

Tinatin Doliashvili

Doctor of Economics

Davit Aghmashenebeli University of Georgia

New Higher Education Institute – Newuni

TRENDS OF SUSTAINABLE TOURISM AND AIR TRANSPORT DEVELOPMENT IN GEORGIA

Abstract

Air balloons and dirigibles, parachutes and hang-gliders, helicopters, and all types of aircraft intended for passenger transport are widely used. The invention of these means, their development, and consequently, their use for travel, essentially changed the style of tourism. All of this contributed to the development of mass tourism, diversification of travel geography, structural change of tourist flows, and the issue of reconstruction of its industry. As it is known, in the world, in terms of passenger movement, e.g. for the purpose of tourism, air transport has the highest specific share (more than 44%). This is primarily due to the fact that any distance can be covered quickly and with minimal loss of time. Therefore, the purpose of our study was to analyze the impact of dynamic changes in tourist and passenger transportation carried out by air transport in Georgia over the last five years on the revenues of United Airports of Georgia LLC and, accordingly, on their financial results.

Keywords: air transport, tourist and passenger transportation carried, revenues, financial results.

For the purpose of tourism and travel in the world, the well-known means of air-passenger transport, such as air balloons and dirigibles, parachutes and hang-gliders, helicopters, and all types of aircraft intended for passenger transport are widely used. The invention of these means, their development, and consequently, their use for travel, essentially changed the style of tourism. All of this contributed to the development of mass tourism, diversification of travel geography, structural change of tourist flows, and the issue of reconstruction of its industry. As it is known, in the world, in terms of passenger movement, e.g. for the purpose of tourism, air transport has the highest specific share (more than 44%). This is primarily due to the fact that any distance can be covered quickly and with minimal loss of time. Therefore, the purpose of our study was to analyze the impact of dynamic changes in passenger transportation carried out by air in Georgia over the last five years on the revenues of “United Airports of Georgia” LLC and, accordingly, on its financial results. However, we should not forget the fact that Georgia is an

important transit country and with its geopolitical location represents a bridge between the Western and Central Asian countries. This is a favorable condition for it to occupy an important position in the development process of world civilization. As we know, Georgia has been involved in the modern economic space for years and takes an active part in the completion and implementation of regional projects (project TRACECA). Accordingly, in this case, too, the involvement in processes with a higher specific share of air transport (currently 5% on average) will have great importance.

According to the information of the Georgia National Administration of Tourism and the Ministry of Internal Affairs, the highest specific share of the passenger flow in our country in 2017-2019 and 2021 – more than 70% came from land transport, 20-25% – by air, 1-2%, by rail and 0 5-1% on types of sea transport. And, as for the visits according to the types – “entertainment, rest, recreation” was characterized with the highest specific share up to 40-65% over the years.

As we know, air transportation of passengers from three international and two domestic airports in Georgia is carried out by both foreign (on average 88% and more) and national (on average 12% and less) airlines.

**Analytical Characteristics of Transported Passengers
of Airports According to 2017-2019**

Table 1

№	Indicators	Years			Dynamics %	
		2017	2018	2019	2018 2017 comparing	2019 2018 comparing
1	Total Airports of Georgia, passenger	4073959	5033323	5209466	+23,55	+3,5
2	Tbilisi International Airport, passenger	3164139	3808619	3102013	+20,37	-18,55
3	Kutaisi International Airport, passenger	406173	617373	873616	+52,00	+41,51
4	Batumi International Airport, passenger	495668	598891	624151	+20,83	+4,22
5	Mestia International Airport, passenger	7256	6858	8625	-5,49	+25,3
6	Ambrolauri International Airport, passenger	1723	1582	1966	-8,18	+24,3
7	Total number of flights	20979	24536	24386	+16,96	-0,61

As can be seen from the data in the table, the dynamics of changes in the total number of passengers and flights in the international airports of Georgia in 2018 compared to 2017 were characterized by both a sharp growth trend and a decrease. As for the information in 2019 in relation to 2018, here the changes were both positive and negative. In particular, the passenger flow at Tbilisi International Airport decreased by 18.55%, and the total number of flights decreased by 0.61%. It should also be noted that high dynamic growth was observed in the airports of Mestia (throughput of 100 people/hour on average) and Ambrolauri (throughput of 50 people/hour on average), therefore – 25.3% and 24.3%.¹²

The Covid-19 pandemic has hit the aviation industry particularly hard. In order to prevent the spread of the disease, air traffic was restricted, which caused the sudden cancellation of tens of thousands of flights worldwide and complicated the movement of passengers. Despite this, it was precisely air transport that played one of the decisive roles in the effective management of the epidemic – repatriation flights, provision of medical personnel, supplies, medicines, and, whenever possible, smooth cargo shipments.³

¹ <https://gcaa.ge/wp-content/uploads/2021/03/GCAA-annual-report-2018.pdf>

² <https://gcaa.ge/wp-content/uploads/2021/03/GCAA-annual-report-2019.pdf>

³ Doliashvili T., Gogia Kh., Lataria M. Analysis of the Performance of Civil Aviation Entities in the Context of 2020-2021. "Spectrum", #6, 2022, p.112

Analytical Characteristics of Transported Passengers
of Airports According to 2020-2021

Table 2

№	Indicator	2019	2020	2021	Dynamics %	
					2020 2019 comparing	2021 2020 comparing
1	Total Airports of Georgia, passenger	5209466	833846	2496448	-84,0	+199,0
2	Tbilisi International Airport, passenger	3102013	590123	1683696	-84,0	+185,0
3	Kutaisi International Airport, passenger	873616	183873	282514	-79,0	+54,0
4	Batumi International Airport, passenger	624151	51412	516017	-92,0	+903,0
5	Mestia International Airport, passenger	8625	3165	5141	-63,0	+62,0
6	Ambrolauri International Airport, passenger	1966	1214	2000	-38,0	+65,0
7	Total number of flights	24386	7133	14984	-71,0	+110,0
8	Total transported cargo, tons	24800,741	20052,94	18376,72	-19,0	-8,0
9	Flyover, unit	140972	66782	87314	-53,0	+31,0

As we can see, the data in the first year of the pandemic had a sharp negative dynamic according to the generalized characteristics of Table 2. Later, in 2021, the weakening of the restrictions, and then their removal, did not delay the sharp increase in the indicators. An exception was freight transportation, the size of which decreased by 8% in 2021 compared to 2020.¹²

The volume of transported passengers and transported cargo is directly related to the revenue of the airline industry. Air transport revenue is generated as a result of aviation and non-aviation activities; it is estimated at the actual value of the remuneration received or receivable.

Characteristics of Airport Revenue and Financial Performance
2017-2020, thousands in Gel

Table 3

№	Indicator	2017	2018	2019	2020
1	Total income	54,848	62,440	66,014	35,228
2	Dynamics, %	100,0	+13,84	+5,72	-46,64
3	Including aviation	28,218	34,288	34,703	10,441
4	Dynamics %	100,0	+21,51	+1,21	-69,91
5	Specific share of aviation revenue (%) in total revenue	51,45	54,91	52,57	29,64
6	Profit/Loss	(1,050)	19,0	2,072	(36,716)
7	Dynamics %	-	100,0	-89,095	-

¹ <https://gcaa.ge/wp-content/uploads/2021/03/GCAA-2020.pdf>

² <https://gcaa.ge/wp-content/uploads/2022/03/GCAA--2021.pdf>



As we can see, in 2017-2019, both total revenue and aviation revenue were characterized by fluctuating but positive growth dynamics and the specific share of aviation revenue in the structure of total revenue was more than 50%. In the first year of the pandemic, both indicators dropped sharply, respectively by 46.64% and 69.91%, and the specific share of aviation income became less than 30%. Although the 2021 financial reporting deadline has been halted until July 1, 2022, we think the numbers of income will be pretty good, despite the sharp increase in passenger traffic during that period.¹²

100% of United Airports of Georgia (UAG) is owned by the state. The idea of its establishment (November 1, 2010) was to unite civil airports in different forms in the country under a single “umbrella” in terms of their harmonious and systematic development. Therefore, the union includes 3 international and 2 domestic civil airports. In addition, UAG owns the land plots and infrastructure of the former Zugdidi and Poti airports. However, these airports are not functioning at this stage.

The operator of Tbilisi (average capacity of 3000 people/hour) and Batumi (average capacity of 600 people/hour) international airports is the Turkish company TAV Urban Georgia. Its activities are carried out within the framework of the agreement with the state (2005-2027). It takes an average of more than 150 million GEL as profit from our country every year. The operator of the other airports is UAG.

As for the financial results of the airports, we see that the years of 2017 and 2020 ended with a loss. The situation in 2020 is understandable based on the results of the pandemic. In 2017, the financial result of United Airports of Georgia LLC was caused by a sharp increase in costs. As for 2018, the profit amounted to 19.0 thousand GEL, since 56 foreign and 2 Georgian airlines operated on the Georgian air market during this period. This was an unprecedented case after foreign companies obtained flight licenses and the right to base at our airports. The year of 2019 also ended with profit, although its size dropped sharply by 89.095% compared to 2018, and one of the reasons for this was the sharp increase in expenses.

In the last year and a half, the entry of new airlines into the Georgian market and the issuing of licenses to new destinations gives us hope that the situation will change for the better. An example of this is Kutaisi David the Builder International Airport, whose new modernized terminal (capacity on average 1800 people/hour) served 72104 passengers and 241 flights in May of this year. Accordingly, the passenger flow was restored by 111% and the number of flights by 115% compared to the indicators of the same period of 2019.

It is also worth noting that this airport is named among the 6 best airports in Europe, in the category of less than 4 million passengers, in terms of airport marketing and work with airlines, and has been awarded with a certificate since 2014. The selection of the best airports is made taking into account the effectiveness of the marketing activities carried out by the airports during the last 12 months and the addition of new air routes. Airlines, experts in the field of aviation and specialists in the development of air routes participate in the selection process.

Tbilisi Shota Rustaveli and Batumi Alexander Kartveli international airports have been named among the ten most improved and passenger-oriented airports of 2021 by Skytrax, the most influential and prestigious British consulting company in the aviation field. The recognition of this organization shows that during one year, the operation of these airports has significantly increased in terms of quality and service improvement, the necessary infrastructure projects have also been implemented. It should be noted that Tbilisi International Airport is among the top ten airports of Eastern Europe identified by Skytrax for the eighth year in a row, and Batumi for the first time. The airports of Budapest, Tallinn, Bucharest, Riga, Kyiv Boryspil, Belgrade, Bratislava and Zagreb were also included in the top ten. In addition, Skytrax awarded Tbilisi International Airport with 5 stars in the safety rating against Covid-19.³

¹ <https://www.airports.ge/images/stories/PDF/2019.PDF>

² <https://www.airports.ge/images/stories/PDF/2020.pdf>

³ <https://www.worldairportawards.com/worlds-most-improved.../>

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