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January 27, 2010

MONTREAL-International air traffic suffered its worst post-war demand decline last year amid the worst financial crisis and recession since the Great Depression, an industry association said Wednesday.

Passenger demand dropped 3.5 per cent while scheduled carriers flew 75.6 per cent full, said the International Air Transport Association.

Cargo demand suffered an even bigger hit, falling 10.1 per cent, with an average load factor of 49.1 per cent.

IATA director general Giovanni Bisignani said the airline industry has lost 2.5 years of growth in passenger market and 3.5 year in the freight business. The situation started to improve in recent months, but the association expects international carriers will lose US\$5.6 billion in 2010.

International passenger demand increased by 4.5 per cent in December and planes flew 77.6 per cent full as capacity fell 0.7 per cent.

Demand marked an 8.4 per cent improvement from the February low point, but was still 3.4 per cent below the early 2008 peak.

Revenues per passenger mile flown have started to improve following capacity reductions, but it remained five to 10 per cent below 2008 levels.

Seasonally adjusted demand figures for December increased 1.6 per cent from November, while freight demand was almost flat.

Carriers in North America, Asia-Pacific and Europe recorded the largest year-over-year declines in passenger demand of 5.6, 5.0 and 5.6 per cent respectively in 2009.

North American carriers declined by 0.4 per cent, while European carriers decreased 1.2 per cent in December.



THE CANADIAN PRESS

The industry also faces a renewed security challenge from the attempted Christmas Day bombing of a Detroit-bound airline.

Bisignani described the Obama administration's approach to security encouraging but said airlines spend US\$5.9 billion annually for what is essentially national security.