Air Transport Industry Outlook

MEADFA Conference

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IATA Sustainability and Economics

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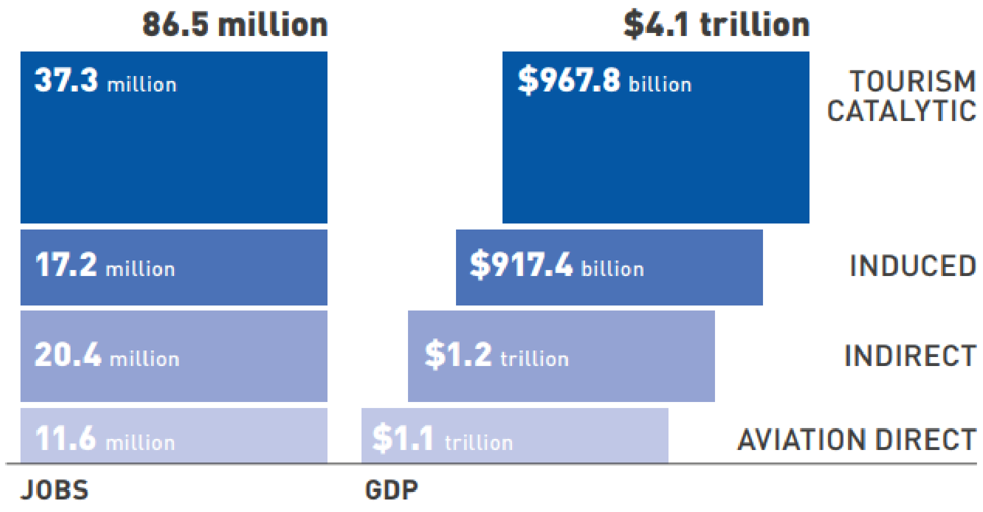
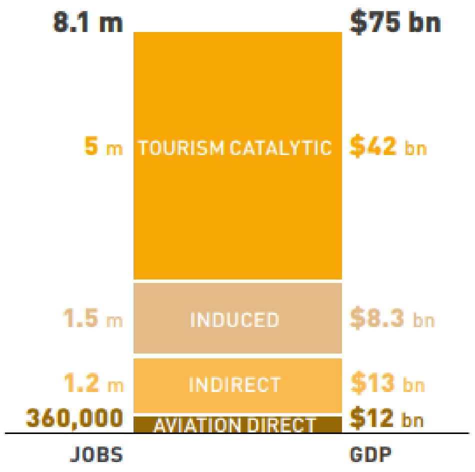
The air transport sector contributes to the global economic development

Aviation's employment and gross domestic product (GDP) impact

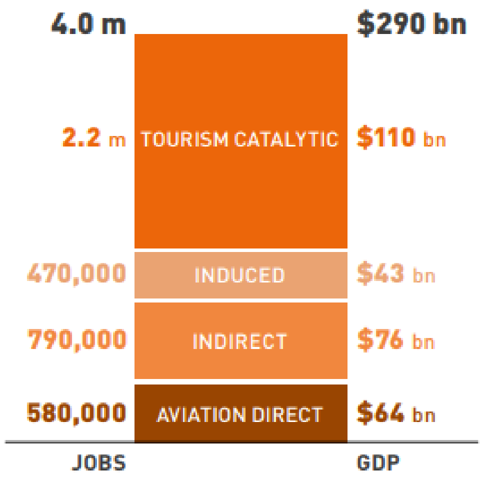
World



Africa



Middle East



The UAE is particularly reliant on aviation as it contributes more than 18% to the local economy

GDP contribution and employment within the aviation industry and tourism in UAE

92.0

USD billion contribution to GDP

18.2

% of GDP

992

thousand jobs

Airlines	Airports, ANSPs, civil manufacturing	Tourism supported by aviation
USD 17.5 bn	USD 9.1 bn	USD 22.0 bn
74,500 jobs	132,300 jobs	297,300 jobs

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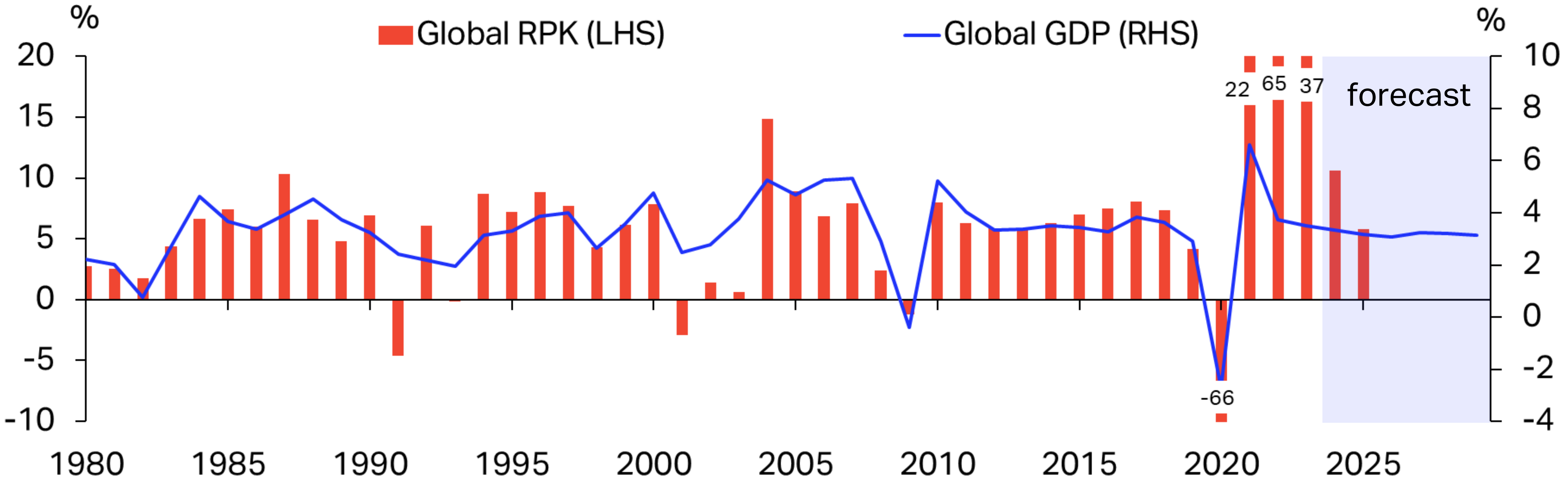
Global GDP Growth – trade is a drag

World RPK and GDP Growth Rate

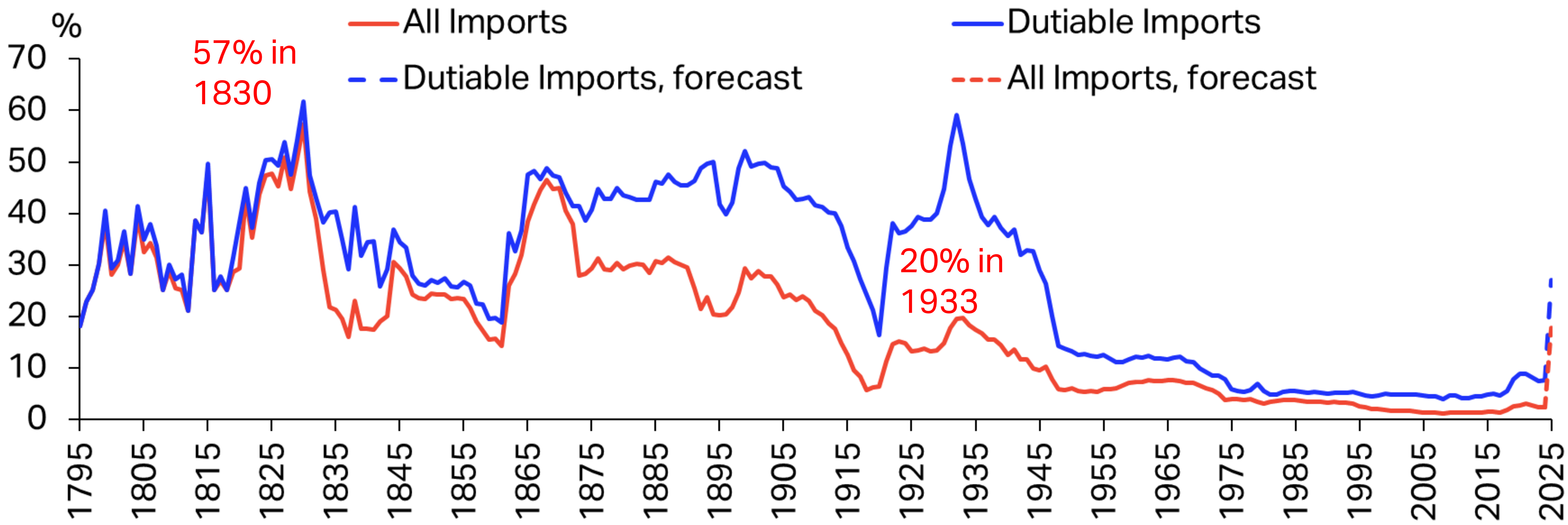


Source: IATA Sustainability and Economics, IMF World Economic Outlook, October 2025

Higher tariff could increase costs across all shipping methods

And reduce the value-to-weight ratio

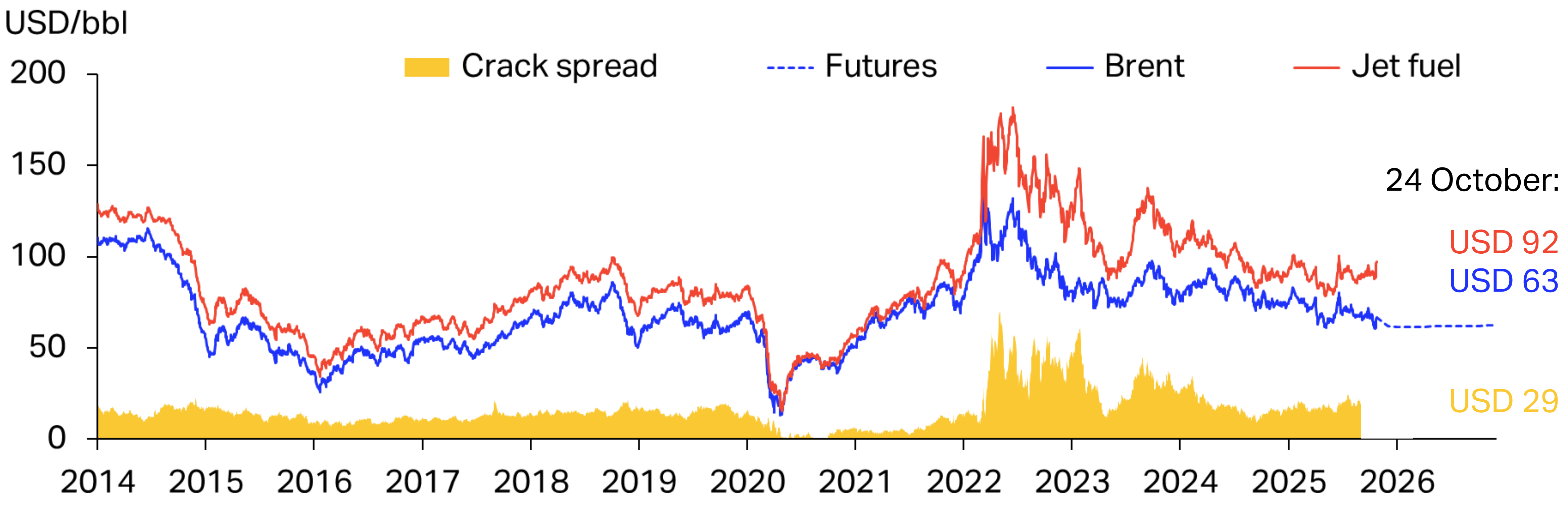
Average tariff rate in the US on imports, %, 1795-2025



Source: IATA Sustainability and Economics, PIIE, US International Trade Commission

Good that lower oil prices can now support GDP growth

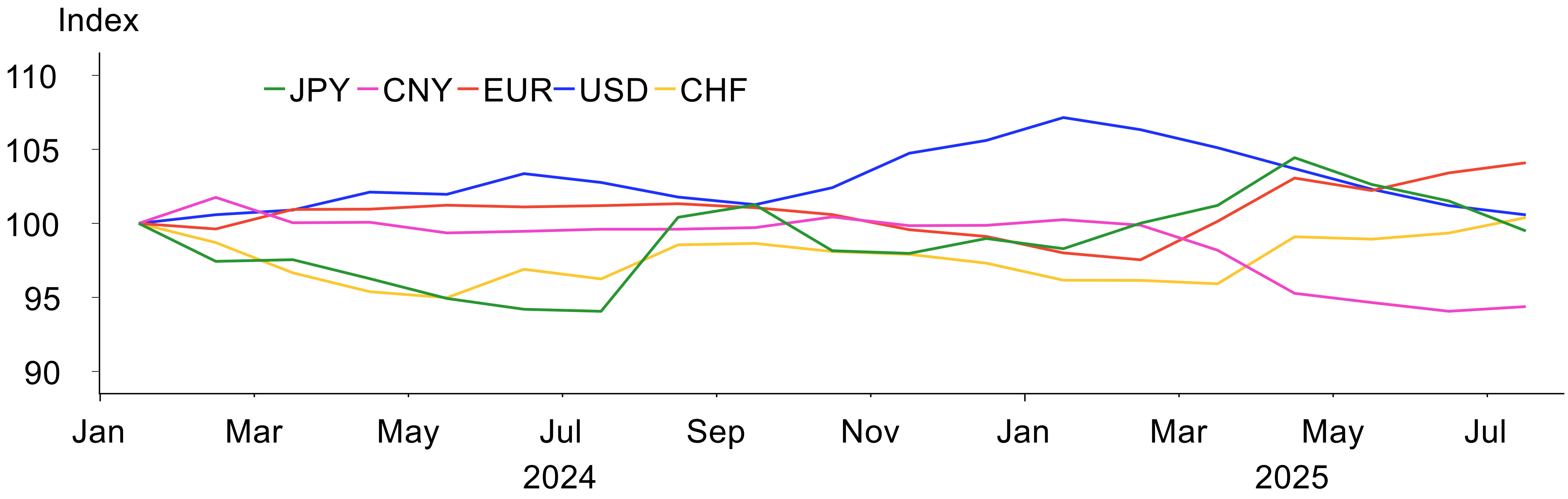
Jet Fuel Price vs Crude Oil Price, USD per barrel



Source: IATA Sustainability and Economics, Platts – Global Commodity Insights, ICE

Weaker USD = lesser debt burden outside US

Real Effective Exchange Rate Index, Broad, Jan 2024=100

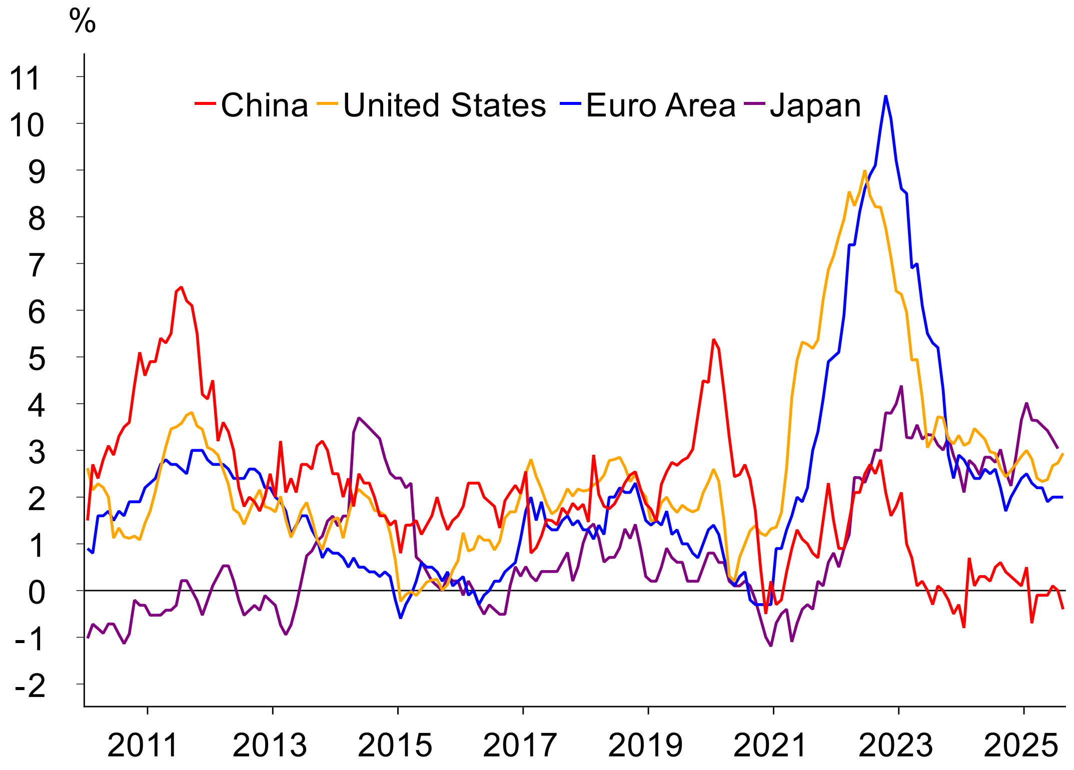


Source: IATA Sustainability and Economics, The Bank for International Settlements, Macrobond

Inflation is a big concern in some African countries

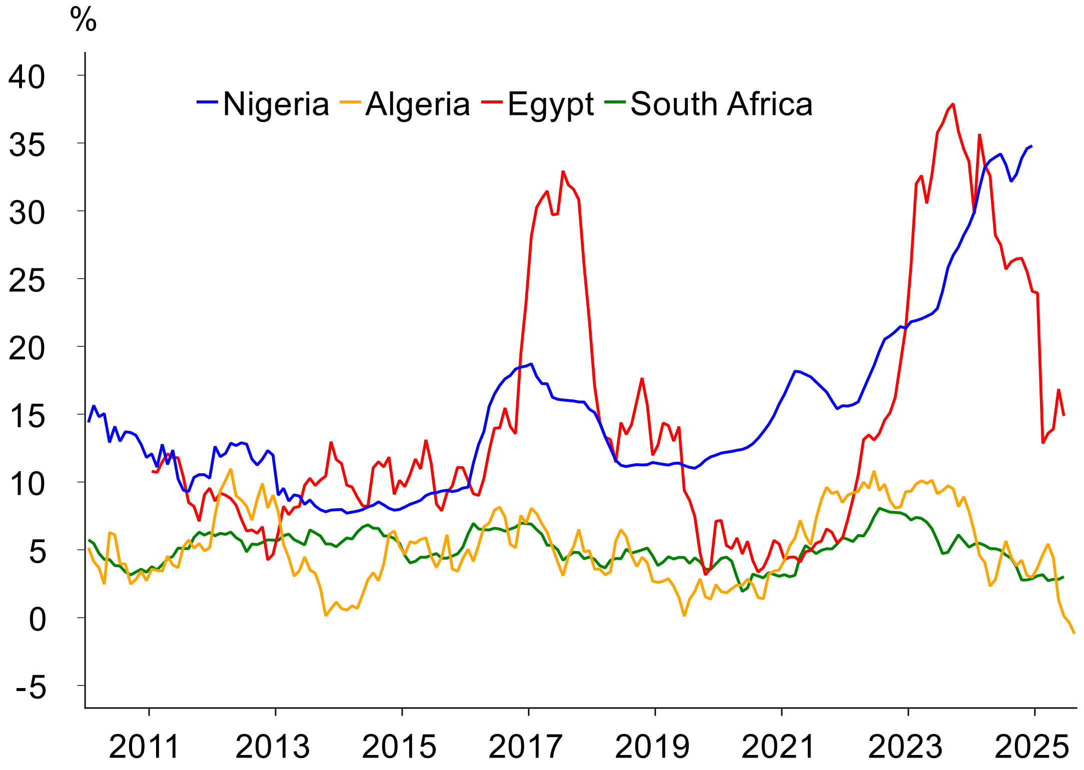
Inflation rate, % YoY, 2010-2024

Major Economies



Source: Macrobond

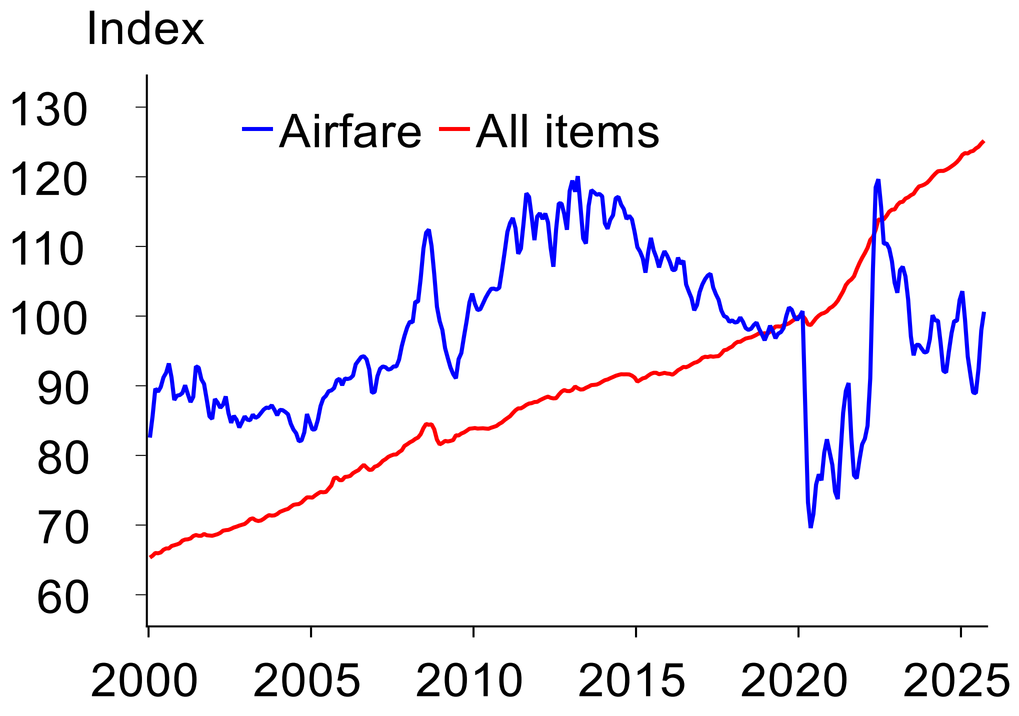
Major African economies



Source: Macrobond

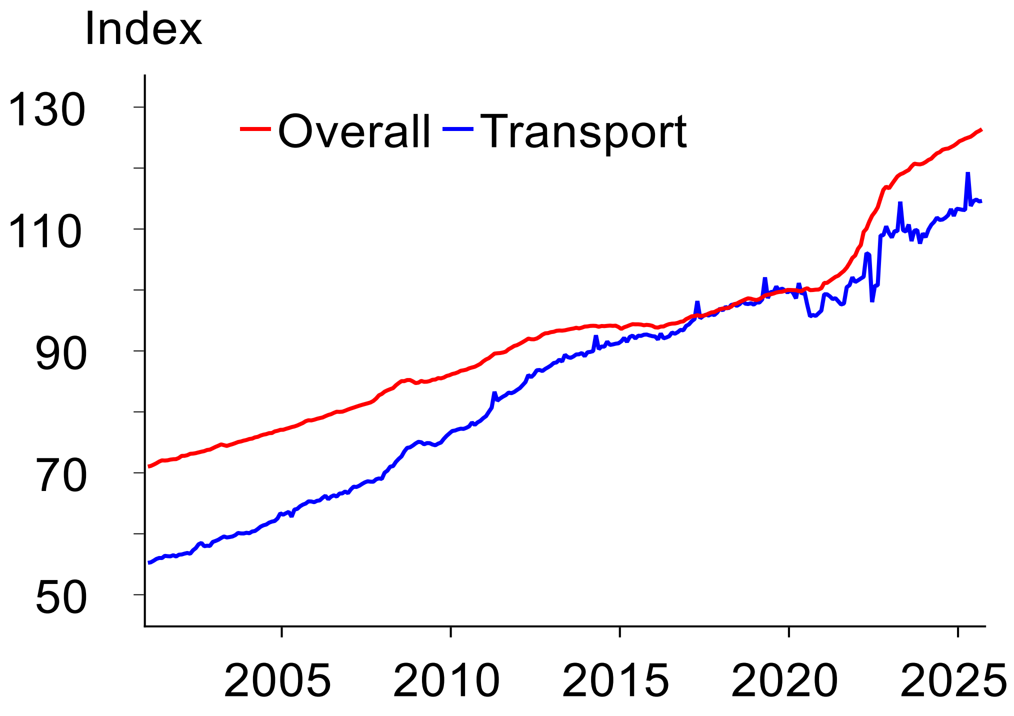
Air fares continues to grow slower than inflation

US CPI Index, Jan 2020=100



Source: IATA Sustainability and Economics, US Bureau of Labor Statistics

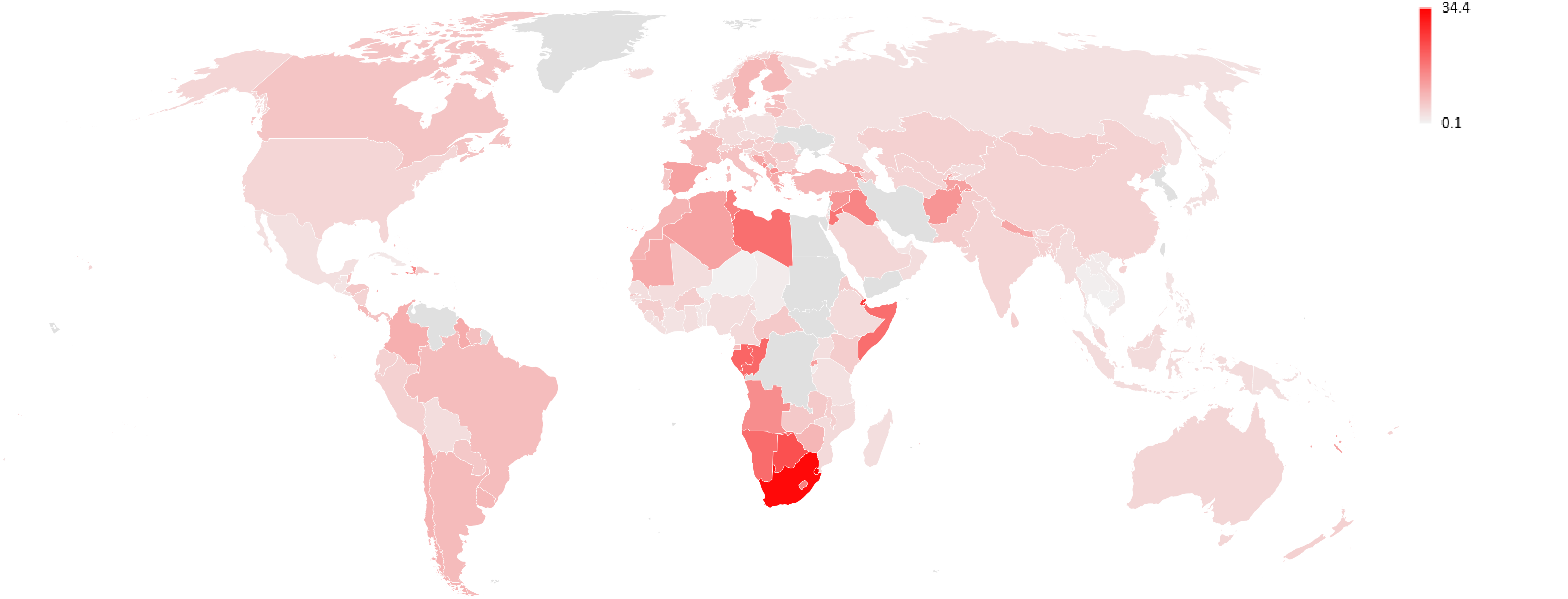
EU CPI Index, Jan 2020=100



Source: IATA Sustainability and Economics, European Central Bank

Unemployment is a big concern mainly in Africa

Unemployment rate, % of labor force, 2024

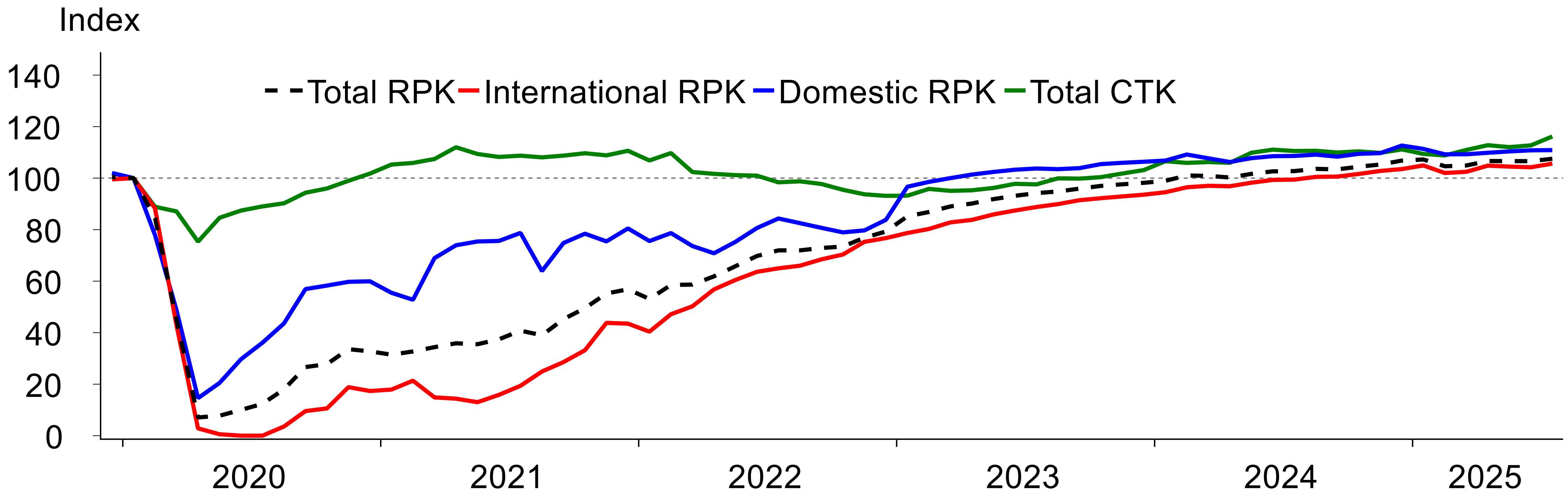


Source: IATA Sustainability and Economics, World Bank, World Development Indicators

Air Passenger & Cargo Traffic

Demand for air transport is growing but more slowly

Industry RPKs and CTKs, Seasonally Adjusted, Indexed to Jan 2020 = 100

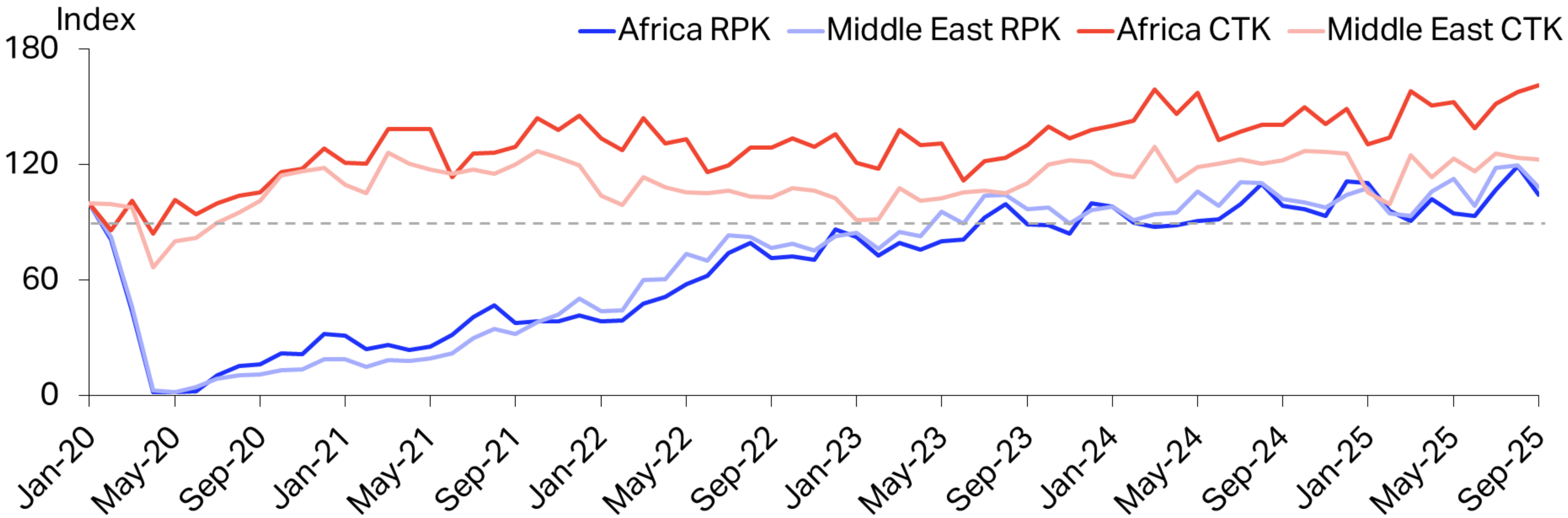


Source: IATA Sustainability and Economics, IATA Information and Data – Monthly Statistics

RPK: Revenue Passenger-Kilometers; CTK: Cargo Tonne-Kilometers

With more robust cargo traffic in the region

African and Middle Eastern carriers RPK and CTK, Seasonally Adjusted, Jan 2020 = 100

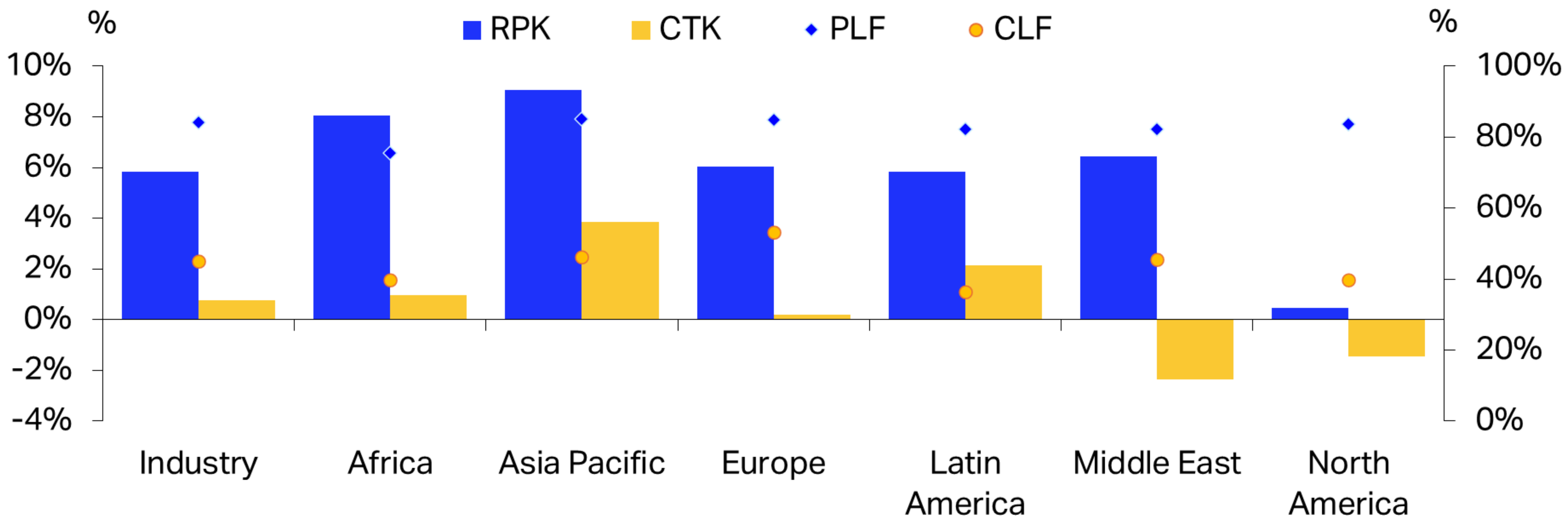


Source: IATA Sustainability and Economics, IATA Monthly Statistics

RPK: Revenue Passenger-Kilometers; CTK: Cargo Tonne-Kilometers

Regions face different outcomes with Asia Pacific leading traffic growth in 2025

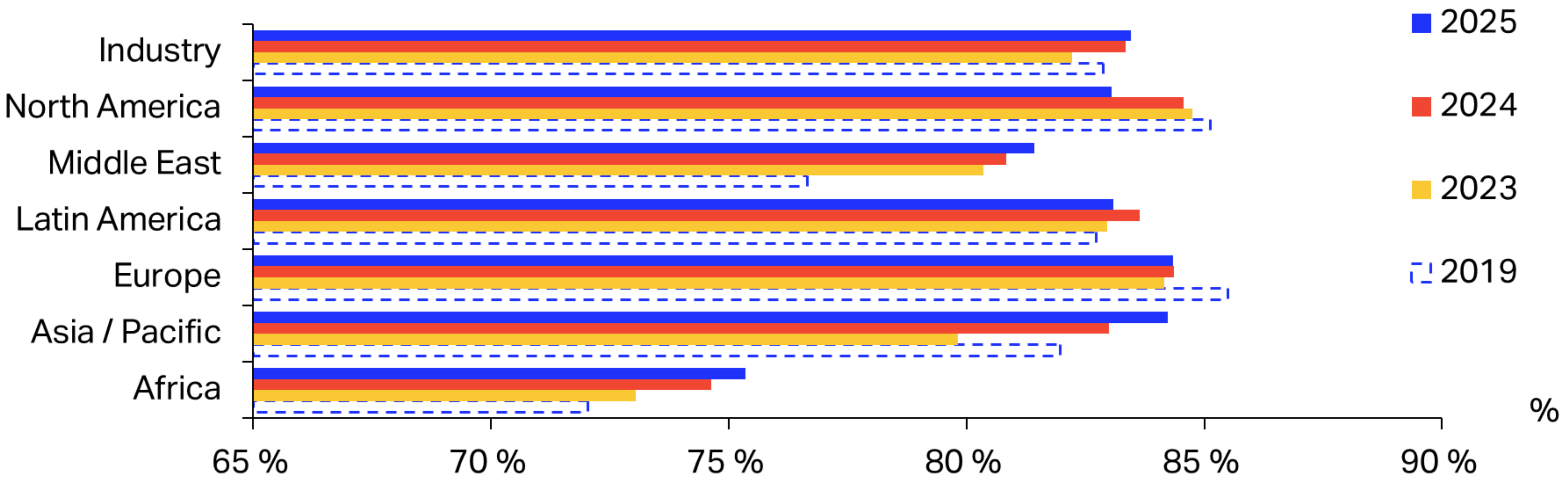
Passenger and cargo growth rates, % and corresponding load factors, %



Source: IATA Sustainability and Economics, IATA Information and Data – Monthly Statistics

Load factors globally continue to rise

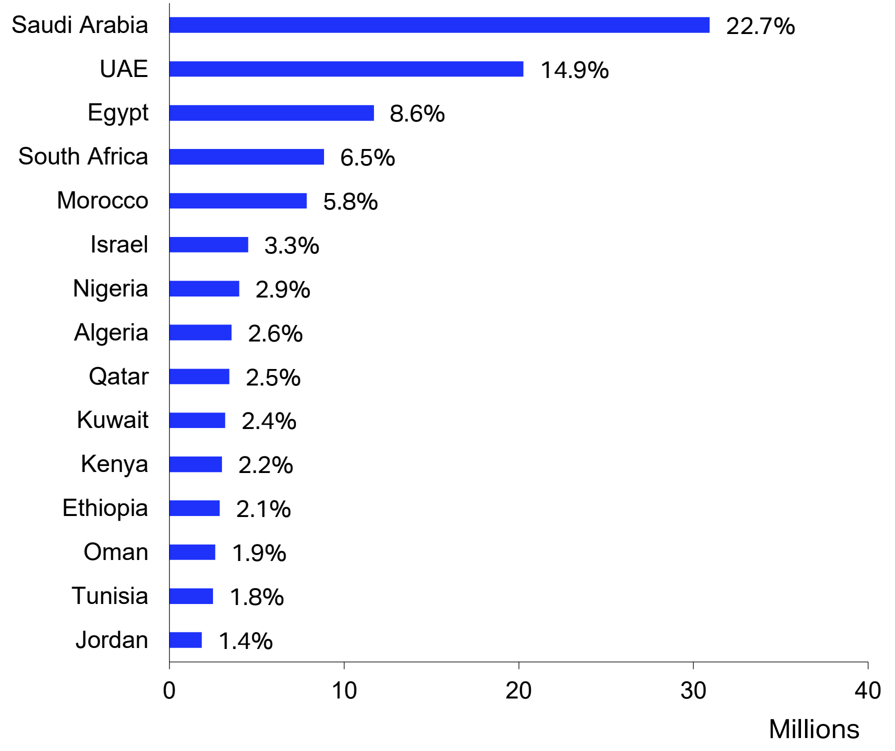
Passenger load factor, YTD (January – September), %



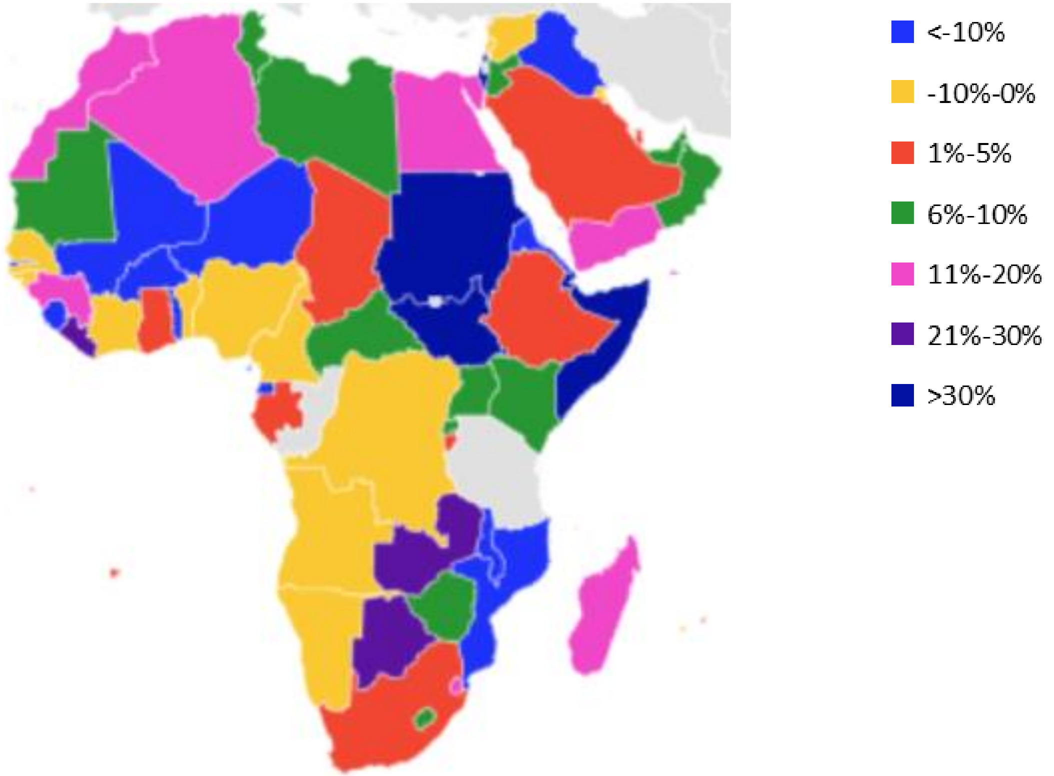
Source: IATA Sustainability and Economics, IATA Information and Data – Monthly Statistics

Passenger traffic in Middle East and Africa

Top 15 countries by O-D Passenger traffic in H1 2025 (% of total traffic in the region)



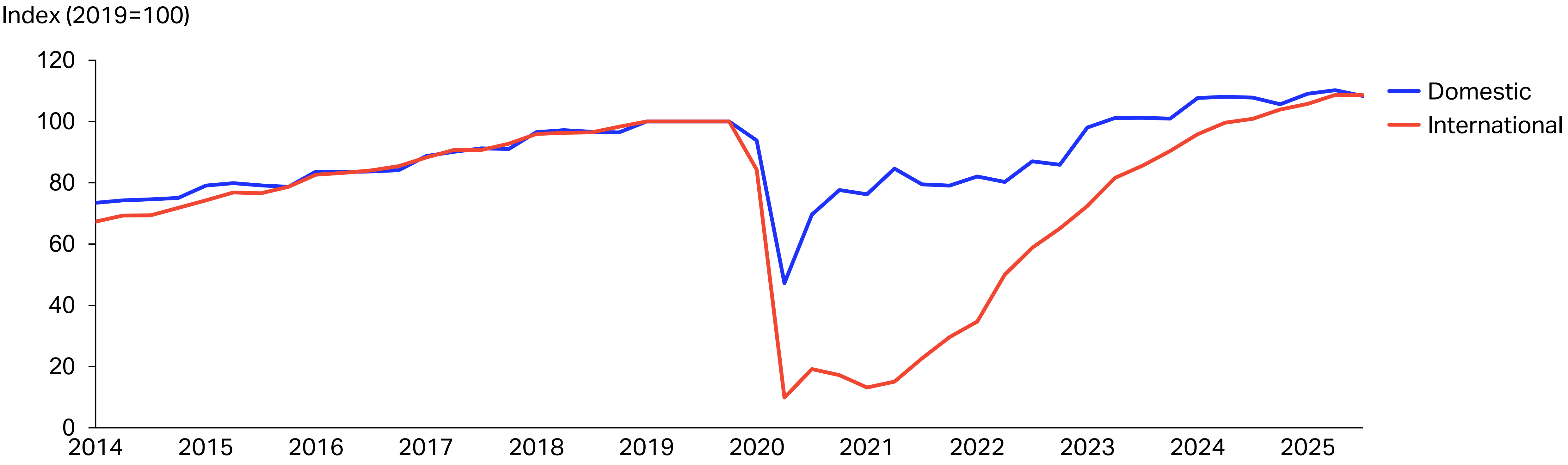
% growth in O-D Passenger traffic in H1 2025 (vs H1 2024)



Source: IATA Sustainability & Economics

Domestic Air Connectivity has recovered in 2023; International Air Connectivity in 2024

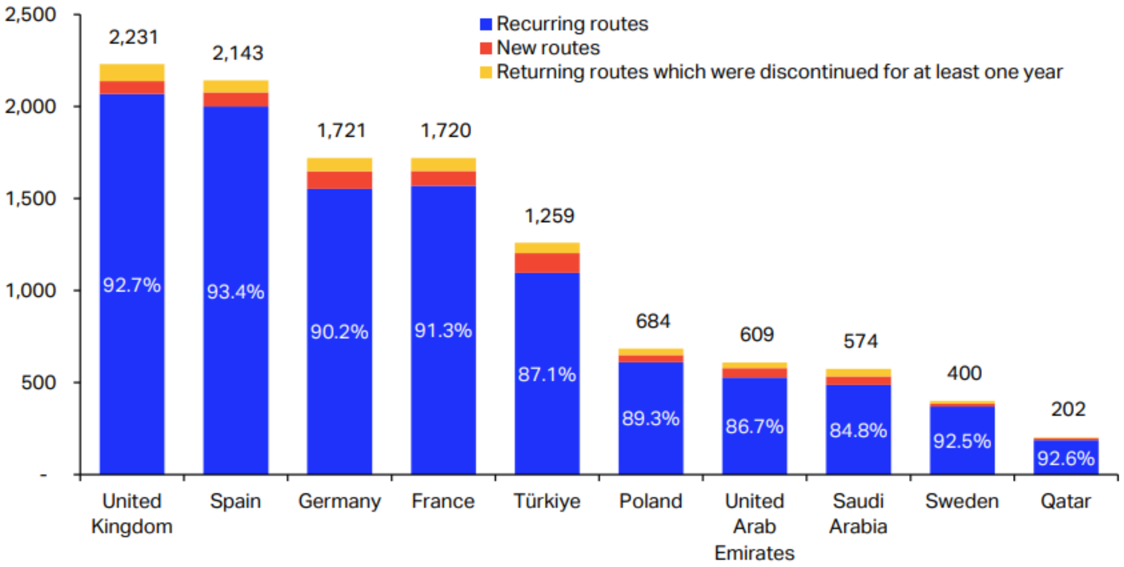
IATA Air Connectivity Index, 2019=100



Source: IATA Sustainability and Economics based on OAG data

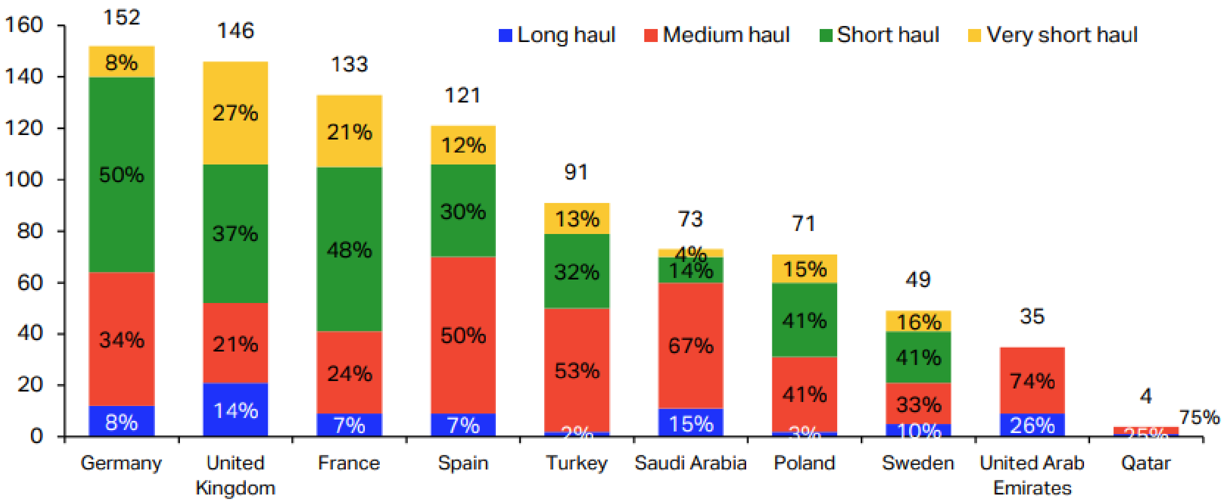
New routes and areas

Total number of regularly operated, unique routes departing from a country, 2024



Source: IATA Sustainability and Economics based on data from OAG

Number of routes discontinued in 2024, by distance

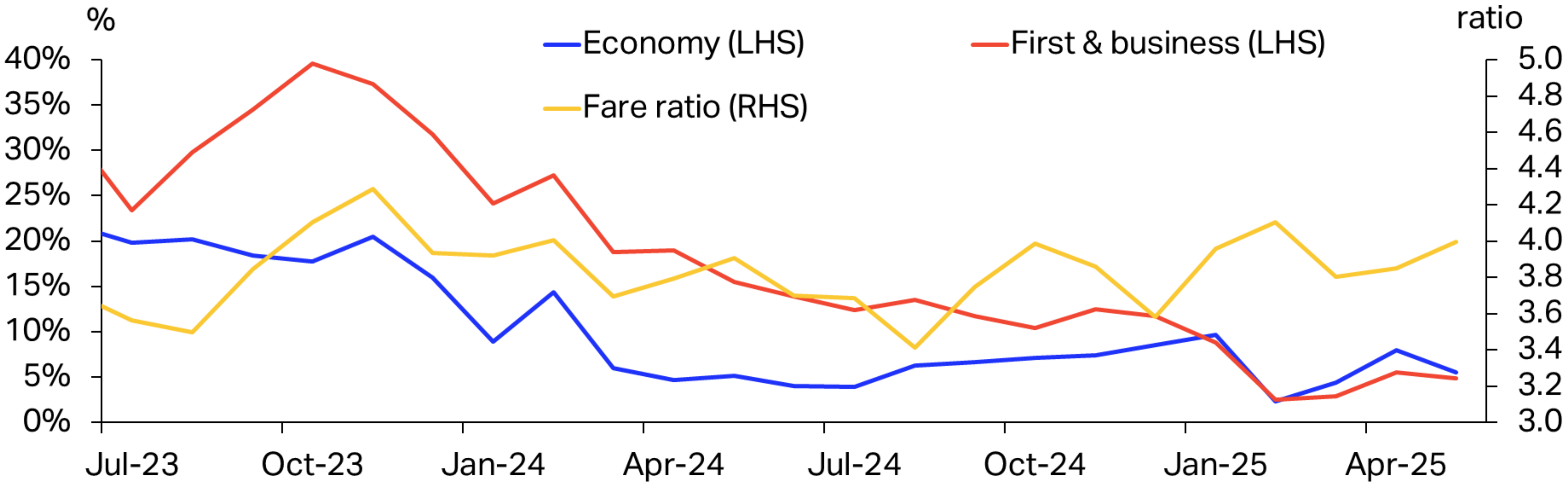


Source: IATA Sustainability and Economics based on data from OAG.

Classification applied: very short haul <500km, short haul ,500-1,500 km, medium haul 1500-4,000km, long haul >4,000km

Premium class traffic slows down but relative yields remain high

Global airline industry – Global PAX by cabin class (YoY) and relative fare price

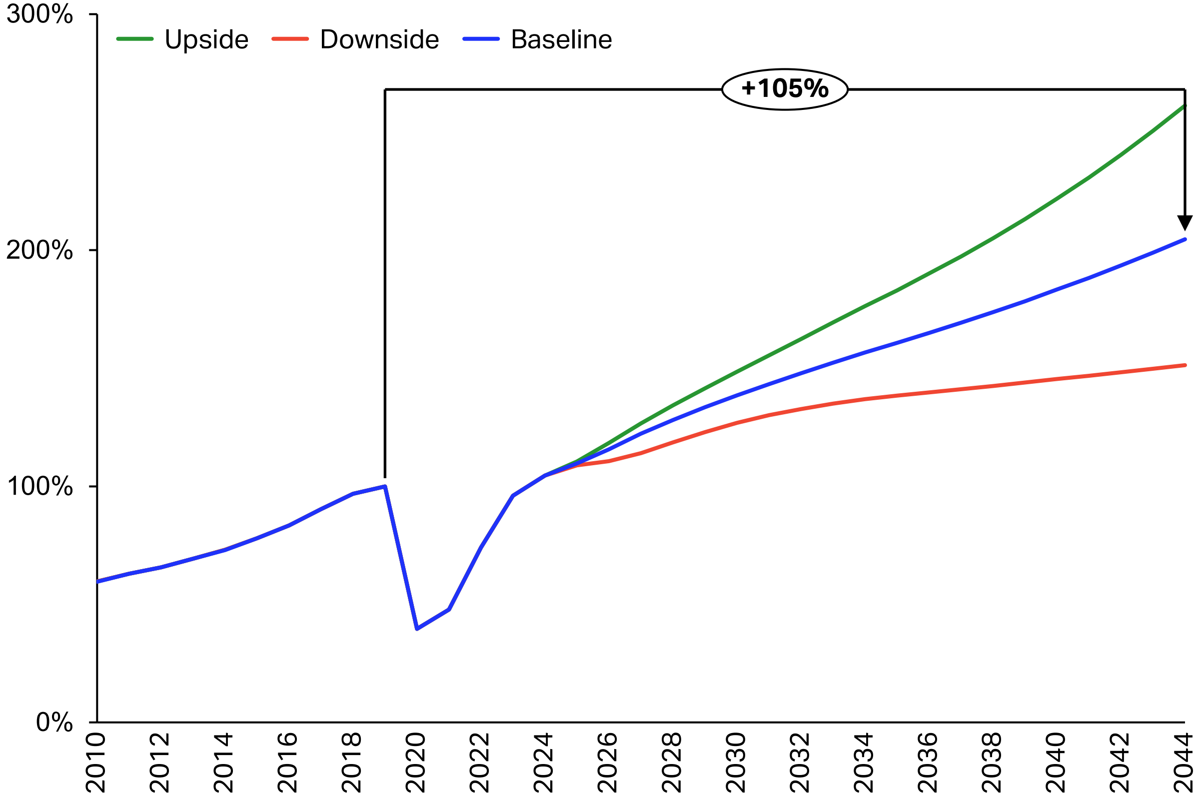


Source: IATA Sustainability and Economics, DDS

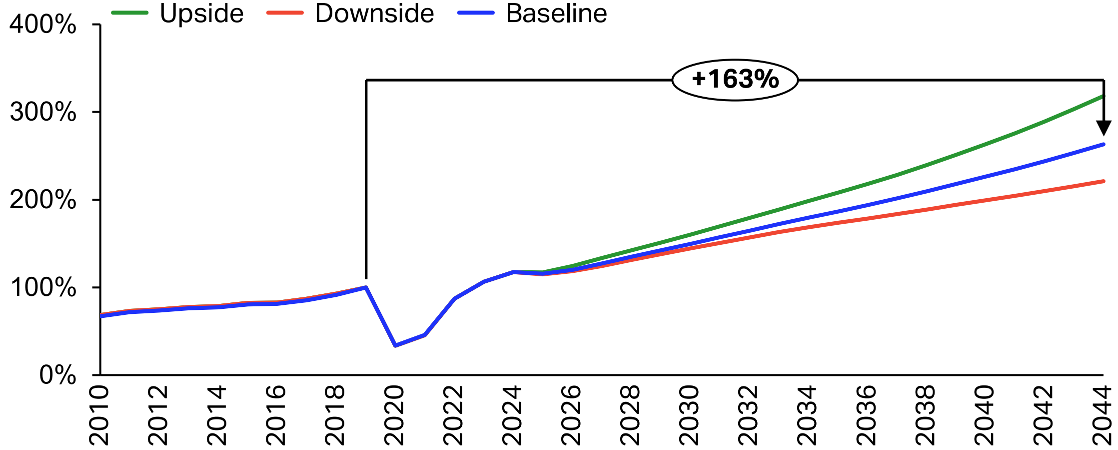
Passenger traffic is estimated to double

20-year Passenger demand forecast by scenario (indexed to 2019)

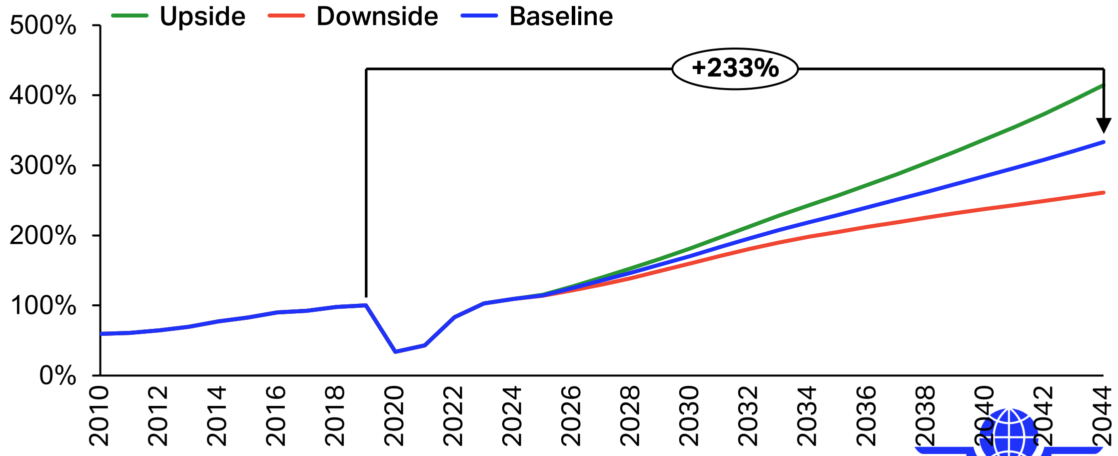
Global



Africa



Middle East



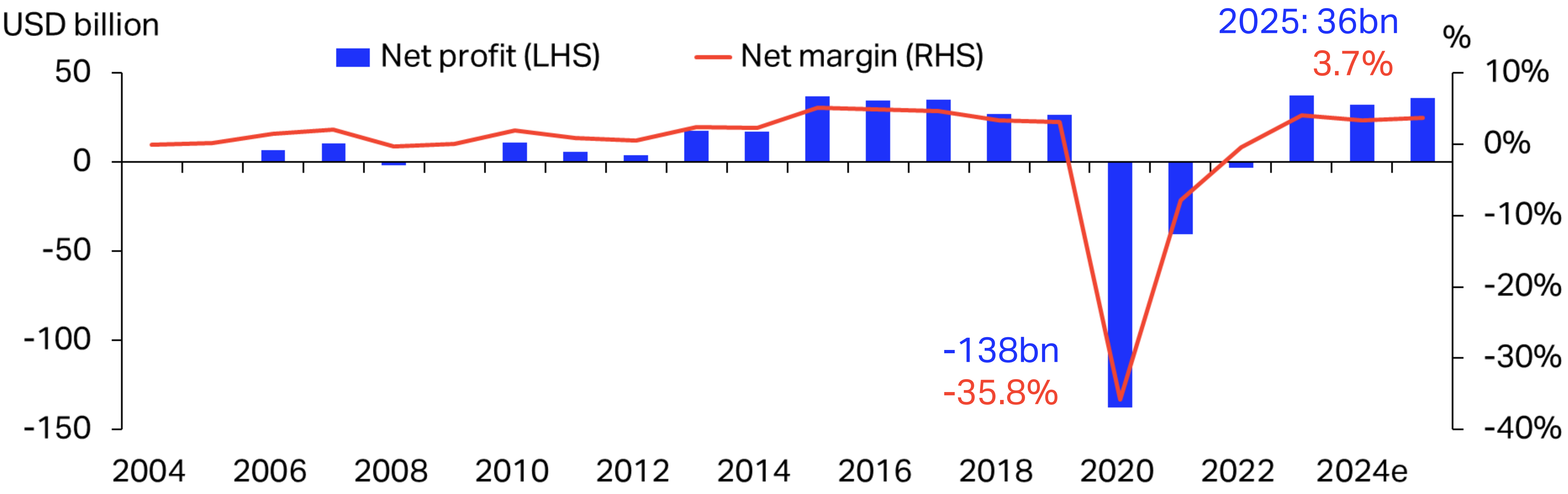
Source: IATA Air Passenger Forecasts – September 2025 update

Financial performance

Profit forecast for the industry in 2025: USD 36 bn

Coupled with growing profit margins

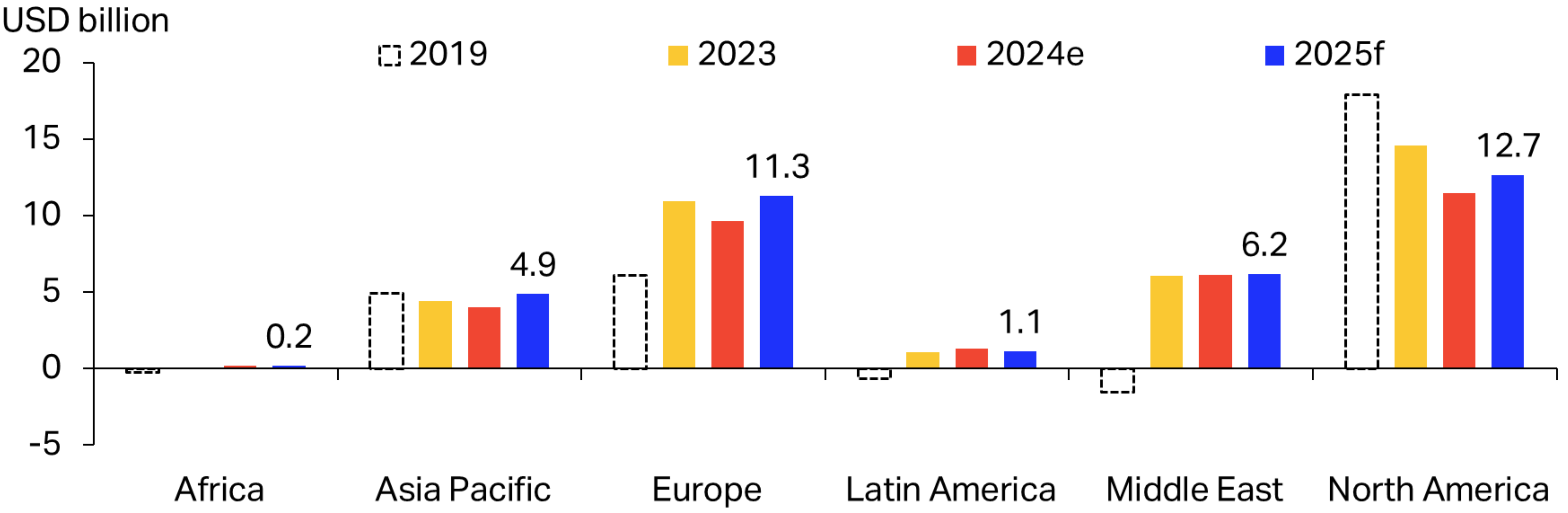
Global airline net profit in USD billion and net margin, as % of revenue



Source: IATA Sustainability and Economics using data from Airfinance Global

Profits vary across regions
North America and Europe are leaders

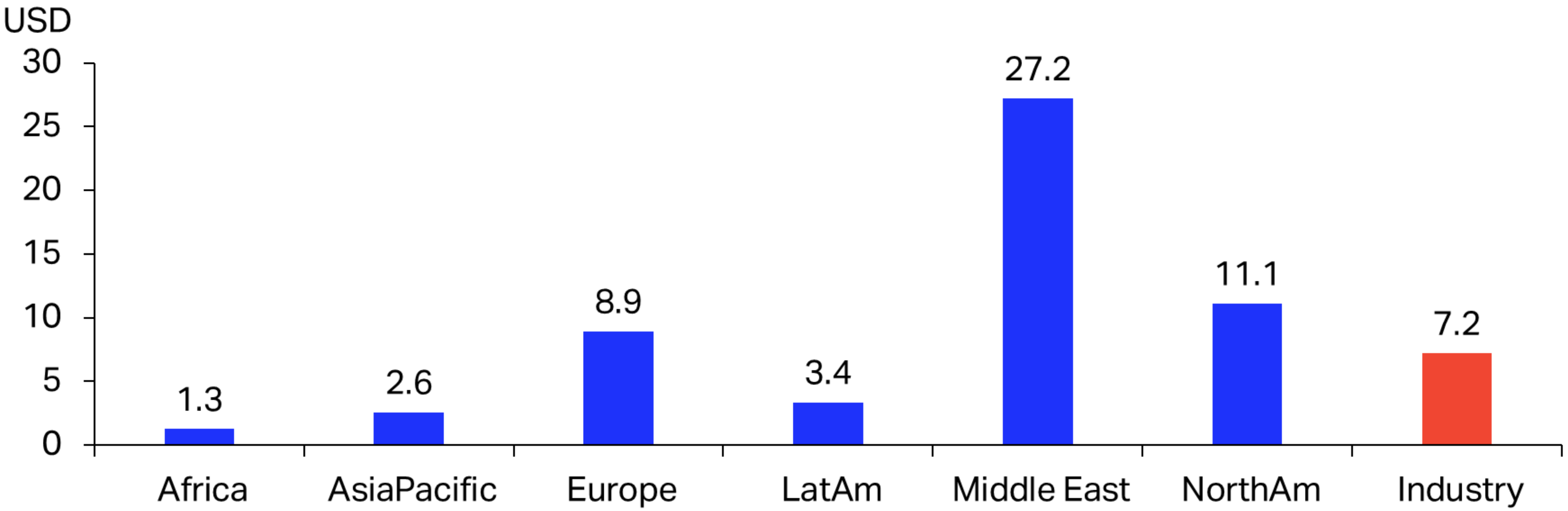
Net profit by region



Source: IATA Sustainability and Economics using data from Airfinance Global

Net profit per passenger accounted for USD 7.2 in 2025

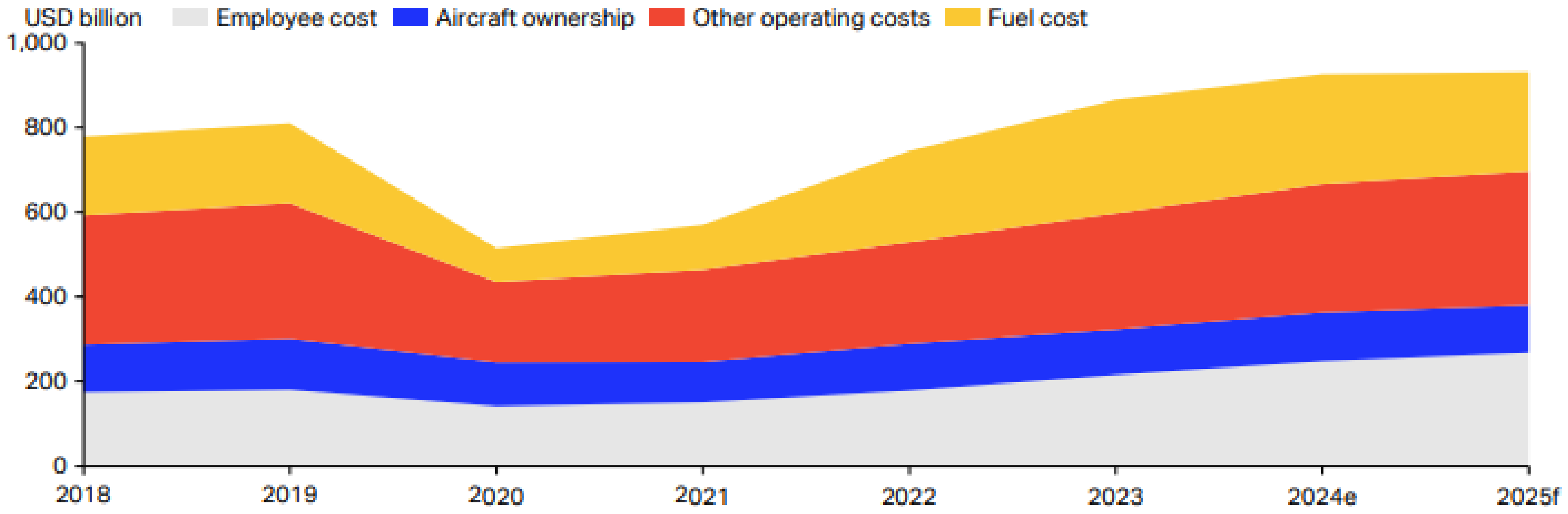
Net profit per passenger by regions, USD per passenger, 2025



Source: IATA Sustainability and Economics using data from Airfinance Global

Labour and fuel remain the highest cost item

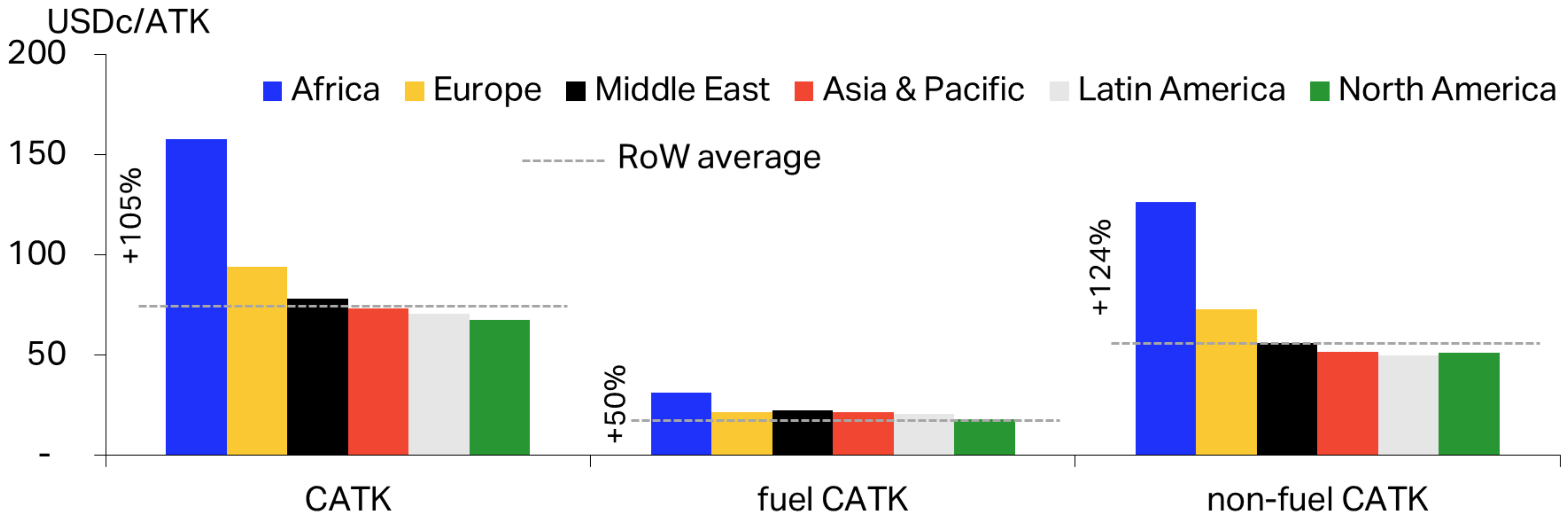
Breakdown of costs, pre-tax level, USD billion



Source: IATA Sustainability and Economics using data from Airfinance Global

Cost disadvantage of African airlines

Cost category per ATK, as of 2023, USD cents

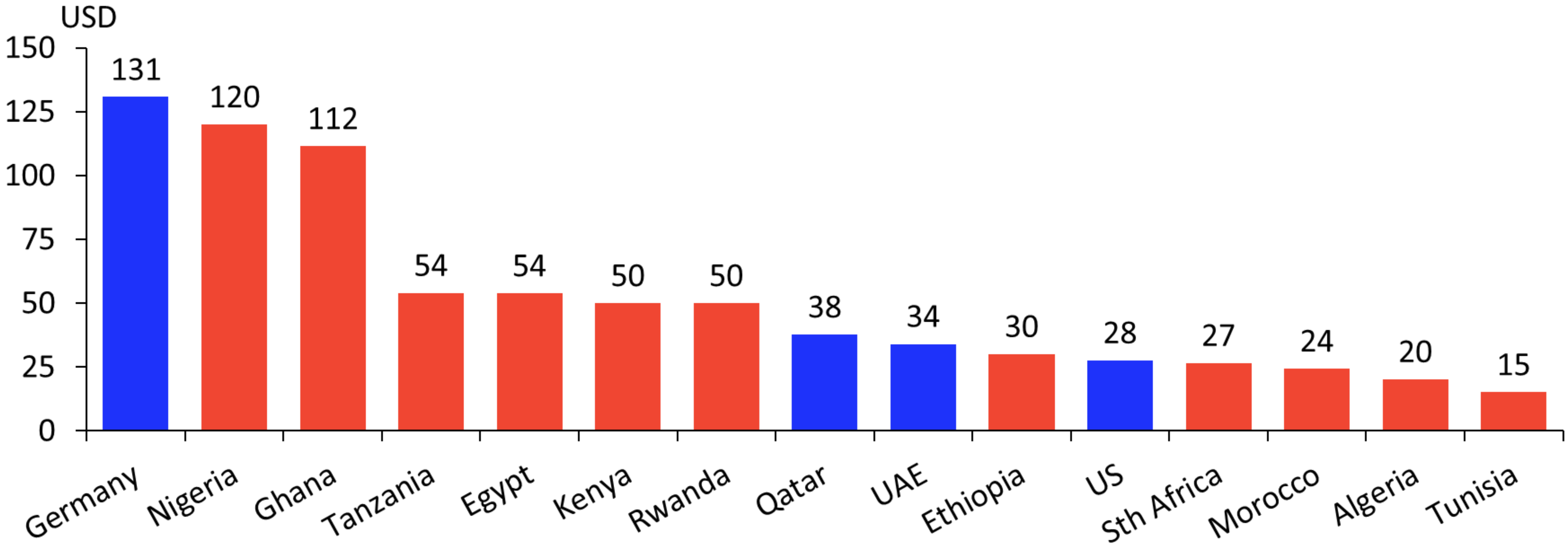


Source: IATA Sustainability and Economics, based on a sample of 12 African airlines excluding Ethiopian

Ticket taxes & charges vary widely across Africa

Adding significantly to travel costs in some countries

International passenger ticket taxes and charges (economy cabin, highest applicable rate), USD per ticket, 2024



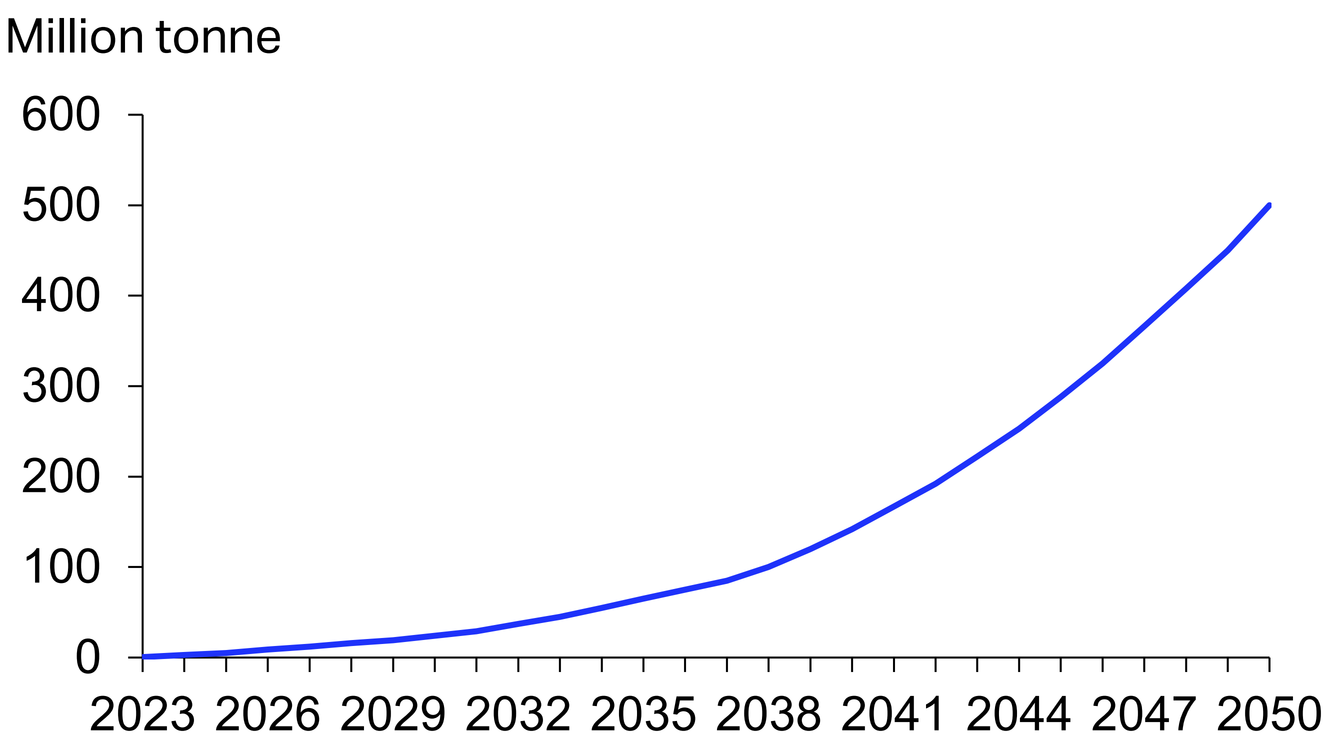
Source: IATA Sustainability and Economics, IATA TTBS, xe.com

Net zero transition

Sustainable aviation fuel needs to scale up by 5-fold by 2050

- In 2024, SAF production reached 1 Mt
- 500 Mt of SAF is required in 2050
- SAF production needs to increase by a factor of 500!

SAF production, hypothetical evolution, million tonne

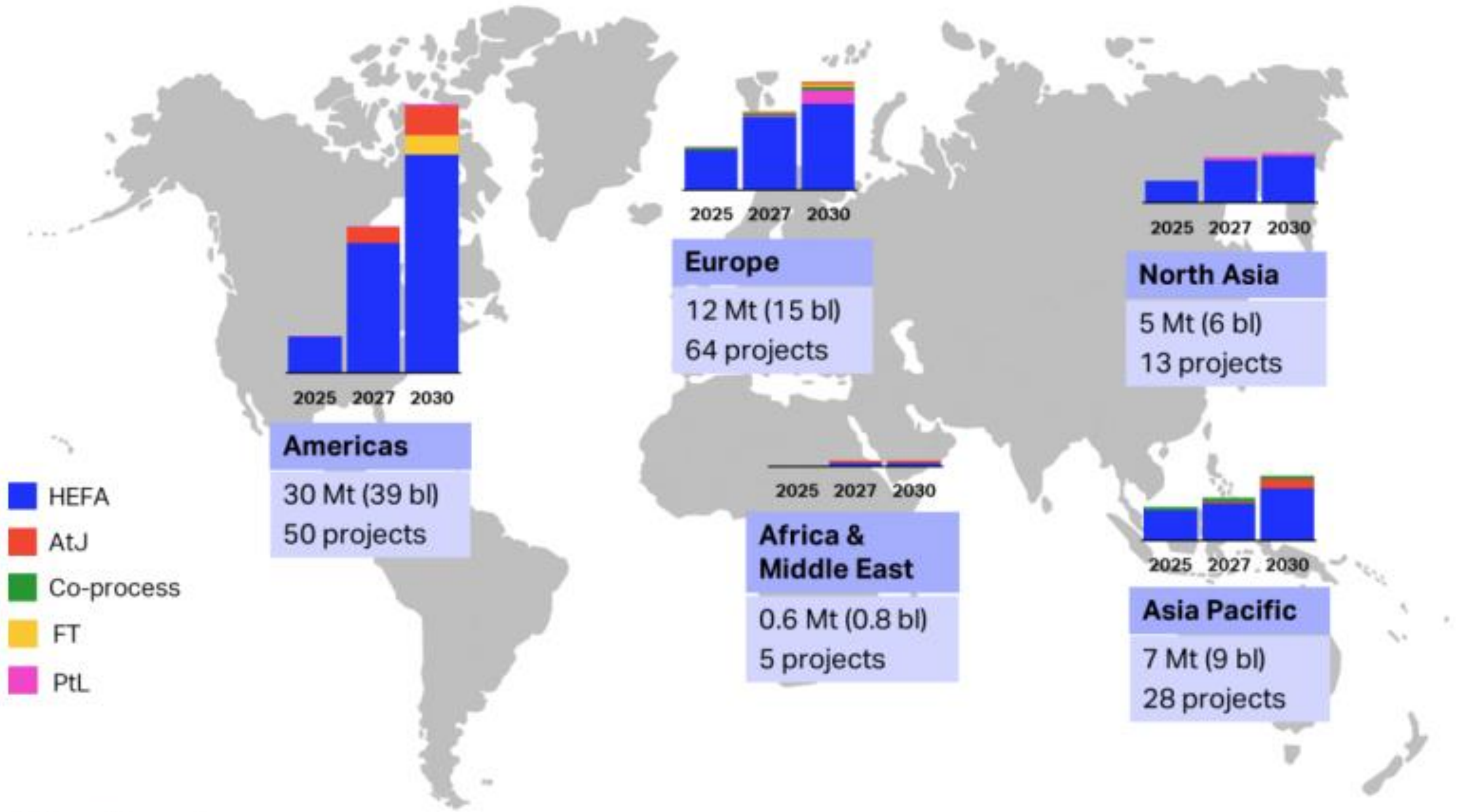


Source: IATA Sustainability and Economics

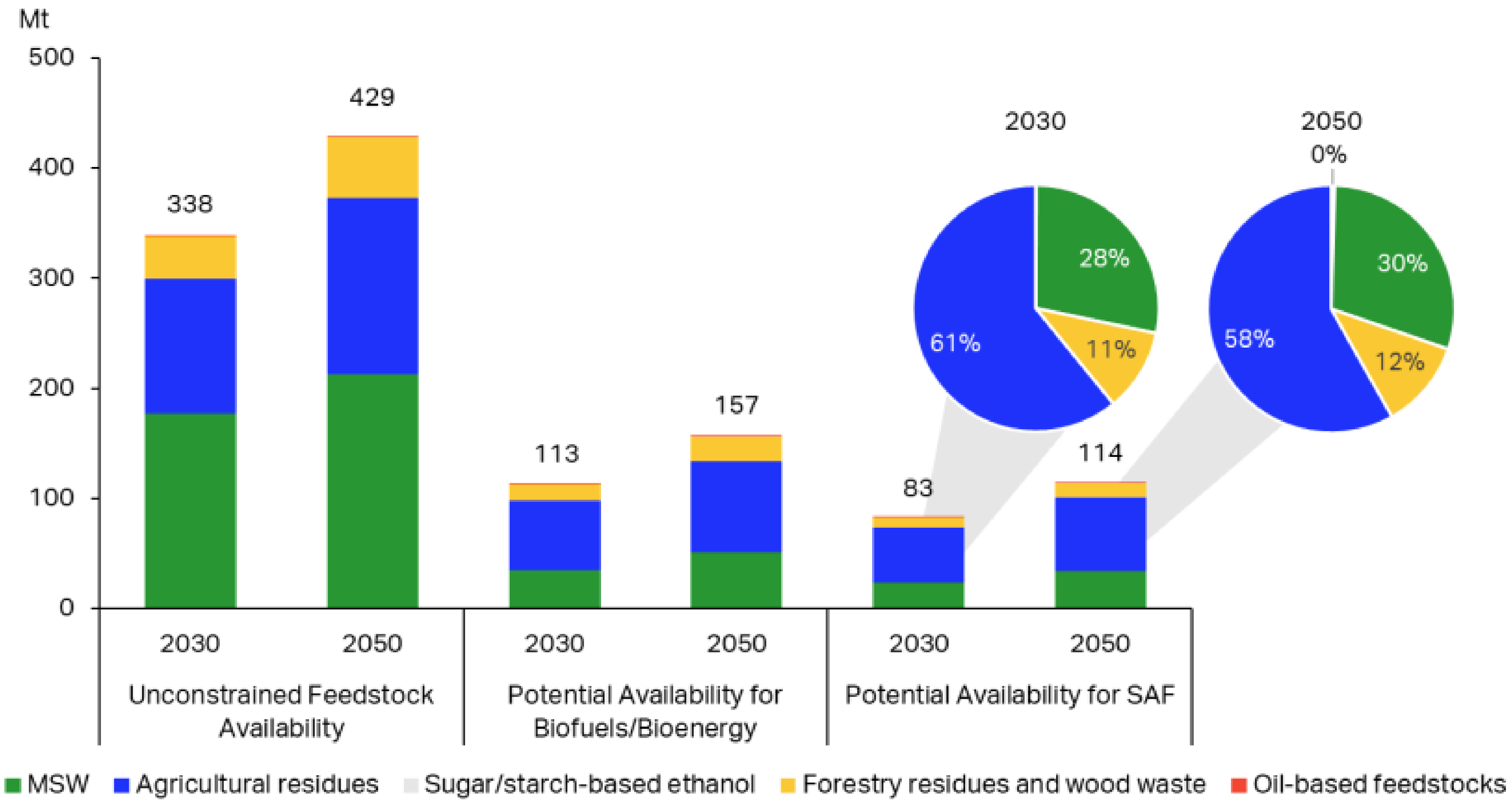
SAF output driven now by HEFA and Co-Processing

AtJ, FT and E-Fuels to come online by 2030

Renewable fuel capacity by region



Estimated Availability of Biomass Feedstock in MENA in 2030 and 2050



Source: Worley Consulting, IATA Sustainability & Economics, 2025

IATA Integrated Sustainability Program

Available

1. Emissions
2. Waste
3. Water
4. Noise
5. Biodiversity
6. Pollution

New

1. Sustainability in Tendering
2. Supply Chain Mapping
3. Supplier Risk Mitigation

New

1. Universal Human Rights
2. Workplace & Talent
3. Communities & Customers
4. Grievance Mechanisms

New

1. Environmental KPIs
2. Social KPIs
3. Governance KPIs

Join Industry Economics Strategic Partnerships Program for more insights!

Purpose

The Economics Area of Involvement has been designed to enable Strategic Partners to gain valuable and practical financial and economic industry insight.

Benefits

- **Annual 1½-2-day workshop in Geneva** – strategic, economic and financial outlook and challenges of aviation industry, expert presentations and interactive discussions with the IATA Economics team and other industry experts.
- **Quarterly webinars** – Insights into industry, economic and financial developments, and the near to mid-term outlook.
- **Dedicated time by phone or face-to-face with IATA's Chief Economist or a Senior Economist from IATA's Economics** team – discuss issues of strategic importance to your business
- **Access to the IATA Sustainability Knowledge Center 'FlyAware'** - an invitation-only digital platform with over 200 airlines and over 80 IATA Strategic Partners, offering insights from industry experts.
- Discounted admission to IATA's global events.

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