Acknowledgements

Oxford Economics acknowledges the assistance from the International Air Transport Association (IATA) in the preparation of this report.
The air transport sector makes a major contribution to the economy of El Salvador

It creates jobs...

Airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employ 5,500 people in El Salvador. In addition, by buying goods and services from local suppliers the sector supports another 29,000 jobs. On top of this, the sector is estimated to support a further 25,800 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 El Salvador, who spend their money in the local economy, are estimated to support an additional 55,800 jobs.

...and generates wealth

The air transport industry is estimated to support a $480 million gross value added contribution to GDP in El Salvador annually. Spending by foreign tourists supports a further $623 million gross value added contribution to the country’s GDP.

This means that 4 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 El Salvador, and helps businesses trade their goods and services around the world. Foreign tourists spend $872 million in El Salvador each year, supporting restaurants, hotels, transport providers, and others who cater to tourists. In addition, El Salvador exports $6.9 billion worth of goods and services to other countries. Over time, the country has accumulated $9.2 billion in foreign direct investment.\(^2\)

The most popular direct flight links to El Salvador:

<table>
<thead>
<tr>
<th>Country</th>
<th>Flights per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>6,700</td>
</tr>
<tr>
<td>Honduras</td>
<td>2,500</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1,900</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,700</td>
</tr>
<tr>
<td>Colombia</td>
<td>1,700</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1,700</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>1,300</td>
</tr>
<tr>
<td>Panama</td>
<td>1,100</td>
</tr>
<tr>
<td>Ecuador</td>
<td>730</td>
</tr>
<tr>
<td>Peru</td>
<td>730</td>
</tr>
</tbody>
</table>

MONEY FLOWING INTO EL SALVADOR

- US $872 million foreign tourist expenditure
- US $6.9 billion exports
- US $9.2 billion investment

* FDI is stated in 2016 prices and exchange rates.
The importance of air transport to El Salvador

Arrivals by region, number of passengers

Latin America and the Caribbean and Europe are the largest sources of arrivals to El Salvador after North America. 661,000 passengers arrived to El Salvador from Latin America and the Caribbean (31.7 percent of the total) and 52,000 passengers arrived from Europe (2.5 percent of the total).

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

- United States
- China
- Japan
- United Kingdom
- India
- Indonesia
- Spain
- Germany
- Brazil
- Italy

The air transport sector connects people around the world

1.4 MILLION

661,000

52,000
Ease of travel, cost competitiveness, and infrastructure are vitally important

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

1 4.4MILLION
EL SALVADOR INTL

42,100 LANDINGS AND TAKEOFFS

1 AIRPORTS

14 OPERATING AIRLINES

Survey evidence of infrastructure and ease of travel

Executives surveyed by the World Economic Forum suggest that El Salvador’s air transport infrastructure quality ranks 10th out of 24 countries included in the survey in Latin America and the Caribbean and 74th globally.

El Salvador ranks 6th out of 24 in Latin America and the Caribbean for visa openness and 12th for cost competitiveness.

Key infrastructure facts about El Salvador’s air transport

Around 42,100 aircraft land or take off from El Salvador every year. El Salvador Intl airport carried the most passengers. The airport helps about 4.4 million people take flight annually.

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.

Infrastructure quality score: 4/7

Visa openness score*: 5/10

Cost competitiveness score*: 5/10

* 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).

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

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

NICARAGUA
130,000
$867M
6%

PANAMA
238,000
$8.5BN
14%

BELIZE
44,200
$591M
33%

HONDURAS
100,000
$744M
3%

GUATEMALA
75,900
$11BN
1%

EL SALVADOR
116,000
$1.1BN
4%

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.

SOURCE: LAVOFTOE ECONOMICS