

State of Aviation – Post COVID-19

ICAO APAC AAITF18 Meeting
19-23 June 2023

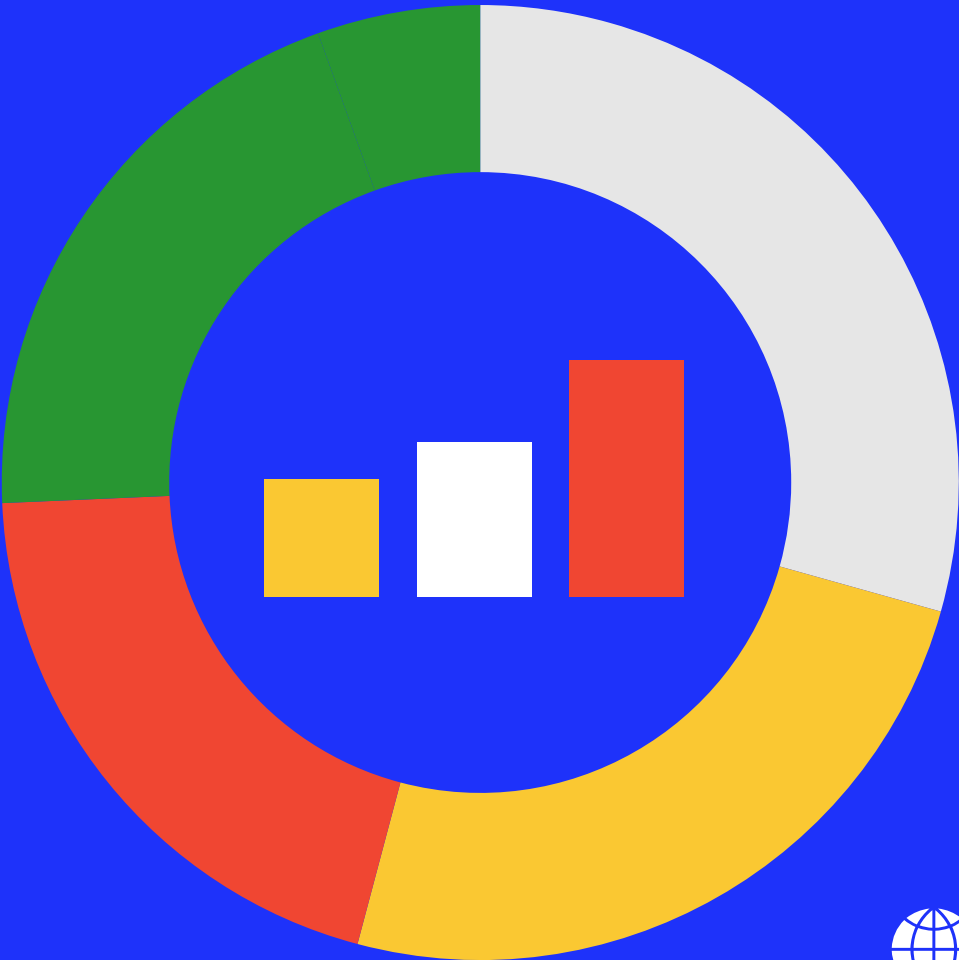
John Moore

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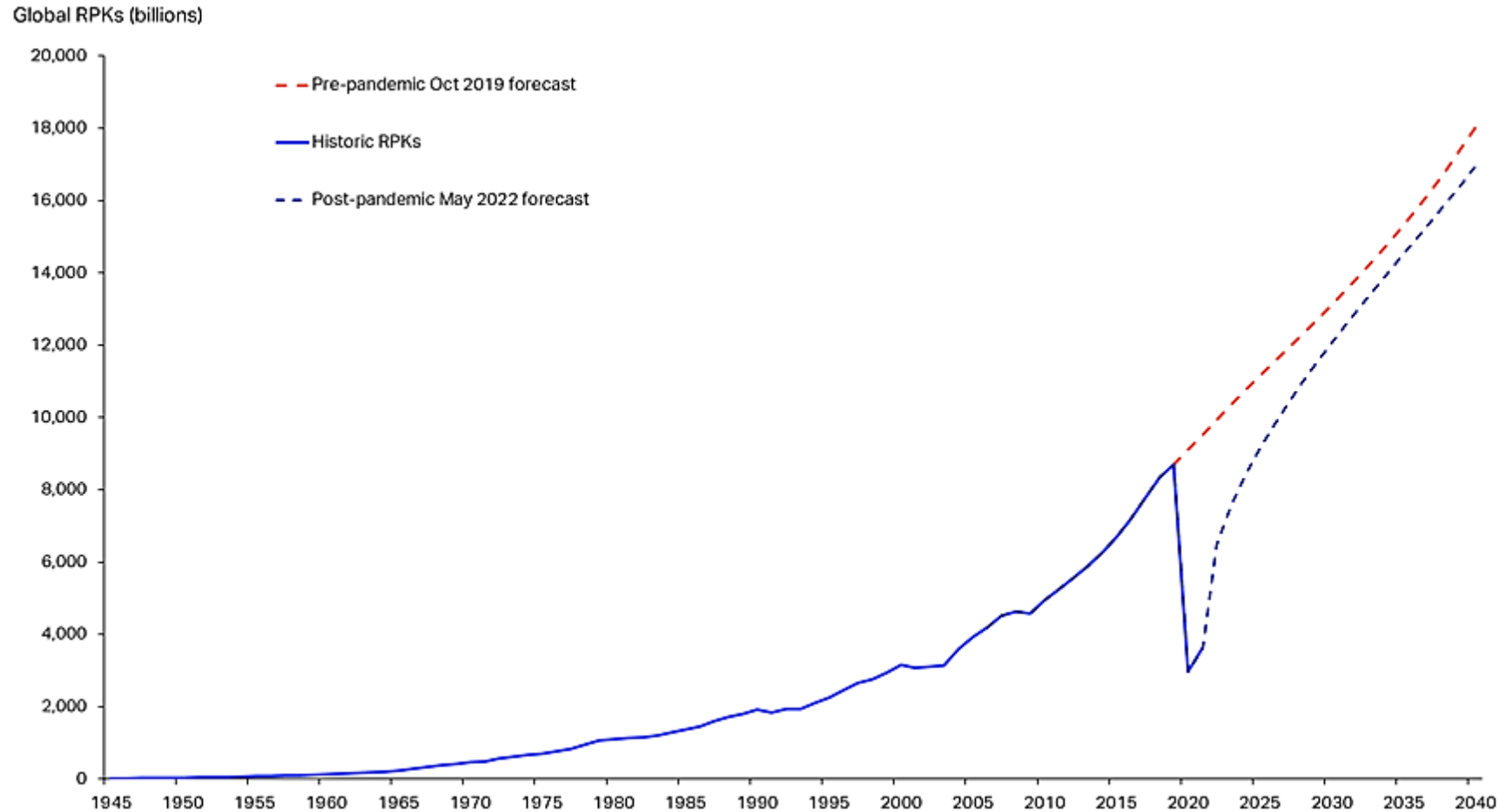


Update on the COVID-19 impact and recovery



The greatest shock to aviation in its history

Global RPKs, with pre-pandemic (red) and current forecasts (blue), billion



- “Lost” travel between 2020 and 2022 was equivalent to 1.8 x 2019 RPKs.
- In 2040, if our current forecast is realized, traffic would still be 6% below our pre-pandemic forecast.

Source: IATA Annual airline traffic statistics, IATA Economics/Tourism Economics.



In Asia Pacific, air transport supports:



...46.7 million
jobs and
\$944 billion
of GDP



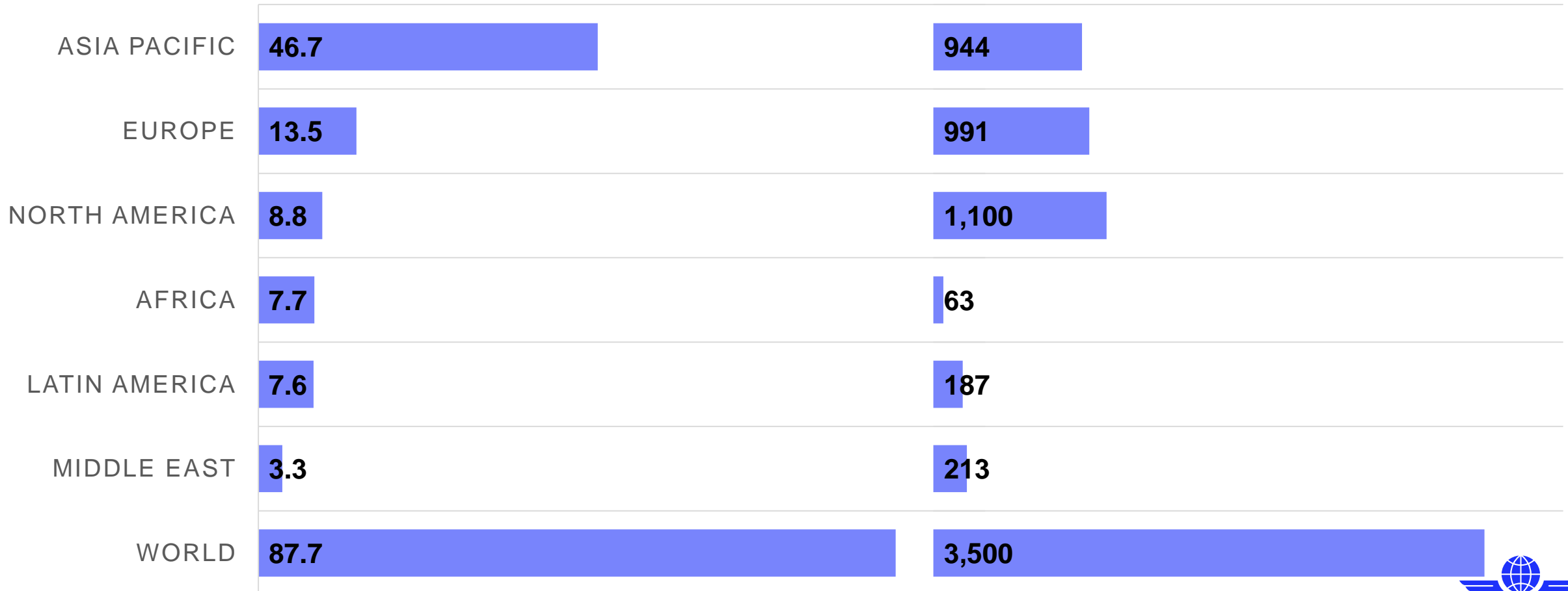
Jobs and GDP supported by air transport pre-COVID-19

**Employment supported
by air transport**

Full Time Equivalents, millions

**GDP supported
by air transport**

USD, billions



Source: IATA Economics using data from ATAG (2020).

Note: Economic impacts measure direct, indirect, induced and tourism catalytic impacts.



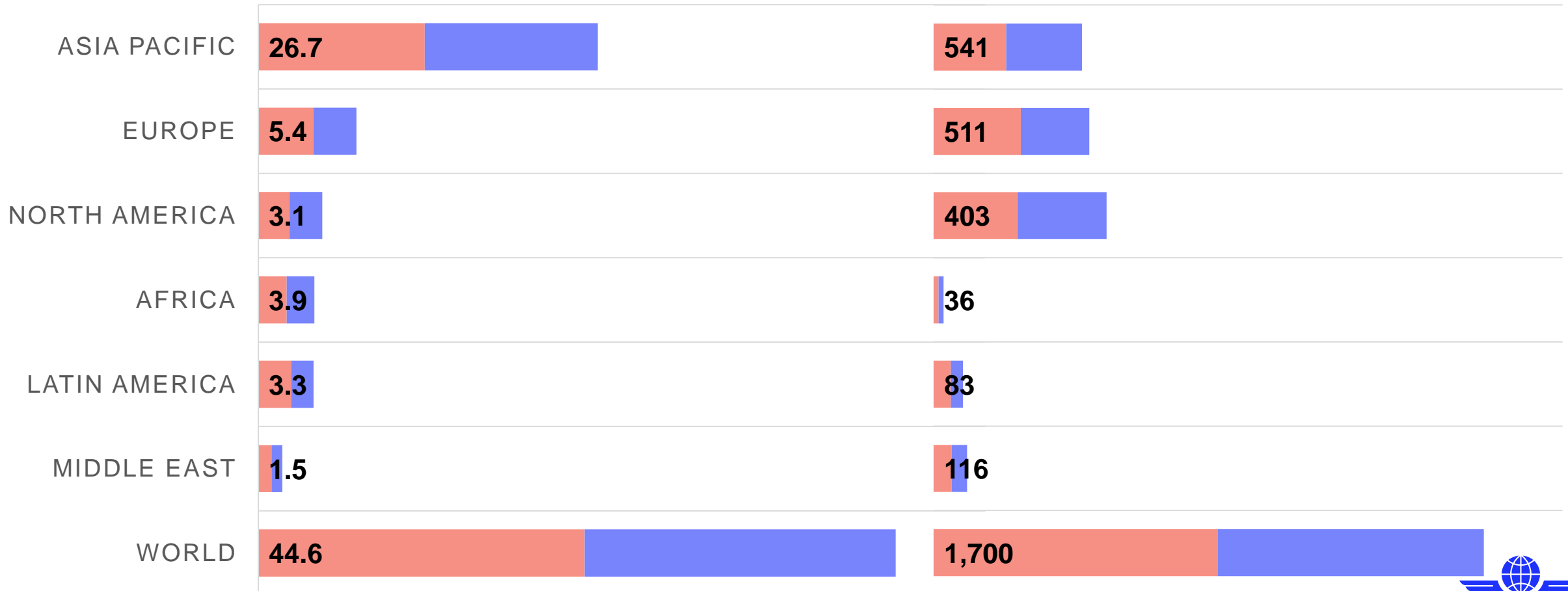
Jobs and GDP lost by end-2021 due to COVID-19

**Employment supported
by air transport at risk**

Full Time Equivalents, millions

**GDP supported
by air transport at risk**

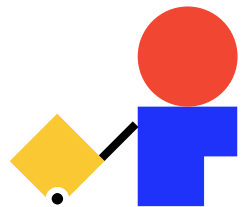
USD, billions



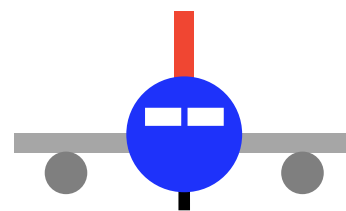
Source: IATA Economics using data from ATAG (2020).

Note: Economic impacts measure direct, indirect, induced and tourism catalytic impacts.

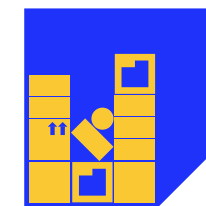




passengers
(millions)



flights



value of goods carried
(billions)

Every
day in ...

2019

12.4

106,600

\$17.8

2020

5.0

46,400

\$16.4

2021

6.0

54,900

\$20.7

2022

9.4

76,300

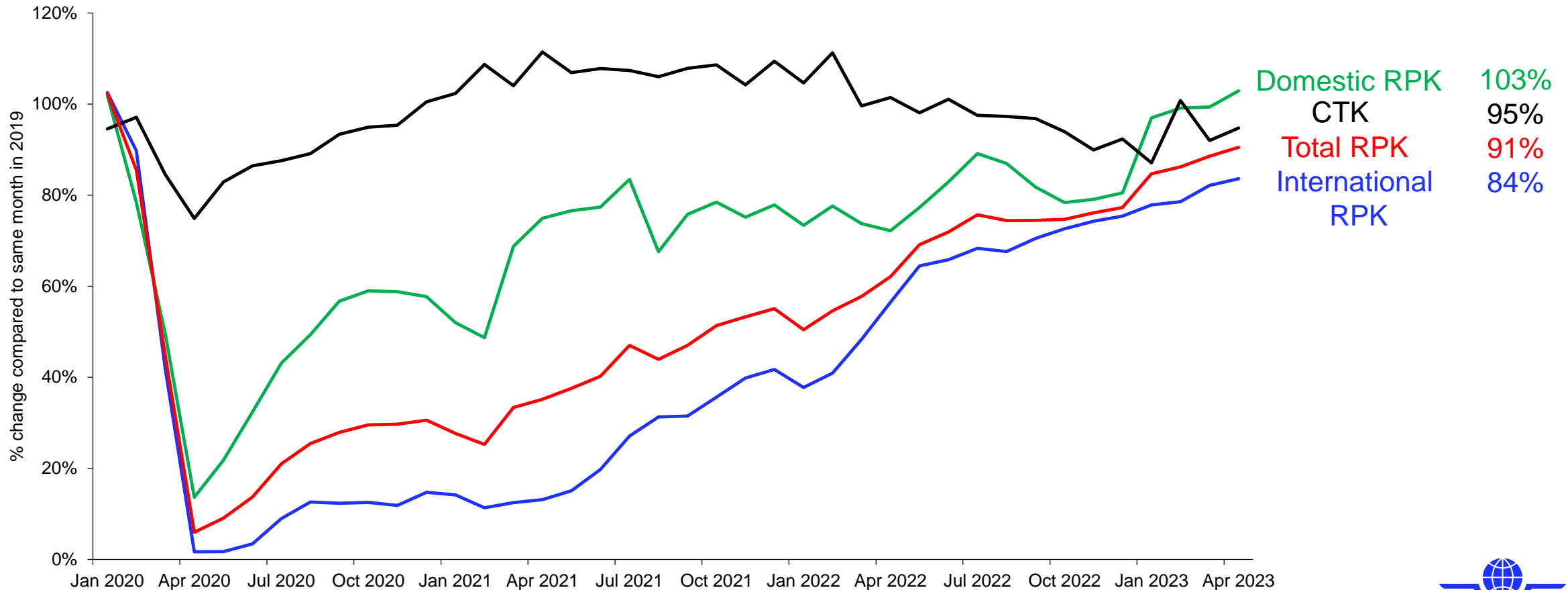
\$22.9

Recovery remains on track

RPKs are currently at 91% of 2019 levels

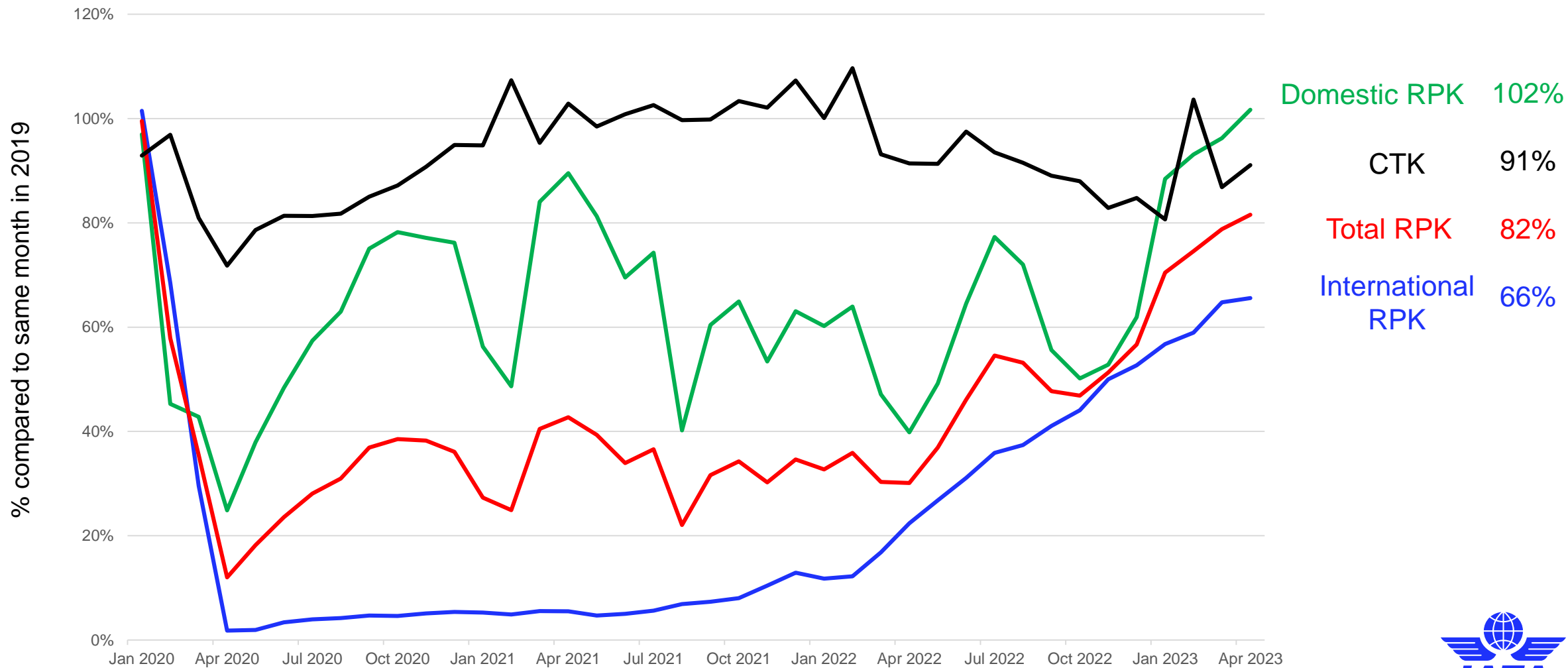
**Apr 2023
compared to
Apr 2019**

Global RPK and CTK growth



Status of recovery in Asia Pacific

Apr 2023
compared to
Apr 2019



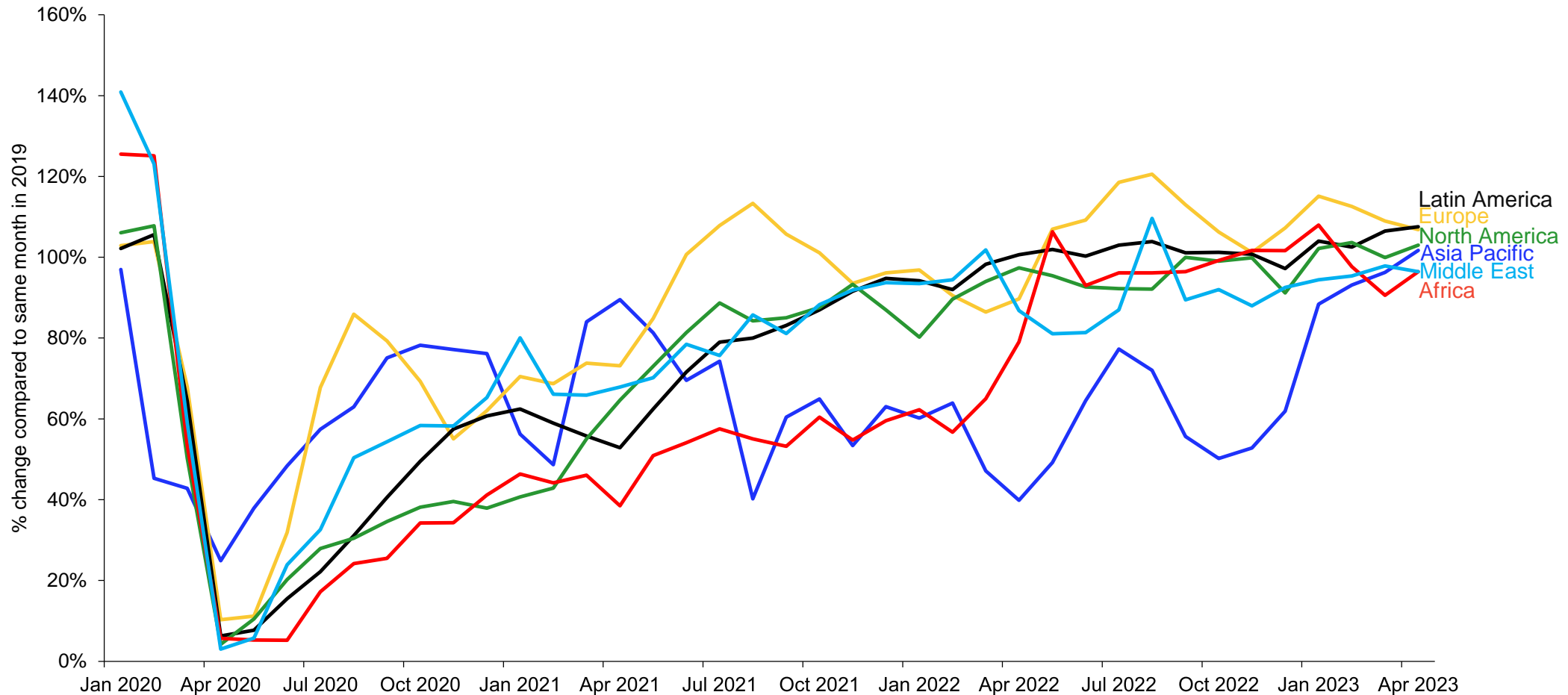
Source: IATA



Domestic traffic has recovered

Asia Pacific traffic in April 2023 is at 102% of pre-COVID levels

Growth in domestic air travel, RPKs by market



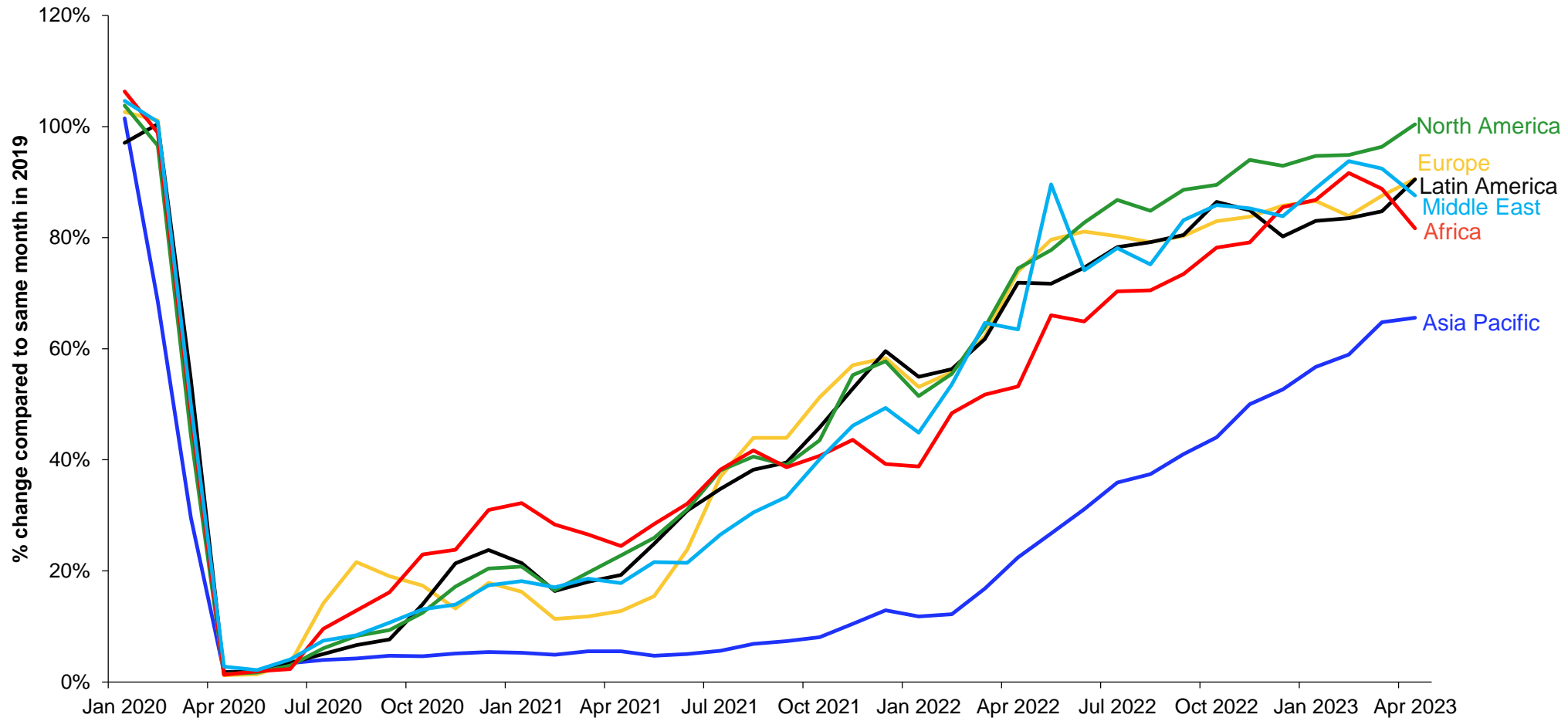
Source: IATA Monthly Statistics; traffic by **airline region of registration**



International traffic on the rise

Asia Pacific traffic in April 2023 at 66% of pre-COVID levels

Growth in international air travel, RPKs by market



Source: IATA Monthly Statistics; traffic by **airline region of registration**



An aerial photograph of a rocky coastline. The water is a vibrant turquoise color, revealing the seabed and numerous rocks of various sizes. The rocks are light-colored, possibly limestone or granite, and are scattered along the shore. Some rocks are partially submerged, creating small waves and white foam. The overall scene is bright and clear, suggesting a sunny day.

USD 9.8 billion

Net profit in 2023

= 1.2% margin



USD bn

North America 11.5

Europe 5.1

Middle East 2.0

Africa -0.5

Latin America -1.4

Asia Pacific -6.9

USD
-1.10

**Per passenger,
2022 and 2023**

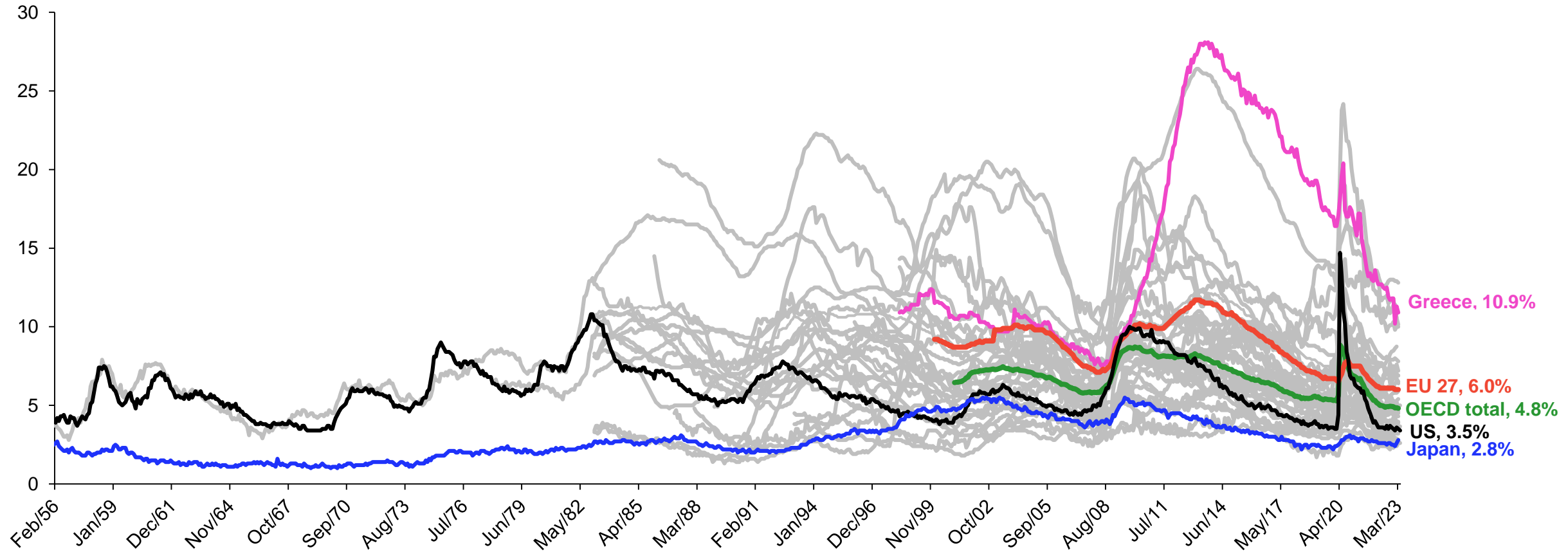
USD
2.25



Labor markets remain tight

With the unemployment rate at historic lows

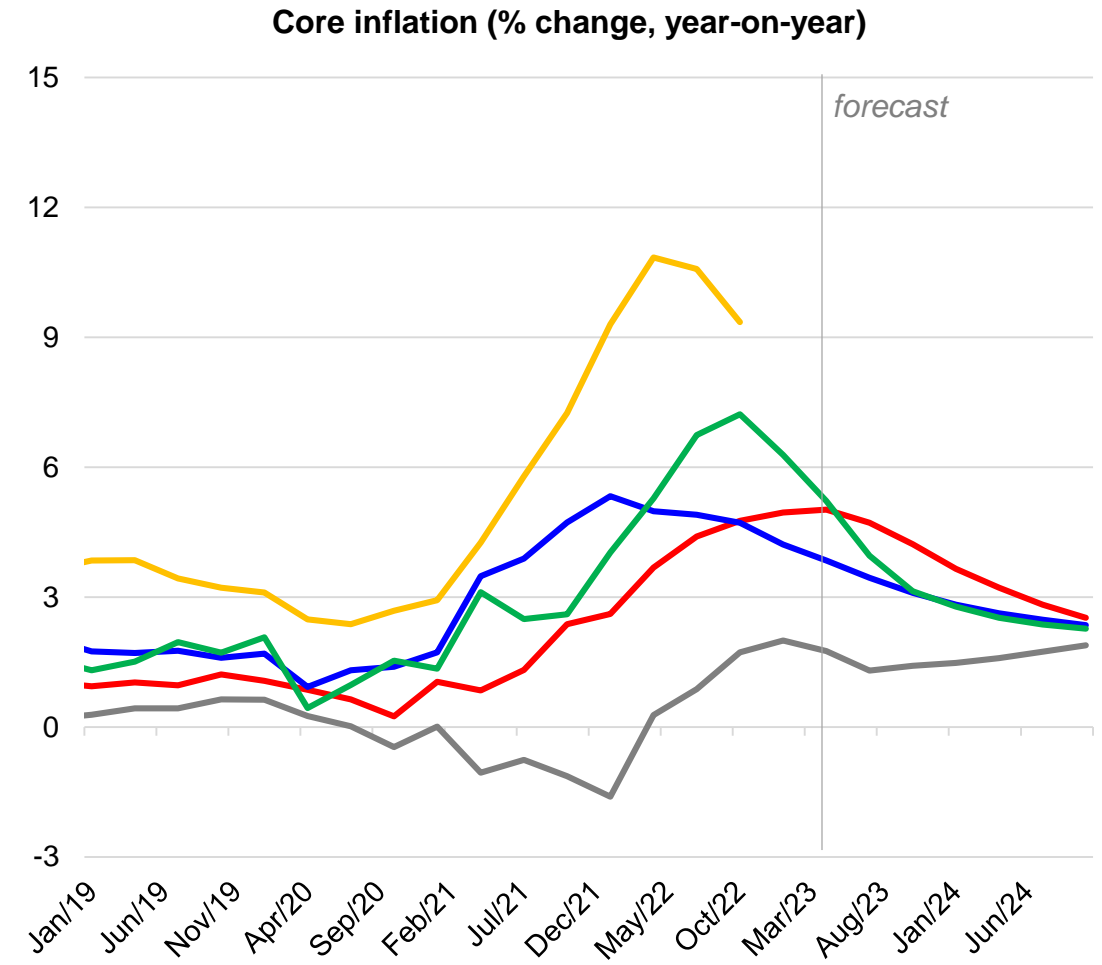
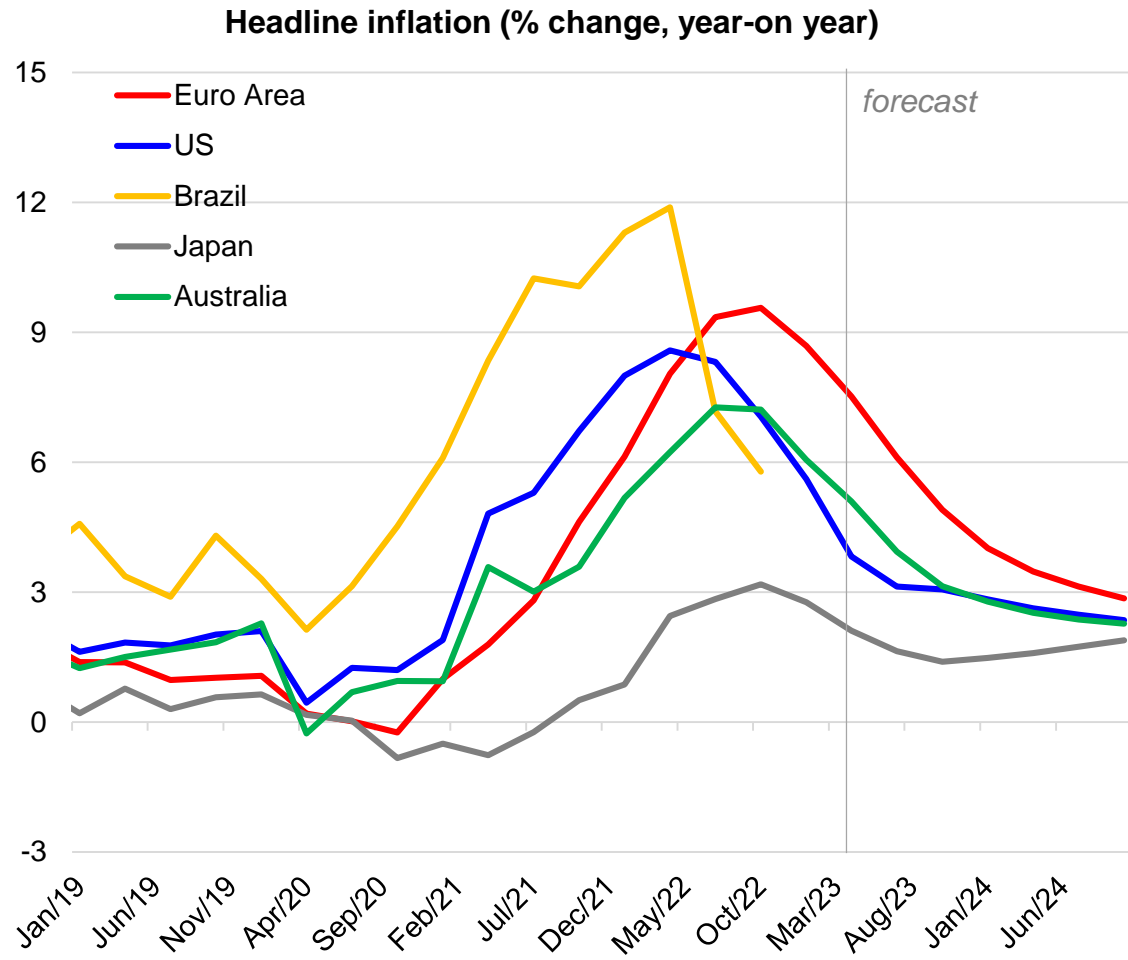
Unemployment rate, % share of labor force



Source: IATA Sustainability and Economics using OECD Statistics



Inflation likely peaked in 2022



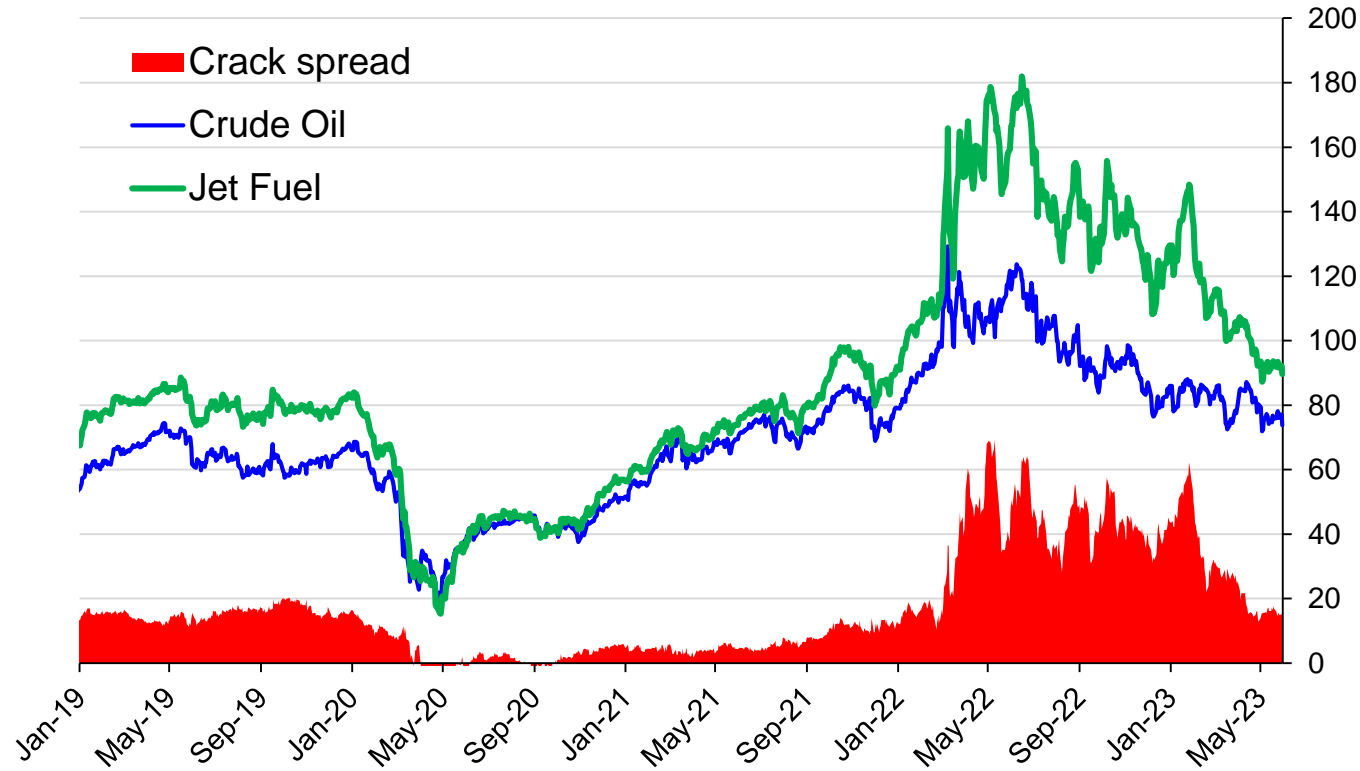
Source: IATA Sustainability and Economics using OECD Economic Outlook



Pressures on operating costs peaked in 2022

Jet crack spread also narrows

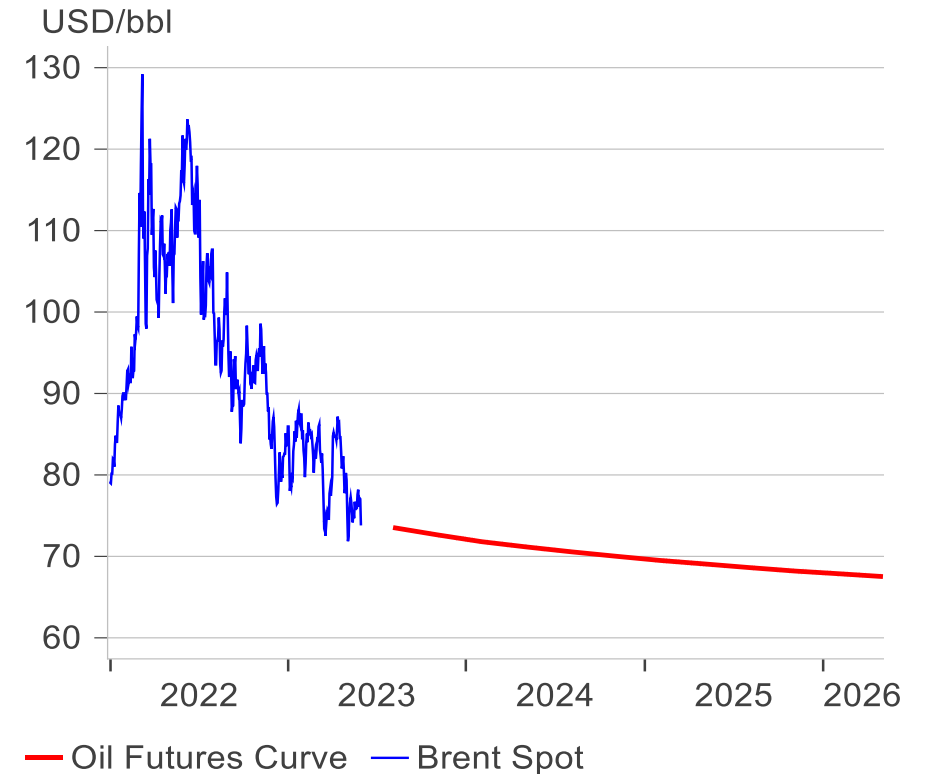
Jet fuel price and crude oil price



Source: IATA Sustainability and Economics, Platts – S&P Global, Macrobond

Brent Oil, Spot Price

ICE Oil Futures as of 31-May-23 (qtrly)



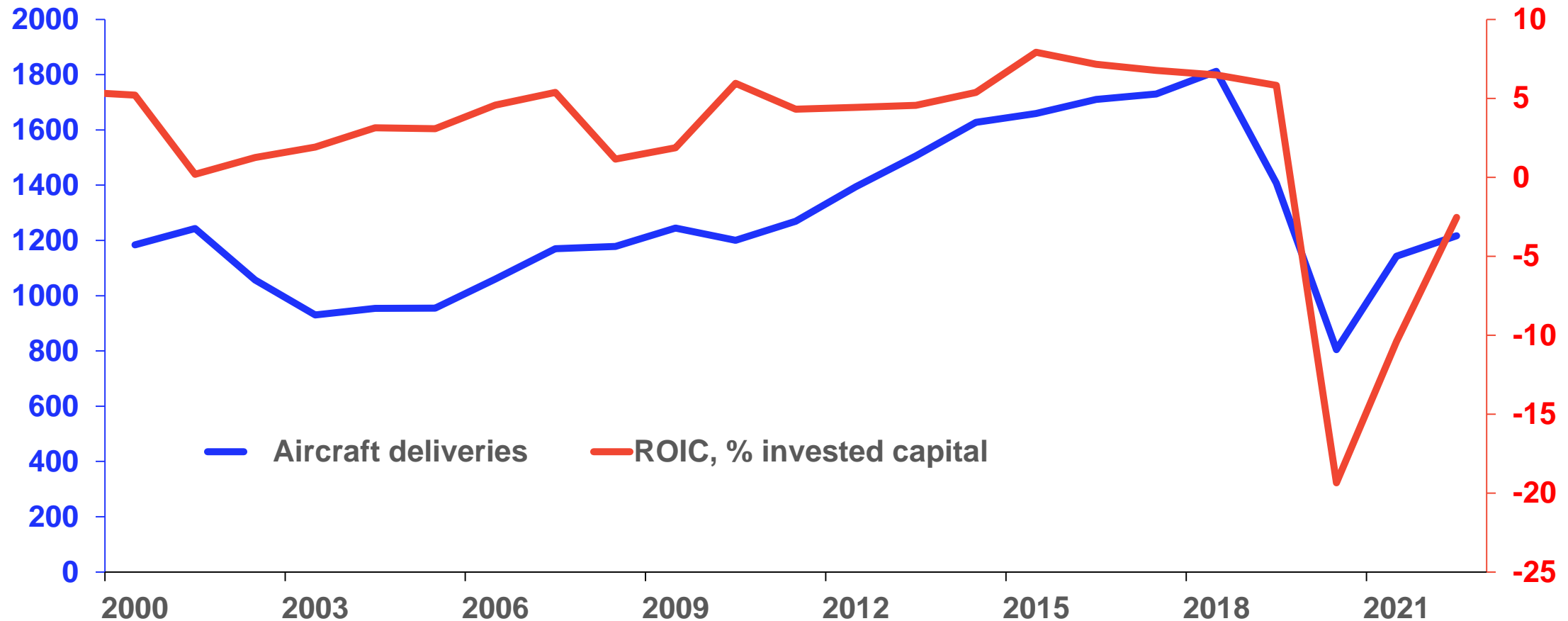
MACROBOND



Industry confidence reflected in rising deliveries

Supported by improved financial performance

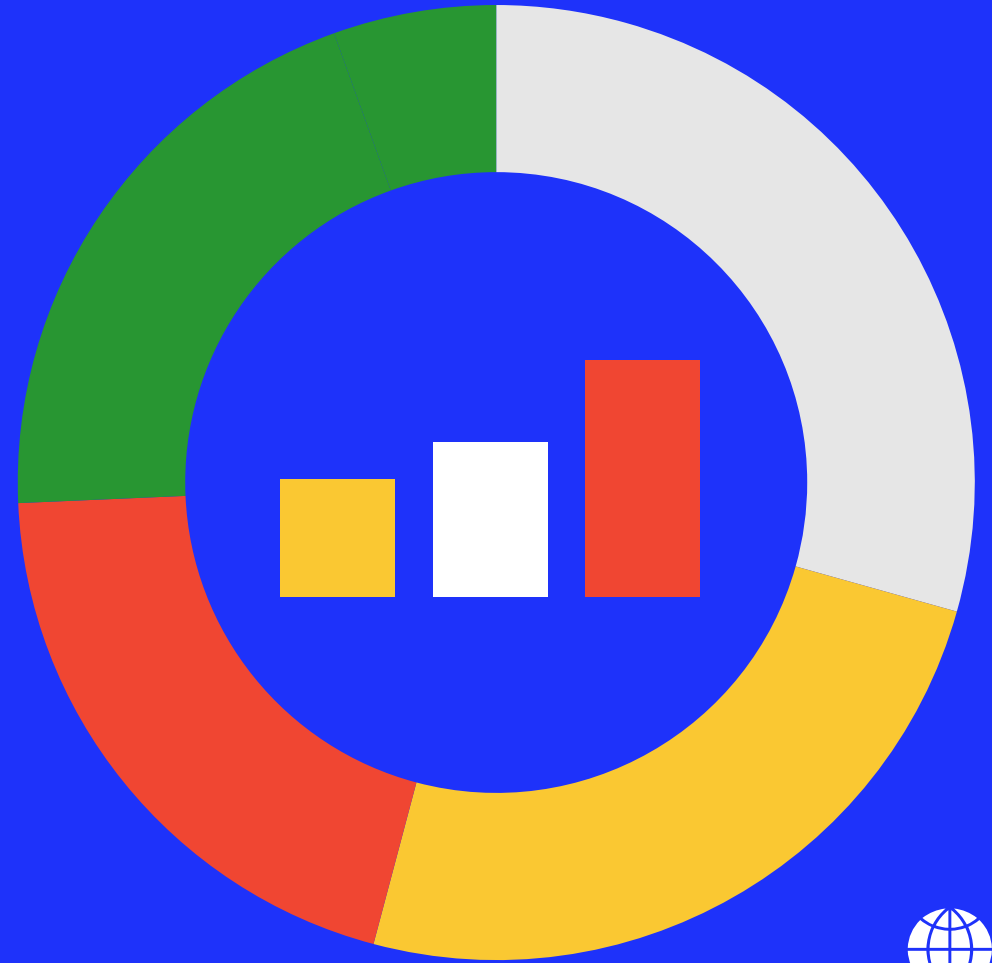
Aircraft deliveries and airline industry ROIC



Source: IATA Economics.



Forecast

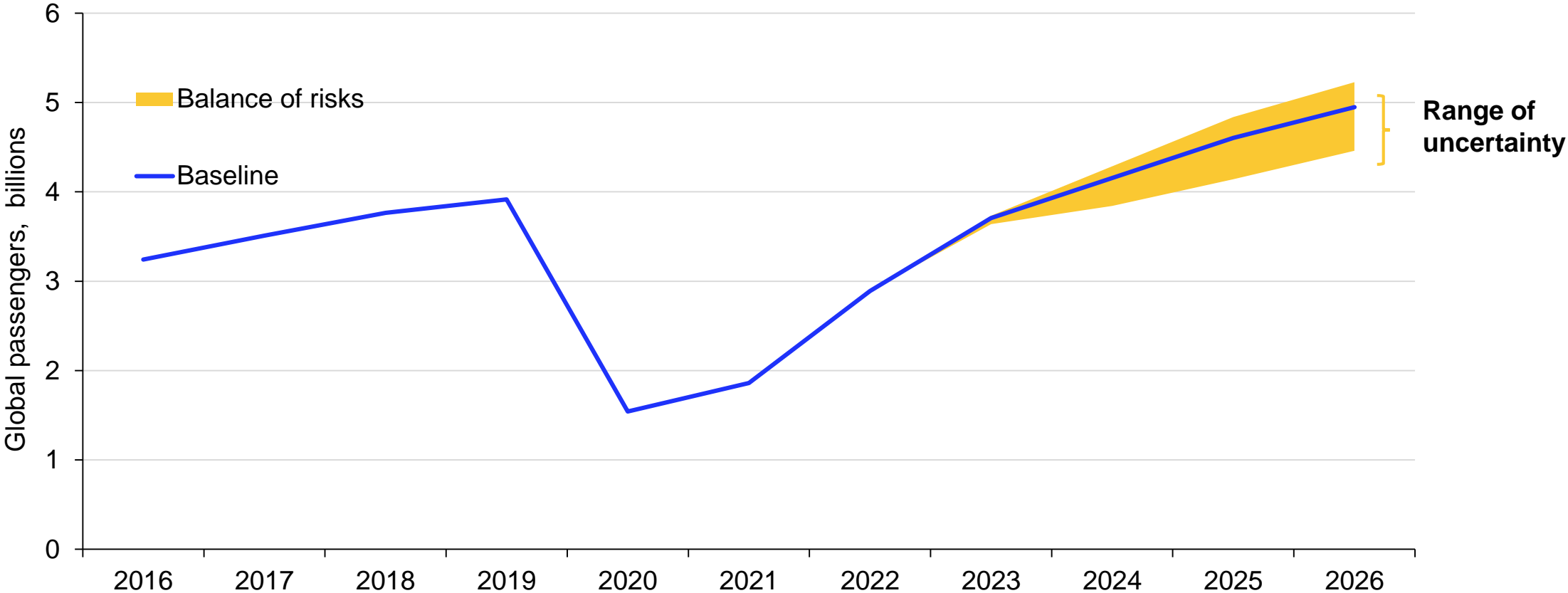


Passenger forecast

- The Russia – Ukraine war has added to macro-economic headwinds and disrupted flight routes
- Global passenger traffic expected to recover to **2019 levels in 2024**
- Long-term forecast unchanged with **2019-2040 CAGR at 3.4%**
- **Full recovery of air travel in Asia-Pacific expected in 2024**

Passenger traffic expected to recover in 2024

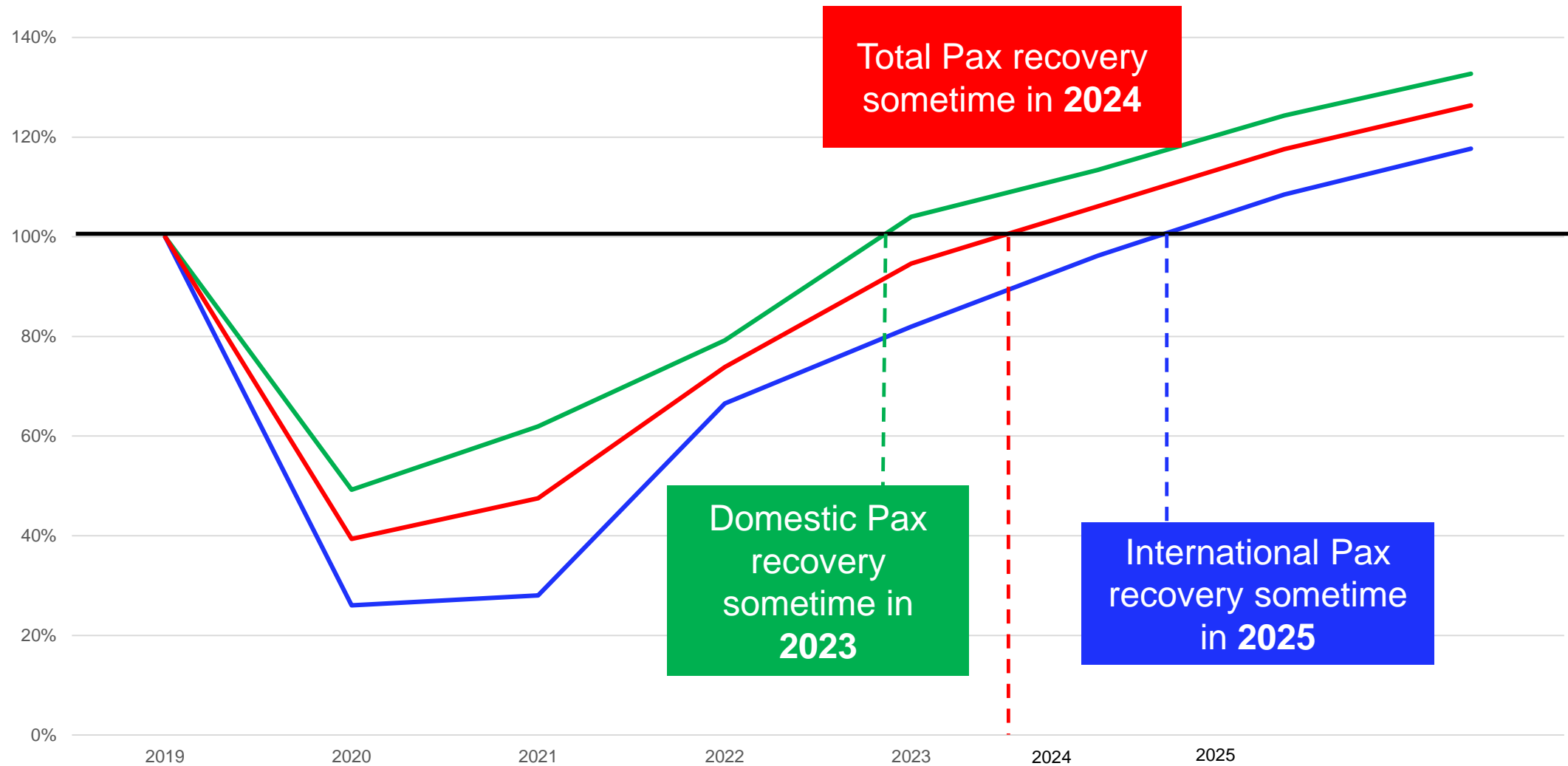
Risks are still tilted to the downside



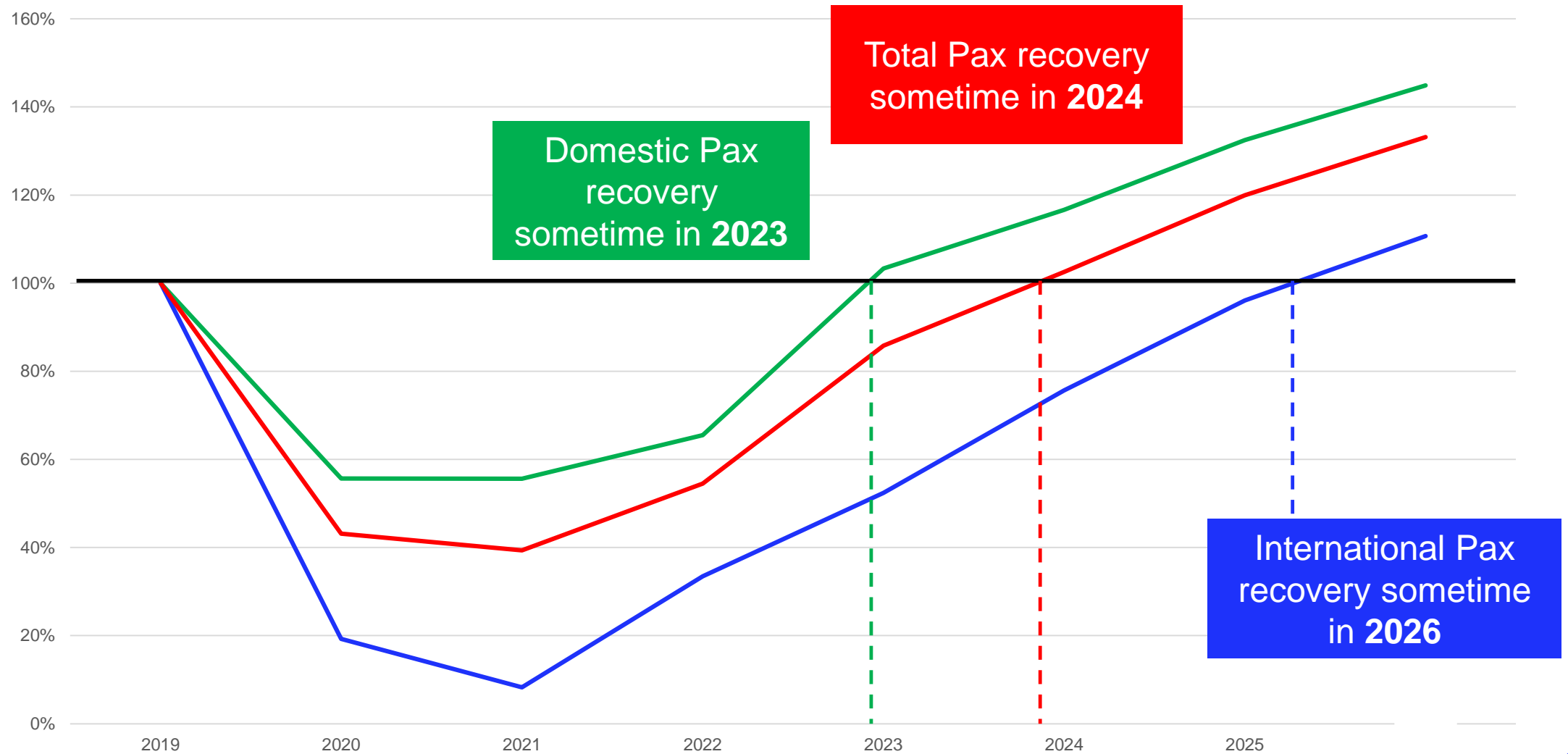
Source: Tourism Economics/IATA Sustainability and Economics



Global Passenger Forecast

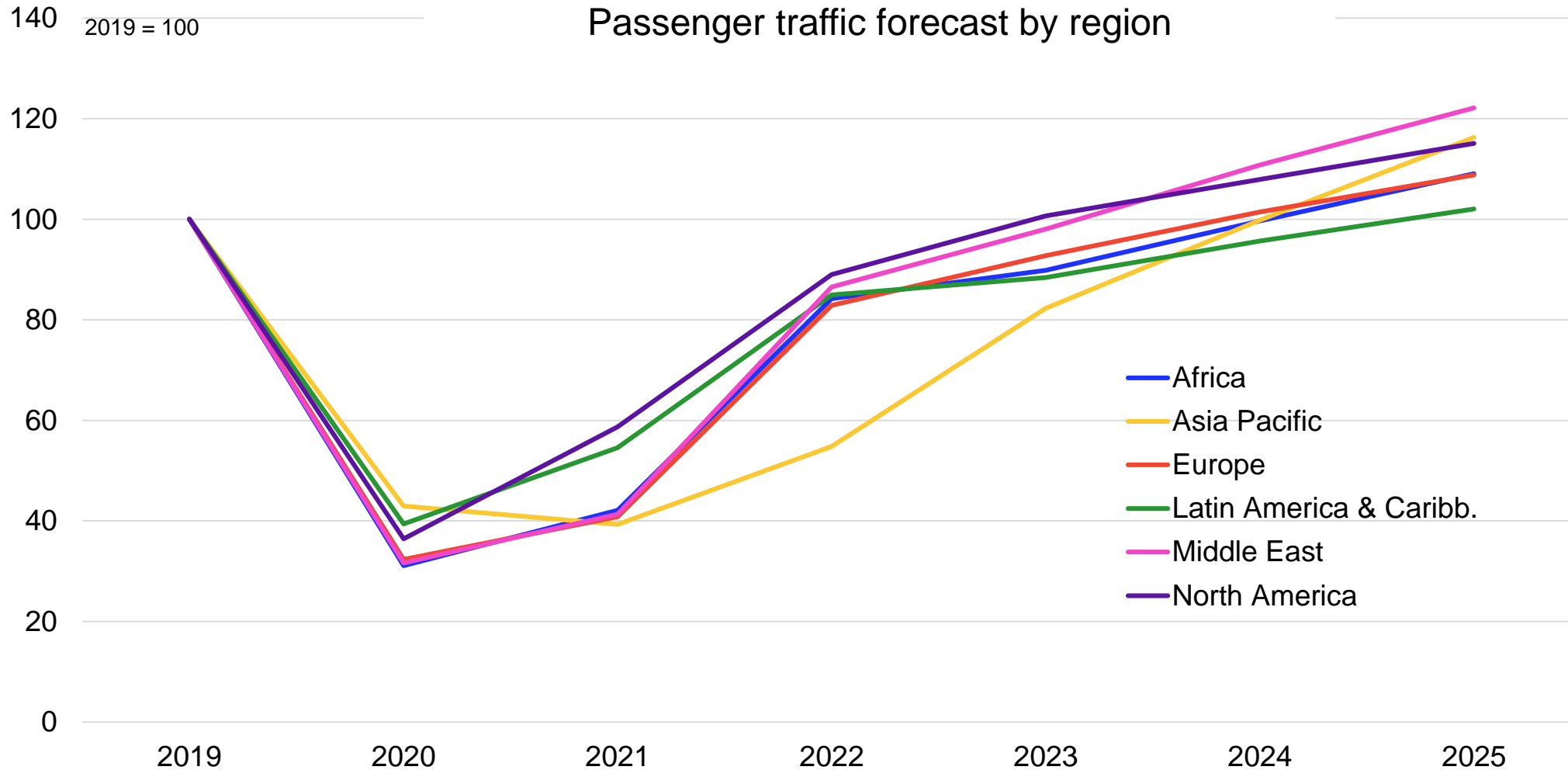


Asia Pacific Passenger Forecast



Asia Pacific lags in the regional recovery in the short term

North America leads

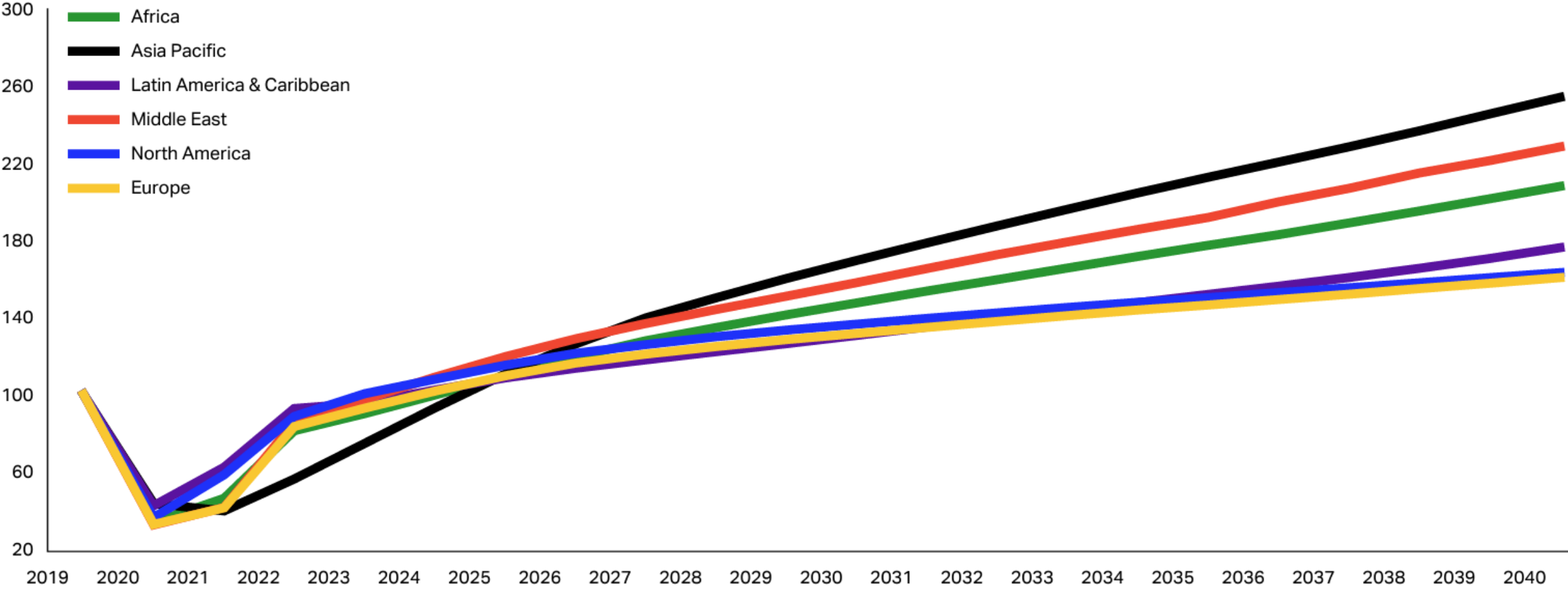


Source: IATA/Tourism Economics Air Passenger Forecasts



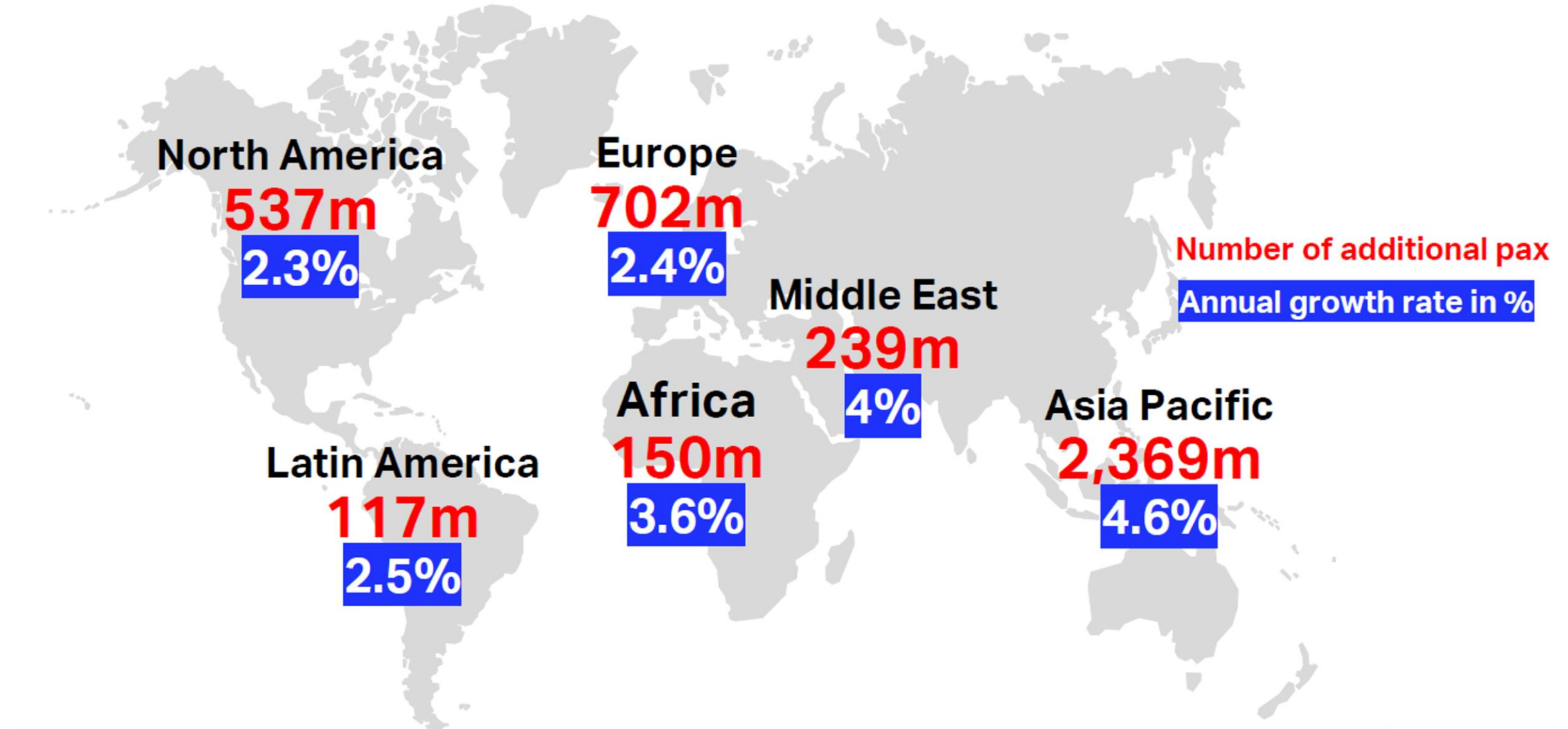
Asia Pacific to lead traffic growth in the longer term

Passenger traffic per region, indexed, 2019 = 100



Source: IATA, Tourism Economics Air Passenger Forecasts

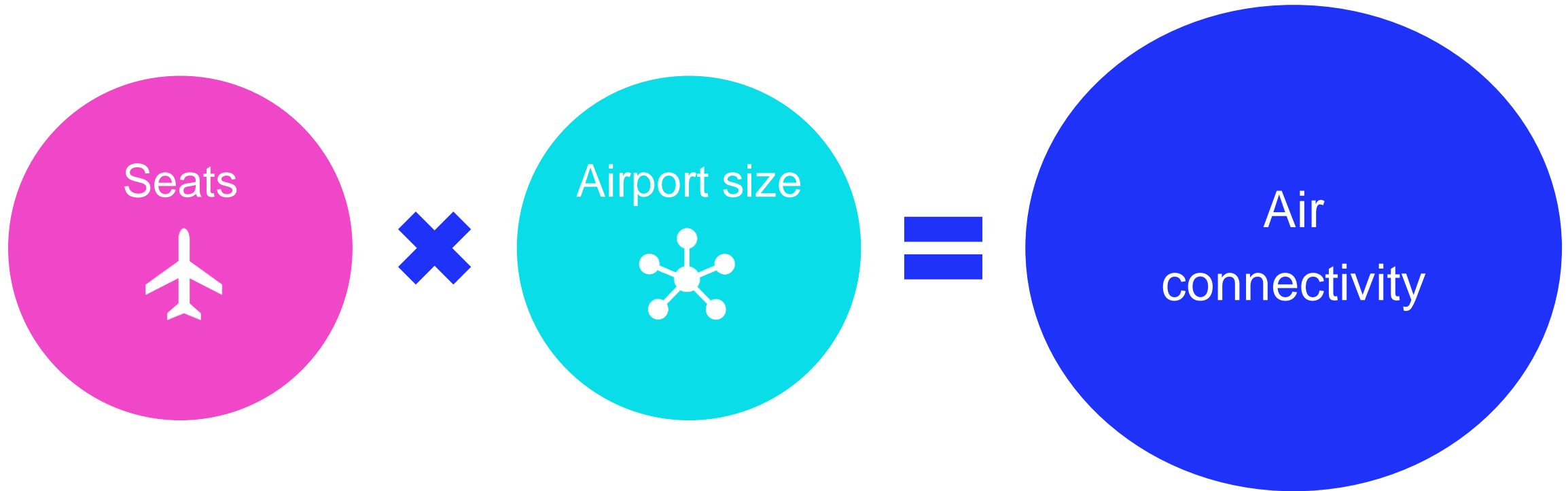
Asia Pacific to lead traffic growth over the next 20 years



Air connectivity Market reopening (Asia Pacific)



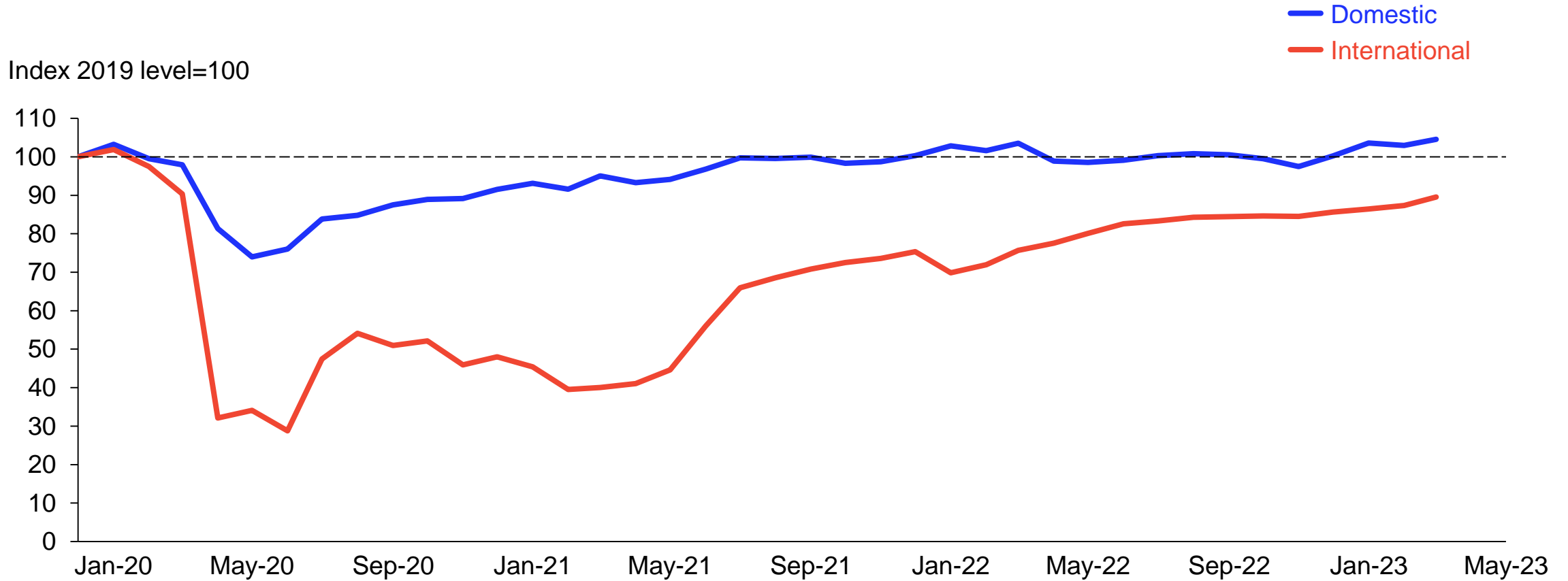
IATA Air Connectivity Index



The above is for illustration purposes only. For a full methodological explanation please refer to the [Air Connectivity report](#).

Global international routes in Mar 2023 at 90% of pre-crisis levels

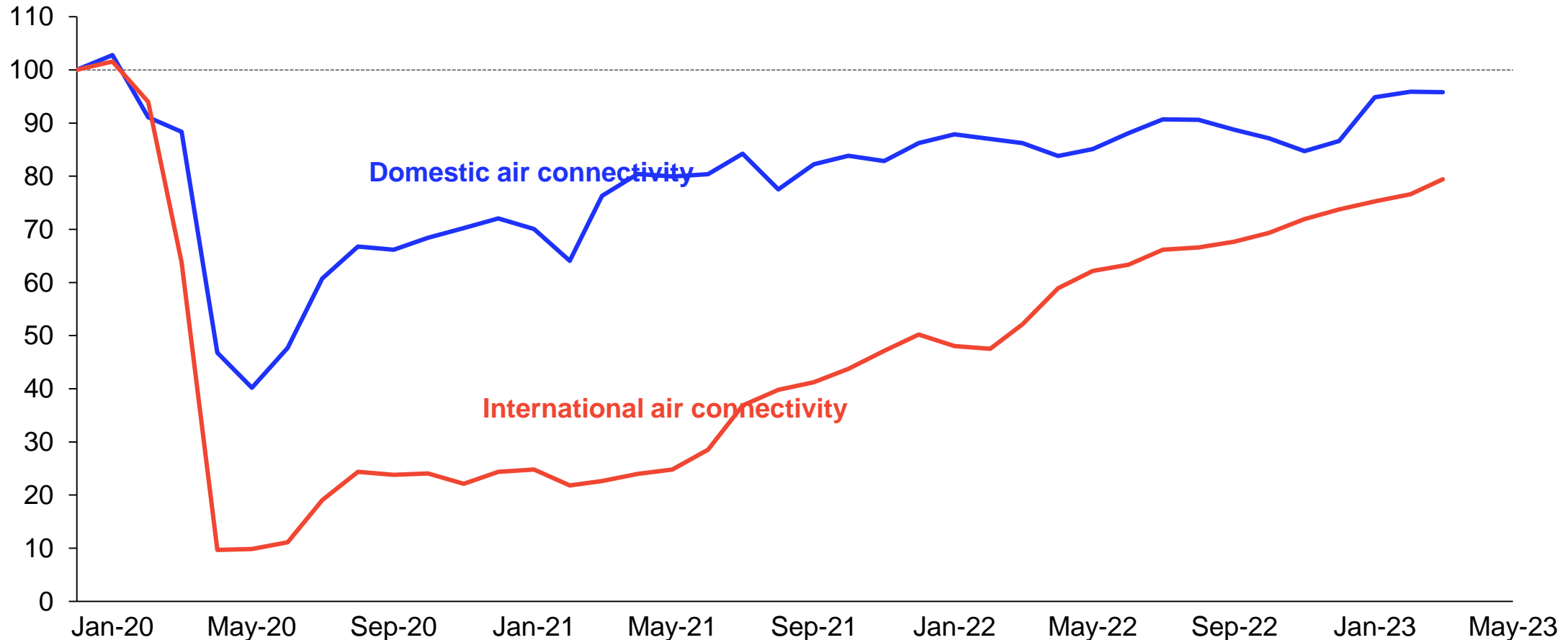
Global airport pairs, monthly Jan 2020-Mar 2023



Global international air connectivity in Mar 2023 at 79% of pre-crisis levels

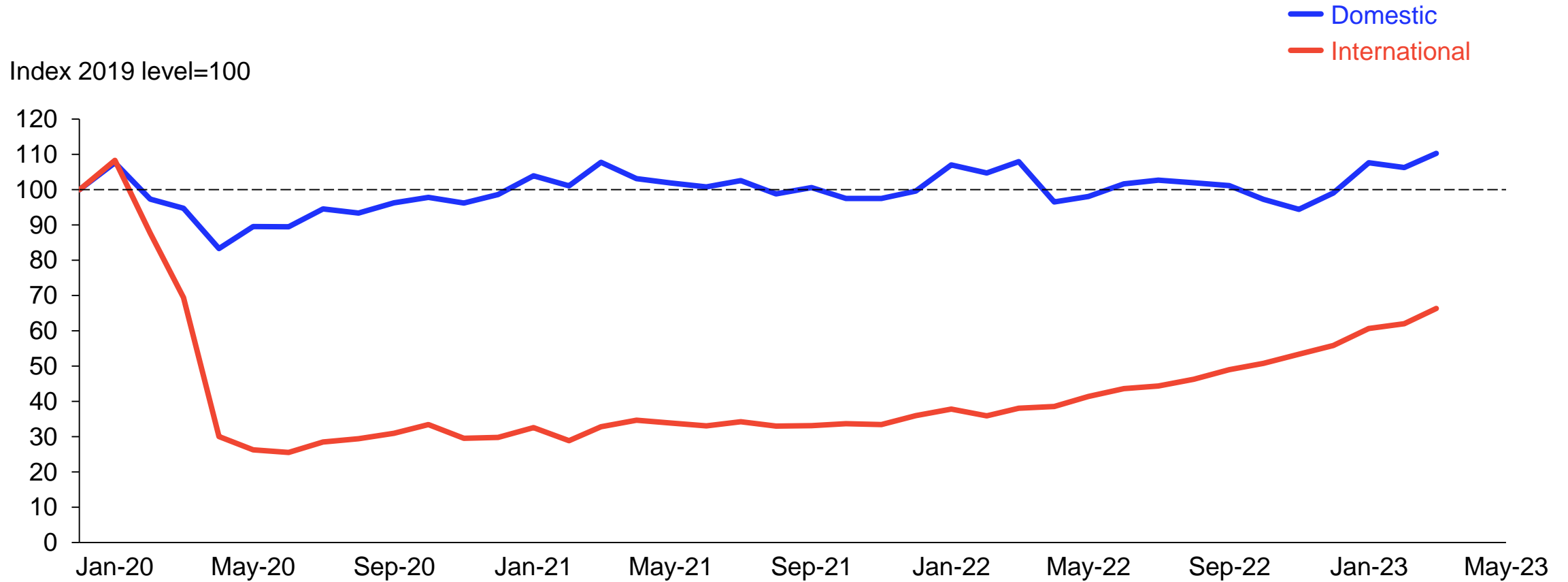
IATA Global Air Connectivity Index, monthly Jan 2020-Mar 2023

Index 2019 level=100



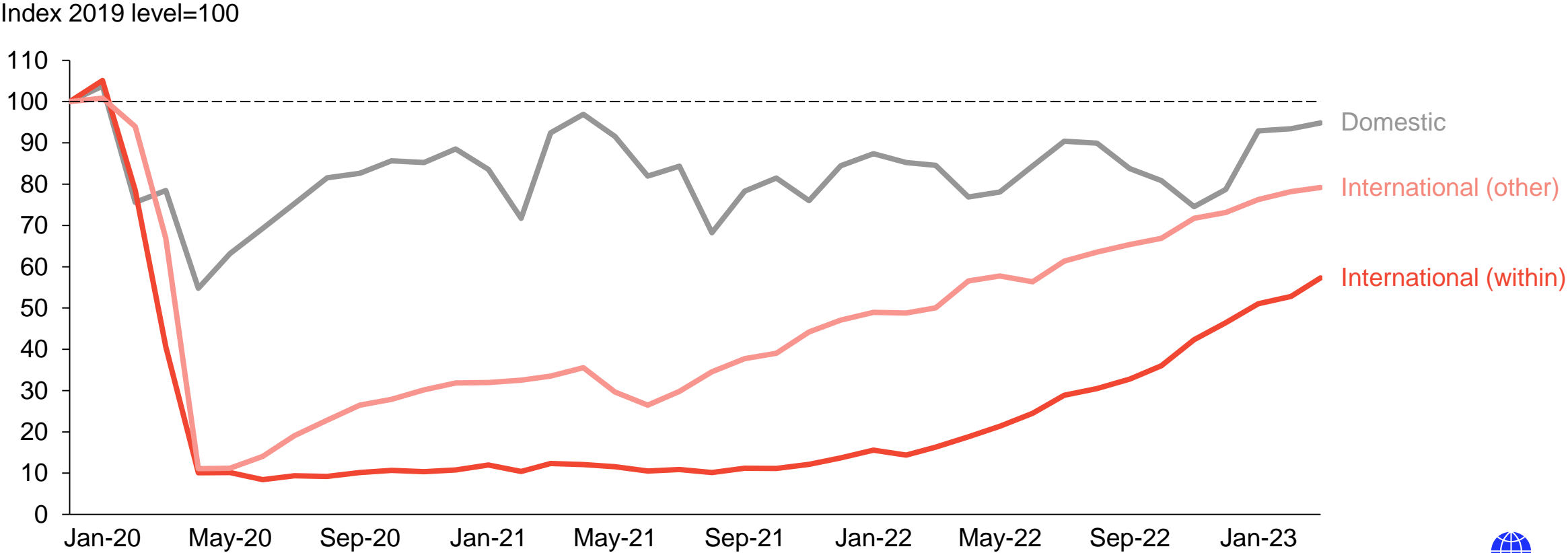
Asia Pacific international routes in Mar 2023 at 66% of pre-crisis levels

Airport pairs for Asia Pacific, monthly Jan 2020-Mar 2023



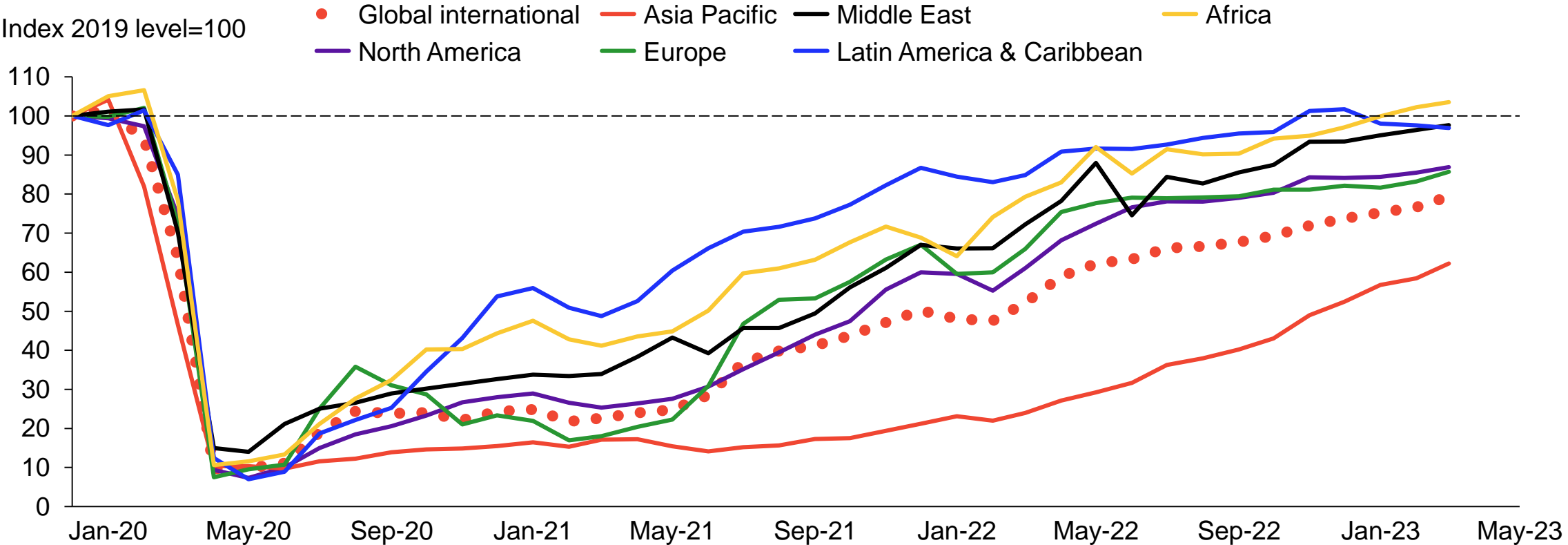
Within Asia Pacific international air connectivity in Mar 2023 is 57% of pre-crisis levels

IATA Air Connectivity Index for Asia Pacific by component, monthly Jan 2020-Mar 2023



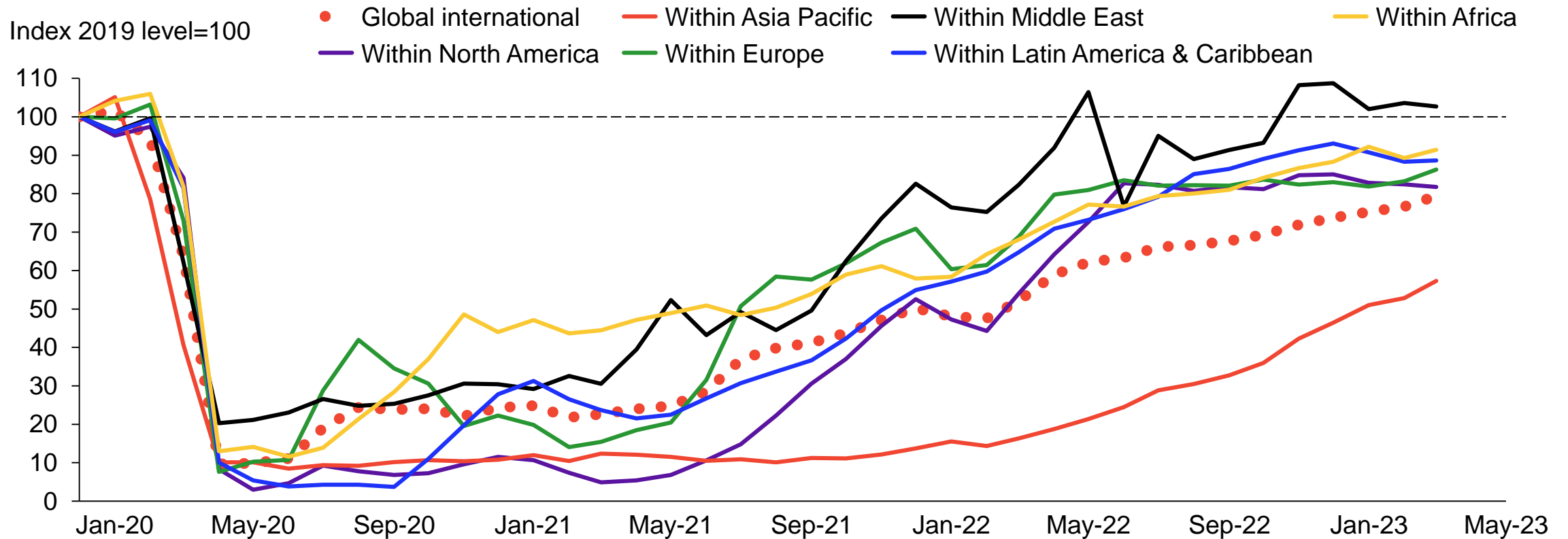
International air connectivity recovery by Mar 2023 varies significantly across regions

IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-Mar 2023



International air connectivity recovery within regions by Mar 2023 varies significantly

IATA International Air Connectivity Index for intra-regional international routes, monthly Jan 2020-Mar 2023



In closing:

- all markets continue to show strong recovery
- avoiding a relapse of pandemic conditions, and relying on geopolitical events being resolved, air traffic globally is expected to be fully recovered by 2025
- Asia Pacific recovery is predicted to be in the later stage
- it is expected that analyses of current quarter operations will show significant increases again



Thank you!

