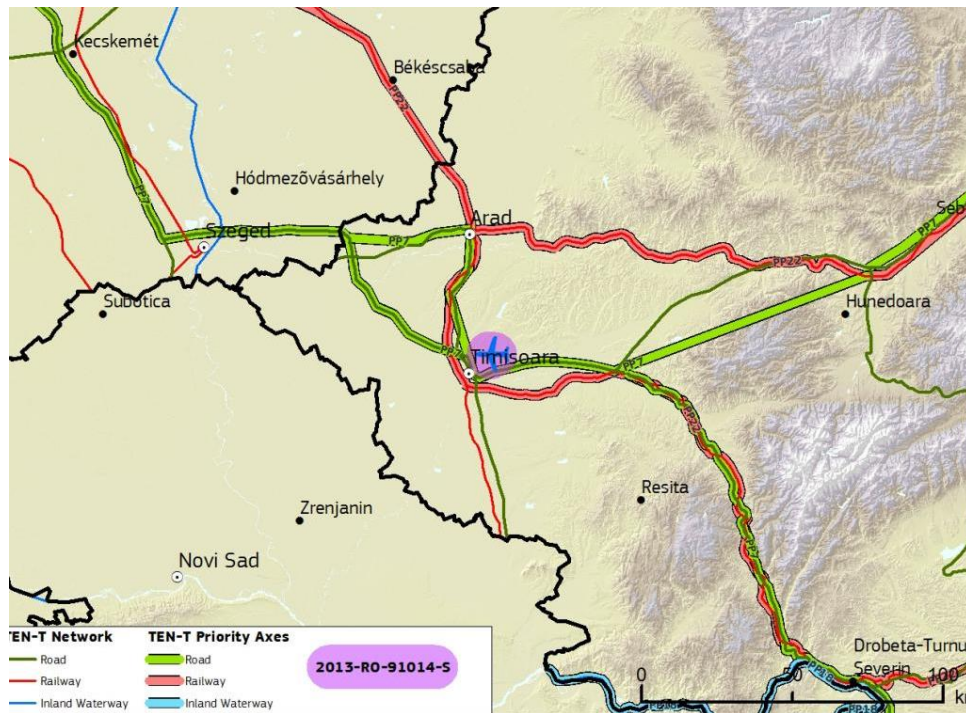


Timisoara airport development

General information

This project regards the **upgrade of the Timisoara Airport** to ensure capacity and operational facilities to deal with the expected increase of transport demand for years 2020 and 2025. The Timisoara airport is a core node of the Orient/East-Med CNC. Figure 8-1 provides with the localisation of the airport.

Figure 8-1: Localisation of the Timisoara airport



Source: INEA (2016)

According to the Romania General Transport Master Plan (AECOM, 2014), the project foresees the development along **three main phases**, in order to address issues related to limitations of the terminal capacity by 2020 and improvement of international connectivity to increase traffic flows. In particular:

- extension of the passenger terminal by 2020;
- extension of the passenger terminal by 2025;
- analysis of the opportunity for the development of a cargo terminal.

In the 1980s, the Timisoara airport was designated as an international airport and upgraded with a CAT III.a instrument landing system (i.e., ILS). The runway was extended from 2.500 to 3.500 m and terminal buildings for international flights, the control tower, the official hall and the administrative building were constructed.

During the following years, additional works expanded the international terminal and in 2006 the aircraft parking facilities were enlarged. These measures were taken to cater for the increasing air traffic and the construction of a new parking lot and an access road in the airport. The extension works for the international terminal were completed in 2007. In 2010, the works to expand the domestic terminal was completed.

The project has been approved and supported by the government. The Timisoara Airport and the Ministry of Transport would implement the project.

Technical description

Regarding the passenger terminal, it will be built in two phases and will include a large air station, equipped with commercial and operational facilities. It will also be attached a bus terminal connected through a shopping gallery to the main terminal and will serve to passengers, being an important road junction which will facilitate bus to regional and international destinations.

According to the Romania General Transport Master Plan (GTMP), prepared by AECOM in 2014, the estimated investment costs and additional operating costs are as illustrated in Table 8-1, while according to the consulted stakeholders, the total estimated investment is € 100,8 million (without VAT). There is no available information on costs breakdown by category.

Table 8-1: Estimated investment and operating costs in the GTMP for the Timisoara airport development

Item	Description	Estimated value [€ million, 2014]
Investment	Extension of the passenger terminal and feasibility of development of the cargo terminal	78,3
Operating	Additional operating costs	4,0

Source: Elaboration from AECOM (2014)

In the last two years, the Timisoara Airport project was updated to cope with the increasing traffic and terminal constraints. According to the consulted stakeholders, the updated project includes the following three building phases:

- international arrivals terminal;
- passenger transport multimodal hub;
- multimodal terminal cargo.

Project implementation

On November 2014, the EU's TEN-T INEA – the European Commission's Innovation and Networks Executive Agency – co-funded with € 1 million the study for the construction of an **intermodal terminal** at Timisoara International Airport in Romania with the aim to promote the integration of air freight transport with rail and road TEN-T network. The EU contribution covered 50% of the estimated costs for the feasibility study as well as technical, economic and environmental studies that would have formed the basis for the terminal's design and construction. The project was never implemented since 50% of the project promoter's budget was not allocated on time.

The current **project development plan** is summarised in Table 8-2.

Table 8-2: Project implementation timeline of the Timisoara airport development

Project component	Expected time line
Extension of the passenger terminal (1)	2020
Extension of the passenger terminal (2)	2025
Analysis of the opportunity for development of a cargo terminal	2020

Source: Elaboration from GTMP-AECOM (2014)

The construction of the passenger terminal has already received the approval for the joint financing by Timisoara International Airport (30%) and the Ministry of Transport (70%).

The project management and supervision organization is not yet defined, as well as the procurement plan for the project.

Transport demand

The **demand volume** of passengers has been fluctuating over the last ten years (see Figure 8-2). The airport experienced a significant decrease after it lost the carrier Carpatair in 2011.

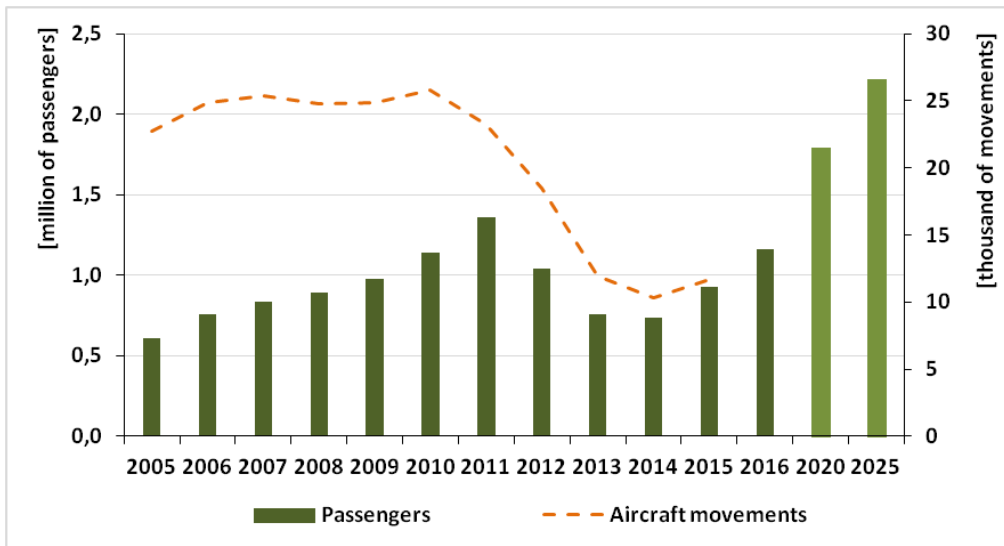
Since 2011, Timisoara’s traffic has started to decrease, given the operational rationalisation of Carpatair’s network, which has been the main operator at the airport over recent years. According to 2013 traffic data, the airport experienced a decrease by 27% in traffic when compared to 2012. Since then the traffic has been recovering: in 2016 the reported passengers volume reached 1,16 million.

According to traffic forecasts (AECOM, 2014), the airport is expected to accommodate 1,79 million passengers by 2020 and 2,22 by 2025. Table 8-3 summarises with respect to the demand components for three key points in time. As shown, approximately 75% of the demand is international.

Regarding the **annual growth rates**, an increase by 3,6% is expected from 2011 to 2020 and by 4,7% from 2020 to 2025. Growth rates are relatively in line with GDP projections of the EU Reference Scenario (Capros et al., 2016). In this respect, the annual GDP growth rate of the first period is equal to 2,6% and for the second period is equal to 2,2%¹.

It is worth noticing that the current passengers traffic has already exceeded for 2 consecutive years the levels predicted by the Transport Master Plan. For years 2015 and 2016 the annual passenger growth rate was of about 26% per year. In 2016 Timisoara airport registered 1.161.482 passengers and it is expected that the traffic number should achieve 1,7 million passengers in 2017, following the arrival of Ryanair in September 2016.

Figure 8-2: Demand trend and forecasts of 2020 and 2025 of Timisoara airport



Source: Elaboration from AECOM (2014)

Table 8-3: Estimated evolution of transport demand components of Timisoara airport

Demand component	2011	2020	2025
Domestic	336.152	444.687	549.561
International	1.019.867	1.349.157	1.667.339
Total	1.358.030	1.795.864	2.218.925

Source: Elaboration from AECOM (2014)

On the consulted documents, there is no information available with respect to the assumed values of key drivers of traffic growth.

On the airside, the Timisoara airport does not show critical issues. Table 8-4 summarises with respect to the number of apron stands available (i.e., 26) in comparison with the forecasts for 2020 and 2025.

¹ This implies an elasticity of the demand with respect to GDP equal to 1,4 and 2,2, respectively.

The estimation has been carried out referring to the peak hour passengers. The rate of utilisation is expected to increase from 65% to 81%.

Table 8-4: Apron stands requirements of Timisoara airport

Item	2020	2025
Peak hour passengers	1.592	1.968
Apron stands	17	21
Utilisation [%]	65	81

Source: Elaboration from AECOM (2014)

Financial analysis

Information of the financial analysis is not available.

Economic analysis

The performance parameters of the economic analysis carried out in AECOM (2014) are reported in Table 8-5.

Table 8-5: Economic performance indicators of Timisoara airport project

Performance indicator	Value
Costs present value [€, 2014]	100.403.866
Benefit present value [€, 2014]	165.568.470
ENPV [€, 2014]	65.164.605
Benefit/Cost	1,65
EIRR	5,7

Source: Elaboration from AECOM (2014)

The information available does not provide with details regarding the methodology used to carry out the economic analysis and the appraisal period assumed. There are no indications regarding conversion factors from financial to economic inputs, nor for assumptions on the residual value of the investment.

Environmental analysis

The EIA is not available.

Safety levels

The Project Phase II “building of passenger transport terminal hub” foresees the upgrade of Timisoara airport safety and security equipment to comply with EU standards. There is no specific information on safety issues and black spots, before and after project implementation.