

IATA recognizes Asia Pacific potential despite challenges



IATA Director General Willie Walsh addressed the 2024 Changi Aviation Summit in Singapore

The International Air Transport Association (IATA) has outlined the industry's performance in the Asia Pacific region at the recent Changi Aviation Summit in Singapore.

Speaking at the summit, Willie Walsh, IATA's Director General considered current performance, past developments as well as estimates for the future.

He indicated that progress and recovery of the industry continued strongly during 2023. Full year 2023 was at just over 94% of 2019, with a very strong performance in domestic markets, almost 4% ahead of 2019, with international markets lagging at just over 88%.

In Asia Pacific, the situation was slightly less than that, overall at 86% of where the region was in 2019. The strong performance in domestic markets was over 2% ahead, but international travel in the region still lagged behind at about 73% of 2019. There was a strong recovery throughout the year, moving from about 57% in January to almost 83% in December.

"Looking forward, IATA estimates that over the next 20 years, the industry will grow at about 3.3% per annum" Walsh said. "That is significantly lower than the growth we witnessed during 2010 to 2019. But I think it does reflect some of the challenges that we as an industry are facing and will face going into the future."

He noted problems associated with infrastructure constraints both in the air and on the ground, supply chain issues, labor shortages and “significantly the cost impact of our transition to net zero in 2050”.

Walsh highlighted the contribution that the Asia Pacific region will have by leading growth around 4.5% per annum during that same period.

He also considered major domestic markets. “It's interesting to reflect on the fact that if I look at the major domestic markets, the domestic market in China in 1990 was just over 1% of all global activity, and India about 0.2%,” he said.

“Looking forward at 2023, the Chinese domestic market now represents over 11%, of total commercial aviation, and India has grown to almost 1.8%. We've seen significant growth in these markets in that period. And I think when you look at the demographics of the world, it doesn't take much to imagine what is going to happen in these countries going forward, particularly in India, which I think represents a fantastic opportunity for the industry.

“I think it is disappointing for us to reflect on the fact that Africa remains in the doldrums at just over 2%. I think the potential for growth in Africa is huge. But there has to be change to enable consumers in the African region to take advantage of the opportunities that aviation provides.”

Walsh mentioned major route groups, with the top 20 accounting for about 95% of all international travel. Pre-COVID, in 2019, the Asia Pacific region was at number two, with 13.3%. The biggest international market was Western Europe. International travel within Europe at 18%, and Europe to North America represented 11.4%.

“In 2023, and this demonstrates why we've seen a lag in the recovery in Asia-Pacific, international travel within the Asia-Pacific region had fallen to 9.7%. So, this is a huge opportunity for continuing recovery in the market here and I'm excited about what things are going to look like in the years ahead,” Walsh said.