

Global airline body warns against protectionism, rising costs

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Collective profits were down in 2018 as oil prices soared following the US pullout from the Iran nuclear deal and unrest in Venezuela

Trade wars and protectionism are key risk factors to airline profits already weakened by rising oil prices, the International Air Transport

Association said Monday.

The warning came at the annual meeting of global airlines in Sydney, where it was revealed that 2018's collective [net profit](#) was forecast to be \$33.8 billion, down from an outlook of \$38.4 billion released in December.

The lower figure, while still considered healthy for the sector, reflected the impact of soaring [oil prices](#) which have hit 3.5-year highs following the US pullout from the Iran nuclear deal and unrest in Venezuela.

IATA chief executive Alexandre de Juniac said airlines had so far faced no "significant decline" in passenger or cargo traffic, but warned that both would suffer if [trade](#) tensions continued.

"Generally, we think... that all these barriers to trade are bad news from an industry standpoint," de Juniac told reporters.

Investors have been rattled by fears of conflict between some of the world's biggest economies after US President Donald Trump imposed stiff tariffs on steel and aluminium from Europe, Mexico and Canada, sparking counter-measures from major allies.

Other key concerns raised by IATA include the US withdrawal from the Iran deal and uncertainty about the impact of Brexit.

Qantas chief executive Alan Joyce said the Australian carrier was keeping a "watchful eye" on global developments, adding that the travel sector had been supported by increased trade.

"We have a number of free trade agreements between Australia and a number of countries in the region and we've seen a significant boost in freight... and travel as a consequence of that," Joyce said.

IATA—which represents 280 airlines that make up 83 percent of global air traffic—said the sector had experienced nine years of gains, although operating profits have been trending slowly lower since early 2016 thanks to rising costs.

"2018 is a tougher year but the airlines have done a good job of managing the changing environment," de Juniac said. "This is a resilient industry that has been through almost two decades of significant and dramatic changes."

Among the regions, North American airlines were expected to record a net [profit](#) of \$15.0 billion this year, representing 44 percent of the global total.

European and Asia-Pacific carriers are tipped to report their second-highest ever net profits of \$8.6 billion and \$10.1 billion representatively.

Latin American and Middle East airlines were also set to see their profits grow in 2018 on the back of stronger commodity prices, but African carriers are forecast to record losses of \$100 million, the same as last year.

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