



IATA AVIATION DAY 27-28 OCT. 2015
MIDDLE EAST AND AFRICA
Competition and cooperation for mutual benefit

.....
Abu Dhabi
.....



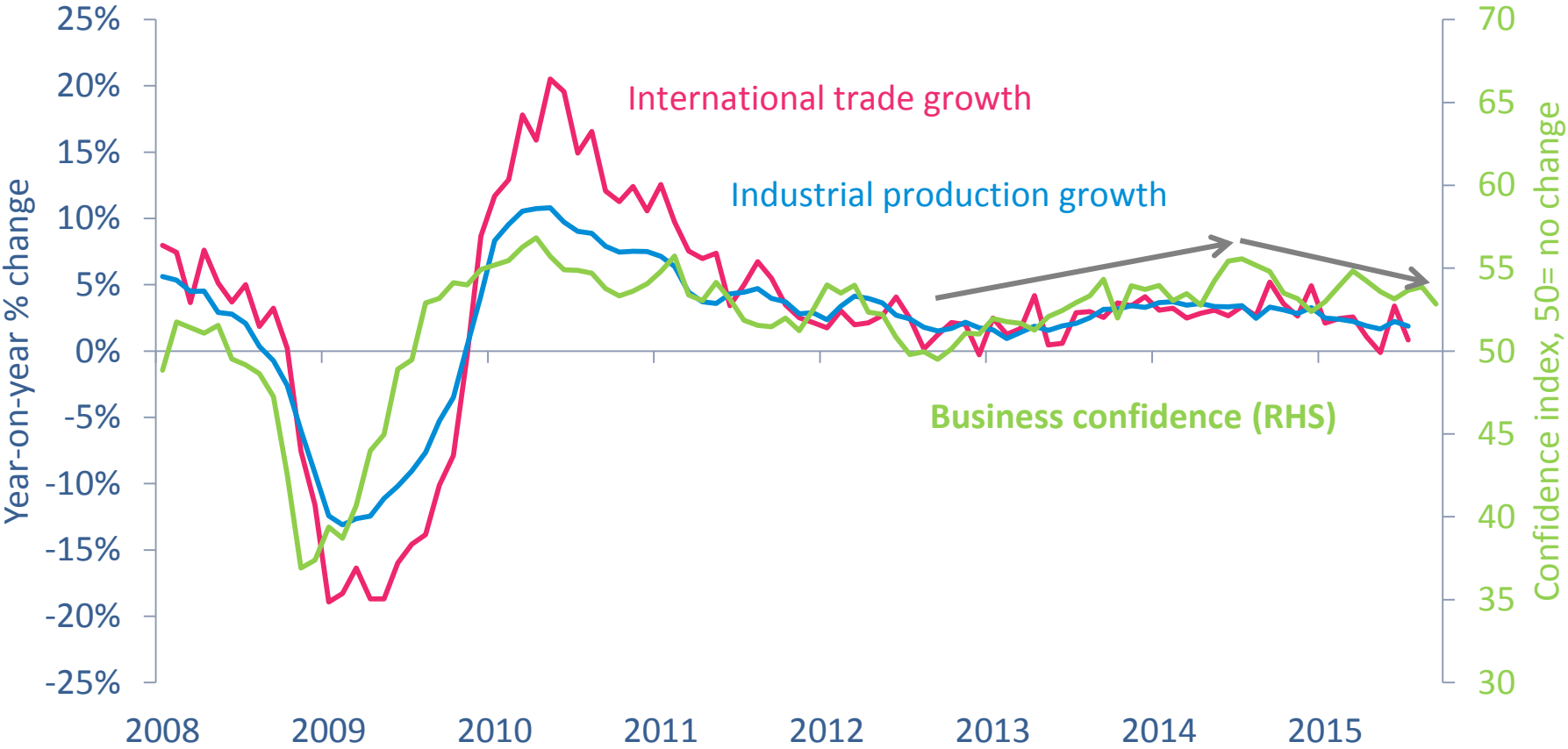
Global and Regional Outlook
Brian Pearce (Chief Economist, IATA)



Aviation key for diversification and development

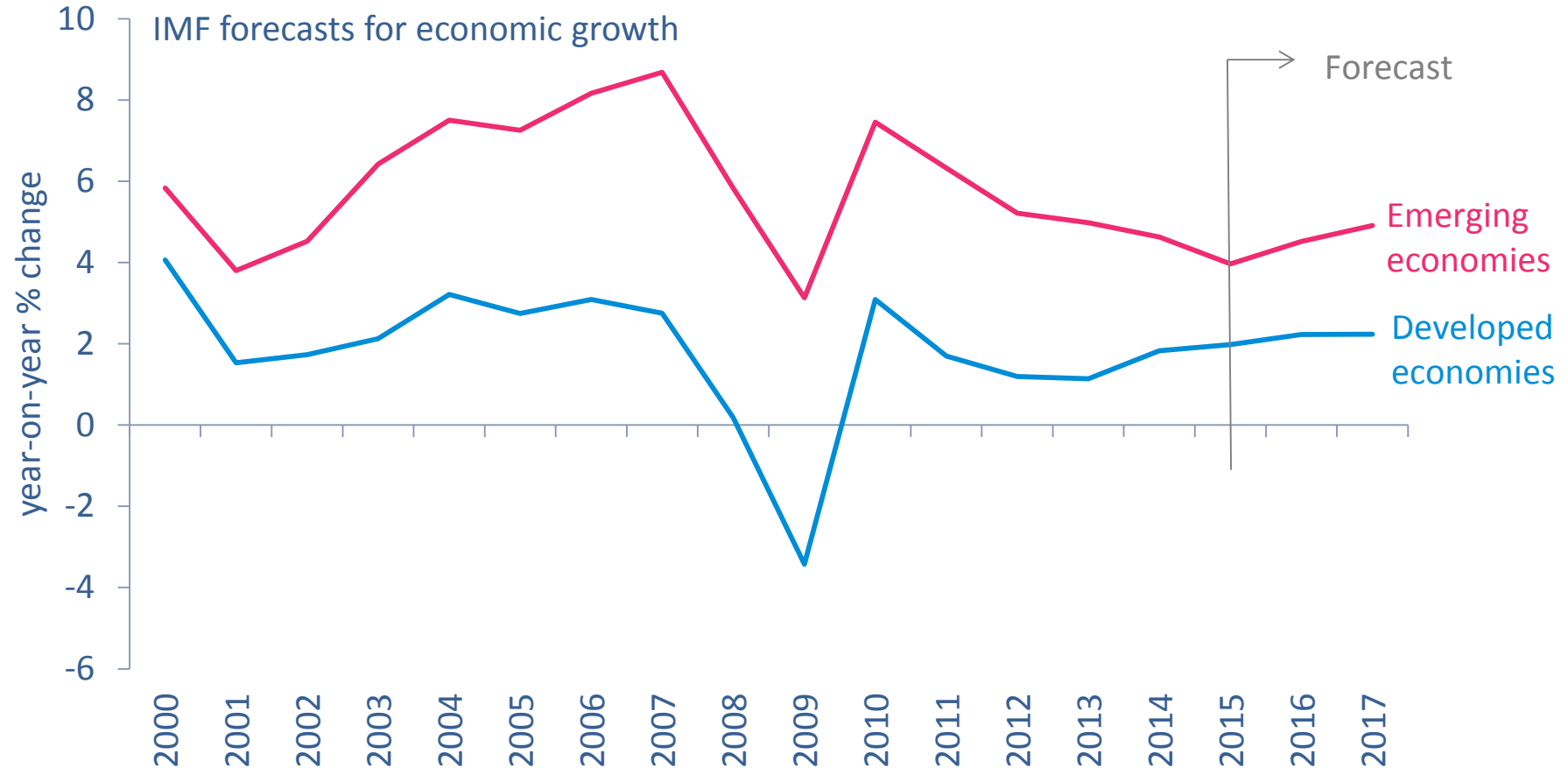
- Global outlook
- MENA regional situation
- The role of aviation in region's economic success

Global economic cycle has slowed

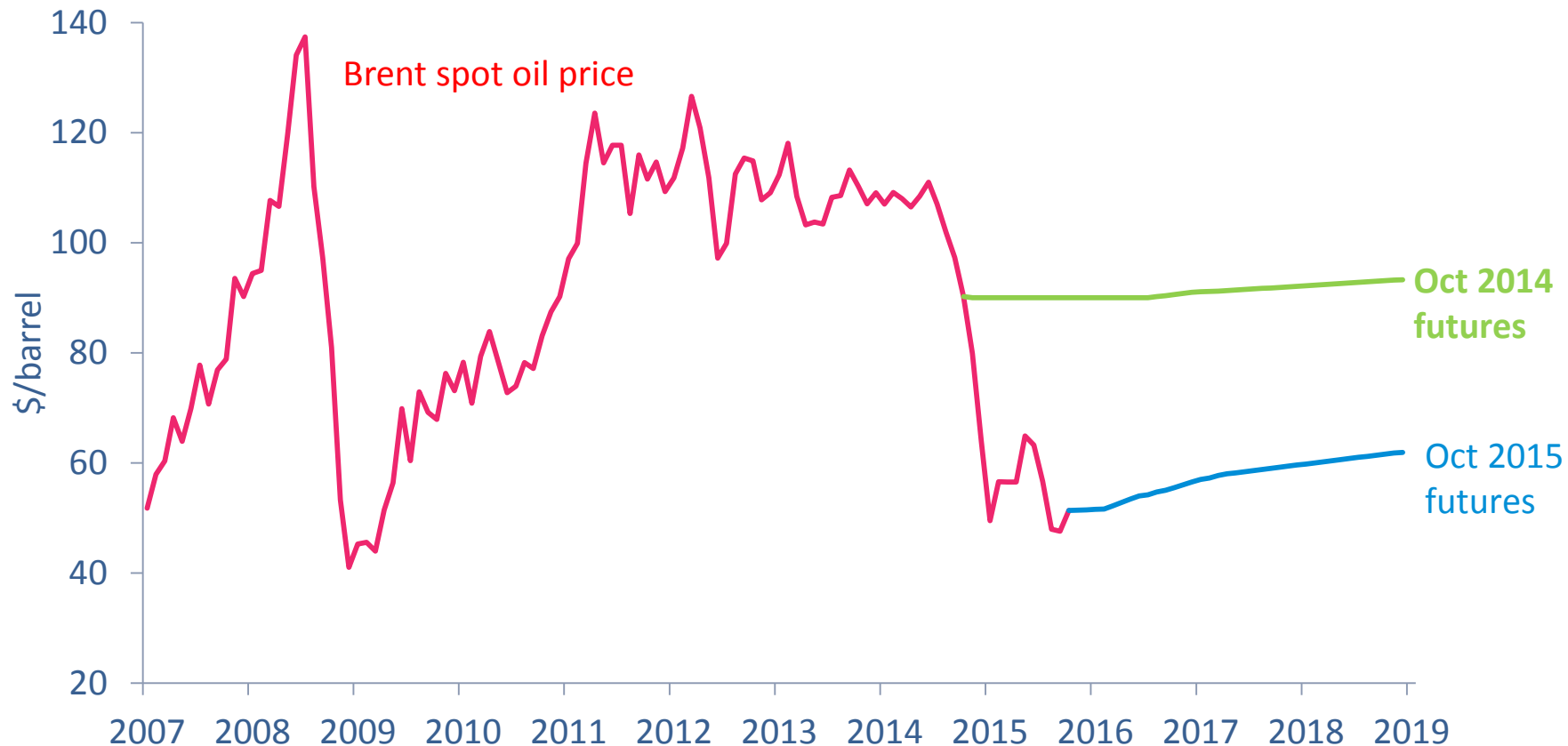


Source: Markit, Netherlands CPB

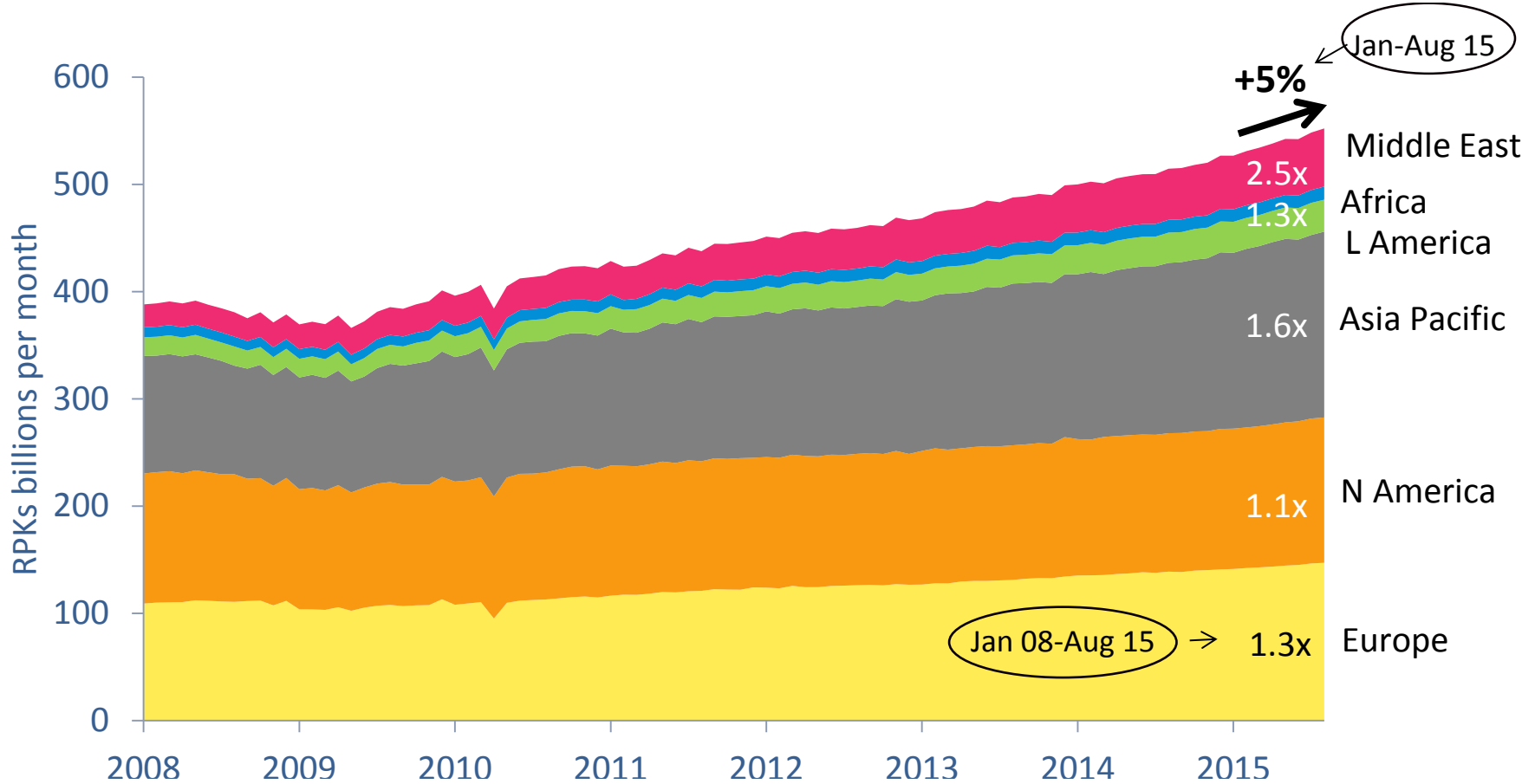
But moderately better growth is expected



Oil prices now expected to be lower for longer

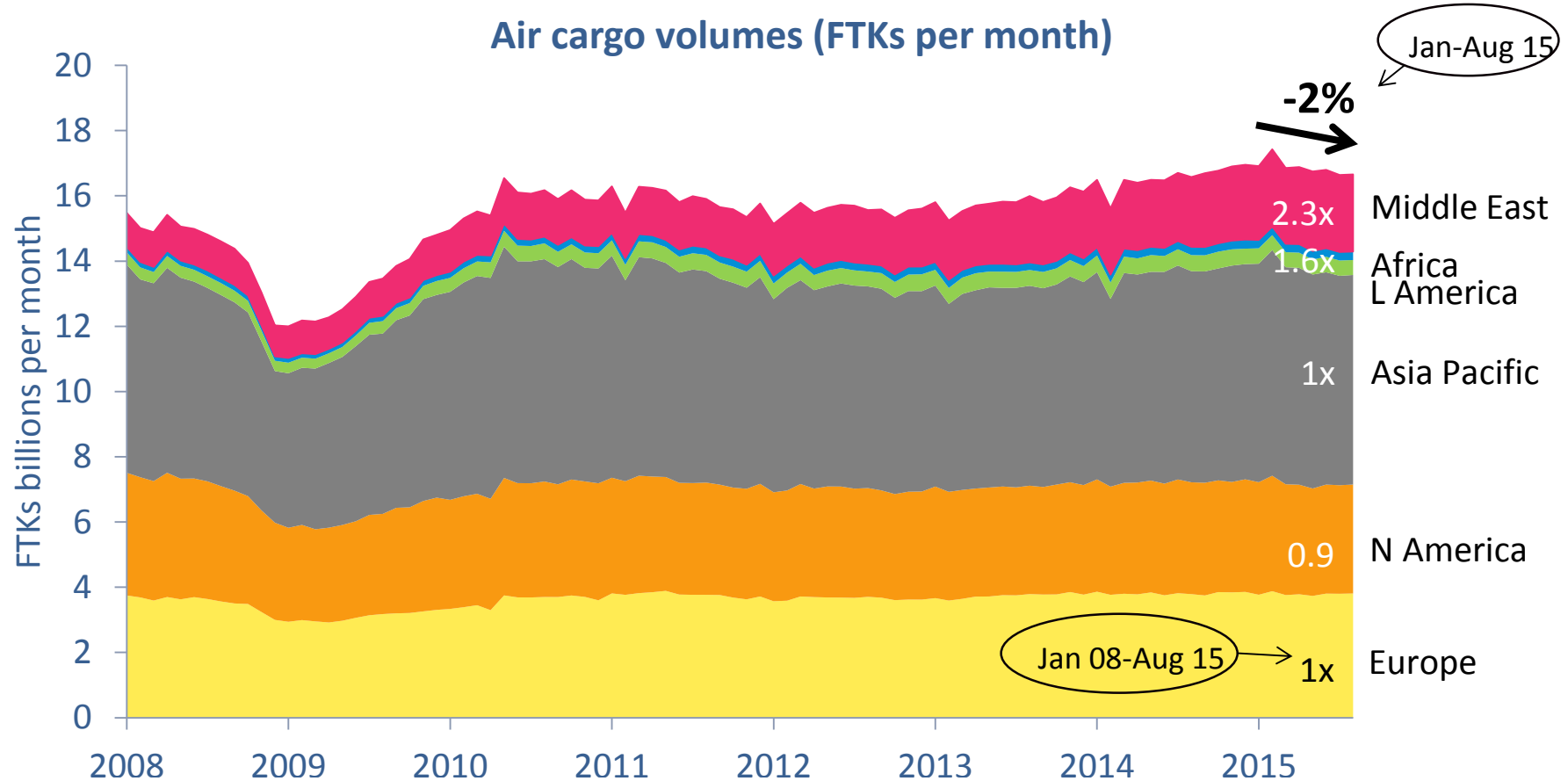


Net impact - air travel demand is strong



Source: IATA Monthly Statistics

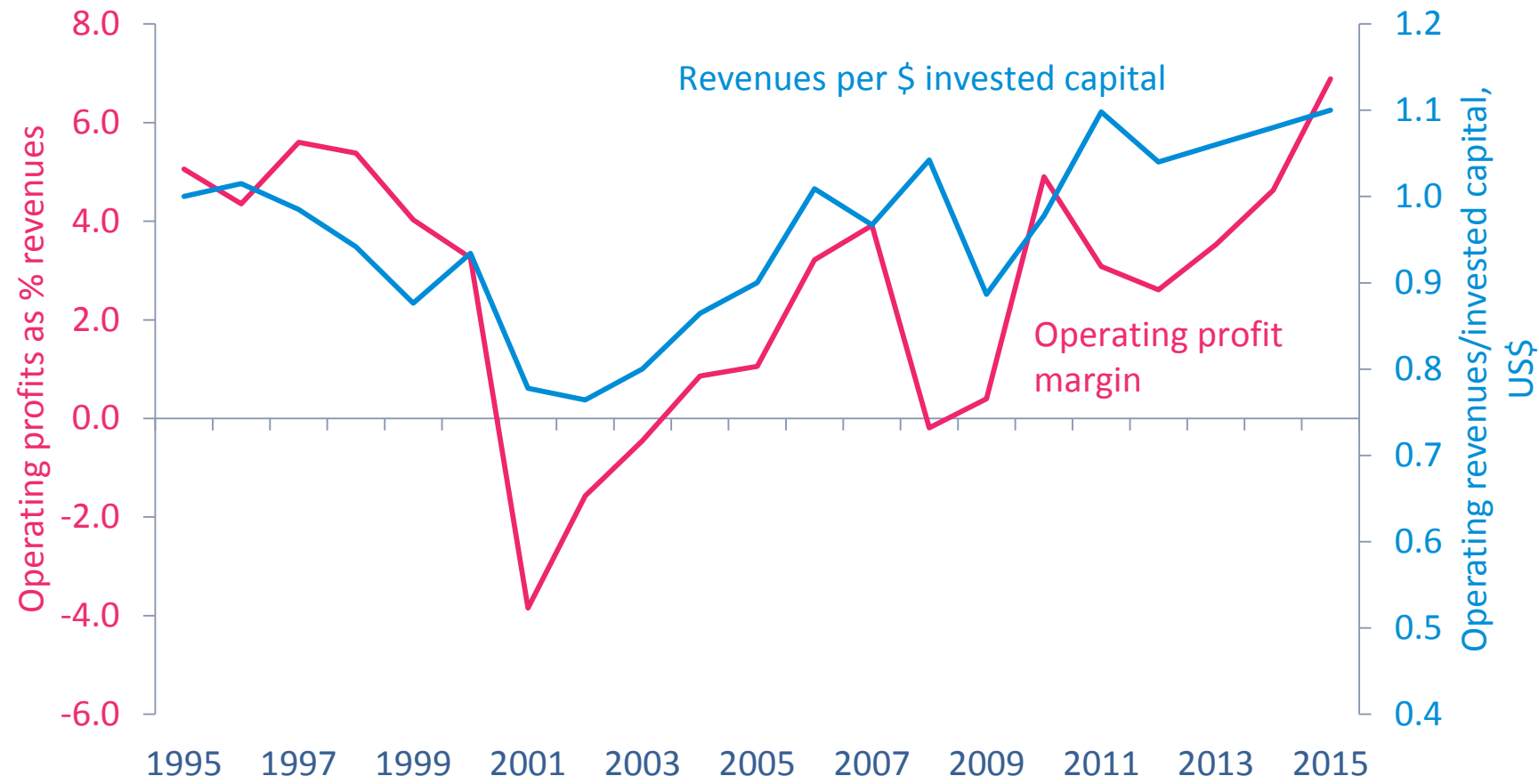
Cargo is weak but ME airlines bucking trend



Profits boosted by wider gap above break-even load factors

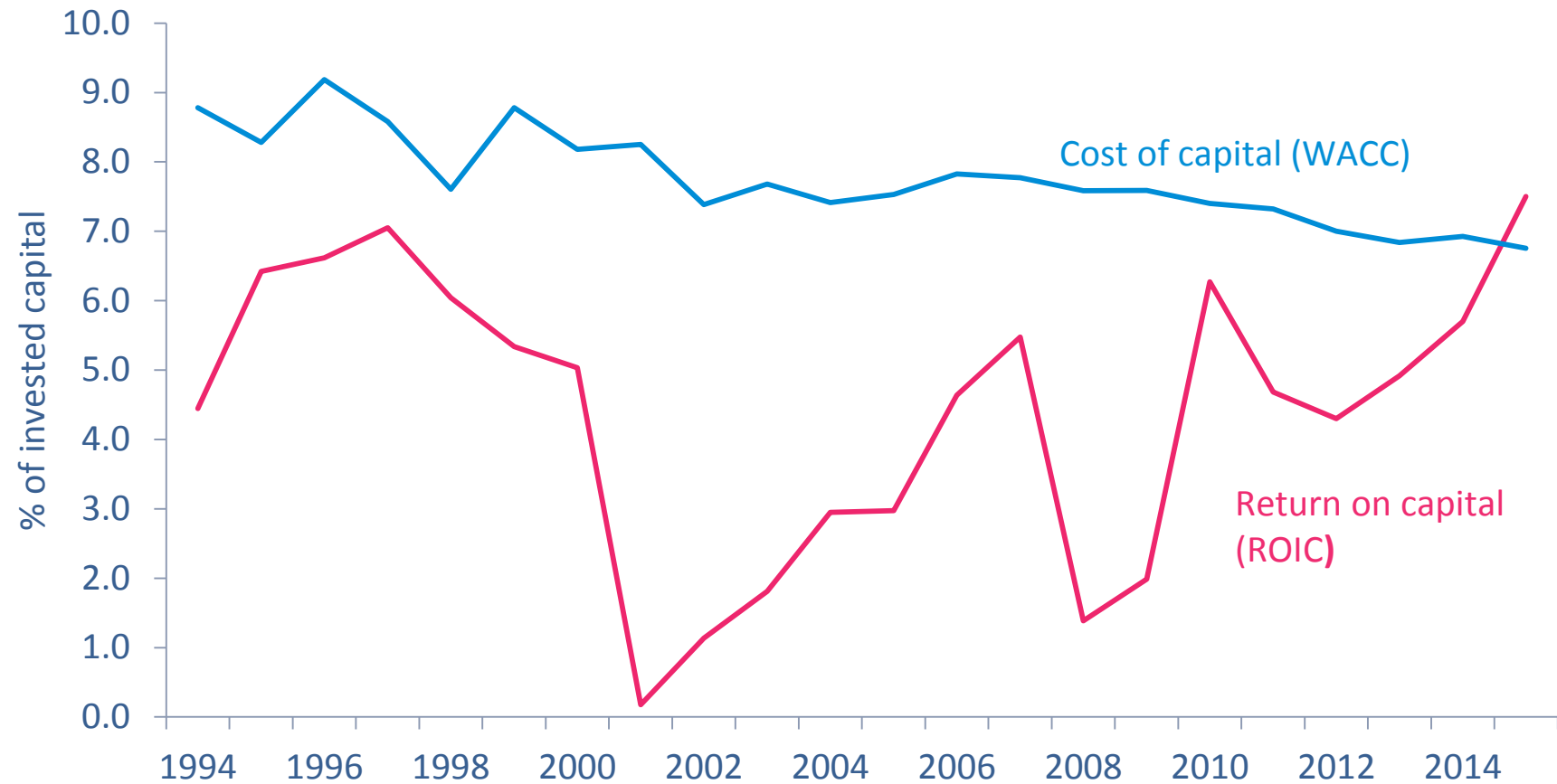


Airline capital is more productive and margins are higher



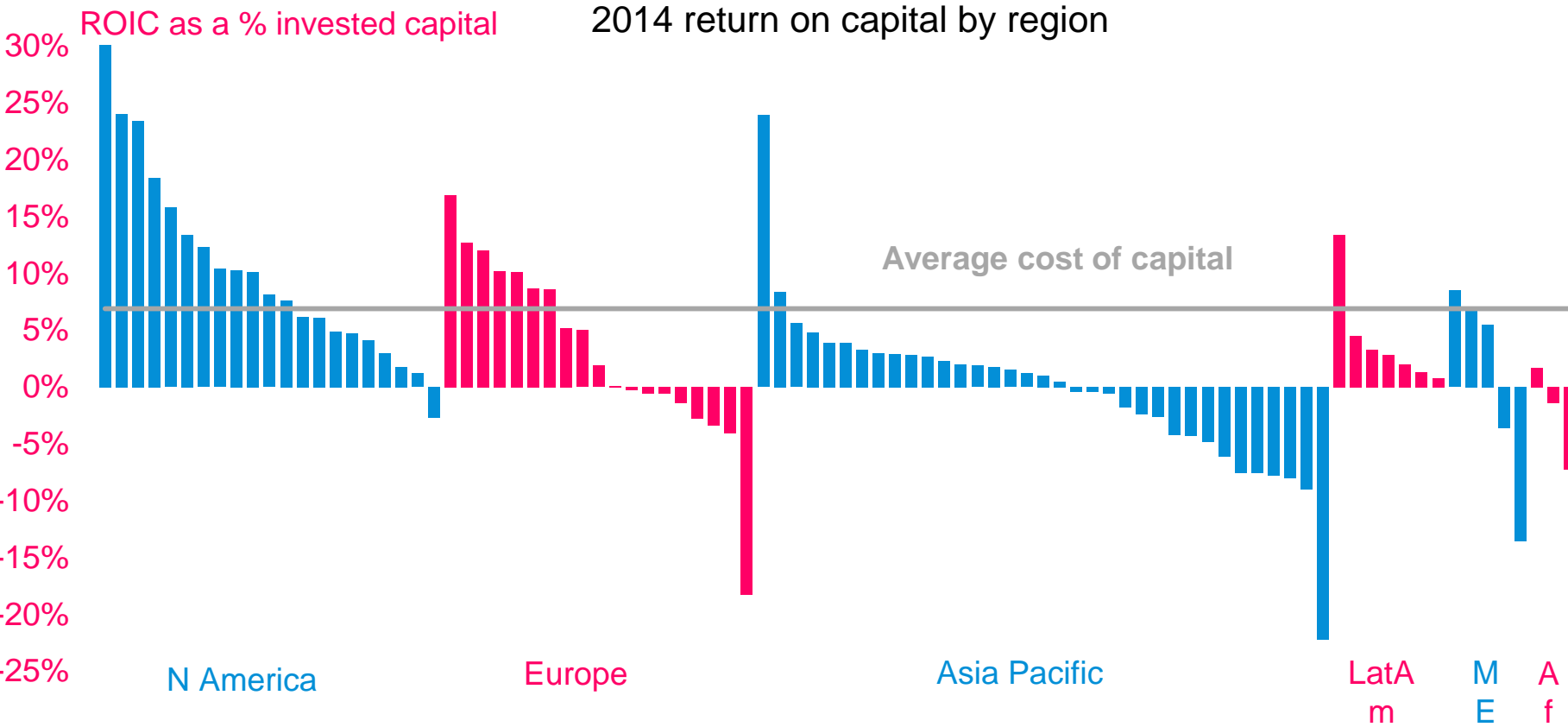
Source: IATA Economics

Airlines paying investors a 'normal' return for 1st time



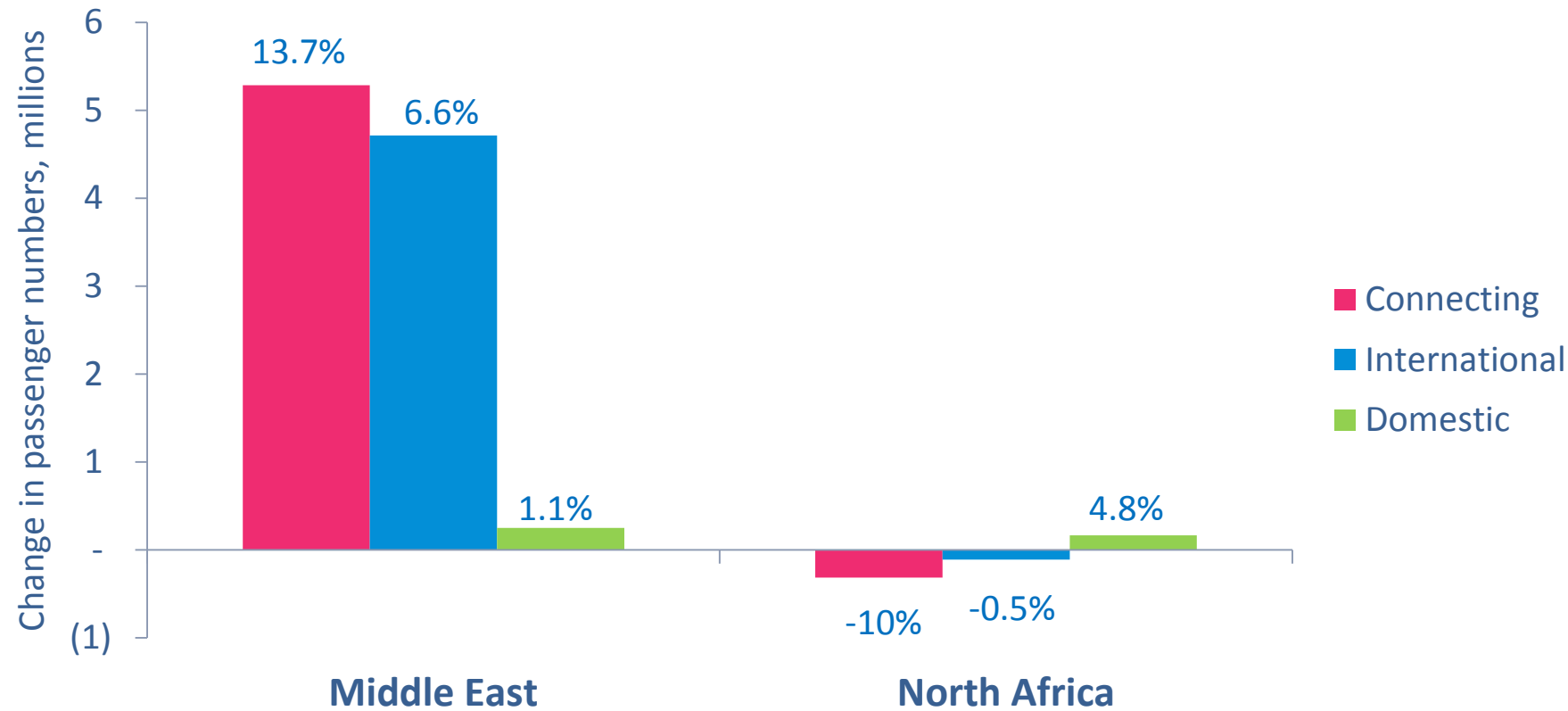
Source: McKinsey & Company, IATA Economics

But performance at the airline level is very diverse

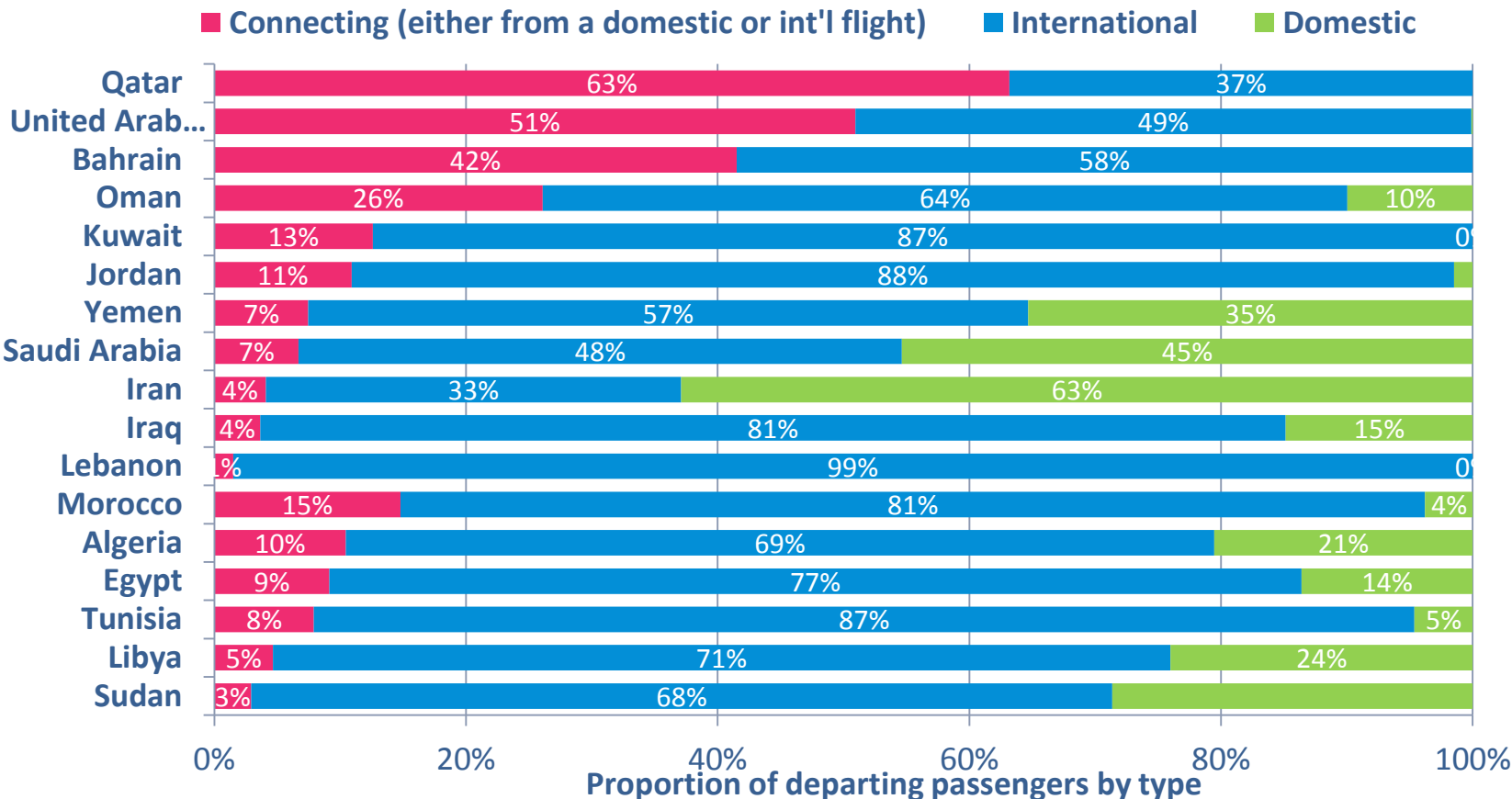


Very diverse MENA passenger market developments

Change in year to July 2015



Super-connectors, int. destinations & home markets mix



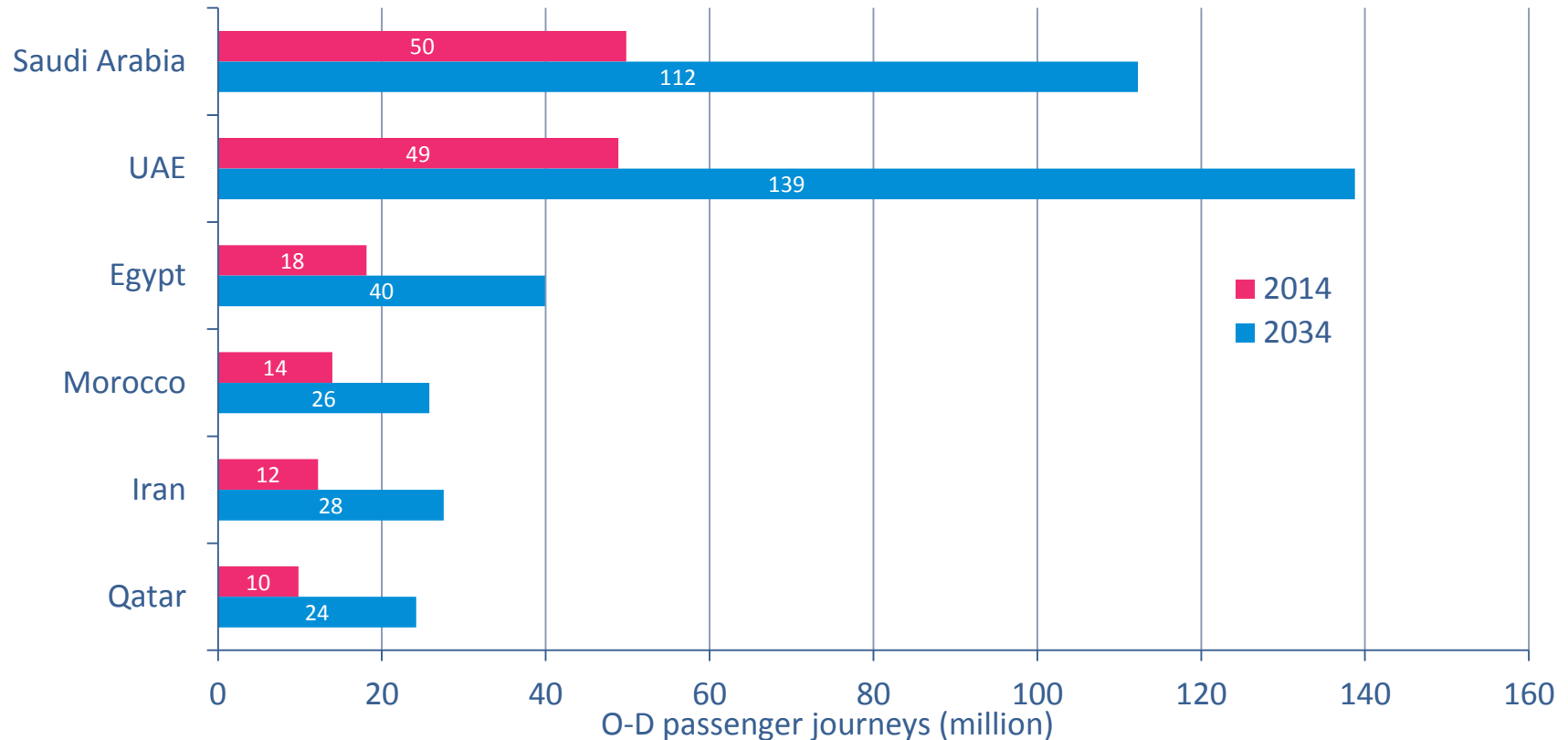
Source: PaxIS Plus

Long-haul network expansion continuing



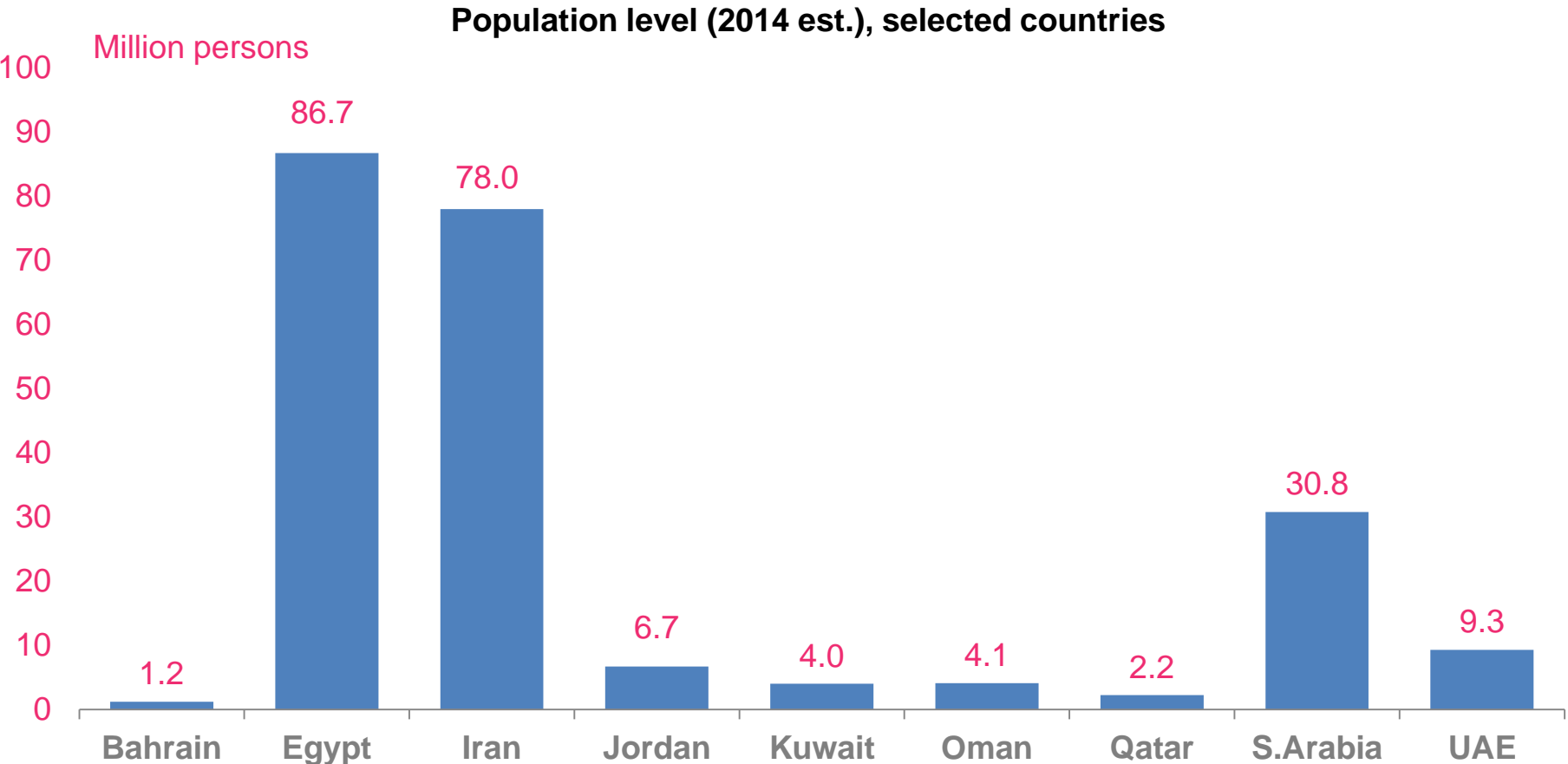
Source: SRS Analyser

Over the next 20 years significant O-D growth expected



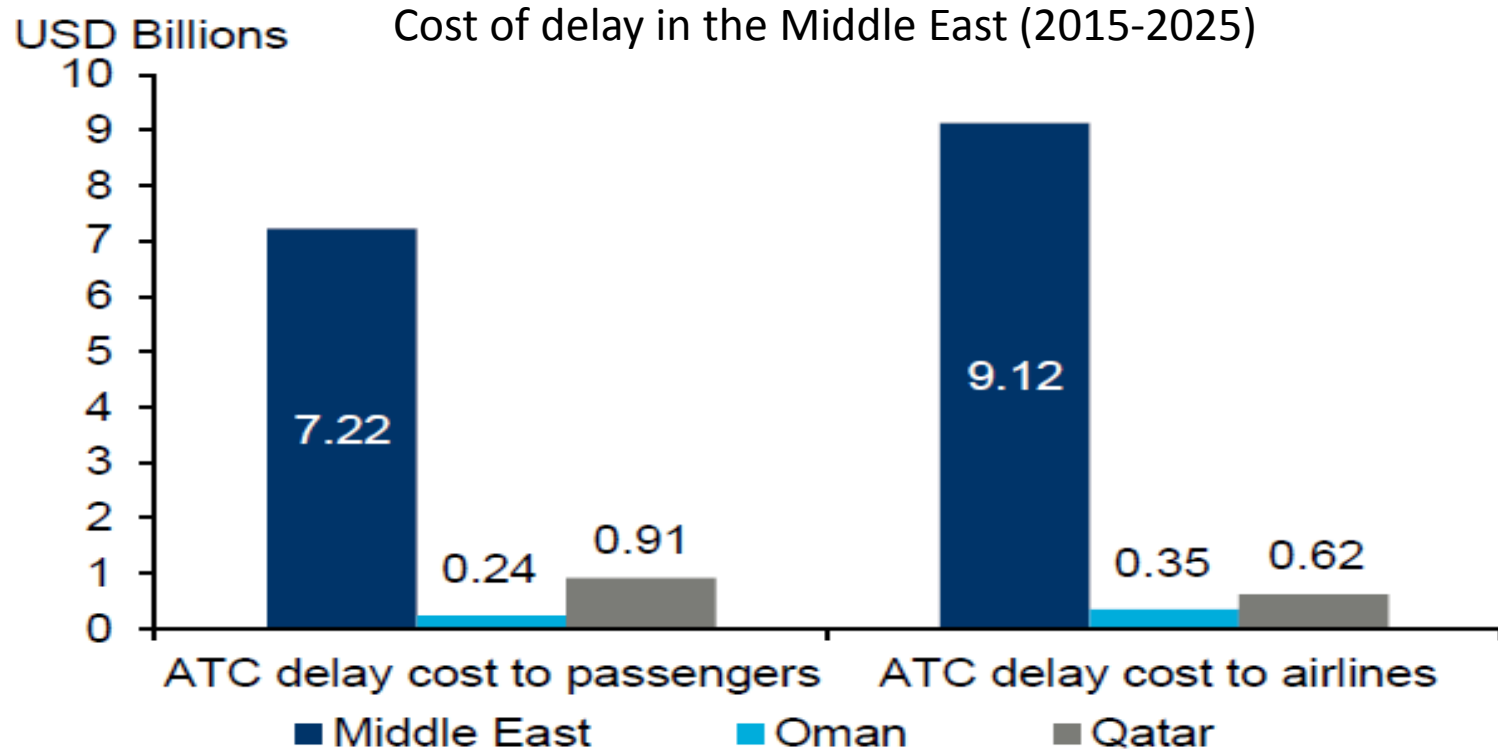
Source: IATA/Tourism Economics 'Air Passenger Forecasts' October 2015

Potential for Iran once sanctions lifted

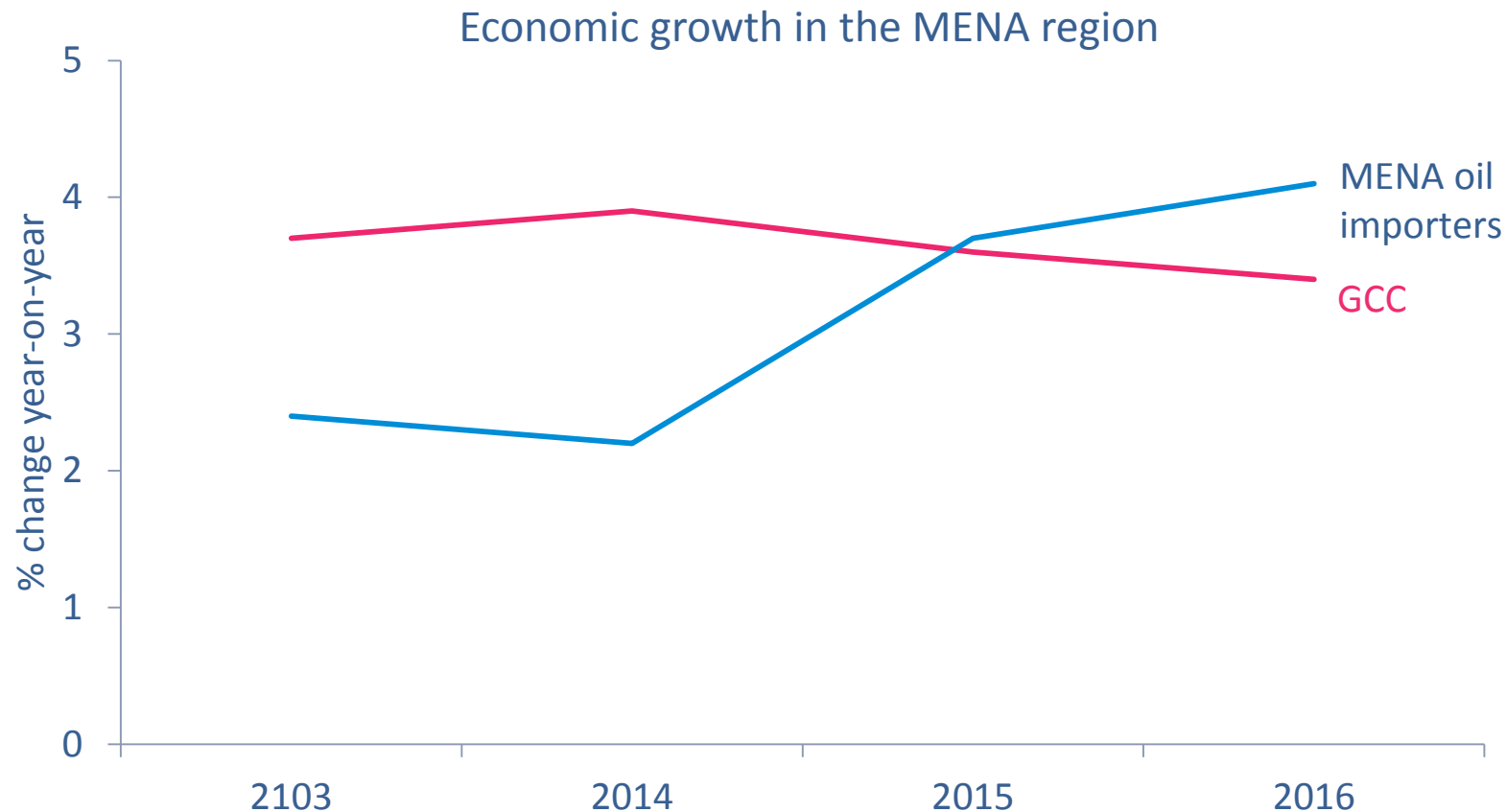


Source: Tourism Economics

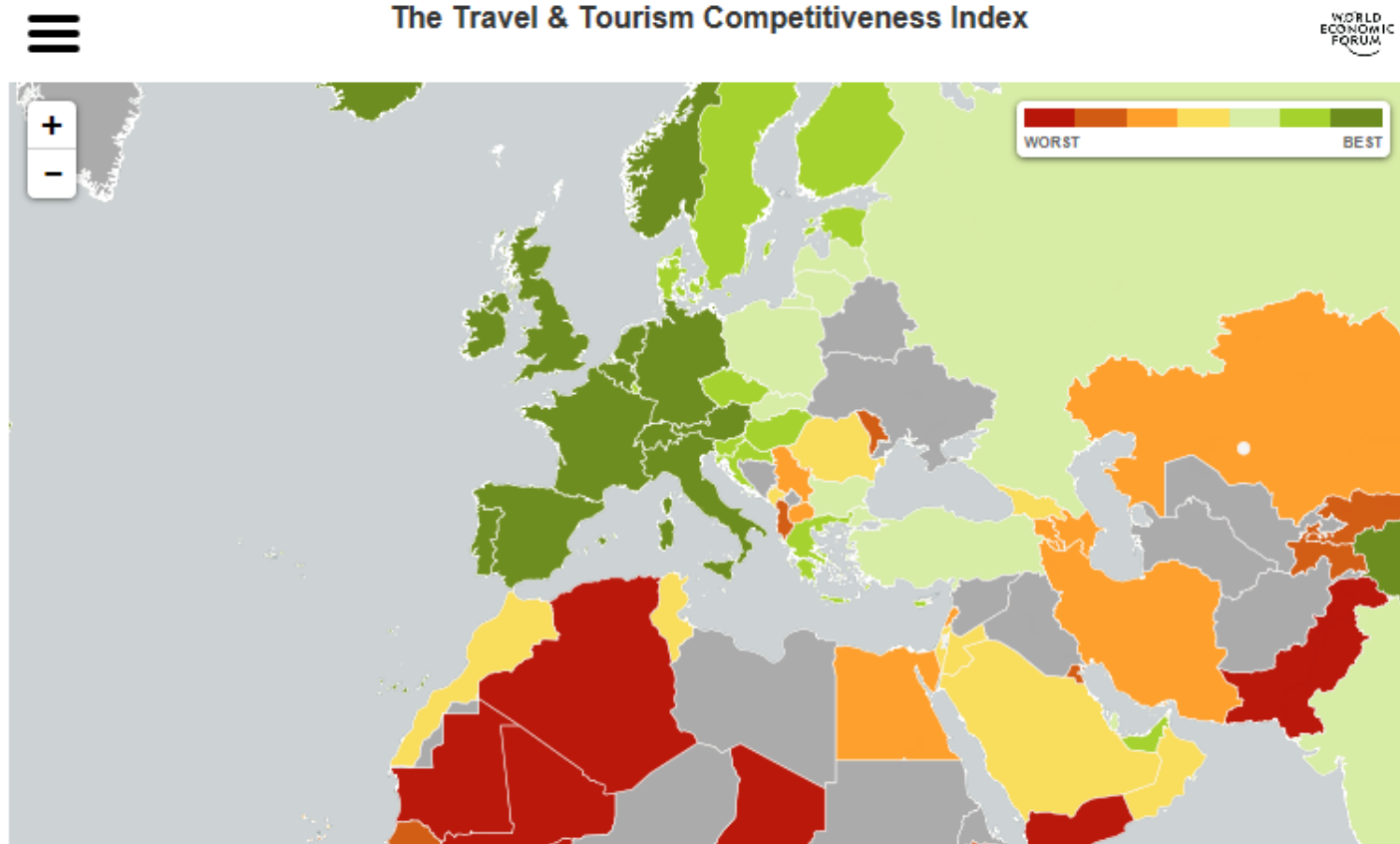
But infrastructure is not keeping up with airline expansion



Low oil prices harming GCC growth, boosting oil importers



But tourism attractiveness is challenged



Source: World Economic Forum, Travel & Tourism Competitiveness Report 2015

Aviation key for diversification and development

- Moderate global growth and low oil prices
- Record year for airline industry narrowly based
- Diverse market and airline performance
- Gulf super-connectors versus poor N African performance
- Strong aviation offers economic diversification and development
- But infrastructure not keeping up and delays are costly
- Experience for passengers and shippers needs attention



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