

Impact of Open Sky on Exchanges

Nidham Ghazouani*

*Department of Economics, FSJEGJ
University Jendouba, Tunisia*

Abstract: This paper explores the macroeconomic impact of Open Skies agreements, focusing on their impact on exports. It reviews the literature on the importance of economic approaches in aviation negotiations, considering factors like GDP per capita, size, aviation policies, and industry strength. The empirical analysis uses the Propensity Score Matching (PSM) technique to analyze 108 countries, with 8 adopting Open Skies agreements and 100 not. The results show Open Skies agreements' positive and significant impact on export stimulation. The average treatment effect suggests that countries not adopting the agreement could increase exports by 0.8881. The study also highlights the role of Open Skies in enhancing connectivity, traffic growth, and economic development. The findings support the notion that Open Skies agreements contribute significantly to improving exports among participating countries, with the liberalization of air transport markets driving increased air traffic, connectivity, and economic benefits.

Keywords: Open Skies, Exchange, GDP, Air Transport

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* Email: ghazouani.nidham@yahoo.fr; Email: nidham.ghazouani@fsjegj.rnu.tn