



# Turning challenges in to opportunities

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[www.iata.org/economics](http://www.iata.org/economics)

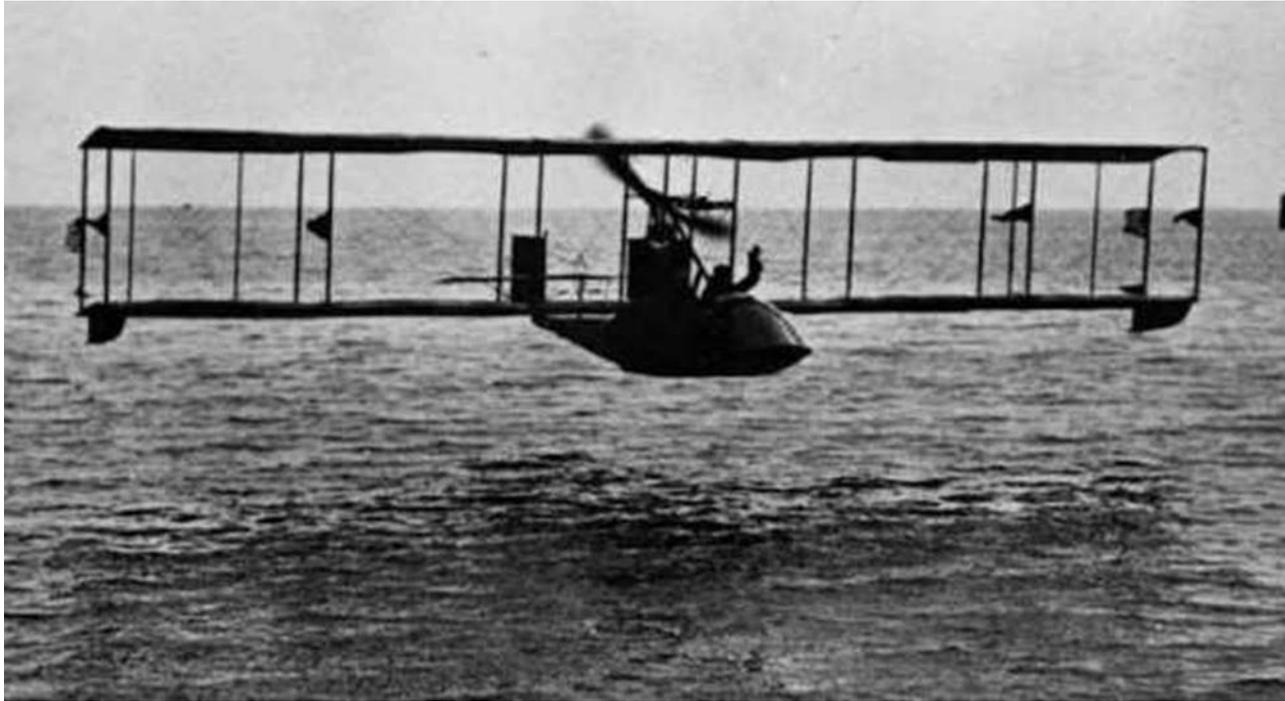
To represent, lead and serve the airline industry



# Key points

- Where we started. Where we are now. Where we are headed?
- Focus on value creation for the consumer
- Opportunities with the ANSP:
  - Top down assessment shows value being wasted due to inefficiency
  - Bottom up assessment shows lots of cost effective opportunities
- Opportunities with airports:
  - Partner to improve passenger experience
  - Maintaining vigilance on costs
- Regulation - creating the enabling environment

# Commercial aviation 100 years ago



# Commercial aviation today

1,397  
commercial  
airlines

3,864  
airports

25,332  
aircraft  
in service

173  
ANSPs

# In one year...

**3.1 billion**  
passengers

**36.4 million**  
flights

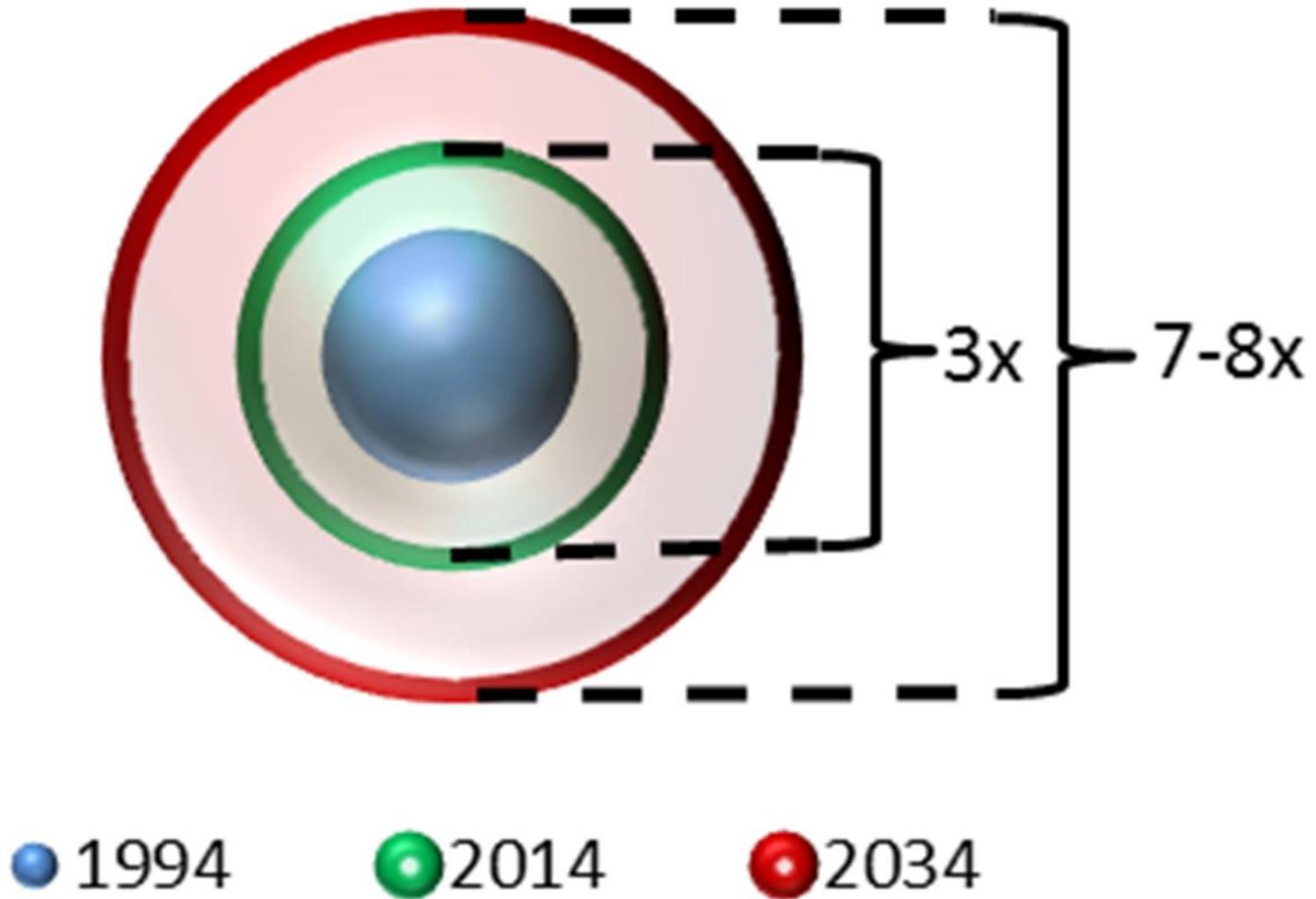
**\$6.4 trillion**  
value of cargo  
handled by airlines

**49,871**  
routes served



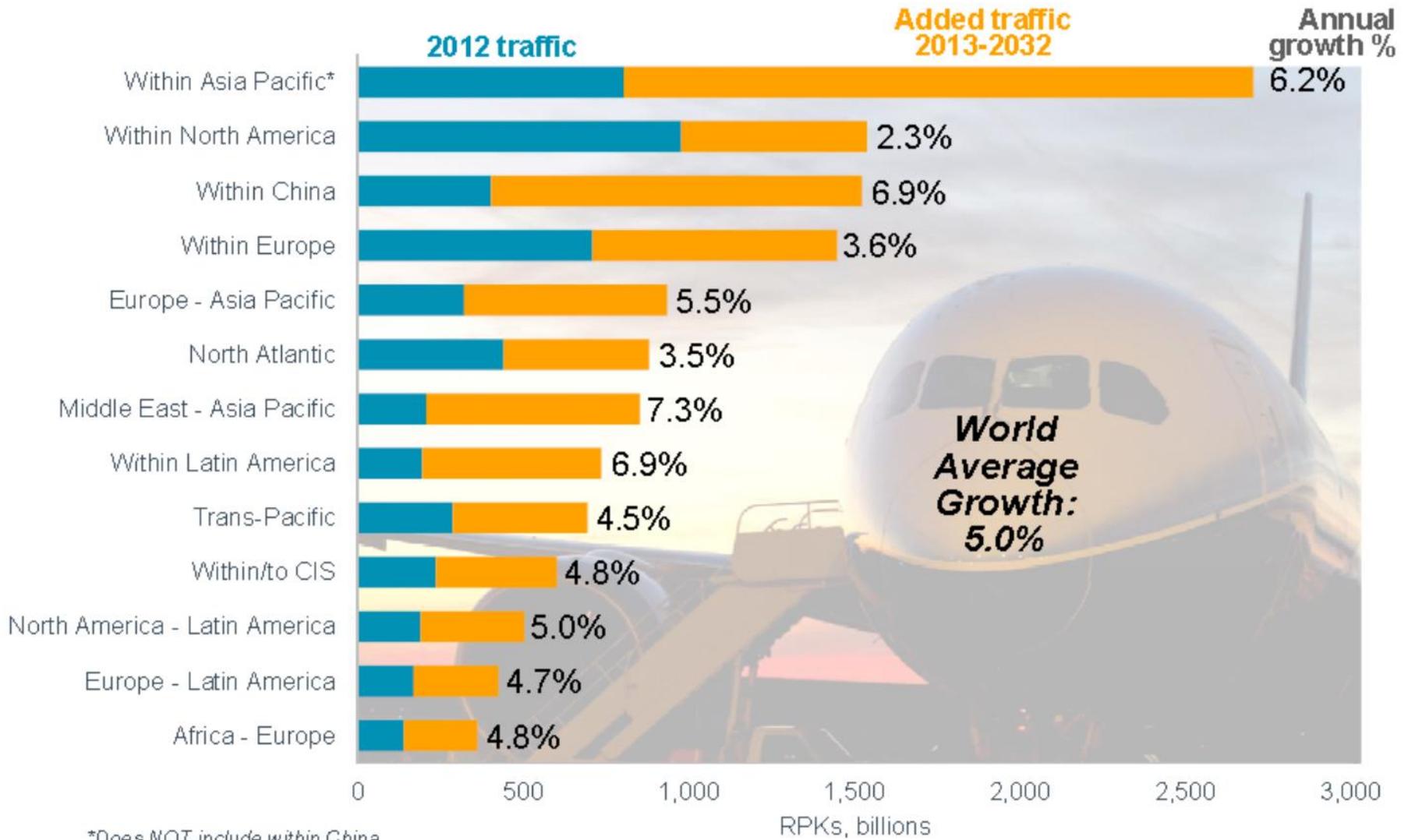
**Economy**

# Impressive growth with continued demand



Source: ICAO, IATA, Boeing

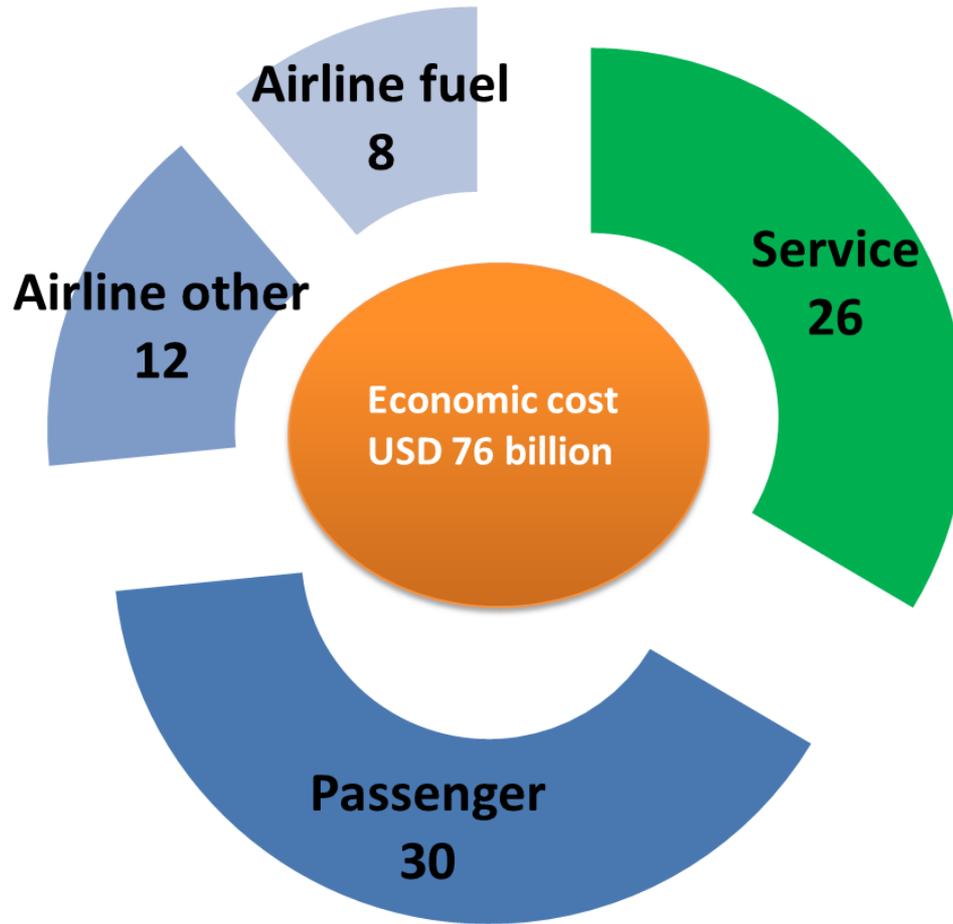
# Air traffic growth varies by market



Source: Boeing

# Top down analysis points to opportunity for value creation

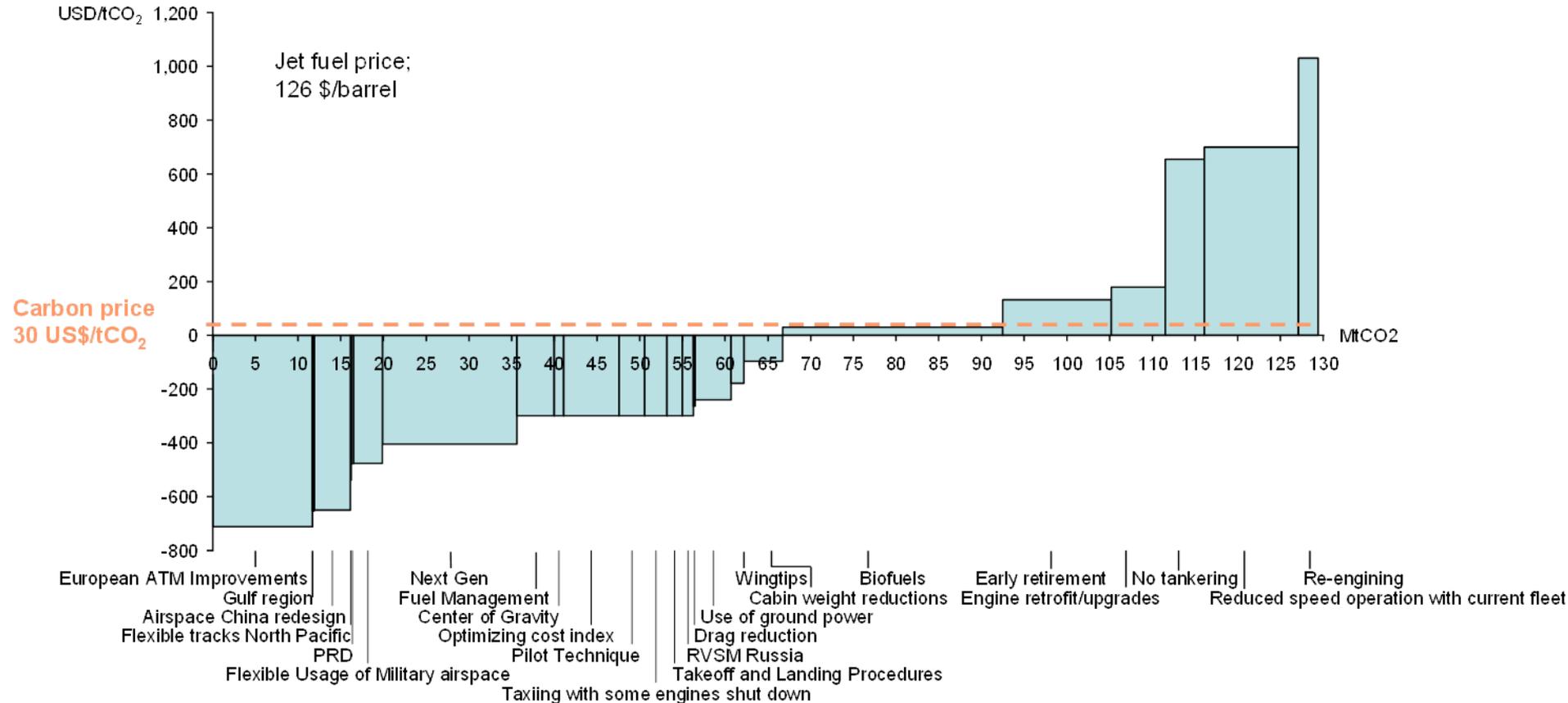
2/3 of economic cost are not service charge related



Source: IATA, Canso, Eurocontrol

# 2020 potential for cost-effective CO<sub>2</sub> cuts

Bottom-up modelling suggests a further 92mT of CO<sub>2</sub> could be cut in 2020 with costs less than the cost of carbon



# Cost benefit analysis is critical

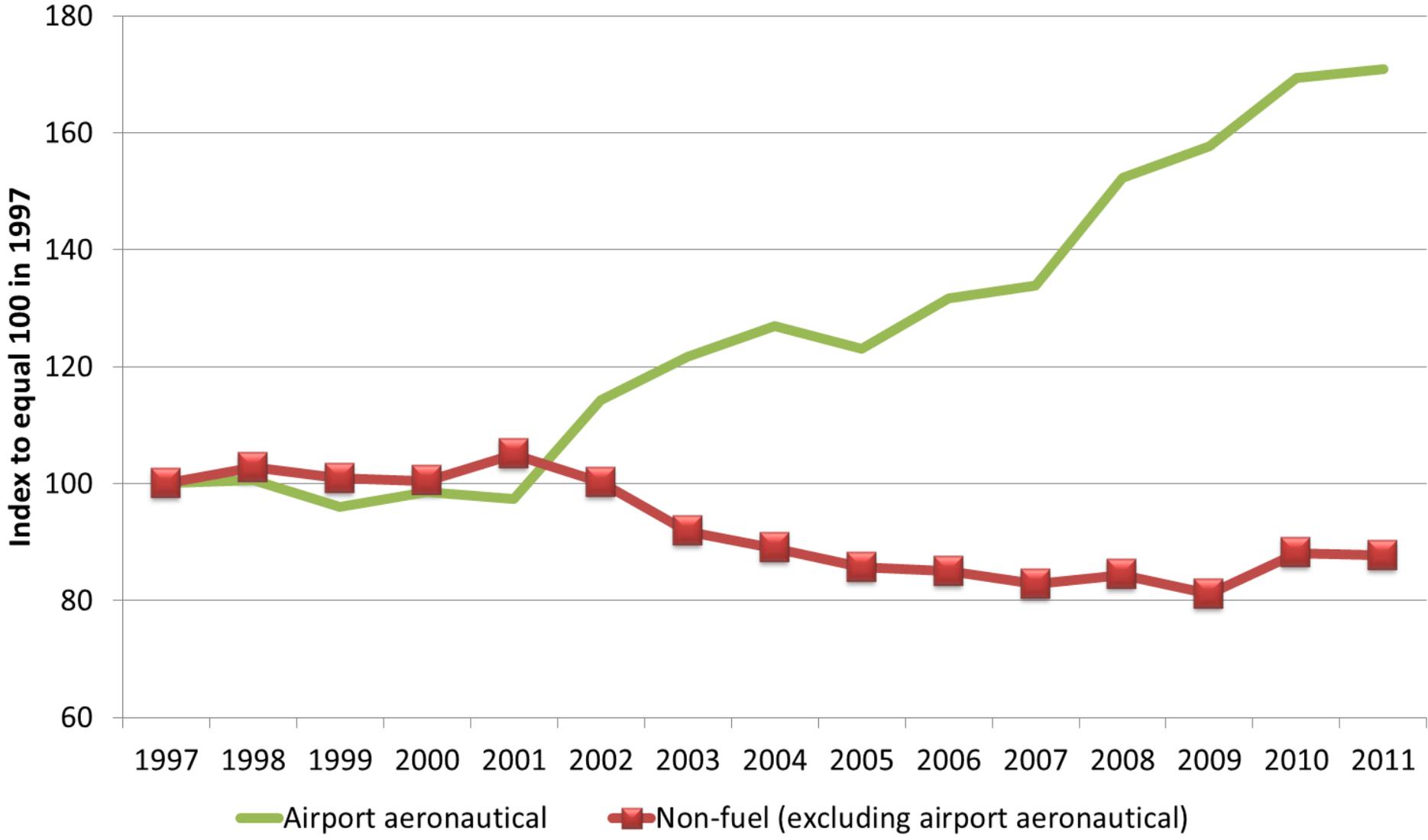
- Setting boundaries – must include aircraft equipage
- Critical but should not be applied blindly
- Benefit Cost ratio can assess competing projects
- Focus on improvement not just new technologies

# Partner to improve the passenger experience



Source: [blogs.ncr.com](http://blogs.ncr.com)

# Airport infrastructure unit costs vs. other non-fuel unit costs per ATK, USD exchange rate adjusted - Source: ICAO, IATA, ACI



# Regulation - creating the enabling environment

- Consumer minded
- Ensure a fair return for investors without compromising consumer interest
- Promoting consultation to ensure user needs are at the center of decision making
- Incentivizing improvement in operations

# IATA economics a source for industry insight:

[www.iata.org/economics](http://www.iata.org/economics)

## Commercial Products

- World Air Transport Statistics (WATS)
- 5 year “consensus” Freight Forecast (coming soon)
- Long term passenger forecast (coming soon)

## Market Developments and Outlook

- Airline Industry Economic Performance
- Market developments

## Public Policy Issues

- Economic benefits of air transport
- Bali Trade Deal Impact on Air Freight

## Market & Industry Issues

- Profitability and the Air Transport Value Chain
- Mode shift – Impact on Air Cargo