



EUROCONTROL 2035 Forecasts

The Economic Impact – Provisional Results

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Context

- **One of the responsibilities of Task Force 1 of the Observatory:**
 - *“Identifying the costs related to unaccommodated demand in Europe according to the Challenges of Growth report scenarios and hence the costs of not creating the required capacity”¹.*

- **ACI EUROPE engaged in parallel in an assessment of the economic impact of European airports**
 - Agreement to leverage this work to contribute towards Task Force 1 objectives

- **Some skepticism in recent times about the nature of economic impact studies**
 - Mature & realistic approach required by practitioners and recipients alike





The Direct, Indirect & Induced Impacts TODAY



Direct Survey to Airports

- 102 airports to date
- ≈ 70% of European passenger traffic
- Allows estimation of ratio of passengers to direct jobs

Input/Output Tables

- Modeled on actual structure of real economies
- Allows calculation of average wage & ratios for indirect and induced jobs & GDP

ACI EUROPE
Economic Impact of European Airports
Employment and Activity Survey

InterVISTAS
a company of Royal HaskoningDHV

The figures you provide in the following sections are **strictly confidential** and will be viewed only by InterVISTAS Consulting Ltd. and ACI EUROPE. Only aggregate survey totals will be published in the final report - no individual airport data will be released.

For the purposes of this study, it is important that the figures you provide are as accurate as possible. However, where it is not possible to provide precise information, we would appreciate realistic estimates by informed parties (e.g., human resources, finance departments, unit directors, department heads, etc.), rather than no response at all.

Please complete this survey electronically by responding directly into the form. Alternatively, you can print out the form and complete by hand. Wherever possible, please state figures for calendar year 2013 (please indicate where this is not the case).

Name of Airport:

Contact Person: Phone number:

Email:

Q1. About Your Airport

Please complete the following information for your airport for 2013, or closest possible year:

	Year: <input style="width: 80%;" type="text"/>
Total E/D passenger traffic	<input style="width: 100%;" type="text"/>
Total transfer/transit passenger traffic	<input style="width: 100%;" type="text"/>
Total air cargo volumes	<input style="width: 100%;" type="text"/>
Total aircraft movements	<input style="width: 100%;" type="text"/>

Is your airport a hub or significant base for any airlines?

No Yes, please state their names:

Q2. Existing Economic Impact Study

Has your airport commissioned, conducted or been the subject of an economic impact study?

Yes No

If yes, please could you email a copy to acieurope_survey@intervistas.com or fax to +44-1225-330-209, Attention: Ian Kincaid. Any information in the study will be kept confidential and only aggregate totals will be published.

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→ The Catalytic Impacts TODAY

- Relationship between country-level connectivity relative to GDP & per capita GDP

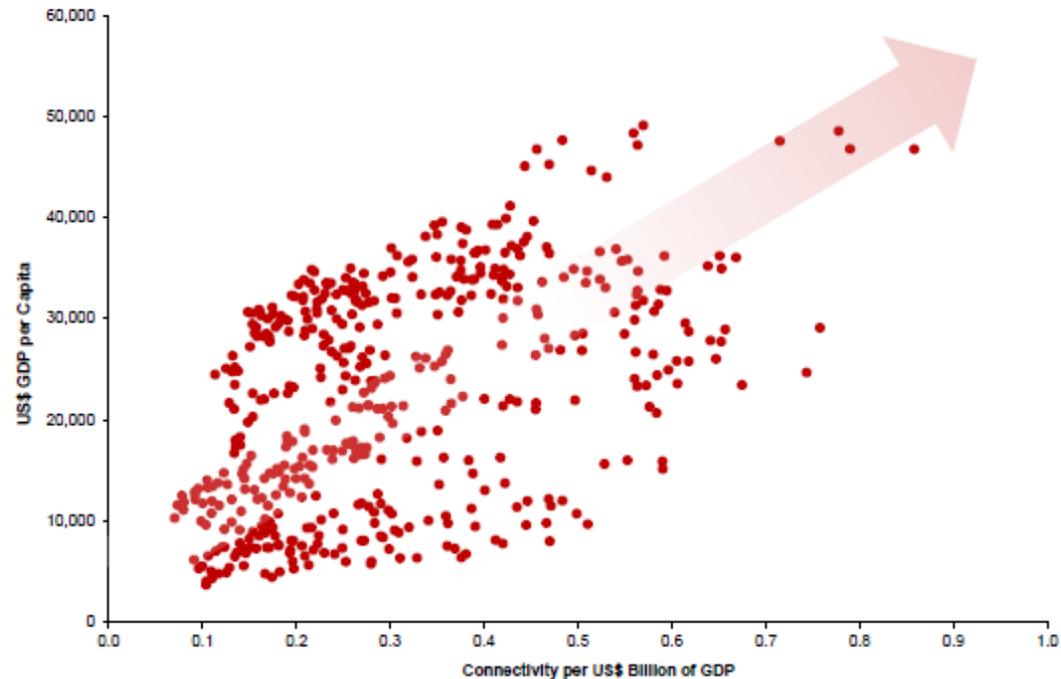
- Data

- 40 countries & 12 years

- Controlling for:

- Country & year specific factors
- Educational spend
- R & D spend
- Gross Capital Formation per worker

Figure 8-4: Relationship Between Air Connectivity and GDP per Capita in ACI Europe Countries, 2000-2012



- For every 10% increase in connectivity there is a 0.5% in GDP per capita

→ EUROCONTROL Scenarios for 2035

▪ Scenario A: Global Growth

“Strong economic growth in an increasingly globalised World, with technology used successfully to mitigate the effects of sustainability challenges such as the environment or resources availability.”

▪ Scenario C: Regulated Growth (Most Likely)

“Moderate economic growth, with regulation reconciling the environmental, social and economic demands to address the growing global sustainability concerns. This scenario has been constructed as the ‘most-likely’ of the four, most closely following the current trends.”

▪ Scenario C’: Happy Localism

“With European economies being more and more fragile, increasing pressure on costs, stricter environmental constraints, air travel in Europe would adapt to new global environment but taking an inwards perspective. There would be less globalization, more trade inside EU (e.g., Turkey joining Europe is important in this scenario). Also, slow growth of leisure travel to outside Europe, however certainly more inside EU. More point-to-point traffic within Europe. It does not mean that Europe does not grow or does not adapt to new technologies and innovation but its main focus is ‘local’.”

▪ Scenario D: Fragmented World

“A World of increasing tensions between regions, with more security threats, higher fuel prices, reduced trade and transport integration and knock-on effects of weaker economies.”



→ EUROCONTROL Passenger Forecasts

Scenario	2012 Passengers	2035 Passengers		
		Unconstrained	Constrained	Gap
Scenario A: Global Growth	.7 billion	2 billion	1.5 billion	.5 billion
Scenario C: Regulated Growth	.7 billion	1.5 billion	1.3 billion	.2 billion
Scenario C': Happy Localism	.7 billion	1.3 billion	1.2 billion	.1 billion
Scenario D: Fragmented World	.7 billion	1 billion	1 billion	.02 billion

Rounded to nearest first decimal point, except in the case of Scenario D Gap



Bridging the Gap between TODAY and 2035

▪ Direct/Indirect/Induced impact calculation

- In 2013 every million passengers associated with 854 direct jobs (**at larger airports only**)
- BUT assume productivity gains – **reduce this figure by -33%**
- Use same ratios for indirect & induced impact

▪ Catalytic impact calculation

- Take today's relationship between connectivity & passenger volumes
- BUT acknowledge that connectivity grows faster than passenger volumes
- **Assume every 1% increase in passenger volumes only results in .75% increase in connectivity.**

	Jobs	GDP (€Billions)
2013 Economic Impact		
Direct	1,708,100	103,3
Indirect	1,369,800	71,2
Induced	1,408,500	77,7
Catalytic	7,893,500	426,7
Total	12,379,900	678,9
Scenario A: Global Growth		
Direct	674,000	31.7
Indirect	575,000	21.4
Induced	560,000	22.5
Catalytic	2,308,000	123.6
Total	4,117,000	199.1
Scenario C: Regulated Growth (Most Likely)		
Direct	313,000	14.4
Indirect	268,000	9.6
Induced	260,000	10.0
Catalytic	1,197,000	62.8
Total	2,038,000	96.8
Scenario C': Happy Localism		
Direct	154,000	6.2
Indirect	136,000	4.1
Induced	130,000	4.2
Catalytic	484,000	21.7
Total	905,000	36.3
Scenario D: Fragmented World		
Direct	28,000	1.2
Indirect	25,000	0.8
Induced	24,000	0.8

➔ Economic Impact of EUROCONTROL Forecasts

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Total	2,038,000	96.8

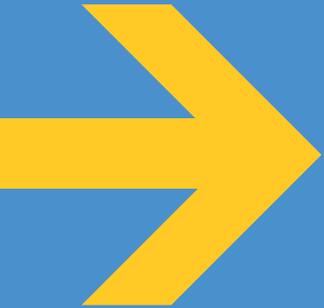
▪ Important to Remember

- These projections are of lost **potential** jobs – 2m people are not going to be made redundant!
- Predicting the future comes with **health warnings**

▪ Economic Impact of European airports & aviation today

- GDP contribution of **€634.2 billion**
- **12.4 million jobs**
- **2035 economy should be substantially larger than it is today**

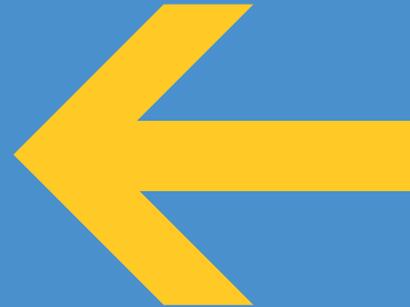




THANK YOU

www.aci-europe.org

www.airportcarbonaccreditation.org



→ The Approach: Overall

▪ Economic Footprint

- Direct
- Indirect
- Induced

▪ Wider Economic Impact

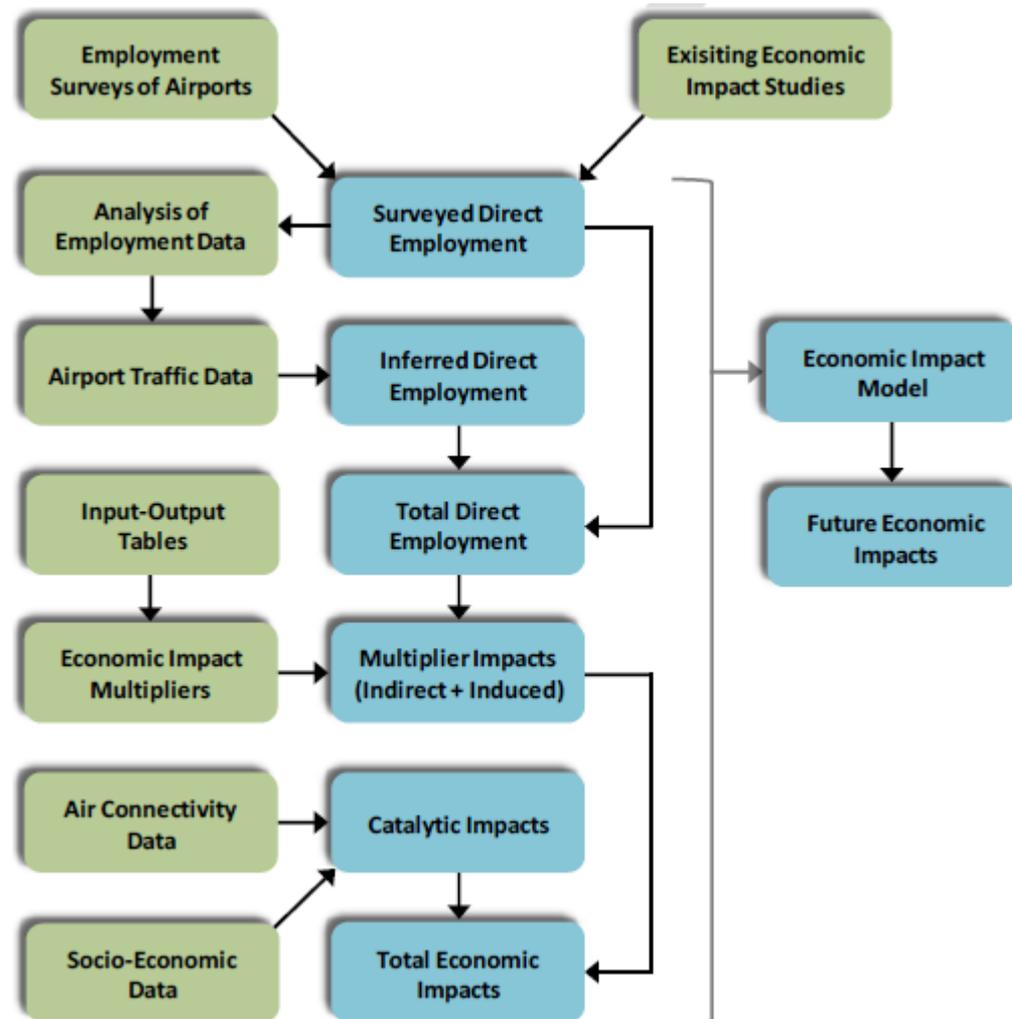
- Catalytic

▪ Advantages:

- Well established & comparable
- Clear & tangible results

▪ Limitations:

- Like many approaches, not all elements are captured



The Approach: Direct, Indirect & Induced

- **Extrapolating sample data to represent European aviation sector as a whole**
 - Ratio of passengers to direct jobs

- **Input-Output Tables**
 - Modeled on actual structure of real economies for individual countries
 - Reflect the structure & interaction of different industries within these economies
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- **This allows calculation of:**
 - Average wage
 - Ratios for calculation of indirect jobs & GDP impact
 - Ratios for calculation of induced jobs & GDP impact

→ The Context

- **Healthy debates on many issues which impact aviation's future:**
 - **Local noise**
 - **Carbon emissions**
 - **Increasingly limited public funding & State Aid Guidelines**
 - **European Capacity Crunch**
 - **Aviation taxes**
- **As a consequence some skepticism of the various works concerning the economic impact of aviation**
 - **Future work needs to reflect this skepticism**



→ The Approach: EUROCONTROL Forecasts

- Predicting the future ... caution advised!



- EUROCONTROL forecasts of constrained & unconstrained 2035 passenger levels for 4 scenarios
 - Unconstrained forecast – constrained forecast = passengers lost due to capacity crunch

Scenario	2012 Passengers	2035 Passengers		
		Unconstrained	Constrained	Gap
Scenario A: Global Growth	696 Million	2,011 Million	1,519 Million	492 Million
Scenario C: Regulated Growth	696 Million	1,538 Million	1,313 Million	225 Million
Scenario C': Happy Localism	696 Million	1,313 Million	1,203 Million	109 Million
Scenario D: Fragmented World	696 Million	1,010 Million	990 Million	20 Million

