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ASSEMBLY — 40TH SESSION

ECONOMIC COMMISSION

Agenda Item 35: Economic Development of Air Transport

ROLE OF AIR TRAVEL AND GROWTH IN INDONESIA

(Presented by Indonesia)

EXECUTIVE SUMMARY

This paper outlines the critical role of Aviation in Indonesia and the projected traffic growth rate by the year 2030.

The Assembly is invited to note that Indonesia is the largest country in Southeast Asia, and the critical role of Aviation within Indonesia, as well as the envisaged Travel Market in Indonesia by 2030.

<i>Strategic Objectives:</i>	This information paper relates to Strategic Objective – <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	This information paper has no financial implications.
<i>References:</i>	

1. INTRODUCTION

1.1 Republic of Indonesia is the world's largest island country, with more than seventeen thousand islands, and at 1,904,569 square kilometres (735,358 square miles), the 14th largest by land area and the 7th largest in combined sea and land area. With over 261 million people, it is the world's 4th most populous country as well as the most populous Muslim-majority country.

1.2 The Indonesian archipelago represents one of the most unusual areas in the world: it encompasses a major juncture of Earth's tectonic plates, spans two faunal realms, and has for millennia served as a nexus of the peoples and cultures of Oceania and mainland Asia. These factors have created a highly diverse environment and society that sometimes seem united only by susceptibility to seismic and volcanic activity, close proximity to the sea, and a moist, tropical climate.

2. DISCUSSION

2.1 Aviation in Indonesia serves as a critical means of connecting the thousands of islands throughout the archipelago. Indonesia is the largest archipelagic country in the world, extending 5,120 kilometres (3,181 miles) from east to west and 1,760 kilometres (1,094 miles) from north to south comprising 17,000 islands. The distance between Aceh in the West and Papua in the East is more than 4,000km (2500 miles), comparable to the distance between New York City and San Francisco.

2.2 According to an IATA press release (October 2018), Indonesia is one of the fastest-growing air travel markets, ranking in the top five for the projected increase in yearly passengers by 2030. Some 355 million passengers are expected to travel that year, almost three times the 120 million carried in 2016. That figure would make Indonesia the fourth-largest air travel market in the world. Indonesia expects a traffic growth of 29.3% in 2019.

2.3 Indonesia has 674 registered airports with 3,649 movements recorded by Jakarta/Ujung Pandang FIRs daily as reported by ICAO in August 2018 and its economy is ranked 10th in the world by the World Bank in 2018. Two hundred (200) domestic and sixty-one (61) Commercial Airlines operate to/from these airports daily utilizing 524 aircrafts. Indonesia is the biggest aviation market in the ASEAN group of nations and is considering opening 5 new international airports at Jakarta, Medan, Bali, Surabaya and Makassar.

2.4 The country is ranked by Global Business as having the second-fastest growing aviation industry in the world only after China in terms of aircraft order and business value in 2019. With regard to growth, various Indonesian airline fleets have soared dramatically in numbers by more than ten-fold from 102 aeroplanes in 1990 to 1,030 during the 2017 reporting period. To keep pace with the growth, AirNav Indonesia and Ministry of Transport (MOT) have implemented the Indonesian Modernisation of Air Navigation Services (IMANS) programme to improve air traffic and navigational services to be on par with international requirements.

2.5 Tourism contributes around US\$28.2 billion to GDP in 2017. In the same year, Indonesia received 14.04 million visitors, a growth of 21.8% in one year,(Indonesia has 8 UNESCO World Heritage Sites). A 29% increase or 140 million passengers for domestic passengers is predicted for 2018/19.

2.6 Indonesia has long recognized the importance of areas only accessibly by sea plane operations to improve safety and encourage a strong civil aviation sector that can promote and sustain social and economic progress through, for example, responsible tourism, which is one of the major

economic drivers. The identified demand requires appropriate sea plane and airport regulations which is under development.

3. **CONCLUSION**

3.1 Indonesia is the largest country in Southeast Asia, composed of some 17,500 islands, a member of the G-20, the world's fourth most populous nation and 10th largest economy in terms of purchasing power parity as per the World Bank.

3.2 Indonesia, the largest economy in Southeast Asia, expects a traffic growth of 29.3% in 2019 and is forecasted by IATA to be the fourth-largest air travel market in the world by 2030 with 355 million passengers.

3.3 Indonesia requested ICAO to consider the development of global standards on water aerodrome operations.

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