

Aviation past worst point, heading towards normality

A Monitor Report

Date: 16 November, 2021



Dhaka : It is no secret that Covid-19 has devastated the aviation industry. In 2020, airlines globally lost USD 138 billion. Losses will reduce to USD 52 billion this year. And we expect a further reduction to a USD 12 billion loss in 2022. Add that up, and the toll that Covid-19 will take on industry finances tops USD 201 billion.

Willie Walsh, Director General, IATA said this while addressing the AACO AGM on November 11 in Doha, Qatar.

For the airlines based in Middle East, IATA is estimating a cumulative loss of USD 6.8 billion for this year, with an improvement to USD 4.6 billion in losses for next year.

"We are, however, past the worst point. And we can see a path towards normality," stressed Walsh.

The cargo business is already operating at 9 per cent above pre-crisis levels, and in the Middle East 18 per cent. Air cargo has been a lifeline for many-delivering vaccines, PPE, medical equipment and even e-commerce. In doing so, it has also been the revenue star for many airlines in our industry.

Where governments have not restricted travel, the passenger business recovery has been swift. Domestic markets are expected to reach nearly 75 per cent of pre-crisis levels by the end of this year, but unfortunately international travel-where we see travel restrictions continuing -is only expected to reach 22 per cent.

Next year, we expect domestic markets to be nearly where they were in 2019. But

international travel will lag at just 44 per cent, Walsh mentioned.

"We are moving in the right direction, if not as fast as we would like to go. The task ahead is formidable. But the overall mood in the industry is one of cautious optimism. And the re-opening of the US market to 33 countries- primarily European - gives the recovery important momentum," he claimed.

Covid-19 and reconnecting world

Today, most of the GCC and wider Middle East region have re-established links to their primary markets. Caps on flight movements have been lifted and the UAE, Jordan, Bahrain, Oman, and Saudi Arabia have re-instated services to over 70 per cent of their pre-pandemic networks. Connectivity in the region in September reached 49 per cent of pre-crisis levels, outperforming global connectivity which has rebounded to 41 per cent of pre-crisis levels. And with Thailand, Australia and United States opening from early November, this should further help strengthen connectivity.

As routes reopen and airlines add services, we face the challenge of managing the myriad and complex Covid-19 travel health credentials that governments require. Paper-based solutions will overburden the check-in and immigration process. IATA Travel Pass is a great product to help airlines, travellers and governments address this challenge digitally, said Walsh.

Walsh mentioned, in summary, IATA believes that: Vaccines should be available to all; vaccinated travellers should not face any barriers to travel; testing should provide a means to travel for those without access to vaccines; where required, cost-effective antigen tests should be used to facilitate travel; and governments should pay for testing if they make it a requirement

While not every government came to the industry's side in the crisis, they have a critical role in the recovery. That is keeping costs in check. In too many places we are seeing increases in taxes or infrastructure charges or both. Some governments are increasing Air Passenger Duty on long-haul services.

Walsh's message here is that governments cannot assume that a recovery is underway and abdicate their responsibility to provide support to help airlines weather the crisis and keep costs in check. Now, is not the time to stop relief or raise infrastructure charges or taxes.