

ANNUAL REPORT

2026



Doonham

Annual Report

Arab Air Carriers' Organization

59th Annual General Meeting

AACO's Vision

To stand out globally as THE association that serves with dedication the Arab airlines and to be instrumental in dealing with an evolving aviation industry.



AACO's Mission

To serve the Arab airlines, represent their common interests and facilitate, in a manner consistent with all applicable competition and other laws their cooperation so as to improve their operational efficiencies and better serve the travelling public.



AACO's Objectives

- To support the Arab airlines' quest for highest safety and security standards.
- To support the Arab airlines' quest for developing their environmental policies for processes in harmony with the environment.
- To actively contribute in the development of human resources.
- To interact with the regulatory bodies to support and protect the interests of the Arab airlines.
- To launch joint projects between member airlines with the objective of achieving efficiencies that will lower their costs in a manner consistent with all applicable competition and other laws and that enhances the members' best practices.
- To provide forums for members and for industry partners to enhance the knowledge base.
- To reflect the positive image of The Arab Airlines Globally.



Strategy

To initiate and implement Specific, Measurable, Attainable, Relevant, and Time-bound synergistic targets (SMART) that serve its objectives.

Vision

Mission

Strategy

Objectives



Mr. Hamad Ali Al-Khater
Chairman of the AGM



Mr. Abdelhamid Addou
Chairman of the Executive Committee

Mr. Abdelhamid Addou, Chairman of the Board & Chief Executive Officer, Royal Air Maroc
 Mr. Hamad Ali Al-Khater, Group Chief Executive Officer, Qatar Airways
 Capt. Ahmed Adel, Chairman and CEO, EgyptAir Holding Company
 Mr. Antonioaldo Neves, Group Chief Executive Officer, Etihad Airways
 Mr. Bander Almohanna, Chief Executive Officer & Managing Director, flynas
 Mr. Mohamad A. El-Hout, Chairman - Director General, Middle East Airlines
 H.E. Eng. Ibrahim A. Al-Omar, Director General, Saudia
 Capt. Anwar Akkad, Chief Executive Officer, Syrian Aviation Holding Company and Director General, Syrian Airlines
 Mrs. Halima Ibrahim Khouaja, General Manager, Tunisair



AACO'S PRIORITIES



OPERATIONAL SAFETY

To assist members in maintaining the highest safety standards by raising awareness of the latest regulatory requirements, promoting data-driven safety culture practices, building capacity through targeted training, and strengthening inter-airline collaboration on emergency response planning.



SECURITY

To maintain a platform to share information and risk assessments to improve the security culture, address emerging threats, contribute to capacity building, and promote and support collaboration among all stakeholders in aviation security.



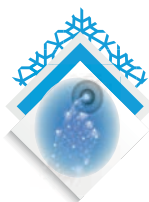
CLIMATE CHANGE

To mitigate the impact of international aviation's emissions on climate change through supporting the efforts of ICAO to ensure successful implementation of its environmental short, medium and long-term goals, and to promote for regulatory and technical principles that would ensure the availability of cleaner energy as one of the major contributors to reaching those goals, in addition to joining efforts with stakeholders to improve operational performance, infrastructure development and waste management.



REGULATIONS

To advocate for policies and regulatory principles that are clear and balanced and that are adopted through transparent methods that include adequate consultations with the relevant stakeholders.



DIGITAL TRANSFORMATION

AACO promotes digital innovation across airline operations, supporting members' adoption of AI, big data, cybersecurity enhancements, and customer experience platforms. Emphasis is placed on leveraging digital tools to enable seamless passenger journeys, implement effective sustainability management solutions, optimize baggage handling, improve disruption management, and drive innovation in payment systems—ultimately enhancing operational efficiency and resilience across the aviation value chain.



AIRSPACE INFRASTRUCTURE

To promote and support infrastructure reform in air traffic management and airports in order to alleviate congestion in the airspace and at airports, improve operations, and contribute to carbon footprint reduction.



COST

To assist member airlines in optimizing their operational environment, promote best practices while rationalizing their cost through cooperative activities, within the boundaries of competition and anti-trust laws.



AWARENESS & CAPACITY BUILDING

To provide high-quality, cost-effective training services that address the needs of member airlines and support the development of human capital across the region. This is achieved through a comprehensive range of training programs covering all major disciplines of the aviation industry. These programs are delivered at the regional training center's branches, on-site at member airlines' premises, or through the center's eLearning platforms. In addition, specialized forums are organized to foster ongoing cooperation and communication among all stakeholders in the air transport sector.

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2026 in Review

Energy Crisis



Economic Impact



Airline Impact

Crude Oil Price
95\$ bbl
Estimated 2026
↑ +37.4% vs. 2025

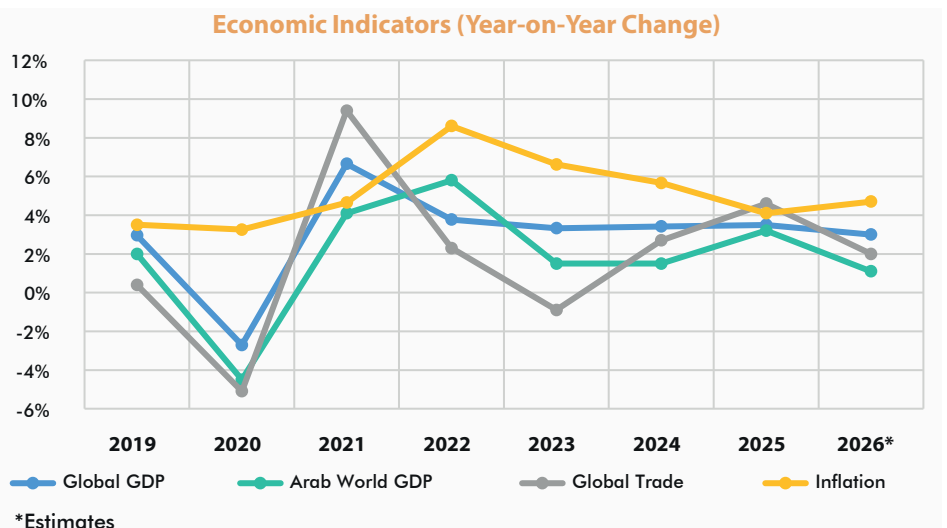
Jet Fuel Price
152\$ bbl
Estimated 2026
↑ +66.3% vs. 2025

	2019	2020	2021	2022	2023	2024	2025	2026
Crack Spread \$/bbl	\$15.8	\$3.7	\$3.7	\$38.1	\$29.6	\$20.2	\$22.2	\$57.0
Jet Fuel Share of Expenses (%)								
AACO Members	30.1%	20.1%	19.2%	31.7%	33.2%	30.3%	27.9%	37.3%
Industry	23.9%	16.1%	19.0%	29.6%	31.2%	27.8%	25.4%	31.4%

Global GDP Growth
%3.0 Estimated 2026
↓ 0.5 percentage points (pp) vs. 2025

Inflation
%4.7 Estimated 2026
↑ 0.6 percentage points (pp) vs. 2025

Trade flows
1.5% - 2.5% Estimated 2026
↓ 2.6 percentage points (pp) vs. 2025



	Industry	AACO Members
RPKs (year-on-year)	5.3% (2025) ↓ 2.1% (2026)	7.6% (2025) ↓ -10.3% (2026)
ASKs (year-on-year)	5.2% (2025) ↓ 1.6% (2026)	5.8% (2025) ↓ -4.7% (2026)
CTKs (year-on-year)	3.3% (2025) ↓ 0.7% (2026)	4.0% (2025) ↓ -5.2% (2026)
Net Result (USD Billion)	\$45.0 (2025) ↓ \$23.0 (2026)	\$11.0 (2025) ↓ -\$4.3 (2026)

Industry
Passenger Load Factor (PLF)

83.5% (2025) **83.9%** (2026)

AACO Members
Passenger Load Factor (PLF)

81.8% (2025) **77.0%** (2026)

The Sustainability Landscape

Regional SAF Capacity Outlook in 2030 per Production Pathway (Million tons)

	HEFA	Gasification Fischer-Tropsch	Alcohol -to-Jet	Power-to- Liquid (e-SAF)
North America	7.1	0.2	0.2	0.1
Asia-Pacific	5.1	0.3	3.5	0.4
Europe	4.5	<0.1	<0.1	0.1
MENA*	0.1	0.0	<0.1	0.0
Latin America	0.1	0.0	2.9	<0.1

*Middle East and North Africa

Expected SAF announced production capabilities to reach ~20 million tons with an estimate that only 65% of the announced projects will materialize leaving actual production at ~13 million tons, which covers only cover 63% of the total estimated demand in 2030.

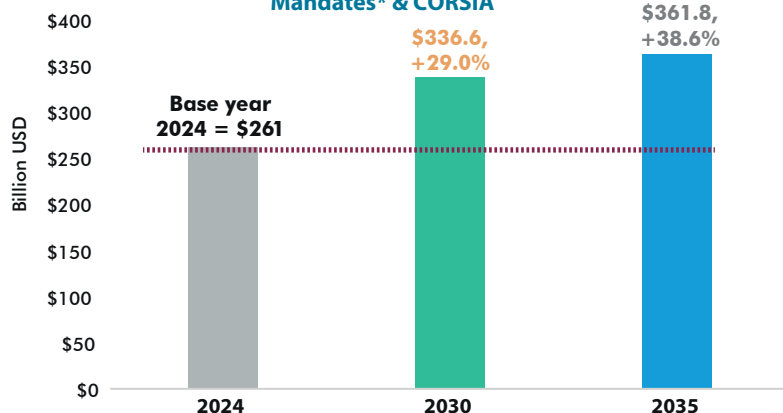
Current Energy Cost for the Airline Industry (Base year 2024=100, no active mandates)

Scenario elements:

- The cost of existing and expected mandates was calculated based on an annual growth in fuel consumption of 4%.
- The price of SAF at 2,516 USD/Ton
- The price of E-SAF at 7,540 USD/Ton
- CORSIA credits prices at 38 USD/Ton in 2030 & 2035
- CORSIA Eligible Emission Units (CEEU) will cover up to 85% of the total offsetting requirements and the rest will be covered using SAF
- The carbon intensity factor of SAF was fixed at an average of 85% for ease of comparison

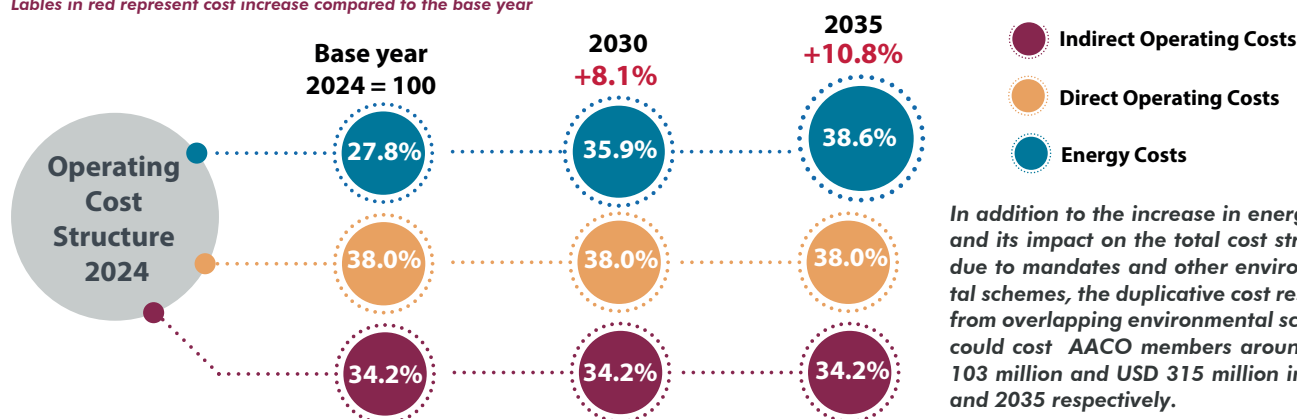
*Current and announced mandates only & CORSIA
(For example, RefuelEU, UK Aviation Plan, Swiss RefuelEU, etc...)

Expected Increase in Energy Cost in 2030 & 2035 due to Sustainability Mandates* & CORSIA



Updated Operating Cost Structure Per Scenario

Labels in red represent cost increase compared to the base year



In addition to the increase in energy cost and its impact on the total cost structure due to mandates and other environmental schemes, the duplicative cost resulting from overlapping environmental schemes could cost AACO members around USD 103 million and USD 315 million in 2030 and 2035 respectively.

EU ETS Expansion: Additional Cost

(to cover all airports within 5,000 KM radius from Frankfurt)

Industry (excluding AACO Members)

Quantified based on the carbon costs as a percentage of fuel costs for extra-EEA flights only that was published in the proposed legislation, stating that the increase in fuel bill could reach up to 12%, without considering the duplicative cost of CORSIA.

2029
~USD
6.2 Billion

2030
~USD
7.1 Billion

AACO Members

The increase in cost for AACO members includes impact of the expansion and the duplicative cost that is expected to be paid to offset the same emissions under CORSIA.

2029
~USD
3.7 Billion

2030
~USD
4.2 Billion

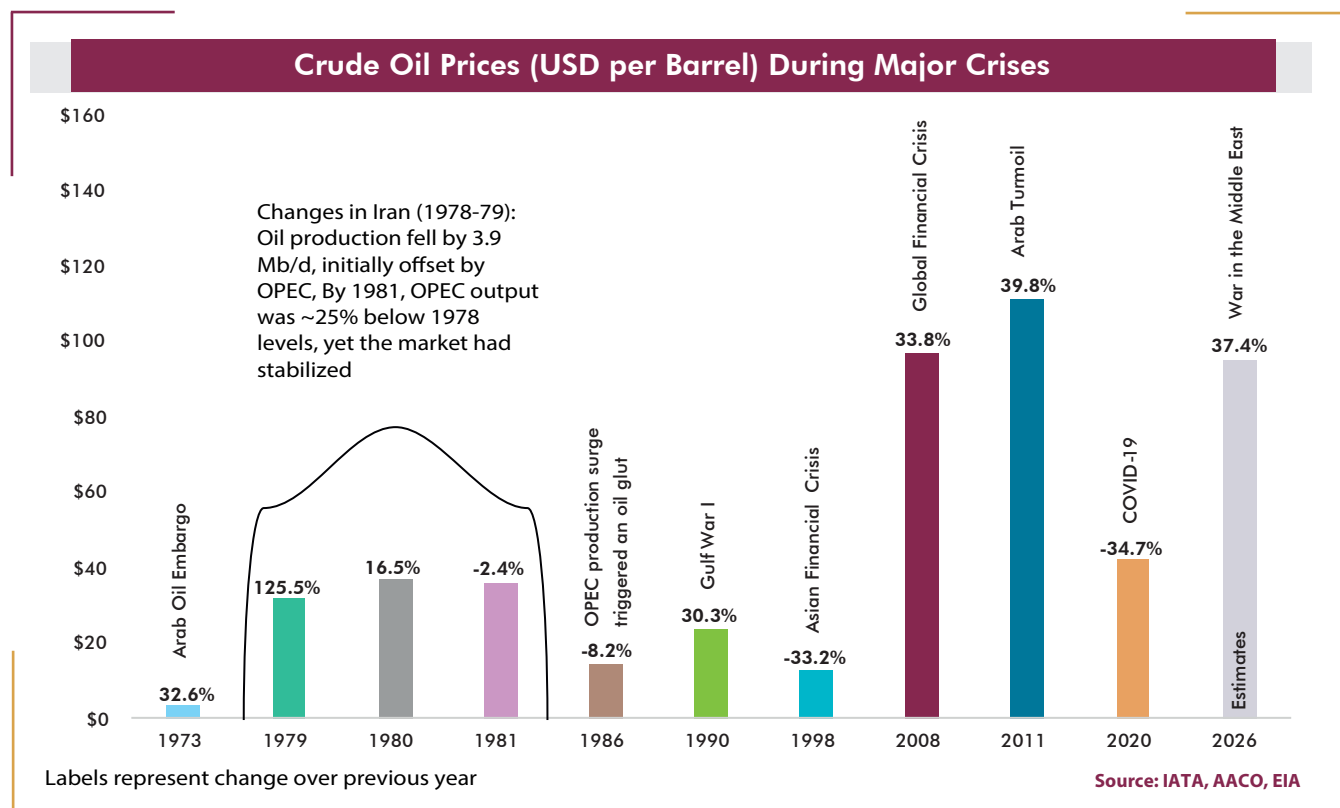
Source: ICAO, IATA, SkyNRG, AACO, and other open source information



The Energy and Economic Crisis of 2026

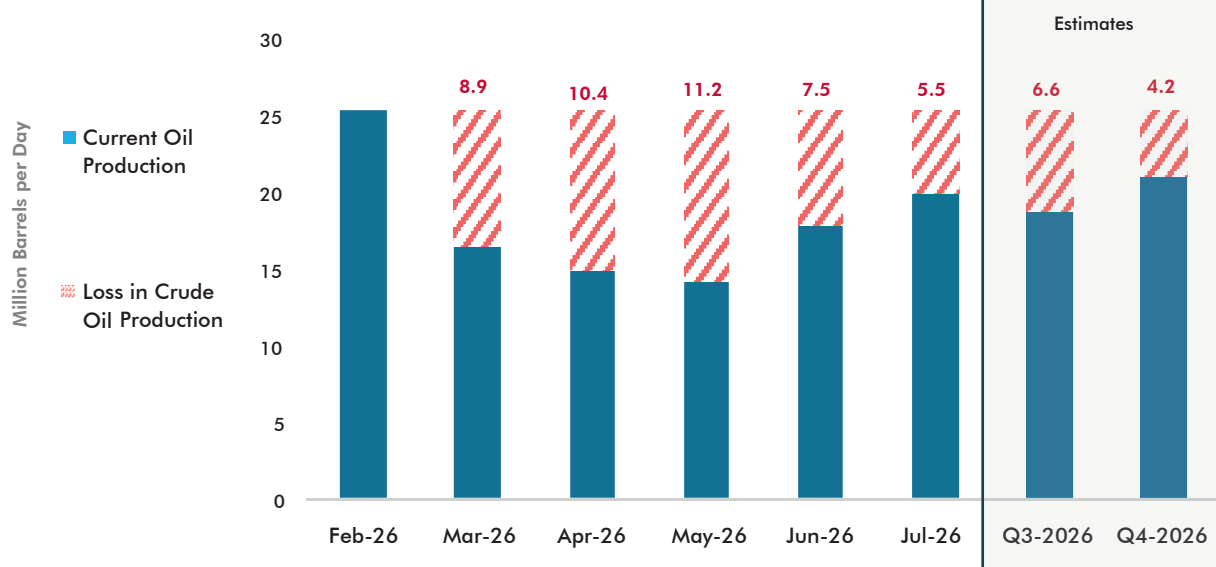
Global Energy Shock 2026

Since 1980, oil markets have been shaped by a series of major disruptions, including geopolitical, economic, and health-related crises. Some of these events have triggered sharp increases in oil prices and highlighted the vulnerability of the global economy to energy market shocks. Like previous periods of energy market turmoil, the current crisis has been driven by **geopolitical uncertainty** and **concerns over supply security**. However, this crisis is unfolding in a more complex environment, affecting not only crude oil but also refined products through **disruptions to production, transportation, and distribution networks**, resulting in **supply shortages across multiple energy products**. Given that the Strait of Hormuz handles around 19% of global crude oil and LPG flows, 18% of LNG shipments, and 6% of refined petroleum product trade, the resulting supply disruptions had far-reaching consequences for global energy markets. **Production outages exceeded 10 million barrels per day during March-May 2026**, equivalent to **approximately 13% of worldwide oil demand, pushing crude oil prices to a peak of USD 120 per barrel in April 2026**.



Based on the data reported by the EIA in August 2026, the **cumulative crude oil supply losses exceeded 1.3 billion barrels between the start of the conflict and July 2026**. Although several countries have implemented alternative fuel rerouting strategies, and tapped into strategic reserves to ease market pressures, these measures have only partially offset the effects of the ongoing disruption. The scale of the supply shortfall continues to weigh heavily on energy markets, raising concerns about the market's ability to withstand such conditions over an extended period, especially amid the rapid depletion of strategic stockpiles.

Estimated Strait of Hormuz Closure-related Disruptions in Crude Oil Production in 2026*



*Countries included Kuwait, UAE, Iran, Iraq, Qatar, Bahrain, and Saudi Arabia.

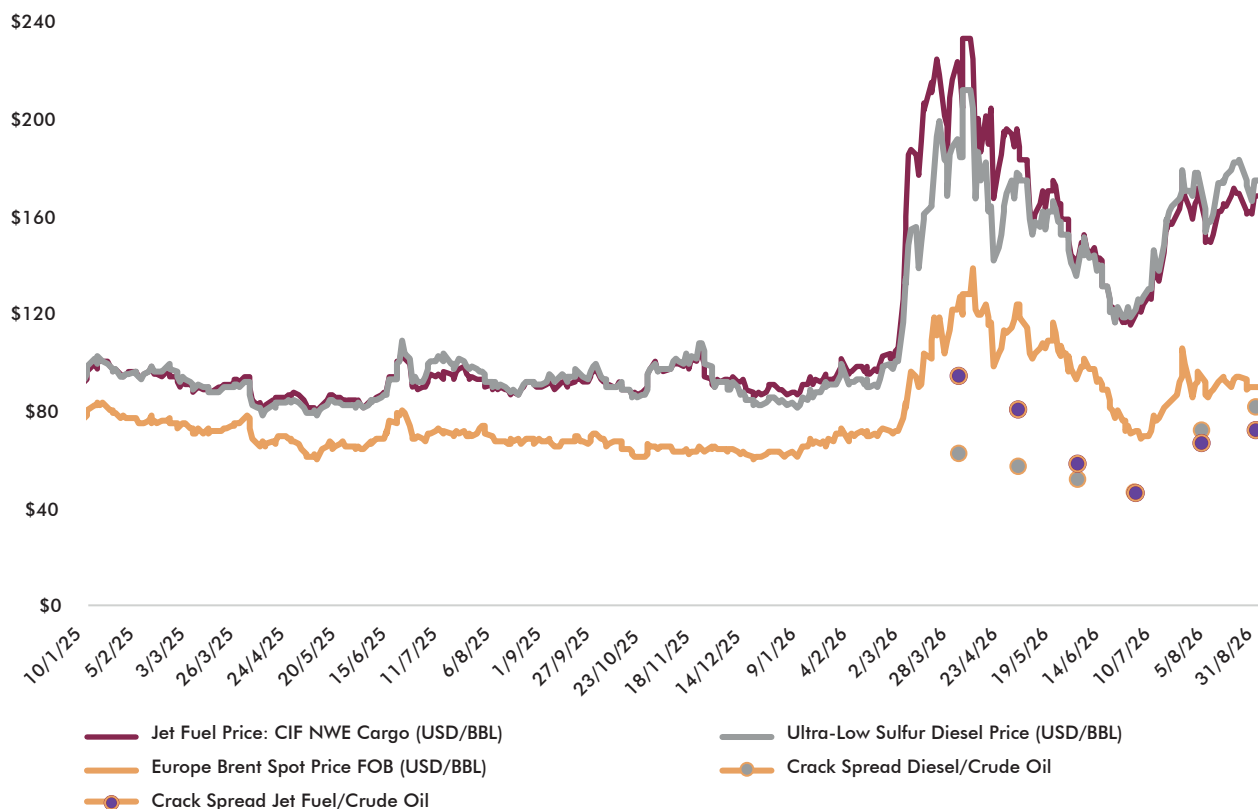
The loss of production takes into account supply rerouting strategies, support measures taken by some countries to help ease crude oil shortages, and the naval blockade commenced by the U.S. on Iran ports on 13 April, preventing all Oil exports.

Source: EIA, AACO

The supply shock triggered a significant increase in the prices of crude oil and other refined products, namely jet fuel and diesel. Before the onset of the crisis, **crude oil, jet fuel, and diesel prices** were projected to average USD 62, USD 88, and USD 89 per barrel, respectively, in 2026. Following the disruption, these **forecasts were revised upward to USD 95, USD 152, and USD 141 per barrel, respectively.**

The initial disruption to Middle Eastern fuel supplies had the greatest impact on jet fuel, as concerns over aviation fuel availability pushed jet fuel crack spreads sharply higher relative to crude oil. **By the end of March 2026, the crack spread between oil and jet fuel was around USD 93.** Refiners responded by increasing jet fuel production, while alternative supply sources helped moderate the initial spike in jet fuel premiums. Nevertheless, supply conditions remained tight across refined-product markets, with the pressure gradually shifting toward diesel. Supply constraints stemming from refinery outages and disruptions to Russian and Middle Eastern exports, combined with strong seasonal demand, increasingly weighed on diesel availability. By August, falling inventories and tightening supply pushed diesel crack spread significantly higher relative to crude oil, in some markets exceeding those of jet fuel. This signaled a shift from an aviation fuel-driven supply shock to broader tightness across middle-distillate markets, with diesel emerging as the most constrained product.

Crude Oil, Jet Fuel, and Diesel Prices 2025-2026 (USD per Barrel-BBL)



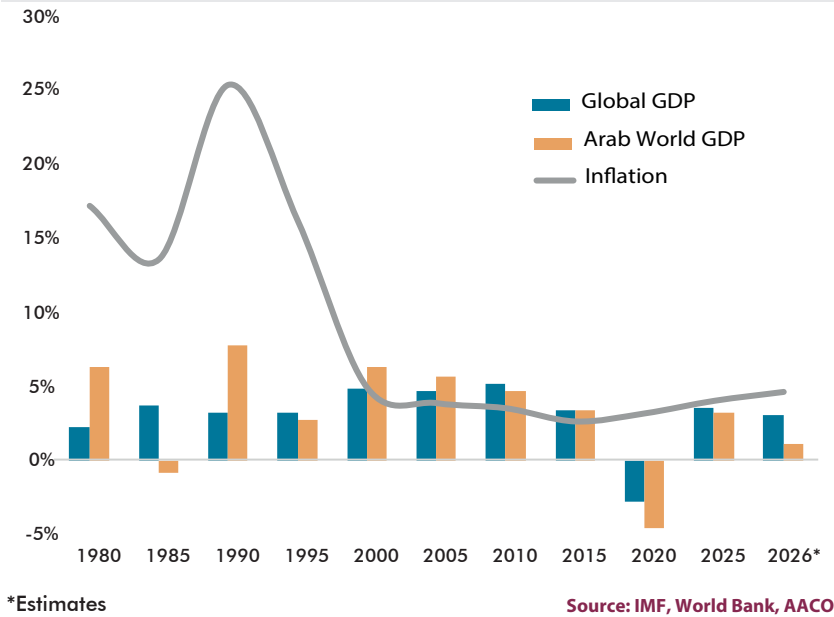
Source: Bloomberg, S&P Global, AACO

Although the immediate effects of the crisis were most visible in energy markets, the **repercussions are also expected to affect the wider economy**. Higher energy prices will be translated into increased transportation and production costs, elevated inflation levels, and therefore slower economic growth prospects on the global level.

The Wider Economic Impact

Global economic performance has been shaped by recurring periods of disruption, ranging from financial crises and geopolitical tensions to major energy market shocks. In recent years, these challenges have included the pandemic-driven rise in public debt, persistent inflation, elevated borrowing costs, and growing trade tensions. Despite these headwinds, **global growth remained steady at 3.5% in 2025, supported by strong consumer demand, AI-related investment, and supportive policy measures. Entering 2026, the outlook was broadly positive. However, the outbreak of conflict in the Middle East in March shifted attention from trade-related risks to a wider energy crisis.** While supply rerouting and inventory management efforts partially mitigated the disruption to oil markets, oil prices remained significantly above 2025 levels, contributing to higher inflation and weaker growth expectations. As a result, global GDP growth forecasts were revised downward while inflation projections moved higher, reflecting the economic impact of rising energy costs and supply disruptions. **According to the IMF, global economic activity is expected to grow year on year by 3.0% in 2026, while inflation is expected to reach 4.7% in 2026, up from 4.1% in 2025.** Despite these challenges, continued investment in emerging technologies and policy measures aimed at mitigating the economic impact of the crisis are expected to provide some support to global growth in 2026.

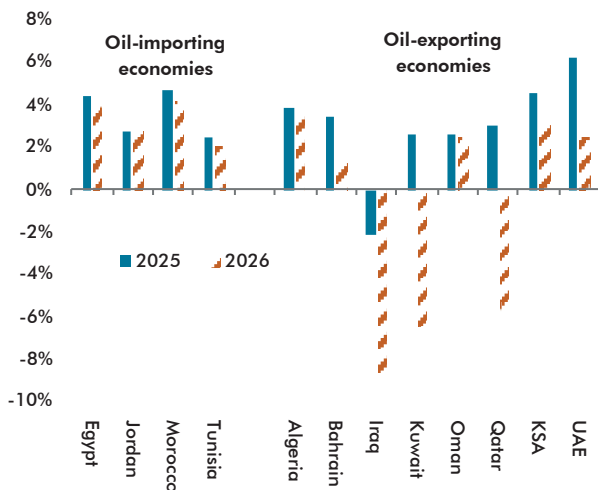
Yearly GDP Changes and Inflation 1980 - 2026



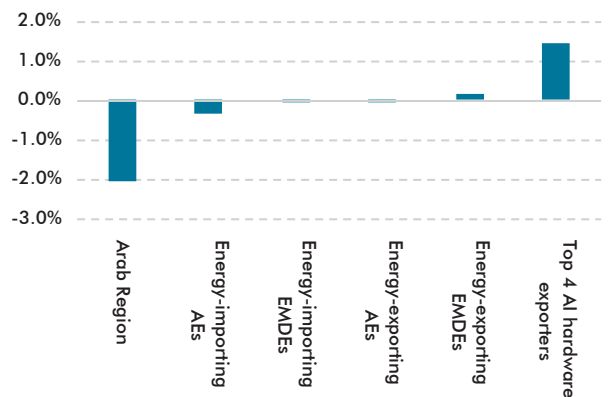
On the regional level, **the Arab world is expected to experience one of the largest downward revisions to its economic outlook** as the conflict disrupted major air and sea transport routes, affecting trade flows to and from the region and driving up the prices of hydrocarbon products (crude oil, liquefied natural gas, jet fuel, and other refined products), fertilizers, and consumer goods. In addition, travel and tourism, which accounted for 14.4% of the regions' GDP in 2019, was highly impacted by the ongoing conflict. The economic impact across the region was uneven, especially when looking

at countries located far from the conflict zone, however, the repercussions remain severe as even those would remain affected by the drastic increase in commodity prices, which is affecting disposable incomes of households and weakening domestic demand. **The Arab region's GDP is expected to grow by 1.1% in 2026 compared to 2025, representing a 2.1 percentage point downward revision from the growth forecast published by the IMF in January 2026.**

Expected GDP Changes in Major Arab Countries



GDP Growth Revisions for 2026 (July 2026 Forecast - Jan 2026 - Percentage points)



AEs: Advanced Economies
EMDEs: Emerging Markets & Developing Economies

Source: IMF, World Bank, AACO

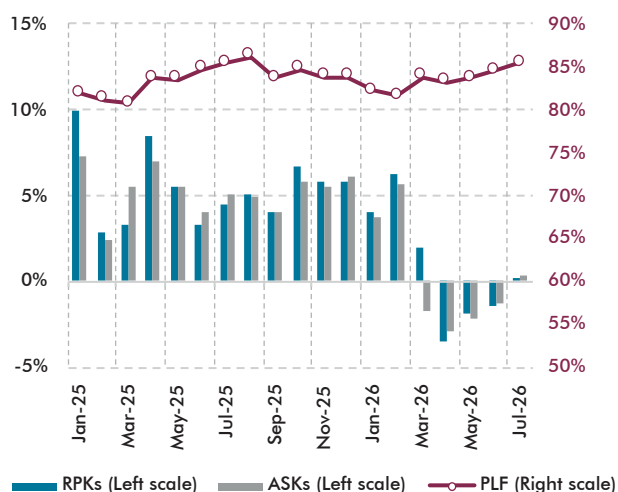


Air Travel

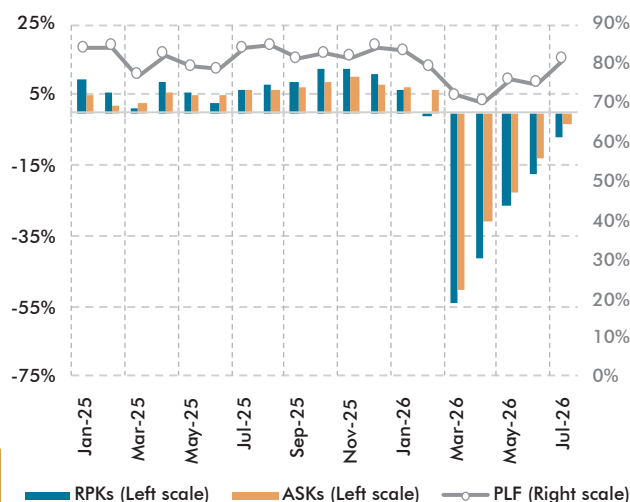
Passenger Operations

Global air travel continued to expand in 2025, albeit at a slower pace than expected as capacity constraints, aircraft delivery delays, and maintenance backlogs limited airlines' ability to meet rising demand. **Passenger demand, measured in RPKs, grew by 5.3%, compared to 10.6% in 2024, while AACO members exceeded industry growth recording an expansion of 7.6%, down from 13.3%, comparing the same period.** Capacity growth remained more constrained, with ASKs increasing by 5.2% globally and 5.8% for AACO members, contributing to an increase in load factors by 0.1 and 1.3 percentage points, respectively.

Global Year-on-Year Monthly Change in Total Passenger Traffic (RPKs) and Seat Capacity (ASKs) & PLF



AACO Members' Year-on-Year Monthly Change in Total Passenger Traffic (RPKs) and Seat Capacity (ASKs) & PLF

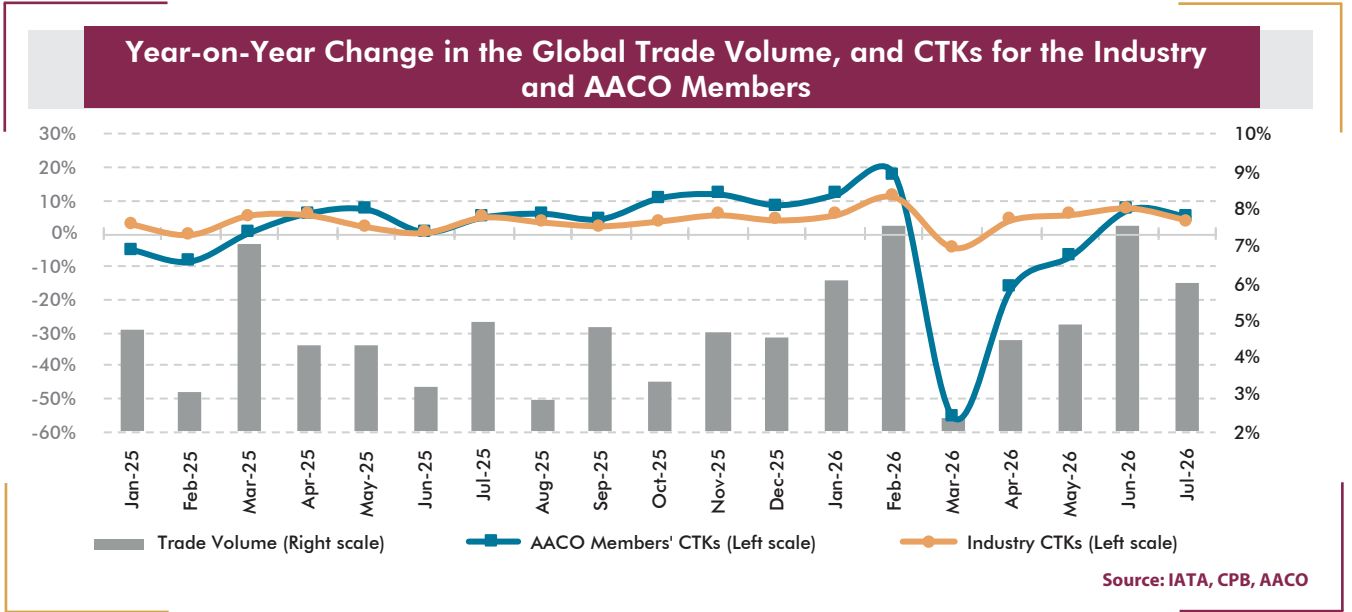


Source: IATA, AACO

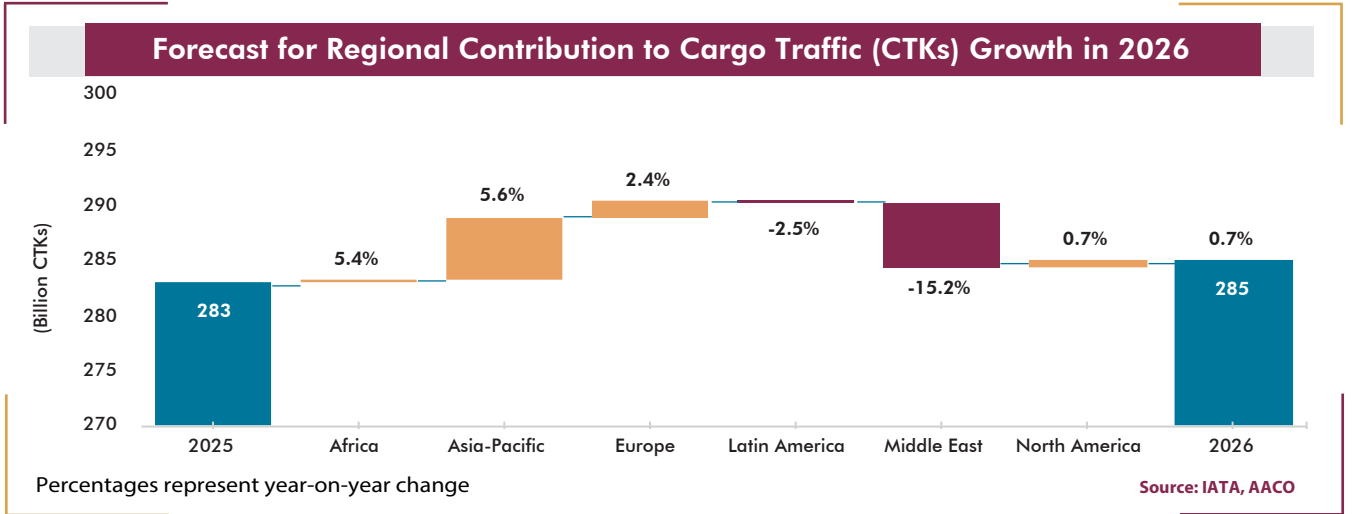
Despite persistent capacity constraints, demand for air travel grew in January and February 2026. However, the outbreak of conflict in the Middle East added further pressure to an already challenging operating environment and slowed the pace of expansion. Heightened geopolitical uncertainty and the sharp increase in energy prices weighed on travel demand, while higher airline operating costs translated into upward pressure on airfares. Together, these factors highly impacted demand growth, particularly on markets directly exposed to the disruption and the broader economic effects of the energy crisis. Global RPKs growth is consequently expected to slow to 2.1% in 2026 compared to 2025, the weakest rate since 2008 excluding the COVID-19 period, while ASK growth is projected at 1.6%, pushing the global load factor up by 0.4 percentage points to 83.9%. **The Middle East is expected to be the most affected region in 2026, with RPKs projected to decline by 11.4% amid continued geopolitical disruptions, which are expected to affect both transfer and point-to-point traffic to and from the region. Consequently, AACO members operations are expected to shrink by 10.3% in 2026 compared to 2025 in aggregate terms,** given their operational exposure in the region. In addition, the global increase in energy prices and its cascading impact on the basket of goods are expected to reduce disposable income, affecting both leisure and business travel demand.

Cargo Operations

Air cargo remained an important driver of global trade in 2025, despite the slowdown in momentum, supported by tariff-related inventory front-loading, lower freight rates, and disruptions to major maritime. **Air cargo traffic, measured in Cargo Tonne Kilometers (CTKs), recorded a 3.3% year-on-year increase in 2025.** Asia-Pacific accounted for much of the expansion, driven by strong demand for AI-related components and e-commerce shipments. **Looking at AACO members, there was a moderate increase year-on-year in CTKs of 4.0% in 2025.**

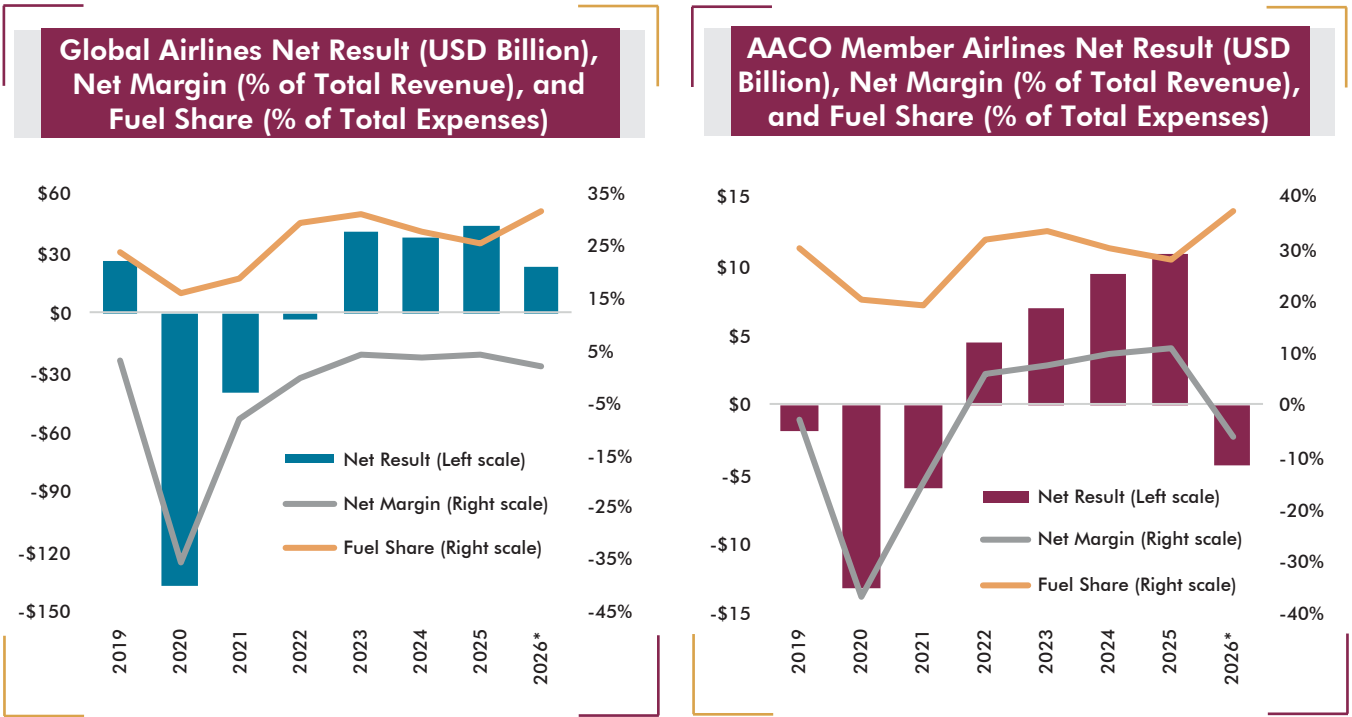


Global trade activity improved year-on-year during January and February 2026, supported by a surge in exports from the Asia-Pacific region, and improving manufacturing conditions. However, the outbreak of the conflict in the Middle East disrupted trade activity and weighed on air cargo flows. **Following a slowdown in trade activity in March 2026, trade gradually resumed operations as manufacturers adjusted their supply chain routes to avoid conflict areas.** Global trade subsequently **grew by 5.5% in the first half of 2026**, while **air cargo activity increased by 4.7%** compared with the same period in 2025. **AACO members, however, recorded an 8.4% decline in CTKs year-on-year during the first half of 2026**, despite improved conditions during the second quarter. For the full year, trade growth estimates range between 1.5% and 2.5%, reflecting continued uncertainty surrounding trade policies, rerouting strategies, and financial conditions. For the full year 2026, global air cargo growth is expected to reach 0.7% compared to 2025, as continued disruptions in the Middle East affect network efficiency and divert transit flows to alternative routes. As for **AACO Members, CTKs are expected to contract by 5.2% in 2026 compared to 2025.**



Financial Performance

While significant operational pressures related to geopolitical uncertainties and fluctuating financial conditions kept stressing on airlines’ balance sheets, **the industry’s profitability improved in 2025, supported by strong passenger demand, high load factors, and lower fuel prices.** The airline industry’s **net profit rose to approximately USD 45.0 billion with a net margin of 4.2%, compared with USD 37.7 billion in 2024, while AACO members’ net profit increased from around USD 9.5 billion in 2024 to around USD 11.0 billion in 2025 with a net margin of 10.8%.** The airline industry is expected to remain profitable in 2026, albeit at a slower pace as higher energy costs and ongoing operational disruptions are placing additional pressure on margins. **The industry’s net profit is projected to fall to around USD 23 billion, its lowest level in 12 years excluding the COVID-19 period and its aftermath, while AACO members are expected to record a net loss of USD 4.3 billion.** Performance among AACO members is likely to vary considerably depending on hub locations and exposure to conflict-affected markets.



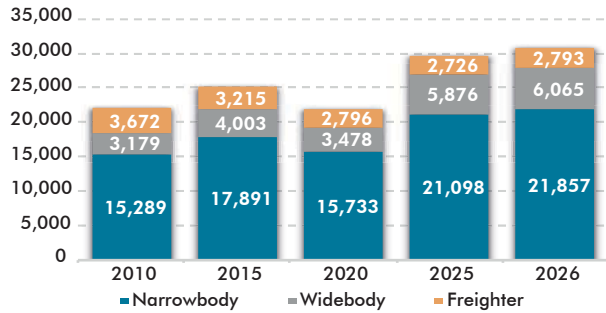
*Estimates

Source: IATA, AACO

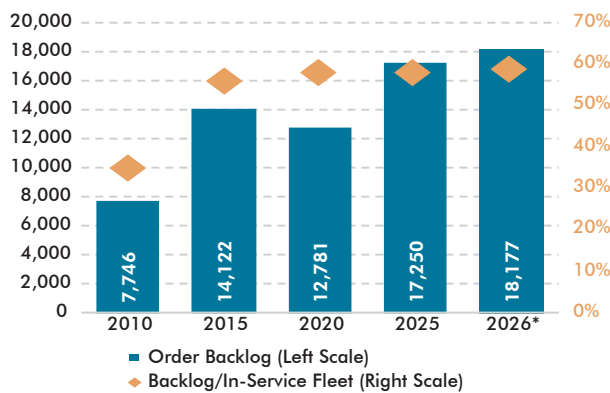
In addition to the financial constraints, the cost structure is expected to change significantly in 2026. **Average jet fuel prices are projected to rise by 66.3% to USD 152 per barrel, driving fuel expenses up by 39.3%** despite IATA’s expectation that fuel consumption of global airlines will level-off in 2026 compared to 2025. Fuel is therefore expected to represent 31.4% of industry operating costs and 37.3% for AACO members, up from 25.4% and 27.9% recorded respectively in 2025.

Fleet Status

Global In-Service Fleet Composition as at 31 July of Each Year



Global Aircraft Order Backlog Status



*Estimates, data is until 31 July 2026

Source: Cirium Fleets Analyzer, AACO

A similar expansion was observed among **AACO members, whose in-service fleet increased by 9.8% year-on-year, reaching 1,587 aircraft in 2025, which is expected to grow further to reach 1,645 aircraft in 2026**, reflecting continued fleet expansion among the region's carriers.

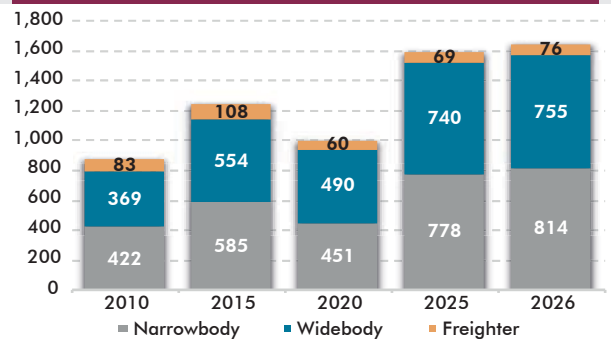
AACO members saw a significant increase in aircraft deliveries in 2025, with 121 aircraft entering service, a 146.9% increase compared to 2024 and above the pre-pandemic five-year average of 114 aircraft. Despite this strong delivery growth, **the combined order backlog continued to expand reaching 1,734 aircraft, a 15.5% year-on-year increase.**

The backlog is expected to decline marginally by around 1% in 2026 to reach 1,718 aircraft, if the anticipated 164 deliveries are completed and no additional orders are placed, the backlog could decline to around 1,618 aircraft by year-end. Under this scenario, the backlog-to-in-service fleet ratio would improve from 109.3% in 2025 to 98.4% in 2026, compared with an estimated 104.4% as of 31 July 2026.

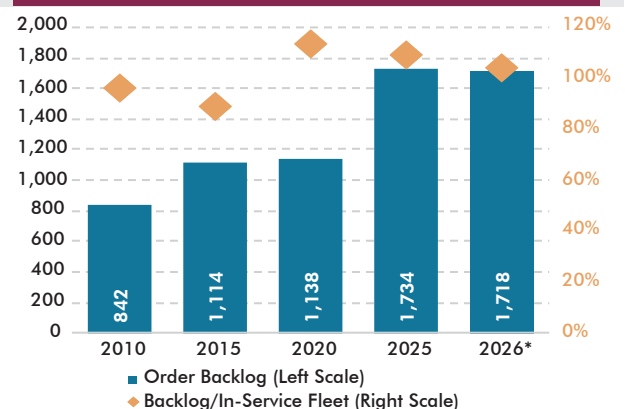
The global airline in-service fleet continued to expand in 2025 to reach 29,700, compared with 28,973 aircraft in 2024. This figure reflects the impact of both new aircraft deliveries and changes resulting from aircraft entering or leaving service. The in-service fleet is projected to grow further to approximately 30,715 aircraft in 2026, representing around 85.5% of the total global fleet. Global aircraft deliveries increased significantly in 2025, reaching 1,505 aircraft, up 20.3% year-on-year and the highest level since 2018. Despite the increase in production, aircraft supply remained below industry requirements, resulting in a global backlog of 17,250 aircraft at year-end, which is expected to grow by 5.4% to 18,177 aircraft in 2026. This aspect has also driven the average age of in-service fleet from 12.2 years in 2025 to 13.5 years in 2026.

The **backlog-to-in-service fleet ratio reached 58.1% in 2025, compared with 35.0% in 2010, highlighting the widening gap between aircraft demand and available supply.** In 2026, 1,796 aircraft are scheduled for delivery, with 829 already delivered by 31 July. However, ongoing supply chain disruptions and transportation constraints continue to pose risks to planned deliveries.

AACO Members' In-Service Fleet Composition as at 31 July of Each Year



AACO Members' Aircraft Order Backlog Status



*Estimates, data is until 31 July 2026

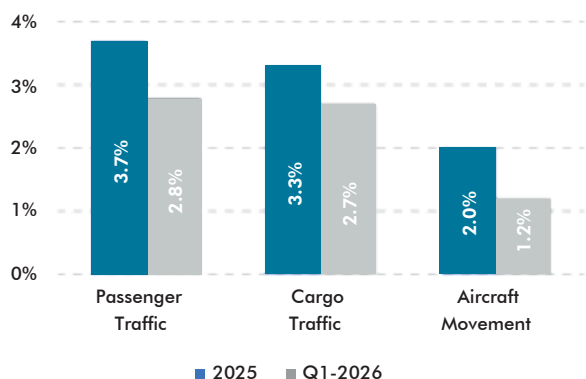
Source: Cirium Fleets Analyzer, AACO

Airports

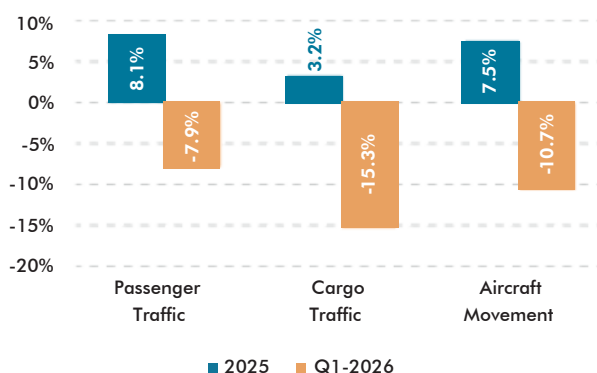
Global airport operations continued to grow in 2025, reaching a record 9.8 billion passengers, a 3.7% increase compared with 2024. Growth was mainly driven by international travel, supported by lower jet fuel prices, easing inflation, and improved consumer purchasing power. Asia-Pacific was the strongest-performing region, while **Arab airports** also **recorded strong results**, with **passenger traffic increasing by 8.1% and exceeding 500 million passengers**.

Year-on-Year Change in Airports' Operations in 2025 and First Quarter of 2026

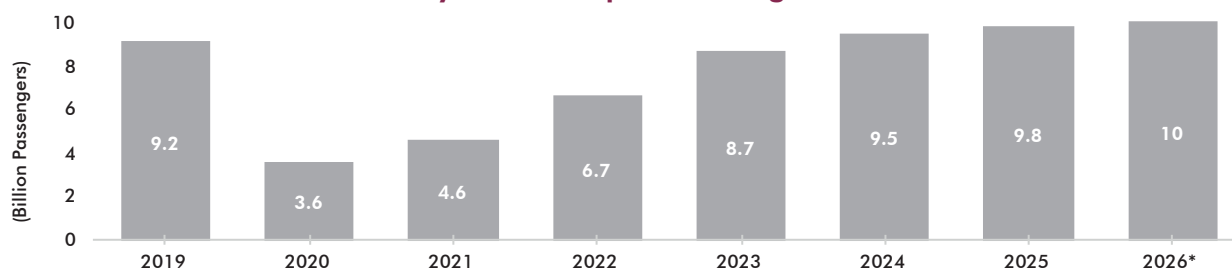
Global Airports



Arab Airports



Yearly Global Airport Passenger Traffic



*Estimates

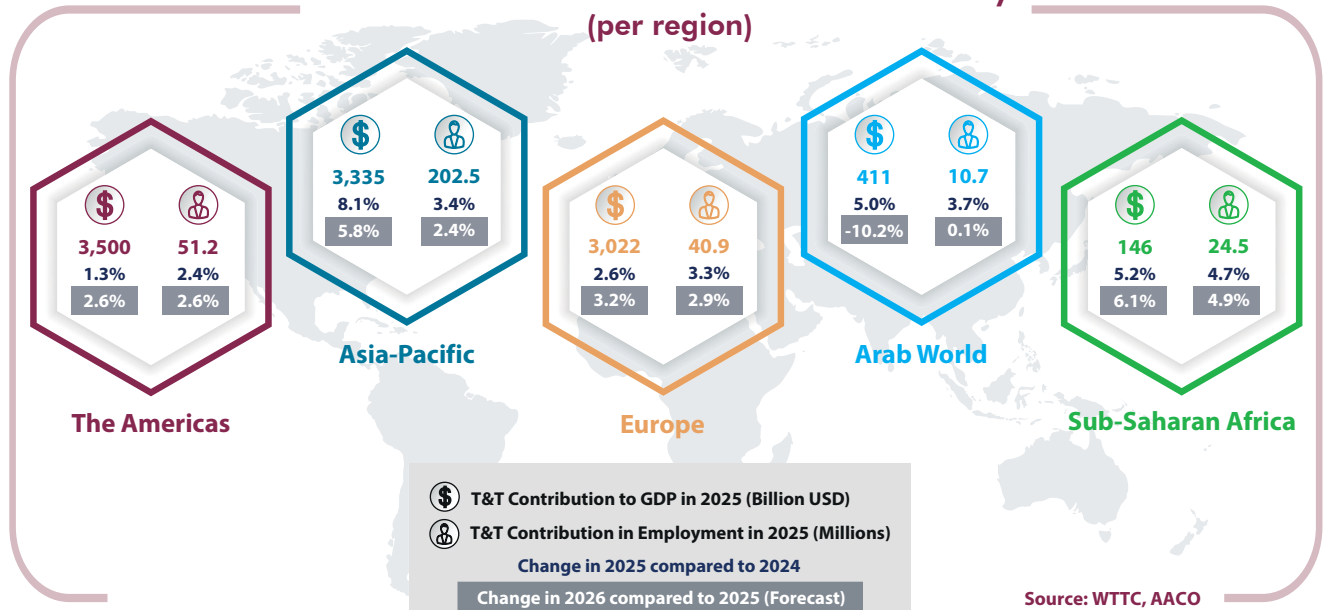
Source: ACI, AACO

In Q1 2026, global airport activity continued to expand but at a slower pace, as geopolitical tensions in the Middle East significantly disrupted air transport, leading to sharp declines in regional traffic. Arab airports recorded a decrease of 7.9% in passenger traffic, 15.3% in cargo traffic, and 10.7% in aircraft movements in Q1 2026 compared to Q1 2025. As a result, **the 2026 global passenger forecast was revised from 10.2 billion to 10.0 billion**, reducing expected annual growth from 3.9% to 2.7%. The outlook for the remainder of 2026 remains uncertain and will depend largely on developments in the Middle East, airspace restrictions, fuel prices, passenger demand, and supply chain disruptions.



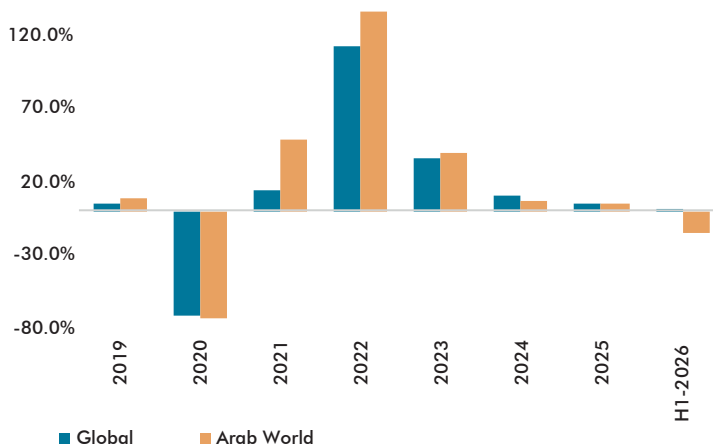
Travel and Tourism (T&T)

Travel and Tourism Contribution in the Economy (per region)



In 2025, **travel and tourism (T&T) sector** continued to expand globally and remained an important contributor to economic activity. The sector **accounted for 9.8% of global GDP**, reflecting growth of 4.1% over 2024. The sector also supported 10.9% of global employment, marking an increase of 3.5% compared to 2024. At the regional level, all regions recorded solid growth, with the **Arab world travel and tourism sector contributing approximately USD 411 billion to GDP and supporting 10.7 million jobs**. However, the outlook for 2026 is more challenging, particularly for the Arab world. Forecasts point to a 10.2% decline in the sector's contribution to GDP compared with 2025. The weaker outlook is closely linked to geopolitical tensions, particularly in the Middle East, and their potential effects on airspace, fuel prices, and passenger demand.

Year-on-Year Change in International Tourist Arrivals, Globally and for the Arab World



International tourist arrivals continued to grow in 2025, with **global arrivals increasing by around 4.7%, while the Arab World recorded stronger growth of 5.4% compared to 2024**. In the first half of 2026, global arrivals reached around 690 million tourists, only 0.4% above the same period in 2025, reflecting weaker travel demand amid geopolitical tensions, higher fuel costs, and disruptions to air connectivity. The Arab World experienced a much sharper decline, with arrivals falling by almost 16% comparing the same period, largely reflecting the impact of the Middle East conflict. Globally, UN Tourism now expects international tourist arrivals to grow by 1%-2% in 2026, compared with its earlier forecast of 3%-4%.



Aviation Safety

Aviation maintained a strong safety record in 2025 compared to 2024, as all accident rates declined from 1.42 in 2024 to 1.26 in 2025. Despite the decrease in the number of accidents, the fatality risk increased from 0.06 in 2024 to 0.17 per million sectors in 2025, mirroring the increase in the number of fatal accidents. The total number of fatalities reached 429 in 2025 up from 251 recorded in 2024. Fatal accidents were mainly distributed as follows, two in Africa, two in North America, and one fatal accident in each of the following regions: Asia-Pacific, CIS, Europe, and Latin America and the Caribbean. The most fatal accident in 2025, resulted in 241 fatalities, and was categorized under others in terms of the accident end state.

Key Safety Statistics

Accident Type*	2024	2025	2026**
All accident rate	1.42	1.26	1.26
Total accidents	54	49	24
Fatal accidents	7	8	3
Fatality risk	0.06	0.17	0.11
Jet hull losses	0.35	0.20	0.99
Turboprop hull losses	1.07	2.72	3.94

*decimal numbers are per million sector

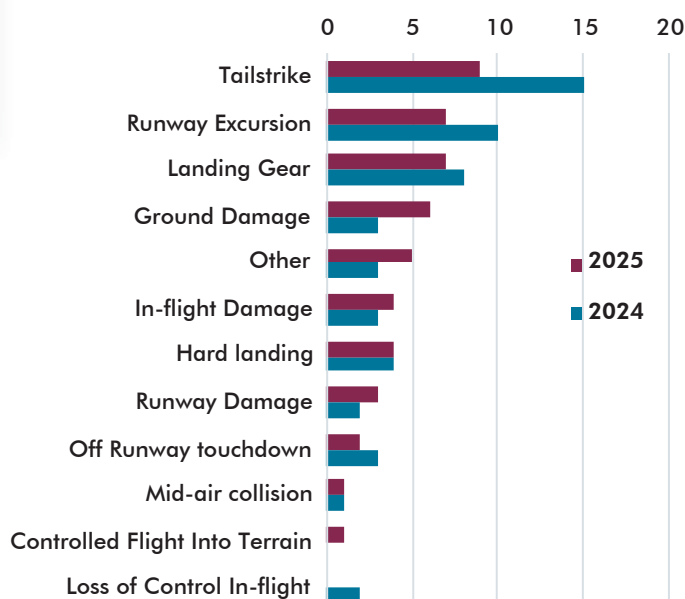
Source: IATA

**Data is for H1-2026

There were no accidents involving any AACO member in 2025 and 2026.

AACO continues to work with relevant organizations including ICAO, and IATA, to bring awareness to aviation stakeholders on the importance to mitigate safety risks through: Awareness Sessions & Training, Encouraging Proper Safety Reporting, Developing Recommendations, Enhancing Aviation Safety Culture, and Information Sharing.

Accidents by Major Categories in 2025 and 2024



Source: IATA, AACO

AACO Members	All Accidents Rate*	Total Accidents	Fatal Accidents	Hull Losses	Fatalities
Avg.2024-2020	0.6	0.0	0.0	0.0	0.0
2023	0.7	0.0	0.0	0.0	0.0
2024	0.0	0.0	0.0	0.0	0.0
2025	0.0	0.0	0.0	0.0	0.0
2026	0.0	0.0	0.0	0.0	0.0

*Accident rate per million sectors

Source: IATA, AACO



Aviation Security

The aviation industry continued to face a challenging security environment in 2025 and 2026. Escalating geopolitical tensions, conflict-zone risks, airspace closures, military activities, and persistent GNSS interference disrupted airline operations and highlighted the growing vulnerability of civil aviation. At the same time, cybersecurity remained a key concern as airlines, airports, and air navigation systems became increasingly exposed to cyber threats. These developments reinforced the importance of information sharing, risk-based security measures, and enhanced industry collaboration.



Conflict zones

Conflict-zone risks remained a major concern in 2025 and 2026, with escalating geopolitical tensions contributing to airspace restrictions, route disruptions, and heightened operational uncertainty across several regions. At the same time, increasingly sophisticated GNSS and radio frequency interference incidents continued to affect flight operations, highlighting the need for stronger navigation resilience and enhanced information-sharing mechanisms. Through its Information Sharing Mechanism, AACO continues to provide member airlines with the latest information to raise awareness on the latest security incidents and provide operational support.



Cybersecurity

Cybersecurity remained a priority as the industry's growing digitalization increased exposure to cyberattacks and data breaches. Airlines, airports, and aviation service providers faced a rising number of cyber incidents, including data breaches, ransomware attacks, and disruptions affecting critical infrastructure. As the industry's digital transformation accelerates, strengthening cyber resilience, enhancing information sharing, and adopting risk-based security frameworks will remain essential priorities in 2026. Below is a summary of the major indicators of Cybersecurity threats:

- 600% increase in cyberattacks against aviation
- 27 major ransomware attacks recorded
- 22 ransomware groups involved
- 71% of incidents linked to credential theft or unauthorized access
- 73% of airports and 66% of airlines prioritize cybersecurity investment

Sources: Thales Aviation Cyber Threat Report 2025, and SITA Air Transport IT Insights 2025.



The Sustainability Landscape in 2026

GLOBAL FRAMEWORK

CORSIA in 2026:

130 States participate in 2026. CORSIA enters its mandatory phase in 2027, with participation determined by ICAO criteria and voluntary participation.

Implementation requirements:

Compliance depends on access to eligible units and fuels, country authorizations, corresponding adjustments, and reliable registries.

CLEANER ENERGIES

Global direction:

The GFAAF sets a collective aspirational vision of a 5% CO₂ reduction by 2030 through SAF, lower-carbon aviation fuels and other cleaner energies.

Market conditions:

Production, certification and airport access remain uneven. National mandates apply different sustainability rules.

REGIONAL MEASURES

Current obligations:

EU ETS, ReFuelEU Aviation, the UK SAF mandate and other measures create obligations that differ by route and jurisdiction.

Proposed EU ETS

extension: The July 2026 EC proposal covers selected EEA departures to third-country airports within 5,000 km of Frankfurt from 2029.

REGULATORY OVERLAP

Carbon obligations:

EU ETS and CORSIA may apply to the same flight emissions, including non-EU airline operations between EEA States. This overlap may expand if the EU ETS expansion proposal by the EC is adopted.

SAF Eligibility Issues:

SAF purchased under ReFuelEU Aviation is not recognized under CORSIA. Different eligibility and accounting rules leave an additional CORSIA obligation.

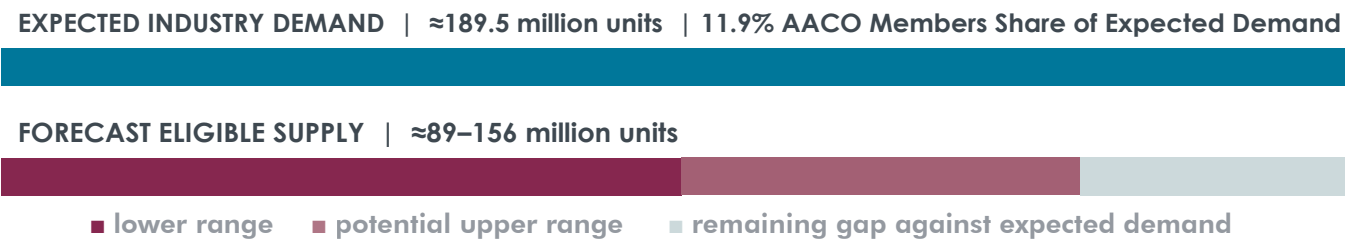
Effective implementation requires access to eligible tools and recognition of verified action across systems.

CORSIA: A New Implementation Phase

For 2024, ICAO published a revised Sector's Growth Factor of 0.15405257; the first positive SGF since implementation began. States use it to calculate each covered operator's 2024 offsetting requirement before deducting reductions claimed through CORSIA Eligible Fuels. The 2025 SGF will be used later in 2026 to calculate operators' 2025 requirements.

Two additional emissions-unit programmes were approved in 2026, bringing the number eligible to supply units for the 2024-2026 first phase to ten. Yet programme approval alone does not make every unit usable: the unit must fall within ICAO's approved scope, meet the relevant vintage and registry conditions and, where required, carry host-country authorization.

AACO’s assessment indicates expected industry demand of approximately 189.5 million units for phase one (2024-2026), compared with forecast eligible supply of approximately 89-156 million units.



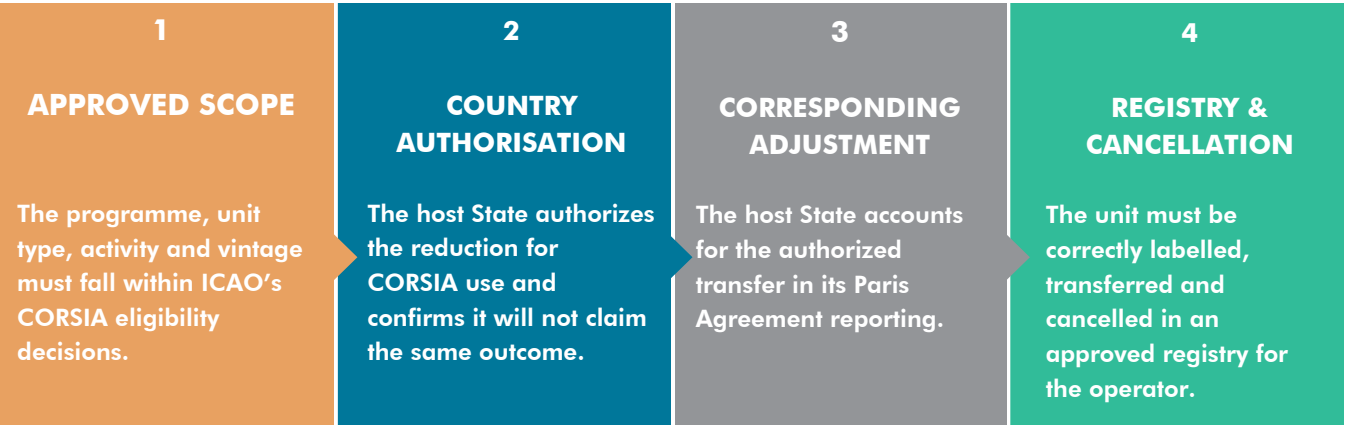
Sources: ICAO CORSIA material; AACO internal market assessment

Country Authorization and Eligible Supply

The availability of carbon units is not the same as the availability of CORSIA Eligible Emissions Units. For relevant units, the host country must authorize their use for CORSIA under the Paris Agreement framework and confirm that the same emissions reduction will not also be counted towards its own nationally determined contribution.

This is implemented through a host-country authorization or attestation—often referred to as a Letter of Authorization—and a corresponding adjustment in the country’s Paris Agreement reporting. The mechanism protects environmental integrity by preventing the same reduction from being claimed twice.

Requirements for a Usable CORSIA Unit



USABLE CORSIA UNIT | All programme scope, authorization, accounting, registry and cancellation conditions must be satisfied.

KEY POINT	ICAO programme approval or host-country authorization alone are insufficient. A unit becomes usable only when all eligibility, accounting and registry conditions are met.
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For airlines, the practical issue is therefore not only how many carbon units exist, but how many meet ICAO eligibility decisions, have the necessary country authorization and accounting treatment, and can be accessed and cancelled on time.

Cleaner Energies: Global Framework and Policy Landscape

ICAO Global Framework for Cleaner Energies

GFAAF			
5% collective CO ₂ reduction by 2030			
POLICY & PLANNING	REGULATION	IMPLEMENTATION SUPPORT	FINANCE
Clear national roadmaps	Harmonized criteria and accounting	Capacity, technology and infrastructure	Investment and risk-sharing

Adopted at ICAO's 2023 Conference on Aviation and Alternative Fuels, the GFAAF sets a collective aspirational vision to reduce international aviation CO₂ emissions by 5% by 2030 through SAF, LCAF and other aviation cleaner energies. It is a global direction; not an airline blending quota, and depends on implementation through policy, regulation, support and finance.

SAF Policy Landscape

SAF policies are expanding across markets, but they differ in ambition, timing, eligible fuels, sustainability criteria and compliance mechanisms.

Jurisdiction	Policy status	Trajectory	Macro implication
EU & Switzerland	Mandatory	EU: 2% in 2025, 6% in 2030 and 70% in 2050. Switzerland applies the framework from 2026.	Large, long-term demand signal with EU sustainability rules and rising e-SAF sub-targets.
United Kingdom	Mandatory	2% in 2025, 10% in 2030 and 22% in 2040; separate power-to-liquid obligation from 2028.	Distinct national certificate and compliance framework.
Singapore	Levy / central procurement	1% ambition; levy applies to sales from October 2026 for departures from January 2027.	Demand is funded through a passenger/cargo levy and pooled procurement.
Türkiye	National requirement	Annual emissions-reduction requirement linked to SAF; direction towards 5% by 2030.	Eligibility draws on CORSIA criteria; annual implementation level requires updating.
Indonesia	Announced roadmap	1% from 2027 for international departures from Jakarta and Bali, with wider expansion over time.	Phased introduction links domestic production and international operations.
Thailand	Voluntary in 2026	0.5–1% target on designated international routes.	Supports early deployment but not mandatory blending.
Other markets	Developing	Brazil, Japan, Malaysia, India and others	More demand, but also more variation
MACRO VIEW	SAF policy is expanding from a few early markets to a broader global patchwork. The continuing challenge is whether supply, certification and cross-framework recognition keep pace.		

CORSIA and European Regulatory Overlap

Different sustainability systems may apply to the same operation without recognizing action taken under another. An airline may therefore purchase SAF under ReFuelEU Aviation, surrender EU ETS allowances and cancel CORSIA units; creating additional cost and reporting without an equivalent additional environmental benefit.

Where Regulatory Overlap Arises

Situation	Compliance layers on the same flight	AACO-identified overlap
EXISTING ISSUE Non-EU airline EEA State A to EEA State B	ReFuelEU: mandated SAF at departure and the related fuel premium. EU ETS: monitor the flight emissions and surrender EU allowances. CORSIA: the non-EU operator may also carry a CORSIA.	Same emissions addressed twice EU ETS allowances are surrendered, while CORSIA may require offsetting of the same flight emissions. Treatment also differs from that applied to EU/EEA airlines.
CURRENT EXTRA EEA ROUTE EEA airport to Arab airport	ReFuelEU: mandated SAF reduces lifecycle emissions under EU evidence rules. EU ETS: not included currently as it is extra-EEA scope. CORSIA: the covered state pair may still generate an offsetting obligation.	Same reduction not recognized The airline pays the SAF premium and achieves a reduction, but the EU-mandated reduction is not recognized under CORSIA. Eligible units or CORSIA-eligible fuel may still be required.
PROPOSED FROM 2029 EEA airport to destinations within 5,000 km of Frankfurt	ReFuelEU: buy mandated SAF and carry the fuel premium. Expanded EU ETS: surrender EU allowances if the proposal is adopted and the route is covered. CORSIA: meet the CORSIA obligation where the state pair is included.	Overlap substantially increases One departure may create a SAF cost, an EU ETS allowance cost and a CORSIA offsetting cost, with different eligibility and reporting rules.
Advocacy Point	The objective is to ensure that actual and verified reductions are recognized and that the same emissions are not charged or compensated more than once.	

Policy Concerns Regarding the Proposed Expansion of the EU ETS

Sovereignty and agreement between States	Air services agreements	Dual jurisdiction over the same emissions
The distinction between the current and proposed scope is fundamental. EEA States have agreed to apply the EU ETS to flights between them through a common framework. Extending it to flights between the EEA and a third State would involve another sovereign State that has not agreed to its application to those international services.	Services between the EEA and third States operate under air services agreements between the States concerned. The proposal would require airlines to account to an EU authority for emissions from the flight as a whole, including emissions arising beyond the EEA. AACO considers that imposing this requirement without the agreement of the other State conflicts with the framework governing air services between two sovereign States.	An airline would remain subject to requirements administered by its own State while also being required to account for the same flight emissions under the EU ETS. On routes covered by CORSIA, its State would also require it to account for and offset those emissions. The proposal would therefore place the same flight emissions under two separate jurisdictions.

ICAO Member States, including EU Member States, agreed on CORSIA as the only global market-based measure for CO₂ emissions from international aviation, so that those emissions are accounted for once. AACO views that the treatment of emissions from these international services be pursued through ICAO and in consultation with the States concerned.

**PRINCIPLE
POINT**

A verified environmental outcome should be recognized across implementation frameworks so that airlines are not required to compensate twice for the same emissions.

AACO's Work in 2026

AACO's work in 2026 focused on assessing the implications of emerging sustainability obligations for member airlines and developing coordinated policy recommendations. It combined technical analysis, support to members and engagement with international and regional institutions on CORSIA implementation, regulatory overlap and cleaner aviation energies.

- AACO engaged with ICAO, the European Parliament, ACAO and Arab CAAs on the proposed extension of the EU ETS to international services involving third States.
- AACO's analysis of the proposal's implications supported member airlines' understanding of the emerging requirements and informed its policy engagement and public communication. AACO also issued a public statement setting out its concerns about the proposed extension and shared it with relevant stakeholders and the press.
- Coordination with ACAO and Arab authorities also focused on national CORSIA implementation, including recognition of verified emissions reductions and costs borne under other mandatory systems, to avoid repeated compensation for the same emissions.
- AACO supported member airlines in understanding CORSIA requirements, access to eligible emissions units and fuels, and the interaction between different compliance frameworks. AACO's sustainability workshop and environmental sustainability meetings in 2026 brought together airline sustainability, fuel, finance, operations and regulatory teams to examine compliance choices, supply availability, cost exposure, internal coordination and environmental data tools.

AACO's work in 2026 also included developing practical tools to help airlines manage environmental obligations and improve cost transparency. Through its Digital Transformation Taskforce (DTTF), and in cooperation with Amadeus and SITA, a solution was developed to identify the environmental obligations and actual costs associated with each travel itinerary. The solution aims to enable airlines to show these costs within the ticket price, giving passengers a clearer understanding of how environmental measures contribute to the total amount they pay.



Aeropolitical Developments in 2026

Passenger rights, accessibility and taxation were the main aeropolitical developments in 2026. The most significant changes were the revised passenger-rights framework in the European Union, adjustments to consumer and accessibility rules in the United States, and developments at ICAO and the United Nations on the taxation of international air transport.

Passengers Rights Regulations in 2026

The Arab World

United Arab Emirates: The revised federal Passenger Welfare Program (CAR-PWP, Issue 02) took effect on 1 January 2025, updating requirements for passenger care during flight disruptions. Separately, Dubai introduced its Aviation Consumer Welfare Directive in April 2026, clarifying passenger rights and airline and travel-agent obligations, alongside a digital complaints service.

Jordan: New JCAR Part 211 requirements strengthen protection and assistance for passengers with disabilities and reduced mobility, covering accessibility, staff training and mobility equipment. They take effect on 1 December 2026.

Saudi Arabia and Oman also continued enforcing their existing passenger-rights regulations, through compliance monitoring, complaint handling and penalties.

European Union

The Council gave final approval to the revised air passenger-rights framework on 13 July 2026. It has been adopted and published, but the revised passenger-rights rules will apply only from 23 October 2027. The final text is Regulation (EU) 2026/2202, amending Regulations 261/2004 and 2027/97. The rules retain compensation after delays of more than three hours and the existing compensation levels of EUR 250, EUR 400 and EUR 600. They also introduce clearer claims procedures, an open list of extraordinary circumstances, stronger rerouting and assistance rights, protection against no-show practices, hand-baggage price information and additional rights for passengers with specific needs.

The framework gives passengers nine months to request compensation and airlines 30 days to pay or explain why compensation is not due. Airlines will need to revise reservation systems, notices, claim handling, staff procedures and arrangements with intermediaries.

A separate enforcement regulation reached provisional agreement on 25 June 2026. It covers standard claim forms, complaint handling, reporting to national authorities and reimbursement for tickets sold through intermediaries. The agreed text would enter into force 20 days after its own publication and apply from the same date as the revised air passenger-rights regulation. Formal adoption remains pending.

United States

The United States changed several consumer-protection measures during 2026. A final rule requires covered airlines to submit and publish a one-page passenger-rights summary. Another final rule removed the vacated 2024 ancillary-fee disclosure requirements while retaining website disclosure of baggage and other fees. The Department of Transportation also proposed changes to fare advertising and extended its refund enforcement pause for qualifying flights to 7 July 2027.

For accessibility, enforcement discretion for four wheelchair-rule provisions was extended to 30 April 2027.

Canada

Canada's December 2024 proposal had not been incorporated into the consolidated Air Passenger Protection Regulations by 21 June 2026. Airlines should not assume a final scope or implementation date until the amended regulations are published.

International Taxation in 2026

UN Model Article 8

The 2025 revision of the UN Model Tax Convention places source-state taxation of international transport income first as Alternative A and retains residence-based taxation as Alternative B. The Model does not directly impose tax, but it can influence bilateral tax treaties. Wider use of Alternative A could require airlines to allocate profits and file tax returns in more markets, with a risk of inconsistent assessments and double taxation.

ICAO Assembly 42

Oman presented the Arab position on Article 8 on behalf of ACAO. The ICAO Economic Commission treated the issue as critical and urged states to continue applying ICAO Doc 8632, avoid double or discriminatory taxation and maintain residence-based taxation for international air transport.

Solidarity Levies

The Premium Flyers Solidarity Coalition continued work on levies for first- and business-class tickets and private jets. At COP30 in November 2025, the coalition reported nine members, including Djibouti and Somalia, and four observers. Model approaches are being developed for national use, which could produce different tax designs across markets.

Two separate taxation developments

UN MODEL ARTICLE 8

Taxation of airline income

WHAT CHANGED

The revised UN Model places source-state taxation first as Alternative A.

AIRLINE IMPACT

Airlines may have to allocate profits and file returns in more countries, increasing the risk of double taxation.

AACO POSITION

Retain residence-based taxation and apply ICAO Doc 8632.

PREMIUM-FLYER LEVIES

Potential taxes on premium tickets and private jets

WHAT CHANGED

A coalition is developing national levy models for premium tickets and private jets.

AIRLINE IMPACT

Different national schemes may add costs and overlap with existing taxes and charges.

AACO POSITION

Such taxes only make air travel more expensive and hence affect connectivity.

AACO's Work in 2026

AACO's aeropolitical work in 2026 focused on coordinating member input and representing common airline positions with regional and international stakeholders.

Passenger regulation

AACO continued to advocate for consultation, proportionality, clear allocation of responsibility, respect for jurisdiction and adequate implementation time.

International taxation

AACO supported residence-based taxation of international air transport income and the continued application of ICAO Doc 8632. It supported the Arab position advanced through ACAO at ICAO Assembly 42 and followed the proposed premium-flyer levies, emphasising the need to assess their effects on airline costs, affordability and connectivity.

Member coordination and external engagement

Through the Aeropolitical Watch Group, AACO shared regulatory updates with members and gathered operational input. This input informed AACO's discussions with regional and international stakeholders on the practical implications of new rules for airline operations and compliance.



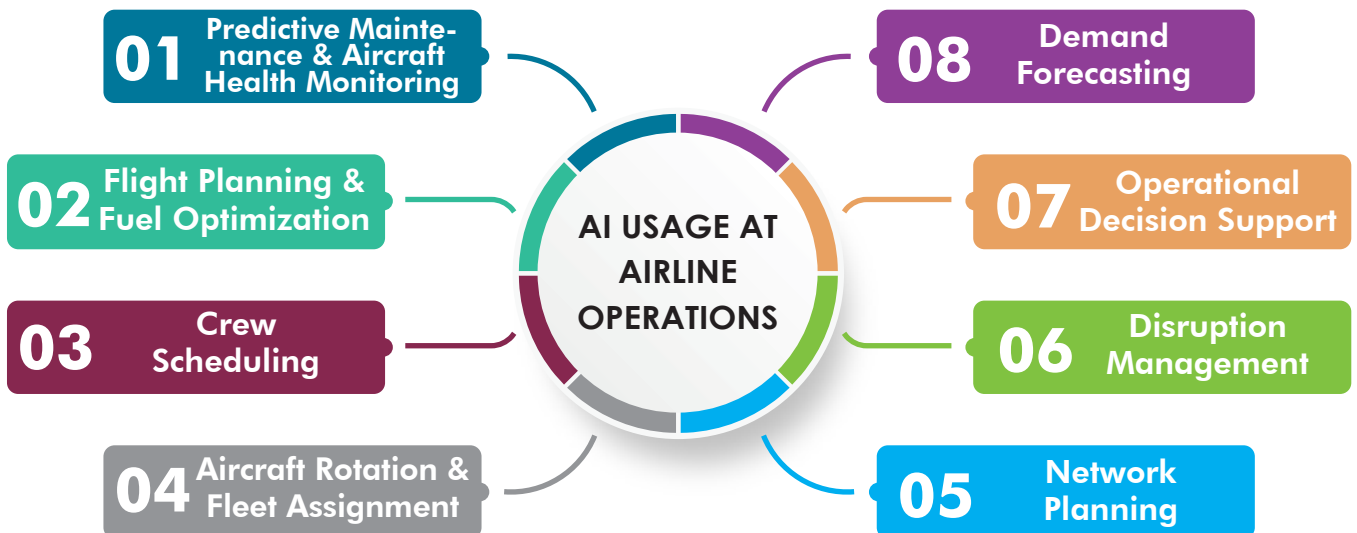
From Seamless to Intelligent Travel: How AI is Reshaping Aviation

Introduction

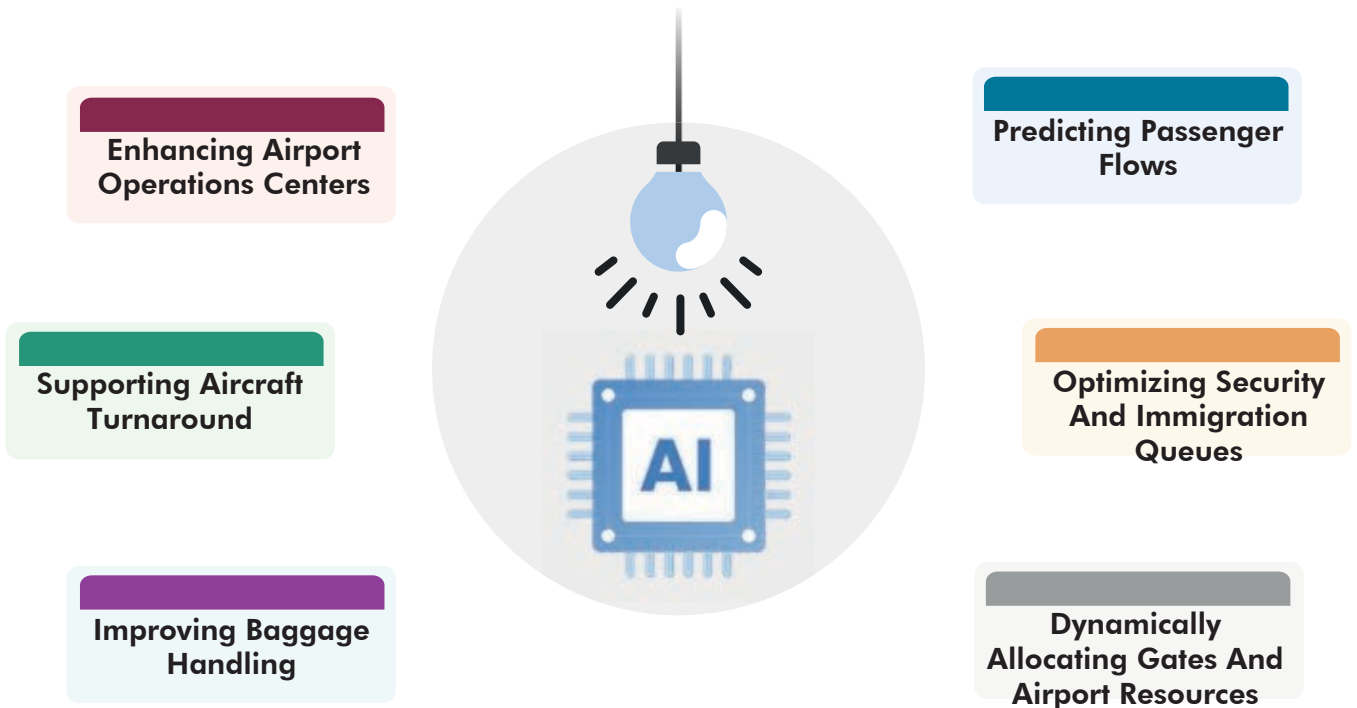
- Over the past decade, aviation has embraced digital technologies such as biometrics, digital identity, cloud platforms, and contactless processing to make travel smoother and operations more efficient.
- Today, the industry is entering the next phase of this transformation. As passenger demand grows and operations become more complex, airlines and airports are using AI to build a smarter, more connected, intelligent and data-driven travel ecosystem.
- AI helps improve decision-making, increase operational efficiency, personalize the passenger experience, and support sustainability. While adoption is still in its early stages, AI is expected to become a core part of aviation in the years ahead.

Smarter Airports and Airline Operations

- Within airline operations, AI is gradually being incorporated into areas where operational efficiency and resilience can be improved.

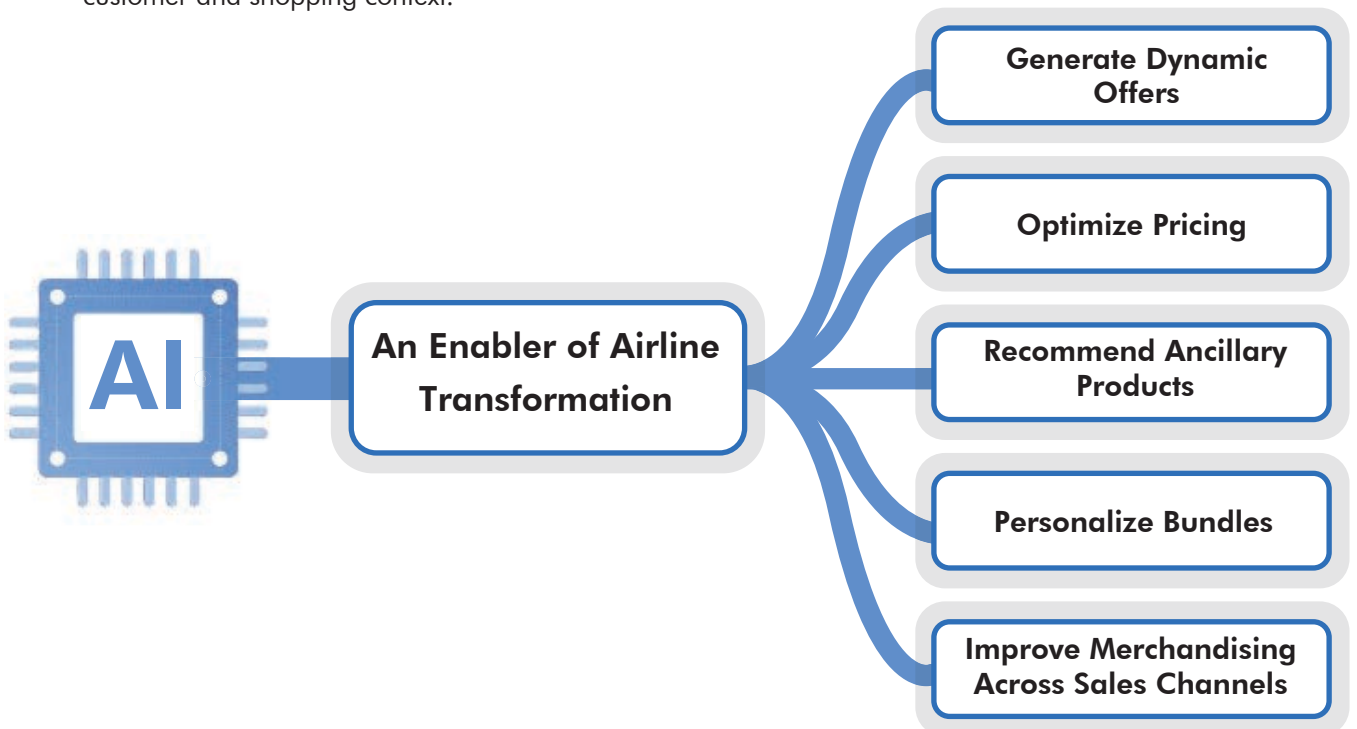


Airports are also using AI and predictive analytics to make better use of limited infrastructure, anticipate disruptions before they happen, and improve the passenger journey.



AI in Airline Sales, Distribution and Retailing

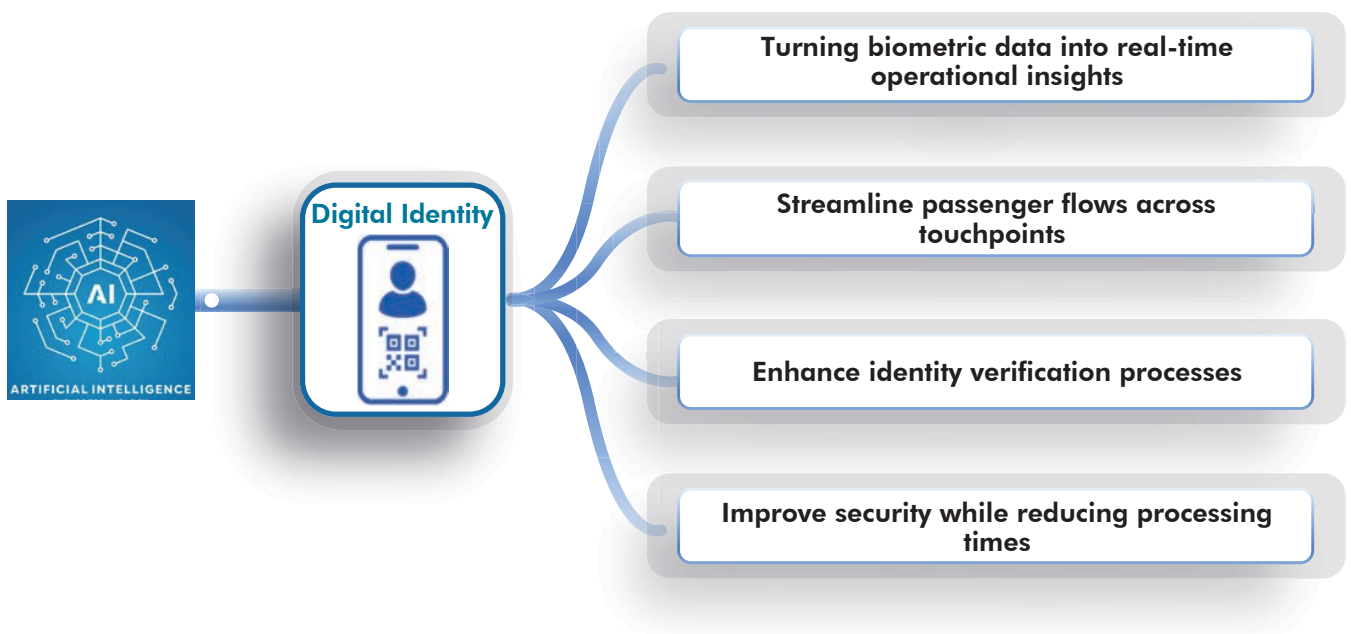
- The commercial side of the airline business is expected to experience some of the most significant benefits from AI.
- As the industry progresses toward Offer and Order-based retailing and broader adoption of NDC, airlines are gradually moving from selling standardized fares toward creating personalized offers tailored to each customer and shopping context.



- Generative AI and virtual assistants are making booking easier by helping travelers search, compare options, understand fares, and complete bookings through natural conversations.
- AI also improves distribution by helping airlines better understand customer behavior and optimize sales across different channels.
- During disruptions, AI can automatically suggest new flights, accommodation, or compensation, making recovery faster and less stressful for passengers.

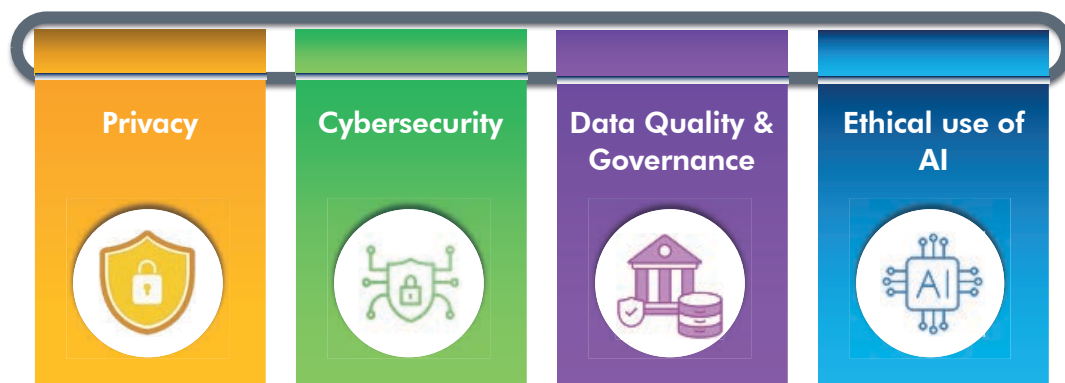
AI as an Enabler of Seamless Travel

- AI builds on the industry's investments in digital identity, biometrics, and contactless travel by turning data into real-time insights and smarter decisions.
- Together, these technologies make travel faster, more personalized, and more efficient. Some airports have already reduced the time from check-in to boarding to as little as 12 minutes using AI-powered facial recognition.



Challenges and Considerations

Despite its transformative potential, the adoption of Artificial Intelligence in aviation presents challenges that extend beyond technology deployment.



AACO's Work

Building on its work in digital transformation, digital identity, and sustainability, AACO has identified Artificial Intelligence as one of the strategic priorities of its Digital Transformation Task Force (DTTF).

AACO is working with member airlines and industry partners to identify high-value use cases, exchange industry experiences, and assess how AI can support the region's airlines in areas such as airport operations, airline retailing, sales and distribution, customer experience, and operational decision-making.

As AI capabilities continue to mature, AACO will help ensure Arab airlines are well prepared for the transition from seamless travel to intelligent travel.





Effective Cooperation, Networking, and Awareness

AACO strives to enhance effective cooperation between member airlines to bring added value to them, and that happens through the work of AACO's steering boards, task forces, and working groups. Under the umbrella of those steering boards and groups, AACO addresses issues of importance to member airlines, and cooperates with regional and international bodies, non-Arab airlines, manufacturers, service and solutions providers, and other air transport stakeholders, offering a broad framework of cooperation for all concerned.

Awareness and networking are provided through AACO's publications, specialized forums, dialogue and coordination with regional and international bodies, and within the work of the various steering boards, taskforces, and working groups.

In addition, AACO continues to utilize the Regional Training Center by providing relevant training through in-person workshops and courses and via its e-learning platform.

Cooperation under the Umbrella of AACO's Steering Boards, Task Forces, and Working Groups

Due to the multidisciplinary nature of aviation's environmental sustainability. This area is managed jointly by three AACO working groups namely: The Environmental Policy Group, the Aeropolitical Watch Group, and the Sustainable Aviation Fuel Task Force, in coordination with AACO's Fuel Project members and with the cooperation of the ACAO Environmental Committee and the Arab representatives at the ICAO Council. Accordingly, we will list the brief on the work done by those three groups regarding aviation and climate change within the Environmental Policy Group.

Environmental Policy Group



Global environmental measures are essential to mitigate the impact of international aviation emissions. However, in spite of ICAO's agreements on having them as the ONLY measures for international aviation, regional, and national regulations are proliferating in a way that renders the sustainability requirements extremely complicated and burdensome on airlines and customers.

This year, the focus of the work under the umbrella of the environmental working groups was primarily on advocating for policies that would ensure eliminating the double counting of emissions that results from overlapping environmental compliance programs and regulations that do not recognize each other's sustainability standards when it comes to carbon certificates and cleaner energies including primarily sustainable aviation fuels.

The groups worked throughout the year on many fronts, including the following:

1. Coordination and advocacy with states and the Environmental Committee of the Arab Civil Aviation Organization (ACAO).
2. Awareness and follow up on the various compliance requirements.
3. Monitoring policies and regulations that impact airlines' operations and environmental compliance efforts.
4. Various analysis and impact assessments of proposals on new regulations
5. Focus on the implications of the EU proposal for the expansion of the EU ETS to include emissions from additional international flights departing from the EEA, including the potential extraterritorial application of the scheme, competitive distortions between EU and non-EU airlines, increased regulatory fragmentation, and the risk of double counting of emissions reductions achieved under CORSIA, EU ETS, ReFuelEU Aviation, UK SAF Mandate, and other sustainability frameworks.

Aeropolitical Watch Group



The Aeropolitical Watch Group (AWG) followed up throughout 2025 and 2026 on aviation's regulatory environment including but not limited to taxation, air passenger rules, accessibility, and other aeropolitical affairs affecting the operations of AACO member airlines. The group as well cooperated extensively with AACO's Environmental Policy Group and AACO's Sustainable Aviation Fuel Task Force on policies related to environmental sustainability.

Sustainable Aviation Fuel Task Force



AACO Sustainable Aviation Fuel Task Force worked with the Environmental Policy Group on all issues related to SAF, LCAF and other cleaner energies.

Digital Transformation Task Force



The Digital Transformation Task Force (DTTF), established by mandate of the Executive Committee, continues to support AACO member airlines in addressing evolving global, regional, and national regulatory requirements while advancing digital innovation across the aviation industry. Its work focuses on environmental sustainability, digital identity, and the modernization of airline commercial and operational processes.

Among its key priorities, the DTTF is overseeing the collaboration between SITA and Amadeus to develop an integrated platform that enables airlines to manage evolving sustainability compliance requirements while transparently communicating environmental compliance costs to regulators, passengers, and corporate customers.

The task force also continued advancing digital identity initiatives to support seamless passenger journeys while preserving airlines' flexibility in technology choices. During the year, available solutions were assessed to evaluate their ability to support airline-issued digital identities and implementation across the aviation ecosystem, considering airport readiness, regulatory acceptance, and local integration requirements.

In addition, the task force is expanding its work to include baggage management solutions, payment platforms, artificial intelligence (AI), and other emerging technologies that can support airlines' digital transformation.

AVSEC Advisory Group



AACO AVSEC Advisory Group continues to utilize the AACO Aviation Security Information Sharing Mechanism, to address emerging security threats, and share best practices related to security management systems and cybersecurity.

AACO Amadeus Steering Board



The AACO Amadeus Steering Board remains committed to advancing technological innovation that supports the sustainable growth and recovery of the travel industry in an evolving global landscape. In alignment with its strategic roadmap, the Board is focused on leveraging cutting-edge technologies to transform the way airlines engage with their customers. A key area of focus is the integration of NDC (New Distribution Capability), which enables airlines to deliver more dynamic content and personalized services. Through these initiatives, the Board aims to enhance overall customer experience and optimize airline distribution strategies.

Fuel Steering Board



AACO's Fuel Project, which is managed by the Fuel Steering Board (FSB) and the Aviation Fuel Advisory Group (AFAG), provides a platform for member airlines and jet fuel industry stakeholders to spread awareness and ensure a safe, sustainable, and competitive aviation fuel industry. In addition, the FSB members are closely monitoring all mandates and regulations related to sustainability, as well as the different Sustainable Aviation Fuel requirements.

Maintenance, Repair and Overhaul (MRO) Steering Board



The project was launched in 2013 and gathers thirteen member airlines. The project aims at enhancing collaboration between its members in maintenance, repair, and overhaul activities, through nine initiatives. Three initiatives were launched to date: namely Vendor Audits, Purchasing, and Loans & Exchanges.

AACO Regional Training Center



The AACO Regional Training Center (RTC) continued to support the development of human resources in the aviation sector across the region. In 2025, the center organized 134 training courses, attended by 1,350 participants, including 39 virtual courses, attended by 397 participants. Also, AACO provided 103 scholarships to member airlines.

During the first half of 2026, the regional training center conducted 42 training courses, attended by 430 participants. This included 11 virtual courses, attended by 81 participants. Additionally, AACO provided 88 scholarships to member airlines during that period.

Emergency Response Planning (ERP) Steering Board



AACO's Emergency Response Planning (ERP) Steering Board continues to work on improving preparedness and coordinating support between members during crises, in addition to sharing experience and best practices among all stakeholders involved in emergency response planning.



Awareness and Networking

Industry Partnership Program

- Comprises 41 partners.
- Provides a platform for suppliers & providers to cooperate with AACO members.
- Provides a platform for networking.

Partner Airlines

- Comprises 5 non-Arab airlines namely AJet, Fly Jinnah, IAG International Airlines Group, Pegasus Airlines, and Turkish Airlines.
- It provides a platform for cooperation with AACO members through joint projects and other initiatives.

International Representation

- Includes regional & int'l organizations, governmental and non-governmental bodies.
- Aims at providing a framework of cooperation and protection of members' interests.

FORUMS

1 AGM

Highest authority
in AACO
Sets the strategies and
roadmap
of AACO

Covers commercial,
digitization, and IT
issues

Business Technology Forum

2

3 Technical Forum

Addresses the latest
developments in flight
operations, MRO,
safety, security, and
sustainability

Covers all fuel related
issues including
sustainable aviation
fuels

Aviation Fuel Forum

4



Publications

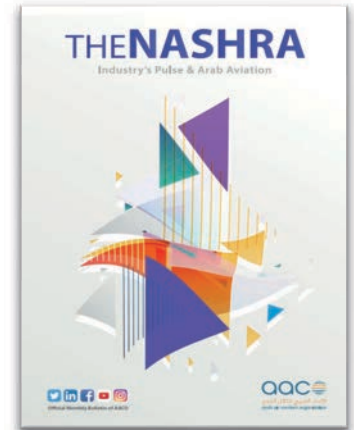
Electronic Publications



AACO Annual Report



Arab Air Transport Statistics "AATS"



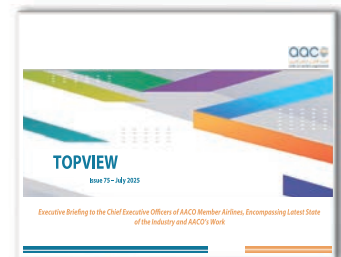
The Nashra



Fuel Bulletin



Safe and Level



TopView



Weekly Web News



Sustainable Aviation Fuel Updates – Weekly Bulletin



Regulatory Update



AACO Website
www.aaco.org

Social Media



Data as at 15 September 2026
Content as at 15 September 2026

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arab air carriers' organization

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