

Airline industry lost \$5B in '08, IATA says
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GENEVA—The airline industry lost \$5 billion last year as passenger growth slowed and cargo shipments fell because of the global economic crisis, the International Air Transport Association said Thursday.

Cargo shipments plunged in the last month of the year, putting the industry in "uncharted territory."

Passenger traffic in 2008 grew by 1.6 per cent, markedly down from the 7.4 per cent rise in 2007, IATA said.

Cargo traffic for the year dropped 4 per cent compared with a 4.3 per cent increase in 2007, the group said.

"Airlines are struggling to match capacity with fast-falling demand," said IATA chief executive Giovanni Bisignani. "Until this comes into balance, even the sharp fall in fuel prices cannot save the industry from drowning in red ink."

Average seat occupancy was down to 75.9 per cent in 2008, compared with 77.3 per cent the previous year, IATA said.

Freight volumes in December showed a sharp decline of 22.6 per cent with major drops in all regions, the group said.

"2009 is shaping up to be one of the toughest years ever for international aviation," Bisignani said.

"The 22.6 percent drop in international cargo traffic in December puts us in uncharted territory and the bottom is nowhere in sight," he said in a statement. "Keep your seatbelts fastened and prepare for a bumpy ride and a hard landing."

IATA, which represents 240 airline companies worldwide, said it forecast a \$2.5 billion loss for the industry this year. The estimate was based on a fuel price of \$60 per barrel, a 3 per cent decline in passenger volumes and a 5 per cent drop in cargo traffic, it said.

Industry revenues are expected to decrease by \$35 billion in 2009, it said.

Bisignani said the industry needs structural changes.

"We don't want bailouts," he said, adding that instead regulation should be loosened to allow airlines to access the same sources of global capital as other industries.