



Assessing Economic Impact - Air Transport

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www.iata.org/economics

To represent, lead and serve the airline industry



Key points

- Extensive work undertaken to date
 - Approach
- Components of assessing economic impact
 - Economic footprint (GDP, jobs, tax contribution)
 - Consumer benefits
 - Wider economic benefits (productivity)
- Complementary approach – Cost benefit analysis

Benefits of Aviation Studies

- Extensive work on benefits of the aviation
- Economic benefits of air transport in Europe assessed by Oxford Economics
- Solid foundation for input to Task Force
<http://www.iata.org/policy/Pages/benefits-country-reports.aspx>

Oxford Economics Approach

- Survey based approach covering operations, revenues, employment, and tax contribution:
 - Airlines
 - Airports
 - ANSPs
 - Other key stakeholders as appropriate
- External sources
 - Euro Stat
 - National statistical agencies etc.

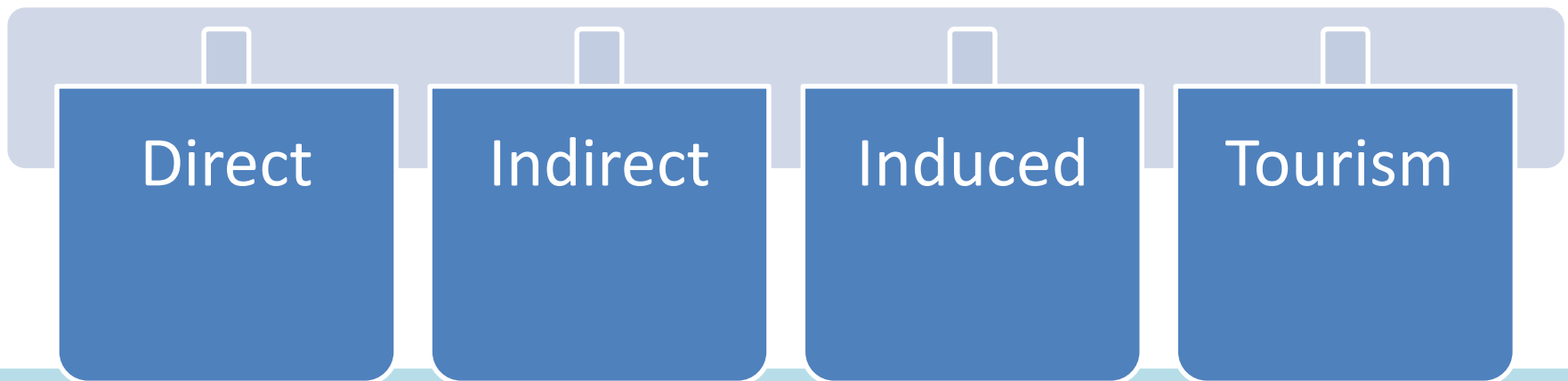
Benefits of Air Transport

- Economic footprint – GDP, jobs, tax revenue and tourism spending
- Consumer benefits
- Wider economic benefits (productivity)



Economic footprint

- GDP – Gross value added (wages + operating profit)
- Jobs – Employment
- Contribution to public finances (tax)
- Tourism spending



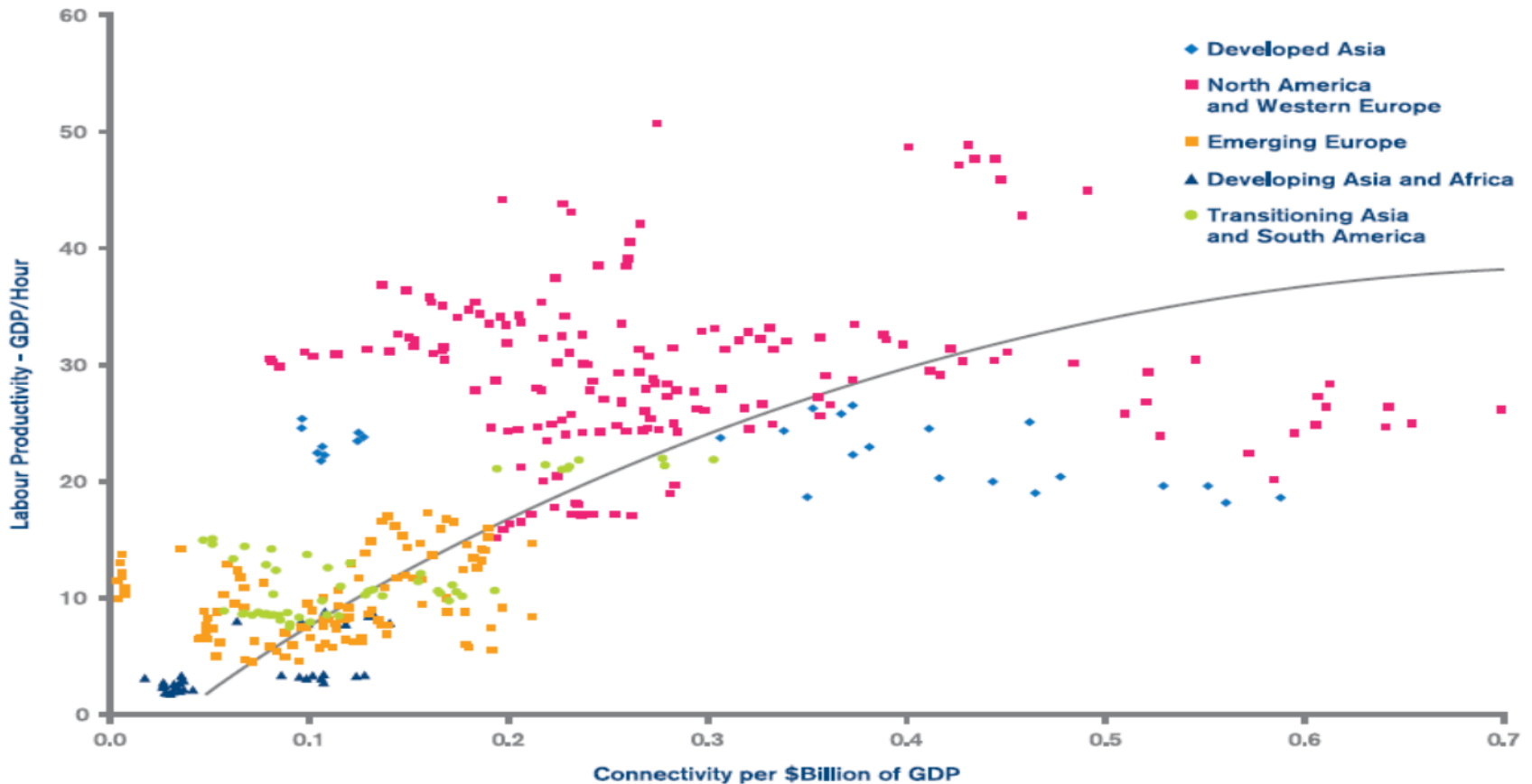
Consumer benefits



Wider Economic Benefits

- Facilitates FDI
- Supports economy wide productivity
- Agglomeration benefits (creates highly productive areas) around airports

Labor productivity and connectivity/GDP



Actions for task force

TOR:

- Building the knowledge basis
- Assess impact of unaccommodated demand

Approach:

- Forecast can be a useful reference point...

How accurate are forecasts?



Complementary approach: CBA

- Cost benefit analysis
 - Evaluate costs vs. benefits of project/program
 - Identify sound project
 - Compare across options
 - Societal CBA analysis + financial business case
 - Evaluate direct and indirect economic impacts
 - If positive, financial business case analysis.
 - If gap, identify how to fill (EU state aid guidelines)

SWOT of CBA

Strengths

- Combines different components
- Evaluate benefits vs. cost

Weakness

- Input dependent
- Complex and circumstance specific

Cost Benefit Analysis

Opportunities

- Flexible
- Identifies sound project & compares

Threats

- Subject to manipulation
- Boundaries/scope drive outcomes