

Economic developments and related ICAO tools

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ICAO EUR/NAT

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RD Brief



ICAO

I. Welcome

The COVID-19 pandemic has had a catastrophic impact on the global aviation industry in general, causing significant disruption to air travel and air transport activities coming to a standstill amidst the wide-scale lockdown, international border closure and stringent travel restrictions across all regions. The drastic reduction in air traffic and the consequential financial strain is placing the viability of the aviation industry at serious risk worldwide.

Decisions taken today, and in the months to come, will impact the future of the aviation industry. It is urgent for States, industries and all stakeholders to have reliable information, analysis and the necessary tools to monitor and assess the evolving impact of COVID-19, and leverage key indicators to make informed, data-driven decisions and actions.

ICAO analysis and tools provide the authoritative information and forecasts to the international aviation community including Member States, and has been widely quoted by industry and mainstream media. The economic impact figures and forecast also form an integral part of the report of ICAO Council Aviation Recovery Task Force (CART).

Enjoy the reading,

Silvia Gehrler

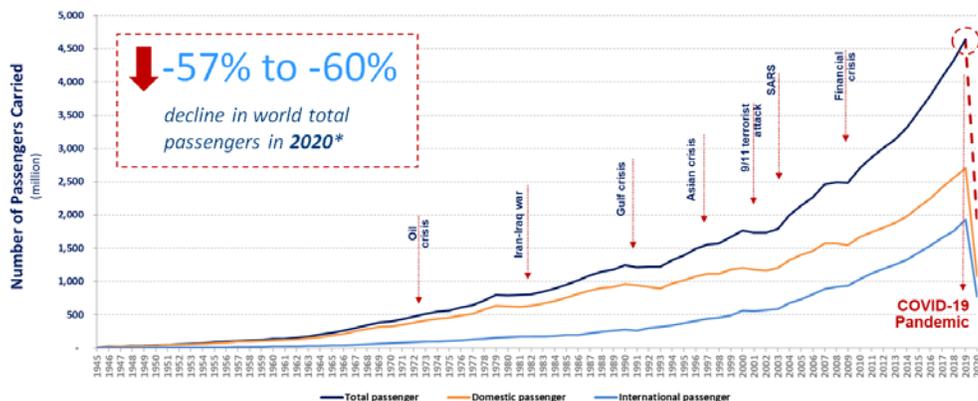
II. ICAO Economic Impact Analysis of COVID-19 on Civil Aviation

At the onset of the COVID-19 pandemic outbreak, ICAO has been monitoring and assessing the economic impact of the public health crisis on civil aviation. Such in-depth analysis details the current state of the industry, providing forward-looking estimates. It is kept up-to-date on a regular basis and published on the ICAO public website: <https://www.icao.int/sustainability/Pages/Economic-Impacts-of-COVID-19.aspx>.

As depicted in Figure 1, air travel has been decimated by the pandemic. World passenger traffic collapsed with an unprecedented decline that has never been seen before in aviation history. For the year 2020, the number of passengers globally is expected to drop by 57% to 60%, much steeper than the aftermath of any historical events such as SARS and September 11.

With respect to the near-term outlook under the rapidly changing situation and mounting uncertainties, ICAO has structured a scenario analysis taking into account various factors affecting aviation traffic recovery. Four different paths were considered, namely “Nike swoosh”-shaped, U-shaped, L-shaped, and W-shaped. The actual path will depend on the duration and magnitude of the outbreak, varying containment measures, speed of restoration in consumer confidence for air travel, and the economic conditions, etc.

Figure 1 - World Passenger Traffic Evolution
1945 - 2020*



Source: ICAO Economic Impact Analysis of COVID-19 on Civil Aviation

ICAO's latest estimates indicate that the possible COVID-19 impact on world scheduled passenger traffic compared to Baseline (business as usual, originally-planned) would be:

- Full year 2020 (Jan - Dec)
 - Overall reduction ranging from 48% to 51% of seats offered by airlines
 - Overall reduction of 2,754 to 2,915 million passengers
 - Approx. USD 370 to 392 billion potential loss of gross passenger operating revenues of airlines
- Q1 2021 (Jan - Mar)
 - Overall reduction ranging from 23% to 43% of seats offered by airlines
 - Overall reduction of 367 to 620 million passengers
 - Approx. USD 53 to 88 billion potential loss of gross passenger operating revenues of airlines

III. ICAO COVID-19 Air Transport Dashboards

Using Automatic Dependent Surveillance-Broadcast (ADS-B) data and ICAO statistical air transport reported data, six interactive dashboards were developed to provide timely information and trends to help States and industry to monitor and assess the evolving impact of the pandemic.



The dashboards are being updated regularly and have been made available at ICAO public website:
<https://www.icao.int/sustainability/Pages/COVID-19-Air-Traffic-Dashboard.aspx>.

- Key aspects of the impact of COVID-19 on air transport covered in the dashboards include the following:
- **Operational impact:** impact on the number of flights, seats offered, for passenger and cargo flights segmented into international and domestic

operations.

- **Economic impact:** impact on the revenues of air carriers, airports and ANSPs.
- **Aircraft utilization:** aircraft utilization and grounded aircraft by aircraft category.
- **Country-pair traffic:** impact on daily country-pair traffic with new COVID-19 cases of both origin and destination country.

Information presented in the dashboards can be drilled down by country, route group and region, and is segmented by international and domestic operations.

IV. ICAO Post-COVID-19 Traffic Forecasts

The recent signs of slow and shallow improvements in air travel demand signal a long-lasting crisis for the industry.

Working with a group of experts from States and industry through the Multi-disciplinary Working Group on Long-term Traffic Forecasts (MDWG-LTF), mid- and long-term traffic forecasts are being developed to project the traffic recovery and growth, i.e. the pace and level of recovery by route group and region, how long and when to expect the return to the pre-COVID-19 traffic level, and the impact on long-term trend.

Based on a preliminary econometric modelling using gross domestic product (GDP) forecast, the global international passenger traffic is predicted to return to 2019 level in 2022, at the earliest, indicating a slow and prolonged return to normality.

V. ICAO Collaboration with UN on monitoring the impact of COVID-19

The COVID-19 pandemic has impacted all industries, all sectors and all aspects of our lives worldwide, not least the restrictions and disruption caused by border control. Recognizing the unprecedented nature of the crisis and its impact on air transport, trade, tourism and economy at large, it is more important than ever for ICAO to work closely with the UN and its agencies, and international and regional organizations, as well as industry organizations to share knowledge and expertise, coordinate actions and unite in efforts to empower the aviation industry to survive and continue playing its instrumental role as a worldwide enabler in times of crisis.

Within the spirit of collaboration, ICAO has been working with the UN Statistical Division on monitoring the impact of COVID-19 on Trade, Travel and Transport. Furthermore, quarterly contributions have been made to the UN publication on '*How Covid-19 Is Changing the World: a Statistical Perspective*'.

VI. Way Forward

Given the exceptional uncertainty around the evolution of the pandemic, the information and data provided by ICAO analysis and tools are of significant value to States, industries and all stakeholders in planning and implementing action to restart and recover from the impact of the COVID-19 pandemic.

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As the industry continues to find its way in the wake of the crisis, ICAO will continue its efforts to monitor and assess the impact of the pandemic on air transport, update its analysis, analytical tools and forecasts to provide States and industry with comprehensive, reliable and timely information in order to make sensible and data-driven decisions for the restart and recovery of the aviation industry.

VII. Additional information and Upcoming webinar

Additional information will be provided during the upcoming ICAO EUR/NAT Workshop on Sustainable Funding of States Civil Aviation Authorities Oversight Functions to be held on 29 September 2020:

<https://www.icao.int/EURNAT/Pages/welcome.aspx>

ICAO actively monitors the economic impact of the pandemic on civil aviation and regularly publishes updated reports and adjusted forecasts. The latest version of the Economic Impact of COVID-19 on Civil Aviation is accessible via the weblink:

<https://www.icao.int/sustainability/Pages/Economic-Impacts-of-COVID-19.aspx>

ICAO website on Economic Development:

<https://www.icao.int/sustainability/Pages/default.aspx>

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The next RD brief will be issued during the week of 29 September 2020. The focus will be on the outcomes of the ICAO EUR/NAT DGCA meeting on Harmonised Regional Operational Guidance for the restart of Civil Aviation.