

autonomous region where the operation of an airport and an airline is an important sign of nationality – comparable to the circulation of an own currency – is provided by the Palestinian Authority and their airport at Gaza, which is often the subject of disputes between Israelis and Palestinians and, therefore, well known. Sure enough, the Palestinian airport is an excellent example for the importance of high preference homogeneity between VSC and the adjacent country as a prerequisite for international outsourcing.

Luxembourg is, as mentioned above, the only landlocked VSC with an airport. Given its relatively large size – Luxembourg is the largest VSC in our selection when judged by the number of inhabitants – and its political importance as a consequence of the Luxembourg-based EU institutions, the existence of an airport is not very surprising. Note that many smaller cities in larger countries have a nearby airport as well.

It is not very interesting to dwell on the possible international outsourcing of airports, when we consider island and archipelago VSC, since the existence of an airport is a mere necessity for their economic, social and political life. Needless to say, the number of airports is correlated with the number of islands which make up a country. Belize and Brunei, for which we assume low preference homogeneity with their neighbors, operate their own airports. Table 4.5 omits 163 airports with unpaved and mostly short runways and 10 airports with paved runways under 914 meters length. To sum up, 20 out of 21 countries comply with our theoretical expectation.

#### *4.3.5 Theoretical expectations versus reality – railways*

The following table, Table 4.6, assesses another infrastructure indicator for the feasibility of international outsourcing for VSC. Building and maintaining railways is expected to be too expensive for small countries, aside from the fact that it sometimes makes no sense from a geographic point of view. Again, landlocked VSC in Europe are the most interesting objects under consideration.

The general picture of Table 4.6 resembles that of Table 4.5, which indicates that infrastructure issues in VSC follow the same explanatory paths. First, they are, of course, very much dependent on geographic and natural circumstances. Second, important infrastructure with high esta-