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Oman Air Reviews IATA Report On Traffic Results 2007: The Middle East Carriers witnessed Highest Traffic Growth Among All Regions

Date: 03 Mar 2008

The International Air Transport Association has declared that the association made a profit of \$5.6bn in 2007. Strong traffic growth of 7.4 per cent was a key component. International passenger traffic (RPKs) increased 7.4% in 2007, up 1.5 points over 5.9% growth recorded in 2006, according to IATA, which announced full-year traffic figures recently. Average load factor was 77% last year, up 1 point from 2006 and an all-time record. "This trend will likely end in 2008 as demand growth is forecast to slow to 5% while capacity rises 5.2%," IATA said.

In this regard, Corporate Communications and Media of Oman Aviation Services (Oman Air) stated that carriers in the Middle East recorded an 18.1% increase in passenger demand continuing a four-year trend of double-digit increases as per IATA. This was the highest among all regions, resulting from strong regional economies, and the impact of oil wealth, expanded capacity, and new routes. International airfreight traffic grew 4.3% in 2007, down from 4.6% in 2006 and well below historical and long-term projected average annual growth of 6.1%. They notified that the Middle East carriers led all regions with a 10.1% increase in freight demand, down from 16.1% in 2006. Worldwide passenger traffic growth slowed to 6.7% in December.

Corporate Communications and Media of Oman Aviation Services (Oman Air) added that average international passenger load factors, or the ratio of seats filled, reached an industry record 77 per cent in 2007, compared with 76 in 2006. IATA believes that the airfreight demand environment will remain challenging. Growth is expected to slow in the first half of 2008 before picking up with overall growth of 4-4.5 per cent projected for 2008. The high price of fuel has already depressed the profit outlook for the aviation industry this year. IATA said in its annual report the airline industry's profit will drop more than 10 per cent to \$5 billion in 2008.

Despite the ambiguity of strong passenger growth accompanied by weaker freight demand, we can say clearly that 2007 was the best in recent memory," IATA DG and CEO Giovanni Bisignani said. "We can state equally clearly that there will be no encore performance in 2008. Oil prices are higher than ever. Economic uncertainty accompanying the US credit crunch is broadening. And the slower growth for passenger demand in December sets the trend for the coming months." He stated.

Corporate Communications and Media of Oman Air recalled IATA's concern disclosed on 24 October 2007, regarding a looming infrastructure crisis, where many countries and regions are failing to prepare adequately to meet demand - with major potential impact on the environment caused by inefficient use of airspace and flight delays. They affirmed that the Omani aviation sector has undergone significant changes - at both the airport and airline level - in the recent period, with much more to come. Tourism is witnessing big investment in infrastructure too. The two international

airports in Oman will have state-of-the-art facilities and be able to take the world's largest passenger plane, the Airbus 380. The development of Oman's largest airport, Muscat International Airport, will result in one of the world's most ultra modern airports. The new terminal building will have a net floor area of 240,000 sqm and capacity for 12 million passengers a year. The building is relatively large for an airport with that capacity because the intention is to provide a high standard of comfort in the terminal. In addition, Muscat is going to be a big transit airport, and extra space is needed to guide the many transit passengers through the terminal with ease. Since traffic forecasts shows that the 12 million-passenger mark will be reached relatively few years after its opening in 2010, the project has been prepared to allow the airport to expand to double its size up to 48 million passengers.

The airport in Oman's second-largest town, Salalah - an unusually lush spot for the Gulf - is being developed into an international airport with the initial stage of expansion is scheduled for completion in November 2011, and the new terminal will be able to accommodate 2 million passengers per year. Once the airport has been fully expanded, the airport will be able to handle 10 million passengers. This expansion is part of a strategic offensive to develop Salalah as a tourist destination.

Quoting ESR Technology, one of the world's leading engineering, safety, and risk management companies with high profile clients in the aviation industry, Corporate Communications and Media of Oman Air said there is little doubt that the Arabian Gulf countries in particular are rising to the challenge with the sheer scale of airport development in the region, which is impressive by



any standard. They stated that with airport projects worth a total of \$17 billion underway, the Middle East is one of the few regions of the world with plans in place to meet the demands of continued growth in air travel, according to industry experts. Global airline traffic is expected to grow to 75 billion passengers by 2011 - a 29% increase on those flying last year, according to IATA. The Middle East is forecast to show the strongest international passenger demand growth with an annual average growth rate of 6.8% driven by GDP expansion and significant new routes and capacity. Total Middle East international passenger numbers are forecast to be around 105 million in 2011, an increase of 30 million over 2006 levels. The total global fleet of aircraft is expected to nearly double by 2026, growing from 18,200 to more than 36,400. ESR Technology notated that parts of the world are effectively managing infrastructure development to anticipate and meet demand - particularly the Middle East and China. According to data from research company Proleads, there are currently 59 active airport projects in Gulf Co-operation Council countries worth a combined total of well over \$17 billion.

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