60th CONFERENCE OF DIRECTORS GENERAL OF CIVIL AVIATION ASIA AND PACIFIC REGIONS

Sendai, Japan
28 July - 1 August 2025

AGENDA ITEM 6: ECONOMIC DEVELOPMENT OF AIR TRANSPORT

UNLOCKING PROSPERITY: THE ROLE OF AIR TRANSPORT IN THAI ECONOMY

(Presented by Thailand)

INFORMATION PAPER

SUMMARY

Understanding the economic value of the aviation sector allows for a more accurate assessment of its role and significance within the broader economy. This understanding forms the foundation for developing effective tools, policies, and support mechanisms that enhance sector performance and promote sustainable growth.

UNLOCKING PROSPERITY: THE ROLE OF AIR TRANSPORT IN THAI ECONOMY

1. INTRODUCTION

1.1 The global economy is becoming increasingly interconnected, driven by complex value chains, international trade, and the fast movement of goods, people, and information. In this context, the aviation industry plays a crucial role as both an enabler and accelerator of economic activity around the world. It supports global commerce, tourism, and labor mobility, making significant contributions to national and international productivity**.**

1.2 The aviation industry serves as a critical mechanism for economic development, acting as a stimulus for growth across multiple sectors. It contributes substantially to the Gross Domestic Product (GDP) through core aviation-related activities, including airline operations, airport services, and aircraft maintenance. Moreover, it supports various ancillary industries, including tourism, logistics, and international trade.

1.3 In addition to its direct financial impact, the aviation sector facilitates labor mobility, strengthens business connectivity, and promotes global commerce. These functions collectively enhance national productivity and competitiveness worldwide.

1.4 To measure the direct economic impact of the civil aviation industry on national economies, the International Civil Aviation Organization (ICAO) has developed the Aviation Satellite Account (ASA). The ASA is based on the System of National Accounts (SNA) principles, the globally recognized standard for compiling economic activities. It reflects the structure of production and the interconnections between various production sectors through the circulation of intermediate goods and fundamental production factors.

2. DISCUSSION

2.1 Over the past decade (2015–2024), Thailand's aviation industry has experienced steady growth, with an average annual passenger growth rate of 1.15%. During the pre-COVID-19 period (2015–2019), the industry recorded an average annual passenger growth rate of 6.82%. In the post-COVID-19 recovery phase, growth trends have resumed at a more moderate pace. According to the International Air Transport Association (IATA), the Thai aviation industry directly employs approximately 133,500 people and generates over USD 3.5 billion in economic value, equivalent to 0.7% of the country's Gross Domestic Product (GDP).

2.2 Due to the growth of the aviation industry from the past to the present, CAAT acknowledges the importance of developing a comprehensive database for the ASA consistent with the ICAO framework. This initiative aims to enable a more accurate measurement of the economic impact of civil aviation down to its sub-sectoral components.

2.3 Additionally, the ASA serves as a strategic tool for analysis and planning tool, particularly in response to changes in the broader economy or within the aviation industry itself. By adopting the ASA Methodological Framework developed by ICAO, the initiative also facilitates international data comparability and integration among countries adopting the same methodology. Considering this, CAAT has been developing the Thailand ASA since 2021.

2.4 Thailand ASA and aviation input-output table (I-O table) highlight the significant interconnection between the aviation industry and other sectors of the national economy. The aviation industry has a total gross output value of 614 billion THB, which accounts for approximately 1.51% of the country's overall gross output. The analysis indicates that the aviation sector has a strong backward linkage with upstream industries, possessing a multiplier effect of 2.37. At the same time, the sector exhibits a forward linkage of 1.23. (based on the 2019 base year)

2.5 Thailand has recognized the strong linkage between the aviation industry and economic growth. It has, therefore, seized the opportunity to promote economic expansion by establishing a solid foundation by developing airport infrastructure nationwide. This initiative has facilitated population mobility, supported the decentralization of economic prosperity to various regions, and stimulated regional economic circulation. Moreover, it has generated local employment

opportunities and fostered the growth of related and supporting industries. Currently, Thailand has 39 airports distributed across its six geographical regions. As illustrated in the following table.

Region	Airports
Bangkok	2
Central	3
Northern	8
Northeastern	9
Eastern	2
Western	3
Southern	13
Total	39

Investment in infrastructure, particularly in airport development, is crucial for disseminating economic success across various locations. The correlation is apparent in two primary metrics: the employment rate and Gross Provincial Product (GPP). These measures underscore the crucial function of airports in fostering sustainable local economic growth and facilitating regional development.

Province	GPP (CVM)	Unemployment rate (%)
Airport-served areas		
Phuket	132,950.52	0.88
Chiang Mai	154,899.2	0.39
Khon Kaen	132.429.8	0.05
Rayong	495,285.47	0.17
Non-airport-served areas		
Kamphaeng Phet	63,230.33	3.79
Phang nga	29,446.95	2.45

*Note: Figures are based on data from 2023 (B.E. 2566), as the official GPP by province is typically published approximately one year after the reference year. *

2.6 According to the table, Phuket, which benefits from a major international airport, recorded a Gross Provincial Product (GPP) of 132,950.52 million THB in 2023 and an unemployment rate of 0.88%. In the northern region, Chiang Mai reported a GPP of 154,899.2 million THB with a relatively low unemployment rate of 0.39%. Khon Kaen showed a GPP (at constant market prices) of 132,429.8 million THB and an unemployment rate of 0.05%. Similarly, Rayong, a key area within the Eastern Economic Corridor (EEC) that promotes economic and industrial development, recorded a notably high GPP (CVM) of 495,285.47 million THB with an unemployment rate of 0.17%. These figures reflect the broader well-being of the population in each province, can be linked to higher economic performance and improved quality of life. In contrast, two provinces from non-airport-served areas tend to show lower GPP, higher unemployment rates, and limited access to public goods and services. This highlights the essential role of aviation infrastructure in supporting regional economic development.

2.7 Consequently, Investment in infrastructure, such as the development and expansion of airports, typically exhibits higher income levels and greater employment opportunities. This advancement contributes to wealth redistribution and promotes economic prosperity within these regions. Furthermore, it facilitates the decentralization of development from urban to rural areas, helping to reduce disparities in access to public goods and alleviate regional inequalities. Enhanced connectivity and infrastructure also drive the growth of related and supporting industries, thereby further stimulating economic activity. These positive impacts often extend beyond provincial borders, benefiting neighboring areas and supporting sustained regional development.

3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to note the information contained in this Paper.

— END —