

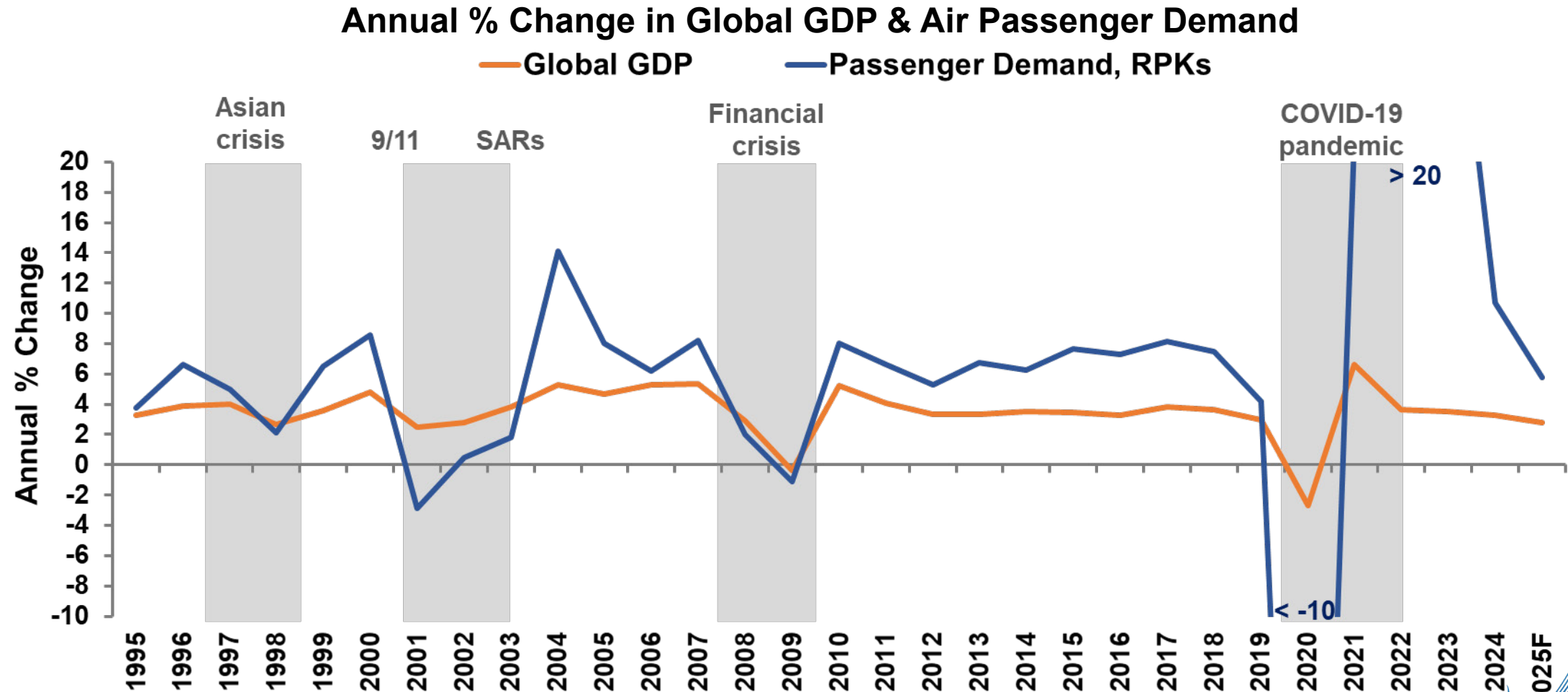


# Introductory Remarks



**Subhas Menon**  
**Director General**  
**Association of Asia Pacific Airlines**

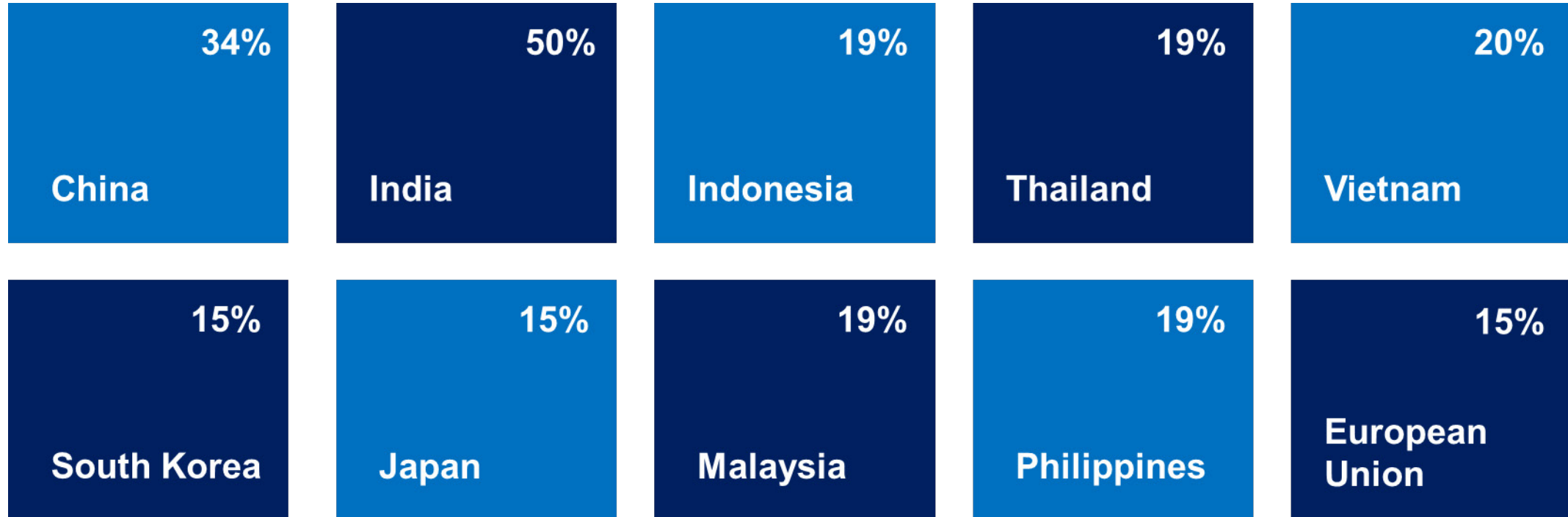
# Air transport – stronger through every crisis



Source: ICAO, © International Air Transport Association, 2019. All Rights Reserved.

# Asia Pacific economies among hardest hit by higher US tariffs

Tariff Rates Imposed by the United States on Selected Trading Partners, %



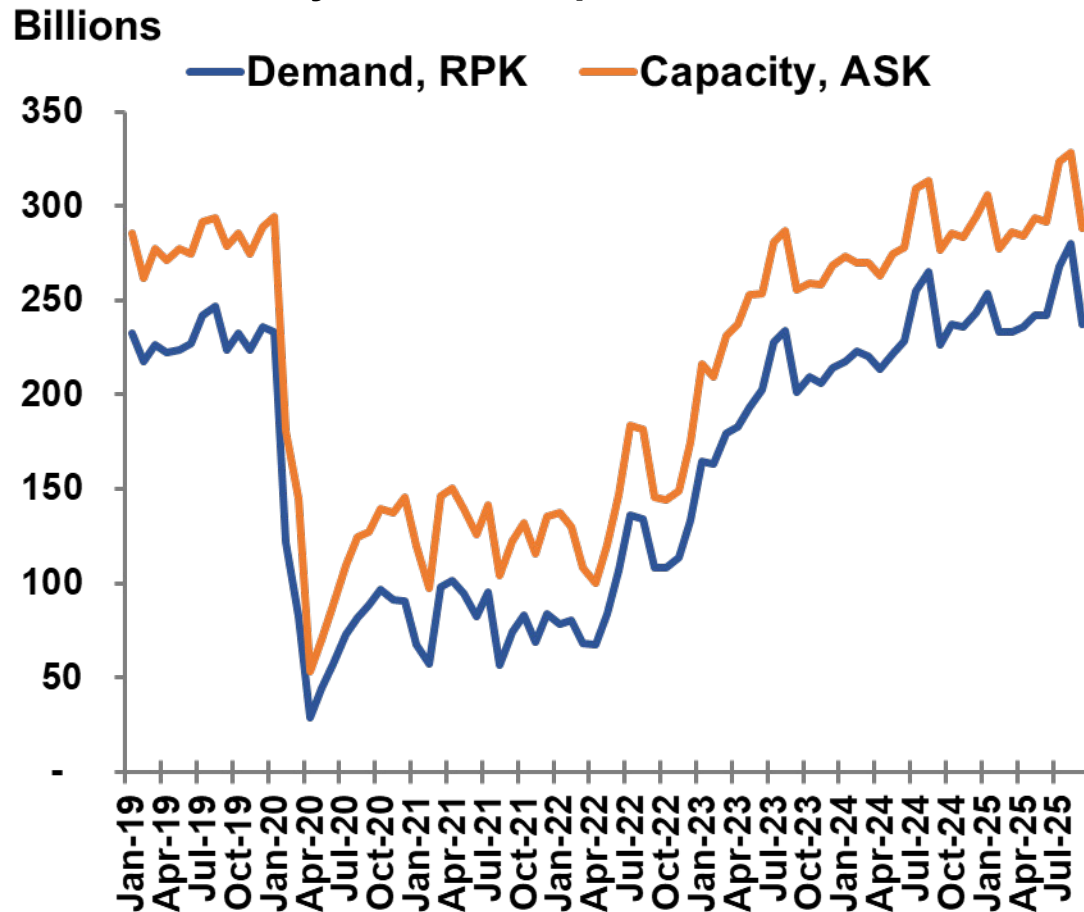
Source: The White House, other websites.  
China: Ad Valorem Rate. India: Stacked tariff rate. Indonesia, Thailand, Vietnam, South Korea, Japan, Malaysia. Philippines: Reciprocal tariff rate.  
European Union: rate refers to majority of goods. Exceptions apply to rates shown above, depending on goods.

# Demand returned when supply returned



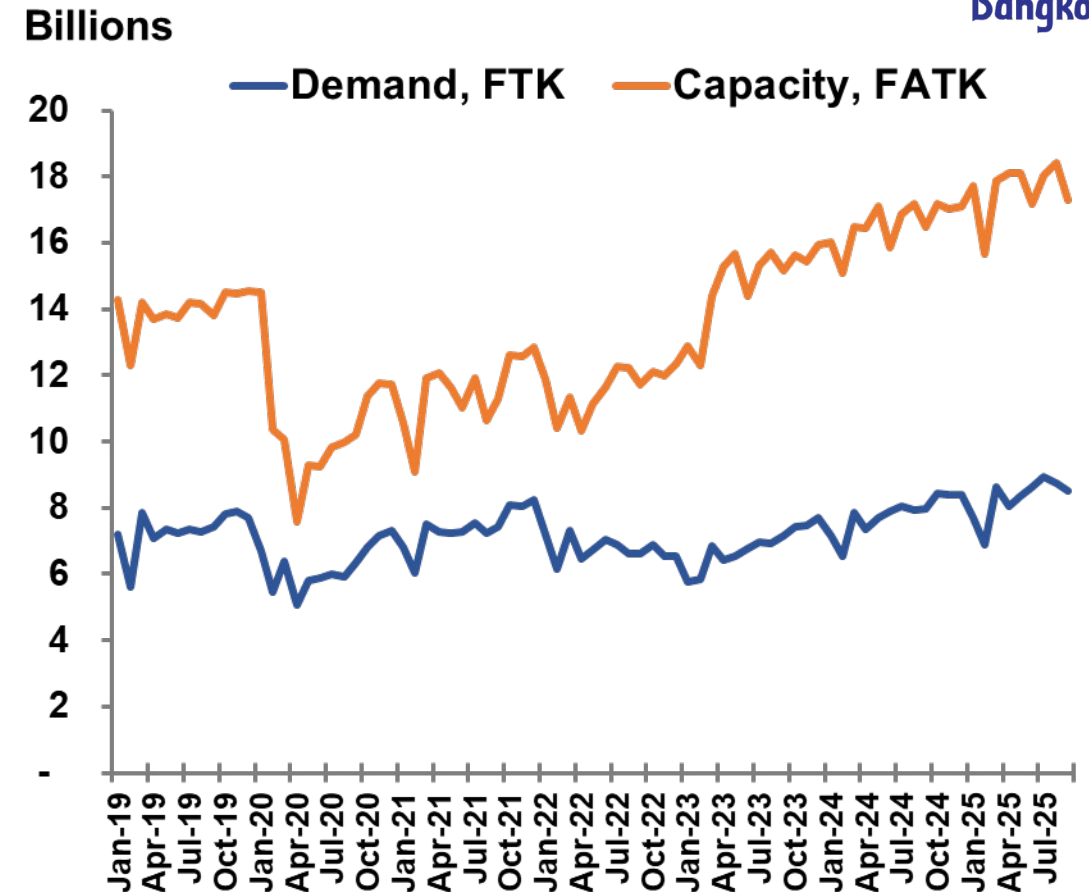
## Asia Pacific Passenger Demand & Capacity

### Systemwide Operations



## Asia Pacific Cargo Demand & Capacity

### Systemwide Operations

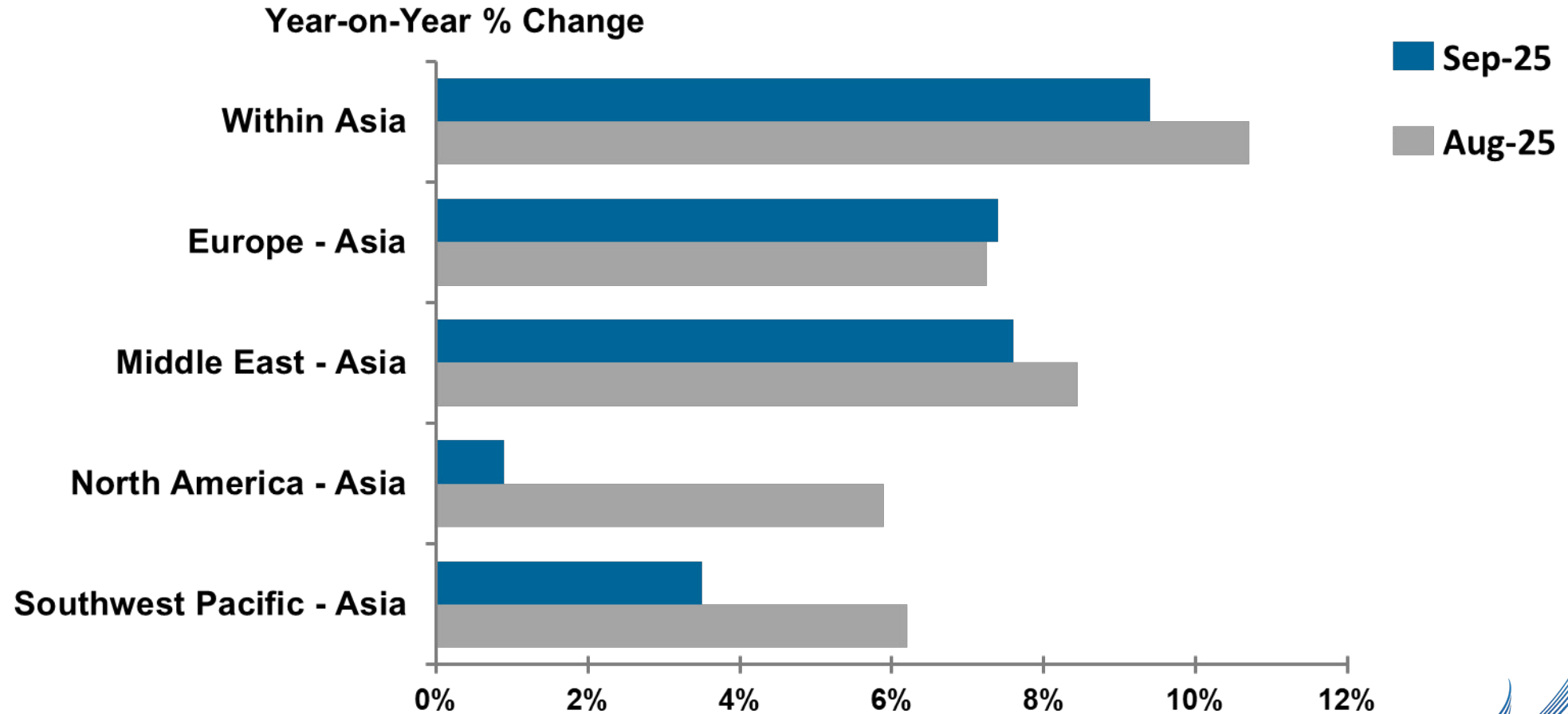


Source: AAPA, © International Air Transport Association, 2019. All Rights Reserved.

RPK: Revenue Passenger Kilometres, ASK: Available Seat Kilometres, FTK: Freight Tonne Kilometres, FATK: Freight Available Tonne Kilometres.

# Intra-Asia travel offsets weaker Trans-Pacific demand

## Passenger Demand (RPK) Growth Across Major Asia Pacific International Route Areas



*Less buoyant demand on U.S. - Asia routes reflects impact of tariffs and policy changes*

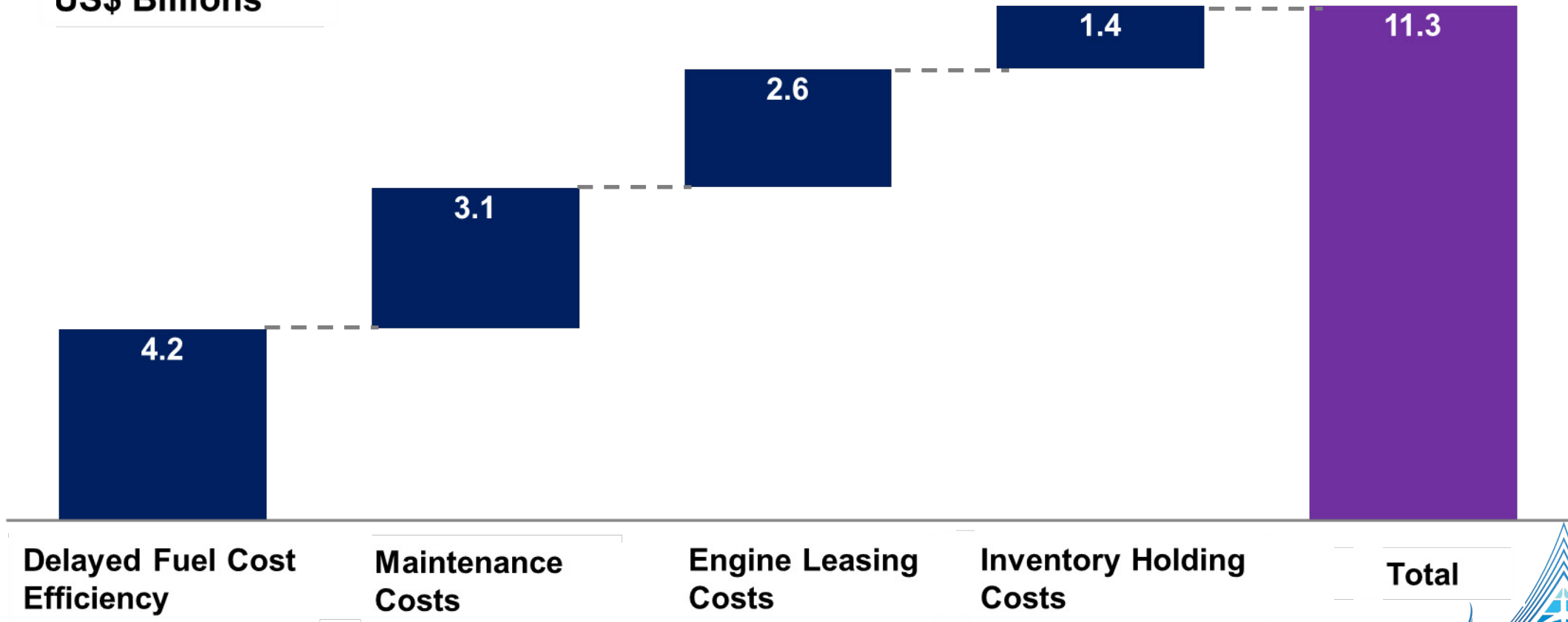
Source: © International Air Transport Association, 2019. All Rights Reserved.



# Supply chain challenges to add US\$11 billion to airline costs

Potential Estimated Cost Impact for Airlines of Supply Chain Challenges, 2025

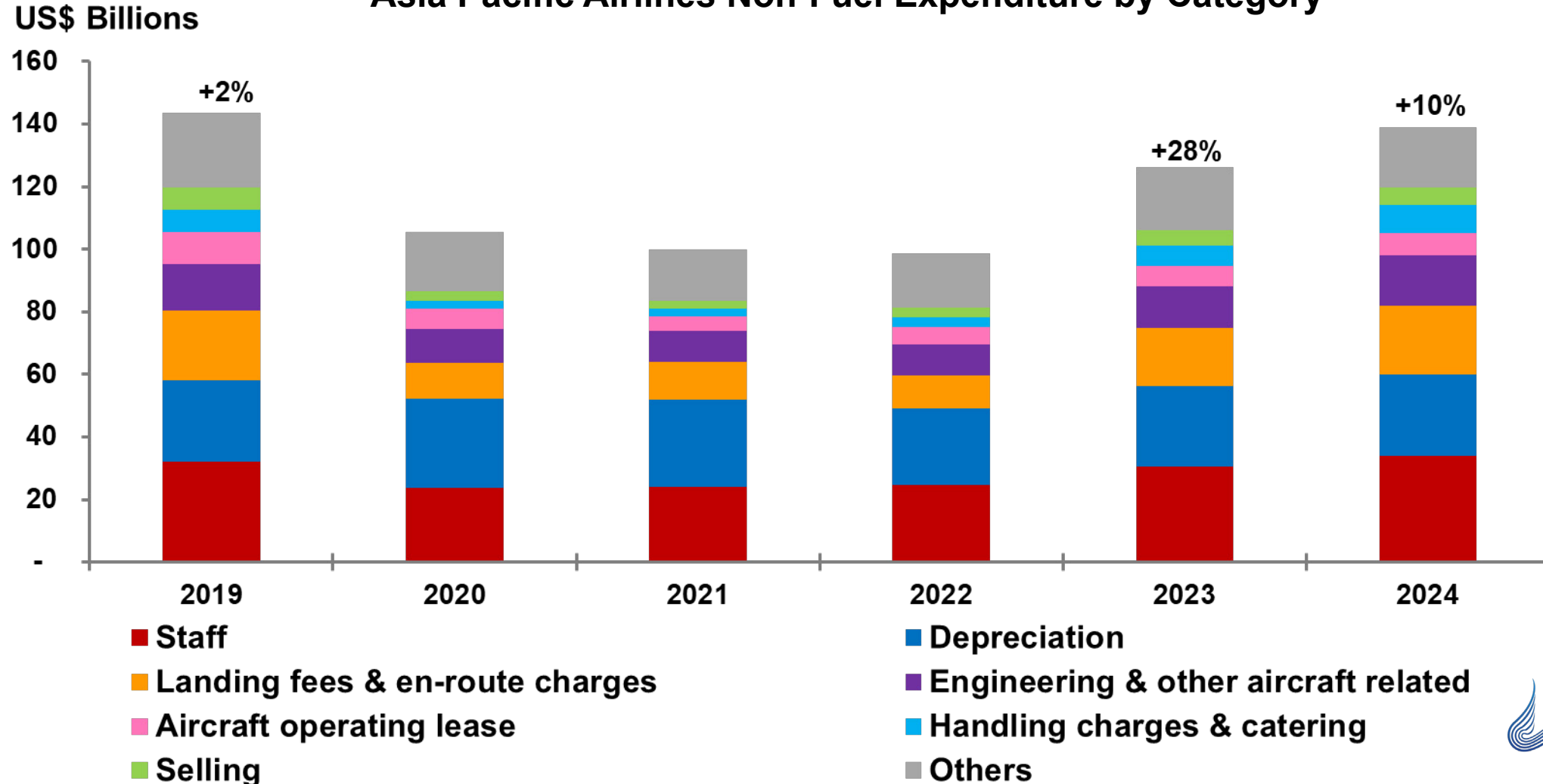
US\$ Billions



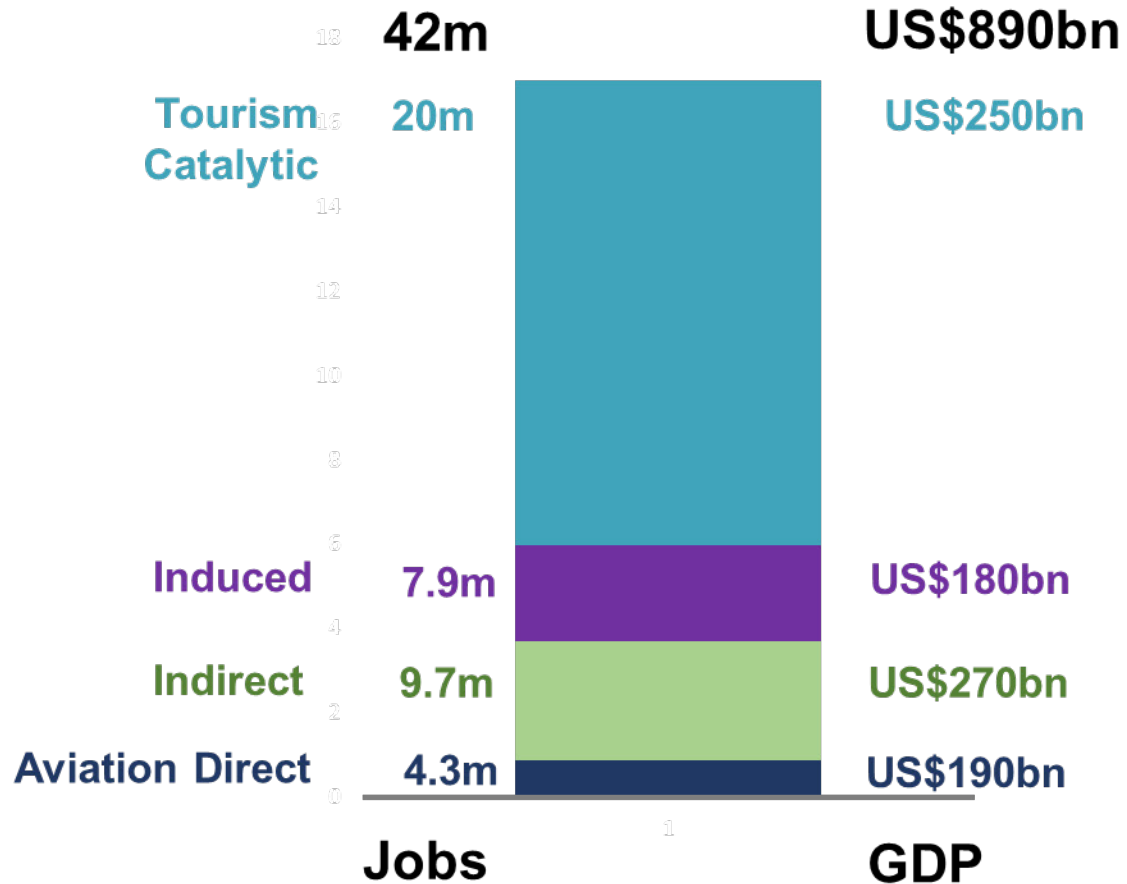
Source: © International Air Transport Association, 2019. Reviving the Commercial Aircraft Supply Chain. All Rights Reserved.

# Non-fuel costs escalate amid supply & airspace constraints

Asia Pacific Airlines Non-Fuel Expenditure by Category



# Asia Pacific's aviation sector plays a vital role



3.0 Trillion

revenue passenger kilometres

33.5%

share of global passenger traffic

94 Billion

cargo tonne kilometres

34.3%

share of global cargo traffic

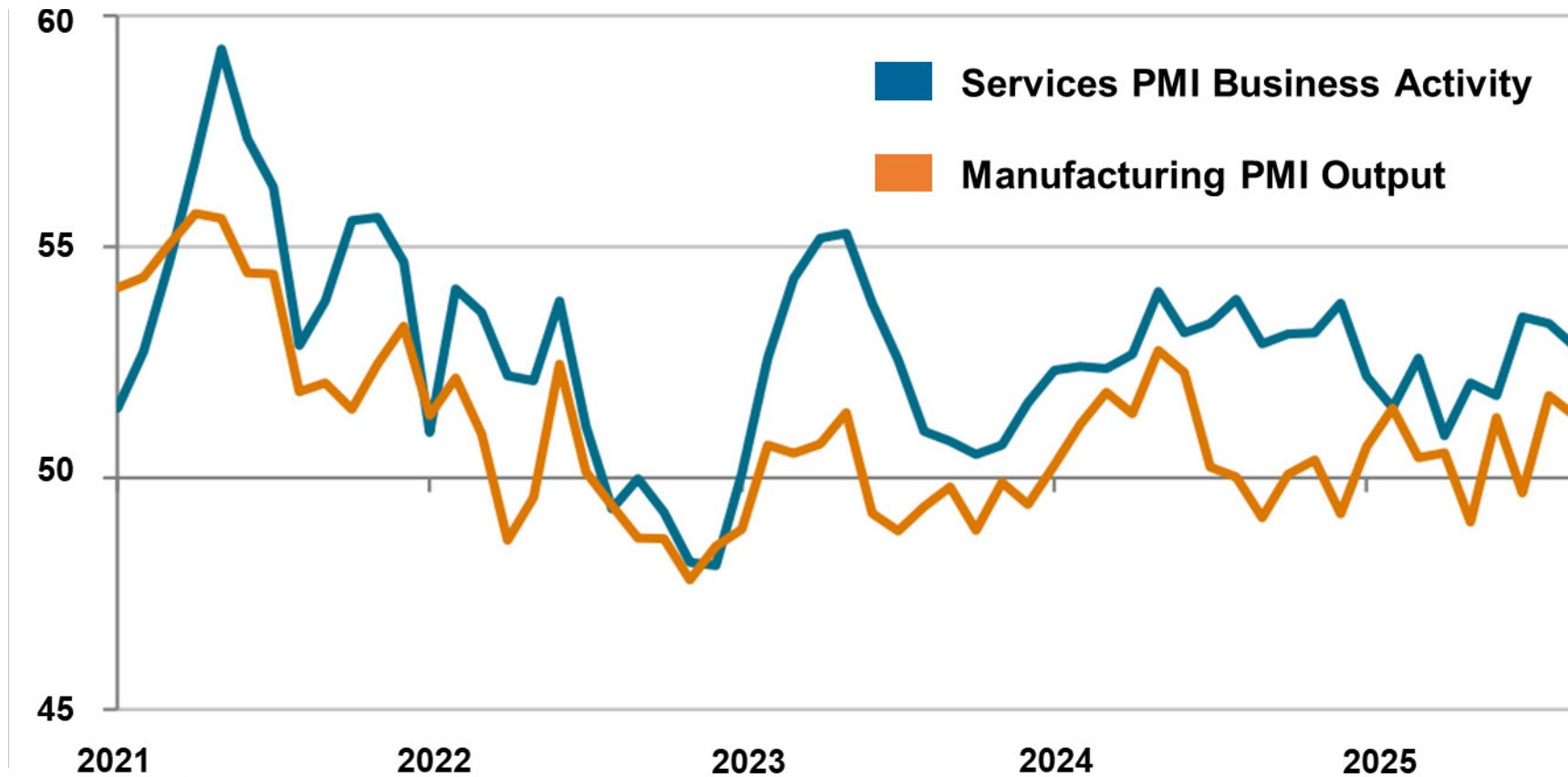


Source: ATAG Aviation Benefits Beyond Borders, © International Air Transport Association, 2019, World Air Transport Statistics. All Rights Reserved.

# Services drive growth amid manufacturing weakness

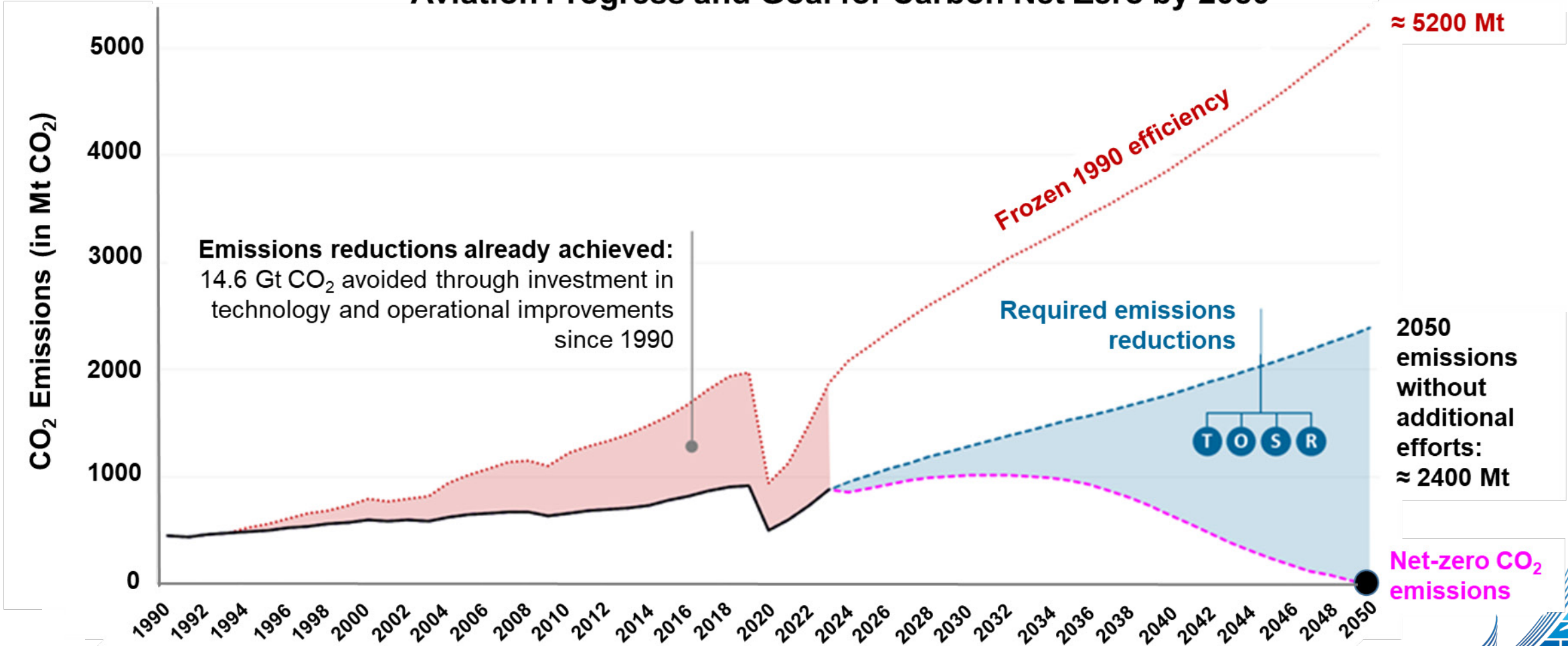
## Global PMI Services Business Activity Index & Global PMI Manufacturing Output Index

Index, sa, >50 = growth m/m



# Aviation early mover on decarbonization

Aviation Progress and Goal for Carbon Net Zero by 2050



T = Technology

O = Operations and infrastructure

S = SAF and other new energies

R = Residual carbon emissions through MBMs and carbon removals



# Old tools for new vision

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- **Too little SAF ~2 Mt in 2025 ~500 Mt needed (250 x more) by 2050**
- **Lacking viable offsets for CORSIA**
- **Ageing fleet and extended MRO shop visits**
- **Creaky ATM systems and inefficient navigation**
- **Carbon removal still in infancy**

*Taxing airlines directly or indirectly through mandates hasn't worked.  
SAF production remains low*



Source: AAPA. **Bangkok 2025**

# Progress with Government policy & technology

- **Supply more fuel-efficient aircraft and engines faster**
- **Support for and implement CORSIA with viable offsets**
- **Scale the production of SAF with enabling policies**
- **Supplant old ATM systems with AI-enabled modern versions**
- **Step-up carbon removals**



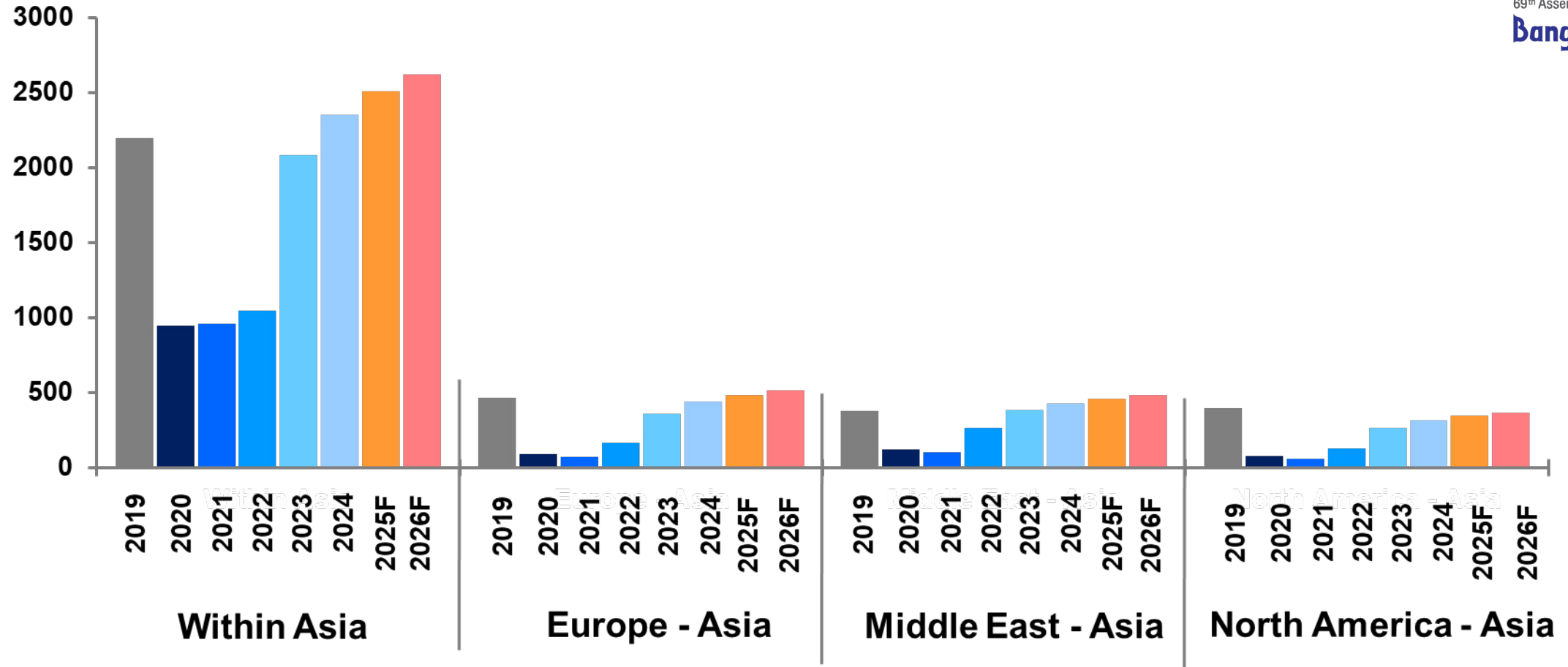
Source: AAPA.

# Demand growth to continue well into 2026



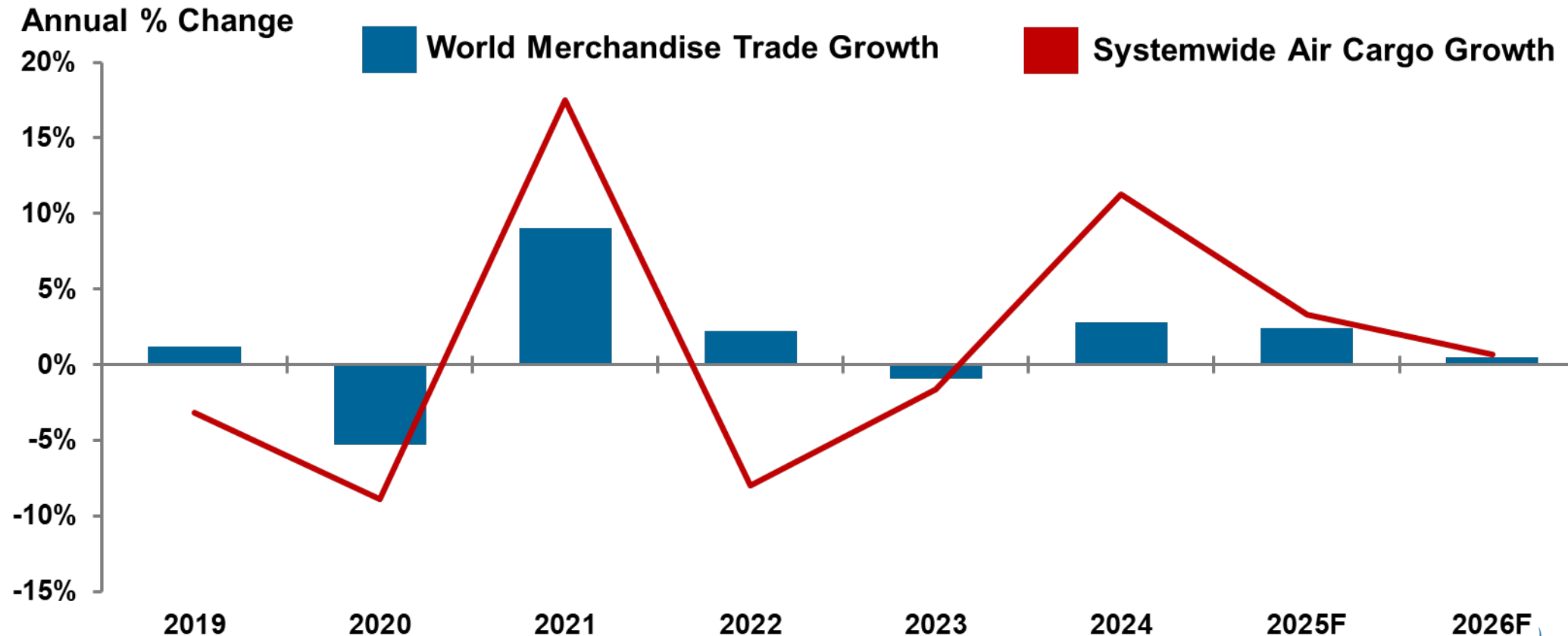
## Passenger Demand by Major Route

RPKs, Billions

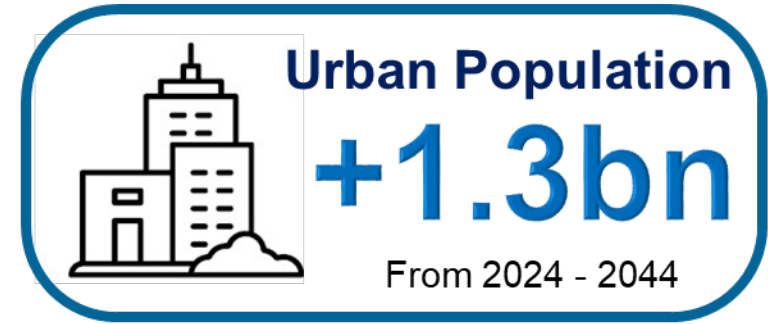
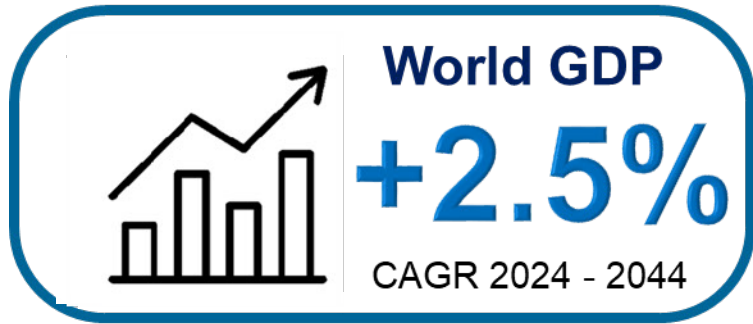


# Trade headwinds to hamper air cargo growth

## Growth in Global Merchandise Trade & Growth in Global Air Cargo Demand



# Growth fundamentals drive positive air traffic outlook



*Shifting policy landscapes, led by increasing protectionism, could temper the pace of expansion*

