

Air transport net profits to soar in 2018

GENEVA, Switzerland: Led by US airlines, net profits in the aviation industry are set to rise by some 11 percent in 2018, the International Air Transport Association (IATA) said on Tuesday as it presented economic forecasts for the industry.



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According to the forecast by the industry's global trade association, combined net profits will hit \$38.4bn, from a revised \$34.5bn in 2017, with US carriers weighing in with almost half.

"Strong demand, efficiency and reduced interest payments will help airlines improve net profitability in 2018 despite rising (operating) costs," said IATA, whose 280 members account for more than three-quarters of global air traffic.

"These are good times for the global air transport industry. Safety performance is solid. We have a clear strategy that is delivering results on environmental performance," said IATA director general and CEO Alexandre de Juniac.



African airline safety shows improvement

4 Dec 2017



"Airlines are achieving sustainable levels of profitability," added de Juniac, while highlighting the challenges of rising fuel costs and well as labour and infrastructure expenses.

Although passenger numbers are on the rise, to hit 4.3 billion next year, with passenger business revenues set to grow 9.2% to \$581bn, IATA warned that rising costs overall, notably on higher fuel prices, will pose the biggest challenge to profitability in 2018.

The association expects oil prices to average \$60 for a barrel of Brent Crude - a rise of 10.7% on this year, taking oil-related costs up from 18.8% to 20.5%. Accelerating labour costs will see wages take a 30.9% chunk meanwhile next year.

De Juniac urged governments to "raise their game" and do more to ensure infrastructure can cope with higher aviation demand.

"Governments are not meeting their responsibility to provide sufficient infrastructure for the industry to meet demand," de Juniac said.

"Aviation is the business of freedom and a catalyst for growth and development," he said, adding the industry benefits to the economy include 2.7 million direct jobs and support for 3.5% of global economic activity.



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30 Nov 2017



By region, North America is forecast to lead the way on performance with net profits in 2018 of \$16.8 billion, up from \$15.6 billion, followed by Europe rising from \$9.8 to \$11.5bn. Asia is set to post an increase from \$8.3 to \$9bn.

Africa, in contrast, is likely to turn in albeit stable collective net losses of \$100 million despite forecast demand growth of 8% and announced capacity expansion of 7.5%.

Turning to environmental concerns, IATA, which said the inflation-adjusted cost of flying had halved for consumers since 1996, said aviation was committed to managing its carbon footprint with a near-term goal of capping emissions through carbon-neutral growth from 2020.

Source: AFP

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