



**WORKING PAPER**

**ASSEMBLY — 40 TH SESSION**

**ECONOMIC COMMISSION**

**Agenda Item 36: Other issues to be considered by the Economic Commission**

**INTRODUCTION OF A GLOBAL AVIATION COMPETITIVENESS INDEX**

*(Presented by the United Arab Emirates)*

**EXECUTIVE SUMMARY**

The ability to collect and analyse data effectively is increasingly important to compare and improve. The global economic impact of aviation industry cannot be ignored and therefore, every Member State should have an opportunity to learn from the successful States so that they could improve their standards and get on to the right path to enjoy the socio economic benefits that this industry brings. This is, however, possible only if the factors of competitiveness and productivity are clearly identified and data is collected across all of the Member States. This working paper proposes the establishment of a Global Aviation Competitiveness Index that determines the ability of a State to create and maintain value through its aviation sector which in turn leads to prosperity for its people.

**Action:** The Assembly is invited to consider the establishment of a Global Aviation Competitive Index and request the Council to evaluate the Index Methodology presented by the United Arab Emirates (UAE).

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective – <i>Economic Development of Air Transport</i> .
------------------------------	--

<i>Financial implications:</i>	Any activities relating to this working paper may be made subject to the availability of budgetary resources of the ICAO Regular Program budget for the period 2020-2022.
--------------------------------	---

<i>References:</i>	None.
--------------------	-------

**1. INTRODUCTION**

1.1 The ICAO has undertaken various initiatives to promote orderly growth of the civil aviation by supporting Member States and the aviation community, facilitating communications within Member States, improving their working methods, policies and procedures.

1.2 In order to ensure effective and result-oriented deployment of scarce resources, it is important that aviation policymakers have a comprehensive understanding of the state of competitiveness of their national aviation sector. Competitiveness is closely linked with productivity, which is the main factor driving growth and prosperity.

1.3 Industry specific Competitiveness Indicators are recognized for their usefulness for high-level long-term policymakers and have much to offer to the decision makers at the enterprise level. Therefore, we recognize the need to provide an independent and detailed measure of aviation sector performance by country which will assist policy makers in identifying areas for improvement or prioritization.

1.4 This working paper recognizes the presence of a number of State level competitiveness indices, some of which include Transportation among the measuring criteria. However, in their current form and shape, none of these offer the level of granularity to aviation sector decision makers that would allow targeted changes or improvement initiatives.

## 2. FUNDAMENTAL FACTORS OF PRODUCTIVITY IN AVIATION

2.1 This working paper proposes six fundamental factors of productivity (Pillars) that structurally drive outcomes and are core levers for policy interventions. Each factor has been further broken down in Indicators. The proposed data source for each of the Indicator is presented in the Appendix of this paper.

- a) **Sector Maturity** – A mature industry is an industry that has gone through the emerging and growth phases of development. In the context of aviation sector, it refers to the international and domestic connectivity, size of national fleet, aerospace manufacturing, MRO, ANSP and Training activity, ratification of international Treaties pertaining to the aviation and ICAO USOAP and USAP rankings of the Member State;
- b) **Economic Impact** – This refer to the total cumulative changes in employment, earnings and output brought on by the aviation sector in a given economy. This factor may include, \$ ratio contribution of Aviation in GDP, direct employment, indirect employment, number of inbound and outbound passengers etc.;
- c) **Market Access** – Market access refers to the ability of a Member State to facilitate the movement of passengers and goods across borders through its airports. It is proposed to consider Accessibility to the airports (multimode connectivity), number of fully liberalized agreements and the number of Visa on arrival countries to be included as its factors;
- d) **Consumer Experience** – Business organizations or States are recognizing the importance of delivering an experience that makes them stand out from their competition. In the context of this factor, it is proposed to include, national airline service quality index, national airports service quality index, pricing and airport taxes;
- e) **Infrastructure** – The infrastructure is critical to support growth and alleviation of any industry in the country. We propose to include number of international airports per capita, Number of domestic airports per capita, air traffic management facilities, aerodrome development and meteorological facilities under this pillar; and

- f) **Sustainability** – This pillar relates to the ability of a State to avoid the depletion of natural resources in order to maintain an ecological balance, the need to support the United Nations Sustainable Development Goals and the move to a zero carbon economy. The following factors could be considered i.e. distribution of aircraft in the in-service of national fleet by NO<sub>x</sub> characteristics, waste management KPIs, CO<sub>2</sub> omission KPIs and percentage of revenue allocated to CSR activities.

-----



**APPENDIX**

<b>Pillar</b>	<b>Indicator</b>	<b>Data Source</b>
<b>Sector Maturity</b>	Connectivity	
	Size of national fleet per capita	
	Aerospace manufacturing activity	
	MRO activity	
	Training activity	
	ANSP activity	
	ICAO USOAP rankings	
	ICAO USAP ranking	
	Ratification international Treaties	
<b>Economic Impact</b>	Aviation ratio in GDP	
	Direct employment	
	Indirect employment	
	Number of inbound passengers	
	Number of outbound passengers	
<b>Market Access</b>	Accessibility (Multi-modal connectivity)	
	Number of fully liberalized agreements	
	Number of Visa on arrival countries	
<b>Consumer Experience</b>	National Airline service quality index	
	National Airport service quality index	
	Airport taxes	
<b>Infrastructure</b>	Number of international airports per capita	
	Number of domestic airports per capita	
	Air Traffic management facilities	
	Aerodrome development	
	Meteorological facilities	
<b>Sustainability</b>	Sustainability policies of national Government and Transport regulators by country including support for UNCCC Objectives.	
	Sustainability policies of airline operators including support for UNCCC Objectives.	
	Sustainability policies of major airports including support for UNCCC Objectives.	
	Availability of biofuels	