

LATIN AMERICA AND THE CARIBBEAN¹⁸³

Air transport supports 7.2 million jobs and \$156 billion in Latin America and the Caribbean economic activity. That is 2.8% of all employment and 3.3% of all GDP in Latin American and Caribbean countries in 2016.

Every person directly employed in the aviation sector and in tourism made possible by aviation supported another 8.8 jobs elsewhere in Latin America and the Caribbean. Similarly, \$4.70 of economic activity was supported elsewhere in Latin America and the Caribbean for every \$1 of gross value added directly created by the air transport sector.

The aviation sector in Latin America and the Caribbean directly employed an estimated 813,800 people in 2016. A sub-sectoral analysis of these workers suggests that:

- › **272,900 of them (33.5% of the total) were employed by airlines or handling agents** as, for example, flight crew, check-in staff, maintenance crew, or head office staff;
- › **28,500 (3.5%) had jobs with airport operators** in, for example, airport management, maintenance, and security;
- › **401,800 (49.5%) worked on-site in airports** at, for example, retail outlets, restaurants, and hotels;
- › **76,600 (9.5%) were employed in the manufacture of civil aircraft** (including systems, components, airframes, and engines); and
- › **34,000 (4%) worked for air navigation service providers** in, for example, air traffic control and engineering.

Airlines, airport operators, retailers and other on-site businesses at airports and air navigation service providers and civil aircraft manufacturers also contribute to GDP in Latin America and the Caribbean. In 2016, the operations of these businesses directly generated a \$33.2 billion contribution to GDP.

The aviation sector's spending with suppliers is estimated to have supported a further 1.8 million jobs and a \$36.9 billion gross value added contribution to GDP. In addition, wage payments to staff – by the aviation sector and businesses in the aviation sector's supply chain – supported 1 million more jobs and a \$21.5 billion gross value added contribution to GDP.

The aviation sector also facilitates a substantial amount of tourism in Latin America and the Caribbean. This stimulates still more economic activity, as tourists spend their money with restaurants, hotels, retailers, tour operators, and other providers of consumer goods and services. In 2016, spending by foreign

visitors who flew to Latin America and the Caribbean countries supported an estimated 3.6 million jobs and a \$64.7 billion contribution to GDP.

In total, accounting for the sector's direct impact, its supply chain impact, its wage expenditure impact, and the impact of tourism made possible by air transport, the aviation sector supported an estimated 7.2 million jobs and a \$156 billion contribution to GDP in Latin America and the Caribbean countries in 2016.

Air travel in Latin America and the Caribbean is expected to continue to grow at about 4.2% per year over the next two decades. This increase will, in turn, drive growth in the economic output and jobs that are supported by the air transport industry over the next 20 years. Oxford Economics forecasts that by 2036 the impact of air transport and the tourism it facilitates in Latin America and the Caribbean will have grown to support 11 million jobs (54% more than in 2016) and a \$353 billion contribution to GDP (a 126% increase).

Latin America continues to benefit and grow from liberalised agreements on cross-border ownership that enabled pan-regional brands to emerge and lower prices in the region. However, further openness between jurisdictions would allow greater flexibility in aircraft utilisation.

Continued infrastructure investment will need to be made to alleviate congestion in major markets, a critical priority in some areas. Investment must occur in a sustainable manner, as previous concession projects have led to excess government profits at the expense of the wider industry and passengers.

With over 100 different taxes and fees imposed on air passengers in the region, it is one of the more heavily taxed in the world. Many of these taxes are not allocated to cover costs of aviation-related services and infrastructure but, rather, to increase government revenue. Latin America is also the region with the most expensive jet fuel in the world, making operations in the region less competitive.

Training and recruiting an aviation-related labour force in the region is also challenging. Airlines need to train more than 2,800 pilots every year, 800 more than current capacity allows. The region will also have to recruit and train more than 110,000 maintenance technicians and cabin crew during the next 20 years.

316 million
passengers

589 billion
RPKs

181
airlines

30
air navigation service providers

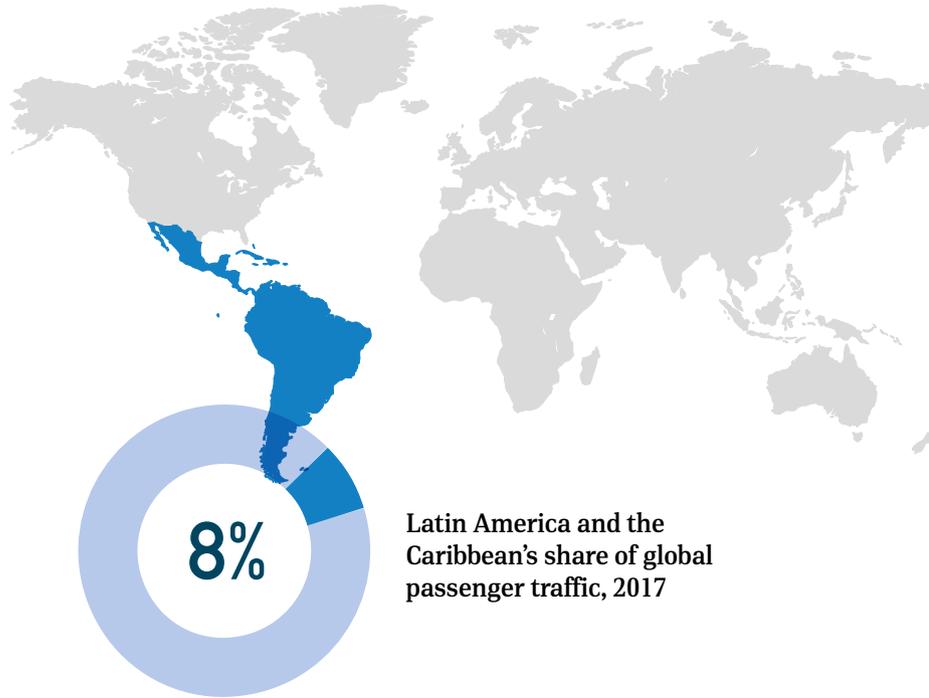
2.1 million
tonnes of freight

3,134,000
flights

489
commercial airports

1,925
aircraft in service

80%
average regional load factor



Bringing tourists to remote island states

Air connectivity is a critical element to economic growth and development for the small island nations of the Caribbean. Additional air services, frequencies and traffic volumes contribute to increased employment opportunities and benefit the wider economy through catalytic effects – benefits created by, rather than within aviation – according to the Caribbean Development Bank. In the Caribbean, the relationship between aviation and economic growth is mainly through the facilitation of travel to support the tourism industry, which is the region's primary income earner and supports various other businesses.

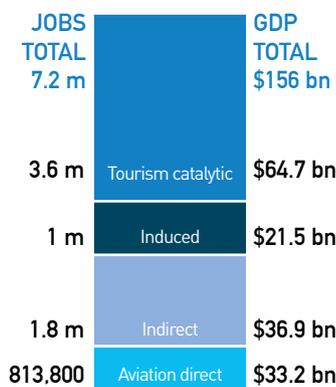
Estimates from the World Tourism & Travel Council show that the total contribution of travel and tourism to Caribbean GDP was \$57.1 billion in 2017 (15.2% of GDP). It is forecast to rise by 3.6% per annum to \$84 billion by 2028 (17.8% of GDP). Travel and tourism directly generated 758,000 jobs in 2017 (4.3% of total employment).

In recognition of this significant value added, several Caribbean governments have taken steps to increase connectivity and airlift into their respective territories.

For residents of Micronesia, the "Island Hopper", a United Airlines flight that leaves Honolulu for Guam four times a week, is a lifeline. It brings cargo, mail, food, medical supplies, family members, business people and important tourism dollars to the remote islands far faster and more regularly and reliably than supply ships. The flight spans five hours from Honolulu to Majuro (crossing the International Dateline on the way), then 90 minutes to the army airfield in Kwajalein, one hour on to Kosrae, another hour to Pohnpei, one more hour to Chuuk and finally another two hours to Guam.

A large part of the islands' economies has depended on the Island Hopper for 50 years, notably the tourism industry. Chuuk Lagoon is one of the world's best scuba diving destinations, but without the regular flight tourism in Chuuk would not exist. Some of the islands it stops at are so remote the airline carries a mechanic on board to ensure the service maintains its reliability.

Total jobs and GDP supported by air transport in Latin America and the Caribbean



Direct jobs generated by air transport in Latin America and the Caribbean

