

Airline's Network Structure and Partial Privatization of Airport*

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Abstract

This study analyzes whether partial privatization comes true when the complementary airport competition exists, and also analyzes how the airline's network structure affects the degree of partial privatization. As a result, we can obtain following results. In each case, the best-response function of the degree of privatization is the strategic substitutes, and as a result, partial privatization becomes a Nash-equilibrium. Additionally, the entry of domestic carrier to a route between domestic hub and foreign local airports leads to decrease the degree of privatization of its country but leads to increase its degree of the other country.

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Key words Airport privatization, Airline network.

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