International Civil Aviation Organization

Eighth Meeting of the Aerodromes Operations and Planning Sub-Group (AOP/SG/8)

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Agenda Item 9: Any other business

GLOBAL AVIATION INDUSTRY TRENDS

(Presented by Republic of Korea)

SUMMARY

This paper presents the trends and prospects of the global aviation industry following the COVID-19 pandemic

1. INTRODUCTION

1.1 The aviation industry has demonstrated remarkable resilience in overcoming the unprecedented crisis posed by the COVID-19 pandemic. As cross-border restrictions ease and the demand for air travel surges, the industry is steadily returning to normalcy. However, it continues to face several headwinds. In light of these rapidly changing dynamics, we examine the current state of the aviation industry and explore the path forward.

2. DISCUSSION

GLOBAL AVIATION INDUSTRY OVERVIEW

2.1 **Global Air Passenger Status**: As of April 2024, global Revenue Passenger Kilometers (RPK) has surpassed pre-pandemic levels of 2019, increasing by 11.0% year-on-year (YoY). Notably, international RPKs grew by 15.8% YoY, driven by growth in the Asia-Pacific region.

2.2 **Global Air Cargo Status**: After continuous decline since February 2022, air cargo recorded positive growth in August 2023 for the first time in approximately 19 months. As of April 2024, global Cargo Tonne Kilometers (CTK) have shown double-digit growth for five consecutive months, increasing by 11.1% YoY. International CTKs, influenced by the surge in e-commerce demand, grew by 11.6% YoY.

2.3 **Global Aviation Industry Outlook**: The number of global air passengers is projected to increase from 4.54 billion in 2019 to 4.96 billion in 2024, reaching a record high. From 2023 to 2043, the compound annual growth rate (CAGR) is expected to be 3.8%. The Asia-Pacific region is anticipated to see a CAGR of 5.3% during the same period, accounting for approximately 66.2% of global passenger growth. For global air cargo, the CAGR is projected to be 3.2%, with Freight Tonne Kilometers (FTK) increasing from 250 billion in 2019 to 520 billion in 2042. The global aircraft fleet is forecasted to grow from 28,398 in 2024 to 36,413 in 2034, with a 2.5% CAGR. While the fleet share in the Asia-Pacific region is expected to decline from 15.9% in 2024 to 14.2% in 2034, significant growth is anticipated in China and India, with China's share increasing from 14.5% to 17.7% and India's from 2.1% to 4.2%.

KEY ISSUES IN THE AVIATION INDUSTRY

2.4 **Challenges Facing the Global Aviation Industry**: On May 5, 2023, the WHO declared the end of the pandemic era. With the onset of the endemic, there was a surge in demand for air travel, leading the aviation industry to face several challenges including labor shortages, delays in aircraft deliveries due to issues with aircraft and engines, disruptions in supply chains, increased airfares, new technologies at airports, and initiatives like Net Zero 2050.

2.5 **Aircraft Deliveries**: In 2024, global aircraft deliveries are forecasted to decrease by 269 units (19.5%) from the previous year, reaching a total of 1,109 units. This reflects approximately 79.4% of pre-COVID-19 levels. Regionally, North America is expected to lead with a 32.0% share of aircraft deliveries, followed by the Asia-Pacific region at 31.1%, and Europe at 21.7%. Globally, 68.1% (about 755 units) of scheduled aircraft deliveries will be narrow-body aircraft, while wide-body aircraft will account for 18.1% (about 201 units). Aircraft deliveries are anticipated to face further disruptions due to issues such as Pratt & Whitney engine problems and Boeing 737 MAX aircraft defects.

2.6 **Trends in Airfare**: While air passenger demand has risen, the number of available seats provided by airlines remains limited, resulting in a supply-demand imbalance that has led to increased airfares. Additionally, the trend towards 'greener air travel' is emerging. Due to this phenomenon, high airfares are likely to persist in 2024. Furthermore, ongoing limited supply capacity, strong demand, high fuel prices, geopolitical tensions, and labor shortages are contributing factors to high airfares.

2.7 **Airport Technology Trends**: According to the 2023 IT Insights report by SITA, airports spent approximately $10.8 billion on IT-related expenditures in 2023. Additionally, the majority of airport operators expect IT spending to continue increasing in 2024. Key areas of new technology adoption across airports include enhancing passenger experience technologies, biometric technology, AI and machine learning, autonomous driving, and aviation security enhancement technologies.

2.8 **2050 Net Zero and SAF**: The International Air Transport Association (IATA) has outlined its projections for achieving Net Zero 2050, with contributions estimated as follows: Sustainable Aviation Fuel (SAF) at 65%, carbon offsetting and capture at 19%, new powertrain (electric, hydrogen) at 13%, and infrastructure and flight operational improvements at 3%. SAF production volumes were 0.23 million tonnes (Mt) in 2022, 0.5 Mt in 2023, and are expected to reach 1.5 Mt in 2024.

2.9 **Growth of E-commerce Market**: During the COVID-19 pandemic, the weakening of offline sales environments led to significant growth in online sales. The e-commerce market has continued to expand and is projected to reach a size of $6.9 trillion by 2024. Notably, the rapid growth of Chinese e-commerce platforms (e.g., AliExpress, Temu, and Shein) has contributed to improved performance in air cargo.

3. ACTION BY THE MEETING

3.1 The meeting is invited to note the information contained in this paper and encourage Member States and industry stakeholders, along with ICAO, to work together to address emerging issues in the aviation industries as highlighted in the paper.

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