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NEWS

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'Thin' growth in profits projected for African airlines

African airlines are expected to post a collective profit of US\$100m for a net margin of 0.8% - the thinnest of all regions, reported the International Air Transport Industry Association (IATA) at its annual general meeting (AGM) in Miami on Monday.

Last year traffic growth for African airlines was weak because of various problems that disrupted tourism and trade – such as the Ebola crisis – but market share also continues to be lost.

Currencies have been weak, particularly for oil exporters, so the benefits of lower fuel prices will be limited in Africa, according to IATA.

African airlines are also expected to see the slowest growth among developing markets, with capacity and demand expansion of 3.3% and 3.2% respectively this year.

IATA said the global airline industry was expected to make a net profit of US\$29.3bn in 2015 on expected revenues of US\$727bn.

Global cargo business is expected to grow by 5.5% in 2015, slightly slower than the 5.8% growth in 2014. IATA said the longer term prospects for air cargo remained challenging with a continuing post-financial crisis trend of slower trade growth relative to gross domestic product.

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