



*Thai Airfreight Forwarders Association
Thailand Report*

2021-2022

*Presenting to
The Delegates Attending
FAPAA 49th ECM & AGM 2023*

*The Anvaya Beach Resort Bali, Indonesia
June 8-10, 2023*



TAFAThailand Profile

Thai Airfreight Forwarders Association (TAFAThailand) was founded in 1986 as a representative of freight forwarders in the industry and has played an important role in the economic development of Thailand for many years, especially with the export industry which has the active support of Government. Apart from airlines, one of the main companies in the forwarding business is the Airfreight Forwarder.

The business operations can be divided into many different ways, for example, by plane, by truck and many other supporting services. Lack of discipline in operating those processes causes a lower-than-standard business competition. Cooperation and unity among those fellow forwarders is essential to maintain the honored status of the Association.

The Association forms a neutral center which enforces rules and regulations and lifts the standard of services. Additionally, the Association also acts as a representative for all the forwarders. It negotiates with other Government and Non-Government Organizations, endeavoring to create the best outcome for all concerned.

Vision

To be an organization that promotes and develops fellow Thai airfreight forwarders in the industry to raise competency level as well as to be responsible for society and environment we all live in.

Mission

1. Obtaining recognition and acceptance from both government and business sectors.
2. Providing support for Thai government to position Thailand as Hub of Asia.
3. Elevating members' capability to meet with National Economy and Society Development plan.
4. Being a central governing body define and control rules and regulations for the airfreight forwarding agents in Thailand.
5. Developing and feeding skillful workforce and industry knowledge into the industry.
6. Co-coordinating and collaborating with various organizations, i.e. government and private sectors, domestic and international airlines, to reach highest mutual benefits.



Objectives:

1. Promoting, supporting, assisting members to achieve business results and to overcome obstacles, difficulties while operating in the field.
2. Sharing and exchanging knowledge, opinions, updating industry insights and statistics useful to raise standard of service to meet with international standard.
3. Presenting and offering valuable information to government and business sectors for favorable consideration.
4. Handling disputes among members or third parties, setting rules and mediating negotiation.
5. Not involving in any illegal activities and any political movements.
6. Unifying Thai airfreight forwarding agents to set standard of service matched with international counterparts.
7. Laying strong foundation for people in this profession by providing essential trainings and knowledge of the industry.

TAFAThailand Members 2023

Current TAFAThailand Membership Registration

Total 147 Companies IATA Member 79

Ordinary Member Total 88 Companies
IATA Member: 58
Non - IATA Member: 30

Associate Member Total 59 Companies
IATA Member: 21
Non - IATA Member: 38

Secretariat

Thai Airfreight Forwarders Association
26/56 TPI Tower 20th floor Nanglinchee road (Chan tat mai rd.),
Thungmahamek, Satorn, Bangkok 10120

Tel :+(662) 286-0432-3, + (662) 286-0477-8 Fax: + (662) 286-0474
E-mail: tafa@tafathai.org Web: www.tafathai.org



TAFE COMMITTEE

2021 - 2022



Chairman
Mr. Nitithorn Sukmanus
Dynamic Air Cargo Co., Ltd.



Secretary
Mr. Sombat Prasansilpchai
Triple I Air Express Co., Ltd.



Vice Chairman
Miss. Kansiri Intraphuvasak
CTI Logistics Co., Ltd.



Vice Chairman
Mr. Sorasak Skulniwat
Siam Kargo Logistics Co., Ltd.



Vice Chairman
Mr. Pannaruth Chatkeereerat
Harpers Freight International Air Cargo Co., Ltd.



Director
Mr. Weerapong Voraprayuth
World United Logistics (Thailand) Co., Ltd.



Treasurer
Miss. Siripan Chantarasomboon
MSI Logistics Ltd.



Registrar
Mr. Anusorn Puengporn
Speedmark Transportation (Thailand) Co., Ltd.



Director
Mr. Boonsuang Mahaplearkpong
Handle Inter Freight Logistics Co., Ltd.



Director
Mr. Pusit Pupapessiri
Malca-Amit (Thailand) Ltd.



Director
Mr. Narongratch Sophonphacharawong
Yamato Unyu (Thailand) Co., Ltd.



Director
Mr. Somsuk Pinyochaendeeying
Pearl Logistics Co., Ltd.



Director
Mr. Poppapon Udomtaveechokchai
KWE-Kintetsu World Express (Thailand) Co., Ltd.



Director
Mrs. Putsacha Sombatpiboon
Thai Master Transport Int'l Service (T.M.T) Co., Ltd.



Director
Mr. Suppachit Roopsuwankun
Nippon Express Logistics (Thailand) Co., Ltd.

AIRPORTS TRAFFIC 2022

Report by Airport of Thailand (AOT)

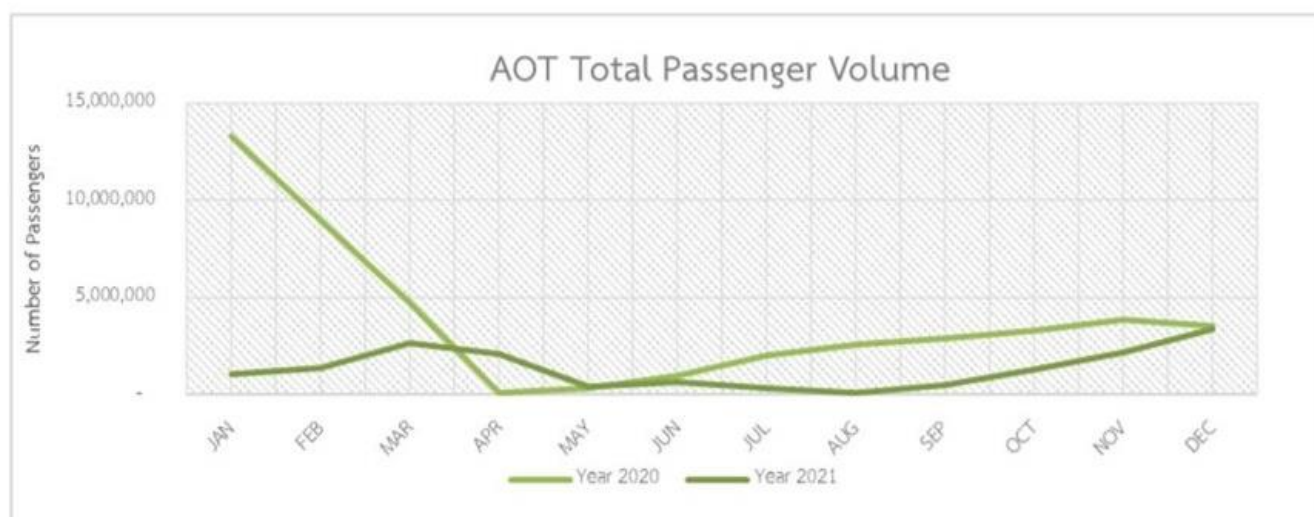
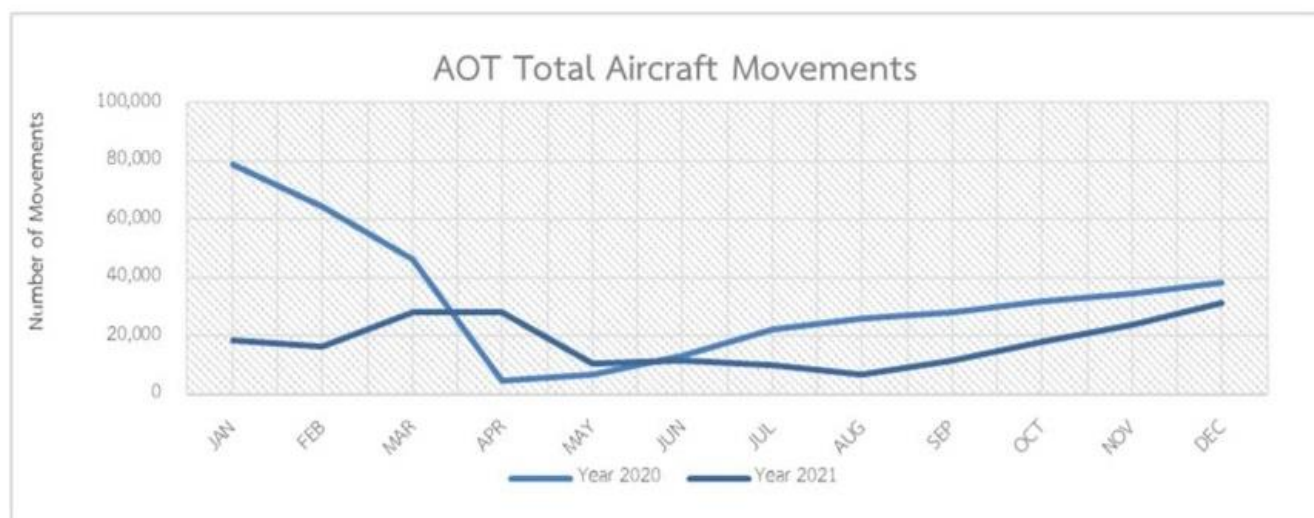
In the year 2022, the situation of the pandemic is constantly evolving, and the gradual easing of travel restriction could lead to a continuous increase in air traffic overtime. As a result, the aircraft movements and passenger volume increased by 119.85% and 287.68%.

The air cargo increased by 4.85% since demand is growing along with the pandemic. Aircraft movements increased from 214,462 to 471,504 flights. Number of passengers increased from 16.20 to 62.80 million, while freight and mail volume increased from 1.15 to 1.20 million tons.

Airports	International	%Change	Domestic	%Change	Total	%Change
Aircraft movements (flights)						
Suvarnabhumi	134,605	97.96	86,726	98.31	221,331	98.10
Don Mueang	22,261	598.93	98,421	102.13	120,682	132.63
Chiang Mai	1,912	3,254.39	37,115	132.06	39,027	143.14
Hat Yai	778	5,086.67	20,297	100.27	21,075	107.64
Phuket	21,436	413.19	36,033	151.15	57,469	210.24
Chiang Rai	18	-	11,902	94.13	11,920	94.42
Total 6 airports	181,010	139.97	290,494	108.94	471,504	119.85
Passenger volume (persons)						
Suvarnabhumi	17,898,100	1,262.45	10,856,250	149.51	28,754,350	407.61
Don Mueang	2,606,198	18,710.52	13,524,317	168.06	16,130,515	218.84
Chiang Mai	251,830	17,125.03	5,207,651	195.68	5,459,481	209.72
Hat Yai	103,634	58,450.28	2,841,350	134.88	2,944,984	143.42
Phuket	3,155,264	997.56	4,659,684	210.16	7,814,948	336.63
Chiang Rai	106	-	1,686,620	137.42	1,686,726	137.43
Total 6 airports	24,015,132	1385.50	38,775,872	165.95	62,791,004	287.68
Freight and mail (tons) – Exclude Transit						
Suvarnabhumi	1,172,591	5.30	11,566	69.44	1,184,157	5.69
Don Mueang	3,152	-82.60	3,391	31.84	6,543	-68.37
Chiang Mai	36	-	5,156	59.04	5,192	60.15
Hat Yai	-	-	3,742	17.23	3,742	17.23
Phuket	3,921	85.74	3,651	74.02	7,572	79.90
Chiang Rai	-	-	920	57.00	920	57.00
Total 6 airports	1,179,700	4.05	28,426	53.52	1,208,126	4.85

AIRPORTS TRAFFIC 2022

Report by Airport of Thailand (AOT)



NUMBER OF AIRLINES ROUTES

In 2022, AOT served around 105 international scheduled destinations from 56 countries, and 8 domestic scheduled destinations. From those international flights, 81% were from Asia Pacific.

AOT also accommodated a total of 113 scheduled airlines, which 15 of those airlines operated as freighters. There were 8 local airlines in 2022, 4 airlines were low-cost carriers.

AIRPORT	No. of COMBINATION AIRLINES	No. of CARGO AIRLINES	No. of TOTAL AIRLINES	No. of INTERNATIONAL ROUTES	No. of COUNTRIES	No. of DOMESTIC ROUTES
BKK	101	15	112	132	57	23
DMK	13	-	10	41	16	29
CNX	17	1	16	13	10	16
HDY	8	-	7	2	3	10
HKT	40	-	37	37	25	14
CEI	5	-	5	-	1	5
AOT	113	15	121	141	57	35

LOW - COST CARRIERS TRAFFIC IN 2022

Airports	International	%Change	Domestic	%Change	Total	%Change
Aircraft movements (flights)						
Suvarnabhumi	20,635	1071.78%	36,361	80.89%	56,996	160.71%
Don Mueang	18,108	3897.35%	93,900	109.43%	112,008	147.32%
Chiang Mai	1,564	3810.00%	29,119	134.74%	30,683	146.55%
Hat Yai	696	-	15,358	88.51%	16,054	97.05%
Phuket	7,435	3474.52%	21,674	137.03%	29,109	211.26%
Chiang Rai	-	-	9,424	86.43%	9,424	86.43%
Total 6 airports	48,438	1867.42%	205,836	106.48%	254,274	148.92%
Passenger volume (persons)						
Suvarnabhumi	3,381,262	7578.23%	5,305,420	124.68%	8,686,682	261.14%
Don Mueang	2,568,731	68344.74%	13,470,451	174.74%	16,039,182	226.88%
Chiang Mai	226,015	15705.24%	4,225,830	193.63%	4,451,845	209.02%
Hat Yai	100,847	-	2,333,874	132.01%	2,434,721	142.03%
Phuket	1,143,147	18397.52%	3,127,389	188.33%	4,270,536	291.49%
Chiang Rai	-	-	1,431,653	133.20%	1,431,653	133.20%
Total 6 airports	7,420,002	13293.51%	29,894,617	162.05%	37,314,619	225.51%
Freight and mail (tons) – Exclude Transit						
Suvarnabhumi	34,073	318.33%	6,033	84.05%	40,106	251.10%
Don Mueang	3,077	-12.16%	3,391	32.00%	6,468	6.52%
Chiang Mai	16	-	3,101	109.53%	3,117	110.61%
Hat Yai	-	-	2,717	26.84%	2,717	26.84%
Phuket	989	-	2,254	69.73%	3,243	144.20%
Chiang Rai	-	-	870	98.63%	870	98.63%
Total 6 airports	38,155	227.57%	18,366	63.47%	56,521	147.00%

Suvarnabhumi Airport (BKK) Statistics Report

TABLE 1		2021					2022					%
INTERNATIONAL FREIGHT	MONTH	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	CHANGE
	JANUARY	36,006	44,700	80,706	194	80,900	44,280	53,057	97,337	11	97,348	20.33
	FEBRUARY	35,876	51,078	86,954	104	87,058	38,842	50,310	89,152	46	89,198	2.46
	MARCH	43,011	61,310	104,321	39	104,360	49,668	64,866	114,534	18	114,552	9.77
	APRIL	35,118	52,920	88,038	11	88,049	44,993	59,948	104,941	28	104,969	19.22
	MAY	37,933	54,427	92,360	35	92,395	42,979	63,481	106,460	27	106,487	15.25
	JUNE	38,446	50,631	89,077	-	89,077	42,840	56,587	99,427	32	99,459	11.66
	JULY	39,116	51,017	90,133	1	90,134	43,663	51,232	94,895	1,361	96,256	6.79
	AUGUST	39,984	48,903	88,887	9	88,896	43,518	48,716	92,234	1,755	93,989	5.73
	SEPTEMBER	37,912	52,486	90,398	9	90,407	42,872	49,632	92,504	1,579	94,083	4.07
	OCTOBER	42,309	55,061	97,370	21	97,391	44,434	49,881	94,315	2,112	96,427	-0.99
	NOVEMBER	41,714	54,414	96,128	18	96,146	45,621	49,068	94,689	2,371	97,060	0.95
	DECEMBER	45,597	62,748	108,345	35	108,380	44,123	47,469	91,592	2,778	94,370	-12.93
	TOTAL	473,022	639,695	1,112,717	476	1,113,193	527,833	644,247	1,172,080	12,118	1,184,198	6.38

TABLE 2		2021					2022					%
DOMESTIC FREIGHT	MONTH	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	CHANGE
	JANUARY	259	195	454	-	454	683	423	1,106	-	1,106	143.61
	FEBRUARY	289	218	507	-	507	650	437	1,087	-	1,087	114.40
	MARCH	458	331	789	-	789	651	448	1,099	-	1,099	39.29
	APRIL	373	275	648	1	649	515	369	884	1	885	36.36
	MAY	272	201	473	-	473	538	347	885	-	885	87.10
	JUNE	362	225	587	2	589	538	322	860	-	860	46.01
	JULY	260	162	422	-	422	516	333	849	-	849	101.18
	AUGUST	5	3	8	-	8	527	372	899	-	899	11,137.50
	SEPTEMBER	254	170	424	-	424	557	348	905	-	905	113.44
	OCTOBER	412	221	633	-	633	492	373	865	-	865	36.65
	NOVEMBER	506	314	820	-	820	564	463	1,027	-	1,027	25.24
	DECEMBER	607	454	1,061	-	1,061	543	557	1,100	-	1,100	3.68
	TOTAL	4,057	2,769	6,826	3	6,829	6,774	4,792	11,566	1	11,567	69.38

TABLE 3		2021					2022					%
TOTAL FREIGHT	MONTH	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	INBOUND	OUTBOUND	INBOUND + OUTBOUND	TRANSIT	TOTAL	CHANGE
	JANUARY	36,265	44,895	81,160	194	81,354	44,963	53,480	98,443	11	98,454	21.02
	FEBRUARY	36,165	51,296	87,461	104	87,565	39,492	50,747	90,239	46	90,285	3.11
	MARCH	43,469	61,641	105,110	39	105,149	50,319	65,314	115,633	18	115,651	9.99
	APRIL	35,491	53,195	88,686	12	88,698	45,508	60,317	105,825	29	105,854	19.34
	MAY	38,205	54,628	92,833	35	92,868	43,517	63,828	107,345	27	107,372	15.62
	JUNE	38,808	50,856	89,664	2	89,666	43,378	56,909	100,287	32	100,319	11.88
	JULY	39,376	51,179	90,555	1	90,556	44,179	51,565	95,744	1,361	97,105	7.23
	AUGUST	39,989	48,906	88,895	9	88,904	44,045	49,088	93,133	1,755	94,888	6.73
	SEPTEMBER	38,166	52,656	90,822	9	90,831	43,429	49,980	93,409	1,579	94,988	4.58
	OCTOBER	42,721	55,282	98,003	21	98,024	44,926	50,254	95,180	2,112	97,292	-0.75
	NOVEMBER	42,220	54,728	96,948	18	96,966	46,185	49,531	95,716	2,371	98,087	1.16
	DECEMBER	46,204	63,202	109,406	35	109,441	44,666	48,026	92,692	2,778	95,470	-12.77
	TOTAL	477,079	642,464	1,119,543	479	1,120,022	534,607	649,039	1,183,646	12,119	1,195,765	6.76

Don Mueang International Airport (DMK) Statistics Report

TABLE 1		2021					2022					%
INTERNATIONAL FREIGHT		IN	OUT	IN + OUT	TRANSIT	TOTAL	IN	OUT	IN + OUT	TRANSIT	TOTAL	CHANGE
MONTH												
JANUARY		22	1,378	1,400	-	1,400	-	2	2	-	2	-99.86
FEBRUARY		31	412	443	-	443	-	23	23	-	23	-94.81
MARCH		152	2,288	2,440	-	2,440	1	31	32	-	32	-98.69
APRIL		148	2,412	2,560	-	2,560	1	15	16	-	16	-99.38
MAY		263	3,097	3,360	-	3,360	-	99	99	-	99	-97.05
JUNE		311	2,638	2,949	-	2,949	-	199	199	-	199	-93.25
JULY		295	2,366	2,661	-	2,661	8	244	252	-	252	-90.53
AUGUST		147	1,853	2,000	-	2,000	102	347	449	-	449	-77.55
SEPTEMBER		2	287	289	-	289	59	385	444	1	445	53.98
OCTOBER		-	-	-	-	-	78	471	549	-	549	-
NOVEMBER		-	-	-	-	-	84	458	542	-	542	-
DECEMBER		-	11	11	-	11	135	410	545	-	545	4,854.55
TOTAL		1,371	16,742	18,113	-	18,113	468	2,684	3,152	1	3,153	-82.59

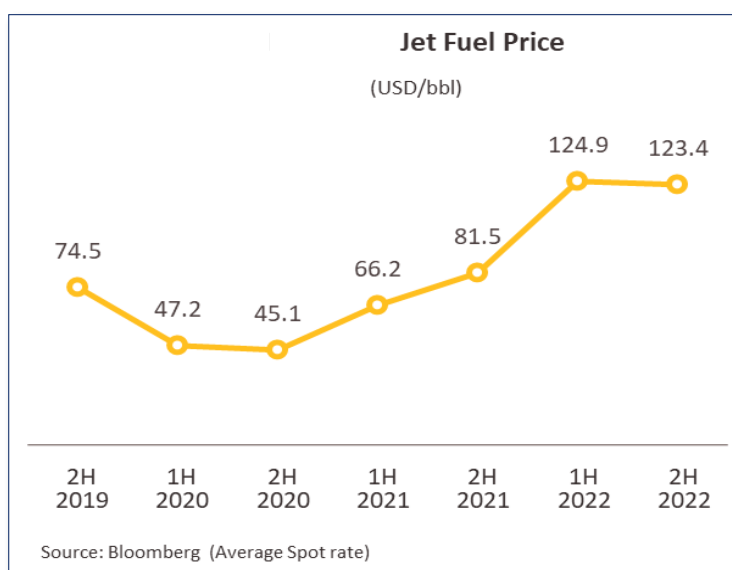
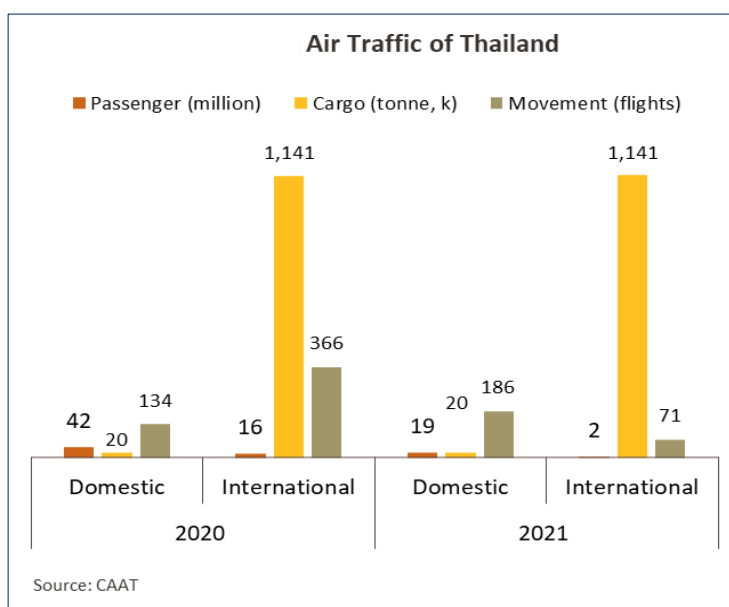
TABLE 2		2021					2022					%
DOMESTIC FREIGHT		IN	OUT	IN + OUT	TRANSIT	TOTAL	IN	OUT	IN + OUT	TRANSIT	TOTAL	CHANGE
MONTH												
JANUARY		120	255	375	-	375	117	186	303	-	303	-19.20
FEBRUARY		124	270	394	-	394	97	198	295	-	295	-25.13
MARCH		130	296	426	-	426	117	201	318	-	318	-25.35
APRIL		90	174	264	-	264	91	179	270	-	270	2.27
MAY		48	87	135	-	135	78	199	277	-	277	105.19
JUNE		58	89	147	-	147	65	182	247	-	247	68.03
JULY		37	38	75	-	75	71	199	270	-	270	260.00
AUGUST		-	-	-	-	-	66	197	263	-	263	-
SEPTEMBER		38	63	101	-	101	70	183	253	-	253	150.50
OCTOBER		58	109	167	-	167	85	193	278	-	278	66.47
NOVEMBER		75	117	192	-	192	75	202	277	-	277	44.27
DECEMBER		106	190	296	-	296	79	261	340	-	340	14.86
TOTAL		884	1,688	2,572	-	2,572	1,011	2,380	3,391	-	3,391	31.84

TABLE 3		2021					2022					%
TOTAL FREIGHT		IN	OUT	IN + OUT	TRANSIT	TOTAL	IN	OUT	IN + OUT	TRANSIT	TOTAL	CHANGE
MONTH												
JANUARY		142	1,633	1,775	-	1,775	117	188	305	-	305	-82.82
FEBRUARY		155	682	837	-	837	97	221	318	-	318	-62.01
MARCH		282	2,584	2,866	-	2,866	118	232	350	-	350	-87.79
APRIL		238	2,586	2,824	-	2,824	92	194	286	-	286	-89.87
MAY		311	3,184	3,495	-	3,495	78	298	376	-	376	-89.24
JUNE		369	2,727	3,096	-	3,096	65	381	446	-	446	-85.59
JULY		332	2,404	2,736	-	2,736	79	443	522	-	522	-80.92
AUGUST		147	1,853	2,000	-	2,000	168	544	712	-	712	-64.40
SEPTEMBER		40	350	390	-	390	129	568	697	1	698	78.97
OCTOBER		58	109	167	-	167	163	664	827	-	827	395.21
NOVEMBER		75	117	192	-	192	159	660	819	-	819	326.56
DECEMBER		106	201	307	-	307	214	671	885	-	885	188.27
TOTAL		2,255	18,430	20,685	-	20,685	1,479	5,064	6,543	1	6,544	-68.36

Situation

The continuation of the COVID-19 pandemic through 2020 and 2021 had dramatic consequences for the global airline industry, and with the closure of national borders and the imposition of strict controls on international travel, the industry plunged deep into the red. The International Air Transport Association (IATA) estimates that in 2021, the worldwide airline industry clocked up combined losses of USD 42 billion, having already lost USD 138 billion in 2020. **The situation began to improve in 2022 with the widespread rollout of vaccination programs** and as the reach of these increased, countries around the world began to ease restrictions on international travel, with consequent effects on demand for air travel. However, recovery has been interrupted first by the outbreak of war in Ukraine in February 2022 and then by the continuation of this into 2023. The effect of this has then been to push up energy costs and add to global inflationary pressures, with the result that growth has slowed in many countries. **IATA thus estimates that for all of 2022, 3.4 billion passengers were carried by air transport, up 83% from the 2021 total. At the same time, 60.3 million tonnes of airfreight were shifted in the year,** bringing the total back close to 2019's total of 61.3 million tonnes, and while the global industry has yet to return to profit, losses are down to USD 6.9 billion from USD 42 billion a year earlier. Moreover, the ICAO estimates that for the first 8 months of 2022, the total number of flights was back to 80% of the pre-pandemic total.

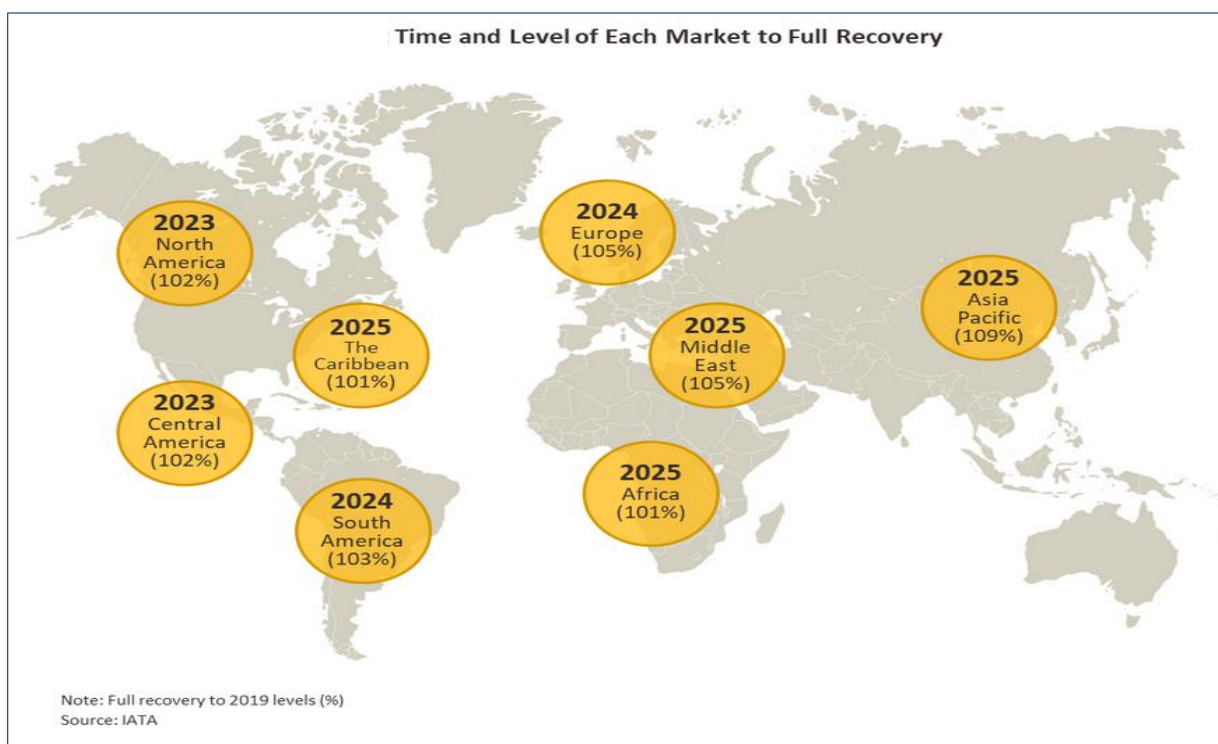
Through 2022, the Thai airline industry has shown signs of recovering in step with global trends. The local industry has benefitted from the following. (i) The government reached its target of administering 100 million COVID-19 shots in December 2021, providing protection for over 70% of the population. In fact, as of September 2022, 143.2 million jabs had been administered, which then provided the government the space needed to relax pandemic controls. This began at the start of 2022, with the country fully reopening to foreign arrivals from July onwards. (ii) Measures have been put in place to promote domestic tourism (e.g., phase 4 of the 'We Travel Together' program) and to encourage international arrivals (e.g., by cutting entry fees). (iii) The economy continues to rebound, with 2022 GDP growth hitting 2.6%, up from 1.5% in 2021. (iv) The baht (as of September 28, 2022) depreciated 12% against the US dollar relative to its 2021 level. This was the sharpest decline in value in 16 years and made Thailand an attractive destination for dollar holders. The effect of these disparate factors has been to stoke a significant increase in the number of domestic and international travelers, and in response to an improving situation, Thai and overseas carriers have expanded their route coverage and increased the number of flights that they are running.



Nevertheless, growth is under pressure from the sharp run-up in inflation, which has decreased consumer spending power and encouraged prospective travelers to be more careful about spending on recreation and air travel. This has happened alongside a jump in crude prices that has added almost 70.0% to the cost of jet fuel since 2021 (for low-cost carriers, fuel accounts for an average of 30.8% of costs, whereas for full-service carriers, this drops to 25.9% (source: CAAT)). However, thanks to strong competition and the current state of the market, carriers have not yet been able to pass these higher costs on to consumers. Moreover, the government has extended assistance to the industry by extending the period for making payments for parking fees and takeoff and landing charges until the end of March 2023 and cutting excise duties on jet fuel until June 2023. Alongside this, players are having to ramp up investment to meet new international health and safety standards and to respond to stricter post-COVID hygiene requirements. This may then impact operations, especially for players that lack liquidity, are in the process of restructuring, or are still recovering from insolvency (e.g., Thai AirAsia, Nok Air, and Thai Airways).

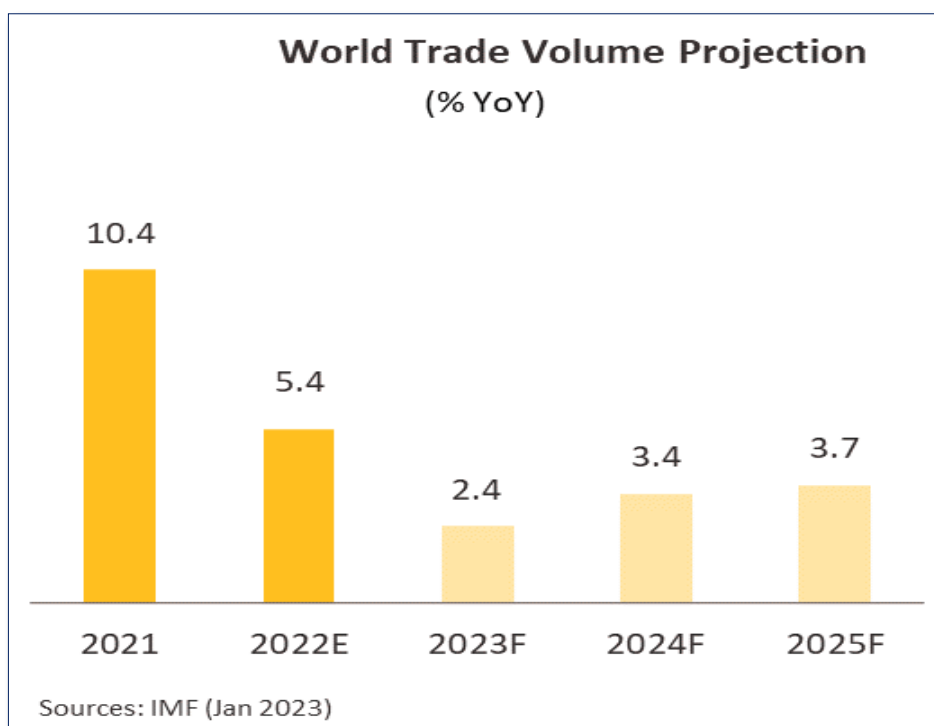
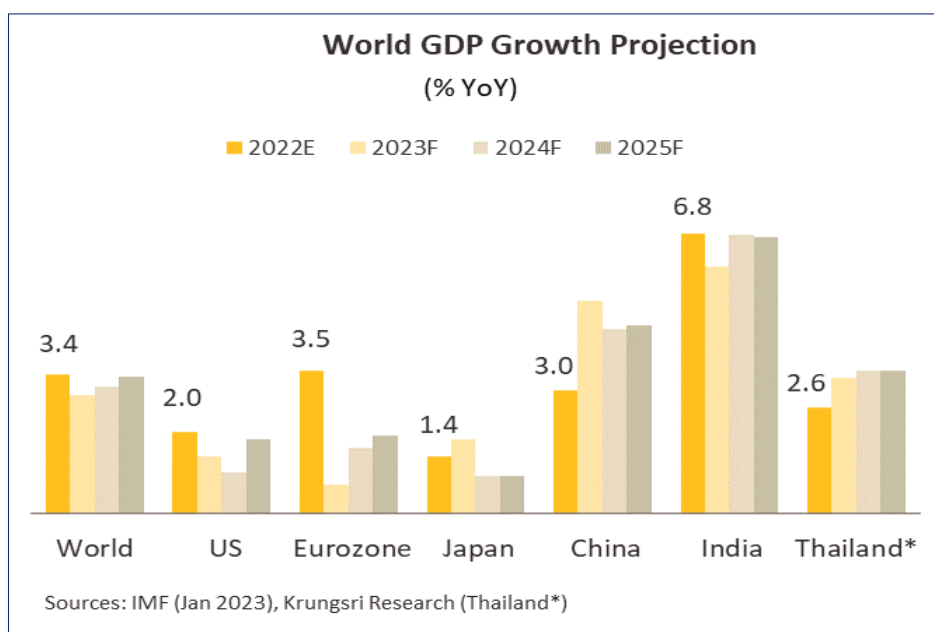
Outlook

The IATA has predicted that overall, the airline industry should return to profit in 2023, while the number of flyers will be back to its 2019 pre-pandemic level by 2025. North and Central America will recover most rapidly, and these will be back generating profits in 2023. Europe and South America will return to normal conditions in 2024, while the rest of the world, including the Asia-Pacific region, will have to wait until 2025 for a full recovery. The differences in these regional timelines stem from variations in how fast COVID-19 restrictions have been relaxed, and in particular from the fact that China's zero-COVID policy was only loosened at the start of January 2023. On the freight side of the industry, the market will benefit from growth in Asian exports.



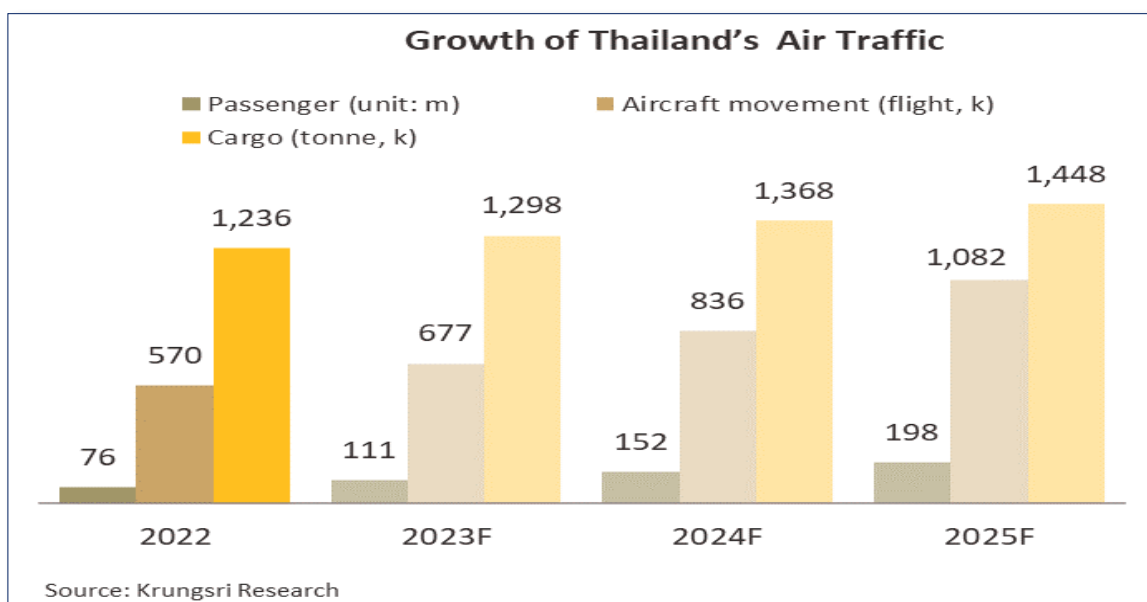
Demand for Thai-based air travel and air freight services will be lifted by a number of factors. (i) World trade and the global economy will tend to steadily strengthen with the IMF forecasting that although global growth will dip to 2.9% in 2023, this will accelerate to 3.1% and 3.4% in 2024 and 2025. Similarly, growth in world trade is expected to drop from 5.4% in 2022 to 2.4% in 2023 but then to bounce back to 3.4% and 3.7% in 2024 and 2025. (ii) The Thai economy grew by 2.6% in 2022, and growth should run in the range of 3.0-4.0% over the next 3 years, and with economic activity returning to normal, demand for business travel will strengthen. (iii) The relaxation of controls on international travel, especially the decision by the Chinese authorities to abandon its zero-COVID policy at the start of 2023, will help to lift demand for air travel. (iv) The Thai government has introduced policies to help attract high-potential travelers, including MICE visitors, long-term residents, health and medical tourists, the elderly, and sportspeople, as well as focusing more heavily on marketing Thailand as a travel destination to Asian tourists (e.g., Indians, Singaporeans, and Vietnamese). Carriers will also benefit from changing work patterns and the rise in hybrid- and tele-working, as well as from stronger demand for air travel for leisure. (v) Government measures continue to provide support for the industry, including cuts to airport

renting spaces fees that will run into 2023 and granting permission to carriers to distribute food and drinks on flights (with effect from July 2022). (vi) To help prepare for a greater number of travelers, officials have plans for rolling upgrades to airports and connected infrastructure. This will include: upgrades to the Satellite 1 concourse at Suvarnabhumi as preparation for the April 2023 tourist season; expansion of the M7 motorway linking U-Tapao and Map Ta Phut (scheduled to open at the end of 2025); the opening of the U-Tapao Aviation City and aircraft service center in 2026; the high-speed airport rail link, which will connect 3 airports and 4 other SRT rail stations (opening in 2027); phase 3 of the upgrades to Don Muang Airport (2026), which will add additional warehousing space; and opening up the airspace in the northeast of the country to help boost international arrivals to Udon Thani and Buriram, where the airports will be upgraded to international status.



Trends for the air travel and transport market over 2023-2025

- The total number of travelers (arrivals and departures) will grow by an average of 35-40% annually over the next 3 years, and this rate of growth should then bring the industry back to its 2019 pre-COVID level of 165 million trips by 2025. The domestic market will make a full recovery ahead of the international market since the former involves quicker short-haul flights. Nevertheless, demand for international travel will steadily strengthen. The travelsilience survey thus shows that as of 2023, although Asian travelers were increasingly worried about rising prices, 81% still expected to travel overseas, and 54% of Thai travelers expected to take more than 5 trips. Research therefore expects that overall traveler numbers will rise from 75.8 million in 2022 to 110.8 million in 2023, 151.6 million in 2024, and 197.9 million in 2025. The domestic market will also expand, with an anticipated 145 million trips made in 2023, of which a number will fly, while foreign arrivals are expected to reach around 42 million by 2025.



- The number of flights will rise by an average of 20-30% annually as operators look to keep pace with higher demand by expanding their services. The number of domestic flights will be lifted by carriers' plans to lay on additional services to business destinations and to tier-two cities, while now that countries have relaxed restrictions on entry and exit (most obviously in China), the international market will expand in step with the rising number of foreign tourists. In addition, some carriers have plans to open new routes to destinations including Kathmandu (Nepal), Vientiane (Lao PDR), Hanoi and Ho Chi Minh City (Vietnam), Dhaka (Bangladesh), and Lucknow (India).
- The air freight market is expected to expand by 5-6% per year in terms of volume. The domestic air segment will benefit from the development of connecting road, rail, and sea infrastructure, including the EEC-Laem Chabang motorway, the shipment of premium-grade durians by air at the start of the durian season and by ship mid-season, the dual-track railway, and the links to neighboring countries made via the 3-airport rail-link (Suvarnabhumi-U-Tapao). The government's infrastructure development program is thus helping to broaden the choices available to commercial

operations, while international cargoes will be lifted by the general expansion in global economic activities and trade, the particular need to transport medicine and vaccines, and ongoing growth in e-commerce (the e-Conomy SEA 2022 report estimates that the Thai e-commerce sector will expand at an annual average rate of 13% over 2023-2025), with demand for express delivery services tending to rise across the Asia-Pacific region.

- The cost of A1 jet fuel is likely to remain elevated. Prices rose with the outbreak of war in Ukraine and the surge in the cost of crude that this triggered. These have since remained high as a result of the continuation of the war and the impact of sanctions on the supply of Russian oil to world markets. At the same time, Research expects that demand for commercial jet fuel will rise rapidly with recovery in the tourism market globally, which will raise consumption to some 12-17 million liters per day in 2023 and 2024, and then to 18-20 million liters per day in 2025. This outcome would then bring the demand side of the market back to close to where it was in 2019.

Despite the broadly positive outlook for carriers over the next few years, the industry will nevertheless face a number of challenges. (i) Geopolitical risks continue to threaten the industry, especially those arising from the war in Ukraine, which may yet force oil prices higher, adding to operators' costs, eroding consumer spending power, and reducing demand for air travel. (ii) Competition is intensifying as major overseas carriers increasingly enter Asian markets for passenger and cargo services, and in response to this changing environment, Thai airlines will need to overhaul their operations, for example by becoming more efficient at managing the balance between passenger and cargo space. (iii) Following the COVID-19 shutdown in services over 2020 and 2021, carriers may now face difficulties offering a full range of services due to problems with staffing. (iv) The need to implement new rules and regulations will add to costs. This will include new safety measures that are being introduced by the global aviation industry[5], measures to reduce the release of greenhouse gases, for example by using greener sustainable aviation fuels (SAFs), or by using newly designed aircraft that are less polluting (International Air Transport Association, 2022). In addition, the EU is planning to introduce fees for carriers landing in EU airports that operate planes with emissions in excess of established guidelines. (v) Operators will need to invest in meeting tighter post-COVID health standards, for example by improving levels of hygiene and by facilitating contactless travel, which, if they are to meet the requirements imposed by the World Health Organization and the International Civil Aviation Organization, may then require airlines to change how they operate and how they provide services. Increasing both traveler convenience and airline health standards may involve a greater reliance on automated systems, though the net effect of this would be to raise consumer confidence in air travel. These factors are most likely to affect smaller players, and because these have only limited access to capital, smaller fleets, and a narrow market share, they will likely find it more difficult to compete in the coming period.