

OXFORD ECONOMICS

**Economic Benefits
of Air Transport in Nicaragua**



OXFORD
ECONOMICS

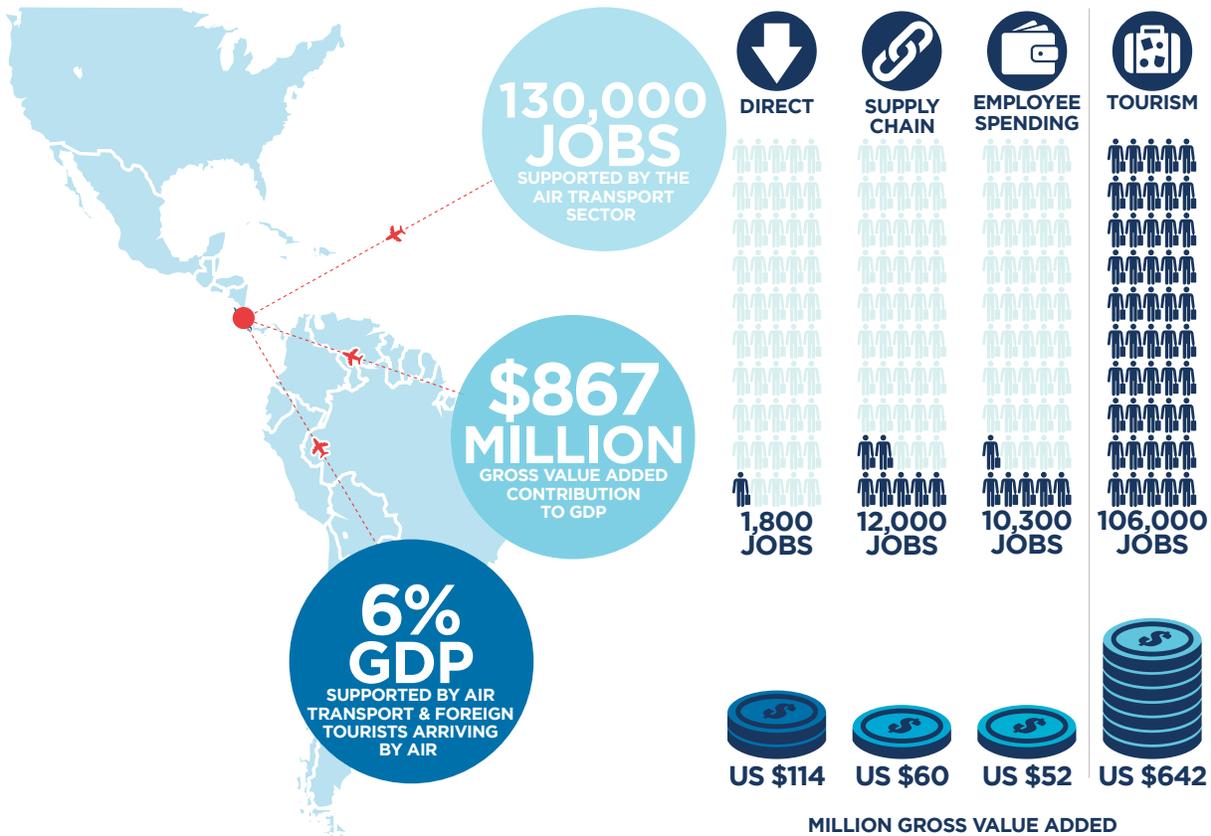
Acknowledgements

Oxford Economics acknowledges the assistance from the International Air Transport Association (IATA) in the preparation of this report.

Oxford Economics 2018

THE IMPORTANCE OF AIR TRANSPORT TO NICARAGUA

The air transport sector makes a major contribution to the economy of Nicaragua



It creates jobs...

Airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employ 1,800 people in Nicaragua.¹ In addition, by buying goods and services from local suppliers the sector supports another 12,000 jobs. On top of this, the sector is estimated to support a further 10,300 jobs by paying wages to its employees, some or all of which are subsequently

spent on consumer goods and services.

Foreign tourists arriving by air to Nicaragua, who spend their money in the local economy, are estimated to support an additional 106,000 jobs.

...and generates wealth

The air transport industry is estimated to support a \$226 million gross value added contribution to GDP in Nicaragua annually. Spending by foreign tourists supports

a further \$642 million gross value added contribution to the country's GDP.

This means that 6 percent of the country's GDP is in some way dependent on the air transport sector and foreign tourists arriving by air.



¹ All figures relate to calendar year 2017 unless otherwise noted.

Air transportation facilitates exports, foreign direct investment, and tourism

Exports, FDI, and inbound tourist spending

Air transport brings tourists and investment into Nicaragua, and helps businesses trade their goods and services around the world. Foreign tourists spend \$841 million

in Nicaragua each year, supporting restaurants, hotels, transport providers, and others who cater to tourists. In addition, Nicaragua exports \$5.7 billion worth of goods and

services to other countries. Over time, the country has accumulated \$9.9 billion in foreign direct investment.²

The most popular direct flight links to Nicaragua:

Country	Flights per year
1. United States	2,800
2. Costa Rica	1,700
3. El Salvador	1,300
4. Panama	1,100
5. Guatemala	720
6. Mexico	690
7. Canada	28
8. Cuba	28



² FDI is stated in 2016 prices and exchange rates.

The air transport sector connects people around the world



Arrivals by region, number of passengers

Latin America and the Caribbean and Europe are the largest sources of arrivals to Nicaragua after North America.

542,000 passengers arrived to Nicaragua from Latin America and the Caribbean (38.2 percent of the total) and 59,700 passengers arrived from Europe (4.2 percent of the total).

Number of direct flight destinations from Nicaragua to the world's 10 biggest aviation markets, measured by passengers



7
DIRECT FLIGHT DESTINATIONS IN THE 10 BIGGEST AVIATION MARKETS

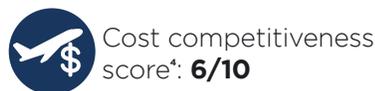
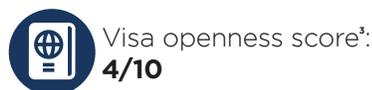
Ease of travel, cost competitiveness, and infrastructure are vitally important

Number of passengers travelling annually through the country's main airports



Key infrastructure facts about Nicaragua's air transport

Around 16,700 aircraft land or take off from Nicaragua every year. Augusto C Sandino Intl airport carried the most passengers. The airport helps about 1.5 million people take flight annually.



Survey evidence of infrastructure and ease of travel

Executives surveyed by the World Economic Forum suggest that Nicaragua's air transport infrastructure quality ranks 19th out of 24 countries included in the survey in Latin America and the Caribbean and 108th globally.

Nicaragua ranks 7th out of 24 in Latin America and the Caribbean for visa openness and 7th for cost competitiveness.

3 priorities to advance the aviation agenda

1. Align regulatory framework with global best practices.
2. Ensure competitive costs and efficient administration in airports through open communication with the industry.
3. Ensure transparency and participation of the industry in infrastructure planning and development across Central America.

³ Entry visa requirements for a tourism visit from worldwide source markets (10 = no visa required for visitors from all source markets, 0 = traditional visa required for visitors from every source market).

⁴ Based on ticket taxes, airport charges, and VAT (10=low cost, 0=high cost).

August 2018

Oxford Economics prepared this report with IATA's support.

All currency values are in US dollars at 2017 prices and exchange rates, unless otherwise stated.

All figures pertain to calendar year 2017, unless otherwise stated.

This report is one of several that examine the air transport sector's importance around the world. Access them all from IATA's website.

Sources: IATA, Oxford Economics, UNCTAD, International Monetary Fund, and national statistics.

For more information, please visit www.IATA.org or contact:

Ian Saxon

isaxon@oxfordeconomics.com

Tel: +44 (0)203 910 8064

London

Broadwall House, 21 Broadwall, London, SE1 9PL, UK
www.oxfordeconomics.com



HOW THE VALUE OF AVIATION IMPACTS CENTRAL AMERICA

BELIZE
44,200 ✈️
\$591M 💰
33% ⬆️

HONDURAS
100,000 ✈️
\$744M 💰
3% ⬆️

GUATEMALA
75,900 ✈️
\$1.1BN 💰
1% ⬆️

NICARAGUA
130,000 ✈️
\$867M 💰
6% ⬆️

EL SALVADOR
116,000 ✈️
\$1.1BN 💰
4% ⬆️

PANAMA
238,000 ✈️
\$8.5BN 💰
14% ⬆️

COSTA RICA
155,000 ✈️
\$5BN 💰
9% ⬆️



JOBS SUPPORTED BY AIR
TRANSPORT SECTOR.



GROSS VALUE ADDED
CONTRIBUTION TO GDP
IN 2017.



GDP SUPPORTED BY AIR
TRANSPORT AND FOREIGN
TOURISTS ARRIVING BY AIR.

OXFORD

Abbey House, 121 St Aldates
Oxford, OX1 1HB, UK
Tel: +44 1865 268900

LONDON

Broadwall House, 21 Broadwall
London, SE1 9PL, UK
Tel: +44 207 803 1400

BELFAST

Lagan House, Sackville Street
Lisburn, BT27 4AB, UK
Tel: +44 28 9266 0669

NEW YORK

5 Hanover Square, 19th Floor
New York, NY 10004, USA
Tel: +1 646 503 3050

PHILADELPHIA

303 Lancaster Avenue, Suite 1b
Wayne PA 19087, USA
Tel: +1 610 995 9600

SINGAPORE

Singapore Land Tower, 37th Floor
50 Raffles Place
Singapore 048623
Tel: +65 6829 7068

PARIS

9 rue Huysmans
75006 Paris, France
Tel: + 33 6 79 900 846

email: mailbox@oxfordeconomics.com

www.oxfordeconomics.com



**OXFORD
ECONOMICS**