



## Up, Up and Away – A Global Outlook on Aviation Fuel

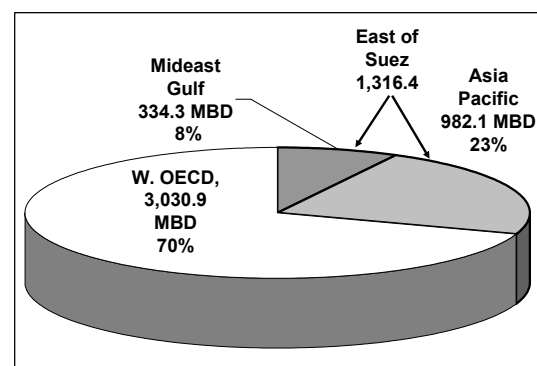
*Since 2003, the aviation industry enjoyed a half decade of rising revenues, increasing numbers of passengers, and a boom in new airport construction in the recovery after the September 2001 bombing put the sector into temporary tailspin. Asia Pacific and the Mideast Gulf led the way in aviation's rebound, with double-digit demand growth the norm across many developing country markets. The industry now faces a new crisis, the emergence of a global, severe and possibly prolonged recession, coming only months after oil prices hit a historic high in July 2008. APEC's newest study focuses on world aviation from the viewpoint of jet fuel – demand, cost, supply availability, and how the current economic crunch will impact future fuel needs. The East of Suez point of view focuses on the role of Developing Country markets in an aviation recovery.*

*Jet-grade kerosine accounts for the overwhelming majority of global civilian aviation fuel use, with Jet A-1 the primary fuel for commercial aircraft for the foreseeable future. The center of gravity for incremental demand has shifted steadily eastward since the 1990s, due to tremendous growth in Asia Pacific and the Mideast Gulf. Jet fuel consumption is moving to a historic breakpoint; West of Suez markets face a sharp decline in air travel, followed by a long period of slow growth, while East of Suez markets, though impacted by the downturn, will see slow but continued growth. Asia Pacific will likely recover first and continue to pace world aviation growth – and in the longer term, will challenge the primacy of North Atlantic travel in international aviation.*

This study by Asia Pacific Energy Consulting (APEC) analyzes jet fuel trends across the globe, but from the standpoint of Asia Pacific and the Mideast Gulf. It focuses on how the current economic crisis will impact the sector overall, but in particular the relative growth of markets East and West of Suez. Areas detailed include:

- Whether jet demand growth can continue in East of Suez markets;
- The introduction of more fuel efficient aircraft and their impact on long-haul travel;
- The future of airline jet fuel hedging after the big losses of 2008;
- The merger of major airlines, with reduced

**East of Suez/Western OECD Jet Demand Shares - 2007**

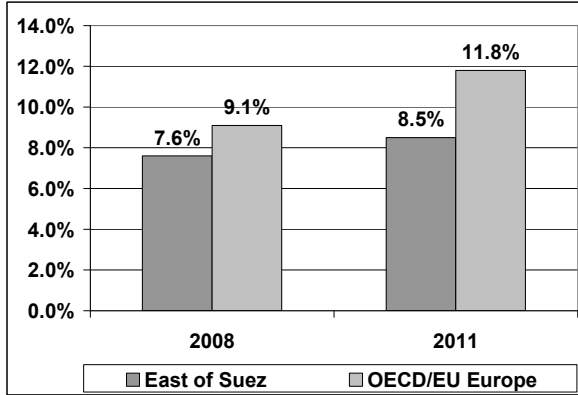


air service and the retirement of older aircraft;

- The impact of lower fuel prices on the future recovery of the aviation sector.

The report details how the refining industry will attempt to meet future aviation fuel needs, while supplying Europe’s and Asia Pacific’s ever growing transport diesel demand.

**Hydrocracking to Base Capacity**



**Asia-Pacific Kerosine/Jet Demand (In MBD)**

	2006		2007	
	MBD	%Increase	MBD	%Increase
<b>Kerosine</b>	2,083.4	0.7%	2,133.8	2.4%
<b>of which: Jet</b>	939.3	8.3%	982.1	4.6%

APEC’s jet study forecasts jet/kerosine balances and market trends for major markets across Asia Pacific, the Mideast Gulf, Europe (EU/OECD), and North America, as well as large emerging markets such as Russia.



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