

# Future of Aviation: Beyond COVID or With COVID?

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Assistant Director

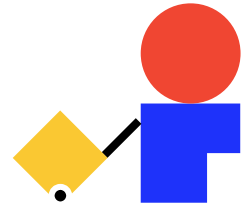
Member & External Relations

IATA Asia-Pacific

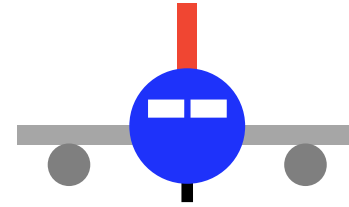
27 August 2021



Every  
day in ...



passengers  
(millions)



flights



value of goods  
carried  
(billions)

2019

12.4

106,600

\$17.8

2020

4.9

44,900

\$16

# Current situation

Fear of new  
COVID variants

Worsening  
domestic situation

Worsening border restrictions impacting international travel

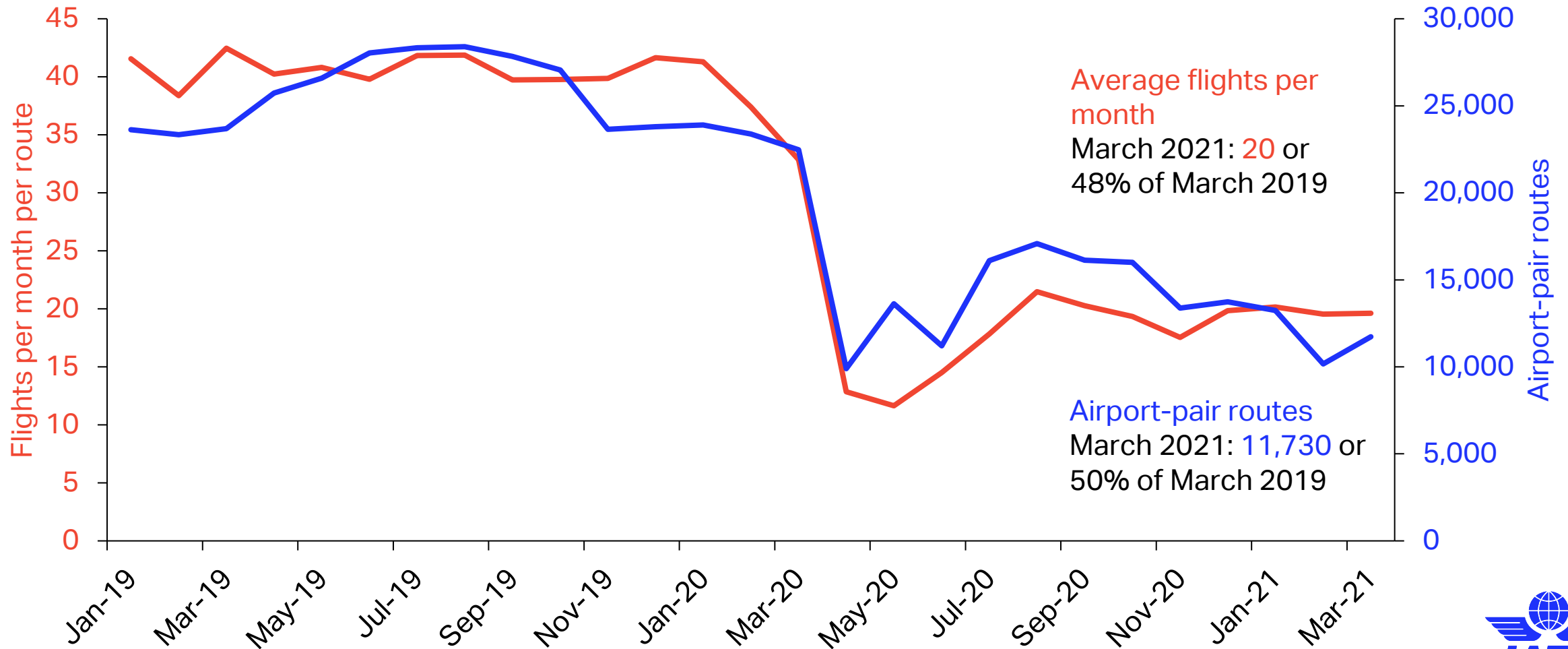
Slower than  
expected  
vaccination

Vaccine  
hesitancy

# International air services remain near to lows

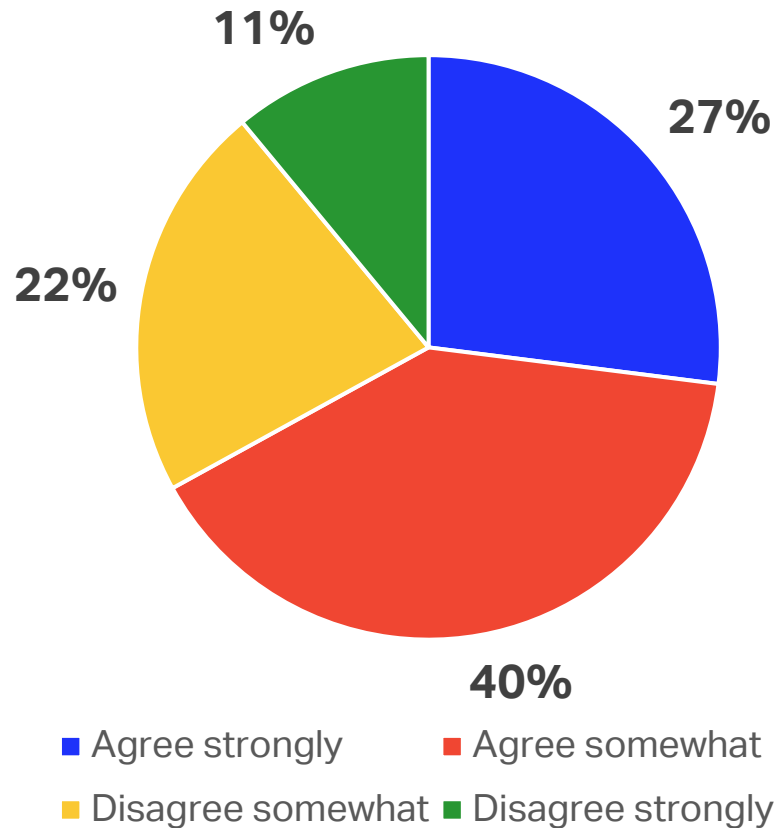
March 2021 routes only 50% of normal, frequencies only 48% of normal

International airport-pair routes, average flights per month

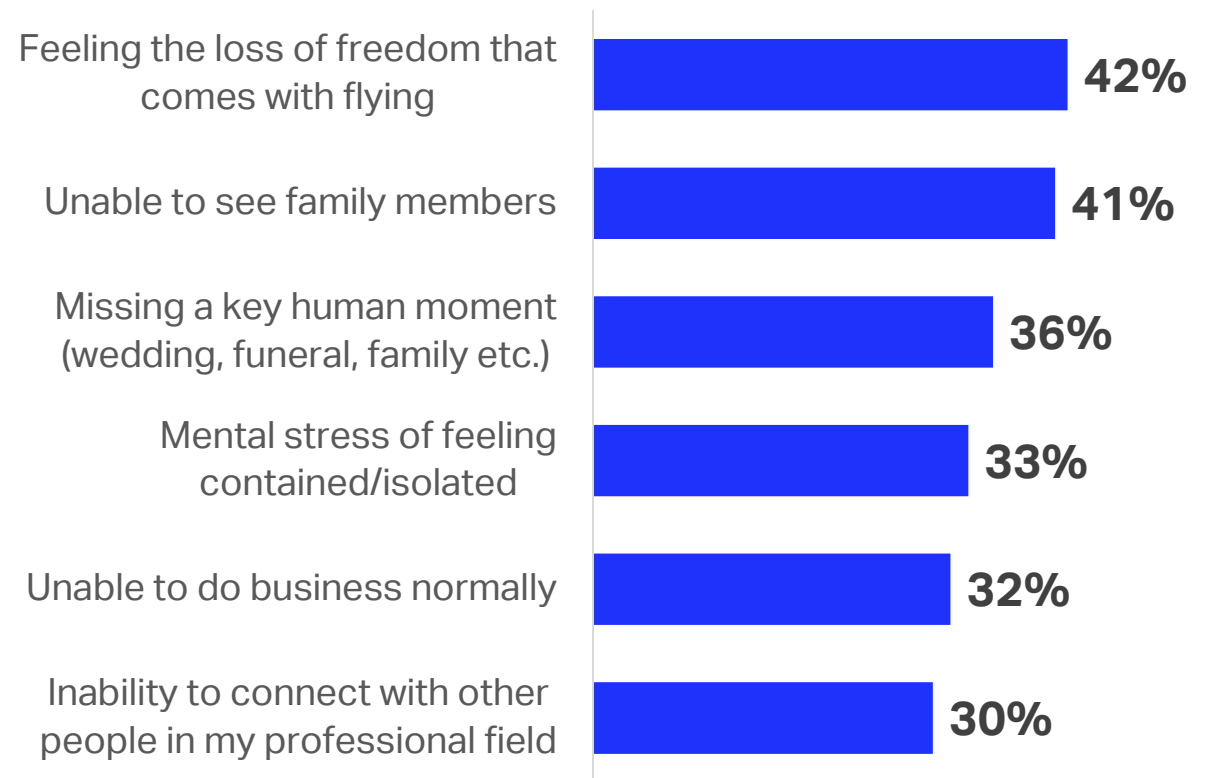


# Travel restrictions hurting quality of life

Quality of life has suffered as a result of travel restrictions



Personal impact of COVID-19 travel restrictions (select all that apply)

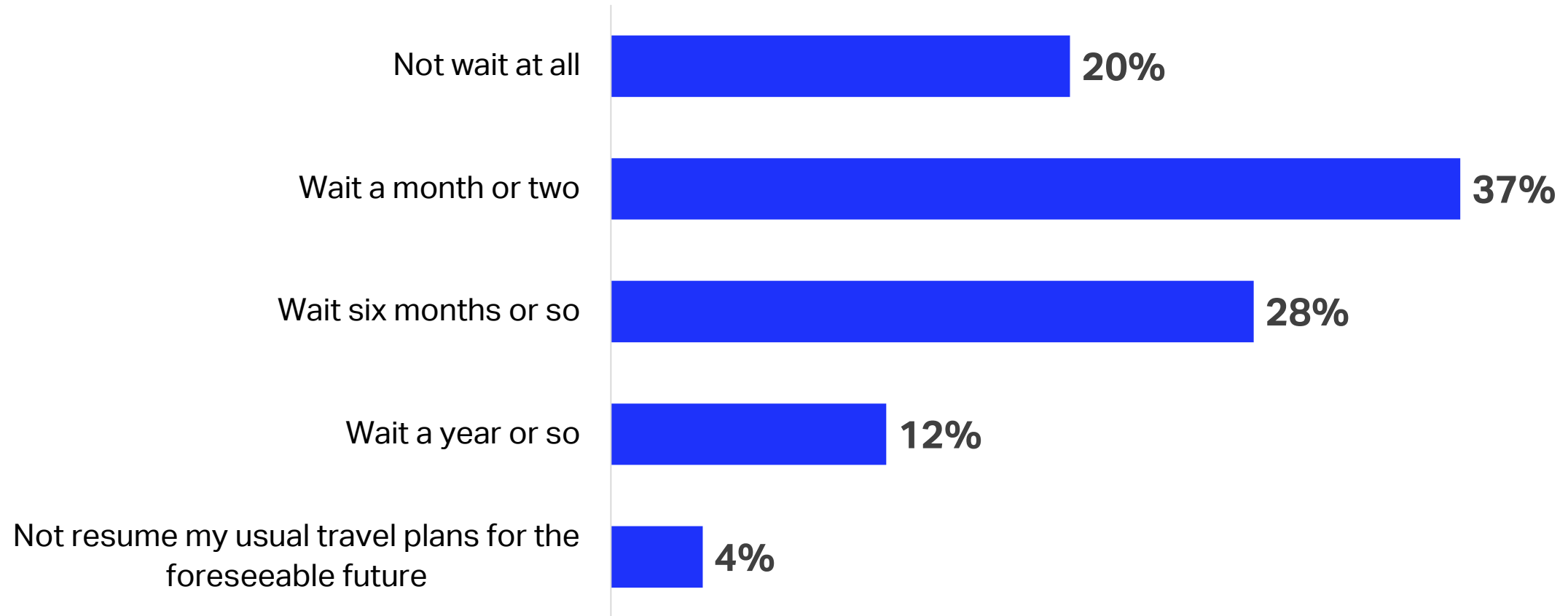


Q28. Which of the following impacted you personally as a result of COVID-19 travel restrictions?

Q26. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements?

# Two thirds planning an early return to travel

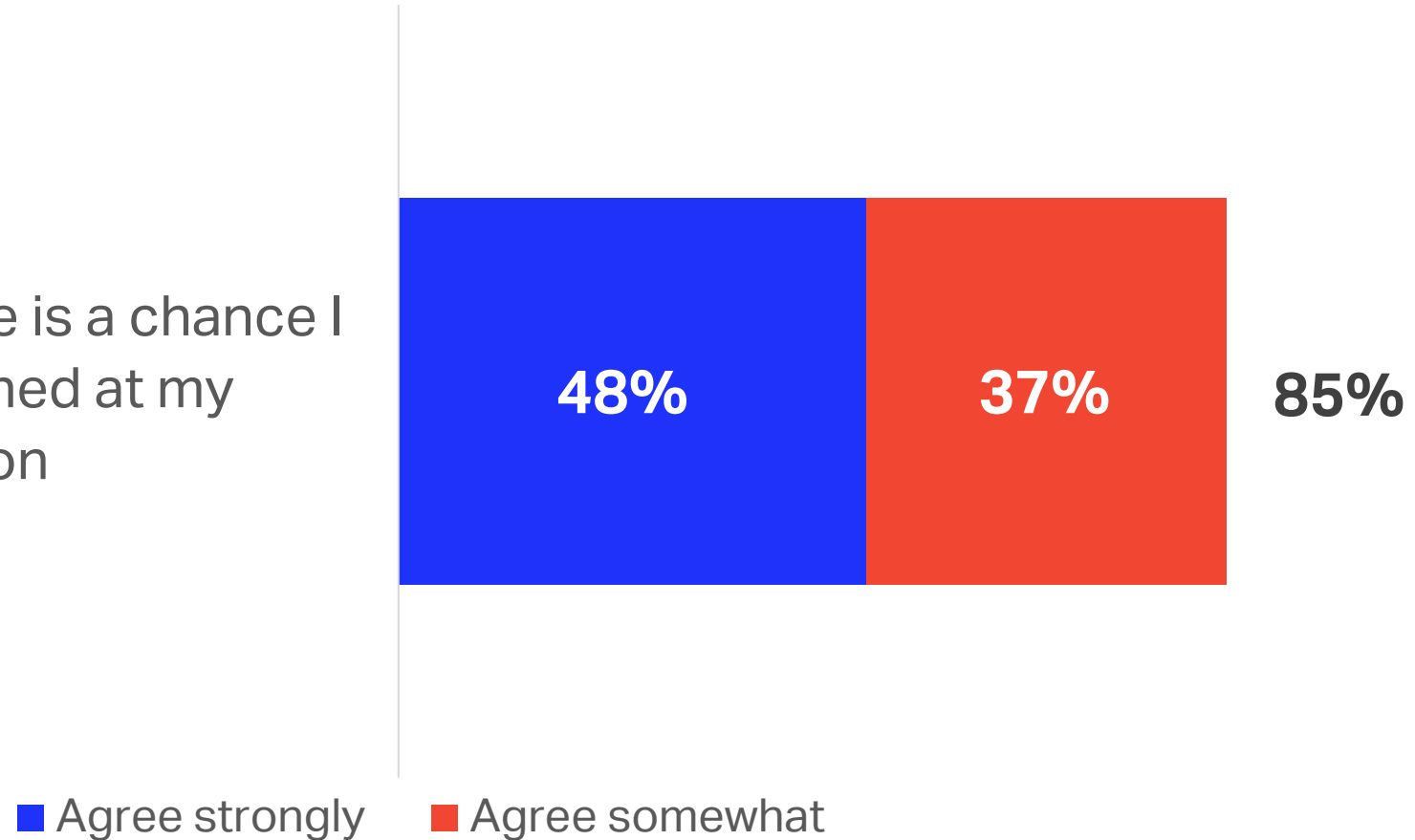
How long will travelers wait to travel once pandemic is contained



Q12. Once the pandemic has been contained, how long would you wait, if at all, to return to your usual travel plans?  
\*Note that the wording of this question has changed slightly since it was asked in the April 2020 wave of this survey.

# Majority won't travel if there's a chance of quarantine

I will not travel if there is a chance I may be quarantined at my destination



NB Numbers may not always add up due to rounding.

Q13. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with the following statement?



# Frustration with continued travel restrictions

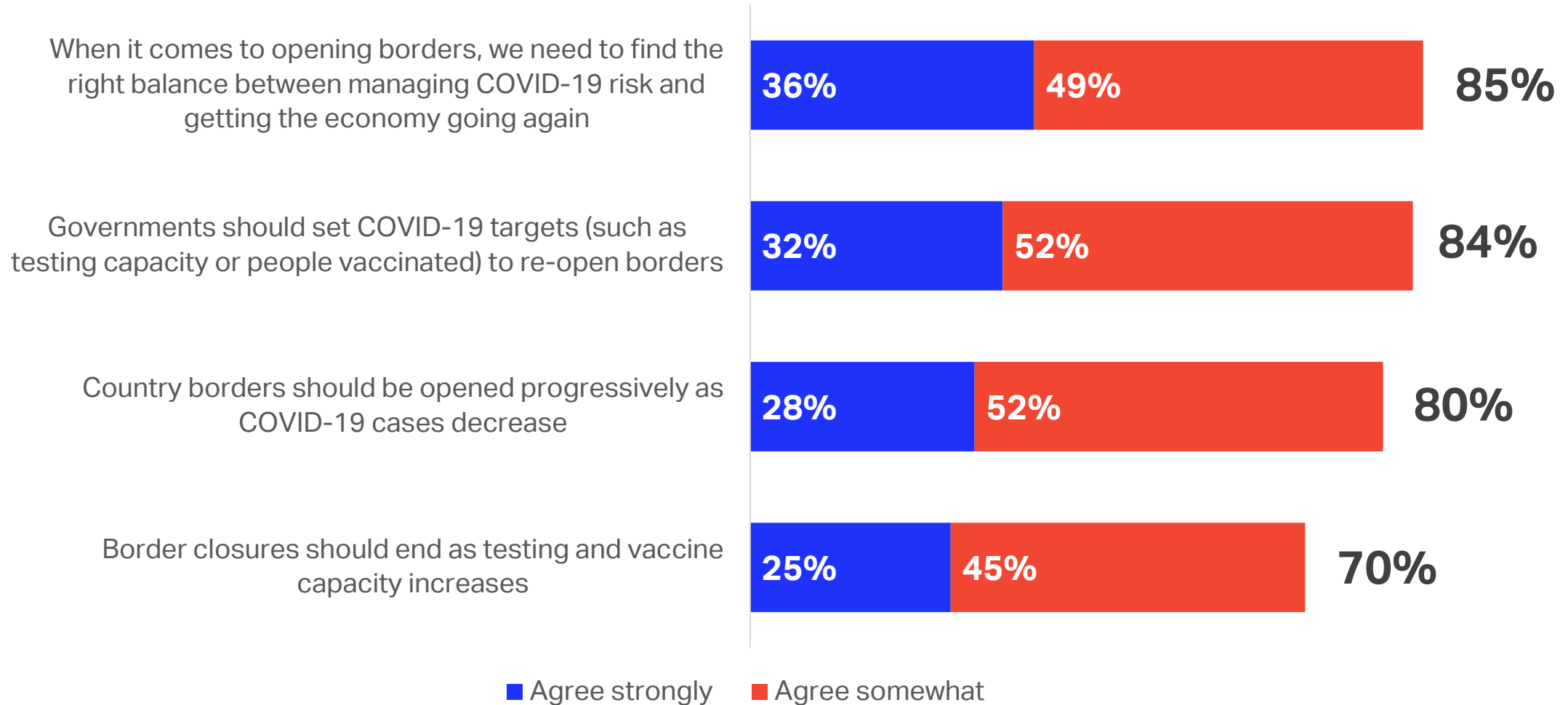


NB Numbers may not always add up due to rounding.

Q24. When it comes to the COVID-19-related air travel restrictions in your country, do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following?



# Setting targets and planning to re-open borders



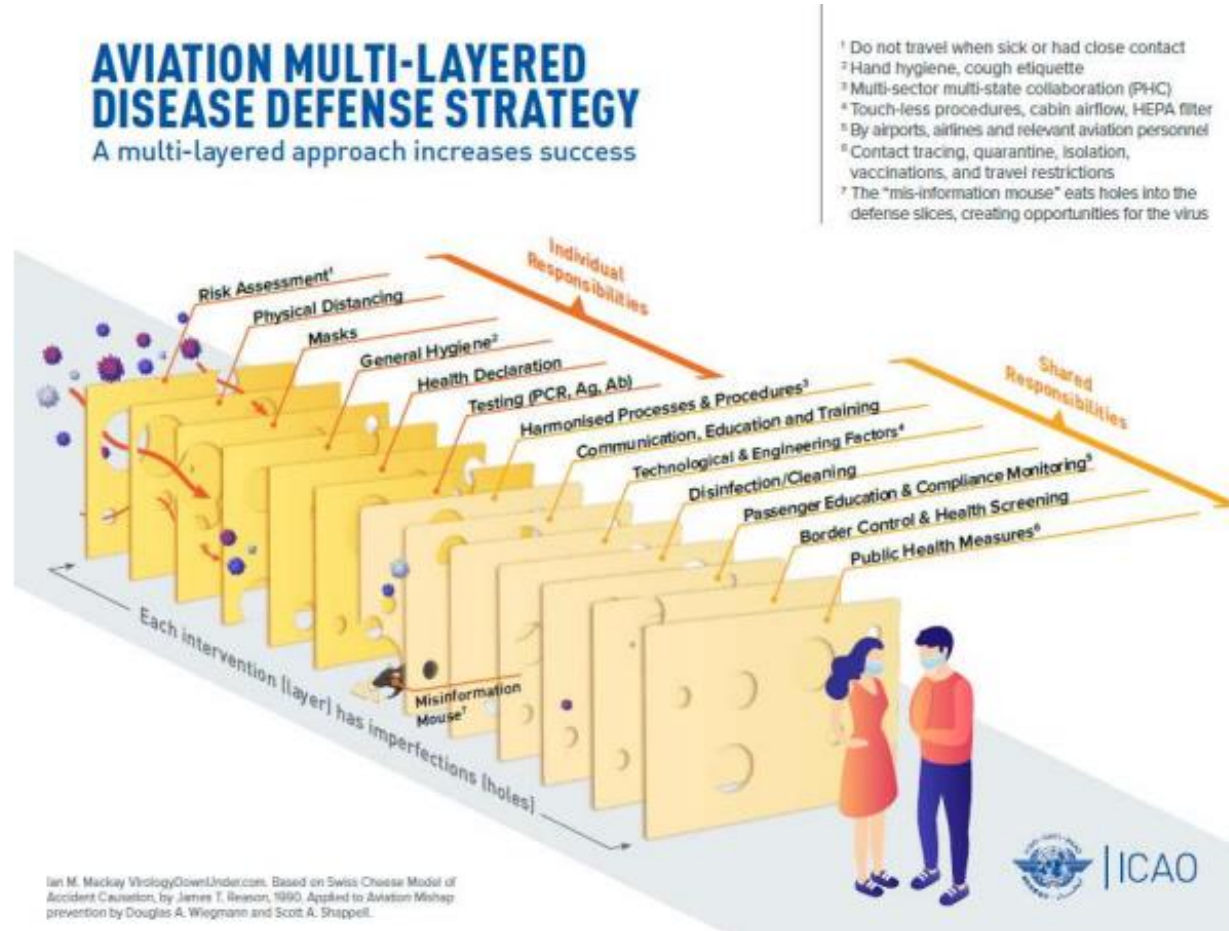
NB Numbers may not always add up due to rounding.

Q26. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements?

# Multi-layered measures to address COVID risks

COVID-19 likely to become endemic

No zero-risk way to reopen borders



Multi-layered approach

Risk modelling

# Vaccines and Air Travel



Travel cannot be limited to vaccinated passengers



Waiting for full vaccination before reopening borders not an option



Governments should prioritize aviation for access to vaccines



IATA supports unrestricted access to travel for vaccinated travelers



Implement digital vaccination certificates based on WHO and ICAO standards for international travel

# Testing and Air Travel



Insufficient testing capacity

Costly and slow testing

Standardized digital testing certificates

Acceptance of IATA Travel Pass framework

for both departing and arriving passengers to meet future travel demand

such that it impacts end-to-end passenger experiences

to facilitate mutual acceptance

for a digital solution in processing testing/vaccination certificates

## Timatic

Worldwide  
COVID rules  
and regulations

## Contactless app

App to manage &  
share biometric  
identity and health  
credentials

**Modular  
Interoperable  
ICAO DTC  
W3C Standards**

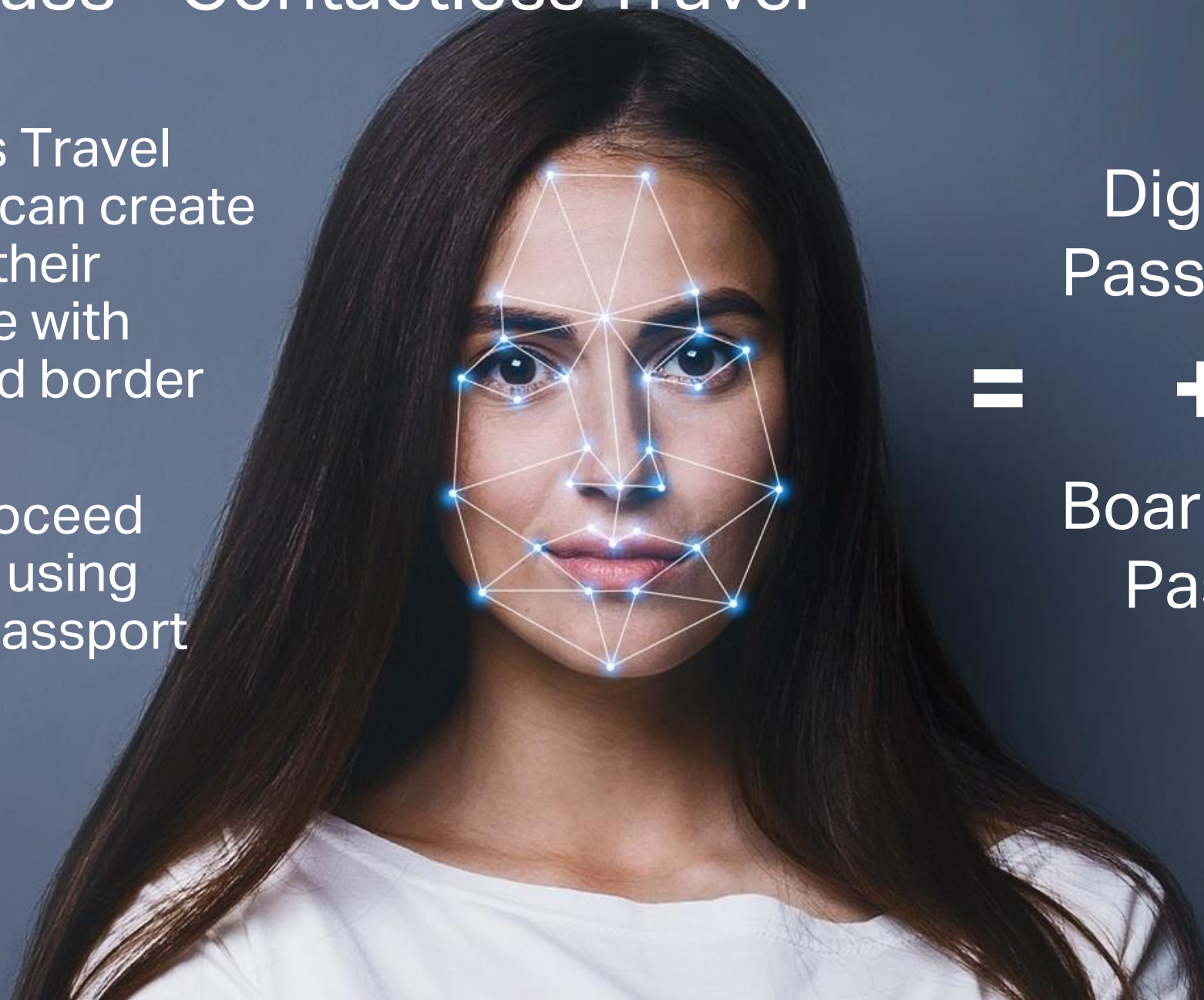
## Lab Solutions

Labs available  
nearby that can  
get tested

# IATA Travel Pass - Contactless Travel

Enable Contactless Travel where passengers can create a digital version of their passport, and share with airlines, airports and border authorities.

Passengers can proceed through the airport using their face as their passport and boarding pass.

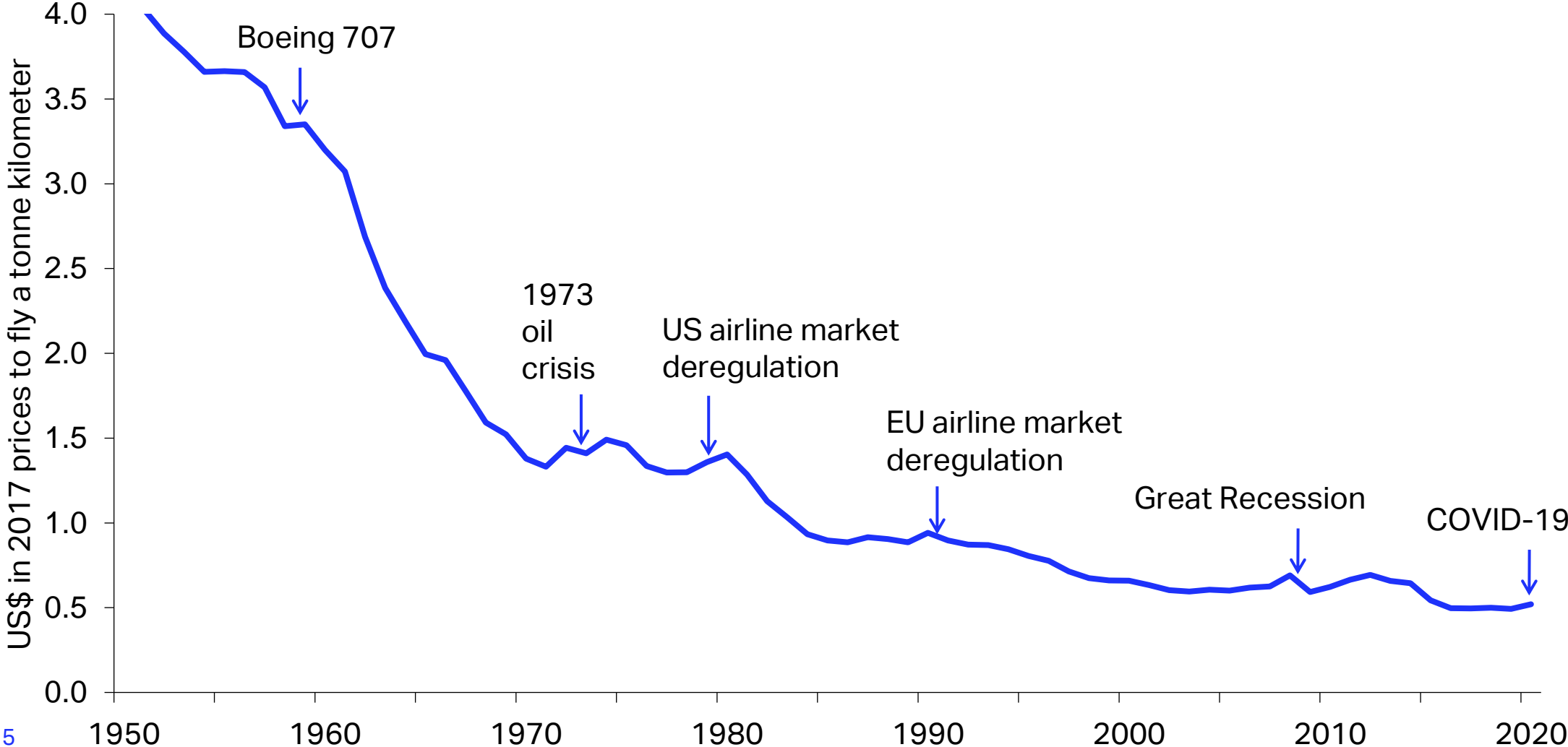


Digital  
Passport  
=  
+  
Boarding  
Pass

# Structural change in aviation driven by the supply-side

Technology, liberalization & innovation drove unit costs down 90%

Unit cost of air transport, US\$/ATK, inflation-adjusted



Source: IATA Economics using data from ICAO, IATA Statistics and OECD

# Need for market stimulation by Governments

## Current Risks

- \$173 bn provided in aid but **more aid needed**
- Advances in testing and vaccines but **bookings still low**
- Airlines **not cash positive until Q4 2021**
- **Risk of widespread failures** and inability to support economic recovery
- **Urgent need to reopen borders** and stimulate demand

## Market Stimulation Benefits

- Support **faster recovery**
- **Avoid distortion of competition** by being available to all airlines
- Boost demand and **benefit entire aviation value chain**
- **Benefit passengers** and local economies
- **Easy application /exit** for governments



# Proven market stimulation options and benefits

Charges,  
taxes and fees

Route  
subsidies

Flight/ seat  
incentives

Advance  
payment/  
vouchers

Passenger  
travel  
subsidies



Improve  
affordability of  
travel

Connect rural  
communities and  
businesses; revive  
tourism

Travelers multiply  
investment through  
money spent in the  
economy

Kick start markets  
and provide direct  
benefits to  
passengers

Help affordability  
and generate  
benefits for tourism  
and economy



Lower 'external'  
costs boost  
demand

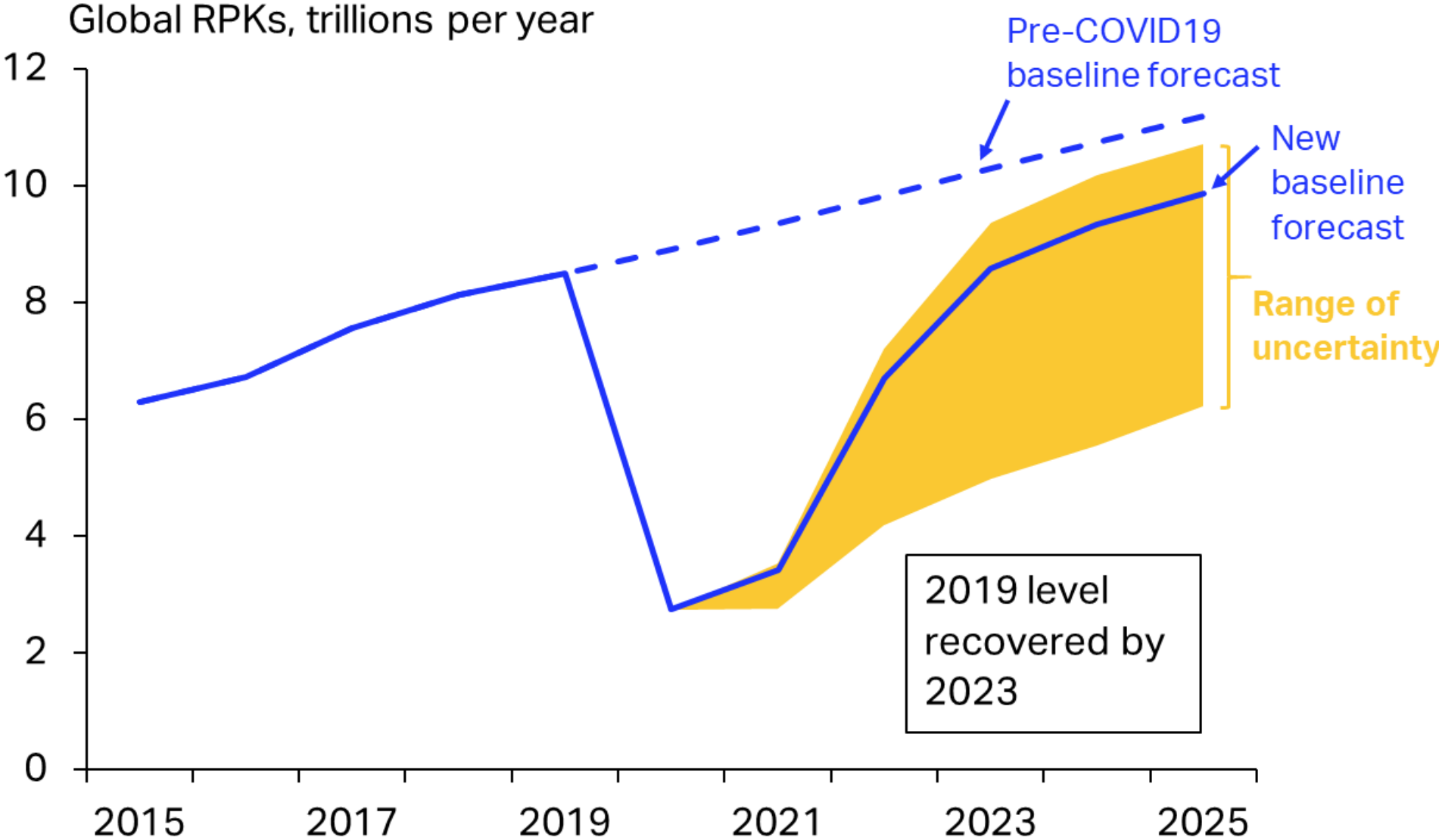
Can operate routes  
even if unviable on  
commercial terms

Support low load  
factor/yield flights

More stability in  
bookings and  
support for cash  
flow

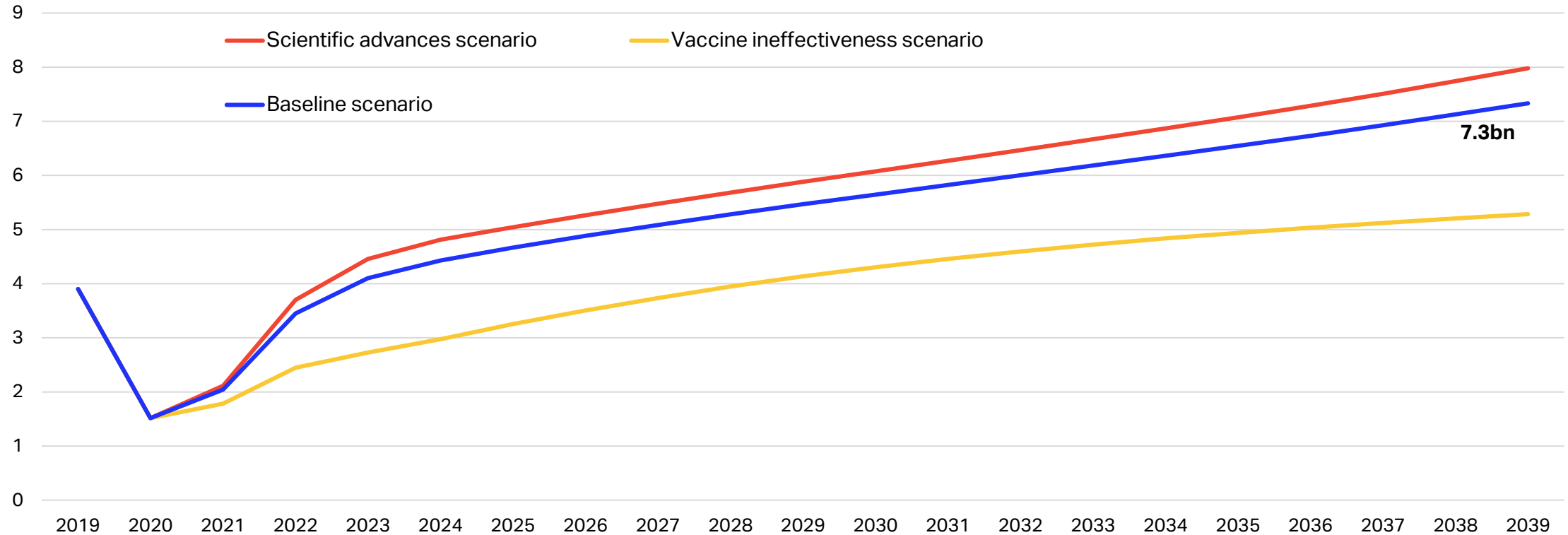
Lower overall cost  
of travel boosts  
demand

# RPKs will recover to 2019 levels in 2023



# Air travel demand to rise above 7bn in the next 20 years

Passengers (billion, O-D basis)



Source: IATA/Tourism Economics, Air Passenger Forecasts April 2021



# CURRENT TRENDS

## Growth and change in passenger journeys by region

(% 2021 - 2039)

### World

**3.2%**

year of recovery to 2019 levels: 2023

Our scenario analysis indicates that global air passenger growth could plausibly be in the range of **1.5% and 3.6%** over the next 20 years.

### North America

**1.7%**

year of recovery to 2019 levels: 2023

### Latin America

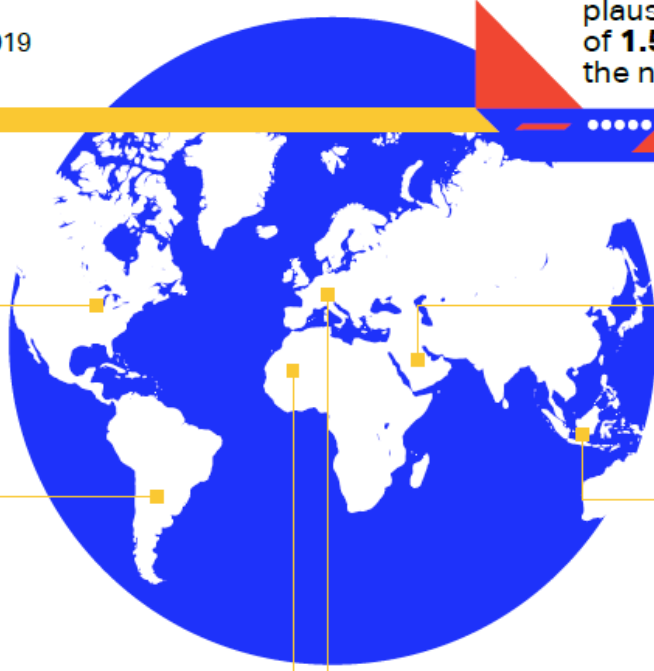
**2.9%**

year of recovery to 2019 levels: 2023

### Africa

**3.6%**

year of recovery to 2019 levels: 2024



### Middle East

**3.6%**

year of recovery to 2019 levels: 2024

### Asia Pacific

**4.5%**

year of recovery to 2019 levels: 2023

### Europe

**2.0%**

year of recovery to 2019 levels: 2024

## Country pairs with the biggest changes in passenger numbers

### International country pairs only

Country pair	Annual % growth
China - Thailand	5.6%
India - UAE	6.9%
China - Japan	4.6%

### Domestic Markets

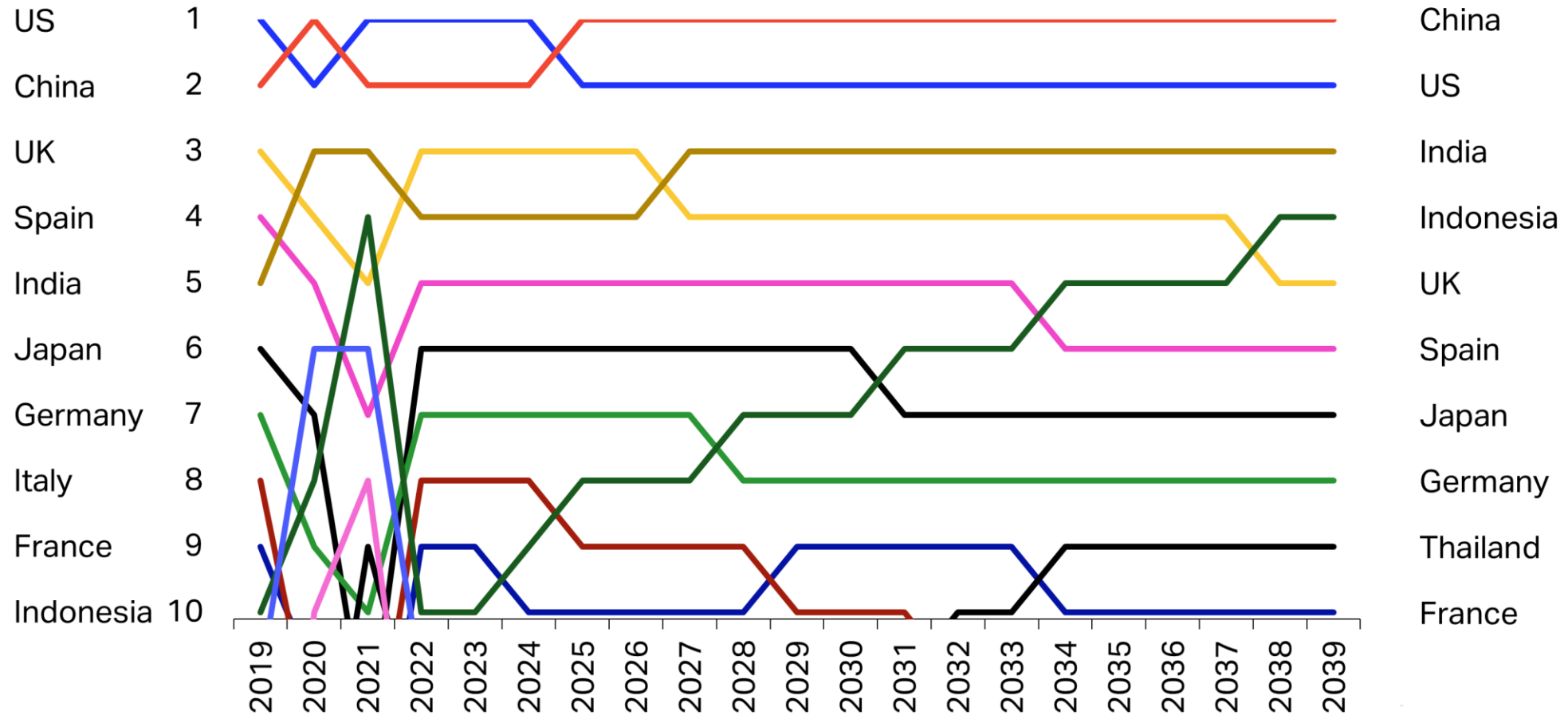
Country pair	Annual % growth
Within China	5.0%
Within India	6.2%
Within US	1.4%

Source: IATA/Tourism Economics Air Passenger Forecasts, May 2021



# Top 10 air passenger markets 2019-39

Top 10 largest air passenger markets over time (ranked by passenger numbers, to/from and within each country)



## In summary

COVID-19  
likely to  
become  
endemic

Catalyst for  
advances in  
technology

Aviation  
needs  
support for  
recovery  
and growth



**Thank you**

