



International Civil Aviation Organization

**WORKING PAPER**

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## ASSEMBLY — 41ST SESSION

### ECONOMIC COMMISSION

#### Agenda Item 35: Economic Regulation of International Air Transport — Policy

#### TOURISM RECOVERS AVIATION SECTOR IN INDONESIA

(Presented by Indonesia)

#### EXECUTIVE SUMMARY

This paper outlines the important role of Tourism in the recovery of the Aviation-related infrastructure in Indonesia.

**Action:** The Assembly is invited to note:

- a) the recovery of the aviation-related infrastructure in Indonesia through tourism ;
- b) the locally developed Creative Tourism Model in Indonesia; and
- c) the increased seaplane operations to improve safety, support a strong aviation sector and promoting economic progress.

<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>	<i>UN Sustainable Development Goals</i> <i>ICAO No Country Left Behind (NCLB)</i>

## 1. INTRODUCTION

1.1 The Republic of Indonesia is the largest island country with numerous tourism destinations. The connectivity provided by air transport reduces inequality between islands and individuals, by providing trade links and access to goods and services for those in remote communities within Indonesia

1.2 While domestic capacity has surged in many Asia-Pacific markets since the delta variant of COVID-19 subsided, the international rebound is far slower to emerge in this region than in others around the world. Domestic markets continue to be a bright spot for those airlines that have strong home networks like Indonesia. Many airlines were badly affected by domestic lockdowns around the middle of 2021 and the third quarter, but most of these travel restrictions have now been eased in Indonesia. The domestic market should reach 100 per cent of pre-COVID levels by late 2022.

1.3 However, on the international front, some States have generally been reluctant to reopen borders then because of the pandemic. This situation has made it very difficult for airlines that rely heavily on international and connecting traffic to gain much recovery momentum.

## 2. DISCUSSION

2.1 Aviation-related infrastructure is a major part of urban and rural areas and contributes to the connectivity of populations through integrated transport links. Moreover, the aviation industry connects tourists to remote destinations that rely heavily on their healthy marine ecosystems to drive their economic growth. Seaplanes are now utilized more frequently to support the islands, particularly in the case of tourism.

2.2 The Republic of Indonesia has become the first signatory of the Framework Convention on Tourism Ethics, the landmark instrument created to ensure global tourism is fair, inclusive, more transparent, and works for everyone. It was hailed as a “big step forward” towards introducing a universal, legally binding ethical code for tourism, one of the world’s most important socio-economic sectors.

2.3 A locally developed Creative Tourism Model has shown that the pandemic created a shift in tourist’s preference from mass tourist destinations concentrated in one large area to open space and smaller tourist destinations, such as the islands. Creative tourism is considered a new generation of tourism by involving the tourists themselves, and the locals in creation with the opportunity, to connect with local people in a distinctive destination. The demand factors will make the tourist feel needed, while supply factors will provide tangible benefits. Specific tourism infrastructures with unique local offerings, arts and crafts will be established at popular destinations. With a 30 per cent increase in tourist arrivals in 2021, the new tourism phenomena was the driving force to create more opportunities and recover the number of aviation related jobs lost during the pandemic. Aviation-supported tourism plays a vital role and is worth noting that it can provide opportunities for economic activity at the local level, including high proportions of women and youth participation in remote areas.

2.4 Aviation is on the cusp of facing a third year dealing with the Coronavirus pandemic. The challenges have continued relentlessly, ranging from new variants of the virus, to shifting government policies on travel restrictions and testing. The impact on customer confidence and on airlines’ ability to plan and operate predictable schedules has hit revenues and finances severely.

2.5 The implementation of globally harmonized recommendations developed by the International Civil Aviation Organization (ICAO) Council Aviation Recovery Task Force (CART) took a

step forward through the launch of supporting initiatives for airlines and airports by the International Air Transport Association (IATA) and the Airports Council International (ACI), respectively. CART recommendations provide wide-ranging recommendations to States and industry stakeholders and are underpinning the coordinated and safe reopening of commercial air services.

2.6 Furthermore, the United Nations World Trade UNWTO and ICAO have also agreed to strengthen their partnership with the aim of supporting the safe restart of travel and tourism and accelerating the two sectors' shift towards greater resilience and sustainability. As priorities of governments are considered with respect to sustainability and innovation in aviation and tourism, the strong interdependence between these two sectors must be recognized.

2.7 United Nations World Tourism Organization (UNWTO) has confirmed tourism and air travel are essential pillars of growth and opportunity, most notably for developing countries and communities. As air travel resumes and tourism restarts, both sectors must collaborate to support the livelihoods of today, and to build a more resilient and sustainable future.

2.8 Because of its unique geography and accessibility challenges, Indonesia increased seaplane operations in improving safety and supporting a strong civil aviation sector that can promote and sustain social and economic progress through responsible tourism, which is one of the major economic drivers.

2.9 In addition to providing skilled and often high-value employment opportunities, aviation supports key areas of economic development through the connectivity it provides. It is projected that the global airline revenue for 2022 to reach \$432 billion in the baseline recovery scenario, representing 65 per cent of 2019's revenue. By the end of the year, global air travel demand could therefore, recover to 84 per cent of 2019 levels in the baseline.

### 3. CONCLUSION

3.1 Indonesia confronted its most severe challenge since the 1997 Asia financial crisis and with the right reforms, will harness the energy and talents of its young population and get the aviation moving forward again. The aviation industry and tourism will continue to make a real difference to the lives of millions of people by driving growth and job creation.

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