Economic Benefits of Air Transport in Honduras

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 Honduras

The air transport sector makes a major contribution to Honduras’s economy

It creates jobs...

Airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employ 1,900 people in Honduras.¹ In addition, by buying goods and services from local suppliers the sector supports another 11,900 jobs. On top of this, the sector is estimated to support a further 10,200 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 Honduras, who spend their money in the local economy, are estimated to support an additional 76,500 jobs.

...and generates wealth

The air transport industry is estimated to support a further $490 million gross value added contribution to the country’s GDP. This means that 3 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 Honduras, and helps businesses trade their goods and services around the world. Foreign tourists spend $700 million in Honduras each year, supporting restaurants, hotels, transport providers, and others who cater to tourists. In addition, Honduras exports $9.9 billion worth of goods and services to other countries. Over time, the country has accumulated $14 billion in foreign direct investment.*

The most popular direct flight links to Honduras:

<table>
<thead>
<tr>
<th>Country</th>
<th>Flights per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4,100</td>
</tr>
<tr>
<td>El Salvador</td>
<td>2,500</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1,500</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>870</td>
</tr>
<tr>
<td>Panama</td>
<td>730</td>
</tr>
<tr>
<td>Mexico</td>
<td>720</td>
</tr>
<tr>
<td>Belize</td>
<td>530</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>230</td>
</tr>
<tr>
<td>Spain</td>
<td>36</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>0</td>
</tr>
</tbody>
</table>

MONEY FLOWING INTO HONDURAS

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

Arrivals by region, number of passengers

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

756,000 passengers arrived to Honduras from Latin America and the Caribbean (39.9 percent of the total) and 88,700 passengers arrived from Europe (4.7 percent of the total).

Number of direct flight destinations from Honduras 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
Ease of travel, cost competitiveness, and infrastructure are vitally important

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

1. 1.2MILLION RAMON V. MORALES INTL
2. 733,000 TONCONTÍN INTL
3. 312,000 JUAN MÁNUEL GALVEZ
4. 156,000 LA CEIBA INTL
5. 16,300 GUANAJA

Survey evidence of infrastructure and ease of travel

Executives surveyed by the World Economic Forum suggest that Honduras’s air transport infrastructure quality ranks 14th out of 24 countries included in the survey in Latin America and the Caribbean and 83rd globally.

Honduras ranks 13th out of 24 in Latin America and the Caribbean for visa openness and 15th for cost competitiveness.

Key infrastructure facts about Honduras’ air transport

Around 52,600 aircraft land or take off from Honduras every year. Ramon V. Morales Intl airport carried the most passengers. The airport helps about 1.2 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*: 3/10

Cost competitiveness score*: 4/10

* 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.

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How the Value of Aviation Impacts Central America

- Belize: 44,200 jobs, $561M
- Honduras: 100,000 jobs, $744M
- Guatemala: 75,900 jobs, $11BN
- Nicaragua: 130,000 jobs, $867M
- Panama: 238,000 jobs, $8.5BN
- Costa Rica: 155,000 jobs, $5BN

GDP supported by air transport and foreign tourists arriving by air.

Source: LAVIT/ORE Economics