

Global passenger traffic results for 2017 show rise in demand

According to the International Air Transport Association's (IATA) global passenger traffic results for 2017, demand (revenue passenger kilometres or RPKs) for the year ended 31 December rose 7.6% compared to 2016 - well above the 10-year average annual growth rate of 5.5%.



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While the rate of demand growth slowed to 6.2%. The strong comparison between the 2016/2017-year end owes to less favourable comparison to even stronger growth trends. The full year of 2017's capacity rose by 6.3%, with the load factor climbing by 0.9 percentage points to a record calendar-year high of 81.4%.

IATA's director general and CEO, Alexandre de Juniac said: "2017 got off to a very strong start and largely stayed that way throughout the year, sustained by a broad-based pick-up in economic conditions. While the underlying economic outlook remains supportive in 2018, rising cost inputs, most notably fuel, suggest we are unlikely to see the same degree of demand stimulation from lower fares that occurred in the first part of 2017."

2017 calendar year (% year-on-year)	World share ¹	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
Total Market	100.0%	7.6%	6.3%	0.9%	81.4%
Africa	2.2%	6.3%	2.9%	2.3%	70.9%
Asia Pacific	33.7%	10.1%	8.4%	1.3%	81.0%
Europe	26.5%	8.2%	6.2%	1.5%	83.9%
Latin America	5.2%	7.0%	5.5%	1.2%	81.8%
Middle East	9.5%	6.4%	6.5%	-0.1%	74.5%
North America	23.0%	4.2%	4.1%	0.1%	83.6%

¹% of industry RPKs in 2017 ²Year-on-year change in load factor ³Load factor level

International passenger markets

2017 international passenger traffic soared by 7.9% compared to 2016. Capacity rose 6.4% and load factor climbed 1.1 percentage points to 80.6%. All regions recorded year-over-year increases in demand, led by the Asia-Pacific and Latin America regions.

- **Asia-Pacific** carriers posted annual demand growth of 9.4%, compared to that of 2016, driven by robust regional economic expansion and an increase in route options for travellers. This was the first time since 1994 that Asia-Pacific led all the regions in annual growth rate. Capacity rose 7.9% and load factor climbed by 1.1 percentage points to 79.6%.

- **European** carriers' international traffic climbed by 8.2% in 2017 compared to that of the previous year; underpinned by buoyant economic conditions in the region. Capacity rose by 6.1% and load factor surged by 1.6 percentage points to 84.4% – which was the highest for any region.

- **Middle East** carriers' traffic increased by 6.6% last year. The region was the only one to see a slowdown in annual growth compared to that of 2016, and the region's share of global traffic of 9.5%, fell for the first time in 20 years. The market segment to/from North America was hit the hardest owing to factors including the temporary ban on large portable electronic devices in the aircraft cabin, as well as the proposed US travel bans affecting some countries in the region. Capacity climbed by 6.4% and load factor rose by 0.1 percentage point to that of 74.7%.

- **North American** airlines had their fastest demand growth since 2011, with full-year traffic rising by 4.8% compared to 2016. Capacity climbed by 4.5%, and the load factor edged up by 0.3 percentage points to that of 81.7%. The comparatively robust economic backdrop supported outbound passenger demand – this was somewhat offset by a slowdown in inbound travel, partly attributable to the new immigration and security restrictions put in place for travel to the US, as well as the extreme weather events that hit the US later in the year.

- **Latin American** airlines' traffic climbed by 9.3% in 2017, the fastest rate since 2011. However, the upward trend weakened towards the end of the year, partly owing to the disruption caused by the severe 2017 hurricane season that also hurt travel to the US. Capacity rose by 8.0% and the load factor increased by 1.0 percentage points to that of 82.1%, which was the second highest among the regions.

- **African** airlines saw 2017 traffic rise by 7.5% compared to that of 2016. Capacity rose at less than half the rate of demand of 3.6%, with the load factor jumping by 2.5 percentage points to that of 70.3%. While indicators in South Africa are consistent with falling economic outputs – Nigeria has returned to growth – helped by the recent rise in oil prices.

Domestic passenger markets

Domestic air travel climbed by 7.0% last year. All markets showed annual growth led by India, China, and Russia, albeit with wide variation. Capacity increased by 6.2% and the load factor was that of 83.0% – up 0.7% percentage points compared to that of 2016.

2017 calendar year (% year-on-year)	World share ¹	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
Domestic	36.2%	7.0%	6.2%	0.7%	83.0%
Australia	0.9%	0.5%	-1.6%	1.7%	78.6%
Brazil	1.2%	3.5%	1.7%	1.4%	81.5%
China P.R.	9.1%	13.3%	11.6%	1.3%	84.4%
India	1.4%	17.5%	14.9%	1.9%	85.7%
Japan	1.1%	5.8%	1.3%	3.1%	71.7%
Russian Fed.	1.4%	10.1%	9.2%	0.6%	81.0%
US	14.5%	3.8%	3.8%	0.0%	84.8%

¹% of industry RPKs in 2017 ²Year-on-year change in load factor ³Load factor level ***Note:** the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

- Japan posted its fastest full year of growth of up to 5.8% since 2013, driven in part by the country's stronger economic backdrop.

- Brazil's domestic traffic returned to growth last year with a 3.5% demand increase, after recording an annual decline of 5.5% in 2016.

The bottom line

"Last year, more than four billion passengers used aviation to reunite with friends and loved ones; to explore new worlds, to do business, and to take advantage of opportunities to improve themselves. The connectivity provided by aviation enables goods to get to markets, and aid to be delivered to those in need.

Aviation truly is the business of freedom, liberating us from the restraints of geography to lead better lives. Aviation can do even more in 2018, supported by governments that recognise and support our activities with smarter regulation, fairer taxation, cost-efficient infrastructures and borders that are open to people and trade," said De Juniac.

2017 in review - air passenger volumes



2017 was another year of **above-trend passenger growth**, well ahead of the ten-year average pace of 5.5%...

...and **faster** than that of **capacity**



This combination lifted the load factor by **0.9** percentage points, to a record high for a calendar year



Passenger growth in 2017 was driven by a broad-based **pick-up in global economic conditions** as well as stimulus from **lower airfares**



India posted the fastest domestic passenger growth in 2017 for the third year in a row, followed by **China** and **Russia**

Airlines in **Asia Pacific** flew **34% of global volumes** in 2017

The **Middle East's** share of global traffic fell for the first time in 20 years



of survey respondents expect passenger volumes to increase over the next 12 months - the highest proportion in more than a decade.

www.iata.org/economics



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