



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks

3.2: Enhancing air connectivity through progressive economic and regulatory aviation frameworks for international air transport

**ADVANCING A COMMON CLASSIFICATION FRAMEWORK FOR
MEASURING THE ECONOMIC IMPACT OF THE CIVIL AVIATION
INDUSTRY**

(Presented by the Republic of Korea)

EXECUTIVE SUMMARY

Assembly Resolution A42-26 requests the Council to develop methodologies and procedures for measuring the direct, indirect and induced impacts of aviation activity on the national economy, in line with internationally accepted standards. For such impacts to be measured in a consistent and internationally comparable manner, a common basis for the definition and scope of the civil aviation industry is also needed. In A42-WP/140, the Republic of Korea proposed the development of a harmonized definition and classification framework for the civil aviation industry. The Economic Commission of the 42nd Session of the Assembly emphasized the importance of establishing a harmonized definition and scope, while the need to retain flexibility to reflect national circumstances and priorities was also raised. Accordingly, this paper proposes that International Civil Aviation Organization (ICAO) build on the discussions initiated in A42-WP/140 and link them with the work undertaken pursuant to A42-26, with a view to advancing the development of an extended definition and a common classification framework for the civil aviation industry that can accommodate evolving economic activities while allowing flexibility in national application.

Action: The Conference is invited to:

- a) recognize the importance of establishing a common definition and scope of the civil aviation industry for measuring the economic impacts of aviation in an internationally comparable manner;
- b) recommend that ICAO, in cooperation with Member States and relevant international organizations, build on ongoing work and consider advancing the development of an extended definition and a common classification framework for the civil aviation industry that can accommodate evolving aviation activities while allowing flexibility in national application; and
- c) recommend that, in considering the development of such a framework, ICAO also consider its linkages with relevant international statistical classifications and standards, as well as with the methodologies and procedures for economic impact measurement requested under A42-26, the Aviation Satellite Account (ASA) methodological framework, and other relevant ICAO statistical and economic analysis work.

<i>Strategic Goal:</i>	This working paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.</i>
<i>Financial implications:</i>	The activities referred to in this paper are expected to be undertaken within the resources available under ICAO's existing statistical and economic analysis work programme.
<i>References:</i>	ICAO Assembly Resolution A42-26, Appendix E, Section II – Economic Analysis Doc 10221 - <i>Assembly 42nd Session – Economic Commission Report</i> A42-WP/140 , <i>Towards a Standard Definition and Scope of the Civil Aviation Industry</i> A42-WP/572, <i>Impact of Civil Aviation Industry on China's National Economy</i> <i>Aviation: Benefits Beyond Borders 2024</i> A41-WP/16 EC/6, <i>Aviation Satellite Account</i>

1. INTRODUCTION

1.1 The civil aviation industry forms a broad ecosystem of economic activities centred on air transport and linked with airport and air navigation services, aircraft manufacturing and maintenance, logistics, construction, information and communication technologies, and professional services. The scope of aviation-related economic activities continues to evolve with the emergence of new technologies and business models, including artificial intelligence (AI), unmanned aircraft systems (UAS), Advanced Air Mobility (AAM), and digital services.

1.2 Against this evolving landscape, a clear definition and scope of the civil aviation industry are needed to consistently assess its size and contribution to national economies. In A42-WP/140, the Republic of Korea noted that the absence of such a common basis could constrain statistical reporting, economic impact measurement and international comparability, and proposed the establishment of core and extended definitions and the development of a related classification framework.

1.3 The Economic Commission of the 42nd Session of the Assembly welcomed the initiatives outlined in A42-WP/140 and emphasized the importance of establishing a harmonized definition and scope of the civil aviation industry. Support was expressed for developing a standardized global definition, while the need to retain sufficient flexibility to reflect national priorities was also raised. The Secretariat informed the Commission that related work was already underway through the Statistics Division and was designed to incorporate such flexibility.

1.4 Separately, Assembly Resolution A42-26 requests the Council to develop methodologies and procedures for measuring the direct, indirect and induced impacts of aviation activity on the national economy, in line with internationally accepted standards. Since economic impact measurement presupposes a defined industry boundary, the consistent and internationally comparable application of such methodologies also requires a common basis for the definition and scope of the civil aviation industry.

2. DISCUSSION

2.1 Scope of the civil aviation industry and economic impact measurement

- a. Measurement of direct, indirect and induced impacts presupposes a defined scope of the industry concerned. Production, employment and value added generated by activities falling within the defined boundary of the civil aviation industry constitute the starting point for measuring direct impacts, from which subsequent supply-chain and household-spending effects are estimated.
- b. However, the treatment of activities linked to the aviation value chain may vary across analytical frameworks. For example, aircraft manufacturing and maintenance, aviation-related construction, information technology and professional services may be treated either as activities forming part of the civil aviation industry itself or as supplying industries outside the industry boundary.
- c. Where industry boundaries differ, the application of the same economic impact measurement methodology may result in direct impact estimates with different coverage and, consequently, differences in the scope of indirect and induced impacts. Accordingly, the development of methodologies for measuring direct, indirect and induced impacts under A42-26 should also consider a common basis for the definition and classification of the civil aviation industry as the starting point for such measurement.

2.2 Existing approaches to aviation industry classification and economic impact analysis

- a. Some Member States have developed separate statistical and classification frameworks that cover the broader aviation value chain, reflecting their national industrial structures and policy objectives.
- b. The Republic of Korea has conducted the Aviation Industry Survey since 2019. The survey collects data on establishments, finances and employment in the aviation and aviation-related industries, using a classification comprising 4 major categories, 14 intermediate categories, 30 minor categories and 66 detailed categories.
- c. China, in A42-WP/572, presented a civil aviation industry classification developed from a holistic industry chain perspective, comprising 8 major categories, 27 intermediate categories and 88 sub-categories, and described its use in developing an industry database and conducting input-output analysis.
- d. Industry-level economic impact studies also define the industry boundary according to their analytical purposes. For example, Air Transport Action Groups (ATAGs) Aviation: Benefits Beyond Borders 2024 includes airlines, airport operators and providers of goods and services on-site at airports, civil aircraft manufacturers, and air navigation service providers in the direct channel. It distinguishes the indirect channel, arising from the aviation sector's procurement of goods and services through its supply chain, from the induced channel, arising from the spending of wages earned by employees in the aviation sector and its supply chain.
- e. While these approaches share the objective of capturing the aviation value chain and its economic effects more comprehensively, they differ in the activities included, the industry boundaries applied and the classification structures used. Such differences reflect national

industrial structures and analytical objectives while also highlighting the need for a common classification framework under ICAO that Member States can use as a reference to improve international comparability.

2.3 A common classification framework for an evolving aviation industry

- a. Existing industrial classifications remain useful for identifying many aviation-related activities. However, the emergence of new activities in areas such as AI-enabled aviation services, aviation data and digital services, UAS and AAM may make it increasingly difficult to distinguish consistently between the civil aviation industry and related industries. Common principles are therefore needed to determine which activities should be included and how far the industry boundary should extend.
- b. ICAO should therefore advance the development of an extended definition capable of accommodating not only traditional air transport activities but also relevant aviation value-chain activities and emerging economic activities. This definition should then be translated into a common classification framework that can be applied to statistical compilation and economic impact analysis.
- c. The purpose of such a framework should not be to require all Member States to adopt identical industry codes or national industrial classifications. Rather, it should establish common classification principles and a common industry boundary against which Member States can map their existing classifications and statistical data. This approach would recognize differences in national industrial structures and statistical systems while enabling Member States to identify civil aviation activities on a common conceptual basis and improve the comparability of aviation statistics and economic impact analyses.
- d. In developing the framework, ICAO could draw on Member States' existing classification systems and experience, together with internationally used statistical classifications and standards. A42-WP/140 identified possible linkages with the International Standard Industrial Classification of all Economic Activities (ISIC), the Central Product Classification (CPC) and the System of National Accounts (SNA). Such linkages could enhance consistency with national statistical systems and international comparability, while the framework could also provide a common basis for the economic impact measurement work under Resolution A42-26 and for related ICAO statistical and economic analysis work, including the Aviation Satellite Account (ASA) methodological framework.

3. CONCLUSION

3.1 The consistent international application of methodologies for measuring direct, indirect and induced impacts, as requested under Resolution A42-26, requires a common basis for the definition and scope of the civil aviation industry.

3.2 ICAO should therefore build on the discussions initiated in A42-WP/140 and link them with the economic impact measurement work undertaken pursuant to Resolution A42-26, with a view to advancing the development of an extended definition and a common classification framework for the civil aviation industry that can accommodate evolving economic activities while allowing Member States to have flexibility in applying the framework within their existing national classification and statistical systems. Rather than requiring Member States to adopt identical industry codes, the framework should establish common classification principles and an industry boundary against which existing national

classifications and statistics can be mapped. In developing the framework, linkages with existing international statistical classifications and standards, including ISIC, CPC and SNA, could also be considered.

3.3 The Republic of Korea stands ready to share its experience in developing and operating statistical and classification systems for the aviation industry and to contribute to further discussions with ICAO and Member States.

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