IATA Economics Chart of the Week

The distinctive economic contribution of air transport

• This week we published two new reports on the wider economic contribution of air transport, the latest in a series looking at the value of air transport and the impact of regulatory competitiveness on connectivity at the level of individual countries, in this case the UK. The chart above shows the distinctive economic contribution of air transport at a global level, connecting more than 20,000 city pairs with at least a once-weekly service at ever lower costs to users in real terms.

• We often emphasize the industry as an employer, but the distinctive economic contribution of air transport is as a virtual bridge between cities – connections that generate flows of trade, investment, people, competition and the exchange of ideas – the fundamental building blocks of economic development for a country. So what matters above all else, for air transport’s wider economic contribution, is connectivity.

• The number of connections matter, but quality and price are important too – all three help to maximize the flows that generate economic benefits for the economy beyond the aviation sector. Over the past two decades the number of unique city pairs (e.g. counting all London-New York services as one) has more than doubled. This year alone we expect more than 1000 new city-pairs to be added. Of course, the importance of the city will affect the potential scale of economic flows, which is why we weight destinations by size in our air connectivity measure, to capture the quality of the connection. Price also plays a significant role in lubricating the economic flows between cities and, adjusted for CPI inflation, the cost to consumers and business users globally has halved in the past 20 years.

Source: IATA Economics, Economic Performance of the Airline Industry, Mid-year 2019

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