



ASSEMBLY — 36TH SESSION

ECONOMIC COMMISSION

Agenda Item 41: Regulation of the provision of airports and air navigation services

AVIATION GROWTH, DEVELOPMENT AND ECONOMICS

(Presented by Pakistan)

EXECUTIVE SUMMARY

Economic progress has a profound impact on Air Travel growth. This information paper briefly assesses the current regional economic boom and its impact on aviation. It then draws parallel with the economic growth achieved by Pakistan and highlights the strategy adopted by the Civil Aviation Authority to position Pakistan into a major hub for aviation in the region.

The paper identifies several areas where member states would find opportunities for cooperation and possible investment.

<i>Strategic Objectives:</i>	Not applicable
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<i>Financial implications:</i>	Not applicable
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<i>References:</i>	
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1. INTRODUCTION

1.1 It is now a universal fact that a strong correlation exists between the economy of a nation and its aviation industry. In several countries growth in air travel has been identified with its Gross Domestic Product. Spurred by the advances in technology the aviation sector is witnessing phenomenal growths world-wide.

1.2 India and China are perhaps two good examples of the axiom that air travel demand strongly correlates to the economy (GDP). These countries, now considered economic giants, are among the most sought after markets for aviation business. Analysts place India as a \$ 75 billion market for civil airliner and infrastructure development for the next 20 years whereas China is in excess of \$ 100 billion.

2. PAKISTAN

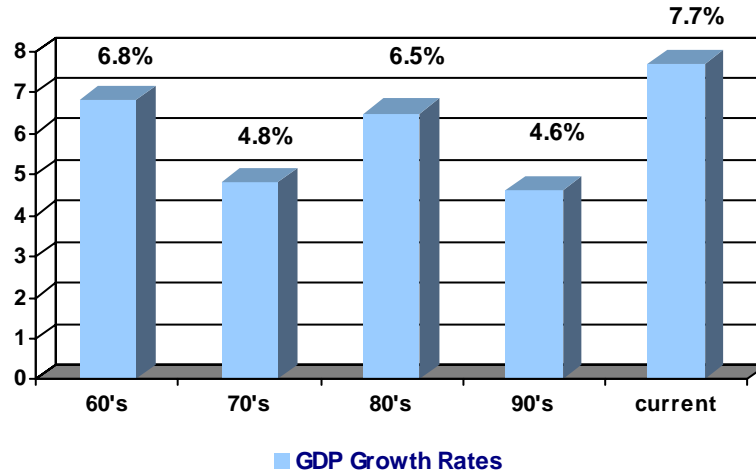
2.1 Like its neighboring countries, Pakistan is also witnessing a strong economic revival. It has achieved among the highest GDP growths in the region. A quick glance at Pakistan would provide a snapshot picture of the market.



3. PAKISTAN AT A GLANCE

Location:	Southern Asia, bordering the Arabian Sea, between India on the east and Iran and Afghanistan on the west and China in the north
Estimated Population:	165 million
Age Structure:	0-14 years: 36.9% 15-64 years: 58.8% 65 years and over: 4.3%
Capital:	Islamabad
Other Major Cities:	Karachi, Lahore
Total GDP:	\$ 124 billion
Est. GDP Growth Rate:	7.1%
Main Export Partners:	United States 21.2%, United Arab Emirates 9.1%, Afghanistan 7.7%, China 5.4% United Kingdom 5.1%

4. ECONOMIC PERFORMANCE AT A GLANCE



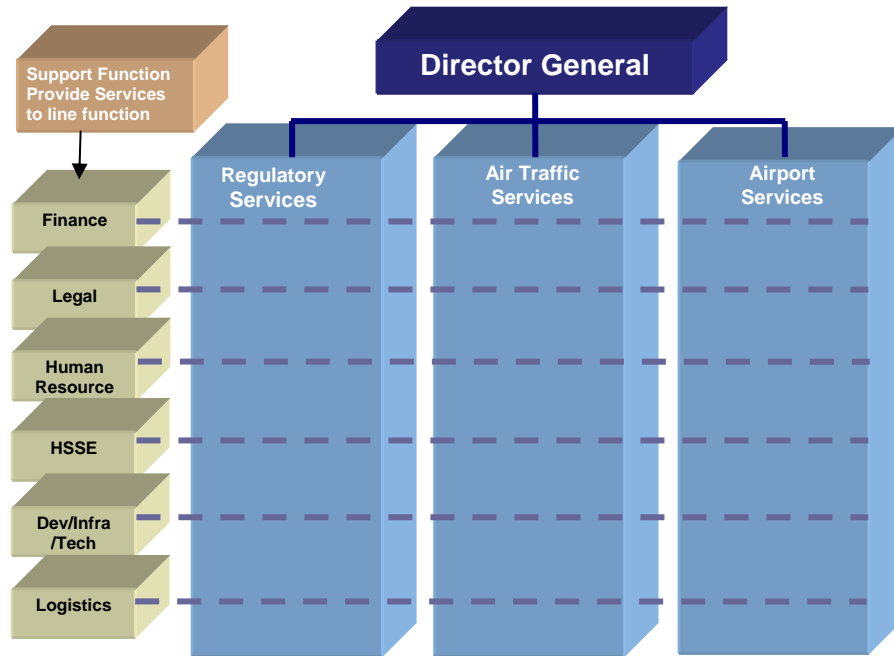
5. AVIATION GROWTH

5.1 The economic success in Pakistan has fueled growth in the Aviation sector. There are 3 full service airlines namely Pakistan International Airlines, Airblue and Shaheen Air International providing domestic and international air services.

5.2 Pakistan has a middle class of 30 million and a growing upper class with high per capita income. Last year the total number of domestic and international travelers stood at 13.5 million. Our target is to double this figure within the next five years. Please bear in mind that although 3 local carriers are serving the market Pakistan has yet to face the onslaught of Low Cost Carriers which are knocking at its door steps.

5.3 The economic boom has also put pressure on the aviation industry. To cope with the challenges the Pakistan Civil Aviation Authority has re-structured itself into three distinct entities. These are known as The Air Navigation Services, The Regulatory Services and The Airport Services.

Structure of CAA



5.4 While the Air Navigation and the Regulatory services are primarily concerned with the Safety of aircraft and passengers, the Airport Services is aimed at exploiting the commercial opportunities at the airports and provide world class service to its users. Indeed, our long term goal is to make the Airport Services a private and independent entity and float an Initial Public Offering within the next two years. We would welcome assistance from ICAO and member states who could share their experience on such journeys.

6. NEW AVIATION POLICY

6.1 Pakistan Civil Aviation Authority has also developed a new Aviation Policy aimed at fostering growth in the aviation industry and moving towards liberalization. This policy, which is presently in the final stages of approval process, will allow more access to airlines of member states thus providing the passengers choice of where they want to fly and more importantly, the flexibility on when they want to go. The new policy is geared towards serving the interest of the public and promote tourism. Pakistan has a rich heritage and culture providing great opportunities for tourism. Out of the 12 highest peaks in the world, Pakistan is home to 5 including the infamous K-2. Moenjodaro and Gandhara offer a view to one of the oldest civilizations in the world.

6.2 As you can clearly see, we are positioning ourselves to become a hub of aviation in this region. We welcome the opportunity of regional cooperation in this area.

7. DEVELOPMENT

7.1 To supplement the growth in the aviation industry, Pakistan Civil Aviation Authority is investing heavily in airport and related infrastructures. It is developing a new airport for the capital city,

Islamabad and a new airport in the South - Gwadar. With the completion of Islamabad airport Pakistan would be in a unique position to offer the world a northern hub in Islamabad and a southern hub in Karachi. While Islamabad would serve as our hub for tourism, Karachi and Lahore would act as business hubs to the airlines.

7.2 For development of hubs, Pakistan Civil Aviation Authority has taken the initiative to develop its airports into aerotropolis or airport cities. The objective being to provide complete facilities to the users of the airport under one roof or in the same vicinity. These airport cities are currently planned at all the three major airports i.e. Karachi, Lahore and Islamabad. In the first phase, Airport Cities at Karachi and Lahore are being developed. At Karachi we have over 1000 acres of land and about 120 acres at Lahore. In the second phase, an airport city at Islamabad would be developed to complement the new airport. As in Karachi, there is over 1000 acres of land available at the New Islamabad International Airport for development of Airport City.

7.3 We have already advertised for Master Planners and Developers for the airport cities and hope to have the Master Plans ready by the end of this year. The Master Plan would include among other facilities; Hotels, Shopping Plaza's, Hypermarkets, Convention and Leisure Centers, Cargo Complex, Logistic Centers, Industrial parks etc.

7.4 The airports would thus become a major Business District in itself competing directly with other local and regional business centers. Such venture offer excellent investment opportunities for global players. We look forward to participation by member states in our commercial ventures.

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