

Article 1

International Cargo Down 13.5% in November - Passenger Declines by 4.6%

IATA announced results for November showing a 4.6% drop in international passenger traffic and a 13.5% drop in international cargo. International capacity dropped by 1.0%. The November international passenger load factors stood at 72.7% which is a decline of approximately 3 percentage points over the same month last year.

"The 13.5% drop in international cargo is shocking. As air cargo handles 35% of the value of goods traded internationally, it clearly shows the rapid fall in global trade and the broadening impact of the economic slowdown. By comparison, this is largest drop since 2001, in the aftermath of September 11," said Giovanni Bisignani, IATA's Director General and CEO.

"The industry is now shrinking by all measures. The 1.0% capacity cut in international passenger markets in November could not keep pace with the 4.6% fall in passenger demand. We can expect deep losses in the fourth quarter," said Bisignani.

International Passenger Traffic

- The November passenger decline of 4.6% is a considerable worsening from both the 1.3% demand contraction in October and the 2.9% fall in September.
- Asia-Pacific carriers face the most difficult operating environment with a 9.7% decline in November, following a 6.1% contraction in October. The region also had the most aggressive capacity cuts at -5.1%. While Chinese domestic traffic rebounded after the Olympics, travel to and from international markets continues to decline, reflecting the weakness in both global trade and consumer confidence.
- North American carriers saw international traffic decline by 4.8% - the second largest drop among the regions. Until August, the region's carriers had been shifting capacity to international markets. With the near collapse of the investment banking sector and consequent reductions in business travel, North Atlantic travel slumped. Carriers have started to cut international capacity with a 0.8% drop in November (following 0.4% growth in October).
- European carriers saw international traffic drop by 3.4% as all the region's major markets (intra-Europe, North Atlantic, and Asia) slumped.
- Smaller emerging markets fared better. African carriers saw traffic decline by 1.6%. This is a considerable improvement from the 12.9% drop in October, resulting from stronger intra-African traffic. Middle Eastern carriers saw traffic increase by 5.6%. This is up from 3.5% growth in October, but represents a step-change from the double-digit expansion that characterized growth prior to the current financial crisis. Latin American carriers saw a slight decline in growth to 3.3% (compared to 4.5% growth in October), buoyed by the region's positive, albeit slower, economic growth.

International Freight Traffic

- Asia-Pacific carriers (representing 44.6% of global freight) saw freight traffic fall by 16.9% in November - the largest decline of any region. As freight accounts for a larger percentage of revenues for the Asia-Pacific carriers, fourth quarter profits for the region's carriers will be disproportionately (and negatively) impacted by the downturn in the global air freight market.
- Double-digit freight declines were also experienced by Latin American carriers (-15.7%), North American carriers (-14.4%) and European carriers (-11.0%). Freight traffic for Middle Eastern carriers turned negative (-1.6%), following 1.0% growth in October. African carriers, while being the only region posting freight growth (2.2%), saw a decline from the 3.0% growth posted in October. Plummeting business confidence and the continuing turmoil in financial markets indicates that the worsening trend will be continued in December.

"With no end in sight for the worsening global economy, the 2008 gloom will carry over into the new year. Relief in the oil price has been outstripped by the falls in demand and capacity cuts are not keeping pace. The industry is back in intensive care. Improving efficiency everywhere will be theme for 2009," said Bisignani.

[View November traffic results](#)

Article 2

IATA Releases Report on Impact of Recession

IATA recently release a report confirming that global passenger traffic will fall by 3% and freight traffic by 5% in 2009 due to the recession now forecast for North America, Europe and Japan in 2009.

The last major downturn in air traffic, driven by recession rather than terrorist attack, was in 1991 when global passenger traffic (RPKs) fell 2.6%. The report states the industry cannot expect a return to traffic growth above 4% until 2011. Air freight volumes are also expected to shrink in 2009. However, a more rapid recovery in line with world trade is anticipated with a return to 6%+ growth by 2010.

Air travel is driven primarily by economic growth and it is highly leveraged by the economic cycle, expanding and contracting at roughly twice the rate of the overall economy. The latest economic forecasts show global GDP growth slowing to less than 1%, with the US, Japan and Europe in recession.

[Click here to view the full report](#)

Article 3

Industry Monitor Points to Flagging Health

IATA's latest report on the industry's financial health indicates that the high price of fuel in the first half of 2008 and the subsequent onset of global recession are taking their toll.

Share prices

Airline share prices fell further in December to levels almost 60% lower than the start of 2008. The Bloomberg worldwide airline equity price index ended the year almost 60% down on end-2007. Falls were greatest for Asia-

Pacific airlines, hit most by the slump in air cargo. US airlines share prices fell least (47%) on the view that capacity cuts and lower fuel prices would limit recession damage in this region more than most.

Industry losses

Net losses reported by the industry so far, for the first three quarters of the year show a total of around \$4 billion with losses of \$3.6 billion in the US and airlines in Europe and Asia-Pacific also in the red. IATA's forecast for full year industry losses remains at \$5 billion.

Fuel

Jet fuel prices fell to a 4-year low of around \$54/barrel by the end of 2008 but hedging contracts have locked many airlines into higher prices for some time further. The volatility for both oil and jet fuel prices seen during in 2008 was unprecedented. Jet fuel started the year at \$114/barrel, peaked at \$180/barrel in July before ending the year at \$54/barrel.

Traffic

Recession is hitting the industry hard with freight volumes slumping to a 4-year low with a 13.5% drop in November while passenger traffic fell 4.6%. Airlines are now cutting capacity but not fast enough as load factors have fallen to levels last seen in the SARS crisis. Looking ahead the published summer schedules so far suggest capacity cuts of 3% or so on international markets and double that for domestic scheduled services.

Fleet

Aircraft were still being taken out of the active fleet at a rate of 94 aircraft a month by November, less than the average 206 recorded in September and October but still high and in excess of the 75 new aircraft delivered in November. Fleet capacity is still declining.

[Click here to view the full report](#)

Article 4

Simplifying the Business enters next phase

The IATA Board of Governors confirmed the vital importance of Simplifying the Business in the deteriorating economic environment at its meeting in Geneva on December 5th, 2008, mandating an increase in StB activities that has the potential to save the industry between US\$10 billion and US\$14 billion every year.

The goal of Simplifying the Business (StB) is to change the way the air transport industry operates by lowering costs and improving service. To fulfill that mission, StB is evolving – from a programme of infrastructure technology projects to a set of end-to-end process solutions that improve passenger and cargo services.

Bar coded boarding passes (BCBP)

BCBP exceeded its target of 200 capable airlines by the end of 2008 as 204 carriers were issuing bar coded boarding passes by 31 December.

The Board emphasised the importance of the industry-wide move to bar coded boarding passes, confirming the mandate of 100% BCBP by the end of 2010. By the end of 2009, the board has set an interim target of 60% BCBP usage, up from the current 40%. IATA will mobilise more than 200 airlines operating at more than 1800 airports in order to achieve this target. The board also endorsed IATA's approach to promote the acceptance of web and mobile BCBP at airport security checkpoints.

CUSS

With 135 airports now offering common use self-service check-in facilities, the StB vision for CUSS has been delivered. Given the growth of web and mobile check-in channels, CUSS is now mature, delivering US\$1 billion in annual savings to the industry. While StB will continue to support CUSS implementation where it makes business sense for airlines, there will be no further CUSS targets. The CUSS concept will form the core of the Fast Travel Programme.

Fast Travel

Across all regions, more than 50% of passengers – and almost two-thirds in Africa and the Middle East – want more self-service options, according to the 2009 IATA Corporate Air Travel Survey.

That's exactly what the Fast Travel Programme is designed to provide. Fast Travel successfully completed 18 pilots in 2008 in six areas:

- Check-in: allowing passengers to receive their boarding pass via self-service channels (web, kiosk, mobile phone), so they can skip the line at the check-in desk
- Bags ready-to-go: enabling passengers to deliver their bags tagged and ready for acceptance by an agent, speeding up the check-in process for those passengers travelling with baggage
- Document scanning: allowing passengers to scan their travel documents at kiosks for onward transmission to government agencies, so they can avoid going to a check-in desk to complete required ID checks
- Flight re-booking: allowing passengers to rebook their flights using kiosks in case of delays or cancellations, avoiding long lines
- Self-boarding: providing automated boarding gates for passengers, like in a train or metro station, reducing boarding lines
- Bag recovery: allowing passengers to report a missing bag at a kiosk instead of waiting in line at a baggage service counter

The pilot programme made sure that IATA proceeds with solutions where it can add value. As a result of the trials, four projects will move forward: bags ready to-go, document scanning, self-boarding and bag recovery. Check-in doesn't need collective industry action to grow, and flight re-booking is considered premature at this time due to the level of complexity involved. The Fast Travel team will continue to monitor both of these areas in 2009.

These four projects can save the industry between US\$0.8 billion and US\$1.6 billion each year. IATA will identify and develop relevant standards in each of the four areas, paving the way for industry-wide adoption.

Baggage Improvement Programme

The Baggage Improvement Programme (BIP) is now a reality following trials held with nine airlines and airports in 2008.

During these trials, IATA was able to recommend solutions that addressed 90% of the baggage problems found. BIP is now set to provide these solutions to a broad industry audience, which when implemented will reduce mishandlings by 50% by 2012 and save the industry between US\$1 billion and US\$1.9 billion every year.

BIP will target the 200 airports that feature in 85% of all passenger mishandling claims. The top 80 airports will receive free dedicated consulting services from IATA experts at the rate of 20 airports per year, beginning in 2009. The remaining 120 airports will become part of a self-help programme that will be facilitated by IATA Country Managers and supported by workshops and a solutions toolkit. The self-help programme will begin in 2010.

IATA e-freight

Eighteen locations are now live with IATA e-freight. The project, which aims to replace 20 documents with electronic messages by the end of 2010 where feasible, will save the air cargo industry between US\$3.1 billion and US\$4.9 billion. The savings are also the result of:

- Faster shipments: the ability to send shipment documentation before the cargo itself can reduce the industry cycle time by an average of 24 hours
- Greater accuracy: Electronic documents auto population – allowing one time electronic data entry at point of origin – reduces delays to shipments due to inaccurate or inconsistent data entry. Electronic documents also cannot be misplaced, so shipments will no longer be delayed because of missing documentation
- Better tracking: electronic documentation allows for online track and trace functionality
- Less paper: IATA e-freight will eliminate more than 7,800 tonnes of paper documents, the equivalent of 80 Boeing 747 freighters
- More information on the revised business case is available in the IATA e-freight Handbook, available for free download.

In 2009, IATA e-freight will focus on increasing the number of e-freight locations, the number of electronic messaging standards and e-freight volumes.

Article 4

Mark your calendar – coming events

- [Troubled Times: Putting the economic environment in perspective - Webinar by IATA / Air Transport World / NCR 22 January - 10AM ET](#)
- [IATA Legal Symposium 2009, February 8 - 10, 2009 - Bangkok, Thailand](#)
- [IATA World Cargo Symposium 2009, March 2-5 – Bangkok, Thailand](#)