

2020 worst year on record in aviation history

- A Monitor Desk Report

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Dhaka : 2020 has been confirmed to be the worst year on record in aviation history following the destructive impacts of the coronavirus pandemic on air transport all across the globe including Bangladesh during that year.

The International Air Transport Association (IATA) on August 3 released the IATA World Air Transport Statistics (WATS) publication with performance figures for 2020 which records the year to be worst ever for the global aviation industry.

According to WATS, 1.8 billion passengers flew in 2020, a decrease of 60.2 per cent compared to the 4.5 billion who flew in 2019.

Industry-wide air travel demand (measured in revenue passenger-kilometers, or RPKs) dropped by 65.9 per cent year-on-year.

International passenger demand (RPKs) decreased by 75.6 per cent compared to the year prior.

Domestic air passenger demand (RPKs) dropped by 48.8 per cent compared to 2019.

Air connectivity declined by more than half in 2020 with the number of routes connecting airports falling dramatically at the outset of the crisis and was down more than 60 per cent year-on-year in April 2020.

Total industry passenger revenues fell by 69 per cent to USD 189 billion in 2020, and net losses were USD 126.4 billion in total.

The decline in air passengers transported in 2020 was the largest recorded since global RPKs started being tracked around 1950.

On this note, Willie Walsh, Director General, IATA, said, "2020 was a year that we would all like to forget. But analysing the performance statistics for the year reveals an amazing story of perseverance. At the depth of the crisis in April 2020, 66 per cent of the world's commercial air transport fleet was grounded as governments closed borders or imposed strict quarantines. A million jobs disappeared. And industry losses for the year totaled USD 126 billion."

Bangladesh scene

Last year, a forecast was released by IATA which estimated Bangladesh witnessed a 49 per cent drop in passenger demand for air travel in 2020 compared to 2019 due to the coronavirus pandemic. As a result, Bangladeshi carriers saw their revenues go down by USD 1,090 million this year compared to 2019,

The 49 per cent drop in passenger demand in air travel for Bangladesh in 2020, compared to 2019, amounted to 5,660,000 passengers.

This put a total of 63,300 jobs at risk in the aviation and other related sectors in Bangladesh, read the forecast by IATA.

Revenue losses of the national flag carrier Biman stood at around BDT 400 crore until March 2020, and almost quadrupled to BDT 1,527 crore in May 2020, Md Mokabbir Hossain, then Managing Director and CEO of the airline.

Largest private carrier of the country US-Bangla's Managing Director Abdullah Al Mamun said they had been incurring a revenue loss of BDT 100 crore per month since the pandemic until July 2020.

According to Bangladesh industry stakeholders, it will take a while, at least till 2024, for the capacity to return to pre-pandemic levels.

Repatriation flights helped

The movement in air travel, due to the repatriation of stranded passengers, resulted in a boom in the aviation market of Bangladesh during 2020. Thus, we witnessed new airlines coming in and old ones gradually increasing their frequencies in this post pandemic era.

This was revealed at a meeting, arranged virtually on September 30, 2020, by the premier travel trade publication The Bangladesh Monitor to announce the results of the air travellers' survey, it conducted that year.

The Bangladesh aviation market did better than other markets in the world, said Mohijur Rahman Javed, Sales Manager, Emirates Bangladesh. "Mainly due to repatriation of stranded passengers."

Qazi Zahirul Qyyum, Director, Expolanka Group, which represents various airlines, including Etihad Airways, agreed and claimed this repatriation market of stranded passengers destined to Gulf and Middle East countries were available for many months in 2020.

This has led to new carriers coming into the market in 2020 such as Jazeera Airways and Air Arabia Abu Dhabi which started flight operations to Dhaka in October.

Aviation charge waiver for airlines in BD

To help mitigate the crisis in the worst year of aviation history, the Ministry of Civil Aviation and Tourism of Bangladesh waived all aviation charges for both local and foreign airlines operating in Bangladesh.

Aviation, the sector that is the most-affected by Covid-19 as it was the first to go out of operation due to the pandemic, received such a waiver from the government for the first time, after demanding for it since March 2020.

Aeronautical charges for domestic flights were waived fully until 2021 and 50 per cent for international flight operations until December 2020.

Non-aeronautical charges had been completely waived for all until December 2020.

This surely provided the ailing aviation sector some sigh of relief in 2020. However,

stakeholders concerned are still urging the government to provide further necessary support to ensure their survival and the growth of the Bangladesh aviation industry.

Among the supportive measures the private carriers are still urging government to take for the sake of the survival of airlines are reductions of excessively high aeronautical charges as well as tax structures for the local airlines in importing their aircraft or spare parts.

Key 2020 airline performance figures from WATS

System-wide, airlines carried 1.8 billion passengers on scheduled services, a decrease of 60.2 per cent over 2019.

On average, there was a USD 71.7 loss incurred per passenger in 2020, corresponding to net losses of USD 126.4 billion in total.

Measured in ASKs (available seat kilometers), global airline capacity plummeted by 56.7 per cent, with international capacity being hit the hardest with a reduction of 68.3 per cent.

System-wide passenger load factor dropped to 65.1 per cent in 2020, compared to 82.5 per cent the year prior.

The Middle East region suffered the largest proportion of loss for passenger traffic with a drop of 71.5 per cent in RPKs versus 2019, followed by Europe (-69.7 per cent) and the Africa region (-68.5 per cent).

China became the largest domestic market in 2020 for the first time on record, as air travel rebounded faster in their domestic market following their efforts to control Covid-19.

The regional rankings (based on total passengers carried on scheduled services by airlines registered in that region) are:

Asia-Pacific: 780.7 million passengers, a decrease of 53.4 per cent compared to the region's passengers in 2019.

North America: 401.7 million passengers, down 60.8 per cent over 2019.

Europe: 389.9 million passengers, down 67.4 per cent over 2019.

Latin America: 123.6 million passengers, down 60.6 per cent over 2019.

Middle East: 8 million passengers, a decrease of 67.6 per cent over 2019.

Africa: 34.3 million passengers, down 65.7 per cent over 2019.

The top five airlines ranked by total scheduled passenger kilometers flown, were:

American Airlines (124 billion); China Southern Airlines (110.7 billion); Delta Air Lines (106.5 billion); United Airlines (100.2 billion); and China Eastern Airlines (88.7 billion).

The top five route areas by passenger demand (RPKs), with the largest drop being seen in routes within the Far East:

Within Europe (290.3 million, down 70.7 per cent from 2019).

Europe - North America (122.9 million, decreased 80.4 per cent from 2019).

Within Far East (117.3 million, a decrease of 84.1 per cent from 2019).

Europe - Far East (115.3 million, a decrease of 79 per cent from 2019).

Middle East - Far East (104 million, down 73.6 per cent from 2019).

The top five domestic passenger airport-pairs were all in Asia and outperformed top international routes as domestic recovery returned faster, particularly in China:

Jeju - Seoul Gimpo (10.2 million, up 35.1 per cent over 2019).

Hanoi - Ho Chi Minh City (5.9 million, an increase of 54.3 per cent from 2019).

Shanghai-Hongqiao - Shenzhen (3.7 million, up 43.4 per cent from 2019).

Beijing-Capital - Shanghai-Hongqiao (3.6 million, increased by 11.8 per cent from 2019).

Guangzhou - Shanghai-Hongqiao (3.5 million, up 41.2 per cent from 2019).

The top five nationalities travelling by air (international) were:

United States (45.7 million, or 9.7pc of all passengers).

United Kingdom (40.8 million, or 8.6pc of all passengers).

Germany (30.8 million, or 6.5pc of all passengers).

France (23.3 million, or 4.9pc of all passengers).

India (17.4 million, or 3.7pc of all passengers).

Cargo

In Bangladesh, cargo operations, have been a significant booster of revenue in 2020, even during the early stages of the pandemic in the country when passenger flights were suspended. All the major international carriers have operated significant number of schedule and charter freighter services and transported full load of export cargo.

Globally, air freight was the bright spot in air transport for 2020, as the market adapted to keep goods moving-including vaccines, personal protective equipment (PPE) and vital medical supplies-despite the massive drop in capacity from the bellies of passenger aircraft.

Industry-wide available cargo tonne-kilometers (ACTKs) fell 21.4 per cent year-on-year in 2020.

This led to a capacity crunch, with the industry-wide cargo load factor up 7.0 percentage points to 53.8 per cent. This is the highest value in the IATA series started in 1990.

At the end of the year, industry-wide cargo tonne-kilometers (CTKs) had returned close to pre-crisis values. However, the yearly decline in cargo demand (CTKs) was still the largest since the Global Financial Crisis in 2009, at a sizeable 9.7 per cent year-on-year in 2020.

The top five airlines ranked by scheduled cargo tonne-kilometers (CTKs) flown were: Federal Express (19.7 billion); United Parcel Service (14.4 billion); Qatar Airways (13.7 billion); Emirates (9.6 billion); Cathay Pacific Airways (8.1 billion).

Airline Alliances

Star Alliance maintained its position as the largest airline alliance in 2020 with 18.7 per cent of total scheduled traffic (in RPKs), followed by SkyTeam (16.3pc) and oneworld (12.7pc).

"Many governments recognised aviation's critical contributions and provided financial lifelines and other forms of support, but it was the rapid actions by airlines and the commitment of our people that saw the airline industry go through the most difficult year in its history," concluded the IATA Director General Willie Walsh.