulation of aeronautical charges might be unnecessary. Indeed, some countries are moving towards no formal regulation of airport charges.

The recent developments in airport privatization and regulation will have profound implications for public policy, airport management and airline management. In this talk, Prof Zhang will first layout the background. He'll then discuss the rationales for privatization and deregulation and provide a critical evaluation of some of the recent arguments. Finally, he'll discuss empirical evidence recently found using a set of major airports in the world.

All interested are welcome