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The International Air Transport Association (IATA) has announced that it expects a return to profitability for the global airline industry in 2023 as airlines continue to cut losses stemming from the effects of the COVID-19 pandemic on business in 2022.

In 2023, the release said, airlines are expected to post a small net profit of US$4.7 billion—a 0.6% net profit margin. It is the first profit since 2019 when industry net profits were US$26.4 billion (3.1% net profit margin).

In 2022, airline net losses are expected to be US$6.9 billion (an improvement on the US$9.7 billion loss for 2022 in IATA's June outlook). This is significantly better than the losses of US$42.0 billion and US$137.7 billion that were realized in 2021 and 2020 respectively.

"Resilience has been the hallmark for airlines in the COVID-19 crisis," said Willie Walsh, IATA's Director General. "As we look to 2023, the financial recovery will take shape with a first industry profit since 2019. That is a great achievement considering the scale of the financial and economic damage caused by government-imposed pandemic restrictions. But a US$4.7 billion profit on industry revenues of US$779 billion also illustrates that there is much more ground to cover to put the global industry on a solid financial footing."

Passenger yields are expected to grow by 8.4% (up from the 5.6% anticipated in June). Propelled by that strength, passenger revenues are expected to grow to US$438 billion (up from US$239 billion in 2021).

“Many airlines are sufficiently profitable to attract the capital needed to drive the industry forward as it decarbonizes. But many others are struggling for a variety of reasons. These include onerous regulation, high costs, inconsistent government policies, inefficient infrastructure and a value chain where the rewards of connecting the world are not equitably distributed,” Walsh said.

Improved prospects for 2022 stem largely from strengthened yields and strong cost control in the face of rising fuel prices.