

# ASPA Conference

State of Industry  
Road to Recovery

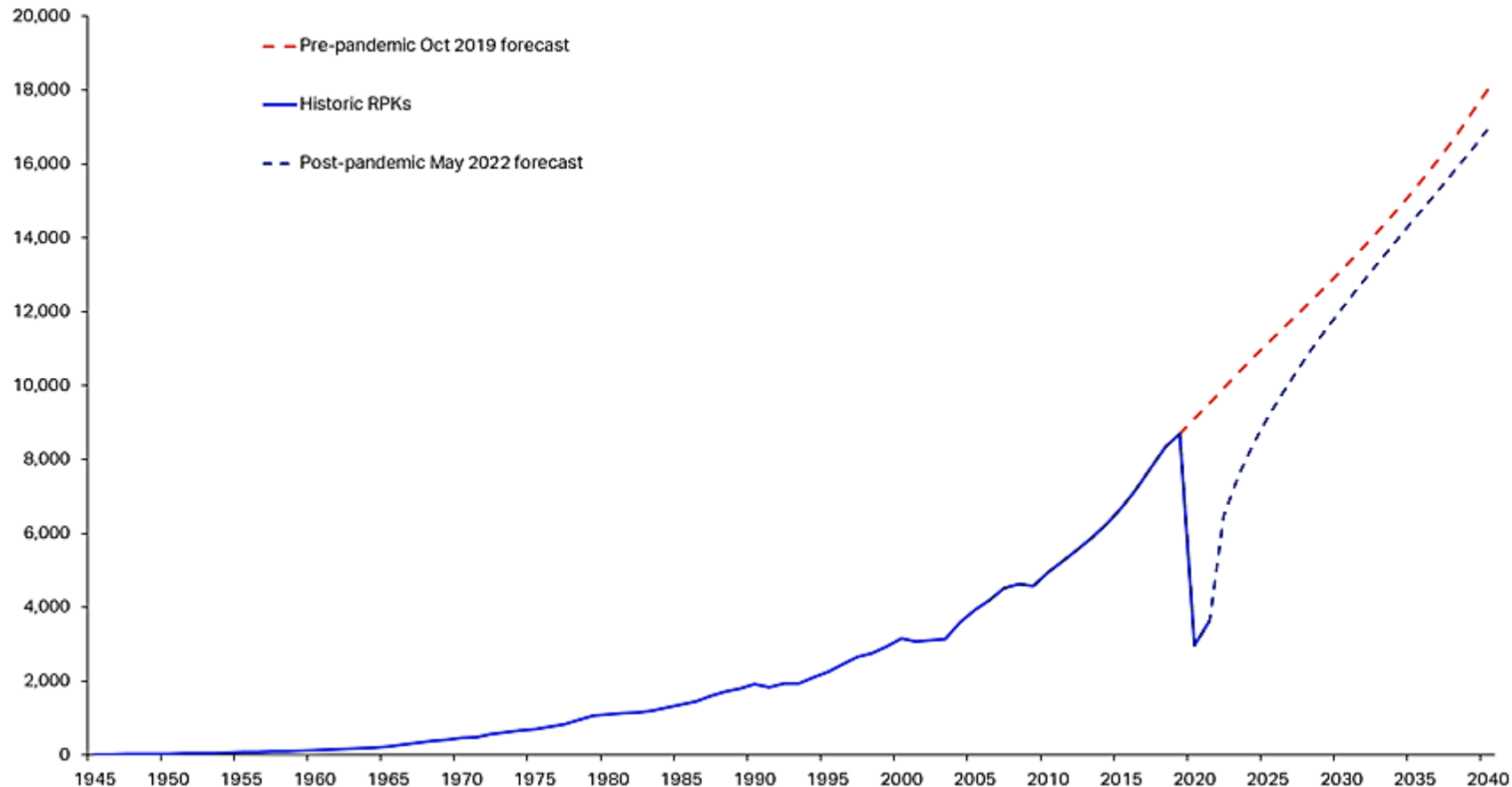
8 September 2022



# The greatest shock to aviation in its history

Global RPKs, with pre-pandemic (red) and current forecasts (blue), billion

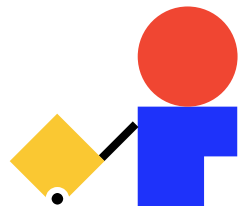
Global RPKs (billions)



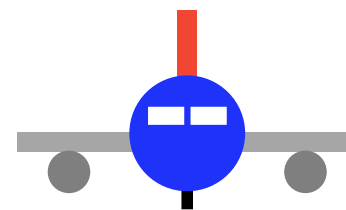
- “Lost” travel between 2020 and 2022 is equivalent to 1.8 x 2019 RPKs.
- In 2040, if our current forecast is realized, traffic would still be 6% below our pre-pandemic forecast.

Source: IATA Annual airline traffic statistics, IATA Economics/Tourism Economics.

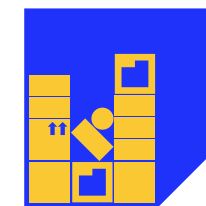




passengers  
(millions)



flights



value of goods  
carried (billions)

Every  
day in ...

2019

**12.4**

**106,600**

**\$17.8**

2020

**4.9**

**46,200**

**\$16.3**

2021

**6.2**

**53,000**

**\$20.5**

2022

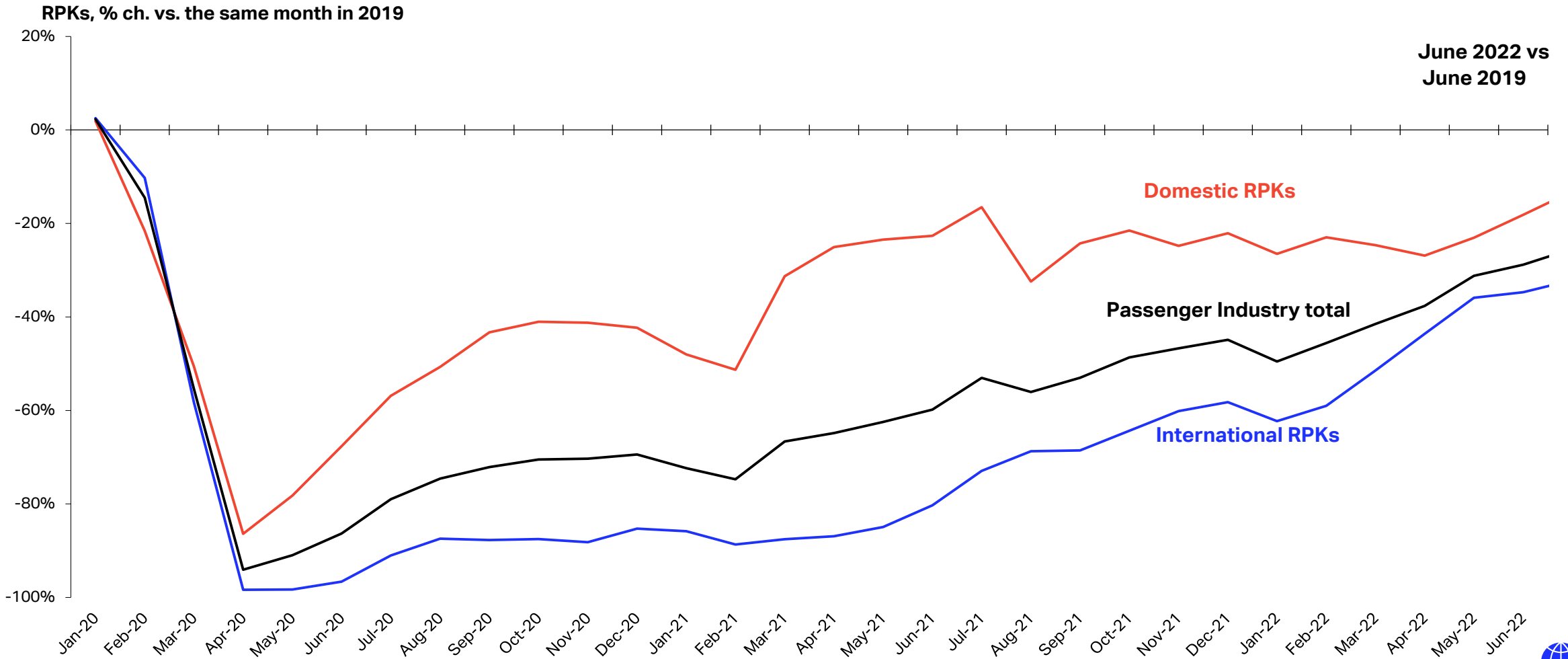
**9.4**

**70,600**

**\$21.9**

# Positive trend for DOM, INT recovery still strong

## International traffic drove the recovery until May 22



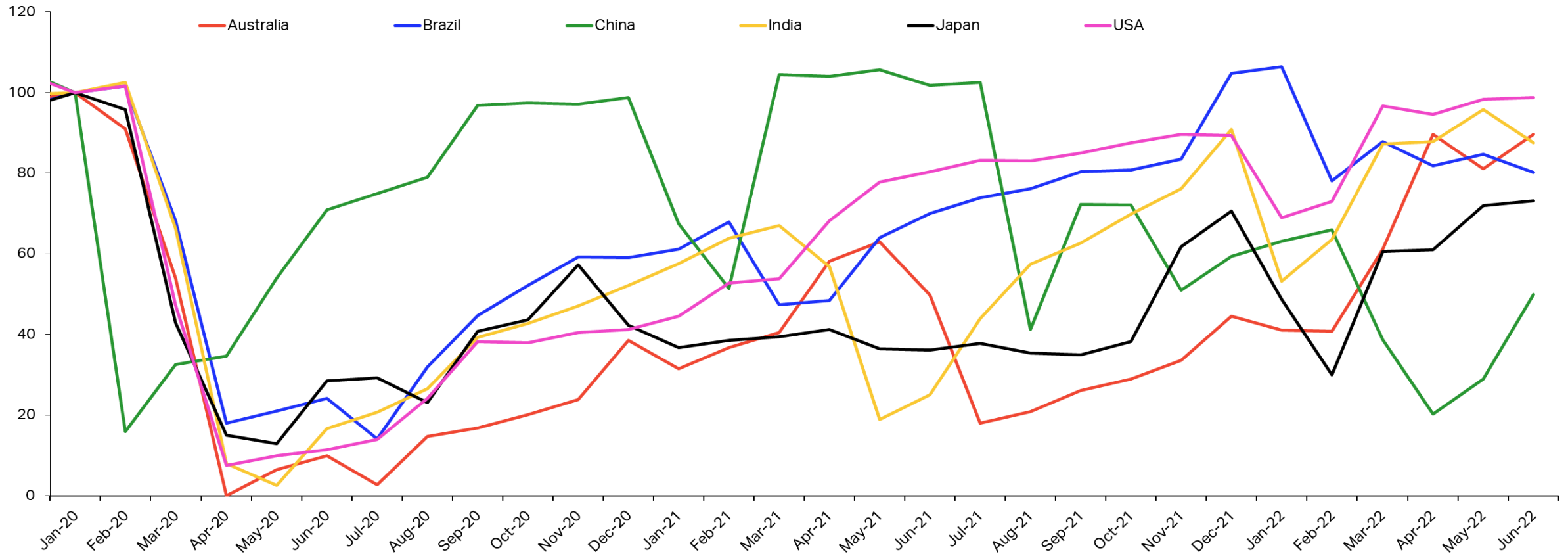
Source: IATA Statistics



# Recovery in all major markets, China lagging behind

## As borders reopen and restrictions eased, recovery is seen in all regions

Domestic RPKs, year-on-year % change vs 2019



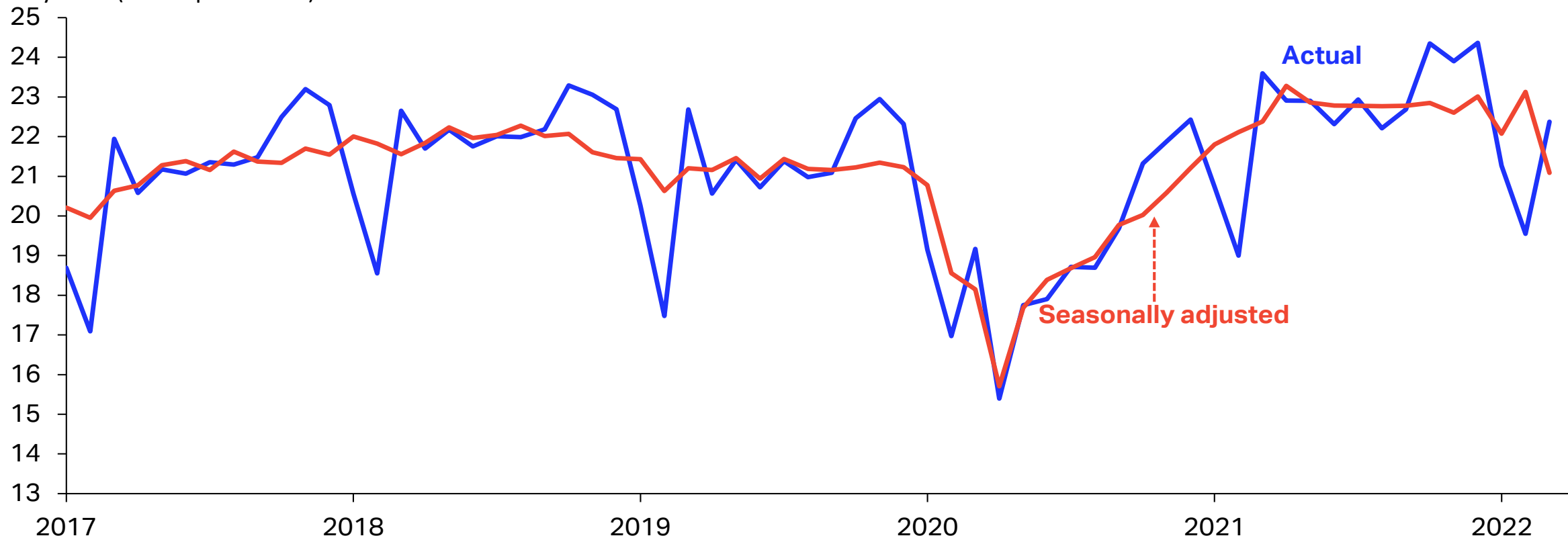
Source: IATA Statistics



# Cargo growth is flattening

Industry Cargo-Tonne-Kilometers, actual and seasonally adjusted, billion

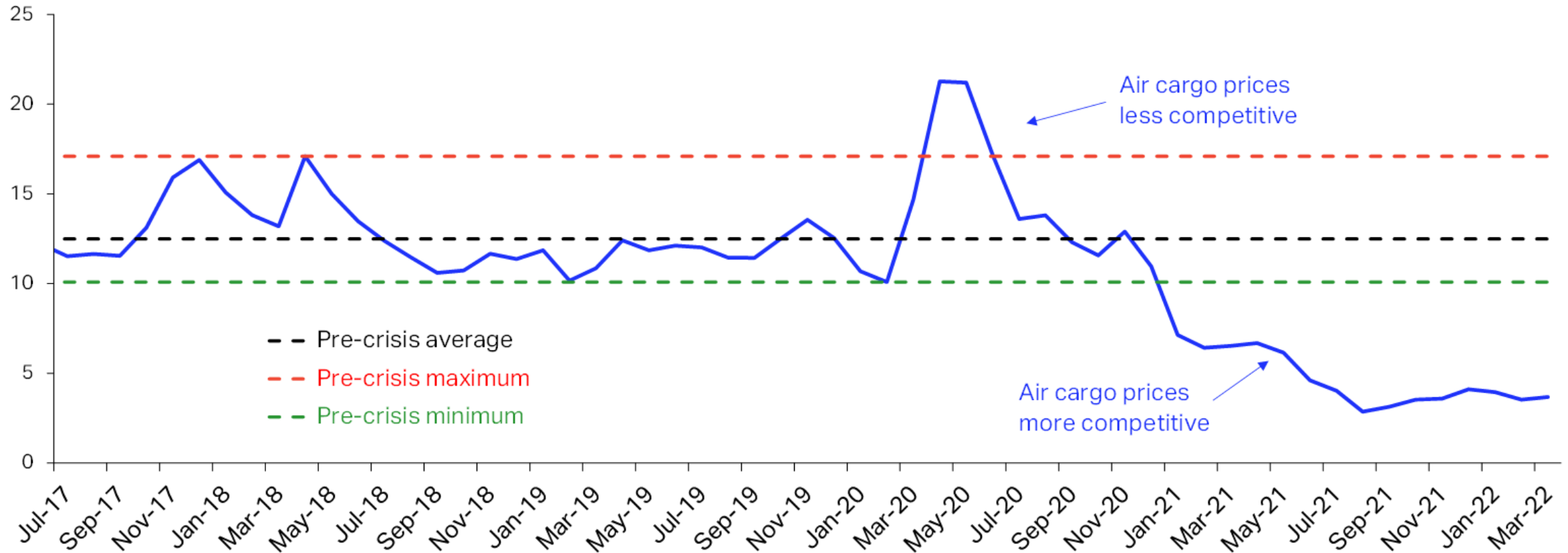
Industry CTKs (billion per month)



# Air cargo prices are more competitive

## Relative air and maritime cargo rates favor air cargo

Ratio of chargeable weight rates per kg for air cargo and container

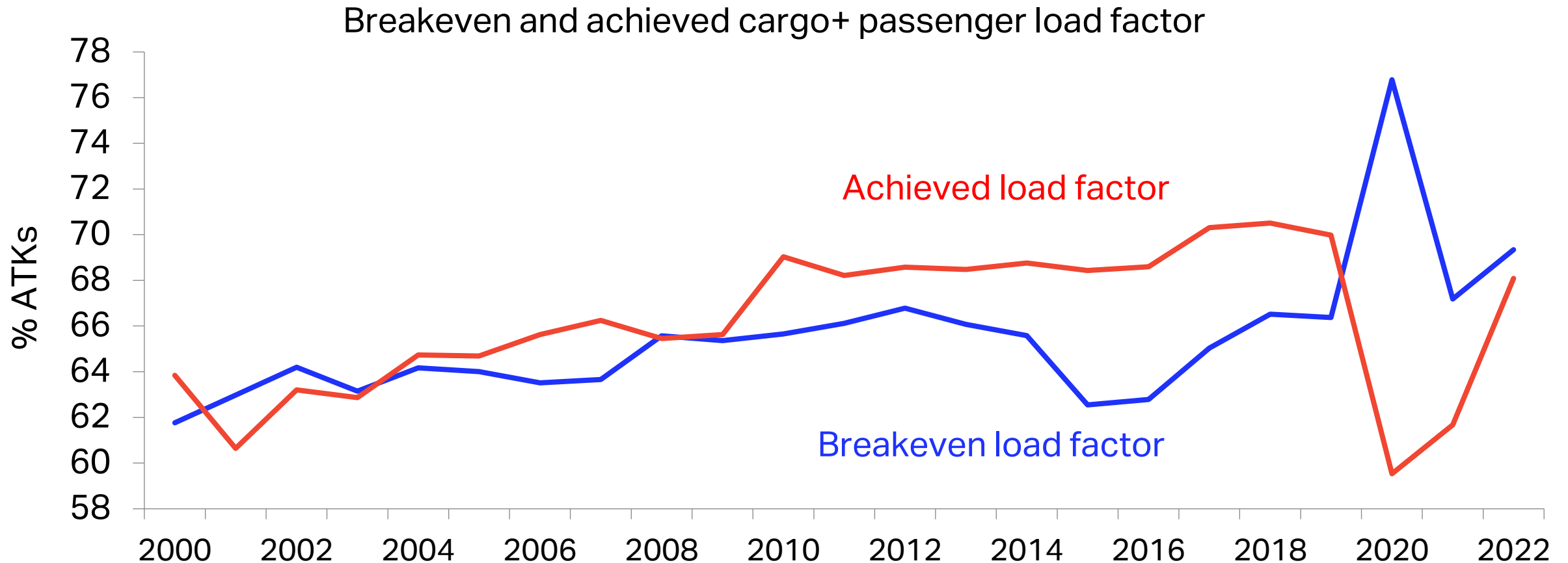


Source: Boeing, IATA CargoIS, Freightos Baltic Index.



# Total load factor up and nearing breakeven

## Cargo load factor eases on added belly capacity



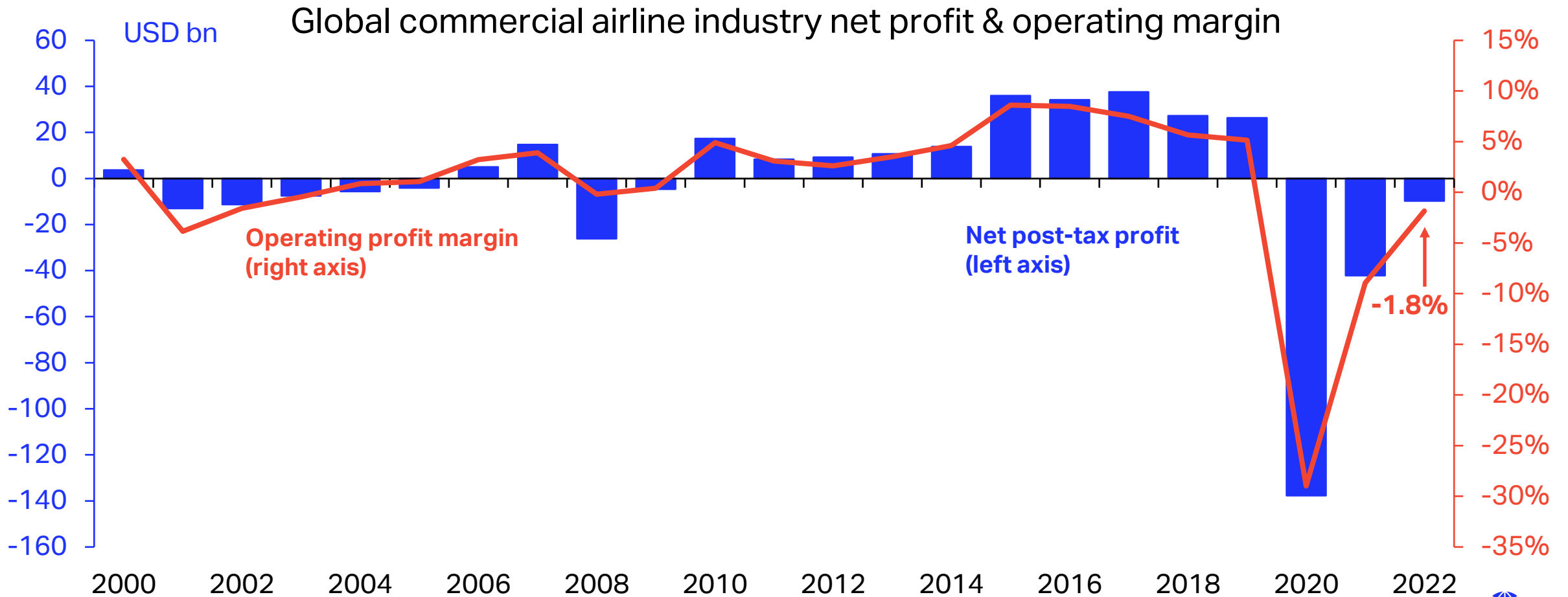
Source: IATA Economics.





# Financial performance improves to – USD 9.7bn

## Highlighting the resilience of the industry

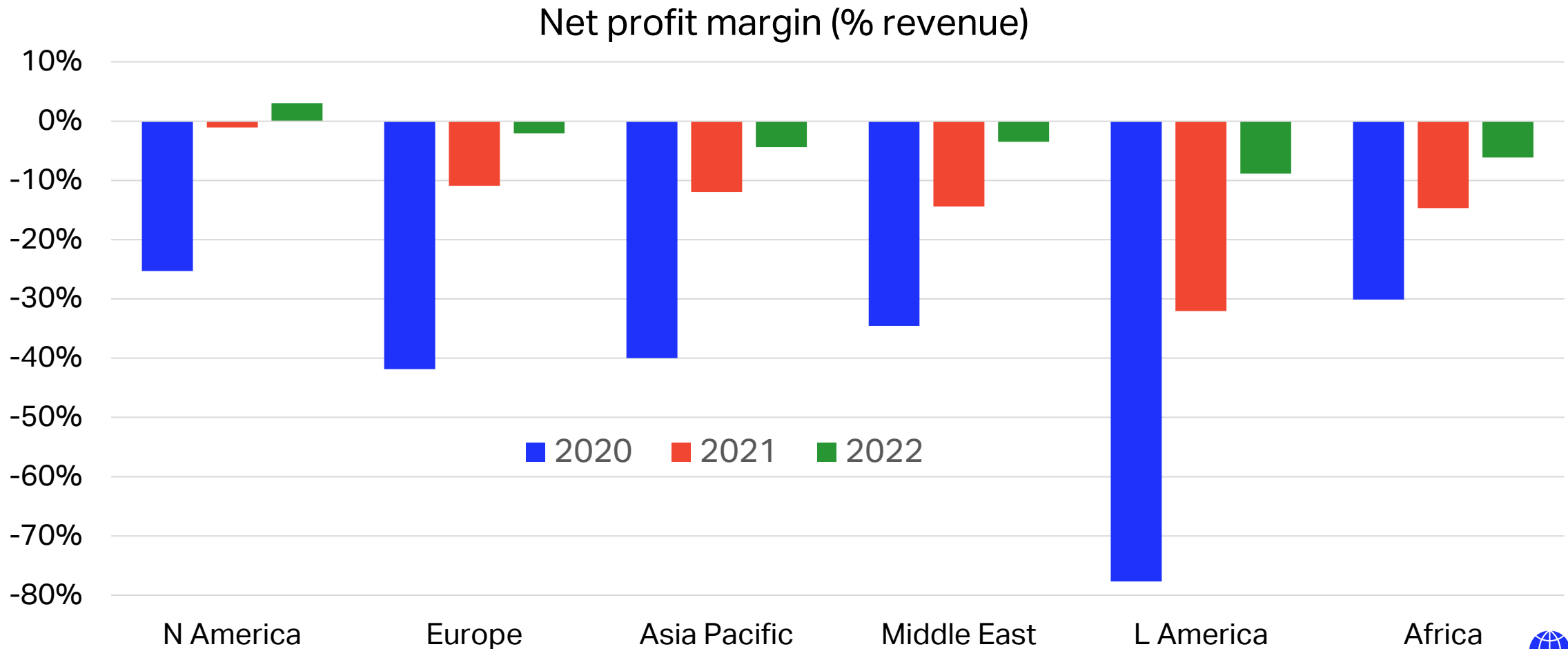


Source: IATA Economics.



# North America returns to profitability in 2022

## But financial performance is improving in all regions



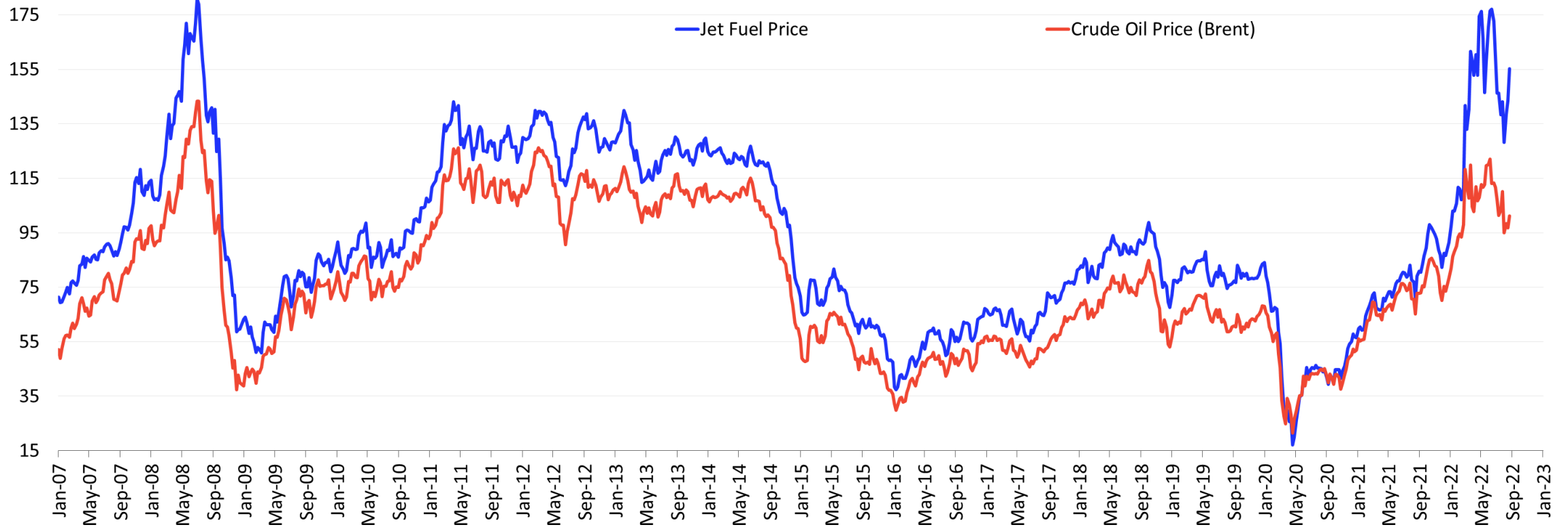
Source: IATA Economics.



# Jet fuel price still a headwind to the outlook

## Crude oil price around US\$100/bbl, crack spread remains

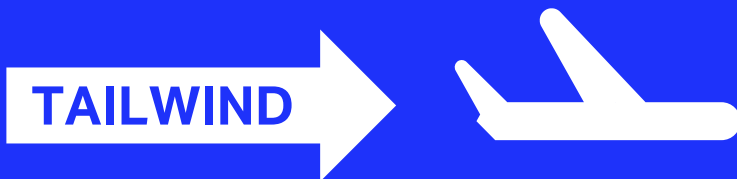
Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

# Turbulent times

- Easing and lifting of travel restrictions
- Willingness to travel
- Cargo
- Business model developments
- The possibility of energy abundance



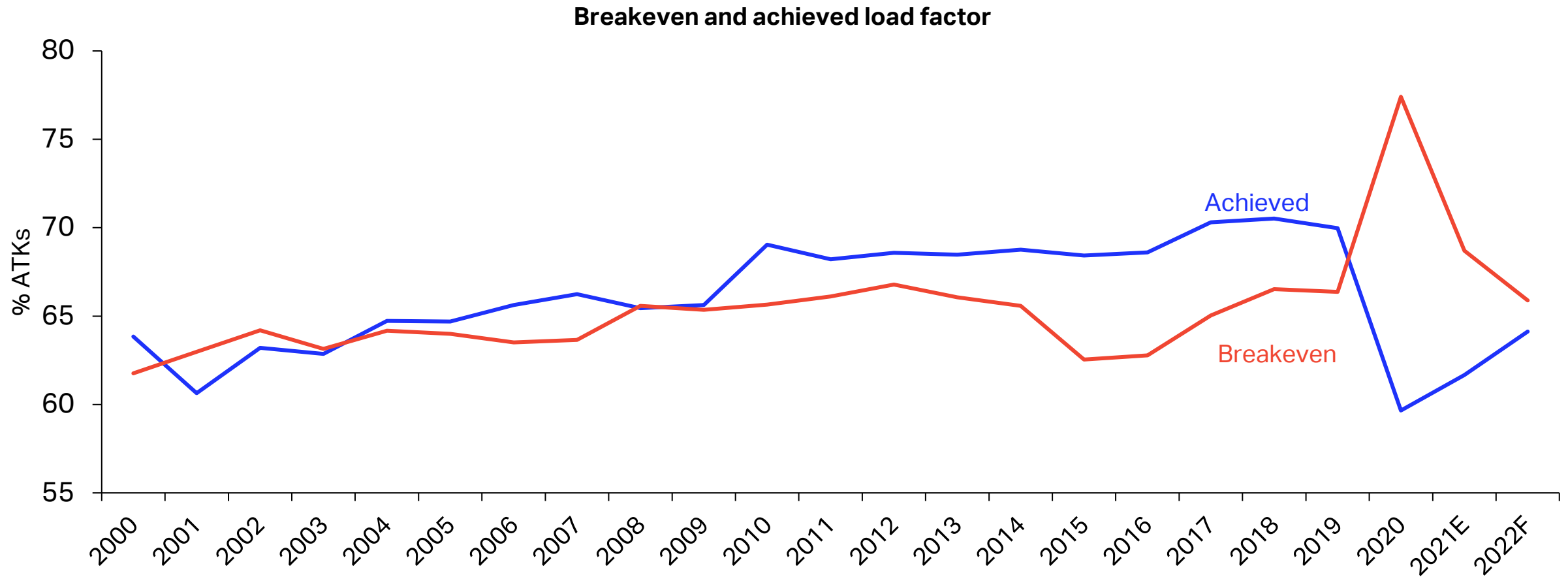
and

- Debt burden and cost
- Labor costs
- Energy costs
- Climate change costs
- Geopolitical conflict

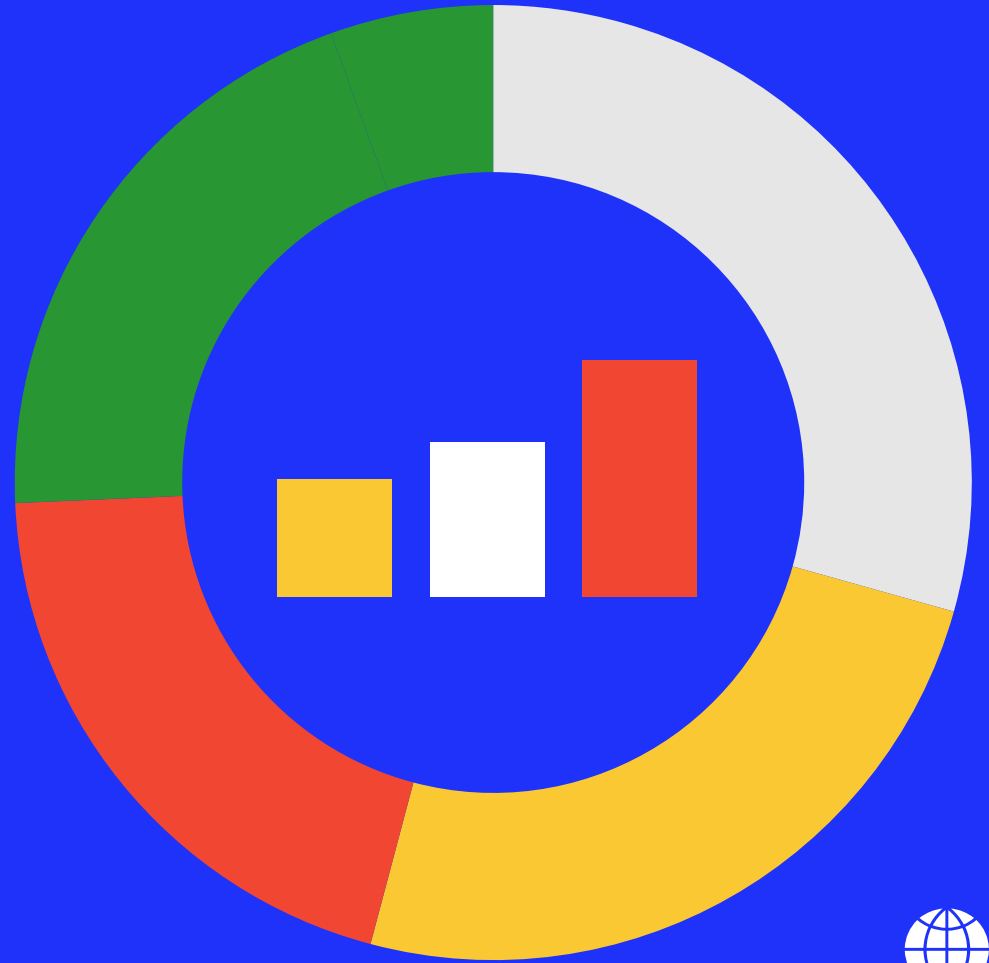


# Breakeven will not be achieved in 2022 [TBC]

The LF gap will narrow down but pressure on profitability will remain...

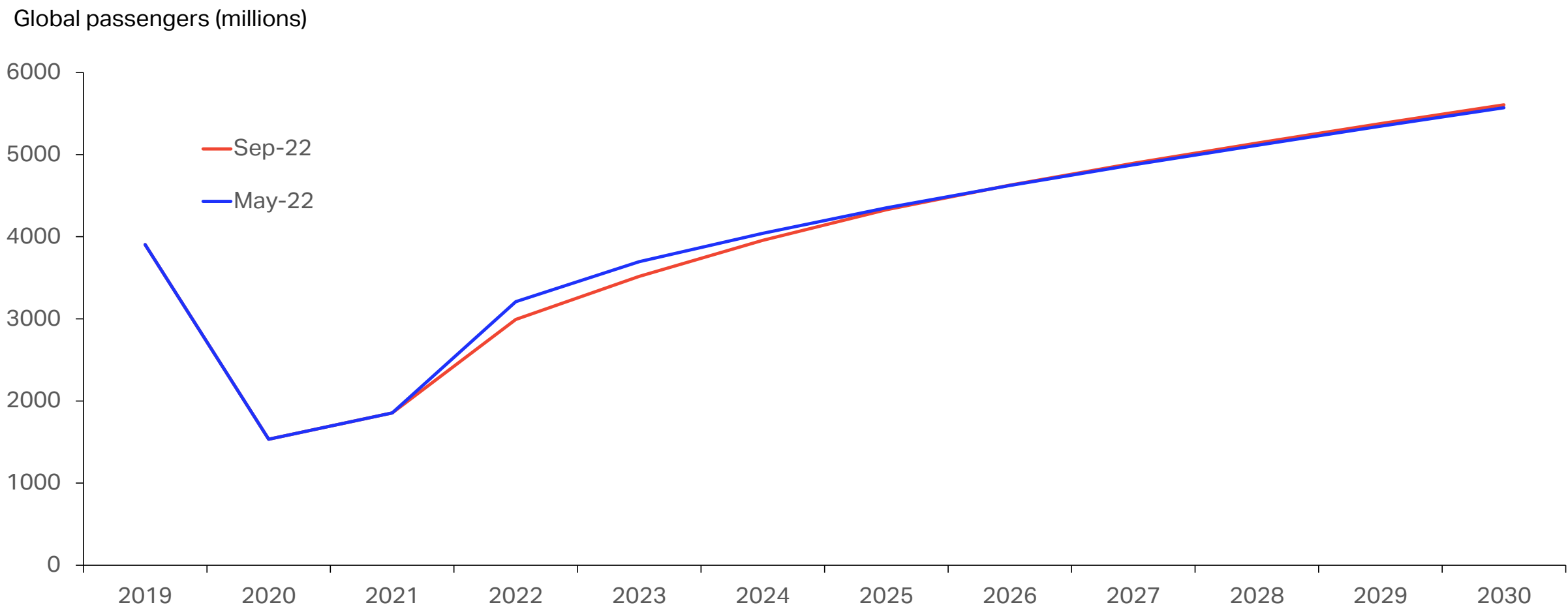


# Forecast



# Near term forecast revised downwards

## Long term remains unchanged



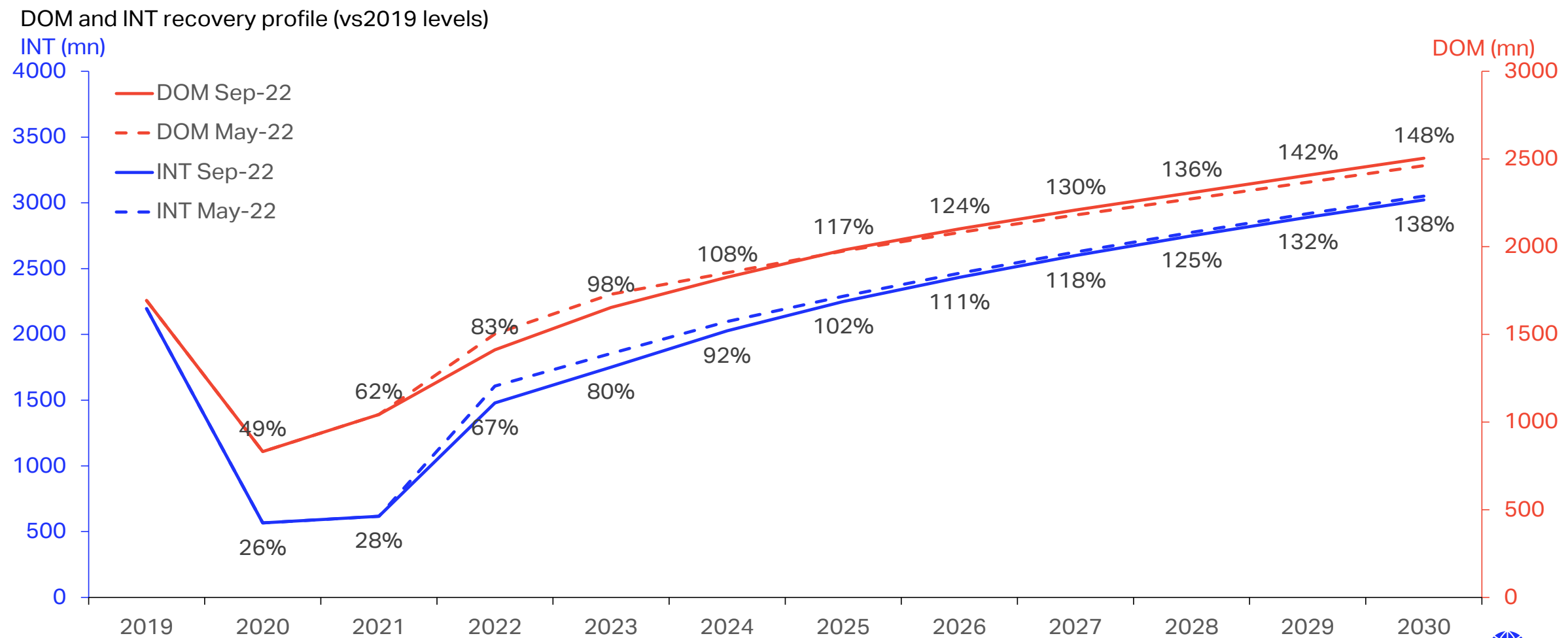
Source: IATA/Tourism Economics Air Passenger Forecast

12 September 2022



# DOM and INT near term downgrade

## DOM traffic still ahead of INT in terms of recovery



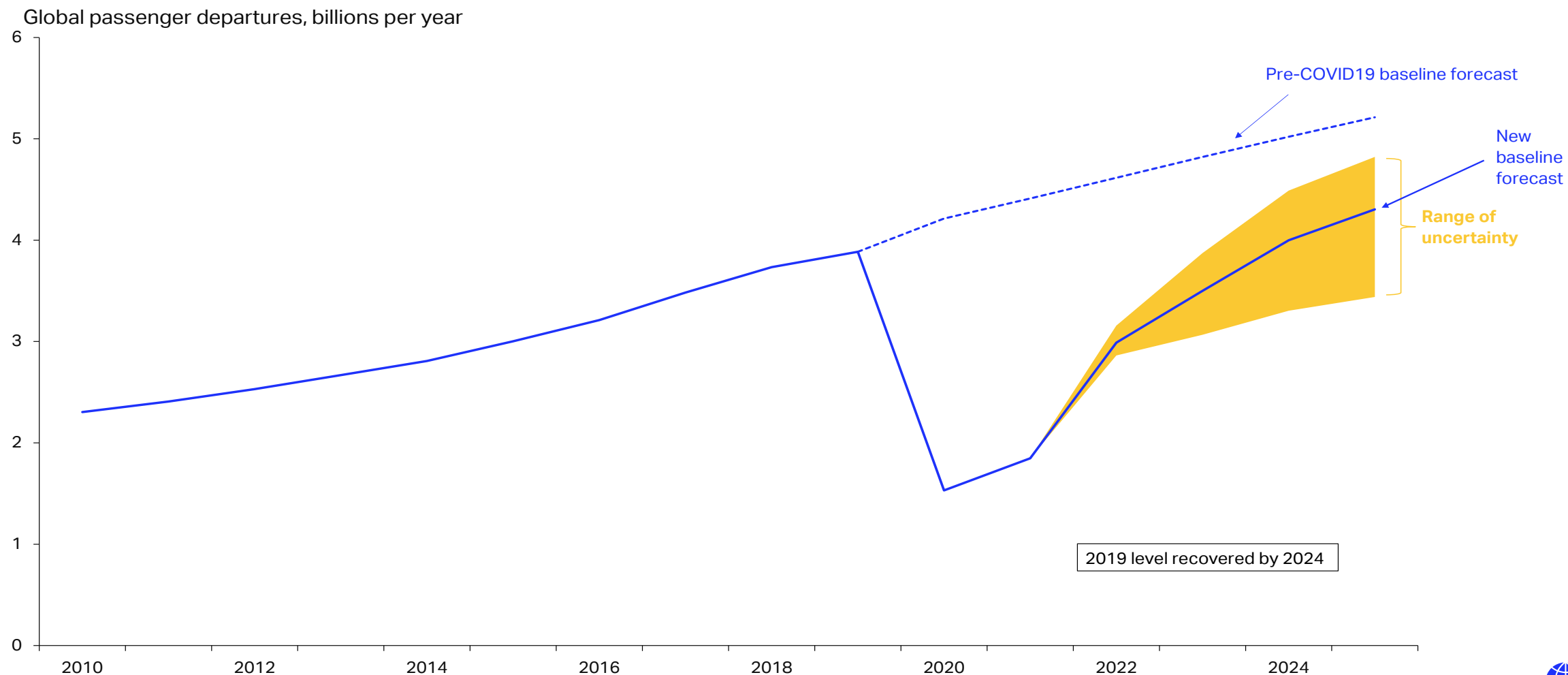
Source: IATA/Tourism Economics Air Passenger Forecast





# Range of uncertainty unchanged

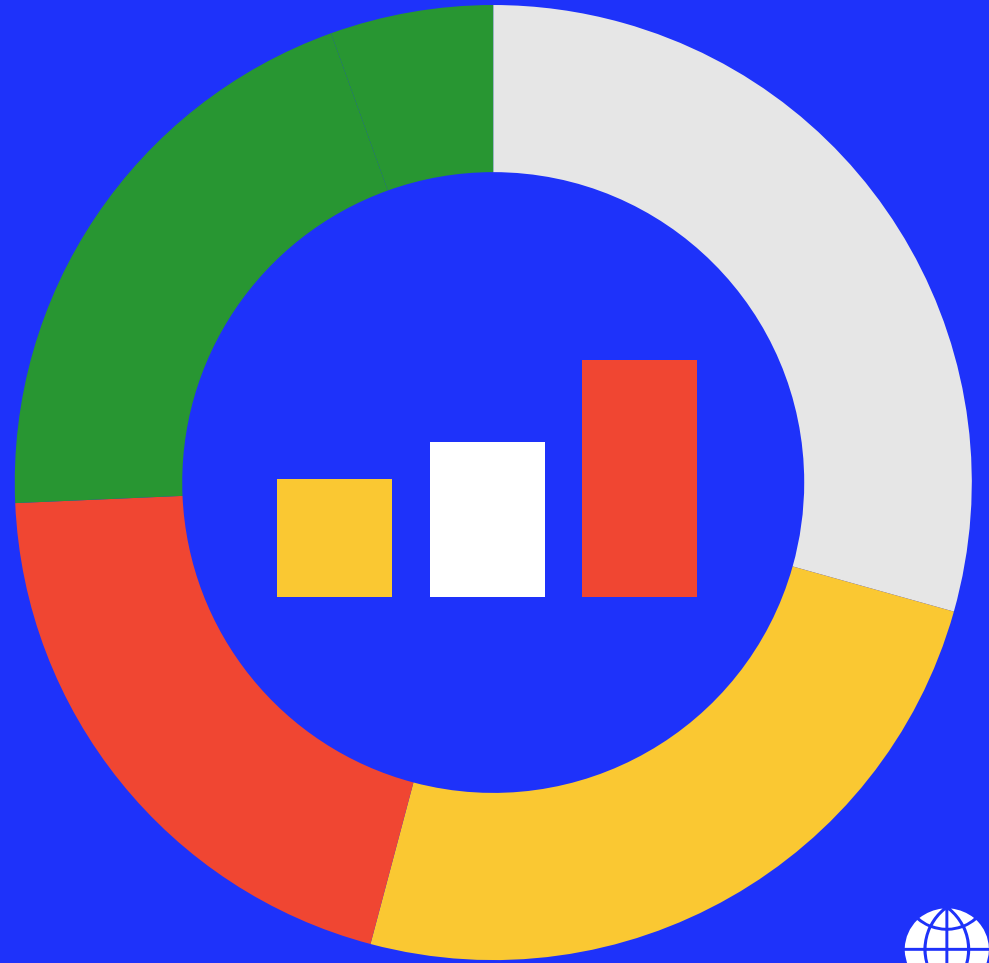
## Near-term risks remain tilted to the downside



Source: IATA/Tourism Economics Air Passenger Forecast

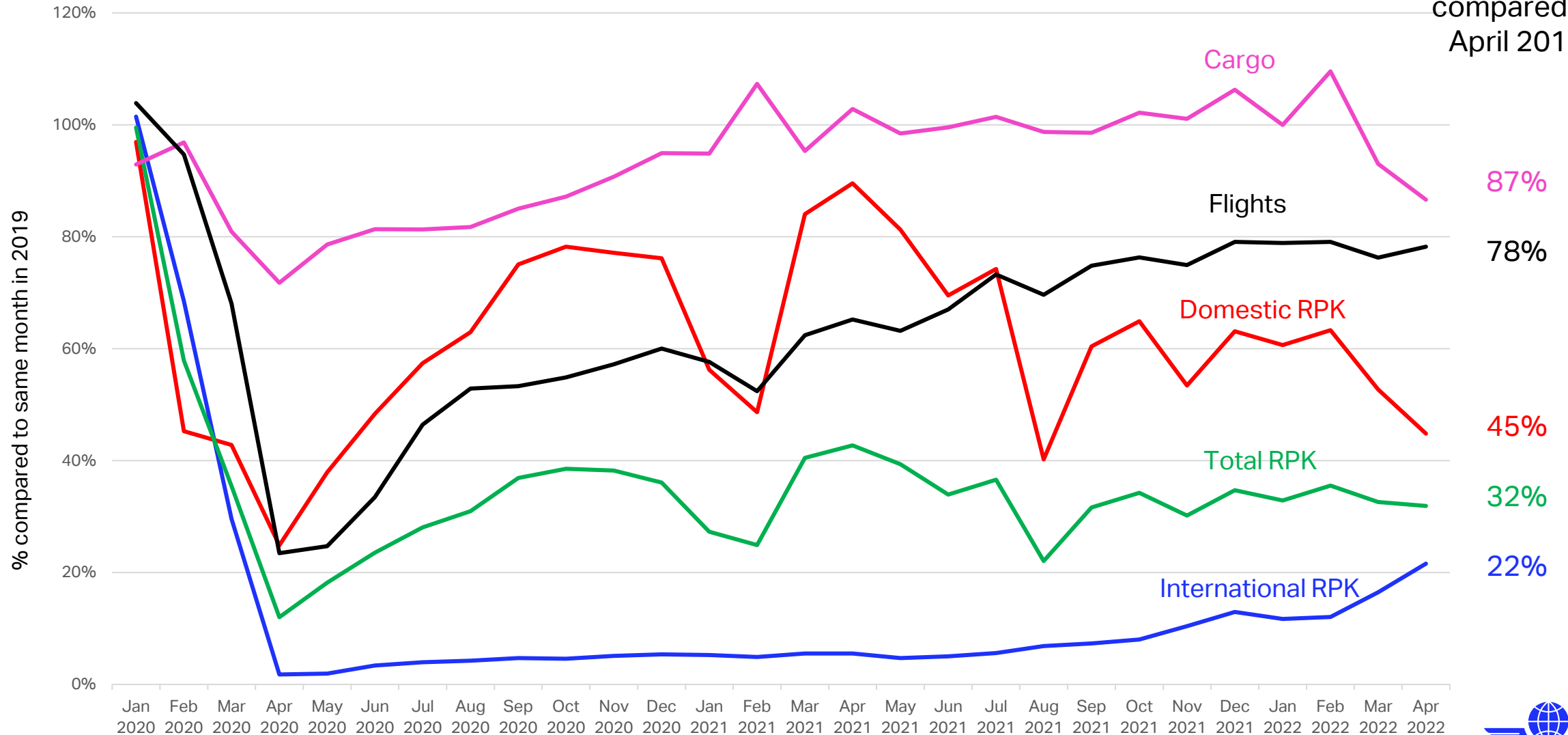


# Update on COVID-19 impact in Asia-Pacific



# Asia Pacific: Status of recovery

April 2022  
compared to  
April 2019

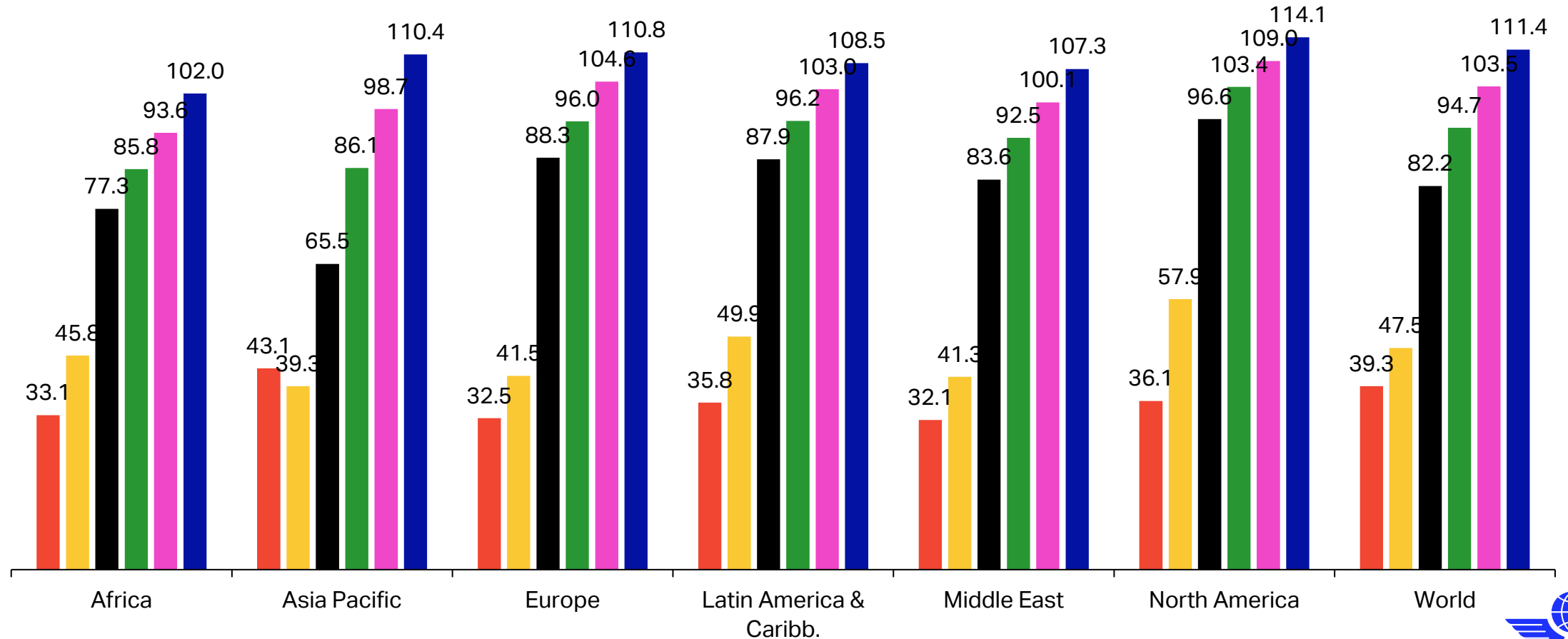


# Asia Pacific passenger recovery lags other regions

## But 'catches up' over the near-term forecast horizon

Regional passenger traffic recovery, indexed to 2019 = 100

2020 2021 2022 2023 2024 2025



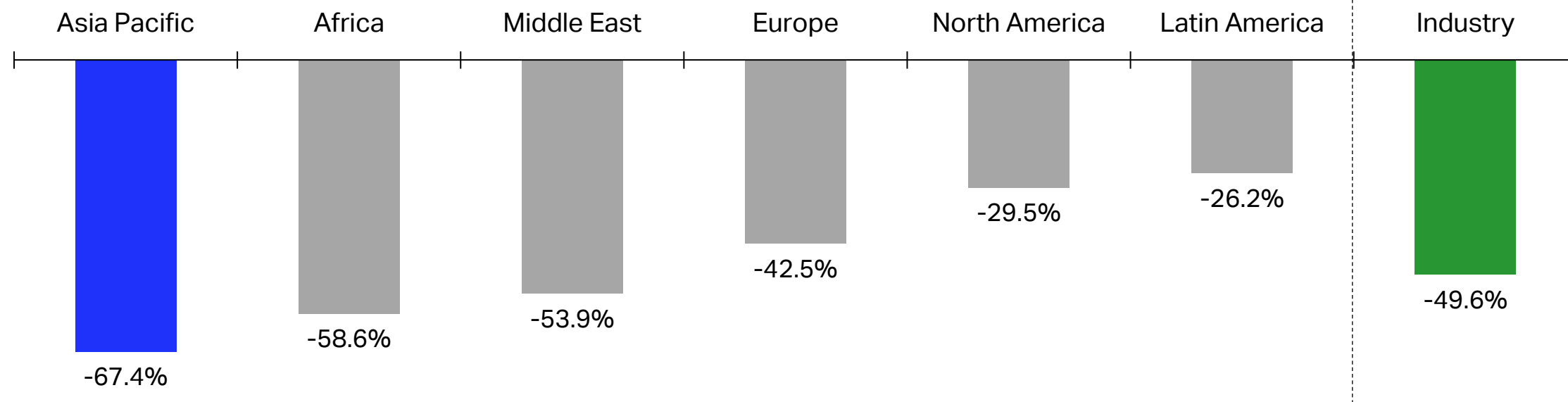
Source: IATA/Tourism Economics Air Passenger Forecast, May 2022



# Pax volumes – RPK growth comparison

## Growth in passenger volumes (RPKs), by region

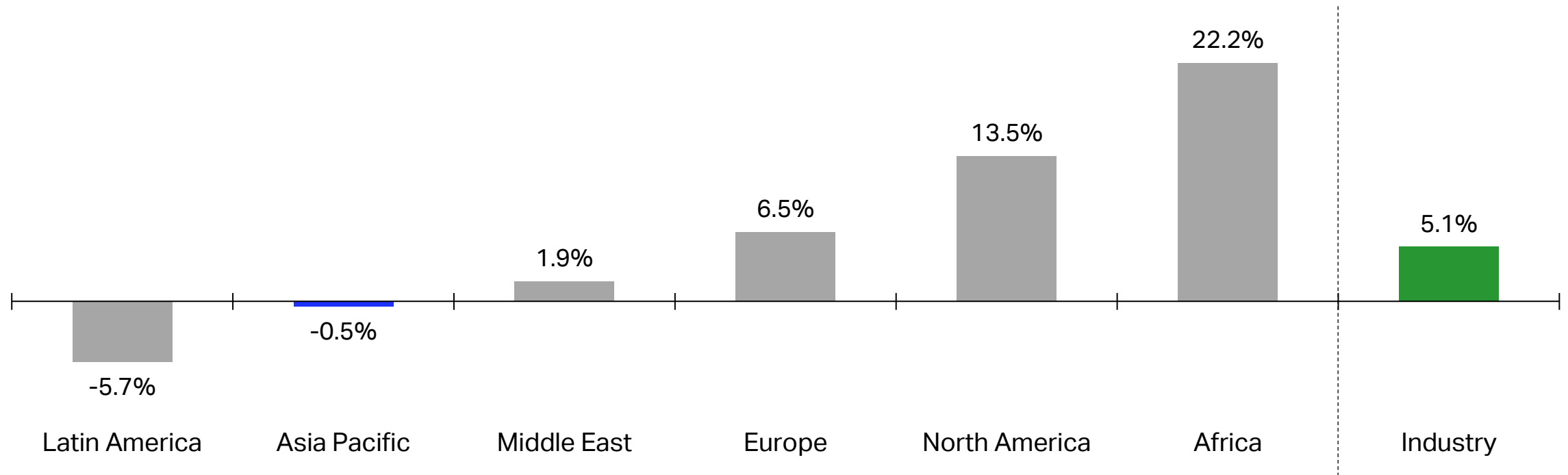
RPKs, % change vs. the same month in 2019



# Cargo volumes – CTK growth comparison

## Growth in cargo volumes (CTKs), by region

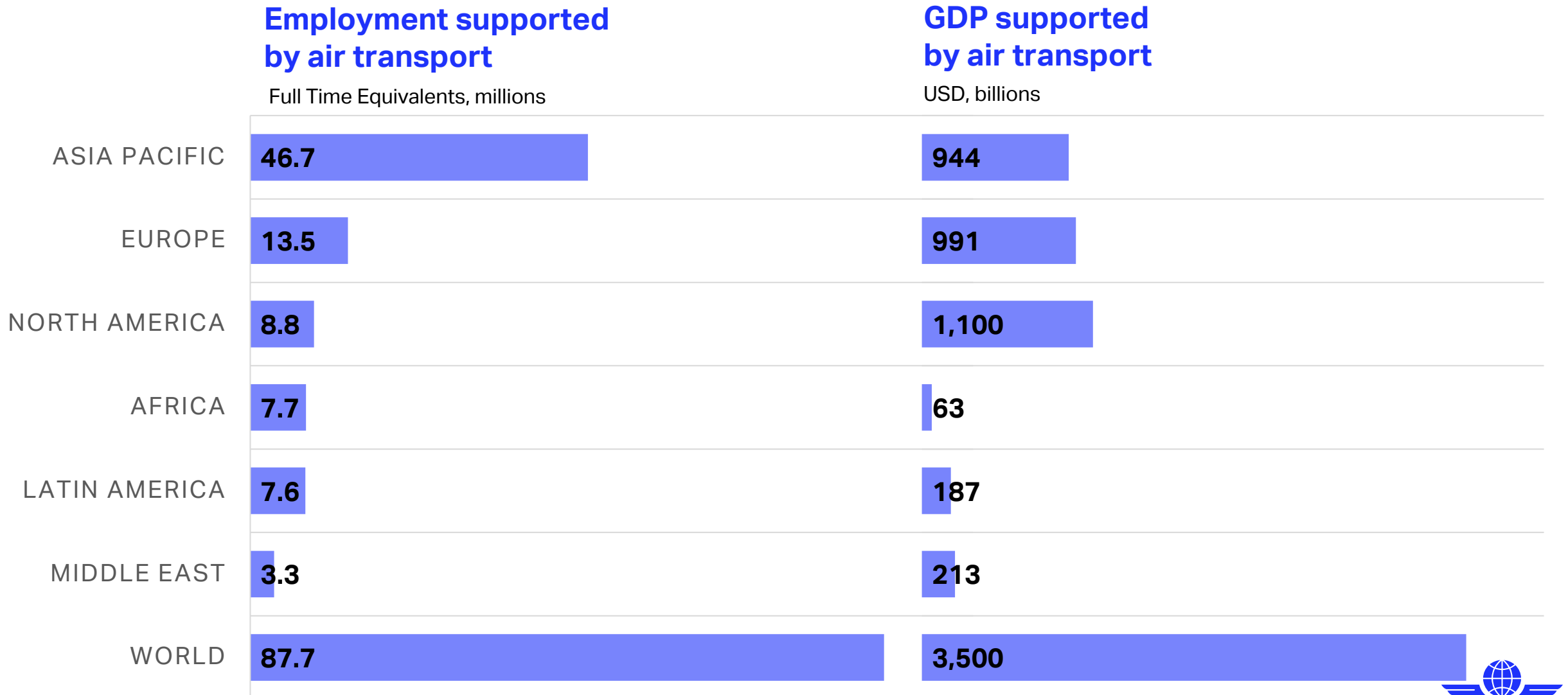
CTKs, % change vs. the same month in 2019



# Impact of COVID-19 in Asia Pacific:

- Asia-Pacific carriers are expected to see net losses diminish from \$15.2 billion in 2021 to \$8.9 billion in 2022.
- Asia-Pacific airlines' full-year international traffic plunged 93.2% in 2021 compared to 2019, which was the deepest decline for any region. Asia-Pacific airlines saw a 492% rise in their June international traffic compared to June 2021. However, this is still down 70.2% compared to June 2019
- Comparing end-2021 with pre-COVID, the disruptions to air travel due to COVID-19 will result in a **loss of 26.7 million jobs and \$541 billion of contribution to GDP** supported by the air transport industry and tourists arriving by air. 46.7 million jobs and \$944 billion of contribution to GDP were supported by the sector prior to COVID-19.

# Jobs and GDP supported by air transport pre-COVID-19





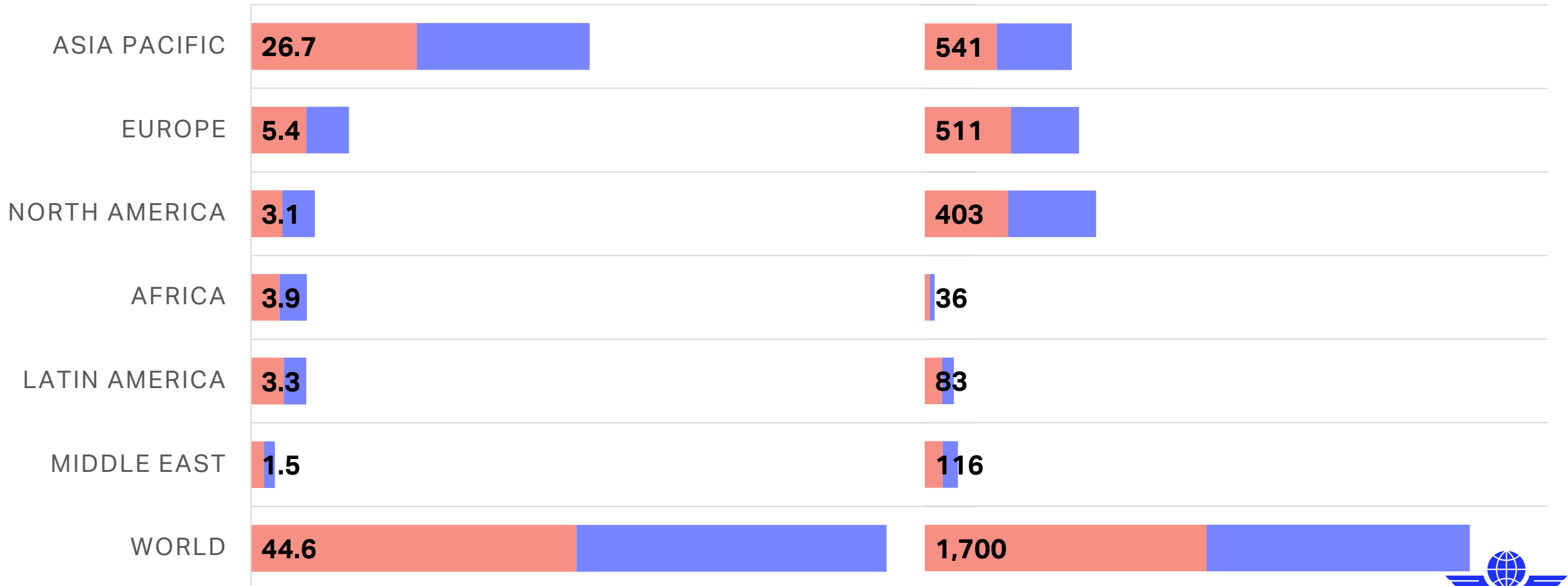
# Jobs and GDP lost by end-2021 due to COVID-19

## Employment supported by air transport at risk

Full Time Equivalents, millions

## GDP supported by air transport at risk

USD, billions



# Thank you!

Matteo ZANARINI  
Area Manager  
South West Pacific  
International Air Transport Association  
E-mail: [zanarinim@iata.org](mailto:zanarinim@iata.org)