

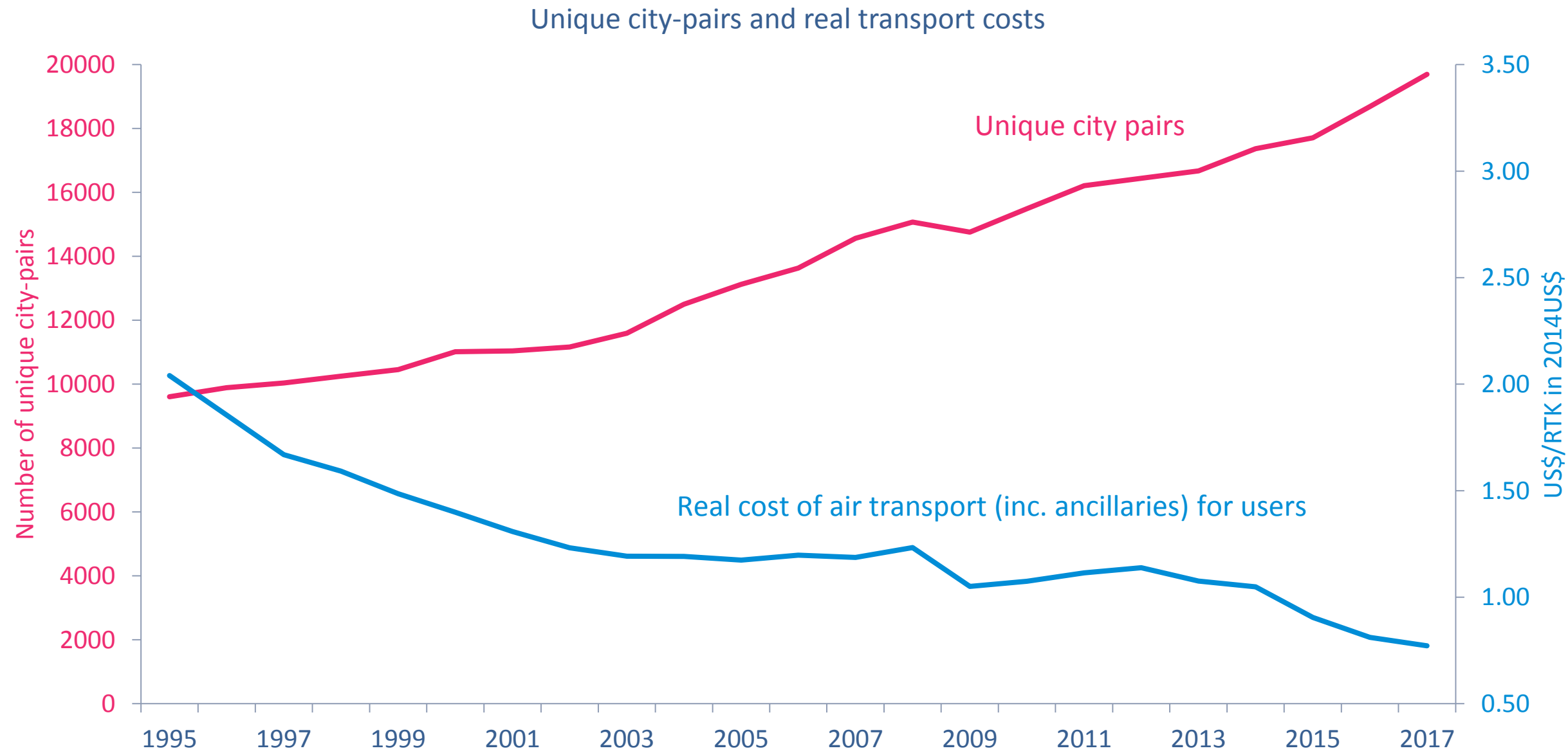


Global air transport: developments and issues

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www.iata.org/economics

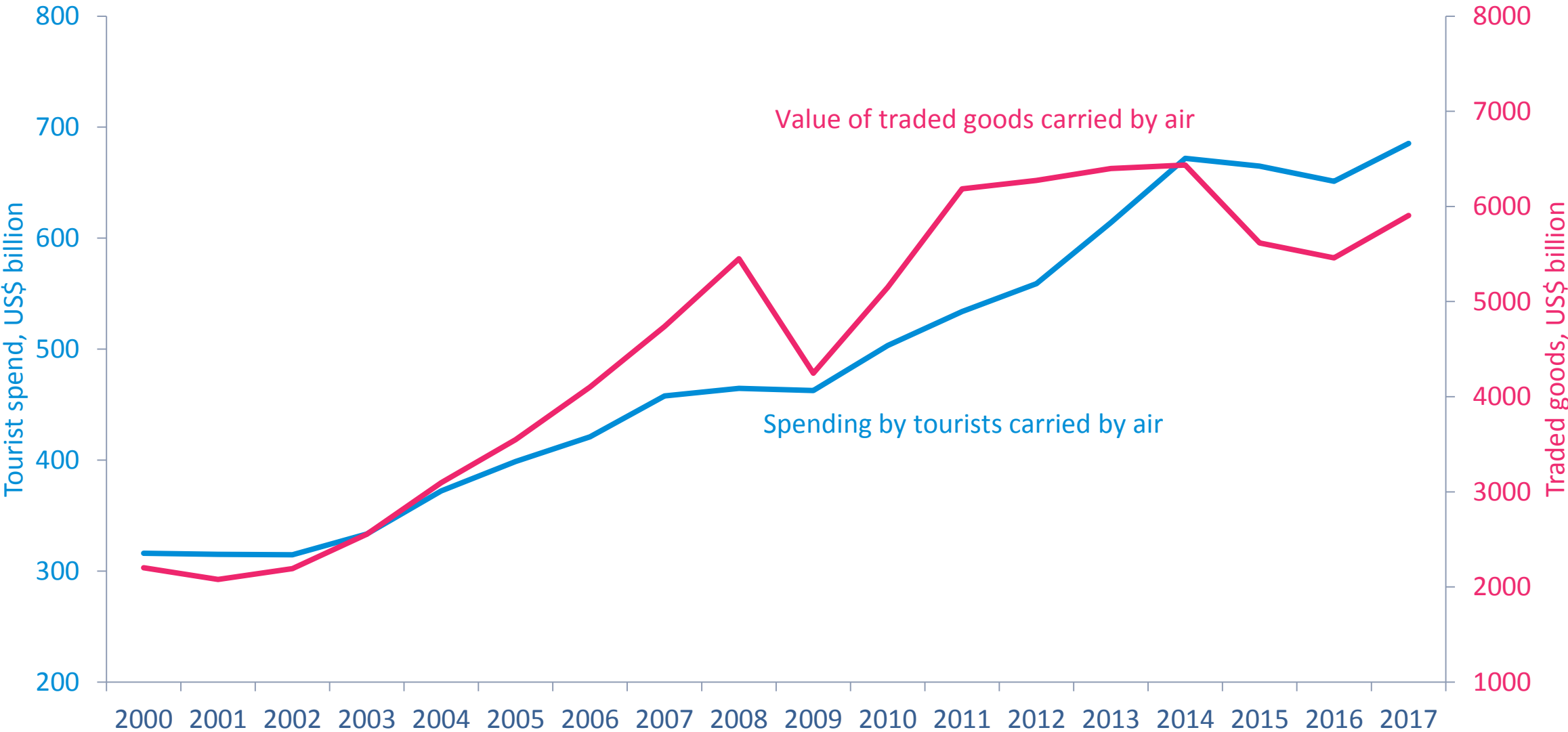
5th July 2017, Antwerp

Airlines continue to connect more cities at ever lower real cost to users



Facilitating economic flows: goods, people (capital, competition, ideas)

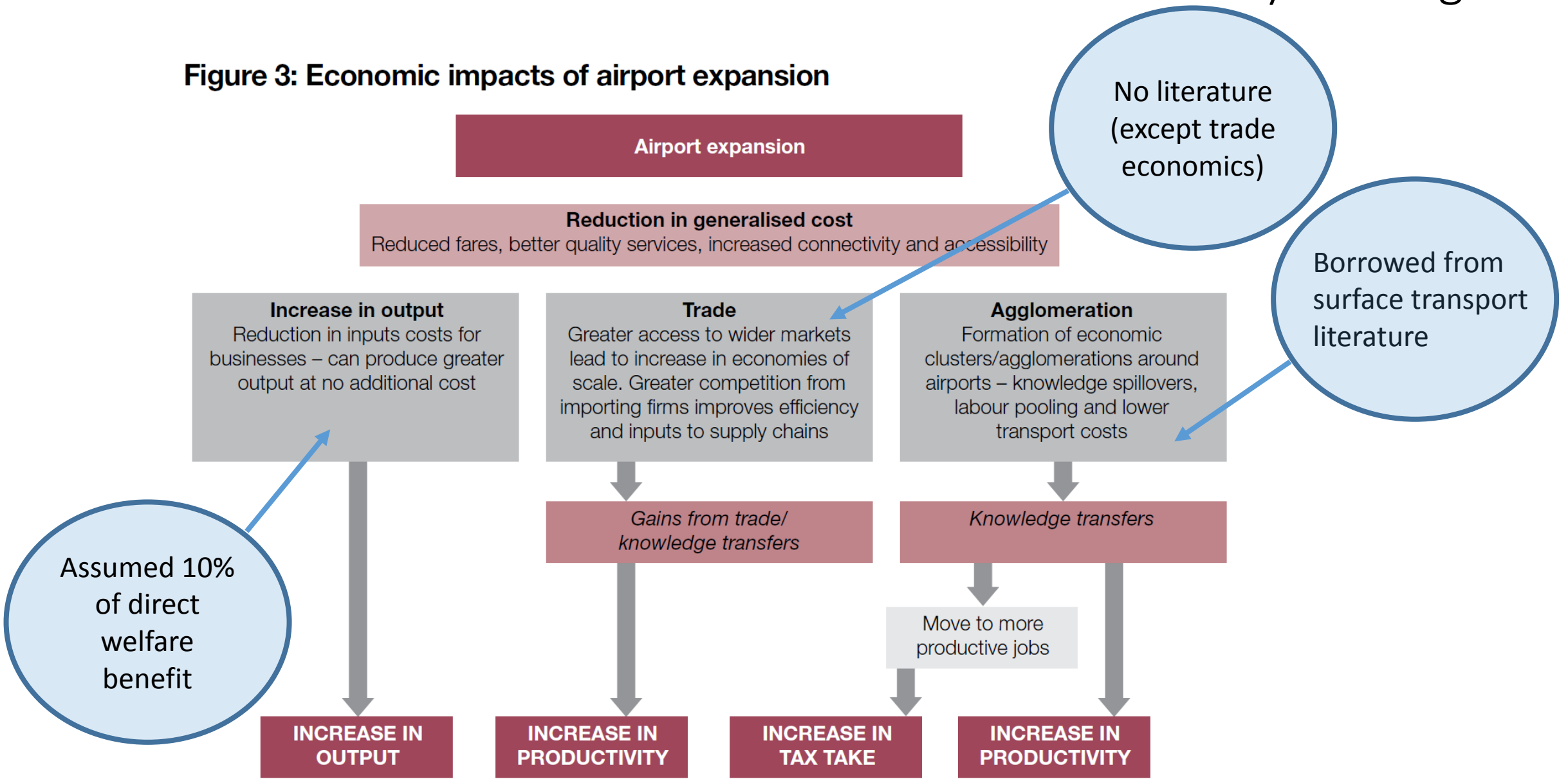
Value of trade carried by air and the spending of tourists



Source: UNWTO, Oxford Economics, IATA

But the research on the micro-economic benefits is mostly missing

Figure 3: Economic impacts of airport expansion

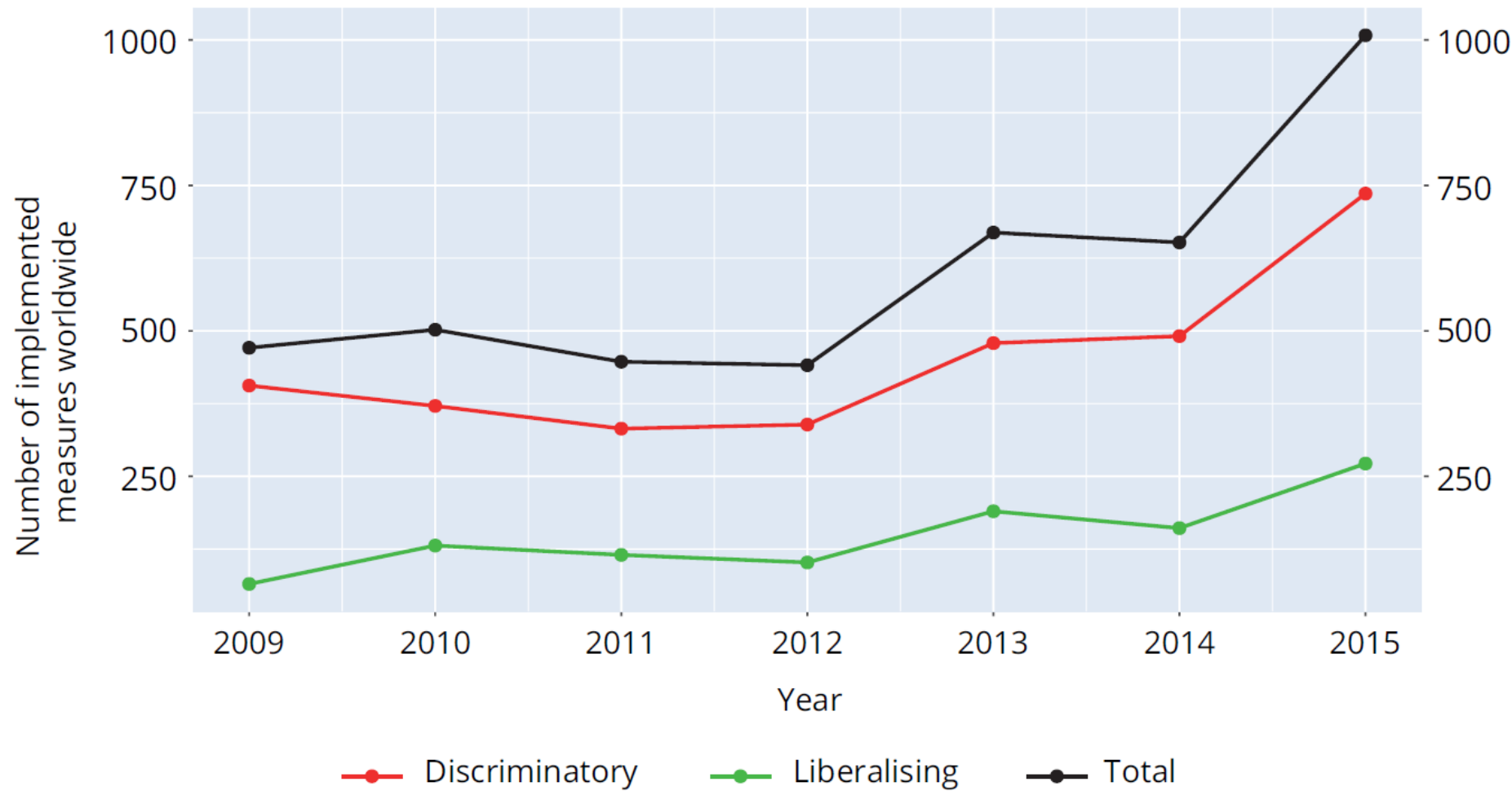


Source: UK Airports Commission, July 2015, 'Economy: wider economic impacts assessment'

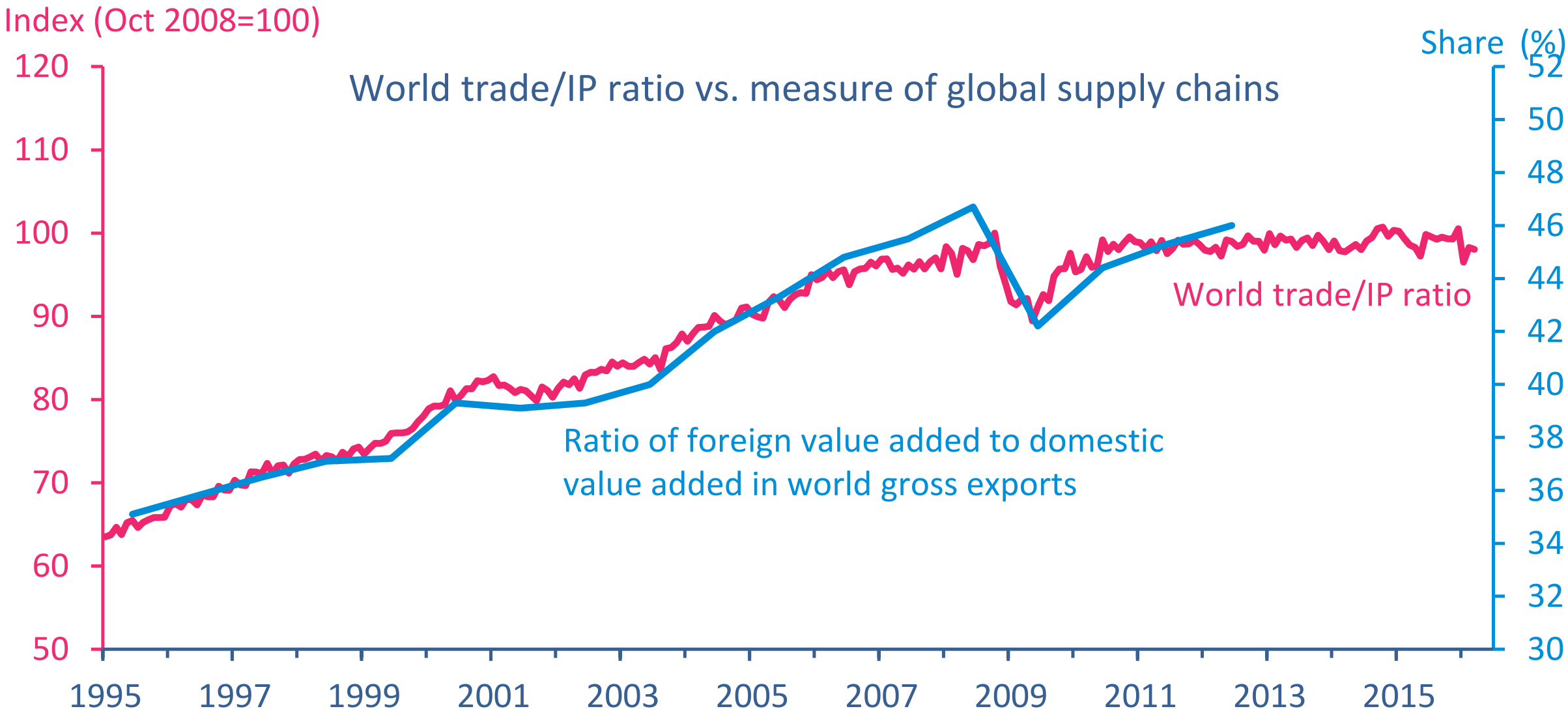
Globalization has moved into reverse – now we have localization

FIGURE 6.1

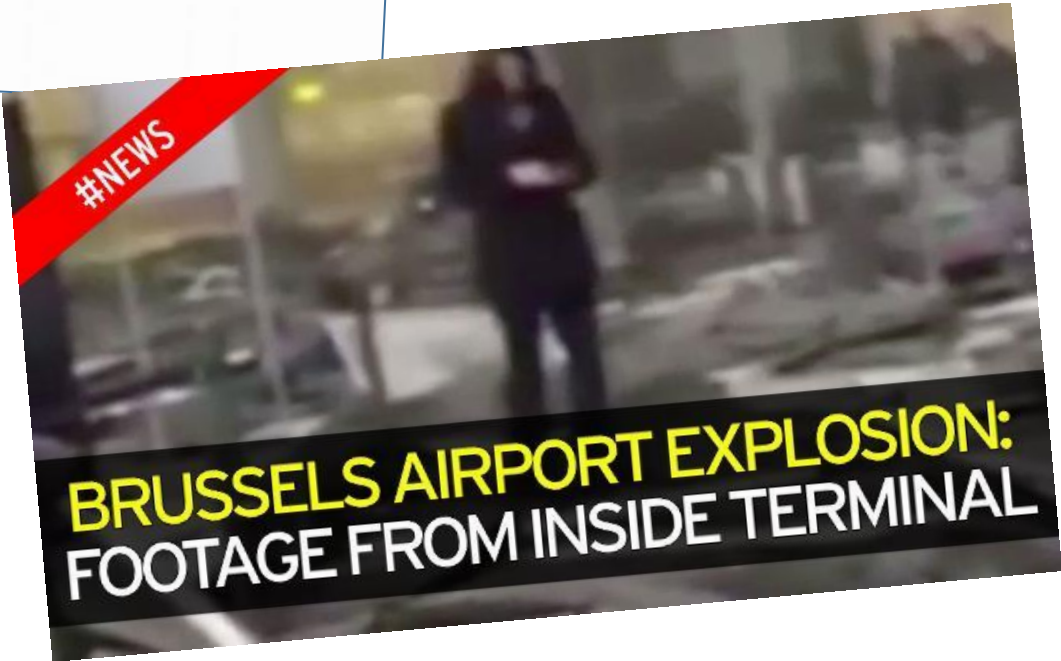
At comparable stages in the reporting cycle, resort to protectionism in 2015 is 50% higher than in 2014



Causing structural change to world trade and Global Value Chains

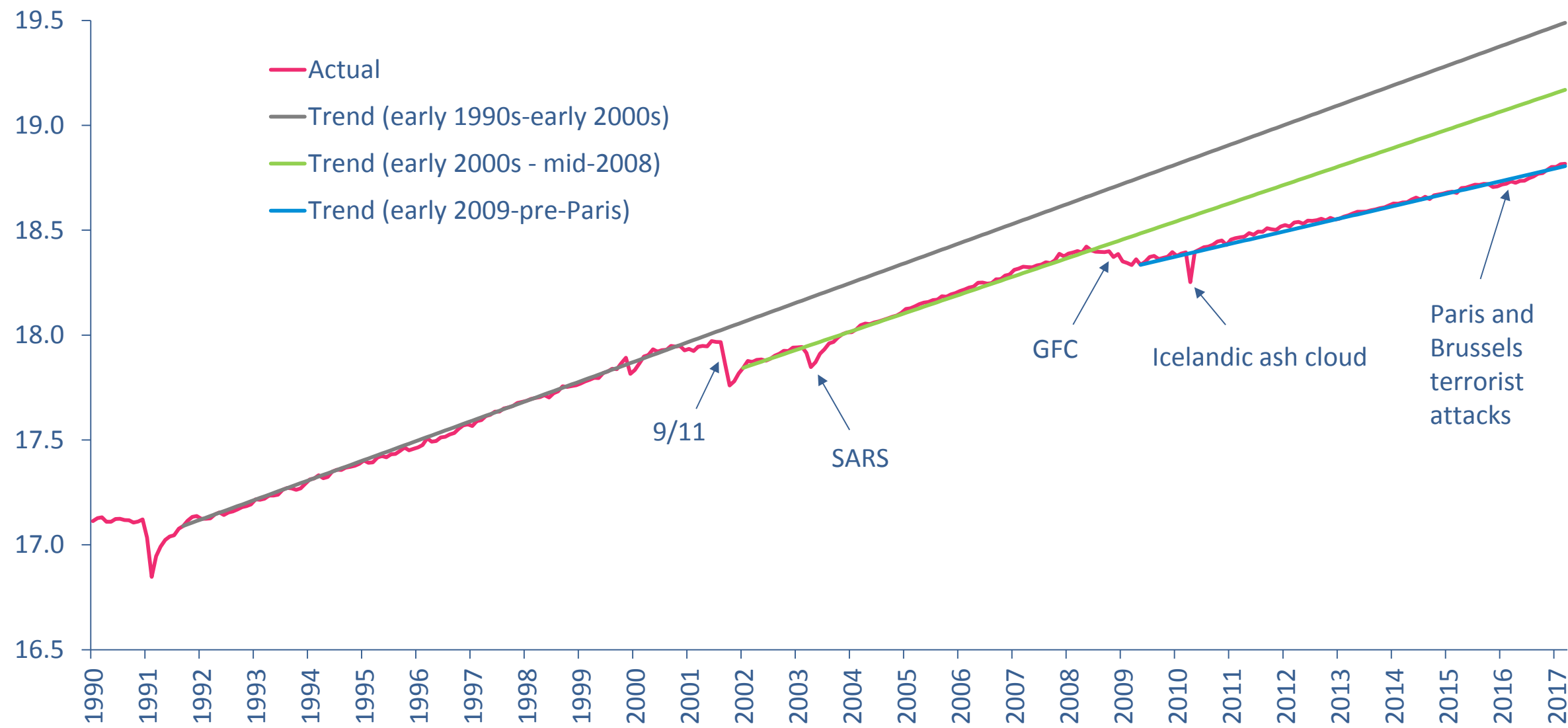


There are increasing barriers to free movement of people as well

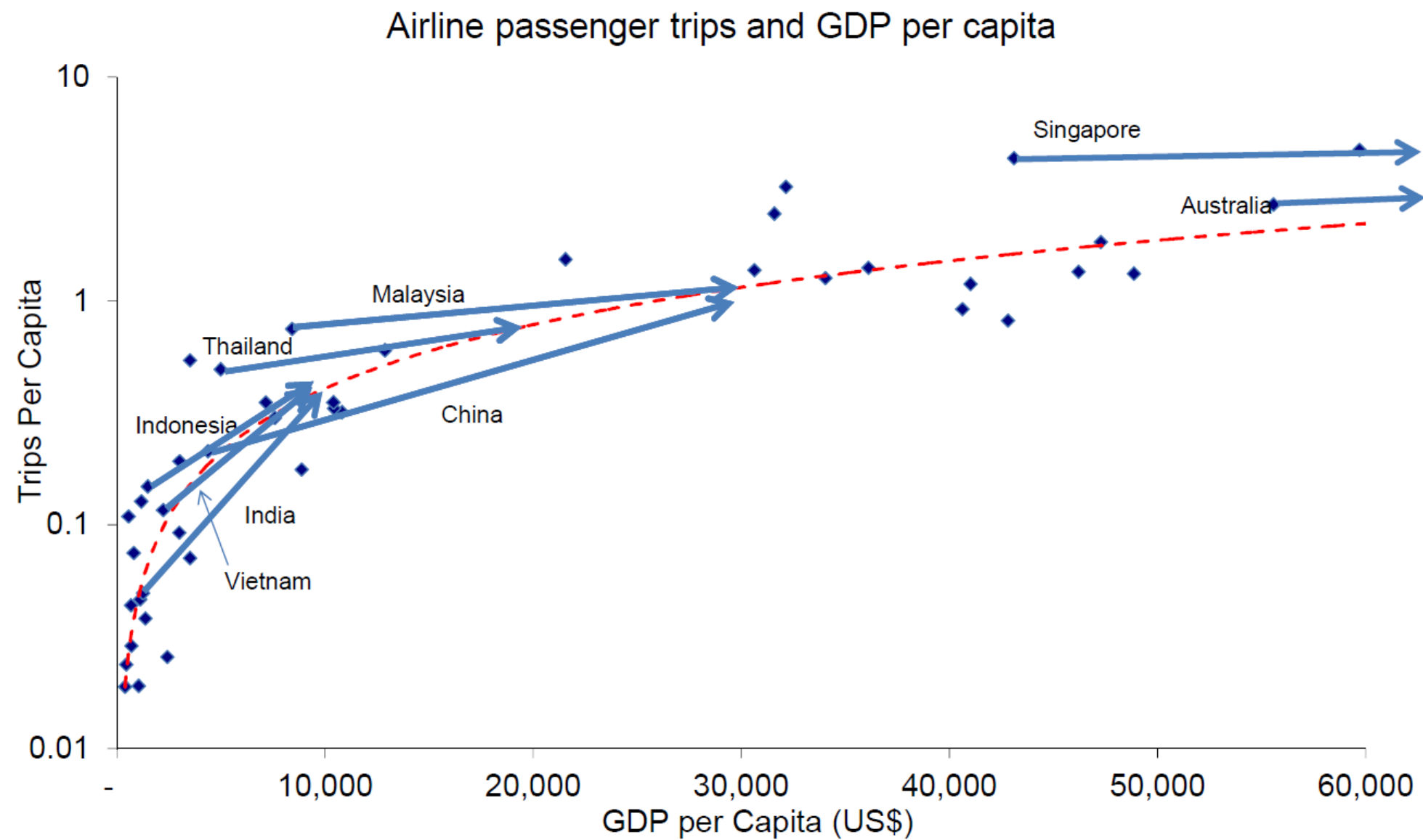


Air travel is resilient but some shocks have slowed trend growth

Int'l RPKs flown by European airlines (natural logs, seasonally adjusted)

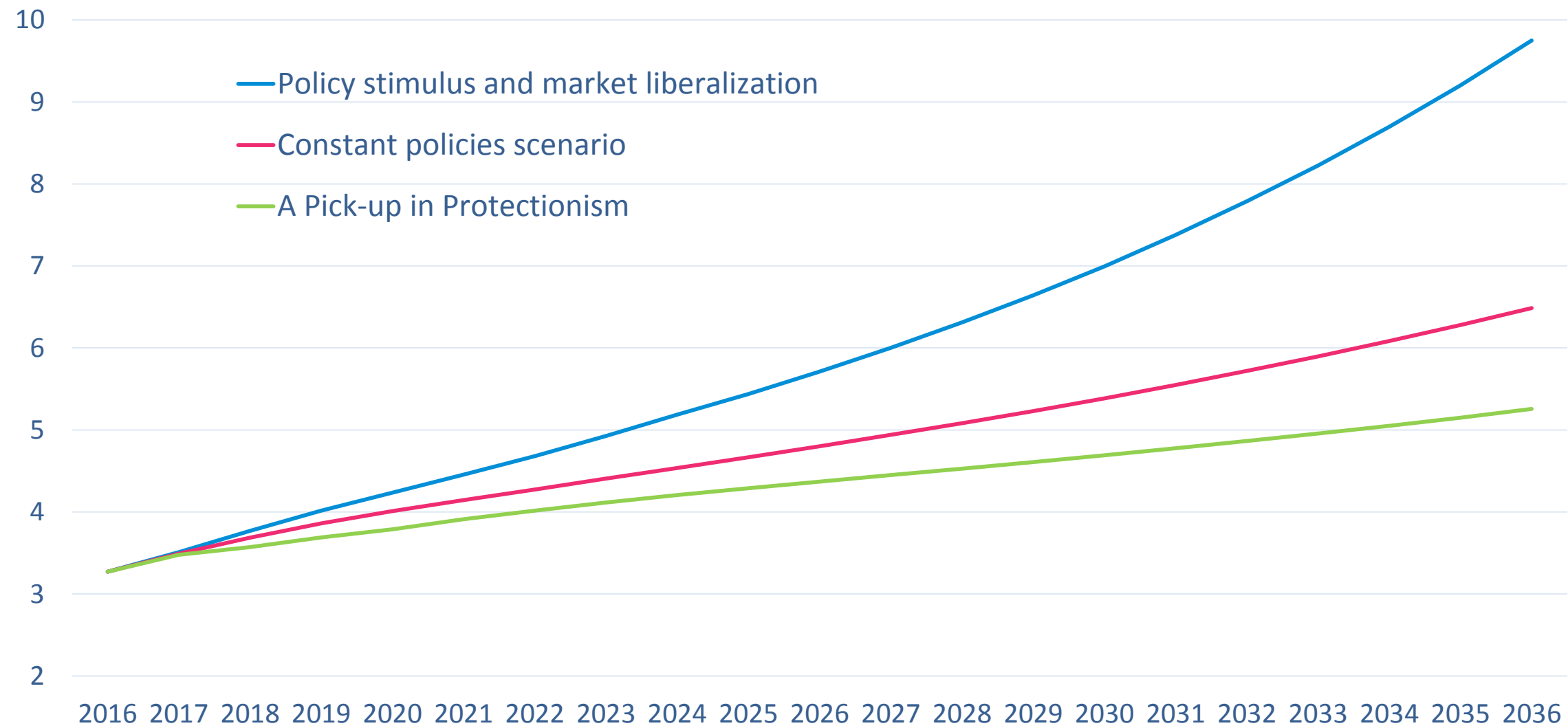


Air travel has powerful economic drivers in emerging economies

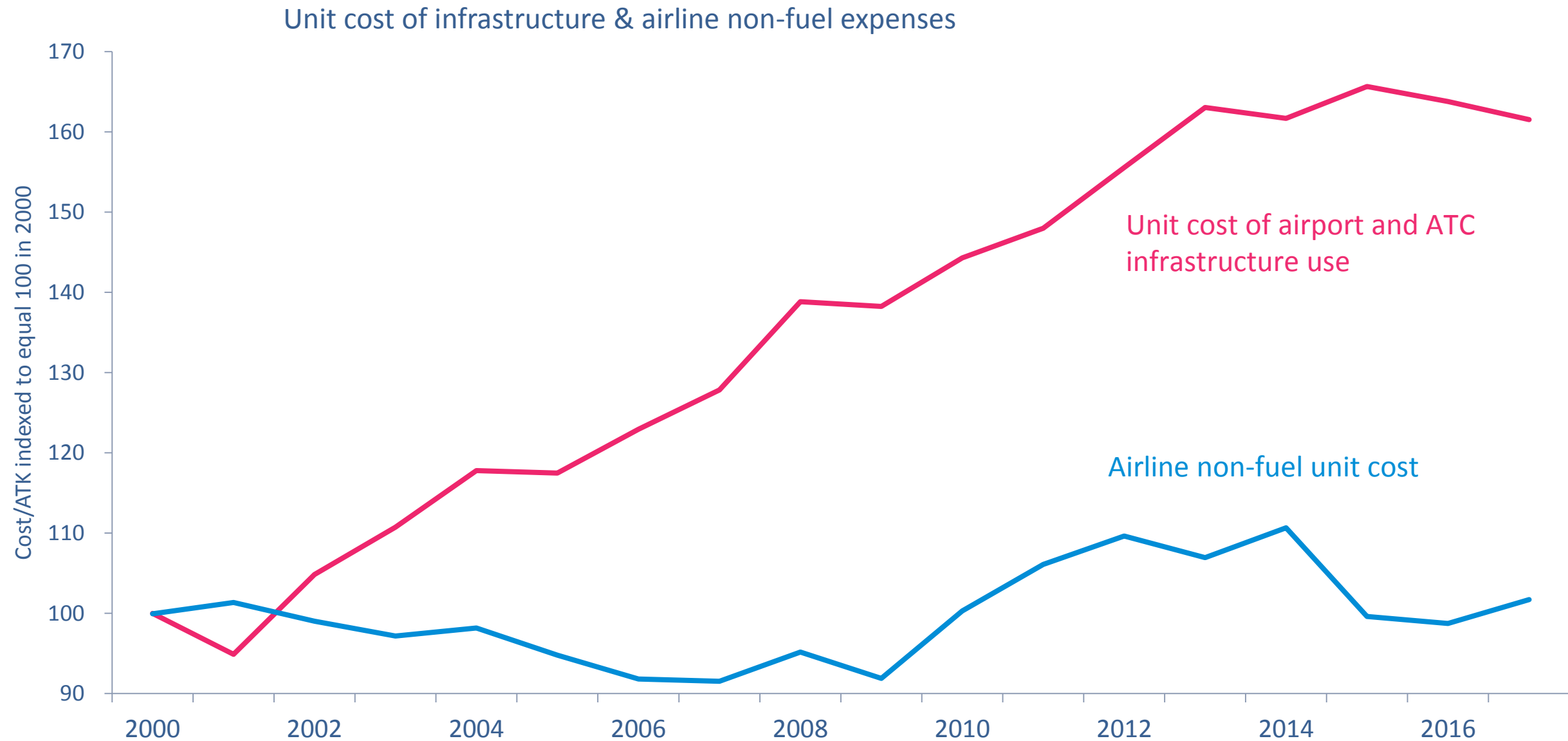


Large further expansion highly likely – infrastructure challenges ahead

Global passengers (O-D basis, billion)

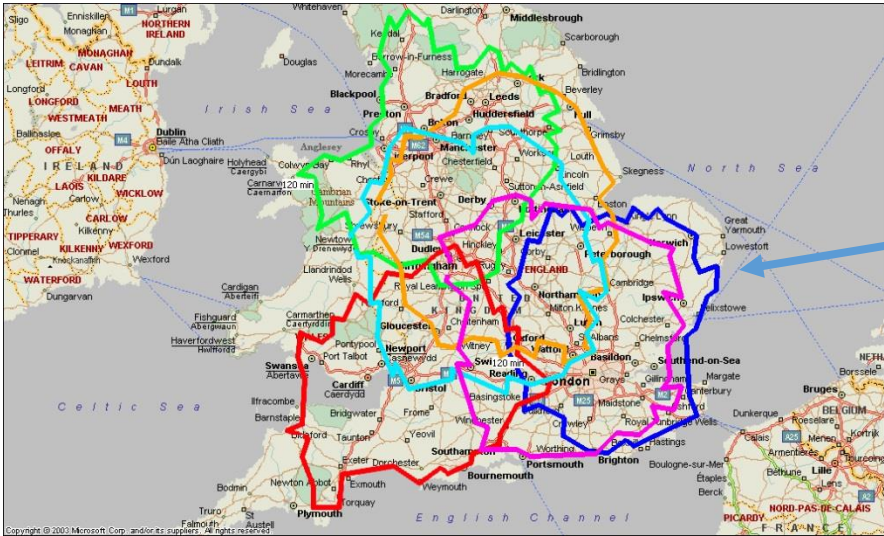


Is the economic regulation of infrastructure working?

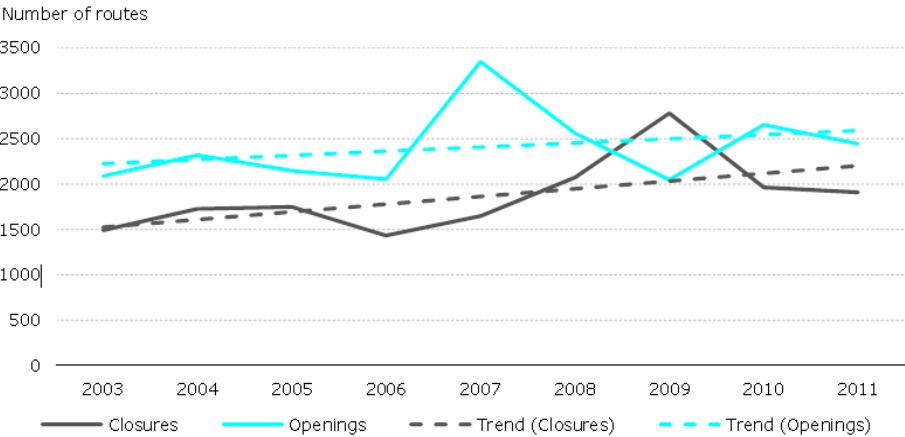


Source: ACI, IACO, FAA, IATA

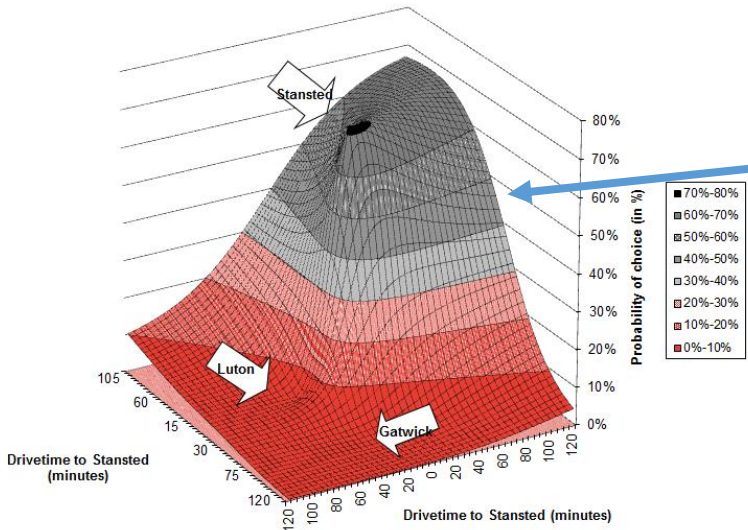
Airport competition looks weak if you dig deeper into the data



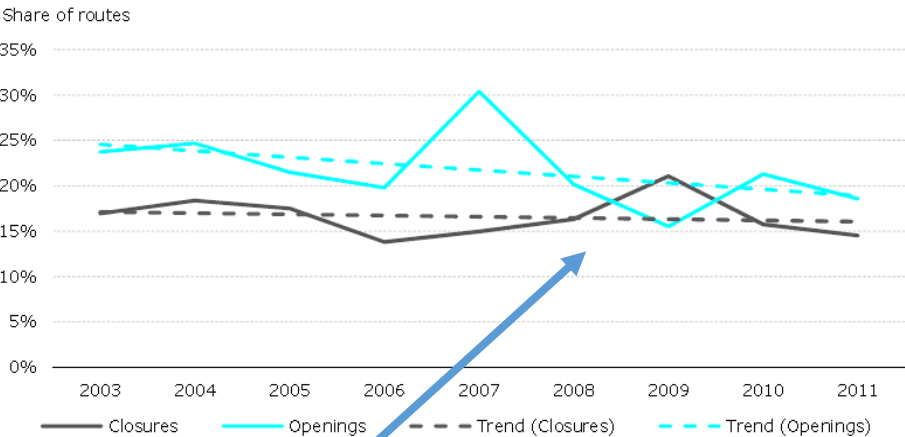
Isochrones?
not reflective
of actual
consumer
choice



Probability of choosing Stansted airport for passengers flying to and from Palma

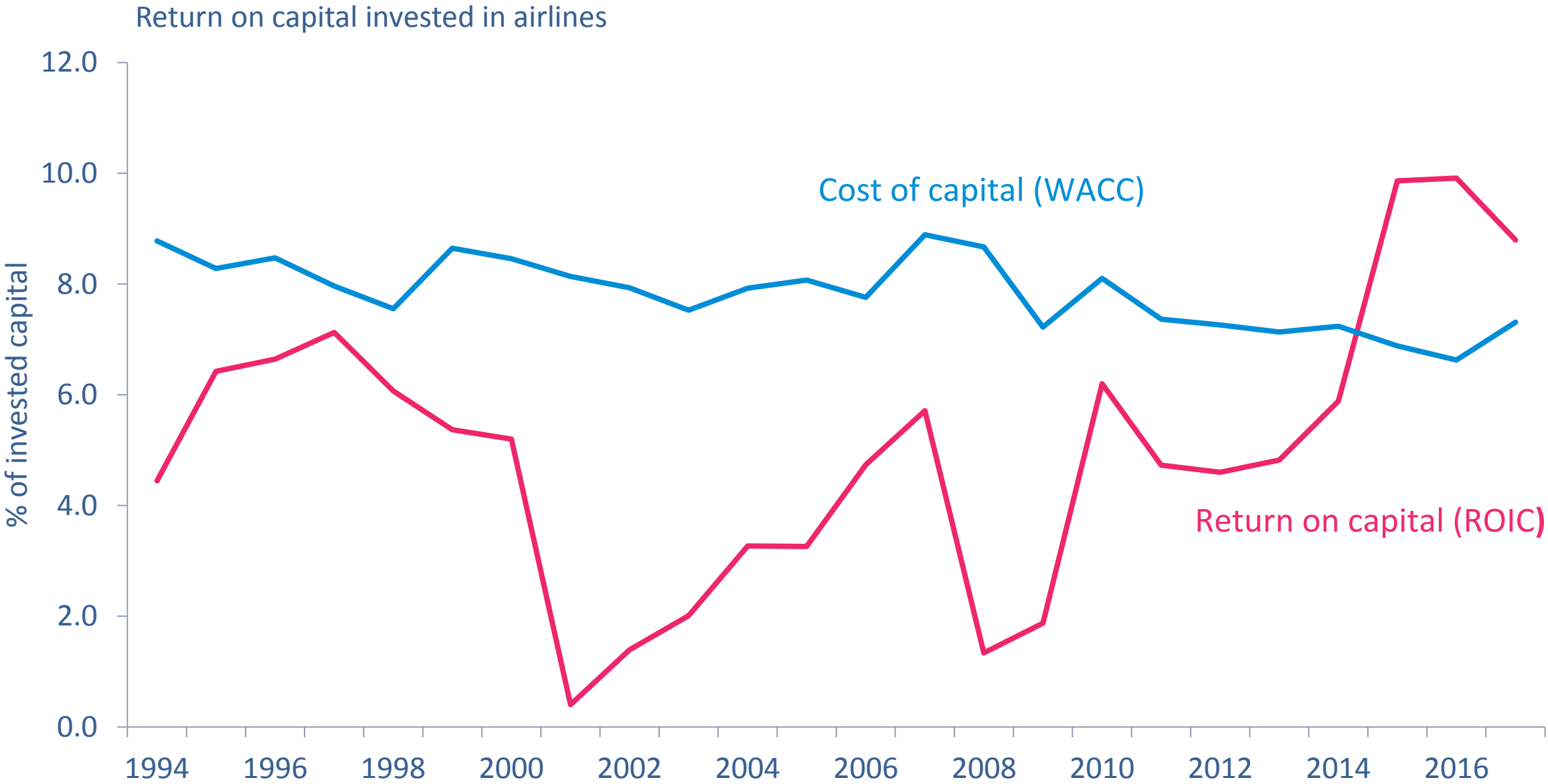


'Footloose'
passengers?
Transactions
data show
strong local
airport
preference



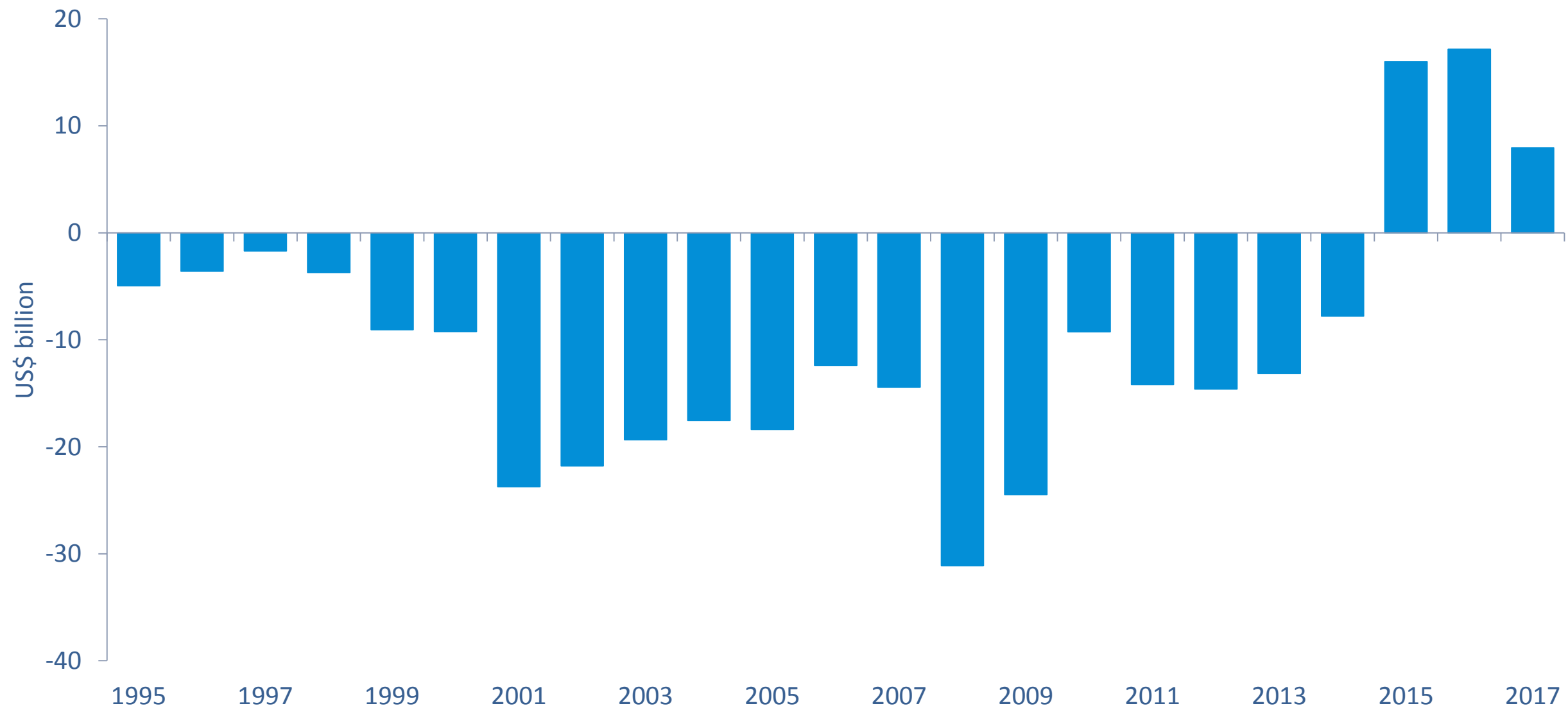
'Footloose' airlines?
(Slowing) route 'churn' reflects airline not
airport competition. Major switching costs

Airlines have seen above cost-of-capital returns – but mostly in the US

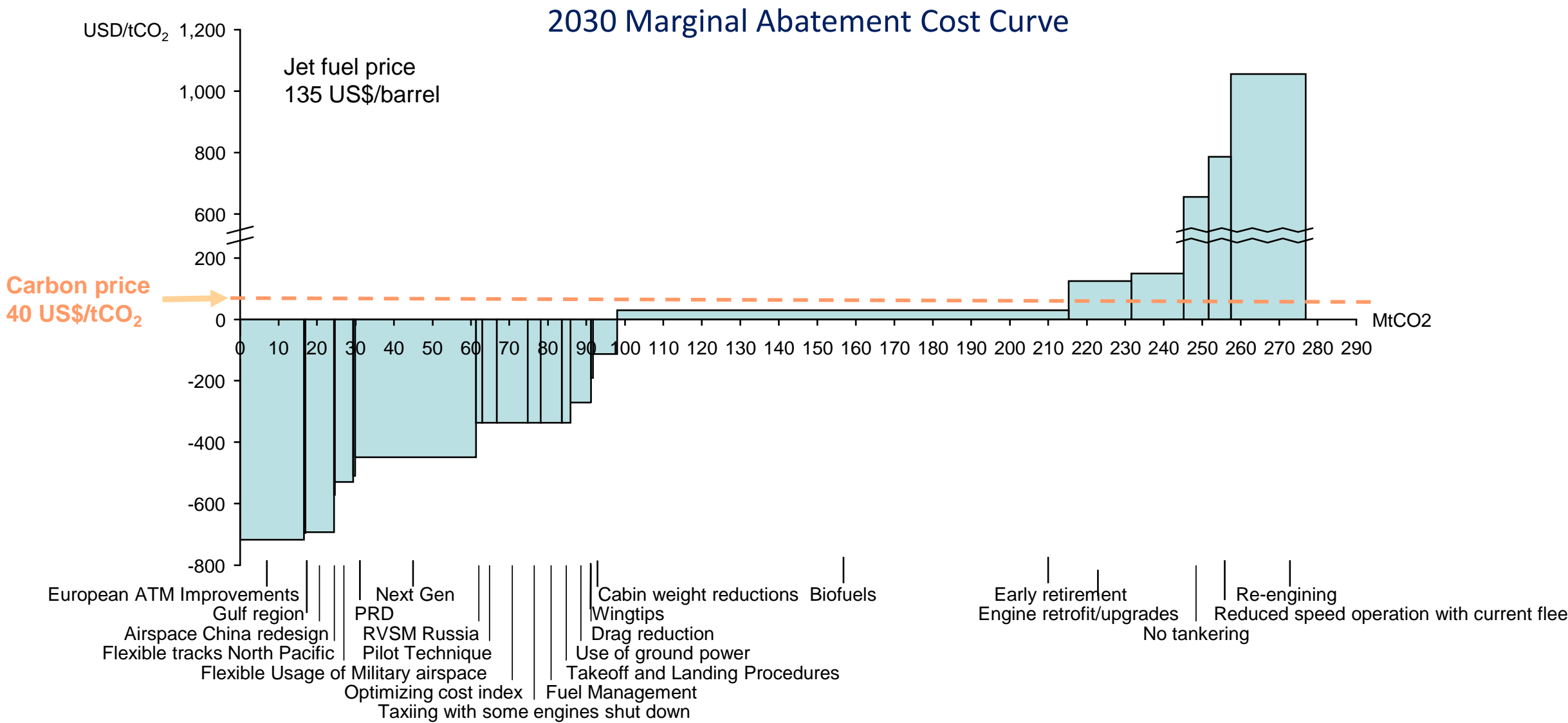


The bigger puzzle is how decades of capital destruction persisted

Difference between investing in airlines and investing in similar assets elsewhere

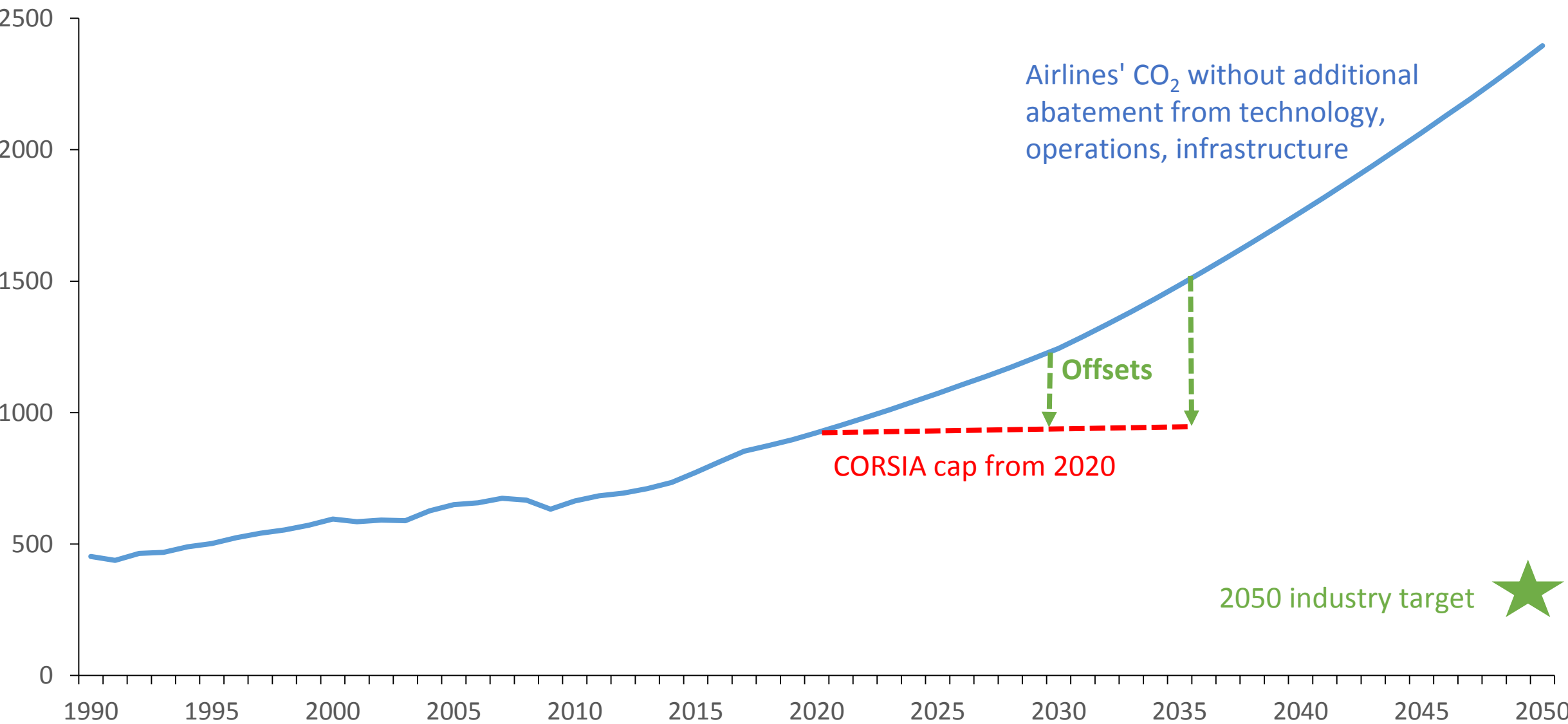


Climate change is a potential constraint – limited abatement options



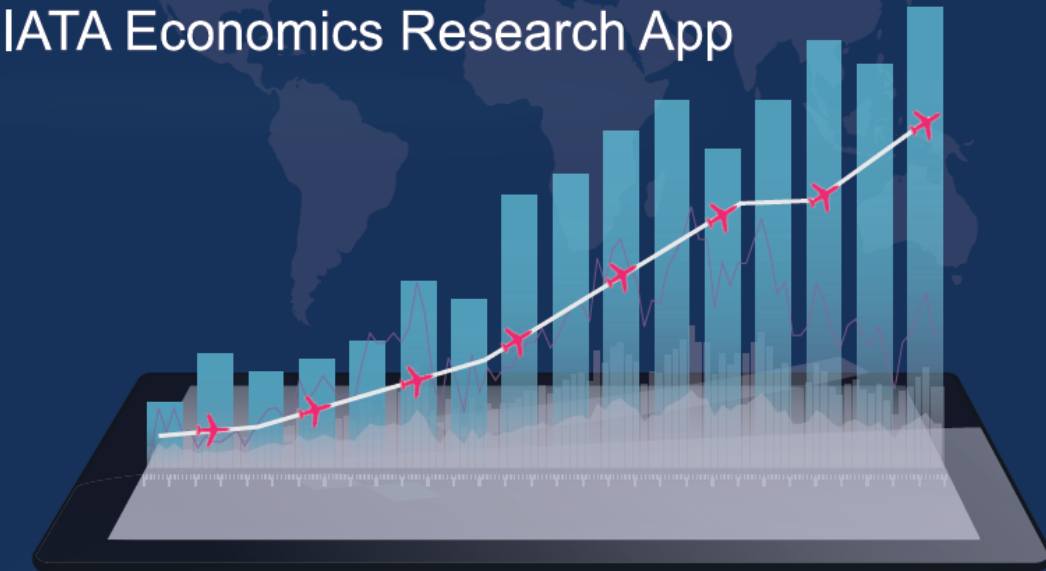
We need policy instruments to deliver low carbon aviation fuels

CO₂ emissions from worldwide commercial airlines, million tonnes



LOOKING FOR INSIGHTS INTO AIR TRANSPORT MARKETS AND ISSUES?

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