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ECONOMIC EFFECTS AND COSTS OF A TEMPORARY SHUTDOWN OF AN AIRPORT

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ECONOMIC EFFECTS AND COSTS OF A TEMPORARY SHUTDOWN OF AN AIRPORT

Het Steunpunt Goederen- en personenvervoer doet beleidsrelevant onderzoek in het domein van transport en logistiek. Het is een samenwerkingsverband van het Departement Transport en Ruimtelijke Economie van de Universiteit Antwerpen en het Departement MOBI – Transport en Logistiek van de Vrije Universiteit Brussel. Het Steunpunt Goederen- en personenvervoer wordt financieel ondersteund door de coördinerende minister Ingrid Lieten, viceminister-president van de Vlaamse Regering en Vlaams minister van Innovatie en Overheidsinvesteringen, Media en Armoedebestrijding en Hilde Crevits, Vlaams minister van Mobiliteit en Openbare Werken, de functioneel aansturende en functioneel bevoegde minister.

De auteurs danken Dhr. Philippe Fierens voor zijn waardevolle inbreng in de voorliggende paper.

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Management samenvatting

De aswolk van de vulkaan onder de IJslandse Eyjafjallajökull-gletsjer legde in 2010 tijdelijk het vliegverkeer in grote delen van Europa helemaal plat. Ook het Belgisch luchtruim werd tijdelijk gesloten. Onmiddellijk stelt zich de vraag naar de economische schade. Deze gebeurtenis wakkerde de wereldwijd groeiende interesse in de problematiek van de maatschappelijke en bedrijfseconomische kosten van het tijdelijk sluiten van een luchthaven aan.

De sluiting van de luchthaven van Oostende-Brugge (oktober 2012) toont aan dat ook Belgische luchthavens met sluitingsperiodes geconfronteerd kunnen worden, hetzij om strategische redenen (zoals onderhoud of reparatie van de landingsbaan) of om stochastische redenen. Luchthavens zijn belangrijke knooppunten, daar ze cruciaal zijn voor import, export en toerisme, en dus werkgelegenheid genereren. Bijgevolg dragen ze bij tot economische activiteit in een regio en een land en is het belangrijk dat beleidsmakers de effecten en kosten van een (tijdelijke) sluiting van een luchthaven correct kunnen inschatten en erop anticiperen.

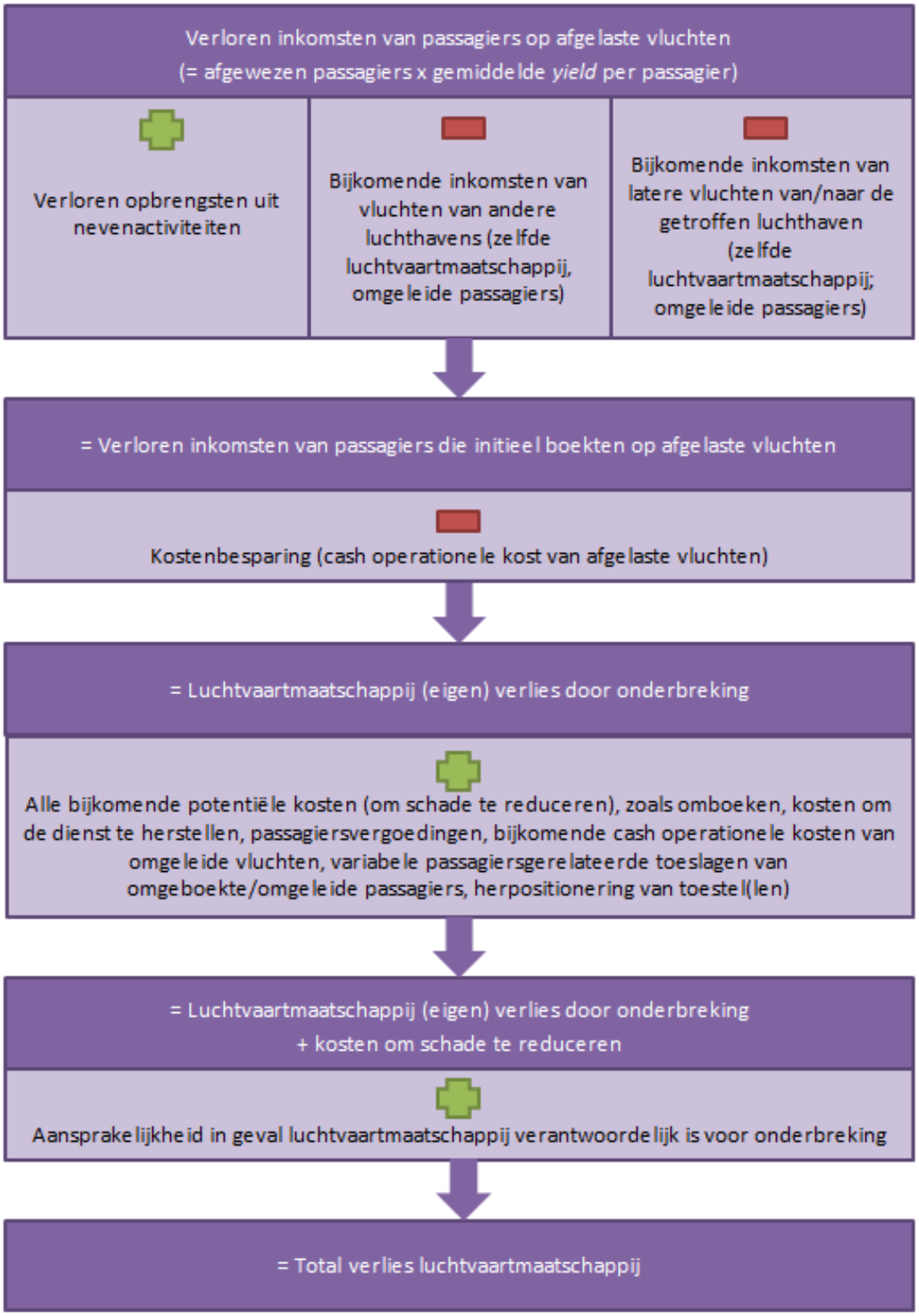
In de literatuur zijn reeds vele studies te vinden over effecten van sluitingen van luchthavens, maar deze vormen geen geïntegreerde analyses. Zo focussen zij op de impact van slechts één sluitingsreden (bv. terrorisme) of worden niet alle belanghebbenden in beschouwing genomen. De voorliggende beleidsondersteunende paper analyseert de verschillende soorten effecten en kosten van een (tijdelijke) sluiting van een luchthaven op alle stakeholders op korte en lange termijn. Het geografische onderzoekdomein beperkt zich tot de Vlaamse en nationale luchthavens.

Het eerste deel van deze beleidspaper geeft antwoord op volgende onderzoeksvragen:

(1) Wat is een sluiting van een luchthaven?
(2) Wat zijn de verschillende oorzaken van een sluiting?
(3) Wie zijn de belanghebbenden in het geval van een sluiting?
(4) Wat zijn de verschillende effecten op de belanghebbenden?

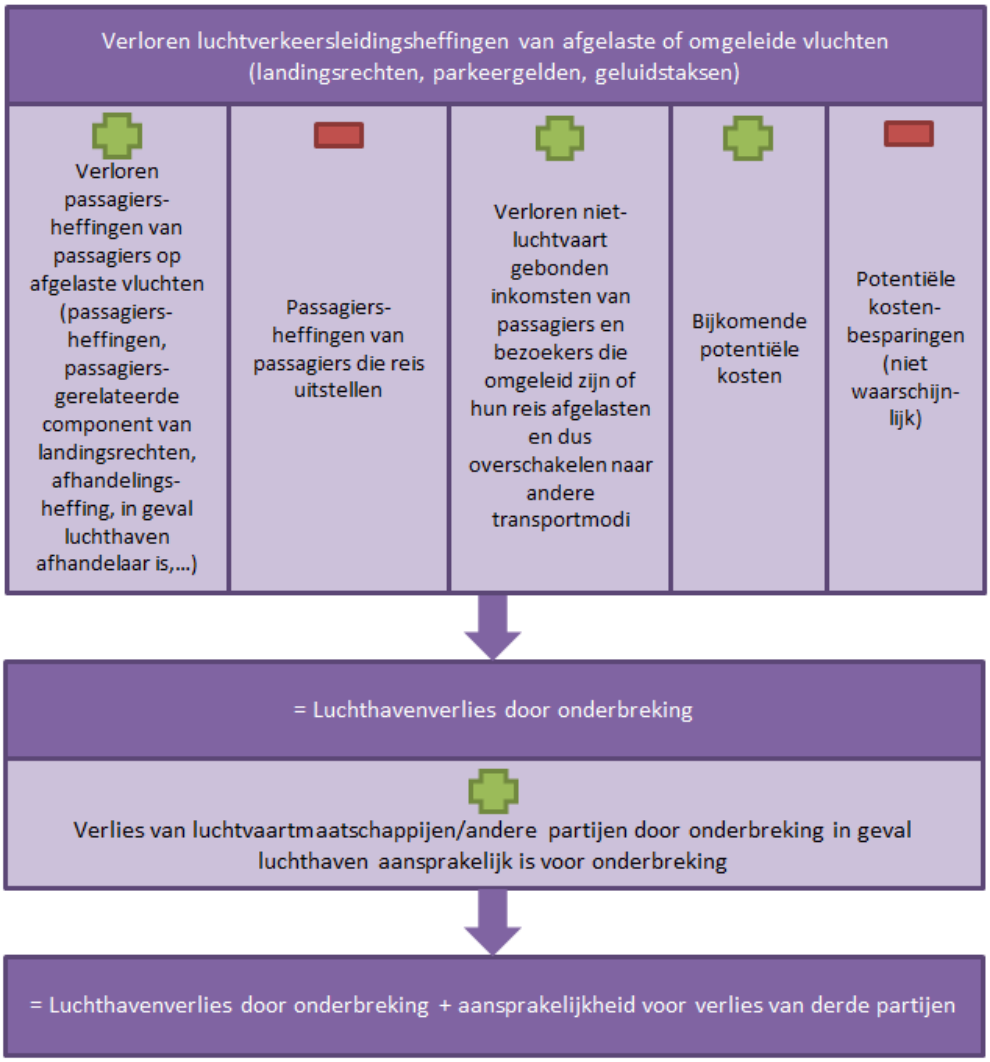
In het tweede deel wordt de impact van orkaan Sandy op de Vlaamse en Brusselse luchthavens toegelicht. In volgende tabellen wordt de methode van Maertens (2012) aangereikt als instrument voor luchthavens en luchtvaartmaatschappijen om de (monetaire) effecten van een sluiting te kwantificeren met betrekking tot passagiersvluchten. Voor vrachtvluchten kunnen de effecten echter op analoge wijze bepaald worden.

Samenstelling van verlies (m.b.t. passagiers) voor luchtvaartmaatschappijen in geval van onderbreking



Bron: Eigen samenstelling op basis van Maertens (2012)

Samenstelling van verlies (m.b.t. passagiers) voor luchthavens in geval van onderbreking



Bron: Eigen samenstelling op basis van Maertens (2012)

Deel 1 toont aan dat de (tijdelijke) sluiting van een luchthaven verreikende gevolgen heeft, zowel voor de luchthaven als de omgeving en andere belanghebbenden. Zo toont ook de appendix aan dat recente sluitingen diverse gevolgen hebben voor verschillende partijen. Gezien de cruciale rol van een luchthaven binnen de omgeving wordt ook de (regionale) economie beïnvloed door de sluiting.

De gevalstudie in deel 2 toont aan dat er verschillende passagiers- en vrachtvluchten afgelast zijn in Brussels Airport door de orkaan Sandy. Aan de hand van deze gevalstudie blijkt dat de effecten van een sluiting van situatie tot situatie verschillen. Het monetair kwantificeren van deze effecten is mogelijk mits de benodigde data beschikbaar zijn, wat vaak niet het geval is gezien de vertrouwelijkheid van de benodigde data. Echter, op basis van de aangereikte methode kunnen

belanghebbenden wel een inschatting maken van de kosten van de (tijdelijke) sluiting van een luchthaven.

Beide delen geven weer dat er verschillende soorten gevolgen zijn. Enerzijds veroorzaakt het onderbreken van een vlucht aanzienlijke kosten. Anderzijds lopen luchthavens het risico dat luchtvaartmaatschappijen kennis maken met alternatieve (betere) luchthavens en hun diensten verleggen. De directe (luchtvaartsector) en indirecte (economie in het geheel) gevolgen van een sluiting kunnen dus de concurrentiepositie van een luchthaven en van de regio beïnvloeden. Hierbij is het verloren gaan van trafiek het belangrijkste aandachtspunt. Ook voor het beleidsnemers is het belangrijk om hiermee rekening te houden. Daarom kan als aanbeveling worden geformuleerd dat luchthavens de optie moeten hebben om met hun activiteiten bij een tijdelijke sluiting uit te wijken naar nabijgelegen luchthavens binnen Vlaanderen, wil men trafieken en bijhorende baten binnen de eigen Vlaamse economie houden. Een geïntegreerd beleid is daartoe noodzakelijk.

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1 Introduction

Since the ash cloud of 2010, a growing interest has been directed towards the issue of shutdowns of airports. Moreover, in Flanders, the shutdown of Ostend-Bruges International Airport (October 2012) teaches us that airports can also cease the performance of flights due to strategic reasons such as the maintenance and repair of the runway[1]. Airports are crucial nodes since they link places with the rest of the world, are crucial for import, export and tourism. Therefore they are major employment generators which ensure the economic activity in a region and policy makers have to understand the effects and costs of a (temporary) shutdown of an airport.

Recent shutdowns of airports indicate that those can occur in airports all over the world due to many different reasons. A non-exhaustive overview of shutdowns which happened in the recent past is given in the Appendix. The Appendix also indicates the cause of the shutdown, the airport(s) and the consequences. Moreover, shutdowns can last for a few hours as well as for some weeks. Previous studies (Shangyao Yan & Chung-Gee Lin, 1997; Government of Canada, 2002; Rupp, Holmes & DeSimone, 2003; Balvanyos & Lave, 2005; Gordon, Moore II, Park & Richardson, 2007) have produced estimates of the economic implications of terrorism on commercial aviation and the cost of a shutdown for a specific stakeholder. Pejovic, Noland, Williams & Toumi (2009) simulated and assessed the effects of a short-term shutdown at London Heathrow for some stakeholders (airlines and passengers). Maertens (2012) used this research to assess more in depth the interruption losses of a shutdown for the airport and airlines. Therefore, the objectives of this research are to determine all economic effects and costs of a temporary shutdown of an airport for different stakeholders, and this both in the short and long run.

The paper consists of two main parts. In the first part, the following research questions are answered:

1. What is a shutdown of an airport?
2. What are the different causes of a shutdown?
3. Who are the important stakeholders in the case of a shutdown?
4. What are the different effects on the stakeholders?

[1] Sidenote: the present paper takes into account the existing European context, being that the airspace is a patchwork of boundaries which are organized and controlled by different national air traffic control systems. Having one Single European Sky, decisions could be made more consistently and in a coordinated way (Adey e.a., 2011).

In the second part, a recent case is studied. The consequences for the Flemish airports of hurricane Sandy are quantified.

The methodology consists of both desk and field research. The desk research includes a literature study and quantification based on the method proposed in the study of Maertens (2012). In the field research, unstructured interviews with privileged stakeholders were held[2]. The stakeholders were chosen such that the research gives a representative overview of the air transport market.

2 The effects of a temporary shutdown

In this part of the paper, general aspects regarding the effects of a temporary shutdown of an airport are listed. Answering the respective research questions delivers the structure of this part.

2.1 Definition of a shutdown

A first step in the analysis is the definition of the concept of a shutdown. Rupp, Holmes & DeSimone (2003) define a shutdown as "*the closure of the entire airport or the closure of a terminal that affects 100% of the fleet of a carrier*". Here, a shutdown is defined as "*the temporary entire closure of the airport with respect to air traffic. This implies that no air traffic occurs at the airport for a certain period of time, while at least one landing or take off was scheduled during that period, which was not cancelled due to other reasons than the air traffic stop at the airport"*. Only situations in which the airport cannot offer any capacity[3] are considered as a shutdown in this research.

The airport will be (temporarily) closed if the airport management cannot guarantee that the operations can be performed in a safe way. This may occur due to human factors (e.g. strikes) or due to infrastructure problems (e.g. heavy snow fall, visibility problems, technical problems on a runway,...). Depending on the size of the airport (in number of service providers, number of runways, etc.), these problems cause a decrease in capacity, either partial or total.

It is important to add here that there is a difference between the potential and actual capacity of airport infrastructure, and this, amongst others, due to safety regulations such as the ICAO Standards

[2] The authors thank the interviewees for their cooperation. The names of the interviewees are known by the authors, but for confidentiality reasons not published in this paper. Paragraphs without specific source are formulated based on information gathered in the interviews.

[3] Meersman et al. (2006) define airport capacity as "*the ability of a component in the airport system to handle aircraft*"; it is often expressed in terms of operations per hour.

and Recommended Practices (SARPs). ICAO (the International Civil Aviation Organization) sets standards and regulations necessary for aviation safety, security, efficiency and regularity. These standards and practices consist of technical specifications in relation to aircraft, personnel, airways and auxiliary services. For example, the actual number of aircraft which can be accommodated on a runway per unit of time, may differ from the number of aircraft that potentially can make use of this runway in the same unit of time.

2.2 Causes of a shutdown

Airports can be closed for two types of reasons: strategic or unforeseeable. Some airports might shut down because of strictly economic and thus strategic reasons. Then, the shutdown of an airport can be planned, for example, in case of maintenance and repair of the airport infrastructure. The airport management will – in consultation with its stakeholders – choose the best period for the shutdown[4]. Amongst others, they will take into account the number of flights scheduled. Flights that cannot be postponed, will then be diverted to other airports, bearing in mind the location of the alternative airport, the presence of handling agents etc. For example, the airport of Ostend-Bruges was shut down in October 2012 due to maintenance of the runway. Given the fact that a shutdown due to strategic reasons can be planned ahead, the stakeholders are enabled to take the necessary and tailored measures to limit the (negative) consequences. In the case of Ostend-Bruges Airport, the airport was shut down during an off peak moment.

However, most shutdowns of airports occur due to unforeseeable reasons. In this case, there is no supply at the airport in the short run because of exogenous reasons (Rupp & Holmes, 2006). This implies that such a shutdown cannot be planned ahead and only ex ante (general) measures are available to deal with the consequences. This paper mainly examines the unforeseeable shutdowns of an airport without disregard of the strategic shutdown of an airport.

There are different sorts of unforeseeable reasons resulting in the shutdown of an airport. This becomes clear when observing the table shown in Appendix. From the Appendix, it is clear that in the recent past, various important events resulted in the shutdown of different airports, spread over the

[4] Here, it is important to note that an airport can also close down only part of its infrastructure which would imply a decrease in capacity. For example, an airport with several runways can decide to cease the activities on one runway, but continue its operations on the remaining runways without any loss of flights or delays.

world. Thus, it is interesting to examine different categories of causes of shutdowns in order to estimate the effects on different stakeholders.

When examining the different causes of a shutdown, a distinction can be made between **nature** and **security**. Nature-related shutdowns include those causes initiated by bad weather conditions (Shangyao Yan & Chung-Gee Lin, 1997; Thengvall, Yu & Bard, 2001) such as typhoons, hurricanes, heavy rain, snowstorms etc. For example, recently hurricane Sandy (October 2012) caused quite some problems for the air traffic in, to and from North America. Nature-related shutdowns can also be caused by nature phenomena such as volcano eruptions (Goodenough, 2010; Adey, Anderson & Guerrero, 2011) or earthquakes (Government of Canada, 2002). Security issues can be caused by for instance a terrorist attack, unplugged or defective metal detectors, fake bombs found in luggage, passengers that bypass security points, etc. (Rupp e.a., 2003).

The first difference between these two categories is that nature-related shutdowns can partly be forecasted and thus, airport stakeholders can take some preventive measures. In case of security reasons, stakeholders cannot predict the shutdown, and therefore cannot anticipate (Rupp e.a., 2003) . Another distinction between these two causes of an airport shutdown is the capacity level after reopening[5]. After a nature-related shutdown, most airports operate for a certain period of time at a reduced capacity level, while after a security-related shutdown most airports can operate at full capacity level (Rupp e.a., 2003). A third difference is the degree of concentration of the airports affected. Shutdowns caused by nature conditions are most of the time concentrated in a region, while those caused by security reasons occur more often at airports that are geographically scattered (Rupp e.a., 2003).

Subsequently, there are some other occasions that might cause a shutdown but do not belong to one of the two categories mentioned. Examples are a fire (Su & Lu, 2012), flooding of a runway, malfunctioning of radio navigation systems, malfunctioning of the runway lighting, accidents with aircraft, strikes or necessary construction works, etc[6]. For example, on the 13th of December 2012,

[5] Maertens (2012) makes a classification of the type of interruption by linking the type of damage, i.e. physical damage of the airport infrastructure, no physical damage or technical errors/low physical damage, to the responsible entities.

[6] Meteorological circumstances can determine the impact of some of the events mentioned here. For example, on a sunny day, the malfunctioning of the radio navigation system does not cause severe problems, since aircraft can land using other on-board instruments. However, in case of poor visibility, a cloudy sky and during night time, malfunctioning of the radio navigation system will rather lead to deviation of aircraft.

there was a strike of the customs department at Brussels Airport. The strike caused some delays in the transportation of cargo.

These different types of causes can have different effects on different stakeholders at the airports. Therefore, an overview of airport stakeholders is given in the next section.

2.3 Airport stakeholders

In order to examine the effects of a shutdown of an airport, it is logical to determine all stakeholders involved. A stakeholder is "*any group or individual who can affect or is affected by the achievement of the organization's objectives"* (Mitchell, Agle & Wood, 1997). Figure 1 gives an overview of the stakeholders, including their relationships in both financial (dotted line) and other (full line) terms.

Besides the airport authority, there are two main categories of stakeholders: airport users and service providers. The most important groups of airport users are the airlines and the passengers/shippers of cargo (Meersman & Van de Voorde, 2008). These stakeholders provide revenue for the airport (passenger charges and operating surplus). This revenue can be supplemented by capital from investors and the government. Furthermore, NGOs, regulators, businesses outside the airport, local communities and the government are connected to the airport. Hereafter, the airport and its stakeholder groups are described.

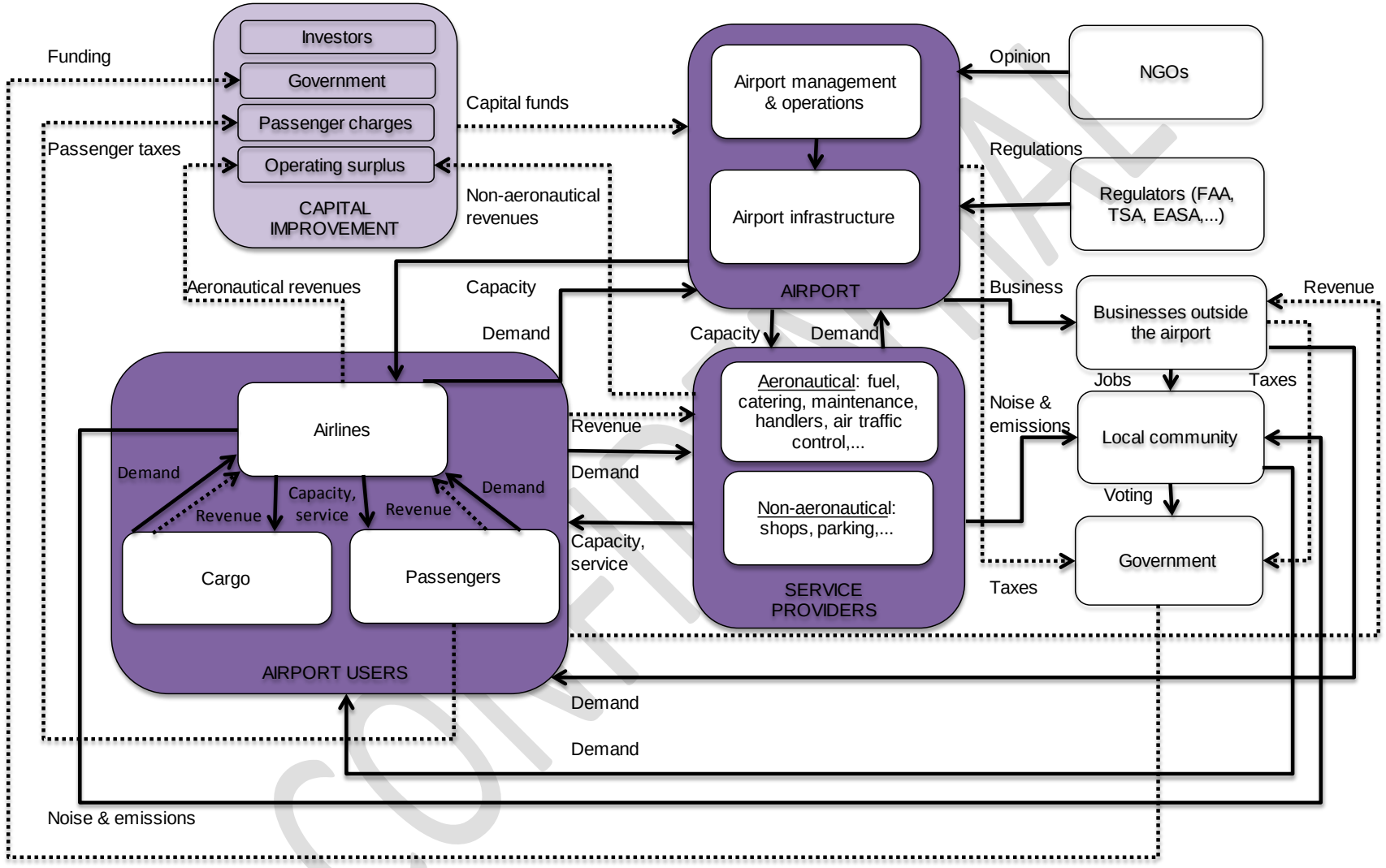


Figure 1 – Relationships between airport stakeholders
Source: Own composition based on Schaar & Sherry (2010), Macário & Van de Voorde (2012)

2.3.1 The airport

At the airport, the airport authority plays a central role. De Neufville & Odoni (2003) state that the structure of the airport organization varies from an individual airport to a group of airports, managed by the same organization. The airport can be financed by a private investor that might have shares in other airports too (Schaar & Sherry, 2010). The airport organization consists of the management and the airport infrastructure (see Figure 1). The airport authority only has control over own operational procedures and the airport infrastructure (Schaar & Sherry, 2010).

It has to be mentioned that every airport has its own characteristics and is therefore unique. Airports with different characteristics also have a different cost structure. As a consequence, the same kinds of effects of a shutdown cause different monetary effects. As a result, the total effects of a shutdown, expressed in monetary terms, differ strongly between airports. Therefore, the costs of a shutdown cannot be calculated for an airport in general; one always has to examine the specific case.

2.3.2 Airport users

The most important groups of airport users are the airlines and the passengers or shippers/consignees of cargo.

The airlines[7] provide air services to passengers and shippers (Rupp e.a., 2003). The main objective of airlines after a shutdown is to restore their flight schedule as soon as possible (Shangyao Yan & Chung-Gee Lin, 1997).

The passengers use the airport to transfer from ground to air transport modes or to make a transfer between two air flights. They can be arriving at or originating from the airport, make a transfer, take a domestic or international flight, travel via a charter, low cost airline or take a regular flight. Passengers are participants in the economic system of the airport by purchasing services. On the other hand, they are also individual travelers with expectations about the service offered (Schaar & Sherry, 2010).

The shippers want to have their cargo at the right time at the right place. Key players for traditional cargo are cargo carriers, combination carriers and passenger airlines, in which cargo is transported in the belly capacity; important actors for express cargo are integrators (Kupfer e.a., 2011; Dewulf, Van de Voorde & Vanelslander, 2009).

[7] For a classification of air carriers, see Schaar & Sherry (2010).

2.3.3 Service providers

In the present analysis, service providers are divided into two groups: non-aeronautical and aeronautical service providers. Non-aeronautical service providers offer services that are only indirectly related to air transport. Examples are retail, trucking companies, fuel supply and parking.

Aeronautical service providers are "*private operators that offer services to air carriers and general aviation users*[8]" (Schaar & Sherry, 2010). In many cases, they work at the airport as concessionaires. However, some of the services can also be provided by the airport operator or the airlines. The services that the providers offer can be (Schaar & Sherry, 2010) supply of aviation fuel and oil, handling and sorting of baggage, loading and unloading of aircraft, interior cleaning of aircraft, service of toilet and water, transport of passengers to/from remote stands, transport of catering, routine inspection and maintenance of aircraft at the stands, starting, marshaling and parking of aircraft, deicing of aircraft, handling passengers, handling cargo and mail, information services, preparation of handling and load-control documents, supervising or administration. Subsequently, air traffic control (ATC) is offered to the airlines by an independent organization (such as Eurocontrol in Europe).

2.3.4 Other stakeholders

Other stakeholders are the commercial/non-commercial businesses, the government, local communities and regulators.

Several businesses can be affected by a shutdown. There are four types of circumstances why they might be affected: they are either located at the airport, in an area immediately surrounding the airport, away from the airport, but depend on the airport, or they are dependent on the airport for mail delivery or other services (Government of Canada, 2002). Example are flight academies[9] and ground transportation providers. These companies are stakeholders of the airport, since they can transport passengers or cargo to/from the airport (Schaar & Sherry, 2010; Meersman, Pauwels, Struyf, Van de Voorde & Vanelslander, 2011).

[8] General aviation users can be for instance air taxi operators, flight instruction, aircraft rental, etc.
[9] Flight academies are located at the airport, but in most cases considered 'outside' the airport, since they are not directly related to the airport's core activity which is facilitating the contact between the air transport providers and their customers.

Second, the government can be both the national and the local level. The airport pays taxes to the government, but sometimes the government is involved in operating the airport. Another role of the government is to be a regulator (Schaar & Sherry, 2010).

Third, local communities are affected by airport operations. An important example for this is residents that live close to the airport. The effects of the airport on local communities are coming from the air traffic and from ground vehicles both on the airport and from/towards the airport. The effects can be noise, reduction of air/water quality, hazardous waste emissions and other externalities such as congestion on the road network (Meersman e.a., 2012; Schaar & Sherry, 2010).

Furthermore, regulators have an influence on the airport by setting regulations that have to be applied by the airport. NGOs can launch some ideas about air transport, but have no direct influence on the functioning of the airport. Besides, some other sectors, such as (Government of Canada, 2002) tourism[10], agriculture/fisheries/aquaculture and health services are influenced.

Schaar & Sherry (2010) add to this that airports have a large impact on employment, by providing a lot of jobs at the airport, but also outside the airport. Besides, airports stimulate the local economy since individuals and organizations in the neighborhood have air transport services at their disposal. In our research, direct employees of the airport are included in the airport authority; employees of companies operating at the airport are included in the respective companies. Obviously, double counting will be avoided

[10] Tourism comprises both business as leisure travel (Government of Canada, 2002).

2.4 Effects of a shutdown[11]

In this section, potential consequences are described for different stakeholders. It has to be mentioned that not all consequences will appear for every shutdown and at every airport. When a shutdown occurs, these effects have to be tailored to the specific case before the impact can be estimated.

In general, most stakeholders of the airport are financially affected when a shutdown occurs. Total costs of a shutdown include the indirect cost and the direct cost. The direct cost can be seen as the repairing or replacement cost of the assets that have been damaged. The indirect cost is the decrease in production of goods and services. Examples of indirect costs are business interruption in the period following the shutdown and production losses during reconstruction in case the airport was destroyed (Hallegatte, 2006). Examples of cost figures of shutdowns are shown in table 1. Balvanyos & Lave (2005) found that the cost of having no air transport for one day (figures of 2005) amounts to $320 mn per day in the US air transport sector. Besides, it results in a loss of $36 mn in petroleum refining and a reduction of total spending in the economy by $637 mn.

As for the direct costs, the amount of the indirect costs depends on the length of the shutdown and its immediate cause. These costs result from operating losses of airlines and consumer welfare losses (Balvanyos & Lave, 2005). However, Gordon, Moore II, Park & Richardson (2007) find that the losses during the shutdown are quite small in comparison to the losses of the two years following the shutdown period, such as sector-specific impacts. As a result, the number of days that the airport is closed is not a critical variable in estimating the total losses for society incurred by the shutdown.

[11] There are some general aspects that have an influence on the effects, such as the length of the shutdown (Abdelghany & Abdelghany, 2009a), the time of the year (Government of Canada, 2002), etc.

Table 1 – Overview of cost information from literature

Year	Victim	Cost	Estimated by	Event	Cost subject
2011	BAA	£10 mn	Virgin Atlantic	Snow	Landing and parking fees that Virgin Atlantic refuses to pay
2010	All UK airports	£5[12] mn – £6 mn	BAA	Ash cloud volcano Iceland	Expected maximum daily impact of shutdowns on adjusted EBITDA and cash flow
	Aer Lingus	€15 mn - €20 mn	Aer Lingus		Grounding of aircraft for six days
	Fraport	€0.5 mn	Fraport		Loss of parking revenue during shutdown of Frankfurt Airport
	Fraport	€15 mn	Fraport		Revenue loss due to shutdown of 5 days of Frankfurt Airport
	Air industry	€1.3 bn	IATA		Lost revenue of week-long closure of Europe's airspace
	Only members of Association of European Airlines	€850 mn	Association of European Airlines		Cost of nine days around the ash cloud
	European airports	€250 mn	ACI Europe		Losses due to 6 days shutdown
	Finnair	€20 mn[13]	Finnair		Direct lost revenue
	Germanwings	€2 mn	Germanwings		Daily cost of shutdown
	World economy	€1.1 tn	European Commission		Total cost after ash cloud in Europe for a week
	Airlines	€1.7 bn	European Commission		Total cost after ash cloud in Europe for a week
	KLM	€5-15 mn	KLM		Total cost after ash cloud per day
	TUI Travel	£20 mn	TUI Travel		Total cost after ash cloud
		£5-6 mn			Additional cost per day
	British Airways	£15-20 mn	British Airways		Total cost after ash cloud per day
	Air France	€35 mn	Air France		Total cost after ash cloud per day
2005	USA economy	$1 bn	RAND	A large aircraft has been shot down; all aircraft grounded for 2.5 days	Cost per grounded aircraft, including compensation for dead passengers
	Airlines	$1.6 bn	RAND		Cost in reduced airline and associated spending
	Passengers	$4.75 bn	RAND		Losses to business and leisure passengers
2001	D.C. Reagan National Airport	$0.4 mn	Metropolitan Washington Airports Authority	9/11 attacks	Daily cost of shutdown (24 days closed in total)
	Reagan National Airport and Northern Virginia businesses	$330 mn	Government of Canada		Daily economic impact of airport shutdown
	State and local tax revenue	$27 mn	Government of Canada		Daily economic impact of airport shutdown

Source: Own composition based on The Washington Times (2001), Balvanyos & Lave (2005), Airline Industry Information (2010), Evening Standard (2010), Reals (2010), APN/NU.nl (2010), Prynn (2011), Learmount (2012)

[12] At that time USD1 = GBP0.65.

[13] Lower passenger volumes in future and potential passenger compensation are not yet calculated in this amount.

On the one hand, the fixed revenue and costs remain, but the variable revenue and costs change. Some stakeholders gain some extra revenue or have to make some extra costs while others see a reduction in revenue or costs. The focus of the monetary analysis in this research is thus on the relative change in costs and revenue.

2.4.1 The airport

In case the operations cannot be performed in a safe way, the airport management will inform the authorities (in Belgium for instance Directoraat-Generaal Luchtvaart) and they can decide to close the airport[14]. At this moment, the airport infrastructure is not available[15]. Then, the air traffic controller (i.e. Eurocontrol in Europe and Belgocontrol in Belgium) sends out a NOTAM (Notification to Airmen) to the airlines and the airport management informs the (local) station managers[16] of the airlines and the handling agents. Moreover, the passengers are informed as good as possible.

In case of a shutdown, the airport management faces some extra costs since it is responsible for the airport infrastructure. Therefore, they perform all actions necessary to re-open the airport (e.g. they clear the runway from any snow[17]). To do so, they can rely on some internal personnel and some externally hired workers. These external workers get a waiting fee in the period in which they are not called up and an extra fee in the period they are deployed. However, the purchase, maintenance and repair of the equipment needed, including de-icing products, are the biggest cost. Nonetheless, the airport management invests to a certain extent in this equipment since this cost is still lower than the cost of shutting down the airport. Furthermore, there are quite some fixed costs (e.g. maintenance and depreciation of the buildings, security,…).

When examining the revenue, the Federal Aviation Administration (2001) (FAA) defines three different categories of airport revenue: aeronautical operating revenue, non-aeronautical operating revenue and non-operating revenue. The airport has quite some amount of variable revenue that is lost in all three categories if no flights are performed. For example, landing and take-off fees cannot be cashed (Schaar & Sherry, 2010). Besides, passengers pay facility charges in their airline tickets. The

[14] In some cases, institutions such as the Federal Aviation Administration in the USA and the European Aviation Safety Agency in Europe or governments, can decide about the grounding of flights within their airspace (Government of Canada, 2002).
[15] This is valid for the definition of a shutdown used in this research (see section 2.1).
[16] During the length of the shutdown, there is constant consultation between the airport management and the station managers to predict when operations can be resumed.
[17] In some specific cases, the airport authority has an agreement with the airline that the airline itself clears the apron around its own aircraft from snow.

airport has to use this revenue for making infrastructure improvements. In case of a shutdown, most airports only receive few passenger facility charges. However, if the airport is only shut down for a short period of time and the airlines decide to delay their flights instead of cancelling them, the effects on the variable revenue of the airport are limited. Furthermore, there is also fixed revenue (e.g. concession revenue). Concessionaires pay the airport a fixed annual fee or a percentage of gross revenue. In case a fixed annual fee is paid, the airport receives the same amount of money with or without shutdown. In case a percentage of gross revenue is paid, revenue is different when the airport is shut down for some time (Schaar & Sherry, 2010).

2.4.2 Airport users

This section examines the effects of a shutdown on airlines, passengers and cargo.

2.4.2.1 Airlines

An important group of airport users are the airlines. Suppose a destination airport D is shut down (see figure 2). Then, airlines at origin airport O have two choices: or they divert their flight to an alternative airport A, or they keep their flight grounded.

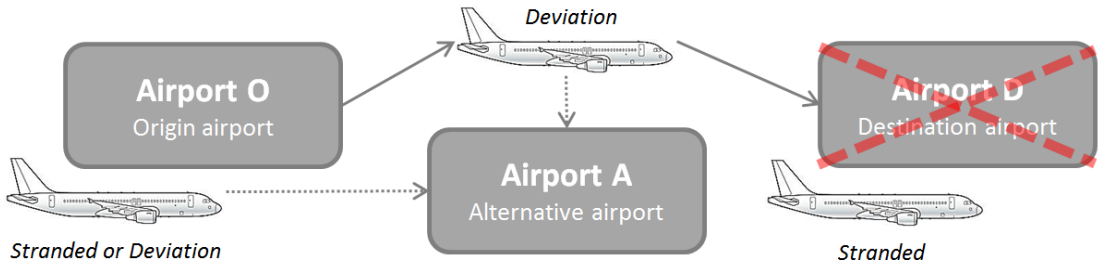


Figure 2 – Shutdown of destination airport

Source: Own composition

DESTINATION AIRPORT IS SHUT DOWN

Airlines which are heading for the closed airport, can divert their flights to another airport nearby[18] if possible since they want guarantees on the possibility of landing and minimum handling. People at the emergency crisis center of the airline will – in consultation with the air traffic control – adopt the emergency plan and decide to which airport the flights will be diverted. In practice, the deviation

[18] This involves an extra landing and take-off fee.

possibilities for each aircraft are determined in the standard operational procedures under the title "destination alternate"[19] . Depending on the chosen option, the amount of fuel needed will be different. The ATC can be informed about potentially necessary changes. Decision variables are the location and costs of the alternative airport, the available facilities of the airport and, to a lesser extent, the fact whether the airline is also offering its services from the alternative airport and the presence of the same handling agent[20]. It is important to bear in mind that not all airports can serve as diversion airport. In some cases, the airport infrastructure is not suitable to receive certain aircraft, either due to operational or regulatory restrictions. An example of an operational restriction is the length of the runway in relation with the size of the aircraft, while the ICAO classification illustrates the regulatory restrictions. Another operational restriction can be the inadequacy of the facilities. For example, large aircraft such as an A380, with its two passenger levels, cannot be handled in Brussels Airport in an efficient way, although they can land there. The problem in this specific case is that the airport does not possess a double passenger boarding bridge. Furthermore, airports have a limited capacity with regard to the amount of aircraft they can receive within a given timeframe. Depending on the duration of the shutdown at the destination airport and the airline policy, the aircraft[21] will be handled at the alternative airport.

When considering the Belgian situation, table 2 shows the facilities for air cargo in five Belgian airports. From the table can be concluded that not all airports possess the same facilities. For example, only Brussels Airport and Ostend-Bruges Airport have cold storage available. This means that aircraft transporting goods that require cold storage cannot be diverted for example to Antwerp Airport. This illustrates that when choosing an alternative airport, the operational aspects of the airports have to be taken into account.

[19] Other deviation possibilities are also determined in the standard operational procedures, being the "take-off alternate" and the "en-route alternate".
[20] The handling agent can, in case of diversion, suggest an airport (at which they are also active) to which their client's flight can be diverted.
[21] A distinction can be made between full cargo planes and passenger planes having cargo on board. Passenger planes are handled along air passenger traffic; what happens with the belly cargo is dependent on what happens with the passengers and the passenger plane. In case of full freighters, cargo can be handled based on the cargo needs. In this analysis, passenger planes with belly cargo are considered.

Table 2 – Cargo facilities at Belgian Airports

Airport facilities					
	Brussels-BRU	Antwerp - ANR	Ostend -Bruges - OST	Charleroi - CRL	Liege - LGG
Loading/unloading equipment	Main deckloaders (up to 30 tonnes), lower deckloaders, pallettransporters, trailers (10 ft and 20 ft), conveyor belts, forklifts (from 2,5 tonnes to 12 tonnes), crane rental in subcontracting possible	Forklift	All equipment available to handle aircrafts and trucks, maindeckloader for freighter aircraft (max. capacity 30 tonnes), heavy forklift capable of lifting 12,600 kg	*(not indicated)*	*(not indicated)*
Storage at the airport					
Freight station	*(not indicated)*	*(not indicated)*	6,686 m² and 4,050 m²	*(not indicated)*	*(not indicated)*
Safe for valuables	Available	Available	*(not indicated)*	*(not indicated)*	*(not indicated)*
Room (bunker) for radio-active material (RRY shipments)	Available	Not available	*(not indicated)*	*(not indicated)*	*(not indicated)*
Animal hostel	*(not indicated)*	Non approved borderinspection post for live animals and animal products - unloading prohibited	*(not indicated)*	*(not indicated)*	*(not indicated)*
Customs Airport warehouse	Time limit 30 days, thereafter goods are returned to shipper, sold or destroyed	*(not indicated)*	*(not indicated)*	*(not indicated)*	*(not indicated)*
EU veterinary inspection facilities	Available and approval for live animals, animal products for human and for non-human consumption - unloading allowed	*(not indicated)*	Available and approved for registered horses and other nonungulate animals and for animal products for human consumption - unloading of those products allowed	Available and approved for animal products for human consumption - unloading of these products allowed	
Perishable handling/inspection facility	Available	*(not indicated)*	*(not indicated)*	*(not indicated)*	*(not indicated)*
Live animal handling and/inspection	Available	*(not indicated)*	*(not indicated)*	*(not indicated)*	*(not indicated)*
Horse stables	Available	*(not indicated)*	*(not indicated)*	*(not indicated)*	*(not indicated)*
Cold storage	Available	Not available	Available, 273 m²	*(not indicated)*	*(not indicated)*
Deep-freeze	Available, limit to 10 m³	*(not indicated)*	Available, 85 m²	*(not indicated)*	*(not indicated)*
Clearance at the airport	By consignee, agent or broker	By consignee or his agent	*(not indicated)*	*(not indicated)*	*(not indicated)*

Source : Own composition based on IATA (2008)

The most important resources of airlines are aircraft and staff so they want to maximize the utilization of these resources. To maximize the use of aircraft, the time that aircraft are grounded has to be minimal (Abdelghany & Abdelghany, 2009b; Rupp et al., 2003). As a result, there are only very few standby aircraft at the airport. After an airport shutdown, first of all airlines look for aircraft, in a second stage for pilots and then for cabin crew (Abdelghany & Abdelghany, 2009a).

Thus, airlines have to reschedule aircraft and staff, taking into consideration many constraints on both resources[22], because not all aircraft are at the airport at which they were expected to be. In case flights are directed towards another airport during the shutdown, (empty) aircraft and staff have to be repositioned and also the catering of the flights has to be reconsidered. All these actions bring along extra costs for the airline (Government of Canada, 2002; Abdelghany & Abdelghany, 2009b).

In case of a short term shutdown[23], passengers and cargo stay in the airplane and the flight is resumed later. In case of a longer delay or if the airline policy is built around maximizing passenger satisfaction, the airline will opt to have the aircraft handled at the alternative airport. Then, the airline has to pay a handling fee to the handling agent offering the service.

Passengers can be disembarked, if the regulations of the country allow this[24], and in some cases transported by road to the destination airport. For instance, passengers who do not have a visa for the country in which the alternative airport is located cannot leave the restricted area at the airport. In case of transit passengers, the airline also has to rebook the flight. European airlines are restricted by the European Directive 261/2004[25] which stipulates the Denied Boarding Compensations, in case there is no force majeure[26]. If the delay is limited to some hours, the passengers have the right to get (a compensation for) food and beverages, refreshment, etc. If the delay lasts longer, the passengers also have to be accommodated in a hotel, are entitled to some monetary compensation - depending on the length of the delay and of the trip - or to rebooking their ticket free of charge. The costs of accommodation differ from airline to airline. For instance, an airline integrated with a tour operator can accommodate the passengers in hotels with whom they have contracts and therefore reduce the costs. It is important to note here that, if the shutdown of the airport lasts too long, the stranded passengers will be transported to their destination (airport) via road or rail.

[22] Possible constraints are the crew working hours, the type of aircraft, qualifications of the crew, etc.
[23] The length of this depends on the specific situation and the airline policy.
[24] The airline has to take into account the regulations regarding travelling across borders For this reason, a diversion airport in the same country might be the first choice of the airline.
[25] This regulation can be consulted at:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004R0261:EN:HTML
[26] If there is a force majeure, airlines do not owe compensation to their clients (passengers/cargo). However, since the airline is also a commercial organization, in some cases it will provide some “care” to its passengers (e.g. food, beverages,...). Moreover, if the cargo gets damaged due to the delay or cancellation of the flight, e.g. perishables which lost its value, the shipper will file a complaint and will claim the damage on the airline, even though the airline is not at fault.

Subsequently, passengers in Europe have the right of information from the airline and the right of choosing between reimbursement of the plane ticket and another flight within a reasonable period of time (European Commission, 2010; Reals, 2010). For US airlines, this rule does not exist. These carriers only have to pay the accommodation and meals for passengers in case the flight cancellation is caused by the airline itself (Reed, 2010).

Furthermore, the airline has to decide whether the cargo[27] is unloaded. They can opt for not unloading the cargo and resume the flight to the destination airport later. Or they can choose to unload the cargo in consultation with the shipper and either store it to resume the flight later or transport it to its destination via road. Cargo that had to be loaded at the closed airport can also be trucked[28] to the diversion airport and be loaded onto the diverted aircraft there. The airline has to bear the possible extra costs of transporting passengers and/or cargo via road or storing cargo. Consequently, the airline makes a cost-benefit analysis also taking into account the urgency of the cargo[29] in order to make the decision whether the aircraft is handled.

ORIGIN AIRPORT IS SHUT DOWN

If the origin airport is closed, airlines cannot perform their flight and passengers/cargo are stranded. In case of a short term airport shutdown, the flights will be delayed. This affects the crew performing that flight, since the airline has to take into account the duty time of the crew, and the passengers and cargo on the flight. The European Directive 261/2004 also applies in case the origin airport of a certain flight is closed.

The airline also has to take into account that a departure delay may have some repercussions on the subsequent flights (Rupp e.a., 2003). In case of a long delay, the airline may decide to cancel the flight. Here, the airline has to take into account the repercussions for the passengers. For instance, transit passengers have to rebook their ticket, passengers with visa for a certain country experience

[27] The effects differ for cargo carriers of normal air cargo and integrators. Integrators have for instance the advantage that they own a fleet of trucks. Therefore, they can use their ground transportation system to get the goods at the destination (Government of Canada, 2002). As a consequence, clients keep on sending their goods and thus, revenue of integrators is less affected by a shutdown than revenue of normal cargo carriers.

[28] Transportation via rail might? not be OF suggests not to be ?a viable alternative for air cargo since it involves an extra actor. Cargo would have to be trucked to the rail station, be transshipped upon the train, and again at the destination railway station upon a truck which would transport the cargo to its final destination. Thus, this would involve an increase in costs and time which is not ideal for air cargo, which by definition is time sensitive. Concerning road transport, it has to be added that the offer of appropriate trucks to transport containers is limited.

[29] Air cargo is, by definition, time sensitive cargo, but some air cargo is more urgent than other. For example, live animals and human organs are more urgent than perishables which are more urgent than other cargo.

some problems, etc. Furthermore, losses in revenue and goodwill of consumers result in costs for the airlines (Rupp e.a., 2003). Suzuki (2000) states that passengers do switch airlines after the experience of a flight delay. As a consequence, the losses for airlines are larger than the direct impact of the shutdown alone.

The average revenue of a flight equals the average flight fare multiplied by the monthly average number of occupied seats for the airline on that route. In their study, Rupp & Holmes (2006) assume that, on average, a plane holds 162 seats and has a potential revenue[30] of $31,000 per flight. Taking into account an average load factor of 2/3, it results in an average revenue per flight was $21,000 in 2006. However, when using the worldwide average load factor of 2012, published by IATA (2012), of 78.3%, the average revenue per flight would be $24,000. In estimating the lost revenue of a cancelled flight, the potential revenue is the upper bound, making the assumption of a load of 100%. The average revenue is a better measure since it takes into account the average number of passengers for that specific route and airline.

With respect to cargo, the forwarder sending the cargo first decides on what to do, in consultation with the shipper, depending on the costs and urgency of the shipment. He can suggest having the cargo shipped by another airline at another airport, in which case the original airline loses some income, and therefore truck the cargo to the right place. These costs have to be borne by the shipper/consignee. If the forwarder does not choose to switch between airlines, the original airline has to find a solution. It can have the cargo stored and ship it later in time or the airline can warn the shipper that the cargo should not be transported to the airport yet[31], eventually to be shipped later. Urgent cargo might be trucked to its destination if this is possible. In this case, the airline has to bear the costs.

In case the airline cannot perform all scheduled flights, it loses some variable revenue related to the passengers (e.g. passengers and security charges can only be levied in case the passenger flies) and to the performance of the flight (e.g. revenue from flexible tickets is only cashed if the flight is performed). On the other hand, there are some changes in the variable costs. The airline does not have to pay some direct operating costs such as the take-off or landing charges, the handling charges and the fuel burnt. However, there are some other costs which increase, such as the cost of parking

[30] The potential revenue of a flight equals the quarterly average one-way passenger fare multiplied by the seating capacity of the plane (Rupp & Holmes, 2006).
[31] For instance, in the case of living animals.

the aircraft[32], the compensations to be paid to the passengers, repatriation of passengers, additional crew expenses, and the storage of the cargo if the flight is performed later. The fixed costs, e.g. salaries, depreciation of the aircraft, etc. still have to be paid and count for 50% of all costs.

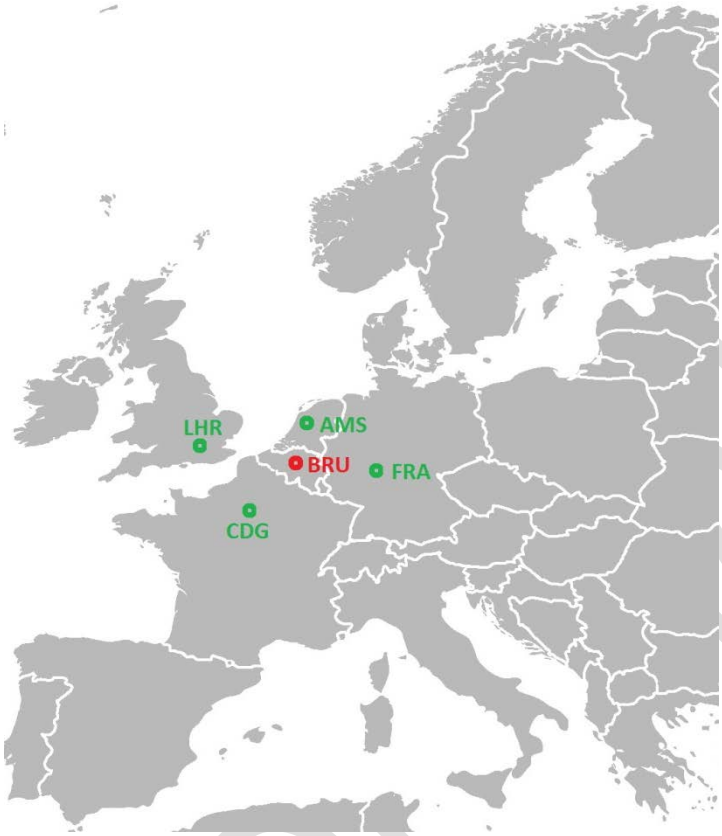
A NEARBY AIRPORT IS SHUT DOWN

If an airport in the region is shut down, the airport management (of the airport which still operates) informs the air traffic control about its free capacity. Then, the air traffic controller decides on which flights are diverted to the operating airport, based upon the standard operational procedures. This ensures that all players are treated in a fair way. Airlines which have some slots allocated to them are of course certain that they can depart from or land at the airport, but may still experience some delay due to the congestion at the airport. After all, the ground handlers present at the operating airport also handle the aircraft stranded there, disregarding the fact whether they are clients or not.

It is important to bear in mind that, for some reasons (e.g. welfare optimization, infrastructural restrictions) aircraft cannot be diverted to airports within nation's borders. For example, Flemish regional airports cannot receive all types of aircraft. An A380, scheduled to land at Brussels Airport, would be diverted to airports such as Amsterdam Schiphol Airport in case of a shutdown. Figure 3 shows that Brussels Airport is located in the FLAP network between Europe's four biggest airports (in terms of passengers), being Frankfurt Airport (F), London Heathrow Airport (L), Amsterdam Schiphol Airport (A) and Paris Charles de Gaulle Airport (P), , which gives Brussels Airport multiple deviation opportunities.

[32] However, during a shutdown some airports might not raise charges for the parking of aircraft at the airport. An example of this is the airport authority of Frankfurt, which did not charge airlines for parking during the closure of the European airspace in 2010 due to the ash cloud (Airline Industry Information, 2010). Virgin Atlantic refused to pay landing and parking charges after a shutdown of London Heathrow due to snow (Prynn, 2011).

Figure 3 - Location of Brussels Airport in Central Europe



Source: Own composition

2.4.2.2 Passengers

In general, there are three types of potential substitution effects concerning airport users[33] when a shutdown occurs: between airports, transport modes and periods of time. Airport users have the choice between making use of another airport in the neighborhood that is not closed, taking another transport mode to get at their destination, or delaying their trip (Park, Gordon, Ii & Richardson, 2008; Maertens, 2012).

The cost of a shutdown to passengers is the extra time needed for travel and the cost of missing planned appointments. Balvanyos & Lave (2005) consider the value of time for passengers to be $20 an hour, which is half the average wage rate. They state that as a result, the minimum cost of a flight cancellation is at least $60 per passenger. In total, they estimate the cost of diverting a flight of 100 passengers to be $10,000, excluding the unsatisfactory feeling of passengers. On the other hand,

[33] In this specific case, airport users include passengers and shippers.

passengers will ask for reimbursement of their cancelled flights and of the extra costs they have to make to substitute the flight.

2.4.2.3 Cargo

Since most cargo that is transported by air transport has a time sensitive nature, the shutdown and thus cancellation of the flight can have major consequences. This time-sensitive nature can be explained by perishability, urgency or seasonality (Government of Canada, 2002; Balvanyos & Lave, 2005; Adey, Anderson & Guerrer, 2011). It is clear that when talking about the effects on cargo, there are other effects on different types of cargo.

Furthermore, due to the shutdown, normal business production levels might be disrupted, since the freight cannot be transported and is grounded at the airport (Santos, 2006). Thus, another issue with cargo is that during a shutdown, a capacity problem might originate. The storage space may be full after some days and the longer the airport is closed, the longer the freight has to be kept at the airport. Even after reopening the airport, there might be less capacity due to a decrease of the amount of passenger flights due to consolidation. In case the airport is disrupted, there might be additional issues concerning the damage of storage facilities and electric power for refrigeration. Next to general cargo, mail is transported by air transport. After an airport shutdown, there might be some restrictions regarding mail (Government of Canada, 2002).

2.4.2.4 Service providers

Another group of stakeholders are the service providers, which deliver air transport related services (e.g. ground handling agents) and extra services (e.g. retail). The latter will indirectly be affected by the airport shutdown, while the former is directly affected. In case of a short term shutdown, the retailers will gather quite some extra revenue due to the passengers waiting, but if the airport is shut down for a longer period of time, retail will suffer losses since there will not be any passengers present at the airport (Balvanyos & Lave, 2005).

The aeronautical service providers' revenue depends upon the number of flights at the airport. For instance, if no flights are performed, the handling agents do not get handling fees. This reduces their variable revenue. On the other hand, service providers also have fixed costs such as rent, personnel, etc. Depending on the length of the shutdown and whether it could be predicted, the service provider tries to reduce its fixed costs by, for instance, filing for technical unemployment due to force majeure for some of its personnel. The service provider can also try to guarantee its revenue by reallocating some of its personnel to its handling station at an airport to which flights are diverted.

This way, the handling agent can still handle the flights, and therefore cash the handling fees it otherwise would have lost. The personnel that cannot be reallocated or sent on technical unemployment is used for maintenance and repair, training etc. One has to bear in mind that a service provider also has fixed costs. However, these are only slightly influenced by a shutdown. Other examples of service providers that are influenced are catering (Government of Canada, 2002) and taxi companies (Balvanyos & Lave, 2005).

2.4.2.5 Other stakeholders

Finally, there are some potential effects of a shutdown on other stakeholders. First, financial institutions may experience some delays in bill payments (Government of Canada, 2002; Balvanyos & Lave, 2005). Besides, the health sector may experience delays in transport of organs, blood, etc.

Third, insurance companies might start offering new services. As a result of previous shutdowns, an insurance company started to offer airports and airlines insurance contracts to cover shutdowns that are due to pandemics (Airfinance Journal, 2009). Next, due to a shutdown, the activities at some businesses in the airport are reduced. This can result in local businesses outside the airport experiencing lower sales volumes too, since for instance fresh food served in the airplanes comes mainly from local distributors (Government of Canada, 2002).

Consequently, local governments and regulators can take measures. In the USA, the FAA sent repair crews to airports to restore service. In some cases, the government can set up a crisis management center to track breakdowns in the air transport sector (The Washington Times, 2003). Furthermore, the FAA set a Ground Delay Program, which includes that the take-off of flights is delayed at their origin airport until weather conditions allow a safe landing at the destination airport (Abdelghany & Abdelghany, 2009c).

In some countries, there might be rural communities that are located very remotely. Sometimes they are depending on air transport to get mail and general cargo delivered. In case the closest airport is shut down, goods cannot be transported towards these communities without significant time delays (Government of Canada, 2002). A positive effect of the shutdown is the lower impact of airlines on the local communities. There are no aircraft landing or taking off at the airport, so the amount of noise and emissions is reduced for nearby residents.

Another sector that is influenced by a shutdown of an airport is the tourism sector. First, the reputation of the airport as a destination for tourists might be affected. If passengers consider the cause of the shutdown as airport-specific, they are more inclined to switch to other destinations. The

tourism sector is especially vulnerable to terrorist attacks. Second, small tourism businesses such as tour operators, might experience difficulties due to the decrease of the number of tourists. In case of large uncertainty about the number of future tourists, there might be effects on salary levels and hiring processes (Government of Canada, 2002).

Next to these negative effects, there are some positive effects for the tourism sector too. In the short run, there might be an increased demand for accommodation nearby the airport. Some passengers that are stranded at the airport, will have to find accommodation waiting for the airport to reopen. These extra benefits are only applicable in the short run; in case of a shutdown due to terrorism related reasons there will be even rather losses in the long run (Government of Canada, 2002).

Table 3 is composed of four columns. The first two columns are based on Government of Canada (2002) and Macário & Van de Voorde (2012) and give an overview of important stakeholders and potential consequences of a shutdown. Here, it has to be mentioned that some of these consequences or effects (e.g. image problem) are more important than others. Furthermore, not all consequences or effects apply to all airports (e.g. some airports dispose of abundant cargo storage capacity and will therefore not often experience storage capacity problems). Columns three and four of table 3 show the main effects of a shutdown on all stakeholders discussed in this research and the variables determining the monetary value of the effects.

Table 3 – Airport stakeholders and the effects of a shutdown

Main stakeholders	Potential consequences of the shutdown	Main effects on specific stakeholder	Variables determining monetary value
Airport Authority	• No capacity for airlines and some service providers during shutdown	• Loss of landing and take-off charges, loss of passenger charges, image problem	• Number of movements, number of passengers
	• Reopening at reduced capacity	• Loss of landing and take-off charges, loss of passenger charges, image problem	• Number of movements, number of passengers
Airlines (concerning cargo and passengers)	• Reimbursement of passengers	• Reimbursement costs	• Height of reimbursement fee (depending on regulation 261/2004), number of passengers
	• Lost passengers due to cancellations	• Loss of passenger yield	• Yield per passenger, number of passengers
	• Rescheduling aircraft and staff	• Extra costs due to reallocation	• Number of aircraft, number of rescheduled staff
	• Accommodation costs for passengers	• Accommodation costs	• Height of accommodation fee, number of passengers
	• Competition from other transport modes	• Loss of revenue due to loss of passengers and pressure on prices	• Number of passengers, potential difference in prices
	• Loss of cargo clients	• Loss of cargo yield	• Yield per cargo unit, volume and weight of cargo
	• Regaining passengers	• Gain of passenger yield	• Yield per passenger, number of passengers
	• Increased security measures and higher insurance costs	• Increased security and insurance costs	• Amount of personnel, number of insured items, potential difference insurance price
	• Firing of personnel if large long run losses	• Decrease of operational cost and potential increase of workload for remaining personnel	• Labor cost, amount of personnel
Passengers	• Extra time needed for travelling and cost of missed appointments	• Loss of valuable time	• Hours, value of time
	• Reimbursement	• Remuneration of (extra) costs	• Height of reimbursement fee (depending on regulation 261/2004)
	• Substitution of flight	• (Potential) increased transportation costs	• Ticket price of other mode and/or generalized cost of trip with private mode
Cargo businesses	• Losses due to time sensitive nature of cargo	• Depreciation of goods and potential cash flow problems	• Number of items, value of each item
	• Capacity problems at the airport storage	• Costs related to alternative storage space and additional transport	• Volume and weight of cargo, height of rent, price of transport
	• Additional future restrictions and regulatory policies	• Adaptation costs	• Adaptations needed, cost per adaptation

Main stakeholders	Potential consequences of the shutdown	Main effects on specific stakeholder	Variables determining monetary value
Mail services	• Reallocation of mail	• Extra transport costs	• Price of transport, distance, volume of mail
	• Delays	• Image problem, potential additional operational costs	• Hours, labor cost
	• Loss of mail delivery in areas only accessible by air	• Potential loss of revenue	• Number of mail items, revenue per item
	• Stronger security measures	• Adaptation costs	• Adaptations needed, cost per adaptation
Service providers	• Less work	• Excess of personnel	• Hours, labor cost
	• Loss of customs revenue from imported goods	• Loss of taxes	• Value of goods, taxation rate
	• Reduction in sales volumes to passengers and airlines, in the short and long run	• Loss of revenue	• Number of items, price per item
	• Firing personnel if large long run losses	• Decrease of operational costs and potential increase of workload for remaining personnel	• Labor cost, amount of personnel
Other stakeholders			
Financial institutions	• Delays in bill payments	• Delayed revenue and potential cash flow problems	• Hours, interest rate, amount of revenue
Health sector	• Delays in moving blood, organs, etc. – potentially resulting in closing of blood centers and transportation via other modes	• Image problem, extra transport costs, potential change in operational costs	• Price of transport, labor cost, amount of personnel
Insurance companies	• New types of insurance contracts might exist	• Potential adaptation costs and additional revenue	• Adaptations needed, cost per adaptation, number of insured items, insurance fee
Local businesses	• Decrease in sales volumes	• Loss of revenue	• Number of items, price per item
Local governments	• Communication problems in emergency situations	• Image problem	• Number of votes lost
Regulator	• Setting up crisis management center	• Additional costs, a.o. equipment, change in (workload for) personnel	• Operational costs, labor cost, amount of personnel
	• Sending repair crews to airports	• Extra transport costs and change in (workload for) personnel	• Price of transport, operational costs, labor cost, amount of personnel
Rural communities	• Time delays for arriving and departing goods	• Inconvenience	• Hours, value of time
Tourism sector	• Some businesses (entertainment, retail/accommodation, transport) may experience short run benefits – potentially resulting in snowball effect on other businesses	• Additional revenue	• Number of services, price per service
	• Losses because of the reputation of the airport	• Image problem, potentially resulting in loss of revenue	• Number of services, price per service

Source: Own composition

As stated earlier, past research studied the topic of disruptions in the air transport sector. Table 4 gives an overview of relevant studies that are useful to develop a methodology to tackle the issue of the effects of a shutdown on different stakeholders. Different methodologies for calculating the indirect effects of a shutdown are used by different authors. The most used is Input-Output analysis and also our analysis confirms that this model is the most suitable. A caveat is that many data are needed to run this model. Unfortunately, these data were not available in the time span of this research. Therefore, indirect effects are not calculated in this research.

Table 4 – Overview of literature

Author	Year	Objective	Methodology	Case study
Maertens	2012	Classify different types of airport closures, develop a scheme to estimate the loss potentials of airports and airlines	Interviews	Birmingham Airport
Pejovic, Noland, Williams & Toumi	2009	Simulate the effects of a short-term shutdown for some stakeholders	Reorganized ATC Mathematical Simulation Plus model	London-Heathrow
Park, Gordon, Li & Richardson	2008	Examining whether the effects of the shutdown of a port are mitigated by substitutions over time, by mode or by port	National Interstate Economic Model	Los Angeles- Long Beach ports, 2002
Gordon, Moore II, Park & Richardson	2007	Estimating the economic impacts of a terrorist attack on the US commercial air transport system	IMPLAN (= input-output model of US economy for 2001; multipliers)	US air sector
Hallegatte	2006	Modeling changes in production capacity due to capital losses and adaptive behavior after a disaster	Adaptive regional input-output model	Katrina, Louisiana
Santos	2006	Modeling terrorism effects on interdependent economic systems	Inoperability Input-output	US economy
Balvanyos & Lave	2005	Measuring the economic implications of a terrorist attack on commercial aviation in the USA	Input-output table (changes in consumer surplus)	USA
Santos & Haimes	2004	Modeling the demand reduction Input-Output inoperability due to terrorism of interconnected infrastructures	Inoperability input-output model	USA
Rupp, Holmes & DeSimone	2003	How flight schedules were recovered after security-related terminal closures in the year after 9/11	Discrete choice econometric model	US Airports
Government of Canada	2002	Exploring the potential impact of airport disruption due to earthquakes and terrorism threats on different stakeholders	Interviews	Canada, USA
Thengvall, Yu & Bard	2001	Optimal rescheduling of aircraft following hub closures	Integer multi-commodity network model	Continental Airlines
Shangyao Yan & Chung-Gee Lin	1997	Minimization of the schedule-perturbed period after an incident + getting the most profitable schedule given the schedule-perturbed period	Integer programming, Lagrange relaxation with sub gradient methods	China Airlines

Source: Own composition

3 Case study: Effects of hurricane Sandy

At the end of October 2012, hurricane Sandy passed on the East Coast of the USA. This extreme weather condition caused many effects, among others the shutdown of many airports in the USA. Besides, this shutdown also had indirect effects in other parts of the world, as in the air transport sector. Therefore, it is useful to examine the effect of hurricane Sandy on the regional Flemish airports and Brussels Airport. This specific case study has been chosen because it can be used to indicate how the effects of a shutdown can be measured by stakeholders such as airlines and airports[34]. Moreover, it happened during the period of this research and therefore accurate data could be collected. On the other hand, the case study has the advantage of being rather comprehensive in scope, so that the analysis is more clarifying.

In this example, the effects of a shutdown on another airport are measured. However, the proposed methodology can also be used to calculate the effects of a shutdown of the airport itself.

3.1 Method

The first flights to and from the USA cancelled at Brussels Airport are on Monday 29th of October. From this moment, all cancelled flights are put in a database for both passenger and cargo traffic[35]. The characteristics for the cancelled flights that are recorded for passenger transport are: the date, origin/destination, flight number, plane type, number of passenger seats and freight capacity, flight distance and ground handler. For cargo transport, the characteristics are: the date, last origin airport in case of arriving flight and first destination airport in case of departing flight, flight number, plane type, capacity, flight distance, other origin/destination legs and some explanatory comments.

Based on this table, some effects can be measured:

- Length of the shutdown, in this case length of the interruption at another airport
- Number of flights involved

[34] Measuring the effects can only be done by each stakeholder itself and this for two important reasons. First, generalisation would not lead to an accurate calculation. Two airlines, flying the same route with the same aircraft, loaded with the same number of passengers and amount of cargo, etc. would not experience the same costs and revenue, due to amongst others unequal rebates given by the airport (authority). Second, only the stakeholder itself has access to the necessary data to make a correct calculation without the need of making too many assumptions.

[35] It is important to note that repositioning flights are not included in both the database and the conducted analysis.

- Airlines involved, ground handlers involved
- Number of passengers theoretically involved
- Amount of cargo theoretically involved
- Fuel saved because of non-flown distance
- Other flights that are affected

From these characteristics, some other effects can be derived. For example, from the type of plane airlines can estimate the number of crew members that is affected by the cancelled flight. From the type of plane and the flight distance, airlines can calculate the energy and fuel usage that is saved. From the number of passenger seats, airlines can estimate the lost revenue from the flight in case they do not have the exact occupation figures for that flight.

Maertens (2012) provides a calculation method to estimate the total cost of a shutdown for an airline and for an airport concerning passenger operations. This method can be used as a starting point to estimate the effects for cargo operations too. Some significant differences between passenger and cargo operations have to be taken into account. On average, cargo flights need larger aircraft than passenger flights. As a result, the parking and fuel costs are higher, they pay a larger landing and take-off fee. Moreover, they might have to make a detour (when repositioning or deviating their aircraft)[36]. For example, cargo aircraft which have to be repositioned from Brussels to Luxemburg, might have to make a detour, flying over Ostend, to get to their final destination. The two methods for passenger operations are shown in figures 4 and 5.

[36] Bigger aircraft are often used for long distances and then fly at higher flight-levels.

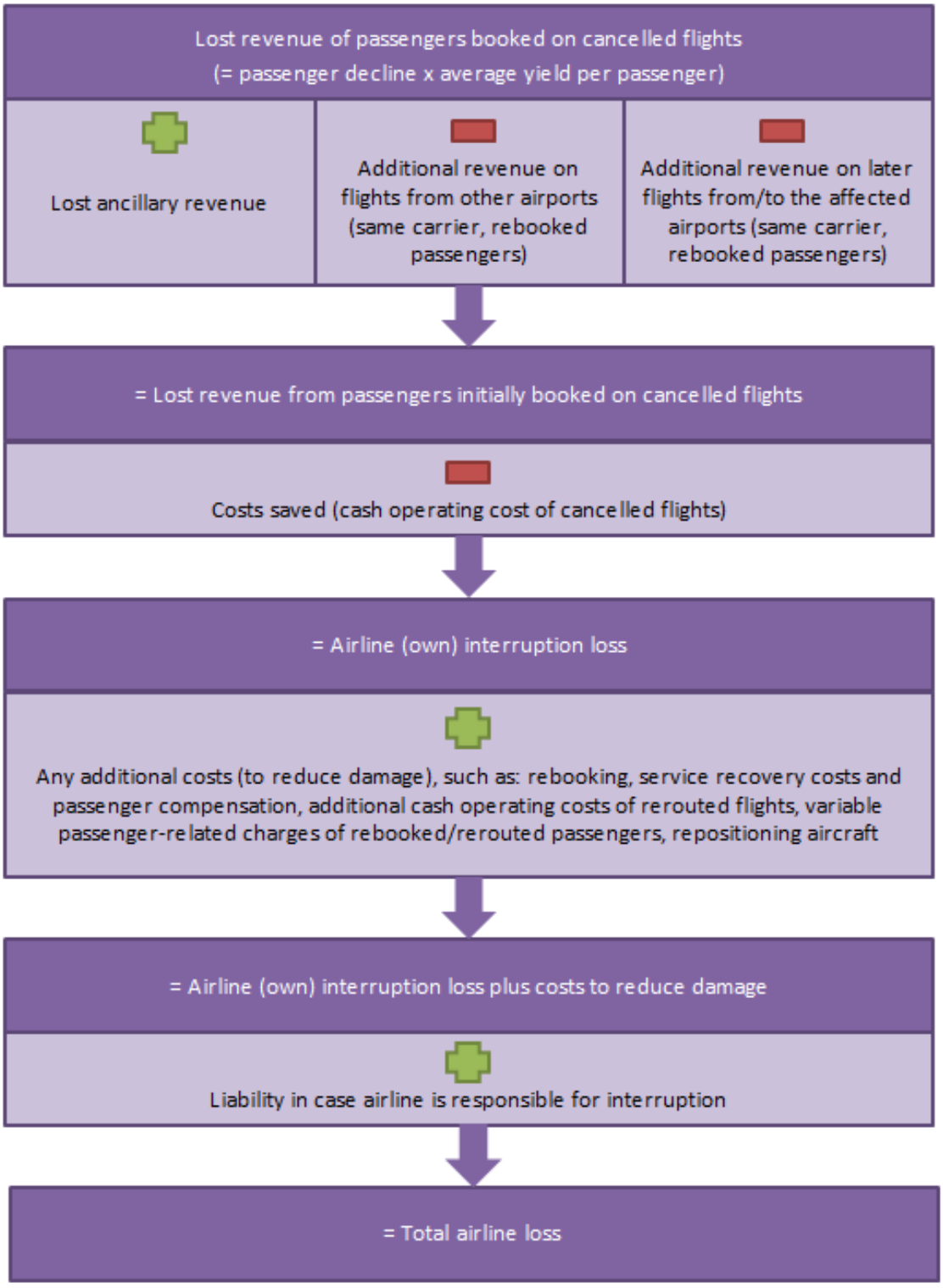


Figure 4 – Total airline losses
Source: Own composition based on Maertens (2012)

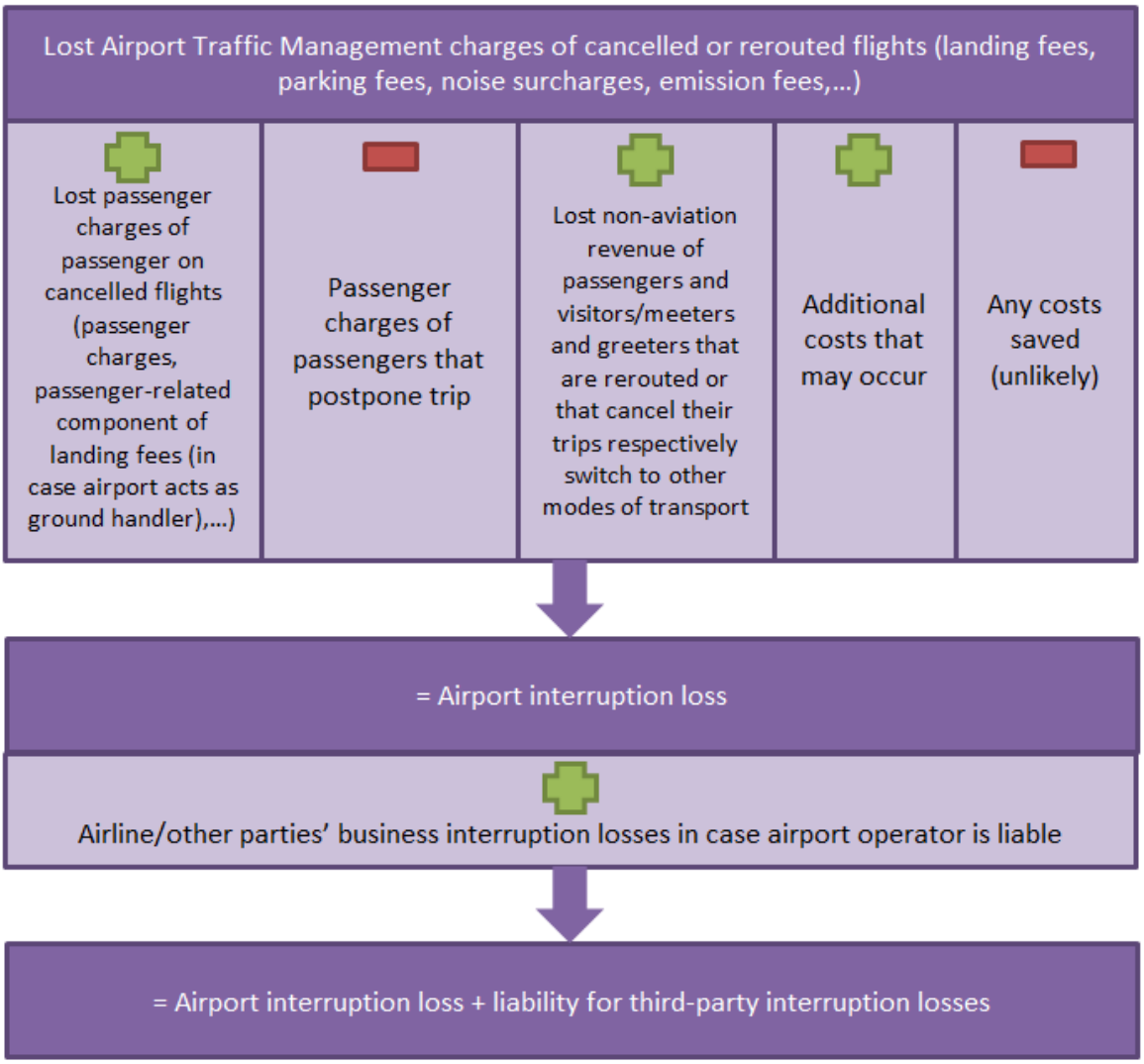


Figure 5 – Total airport losses
Source: Own composition based on Maertens (2012)

3.2 Scope

For this analysis, the impact of the shutdown of some airports in the United States on the airports in Flanders and Brussels is measured. The effects are measured in number of cancelled flights and associated consequences. For the Flemish regional airports, it is noticed that no flights are cancelled because of Sandy. A reason for this is that there are no direct flights from the airports of Antwerp, Ostend-Bruges and Kortrijk-Wevelgem to the USA.

This shows that a flight-interrupting event has different consequences according to the type of airport. The airports located in the territory of Flanders and Brussels are quite different. One can set

up an airport typology based upon diverse characteristics[37]: the objective (i.e. public vs. private), the scope (i.e. regional vs. (inter)national) , the focus (i.e. passengers vs. cargo) and network effects, either on land side (i.e. economic impacts, links to other transport modes, …) and/or airside (i.e. hub or not, Origin-Destination vs. transit). The Flemish airports and Brussels Airport can be classified as shown in table 5.

Table 5 – Airport typology of Flemish airports and Brussels Airport

	OBJECTIVE Public – optimizing welfare Public – break even Private – maximizing profit	SCOPE Regional National International	FOCUS Passengers Cargo	NETWORK EFFECTS Hub or not? Origin-destination vs. transit
Brussels Airport	Private – maximizing profit + Public – optimizing welfare	International	Passengers & cargo	Hub Origin-destination and transit
Antwerp Airport	Public – optimizing welfare	International, but limited amount of destinations	Passengers & (valuable) cargo	No hub Origin-destination
Airport of Kortrijk-Wevelgem	Public – optimizing welfare	International, but limited amount of destinations	Passengers	No hub Origin-destination
Ostend-Bruges Airport	Public – optimizing welfare	International, but limited amount of destinations	Passengers & cargo	No hub Origin-destination

Source: Own composition based on literature review

Given these differences, in the following analysis, only Brussels Airport is considered. In the analysis, only cancelled flights coming from and going to the USA are considered. Other flights that are cancelled during the observed period, are considered as being cancelled due to other reasons than hurricane Sandy and are therefore not included in the analysis.

[37] The list of characteristics is non-exhaustive. The characteristics mentioned are by the authors considered as being the most important ones.

3.3 Results

In this section, the results for Brussels Airport are analyzed respectively for passengers and cargo. The analysis is based on tables 6 to 9.

Table 6 shows the arriving passenger flights that are cancelled at Brussels Airport. It is clear that the first flights are cancelled on Monday the 29th of October and therefore, the first cancelled incoming flight (in Brussels) are reported on Tuesday the 30th of October. On Friday the 2nd of November, all passenger flights coming from the US arrived. Therefore, the period under study for arriving passenger flights is considered from the 30th of October until the 1st of November. Table 7 shows the departing passenger flights that are cancelled at Brussels Airport. Here, the first flights cancelled are on Monday the 29th of October, the last flights on Thursday the 1st of November. A comparison between the two tables indicates that the first effect of the shutdown of airports in the US is that there are no flights from these airports in the US arriving anymore in Brussels. Only the day after do flights not depart from Brussels towards the closed airports in the US anymore.

Table 6 – Arriving passenger flights cancelled at Brussels Airport[38]

Date	Origin	Flight number	Plane type	#pax seats	Freight	Flight Distance	Ground handler
Monday 29th of October 2012	/						
Tuesday 30th of October 2012	Newark	UA960*, AC5148, LH8855, SN8808	B777-200	301-440	151 m3	3,668 miles/ 5,903 km	(Brussels Airlines) Swissport
Tuesday 30th of October 2012	New York JFK	AA172*, BA1581, EY3052, IB4248,	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Tuesday 30th of October 2012	Philadelphia	US750*, A33403, SN9172	B767-200	181-255	90.1 m3	3,748 miles/ 6,032 km	Swissport
Tuesday 30th of October 2012	Washington	UA950*, AC5970, LH9383, LO4304,	B777-200	301-440	151 m3	3,879 miles/ 6,242 km	(Brussels Airlines) Swissport
Tuesday 30th of October 2012	Newark	9W227*	A330-200	253-380	136 m3	3,668 miles/ 5,903 km	Swissport
Tuesday 30th of October 2012	New York JFK	DL140*, KL6140	B767-300	218-350	118.4 m3	3,655 miles/ 5,882 km	Swissport
Wednesday 31st of October 2012	New York JFK	SN502*, LH5621, UA9928	A330-300	295-440	162.8 m3	3,655 miles/ 5,882 km	(Brussels Airlines) Swissport
Wednesday 31st of October 2012	Newark	UA960*, AC5148, LH8855, SN8808	B777-200	301-440	151 m3	3,668 miles/ 5,903 km	(Brussels Airlines) Swissport
Wednesday 31st of October 2012	New York JFK	AA172*, BA1581, EY3052, IB4248,	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Thursday 1st of November 2012	New York JFK	SN502*, LH5621, UA9928	A330-300	295-440	162.8 m3	3,655 miles/ 5,882 km	(Brussels Airlines) Swissport
Thursday 1st of November 2012	New York JFK	AA172*, BA1581, EY3052, IB4248,	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Thursday 1st of November 2012	Newark	9W227*	A330-200	253-380	136 m3	3,668 miles/ 5,903 km	Swissport
Thursday 1st of November 2012	New York JFK	DL140*, KL6140	B767-300	218-350	118.4 m3	3,655 miles/ 5,882 km	Swissport

Source: Own composition

[38] The flight numbers have following meaning: 9W = Jet Airways, A3 = Aegean Airlines, AA = American Airlines, AC = Air Canada, BA = British Airways, DL = Delta Airlines, EY = Etihad, IB = Iberia, KL = KLM, LH = Lufthansa, LO = Polish Airlines, SN = Brussels Airlines, UA = United Airlines, US = US Airways.

Table 7 – Departing passenger flights cancelled at Brussels Airport

Date	Destination	Flight number	Plane type	#pax seats	Freight	Flight Distance	Ground handler
Monday 29th of October 2012	New York JFK	SN501*, LH5620, UA9929	A330-300	295-440	162.8 m3	3,655 miles/ 5,882 km	(Brussels Airlines) Swissport
Monday 29th of October 2012	New York JFK	AA171*, BA1580, EY3051, IB4247	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Monday 29th of October 2012	Newark	UA961*, AC5147, LH8854, SN8807	B777-200	301-440	151 m3	3,668 miles/ 5,903 km	(Brussels Airlines) Swissport
Monday 29th of October 2012	Newark	9W228*	A330-200	253-380	136 m3	3,668 miles/ 5,903 km	Swissport
Monday 29th of October 2012	Philadelphia	US751*, SN9171	B767-200	181-255	90.1 m3	3,748 miles/ 6,032 km	Swissport
Monday 29th of October 2012	Washington	UA951*, AC5947, LH9382, LO4303,	B777-200	301-440	151 m3	3,879 miles/ 6,242 km	(Brussels Airlines) Swissport
Monday 29th of October 2012	New York JFK	DL141*, KL6141	B767-300	218-350	118.4 m3	3,655 miles/ 5,882 km	Swissport
Tuesday 30th of October 2012	New York JFK	AA171*, BA1580, EY3051, IB4247	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Tuesday 30th of October 2012	Newark	UA961*, AC5147, LH8854, SN8807	B777-200	301-440	151 m3	3,668 miles/ 5,903 km	(Brussels Airlines) Swissport
Tuesday 30th of October 2012	Philadelphia	US751*, SN9171	B767-200	181-255	90.1 m3	3,748 miles/ 6,032 km	Swissport
Tuesday 30th of October 2012	Newark	9W228*	A330-200	253-380	136 m3	3,668 miles/ 5,903 km	Swissport
Tuesday 30th of October 2012	New York JFK	DL141*, KL6141	B767-300	218-350	118.4 m3	3,655 miles/ 5,882 km	Swissport
Tuesday 30th of October 2012	New York JFK	SN501*, LH5620, UA9929	A330-300	295-440	162.8 m3	3,655 miles/ 5,882 km	(Brussels Airlines) Swissport
Tuesday 30th of October 2012	Washington	UA951*, AC5947, LH9382, LO4303,	B777-200	301-440	151 m3	3,879 miles/ 6,242 km	(Brussels Airlines) Swissport
Wednesday 31st of October 2012	New York JFK	AA171*, BA1580, EY3051, IB4247	B757-200	200-228	43.3 m3	3,655 miles/ 5,882 km	(American Airlines) Swissport
Wednesday 31st of October 2012	Newark	9W228*	A330-200	253-380	136 m3	3,668 miles/ 5,903 km	Swissport
Wednesday 31st of October 2012	New York JFK	DL141*, KL6141	B767-300	218-350	118.4 m3	3,655 miles/ 5,882 km	Swissport
Wednesday 31st of October 2012	New York JFK	SN501*, LH5620, UA9929	A330-300	295-440	162.8 m3	3,655 miles/ 5,882 km	(Brussels Airlines) Swissport
Thursday 1st of November 2012	/						

Source: Own composition

Second, based on the plane type of the cancelled flights, the amount of passengers that are affected in case there is a utilization rate of 100% on these flights can be calculated. There are between 3,216 and 4,599 passenger seats[39] on the arriving flights and between 4,464 and 6,464 passenger seats on the departing flights. This means that with operations at total capacity, maximum 4,599 incoming passengers and maximum 6,464 departing passengers are affected due to the shutdown of some airports in the US.

Third, in total, there is a potential loss of freight that can be transported in the passenger planes. For the arriving flights this is in total maximum 1,508 m^3, for the departing flights maximum 2,156 m^3.

Fourth, it has to be mentioned that some planes might have to be rerouted to another airport. Therefore, cancelled planes do not cover the scheduled distance of in total 77,060 km for the arriving flights and 107,001 km for the departing flights. Thus, the actual net savings on fuel and energy are coming from the total distance saved minus the extra distance covered.

Furthermore, the tables show which ground handlers are involved. Based on the flight number, it can be seen which airline executed the flight, i.e. the flight number with the asterisk, and thus, the associated ground handler can be identified. The last column of tables 6 and 7 show that some airline rely on self-handling or third party handling by another airline. However, it is important to mention that for these activities the personnel of licensed ground handlers at Brussels Airport is deployed. Another observation is that many flights have code sharing. This means that one does not know how many passenger seats on the cancelled flights belong to which airline.

Tables 8 en 9 show respectively the arriving and departing cargo flights cancelled at Brussels Airport. In both cases, the first flights are cancelled on the 30th of October. Monday the 5th of November is the last day that all arriving cargo flights coming from the affected airports in the US are cancelled. On the following days, some flights are still cancelled, but this is not considered in the analysis. Concerning the departing cargo flights, the first flights cancelled are on the 30th of October and the last day that all departing cargo flights towards the affected airports in the US are cancelled is the 6th of November.

A first important observation is that the cancellation period for the cargo flights is longer than the one for the passenger flights. Cargo flights consist of different legs and thus, flights that cannot fly

[39] The number of passenger seats equals the lowest number in case the plane has 3 classes on board; it equals the highest number in case the plane only has 1 class on board.

the full stretch do not always leave the origin airport of one of the first legs due to the risk of getting stranded. For example, a flight from Jeddah to New York via Brussels may not leave Jeddah if it cannot fly its scheduled flight departing from Brussels. In our table, the destination (origin) airport of the first (last) leg is listed[40]. The flight distance that is shown corresponds only to this leg.

Table 8 – Arriving cargo flights cancelled at Brussels Airport[41]

Date	Origin (last leg)	Flight number	Plane type	Capacity	Flight Distance	Other origin legs	Comment
Tuesday 30th of October 2012	New York	OZ9625, OZ962	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Wednesday 31st of October 2012	Dallas DFW	SQ7969	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km	Sao Paulo	
Wednesday 31st of October 2012	New York	OZ9625	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Thursday 1st of November 2012	New York	OZ9625	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Thursday 1st of November 2012	New York	OZ962	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Thursday 1st of November 2012	Atlanta	SQ7329	B747-400 Freighter	124 ton	4,412 miles/ 7,101 km	Los Angeles	
Friday 2nd of November 2012	Dallas DFW	SQ7335	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km	Chicago O'Hare	
Friday 2nd of November 2012	New York	KE251	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Chicago O'Hare,	
Saturday 3rd of November 2012	Jeddah	SV901	B747-400 Freighter	124 ton	2,745 miles/ 4,418 km		Flight to New York later today cancelled
Saturday 3rd of November 2012	New York	OZ587	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Saturday 3rd of November 2012	Dallas DFW	SQ7973	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km	Sao Paulo	
Saturday 3rd of November 2012	Atlanta	SQ7955	B747-400 Freighter	124 ton	4,412 miles/ 7,101 km	Chicago O'Hare	
Sunday 4th of November 2012	Jeddah	SV901	B747-400 Freighter	124 ton	2,745 miles/ 4,418 km		Flight to New York later today cancelled
Sunday 4th of November 2012	Dallas DFW	SQ7195	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km		
Sunday 4th of November 2012	Dallas DFW	SQ7979	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km		
Sunday 4th of November 2012	Dallas DFW	SQ7331	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km	Los Angeles	
Sunday 4th of November 2012	Houston	SV902	B747-400 Freighter	124 ton	5,031 miles/ 8,097 km		
Monday 5th of November 2012	New York	OZ9625, OZ962	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Anchorage, Seoul	
Monday 5th of November 2012	Jeddah	SV901	B747-400 Freighter	124 ton	2,745 miles/ 4,418 km		Flight to New York later today cancelled
Monday 5th of November 2012	Chicago O'Hare	SQ7953	B747-400 Freighter	124 ton	4,145 miles/ 6,671 km	Los Angeles	

Source: Own composition

[40] The subsequent airports of the same stretch are indicated in the penultimate column.

[41] The flight numbers have following meaning: OZ = Asiana Airlines, SV = Saudi Airlines, SQ = Singapore Airlines.

All cancelled cargo flights shown here are executed with a Boeing 747-400 Freighter. This aircraft has a capacity of 124 tonnes. This means that maximum 39 flights times 124 tonnes of cargo, without taking into consideration the weight/volume ratio, cannot be transported via Brussels during the observed period. However, this capacity does not indicate the value of the goods and thus, it is impossible to estimate the lost revenues for these cancelled flights. The total distance of the cargo flights that is not covered, is 128,128km for the arriving flights and 124,611 for the departing flights and this each time only for the first leg of the trip.

Table 9 – Departing cargo flights cancelled at Brussels Airport

Date	Destination (first leg)	Flight number	Plane type	Capacity	Flight Distance	Other destination legs	Plane did not arrive from:
Tuesday 30th of October 2012	Almaty	OZ9625, OZ962	B747-400 Freighter	124 ton	3,311 miles/ 5,328 km	Seoul, Yantat	New York
Wednesday 31st of October 2012	Sharjah	SQ7969	B747-400 Freighter	124 ton	3,193 miles/ 5,139km	Singapore	Dallas DFW
Wednesday 31st of October 2012	Almaty	OZ9625	B747-400 Freighter	124 ton	3,311 miles/ 5,328 km	Seoul	New York
Wednesday 31st of October 2012	Atlanta	SQ7330	B747-400 Freighter	124 ton	4,412 miles/ 7,101 km		
Thursday 1st of November 2012	Almaty	OZ9625	B747-400 Freighter	124 ton	3,311 miles/ 5,328 km	Seoul	New York
Thursday 1st of November 2012	Dallas DFW	SQ7336	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km		
Thursday 1st of November 2012	Seoul	OZ962	B747-400 Freighter	124 ton	5,389 miles/ 8,673 km	Yantat	New York
Saturday 3rd of November 2012	Dallas DFW	SQ7332	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km		
Saturday 3rd of November 2012	New York	SV901	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km	Houston	
Saturday 3rd of November 2012	Seoul	OZ588	B747-400 Freighter	124 ton	5,389 miles/ 8,673 km		New York
Saturday 3rd of November 2012	Mumbai	SQ7955	B747-400 Freighter	124 ton	4,263 miles/ 6,860 km	Singapore	Atlanta
Sunday 4th of November 2012	New York	SV901	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km		
Sunday 4th of November 2012	Dallas DFW	SQ7334	B747-400 Freighter	124 ton	4,943 miles/ 7,955 km		
Sunday 4th of November 2012	Sharjah	SQ7979	B747-400 Freighter	124 ton	3,193 miles/ 5,139km	Singapore	Dallas DFW
Sunday 4th of November 2012	Damman	SV902	B747-400 Freighter	124 ton	2,902 miles/ 4,670 km	Jeddah, Riyadh	Houston
Monday 5th of November 2012	Almaty	OZ9625, OZ962	B747-400 Freighter	124 ton	3,311 miles/ 5,328 km	Seoul, Yantat	New York
Monday 5th of November 2012	New York	SV901	B747-400 Freighter	124 ton	3,655 miles/ 5,882 km		
Monday 5th of November 2012	Mumbai	SQ7953	B747-400 Freighter	124 ton	4,263 miles/ 6,860 km	Singapore	Chicago O'Hare
Tuesday 6th of November 2012	Seoul	OZ962	B747-400 Freighter	124 ton	5,389 miles/ 8,673 km	Yantat	

Source: Own composition

Based on the method presented by Maertens (2012) and shown in figures 4 and 5, Brussels Airport or the affected airlines can calculate the effects of hurricane Sandy. The exact figures of lost revenues for each stakeholder are not known by other parties and therefore, a complete quantification is possible if all company specific data can be added.

4 General conclusion

The aim of this paper was to report the direct and indirect effects and the corresponding cost of a temporary shutdown of an airport for all stakeholders. More specifically, four research questions were studied:

1. What is a shutdown of an airport?
2. What are the different causes of a shutdown?
3. Who are the important stakeholders in the case of a shutdown?
4. What are the different effects on the stakeholders?

In order to do this, a literature review was conducted and supplemented with field research and a quantification method as proposed in the study of Maertens (2012).

The analysis leads to the following conclusions. Concerning the first research question, only few definitions can be found in literature. Consequently, in this study an appropriate definition is developed. The analysis of the second research question revealed that there are more causes of a shutdown than expected. With respect to the third research question, a scheme was developed which shows the important stakeholders and the relations between them. Based on this scheme, the fourth research question was addressed and this demonstrated that a shutdown can have many and far-reaching effects.

Additionally, from the first part of this paper, it can be concluded that the cause of the shutdown has no consequence for the effects on the stakeholders. It is rather the duration of the shutdown that determines the (monetary) effect on the stakeholders. However, one has to bear in mind that the size of the airport and the number of activities the stakeholder has on the affected airport determines the effects. For instance, if a hub airport of an airline closes, the airline suffers major consequences since most of its flights are affected. If the airline only offers one flight from the closed airport, it can more easily divert this flight to another airport, possibly an airport where it is the dominant airline. If the handling agent at the airport is well represented, it has quite some personnel which it can allocate to handle the extra, diverted aircraft. However, if the number of workers is limited and the infrastructure is not adapted to the size of the aircraft, the extra, diverted aircraft will cause major delays.

In the second part, a case study was analyzed, which consisted of applying the method as proposed by Maertens (2012) on Brussels Airport in response to hurricane Sandy (October 2012). This shows

that the shutdown of an airport is very case specific. The analysis shows that aviation truly is a global business and even the shutdown of airports in the US can lead to cancellations of flights at Brussels Airport. Both in the passenger and cargo market, arriving and departing flights are cancelled. However, quantifications can only partially be made based on information that is publicly available. For detailed calculations of the effects for different stakeholders, company specific information is needed about for example lost revenues due to the shutdown. For example, if Brussels Airport itself is closed, both airlines and Brussels Airport can use the same method to calculate the effects. Obviously, also regional airports in Flanders can use this tool to calculate the effects of a shutdown. However, each shutdown has to be treated in a case specific way and the stakeholder has to collect all data that are necessary for the calculations.

Both parts teach us that there are two types of consequences. On the one hand, a flight-interrupting event causes considerable costs. On the other hand, when airlines which divert their flights, they become acquainted with alternative airports. This holds the potential risk that also in the future traffic is lost to this alternative airport if it is perceived as better. This would jeopardize the competitive strength of the original airport and would thus put also the (local) economy is at risk.

Given these facts, airports try to mitigate the risk of a shutdown. After all, the risk of an airport shutdown certainly affects the attractiveness of the airport since it has repercussions on airport reliability. Especially when other alternatives are present, the different stakeholders (airlines, ground handling agent, etc.) may remove their activities from the unreliable airport. Some cargo airlines, for instance, take the following factors (in descending order) into account when choosing an airport: whether the airport operates 24h a day, the location of the airport and whether the airport is accessible by road[42], whether a reliable ground handling agent is present and whether the airport is often shut down.

Furthermore, policymakers should take the consequences of flight-interrupting events and airport shutdowns into account. The next part gives some policy recommendations.

[42] Since poor accessibility (e.g. road congestion) causes flight delays.

5 Policy recommendations

If policy makers want to keep traffic in their own country, an environment should be created in which the airports of the country work together so that each airport has one or more permanent back-up airports to which the flights scheduled can be diverted. If airports would be able to suggest a back-up airport within the nation's borders to which flights can be diverted in case of an airport shutdown or other flight-interrupting events (strategic or unforeseeable), the traffic would not be lost to other countries and thus the economy of the home country would not suffer (as much). Furthermore, if permanent back-up options are listed, airports can anticipate on this and create economies of scale or scope to reduce the costs of diverted flights. For example, airports which are served by the same ground handling company can work together so that, in case of a flight-interrupting event, ground handling personnel can easily be shifted to the back-up airport.

In order for this suggestion to work, there are some factors which the policy makers and airports have to bear in mind. First, when choosing a back-up airport, the airport choice variables of the airlines have to be taken into account. For example, airlines have agreements with certain ground handling providers and prefer their flights to be diverted to airports which are served by these ground handling agents. This way, the airline is guaranteed some level of service. Second, the back-up airports have to have some spare capacity, aeronautical (e.g. available slots) and non-aeronautical, airport-related (e.g. available waiting area's in the terminal) and land use-related (e.g. uncongested roads). If the airport serves as a back-up for an airport which shut down due to strategic reasons, the capacity needed can be determined beforehand. In case of a unforeseeable shutdown, the flights are diverted last minute and so the back-up airport has to build in some free capacity on a permanent basis. Third, the policy has to take into account the interaction with other types of policies (such as land use policies). Only an integrated approach can be sustainable. And last, the policy has to be market-based rather than a "command and control"-policy: there have to be some incentives provided which will make all the actors wanting to participate, instead of obliging them to do.

Next to these direct actions, also some indirect policy recommendations can be formulated. Since events such as the volcanic eruption in Iceland in 2010 will happen in the future too (Goodenough, 2010) it might be useful to provide and use new technologies, such as AVOID, with which ash concentrations may be tracked, identified and measured. By doing research about how much ash it takes to damage engines and airframes and coordinating all air navigation services, the issue of a shutdown of airports due to ash clouds can be addressed in a more proper way (Learmount, 2012).

Finally, it is recommended to select the most critical sectors to recover after a shutdown of an airport. This can for instance be done by making an interdependency analysis. Besides, it is useful to identify opportunities to re-examine the relationships between sectors. Third, the most important workforce segments should be evaluated to have a better response for recovery and last, early warning, preparedness and readiness activities have to be assessed (Santos & Haimes, 2004).

6 Future research

An interesting extension of this work would be to make a quantification of the effects of one or more shutdowns. This quantification should be made from different perspectives and for all different actors. In the future, this paper can be elaborated further by developing a generic model to quantify the effects of a shutdown on a given stakeholder.

7 References

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8 Appendix: Overview of recent shutdowns

Year	Cause	Airport	Consequences	
2012	Hurricane Sandy	American East Coast	More than 18,000 flight cancellations, closed roads.	
	Plane incident	St. George Airport	Passengers are re-accommodated on other flights and ground transportation, all commercial flights are cancelled.	
	Maintenance runway	Ostend Airport	Airport is closed for 5 days.	
2011	Strike air traffic controllers for 4 hours in morning and 4 hours in evening, 2 days long	Athens Eleftherios Venizelos Airport	Planes are grounded for 2 days.	
	Snow and icing	London Heathrow Airport	Tens of thousands of passengers are stranded, Virgin is withholding less than £10 million from BAA (wants a compensation for all costs unnecessarily incurred after the airport should have reopened but did not), airlines had to pay for thousands of passengers to be accommodated and rebooked.	
	Bomb threat	Ronald Reagan Washington Airport	The airport is closed for 20 minutes.	
2010	Volcanic ash cloud from Iceland (9 days)	Copenhagen Airport	The airport is closed for 5.5 days, there are only limited operations before and after the shutdown.	
		European Airports	More than 100,000 flights are cancelled in Europe; the total loss of revenue is estimated to be €1 bn. 5 million passengers are stranded midtrip; they need food and a place to stay, but: • European Union requires airlines to cover hotel and meal costs of passengers whose flights are cancelled • US carriers are only required to pay for disrupted passengers' hotels and meals when the flight cancellation is caused by the airline; when the weather forces a flight to be cancelled, passengers are on their own • Rights vary by carrier.	
2009	Wind and dust storm	Airport in Riyadh	The airport is closed.	
	Fire	Perth Airport	The airport is closed for 5 hours.	
2008	Refusal of licence	Newquay Airport	The airport is closed for 3 weeks; 209 departures are cancelled, 7,000 passengers are affected.	
2006	Winter storm	Denver International Airport	The airport is closed for 1 week.	
2003	Hurricane Isabel	Ronald Reagan Washington Airport	The airport is closed for 14 hours	More than 2,000 flights are grounded, there are delays throughout the nation's airline system, flight schedules are expected to be regular after 2 days, flights are suspended in 19 airports in the region, railroad shut down all trains in region, there are reduced trains in other regions (many regular passengers stayed at home), there is a shutdown of a bus terminal, repair crews are sent to major airports to restore services.
		Baltimore-Washington International Airport	The airport is closed for 15 hours	
2001	Nisqually earthquake	SeaTac International Airport	The airport is closed for 2 hours because of damaged control tower; operations are for 3 months at reduced capacity.	
		King County International Airport	Short runway is closed for 2 days, long runway for 2 weeks.	
	Terrorist attack of 9/11	All North American Airports	Threat of terrorism.	
		Ronald Reagan Washington Airport	The airport is closed for 23 days; and is gradually reopened for 6 months.	

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