



# CAREC Aviation

Tashkent, Uzbekistan

*25-26 April 2019*

# **1** *Aviation and the CAREC 2030 Strategy*

## **Outcome**

**Creation of a more open aviation market that catalyzes enhanced exchange and trade outcomes**

## **Indicators**

- **Number of CAREC country pairs achieving unrestricted third- and fourth-freedom rights**
- **Number of CAREC countries adopting paperless e-freight systems for aviation**
- **Number of countries with e-visa systems.**

# **1 Aviation and the CAREC 2030 Strategy**

## **Actions**

- **CAREC as platform to promote air service agreements; CAREC could facilitate this process through TA.**
- **CAREC as platform – in cooperation with key international aviation organizations - to provide capacity development and training on aviation best practices.**
- **CAREC development partners to offer finance and grant support to member countries for aviation initiatives, including the promotion of private sector financing.**

# 2 CAREC Scoping Study



## AVIATION AND THE ROLE OF CAREC A SCOPING STUDY

SEPTEMBER 2018



# Lack of CAREC connectivity

CAREC -  
excluding PRC

Weekly scheduled frequencies between CAREC countries (as of September 2017) Source: OAG

|                       | Afghanistan | Azerbaijan | Georgia | Kazakhstan | Kyrgyz Republic | Mongolia | Pakistan | PRC | Tajikistan | Turkmenistan | Uzbekistan |
|-----------------------|-------------|------------|---------|------------|-----------------|----------|----------|-----|------------|--------------|------------|
| Afghanistan           |             |            |         | 1          |                 |          | 8        | 1   |            |              |            |
| Azerbaijan            |             |            | 21      | 23         |                 | ?        |          | 5   |            | ?            | 2          |
| Georgia               |             | 21         |         | 21         |                 |          |          | 3   |            |              |            |
| Kazakhstan            | 1           | 23         | 21      |            | 13              |          |          | 41  | 8          | 2            | 18         |
| Kyrgyz Republic       |             |            | ?       | 13         |                 | 3        |          | 10  | 2          |              | 2          |
| Mongolia              |             |            |         |            | 3               |          |          | 53  |            |              |            |
| Pakistan              | 8           |            |         |            |                 |          |          | 12  |            |              | 2          |
| Tajikistan            |             |            |         | 8          | 2               | ?        |          | 7   |            | ?            | 1          |
| Turkmenistan          |             | 6          | ?       | 2          |                 |          |          | 4   |            |              |            |
| Uzbekistan            |             | 2          |         | 18         | 2               |          | 2        | 8   | 1          |              |            |
| Total                 | 10          | 57         | 45      | 127        | 30              | 56       | 22       | 144 | 18         | 12           | 33         |
| Total 554 frequencies | 2%          | 10%        | 8%      | 23%        | 5%              | 10%      | 4%       | 26% | 3%         | 2%           | 6%         |

# Discussion: CAREC connectivity

- How long did it take you to fly from your home country to Tashkent?
- Was your routing nonstop or one-stop?

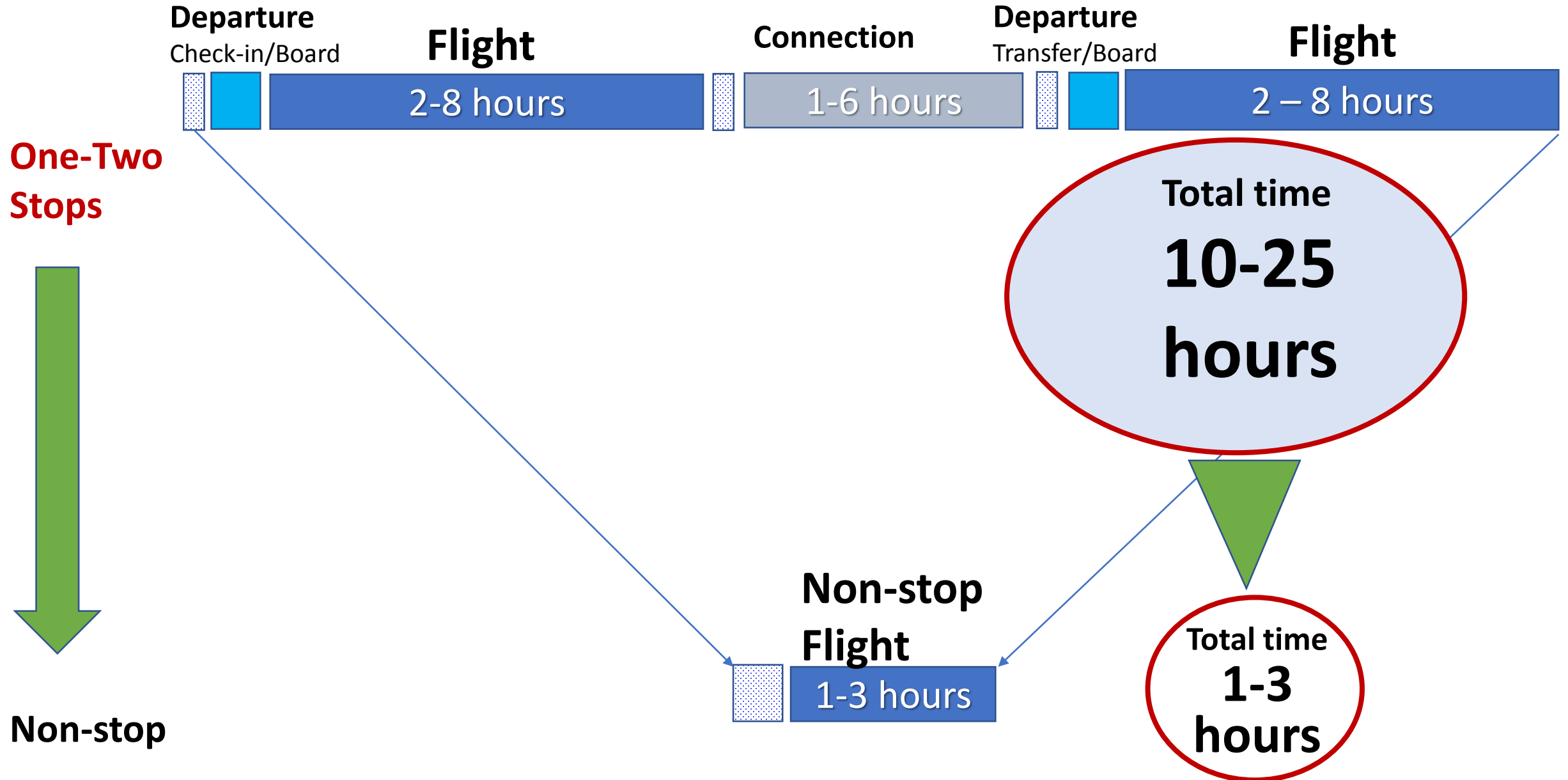




## Study recommendations

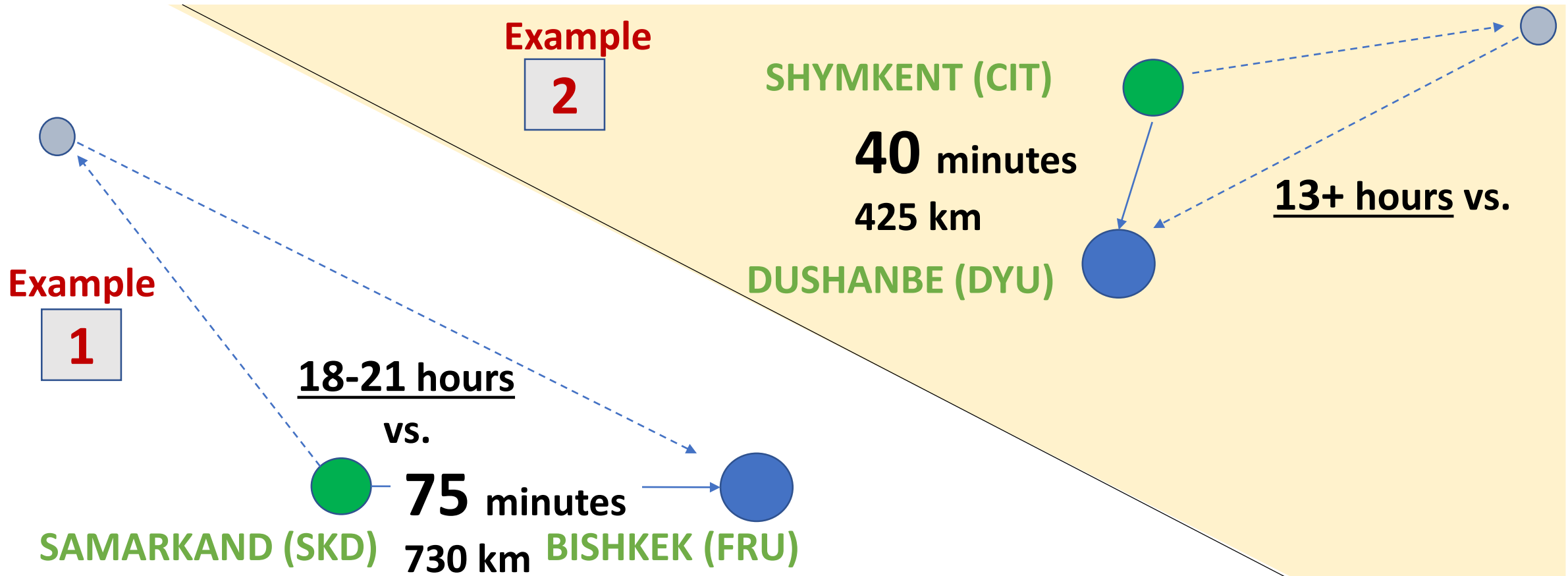
- CAREC countries could adopt a phased approach to open skies, starting with third and fourth freedom rights
- Opening routes and investment in secondary airports would boost connectivity and tourism
- CAREC countries could develop uniform visa-free policies
- CAREC countries could reduce and standardize taxes on flights between CAREC countries to stimulate growth
- Paperless, e-freight systems can improve aviation logistics

# Direct CAREC connections would transform regional travel





# Reducing time and cost with secondary city connectivity



ILLUSTRATIVE ONLY

# Transforming aviation markets

- Opening market access through Air Service Agreements
- Liberalising ownership of airports and airlines
- Building capability and skills to operate in a competitive market
- Developing a process for deregulation through a National Aviation Strategy

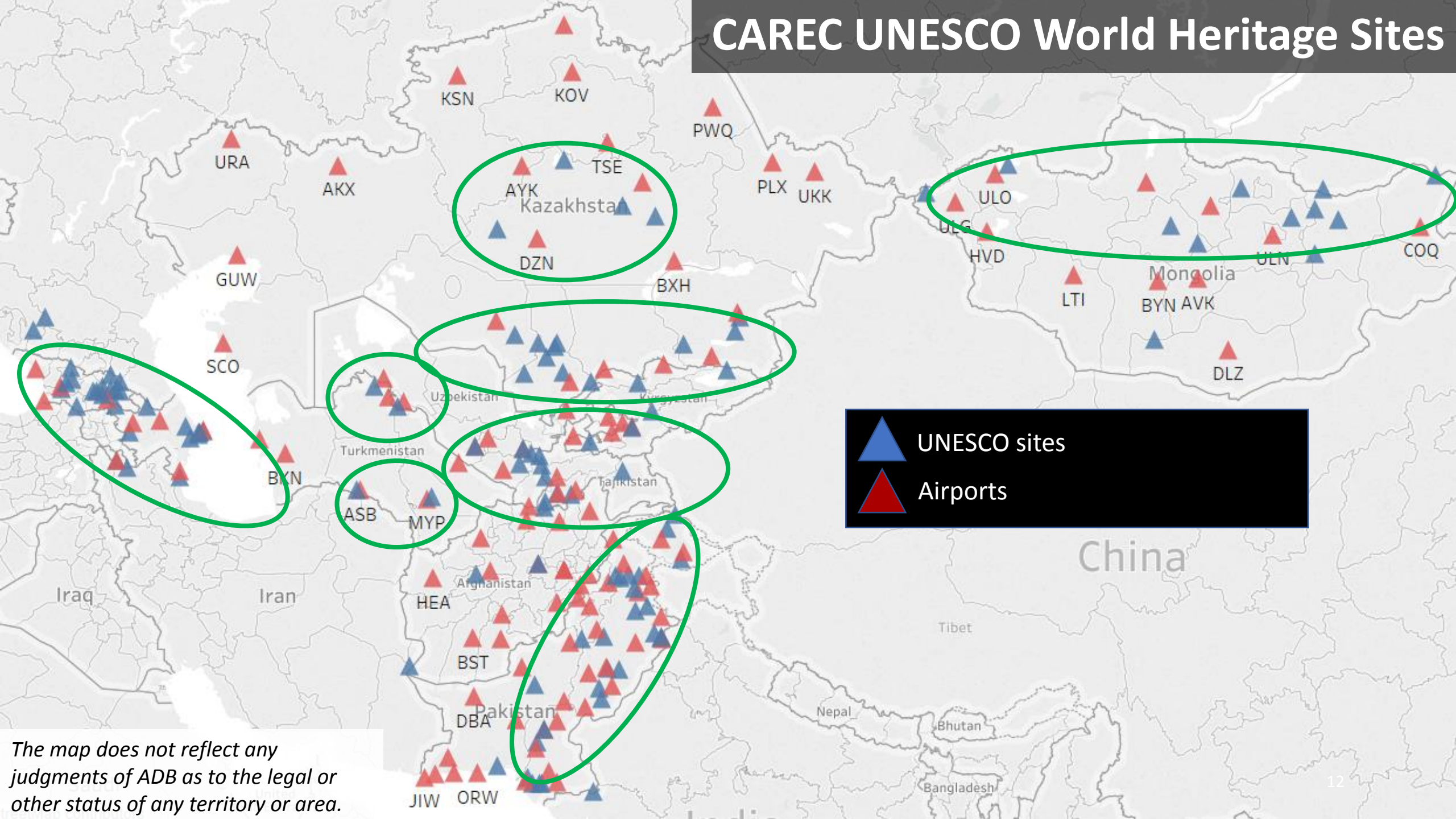


# 3 CAREC Aviation and Tourism



*Parthian Fortresses of Nisa, Turkmenistan*



















# CAREC UNESCO World Heritage Sites



▲ UNESCO sites  
▲ Airports

*The map does not reflect any judgments of ADB as to the legal or other status of any territory or area.*

# CAREC\* countries have high growth potential for tourism

| Country   | % contribution to GDP   |      |
|---|---|------|
| Cambodia  |    | 32.4 |
| CAREC average   |    | 5.2  |
|  Azerbaijan      |    | 14.6 |
|  Georgia         |    | 27.1 |
|  Kazakhstan      |    | 6.2  |
|  Kyrgyz Republic |    | 3.9  |
|  Mongolia       |   | 11.4 |
|  Pakistan      |  | 6.9  |
|  Tajikistan    |  | 8.2  |
|  Uzbekistan    |  | 3.1  |

\* Excludes PRC, and no data available for Afghanistan and Turkmenistan

Source: World Bank 2016

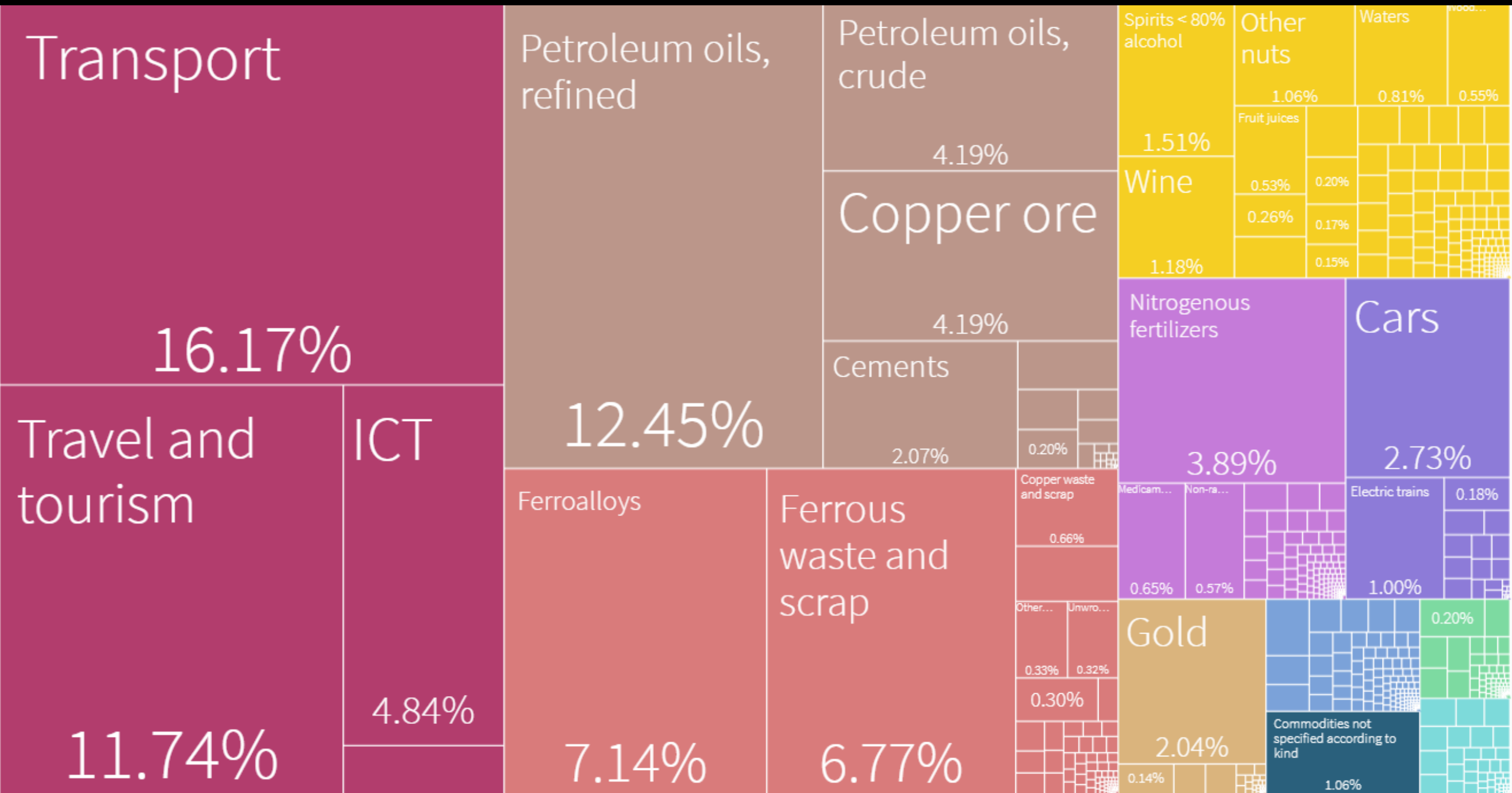
# Georgia: Open Skies and liberal visa policy



**Visitor numbers to have increased by more than 5 fold in the last 10 years!**

**Visa-free for 100 countries and inexpensive e-visas for all others**

# Georgian Export Economy: 2008



# Georgian Export Economy: 2016

Travel and  
tourism

37.99%

Transport

16.11%

ICT

4.48%

Other  
nuts

2.88%

Wine

2.28%

Copper ore

4.75%

Spirits < 80%  
alcohol

1.40%

Waters

1.31%

Bovine

0.63%

Flours of fish,  
for animal...

0.51%

0.23%

0.21%

0.20%

0.18%

Petroleum oils,  
refined

1.52%

Mangan...

0.33%

0.22%

0.21%

Electr...

0.32%

0.18%

Medicaments,  
packaged

1.79%

Nitrogenous  
fertilizers

1.23%

Cars

2.66%

T-shirts, knit

0.94%

Ferroalloys

2.81%

Gold

1.44%

Platin...

0.31%

0.22%

0.20%

Commodi...

0.37%



# Uzbekistan and tourism

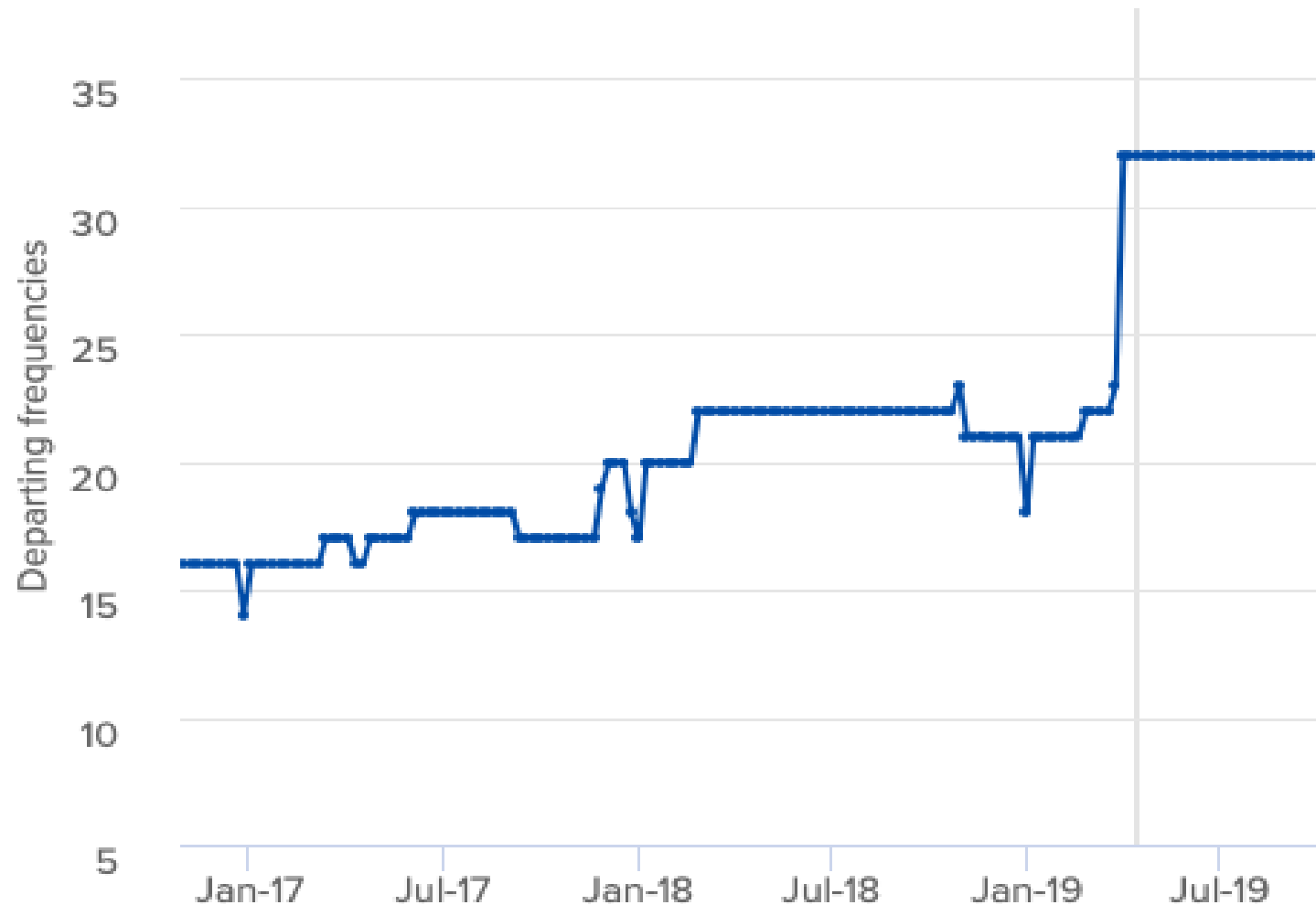
- In 2018-19, Uzbekistan expanded list of visa-free countries from 8 to 45, introduced e-visas for 76 countries, and implemented a visa-free five day transit option for over 100 countries
- Uzbekistan visitor numbers have increased from only 2 million in 2016 to over 5 million in 2018.



*Itchan Kala*

# Kazakhstan-Uzbekistan market growth

- Weekly frequencies have grown this year from 21 to 32
- Tashkent-Almaty has increased from 14 to 20 and Tashkent-Astana from 7 to 12
- The next step is to develop routes connecting secondary destinations, particularly popular tourism sites



# Azerbaijan

- In 2017, Azerbaijan introduced an e-visa program for 100 nationalities
- Visitor numbers to Azerbaijan have grown from 2 million in 2015 to over 2.8 million in 2018
- Azerbaijan aims to double visitor numbers by 2023
- Baku passenger traffic has increased by 34% the last two years, driven by expansion by AZAL and foreign airlines



*Baku International Airport*

# Visa-free travel between CAREC countries

| Country                    | Number of CAREC countries given visa-free status (as of Sep 2017) |
|----------------------------|---|
| Kazakhstan                 | 6   |
| Azerbaijan                 | 5   |
| Georgia                    | 5   |
| Kyrgyz Republic            | 5   |
| Tajikistan                 | 4   |
| Uzbekistan                 | 4   |
| Turkmenistan               | 2 (limited to select provinces)                                   |
| Mongolia                   | 2   |
| Afghanistan                | 0   |
| People's Republic of China | 0   |
| Pakistan                   | 0   |

## Recommendation from Scoping Study

*CAREC could consider introducing a uniform visa free policy to facilitate travel between member countries and thus boost tourism.*

# A single daily flight can add \$50m in tourism revenue



1 Daily flight

180 seats

80% Load Factor

144 passengers

7 days

1008 passengers per week

Average Fare

\$500.00 round-trip

52,416

Annual passengers

40,000

Seasonally adjusted passengers (Winter)

**Annual airfare revenue**

**\$20,000,000**

Estimated spend for 5 nights

\$1,000 (meals/accommodation)

**Annual tourism estimated spend**

**\$40,000,000**

# The prize of enhanced CAREC tourism

Potential growth of 10% (short-term) to 50% (medium term) above current direct contribution could contribute another **US\$1.39-\$6.95 billion** to the economies of CAREC.

*Based on data from WTCC, 2016 and World Bank*

# 4 CAREC Aviation Update



## **Pakistan's New Aviation Policy (March 2019)**

- ✓ Zero taxes on aviation services using smaller aircraft (40-seats and less) into tourist areas
- ✓ e-Visa option for 170 countries
- ✓ Visa-on-arrival for 58 countries
- ✓ Elimination of “No-Objection Certification” for foreign tourists





# Pakistan Aviation

- ✓ Emphasis on “Fair Skies” policy: Phased approach to competition
- ✓ Strategic investments in new airport infrastructure
- ✓ Construction of new bus rapid transit systems linking airports to city centers



# Uzbekistan Update

- ✓ Unbundling airline, airport management, air traffic control, and regulatory oversight
- ✓ Liberalizing visa regime



# New Beijing Daxing International Airport



# Mongolia Air Transport Market Study

- Mongolia invited a CAREC technical team to undertake an Aviation Market Study
- Study seeks to promote sector growth and efficiencies
- Team undertook site visits and interviews in March 2019



*New Ulaanbaatar International Airport*

# Key challenges for Mongolia

- ✓ Matching passenger demand in Mongolia to frequencies
- ✓ Utilization of new Ulaanbaatar Airport
- ✓ Connectivity to remote areas, especially for tourism
- ✓ Development of secondary airports



# Initial findings and recommendations

- ✓ Secondary airport development
- ✓ Consider visa-free access for tourist-generating countries and major trade partners
- ✓ Fleet sizing for low demand (e.g. turboprop operations)
- ✓ Connectivity aimed at social service delivery, e.g. healthcare access to remote areas



*Turtle Rock, Gorkhi-Terelj National Park  
Mongolia*

# CAREC Technical Assistance on Aviation

- ✓ Making National Carriers competitive
- ✓ Aviation market opportunities analysis
- ✓ Aviation and tourism strategy
- ✓ Strategic aviation infrastructure investments
- ✓ Visa and airport fee policies
- ✓ Paperless e-freight systems



If your country wishes to request CAREC technical assistance on any of these topics, please contact: Lloyd Wright, ADB ([Lwright@adb.org](mailto:Lwright@adb.org))

# Uchib ketish

☁ +25°C

| Kompaniya:  | Qatnov: | Yo'nalish: | Sana:      | Vaqt: | Ustun:   | Chiqish: | Status:            |
|---|---------|------------|------------|-------|----------|----------|--------------------|
|    | XY 5934 | MADINA     | 15.08.2017 | 06:45 |          | B5       | Samolyotga chiqish |
|    | HY 685  | SOCHI      | 15.08.2017 | 07:00 |          | B1       | Samolyotga chiqish |
|    | HY 603  | MOSKVA     | 15.08.2017 | 07:15 | 7,8,9    | B2       | Samolyotga chiqish |
|    | HY 649  | QOZON      | 15.08.2017 | 07:30 | 14,15    | B8       | Ro'yxatga olish    |
|    | HY 717  | DUSHANBE   | 15.08.2017 | 07:35 | 16       | B7       | Ro'yxatga olish    |
|    | HY 3537 | ISSYK KUL  | 15.08.2017 | 08:00 | 4,5      |          | Ro'yxatga olish    |
|    | TK 369  | ISTANBUL   | 15.08.2017 | 08:15 | 17,18,19 | B9       | Ro'yxatga olish    |
|    | HY 331  | SHARJA     | 15.08.2017 | 08:25 | 2,3      |          | Ro'yxatga olish    |
|   | HY 645  | MINVODI    | 15.08.2017 | 09:00 | 12,13    |          | Ro'yxatga olish    |
|  | HY 761  | ALMATI     | 15.08.2017 | 10:20 |          |          |                    |

**Thank you and safe travels!**



# *Aviation and the CAREC 2030 Strategy*

## **Outcome**

**Creation of a more open aviation market that catalyzes enhanced exchange and trade outcomes**

## **Indicators**

- **Number of CAREC country pairs achieving unrestricted third- and fourth-freedom rights**
- **Number of CAREC countries adopting paperless e-freight systems for aviation**
- **Number of countries with e-visa systems.**