

Economic impact of general aviation research paper examples

[Engineering](#), [Aviation](#)



An overview

The aviation industry plays a significant role in shaping the economy of a country, or state, because it is among the largest public facilities in the world. A viable, effective and efficient transport system is an essential component to the economic growth of any country. General aviation (GA) creates a big impact to the United States of America's (U. S.) economy. The impact can be classified as direct, indirect or induced. GA's economic contribution has for many years been overlooked because of its combination with other forms of transport, masking its own competence. The diverse nature of the U. S. fleet of general aviation, the unique services they offer, and the numerous operations they perform contribute much to the country's economy compared to any other industry. General aviation consists of helicopters, balloons, fixed-wing aircrafts, dirigibles, and gliders (Aircraft Owners and Pilots Association 1).

Analysis of economic impact of GA

GA has become essential in the growth of businesses and firms in the country by providing efficient transportation modes for entrepreneurs around the globe. The interaction between people from different regions leads to innovations and generation of new business ideas that contribute to a nation's economy. The economic impacts of GA are measured in terms of direct impact, indirect impact, or induced impact.

Direct impact

Direct impact is economic change resulting from activities conducted at airports by airline carriers, airport management and airport operations. Airports operations represent a major source of employment for many aviation professions. Other contributors of direct economic impact in GA are FBOs, freight haulers, government installations, education institutions, flight schools and military facilities. The wages and salaries earned by the industry employees have a significant direct economic impact on the nation's economy. Employees use their salary to purchase of goods and services thus, generating tax revenues for the government. The value of direct impact is calculated by adding together all capital expenditures, payrolls, operating and maintenance costs, taxes, and any relevant fee charged. As seen on table 1, the annual economic output from the GA in Port Columbus International Airport in 2012 was 3.7 billion U. S. dollars (Columbus Regional Airport Authority 2)

Indirect impact

Indirect impact is an effect introduced by the users of airport services. Users may include corporate and public users, aviation and non-aviation businesses, and government agencies. The value of indirect impact is generated by summing all fees and chargers paid, expense related to food, lodging, transportation, time and cost savings. General aviation sector in U. S. has a variety of operations ranging from private pilot operation, ballooning, flight training, small-charter operations, and sport parachuting that generate a lot of revenues to the airports authority. The high level of

corporate activities provides an opportunity for growth of many significant charter companies that indirectly contribute to the economy of the country. In addition, aviation-related businesses located at major cities in the country create a big impact to the nation's economy. For example, in Florida, many businesses are involved in the production and manufacture of different aircraft components. Some of these businesses located in airports assist in increasing the amount of revenue generated by the GA sector. Table 2 shows the amount of revenue generated by aviation-related businesses in Florida in 2013.

On the other hand, Federal Aviation Administration (FAA) conducts services that contribute to the economic growth indirectly. FAA is concerned with developing, monitoring and describing safety measures for the nation's public airports and airways. FAA is a very active body and often offers training programs to institutions and airport staff at a certain cost. These services generate some income that contributes to the economic growth of the country through revenues paid to the federal government. In addition, non-aviation businesses located at major airports all over the country have a significant impact to the nation's economy. Businesses involved in manufacturing, distribution, wholesale, insurance, finance, real estate and many more rely on commercial aviation, general aviation and air cargo to support their business operations. These businesses offer employment to the public and have big annual productivity that is indirectly related to GA sector. For example, non-business activities in Florida supported 920, 600 jobs generating 38. 6 billion U. S. dollars in revenue. This increased the GA

revenue by 94.5 billion U. S. dollars in the year 2013 (Federal Aviation Administration). See table 3 below.

Induced impact

This is the economic impact resulting from the local activities present in an airport. These are activities related to payroll, employer expenditure and employment. In addition, induced impact occurs because of successive revenues coming from direct and indirect impacts. GA offers employment to thousands of people who pay tax revenues to the federal government. The employers also have a significant amount of tax that they pay to the government in forms of licenses, fees and levies. All these contributions induced a significant amount of revenue to the nation contributing to the economic growth.

Industry in the whole national bases

The United States has the most extensive aviation system in the world with airports that can hold commercial planes providing services to millions of passengers. The country has more than 500 commercial airports, over 400 aircrafts and receives more than 10,000 passengers annually. GA sector is a major economic generator contributing more than 150 billion U. S. dollars to annual economic output and employing more than 1 million employees either directly or indirectly. The industry has built a strong service provision and employment sector that contributes positively to the national balance of trade. In addition, GA acts as an economic engine by creating jobs and investments to the public (Federal Aviation Administration 1).

The U. S. General Aviation has gone ahead to introducing regulations that

facilitate effective booking and travelling processes with minimum delays. A slight flight delay costs the country millions of revenues, which can be avoided through deregulations. An aviation industry can only realize competitive economies if it uses reliable, efficient air express services. With the current technology advancement and high rate of globalization, the GA industry will be able to contribute annual revenue of more than 500 billion U. S. dollars. In addition, the industry is capable of creating more job opportunities as various innovations in the aviation sector are made. Generally, the General Aviation has a significant economic impact to a nation. Most of the revenues come from direct and indirect impacts that generated 625 billion U. S. dollars and produced more than 5 million jobs to the people of America. The induced impact has less significant, but it managed to generate 400 billion U. S. dollars and create more than 1 million jobs. Since 2009, the GA has seen a tremendous growth of 33 percent for the last 3 years. This trend shows that this industry makes more than 40 percent contribution to the nation's Gross Domestic Product (GDP).

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