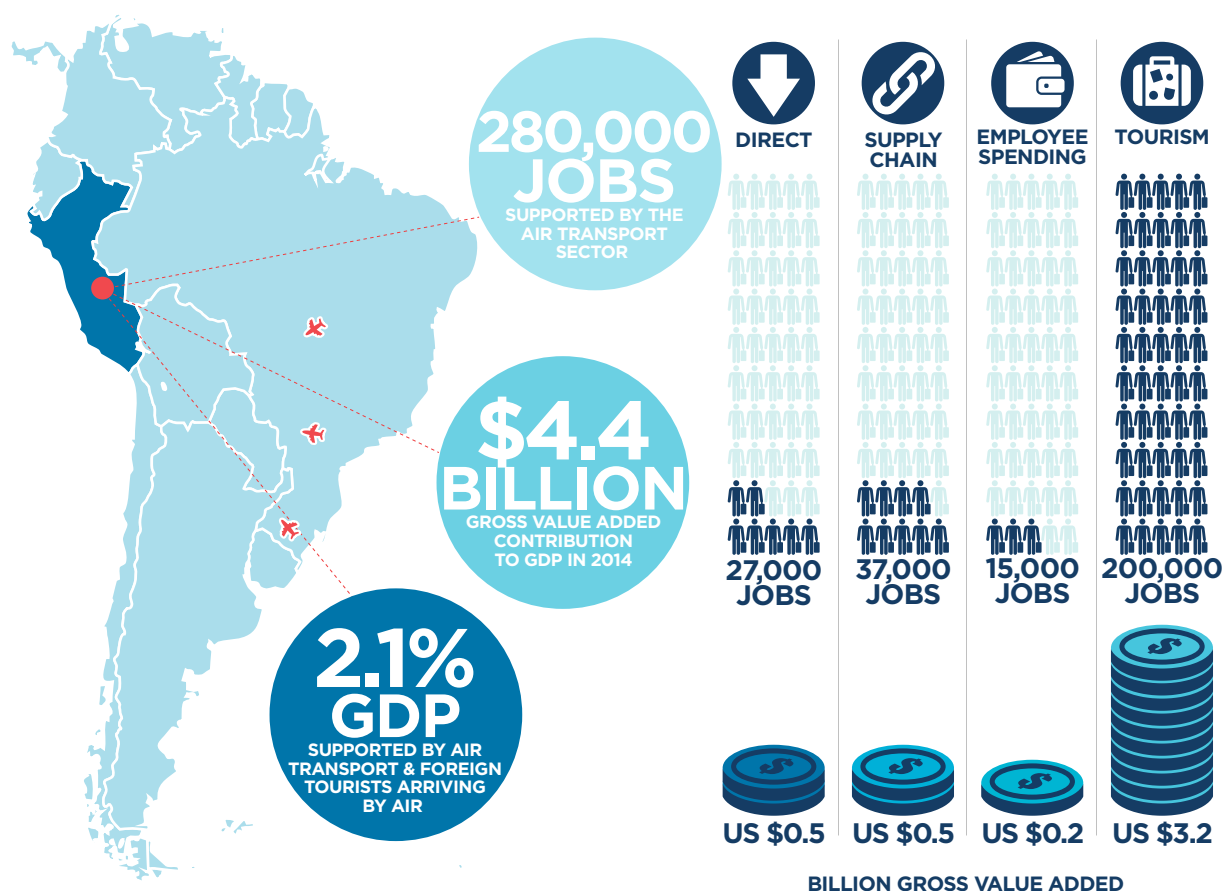




THE IMPORTANCE OF AIR TRANSPORT TO PERU

The air transport sector makes a major contribution to Peruvian economy



It creates jobs...

Airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employed 27,000 people in Peru in 2014. In addition, by buying goods and services from local suppliers the sector supported another 37,000 jobs. On top of this, the sector is estimated to have supported a further 15,000 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 Peru, who spend their money in the local economy, are estimated to have supported an additional 200,000 jobs in 2014.

...and generates wealth

The air transport industry is estimated to have supported a \$1.2 billion gross value added contribution to GDP in Peru in 2014. Spending by foreign

tourists supported a further \$3.2 billion gross value added contribution to the country's GDP. This means that 2.1 percent of the country's GDP is supported by the air transport sector and foreign tourists arriving by air.



Air transportation facilitates exports, foreign direct investment, and tourism

The ten most popular direct flight links:

1. United States
2. Chile
3. Colombia
4. Argentina
5. Brazil
6. Ecuador
7. Panama
8. Bolivia
9. Mexico
10. Spain



The scale of investment, exports, and inbound spending in Peru

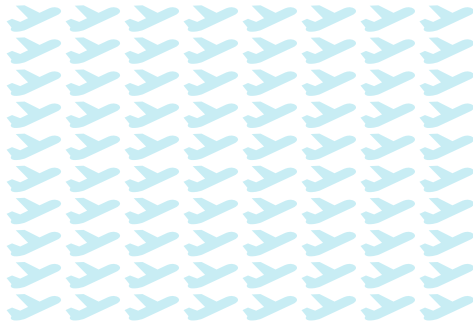
Air transport brings tourists and investment into Peru, and helps businesses trade their goods and services around the world. In 2014, foreign tourists

spent US \$3 billion in Peru, supporting restaurants, hotels, transport providers, and others who cater to tourists. In addition, Peru exported US \$45.5 billion worth of goods and services in 2014. Over time, the country has accumulated US \$79.7 billion in foreign direct investment.

The air transport sector connects people around the world

Number of direct flight destinations in the ten fastest growing countries

India
Bangladesh
Vietnam
Pakistan
China
Indonesia
Philippines
Kazakhstan
Angola
Nigeria



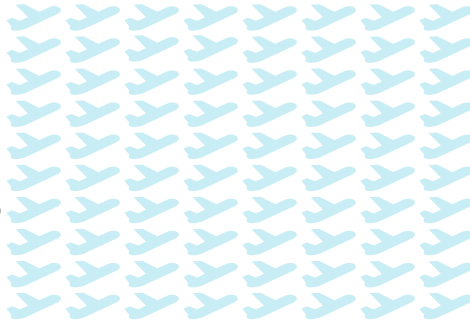
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DIRECT FLIGHT
DESTINATIONS IN
THE 10 FASTEST
GROWING
COUNTRIES

The air transport sector's ability to connect Peru to emerging countries and fast growing cities can help drive economic growth. There are no direct flight destinations among the ten fastest growing countries in the world as measured by GDP growth but there are 24 direct flight destinations among the 20 fastest growing countries.¹

Arrivals by continent

Number of direct flights to the top ten fastest growing cities

Surat
Ahmedabad
Ho Chi Minh City
Hà Noi
Delhi
Bengaluru
Hyderabad (India)
Kinshasa
Dhaka
Lagos



0
DIRECT WEEKLY
FLIGHTS TO THE
TOP 10 FASTEST
GROWING
CITIES

North America and Europe are the largest sources of arrivals to Peru after Latin America and the Caribbean. In 2014, 1.5 million passengers arrived to Peru from North America (11 percent of the total) and 0.9 million passengers arrived from Europe (6.5 percent).

Arrivals by continent, number of passengers (000s)



¹ Fastest growing countries are Ranked by Oxford Economics' forecasted real GDP growth 2015-2030, with a threshold of >US \$100 million GDP. Fastest growing cities are ranked by Oxford Economics' forecasted real GDP growth 2015-2030, with a minimum city size of 5 million.

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

Survey evidence of infrastructure and ease of travel

Executives surveyed by the World Economic Forum suggest that Peru's air transport infrastructure quality ranks 12th out of 23 countries included in the survey in Latin America and the Caribbean and 89th globally. Peru ranks 9th out of 23 in Latin America and the Caribbean for visa openness and 22nd for cost competitiveness.



Key infrastructure facts about Peruvian air transport

Around 230,000 aircraft land or take off from Peru every year. The country has no airports that are in the top 100 in the world (ranked by passenger numbers). Jorge Chavez Intl airport carried the most passengers - 16.1 million - in 2014.



Number of passengers travelling annually through the five busiest airports in the country (000s)



3 priorities to advance the aviation agenda:

- 1** Align airport infrastructure strategy to increase competitiveness of LIM as hub.
- 2** Review cost structures and taxation to regional averages to be competitive.
- 3** Adopt industry standards in the area of consumer protection laws.

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Oxford Economics prepared this report with IATA's support.

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



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

² 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).

³ Based on ticket taxes, airport charges, and VAT (10=low cost, 0=high cost).