

# *Aviation Recovery Post COVID-19*

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**IATA**

*15 March 2021*



# Contents:

1. COVID: Looking back at 2020
2. Outlook for 2021 & beyond
3. Public sentiment for travel
4. Finding a pathway to recovery



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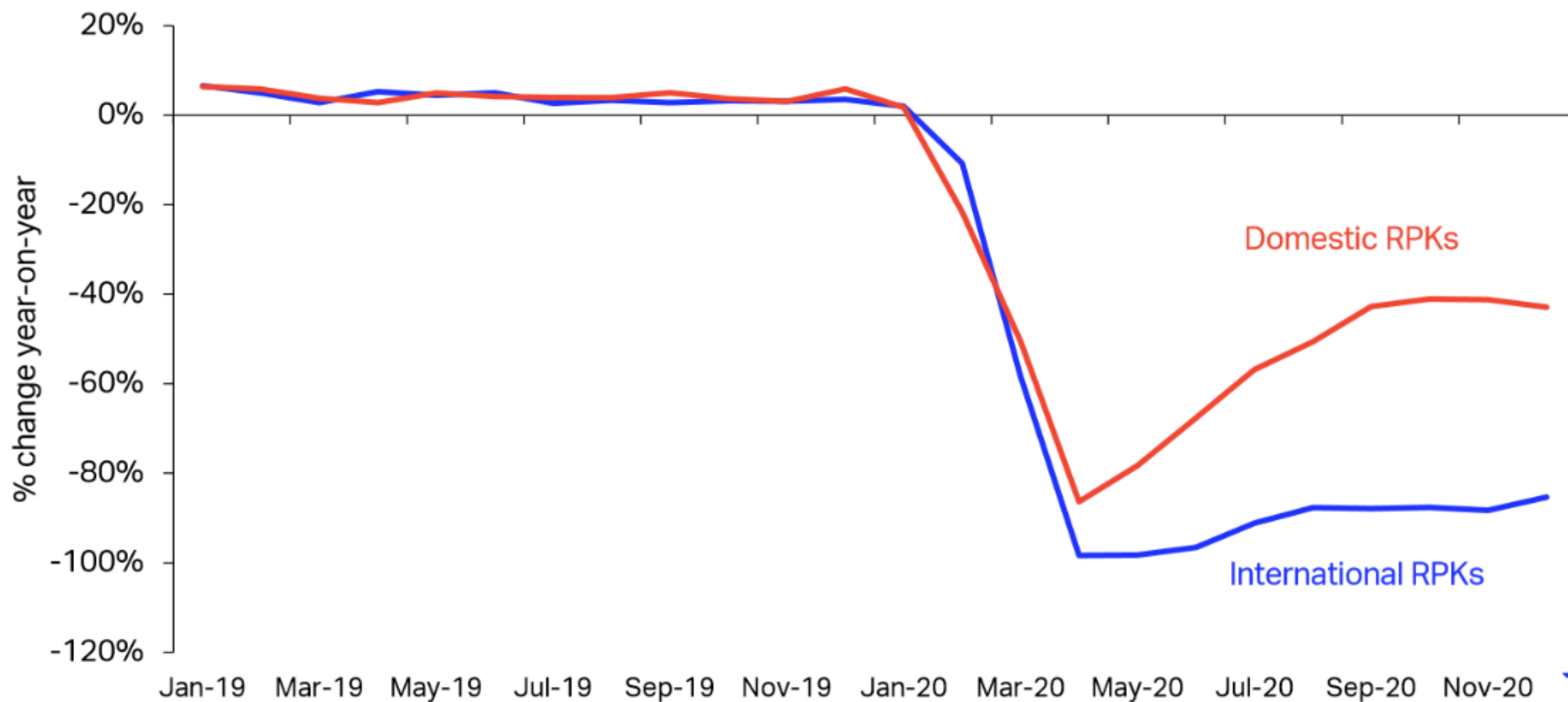
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# Air travel recovery in 2020 stalled after the summer

RPKs ended year down 70%: domestic -43%, international -85% y-o-y

Growth in international and domestic RPKs

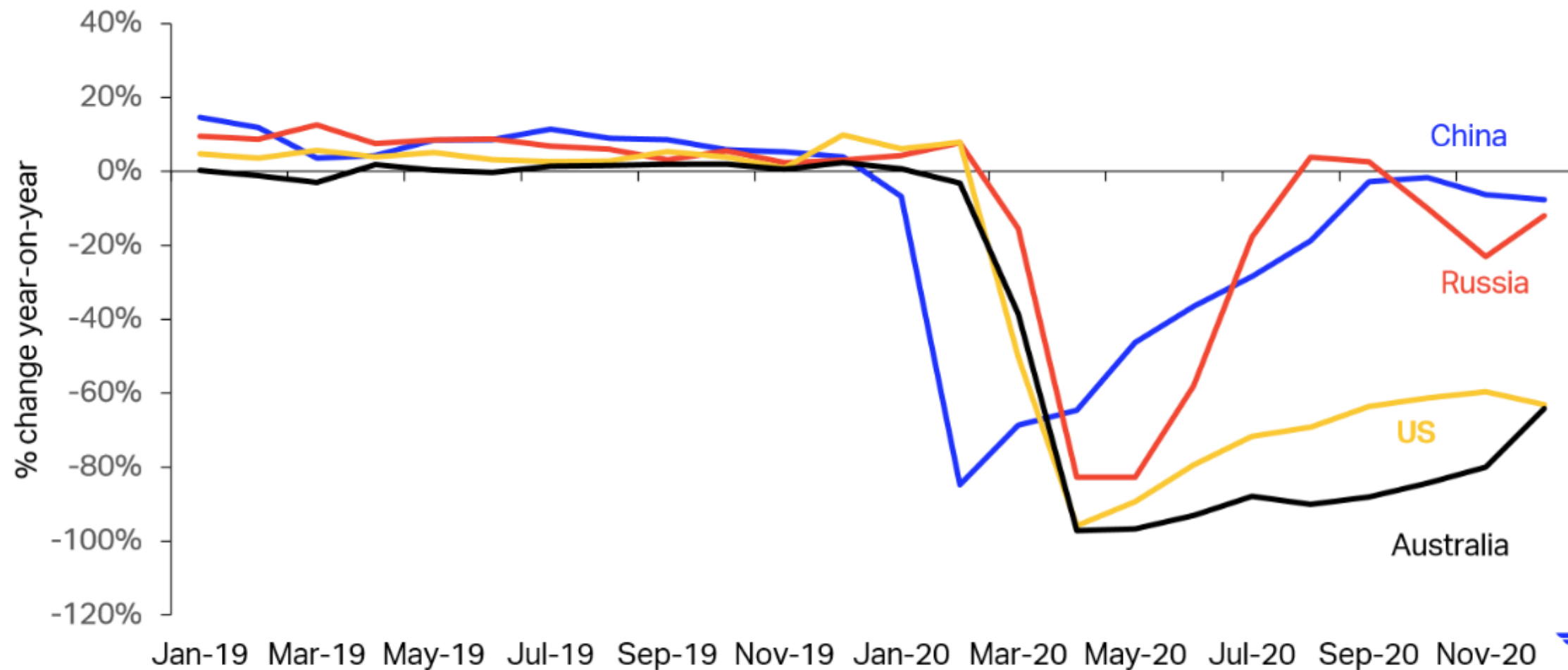




# Domestic markets showed there is a demand to fly

## China and Russia markets near full recovery, but others revealed fragility

Growth in domestic market RPKs



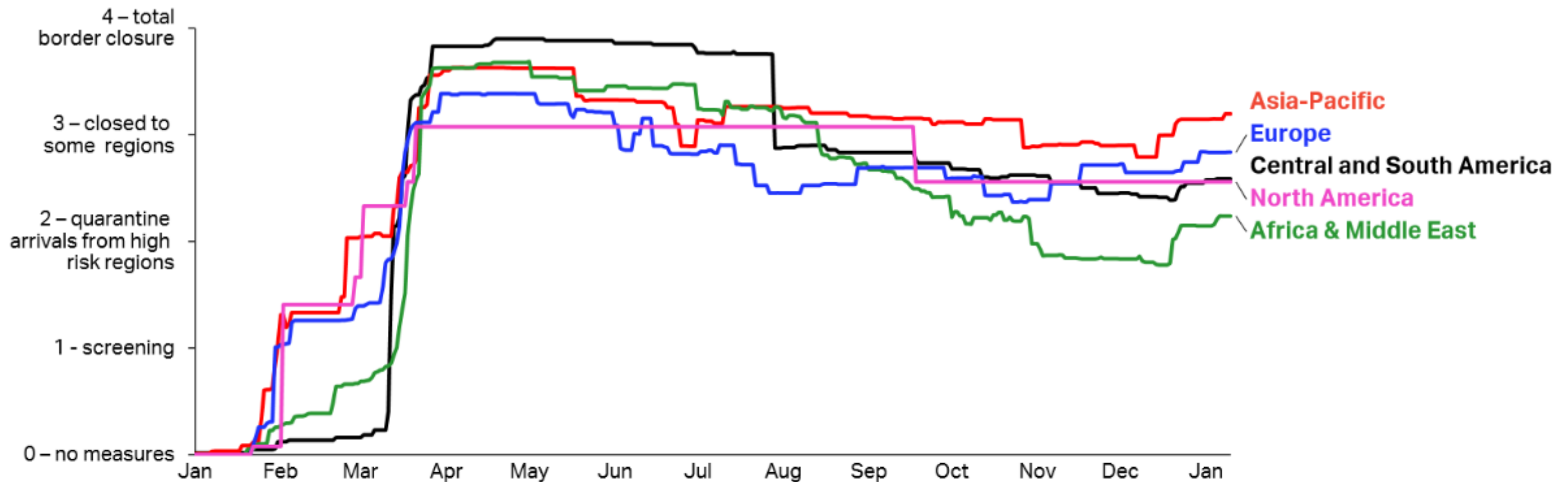
Source: IATA Economics using data from IATA Statistics



# Causing renewed lock-downs and travel restrictions

## Governments responded to variants by virtually closing borders to travel

International travel stringency index weighted by population (Jan 2020-Jan 2021)

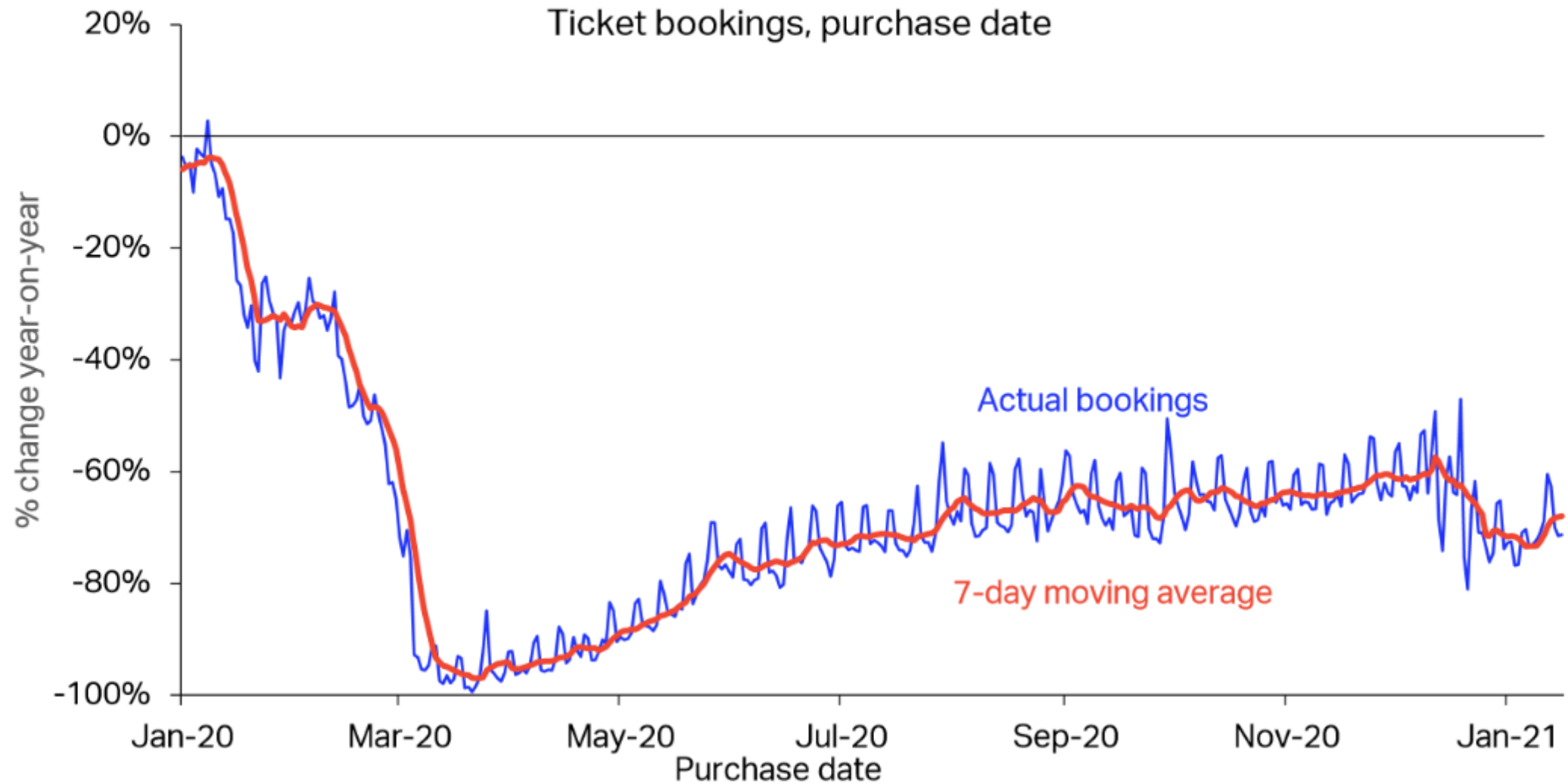


Source: IATA Economics using data from Oxford University



# Bookings for future travel are down significantly

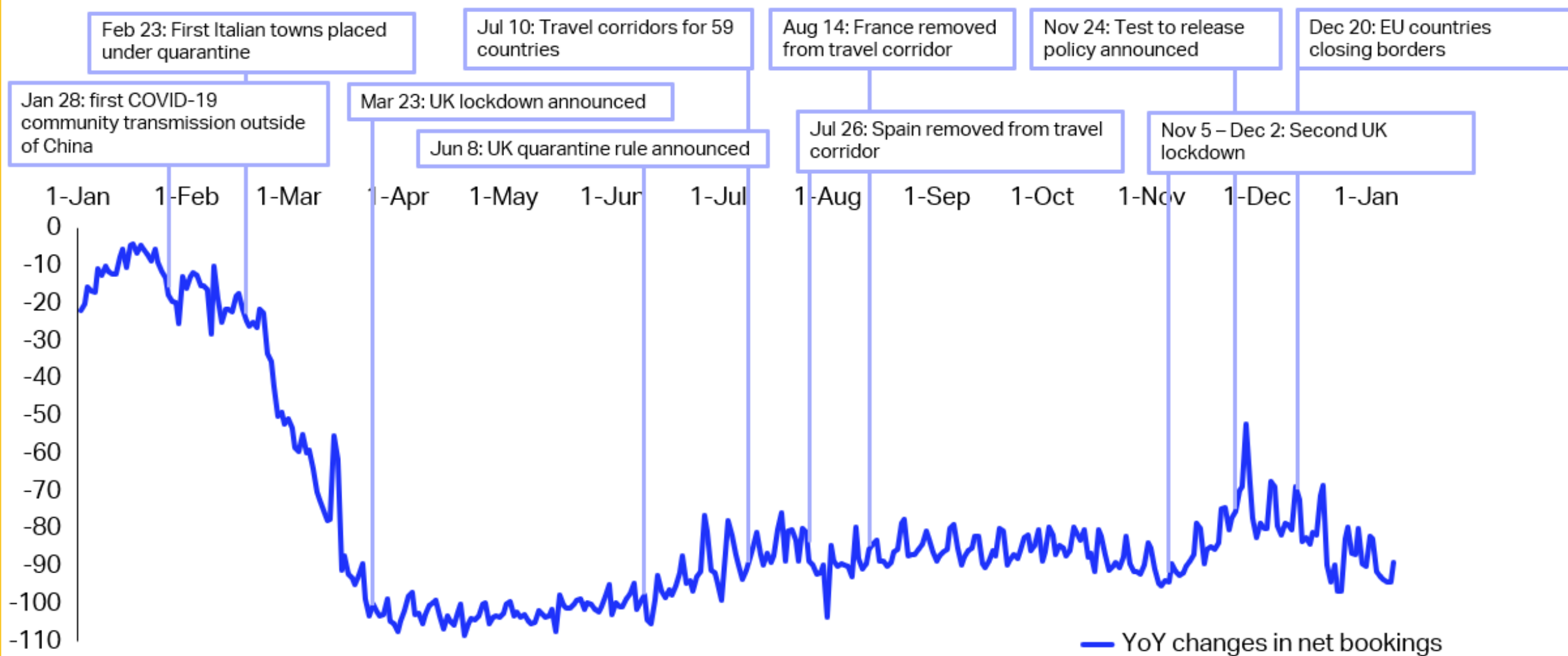
After improving to -60% yoy by end 2020, bookings are now down -70%



Source: IATA Economics using data from DDS



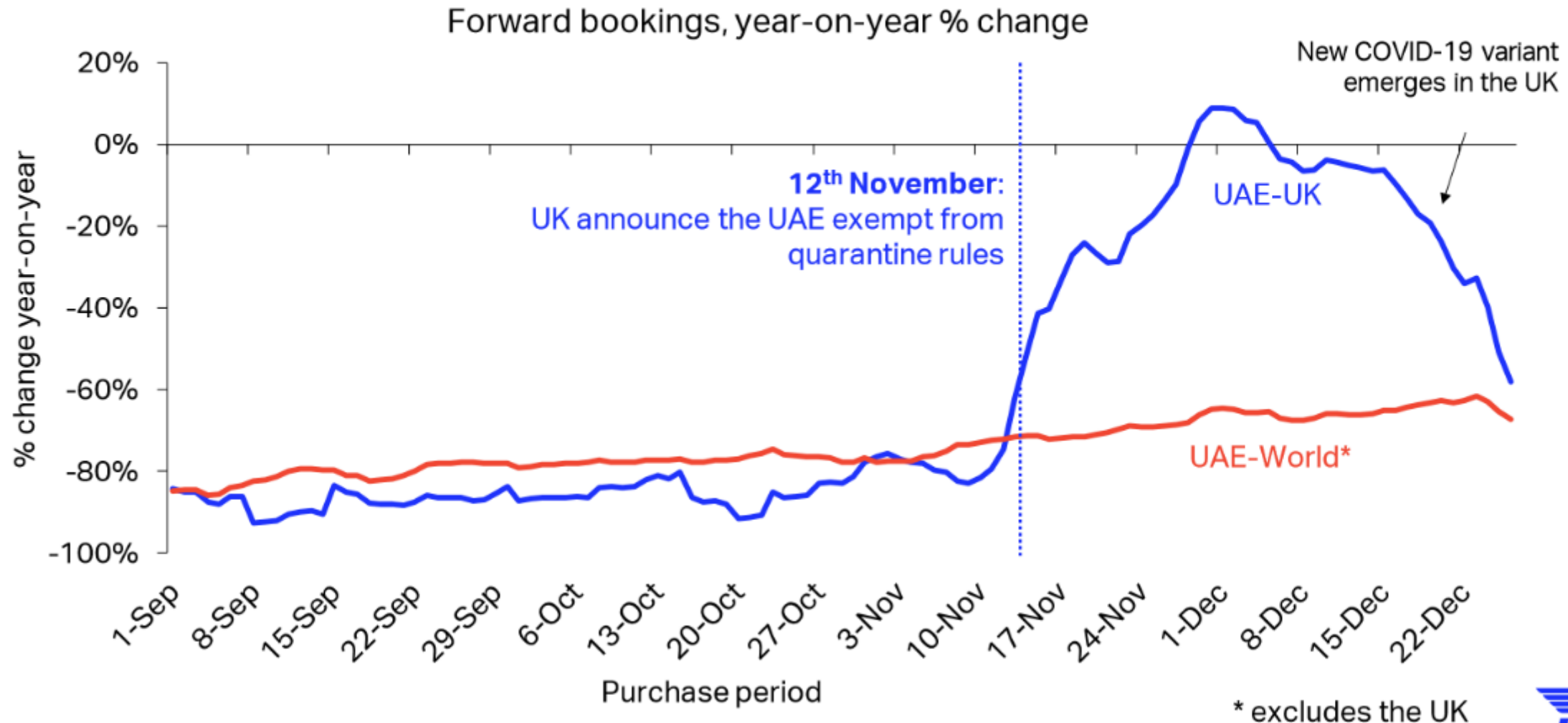
# UK international bookings





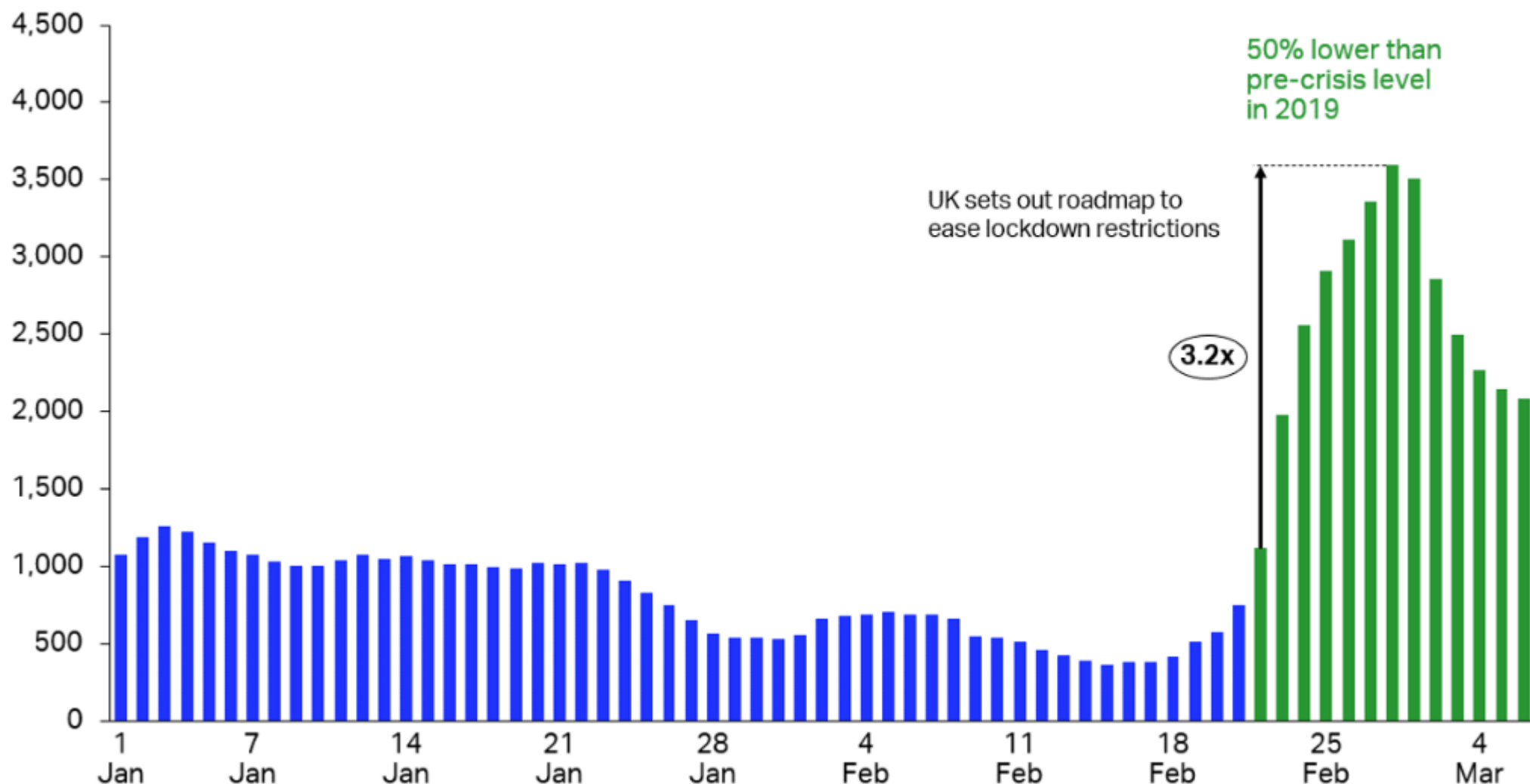
# Substantial pent-up demand but vulnerable to shocks

## Bookings surged when quarantine relaxed, here for UK-UAE market



# Setting roadmap brings optimism for summer travel recovery

Passenger bookings between the UK and Spain & Greece for July-August (7 day moving average)



Source: IATA Economics using DDS data

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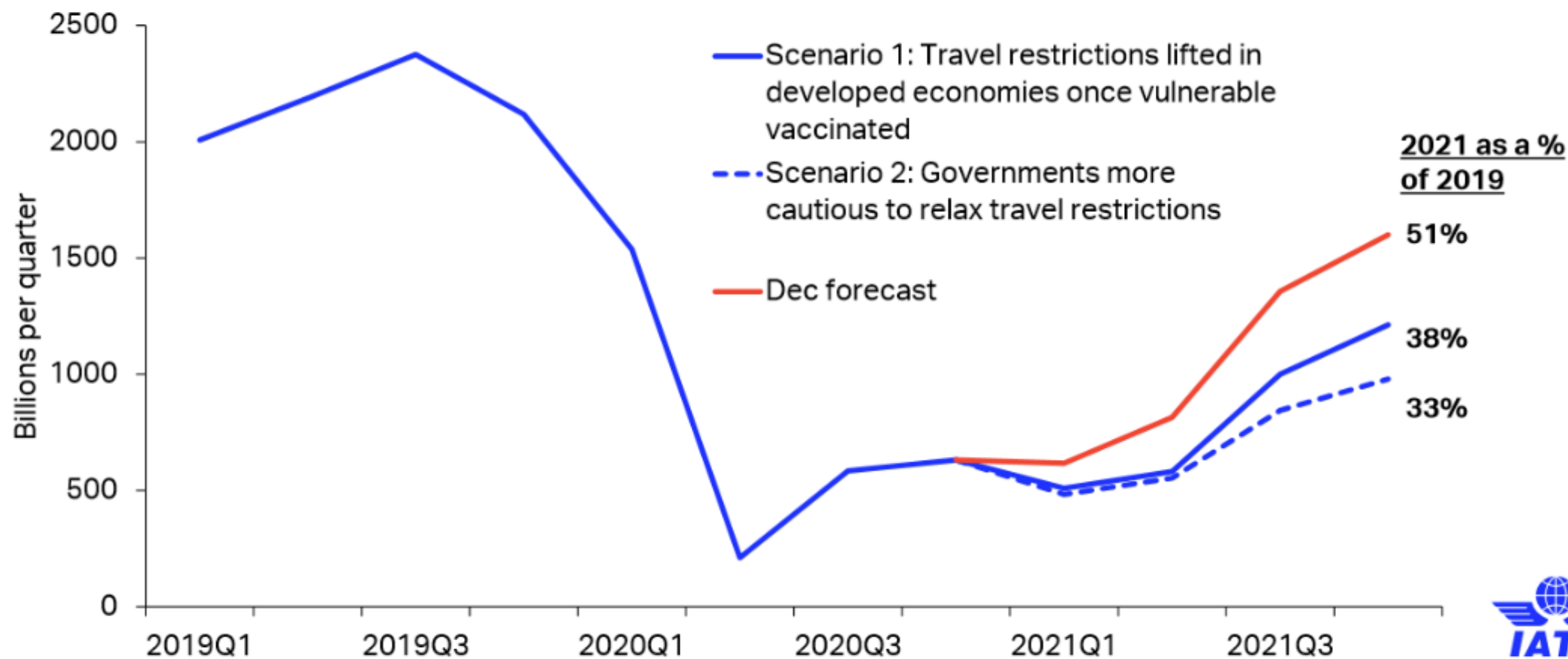
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# 2021 H1 will be weaker than expected in December

There is also a risk to H2 from policy response to new virus variants

Global RPKs, billions per quarter



Source: IATA Economics

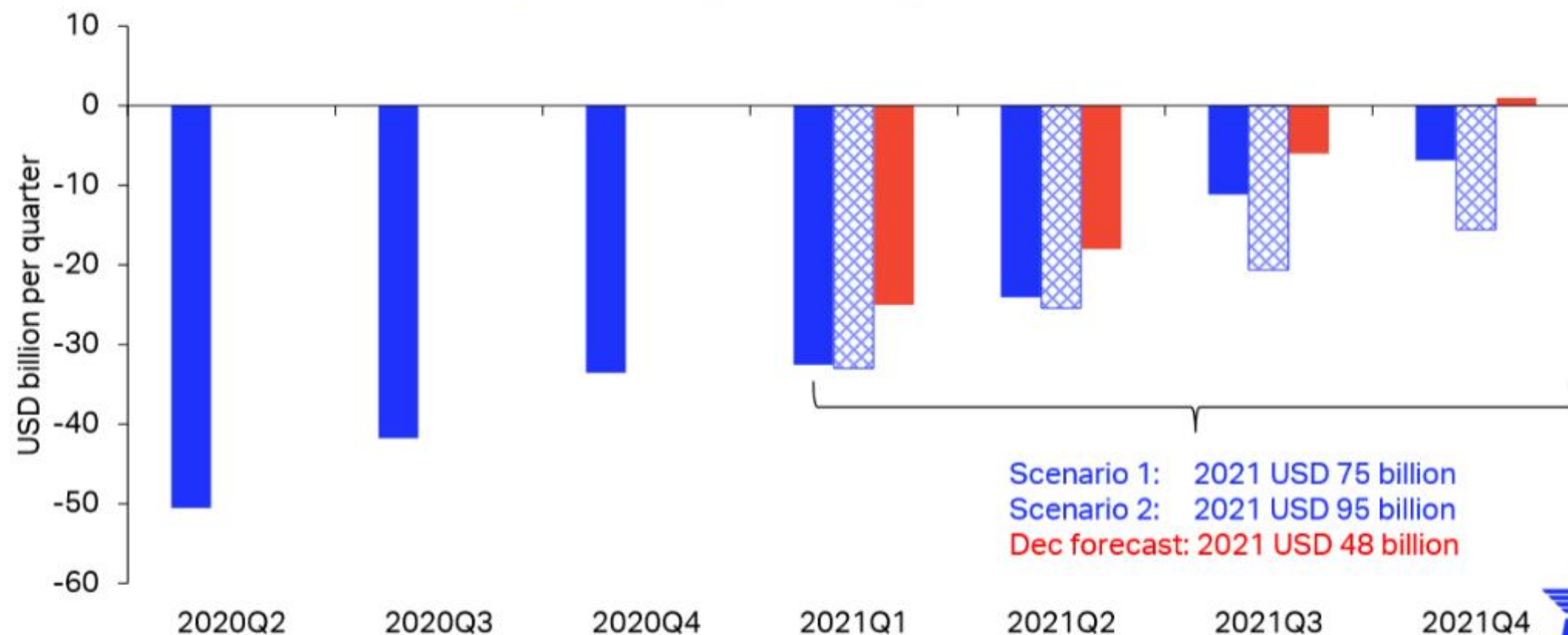


# Airlines' cash burn worse than forecast in December

## Delay in travel recovery implies 2021 cash burn of USD 75-95 billion

Global airline industry cash burn forecast, USD billion per quarter

■ Scenario1    ▨ Scenario2    ■ Dec forecast





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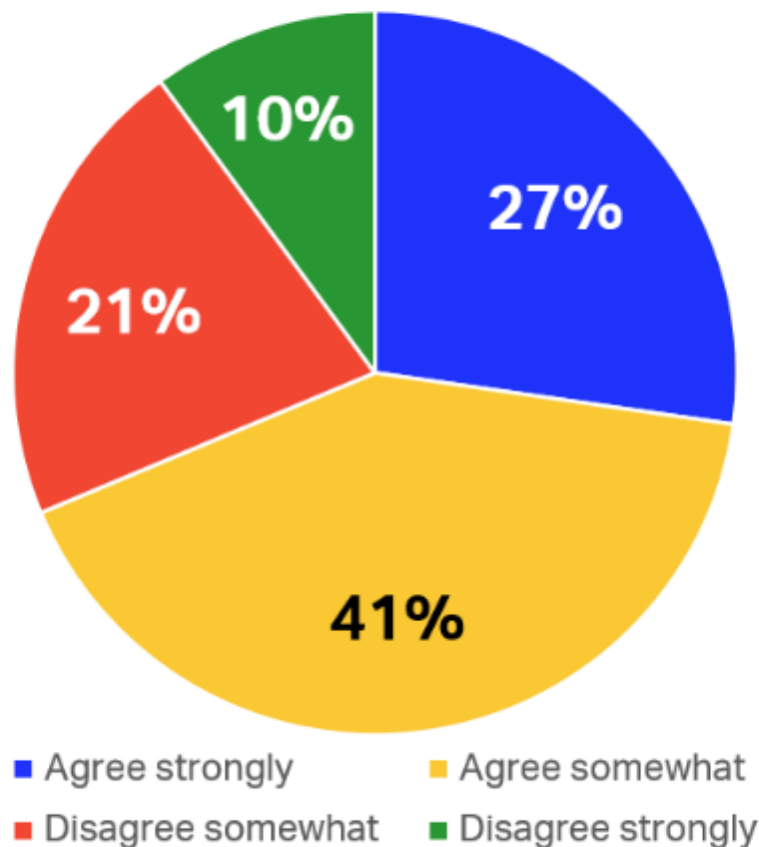
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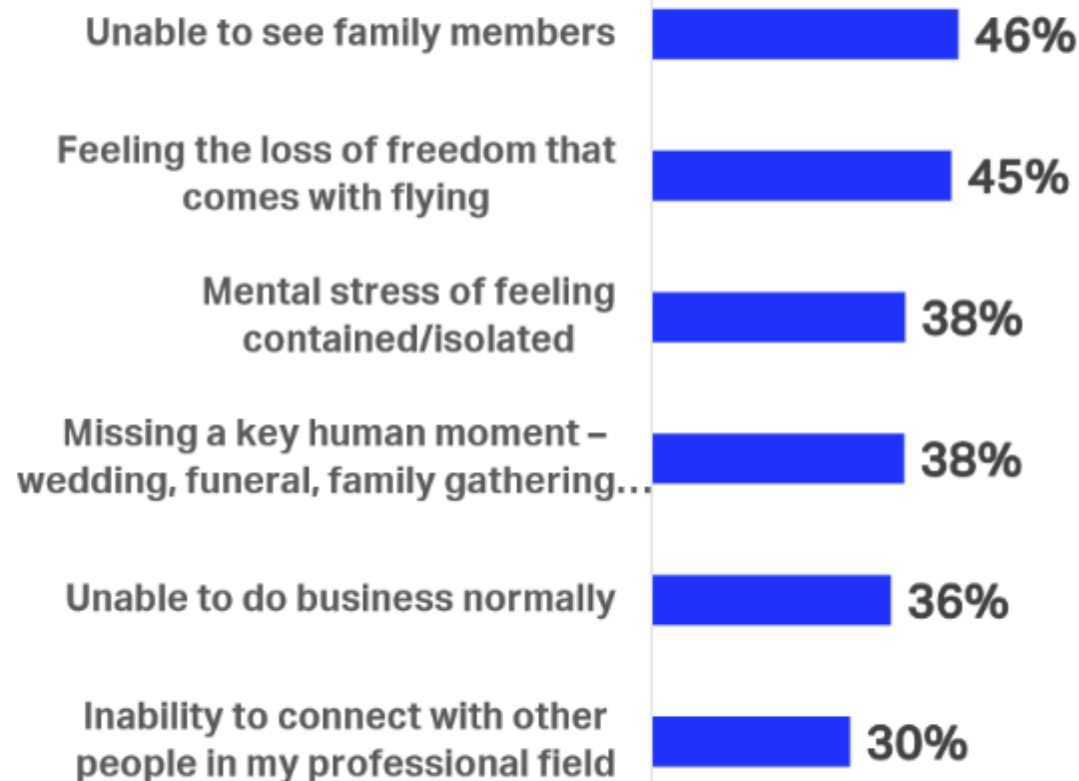
# Travel restrictions and quality of life

**68%**  
say travel restrictions have negatively impacted their quality of life.

Quality of Life Has Suffered  
As A Result of Travel Restrictions



Personal Impact of Travel Restrictions  
*Check all that apply*



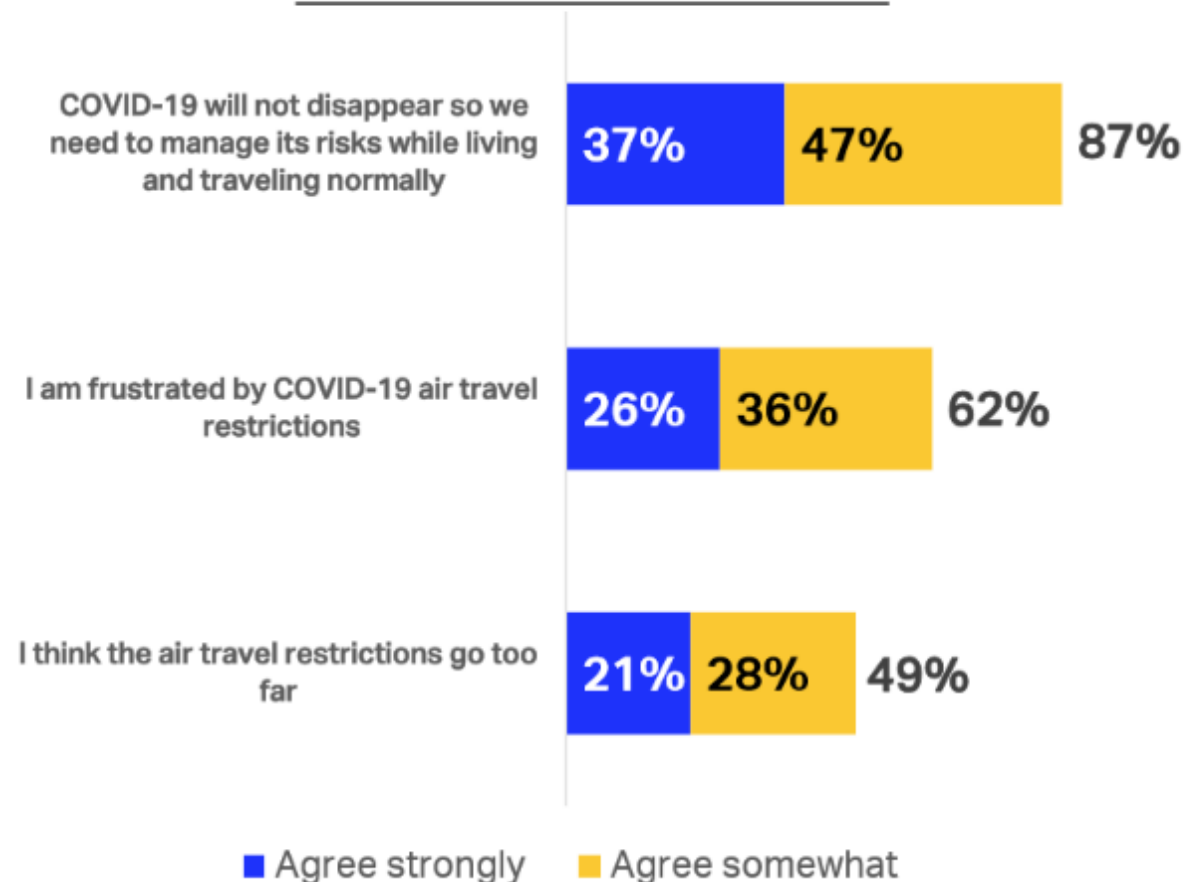
\*Numbers may not always add up due to rounding.

Q26c. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements? My quality of life has suffered as a result of air travel restrictions. Q28. Which of the following impacted you personally as a result of COVID-19 travel restrictions? Please check all that apply.

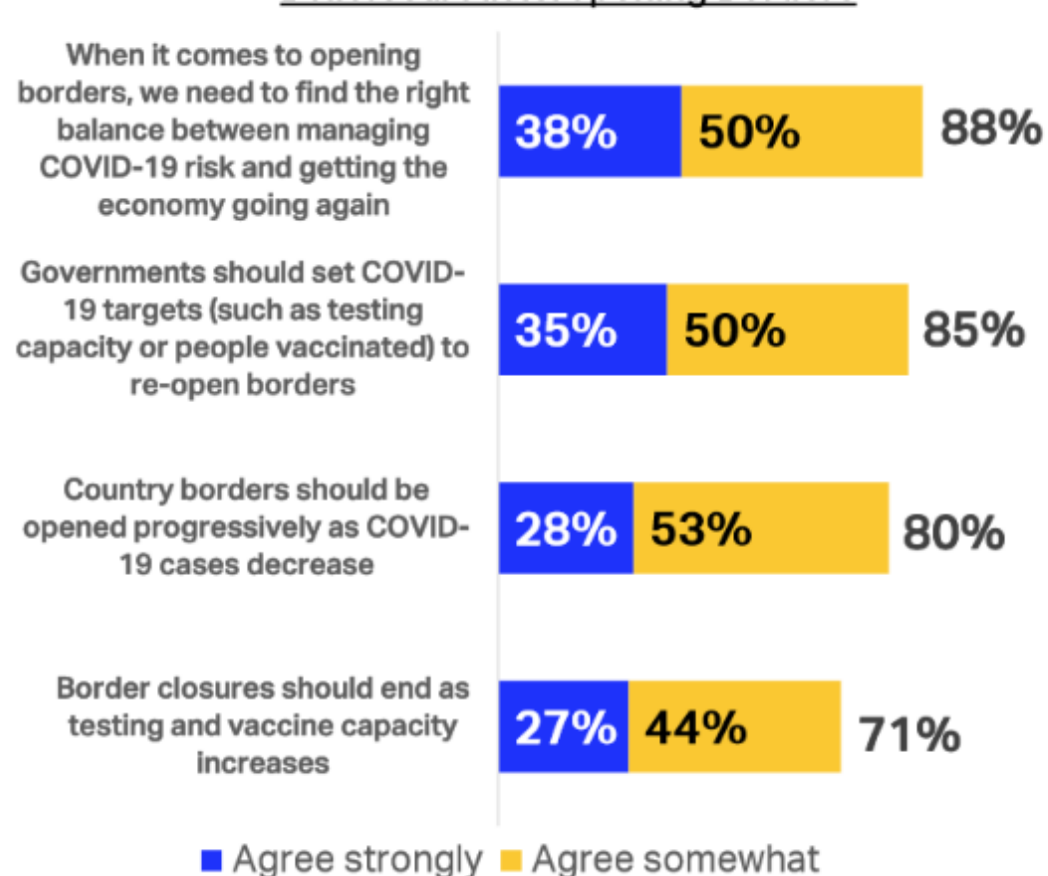


# Balancing COVID-19 risk versus the economic benefit of re-opening borders

## Beliefs About Current Restrictions\*



## Beliefs About Reopening Borders\*



\*Numbers may not always add up due to rounding.

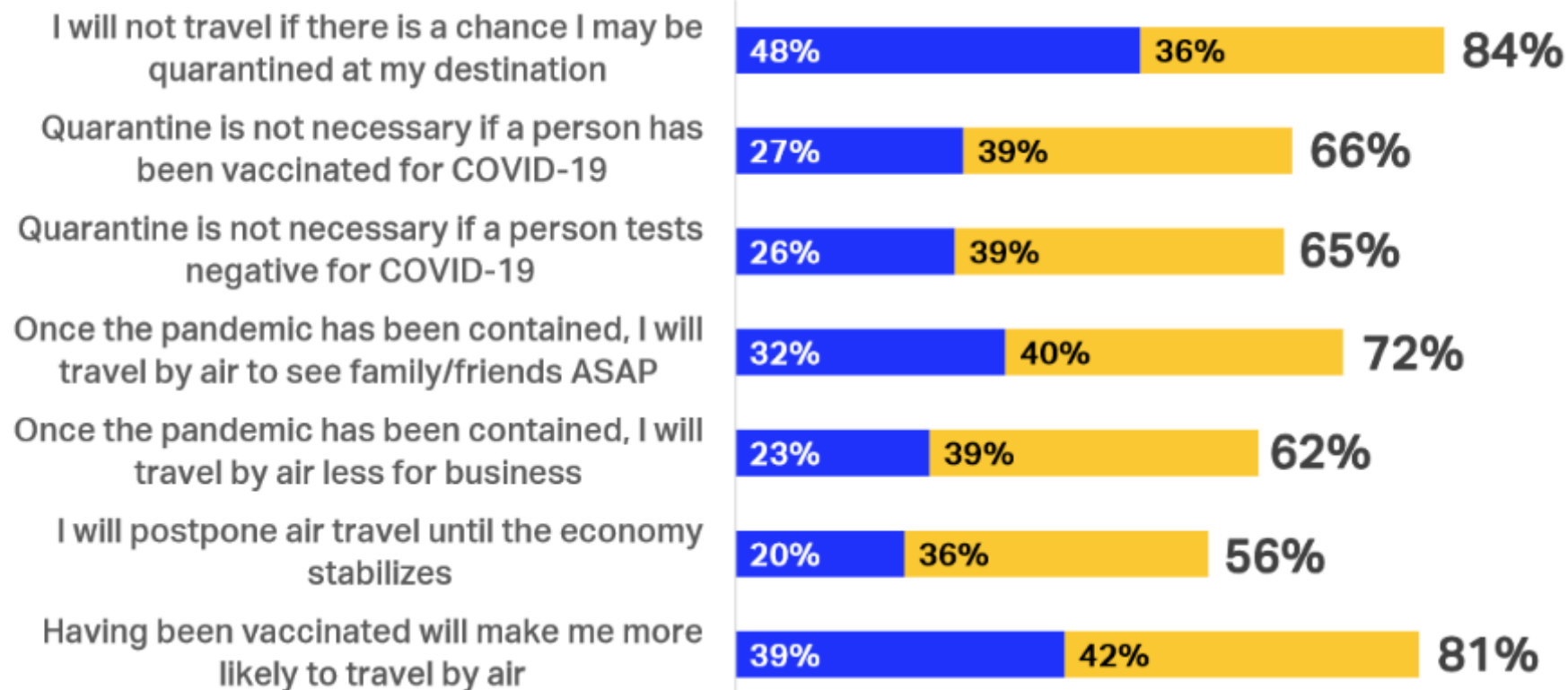
Q26. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements? Q24. When it comes to the COVID-related air travel restrictions in your country, do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following?

# Encouraging travel trends, but some headwinds

**84%**

of people  
won't travel  
if there is a  
chance of  
quarantine

## How Long Will Wait to Travel Once Pandemic is Contained



■ Agree strongly ■ Agree somewhat

**Sept  
2020**

83%

N/A

65%

63%

72%

65%

N/A

\*Numbers may not always add up due to rounding. Q14. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements? Q13. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements? Q22. Do you agree strongly, agree somewhat, disagree somewhat or disagree strongly with each of the following statements?





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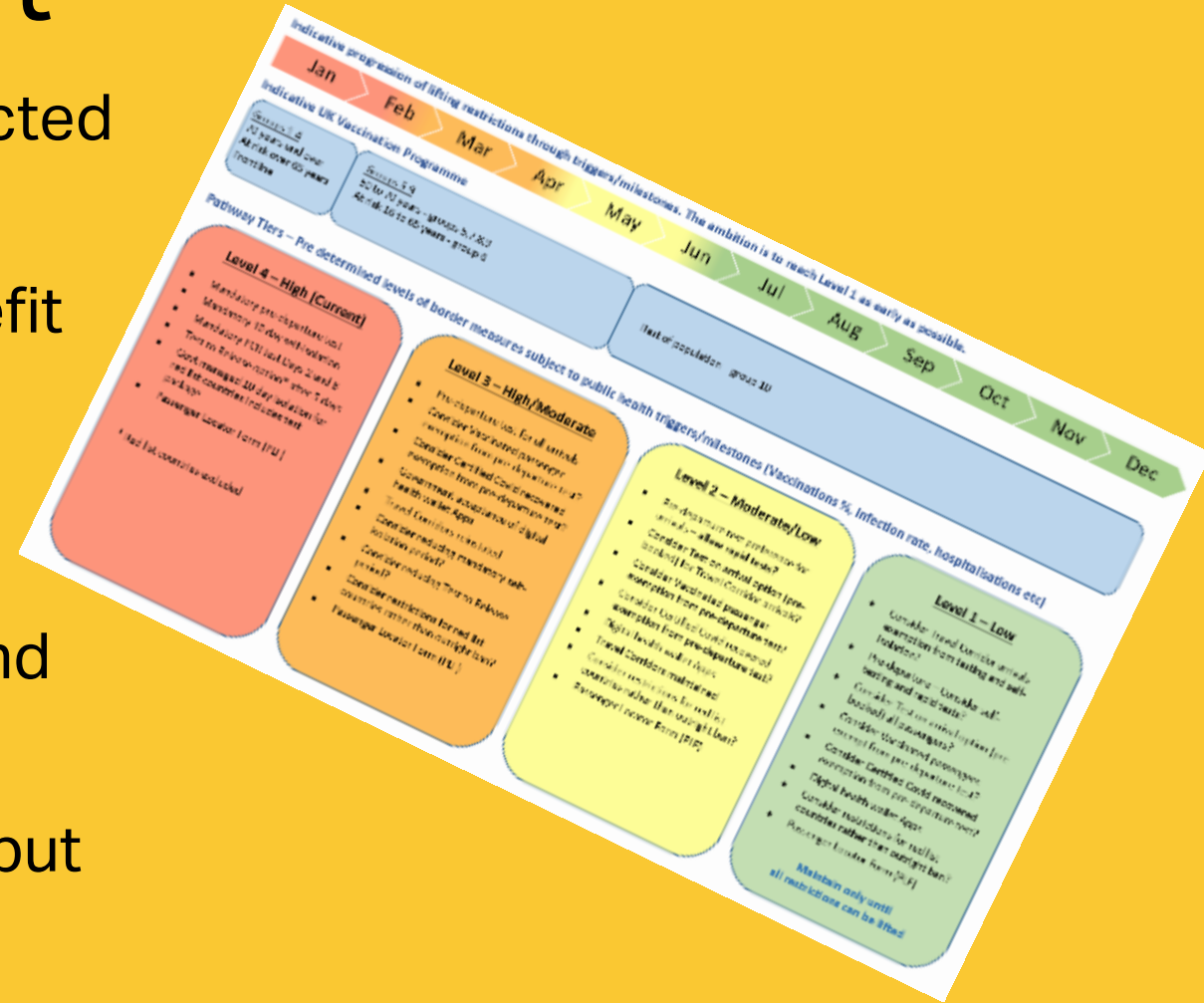


# Why governments need to plan for restart.

- **It's clear we need a plan** – without a clear pathway out of the current multilayered restrictions global connectivity will remain dormant
- **The economics consequences of not planning are dire** – cash burn, job losses, loss of national GDP, tourism, business are all real issues
- **Recovery is coming** – the vaccine roll out and seasonality of COVID means a return to travel is inevitable and there is latent demand
- **Airlines cannot instantly deploy capacity** – lead times are needed to plan, sell inventory and return aircraft capacity to service
- **A global approach** – IATA is pursuing a global initiative to jointly develop and agree restart roadmaps with governments

# Core principles of restart

- **End goal** – must be a return to unrestricted travel as quickly and safely as possible
- **Vaccinated passengers** – should benefit from unrestricted travel (no testing or quarantine)
- **Testing** – rapid antigen testing should replace lab-based methods (eg PCR) and seek to reduce, not eliminate, risk
- **Quarantine** – should be removed in all but the most high-risk situations
- **Digital Travel Credential (DTC)** – solutions like the IATA Travel Pass should be quickly adopted globally



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