

Article 1

Cargo Plummets 22.6% in December

IATA released international scheduled traffic results for both December 2008 and the full-year that show during the month of December global international cargo traffic plummeted by 22.6% compared to December 2007. The same comparison for international passenger traffic showed a 4.6% drop. The international load factor stood at 73.8%.

For the full-year 2008, international cargo traffic was down 4.0%, passenger traffic showed a modest increase of 1.6%, and the international load factor stood at 75.9%.

"The 22.6% free fall in global cargo is unprecedented and shocking. There is no clearer description of the slowdown in world trade. Even in September 2001, when much of the global fleet was grounded, the decline was only 13.9%," said Giovanni Bisignani, IATA's Director General and CEO. "Air cargo carries 35% of the value of goods traded internationally.

Bolstered by year-end advance-booked leisure travel, the 4.6% decline in December passenger demand was less dramatic than the fall in cargo. A 1.5% cutback in supply could not keep pace with falling demand, resulting in a 2.4% decline in the December load factor to 73.8%. "Airlines are struggling to match capacity with fast-falling demand. Until this comes into balance, even the sharp fall in fuel prices cannot save the industry from drowning in red ink," said Bisignani. "Yields are also under attack with a sharp drop in November premium traffic," said Bisignani. For November, IATA reported an 11.5% drop in the number of premium tickets issued globally.

Passenger Traffic

Full-year traffic results show a 1.6% increase in demand which is dramatically down from the 7.4% recorded in 2007. Capacity grew by 3.5% resulting in a full-year average load factor of 75.9% (down from the 77.3% recorded for 2007). Following is a regional summary for December traffic:

- Asia Pacific carriers saw the sharpest decline in December international traffic at 9.7%. They also registered the sharpest reduction in capacity, but at 5.6%, this is lagging behind the drop in demand. Load factors sank to 72.6%. The economic turmoil in the region is widespread. December export volumes fell 20% for Singapore and 35% for Japan. Korean GDP showed a 5.5% contraction. While China's economy continues to grow, recently released GDP figures show that it is at a much lower pace. As a result, traffic in the region continues to be the hardest hit.
- European carriers saw demand for international travel fall by 2.7% while capacity declined by 1.5%. Load factors stood at the global average of 73.8%. With business confidence indicators pointing to a 10% decline in industrial production and a 20% fall in trade, there is little reason for optimism.
- North American airlines saw December demand drop by 4.3%, far outstripping the 0.7% cut in international capacity. While North American carriers had made early cuts in domestic capacity of about 10%, this is the first month registering a cut in international operations. Nonetheless, the region recorded the highest load factor at 78.1%.

- African carriers continued to see their traffic fall, despite more robust economies and travel to the continent than other regions. International passenger traffic declined 4.6% in December. The 2.1% reduction in capacity left load factors at 68.5%, the lowest among the regions.
- Latin American airlines recorded a 1.1% increase in December demand and a 3.2% increase in capacity. With North American commodities demand and trade falling so sharply, the months ahead are likely to be more difficult for airlines in this region.
- Carriers in the Middle East showed a 3.9% increase in demand in December, far below the 10% capacity increase. The region's carriers ended five years of double-digit growth with full-year demand growing by 7.0% (compared to 18.1% recorded for 2007). Growth will continue to slow in 2009 as oil revenues and long-haul hub connection traffic are now both in decline.

Freight Traffic

- Full year international air freight traffic contracted 4.0% for the year compared to 4.3% growth in 2007.
- December saw an unprecedented 22.6% decline in air freight volumes, compared with the previous year. All regions showed major declines.
- The collapse in the airline industry's freight business is a reflection of 20-30% declines in export and import volumes being reported across Asia, North America and Europe as the global recession plumbs new depths in December.
- Asia-Pacific carriers, accounting for 45% of international cargo, led the December decline with a 26.0% contraction compared to the previous year. Latin American carriers saw cargo drop 23.7%; North American carriers 22.2% and European carriers 21.2%. Single-digit declines were recorded by Middle Eastern carriers (-9.2%) and African carriers (-8.0%)

"2009 is shaping up to be one of the toughest years ever for international aviation. The 22.6% drop in international cargo traffic in December puts us in un-charted territory and the bottom is nowhere in sight. Keep your seatbelts fastened and prepare for a bumpy ride and a hard landing," said Bisignani.

Airlines registered a US\$5 billion loss in 2008. For 2009 IATA is forecasting a further loss of US\$2.5 billion based on a fuel price of US\$60 per barrel, a decline of 3.0% in passenger volumes, a drop of 5.0% in cargo traffic and yield deterioration of 3.0%. Industry revenues are expected to contract by US\$35 billion (from US\$536 billion in 2008 to US\$501 billion in 2009).

In the face of this economic crisis, IATA is calling for major structural changes to the industry. "We don't want bail-outs. But we need to change the ownership rules. Almost every other business has the freedom to access to global capital and the ability to merge across borders where it makes sense. To manage in this crisis, airlines need the same management tools," said Bisignani.

[View November premium traffic \(pdf\)](#)

[View full 2008 traffic results](#)

Article 2

IATA Reiterates Environmental Commitment at Inauguration of Environment Display in Rome

IATA highlighted aviation's commitment to its environmental responsibility at the inauguration of its aviation and environment display at Rome's Fiumicino Airport last month.

"Our commitment to environmental responsibility is firm and strong. Aviation accounts for 2% of global CO2 emissions. The industry's constant commitment to efficiency has kept us a small part of the big problem of climate change. Even as we face the worst revenue situation in 50 years - with US\$2.5 billion in losses this year, following a US\$5 billion loss in 2008 - we are determined to continue to deliver effective solutions that reduce aviation's emissions," said Giovanni Bisignani, IATA's Director General and CEO.

IATA is leading the air transport industry's efforts to address climate change and improve aviation's environmental performance with a four-pillar strategy: investing in technology, flying planes effectively, building efficient infrastructure and using positive economic measures. "No other industry is as united in its approach. The IATA vision is to achieve carbon-neutral growth on the way to a carbon-free future," said Bisignani.

"The strategy is delivering results. Aviation's emissions will fall 4.5% in 2009. Part of this is due to the expected 2.5% reduction in capacity as a result of the global economic crisis. The rest is directly related to the strategy. Airlines are investing in fuel-efficient aircraft and retiring old ones. The numbers are impressive. In the first 11 months of 2008 1,037 new aircraft - with improved fuel efficiencies of 20-30% - were delivered. These replace 881 inefficient old aircraft which were parked," Bisignani said.

IATA's environment leadership is also contributing to reducing fuel burn. "Working with airlines, airports and air navigation service providers, we have saved 59 million tonnes of CO2 since 2004, equal to US\$12.2 billion in fuel costs. In 2008 alone we identified and saved 15 million tonnes of CO2, equal to US\$5 billion," Bisignani added. Since 2001 the air transport industry improved its fuel efficiency by 19%. By 2020 the industry target is to achieve a 25% improvement in fuel efficiency compared to 2005. Bisignani identified three critical areas that can help the industry deliver even better results:

Alternative fuels: "Bio-fuels show the most promise for reducing aviation's carbon emissions. Over the entire lifecycle they have the potential to reduce CO2 emissions by up to 60%. IATA is committed to using 10% alternative fuels by 2017. But we need the right bio-fuels, those that don't compete with food for land-use or harm bio-diversity, and that meet the current exacting technical specifications of jet kerosene. The recent tests by Air New Zealand and Continental Airlines proved that bio-fuels are viable. Now we need to speed-up the certification process. The current timeline sees certification by 2013. We are challenging governments to deliver even faster - by 2010 or 2011," said Bisignani.

Better air navigation: "We need to fly more effectively. Every Continuous Descent Approach (CDA) saves between 150 to 600kg of CO2. Each Clean Airspeed Departure (CAD) saves between 600 to 5,000 kg of CO2. But we can only take advantage of these efficiencies at less than 50 of Europe's airports. Hopefully, Rome will come on board with these measures soon. Thinking even bigger, after decades of talks and no action, a Single European Sky (SES) is picking up momentum. We have high hopes that European Commission Vice President Tajani will be supported by Europe's governments to deliver the SES Second Package so that we can have 9 functional air space blocks, a network manager and tough efficiency targets in place by 2012. This would save a massive 16 million tonnes of CO2," said Bisignani.

A global solution on positive economic measures: "Governments around the world must agree a global solution to reduce aviation emissions. Europe's unilateral approach with its plan to include aviation in its regional European Emissions Trading Scheme (ETS) is flawed and illegal. It is against the Chicago Convention. Non-EU governments will challenge this approach and Europe will lose. On top of that, it is hypocritical to charge the airlines for emissions when the infrastructure forces airlines to fly inefficiently. A Single European Sky by 2012 is a must," said Bisignani. "A far better way for Europe to show true leadership on environment is to support a global solution brokered through the International Civil Aviation Organisation (ICAO), a UN body and its 15-government Group on International Aviation and Climate Change (GIACC). This is what the Kyoto protocol envisioned. And it is what the G8 agreed in Japan in June 2008. Governments - including those in Europe - must ensure that GIACC's action plan, to be issued in September, will be challenging and effective."

IATA's environmental exhibition displays innovations that airlines and the industry are implementing to improve fuel efficiency. It also looks to future innovations, including bio-fuels and revolutionary concepts for airframe and engine design. It is a reminder of the potential for technical and operational achievements.

[Access Bisignani's speech](#)

Article 3

IATA welcomes new runways at European hubs

In the coming years Europe will gain two, much-needed runways at important hubs. The UK Government has announced the proposed new runway at London Heathrow will go ahead while the Hessen State Court has approved the construction of a fourth runway and Terminal 3 at Frankfurt's Rhein-Main Airport.

IATA Director General and CEO, Giovanni Bisignani, believes the UK decision was the right one. "The third runway allows Heathrow to grow, and, more importantly, it will be an enormous economic catalyst by better connecting the London and UK economies to global business," he said.

He also applauded the German verdict. But both decisions come with restrictions that limit benefits. The Heathrow decision shunted aside requests for mixed-mode while Frankfurt faces a proposed restriction on night flights. "Frankfurt is a global hub that needs global connectivity," he said. "Severe restrictions on night flights constrain international cargo operations and will hurt economic growth. This should be reconsidered in a future court ruling."

Bisignani emphasised the growth must be environmentally responsible and is confident the impact of the new runways can be managed effectively. "IATA's four-pillar strategy on climate change – focused on improved technology, effective operations, efficient infrastructure and positive economic measures – is delivering real results," he noted. "Our track record is impressive. And no industry is as ambitious about its future."

Article 4

97% of Airlines Want IATA Baggage Improvement Programme

IATA's Country Managers presented the Baggage Improvement Programme (BIP) to Over 180 airlines around the world confirmed an important role for IATA in addressing the industry's baggage woes following presentations on IATA's Baggage Improvement Programme delivered IATA's Country Managers during the past two months.

Airlines called on IATA to develop a global methodology, bring together airlines and airports and produce a baggage solutions toolkit to reduce the current annual \$3.8 billion cost of baggage mishandling.

In 2008, BIP recommended solutions that addressed 90% of all mishandling in nine airport visits. The programme will conduct diagnosis visits at 20 airports in 2009 as part of its efforts to cut mishandling in half by 2012 - saving the industry up to US\$1.9 billion every year.

[Visit the BIP homepage to find out more.](#)

Article 5

Mark your calendar – coming events

- [IATA World Cargo Symposium 2009, March 2-5 – Bangkok, Thailand](#)
- [IATA Ground Operations Symposium, March 17-20 – Cairo, Egypt](#)
- [Aviation Fuel Forum, May 26-28, 2009 - Rio de Janeiro, Brazil](#)