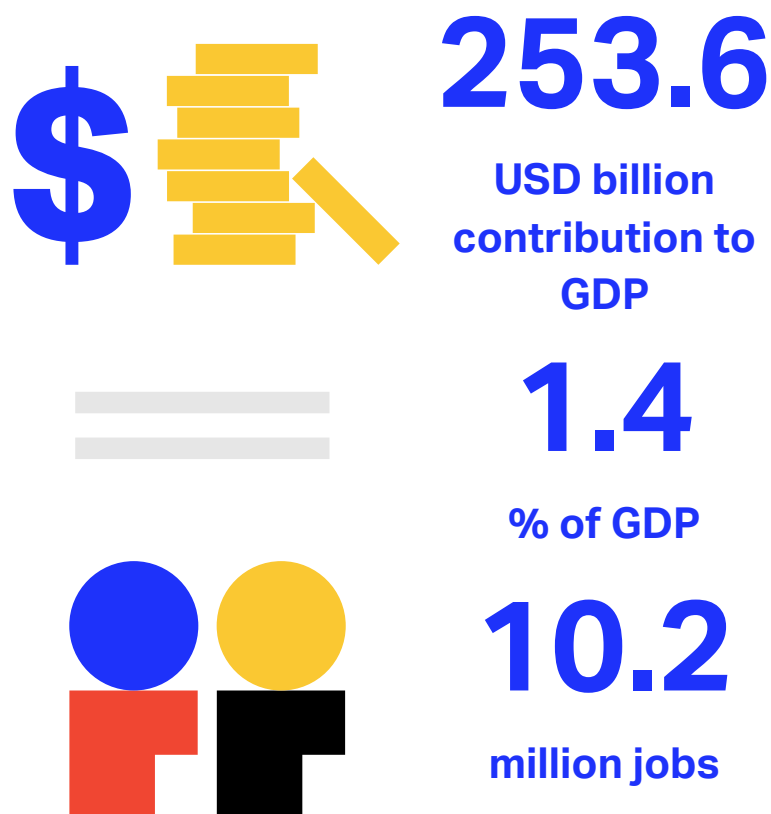


THE VALUE OF AIR TRANSPORT TO THE PEOPLE'S REPUBLIC OF CHINA

The air transport sector significantly contributes to PR China's economy

Total economic impact of aviation in PR China



There are different ways of measuring air transport's impact on an economy. Two key indicators are the number of jobs and the contribution to gross domestic product (GDP) generated by the aviation sector, including airlines, airport operators and on-site businesses, air navigation service providers (ANSPs), and manufacturers ("direct" aviation players). In PR China², 2.1 million people are directly employed in aviation, generating USD 53.7 billion of economic output, equal to 0.3% of total GDP.

Additional benefits are generated by the wider supply chain, employee spending, and tourism activities contributing a total of USD 253.6 billion to GDP and 10.2 million jobs.

Tourism supported by aviation contributes USD 19.8 billion to the country's GDP and employs 1.2 million people. International tourists to PR China are estimated to contribute USD 57.3 billion annually³ to the economy through the purchase of goods and services from local businesses.

Source: Oxford Economics, 2023¹

GDP contribution and employment within the aviation industry and tourism in PR China

Airlines	Airports, ANSPs, civil manufacturing	Tourism supported by aviation
USD 24.6 bn	USD 29.1 bn	USD 19.8 bn
601,700 jobs	1.5 mn jobs	1.2 mn jobs

Source: Oxford Economics, 2023⁴

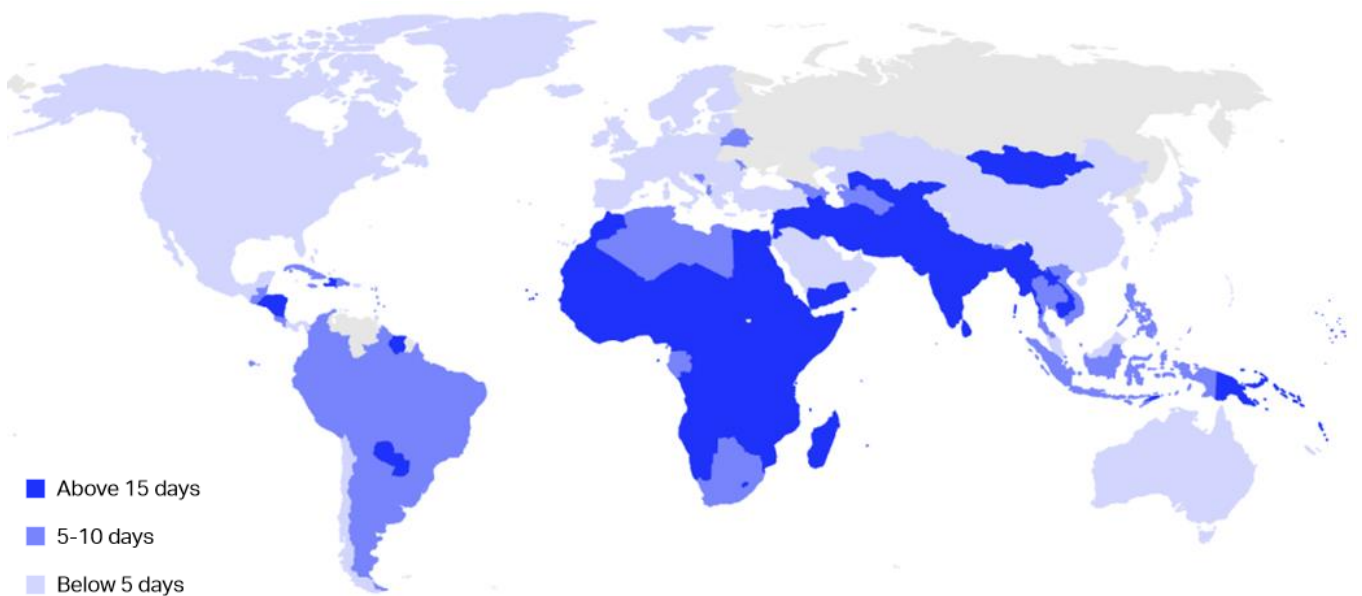
Note: The table above provides the primary components of the results for 2023; it does not capture indirect and induced benefits, which also form part of the overall total.

Aviation delivers substantial and widespread social benefits

Aviation creates a range of social benefits and contributes significantly to the United Nations Sustainable Development Goals (SDGs).⁵ Air transport enhances access to education, connects friends and families, facilitates cultural exchange, and drives socio-economic development. Acting together, these forces enable a country to expand its productive potential, delivering long-term economic growth and supporting the reduction in poverty and improvement in living standards for all of the nation's citizens.

The cost of flying impacts the magnitude of the benefits that can be generated by air travel. In the past 50 years, flight costs have decreased by 70% globally,⁶ making air transport more accessible. The average real airfare in PR China decreased by 45%⁷ between 2011 and 2023, with the local population now needing to work 3.7 days⁸ to afford a plane ticket. Overall, 425 flights per 1,000 population⁹ were taken in 2023.

The number of days of work required to be able to afford a plane ticket in 2023



Source: IATA Sustainability & Economics based on data from IATA Direct Data Solutions (DDS) and World Bank¹⁰

Air transport facilitates the flow of goods, investment, and trade

Aviation stimulates global trade and investment, enables labor and capital productivity improvements, boosts innovation, and fosters knowledge exchange. The movement of goods, enabled by the air transport industry, brings about improved economic outcomes via catalytic collaboration, specialization, and more efficient allocation of resources across all sectors of the local and world economy.

Aviation plays a crucial role in, for example, enabling the development of dynamic and efficient supply chains, and in driving the growth in e-commerce. In times of crisis, the world relies on air cargo to provide humanitarian aid and emergency relief.

16.8 million tonnes of air cargo were transported through airports in PR China in 2023, supporting the country's total import and export volumes.

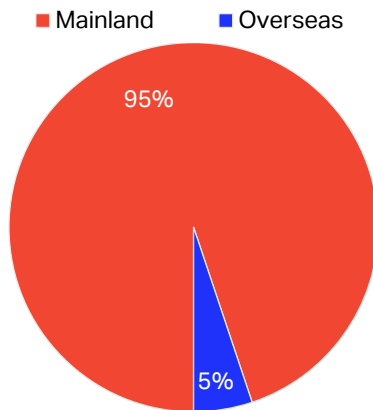


Source: Airports Council International (ACI), 2023 (cargo data); World Bank, 2023 (trade data)

A well-developed aviation network transforms lives and communities

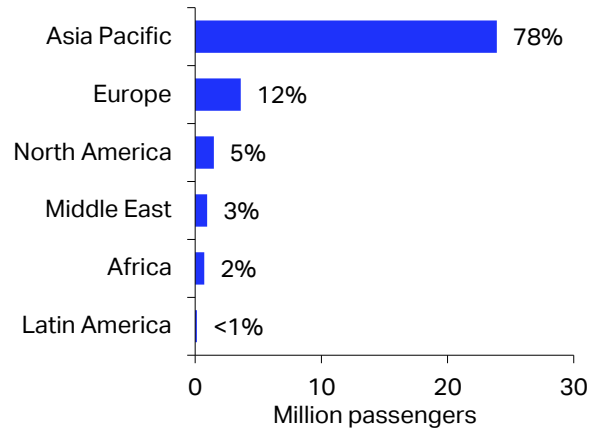
By swiftly and safely connecting people in different cities, air transport generates benefits to consumers and the wider economy. It makes the world smaller, enriching lives and enhancing cultural diversity. In rural and remote areas, air transport provides an essential lifeline for the community, safeguarding access to healthcare, education, and often employment.

Mainland and overseas O-D passenger departures, % share



Source: IATA DDS, 2023

Overseas O-D passenger departures from PR China to regions



Source: IATA DDS, 2023

Note: Latin America includes South and Central America & the Caribbean.

Overseas air traffic accounted for 5% of total origin-destination (O-D) departures for PR China in 2023, equal to 30.8 million passenger departures. Asia Pacific is the largest overseas market for passenger flows from PR China, followed by Europe and North America. Almost 23.9 million passengers departed from PR China to another market in Asia Pacific (78% of the total), 3.6 million to Europe (12% of the total), and 1.5 million to North America (5% of the total). The recovery from the covid pandemic remains underway in this market.

Top 10 most popular city destinations from PR China

Hong Kong	1	3.03 mn pax 9.8%
2.61 mn pax 8.5%	2	Bangkok
Seoul	3	2.55 mn pax 8.3%
1.77 mn pax 5.7%	4	Singapore
Tokyo	5	1.67 mn pax 5.4%
1.62 mn pax 5.2%	6	Macau
Taipei	7	1.46 mn pax 4.7%
1.02 mn pax 3.3%	8	Kuala Lumpur
Osaka	9	0.97 mn pax 3.2%
0.55 mn pax 1.8%	10	Phuket

Source: IATA DDS, 2023

Note: Ranking based on overseas O-D traffic from PR China, measured in terms of the total number of departing passengers, and as a share of total passengers in 2023.



passengers departed overseas



market by passenger departures

39.4%

recovery in overseas passenger departures vs 2019



of global international passenger traffic



of regional international passenger traffic

Source: IATA DDS, 2023

Note: Measured by O-D overseas passenger departures.

Connectivity is vital to economic development

Air connectivity is fundamental to unlocking a country's economic growth potential and prosperity; it enables industries across all regions within the country to engage in dynamic business activity. The extent of domestic and international connectivity is an enabler and an accelerator of both the generation and distribution of economic benefits.

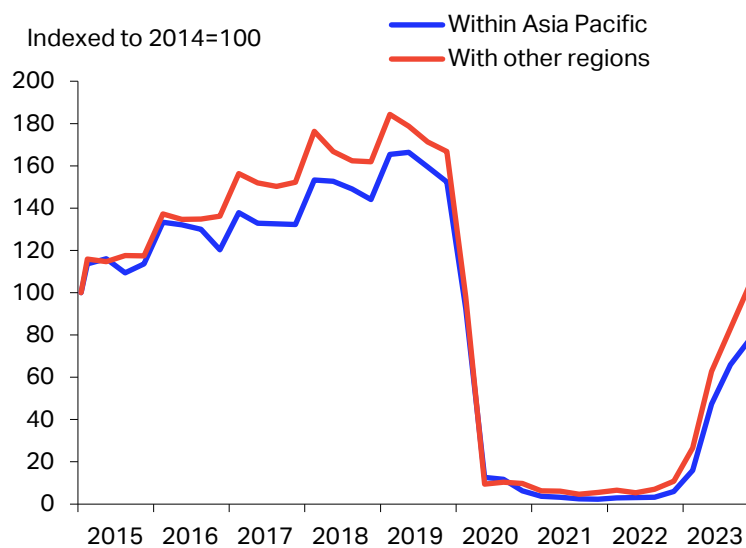
Air connectivity indicators for PR China

249	150	66	543	216	146
airports with commercial scheduled flights	overseas airports directly connected	countries and areas connected by direct flights	outbound overseas flights a day	new overseas routes in the last 5 years	operating airlines ¹¹

Source: OAG, 2023

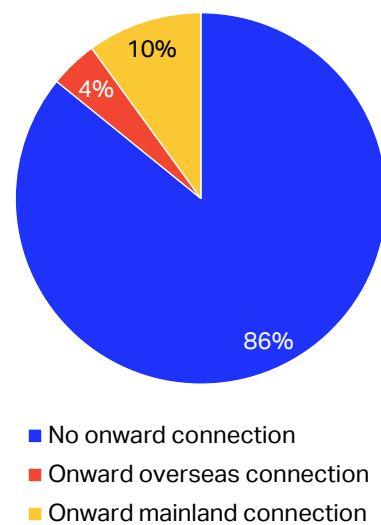
Since 2014, PR China's international air connectivity index has decreased by 47% within the Asia Pacific region and by 29% with all other regions. Again, this is largely caused by the covid pandemic, and the recovery is still underway. Understanding the nature of that connectivity is also important. For PR China, 10% of all passengers arriving from overseas continued their journey on a connection within mainland PR China. 86% of passengers either finished their journey at the point of entry to PR China or continued traveling using a different mode of transport. 4% of all passengers arriving in PR China from overseas continued their journey to a destination in another market.

International air connectivity of PR China



Source: IATA Sustainability & Economics based on data from OAG, 2023¹²

Arriving passenger onward air travel



Source: IATA DDS, 2023¹³

Endnotes

¹ Air Transport Action Group, 2024. *Aviation Benefits Beyond Borders* report based on data from Oxford Economics.
² Data pertaining to PR China in this document excludes statistics for Chinese Taipei, Hong Kong SAR, and Macau SAR
³ World Trade and Tourism Council, 2023. *Tourism Data and Statistics*.
⁴ Air Transport Action Group, 2024. *Aviation Benefits Beyond Borders* report based on data from Oxford Economics.
⁵ Air Transport Action Group, n.d. *Sustainable Development Goals and Aviation*.
⁶ Air Transport Action Group, 2020. *Aviation Benefits Beyond Borders* report.
⁷ Real airfares refers to the average fare for O-D trips to/from/within mainland PR China adjusted by inflation. Calculated based on data from IATA Direct Data Solutions (2023) and International Monetary Fund (2023).
⁸ The number of days that the local population needs to work to afford a flight is estimated based on the average fare for travel and GDP per capita in 2023. Calculated based on data from IATA Direct Data Solutions (2023) and World Bank (2023).
⁹ The number of flights per capita is estimated based on the O-D passenger traffic and the population in 2023. Calculated based on data from IATA Direct Data Solutions (2023) and World Bank (2023).
¹⁰ The number of days that the local population needs to work to afford a flight is estimated based on the average airfare for travel and GDP per capita in 2023. Calculated based on data from IATA Direct Data Solutions (2023) and World Bank (2023).
¹¹ A threshold of at least one scheduled flight a week is applied.
¹² IATA Connectivity Index is calculated as the total route capacity (in terms of seats available) weighted by the destination airport's capacity. The Connectivity Index is calculated based on data from OAG (2023).
¹³ Refers to overseas passengers arriving in PR China and their onward connections. For example, if a passenger arrives in PR China but does not connect by air, they are categorized as "No onward connection". A passenger connecting within mainland China is categorized as "Onward mainland connection" and an arriving passenger connecting to an overseas flight is categorized as "Onward overseas connection".