



AIR CARGO SECURITY POLICY NEWSLETTER

Airbus Global Market Forecast 2010 - 2029

December 27, 2010

Earlier this month Airbus upgraded its long-term global market forecast to reflect faster-than-expected traffic growth, accelerated replacement of older jets in mature markets and dynamic growth of demand in emerging market countries.

Airbus said it expects global demand for passenger jets over the 20-year period to be around 26,000 aircraft worth more than \$3.2 trillion. That is 900 more than Airbus was predicting in its previous global market forecast in September 2009.

With cargo traffic recovering at a higher rate than passenger traffic, Airbus is projecting a demand for approximately 2,980 freighters.

The Airbus Global Market Forecast (GMF) gives a detailed analysis of world air transport developments, covering 300 distinct passenger and freight traffic flows, as well as a year-by-year fleet evolution of the world's aircraft operators, through fleet analysis of nearly 938 passenger airlines and 217 freighter operators over the next 20 years.

The full Airbus presentation can be viewed at:

http://www.airbus.com/fileadmin/media_gallery/files/brochures_publications/Global_Market_Forecast/Airbus_Global_Market_Forecast_-_2010-2029.pdf



Out of the almost 26,000 additional passenger and freighter aircraft needed, around 25,000 will be passenger aircraft valued at over US\$2.9 trillion. Of these additional passenger aircraft, 10,000 will replace older less eco-efficient aircraft and some 15,000 will be for growth. Taking into account today's passenger fleet of over 14,000 aircraft, the world passenger fleet will rise to some 29,000 aircraft by 2029.

"The recovery is stronger than predicted and reinforces both the resilience of the sector to downturns and that people want and need to fly," says John Leahy, Chief Operating Officer Customers. "The single aisle sector is particularly strong, and our A320 NEO meets this future demand by providing our customers with the latest innovations and technologies whilst maintaining maximum commonality. Our entire product range is very well positioned to meet the economic and environmental needs for sustainable growth for the decades ahead."

In passenger traffic volume, domestic US leads the world in total RPK's (11.3%) followed by domestic China (8.4%), Intra European (7.2%), then US to Western European routes (5.9%).

In passenger traffic growth terms, emerging economies are leading the recovery. Domestic Indian traffic growth (9.2%) is the fastest of any major market and the third fastest growth overall, after

traffic between the Middle East and South America, and between North Africa and the People's Republic of China (PRC). Seven out of the top 20 fastest growth flows connect China (PRC) to the rest of the world.

"Airlines in Asia Pacific including China and India will carry one third (33%) of the passenger traffic by 2029, making it the largest region, overtaking Europe (25%) and North America (20%)," said Chris Emerson, Head of Product Strategy and Market Forecast.

Aircraft are getting bigger as airlines capitalise on the benefits of larger aircraft to absorb traffic growth, minimize airport congestion, reduce costs and to increase eco-efficiency.

Freight traffic is recovering at an even faster rate (5.9%) than passenger traffic growth. In 2010, freight traffic is expected to rebound closer to 18% before leveling off at more typical growth levels by the end of 2011. Combined with fleet renewal, this translates to a demand for around 2,980 freighters. While some 870 will be new aircraft valued at US\$211 billion, 2,110 will be converted from passenger aircraft.

Demand for Very Large Aircraft (VLA) passenger and freighter aircraft like the A380, is more than 1,700 valued at over US\$570 billion (this represents 18% by



value and 7% by units). Of these, some 1,320 will connect the world's increasing number of 'mega' cities.

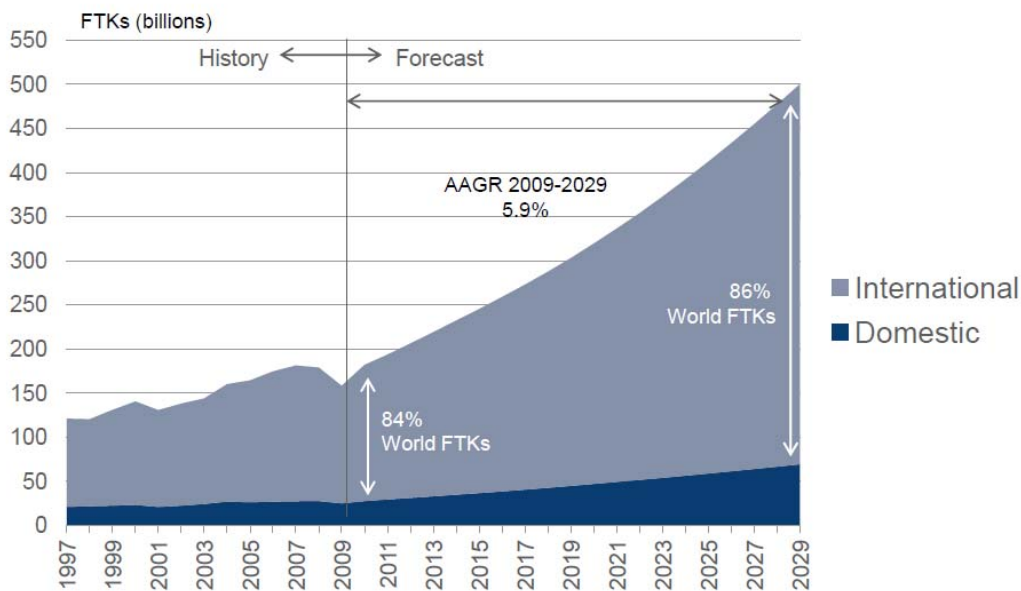
In the twin-aisle aircraft segment (seating from 250 to 400 passengers), some 6,240 new passenger and freighter aircraft will be delivered in the next 20 years, valued at some US\$1,340 billion (representing 42% by value and 24% by units). Of these, 4,330 aircraft will be small twin-aisle (250 to 300 seater) and about 1,910 intermediate twin aisles (350 to 400 seats). These segments are covered by the A330/A340 family. From 2013, the A350XWB family will cover the entire spectrum of twin aisle market requirements.

In the single-aisle segment, almost 17,900 aircraft worth some US\$1,274 billion (40% by value, or 69% units), will be delivered in the next 20 years. This is

an increase over previous forecasts due to the accelerating demand for single aisle aircraft particularly in Asia Pacific, the emergence of low-cost carriers and increased route liberalisation.

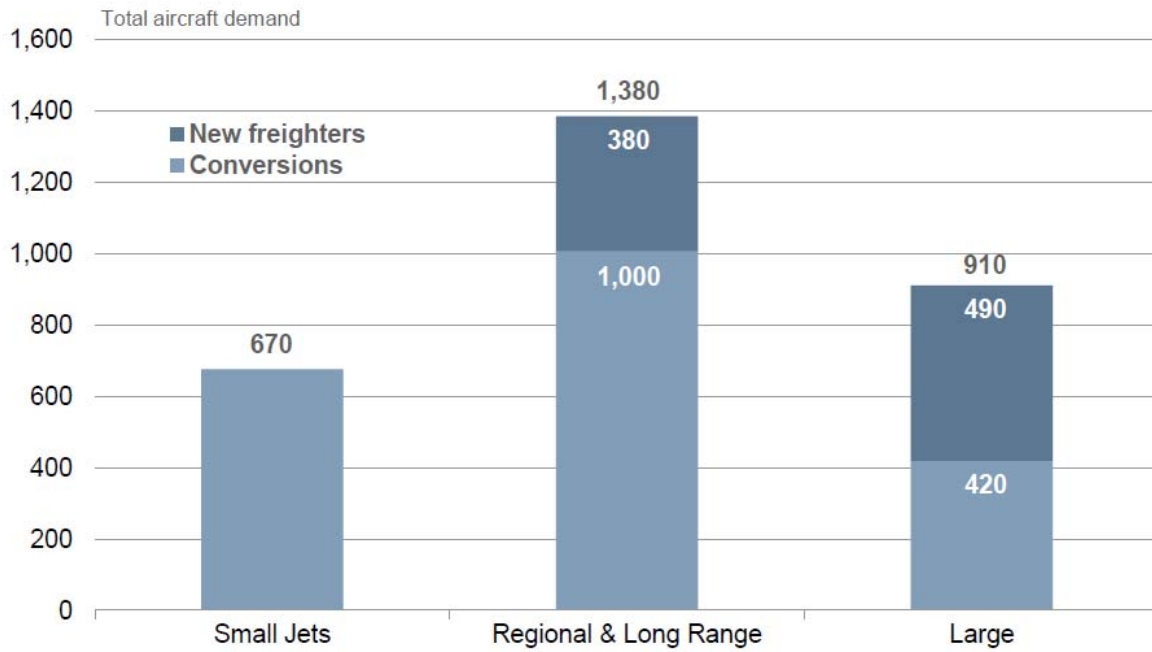
The demand for approximately 2,980 freighters from 2010-2029 will be accommodated by 870 new production aircraft (at a total value of US\$211 billion) and some 2,110 to be converted from passenger jetliners.

Airbus will help address this need with its new A330-200F, which is a highly-efficient, reliable and profitable cargo aircraft based on the popular A330 passenger jetliner. The no. 1 A330-200F joined the fleet of Etihad Airways earlier this year, and a total of five A330-200Fs had been delivered by Airbus to international customers as of November 30



Freight Traffic to double in the next 20 years





20 year freighter demand for almost 3,000 aircraft

