

ICAO APAC National Air Navigation Plan (NANP) Seminar Video Teleconference (31 July 2020)

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Content

- Looking at now – economic and financial impact of COVID-19
 - Global
 - Asia-Pacific
- Looking ahead – forecast data
 - Whole of government response to COVID must be mirrored in whole of government planning for the future of aviation
- Example of whole of government planning and action
 - Indonesia AIS



“If you want to be a millionaire, start with a billion dollars and launch a new airline”

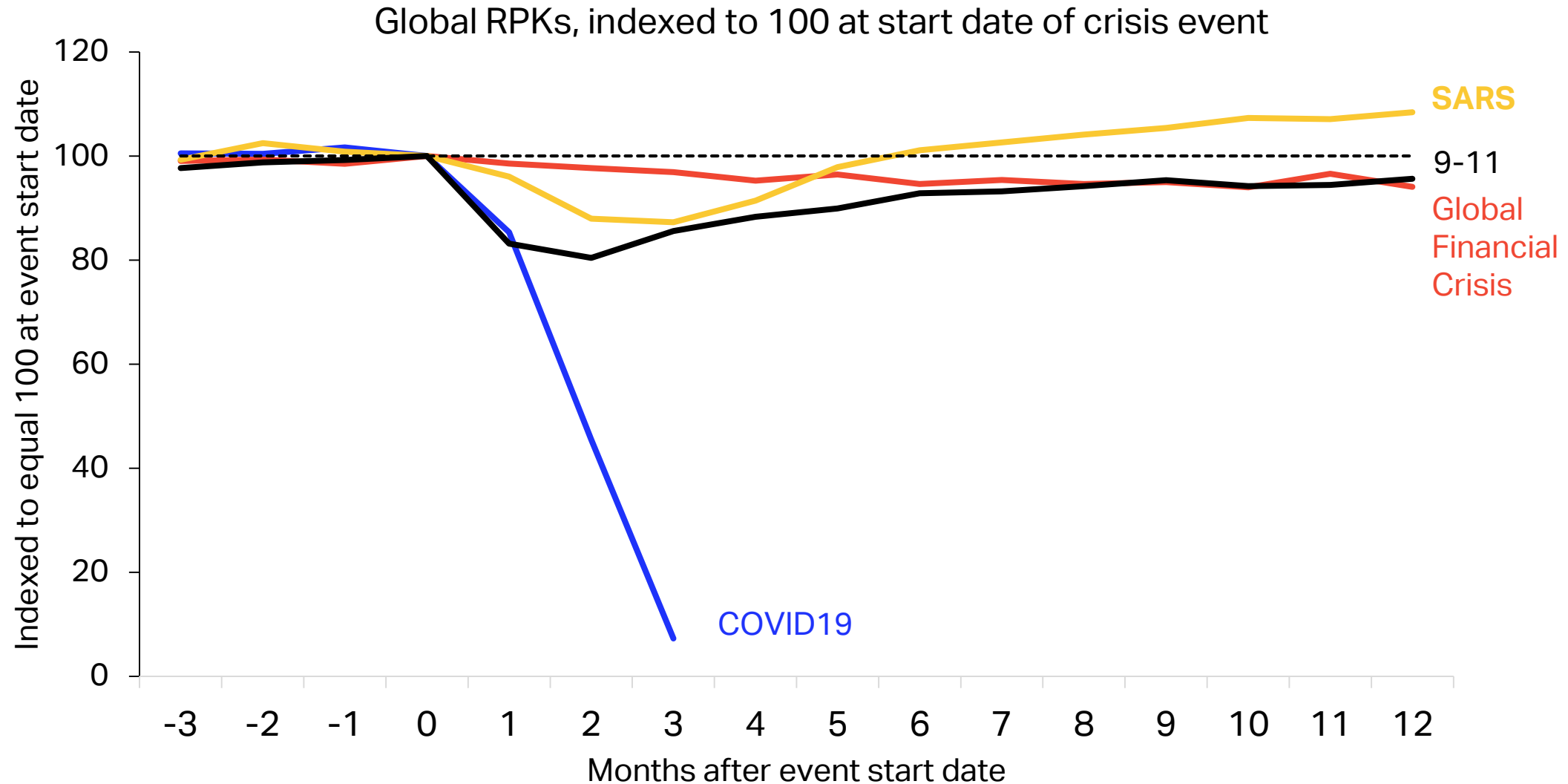
Richard Branson



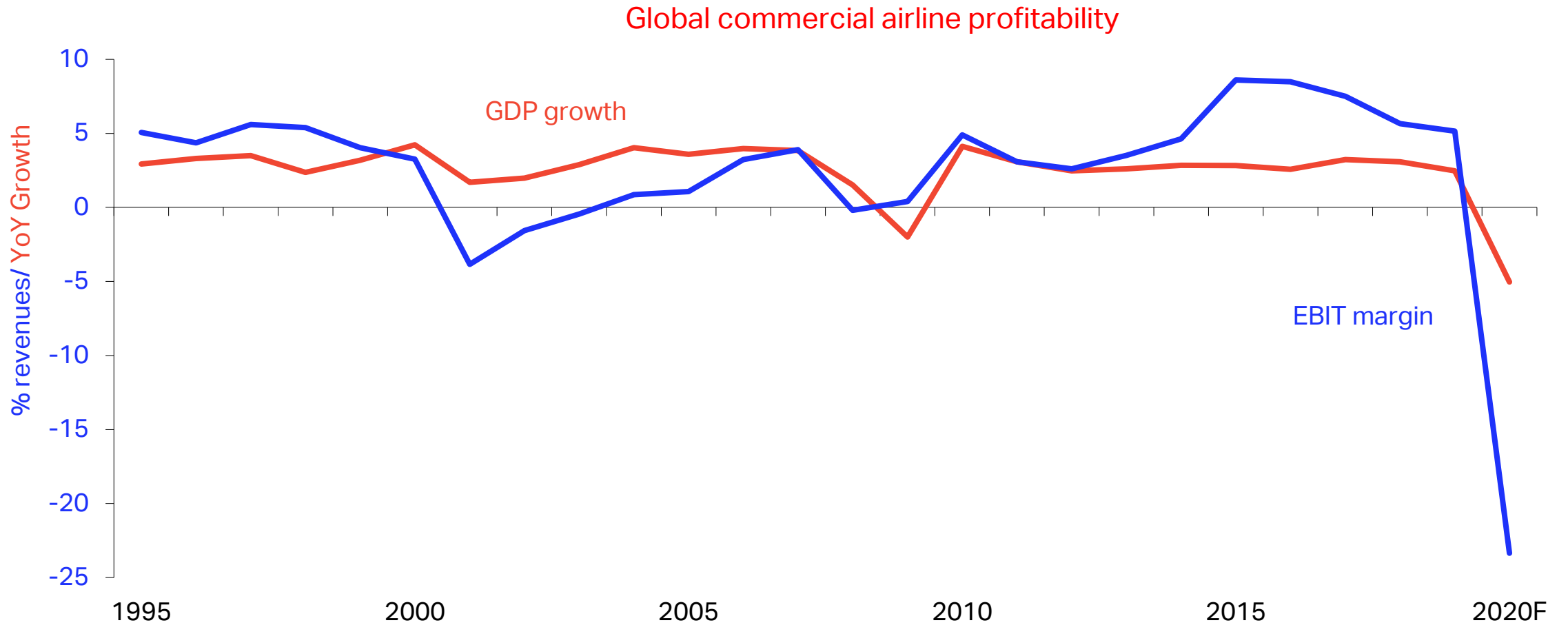


Depth of COVID19 impact far exceeds previous crises

RPKs fell 20% after 9-11 and 12% after SARS vs **95%** fall in April 2020



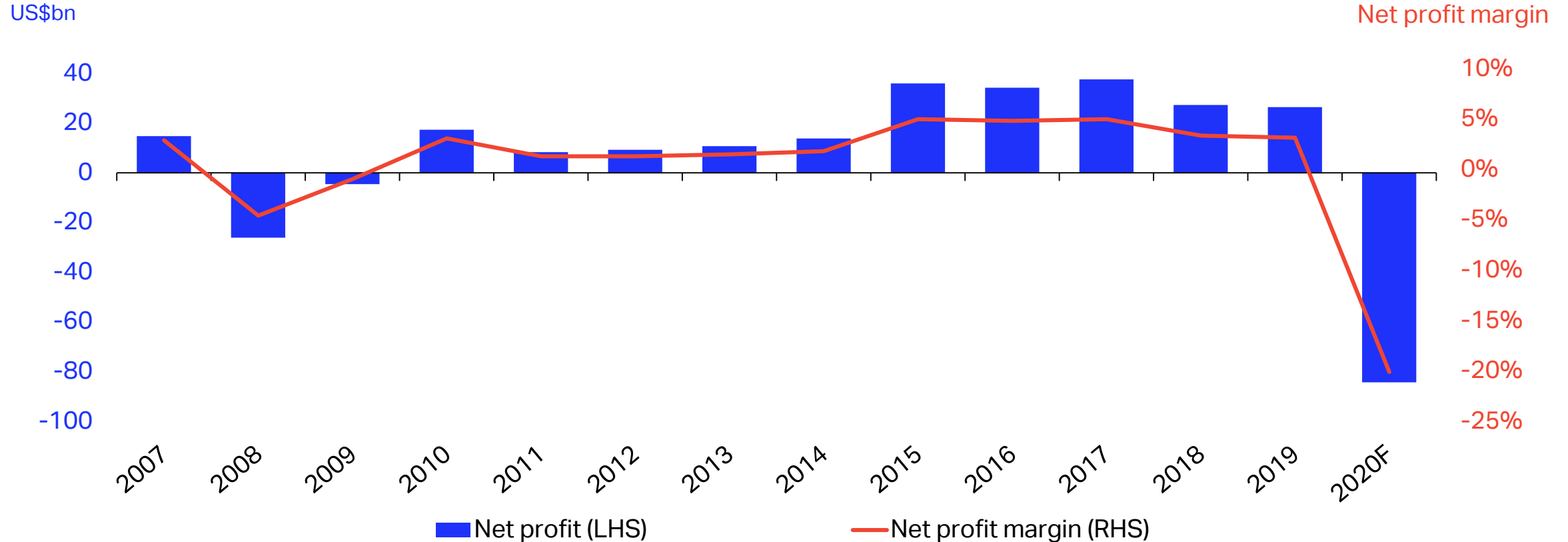
Airline industry hit particularly hard by the crisis



Source: IATA Economics

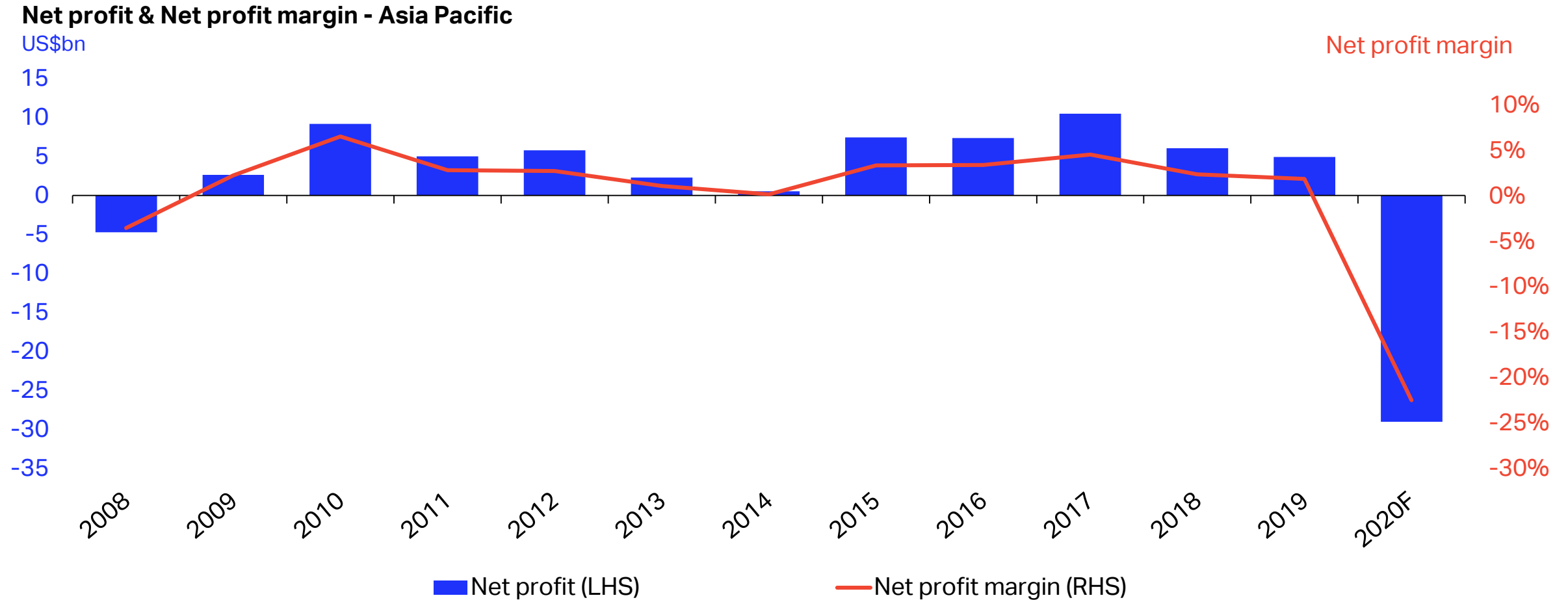
Record financial loss expected in 2020

Net profit & Net profit margin - Industry



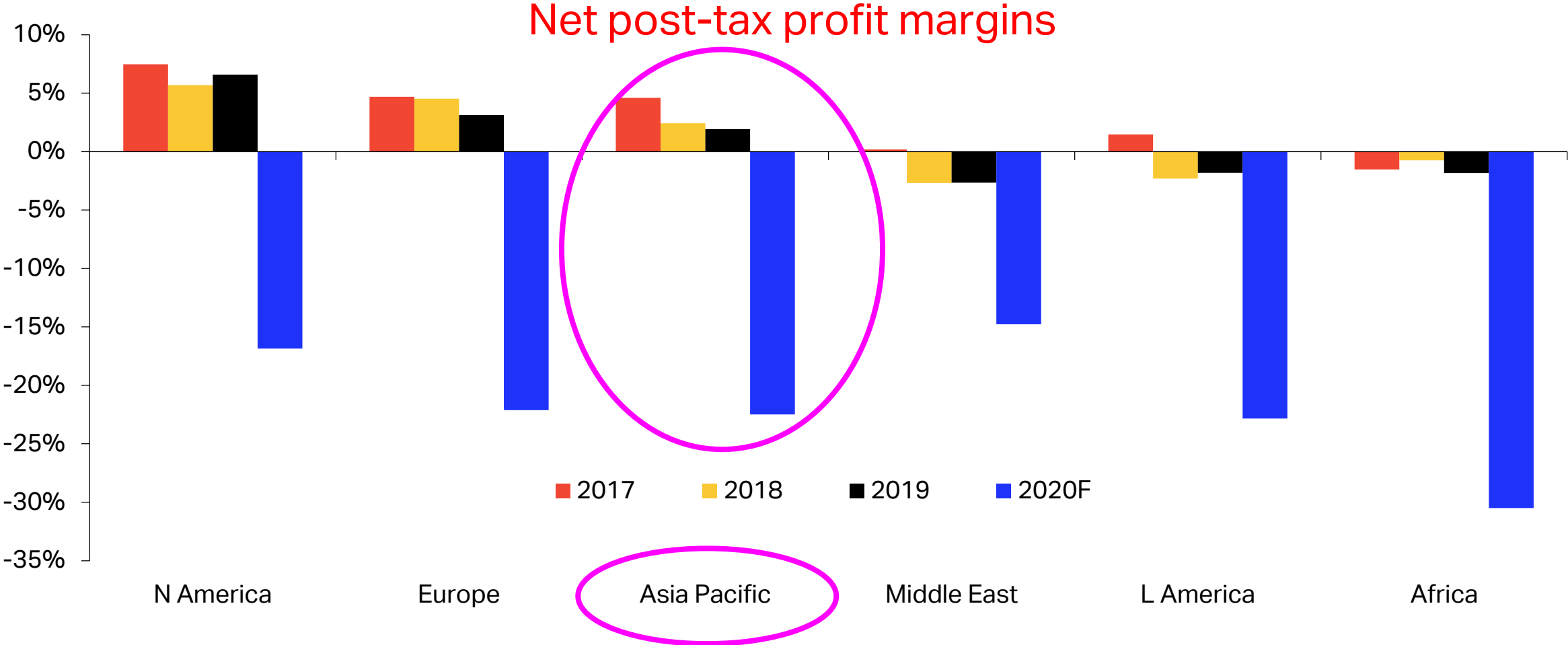
Source: IATA

Regional (net) profitability – Asia Pacific



Source: IATA

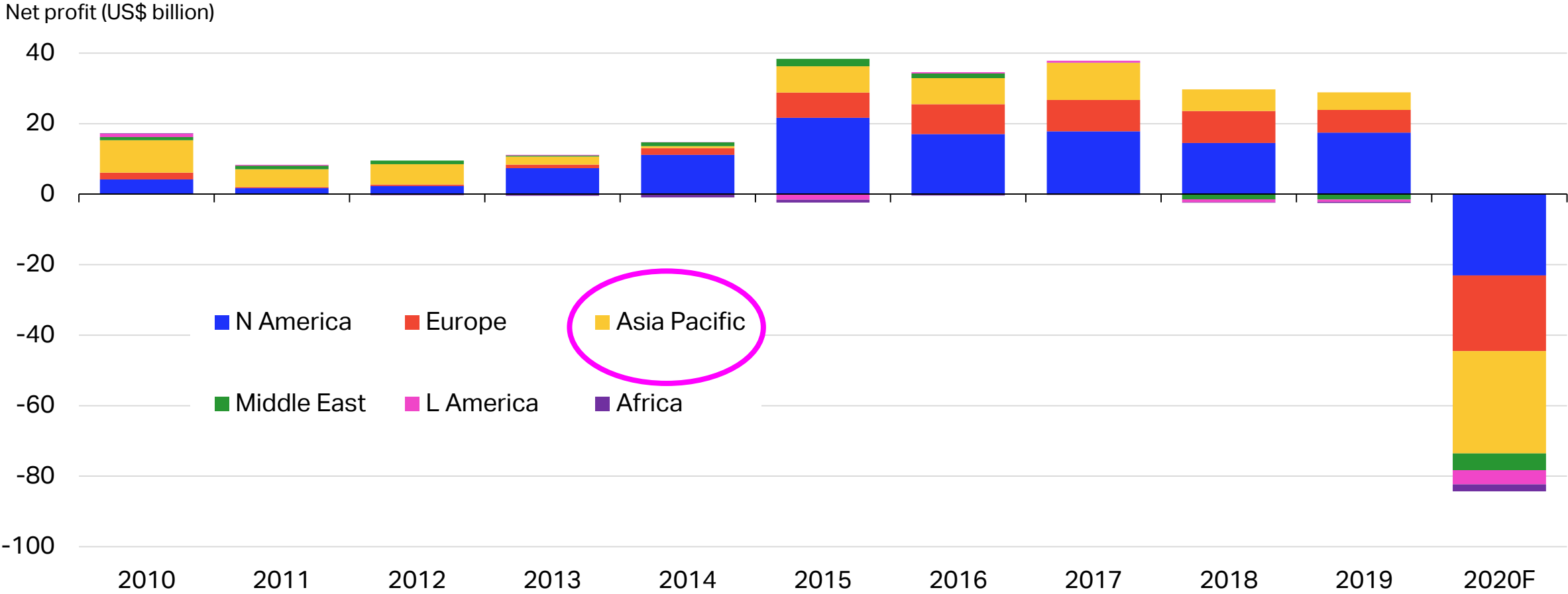
The losses will vary across regions



Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts



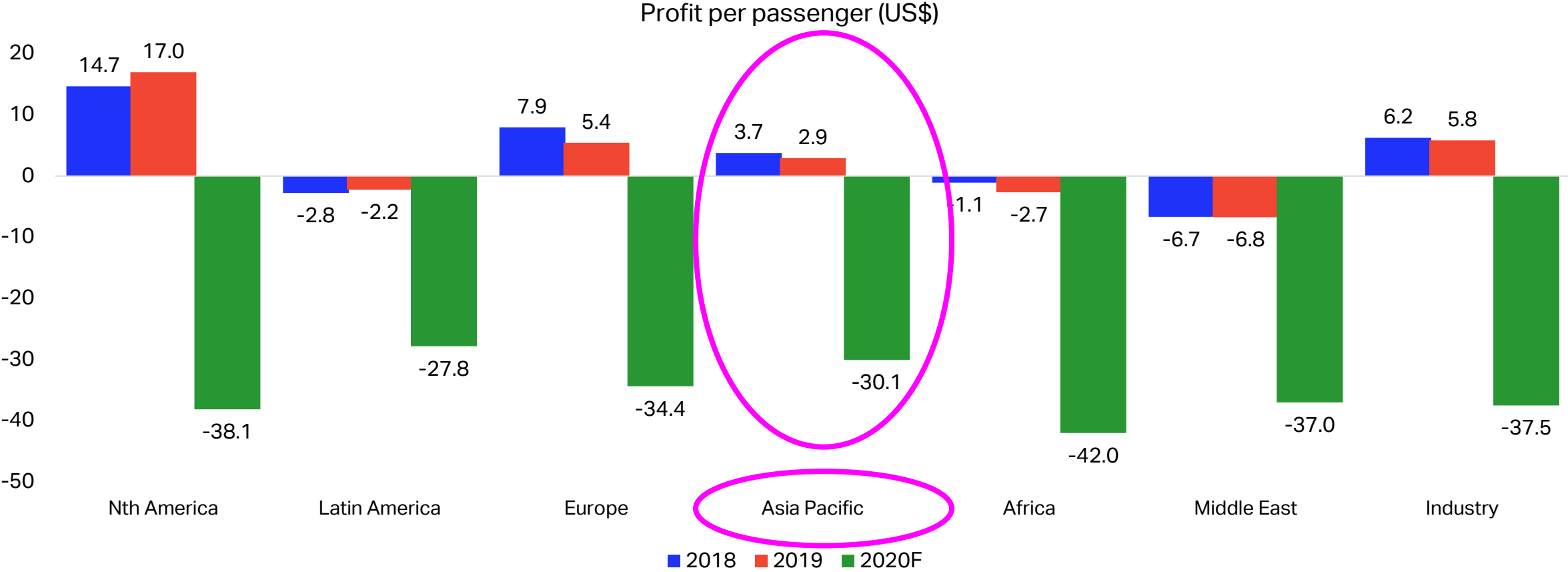
Driven largely by N. America, Europe & Asia



Source: IATA



Per passenger (net) losses show regional variation



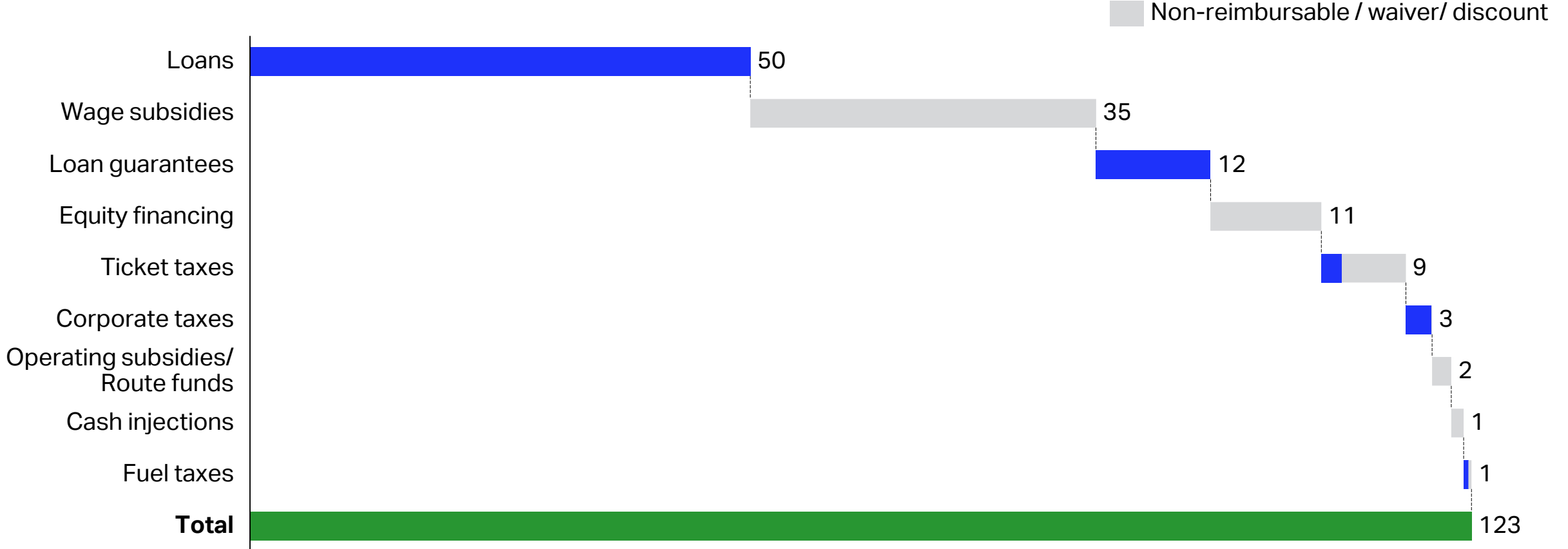
Source: IATA



Governments have provided substantial cash aid

Airlines kept on life support in 2020 but majority of aid must be repaid

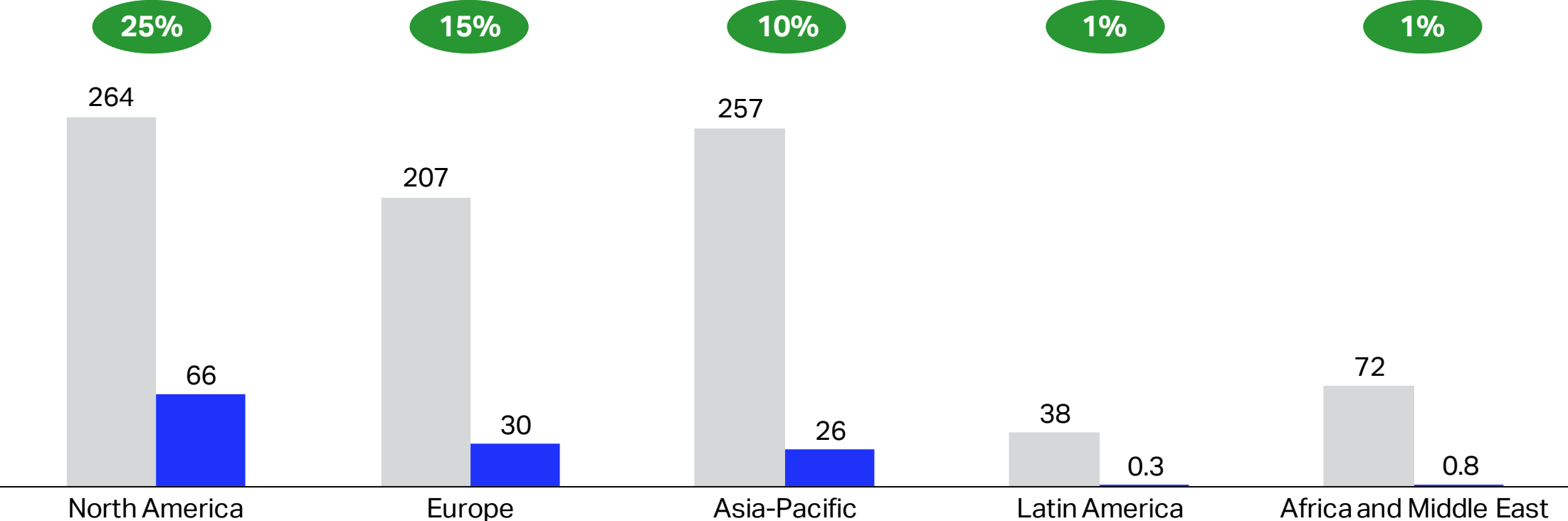
Government aid made available to airlines due to COVID-19, by type (USD bn)



Financial aid varies from 1% to 25% of regional revenues

Total amount of government aid vs. airline revenues to/from/within region in 2019 (USD bn)

Legend: 2019 revenues (grey bar), Financial relief (blue bar)

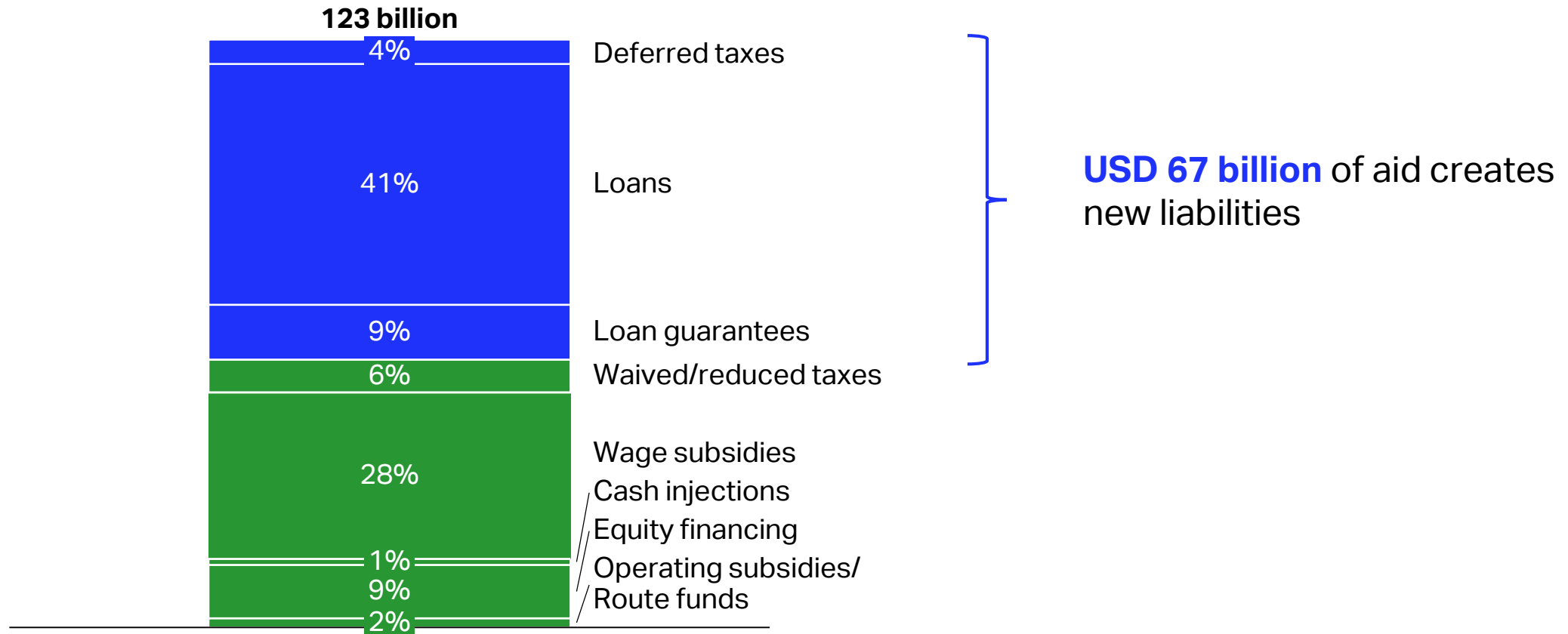


Source: IATA Economics using public information and data from SRS Analyser, DDS, FlightRadar 24, TTBS, ACIC, Platts, Airline Analyst, annual reports. Note: revenues in this slide are total airline operating revenues by region of registration.

Majority of aid will leave airlines with more debt

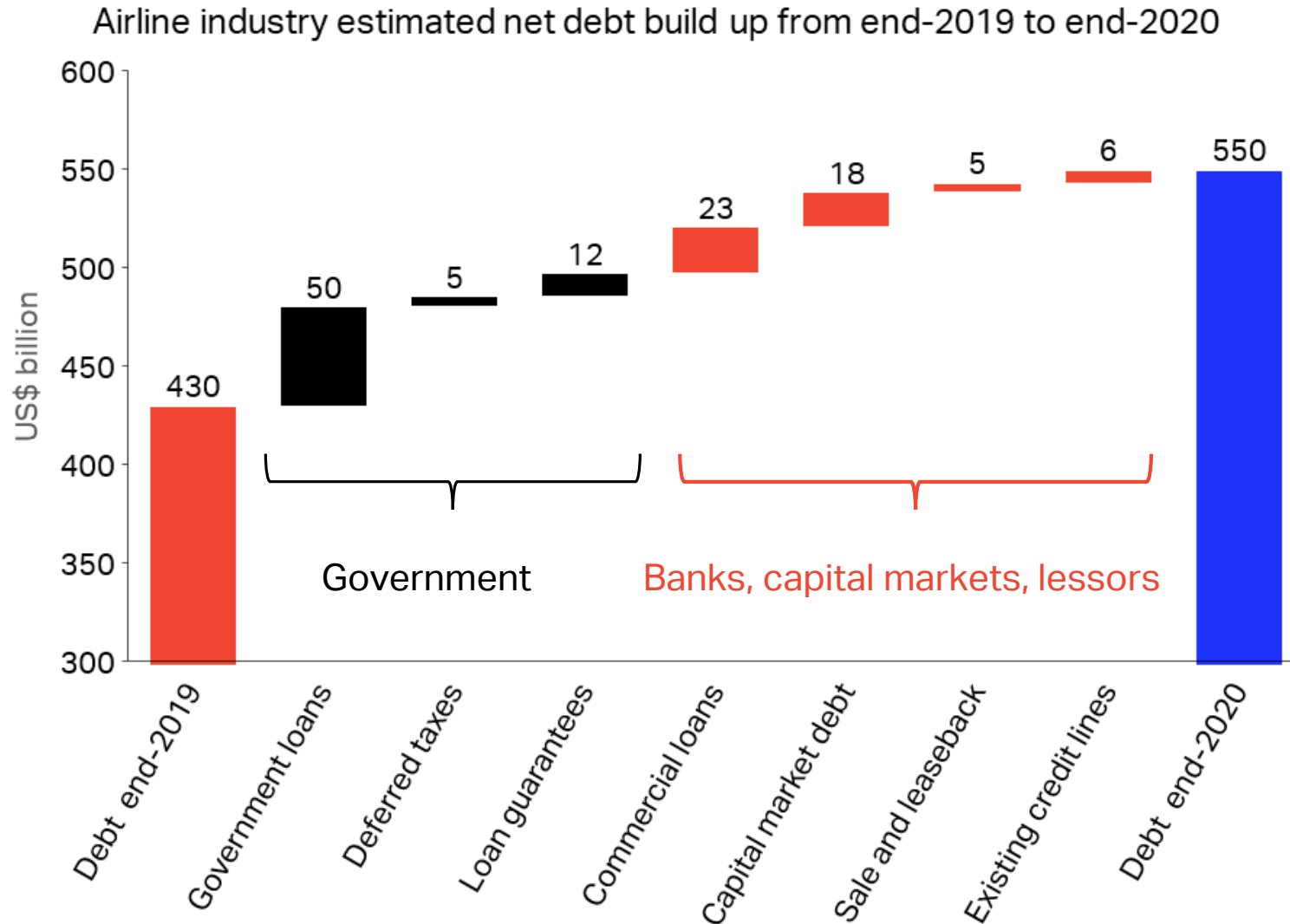
\$67bn or 55% of Government aid creates debt – only \$11bn of equity

Government aid made available to airlines due to COVID-19, by type (USD bn)



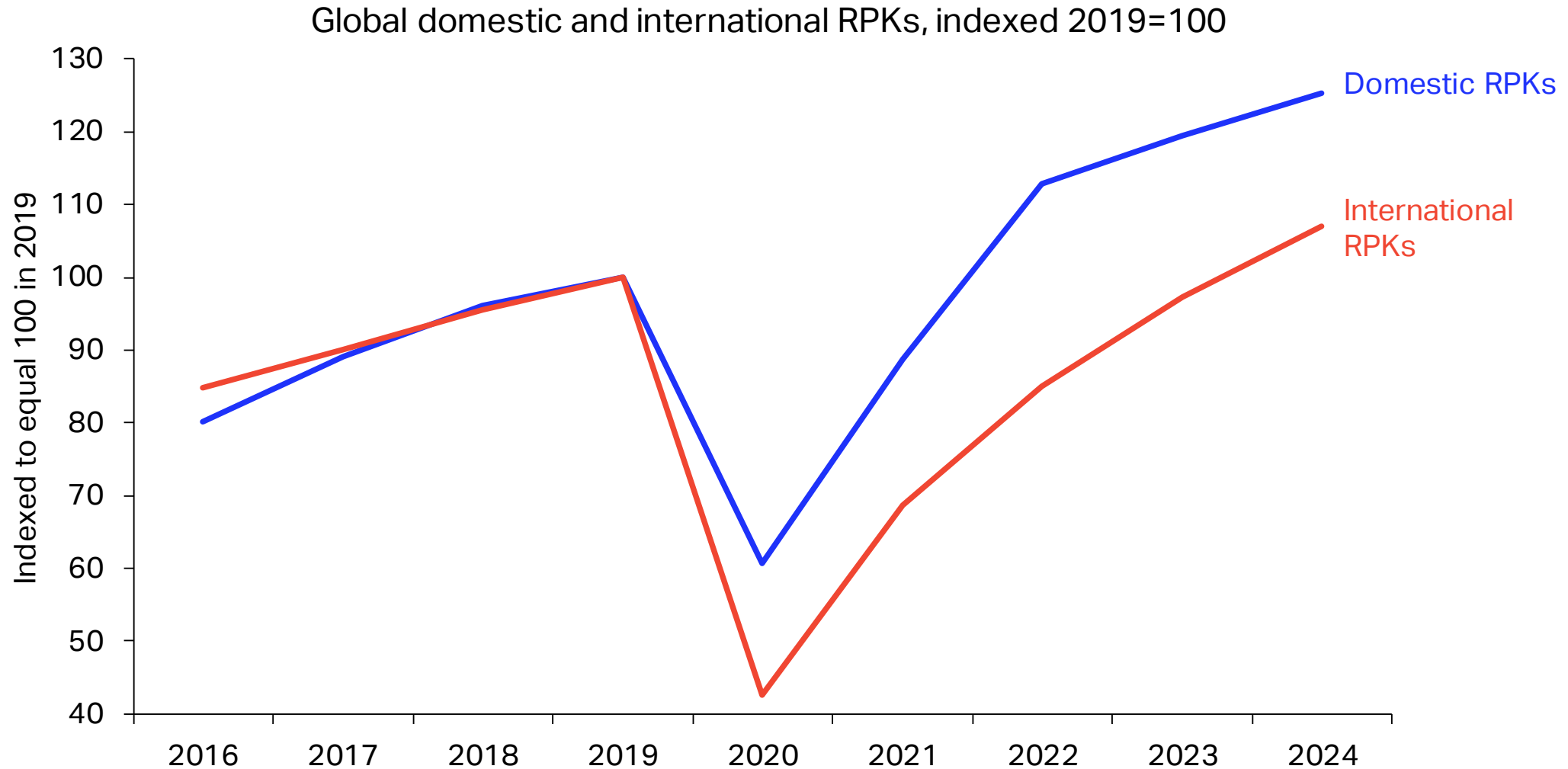
Airlines will enter 'restart' with very high levels of debt

US\$120bn rise in debt but <\$30bn new equity (\$11bn from Govt)



International RPKs will lag domestic air travel markets

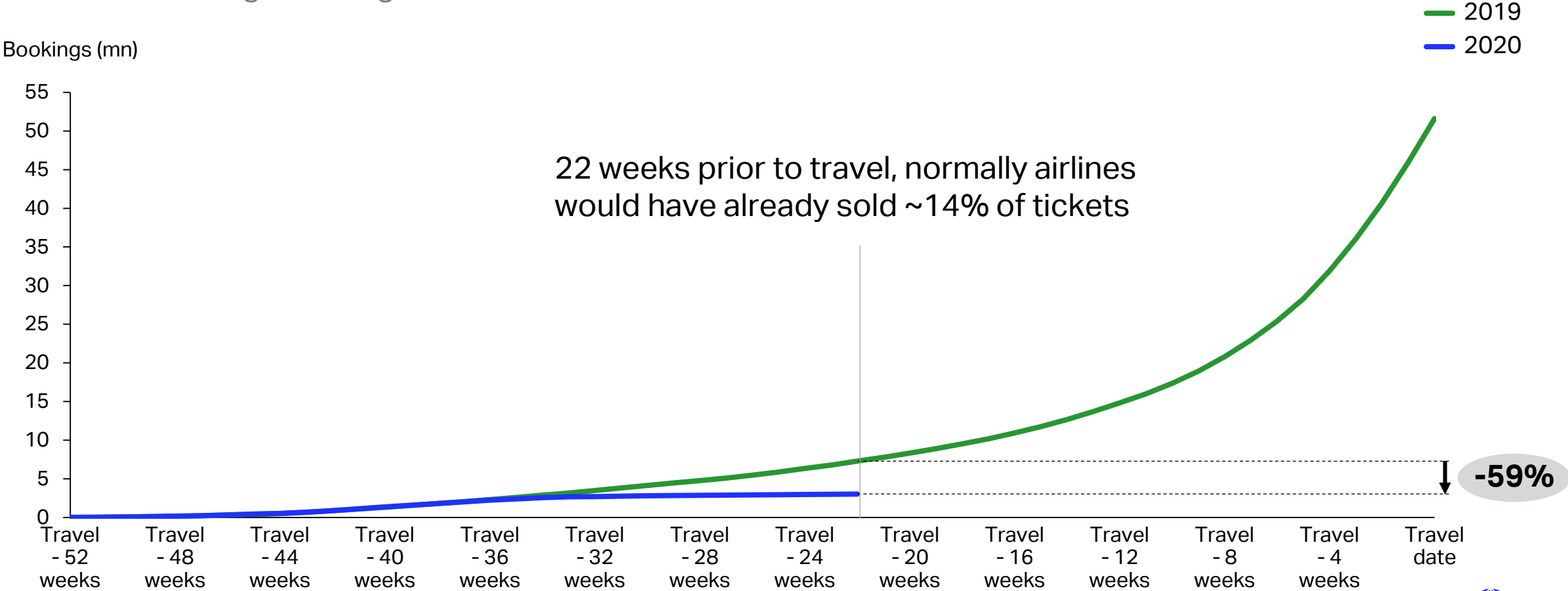
International air travel may not recover 2019 levels until 2023-24



Demand for long-haul travel remains close to zero

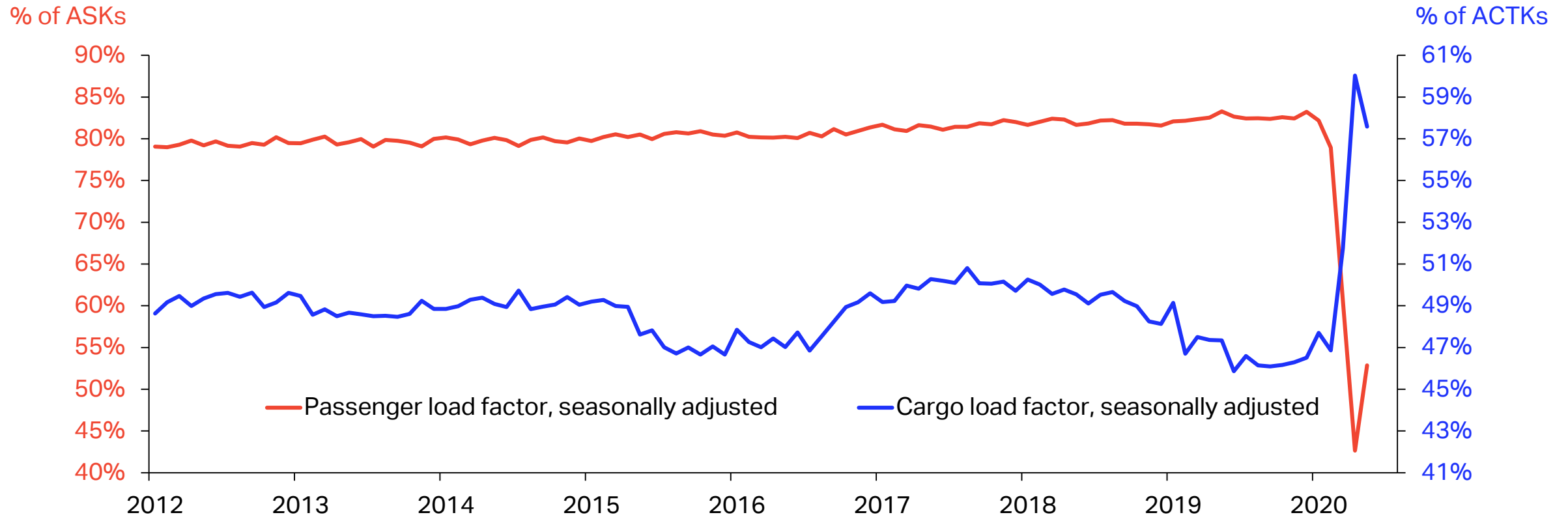
Normally airlines would have sold 14% of tickets for start of winter season

Cumulative bookings for long-haul air travel between 1-7 Nov, 2019 vs. 2020



Source: IATA Economics using data from DDS

Passenger and cargo load factor trends diverged

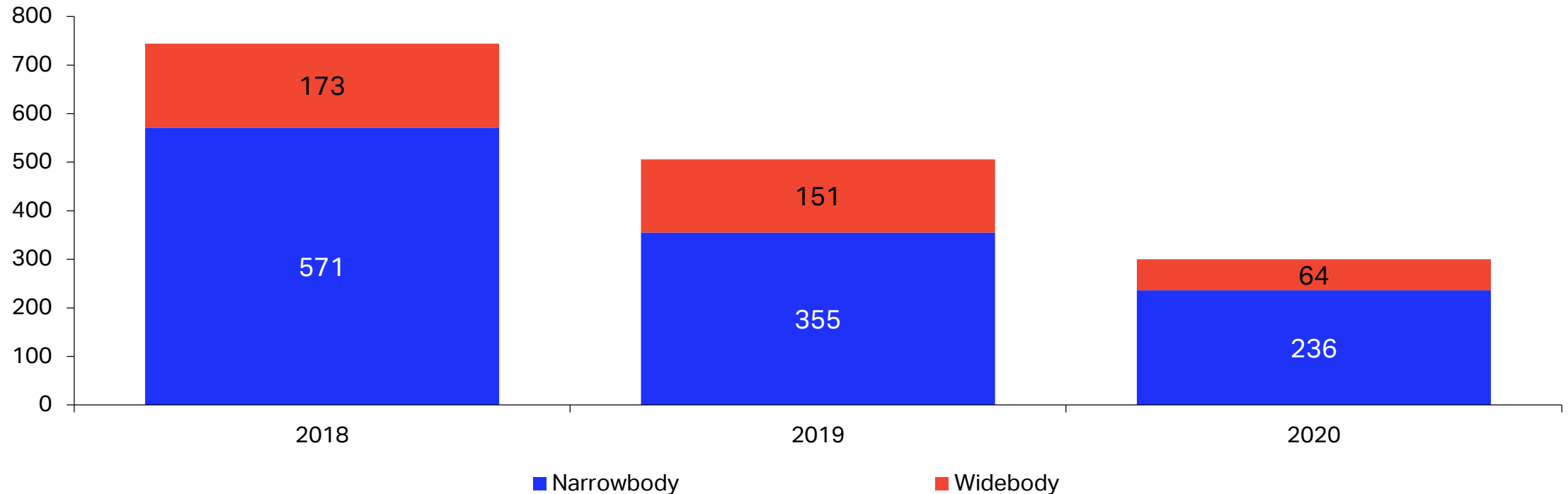


Source: IATA Monthly Statistics

Jet aircraft deliveries made and scheduled

Aircraft deliveries to the Asia Pacific (as of July 2020)

deliveries made & due



Source: Ascend

The global air transport industry:

65.5 million

Jobs supported by aviation worldwide

\$2.7 trillion

Aviation's global economic impact (including direct, indirect, induced and tourism catalytic)

3.6%

Global GDP supported by aviation

Jobs

65.5 million

36.7 million

7.8 million

10.8 million

10.2 million

Tourism catalytic

Induced

Indirect

Aviation direct

GDP

\$2.7 trillion

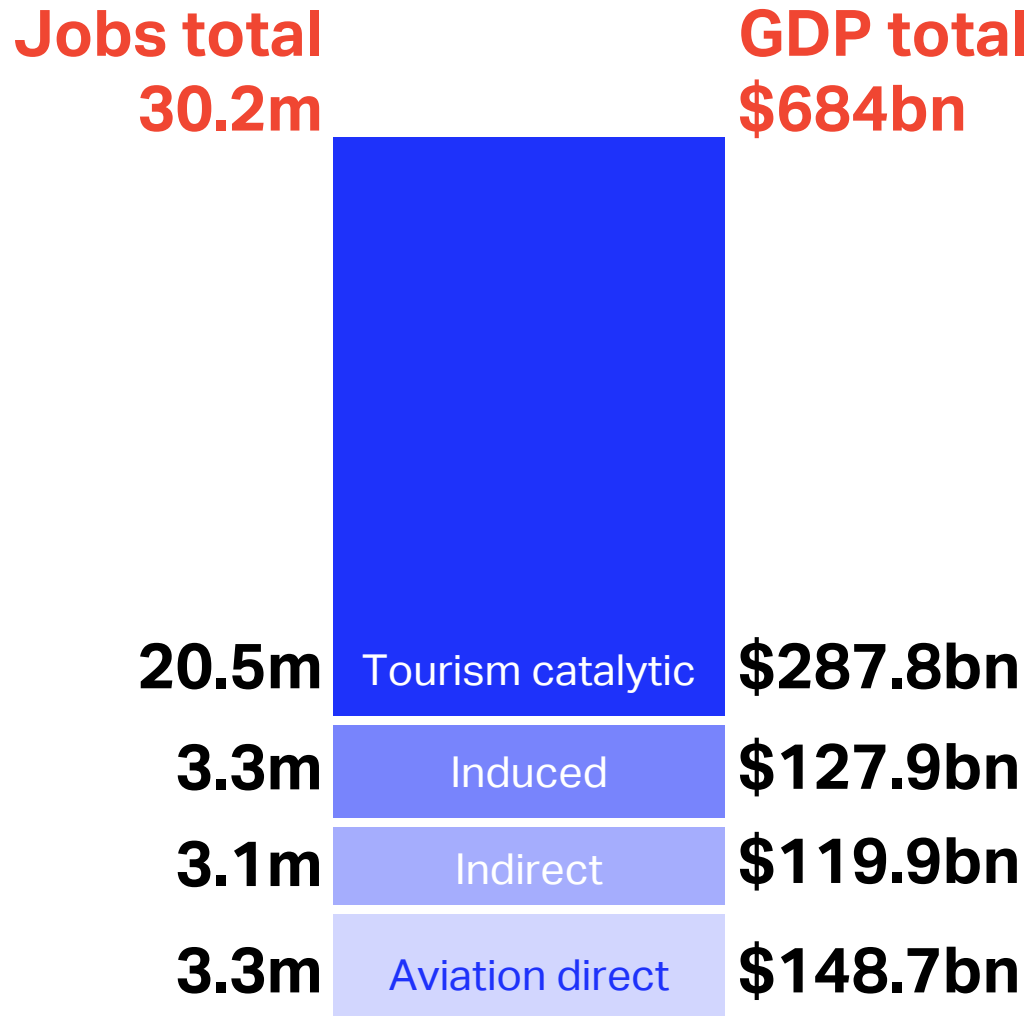
\$896.9 billion

\$454 billion

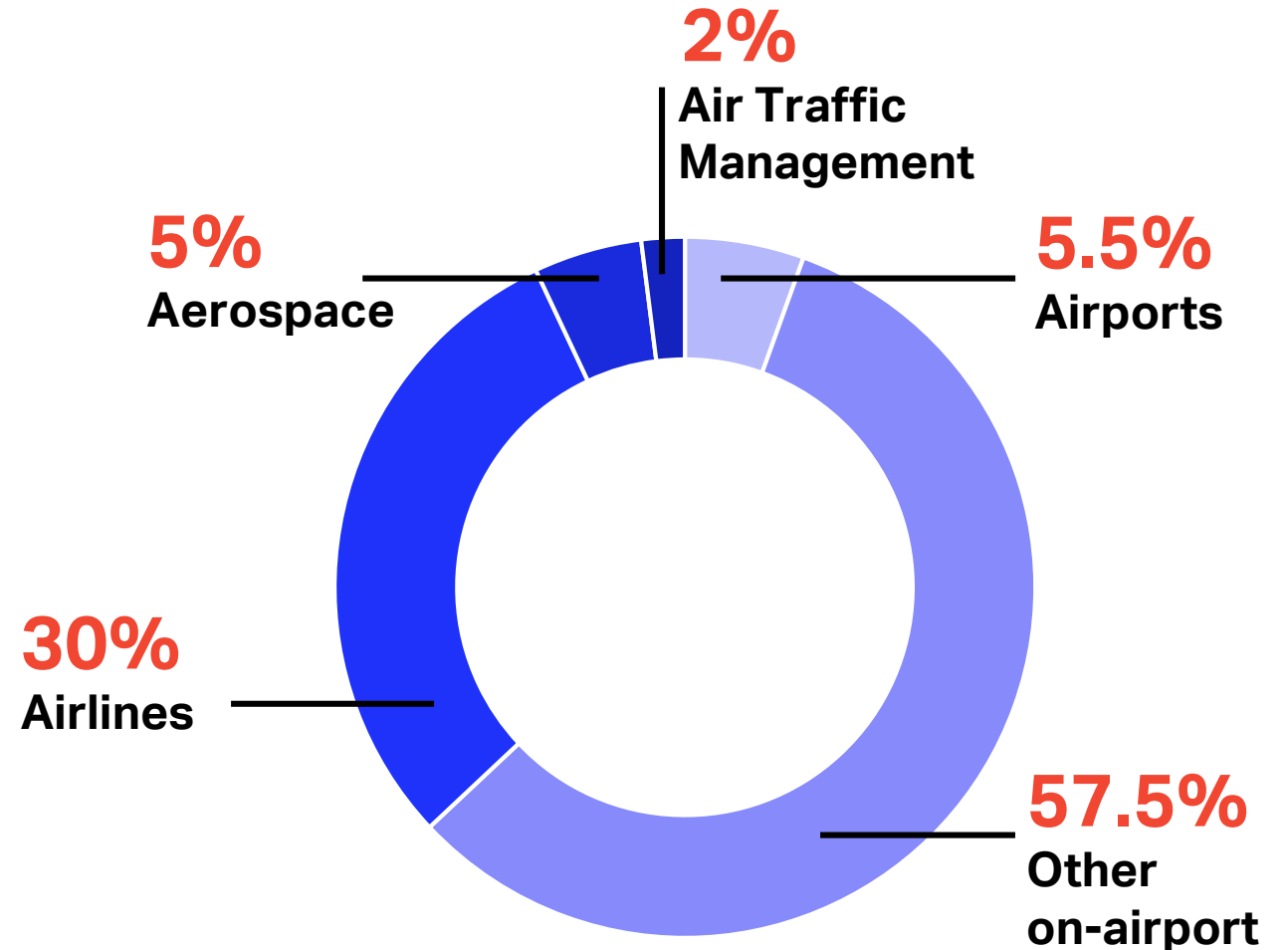
\$637.8 billion

\$704.4 billion

Asia Pacific: total jobs and GDP supported by air transport

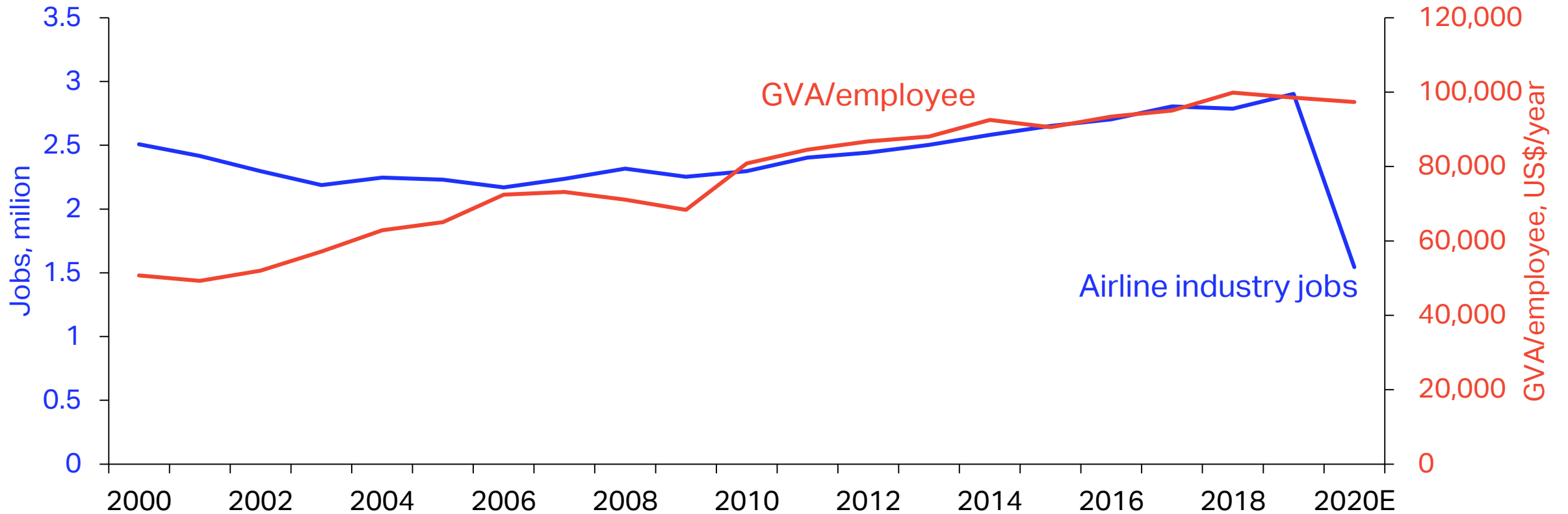


Asia Pacific: direct jobs generated by air transport



Employment expected to fall sharply in 2020

Airline industry jobs and value added (GVA) per employee



Source: IATA Economics using data from ICAO, ATAG, IATA forecasts

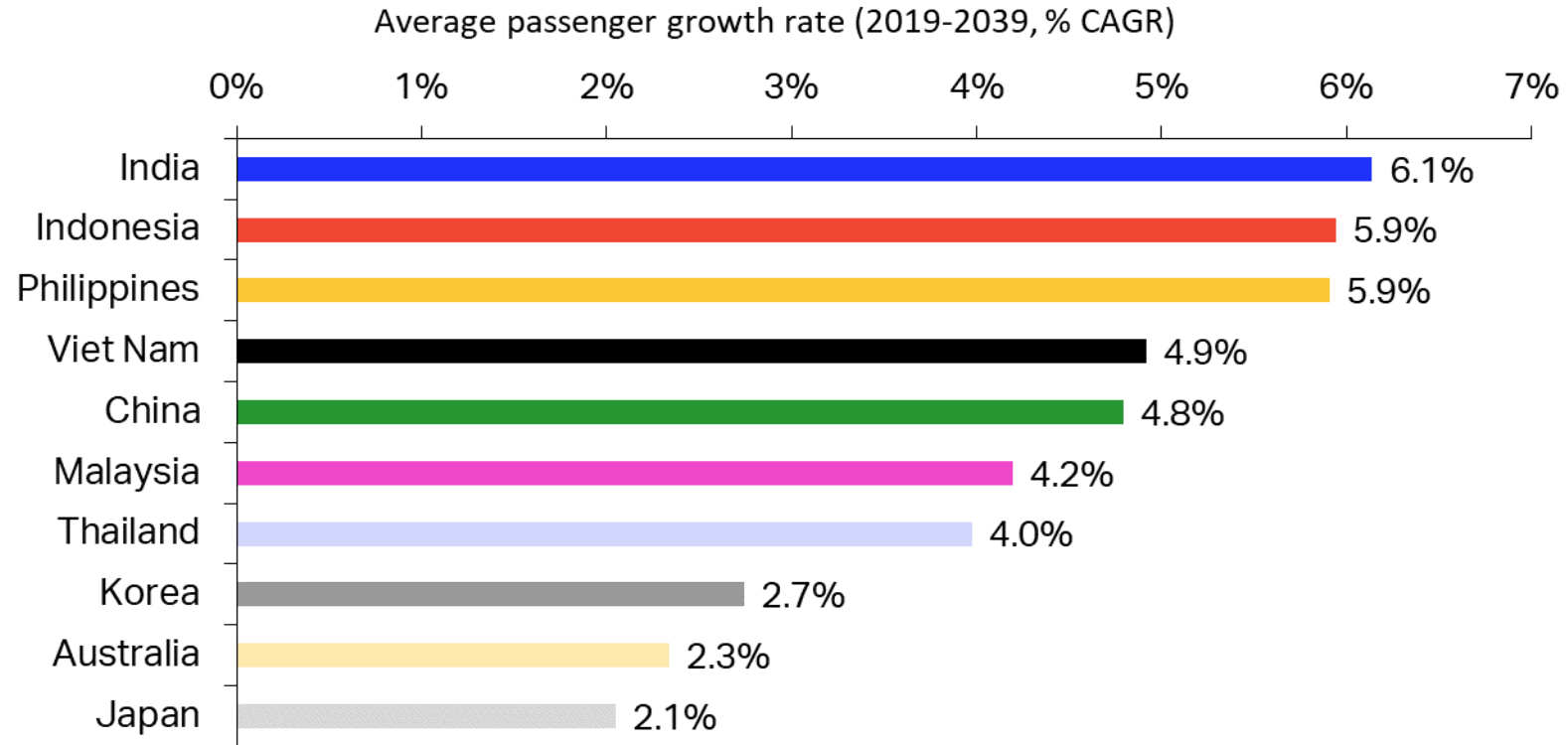




We still need to plan for the future

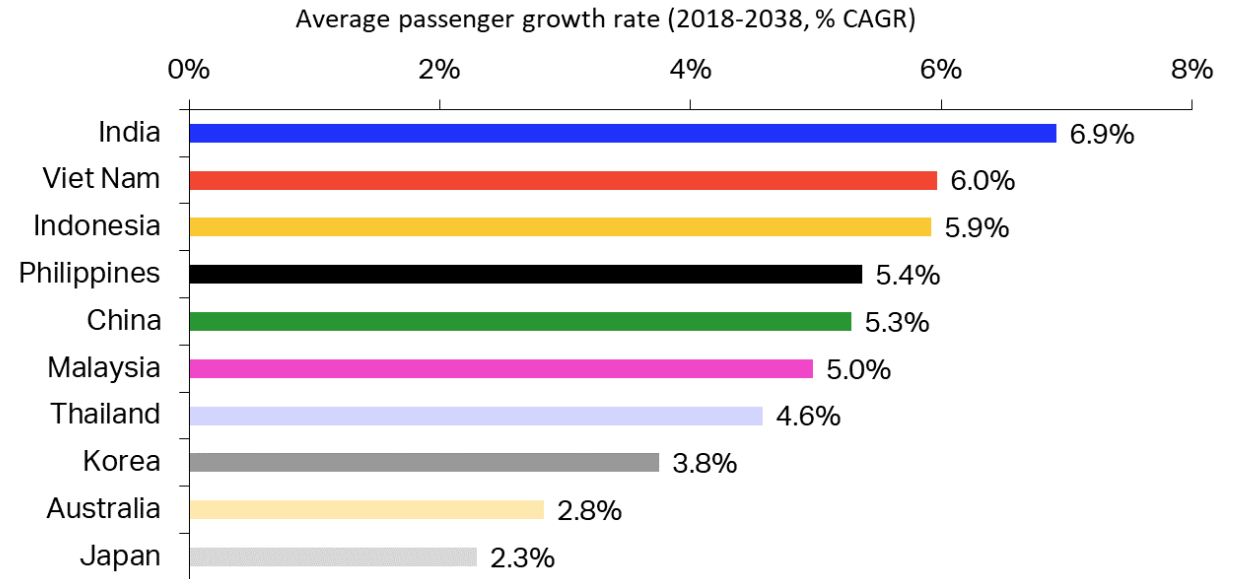
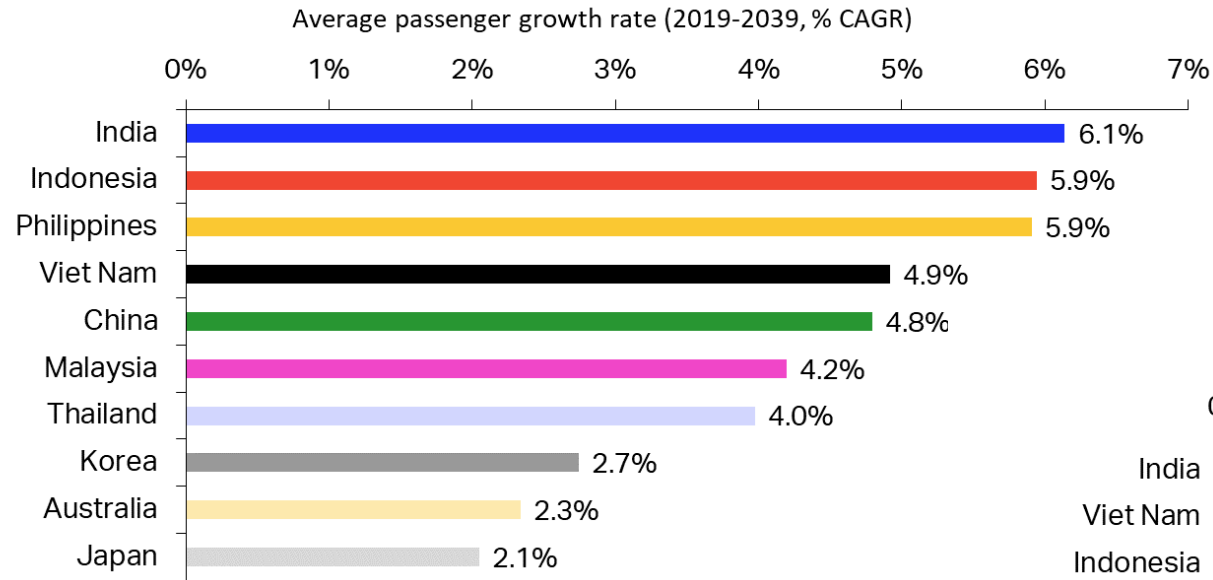


Annual average pax growth rates 2019-2039



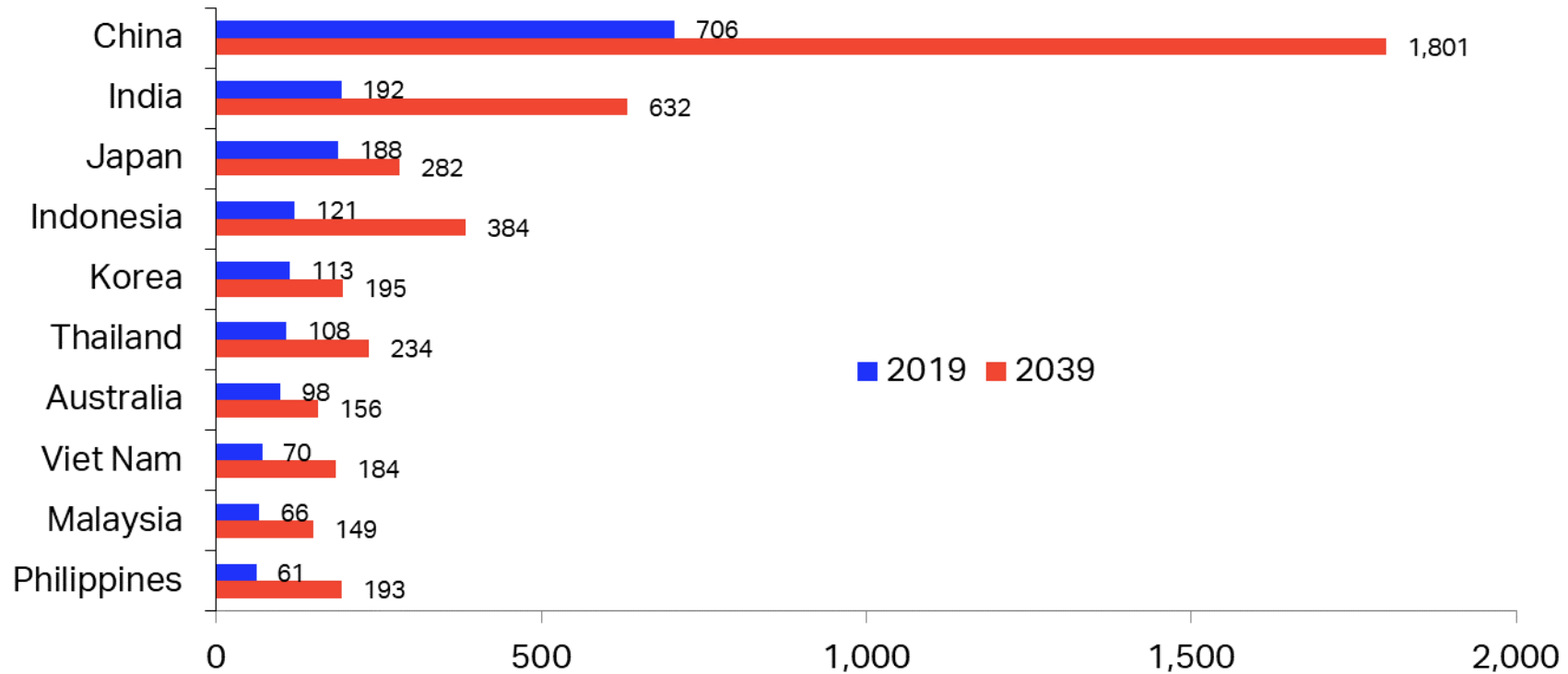
Annual average pax growth rates

July 2020 v Oct 2019

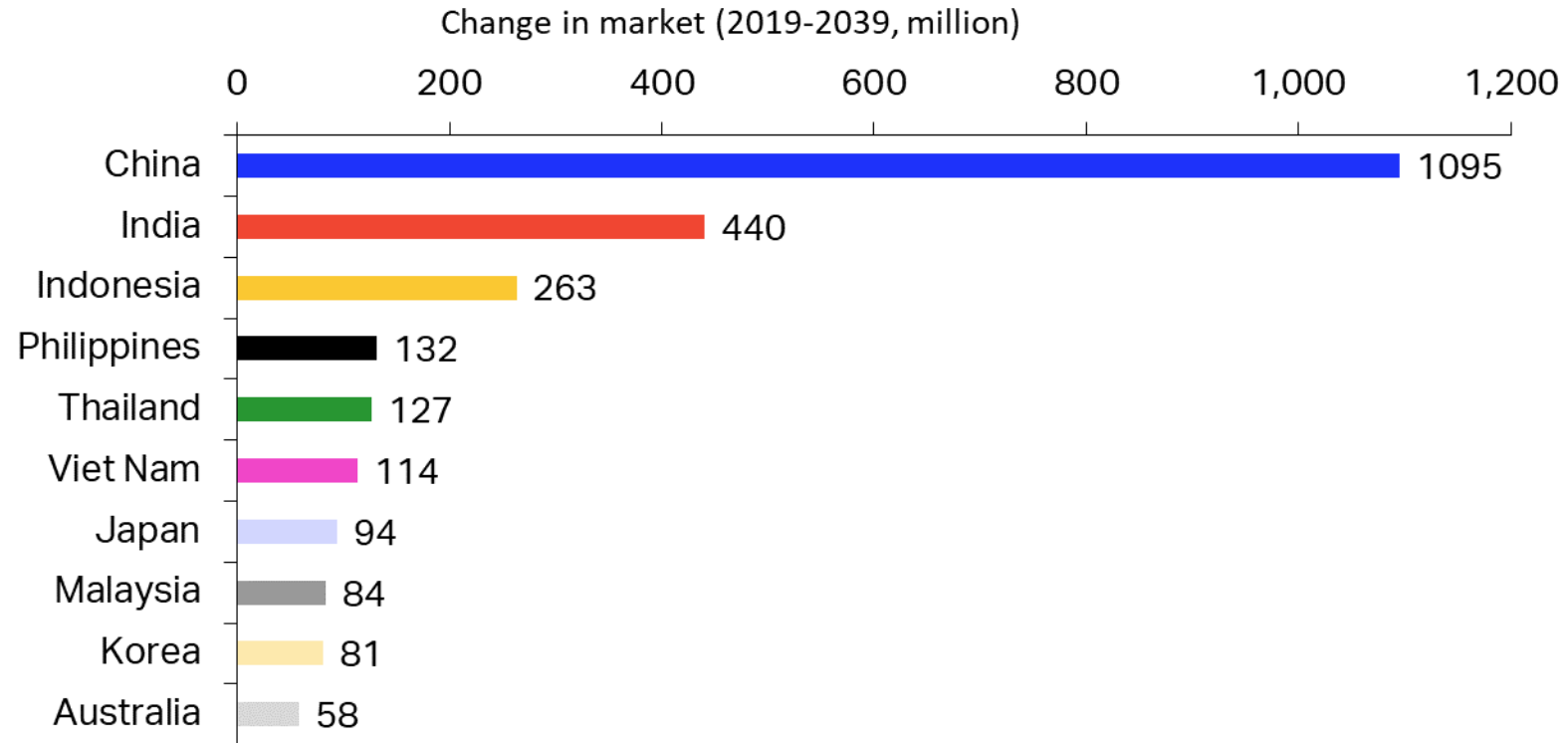


Change in market - passengers

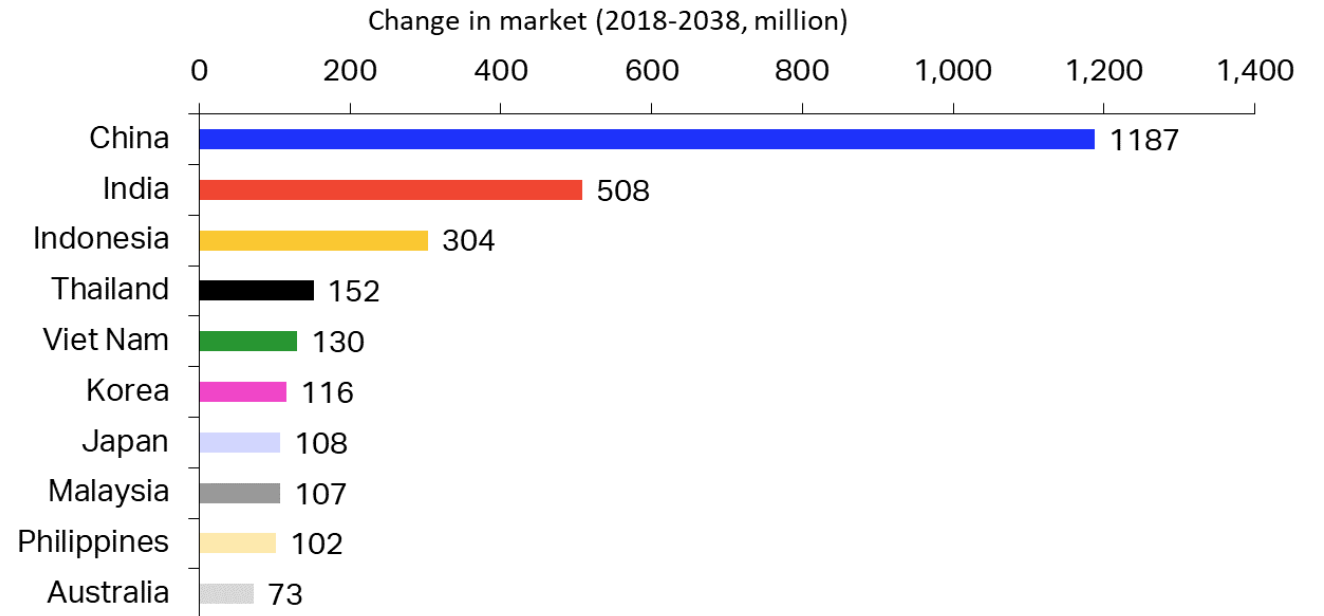
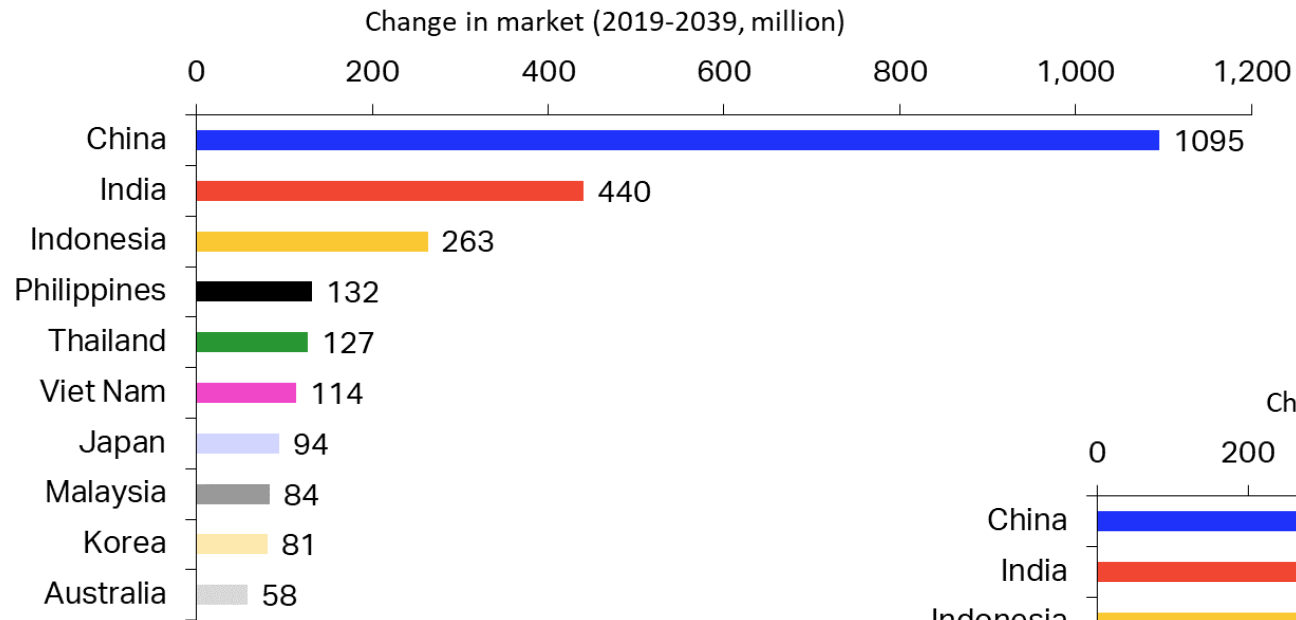
Million O-D passenger journeys (to, from and within)



Change in market - passengers



Change in market – passengers July 2020 v Oct 2019



A reminder: in Asia Pacific, air transport supports



...30.2 million
jobs and
\$684 billion
of GDP

AIS Quality & NOTAMs

- Quality, standardised and ICAO compliant AIS
- AIS products must be relevant for the information they convey
- Current NOTAM lists should be reviewed as a priority to ensure long term or permanent NOTAMs are either cancelled or incorporated into the AIP
- Q-Codes:
 - The most relevant Q-Codes must be used
 - Don't add a second subject in the body of the NOTAM – create second NOTAM with the relevant Q-Code
 - Avoid using QXXXX. If code not available, a change should be proposed to the AIM Working Group

AIS Quality & NOTAMs

- Change processes must align to ICAO's Aeronautical Information Regulation And Control (AIRAC) standards
- A Quality Management Plan for AIS is required
- A State's NANP should have definitive planning for guaranteeing Quality Management of AIS
 - IATA has worked with, and recognizes the efforts of Indonesian agencies to incorporate improvements to AIS in their recently drafted NANP (Indonesia Air Navigation Master Plan)

Thank you



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[https://www.iata.org/en/programs/
covid-19-resources-guidelines/](https://www.iata.org/en/programs/covid-19-resources-guidelines/)

