

Air Transport State Subsidies: Turkey

State Subsidies to be used by air transportation industry in the world wide. Governments' subsidies airlines in some way to support air transportation where they needed to air services. This subsidies name could change according to states, Essential Air Services (EAS's) in US, Public Service Obligations (PSOs) in Europe and Flight Subsidies in Turkey. This paper analyses the State Subsidies in Turkey.

State Subsidies in the World

Governments subsidies some industries which is important for public daily use like electric distribution, farming, health, transportation etc. Air transportation support some social and economic benefits to the regions. Especially remote regions like islands and away part of the state's air transportation is sometimes only the way of the transportation. Air transportation sustain connectivity which means growth and wealth, job growth and accessibility for remote regions.

Accessibility is very important for tourism, economy, trade, education, health, etc. It is the way of to be a part of global world. Air transportation is make connectivity fast and easy way, but some small towns, remote regions of the state couldn't have air transportation services because of leak of sufficient demand. Air Transport State Subsidies play important role in terms of connectivity, some studies show that connectivity is very important for regions. A study made in EU show that 10% increase of connectivity as measured stimulates GDP growth rate by 1% and GDP (per capita) 0.5% [1].

State subsidies mostly used developed countries like US or EU in the world. The aim is same to enable air transportation remote regions or islands, but the way is different. After a few decades later in US and EU, Turkey was started state subsidies in 2013 by own criteria.

Small communities mostly do not have enough demand for air transportation services. If governments think air transport connectivity is vital for this region's economic or social life this routes could chose for subsidize. These subsidies conditions may change from state to state. Some governments paid directly to the airlines, some discount for landing fees etc.

The aim of the State subsidies could change state to state, the main goal is accessibility. It could support economic and tourism activities thought the region from the air transportation network. Some states get connectivity away part of their state, some states first aim to get connect this region to nearest city, some for tourism and economy.

Public Service Obligations in Europe

PSOs two level tendering procedures in Europe. First, states define minimum level of service or price of the tickets selected route. If any airline accept the conditions and operate the route without direct subsidy called "open" PSO routes. (Wittman, Allroggen and Malina) No airline want to operate without direct subsidy then second part of the procedures started and decide how to subsidy to airline this is called "restricted" routes. (Di Francesco and Pagliari)

In Europe there is no similar application for PSOs, some states national

governments controls of the program like Finland, Greece, Czechia, Portugal, while some states like France, Germany, Italy and Spain regional authorities controls the program. (Bråthen and Eriksen)

Regulation allows the imposition of PSOs two types of routes: First, routes to an airport serving a peripheral or development region and second thin routes to any airport [1]. The number of PSOs route number is 178 in 2018 [5].

Thirteen member state has 177 PSOs routes in 2017. France has the largest number which is 40 and carried 5.7 million passengers’ means that 20% of domestic passenger flight these routes. This number is 70% in Ireland. These routes mostly domestic routes only 7 routes is linking different EU states. Current PSOs routes 136 of the subsidies with the government and cost is around 300 million Euro [1].

Table 1.

Number of PSOs routes in EU in 2017 [5]

France	40
Greece	28
UK	22
Portugal	21
Italy	19
Spain	18
Sweden	10
Croatia	10
Ireland	3
Estonia	3
Finland	2
Cyprus	1
TOTAL	177

According to a study PSO routes 2.5% of all commercial movements of these states and 1% of total air transport connectivity. In year 2010 total 900 million USD spend for these flights [2].

State transportation authorities administer several practices in EU. Some discounts for islands residents, this discount rate 50% in Spain, 40% in Scotland. The number of the routes regulated different from state to state, France has the high level, 1% regulated by PSO and open for competition, 21% have restricted competition, this rates for Italy 8% and 6% in Spain all of the routes open for competition and 6% of the domestic routes regulated by PSOs [6].

The PSO routes in Greece and UK short-haul but Portugal and France long-hall to connect mainland to away territories and average seat numbers is 16 to 176 [2].

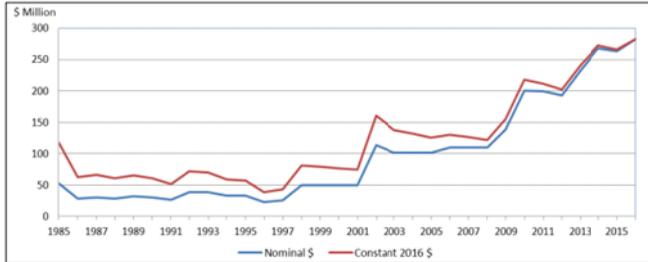
Some states like Greece apply state subsidies programs permanently, the winter season of 2018 Greece government decrease passenger facilities charge from 13.5 to 7 euro some international island airport to stimulate demand in after winter [17].

Essential Air Service Program in US

State subsidies for air transportation in US called EAS which started after deregulation in 1978 to ensure that small communities that served by certificated air carriers before deregulation would continue to have scheduled passenger service. (<https://fas.org/sg>) EAS Program aim is to connect rural communities to nearest big

cities or hubs which otherwise could not have airline service without a subsidy. Airline's offers for the EAS route for the scheduled and price for the selected routes. And then Department of Transportation make selections for the related period. 173 communities in the US received subsidized service under EAS.

Figure 1. Annual EAS Expenditures, 1985-2016



<https://fas.org/sgp/crs/misc/R44176.pdf>

State Subsidies in Turkey

Directorate of Civil Aviation (DCA) which is authority of aviation in Turkey started a program last of 2012 to extent air transportation in Turkey. According to this program airlines supported in domestic routes which didn't have direct flights to big airports Istanbul (Atatürk and Sabiha Gökçen), İzmir, Ankara and Antalya to other cities (airports). The aim of the regulation is offer passenger direct flights. Directorate of Civil Aviation, due to passenger needs, desires and to extent direct flights between big airports to small size airports started state subsidies in Turkey in 2013. DCA had 4 circular about State Subsidies in Turkey 2 of them is for domestic routes in 2014 and 2015, other 2 is for to improve international flight from Ankara and İzmir in 2015.

According to state subsidies in Turkey, DCA will announce the routes which subsidies in October each year, and the airlines which want to operate these routes must start operation in summer which could not be less than 3 times in a week. DCA guaranteed that the airline will be the one for selected route minimum 2 years. And more if any airline operate these subsidized routes have the priority to international routes permission.

After first circular DCA added some more details to circular in 2013 and put some rules: [15]

- The airline round trip flights must minimum 3 times in summer and 2 times in winter season.
- The airline must start flight same summer season.
- The airline which operate the state subsidie route will be the only airline at least 2 years.
- The airline operating these routes will have priority for new international routes, but if the airline stopped domestic routes, the permission for international routes will be finished.
- The airline which operate state subsidies routes selling high price air tickets, the Authority could use penalty or cancel the permission of the routes.

DCA announced 70 routes under State Subsidized 2013 and 20 of them

started operation in 2013 summer. Five airlines started operation 10 routes from İstanbul (S.Gökçen), 2 from Ankara, 3 from Izmir and 5 from Antalya total 20 new routes [8]. 14 of these 20 routes operated in 2014.

Table 2.

Airlines and State Subsidized Routes in 2013 Turkey [8]

Pegasus	Sun express	Onur air	Borajet	Atlasjet
S. Gökçen-Denizli	İzmir-Batman	Antalya-Erzincan	İzmir -Kocaeli	S. Gökçen -İğdir
S. Gökçen - Amasya		Antalya – Malatya	Ankara-Gökçeada	
İzmir- Sivas		Antalya – Mardin	Ankara- Balıkesir	
S. Gökçen-Nevşehir		Antalya -Sivas	S. Gökçen -Uşak	
S. Gökçen-K. Maraş			S.Gökçen- Isparta	
S. Gökçen- Muş			S. Gökçen -Sinop	
			S.Gökçen-Gökçeada	

State subsidized routes number down 11 in 2014. Some routes closed, mostly island to mainland and tourism related routes from Antalya. 11 city pairs started direct flight in 2014 [9].

Table 3.

Airlines and State Subsidized Routes in 2014 in Turkey [10]

Onur Air	THY	Pegasus	Borajet	Sunexpress
Antalya-Kayseri	Ankara- Çanakkale	S. Gökçen-Adıyaman	Sabiha Gökçen-Sinop	İzmir- Konya
Antalya-Elazığ	Ankara- Kayseri	S. Gökçen-Ağrı		
	Antalya -Erzurum			
	S. Gökçen- Kastamonu			
	S. Gökçen-Bingöl			

The State subsidies program started for international routes in 2015. DCA to support direct flight between big airports (Ankara and Izmir) for international routes announced similar State Subsidies routes like domestic before. Rules almost same as domestic [11, 12]. The number of international flights from capital of Turkey (Ankara) to abroad growth from 11 to 17 in 2015 [13]. DCA give permission THY, for Ankara to Amsterdam, Brussel and London, Borajet Airlines for Munich and Pegasus Airlines for Baku and Amman.

Conclusion

Some states like US support network access for small communities, some states like Norway and Ireland providing air connection nearest city, in Turkey used for direct flight between small cities or islands to big cities or holiday centers like İzmir and Antalya. Even the aim of the programs is same in US, EU and Turkey there are some differences. First, the aid given by the Federal Government in US,

contrast to EU that each state choose and paid own funds. But in Turkey there is no financial support for state subsidies routes for airlines. Second, EAS are more transparent and same rules for all over the state and EAS rules making airlines more efficiency because airlines could fund up to 50% [14]. PSOs in EU processes of the program depend on the each state different.

DCA in Turkey decide for the state subsidies routes by own criteria. DCA announced 70 routes for state subsidies routes in 2012 for 2013 but 11 of them still working in 2015. It means almost 16% of state subsidies routes operating. DCA could be find another way to working rest of 84% routes for connect rural areas to connect directly big airports. Developed countries state subsidies programs could sample for develop new model for DCA.

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