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

There are different ways of measuring air transport’s impact on an economy. We look at three: the jobs and spending generated by airlines and their supply chain, the flows of trade, tourism and investment resulting from users of all airlines serving the country, and the city pair connections that make these flows possible. All provide a different but illuminating perspective on the importance of air transport.

The air transport sector supports...

Airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employ 35,000 people in Austria. In addition, by buying goods and services from local suppliers the sector supported another 28,000 jobs. On top of this, the sector is estimated to support a further 14,000 jobs through the wages it pays its employees, some or all of which are subsequently spent on consumer goods and services. Foreign tourists arriving by air to Austria, who spend their money in the local economy, are estimated to support an additional 18,000 jobs. In total 95,000 jobs are supported by air transport and tourists arriving by air.

...and spending

The air transport industry, including airlines, and its supply chain, are estimated to support US $7 billion of GDP in Austria. Spending by foreign tourists supports a further US $1.5 billion of the country’s GDP, totaling to US $8.4 billion. In total, 2.1 percent of the country’s GDP is supported by inputs to the air transport sector and foreign tourists arriving by air.

For forecasts of the industry’s GDP and jobs contribution over the next 20 years see page 4

Source: Oxford Economics

1 There are different ways of measuring air transport’s impact on an economy. We look at three: the jobs and spending generated by airlines and their supply chain, the flows of trade, tourism and investment resulting from users of all airlines serving the country, and the city pair connections that make these flows possible. All provide a different but illuminating perspective on the importance of air transport.
Air transport facilitates flows of goods, investment and people

The importance of air transport to Austria | 2

Air transport facilitates flows of goods, investment and people and the economy can be seen from the spending of foreign tourists and the value of exports (though note these figures include all modes of transport). A key economic flow, stimulated by good air transport connections, is foreign direct investment, creating productive assets that will generate a long-term flow of GDP.

Top five international tourist arrivals (all modes of transport) by country of residence
1. Germany
2. Netherlands
3. Switzerland
4. Italy
5. United Kingdom

Top five busiest direct flights arrivals
1. Germany
2. United Kingdom
3. Switzerland
4. Italy
5. Spain

Top five busiest air cargo routes
1. Germany
2. Turkey
3. United States
4. United Arab Emirates
5. Thailand

Annual passenger flows by region (origin-destination, ‘000s)

Europe is the largest market for passenger flows to and from Austria, followed by Asia-Pacific and North America. 10.4 million passengers arrived from Europe (82.6 percent of the total), 913 thousand passengers arrived to Austria from Asia-Pacific (7.3 percent) and 474 thousand passengers arrived from North America (3.8 percent).

Note: Data relate to all modes of transport / Source: UNWTO, UNCTAD and World Bank

Source: UNWTO and IATA

Source: IATA Direct Data Solutions
Air transport connects Austria to cities around the world

Air transport generates benefits to consumers and the wider economy by providing speedy connections between cities. These virtual bridges in the air enable the economic flows of goods, investments, people and ideas that are the fundamental drivers of economic growth.

Map of Austria’s air connectivity, by its largest markets (segment basis)

IATA’s measure of how well a country is connected to economically important cities around the world is shown above. The map shows Austria’s connectivity at a regional level and how it has evolved. Austria’s connections to Asia-Pacific have grown the fastest more than doubling over the last five years.

Number of international city pairs direct service in the top ten countries by passenger numbers in the world

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>City Pairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>People’s Republic of China</td>
<td>127</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
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<tr>
<td>6</td>
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<td>7</td>
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<td>9</td>
<td>Brazil</td>
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</tr>
<tr>
<td>10</td>
<td>France</td>
<td></td>
</tr>
</tbody>
</table>

Source: IATA, Aviation Benefits Beyond Borders 2018 report

* The air connectivity scores reported are total destination weighted seats per 1000 people. IATA developed the Air Connectivity Indicator calculated based on the total route capacity (in terms of seats available) weighted by the destination airport’s relative capacity (calculated as the ratio of seats available at that airport relative to the capacity at the airport with most available seats) divided by the population size of the country with a 0.15% of connectivity threshold in 2013.
Ease of travel, cost competitiveness, and trade facilitation are vitally important

If air transport’s unique contribution is the bridges it creates between cities, then the flows of goods, people, investment and ideas that stimulate economic development must flow unimpeded to maximise their contribution to consumers and the wider economy. Here we measure how freely goods and people flow across borders.

Passenger facilitation and cost competitiveness

Austria’s passenger facilitation (3.7/10) scores below the European average (4.1/10). On the World Economic Forum’s Travel & Tourism Competitiveness Index, the country ranks 73rd for visa openness and 122nd out of 136 countries for cost competitiveness. In all these scores and ranks, higher is better.

Measures of air cargo trade facilitation

Austria’s facilitation of air cargo through its customs’ and borders’ regulations ranks 1st out of 124 countries in terms of the Air Trade Facilitation Index (ATFI) and 12th out of 135 countries in terms of the eFreight Friendliness Index (EFFI) globally. The Enabling Trade Index (ETI) ranks Austria 7th out of 136 countries globally for the facilitation of the free flow of goods over borders and to its destination.

Forecast scenarios for passenger traffic, jobs and GDP footprint

Air transport market in Austria is forecast under the “current trends” scenario to grow by 39% in the next 20 years. This would result in an additional 5.5 million passenger journeys by 2037. If met, this increased demand would support approximately US $11.6 billion of GDP and almost 100,300 jobs.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Passengers</th>
<th>US $ GDP</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Trends</td>
<td>19.8 m</td>
<td>$11.6 bn</td>
<td>100,280</td>
</tr>
<tr>
<td>Upside</td>
<td>21.4 m</td>
<td>$12.6 bn</td>
<td>108,716</td>
</tr>
<tr>
<td>Downside</td>
<td>17.2 m</td>
<td>$10.1 bn</td>
<td>86,995</td>
</tr>
</tbody>
</table>

1. Source: Aviation Benefits Beyond Borders 2018 report (all currency is in United States dollars at 2016 prices).
2. Data relates to 2017.
3. Arrivals of non-resident tourists at national borders or in all types of accommodation establishments, by country of residence.
5. The IATA Air Trade Facilitation Index (ATFI) measures the extent to which a country facilitates air cargo through its customs and borders processes and regulations. The IATA E-freight Friendliness Index (EFFI) assesses the actual penetration of electronic transactions and documents in air cargo shipments (Value of Air Cargo 2016 report).