

Article 1

Strong 2007 Traffic Growth Set to Slow Credit Crunch, Oil Prices To Dampen Demand

IATA released full-year traffic results for 2007. The highlights are:

Passenger Traffic

- International passenger traffic demand grew 7.4% for the full-year 2007 up considerably from the 5.9% increase recorded during 2006.
- December passenger traffic demand rose 6.7% down from the 9.3% jump recorded in November. This step down reflects the impact of rising prices and economic uncertainty that grew more acute in December.
- Average international passenger load factors reached an industry record 77.0% in 2007, up from 76.0% in 2006 and 75.1% in 2005. This trend will likely end in 2008 as demand growth is forecast to slow to 5% while capacity rises 5.2%.

Regional results for the full-year were varied:

- Carriers in the Middle East recorded an 18.1% increase in passenger demand continuing a four-year trend of double digit increases. This was the highest among all regions, resulting from strong regional economies, the impact of oil wealth, expanded capacity and new routes.
- Latin American airlines recorded 8.4% demand growth resulting from the effects of restructuring in the region - a sharp recovery compared with the 2.4% fall in 2006.
- African Carriers recorded above average growth of 8% reflecting the strong economic growth and successful market liberalisation in parts of the continent.
- Asia Pacific carriers' 7.3% growth mirrored that of the global average. Growth indicates the continuing strength of the Chinese and Indian economic expansion making air travel accessible to large new markets.
- Europe saw demand rise from 5.3% in 2006 to 6.0% in 2007, reflecting steady economic growth and expansion on long-haul routes to Asia and the Middle East.
- North America recorded 5.5% growth in 2007. This continues the growth of 5.7% recorded in 2006 as region's carriers transfer capacity to more lucrative international markets.

Freight Traffic

- International air freight traffic grew by 4.3% in 2007. This is down slightly from growth of 4.6% seen in 2006 and much lower than the 7-8% growth trend of recent years.
- Air freight demand grew 4.7% in December, up from 3.5% in November, largely due to temporary, year-end related, factors.
- The air freight demand environment will remain challenging. Growth is expect to slow in the first half of 2008 before picking up with overall growth of 4-4.5% projected for 2008.

- Middle East carriers led all regions in 2007 with a 10.1% increase in freight demand down sharply from 16.1% in 2006. Airlines in Asia Pacific, which account for 45% of the international total, saw freight demand rise 6.5% in 2007, driven by strong growth in several economies in the region.

“Strong passenger traffic growth of 7.4% was a key component of the industry’s US\$5.6 billion profit in 2007—the first black number since 2000,” said Giovanni Bisignani, IATA’s Director General and CEO. “But it wasn’t all good news. Freight slowed to 4.3%, below the 4.6% recorded in 2006. It was also below the 7.5% at which global trade expanded, highlighting a competitiveness issue with shipping.”

“Despite the ambiguity of strong passenger growth accompanied by weaker freight demand, we can say clearly that 2007 was the best in recent memory. We can state equally clearly that there will be no encore performance in 2008. Oil prices are higher than ever. Economic uncertainty accompanying the US credit crunch is broadening. And the slower growth for passenger demand in December sets the trend for the coming months. In a tough business environment the mantra remains the same: efficiency everywhere is everything,” said Bisignani.

[View full 2007 traffic results](#)

Article 2

Two Leadership Challenges for Japan

IATA delivered two leadership challenges to Japan: (1) to make the privatisation of Japan’s airports an example of global best practice and (2) to champion efforts towards a zero carbon emission industry at the upcoming G-8 Summit to be held in Japan.

Giovanni Bisignani, IATA’s Director General and CEO raised the challenges in a keynote speech hosted by the international business community in Japan on February 14.

Airport Privatisation

Amid the debate in Japan on caps for foreign ownership of Japan’s privatised airport assets, Bisignani said, “I don’t care who owns the airport. That is for politicians to decide. For the economy, an airport is important for what it delivers.”

Bisignani noted that airport performance is measured in three key areas. “Airports must deliver adequate capacity to ensure that markets are well served. They must ensure service levels that meet customer expectations. And they must do that at prices that reflect efficiency. It is not rocket science. It is just good business,” said Bisignani.

“Providing the right incentives is the most critical part of the privatisation process. We have seen too many privatisations fail because governments sold the crown jewels without appropriate guidance and incentives for the new owners. Effective and transparent economic regulation is in the interest of everybody, including the potential new owners. They will want to clearly understand what they are buying and what the expectations are. I look forward to working with the MLIT and the airports to ensure that the world’s largest airport privatisation to date will also be the most successful,” said Bisignani.

Environment

Aviation is 2% of global carbon emissions. IATA has aligned the industry with a four pillar strategy to address climate change: (1) invest in new technology, (2) fly planes effectively, (3) build and operate efficient infrastructure and (4) call for positive economic incentives to encourage improved fuel efficiency and a reduction in CO₂ emissions. This strategy, along with a target to improve fuel efficiency 25% by 2020, was endorsed by the States of the International Civil Aviation Organization at their Assembly in September 2007.

“Now it is time for results,” said Bisignani. “Japan’s plans to implement performance based navigation systems at its top 20 airports by 2012 will reduce fuel burn by 2% and save 162,000 tonnes of CO₂ annually. This is a great example of our strategy at work.”

In June 2007, IATA put forward a vision for air transport to achieve carbon neutral growth, leading to a zero carbon emission industry. “As the host of this year’s G-8 Summit, Japan must take a leadership role in the climate change

debate. I encourage the Japanese government to push the G-8 leaders to aim high and build the political will to achieve a zero emission industry. We went from the Wright Brothers to the jet age in 50 years. If government and industry are aligned, I am convinced that together we can turn dreams into reality," said Bisignani.

Article 3

Fast Facts: IATA Cost/Fuel Campaigns

IATA removed \$5.8 billion from the industry's annual cost pile as the result of global campaigns in 2007.

IATA's Cost Campaign, which focuses on reducing rates charged by airports and air navigation service providers (ANSPs) as well as government imposed taxes yielded US \$3.7 billion in total savings. Of that total US \$1.1 billion were cost reductions while the remaining \$2.6 billion represents costs avoided in future years. Cost reductions were overwhelmed by \$2.9 billion in cost increases imposed by industry partners and governments in 2007.

IATA's fuel campaign also contributed with \$2.1 billion and the equivalent of 10.5 million tonnes of CO2 in savings during 2007. Savings were achieved through IATA's work with governments and aviation authorities to shorten routes as well as IATA Go Team efforts to implement operational improvements and share best demonstrated practices in fuel management with airlines.

Article 4

E-freight Pilots On Track

IATA e-freight pilot projects are underway and running smoothly on 20 trade routes at six locations – Netherlands, UK, Hong Kong, Singapore, Canada and Sweden. At this stage, e-freight shipments account for around 10% of participants' cargo volume on the routes.

"This industry has been stuck with the same paper processes for 60 years and it is time for a revolution," says Aleks Popovich, IATA Global Head of Cargo. "We have long standing business complexity, having mixed up the physical movement of freight with the associated paperwork but the time has come to simplify and for that thick pouch on the side of a shipment to go."

It is too early yet to give an accurate forecast of the savings coming from the e-freight pilots, but Popovich notes the data so far has been "encouraging". For the first time the locations involved are benefiting from a single e-freight operating process, aligned with the Cargo 2000 quality management system, as well as one-time data entry and agreed standards.

IATA's next steps will be to improve the scope of the pilot projects in terms of capability – essentially this will involve establishing standards for the Certificate of Origin, Packing List and Invoice going digital – and then increase volumes and the number of locations.

Popovich says that while the 2008 e-freight priority remains one of securing the existing pilots, IATA is also assessing the potential of new e-freight locations, and plans to propose eight more at the IATA June 2008 AGM.

Article 5

Mark your calendar – coming events

- [IATA World Cargo Symposium 2008, March 3-6 - Rome, Italy](#)
- [Wings of Change 2008, April 1-2 – Santiago, Chile](#)
- [IATA Food Safety Forum, April 2, 2008 - Miami, U.S.](#)
- [Aviation & Environment Summit, April 23-24, 2008 - Geneva, Switzerland](#)