Analysis of the interaction between air transportation and economic activity: a worldwide perspective

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Abstract:

Air transportation usage and economic activity are interdependent. Air transportation provides employment and enables certain economic activities which are dependent on the availability of air transportation services. The economy, in turn, drives the demand for air transportation services resulting in the feedback relationship between the two. The objective of this work is to contribute to the understanding of the relationship between air transportation and economic activity. More specifically, this work seeks to (1) develop a feedback model to describe the relationship between air transportation and economic activity and (2) identify factors which stimulate or suppress air transportation development. To achieve these objectives this work uses an exploratory research method which combines literature review, aggregate data and case study analyses. First, this work uses data at the individual country level to identify different types of growth patterns between air transportation passengers and GDP for 139 countries. This analysis is then used to identify twenty-two representative countries which span a range of possible interaction behaviors, geographies and income categories. The case study analysis at the individual country level is performed to describe the air transportation impact for each individual economy. These findings help develop a feedback model which describes the relationship between air transportation and economic activity. (cont.) Specifically, the analysis is used to describe (1) how air transportation flows of passengers and cargo enable the flows of goods, services, knowledge, tourism, investment, remittances and labor among economies and (2) how air transportation flows can affect the country’s factor, demand and business conditions. The feedback model is then extended to perform quantitative analysis of the evolution of the enabling impact of air transportation in a particular economy. Specifically, a quantitative system dynamics model is developed to describe the interaction between the demand for leisure travel and the resulting enabling impact of tourism on Jamaica’s economy. Case study analysis is also used to identify factors which may stimulate or suppress air transportation system development. The factors are identified both from the air transportation supply and demand sides. The following supply side change factors are identified: changes in the regulatory framework, infrastructure capability, vehicle capability and airline strategy. The air transportation demand is found to be directly affected by exogenous demand shocks, economic downturns, political and economic sanctions, and the development of other transportation modes. The analysis also identifies the following change factors which affect the demand indirectly by changing the country’s economic attributes: economic liberalization, institutional and political reforms, supporting infrastructure investment, exchange rate fluctuations, political and macroeconomic stability, growing consumer demand, and changes in management practices. (cont.) This analysis of stimulating and suppressing factors helps to describe the role of government intervention in changing air transportation system development and its impact on economic activity. The results of this work can help guide further development efforts, investment and policy decisions pertaining to air transportation usage especially in developing economies.

Description:

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International air transportation, largely as the result of the ‘Open Skies’ initiative from 1979 has also gradually been liberalized but progress has been geographically and temporarily uneven. This study is concerned with extending the Open Skies concept and in accessing the benefits to the US economy of removing the remaining impediments to the provision of free market services involving, in particular, the full transatlantic market. The economic case for removing the restrictions on international air transportation is identical to those that emanate from freer trade per se. At the simplest level, freer trade in any activity, including air transportation, allows customers more choice and ensures that the most efficient producers deliver goods and services. by Elif Dilsiz. The interaction between Transport and Tourism. Role Of Transportation In Tourism Industry In Sikkim State, India. The purpose of this paper is to examine the role of transportation in development of tourism industry in Sikkim state, India. Further, this study analyses the tourist inflow and the means of tourism transport in Sikkim state. This study is more. The purpose of this paper is to examine the role of transportation in development of tourism industry in Sikkim state, India. Further, this study analyses the tourist inflow and the means of tourism transport in Sikkim state... Keywords: rail transportation; transport for passengers; tourist transport; state of the art. This paper uses both world-wide and country-level analysis to describe the relationship between air transportation and economic activity. In particular, we describe how economic, infrastructural, institutional and geographic factors affect the mapping of cargo and passenger flows to the enabled flows of labor, knowledge, investment, remittances, tourism and goods. Data from South Asian countries has been collected to validate association in demand of air cargo, transit time and growth of economy [1,2,3,4,5]. Results may not present an accurate picture for the people, like, strategic planners of air cargo, airlines and airport managers by agreeing with results without giving due weightage to other factors like, nature and other formalities of the region in question.