



# **State of the Air Transport Industry And Outlook**

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# Outline

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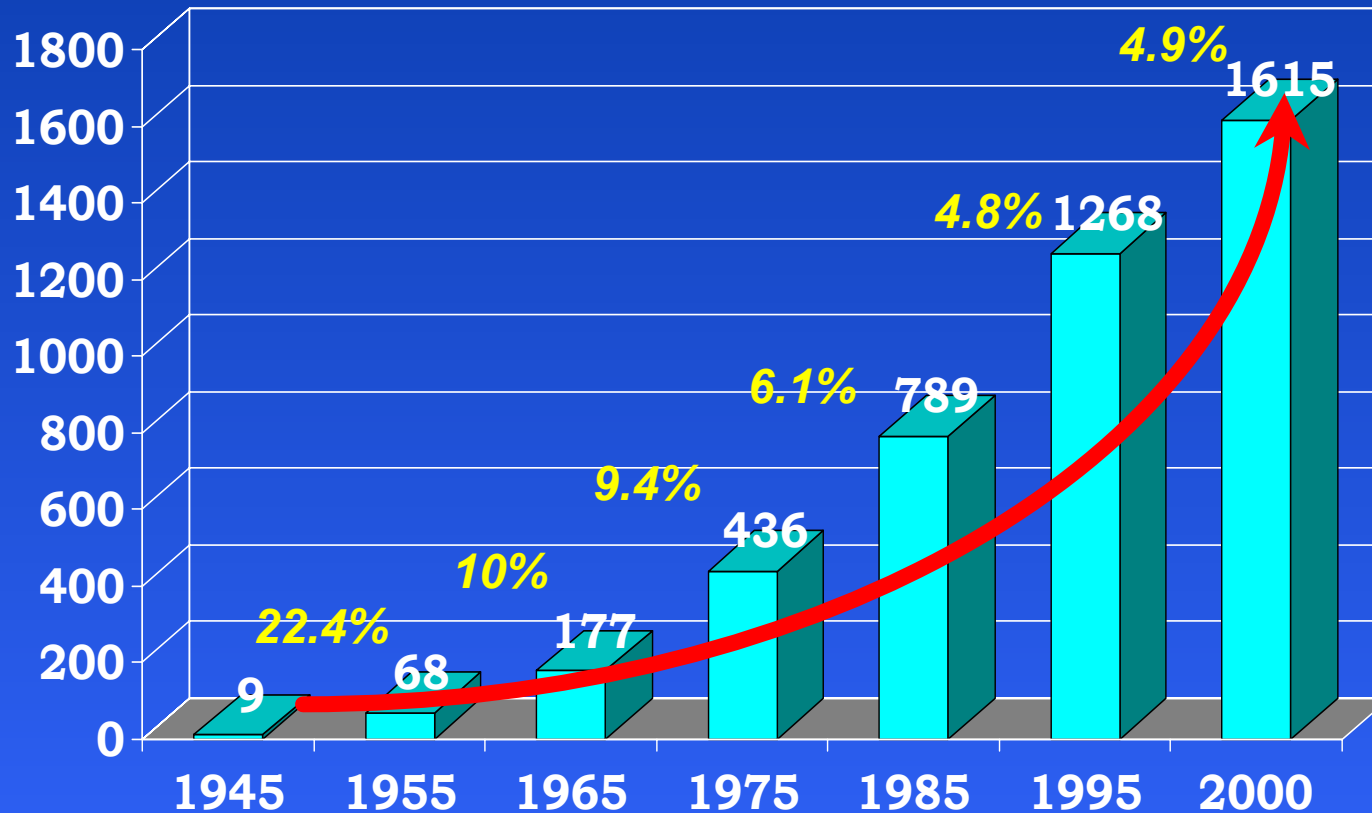
- ❖ Historical Perspective
- ❖ 9/11 Impact
  - Major Route Groups
  - Global
  - Ramifications
- ❖ Outlook
  - Short Term
  - Long Term

# HISTORICAL PERSPECTIVE

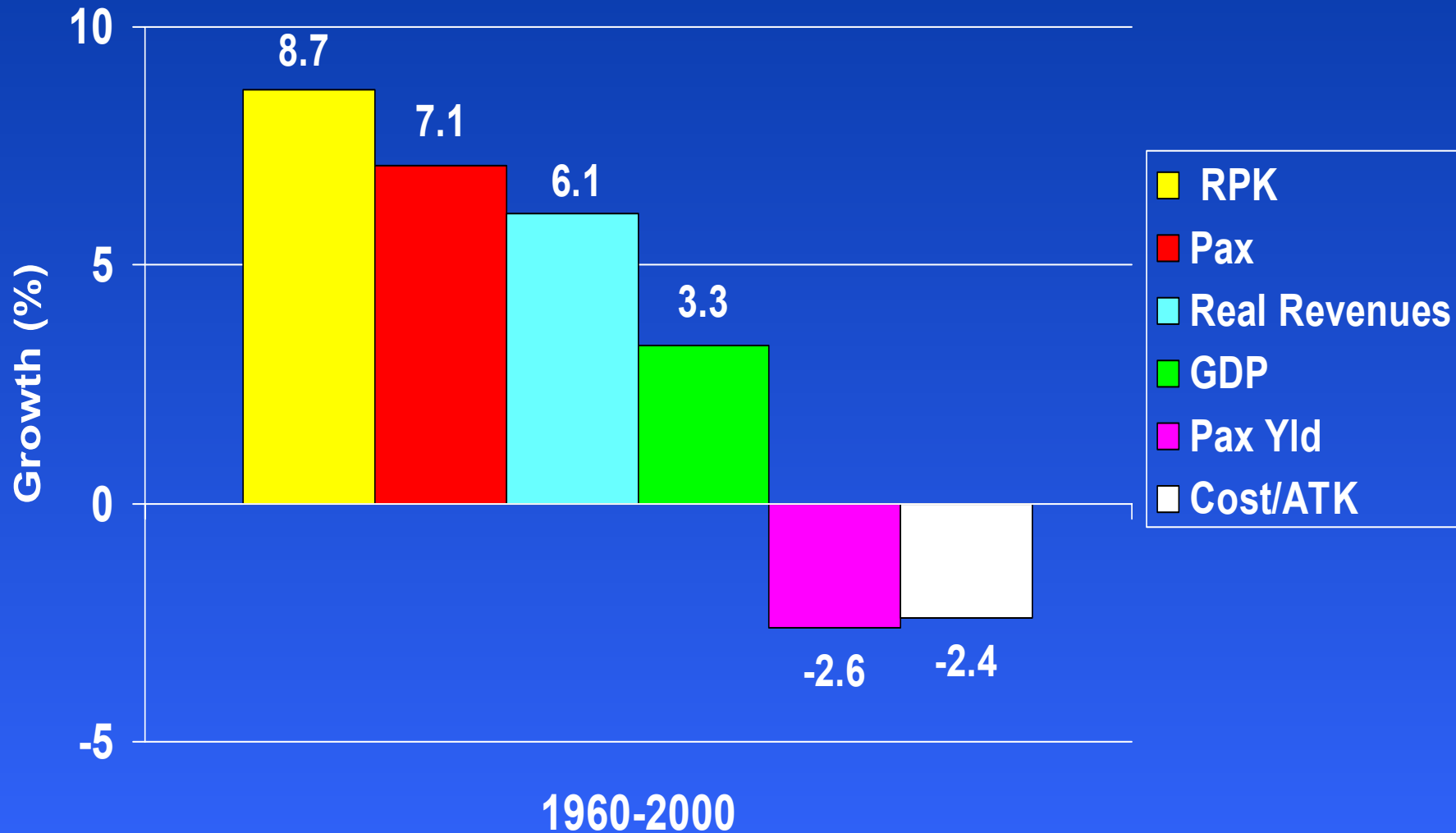


# 54 Years of Traffic Development

Passengers carried (millions)

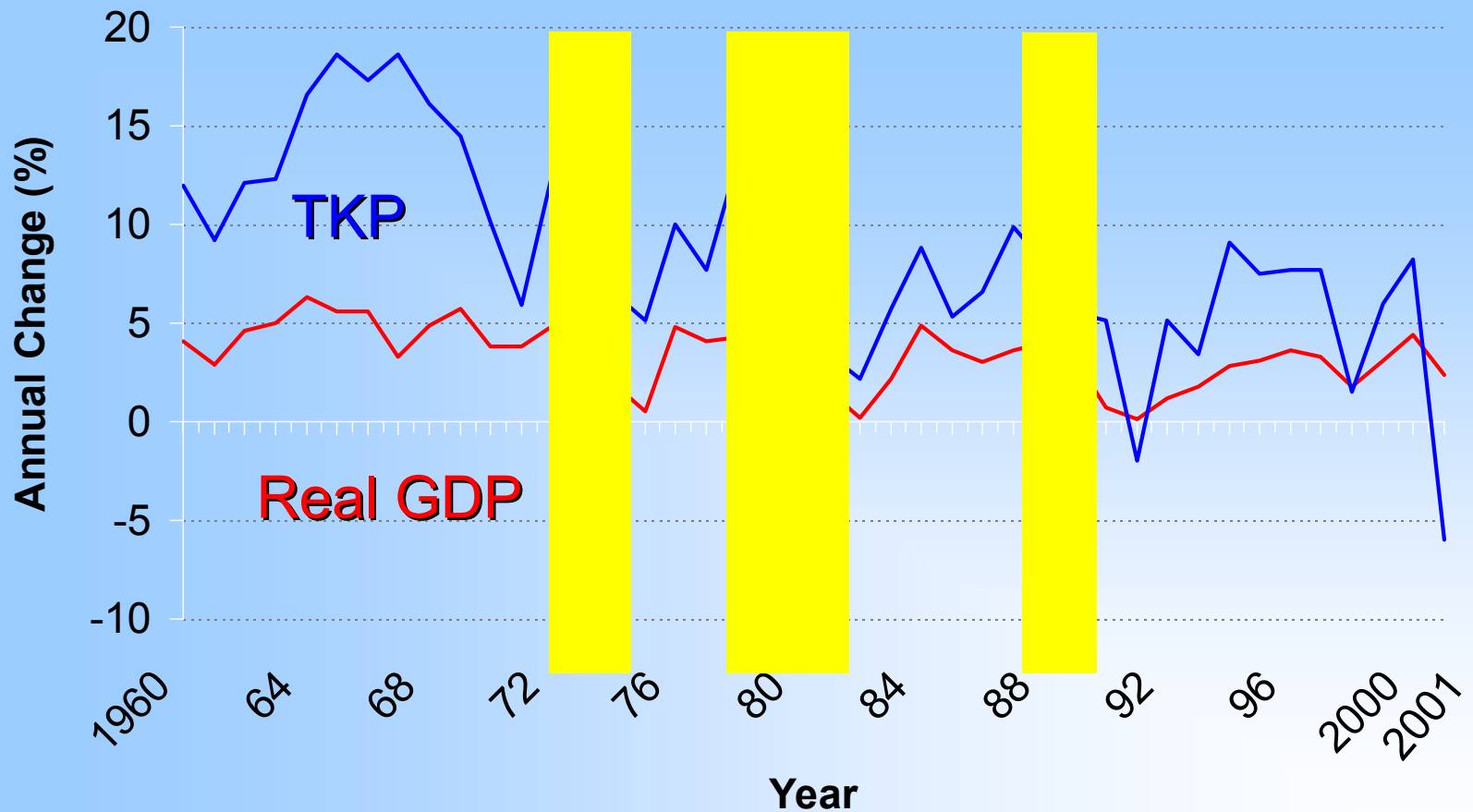


# Historical Perspective (Major Parameters)



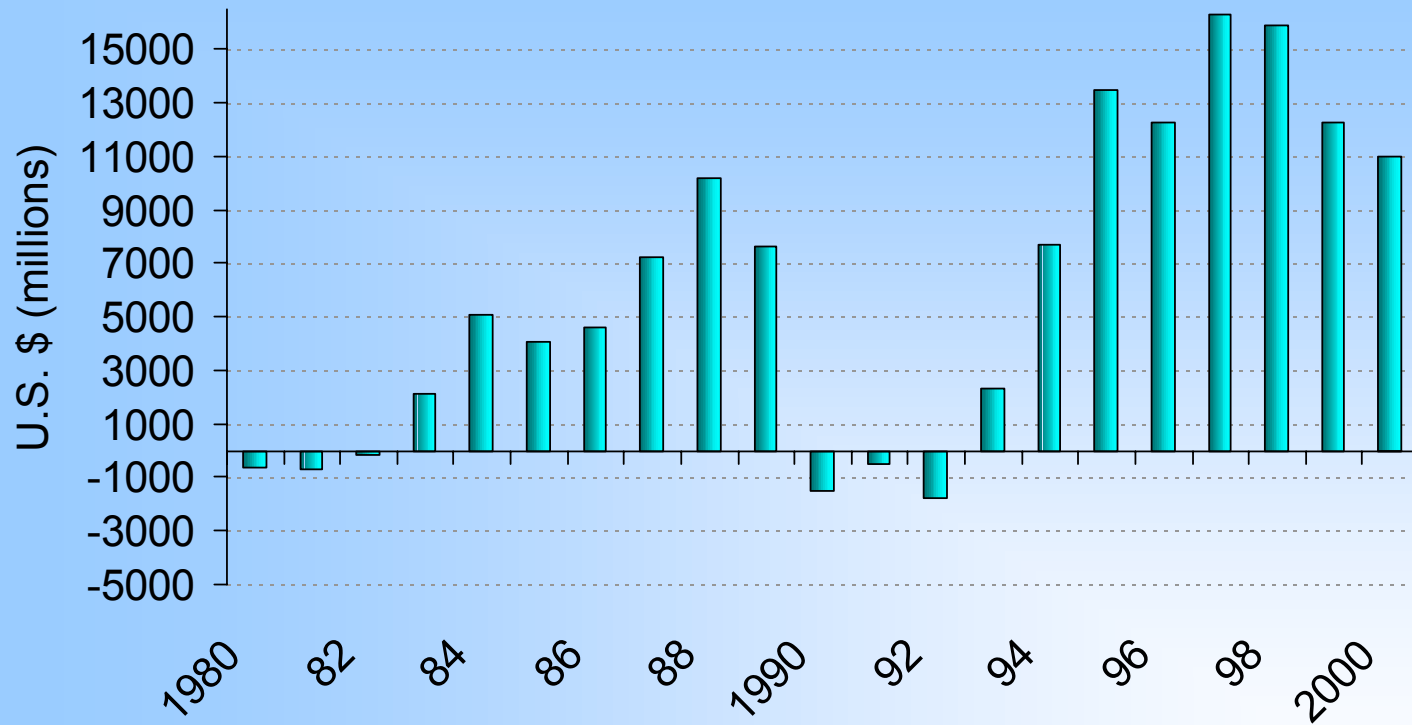
# World Economic and Airline Traffic Growth

## GDP in real terms and total scheduled TKP\*

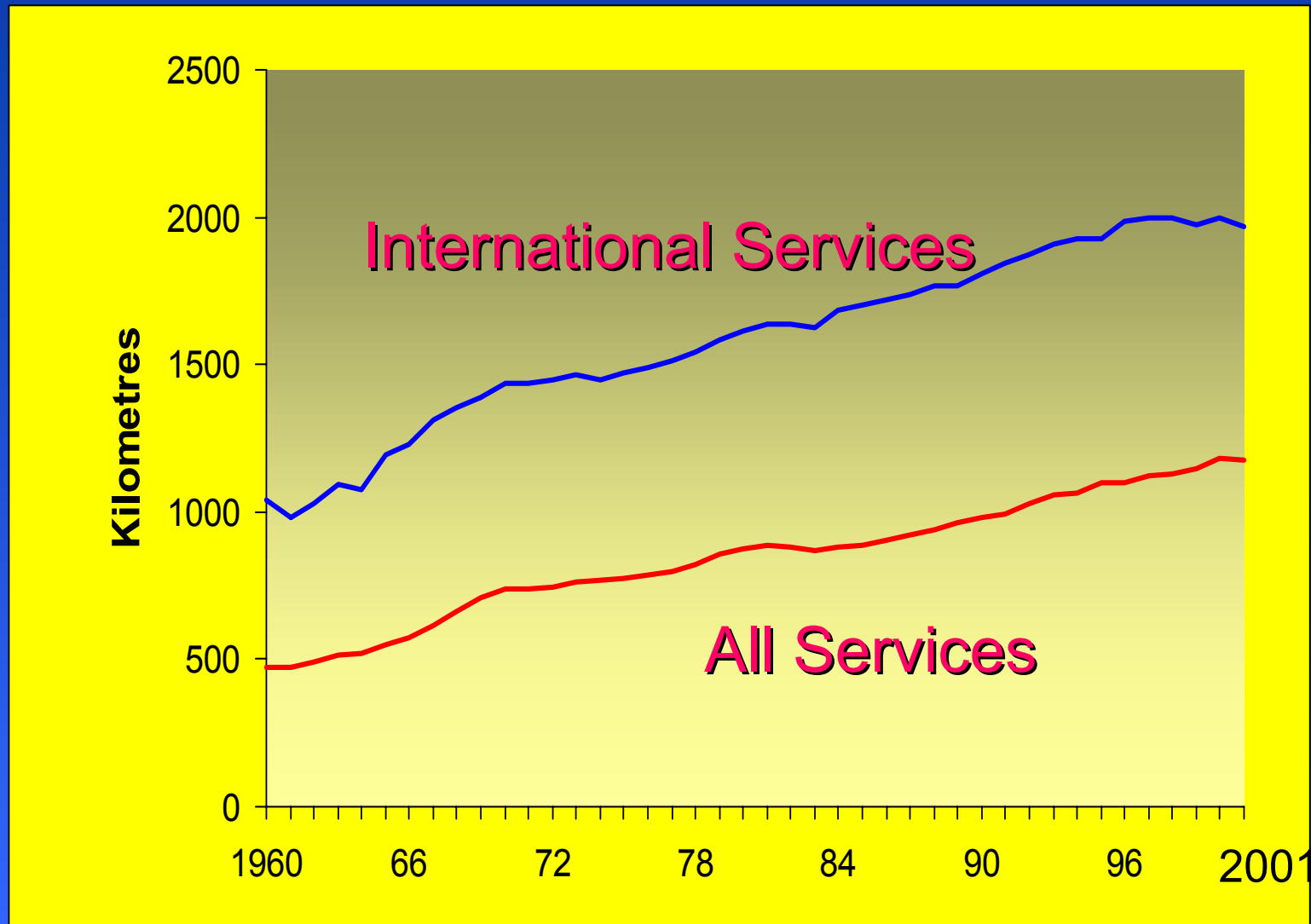


\* Tonne kilometres performed

# World Airline Operating Results

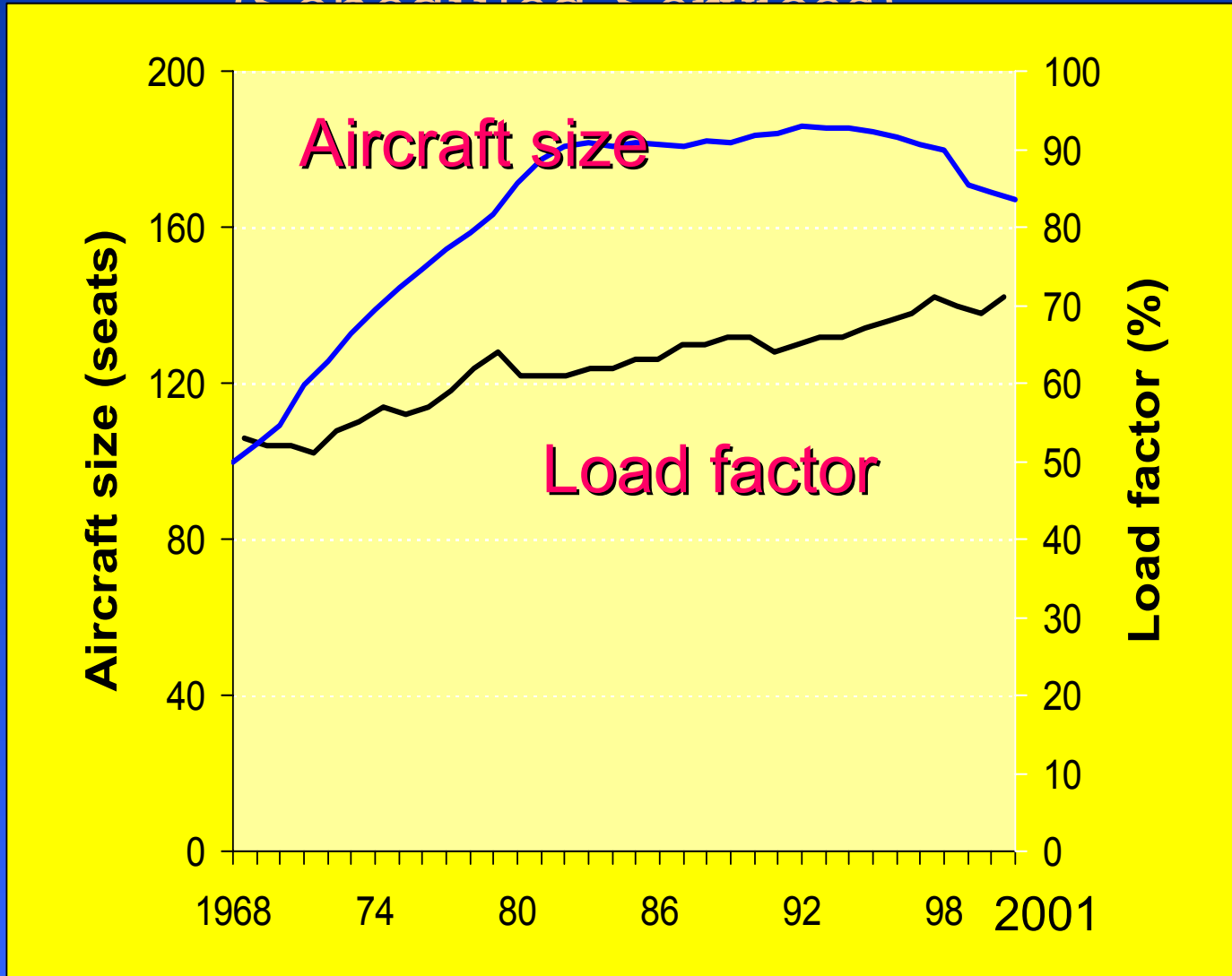


# Average Aircraft Stage Length (Scheduled Services)



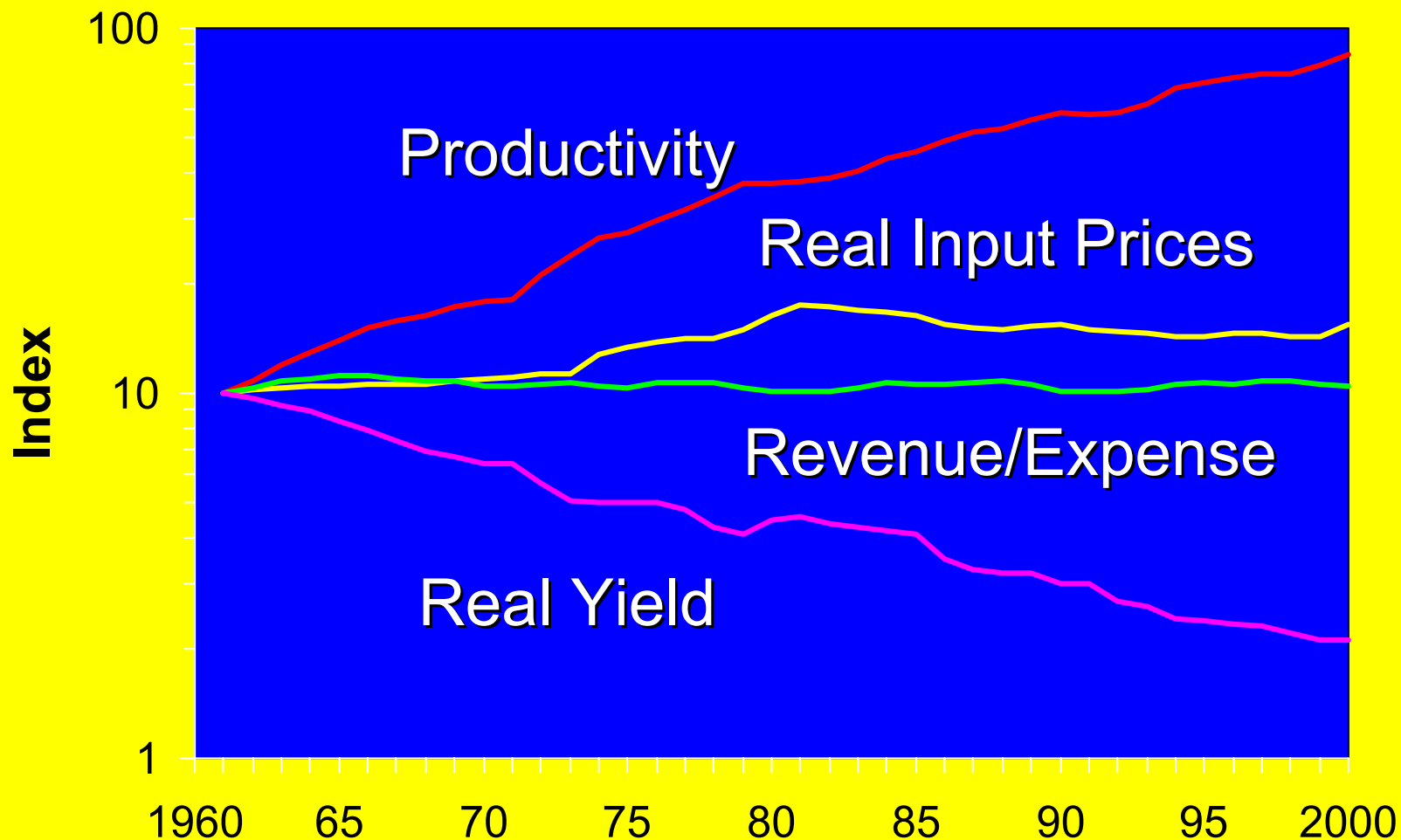
# Average Aircraft Size and Load Factors

(Scheduled Services)



# Trends in Performance of the Airline Industry

## Scheduled Operations



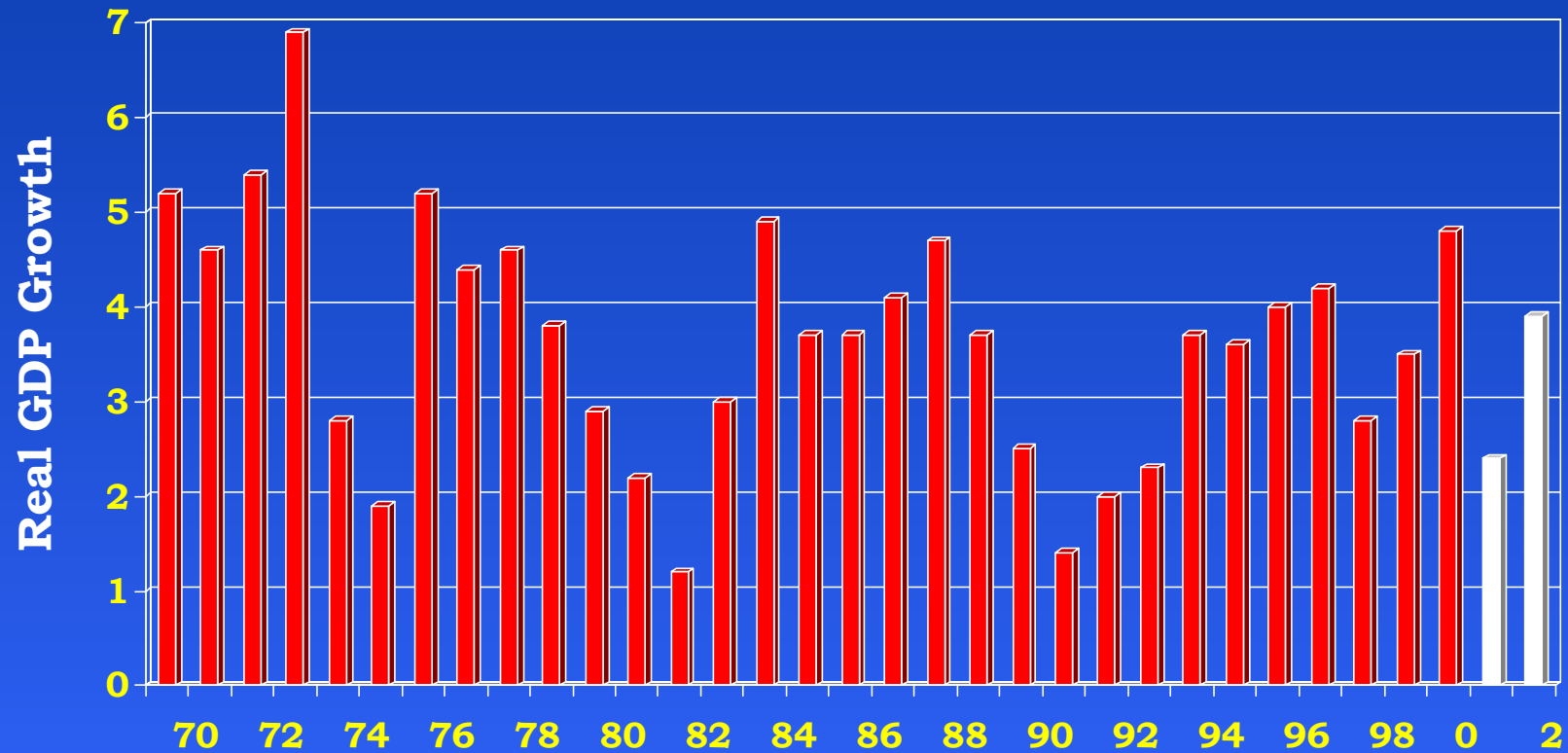
# ECONOMIC CYCLE AND 9/11 IMPACT



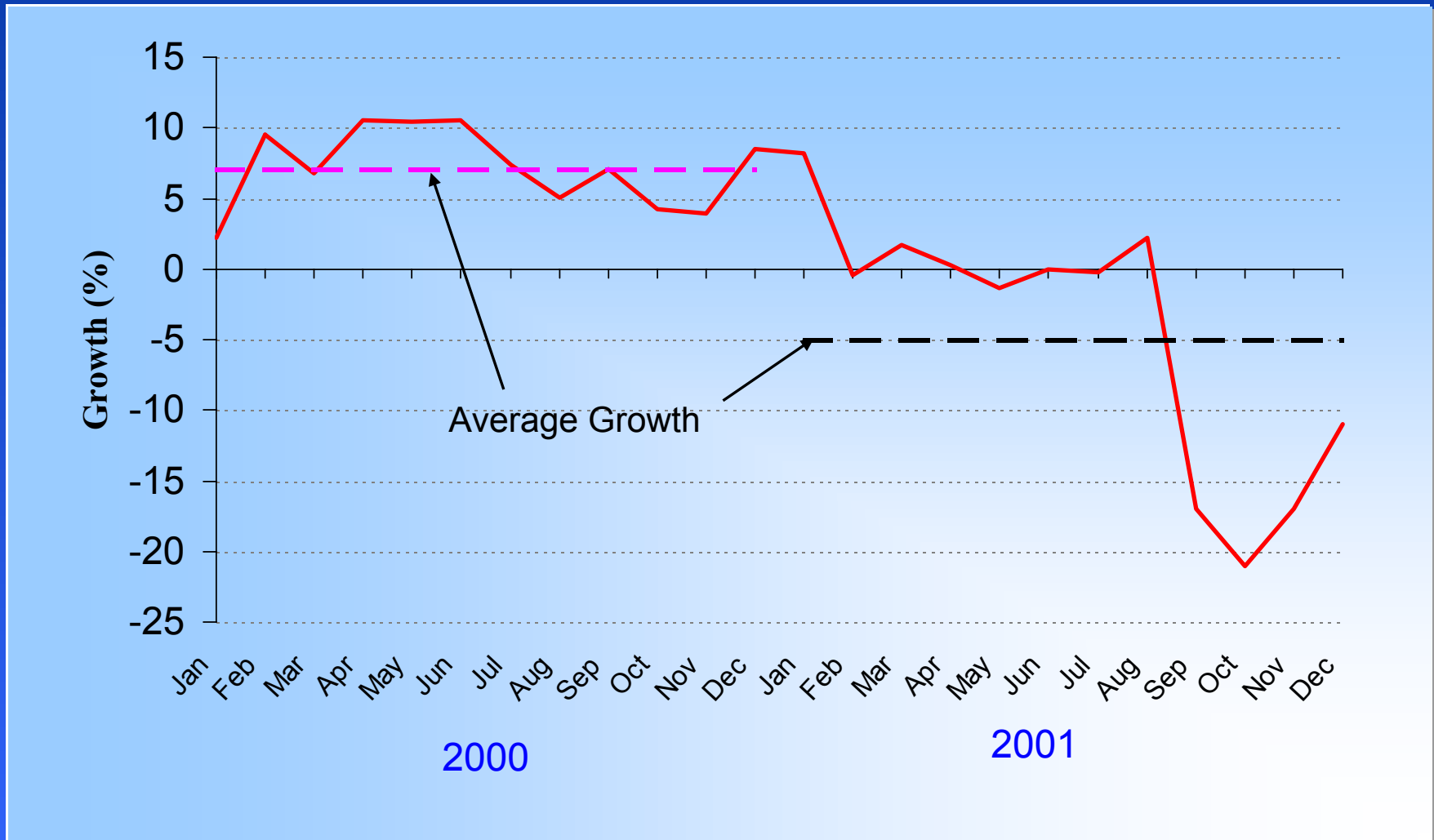
# Trends before September 2001

- ❖ The economic downturn and the related decline in business and consumer confidence, especially in the US, have had a negative impact on airline traffic.
- ❖ Global Passenger Traffic showed a moderate growth of 1.5% (during the first 8 months)
- ❖ Global Air Freight Traffic **fell** by 6% (during the same period)
- ❖ Net losses on international services reached almost 3 billion US\$ by the end of August.

# World Economic Cycle



# Impact of 9/11 on the World Traffic (RPK's)



# Impact of 9/11 on the World Traffic (FTK's)



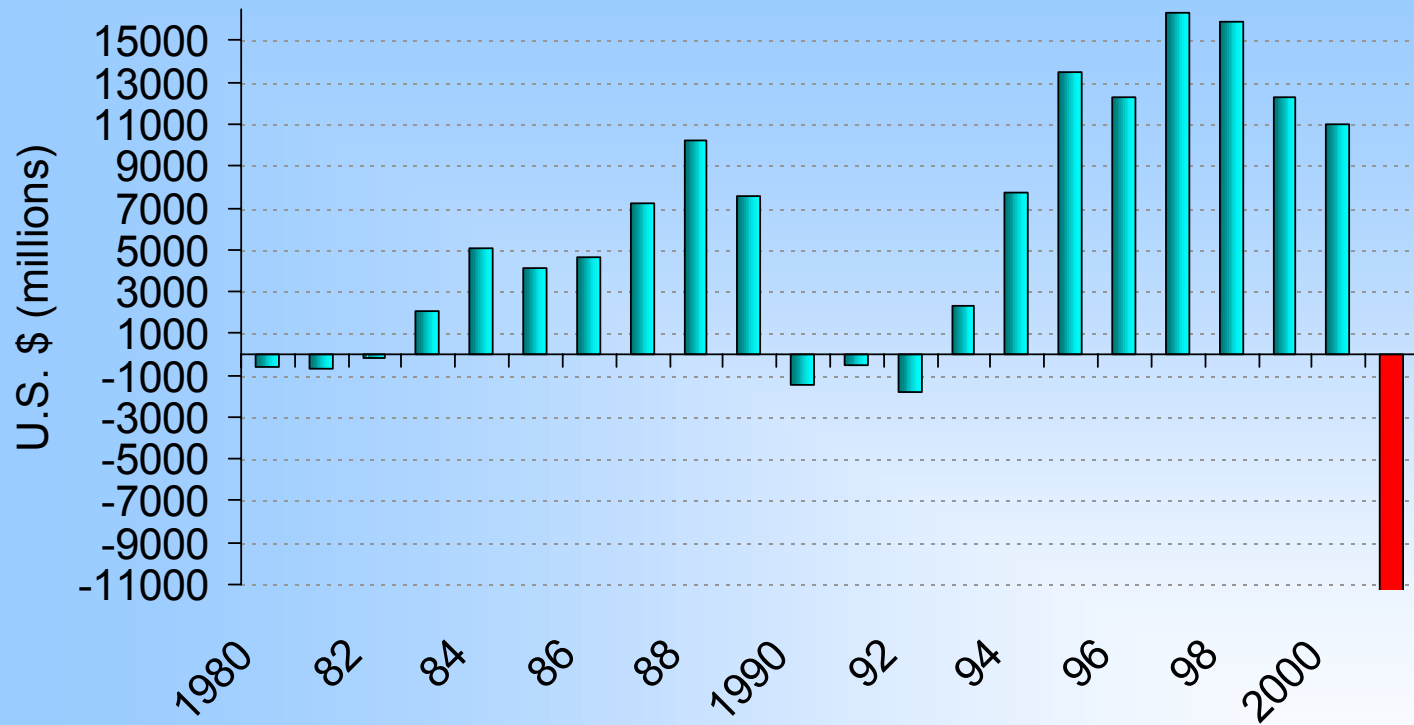
# Recent Trends in traffic

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	<b>2001</b>	<b>Jan.-Jun. 2002</b>
<b>U.S. Domestic</b>	<b>-7</b>	<b>-9</b>
<b>North Atlantic</b>	<b>-10</b>	<b>-13</b>
<b>Europe to Asia/Pacific</b>	<b>-7</b>	<b>-5</b>
<b>Transpacific</b>	<b>-8</b>	<b>-16</b>
<b>Intra-Europe</b>	<b>-1</b>	<b>-8</b>
<b>World</b>	<b>-3</b>	

Source: ATA/AEA

# World Airline Operating Results



# Ramifications for Airlines

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- ❖ Security and insurance costs up
- ❖ 120 000 employees laid off
- ❖ Non-profitable routes reduced
- ❖ Facilities closed
- ❖ Aircraft parked, retired, delivery deferred
- ❖ Cessation of operations

# Ramifications for Manufacturers

- ❖ Aircraft deliveries deferred
- ❖ Domino effect on engine manufacturers and other suppliers
- ❖ 170 000 aerospace employees laid off
- ❖ Loss of \$7.5 billion through 2002

# Ramifications for Airports and Air Navigation Service Providers

- ❖ Loss of income from user charges
- ❖ Loss of non-aeronautical revenues
- ❖ Insurance and security costs up

# Future Scenarios

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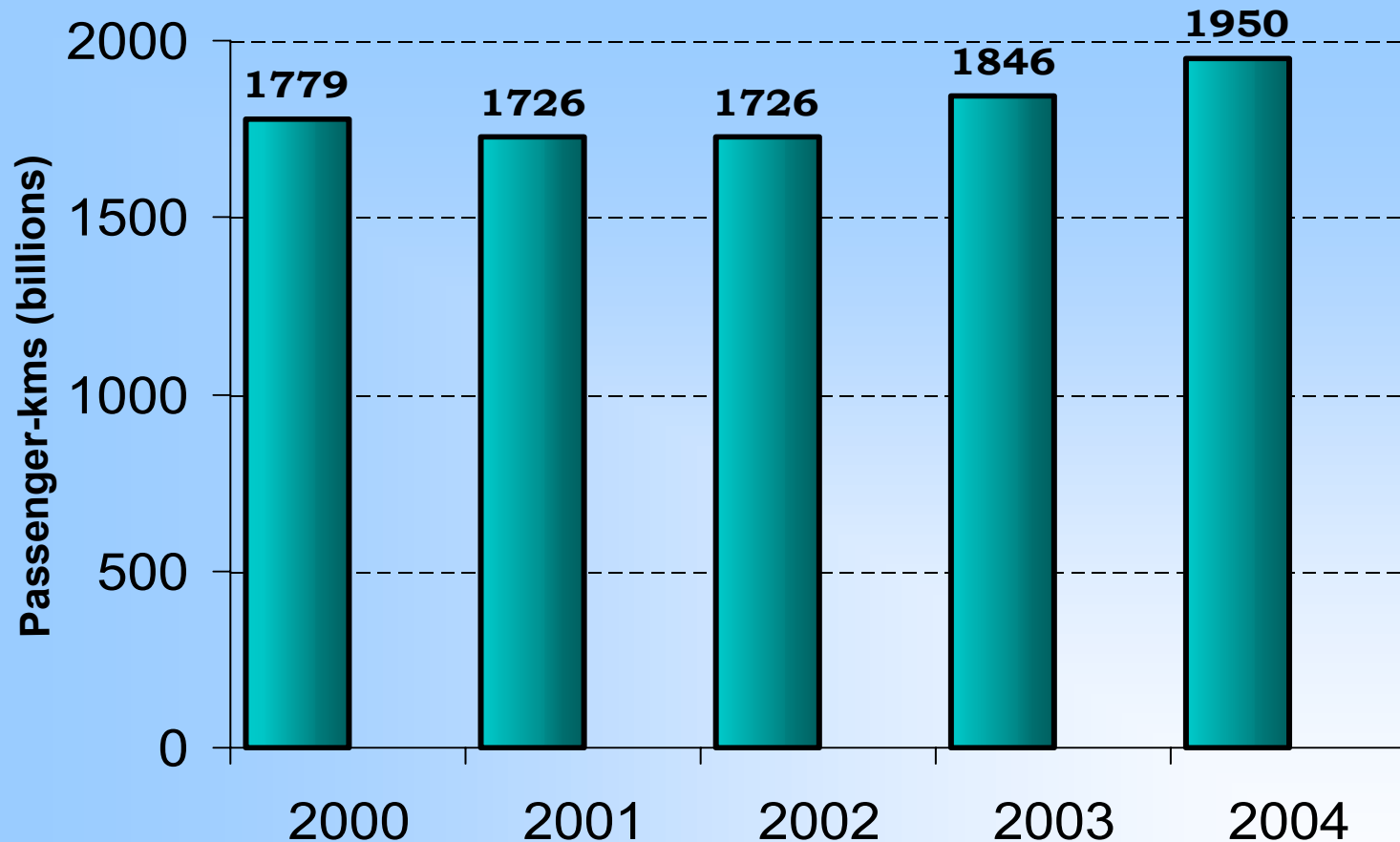
- ❖ Consolidation of air carriers?
- ❖ Changing modes of business travel?
- ❖ Full Service to Low Cost?
- ❖ Sustainability of carriers and assurance of continuing service?

# TRAFFIC OUTLOOK



# International Traffic Forecast Scenarios (RPK's)

Short Term



Growth rates	9.6%	-3%	0%	+7%	+5.6%
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# Total Scheduled Traffic Forecast (RPK's)

Long Term

