ANNUAL REVIEW 2026

IATA

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IATA

International Air Transport Association Annual Review 2026

82nd Annual General Meeting and World Air Transport Summit, Rio de Janeiro, Brazil

MEMBERS LIST

A

ABX Air
Aegean Airlines
Aer Lingus
Aero Mongolia
Aero Republica
Aeroflot
Aeroitalia
Aerolineas Argentinas
Aeromexico
Africa World Airlines
Air Algerie
Air Arabia
Air Astana
Air Astra
Air Atlanta Icelandic
Air Austral
Air Baltic
Air Botswana
Air Cairo
Air Caledonie
Air Cambodia
Air Canada
Air Caraibes
Air Changan
Air China
Air Corsica
Air Dolomiti
Air Europa
Air France
Air Greenland
Air Guilin
Air Hong Kong
Air India
Air India Express
Air Koryo
Air Macau
Air Mauritius
Air Montenegro
Air New Zealand
Air Niugini
Air Nostrum
Air Peace
Air Premia
Air Senegal
Air Serbia
Air Seychelles
Air Tahiti
Air Tahiti Nui
Air Tanzania
Air Transat
Air Vanuatu
Aircalin
Airhub Airlines
Airline Geosky
Airlink
AIRZETA
AJet
Akasa Air
Alaska Airlines
Albastar
AlMasria Universal Airlines
Amelia (Regourd Aviation)
American Airlines
ANA
APG Airlines
Arajet
Arkia Israeli Airlines
Asiana Airlines
ASKY
ASL Airlines Belgium
ASL Airlines France
ASL Airlines Ireland
Atlantic Airways
Atlas Air
Austrian
Avianca
Avianca Costa Rica
Avianca Ecuador
Avion Express
Avion Express Malta
Azerbaijan Airlines
Azores Airlines
Azul Brazilian Airlines

B

Badr Airlines
Bahamasair
Bamboo Airways
Bangkok Airways
Batik Air
Batik Air Malaysia
BBN Airlines
Belavia Belarusian Airlines
Biman Bangladesh Airlines
Binter Canarias
Blue Bird Airways
BoA Boliviana de Aviacion
Braathens Regional Airways
British Airways
Brussels Airlines
Bulgaria Air

C

Camair-Co
Capital Airlines
Cargojet Airways
Cargolux
Caribbean Airlines
Carpatair
Cathay Pacific
Cebu Pacific
CemAir
Chair Airlines
Chalair
Challenge Airlines (BE)
Challenge Airlines (IL)
Chengdu Airlines
China Airlines
China Cargo Airlines
China Eastern
China Express Airlines
China Postal Airlines
China Southern Airlines
China United Airlines
Citilink
CityJet
Clic Air
Condor
Copa Airlines
Corendon Airlines
Corsair International
Croatia Airlines
Cubana
Cyprus Airways

D

DAN AIR
DAT (LT)
Delta Air Lines
DHL Air
DHL Air (Bahrain)
Discover Airlines
Domestic Airlines

E

Eastar Jet
Eastern Airlines
Edelweiss Air
Egyptair
EL AL
Electra Airways
Emirates
Estafeta Cargo
Ethiopian Airlines
Etihad Airways
EuroAtlantic Airways
European Air Transport
Eurowings
EVA Air

F

Fastjet Zimbabwe
FedEx Express
Fiji Airways
Finnair
FlexFlight
Fly Baghdad
Fly Namibia
Fly2Sky
Flyadeal
Flydubai
FlyGabon
Flynas
Flyone
Freebird Airlines
French Bee
Frontier Airlines
Fuzhou Airlines

G

Garuda Indonesia
Georgian Airways
German Airways
GetJet Airlines
Global Airways and Lift
GlobalX
GOL Linhas Aereas
Greater Bay Airlines
Gulf Air
GX Airlines

H

Hahnair
Hainan Airlines
Hawaiian Airlines
Hebei Airlines
Hello Jets
Heston Airlines
Hi Fly (Springjet)
Hi Fly (Malta)
Himalaya Airlines
Hong Kong Air Cargo
Hong Kong Airlines
Hong Kong Express Airways

I

Iberia
Iberojet
Iberojet Airlines
Ibom Air
Icelandair
Ikar
IndiGo
Iran Air
Iran Airtour Airline
Iran Aseman Airlines
Israir
ITA Airways

MEMBERS LIST

J
Japan Airlines
Japan Transocean Air
Jazeera Airways
JD Airlines
Jeju Air
JetBlue
JetSMART Argentina
JetSMART Chile
JetSMART Colombia
JetSMART Peru
Jettime
Jin Air
Jordan Aviation
Juneyao Airlines

K
Kam Air
Kenya Airways
Klasjet
KLM
KM Malta Airlines
Korean Air
Kunming Airlines
Kuwait Airways

L
La Compagnie (DreamJet)
LAM
Lao Airlines
LATAM Airlines Brasil
LATAM Airlines Colombia
LATAM Airlines Ecuador
LATAM Airlines Group
LATAM Airlines Paraguay
LATAM Airlines Peru
LATAM Cargo Brasil
LATAM Cargo Chile
Link Airways
Lion Air
Loganair
Loong Air
LOT Polish Airlines
Lucky Air
Lufthansa
Lufthansa Cargo
Lufthansa City Airlines
Lufthansa CityLine
Luxair

M
Madagascar Airlines
Malaysia Airlines
Mandarin Airlines
Martinair Cargo
MasAir
Mauritania Airlines International
Mavi Gok Airlines (MGA)
MEA
MIAT Mongolian Airlines
MNG Airlines
Myanmar Airways International
Myanmar National Airlines

N
National Airlines
Nauru Airlines
Neos
Nesma Airlines
New Pacific Airlines
Nile Air
Nippon Cargo Airlines
Nok Air
Nordic Regional Airlines (Norra)
NordStar
Nordwind Airlines
Nouvelair

O
Okay Airways
Olympic Air
Oman Air
Overland Airways

P
Pakistan International Airlines
PAL Express
Paranair
Pegasus Airlines
Petroleum Air Services
PGA Portugalia Airlines
Philippine Airlines
Plus Ultra
Polar Air Cargo
PopulAir
Porter Airlines
Poste Air Cargo
Precision Air
Privilege Style
Proflight Zambia

Q
Qantas
Qatar Airways
Qazaq Air
Qingdao Airlines

R
Red Sea Airlines
Riyadh Air
Rossiya Airlines
Royal Air Maroc
Royal Brunei
Royal Jordanian
Ruili Airlines
RusLine
RwandAir

S
S7 Airlines
Safair
Salam Air
SAS
SATA Air Acores
Saudi Arabian Airlines
SCAT Airlines
Scoot
SF Airlines
Shandong Airlines
Shanghai Airlines
Shenzhen Airlines
Sichuan Airlines
Silk Way West Airlines
Singapore Airlines
SKY Airline
SKY express
SkyUp Airlines
Smartavia
SmartLynx Airlines Malta
Smartwings
Solomon Airlines
Somon Air
South African Airways
Southwest Airlines
Southwind Airlines
SpiceJet
SriLankan Airlines
STARLUX Airlines
Sun Country Airlines
SunExpress
Suparna Airlines
Swiftair
SWISS
Syrianair

T
TAAG Angola Airlines
TACA
TAG Airlines
Tailwind Airlines
TAP Air Portugal
TAROM
Thai Airways International
Thai Lion Air
Tianjin Airlines
Trinity Airways
TUIfly
Tunisair
Turkish Airlines
TUS Airways

U
ULS Airlines Cargo
UNI AIR
United Airlines
United Nigeria Airlines
UPS Airlines
Ural Airlines
Urumqi Air
US Bangla Airlines
UTair
Uzbekistan Airways

V
Vietjet
Vietnam Airlines
Virgin Atlantic
Virgin Australia
Volaris
Volotea
Vueling

W
Wamos Air
West Air
WestJet
White Airways
Wideroe
World 2 Fly

X
Xiamen Airlines
Xizang Airlines

Y
YTO Cargo Airlines

BUILDING A ROBUST AIRLINE COMMUNITY

Although airlines have improved profitability in 2025, overall net margins remain paltry. An oil shock sparked by war in the Middle East led to surging fuel prices that will impact airline profits in the short term. Supply chain constraints and meeting net-zero carbon emissions by 2050 continue to present a long term challenge.

Image: ©www.aurelienbergot.com

WILLIE WALSH, DIRECTOR GENERAL

"**A strong and credible airline** voice interfacing with governments is essential."

Airline profitability strengthened in 2025 with an estimated global net profit of $45 billion. Nearly five billion travelers took to the skies, and 71.5 million tonnes of cargo found its way by air to waiting markets.

Although 2025 set a record for total profits, it is important to remember that the collective net margin was a paltry 4.2%, continuing persistent value chain imbalances. Even so, the year's financial performance contributed significantly to repairing balance sheets badly damaged during the COVID crisis.

The strong performance carried into 2026 until an oil price shock sparked by war in the Middle East. Demand remains strong, but the rapid escalation of fuel costs is likely to halve both profits and margins in 2026.

Safety

In 2025 airlines safely operated 38.7 million flights. The all-accident rate of 1.32 per million flights was an improvement on the 2021–2025 five-year average of 1.27. In total, there were 51 accidents in 2025, of which eight were fatal, claiming 394 lives.

The safety performance of airlines on the IATA Operational Safety Audit (IOSA) registry reaffirmed the importance of global standards. Airlines on the IOSA registry reported 0.98 accidents per million flights, significantly better than the 2.55 for airlines not on the registry. IATA member airline performance was even stronger, reporting 0.72 accidents per million flights compared with the 3.09 for non-IATA members.

IATA focused on several initiatives to support safer operations—mitigating the impacts of GNSS interference, preserving critical radio frequency spectrum as 5G and 6G telecoms operations roll out, and reminding states of their obligation to publish complete accident reports in line with their Chicago Convention responsibilities.

Sustainability

These initiatives featured heavily in IATA's representation at the 42nd ICAO Assembly in 2025, along with supporting the commitment to net-zero carbon emissions by 2050.

Concerns are growing about slow progress in decarbonization. Sustainable Aviation Fuel (SAF) is expected to be the main contributor to carbon emissions reduction, but 2026 production is expected to supply just 0.8% of airline fuel needs. Similarly, CORSIA is endangered by the limited number of credits (EEUs or Eligible Emissions Units) available for airlines to purchase in fulfilment of their obligations, and by the distortions of regional schemes, notably the European Union (EU) Emissions Trading Scheme.

In response, IATA holds regular purchase events for EEUs and promotes EEU generation. With respect to SAF, IATA continues to support the development of market infrastructure, including standardized accounting principles, a seller/buyer matchmaker service, and a registry that is independently operated by the Civil Aviation Decarbonization Organization.

IATA urges governments to sequence SAF policy measures correctly. This means, promoting production incentives before considering purchase mandates. As mandates in the EU and United Kingdom have served only to drastically increase the SAF price, an urgent course correction is needed before e-SAF mandates repeat the policy error.

US attacks on Iran in June 2025 brought energy security issues to the fore. Shortly thereafter, IATA issued warnings on vulnerabilities for jet fuel supply and price, particularly in light of falling refinery capacity in Europe. These materialized after the February 2026 outbreak of war in the Middle East, creating immediate challenges for airlines and strengthening the long-term arguments in support of aviation's energy transition.

Supply Chain

Challenges in the aerospace supply chain continue with no immediate resolution in sight. In 2025, the backlog for new aircraft exceeded 17,000 and the fleet age rose to a record 15.1 years. Fleet replacement and growth plans have been dented with delayed delivery of over 5,000 new and highly fuel-efficient aircraft. Higher costs for leasing, missed fuel efficiency gains, inventory holding (parts), and maintenance added some $11.3 billion to airline costs.

IATA is working to bring transparency, expand capacity, and promote competitive business practices that will be foundational to alleviating this constraint on growth and profits. Of particular note is the renewal of an agreement with CFM to increase competition in the after-market for aircraft engines. It is hoped that more manufacturers will sign on to the agreement's principles in the coming year.

IATA

IATA's 81st year of dedication to its mission to represent, lead and serve the airline industry was marked by significant change. A major review of its governance transformed the work of the re-named Board of Directors, the association's top body. The aim was to streamline decision-making to guide IATA's work more effectively. A review of committee and conference structures that support the Board is ongoing.

"**Aviation is a force for good**, fulfilling the fundamental need for people to connect. In unsettled times this is invaluable."

The IATA Financial Settlement Systems (IFSS), which the industry depended on to settle a record $492.4 billion in 2025, are being modernized. IATA remains committed to its IFSS portfolio providing the most cost-efficient and reliable settlement options available to the industry.

IATA is strengthening its advocacy on behalf of its members. A strong and credible airline voice interfacing with governments is essential in the face of rising taxes, the fragmentation of global standards, insufficient infrastructure, the proliferation of onerous regulation (particularly on passenger rights) or failures of sustainability policies. A reinforced External Affairs team will ensure that airline considerations, backed by IATA's unique data collections, are integral to global policy developments.

Aviation is a force for good, fulfilling the fundamental need for people to connect. In unsettled times this is invaluable. Enabling the success of airlines is a motivation and an honor for IATA's passionate global team, including me.

In the coming months, my time at IATA will end. I thank the Board for its enormous support during my tenure. I am fully confident they will select a successor who will make IATA an even more powerful support tool for our membership that has grown to over 370 airlines. Working together, IATA members are building a future that will be ever safer, more reliable, and sustainable.

ALIGNING THE AMBITION OF INDUSTRY STAKEHOLDERS

Luis Gallego, Chair of the IATA Board of Directors and the CEO of IAG (International Airlines Group), discusses the need for all involved in aviation to work together to manage costs, improve service, and achieve a sustainable future.

Images: ©Nick Morrish 2026

Q What did the IATA Board focus on in 2025 under your leadership?

The world focus through 2025 and 2026 has been shaped by the three core challenges that I highlighted at the beginning of my term: accelerating environmental action, navigating geopolitical changes, and dealing with supply chain issues. But alongside these focal points, there are growing concerns about infrastructure, capacity, and cost.

Q The review and updating of IATA's governance, which began in 2024, continued through your term as Board Chair. How will the governance changes affect the association?

The 2025 AGM approved changes to reform our governance structure to improve accountability and strategic overview. Since then, we have turned our focus to the Advisory Councils to embed significant airline participation in all decision-making, policy-development, and standards-setting activities. There will be structured mechanisms for member input to ensure that recommendations are systematically integrated into governance decisions.

Q What would improve collaboration with other parts of the aviation value chain, such as infrastructure providers?

Aviation is an ecosystem, and we cannot improve things if we don't work together. For the world's airlines, there is a major focus on air traffic management modernization, supply chain issues, and how we can reduce the cost of operations. The point is that airlines cannot do this alone. We need to work together from the outset, have common data, and share the ambition to try to improve operational performance and to gain control of costs.

MEMBERSHIP OF THE BOARD OF DIRECTORS

As of 10 April 2026

- **LUIS GALLEGO** [Chair of the Board] Chief Executive Officer IAG
- **MICHAEL ROUSSEAU** President and Chief Executive Officer AIR CANADA
- **LIU TIEXIANG** Chairman AIR CHINA
- **BENJAMIN SMITH** Chief Executive Officer AIR FRANCE-KLM GROUP
- **CAMPBELL WILSON** Chief Executive Officer and Managing Director AIR INDIA
- **ROBERT ISOM** Chief Executive Officer AMERICAN AIRLINES
- **MICHAEL STEEN** President and Chief Executive Officer ATLAS AIR
- **ANNETTE MANN** CEO AUSTRIAN AIRLINES (LUFTHANSA GROUP)
- **PATRICK HEALY** Chair CATHAY GROUP
- **PEDRO HEILBRON** Chief Executive Officer COPA AIRLINES
- **JASMIN BAJIĆ** President and Chief Executive Officer CROATIA AIRLINES
- **MESFIN TASEW BEKELE** Chief Executive Officer ETHIOPIAN AIRLINES
- **RICHARD SMITH** President and Chief Executive Officer, Airline and International FEDEX
- **ZHU TAO** Chairman HAINAN AIRLINES
- **MITSUKO TOTTORI** Representative Director, President and Chief Executive Officer JAPAN AIRLINES
- **MARJAN RINTEL** President and Chief Executive Officer KLM
- **WALTER CHO** Chairman and Chief Executive Officer KOREAN AIR
- **ROBERTO ALVO** Chief Executive Officer LATAM AIRLINES GROUP
- **TELMEN TUNSAG** President and Chief Executive Officer MIAT MONGOLIAN AIRLINES
- **MOHAMAD EL-HOUT** Chairman and Director General MIDDLE EAST AIRLINES
- **MEHMET TEVFIK NANE** Chairperson of the Board of Directors PEGASUS AIRLINES
- **HAMAD AL-KHATER** Group Chief Executive Officer QATAR AIRWAYS
- **ABDELHAMID ADDOU** Chairman and Chief Executive Officer ROYAL AIR MAROC
- **YVONNE MANZI MAKOLO** Chief Executive Officer RWANDAIR
- **ANCO VAN DER WERFF** President and Chief Executive Officer SAS
- **IBRAHIM AL-OMAR** Director General SAUDI ARABIAN AIRLINES
- **SCOTT KIRBY** Chief Executive Officer UNITED AIRLINES
- **ENRIQUE JAVIER** Beltranena Mejicano President and Chief Executive Officer VOLARIS
- **WILLIE WALSH** Director General IATA

Also Served

(To 31 January 2026)
- **IZHAM ISMAIL** Group Chief Executive Officer MALAYSIA AIRLINES

(To 10 March 2026)
- **PIETER ELBERS** Chief Executive Officer INDIGO

(To 1 April 2026)
- **SHINICHI INOUE** President and Chief Executive Officer ANA

(To 10 April 2026)
- **AHMET BOLAT** Chairman of the Board of Directors and Executive Committee TURKISH AIRLINES

Q What more can we do to ensure that governments understand the value of aviation?

IATA is doing a good job working with governments, explaining how aviation contributes to GDP, to jobs, and to connectivity. The various shocks aviation has faced in the past few years have demonstrated this. The conflict that emerged in the Middle East in early 2026 is no exception.

IATA is also advocating in its areas of priority, such as changes in regulation, including a harmonized consumer rule. We need to ensure that policymakers take the right decisions for a thriving aviation industry that benefits all.

Q Regarding the net-zero carbon emissions by 2050 goal, are you happy with the progress being made?

To be honest, I'm not happy with the progress. IATA's position is clear, however. Net-zero carbon emissions by 2050 is achievable, but it will require acceleration of all the initiatives at our disposal. It's important that we have a global policy framework to facilitate the energy transition that the industry requires.

"Aviation's energy transition **would not only benefit the airline industry but also the economy as a whole**, as more renewable energy would be available for other sectors."

Sustainable aviation fuel (SAF) is the main driver of emissions reductions for our industry. Supportive policies are required to shift risks and allow for greater SAF production and use. Mandating something without incentives for producers makes the product expensive and does not create a market. And it's important to say that aviation's energy transition would not only benefit the airline industry but also the economy as a whole, as more renewable energy would be available for other sectors.

Q Will it be possible for airlines to attract the talent they need to secure its digital future?

Aviation remains an industry that can offer career opportunities for the profile of people that we want to attract. We continue investing in new technologies, new ways of driving innovation, and we want people that can work in this very exciting environment.

Aviation is people taking care of people. Technology is important, artificial intelligence is important, but these are only enablers. In the end, you must have good people to provide customer satisfaction. When you have that, you have customers coming back, you have good results, and you can invest back in the business and in the technology that supports the human touch.

Q IATA launched the Schedule Data Exchange Program in 2023, and since then more than 180 airlines have joined. Why is this program so important?

The Schedule Data Exchange Program is a vitally important initiative. It gives airlines control over one of our most critical assets—our schedule data. Since its launch in 2023, it has strengthened resilience, reduced dependency on external providers, improved operational decision-making,

"It's important that we **continue to advocate for smarter regulation and cost structures** that support connectivity rather than diminish it."

and supported everything from network planning to customer connectivity.

Although airlines remain in control of their data, there is a need to better manage, collate, analyze, and share industry data for the benefit of all airlines. It is encouraging that more than 180 airlines are already involved in this initiative because it's going to be one of the foundational data infrastructure pillars of modern aviation.

Q What do the next 12 months hold in terms of opportunities and challenges for IATA?

Passenger and cargo demand is still strong. We do have a very difficult geopolitical situation, but we are going to continue working on the supply-side constraints, including aircraft availability and possible labor shortages. We need new aircraft and new people with different skillsets if we are to serve customers in the way they expect to be served.

We are also going to continue our commitment to sustainability. The energy transition, as we said before, remains difficult, and we especially need to scale the production of SAF.

It's also important that we continue to advocate for smarter regulation and cost structures that support connectivity rather than diminish it.

GOVERNANCE CHANGES

In 2024, the IATA Board initiated the most significant overhaul of IATA's governance since the association's establishment. The reforms are designed to strengthen accountability, improve transparency, and ensure that members have meaningful and structured influence over IATA's direction.

The first set of reforms were adopted at the 2025 AGM. They strengthen member engagement at the AGM, sharpen the role of the Board in strategic oversight and performance accountability, and clarify the delegation of authority through four Board committees:

- **The Governance and Performance Committee** will oversee governance effectiveness, executive performance, performance targets, and leadership selection.
- **The Industry Strategy and Policy Committee** will align initiatives, advocacy, and industry policies with the strategy set by the Board.
- **The Finance, Risk, and Audit Committee** will oversee financial performance and policies, internal controls, and risk management.
- **The Membership Committee** will manage Board nominations and association membership matters, such as terminations and suspensions and IATA's overall membership strategy.

Each committee consists exclusively of Board members. And the approval of major committee decisions, including on the annual budget, remains with the full Board.

The second set of reforms will be presented at the 2026 AGM for approval. They address the advisory structure through which member expertise informs Board deliberations and management decisions. The new architecture aims to establish clear information flows between governance bodies and mechanisms to keep members informed of discussions.

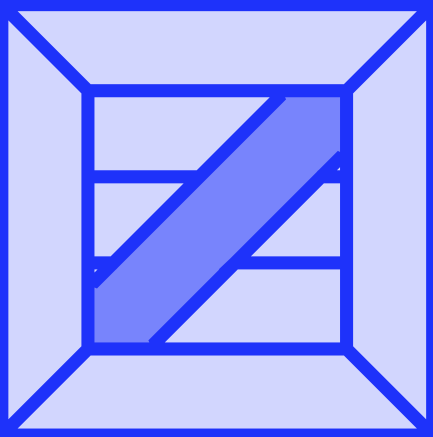
Governance reviews will continue after the 2026 AGM. Specifically, an examination will be undertaken of the Traffic Conference framework that underpins key standards for the industry.

ECONOMIC DRIVER

Aviation plays a vital role in connecting communities, supporting tourism, and enabling trade. A thriving aviation industry delivers significant benefits in terms of creating jobs and nurturing economic growth by connecting people and transporting goods. It is also essential to global well-being, carrying medicines, aid, and humanitarian missions.

71.6m

The amount in tonnes cargo volumes are expected to reach in 2026 (up 2.4% on 2025)



5.2b

The expected total number of passengers in 2026 (up 4.4% on 2025)

86.5m

jobs supported by air transport with **11.6m direct jobs**

$4,100,000,000

Aviation's global economic impact

Sources, IATA (2025), ATAG (2024)

Images: ©Nounproject

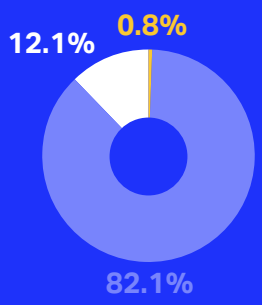
THE WORLD'S BIGGEST AVIATION MARKETS

(CONTRIBUTION TO NATIONAL GDP IN USD)

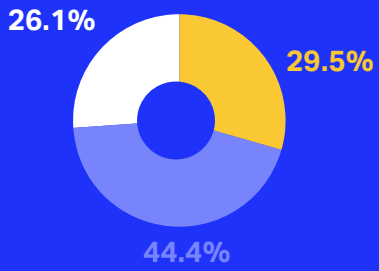
$8t **the value of goods in $** carried by air transport annually

HIGH-VALUE GOODS TRANSPORTED BY AIR

Air Sea Other modes (including unknown)



% of total sample **weight in kg**



% of total sample **value in $**

Global GDP supported by aviation

FACING ECONOMIC HEADWINDS

Uncertainties and cost increases challenged airline profitability in 2025

Images: ©Getty

MACROECONOMIC ENVIRONMENT

GDP growth amid rising geopolitical risks

Global real gross domestic product (GDP) grew an estimated 3.4% in 2025. The unusual stability in the global business cycle since 2023 provided a supportive backdrop for the airline industry in 2025 despite persistent geopolitical tensions and policy uncertainties. Among major economies, the United States ended 2025 with annual GDP growth of 2.1%, down from 2.8% in 2024. Growth in the euro area remained more subdued, at 1.4%, while China met its 5.0% growth target, aided by the successful redirection of its exports to markets alternative to the US market. India continued to outperform, with its GDP growth accelerating to 7.6% in 2025, from 6.4% a year earlier.

The collective economic performance of especially the world's leading economies exceeded expectations as US trade policies shifted. Trade held up surprisingly well, enabled by a surge in AI-related activity that, in turn, was made possible by air cargo. Commercial activity proved agile in finding alternative routes and markets. China offers a case in point. It succeeded in expanding to other export markets to such an extent that it more than offset its shrinking trade with the United States. A weakened US dollar and ongoing fiscal and monetary policy support further helped China counter the effects of the US tariff war and the elevated uncertainty over US policy.

Conflicts in the Middle East were disruptive but short-lived in 2025. The outbreak of conflict in the region in early 2026, on the other hand, has caused an unprecedented energy crisis that will undoubtedly curb growth going forward.

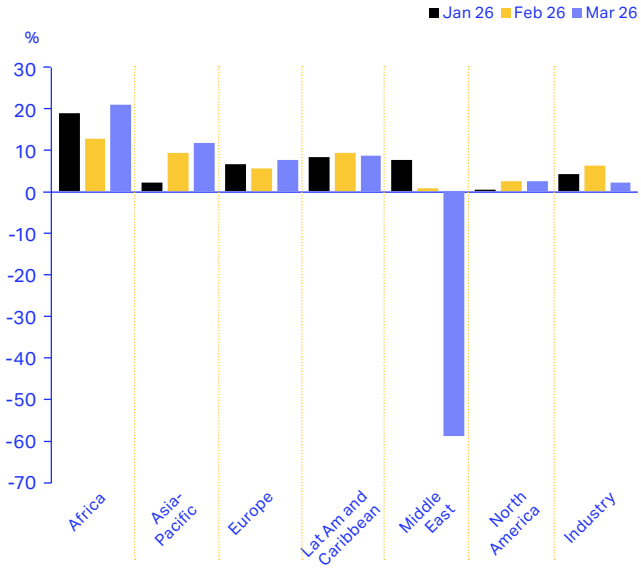
01: Global GDP (constant USD) annual % change

Source: IATA Sustainability & Economics, using data from MacroBond.

A challenging first quarter of 2026

Developments in the Middle East in the first quarter of 2026 have introduced significant economic uncertainty. The conflict with Iran, which began on the last day of February, led to a 59.0% decline in passenger traffic in the Middle East in March 2026 year on year. Other regions proved more resilient, with traffic accelerating in Africa, Asia-Pacific, and Europe, reflecting airlines' ability to rapidly redeploy capacity to markets where demand remained strong. As a result, global revenue passenger kilometers (RPK) expanded 2.1% in March and ended the month up 4%.

02: Monthly RPK growth by airline region of registration in 2026



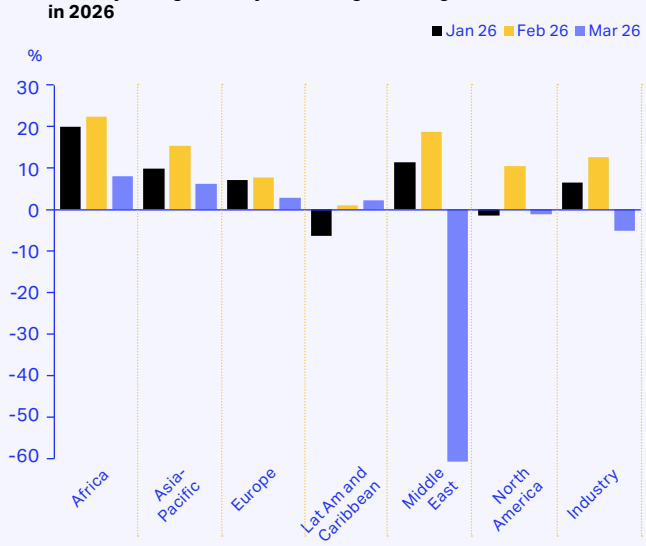
Sources: IATA Sustainability and Economics, IATA Information and Data Monthly Statistics.

Drop in first quarter Middle East volumes

Air cargo markets weakened sharply in the Middle East in March, mirroring the collapse in passenger traffic. Cargo tonner kilometers (CTKs) fell 54% year over year, a particularly severe contraction given the region's outsized role in global freight flows. Middle Eastern hubs account for around 13% of worldwide air cargo traffic—significantly more than their 9% share of passenger traffic—meaning disruptions there had an amplified impact on global cargo performance.

The steep decline in the Middle East, combined with weakness in North American markets, pushed global air cargo demand into contraction by the end of the quarter, with traffic down 4.8% year over year in March. However, solid growth in January and February provided a cushion that kept overall first quarter cargo volumes in positive territory, averaging a 3.3% increase year over year.

03: Monthly CTK growth by airline region of registration in 2026

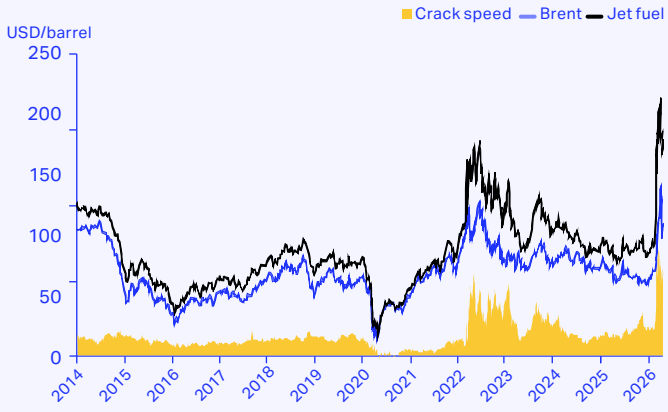


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

Surge in fuel costs

More significant than the traffic disruption has been the unprecedented surge in crude oil prices. This is expected to weigh on overall global economic activity and disproportionately affect the airline industry. Conflict in the Middle East has pushed up not only crude prices but also, and even more sharply, refining margins. As a result, the price of jet fuel has more than doubled, surpassing $200 a barrel. The speed of these price increases, rather than their absolute levels, poses the greatest challenge over the short term. Airline profitability is highly sensitive to rapid fuel price increases, as cost pressures rise faster than revenues can adjust, heightening the risk of margin erosion and weakened industry profits.

04: Jet fuel price vs crude oil price



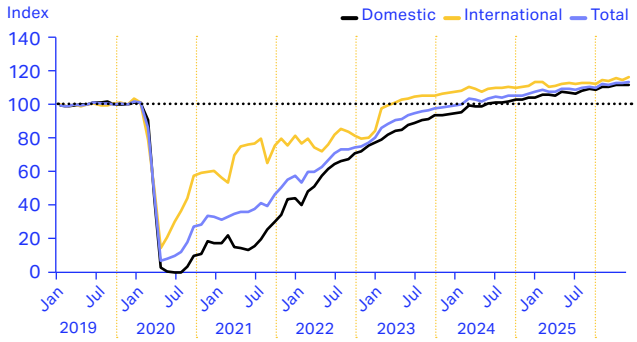
Source: IATA Sustainability and Economics, using data from Platts, and Global Commodity Insights.

AIR PASSENGER MARKETS

Continued growth in passenger traffic

Global air passenger traffic grew 5.7% year over year in 2025. Momentum moderated since the exceptionally strong gains that immediately followed the pandemic, but this was a normalization rather than an underlying weakening of demand.

05: Seasonally adjusted industry RPK, indexed, January 2020 = 100

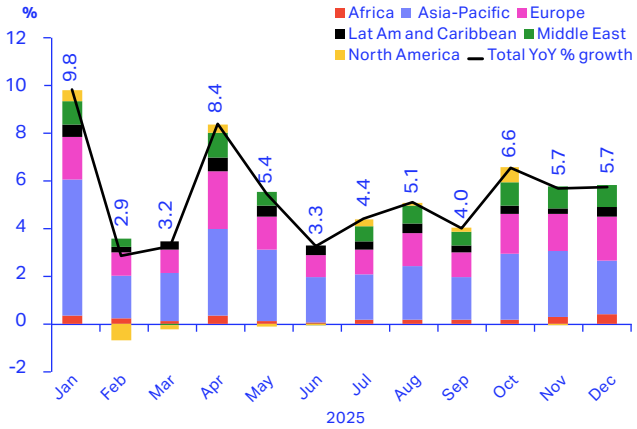


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

Asia-Pacific led passenger growth

Industry-wide passenger traffic growth in 2025 was driven primarily by airlines based in Asia-Pacific and Europe, which together accounted for more than 75% of the net increase in RPK. Asia-Pacific carriers contributed close to half of global net growth, while European airlines accounted for around one quarter, supported by a combination of strong international traffic and continued expansion across large domestic markets.

06: RPK growth by airline region of registration

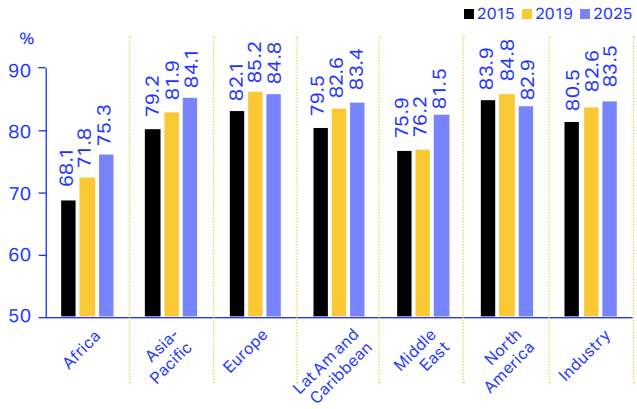


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

Load factors reached a record high

The airline passenger load factor (PLF) reached a record 83.5% in 2025, reflecting improved capacity discipline. Capacity, measured in available seat kilometers (ASK), grew 5.2% year over year and remained slightly below the pace of demand growth. The global PLF stood around three percentage points above the levels recorded a decade earlier. Most regions recorded similar gains in load factors over this period, with North America a notable exception. PLF there declined one percentage point from 2015.

07: Industry-adjusted PLF by airline region of registration

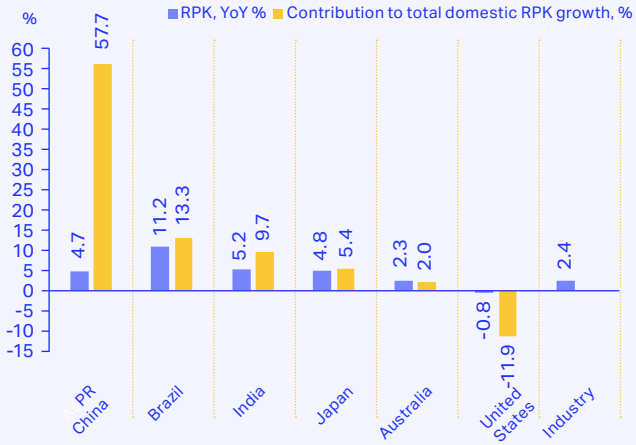


Sources: IATA Sustainability and Economics, IATA Information and Data, Monthly Statistics.

China led growth in domestic travel

Global domestic passenger traffic grew 2.4% year over year in 2025. Most of the net increase was driven by the Chinese domestic market—the world's second largest—which expanded 4.7% year over year. Brazil's domestic market recorded the strongest growth at 11.2% year over year, contributing more than 10% of global net domestic traffic growth. Despite some weakness in the second half of the year, strong performance earlier in 2025 meant that the Indian domestic market grew 5.2% year over year overall and accounted for close to 10% of net growth. By contrast, the world's largest domestic market, the United States, saw traffic contract 0.8% year over year.

08: 2025 domestic RPK growth by country and by contribution to industry total domestic RPK growth

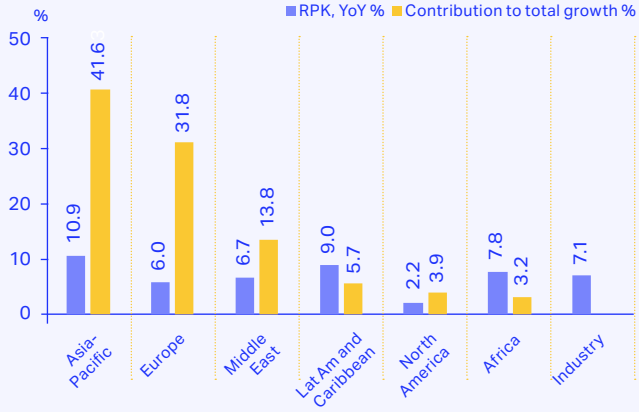


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

International outpaced domestic passenger traffic

International passenger traffic outperformed domestic traffic in 2025, expanding 7.1% year over year. Airlines in Asia-Pacific recorded the strongest growth, with international traffic rising 10.9% year over year and accounting for more than 40% of global net growth in international RPK. Growth was particularly strong on international routes within Asia and between Asia and Europe. European airlines recorded solid growth of 6.0% year over year despite the market's more mature profile, with travel within Europe remaining the largest international route area globally. International traffic carried by Latin American and Caribbean airlines also performed strongly, expanding 9.0% year over year.

09: 2025 international RPK growth and contributions to industry total RPK growth by airline region of registration



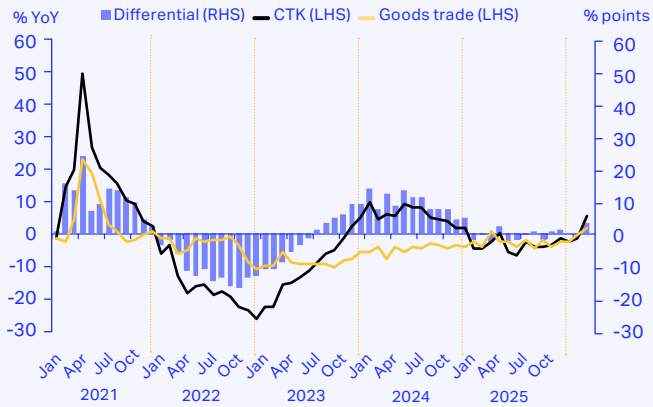
Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

AIR CARGO MARKETS

Tariff frontloading drove first quarter volumes

Air cargo once again demonstrated its important role in the global economy in 2025. Global cargo demand increased 3.4% year over year, reaching a record more than 283 million CTK. Growth was strongest in the first quarter 2025 thanks to the frontloading of shipments ahead of anticipated tariffs. It stabilized in the second half as structural demand drivers—particularly ecommerce and high-value, time-sensitive goods—provided support.

10: Growth in air cargo demand (CTK) and global goods trade

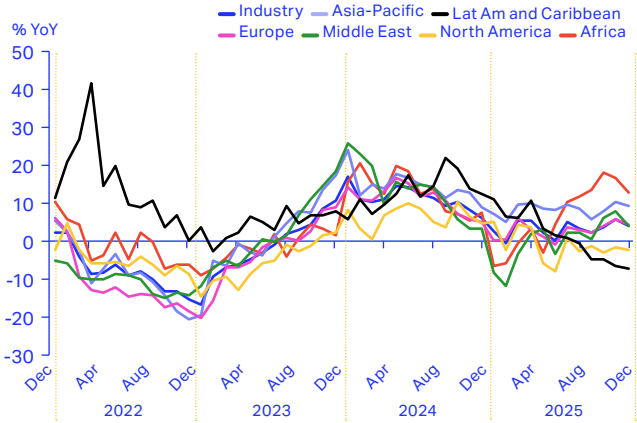


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics, Netherlands CPB.

Mixed regional performance

Regional performances were mixed. Asia-Pacific airlines led growth, at more than 8.5% year over year. This was largely because Chinese exporters diverted shipments affected by US tariffs to other trading partners and adopted such strategies as adding intermediate stops or shifting production to countries outside the US's tariff lists. African carriers followed, with growth of 6.3%, whereas European, Latin American, and Middle Eastern airlines grew only marginally, at 2.9%, 1.1%, and 0.3%, respectively. North American carriers were the only ones to contract, by 1.3% year over year, as this region was the most affected by the new and changing tariff regime.

11: Growth in air cargo demand based on CTK by airline region of registration

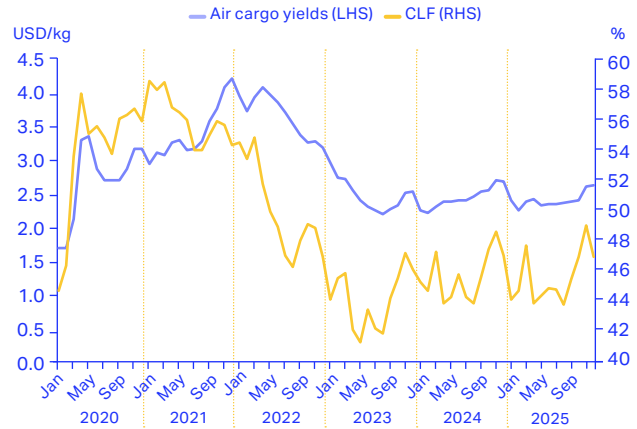


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

Marginal decline in cargo load factors

Industry cargo load factors (CLF) reached 45.7% in 2025, a marginal decline of 0.26 percentage points from 2024. Air cargo yields fell just 1.4%, to an average of $2.44 per kilogram on the back of decreasing fuel prices. Yields remained broadly stable throughout the year, while CLF stayed elevated. This combination pointed to effective capacity deployment that matched demand, including the reallocation of freighter capacity.

12: Global air cargo yields (USD/kg, with surcharges) and CLF

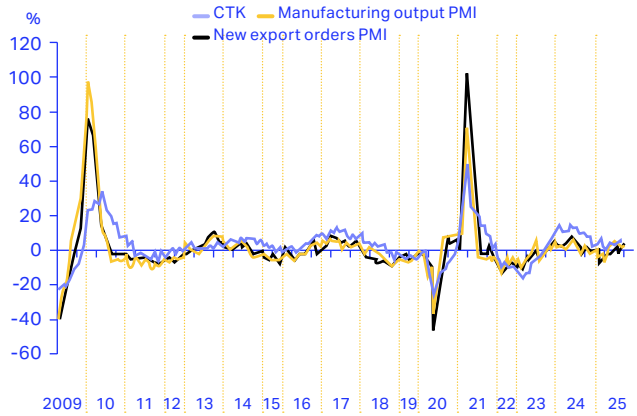


Sources: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics.

Air cargo mirrored economic developments

In 2025, air cargo demand continued to mirror developments in global manufacturing and trade, with CTK growth broadly tracking manufacturing output and, more closely, new export orders. Export orders remain the most reliable leading indicator for air cargo, given the sector's strong exposure to cross-border goods flows. Although geopolitical tensions, policy uncertainties, and airspace disruptions weighed on manufacturing sentiment, air cargo again showed that it is a preferred mode of transportation in uncertain times.

13: Global manufacturing new export orders purchasing managers' index (PMI) and air cargo demand (CTK) growth



Sources: IATA Sustainability and Economics, IATA Information and Data, Monthly Statistics, and S&P Global Market.

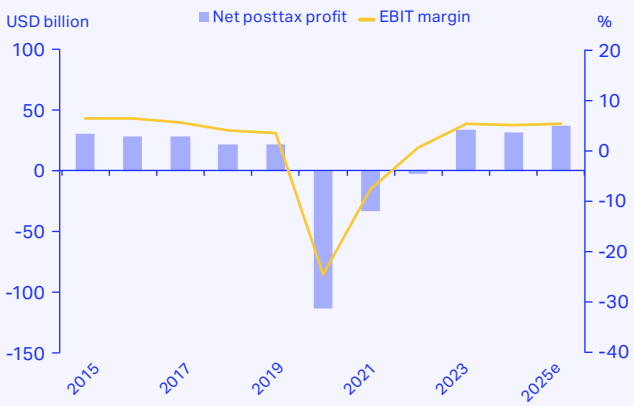
AIRLINE FINANCIAL PERFORMANCE

Airlines improved profitability amid easing fuel costs

Despite challenges, airlines delivered a stable financial performance in 2025. Resilient demand, record load factors, and reduced fuel prices helped offset continued cost pressures from ongoing supply chain disruptions, particularly in aircraft manufacturing and maintenance, and rising wages. As a result, operating profit (earnings before interest and taxes, or EBIT) increased to a record $76.4 billion, benefiting predominantly from the increased top line but also from the operating profit margin increasing 0.2 percentage points.

The net profit margin improved from 3.7% in 2024 to 4.2% in 2025. In absolute terms, airlines' 2025 net profits are estimated at $45 billion, up from $38 billion in 2024. This result was helped by lower financial leverage and financing costs.

14: Airline net profit and EBIT operating profit margin



Sources: IATA Sustainability & Economics and Airfinance Global.

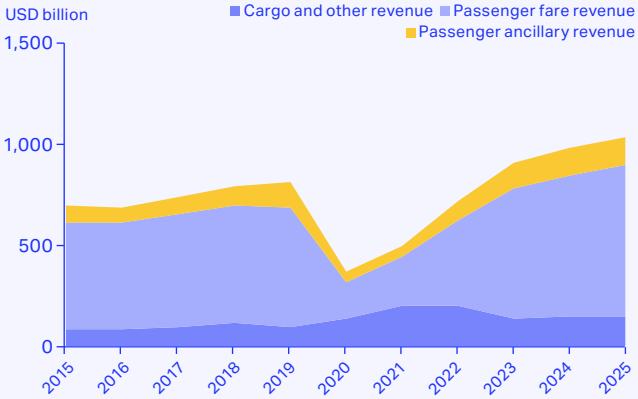
Passenger and ancillary services generated most of the revenue growth

Industry-wide revenue reached a record level in 2025, after surpassing $1 trillion a year earlier. Passenger volumes and the continued expansion of ancillary revenue contributed to the top line growth. Passenger numbers climbed to almost 5 billion. Traffic growth remained robust, though capacity constraints kept load factors at record high levels.

Passenger and ancillary revenues continued to account for the largest share of total revenue growth, supported by strong travel demand and the improved monetization of optional services. Although average airfares softened compared with the post-pandemic rebound, the combination of high load factors and growing ancillary revenues helped sustain profitability.

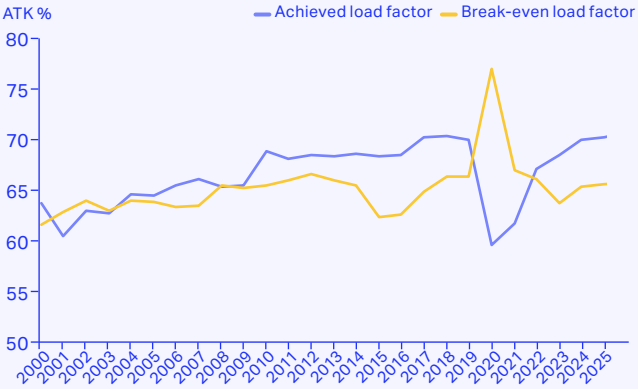
Cargo revenues moderated from the elevated levels observed earlier in the decade but remained supportive of overall financial performance, benefiting from ongoing growth in e-commerce and demand for time-sensitive shipments, particularly in Asia. Asia-Pacific airlines enjoyed 8.4% year over year demand growth for air cargo in 2025, the strongest among regional carriers.

15: Revenue split



Sources: IATA Sustainability & Economics and Airfinance Global.

16: Break-even versus achieved load factor



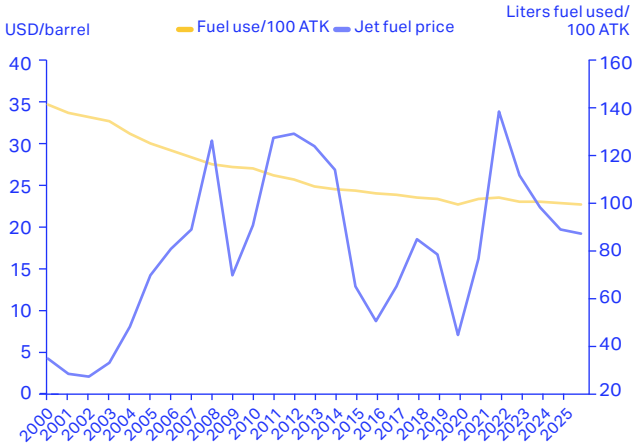
Sources: IATA Sustainability & Economics and Airfinance Global.

Costs

Nonfuel costs remained the primary source of financial pressure in 2025. Airline labor costs are estimated to have reached $260 billion, a 7.6% increase over 2024. With real wage growth and declining fuel costs, labor became the largest cost category, accounting for 26.0% of airlines' operational expenses. Airlines continued to face elevated labor costs amid tight labor markets and ongoing negotiations for higher wages following the industry's post-pandemic recovery. Supply chain disruptions, including shortages of aircraft parts and skilled maintenance labor, further pushed up maintenance and repair costs.

The delayed delivery of new aircraft prolonged the operation of aging fleets, keeping the average fleet age at record highs and contributing to higher fuel burn, maintenance expenses, and unplanned capital expenditures. Aircraft ownership and leasing costs also remained elevated because of the shortage of available aircraft.

17: Fuel efficiency, liters per 100 available tonne kilometers (ATK), and jet fuel price, USD per barrel



Source: IATA Sustainability & Economics, using data from Platts.

Fuel costs, by contrast, provided meaningful relief. Jet fuel prices declined 9.0% compared with 2024, driven by 14.5% lower crude oil prices, while refining margins increased 15.0%.

Airlines' net profit by region

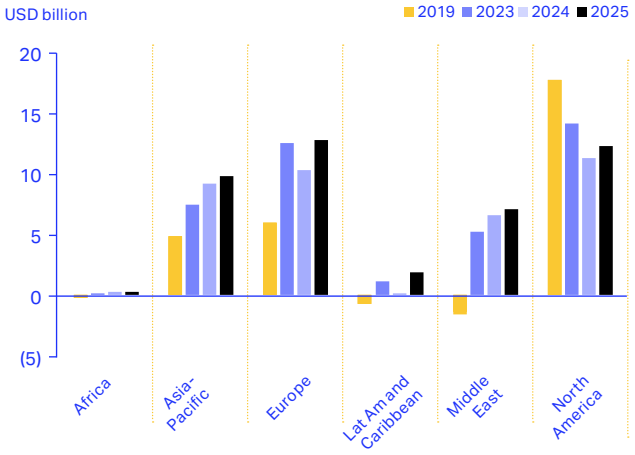
Airlines in all regions remained profitable in 2025, although the level and pace of improvement varied significantly. Mature markets continued to account for most airline profits, while emerging regions showed gradual structural improvement.

North America lost its position as the most profitable region in absolute terms, with net profits there estimated at $12.4 billion in 2025. The year proved difficult for aviation in North America, particularly in the United States, where RPK growth stagnated, and the US domestic market contracted. A series of headwinds weighed on demand, most notably policy uncertainty around tariffs and tightened US immigration rules that dampened inbound and domestic travel. The net profit margin for airlines in the region was limited to 3.5% in 2025.

Europe delivered the strongest financial performance in absolute terms among all regions. European airline net profits are forecast at $13 billion, with a net profit margin of 4.5%, an improvement from 4.0% in 2024. European airlines showed disciplined capacity management and strong load factors, at 84.7%. This was shy of the 2019 peak of 85.2%, so there is room for further efficiency gains.

Passenger demand remained robust in Asia-Pacific, with RPK growth at 7.7%. China and India continue to lead

18: Airline net profits by airline region of registration



Sources: IATA Sustainability & Economics and Airfinance Global.

regional expansion, driven by rising tourism and the growing middle classes. However, airline profitability remained modest compared with other regions, reflecting intense competition and yield pressure in key markets. China, meanwhile, has emerged as the cargo segment winner amid ongoing global trade tensions.

The Middle East delivered the highest profit margins for airlines globally, supported by strong hub operations, a high share of premium traffic, favorable fuel costs, and ongoing network expansion. The region's carriers generated $7.2 billion in net profit, corresponding to a

9.4% net margin. Strong profitability, high cash levels, and the lowest financial leverage among all regions are underpinned by a supportive infrastructure and regulatory environment.

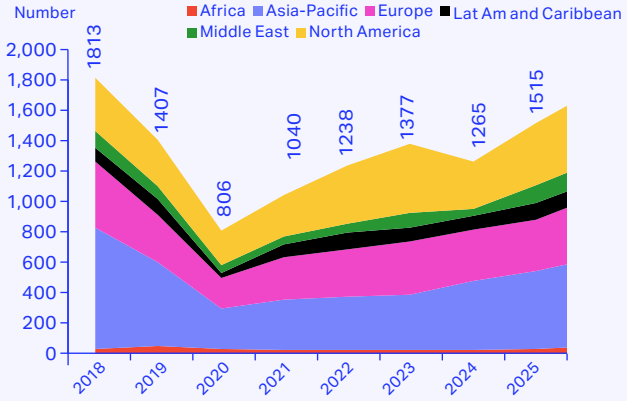
Latin America recorded an improvement, generating $1.9 billion in net profit and a margin of 3.8%, up from 0.4% in 2024. Regional airlines benefited from the gradual strengthening of the region's economic fundamentals and the appreciation of local currencies. However, currency volatility remains a critical headwind. Traffic growth was nevertheless robust, with RPK increasing 7.2%, driven by economic stabilization and enhanced intraregional connectivity.

Africa's airline industry posted a net profit of around $0.3 billion in 2025, translating into a modest margin of approximately 1.6%. Passenger traffic grew 9.8% in RPK, representing the strongest demand growth among regions. However, structural operational and regulatory disadvantages continue to weigh heavily on performance. African carriers face the highest unit costs globally, with average costs per ASK almost double the industry average. Fuel costs are a major contributor, as in-wing prices are among the highest worldwide due to limited supplier competition, high logistics costs, and weak purchasing leverage. Nonfuel costs are also elevated, reflecting smaller-scale operations, fragmented markets, and older fleets.

Aircraft deliveries

Aircraft deliveries in 2025 increased compared with the weak deliveries in 2024 but remained well below pre-pandemic peaks. This exposed persistent supply chain constraints at aircraft and engine manufacturers. Ongoing delays in introducing new-generation aircraft limited gains in operational efficiency and the customer experience. Fuel-efficiency improvements therefore remained below the long-term historical average. And this underscored the importance of resolving supply chain bottlenecks to bolster the industry's financial and environmental performances.

19: Aircraft deliveries by region



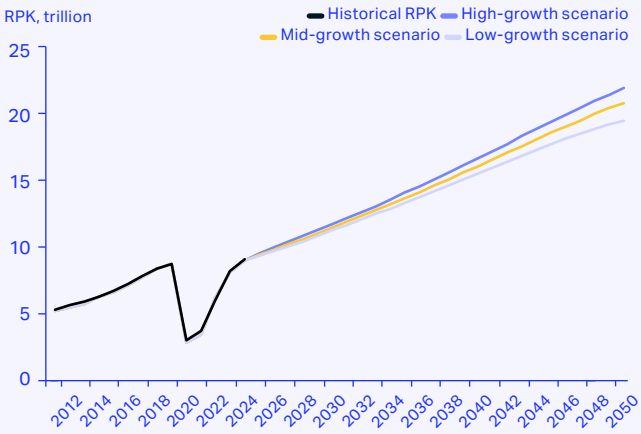
Source: IATA Sustainability & Economics, using data from Cirium.

LONG-TERM GROWTH

Despite turbulence in the short to medium term as a result of war in the Middle East, IATA's Long-Term Demand Projections for air travel shows that global air passenger demand is expected to more than double by 2050.

The IATA Long-Term Demand Projections released in February 2026 incorporates three growth scenarios. Under the midrange scenario, demand is forecast to increase at a compound annual growth rate (CAGR) of 3.1% from 2024 to 2050. Crucially, IATA's long-term RPK projections demonstrate that the growth momentum remains intact in absolute terms. Even at a lower percentage rate, the projected trajectory implies substantial additions to global RPK volumes. Post-2024 growth thus represents continuity rather than slowdown, with demand expanding steadily under all three growth scenarios.

20: IATA Long-Term Demand Projections



Source: IATA Sustainability & Economics.
Note: RPK from 2011 to 2024 are for model validation, and RPK from 2025 to 2050 are projections.

CONTINUING EFFORTS TOWARD NET-ZERO

The airline industry aspires to reach net-zero carbon (CO_2) emissions by 2050. From the deployment of sustainable aviation fuel (SAF) to the implementation of the Carbon Offsetting Reduction Scheme for International Aviation (CORSIA), airlines are focused on reducing or mitigating CO_2 emissions and addressing challenges. Airline success, however, requires heightened SAF production from fuel manufacturers and clear policy frameworks from governments.

Images: ©Neste/Getty/Shutterstock/Alamy

"Airlines will need **500 Mt of SAF a year** to achieve net-zero CO_2 emissions by 2050."

1.9 Mt

SAF production in 2025 was just 0.6% of total fuel uptake, at

The need for global governance in a global industry is obvious for sustainability, where fragmented policies threaten the airline industry's ability to achieve net-zero CO_2 emissions by 2050. A coherent energy transition that includes aviation is essential.

Also vital is the coherency of the supply chain. In 2025, airlines recorded an energy efficiency improvement of just 0.3% on a measure that historically averages 2.0%. This deceleration was largely down to delays in the supply of new aircraft and engines and to related maintenance issues.

There are, however, positive developments. An IATA study in conjunction with Worley Consulting that was published in September 2025 confirms that sufficient SAF feedstock is available to enable the airline industry to achieve net-zero CO_2 emissions by 2050. However, the slow rollout of technology to enable the production of SAF from these sources, and competition with other potential users for the same feedstock, are major barriers to the development of SAF.

IATA's *Sustainability Finance Roadmap*, shows that the transition is financially viable. The estimated $4.7 trillion required for net-zero CO_2 over 25 years is less than the $5.3 trillion invested for 19 years in the wind and solar industries.

Critically, aircraft manufacturers, fuel producers, governments, and other industry stakeholders share the goal of net-zero for 2050. Their support is vital to aviation success in this regard.

Sustainable aviation fuel

SAF is the main driver for airline emissions reduction. However, its production needs to ramp up, to boost supply and to reduce costs. Airlines will need 500 Mt of SAF a year to achieve net-zero CO_2 emissions by 2050, as outlined in the *IATA Net-Zero Roadmaps*.

SAF supply in 2025, though, was just 1.9 Mt, or 0.6% of airlines' annual fuel uptake. And in 2026, a projected slowdown in the growth of SAF production is expected to limit supply to 2.4 Mt, or a mere 0.8% of yearly jet fuel consumption.

Even so, the previously cited IATA-Worley Consulting study revealed that sufficient SAF feedstock exists to enable the airline industry to achieve its goal. That feedstock includes some 300 Mt of bio-SAF, with the remainder coming from power-to-liquid (PtL), or e-SAF.

Utilizing that feedstock will require SAF production from varied sources. To date, the hydroprocessed esters and fatty acids (HEFA) method, which converts used cooking oil or similar substances into SAF, is the only commercial production method. Other methodologies must be commercialized, including the alcohol-to-jet (AtJ), Fischer-Tropsch, and PtL processes.

Positive signs are on the horizon. In early 2025 in Japan, LanzaJet announced funding from the Japanese government for the development of an AtJ pathway in conjunction with Cosmo Oil and Mitsui

& Co. China and India, too, show potential as leaders in SAF production. Should they commit to produce SAF, supply would likely increase quickly. Interestingly, the extensive 2026 India-European Union (EU) trade deal includes renewable energy, which could facilitate an exchange of engineering and human capital resources.

Coprocessing and low-CO_2 aviation fuel offer fuel supply options as the industry transitions to SAF. The United Kingdom upped its coprocessing limit in May 2025 from 5% to 30% renewable feedstock concentration, specifically for HEFA. This is a sign, perhaps, that regulators are recognizing the industry's challenges in acquiring SAF.

IATA is also calling for ever-better policy support for SAF production. In 2025, the European Commission (EC) released its *Sustainable Transport Investment Plan* (*STIP*), which recognizes the potential of tradable SAF certification mechanisms, including book and claim options. Under the EU Emissions Trading Scheme (ETS), airlines can only claim their purchased SAF if the airport they are departing from receives that SAF. This rigid approach contrasts starkly with the flexibility enjoyed by fuel suppliers under ReFuelEU Aviation—an inconsistency that has resulted in opaque supply and pricing and restricted SAF market development.

The acceptance of EU-wide, purchase-based SAF claims would enable a book-and-claim system for SAF in Europe. It would also harmonize with SAF claims under ICAO's CORSIA.

Many countries are beginning to see the wisdom in producing renewable energy locally. This makes the ability to claim the environmental attributes of SAF purchases increasingly essential.

SAF mandates

Mandates for a 2% blend of SAF across the total jet fuel volume uplift were launched in the EU and the United Kingdom on 1 January 2025. IATA, though, warned that mandates would not be the best SAF policy because of the nascent market, and this has proved correct.

In the EU and the United Kingdom, the mandates were imposed on airport fuel suppliers, and those suppliers, in turn, have added the price differential to jet fuel contracts, leaving little transparency and few procurement options for the airlines. Suppliers are enjoying a near-monopoly environment. Airlines are paying before SAF is delivered, and there is no assurance that airlines will receive the document needed to confidently claim the environmental attributes of their purchased SAF.

Airlines, in fact, are paying double what they would normally pay if they bought SAF directly; meaning that SAF in these markets is up to five times more expensive than conventional jet fuel. If airlines could use the money paid under mandates to upgrade other fossil jet fuel purchases to SAF, they'd abate a further 2.4 Mt of CO_2 on top of the 2.6 Mt expected to be abated under the 2% mandates, assuming a 75% emissions reduction factor.

The lack of procurement options and the additional costs to airlines have reduced the voluntary demand that was growing consistently before the mandates. There is, moreover, no indication that the mandates directly support pathways beyond HEFA.

Policies allocating biomass feedstock to hard-to-abate sectors, such as aviation, must be prioritized. For PtL production, for example, reliable access to low-cost renewable electricity, hydrogen, and CO_2 capture infrastructure is necessary. Coordinated government policies would support innovation, private investment, and a SAF market. Also helpful would be to redirect a portion of the

$1 trillion in indirect or long-term subsidies, such as tax breaks, that governments globally grant for fossil fuel.

E-SAF policy

A cohesive policy structure is likewise intrinsic to the success of e-SAF—SAF made with green energy and that is thus CO_2 free throughout its life cycle. With e-SAF mandates approaching in the United Kingdom, in 2028, and in the EU, in 2030, it is critical that governments do not repeat their SAF policy missteps.

An IATA review of e-SAF activities shows insufficient projected e-SAF production capacity to meet mandated volumes, largely due to a lack of supportive policy. Corrective action must involve greater flexibility in volumes and definitions and more direct support for project developers. In Europe, some e-SAF sources might not be eligible after 2036, which might further stifle investment in e-SAF production facilities.

Under ReFuelEU, airlines suffer the cost of compliance for insufficient e-SAF and are obliged to make up the shortfall the following year, potentially leading to ever-rising costs. Absent sufficient e-SAF supply in Europe, the cost of compliance could reach €29 billion ($34 billion) by 2032.

CADO SAF Registry

In April 2025, the IATA-developed SAF Registry was launched by the Civil Aviation Decarbonization Organization (CADO). The registry complements IATA work earlier in the

"The estimated **$4.7 trillion required for net-zero CO_2 over 25 years** is less than the $5.3 trillion invested for 19 years in the wind and solar industries."

year on a standardized emissions reduction accounting and reporting methodology.

That methodology and the CADO SAF Registry will ensure that SAF's contribution to aviation's decarbonization is accurately, consistently, and transparently recorded. It will also ensure that airlines can confidently claim their SAF purchases against regulatory and voluntary obligations. A standardized SAF certification, available through the SAF Registry, levels the playing field, prevents double counting, and underpins robust environmental and reporting claims.

IATA's development of the SAF Registry was supported by over 50 organizations, including airlines, fuel producers, and national authorities. Since its launch, the CADO SAF Registry has collaborated with 123Carbon and the Assure SAF Registry to ensure interoperability of these respective SAF registries.

The focus of the collaboration is to exchange verified SAF attribute integrity information among the registries, which is critical for the wider adoption of SAF globally. An important part of this work is a unique identifier to avoid double counting. Trials on interoperability between the registries are ongoing.

At year-end 2025, the CADO SAF Registry had 115 users. Further functionality will be added to the platform in 2026 to bolster its user numbers. To facilitate SAF procurement, in 2025 IATA also released the SAF Matchmaker, which matches airline requests for SAF with supply offers.

CORSIA

In September 2025, IATA and carbon market stakeholders called on governments worldwide to address the limited supply of carbon credits available for airlines to fulfill their obligations under CORSIA.

More letters of authorization (LoA) are needed for the release of CORSIA Eligible Emissions Units (EEU) for purchase by airlines. LoAs are issued by countries to authorize the use of carbon credits, known as Internationally Transferred Mitigation Outcomes, for CORSIA compliance in accordance with the provisions of Article 6 of the Paris Agreement.

IATA forecasts that airlines will require between 146 million and 236 million EEUs during CORSIA's first phase, from 2024 to 2026. However, the supply of EEUs was initially limited to the 15.8 million credits made available by Guyana.

The situation improved slightly as of the end of April 2026. Ten countries—Cambodia, Gambia, Guyana, Laos, Madagascar, Malawi, Rwanda, Sierra Leone, Tanzania, and Uzbekistan—now offer CORSIA EEU that, combined, account for approximately 36.7 Mt of emissions.

CO_2 removal

Market-based measures (MBM), such as carbon dioxide removals (CDR), are considered essential if the air transport sector is to reach its goal of net-zero CO_2 emissions by 2050. Airlines engage in voluntary markets by prepurchasing or striking offtake deals for CDR credits, focusing on methods such as Direct Air Carbon Capture and Storage.

Ensuring a strong supply of CORSIA-eligible CDR credits is crucial to bridging the gap between demand and supply. During CORSIA's first phase, airlines are projected to buy over 200 million credits, valued at $4–$5 billion. Demand is expected to climb dramatically in subsequent years, with the aim of offsetting nearly 2 billion credits by 2035.

Conference of the Parties 30

At the November 2025 Conference of the Parties 30 (COP30), IATA joined the governments of Japan and Malaysia and leading industry stakeholders in issuing a statement urging governments and the international community to reaffirm ICAO's leadership and to accelerate coordinated climate action to help aviation reach net-zero CO_2 emissions by 2050.

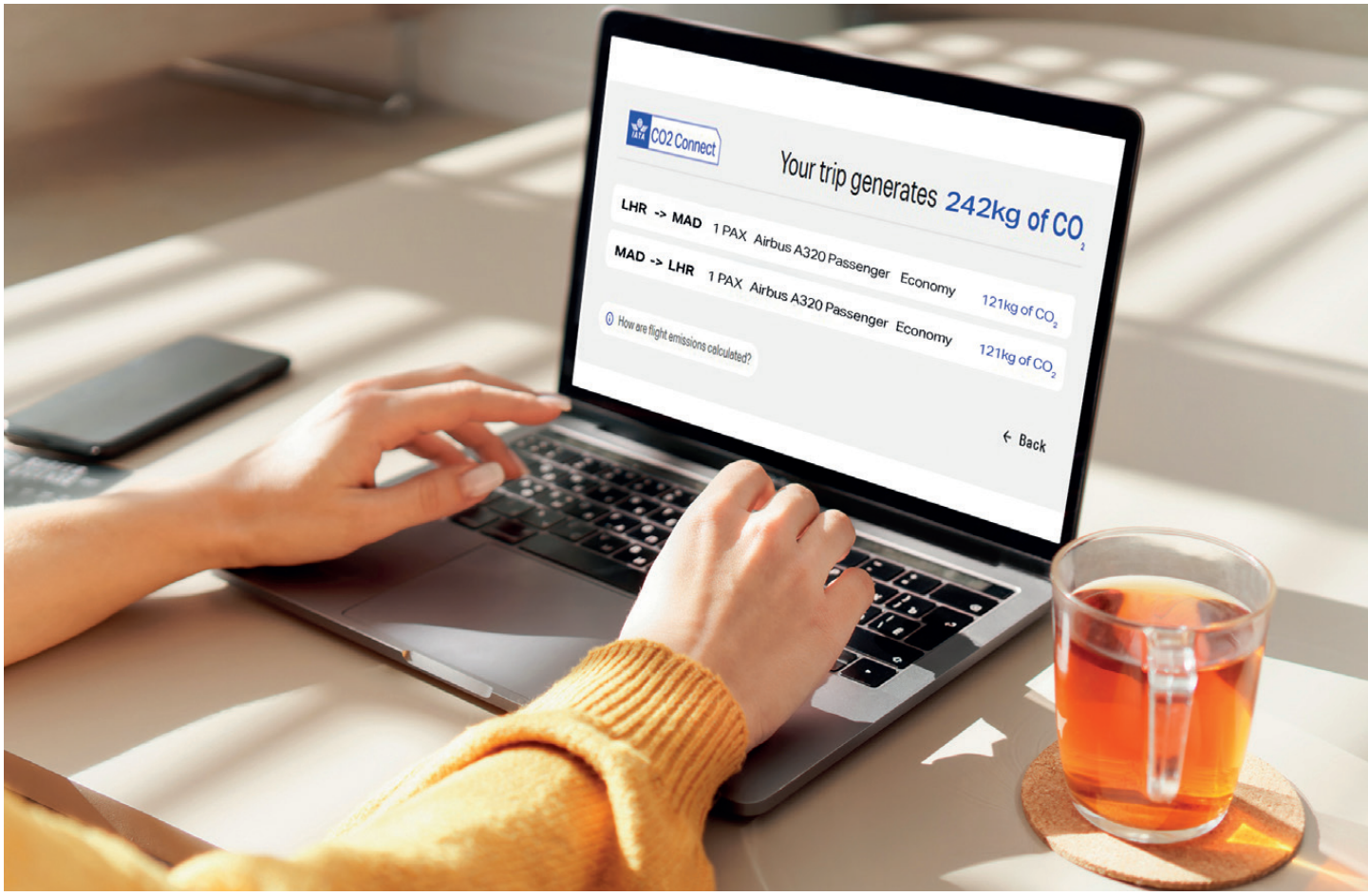
The signatories specified the need for global solutions and emphasized that ICAO remains the exclusive forum for addressing international aviation emissions. They cautioned against fragmented or unilateral measures and stressed that only a unified approach will deliver climate results for the sector.

Non-CO_2 emissions

The total climate impact of aviation also includes non-CO_2 emissions, which are considered to cause a climate effect comparable to that from CO_2 emissions. The main climate change contributions from these non-CO_2 emissions come from the formation of persistent contrails and from the chemical atmospheric reactions driven by NOx emissions.

Although the scientific understanding of the non-CO_2 climate effects of aviation has advanced significantly in recent years, there remain scientific and technological uncertainties that need to be resolved before mitigation solutions can be implemented at scale.

Non-CO_2 mitigation solutions include operational and non-operational measures. The former include navigational avoidance and the latter such items as fuel composition and engine technologies. IATA and the air transport industry are working with the scientific community, aircraft and engine manufacturers,



and other stakeholders to increase the scientific understanding of non-CO_2 effects and advance mitigation solutions to address those effects.

European policymakers have started to consider potential regulations to address the climate impact of non-CO_2 emissions. In 2025, the EU implemented a non-CO_2 monitoring, reporting, and verification framework requiring aircraft operators to report their non-CO_2 effects for all intra-European Economic Area flights.

There is also a high likelihood that the European Commission will begin to regulate non-CO_2 effects to incentivize mitigation by including them in the EU ETS as early as 2028. Until non-CO_2 effects can be more accurately estimated and mitigation solutions are proven robust and scalable, IATA's position is that including non-CO_2 provisions in the EU ETS, or equivalent market-based schemes, at this stage would be premature.

Flight emissions labeling

The EU Flight Emissions Label (FEL) designed by the European Aviation Safety Agency (EASA) aims to provide passengers with information on carbon emissions. IATA is engaging with EASA to find synergies between FEL and IATA's emissions calculator, CO2 Connect, to streamline processes and reduce airlines' cost and administrative burdens.

IATA is holding similar discussions in the United Kingdom and in Switzerland with the goal of leveraging its solutions for the benefit of the travel value chain.

Integrated Sustainability Program

In response to airlines' need for a holistic and systematic approach to sustainability, IATA launched its Integrated Sustainability Program (ISP) in October 2025. The ISP is a certification program that offers airlines a comprehensive sustainability management and assessment framework built on the successful IATA Environmental Assessment. It includes training, consulting, assessments, guidance, and tools in four critical certification modules:

1. Environmental management
2. Sustainable procurement
3. Social responsibility
4. Sustainability performance

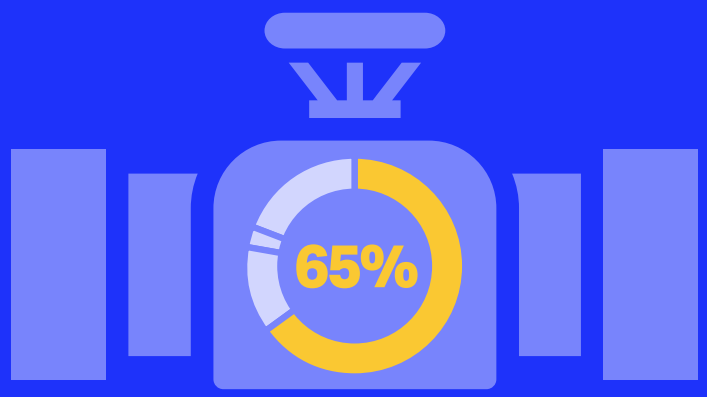
Air New Zealand and EVA Air are the first carriers to receive ISP sustainable procurement certification.

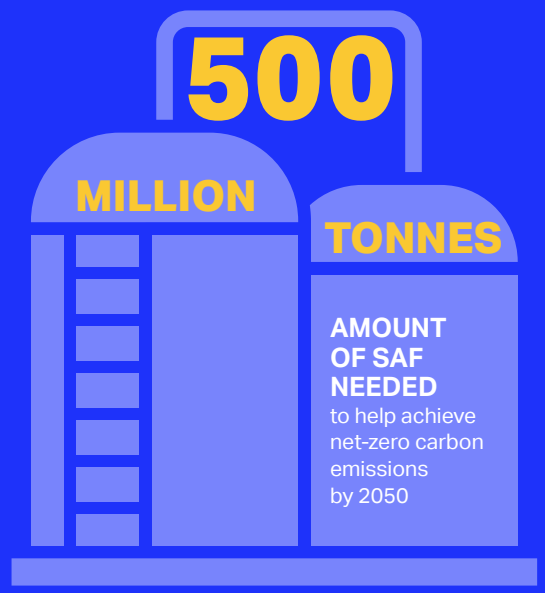
The ISP is to date only available to airlines. But IATA intends on expanding it to ground and cargo handlers; airports; maintenance, repair, and overhaul providers; and caterers.

> "Including non-CO2 provisions...in market-based schemes **at this stage would be premature**."

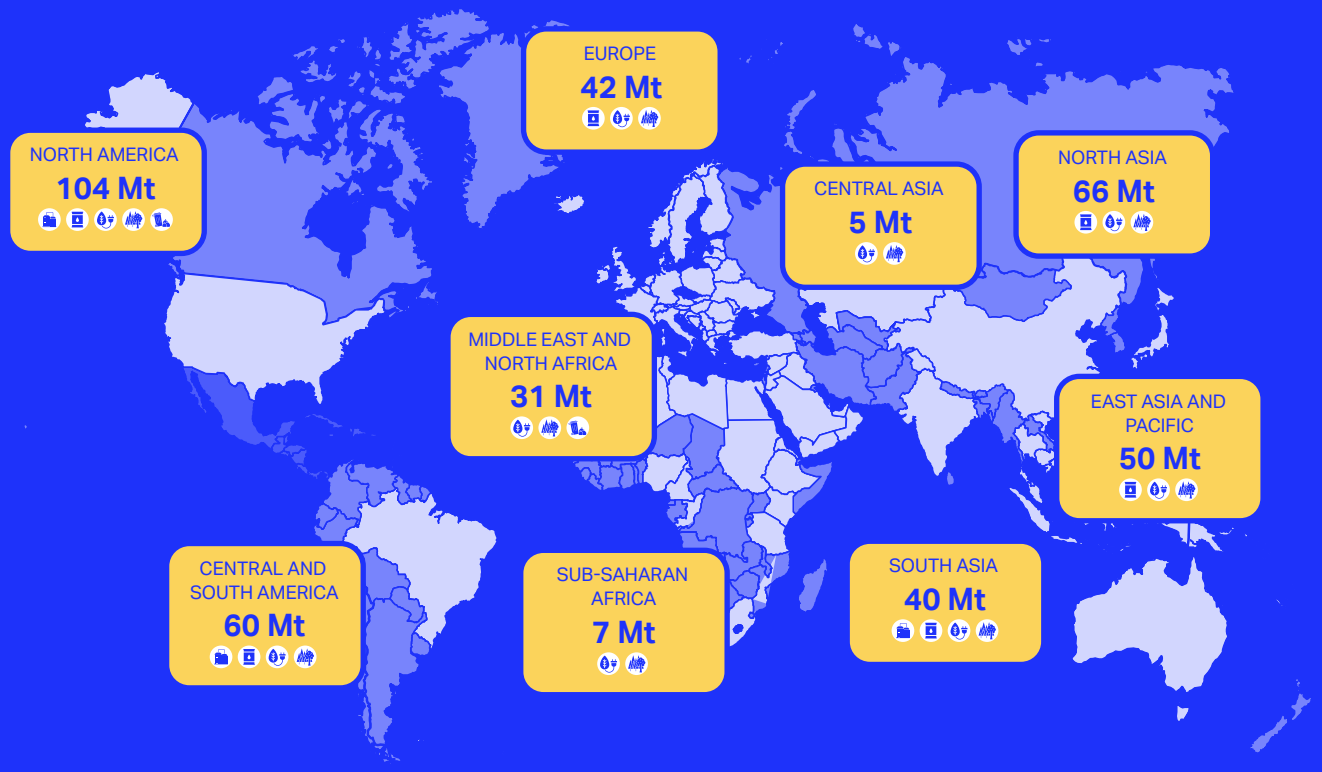
SAF IS KEY TO 2050 NET-ZERO

SAF WILL BE THE BIGGEST CONTRIBUTOR
TO ACHIEVING NET-ZERO BY 2050





POTENTIAL SAF PRODUCTION BY 2050
BASED ON FEEDSTOCKS AND TECHNOLOGY ROLLOUT RATES



Bio-SAF: Sugar and Starch crops
Bio-SAF: Oil-based
e-SAF
Bio-SAF: Agroforestry residues
Bio-SAF: MSW

Sources, Global Feedstock Assessment for SAF Production Outlook to 2050

Images: ©Nounproject

MANAGING SAFETY IN A VOLATILE ENVIRONMENT

Flying is the safest form of long-distance travel. Airlines' relentless focus on safety is driving continuous improvement through global standards and collaboration guided by safety data. This has resulted in fewer fatal accidents over the long term. But aviation's goal remains zero accidents and zero fatalities.

Images: ©iStock/Shutterstock

In 2025, there was one accident per

759,646 flights

> "Flying is so safe that even **one accident among the nearly 40 million flights operated annually moves the global data.**"

Airlines had another solid safety performance in 2025. The year's highlights are as follows:

- The all-accident rate of 1.32 per million flights—one accident per 759,646 flights—was better than the 1.42 recorded in 2024 but slightly above the 2021–2025 five-year average of 1.27.
- There were 51 accidents in 2025 among 38.7 million flights. That is fewer than the 54 accidents among 37.9 million flights in 2024 but above the 2021–2025 five-year average of 44 accidents.
- There were eight fatal accidents in 2025. That is more than the seven fatal accidents recorded in 2024 and the 2021–2025 five-year average of six fatal accidents.
- There were 394 onboard fatalities in 2025, more than the 244 fatalities reported in 2024 and the 2021–2025 five-year average of 198.

Fatality risk, which measures the potential for loss of life, increased to 0.17 per million flights in 2025, higher than the 0.06 in 2024 and the 2021–2025 five-year average of 0.12. The increase resulted from a small number of fatal accidents. For example, Air India flight 171, with 241 fatalities, and PSA Airlines flight 5342, with 64 fatalities, accounted for over 77% of all loss of life on board aircraft in 2025.

The most common accidents in 2025 were tail strikes, landing gear events, runway excursions, and ground damage. This underscores the continued importance of safety improvements related to the departure, arrival, and ground movement phases of flight. Notably, there were no loss of control inflight (LOC-I) accidents in 2025. This is the second time—the first was in 2020—that this has been achieved, which is significant because LOC-I accidents are a leading cause of fatalities.

Airport facilities, meanwhile, contributed to 16% of accidents in 2025. This reinforces the need to apply global standards for runway safety zones, such as those for frangible installations. It also underscores the imperative of eliminating such hazards as runway surface contaminants, inadequate markings or lighting, and obstacles in protected areas or near runways.

Importantly, the long-term trend for safety improvements is positive. Flying is so safe that even one accident among the nearly 40 million flights operated annually moves the global data. A decade ago, the five-year, 2012–2016 rolling average for fatal accidents was one for every 3.5 million flights. The 2021–2025 five-year average is one fatal accident for every 5.6 million flights.

IOSA continues to contribute to safe flying

The risk-based IATA Operational Safety Audit (IOSA) is well established and in 2025 alone resulted in more than 8,000 corrective actions that have strengthened adherence to international safety standards. Consequently, IOSA-registered airlines—which includes all IATA member airlines capable of being IOSA audited—recorded an all-accident rate of 0.98.

2025 safety performance overview

ACCIDENT TYPE	2024	2025	5-YEAR AVERAGE (2021-2025)
All accident rate (accidents per one million flights)	1.42 (1 accident every 0.70 million flights)	1.32 (1 accident every 0.76 million flights)	1.27 (1 accident every 0.80 million flights)
All accident rate for IATA member airlines	1.11 (1 accident every 0.90 million flights)	0.72 (1 accident every 1.38 million flights)	0.80 (1 accident every 1.34 million flights)
Total accidents	54	51	44
Fatal accidents	7 (5 iet and 2 turboprop)	8 (4 iet and 4 turboprop)	6
On-board fatalities	244	394	198
Fatality risk	0.06	0.17	0.12
IATA member airlines' fatality risk	0.08	0.07	0.03
Jet accident rate (per one million flights)	1.23 (1 accident every 0.81 million flights)	1.03 (1 accident every 0.97 million flights)	0.98 (1 accident every 1.05 million flights)
Turboprop accident rate (per one million flights)	3.22 (1 accident every 0.31 million flights)	4.08 (1 accident every 0.25 million flights)	3.70 (1 accident every 0.29 million flights
TOTAL FLIGHTS (MILLION)	**37.9**	**38.7**	**34.5**

Rate per million flights (number of accidents)

REGION	JET 2024	JET 2025	JET 5-YR AVG ('21-'25)	TURBOPROP 2024	TURBOPROP 2025	TURBOPROP 5-YR AVG ('21-'25)	ALL AIRCRAFT TYPES 2024	ALL AIRCRAFT TYPES 2025	ALL AIRCRAFT TYPES 5-YR AVG ('21-'25)
Africa	13.10 (7)	3.59 (2)	5.37 (3)	10.74 (4)	14.96 (5)	14.40 (5)	12.13 (11)	7.86 (7)	9.37 (8)
Asia-Pacific	0.92 (5)	1.07 (6)	1.00 (5)	1.86 (2)	0.00 (0)	0.96 (1)	1.08 (7)	0.91 (6)	0.99 (6)
CIS	1.51 (2)	0.00 (0)	0.77 (1)	0.00 (0)	64.86 (4)	24.05 (2)	1.44 (2)	2.74 (4)	2.26 (3)
Europe	1.65 (12)	1.04 (8)	1.16 (8)	0.00 (0)	3.69 (3)	0.74 (1)	1.48 (12)	1.30 (11)	1.11 (8)
Latin America and the Caribbean	1.25 (3)	0.81 (2)	1.25 (3)	6.09 (2)	8.77 (3)	7.31 (2)	1.84 (5)	1.77 (5)	2.02 (5)
Middle East and North Africa	1.12 (2)	0.54 (1)	0.85 (1)	0.00 (0)	0.00 (0)	5.95 (0)	1.09 (2)	0.53 (1)	1.01 (2)
North America	1.12 (10)	1.78 (16)	1.21 (10)	7.97 (4)	0.00 (0)	3.36 (2)	1.49 (14)	1.68 (16)	1.33 (12)
North Asia	0.16 (1)	0.16 (1)	0.14 (1)	0.00 (0)	0.00 (0)	3.65 (0)	0.16 (1)	0.16 (1)	0.18 (1)
Global	1.23 (42)	1.03 (36)	0.98 (31)	3.22 (12)	4.08 (15)	3.70 (13)	1.42 (54)	1.32 (51)	1.27 (44)

This is significantly lower than the 2.55 for carriers not on the IOSA registry.

IATA member airlines in general achieved an all-accident rate of 0.72 per million flights. And this, too, was much lower than the 3.09 for non-IATA members.

Conflict zone risks

The proliferation of conflict zones is causing significant rerouting and raising operational complexity. In some regions, military activity has occurred in or near flight corridors. Since February 2022, for example, Ukraine's airspace has been closed because of Russia's incursion. Disruptions subsequently occurred in the Middle East in June 2025 amid Israeli and US attacks on Iran, only to be repeated from 28 February 2026 with further attacks on Iran by those two countries.

In all cases, close coordination between military and civil authorities is essential to ensure the safe operations of civil aircraft.

When conflict zones present risks that cannot be mitigated, affected countries are responsible for restricting or closing their airspace in a timely, transparent, and coordinated manner. Closing and reopening airspace must, moreover, focus on safety and security and not be politicized. And clear, consistent,

professionally communicated Notices to Airmen, or NOTAM, and risk advisories are critical in enabling airlines to conduct risk assessments for safe and efficient flight operations.

GNSS interference

Incidents of Global Navigation Satellite System (GNSS) interference capable of misleading aircraft navigation systems have risen sharply in recent years. IATA's Incident Data eXchange (IDX) shows that reported jamming events in 2025 increased 67% compared with 2023 and that reported GPS spoofing incidents rose 193%.

Airlines rely on the GNSS for safe, efficient flight operations. Redundancies are in place, but immediate steps by governments and air navigation service providers are vital to improve situational awareness and mitigation tools for pilots.

Accident reports

Delayed, incomplete, or unpublished accident reports deny all parties of valuable safety insights. IATA's analysis of investigations between 2019 and 2023 indicates that only 63% of accident reports were completed in line with national obligations under Annex 13 of the Chicago Convention.

Because investigations routinely take more than a year, a five-year dataset ended in 2023 provides an accurate view of accident report completion globally. It notes large regional variations. The Commonwealth of Independent States had the highest completion rate (81%), followed by North America (78%); Europe (75%); Asia-Pacific (68%); the Middle East and North Africa (67%); North Asia (67%); Latin America and the Caribbean (60%); and Africa (19%).

IATA continues to call for 100% completion rates globally for airline safety. Ahead of the ICAO assembly in September 2025, IATA submitted a paper highlighting the need for improved completion rates and for capability building in countries lacking accident investigation resources.

IATA, meanwhile, has established a centralized platform that consolidates safety recommendations from final accident reports. This facilitates safety insight access, data-driven analysis, and industry efforts to prevent repeat accidents.

Radio spectrum

IATA consistently requests that the International Telecommunication Union (ITU) and national regulators ensure that 5G and 6G networks not interfere with radio altimeters and avionics systems.

To that end, IATA submitted a position paper to the ITU in 2025 highlighting operational scenarios and safety needs for future spectrum policy. Specifically, IATA urges that spectrum decisions consider all safety-critical flight phases and conditions, ensure a minimum separation of 11 meters (35 feet) between aircraft and 5G transmitters, and be based on real-world operations and not mere telecommunications modeling.

The ITU, in turn, is reviewing technical conditions for the global 5G and 6G rollout ahead of World Radiocommunication Conference 2027. It is doing so in collaboration with telecom and aviation authorities to protect aviation systems while advancing connectivity.

Frequency bands and power levels for 5G networks vary. Of importance to aviation is the 5G band located adjacent to the radio altimeter

allocation, of 4.2–4.4 GHz. Some countries have implemented temporary 5G mitigations, such as lowered power, exclusion zones, and antenna adjustments, to reduce interference risks. But these measures have expired in Australia and Canada and will do so in the United States in 2028.

Airlines likely won't have installed upgraded, interference-resistant radio altimeters until the early 2030s. That gap jeopardizes safe airline operations.

Aviation safety culture

The *IATA Safety Leadership Charter* has become a critical enabler of safety culture within aviation, and 226 airline CEOs have made a formal commitment to the charter.
A positive safety culture underpins open reporting and learning, safety risk management, and trust building for employee engagement.

The IATA Aviation Safety Culture (*I-ASC*) Survey enables airlines and other aviation services to assess, benchmark, and improve their safety cultures using a standardized, data-driven approach. The *I-ASC Survey* evaluates nine elements key to safety culture. The detailed quantitative and qualitative data generated, together with expert analysis, guide improvements in safety.

In July 2025, Kenya Airways became the first airline to use the new I-ASC Light Survey. This automated survey details quantitative and qualitative results by function and organizational level and offers specific expert analysis to guide safety improvements.

Maximizing data

Data is transforming aviation safety by delivering the insights needed to anticipate risks and enhance safety performance. IATA's Global Aviation Data Management program, which integrates IATA's Flight Data eXchange, Maintenance Cost Data eXchange, and IDX, enables data-driven decision-making by airlines and regulators.

Turbulence, meanwhile, is an ongoing concern for travelers. A 2025 IATA survey highlights that 54% of passengers were more concerned about turbulence in 2025 than they were the year before. Fortunately, though, severe incidents are rare.

Turbulence Aware is a real-time IATA data platform that provides flight crews, dispatchers, and operations center personnel with access to turbulence data collected from airlines globally. An additional 9 airlines joined the platform in 2025, boosting its number of contributing airlines to 30 and, accordingly, its data by 26%.

Turbulence Aware received more than 65 million reports on turbulence from more than 3,300 aircraft during the year under review. This data helps crews make informed decisions to avoid or manage turbulence during flights and thus reduces by far the number of turbulence-related injuries.

Lithium batteries

In October 2025, IATA launched its "Travel Smart with Lithium Batteries" global safety campaign. It gives passengers simple rules for safely carrying mobile phones, laptops, power banks, and other lithium-powered devices.

A recent IATA survey found that most passengers fly with lithium-powered devices. Fully 83% of travelers carry a phone, 60% carry a laptop, and 44% carry a power bank. And the "Travel Smart with Lithium Batteries" campaign aims to correct misunderstandings that persist among passengers.

Although 93% of passengers consider themselves knowledgeable about transporting lithium-powered devices,

- 50% incorrectly believe it's okay to pack small lithium-powered devices in checked luggage,
- 45% incorrectly believe it's okay to pack power banks in checked luggage, and
- 33% incorrectly believe that there are no power limits on power banks or spare batteries.

The "Travel Smart with Lithium Batteries" campaign is running on IATA's website and social channels. It is available as a white-label asset for airlines, airports, and other partners across the travel ecosystem.

Safety Management System

IATA recognizes the importance to air transport of a Safety Management System (SMS). It has therefore established the IATA SMS Strategy to maximize the spread of the benefits of an SMS throughout the aviation industry.

This IATA SMS Strategy delivers in the following three ways:

- IATA capability ensures IATA has the SMS tools and competences to conduct maturity assessments and deliver risk management solutions to support IOSA-registered airlines in closing post-audit findings.
- IATA member capability confirms that air operators are equipped with the tools they need to build, enhance, and evolve their SMS.
- Global influence encourages and influences SMS practices and standards worldwide to ensure the most coherent procedures based on ICAO Annex 19.

Security Management System

In 2025, IATA continued to promote the global adoption of Security Management System (SeMS) through its certification program. In so doing, IATA is advancing the air transport industry's transition to performance-based security oversight.

IATA's SeMS Certification is based on a tiered structure designed to help aviation industry stakeholders assess, strengthen, and demonstrate the maturity of their SeMS. It was introduced in October 2024, and 25 organizations, including airlines, cargo terminal operators, and security providers, have since joined, demonstrating the industry's commitment to enhanced security standards.

IATA has also commissioned a study with UK Civil Aviation Authority International to evaluate integrating SeMS Certification into that body's regulatory oversight.

The 9th edition of IATA's *SeMS Manual*, meanwhile, introduces a predictive, anchor-question methodology for enhanced risk identification and monitoring.

DIGITIZING THE PASSENGER EXPERIENCE

Global passenger traffic is expected to more than double by 2050. Accommodating this growth is a challenge for the air transport industry and for border control. It requires new technologies, harmonized regulations, and adequate infrastructure to streamline passenger flow and improve the travel experience.

Images: ©Shutterstock/iStock/Getty

"Implementing a Digital Travel Credential is fundamental to delivering the digital experience passengers expect and meeting air travel demand."

20.8 trillion

IATA forecast of travel demand in 2050 in revenue passenger kilometers

In 2025, air travel demand, measured in RPKs, grew 5.3% compared with 2024. The passenger load factor reached 83.6%, up 0.1 percentage point and a record for full-year traffic.

More than 5 billion passengers travel every year. Managing them without compromising their experience by adding unnecessary cost and causing bottlenecks in the journey requires that airlines, airports, authorities, and others involved in air transport rethink how best to work together to streamline the travel process.

Technology is vital

IATA released its *Global Passenger Survey* in October 2025. It reveals that passengers are increasingly reliant on their smartphones and that biometric adoption is accelerating:

- **Booking and payment habits are shifting to mobile channels.** In 2025, web apps were the preferred choice for 19% of travelers, up from 16% in 2024. Young travelers (25%) led these trends, which are therefore likely to strengthen.
- **Payment preferences are also evolving.** Digital wallet use increased significantly, from 20% in 2024 to 28% in 2025. Instant payment methods, such IATA Pay, also grew, to 8% in 2025, from 6% in 2024.
- **Fully 78% of passengers want to use a smartphone application** that combines a digital wallet, digital passport, and loyalty cards to book, pay, and navigate airport processes.
- **And 50% of passengers encountered biometrics at some point in an airport,** with 85% of them saying that they were happy with the experience. Moreover, 74% of travelers expressed a willingness to share biometric information in lieu of showing their passport and boarding pass at check-in, security, border control, and boarding checkpoints.

Digital Travel Credentials

Implementing a Digital Travel Credential (DTC) is fundamental to delivering the digital experience passengers expect and meeting air travel demand. However, data privacy, in particular, remains a concern. Regulations, such as the European General Data Protection Regulation (GDPR), restrict sharing personal data, which limits DTC adoption. So far, no government has issued a DTC. Trials, though, continue, in Finland, the Netherlands, and elsewhere in the European Union.

Suggestions include segmenting passport data and granting access to any particular segment only with the holder's permission. In this vein, ICAO may temporarily revise standards or issue guidance to support data minimization that balances security and privacy needs until full-fledged protocols are established.

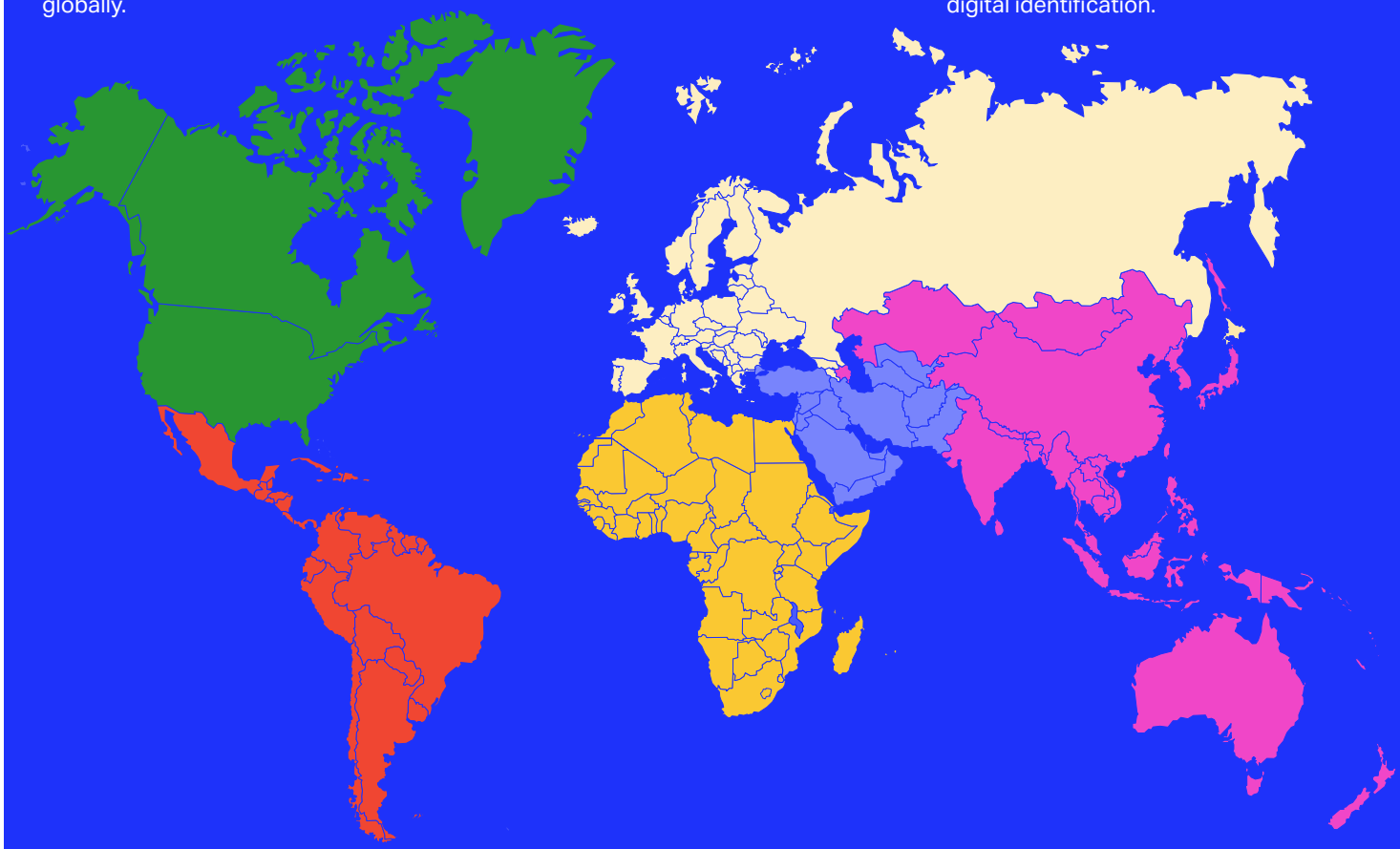
While policy development continues, programs such as India's Digi Yatra demonstrate the practical integration of digital identities and facial recognition for seamless travel. Digi Yatra has enabled over 77 million seamless journeys across 24 airports in India and has been adopted by 30% of travelers who hold Indian nationality. The aim is 80% adoption by 2028, and preparations are underway for Digi Yatra's global interoperability.

REGIONAL TRENDS

NORTH AMERICA
North American travelers are the most likely to choose flights based on total journey time and least number of layovers and to rely on airline websites for booking. They demonstrate widespread use of biometrics, but their privacy concerns are the strongest globally.

MIDDLE EAST
Middle Eastern passengers favor airports with strong service reputations and preferred airlines. They are digitally engaged, with the widespread use of digital wallets and enthusiasm for smartphone-based travel credentials.

EUROPE
European passengers prefer to book directly through airline websites and typically pay by card. They are the least likely of all regional travelers to have used biometrics and remain hesitant to share such data in advance or to replace travel documents with digital identification.



LATIN AMERICA AND THE CARIBBEAN
Latin American and Caribbean travelers are most likely to obtain visas from a consulate or embassy. They use biometrics infrequently but show willingness to adopt the technology and are satisfied when they use it.

AFRICA
African passengers still value the human touch and are most likely to book through airline offices or call centers. But they face the greatest border challenges, with visa and immigration complexities cited as barriers to travel. Simplifying these processes could unlock major growth in passenger numbers.

ASIA-PACIFIC
Asia-Pacific travelers lead in using mobile apps and digital wallets to book and pay for travel and are the least likely to use credit cards. They are also among the most frequent users of biometrics.

One ID

IATA's One ID initiative plays an important role in biometric adoption. It enables global interoperability and allows passengers to verify their travel documents before departure and to move through the airport using biometrics instead of physical documents.

To be successfully implemented, One ID needs the following:

- DTCs that are government issued or private-sector issued with government backing.
- Credentials that are formatted to globally recognized standards.
- Credentials that can be used across borders and not just within a single priority program or airport.

An added benefit of OneID is a reduction in inadmissable passengers (INAD). These are travelers who are denied entry into a country on arrival for reasons such as improper documentation, lack of health certificates, and insufficient funds.

On average, there are 12 INAD per 100,000 passengers, each INAD potentially costing the airline they've arrived on up to $25,000. Checking travel documentation prior to arriving at the airport using digital identity checks consistent with OneID would reduce INAD incidences and costs.

Contactless Travel Directory

In April 2025, IATA released its Contactless Travel Directory to support the adoption of contactless travel solutions. The directory powers a matchmaking service to help airlines and their partner airlines identify and offer contactless travel using biometric touchpoints at specific airports.

The Contactless Travel Directory features

- a single reference point for airlines to determine the availability of biometric travel touchpoints in their network;
- traveler eligibility information by location so that airlines know which travelers will be eligible for contactless services using biometric identification; and
- technical protocols that airlines need to connect with other airline or airport biometric touchpoints.

"Several digital identity proofs of concept have demonstrated that **contactless, biometric-enabled international travel is achievable**."

IATA's Contactless Travel Directory and One ID initiative will accelerate the industry's transition to biometric recognition through critical data and global standards.

Proofs of concept

In 2025, IATA completed several POCs with the support of airlines, airports, technology providers and governments across Europe and Asia-Pacific, demonstrating that contactless, biometric-enabled international travel is achievable.

The PoCs demonstrated that interoperability of systems is sufficiently advanced to support contactless journeys involving multiple carriers and using different digital identity wallets (including Digital ID in Apple Wallet for US Passport holders and Google ID Pass for UK

and US passport holders) as well as national digital identity programs such as India's Digi Yatra. This includes enabling passengers to securely share identity data in advance to facilitate their travel and replace manual paper document checks.

The PoCs were designed using the IATA Contactless Travel Directory, IATA's One ID standards and ISO, OpenID and W3C international standards.

Baggage

When travelers check in a bag, they expect it to arrive on time. If it does not, they want to know where it is. Recent IATA polling reveals that 81% of travelers want better baggage tracking, 67% are willing to switch to electronic bag tags, and 68% are interested in having their checked bags delivered to their destination before they arrive.

According to *SITA Baggage IT Insights 2025*, baggage mishandling dropped to 6.3 bags per 1,000 passengers in 2024, from 6.9 in 2023. For further reductions, IATA continues to call for greater implementation of Resolution 753, which mandates baggage tracking at four journey points: check-in, loading, transfer, and arrival.

Tracking is essential for operational efficiency and to meet passenger expectations. To establish a baseline and understand how to drive further implementation of Resolution 753, IATA conducted a survey in 2025 of more than 250 leading airports. Most of them track baggage through either radio frequency identification (RFID) or optical scanning. IATA's goal is to make that ability Resolution 753 compliant.

Also in 2025, IATA launched a 10-year Global Baggage Roadmap to modernize baggage operations. Developed with airlines, airports, and industry partners, the roadmap delineates how to improve operational efficiency and traveler satisfaction based on three pillars:

- Baggage information exchange and a transition to a digital messaging standard.
- Baggage tracking and automation to provide visibility throughout the journey, including the use of electronic baggage tags, GPS tracking, and robotics.
- Baggage claim improvements to enhance the customer experience by streamlining baggage claim resolutions and combating baggage-related fraud.

The *Global Baggage Roadmap* guides the industry's modernization of baggage operations through shared data, automation, and common standards. It defines how airlines, airports, and handlers can improve visibility, reduce mishandling, and give passengers accurate and timely information about their baggage.

Modern Airline Retailing

Modern Airline Retailing (MAR), with 100% Offers and Orders, has moved from preparation to implementation in 2025.

To meet shifting passenger expectations, the airline industry is adopting the capabilities that consumers experience with leading retailers. The introduction of 100% Offers and Orders ensures that passengers can buy travel and associated services, such as a car rental or extra baggage, in a single order.

IATA's latest research, based on the *IT Providers' Readiness and Roadmaps* and the *Consortium Airlines' Readiness and Roadmaps*,

shows that the industry is aware of the potential of MAR with 100% Offers and Orders. It reveals, moreover, that the industry is responding to passenger demand for choice and seamlessness.

As of February 2026, 10 airlines or airline groups had signed contracts with an IT provider to deploy Offers and Orders solutions. And almost 50 airline trials and PoCs are underway. Airline tenders for IT provider systems by way of requests for information and requests for proposal are doubling yearly.

Research indicates that 25% of these IT providers have already developed Offers and Orders modules and are preparing to launch them with an airline partner and that early passenger service systems, or PSS, are to be gradually decommissioned beginning in 2027. Other IT providers anticipate completing their module development by 2027–28 and expect to implement partial-scope solutions between 2026 and 2028.

IT providers recognize airlines' requirements for flexible and competitive options and are increasingly focused on modular system architectures. In fact, about 60% of IT providers report that their platforms are modular, supporting a best-of-breed approach, while the other 40% are pursuing modularization.

"The introduction of **100% Offers and Orders** ensures that passengers can **buy travel and associated services**, such as a car rental or extra baggage, **in a single order**."

Passenger regulations

Onerous passenger regulation remains a significant hurdle for airlines. Positive developments in some parts of the world are negated by changes elsewhere.

In 2025, the Council of the European Union attempted a more balanced consumer rights regulation through a review of EU261. The most notable reform was to alter thresholds for compensation from three hours to four hours for short-haul flights and to six hours for long-haul flights. This would reduce the perverse incentive for airlines to cancel delayed flights and to instead consistently meet passengers' preference to arrive late rather than not at all.

However, a few months later, the European Parliament moved to eliminate the threshold improvements and other positive elements while adding numerous measures, including a requirement for all tickets to include a free cabin bag, which would restrict airlines' commercial freedoms.

IATA's analysis of Eurocontrol statistics shows that less than 1% of flights are delayed beyond three hours. This means that some 99% of passengers are paying for a compensation scheme that benefits fewer than 1% of travelers. IATA considers this a "reverse Robin Hood," imposing conditions that travelers have not asked for, and for which they do not want to pay unless that is their choice.

IATA stresses that the best way to ensure high levels of customer service is through choice and competition. There must be a balance between passenger interests and airlines' need for safe, commercially viable operations.

A decision on the EU261 revision is expected in 2026 and will likely come into force in 2027. For airlines, the status quo would be better than a bad deal.

In the United States, the Trump administration has reversed most of the previous administration's proposed passenger regulations. It is relying on the market to ensure good customer service.

Canada's Air Passenger Protection Regulations (APPR), meanwhile, are complex and confusing. Regulators and tribunals struggle to keep up with the high volume of complaints and claims. Like the EU, Canada offers cash entitlements for delays. In its 2026 Spring Economic Statement, the Canadian government announced its intention to reform the APPR, albeit without providing any details.

Australia has rejected an EU261-type approach but is exploring measures that would cause operational difficulties, such as ensuring family seating. Most airlines try to do this, but it can be problematic in irregular operations, when a different aircraft is used or when rebooking is necessary. Airlines argue that flexibility rather than regulation grants families a better outcome. Adding to the problem is the right of passengers in Australia to change seats if they don't want to sit by a pet. This and family and other seating requirements risk turning airline cabins into insoluble jigsaw puzzles.

Brazil's challenging political environment has led to a kaleidoscope of regulations. Most problematic are the resulting vast, chiefly minor legal claims that are so costly for airlines. IATA is working to educate Brazil's judges on context.

The Brazilian Congress, meanwhile, proposes that airlines bundle the cost of baggage into the airline fare. Passengers have, however, expressed preference for choice or an unbundled product, such that they only pay for baggage should they require it. Brazil's civilian airline regulator, ANAC, is reviewing Resolution 400, which covers ancillaries and what should be included in an airline fare.

SOLVING THE SUPPLY CHAIN CHALLENGE

Challenges in the aerospace supply chain are delaying the production of new aircraft, engines, and parts. This is curbing industry growth, adding to costs, keeping aging aircraft flying for extended periods of time, and limiting sustainability opportunities.

Images: ©Getty

"Airline requirements and production capacity **are not expected to align for at least five years.**"

$11.3 billion

The estimated cost to airlines caused by supply chain challenges in 2025

Supply chain issues continue to challenge airlines and constrain their ability to meet demand in a sustainable manner.

The problem is enormous. In 2025, delivery shortfalls—the difference between promised and actual deliveries—totaled more than 5,000 aircraft. And the order backlog surpassed 17,000 aircraft, equating to almost 60% of the active fleet, or about 12 years' production capacity. Historically, this ratio was about 30% to 40%.

Accordingly, the average fleet age has risen to 15.1 years—12.8 years for the passenger fleet, 19.6 years for the cargo fleet, and 14.5 years for the widebody fleet. This trickles down. Flying aging aircraft means more maintenance and more parts. Unsurprisingly, maintenance companies are at capacity, and certified spare parts are difficult to source.

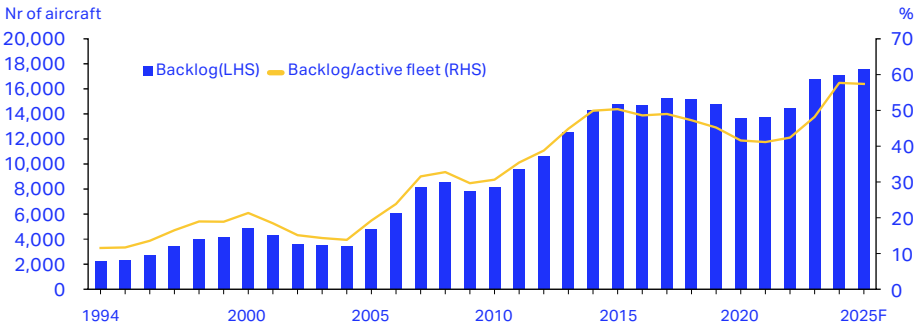
Air cargo is especially affected. In addition to delivery delays of new cargo aircraft, there is a limited supply of converted aircraft because airlines are holding onto aircraft for passenger operations.

New aircraft certification, moreover, is taking longer than before. Certification previously took one to two years but recently four and even five years are required. This has slowed the introduction in particular of efficient widebody aircraft.

Tariffs on metals and electronics resulting from US-China trade tensions have only worsened some supply bottlenecks. They indirectly raise production and maintenance costs across the supply chain.

Deliveries of new aircraft did, however, begin to pick up in late 2025, and the manufacture of aircraft is expected to accelerate in 2026. But airline requirements and production capacity are not expected to align for at least five years.

Aircraft order backlog and its relations to the active fleet



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer

And though airframe production is improving, issues remain with engine production. A record number of engines are undergoing maintenance, driving up demand for replacements and spares. Meanwhile, supply chain disruptions continue to dampen production rates. As a result, original equipment manufacturers (OEM) are increasingly assembling aircraft without engines and storing those aircraft until engines become available.

That has increased the number of aircraft in storage, defined as aircraft out of service for at least seven consecutive days. Amid the severe shortage of new planes, the number of stored aircraft exceeds 5,000, one of the highest levels in history.

There is a shortage, too, of skilled labor, especially in engine and component manufacturing. This is an added complication, as is the fragility of the aerospace supply chain network, which typically relies on a limited number of suppliers for critical parts.

Promoting solutions

Opening up the maintenance, repair, and overhaul (MRO) aftermarket will help alleviate the situation.

In January 2026, IATA renewed an agreement with CFM International (CFM) that will support increased competition in MRO services for engines manufactured by CFM. The agreement opens maintenance options and ensures that warranty coverage is assessed based on what caused a problem and does not penalize airlines for using alternative parts or repair venues. It also points a way forward for other OEMs.

Heightened transparency on the state of the supply chain would give airlines the data to plan around blockages and OEM the data to ease bottlenecks. Supporting alternative parts and used serviceable material solutions is another path forward.

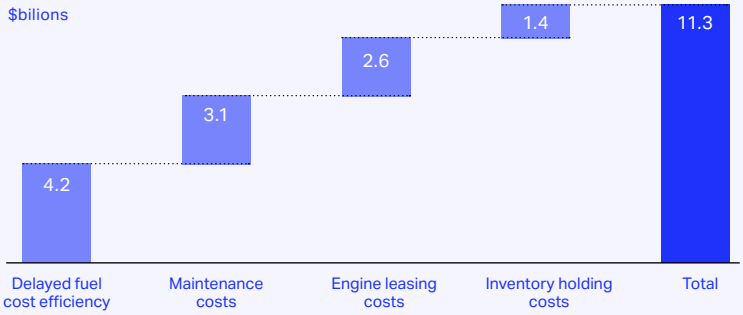
Critical in this regard is IATA's MRO SmartHub, an online tool that brings much-needed transparency to the market for serviceable used material and that IATA has decided to open access to for all airlines.

MRO SmartHub provides a neutral, unbiased fair market value for hundreds of thousands of airline parts. It also generates the data and analytics to underpin a sourcing strategy, an increasingly important requirement amid prolonged supply chain disruptions. The data is useful for leveraging predictive maintenance insights, pooling spare parts, and establishing shared maintenance data platforms that optimize inventory and reduce downtime and costs.

Further support of independent MRO facilities and of information sharing has led to the inaugural World Maintenance and Engineering Symposium, to take place in June 2026.

Quantifying the cost

Potential estimated cost impact for airlines of supply chain challenges, 2025



Source: Oliver Wyman analysis

UTILIZING INFRASTRUCTURE TO THE FULLEST EXTENT

To meet passenger and cargo growth demand, IATA supports investment in affordable, efficient, sustainable infrastructure and in processes, regulations, and technologies that maximize the use of the airport footprint.

Images: ©iStock/Getty

A midsize airport integrating domestic and international passengers could achieve capex savings of up to

$80 million

> "Any airport development, **must be well-informed by the airlines** that will ultimately be charged to use whatever is built."

Air travel demand is forecast by IATA to reach 20.8 trillion revenue passenger kilometers (RPK) in 2050, reprersenting a doubling of passenger numbers and in 2024, a compound annual growth rate of 3.1%.

Airport capacity must keep pace. Technology solutions and the *Worldwide Airport Slot Guidelines* (*WASG*) will do much to maximize the use of facilities. But demand is outstripping the capacity of available infrastructure. More terminals and runways are needed if travelers are to enjoy a seamless, comfortable, and enjoyable flying experience.

Among positive developments, the UK Government is committed to expanding UK airport capacity. London Gatwick and London Luton have straightforward opportunities. London Heathrow is more complicated, with many of its issues rooted in cost. IATA has asked for regulators to be firm on cost and efficiency matters, as there is a concern that the cost of Heathrow's proposal under the existing regulatory framework will make the airport unaffordable in the short and long term.

Elsewhere, new airports are planned in China, India, and Vietnam. Middle Eastern countries, too, will benefit from new or expanded facilities, as will Sydney, Australia, and Warsaw, Poland. Some estimates value the global airport development market at more than $750 billion.

Any airport development, though, must be well-informed by the airlines that will ultimately be charged to use whatever is built. IATA calls for the development of safe, sustainable facilities that are demand led, fit for purpose, and cost-effective and insists on a transparent, competitive process to determine what is built and who builds it.

IATA's *Airport Development Reference Manual* is the starting point, as it is a comprehensive guide to best practices. In 2026, a new edition will contain updates on advances in digital identification (ID) and electric vertical takeoff and landings (eVTOL).

Domestic and International Passenger Integration Program

In November 2025, IATA introduced the Domestic and International Passenger Integration Program (DIPIP). Accompanying it was a comprehensive report developed by IATA with engineering services and project management firm AtkinsRéalis.

DIPIP addresses the need for the physical separation of domestic and international departing passengers at numerous airports. This requirement is often driven by regulatory mandates and technological constraints.

Biometric ID technology alone can facilitate the management of passenger flows between international and domestic departures without reliance on physical barriers. However, integrated domestic and international infrastructure and processes offer substantial advantages, including cost reduction, operational efficiency, passenger experience, and sustainability.

Projections indicate that a midsize airport serving 10 million passengers annually could achieve capital expenditure savings of up to $80 million, realize significant annual operational efficiencies, and reduce its annual carbon footprint by about 18,000 tonnes through process flexibility and the elimination of redundant infrastructure.

Air traffic management

Air traffic management (ATM) increased in complexity in 2025 as geopolitical instability continued to limit capacity in various regions, often at short notice. Adding to this were ongoing issues with airspace capacity in Europe during the northern hemisphere summer.

In December 2025, an IATA report revealed that air traffic control (ATC) delays in Europe have more than doubled over the last decade. And this excludes weather delays and flight cancellations caused by ATC labor strikes.

Air traffic flow management (ATFM) delays in Europe rose 114% from 2015 to 2024. This is against a rise of 6.7% in flight numbers over the same period. Capacity limitations and staff shortages account for most of the delays, notably in France and Germany, which, between them, are responsible for more than 50% of European delays.

IATA continues to work with its member airlines, industry stakeholders, international organizations, and ICAO to develop global ATM standards. This includes enabling operational improvements with communications, navigation, and surveillance technologies wherever these are supported by airline requirements and positive cost-benefit analyses.

Given the monopolistic nature of air navigation service providers (ANSP), service costs remain a concern. The ICAO guidelines on transparency, consultation, efficiency, and productivity should be followed to ensure an equitable charging structure. ANSPs equally benefit from this framework, as it aligns their development plans with airline needs and expected air traffic demands.

Ground handling

Today's ground-handling environment is complex and fast-paced. Operational pressures are rising, including disruptions, skilled staff shortages in some areas, and an increasing need for seamless, technology-enabled collaboration across the airport ecosystem.

In 2025, IATA highlighted four priorities for ground handling:

- **Embedding safety in every action.** This includes utilizing insights from IATA's Incident Data Exchange (IDX) and Accident Data Exchange (ADX) programs, which have already driven targeted updates to safety procedures in the *IATA Ground Operations Manual (IGOM)*. The more data the industry shares, the safer it becomes.
- **Driving global standardization.** Safety, standardization, and automation are crucial to ground operations. IATA is encouraging airlines and ground service providers (GSP) to adopt industry standards. These encompass the *IGOM* and the *Airport Handling Manual (AHM)* and, where necessary, any variations of those publications. Variations submitted through

the OPS (operations) portal continuously enhance the manuals and minimize discrepancies at an industry level. In 2025, meanwhile, the IATA Safety Audit for Ground Operations (ISAGO) transitioned to an implementation-focused audit methodology involving new audit standards published in the *IGOM*, the *AHM*, and the *IATA Cargo Handling Manual* and remote documentation assessments. These changes to ISAGO are driving a higher level of standardization, reducing duplicate audits, and strengthening alignment with national oversight.

- **Enhancing baggage operations.** Baggage operations are being modernized under a 10-year *Global Baggage Roadmap* focused on digital messaging, end-to-end tracking, and automation. This includes support for IATA Resolution 753 baggage tracking implementation, fraud prevention tools, and updates to key baggage standards.
- **Building a sustainable and inclusive way forward.** Initiatives include electrifying ground services equipment (GSE) and ensuring accessibility for all.

Sustainability in ground handling

In early 2026, IATA published *Strategic Transition: Advancing Ground Support Equipment to Electric Power*. This document provides airports and GSP with practical guidance for the shift from fuel- to electric-powered fleets.

In January 2026, Swissport completed an e-turnaround for a Brussels Airlines aircraft at Geneva Airport. From landing to takeoff, Swissport's ground-handling operation for the aircraft employed only electric ground support equipment.

To enable autonomous GSE operations, IATA is developing digital airport map standards for which it has already, in late 2025, published autonomy use cases within the equipment restraint area. IATA is also gathering insights from members that are testing robotic operations, autonomous GSE, and sustainable taxi solutions to ensure that emerging standards reflect real operational needs.

Hydrogen, too, is being evaluated by the industry as a complementary energy source for such high-powered equipment as pushback tractors and ground power units. In April 2025, for example, a TUI Boeing 737 passenger aircraft was turned around at Exeter Airport in the United Kingdom using ground support equipment powered by green hydrogen. IATA is developing a risk assessment and initial guidance framework to support hydrogen's safe adoption. The industry, meanwhile, is also assessing, for risk and investment purposes, how to store renewable energy and transfer it to vehicles.

Ground handling equipment

Investment is ongoing in enhanced GSE, vehicles with advanced sensors for precise movement and anti-collision systems. In less than 18 months, the IATA Enhanced GSE Recognition Program received 304

applications from 145 GSP, underscoring the air transport industry's commitment to improving safety through technology.

The implementation of anti-collision systems varies widely, however, from 55% in belt loaders to 25% in deicers, leaving significant room for improvement. And IATA Enhanced GSE Recognition Program data indicates that the risk reduction rates of participating GSP likewise vary considerably.

Slots

The global interdependence of air transport requires harmonized and transparent slot management rules. Ensuring the equitable allocation of capacity and efficient airline schedules is critical.

The *WASG*, jointly published by IATA, Airports Council International, and the Worldwide Airport Coordinators Group, represents globally accepted best practices. It ensures that slots at coordinated airports are fairly allocated to airlines using consistent policies, principles, and processes. The latest edition of the *WASG* was released in August 2025.

Slot-related rules must continually evolve to solve capacity challenges. Each year, an average of nine airports are newly designated Level 2 or Level 3—where congestion is problematic. Congestion is so severe at Level 3 airports that they require an independent slot coordinator to allocate slots. IATA estimates traffic will double by 2050, which necessitates that every avenue be explored to improve slot conditions.

Some positive developments in this regard arose in 2025, not least at the ICAO Assembly. Nations agreed that a nondiscriminatory slot system is essential, and, indeed, throughout the year many countries aligned more closely with or agreed not to deviate from the *WASG*. Argentina, Australia, China, Mexico, and the United Kingdom were among countries to align more fully with the *WASG*.

Juan Santamaria and Daniel Oduber Quirós International Airports in Costa Rica will become *WASG*-compliant, Level 2 facilities in 2026. This is an important precedent for the Caribbean, where many airports are congested amid tourism growth.

In November 2025, the Worldwide Airport Slot Board (WASB) began a new three-year term. The WASB is responsible for the coordination, advice, and governance of the *WASG* and has two items on its agenda: airport capacity declarations and coordination committees. Some airports, such as London Gatwick, exemplify efficient infrastructure utilization and timely and accurate capacity declarations. Others are not so forthcoming.

The slot process commences when airports declare available capacity. Coordinators then allocate that capacity, allowing airlines, in turn, to plan their operations. IATA, however, sees discrepancies in declared capacities among airports of comparable size and demand. This suggests that opportunities to enhance infrastructure efficiencies are being overlooked.

To ensure rigor in capacity declarations, regulatory reforms are essential. Airports face fewer obligations than airlines and face no direct consequences for failing to conduct thorough capacity analyses or to provide accurate information to coordinators. The airlines will ask the WASB to explore strengthening coordination committees' ability to receive and assess capacity declarations.

COUNTERING POORLY-DESIGNED TAXES ON AIRLINES AND PASSENGERS

International airlines and their passengers face diverse taxes, fees, and charges, which differ by country. Before imposing more taxes, governments should consider aviation's impact on economies and jobs and its internationally agreed energy transition and sustainability commitments.

Images: © iStock

"It is vital that airlines and their passengers **are not burdened with undue costs** that undermine the economic and social benefits of aviation."

$60.4 billion

The ticket taxes collected from passengers every year by airlines

In 2024, an estimated total of $60.4 billion was paid by airlines globally in taxes, nearly twice the global airline industry's total net profit.

Passengers too are often taxed on the use of airline services. Both types of taxes—those paid by airlines and those paid by passengers—often diverge from international norms and such policy fragmentation is the greatest threat to preserving the economic and social benefits aviation delivers.

Yet taxes on the international air transport industry continue to proliferate, especially those purporting to promote environmental sustainability, undermining international agreements and risking double taxation.

An IATA November 2025 report: *Taxes Applied to Air Transport Enterprises and Services*, reminds governments of some key considerations:

- To reduce CO_2 emissions from air travel quickly and efficiently, countries should ensure the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the globally agreed single mechanism to tackle such emissions as agreed by ICAO's 193 members.
- Adding ticket taxes for the purpose of reducing CO_2 emissions might not achieve this goal and might in effect redirect funds from decarbonization efforts.
- In terms of raising money for climate action in developing countries, CORSIA and global carbon markets offer a greater potential than any local ticket taxes.
- Air transport is essential for economic growth and for integrating developing economies into global supply chains. Taxing the use of air transport can cause economic harm and damage to the global network that far exceed the revenue raised from ticket taxes.

In July 2025, the Global Solidarity Levies Task Force proposed targeting air transportation with a premium flyer levy to boost revenue for developing countries and to support global challenges. The proposal offered no safeguards in terms of the funds' use and hence no certified CO_2 emissions reductions. Moreover, the proposal did not recognize ICAO's role in the taxation of international civil aviation, nor international agreements in this domain. No global agreement was reached at COP30 for this proposal.

Streamlining collection of taxes and charges

In November 2025, IATA and the Airline Tariff Publishing Company (ATPCO) announced a partnership to consolidate their data on passenger ticket taxes, fees, and charges (TFC). The ATPCO partnership will reduce costs and simplify access to the trusted data that airlines use to determine what TFC to collect.

According to IATA, TFC make up about 20% of the cost of travel. Airlines collect $147 billion in such levies yearly. IATA's partnership with the ATPCO began in December 2025, when all ATPCO Community Participation member airlines were provided with a link to access the IATA Ticket Tax Box Service (TTBS) for their home country. TTBS access functionality is being improved in 2026.

Corporate taxation

In 2025, the UN Tax Committee progressed the Article 8 revision to the UN Economic and Social Council. This revision introduces an alternative provision allowing contracting states to depart from the long-standing residence-based allocation of taxing rights for international air transport and, instead, apply a source-based approach. Put another way, airlines could be subject to taxation not only in the country where they are domiciled but also in one or more countries to and from which they fly. This opens the door to double taxation, greatly increases administrative and reporting complexity, and ignores the trans-jurisdictional nature of air transport. In all, it poses a threat to the maintenance and the development of the global network.

This is despite the fact that, in ICAO's *Policies on Taxation in the Field of International Air Transport* (Doc 8632), all 193 UN members have agreed that governments "to the fullest possible extent, grant reciprocally exemption from taxation on the income of air transport enterprises of other contracting states derived in that contracting state from the operation of aircraft in international air transport."

The Article 8 revision was proposed to help developing countries gain taxation rights over foreign carriers to increase their fiscal revenue. Instead, it is likely to impair business, investment, and growth opportunities in developing countries as a result of diminished connectivity and increased administrative costs.

It is not known how much this revision would cost the industry, as untangling the allocation of taxing rights—for activities conducted over international waters, for example—is extremely complex. Nor is it known how many countries would opt for source-based taxation.

Given the trans-jurisdictional nature of international air transport, it is necessary to harmonize rules and regulations so all countries can reap the economic and social benefits of aviation. Fragmentation of the rules affecting air transport will impair economic growth. This includes the facilitation of foreign investment, trade, jobs, and economic growth.

UN Framework Convention on Tax

The UN Model Double Taxation Convention is non-binding and functions as a template for bilateral agreements. In late 2025 the UN Secretary-General established an Intergovernmental Negotiating Committee to develop a binding multilateral instrument, the United Nations Framework Convention on International Tax Cooperation.

The final text of the convention is expected to be submitted to the UN General Assembly in 2027 and, once ratified, could create obligations under international law for participating States to revise existing tax treatment of cross-border activities, including international aviation.

A shift toward broader source-based taxation principles or new multilateral tax elements could undermine the long-standing residence-based taxation principles supported by ICAO and reflected in thousands of air services agreements and double taxation agreements worldwide.

Positive news

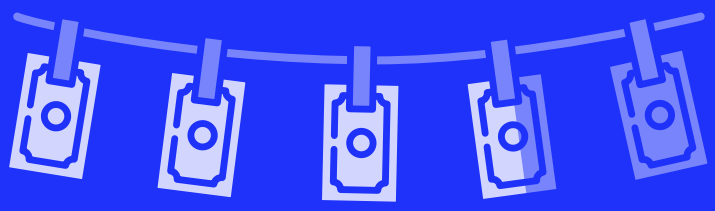
There was some positive news in 2025. With effect from 1 July 2025, Sweden abolished its ticket tax after realizing the economic consequences. The Swedish government was unequivocal in giving its reasons for the abolition. It highlighted that the decision would enable investment in Swedish aviation while increasing the attractiveness of Sweden as a destination.

The country's post-pandemic aviation recovery has lagged its neighbors, a problem made worse by the tax. Sweden's number of routes had still not rebounded to 2019 levels by the end of 2023.

In December 2025, the members of the Economic Community of West African States (ECOWAS) announced their intention to abolish air ticket taxes and to reduce passenger and security charges by 25% as of 1 January 2026. Fully implemented, this initiative will lower the cost of ECOWAS-related air travel and support connectivity.

TAXATION SURVEY

Independent research carried out for IATA by Savanta in 15 countries reveals traveler thoughts on air travel taxation.



73% think that green taxes are **government greenwashing**

74% **do not trust** governments to spend tax money wisely

Ticket taxes was the least popular way for compensating for the CO_2 emissions associated with flying. **Only 9% of people surveyed support taxes on the use of air services**.

88% believe that taxes collected from air travel **should be invested to improve travel for passengers**

79% said there are **too many taxes** on flying

78% agree that **taxation is not the way** to make aviation sustainable.

Images: ©Nounproject

ENSURING AIR CARGO'S AGILITY FOR A CONNECTED WORLD

Air cargo has a critical role in connecting businesses to global markets and in keeping supply chains moving. Its work with industry partners to strengthen digitalization, global standards, and supply chain security will maintain its resilience in the face of geopolitical shocks and further its contributions to global trade and economic growth.

Images: ©Getty/Alamy

"Air cargo demand in 2025, measured in cargo tonne-kilometers, **increased 3.4% while capacity grew 3.7%**."

Every year, air cargo moves goods worth some

$8 trillion

In 2025, air cargo continued to show great resilience and flexibility in an extremely volatile operating environment.

Air cargo demand in 2025, measured in cargo tonne-kilometers (CTK), increased 3.4% compared with 2024, while capacity grew 3.7%. Full-year yields fell 1.5% year over year, but that was the smallest decline in three years, and yields for 2025 remained 37.2% above 2019 levels.

Only constant adaptation made such figures possible. Volatile geopolitics has caused frequent shifts in trade lanes. And US trade policy became unusually restrictive and unpredictable and raised average tariffs to about 17%, the highest since the 1930s. Additional US government measures, such as limiting the de minimis exemption that stipulates the value at which shipments are duty free, further reduced market access, especially for e-commerce.

In the first quarter of 2025, businesses boosted their trade flows in advance of impending tariff hikes, resulting in a 21.0% rise in US imports compared with the same period in 2024. Thereafter, companies adjusted their trade relationships, leading to, for example, a drop in China's exports to the United States but to an increase in China's exports to Europe and to other Asian markets, which more than compensated for the loss of US trade.

Other headwinds included the knock-on effects of supply chain issues. Among these is airlines' need to hold on to aging passenger aircraft. This limits freighter conversions from passenger aircraft and compounds the challenge of delivery delays of new freighters.

Air cargo digitalization

The digitalization of air cargo is advancing steadily. This enhances efficiency across the supply chain and transparency for all stakeholders.

Digitalization is crucial because of air cargo's reliance on cross-border information exchange among numerous partners and the growing influence of e-commerce. The *IATA Air Cargo Digitalization Leadership Charter*, launched in March 2024, aims to accelerate air cargo's digital transformation through five principles:

- Developing a unified and collaborative digital strategy that promotes interoperability and global standards throughout the supply chain.
- Enhancing organizational resilience.
- Pursuing sustainable digitalization with an emphasis on eco-friendly technological initiatives.
- Promoting digital excellence through continuous adaptation to emerging trends, secure and sustainable practices, and the establishment of industry best practices.
- Ethically adopting new technologies to ensure the responsible integration of innovative concepts.

ONE Record

Core to the charter is ONE Record, a standard for sharing shipment data across the air cargo supply chain to improve transparency and collaboration. Systems such as Air Cargo Advance Screening in the United States—which mandates the electronic submission of comprehensive cargo data prior to cargo loading at foreign

ports—demonstrate the need for granular data handling. ONE Record will be central to satisfying such regulatory requirements.

Since January 2026, ONE Record has become the preferred standard for cargo data sharing. Airlines representing more than 70% of the global air waybill volume are on track to implement ONE Record and are supported by a growing array of technology providers, freight forwarders, and other digital supply chain partners.

ONE Record's implementation, however, requires that government agencies accept its data for regulatory filings. Technology providers are meanwhile encouraged to develop secure and interoperable platforms.

Artificial intelligence

Adopting artificial intelligence (AI) will further air cargo's digital transformation. For AI's safe and effective incorporation, IATA has launched the Air Cargo AI Excellence Hub. It has also introduced AI SME (subject matter expert), a mobile and web application that helps operational teams quickly find information from IATA cargo and safety publications by asking questions in plain language. This speeds decision-making, strengthens compliance, and improves efficiency in time-critical environments.

All AI-related efforts are intended to promote digitalization for elevated collaboration and efficiency throughout the airline and supply chain ecosystem.

Harmonized regulations

The consistent implementation of global standards is crucial for efficient operations. When standards are not uniformly applied, shipments encounter varying data requirements, security protocols, and inspection procedures. That fragmentation increases complexity and heightens the risk of delays.

Several developments during 2025 are worth noting:

- Variations in the application of the IATA *Dangerous Goods Regulations* (*DGR*) continued to proliferate. The *DGR* permits country and operator variations—often for safety considerations—but the addition of more than 1,200 national and operator variations imposes too great a compliance burden on international shippers.
- In Europe, inconsistencies persisted in the interpretation and enforcement of the European Union (EU)'s Import Control System 2 (ICS2). The ICS2 is a mandatory security regime for goods entering the EU, Northern Ireland, Switzerland, and Norway, so variations are inevitable. But those variations must be transparent, justifiable, and aligned with global standards.
- The implementation of the *Cargo Security Declaration* (*CSD*) varied significantly. Few countries fully accept the digital *CSD* format. It should be the standard, with paper documentation used only when necessary.
- Preloading information program implementation remained inconsistent, with notable discrepancies in data requirements, deadlines, and system interfaces. Global alignment is required for robust security outcomes and operational reliability.

The responsibility for supply chain safety and security is shared by all stakeholders and cannot be fulfilled by a single entity. Effective

protection demands coordinated efforts throughout the supply chain and is measurable by secure and reliable outcomes.

Cargo slots

Air cargo accounts for approximately one-third of the value of world trade, approximately $8 trillion annually. Beyond its economic impact, air cargo delivers urgent humanitarian aid, medical supplies, and other essentials. And yet it often faces hurdles in airport slot allocation.

Many airports, including those in Bogotá and Dubai, restrict cargo carriers to temporary, ad hoc slots rather than granting them historic allocations. Major UK airports, such as Heathrow and Gatwick, also deny historic slots to cargo, limiting cargo carriers' operational flexibility. Parking restrictions compound the problem, making scheduling more complex. In China, cargo flights are confined to between midnight and 6 a.m. Operational barriers, such as curfews, separation windows, and even outright bans in Mexico City or Mumbai further hinder cargo access.

Disparities stem from local regulations, not global guidelines. IATA's *Worldwide Airport Slot Guidelines* (*WASG*) call for fair, nondiscriminatory, and transparent slot allocation, regardless of the type of flight. The focus of the *WASG* is on maximizing airport capacity for all users.

Ensuring that cargo operators have fair access to airport slots is imperative. It supports economic efficiency and helps air cargo meet the needs of a changing, less-certain world.

"Ensuring that cargo operators have **fair access to airport slots is imperative**. It supports economic efficiency and **helps air cargo meet the needs of a changing, less-certain world**."

Digital tools

The introduction of digital tools is improving information sharing across the value chain. And that significantly improves processing times and compliance for shippers, freight forwarders, and airlines.

In 2025, IATA launched LAR (Live Animals Regulations) Verify, a digital portal that strengthens the welfare and safety of live animals transported by air. LAR Verify provides digital access to operator and destination-specific requirements as defined by the *IATA Live Animals Regulations (LAR).* Some 200,000 live animal shipments occur annually, and the LAR Verify portal offers an automated compliance solution for streamlining the planning, booking, acceptance, and handling of those shipments. LAR Verify, moreover, can be embedded into cargo management systems.

Similarly, DG Digital, a new module of DG AutoCheck, digitizes the production and approval of shippers' declarations for more than 3,800 dangerous items, from lithium batteries to explosives and chemicals. DG Digital thus expedites document sharing, improves safety, and minimizes rejected shipments.

SEAMLESS FINANCIAL TRANSACTIONS FOR THE AIR TRANSPORT VALUE CHAIN

Airlines rely on IATA Financial Settlement Systems (IFSS) because they reduce red tape and costs and thus make it easy to move funds around the world.

Images: ©iStock

$492.4billion

The amount IATA Financial Settlement Systems processed in 2025

"**Each service facilitates the swift, secure, and reliable movement** of funds across the air travel value chain."

The IFSS include the Billing and Settlement Plan (BSP); the Cargo Account Settlement System (CASS); the IATA Clearing House (ICH); the IATA Currency Clearing Services (ICCS); Simplified Invoicing and Settlement (SIS); and Enhancement and Financing (E&F). Each service facilitates the swift, secure, and reliable movement of funds across the air travel value chain.

In line with the industry's strong performance in 2025, the IFSS processed $492.4 billion, up 4.2% from $472.7 billion in 2024. Industry revenues for 2025 are expected to reach $1,008 trillion.

Billing and Settlement Plan

The BSP expedites and simplifies the selling, reporting, and remittance procedures for IATA-accredited travel agents and improves financial control and cash flow for more than 400 participating airlines. In 2025, the BSP processed $242.3 billion, net of $19.7 billion in refunds, compared with $234.0 billion in 2024, net of $18.7 billion in refunds. At the close of 2025, there were 155 BSP operations covering 185 countries and territories. Their overall on-time settlement rate was 100%, and their unrecovered default rate was 0.006%.

Cargo Account Settlement System

CASS simplifies the billing and settling of accounts between airlines and freight forwarders. In 2025, CASS processed $47.5 billion, with an on-time settlement rate of 100%, up from $46.6 billion in 2024. This included US cargo operation revenues processed through IATA subsidiary Cargo Network Services. At year-end 2025, 89 CASS export operations, 9 CASS import operations, and 1 CASS domestic operation were serving 221 general sales and service agents (GSSA), 245 CASS export airlines, and 107 CASS import delivery carriers.

IATA Clearing House

The ICH provides fast, secure, cost-effective settlement services to 581 airlines and associated companies in the aviation value chain. In 2025, the ICH processed $66.01 billion, its highest-ever amount, up 3.6% compared with 2024's $63.75 billion. The ICH, moreover, had a settlement success rate of 99.9999%, with just 0.0001% in unrecovered funds, and its on-time settlement rate was again, just as in 2024, 100%. In December 2025, the ICH added CNY, the Chinese yuan, as its eighth settlement currency.

IATA Currency Clearing Services

The ICCS offers a global cash management system that enables more than 320 airlines to centrally control and repatriate their BSP and CASS sales. This includes countries with currency liquidity and repatriation issues, such as the Central Africa CFA franc XAF zone, the West Africa CFA franc XOF zone and Malawi, Nigeria, Egypt, and Lebanon. The ICCS processed about $43.0 billion in 2025, up 4.0% from $41.0 billion in 2024.

Simplified Invoicing and Settlement

SIS is a cost-effective electronic invoicing platform that is legally

compliant with e-invoicing in 40 countries. It enables the exchange of electronic data among airlines and between airlines and direct operating cost suppliers. By using a single standard, the IS-XML, or integrated settlement extensible markup language, SIS simplifies business activity for the industry and allows suppliers to use one invoicing standard for all their airline customers. SIS automation and cost control can save companies up to 2.0% on operating expenses annually.

In 2025, SIS had 134,906 participants comprising 497 airlines; 493 suppliers; 2,411 other entities, such as air operators, GSSA, and general sales agents, or GSA; and 131,505 IATA-accredited agents. It processed over 1.94 million interline and supplier invoices during 2025, up 18.0% from 2024, and settled more than $89.0 billion, compared with $83.0 billion in 2024.

Enhancement and Financing

E&F gives air navigation service providers, or ANSP, airports, civil aviation, and government authorities access to IATA's globally trusted systems and processes. These include accurate billing data, standardized e-invoices that can be automatically validated, and the secure fund collection of aeronautical and non-aeronautical charges and fees.

E&F also helps airlines avoid late payment penalties, reconciliation issues, and disputes through a standardized billing process with a single point of contact for questions or irregularities. In 2025, E&F processed $4.5 billion, up from $4.2 billion in 2024.

IATA Pay

IATA Pay is an alternative payment method that allows passengers to purchase tickets online by directly debiting their bank accounts through an account-to-account form of payment within BSP capabilities. This improves the speed and security of payments while reducing costs for airlines. At year-end 2025, IATA Pay was live with 54 airlines across 37 markets worldwide, demonstrating strong continued adoption.

IATA Pay supports global instant bank transfer schemes, including PIX in Brazil and iDEAL in the Netherlands, ensuring that airlines can best serve local customer preferences. Multiple airlines are signed up for IATA Pay and progressing through technical implementation. IATA Pay is present on all continents and will continue to expand to new markets as regulation and banking infrastructure permit. Market demand will continue to guide IATA Pay's growth, with increasing universality expected to accelerate its adoption.

New payment methods

An IATA and Edgar, Dunn & Company study in 2024 showed that airlines are paying $22.0 billion to manage passenger transactions. Some 80.0% of that sum is spent on payment fees, with the remainder covering cash flow, operating costs, fraud, and losses.

Payment frustration also leads to lost revenue. The 2025 *IATA Global Passenger Survey* highlighted that one in five passengers did not purchase ancillaries because of a payment issue.

IATA continues to work with its member airlines and the financial industry to streamline payment and settlement processes. It is working, for example, to enhance the credit card payment ecosystem by accelerating the implementation of the modern ISO 20022 nexo standard for card payments and the use of contemporary payment instruments, such as instant bank transfers.

IATA's financial service portfolio must accommodate the proliferation of new payment methods as airlines shift toward a business-to-consumer, environment. IATA is exploring integrating instant payments, including digital wallets, with innovative central bank projects, such as the digital yuan in China and the digital euro in Europe.

The IATA Financial Gateway, an omni-channel payment orchestration and management platform, also has a role to play amid heightened payment diversity.

BLOCKED FUNDS

Blocked funds are country revenues generated by that cannot be repatriated as US dollars because of government-imposed restrictions or foreign exchange shortages. Beyond the immediate cash flow impact, blocked funds pose notable financial and operational challenges for airlines.

IATA seeks greater transparency on the issue of blocked funds. In 2025, it launched a web page providing information on developing blocked funds.

Airlines are responsible for managing currency risk and are supported in this regard by IATA tools, such as the IATA Currency Clearance Service. But national governments have an obligation to make revenues earned accessible.

As of January 2026, about $1.2 billion in airline funds remained blocked from repatriation by various governments.

IATA has long urged governments to remove barriers to currency repatriation and to enable airlines to access their revenues from ticket sales, cargo, and other activities in US dollars as stipulated in bilateral air service agreements and required by treaty commitments.

Access to revenues in US dollars is essential for airlines to sustain operations, meet financial obligations, and preserve critical air connectivity. Delays in releasing funds expose airlines to uncertainty, the most obvious being currency depreciation. If a local currency depreciates during the delay, its eventual conversion constitutes a financial loss. Airlines, moreover, often incur costs by borrowing to cover operational expenses while awaiting the release of funds. This exposes them to the potential risks of rising interest rates and further unplanned expenditures.

Governments benefit from facilitating aviation as an economic driver. It is therefore in their interest to ensure that airlines can repatriate revenue. If airlines cannot access their revenues, they, like any business, will be challenged to continue providing their service.

IATA continues to collaborate with governments, central banks, and airline partners to address and resolve challenges related to currency repatriation.

Top 10 countries with blocked funds as of end March 2026

COUNTRY	AMOUNT HELD IN USD MILLION
Algeria	$258M
Lebanon	$138M
XAF Zone*	$89M
Mozambique	$81M
Eritrea	$78M
Angola	$73M
Zimbabwe	$65M
Ethiopia	$38M
Libya	$25M
Malawi	$23M

*XAF Zone (Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea, Gabon).

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

Diversity and inclusion is essential to airlines' future as demand for air travel grows.

Images: ©iStock/Air Canada

"Studies show that organizations with **greater diversity in their leadership yield better business results.**"

Diversity and inclusion are essential components in meeting passenger expectations and serving growing demand. Studies show, moreover, that organizations with greater diversity in their leadership yield better business results.

To assist airlines, IATA launched 25by2025 in 2019. The initiative invited airlines and other aviation-related organizations to commit to increasing the representation of women in senior and underrepresented roles by or to a minimum of 25%. It has grown to include 216 signatories, including 173 airlines—167 of them IATA members—and 43 non-airline stakeholders.

Data for 2025 indicates that

- **31.4%** of senior roles across reporting signatories are held by women,
- female representation in reporting signatories' flight deck roles increased **34.8%** between 2021 and 2024,
- **27.0%** of IATA's senior roles are held by women.

Annual reporting has enabled IATA to develop a benchmark for tracking progress and for identifying gaps in workforce diversity and inclusion. IATA also developed a diversity, equity, and inclusion maturity self-assessment survey and a best practice guide to help industry members move from intention to implementation.

Over time, 25by2025 has expanded beyond gender inclusivity to become a forum for information exchange among more than 2,000 participants on broader people challenges. These include talent shortages, new skills, and generational change.

As 25by2025 wraps up, the initiative's momentum will continue in three areas:

- Annual data collection and reporting to sustain a consolidated benchmark by which airlines can measure their progress.
- Access to and maintenance of key tools, including the maturity self-assessment and best practice guide.
- Engagement with people management professionals, including a biannual People Forum.

Winners of the IATA Diversity and Inclusion Awards were recognized at the 81st IATA annual general meeting in New Delhi, India, 1–3 June 2025.

INSPIRATIONAL ROLE MODEL

Claudia Zapata-Cardone
President, Latin Professionals in Aerospace (LPA)

As the LPA's president, Claudia has transformed vision into action, expanding scholarships, increasing female membership, and launching impactful programs in the United States and Latin America.

HIGH FLYER

Katherine Moloney
Founder, Elevate (her) Aviation

Katherine founded Elevate (her) Aviation as an online resource platform and global community dedicated to raising the percentage of women in aviation careers globally, from pilots to engineers.

DIVERSITY AND INCLUSION TEAM

Air Canada Through its CARE model—community outreach, accountability, representation, and engagement and belonging—Air Canada is setting a standard for inclusive aviation.

IATA

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