Economic Impact Study
for Emirates Airline

Executive Summary

Additional Flights between
Dubai and Canada

Prepared for
Emirates Airline

Prepared by
InterVISTAS Consulting Inc.

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Executive Summary

Dubai-based Emirates Airline (Emirates) is one of the world’s largest and fastest growing carriers. Emirates currently operate three times per week between Toronto and Dubai. Under the terms of the current air transport agreement between Canada and the United Arab Emirates (UAE), Emirates is restricted to a maximum of three flights per week to/from Canada, which they are currently operating.

As Emirates has been seeking greater access to Canada for over a decade, the airline contracted InterVISTAS Consulting Group of Vancouver to examine the potential economic impact on Canada of additional flight operations by Emirates to Canada.

The InterVISTAS Consulting Group is a leading management consulting company with extensive expertise in the transportation and tourism industries. InterVISTAS has offices in Canada, the United States, Europe and the Caribbean, and has completed projects with clients in 60 countries worldwide.

Scope of Study

The economic impact of Emirates’ current three times weekly flights between Toronto and Dubai and four additional flight scenarios were examined. The four scenarios are based on the airline’s current Canadian market interests:

- Increasing to a daily service to Toronto.
- Increasing to a double-daily service to Toronto.
- Operating a new daily service to Calgary.
- Operating a new daily service to Vancouver.

Using market stimulation data based on the experience with Emirates thus far in the Canadian market and a variety of Statistics Canada data, the study determined the economic impact of each of the above scenarios and the base case of three weekly flights. Four specific impacts were examined:

- Direct employment associated with the operation of the passenger and cargo operations by Emirates at each airport.
- Ongoing taxation impact associated with direct employment by Emirates at each airport.
- Economic impact of tourism spending by non-resident visitors arriving in Canada on Emirates flights.
• Ongoing taxation impact associated with the expenditures made by non-resident visitors and the taxes generated by the spin-off employment in tourism-related industries servicing new non-resident visitor arrivals on Emirates flights.

**Methodology**

InterVISTAS based its analysis on the premise that new air services will stimulate travel because the product offered is an improvement over what is currently available and consumers choose to fly because of that enhanced air travel product. For example, if Emirates went from thrice weekly service to daily service on the Toronto-Dubai route, the traveller is offered additional days on which non-stop services are available, providing the opportunity to reduce travel time on those days to less than 13 hours versus connections through Europe that would take nearly 17 hours or more.

The stimulation is even greater in Calgary and Vancouver, where there are currently no direct flights to Dubai, so new daily service provides a significant reduction in trip time all seven days of the week.

Using a quality of service index (QSI) based methodology, InterVISTAS examined the stimulus potential between Toronto, Calgary and Vancouver to Dubai and 39 Emirates connecting points. The 39 connecting points chosen are the top 39 Emirates markets, based on their current Toronto-Dubai flights. The greater the improvement in air service product to the destinations in question, the greater the degree of stimulation. In other words, where there currently exists a very poor travel product, such as one involving multiple connections and lengthy travel times, there is the greatest stimulus potential from Emirates flights.

**Summary of Airline and Tourism Spending Economic Impacts**

The study begins by examining the current economic impact of the three times weekly Emirates flights on the Toronto-Dubai route in terms of jobs, income/wages, gross domestic product and total economic activity, looking both at direct impacts at Toronto Pearson International Airport as well as impacts associated with non-resident visitor spending. Using the quality of service index based analysis described above, Statistics Canada input/output multipliers and tourism and international travel data, InterVISTAS is able to estimate the economic impact of the base case and increased service options presented below.
Base Case: Three times weekly service to Toronto

- 99,288 existing passengers annually on the route
- 515 direct full-time jobs (951 total full-time jobs in Canada including spin-off impacts)
- $17.2M in direct economic activity at Toronto Pearson International Airport ($41.3M in total economic activity in Canada including spin-off impacts associated with economic activity at the airport)
- $37.8M in direct tourism spending annually from non-resident visitors ($76.3M in total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)
- $10.7M in direct annual tax revenues to Government

The Base Case describes the economic impact of the existing three times weekly flights between Toronto and Dubai.

Scenario 1: Daily service to Toronto

- 61,027 stimulated incremental passengers on the route annually over the base case
- 344 new direct full-time jobs over the base case (709 incremental total full-time jobs in Canada including spin-off impacts over the base case)
- $30.3M in direct incremental economic activity at the airport over the base case ($72.4M in incremental total economic activity in Canada including spin-off impacts associated with economic activity at the airport over the base case)
- $18.5M in direct incremental tourism spending annually from non-resident visitors over the base case ($37.3M in incremental total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)
- $10.3M in direct incremental tax revenue over the base case

Under Scenario 1, Emirates increases its operations to Toronto from three flights per week to seven flights per week.

Scenario 2: Double-daily service to Toronto

- 154,818 stimulated incremental passengers on the route annually over the base case
- 792 new direct full-time jobs over the base case (1,550 incremental total full-time jobs in Canada including spin-off impacts over the base case)
• $57.6M in direct incremental economic activity at the airport over the base case ($138M in incremental total economic activity in Canada including spin-off impacts associated with economic activity at the airport over the base case)

• $46.8M in direct incremental tourism spending annually from non-resident visitors over the base case ($86.8M in incremental total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)

• $21.6M in direct incremental tax revenues over the base case

With Scenario 2, Emirates increases its operations to Toronto from three flights per week to fourteen flights per week.

**Scenario 3: Daily service to Calgary**

• 69,141 new passengers annually on the route

• 318 new direct full-time jobs (620 new total full-time jobs in Canada including spin-off impacts)

• $26.0M in new direct economic activity at Calgary International Airport ($65.3M in new total economic activity in Canada including spin-off impacts associated with economic activity at the airport)

• $20.4M in new direct tourism spending annually from non-resident visitors ($43.8M in new total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)

• $8.2M in new direct tax revenues

Given that Emirates offers three flights a week to Toronto, it is fully utilizing its flight frequency entitlements under the current air services bilateral between Canada and the UAE hence is not currently allowed to service Calgary or Vancouver. All the above is new economic activity. The same is the case with Vancouver below.

**Scenario 4: Daily service to Vancouver**

• 50,968 new passengers annually on the route

• 312 new direct full-time jobs (689 new total full-time jobs in Canada including spin-off impacts)

• $31.8M in new direct economic activity at Vancouver International Airport ($76.6M in new total economic activity in Canada including spin-off impacts associated with economic activity at the airport)

• $15.4M in new direct tourism spending annually from non-resident visitors ($33.5M in new total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)
• $8.3M in new direct tax revenues

On a cumulative basis, if Emirates was granted its current maximum desired access to Canada – i.e. double-daily to Toronto and daily to Calgary and Vancouver – the incremental economic impact would be considerable:

**Scenario 2 + Scenario 3 + Scenario 4**

• 274,927 total new passengers travelling between Dubai and Toronto, Calgary and Vancouver every year

• 1,422 total new direct full-time jobs created across Canada *(2,859 new total full-time jobs in Canada including spin-off impacts)*

• $115.4M in annual new economic activity at Toronto, Calgary and Vancouver airports *(279.9M in new total economic activity in Canada including spin-off impacts associated with economic activity at the airport)*

• $82.6M in additional tourism spending in Canada annually *(164.1M in new total economic activity in Canada including spin-off impacts associated with non-resident visitor spending)*

• $38.1M in annual new tax revenues for all levels of Government

**Total Direct Economic Impact**

The total direct economic impact of all Emirates flights on Canada is presented in Figure ES-1. The total direct economic impact results from the summation of the Base Case and the incremental economic impact from Scenario 2, Scenario 3 and Scenario 4.

The Base Case shows the economic impact of the existing three flights per week between Toronto and Dubai. The direct incremental impact shows the additional passenger traffic and economic activity that would be generated if Emirates operated a double-daily flight to Toronto, plus a daily flight to Calgary and a daily flight to Vancouver. The total direct economic impact shows Emirates' direct contribution to the Canadian economy if the Airline was granted the access it is seeking.
### Figure ES-1: Summary of Total Direct Economic Impact of Emirates Flights on Canada (Base Case + Scenario 2 + Scenario 3 + Scenario 4)

<table>
<thead>
<tr>
<th></th>
<th>Passengers</th>
<th>Employment Full-Time Jobs</th>
<th>Annual Direct Economic Activity at the Airports</th>
<th>Annual Direct Tourism Spending</th>
<th>Direct Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Case</strong></td>
<td>99,288</td>
<td>515</td>
<td>$17.2M</td>
<td>$37.8M</td>
<td>$10.7M</td>
</tr>
<tr>
<td><strong>Direct Incremental Impact</strong></td>
<td>274,927</td>
<td>1,422</td>
<td>$115.4M</td>
<td>$82.6M</td>
<td>$38.1M</td>
</tr>
<tr>
<td><strong>Total Direct Economic Impact</strong></td>
<td>374,215</td>
<td>1,937</td>
<td>$132.6M</td>
<td>$120.4M</td>
<td>$48.8M</td>
</tr>
</tbody>
</table>

### Total Economic Impact (Including Spin-Off Impacts)

The total economic impact (including spin-off impacts) of all Emirates flights on Canada is presented in **Figure ES-2**. The total economic impact results from the summation of the Base Case and the incremental economic impact from Scenario 2, Scenario 3 and Scenario 4.

### Figure ES-2 Summary of Total Economic Impact of Emirates Flights on Canada (Including Spin-Off Impacts) – (Base Case + Scenario 2 + Scenario 3 + Scenario 4)

<table>
<thead>
<tr>
<th></th>
<th>Passengers</th>
<th>Employment Total Full-Time Jobs</th>
<th>Annual Total Economic Activity at the Airports</th>
<th>Annual Total Tourism Spending</th>
<th>Direct Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Case</strong></td>
<td>99,288</td>
<td>951</td>
<td>$41.3M</td>
<td>$76.3M</td>
<td>$10.7M</td>
</tr>
<tr>
<td><strong>Total Incremental Impact</strong></td>
<td>274,927</td>
<td>2,859</td>
<td>$279.9M</td>
<td>$164.1M</td>
<td>$38.1M</td>
</tr>
<tr>
<td><strong>Total Economic Impact</strong></td>
<td>374,215</td>
<td>3,810</td>
<td>$321.2M</td>
<td>$240.4M</td>
<td>$48.8M</td>
</tr>
</tbody>
</table>
Cargo Impacts

The study also notes that these additional flights will increase cargo capacity for Canadian exports to Dubai and points beyond as displayed in Figure ES-3. The economic impact of that additional cargo space is difficult to quantify. However, given that Emirates cargo space on its Canadian flights is currently sold out months – even years – in advance, the additional export potential provided by increased flights would seemingly add to the positive economic impacts cited above.

Figure ES-3: Summary of Annual Emirates’ Cargo Capacity Volume Estimates

Source: Emirates Airline.
List of Airport Codes:
DXB = Dubai International Airport
YYZ = Toronto Pearson International Airport
YYC = Calgary International Airport
YVR = Vancouver International Airport

Potential Impact on Air Canada

Air Canada will be a major beneficiary of new tourism and business traffic coming to Canada on Emirates, as many passengers will route to Canada’s other business and tourism centres. Emirates has projected that, with the additional services outlined, 10-15% of Emirates passengers flying to Canada will interline with Air Canada to access other Canadian destinations.

The study suggests that any potential impact on Air Canada’s international traffic is low. Virtually all of the new traffic generated by increased Emirates service to Canada comes from markets that Air Canada does not fly. Air Canada does not operate direct flights to Dubai or to any of the top 39
markets served out of Toronto by Emirates. Instead, Air Canada only offers indirect services to these destinations through Star Alliance code share partners or interline connections over Europe.

Conclusion

Increased Emirates service to Canada would provide a significant economic stimulus to Canada's airports and tourism industry, in addition to stimulating employment and providing new tax revenue to the federal and provincial governments. When considered in the context of the overall net economic benefit to Canada, increased Emirates service would likely have a minimal impact on Air Canada in each of the four additional flight scenarios. In fact, the increased passenger traffic to Canada generated by Emirates flights will stimulate Canada's domestic carriers because a good portion of the new passengers coming to Toronto, Vancouver or Calgary will take connecting domestic flights once they arrive in Canada.