



# Small player on the rise

Capacity constraints at some of Europe's major transportation hubs are opening doors for smaller competitors, Turkey's Antalya being one of them. **Yasar Döngel** of airport operator ICF tells Rod James how the global economic downturn and regional political unrest have done little to halt the progress of both the area and the country at large.

**E**urope's airports have, for the past decade, been fending off a crisis. Demand for commercial air traffic is growing dramatically, largely driven by the emergence of a new middle-class in the Far East. The figures are startling. Boeing forecast last month that, at the current rate, the number of commercial aircraft in service will have almost doubled by 2030, in correlation with 4.1% annual growth in global passenger numbers. Although much of this expansion is taking place on the other side of the world, Europe has had to sit up and take notice.

Unless the region's major hubs continue to grow, their competitiveness will rapidly diminish. The problem is

that many of these airports are already dense with infrastructure and pressure on governments from the public and environmental groups has proved highly effective in blocking further expansion. Plans for a third runway at Heathrow were scrapped last year and even the successful Frankfurt runway project, which will be completed later this year, took ten years to wind its way through Germany's labyrinthine planning process. China, on the other hand, built 25 new airports in 2010 alone.

The future might look tricky for some, but for other airports on the continent, capacity problems in more established markets represent a real opportunity. One such beneficiary, the Turkish region of Antalya,

played host to the inaugural Routes Mediterranean conference earlier this year. Catching up on the sidelines with Yasar Döngel, a member of the executive board of ICF, which runs the region's airport, it was striking how a sluggish European market, along with recent regional political upheaval, has done nothing to dampen growth ambitions.

"Istanbul Ataturk is completely crowded," he explains. "Now there is Sabiha Gökçen on the Asian side of the capital, but that one is filling up rapidly as well, mainly with domestic passengers. A second hub is needed in this country. Antalya already caters to more international destinations than the capital because of our high-season tourism. Our new domestic terminal, which

started operations last year, was designed with this growth potential in mind.”

### Antalya arises

The Gods, it seems, have been smiling on Antalya over the past few years. As a holiday destination, the area has benefited from the misfortune of its North African and Greek rivals and the fact that, being outside the Eurozone, it is much more affordable than other places on the continent.

In 2010, the airport catered for 23 million passengers, which represents an international passenger growth rate of around 14%. Its domestic custom rose by 19.4%, prompting ICF to supplant the old domestic terminal with a new €100 million facility in April last year. The new building is 74% larger than the one it replaced. When you factor in the still underwhelming performance of the European aviation market, this rate of growth appears exceptional.

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“The economic crisis has actually helped Turkey,” Döngel says. “We’ve seen a strong recovery from the Russian market and a good performance from Germany, which given the maturity of the market there is quite surprising. The fact that we avoided all the problems of the Eurozone did help us. But at the same time, it highlighted our strengths. We have relatively modern hotel and airport infrastructure, service and hospitality is good compared with traditional markets such as Spain, and you still get value for money. A lot of people choose to come back.”

Antalya has benefited from its location and the cultural impact this has had. Straddling the border between Europe and the Arab world, the area has struck a chord with both sets of customers in that it combines the liberal and conservative elements of these respective cultures. With Europe rebounding well, the challenge,

according to Döngel, will be attracting more Middle Eastern passengers and convincing them to fly.

“There is a lot of money in the Middle East and the people there like to travel,” Döngel explains. “They like Turkey because it is an Islamic country, with similar food, but is different enough from home to make an interesting destination. We had a more than a 130% increase in Iranian passengers to Turkey last year. A lot are still coming by car, which takes more than ten hours. But with attractive ticket prices hopefully we can change this.”

### Gradual stability

Antalya’s success over recent years has coincided with, if not been directly influenced by, the gradual dissipation of an ugly spectre. The conflict between the Turkish Government and the Kurdistan Workers’ Party (PKK) is ongoing, but has had little impact on the

region since a series of bomb attacks back in 2006. A militant group fighting for the establishment of an autonomous Kurdish state, the PKK has seen its support wane in recent years and its activities increasingly confined to the remote Qandil mountain region.

“It’s always a big discussion outside of Turkey,” Döngel admits. “But the PKK is often misunderstood – people think it’s like al-Qaeda when it is really not such a robust organisation. Most activity is in a few very remote regions of the East. So, is there a terror risk? Like everywhere in the world, yes. But compared with five or six years ago it is muted.”

For ICF, the past few years have been about establishing a presence in Antalya. The company was formed in 2007, a consortium of German airport services company Fraport and domestic construction firm IC İçtaş Holding. After bidding for and winning the concessions for all three Antalya Airport terminals up to

the year 2024, the company immediately looked to stamp its procedural mark.

“We have certain operational procedures that we follow very strictly,” Döngel explains. “For example, we introduced a waste separation system at the airport, encouraging all subcontractors to separate their plastic, metal and other materials. When we recruit somebody, we do a week-long assessment centre. People are not used to this in Turkey so we offered special training. I think, consequently, that we are perceived as an employer that looks after its employees. We are not paying the highest salaries, but people know that we are well structured and focus on performance.” This emphasis on procedural efficiency has, in Döngel’s view, also led to a fruitful partnership with local government.

“The government has actually been a great help,” he says. “Turkish regional governments can, from the outside, look less efficient than elsewhere. But they’ve offered up a solution for every problem we’ve faced. Just looking at the representation at this event from the Tourism Ministry and the aviation authorities is a good indication of their support.”

### Onwards and upwards

In both Turkish diplomacy and commerce, recent years have seen an expansionist trend. Tepe Akfen Ventures (TAV), another domestic airport operator, has acquired interests in Skopje, Tbilisi and other cities in the region. ICF is looking to do the same thing.

“We participated in a tender for Kosovo’s Pristina Airport,” Döngel explains. “We came second, and not by much, so we definitely see the potential. The past two years have been about establishing ICF and getting the structures in place. If potential projects emerge in Turkey or outside, then we are certainly interested.”

It will be a long time before airports like Antalya challenge the major European players. The popularity of the region, however, combined with a continuous need for greater runway capacity, mean that the path of growth will be upward sloping for some time to come. ■