International Civil Aviation Organization

WORKING PAPER

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SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

Montréal, HQ, 16 to 20 November 2026

Agenda Item 2: Fostering aviation growth and air connectivity through investments in infrastructure, human capital and partnerships
2.1: Integrating civil aviation into national development and investment plans

INTEGRATING AVIATION AS AN ECONOMIC DRIVER AND CATALYST FOR DIVERSIFICATION: THE CASE OF OMAN VISION 2040

(Presented by Oman)

EXECUTIVE SUMMARY

This working paper examines the transformative role of aviation as an enabler and an economic driver supporting diversification and sustainable growth. Drawing on the experience of Oman, the paper showcases how integrating aviation into national planning and investment frameworks helps maximize economic returns by supporting tourism and logistics and stimulating private investment.

The paper proposes an analytical framework highlighting the relationship between air connectivity and economic growth, and provides Member States with feasible lessons.

Action: The conference is invited to consider the recommendations in section 6.

Strategic Goal:	This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All*.
Financial implications:	Implementing the approaches set out in this paper may require additional investment in airport infrastructure and air navigation systems to meet the expected growth in air transport demand. The paper also advocates for innovative financing models, including public-private partnerships, to improve spending efficiency and stimulate investment in projects with high economic returns, particularly in airport cities and logistics zones.
References:	*Oman Vision 2040 – National Vision*, Sultanate of Oman; *National Aviation Strategy 2040*, Sultanate of Oman; *National Tourism Strategy 2040*, Sultanate of Oman. Sultanate of Oman Logistics Strategy 2040; *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587)*;* and economic development programmes; International Civil Aviation Organization (ICAO) Air Transport Policy Frameworks; Air Transport Action Group (ATAG) – *Aviation: Benefits Beyond Borders;* International Air Transport Association (IATA) – *Economic and Air Connectivity*

[1] Arabic version provided by Oman

	Studies. World Bank – *Air Transport Development Reports;* Organisation for Economic Co-operation and Development (OECD) – *Transport and Infrastructure Studies*; Airports Council International (ACI World) – *Airport Economics Reports*; Oxford Economics – *Aviation Economic Impact Models*.

1. INTRODUCTION

1.1 The importance of integrating aviation into national development plans has become increasingly evident, as it is regarded as a driver of economic development rather than merely a service industry. In this context, Oman has adopted an approach under *Oman Vision 2040* that links aviation development to economic diversification and sustainability goals.

2. THE OMANI MODEL: FROM A SERVICE INDUSTRY TO AN ECONOMIC DRIVER

2.1 Oman's model for aviation development redefines the sector's economic role, shifting it from a traditional service industry to an integrated economic system that generates added value through its close ties to other sectors. This transformation is envisioned under *Oman Vision 2040* and through the National Aviation Strategy (NAS 2040), which aims to raise the contribution of aviation in the Gross Domestic Product (GDP) to more than 3.5 per cent by 2040, compared with 1.8 per cent in 2023. This reflects a structural change in the sector's role in the national economy. Goals also include achieving 5 per cent growth in Real GDP, increasing non-oil economy's share to 90 per cent, attracting foreign direct investment flows equivalent to 10 per cent of GDP, and raising the Omanization rate across the private sector to 40 per cent.

2.2 The aviation sector in Oman is also expected to integrate directly with several key national strategies aimed at diversifying the economy and enhancing sustainability. These include the National Tourism Strategy, which seeks to attract more than 11 million tourists annually; the Logistics Strategy, which aims to place Oman among the world's top ten countries on the Logistics Performance Index (LPI); and the Environment Strategy, which endeavours to achieve net-zero emissions by 2050.

3. DISCUSSION AND ANALYSIS: AVIATION ECONOMIC IMPACT MODEL

3.1 Air Connectivity Index is a key determinant of a country's ability to integrate into the global economy. International estimates (drawn from specialized studies) indicate that a 10 per cent improvement in the Index can lead to an increase of 1 to 2 per cent in international tourism influx. Additionally, every increase of one million air passengers can help generate 10,000 to 15,000 direct and indirect jobs in the aviation-related economy (International Air Transport Association (IATA), Economic and Connectivity Studies; World Bank, Air Transport Development Reports, and Organisation for Economic Co-operation and Development (OECD), Transport and Infrastructure Studies). Higher tourism spending, increased demand for related services and boosting investment in hospitality and logistics industries also have an indirect impact on non-oil GDP growth. Accordingly, investment in expanding

airline networks and increasing flight frequencies is not merely an operational decision, but also a direct economic tool for stimulating growth.

3.2 The economic impact of air connectivity extends to Foreign Direct Investment (FDI). International experience indicates that better air access to global markets reduces transaction costs and makes an investment environment more attractive. In this context, improving competitiveness of airports as regional and international hubs enhances investment flows into aviation-related sectors such as free zones, logistics and airport economic cities (aerotropolis). This creates a value chain that extends beyond orthodox air transport sectors (World Bank, Air Transport Development Reports; OECD, Transport and Infrastructure Studies).

3.3 Tourism is one of the most prominent channels through which aviation generates economic benefits. Greater air connectivity increases the number of international visitors, the average length of stay and the size of tourism spending. Estimates indicate that each increase of one million passengers generates 10,000 to 15,000 jobs in tourism, transport and related service sectors (IATA, Economic and Connectivity Studies; Airports Council International (ACI World), Airport Economics Reports).

3.4 Analysis shows that the relationship between aviation and economic growth is multidimensional rather than simply linear. It involves a multiplier effect, yielding an aggregate economic impact far greater than the direct effect of spending within the aviation sector itself. International estimates indicate that each unit invested in aviation can generate between 2.5 and 3.5 units of macro-economic output across the large-scale economy (Air Transport Action Group (ATAG), Aviation: Benefits Beyond Borders, Oxford Economics, Aviation Impact Modelling).

4. INTERNATIONAL COMPARISONS

4.1 The economic impact of aviation varies according to the level of air connectivity available and the model of integration adopted. In advanced economies, aviation is managed as an integrated economic platform rather than merely a transport sector, with its contribution amounting to 8 to 12 per cent of GDP, taking into account both direct and indirect impacts (ATAG, Aviation: Benefits Beyond Borders; *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587)). In Gulf Cooperation Council (GCC) States, some airports have evolved into global hubs, supporting growth in tourism and investment. By comparison, Oman has adopted an approach aimed at enhancing airports as enablers of economic activity and regional connectivity, focusing on air connectivity quality and economic efficiency, as well as linking it to value-added economic sectors, rather than focusing solely on traffic volume.

5. CONCLUSION

5.1 This paper highlights aviation as a strategic economic pillar within modern development systems. Its role extends beyond the traditional function of transport as it is repositioned as a component of economic infrastructure that supports growth and integration among sectors. This transformation reflects the sector’s central role in strengthening economic interdependence, enabling sustainable development, improving the efficiency of national investments and supporting long-term economic diversification goals.

6. ACTION REQUIRED

6.1 The Conference is invited to consider the following recommendations:

a) urging Member States to integrate aviation into national development and investment plans, as a driver of economic growth and a means of supporting diversification;

b) invite ICAO to develop guidance material, technical assistance tools and capacity-building to help States align their aviation policies with national economic priorities and long-term development plans;

c) promote the use of economic data and statistics and Air Connectivity Indices to support planning, decision-making and the setting of aviation investment priorities;

d) support the adoption of sustainable and flexible financing models, including public-private partnerships, to develop aviation infrastructure and maximize the efficiency of investment in airports and related services; and

e) promote the sharing of experience concerning the role of aviation in supporting economic development.

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