

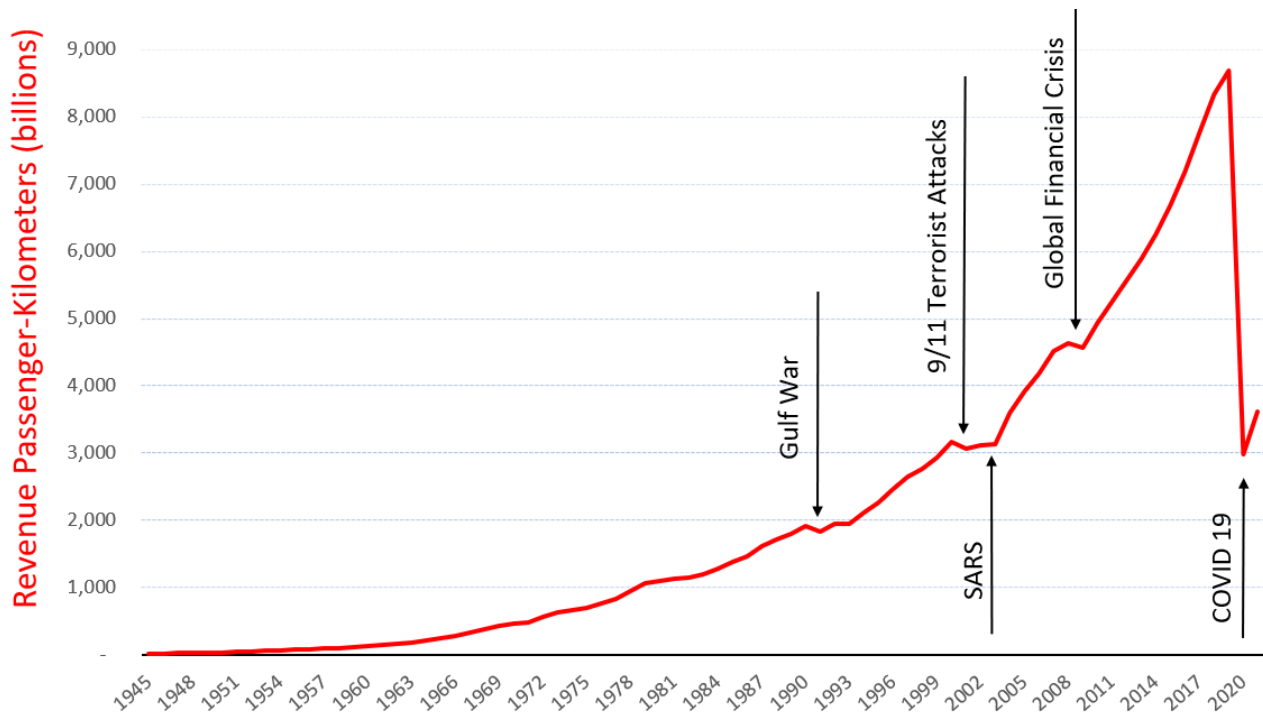


IATA Economics' Chart of the Week

1 December 2022

A Historically Resilient Industry

Global airline Revenue Passenger-Kilometers (RPKs) from 1945-2021, billion



Source: IATA Economics

- Over the past 50 years up until 2019, the international air transport industry experienced more than a twenty-fold increase in annual Revenue Passenger Kilometers (RPKs). During this same period, annual RPKs followed a smooth growth trend that can be described by a simple, exponential growth curve.¹ Interestingly, the said curve presents an extraordinary goodness-of-fit for the RPK trajectory (R-squared >0.99), with a doubling time of 12 years on average.
- Yet, global economic slowdowns and other crises have impacted this curve, appearing as non-negligible negative departures from the exponential growth trend in year-on-year (YoY) RPKs. Until 2020, the largest declines in RPKs relate to the Gulf War (-4.6% YoY), the 9/11 terrorist attacks (-2.9% YoY), and the global financial crisis (-1.2% YoY). Historically, the time it took for the industry to recover from such crises ranged from 1 to 3 years.
- In comparison, the global Covid-19 pandemic has had an enormous and unprecedented impact on the industry with a decrease of 65.8% in annual RPKs between 2019 and 2020, moving it back to 1999 levels. As of September 2022, global RPKs still had some distance to go to full recovery, standing at 74% of pre-pandemic levels (compared to September 2019).
- While the industry's recovery from the global pandemic has been slowed down by various factors such as the war in Ukraine and continued zero-Covid policy in China P.R., IATA Economics expect the industry to recover to the 2019 traffic level in 2024, with North America leading the pack in 2023, followed by Europe, Latin America, and the Middle East in 2024, and Africa and Asia Pacific in 2025 ([IATA/TE Passenger Forecast](#)).
- Should that forecast prove to be accurate, the industry will have recovered from its worst crisis in history within 4 years, with a rate of recovery 5 times faster than the growth observed in the past 20 years – a phenomenal achievement compared to past recoveries and given the severity of the contraction.

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¹ Exponential growth (which is multiplicative) can be contrasted with linear growth (which is additive) and with geometric growth (which is raised to a power).