

## IATA foresees global airline industry returning to profit in 2023

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Montreal : The global airline industry is forecast to achieve a net profit of USD 4.7 billion in 2023 as the recovery from the Covid-19 crisis continues, said IATA.

It would mark the industry's first positive result since the pandemic hit in 2020, with airlines on course for a loss of USD 6.9 billion in 2022.

Releasing its latest forecast, IATA said that the North America region - which it says will already be profitable in 2022 - will be the main driver of the profitability in 2023.

Small profits are expected in the Europe and Middle East regions, however the huge Asia-Pacific market is expected to stay in the red, alongside Latin America and Africa.

Willie Walsh, Director General of IATA described the profit forecast as a "great achievement" for the industry, given the scale of "financial and economic damage" seen as a result of pandemic-related travel restrictions over the past

three years.

Walsh highlighted, however, that a USD 4.7 billion profit on forecast revenues of USD 779 billion shows there is "much ground to cover" to put the industry on a "solid financial footing", describing airline profitability as "razor thin".

He predicted "major challenges" for some airlines, saying there is "a lot of damage to balance sheets that will need to be repaired".

He also urged airline managements to keep a "careful watch" on economic uncertainties.

Nevertheless, despite the slowing global economy and challenges such as rising inflation, "there are plenty of reasons to be optimistic about 2023", Walsh said.

IATA forecasts that global passenger demand is expected to reach 85.5 per cent of 2019 levels in 2023, from an estimation of 70.6 per cent in 2022.

The uncertainties created by Covid-19 policies in the huge China market are weighing on the global demand recovery, IATA noted.

Cargo markets are expected to come under "increased pressure" in 2023, with forecast revenue of USD 149.4 billion down USD 52 billion on 2022 but still up USD 48.6 billion from 2019.

"The expected profits for 2023 are razor thin. But it is incredibly significant that we have turned the corner to profitability. The challenges that airlines will face in 2023, while complex, will fall into our areas of experience. The industry has built a great capability to adjust to fluctuations in the economy, major cost items like fuel prices, and passenger preference," said Walsh.