

The economic impact of business aviation in Europe*

European Business Aviation Association

*connectedthinking

PRICEWATERHOUSECOOPERS

Key findings

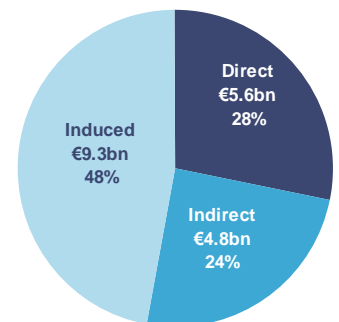
PricewaterhouseCoopers LLP (PwC) carried out extensive research into the business aviation sector between May and November 2008, in order to estimate the impact the industry had in 2007 on the European economy¹. The analysis involved primary research interviews with companies accounting for about 45% of the economic activity of the business aviation sector in Europe, together with use of industry databases, as well as data from 70 company reports of business aviation-related companies.

The key findings of our analysis of the economic impact of business aviation in Europe are as follows:

- The business aviation sector contributed a total of €19.7bn in annual gross value added² (GVA) to the European economy in 2007, accounting for approximately 0.2% of the combined GDP of the European Union (EU), Norway and Switzerland.
- Our calculation of the economic impact of the industry was conservative, subtracting profits from the output figures as we could not ascertain the share of the profits from European business aviation companies that would be distributed and spent within Europe. However, a large proportion of those profits would arguably contribute to the European economy, especially as all EU business aviation operators must be majority EU-owned. Had we included profits, the industry's total impact on GVA would have been €24.8bn.
- The study also investigated the user benefits associated with business aviation, but the impact of these benefits was not quantified. Examples of significant benefits that were highlighted during the study are the facilitation of business links with relatively remote regions and the time savings offered by business aviation.

- The induced³ impact, at €9.3bn, was the largest contributor to the economic impact of the sector, as shown in the figure below.

Total GVA impact of business aviation by type



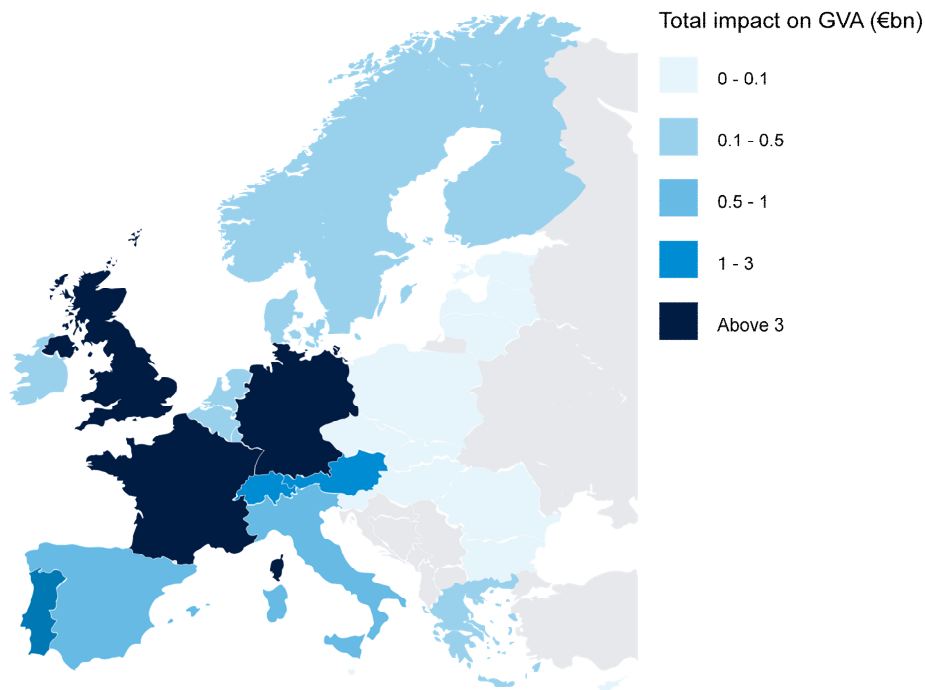
- Considering business aviation's direct, indirect and induced impact, the industry accounted for more than 164k jobs across the continent and generated combined annual wages and salaries of around €5.7bn.

1. For the purpose of this study, the European economy is defined as the 27 economies forming the European Union, plus Norway and Switzerland.

2. GVA is the difference between output and intermediate consumption for any given sector. It is the difference between the value of goods and services produced and the cost of primary materials and other inputs which are used up in production.

3. The total impact of the business aviation industry was divided into direct, indirect and induced impacts. The direct impact measures the impact of the sector itself, the indirect impact measures the impact occurring up the supply chain and the induced impact measures the impact occurring as a result of the expenditure generated by employees related to the sector and its supply chain.

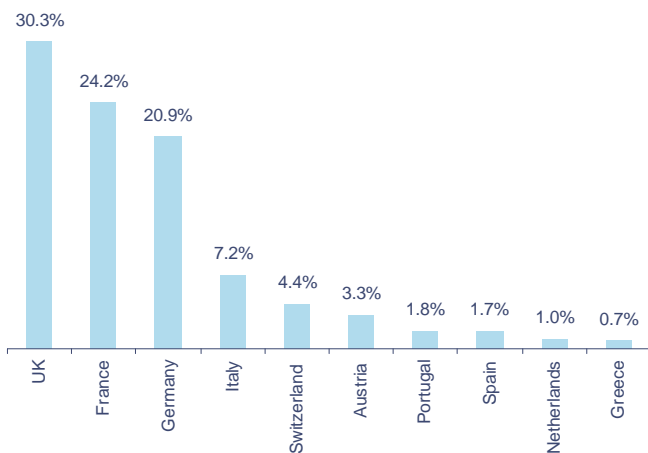
Total GVA impact of business aviation in individual countries



- The majority of the economic impacts associated with business aviation are generated in western Europe, with the GVA impact levels in different countries illustrated in the map above.
- France, Germany and the UK are the countries most impacted by the business aviation industry. The total impact of business aviation in these three countries was €12.6bn in 2007, which represents 64% of the total industry GVA in Europe. Their combined share of total business aviation employment was 75%, as shown in the figure below, and together they also accounted for 73% of wages and salaries.

- These three countries are leaders in the sector because they combine extensive business aviation aircraft assembly and component manufacturing operations with high numbers of business aviation aircraft movements and registered fleets.
- Italy is the other country that hosts business aviation aircraft manufacturing facilities, but the scale of that industry is more modest than that in France, Germany and the UK.
- Austria, Switzerland and Portugal are the other main European countries in which business aviation has a major economic impact. Their positions as leaders in the industry are largely due to extensive operations and/or maintenance activity.

Share by country of the total impact of business aviation on European employment



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