



\$2.9bn loss
NORTH AMERICA
 Expected to cut losses to \$2 billion in 2010 as capacity adjustments increase pricing power

\$3.5bn loss
EUROPE
 Again set to be heaviest hit in 2010 with losses of \$2.5 billion, hindered by slow economic recovery

\$3.4bn loss
ASIA PACIFIC
 China and India will lead strong economic recovery helping cut losses to \$700 million in 2010

\$0.1bn loss
AFRICA
 Economies relatively unscathed in 2009 and expected to post a similar size loss in 2010

\$1.2bn loss
MIDDLE EAST
 Strong long-haul connection business forecast to help cut losses to \$300 million in 2010

\$0.1bn profit
LATIN AMERICA
 Strong local economies helped make it the only profitable region in 2009. Set for a repeat in 2010

- 1 NORTH AMERICA
- 2 LATIN AMERICA
- 3 WESTERN EUROPE
- 4 AFRICA
- 5 MIDDLE EAST
- 6 ASIA

REPORT
GRAHAM DUNN
 IN LONDON

2009 IN PIECES

No region was spared economic pain in 2009 but some markets fared better than others and see better prospects for 2010

CAPACITY SHIFTS
 The map above illustrates how capacity has been cut over the last 12 months in virtually all regions but the Middle East. The figures represent the capacity, measured in ASKs and sourced from the *Innovata* database, between different regions for the whole of 2009 versus 2008. The cuts are most evident from North America, where carriers to some extent pre-empted the economic crisis with their own capacity cuts last winter. Capacity offered between North America and Europe, for example, has been 9% lower this year than in 2008 – the year when the much heralded EU-US Open Skies was introduced. Year-on-year capacity is also down in most markets from Europe. But despite the economic difficulties facing the sector, there remained double digit capacity increases on routes connecting the Middle East, reflecting the continued growth of the major Gulf carriers.

The 2009 headline loss figures for each region and forecast projections contained in the text are based on IATA's most recent industry forecast. This shows total net losses for the airline sector of \$11 billion in 2009. European carriers are expected to incur the heaviest losses of any region in both 2009 and 2010, while Latin America is the only region IATA expects to be profitable in either year.