



Global Strategy Summit 2009



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Air Transport & Tourism

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Catalyst for World's Economic Development

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Beijing, China - 14 September 2009



Catalyst for World's Economic Development

Air Transport and Tourism

The Worldwide Tourism Industry

On a worldwide scale, tourism generated US\$ 7,060 billion of economic activity (total demand) in 2007:

- forecasted demand for tourism activity grows to US\$13,232 billion by 2017;
- current economic activity of tourism translated in 2007 in a global GDP of US\$1,851 billion, which is 3.6 percent of global GDP;
- world's tourism and travel industry directly employed over 76 million persons in 2007, or 2.7 percent of global employment;
- global direct employment is expected to grow to over 87 million jobs by 2017.



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Air Transport and Tourism

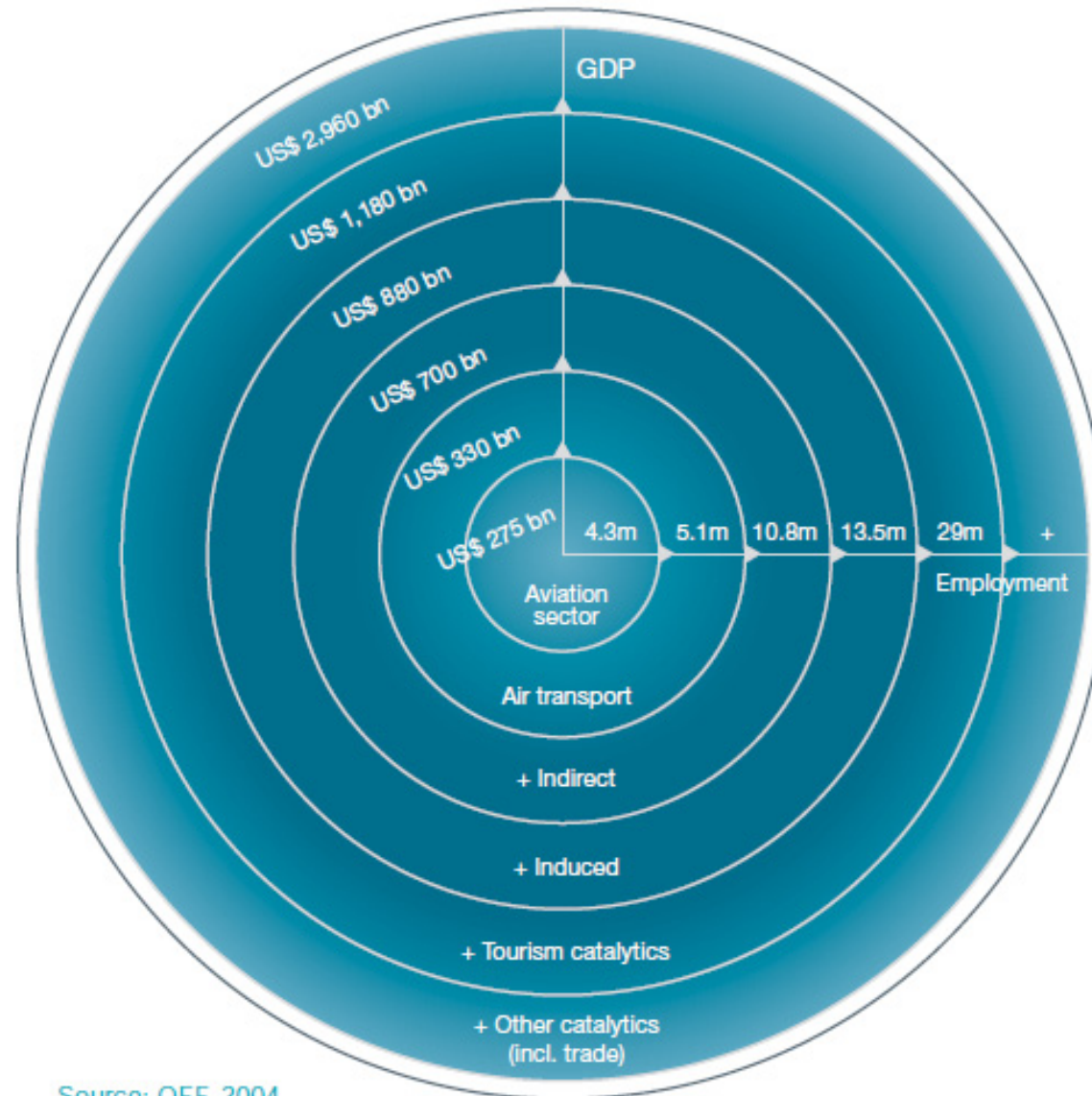
Air Transport and International Tourism

Currently, 45 percent of all tourists worldwide arrive by air:

- their spending created 6.7 million jobs of which 675,000 in Africa;
- additional 5.7 million indirect jobs from supporting industries created;
- finally, the induced effect from tourism related to air transportation generates 3.1 million jobs.

All this results in a total job creation effect of 15.5 million jobs (direct, indirect, and induced) of tourism related air travel, which generates over US\$ 300 billion of the World GDP.

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Source: OEF, 2004

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Opportunities in Developing Countries

Economic Rates of Return from Aviation Investment in Developing Countries

	Kenya	Cambodia	Jordan	El Salvador	Jamaica
Investment (US\$ million)	351	538	360	488	168
Increase in national connectivity / GDP	59%	46%	55%	35%	28%
Impact on GDP (%)	0.42%	0.32%	0.39%	0.25%	0.20%
Impact on GDP (US\$ million)	209	100	100	85	26
Annual Economic Rate of Return (%)	59%	19%	28%	16%	16%



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Can air fares stay low?

Air Travel fares declined to levels permitting economic development in many sectors,

Example of a flight London – Sydney:

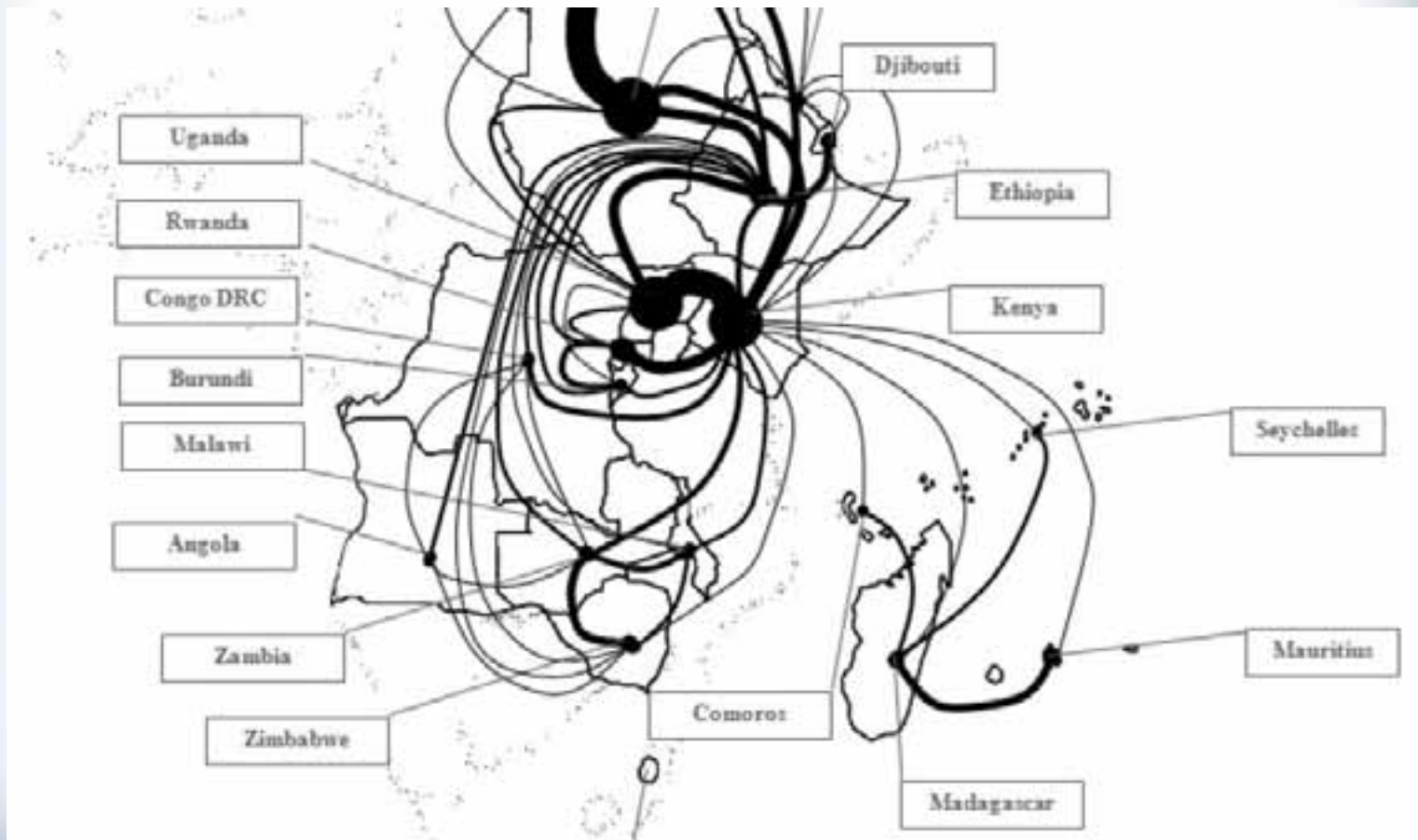
- 1945 trip cost 130 weekly wages equals US\$ 94,350
- 1965 trip cost 22 weekly wages equals US\$15,970
- 2009 trip cost 2 weekly wages equals US\$ 1,450

but cost are on the rise:

- operational fees (airports, ATC, security)
- environmental cost (climate change, noise)
- general taxes (e.g. aviation and development levy)
- increase of oil price
- others (e.g. liability protection, governance)

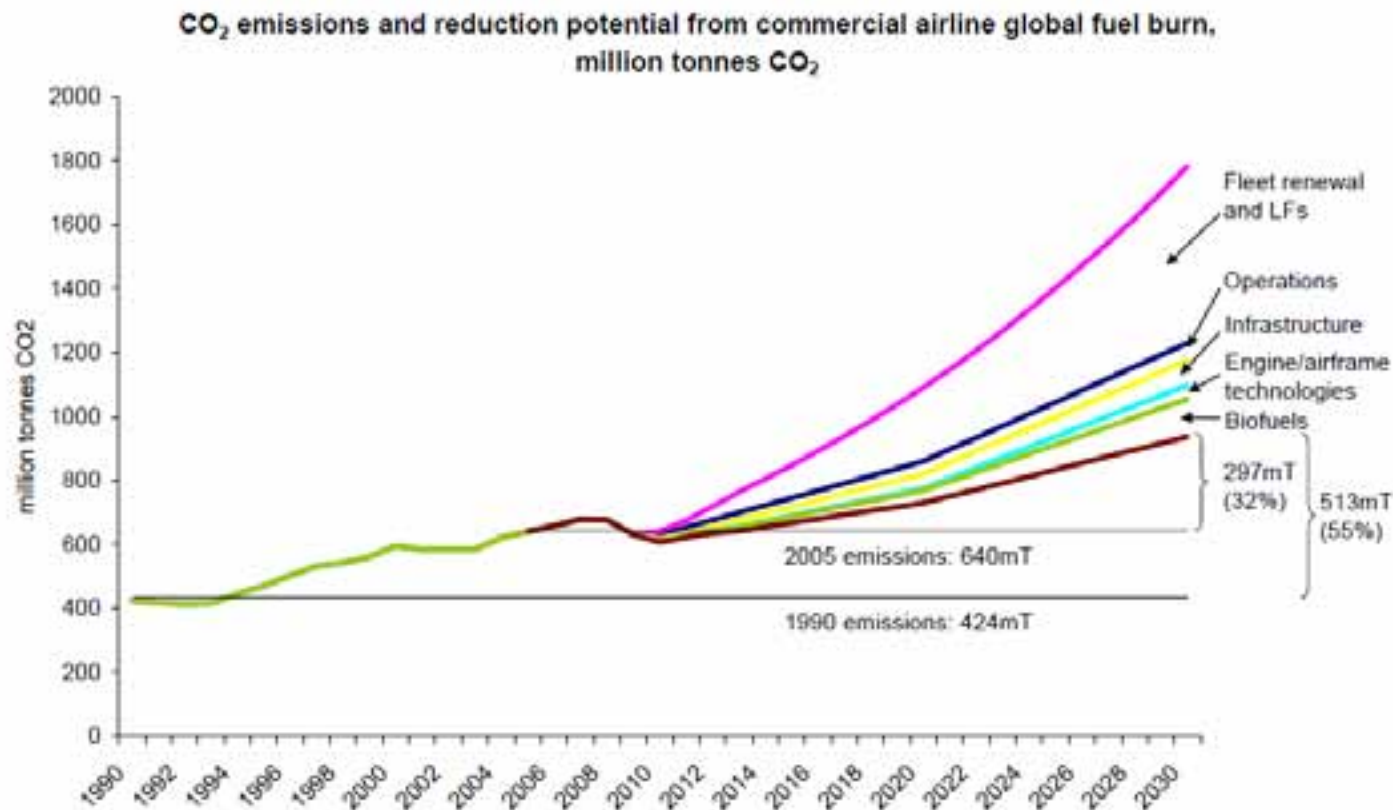
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Will liberalization continue – Example Africa



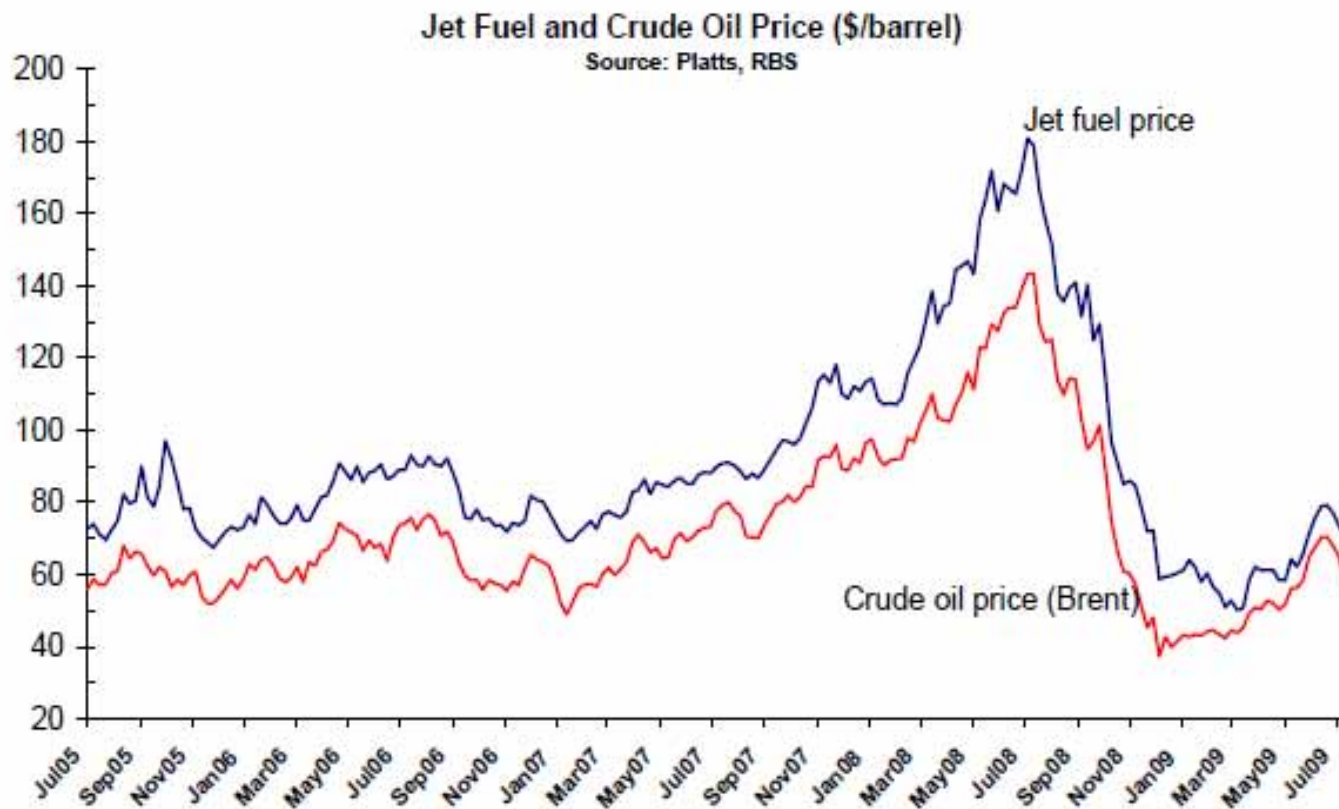
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Can Carbon Neutral Growth be achieved in 10 years?



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Will jet fuel and crude oil surge again?





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Concluding Statement

Air Transportation has become the key element for global economic development. Together with the tourism industry, when taking all direct, indirect, and induced economic effects into account, it represents the single most important economic sector.

However, given the current and future challenges and risks, which potentially include a return to protectionism, rising cost and fees, environmental limitations, rising cost for oil related products, the inability to finance growth or infrastructure, and a continued worldwide economic slump, may severely impact this industry. This may lead to a worldwide reduction or permanent shrinkage of an industry that is contribution so much to economic development around the globe.

Together, we must work on a way forward to avoid this worst case scenario!