

# State of Aviation – Post COVID-19

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SAIOSEACG2 Meeting  
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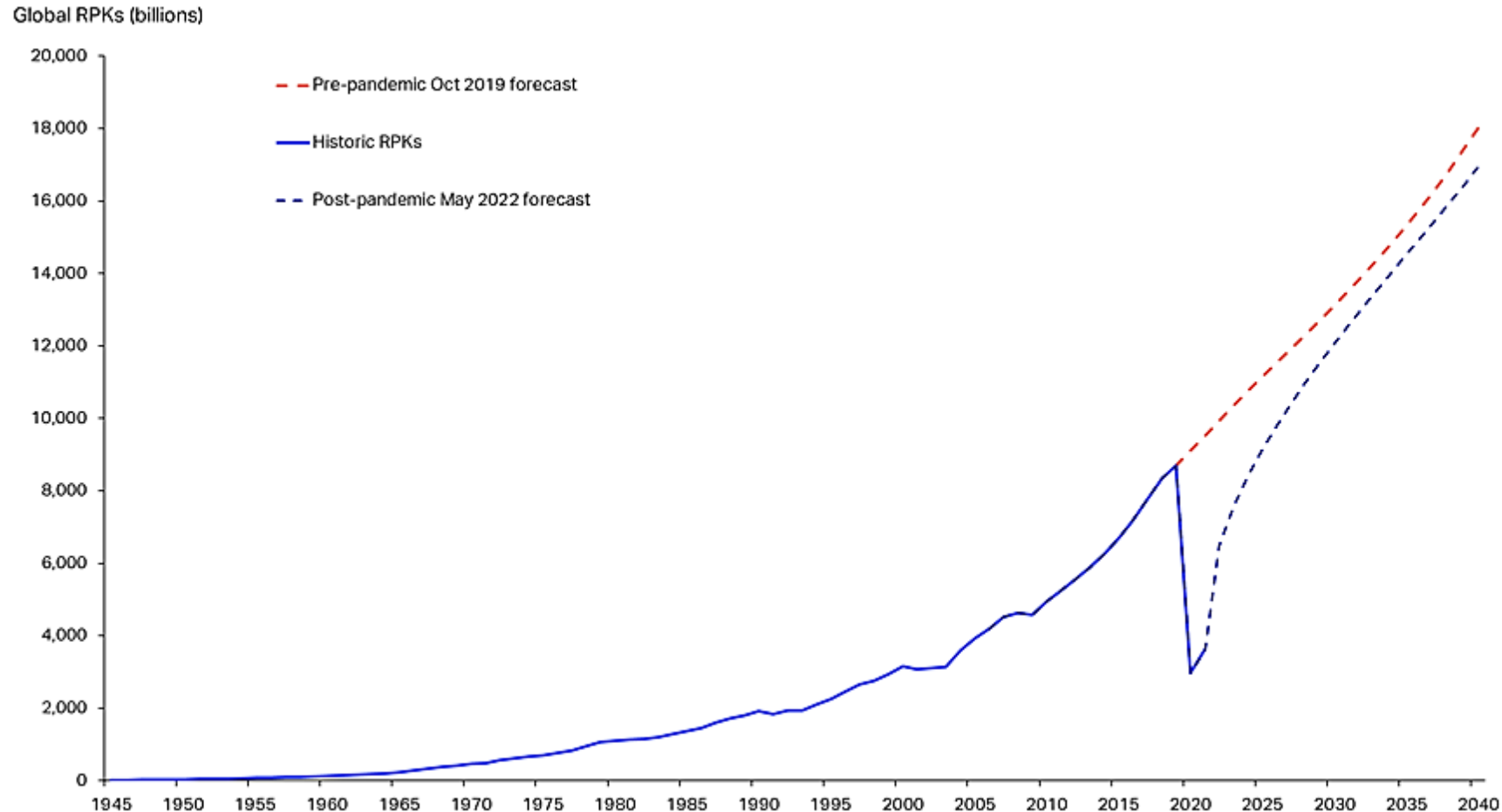


# Update on COVID-19 impact on airlines



# 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 is 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.

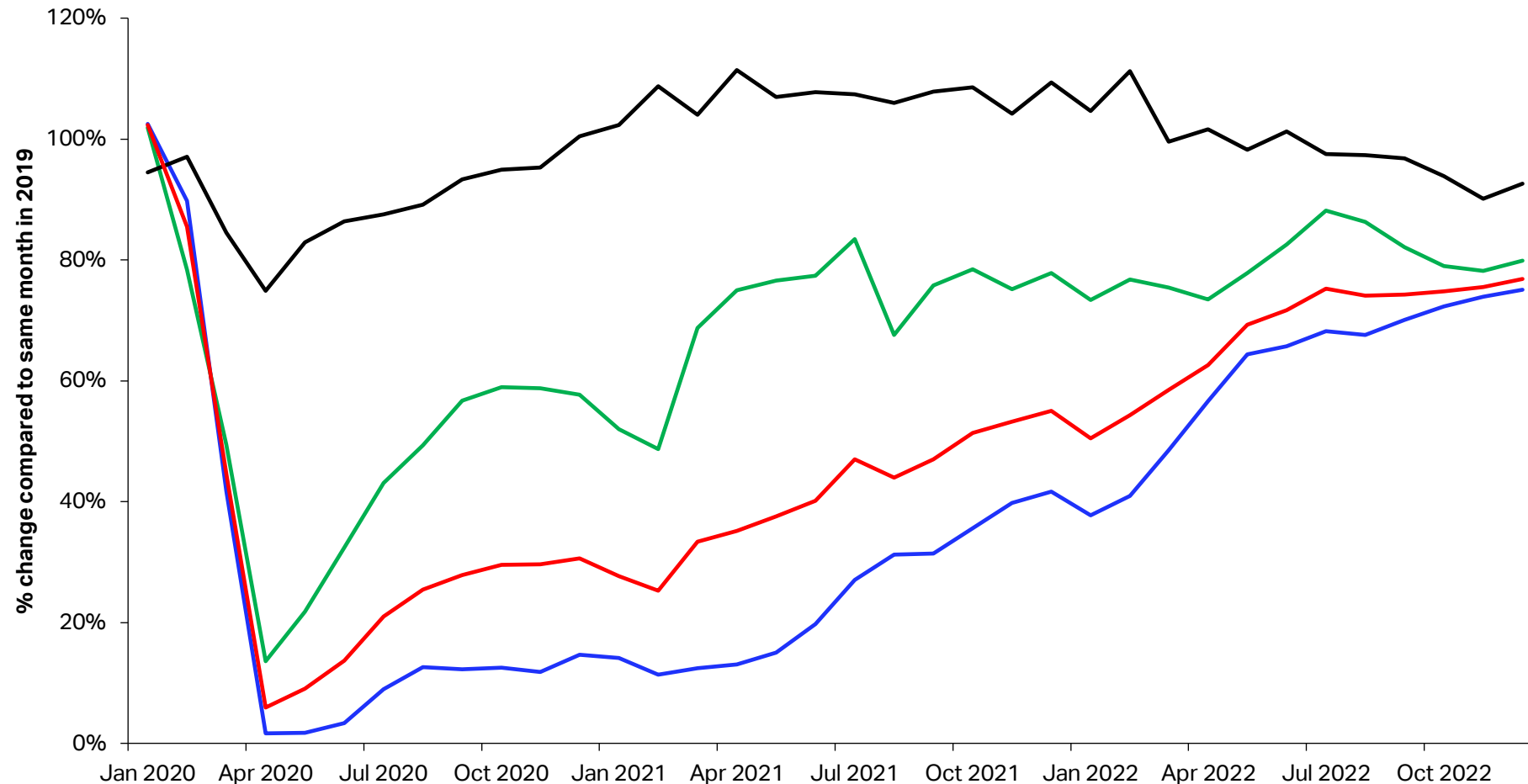
Source: IATA Annual airline traffic statistics, IATA Economics/Tourism Economics.



# Recovery remains on track despite headwinds

## RPKs are currently at 77% of 2019 levels

Global RPK and CTK growth



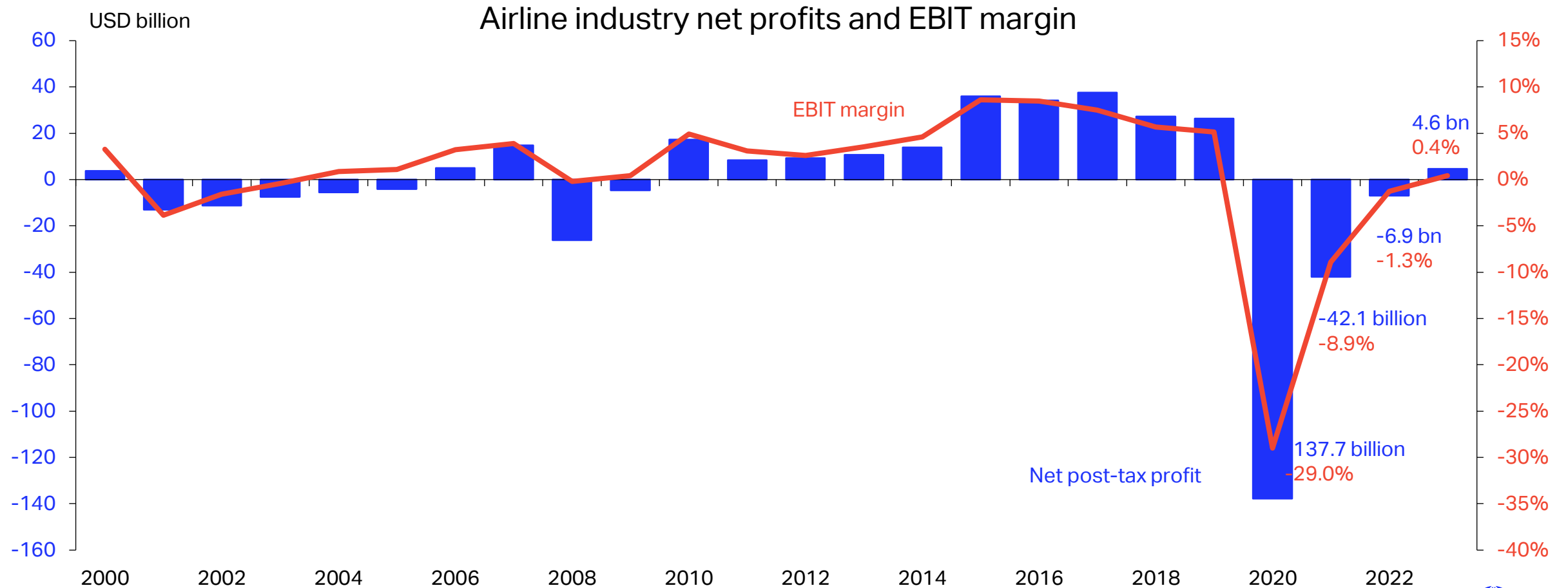
**Dec 2022  
compared  
to Dec 2019**

CTK	93%
Domestic RPK	80%
Total RPK	77%
International RPK	75%



# Financial performance improves strongly

With the industry returning to profitability in 2023 - global net profit of \$4.7 billion

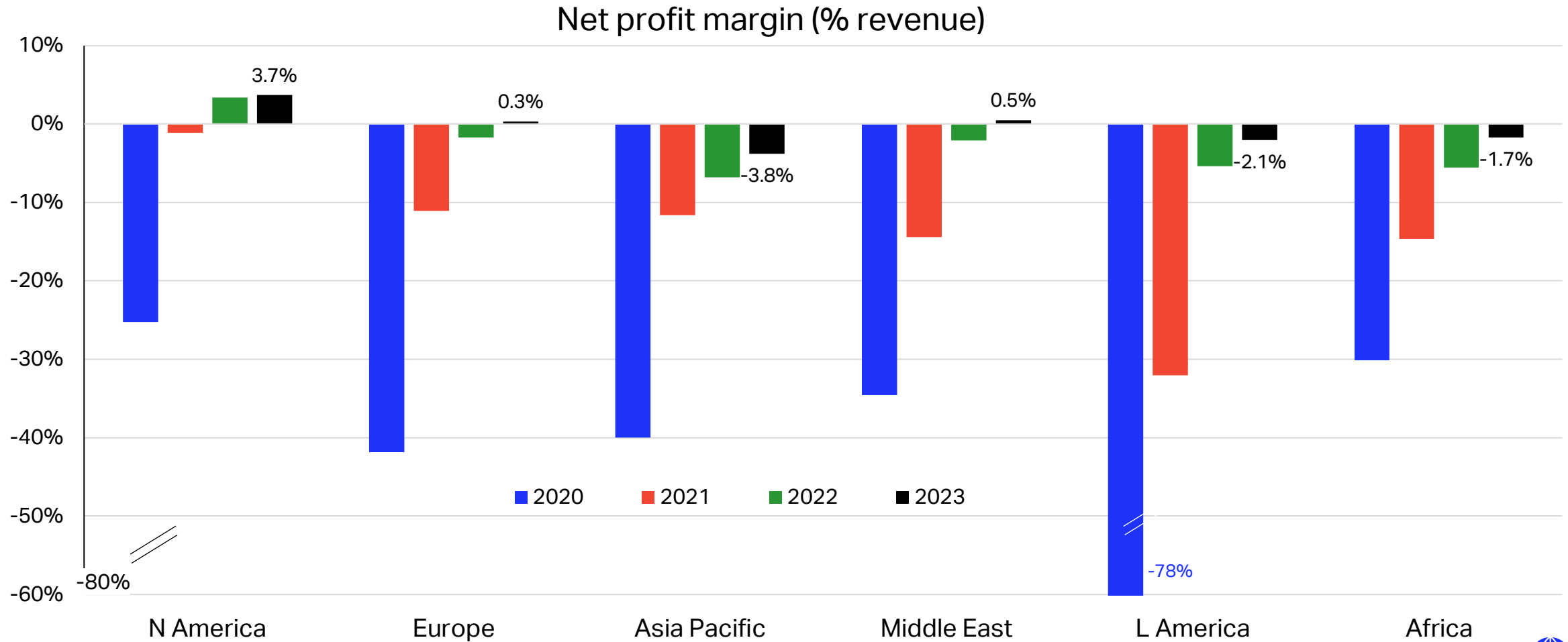


Source: IATA Economics



# North America likely only profitable region in 2022

## To be joined by Europe and the Middle East in 2023



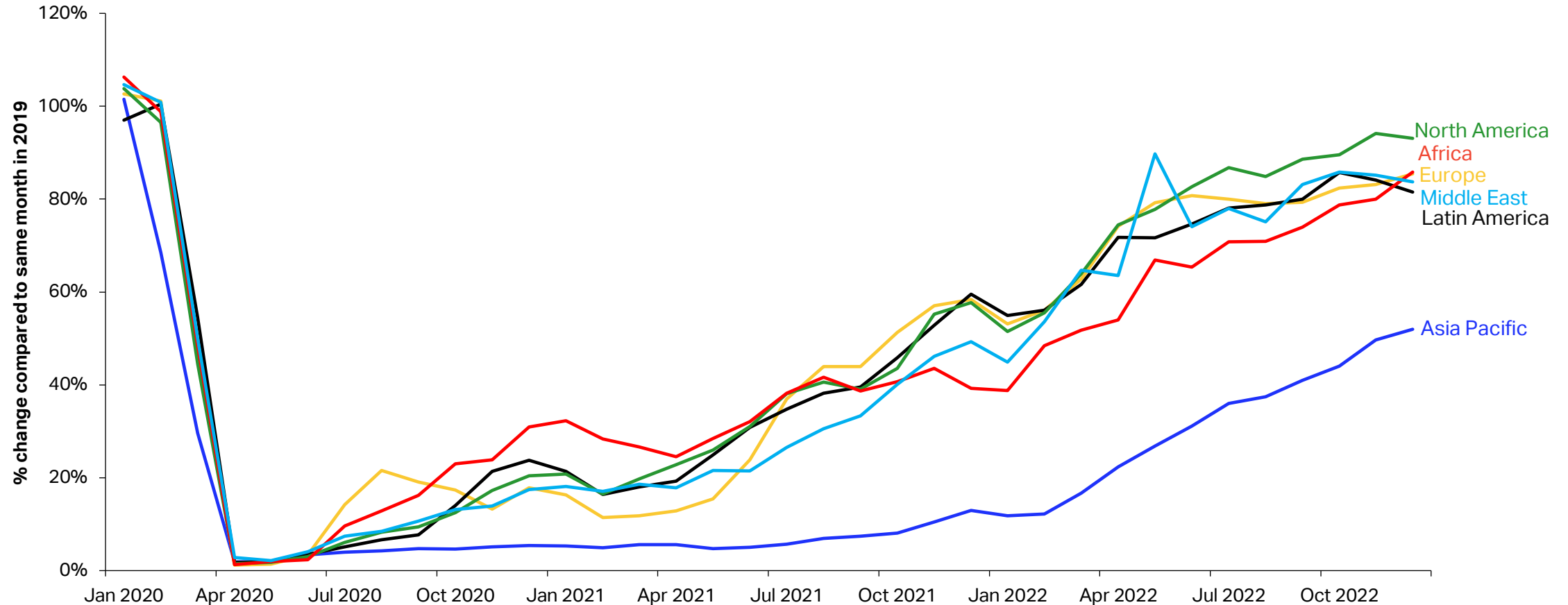
Source: IATA Economics



# International traffic on the rise

## Asia Pacific lags, as travel restrictions were lifted later

Growth in international air travel, RPKs by market



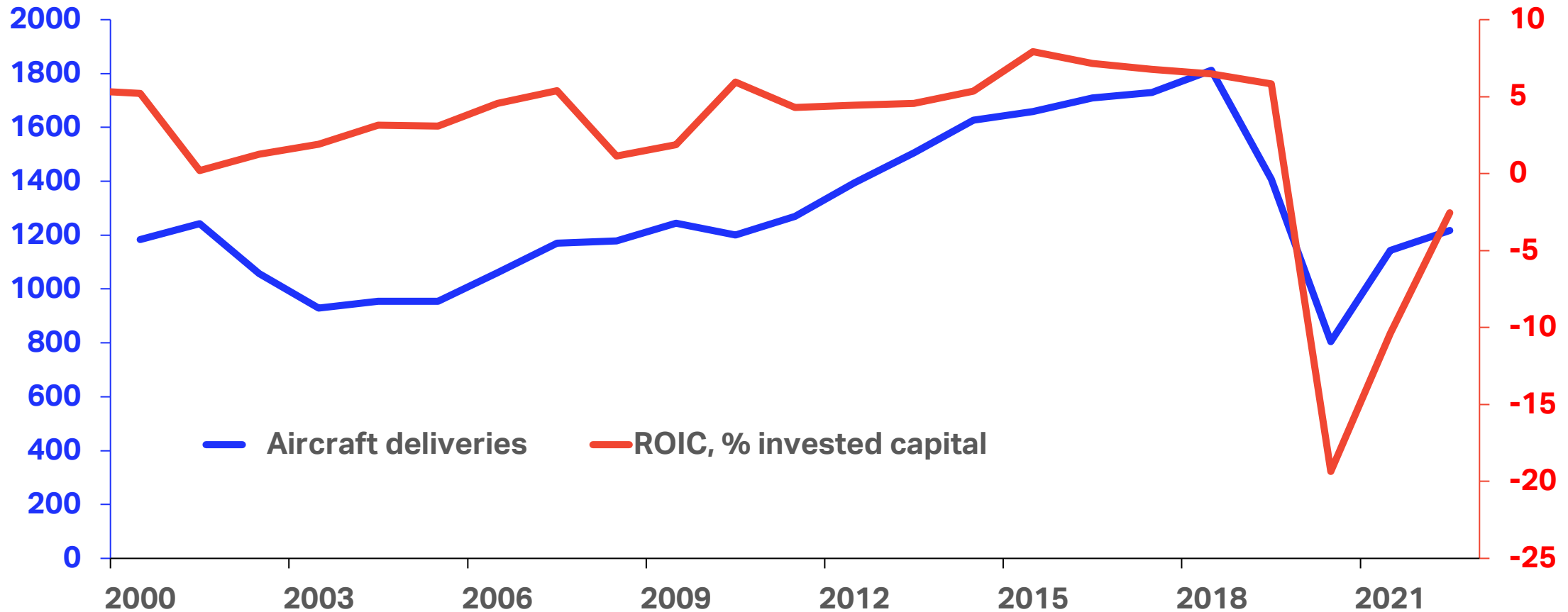
Source: IATA Monthly Statistics; traffic by **airline region of registration**



# Industry confidence reflected in rising deliveries

## Supported by improved financial performance

Aircraft deliveries and airline industry ROIC

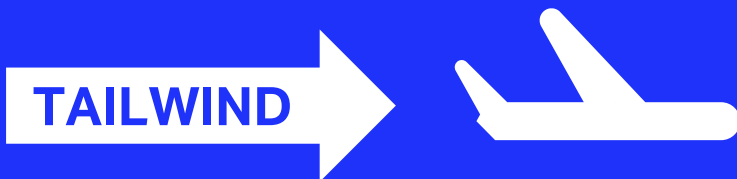


Source: IATA Economics.



# Turbulent times

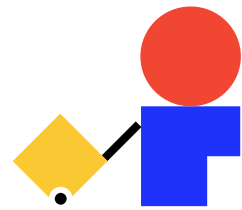
- Easing and lifting of travel restrictions
- Willingness to travel
- Cargo
- Business model developments
- The possibility of energy abundance



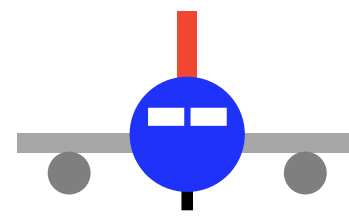
and

- Debt burden and cost
- Labor costs
- Energy costs
- Climate change costs
- Geopolitical conflict





passengers  
(millions)



flights



value of goods  
carried (billions)

Every  
day in ...

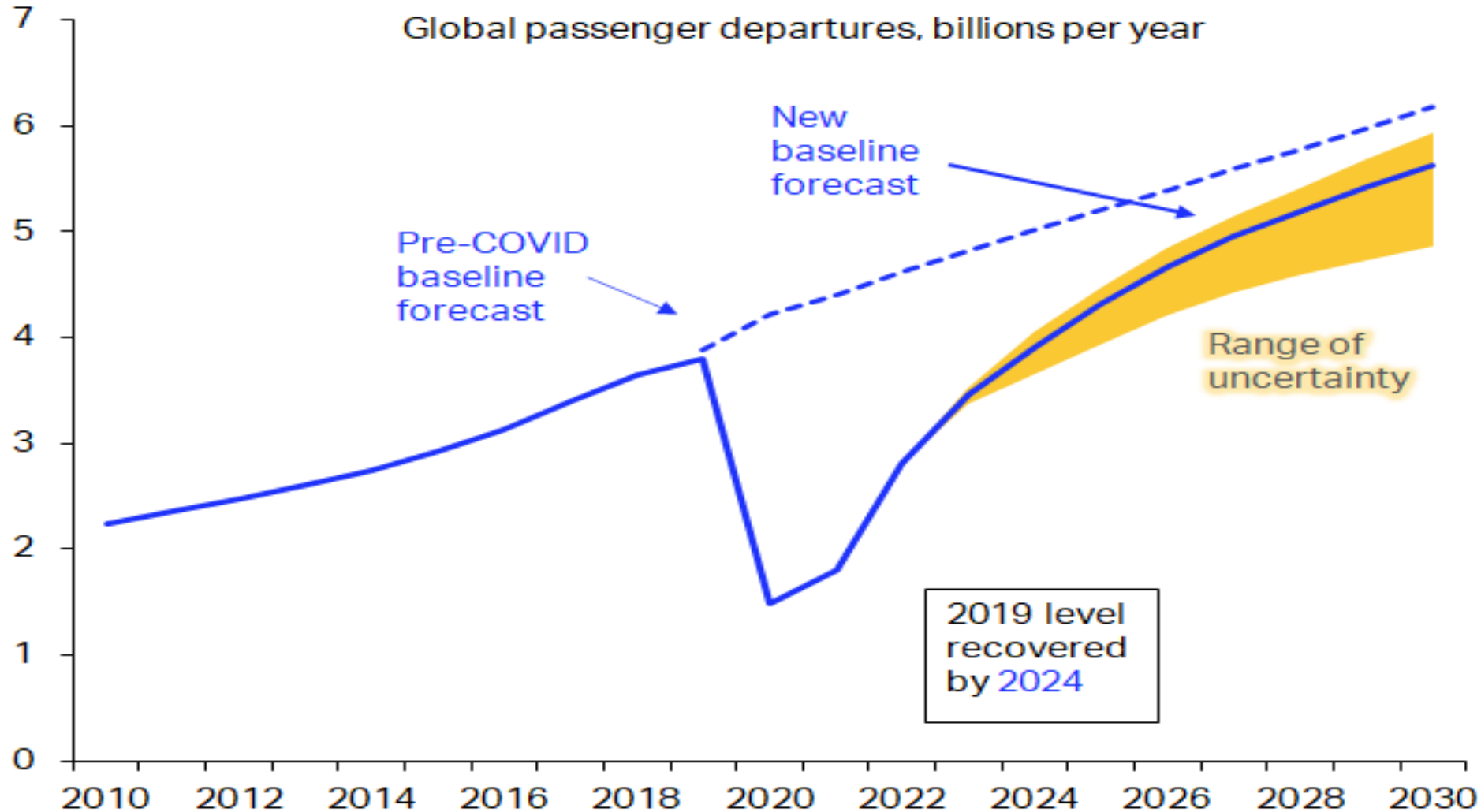
2019	12.4	106,600	\$17.8
2020	5.0	46,400	\$16.4
2021	6.0	54,900	\$20.7
2022*	10.4	92,700	\$22.5

# Forecast



# Risks are skewed to the downside

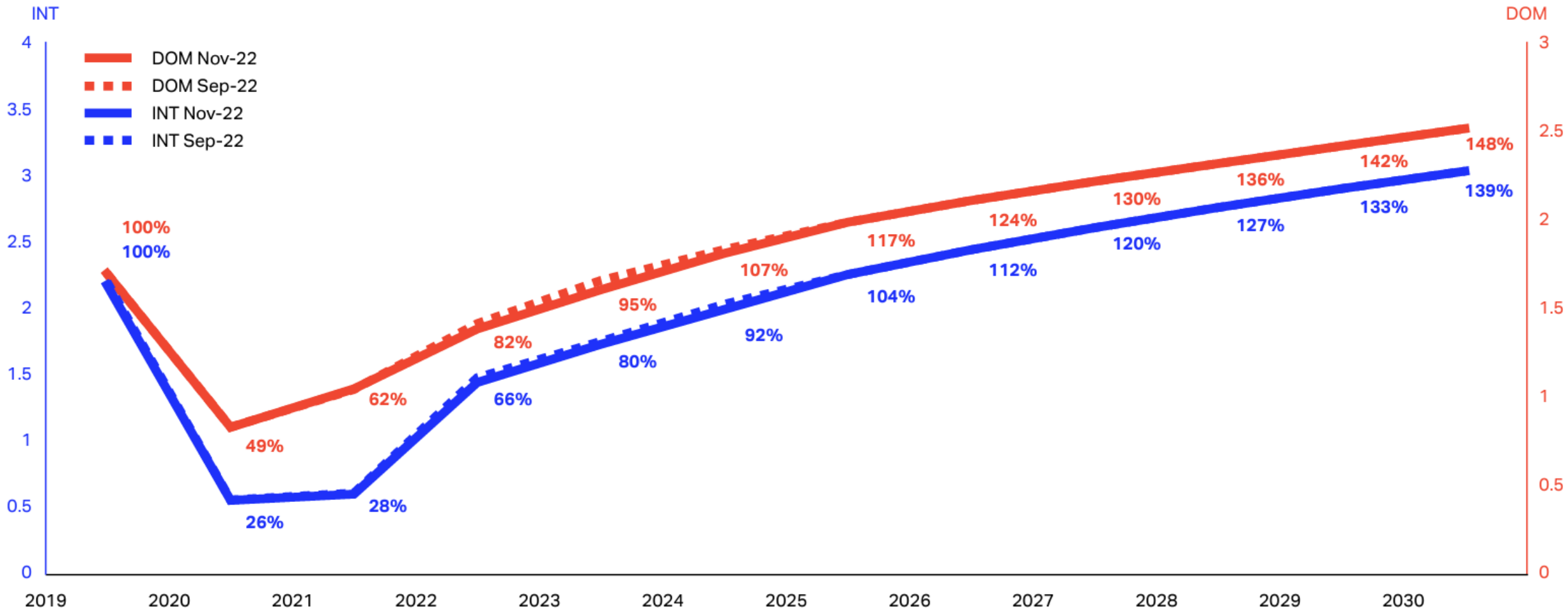
## Industry recovers to 2019 in 2024



Source: IATA/Tourism Economics Air Passenger Forecasts

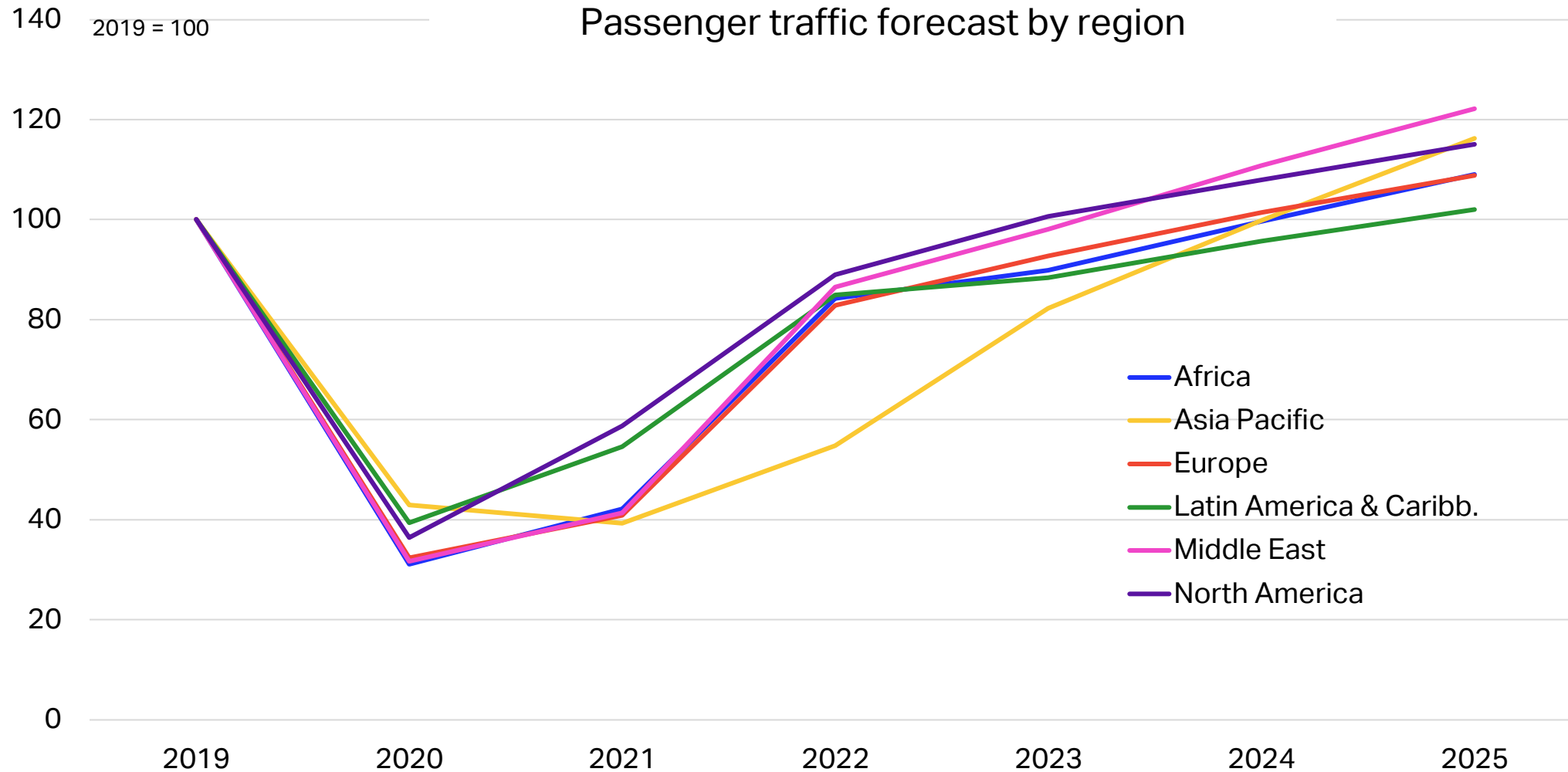


# Domestic and international passengers still expected to recover to 2019 levels in 2024 and 2025 respectively



# Asia Pacific lags in the regional recovery in the short term

## North America leads

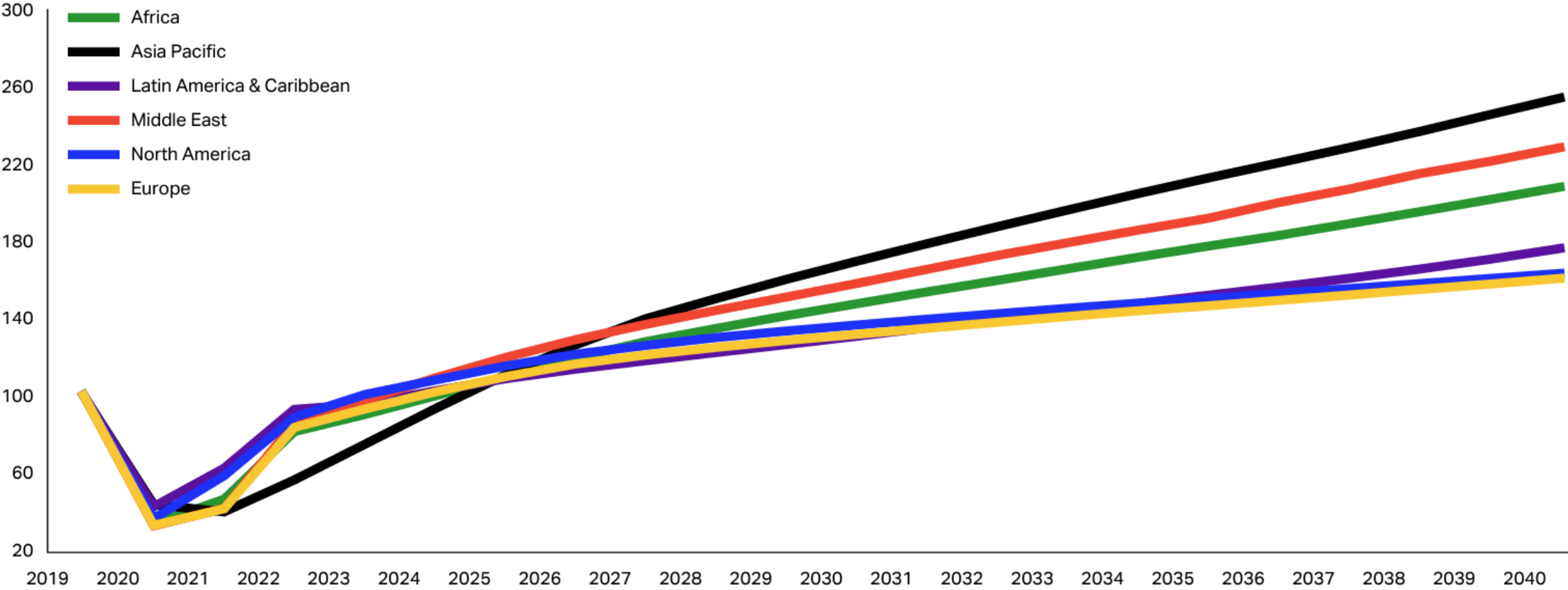


Source: IATA/Tourism Economics Air Passenger Forecasts



# Asia Pacific to lead traffic growth in the longer term

Passenger traffic per region, indexed, 2019 = 100



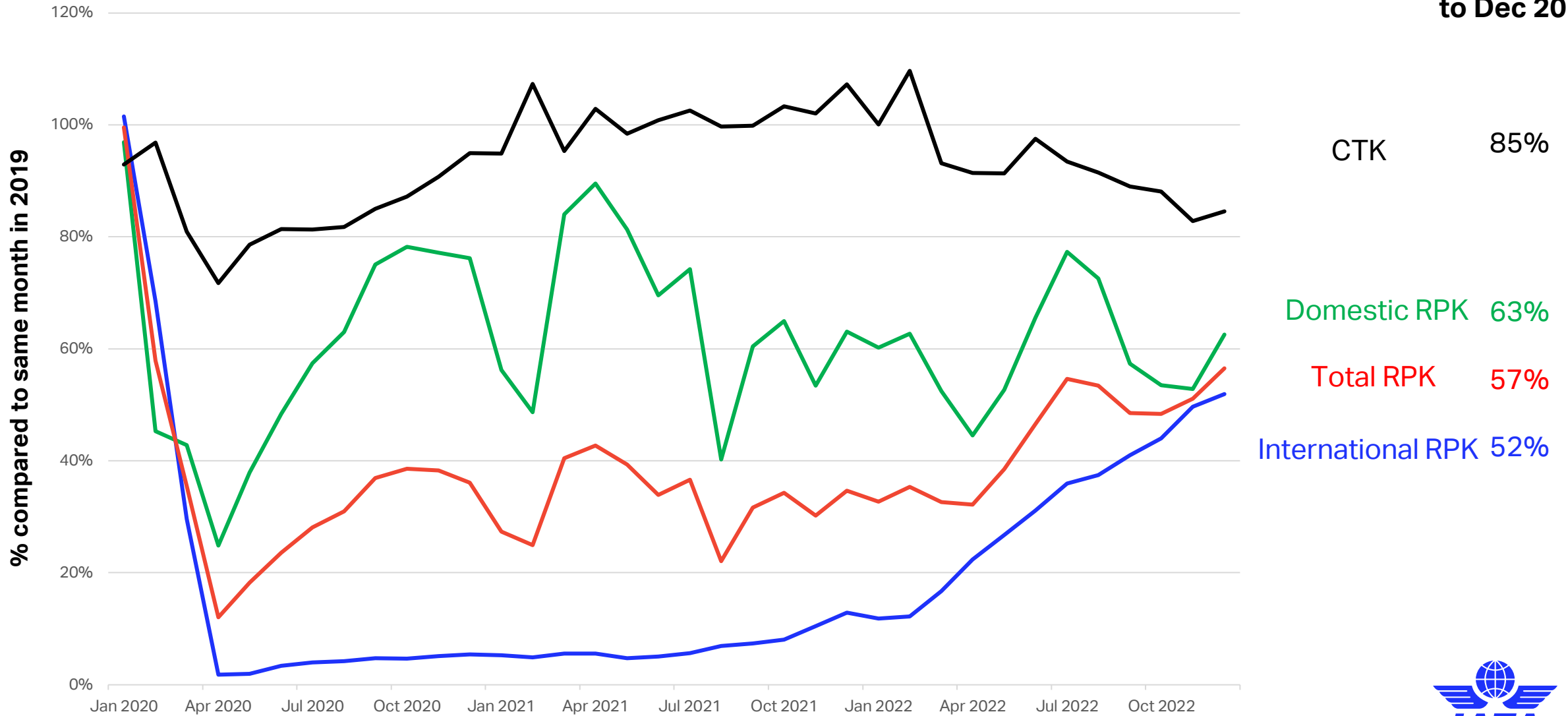
Source: IATA, Tourism Economics Air Passenger Forecasts

# Update on COVID-19 impact in Asia-Pacific



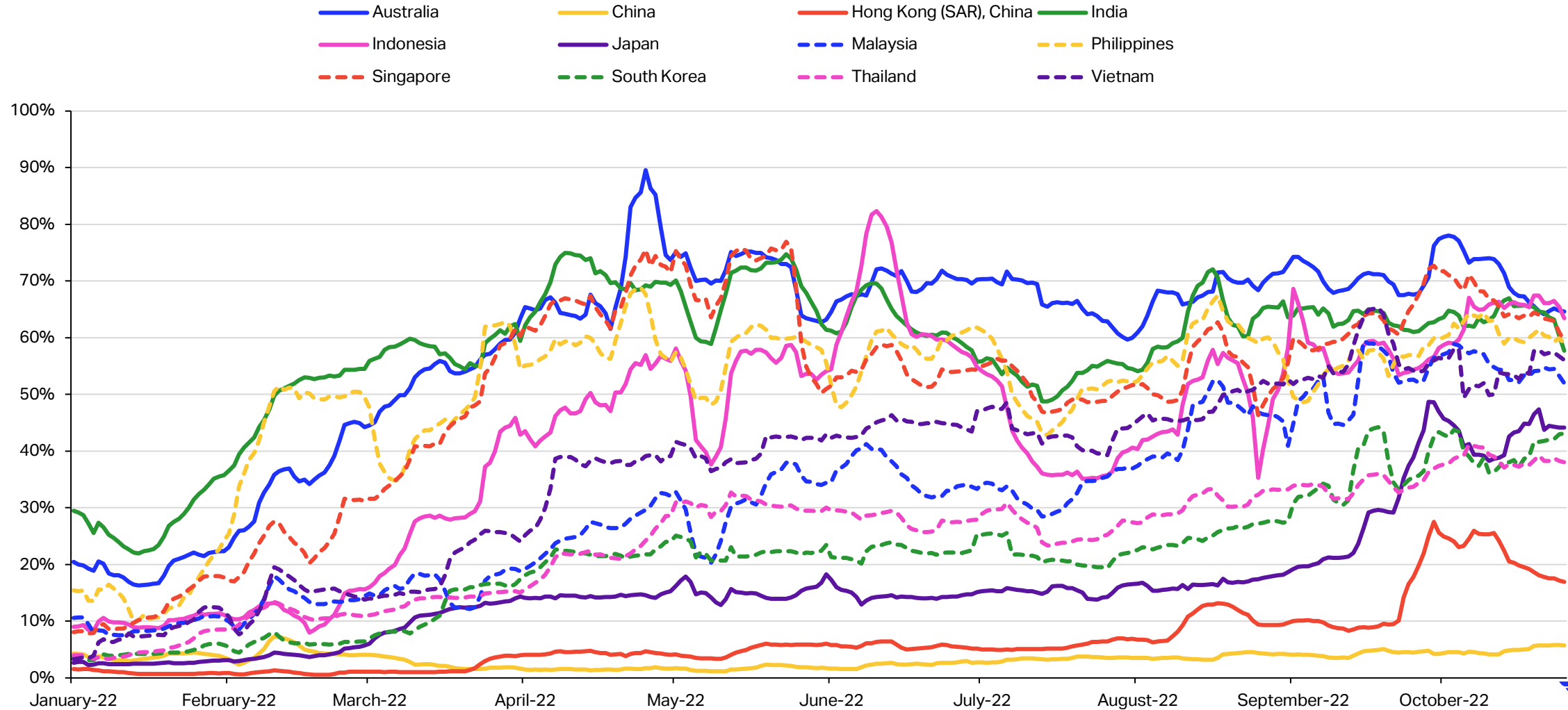
# Status of recovery in Asia Pacific

Dec 2022  
compared  
to Dec 2019



# China lower in international bookings due later opening

International forward bookings to specified country. % vs the same day in 2019. 7-day moving average



# In Asia Pacific, air transport supports:



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

# IATA Economics

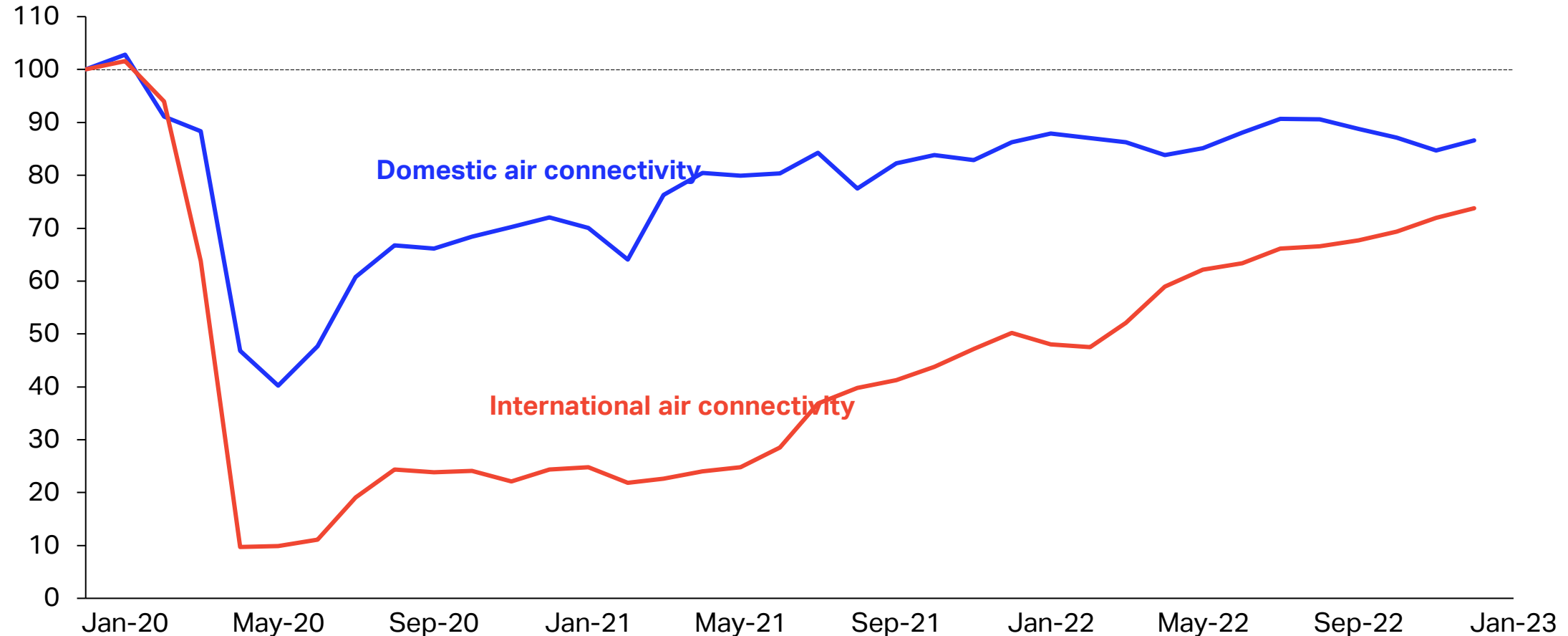
**Air connectivity  
Market reopening  
(Asia Pacific)**



# Global international air connectivity in Dec 2022 at 74% of pre-crisis levels

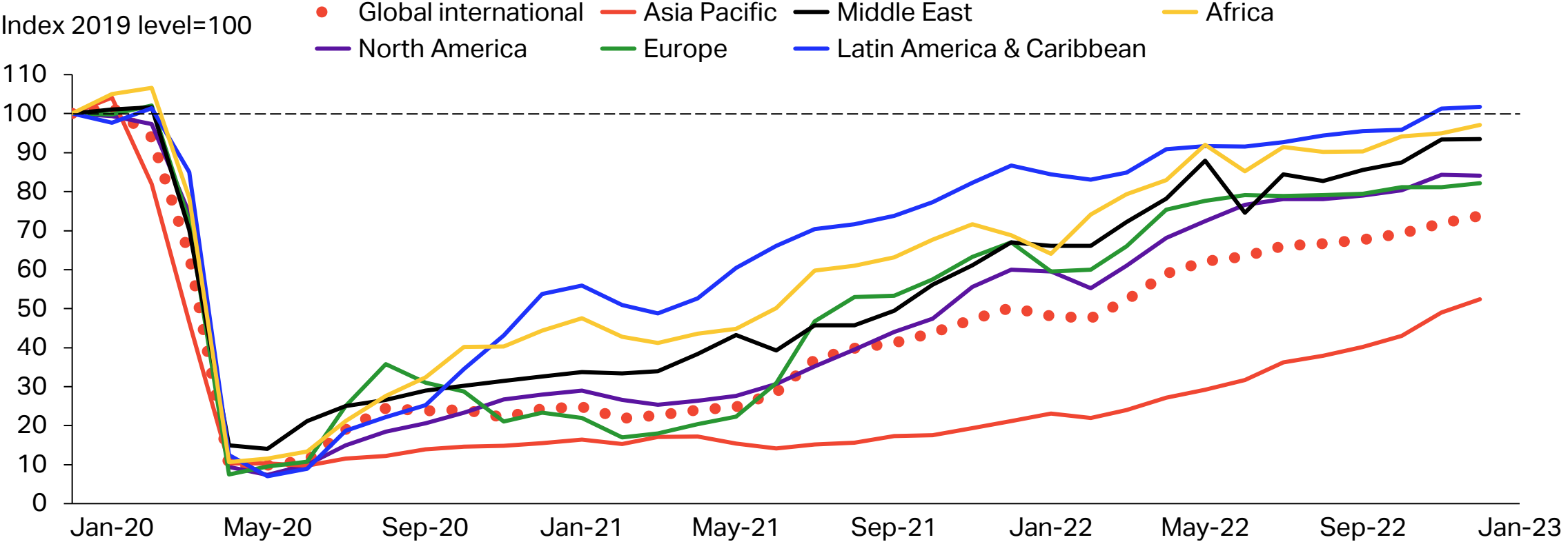
IATA Global Air Connectivity Index, monthly Jan 2020-Dec 2022

Index 2019 level=100



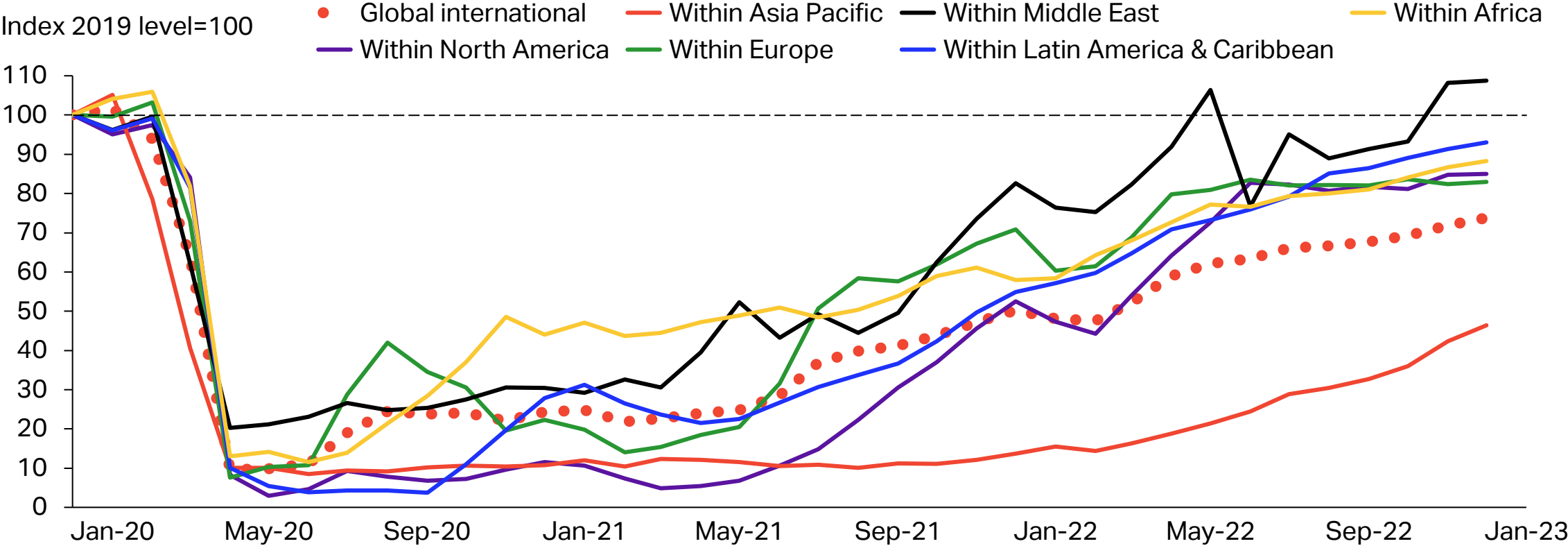
# International air connectivity recovery by Dec 2022 varies significantly across regions

IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-Dec 2022



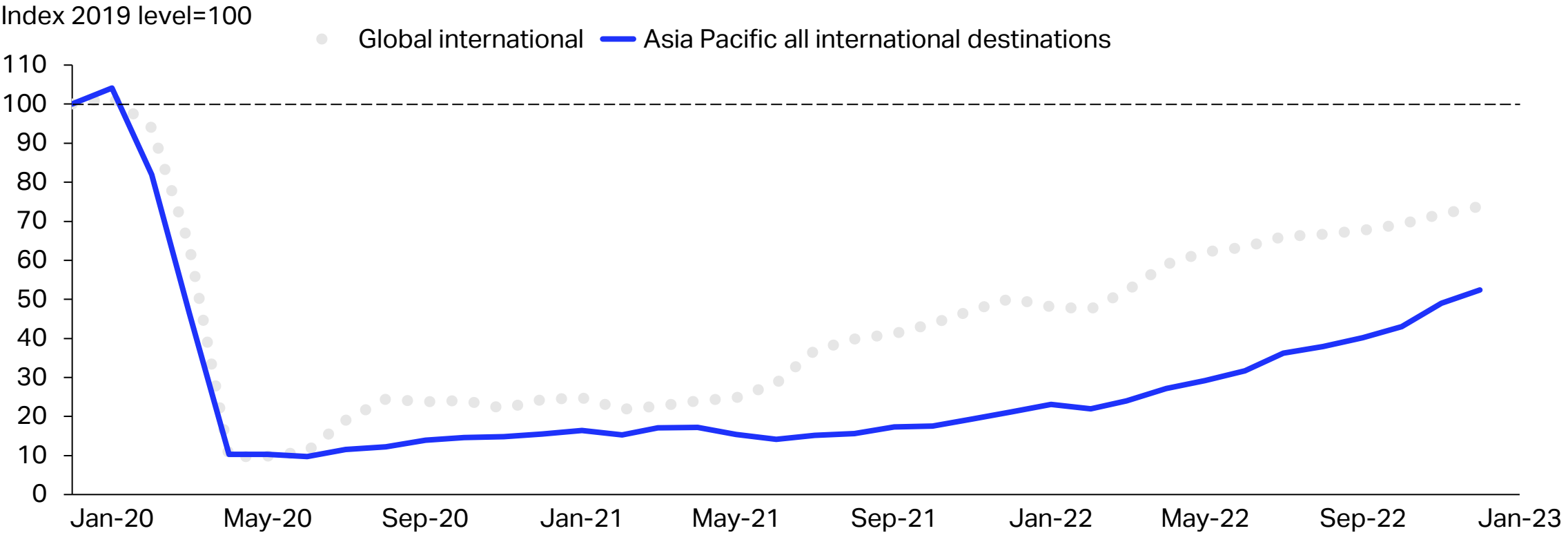
# International air connectivity recovery within regions by Dec 2022 varies significantly

IATA International Air Connectivity Index for intra-regional international routes, monthly Jan 2020-Dec 2022



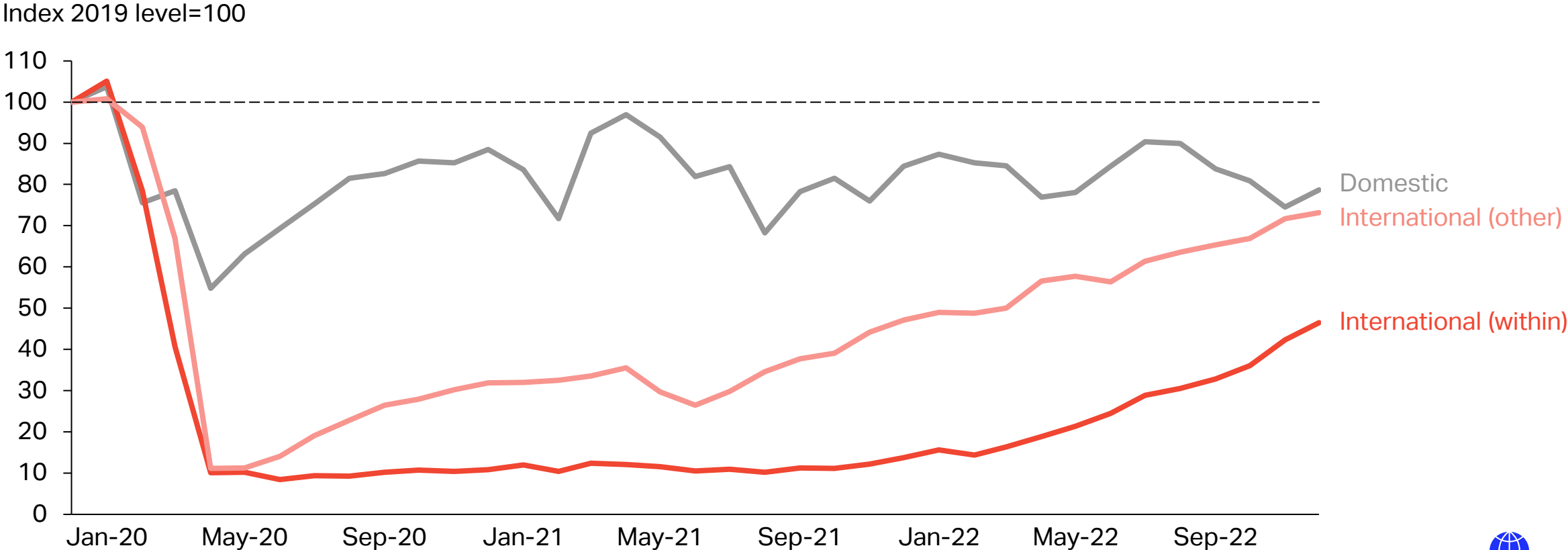
# Asia Pacific total international air connectivity in Dec 2022 is 52% of pre-crisis levels

IATA International Air Connectivity Index, monthly Jan 2020-Dec 2022



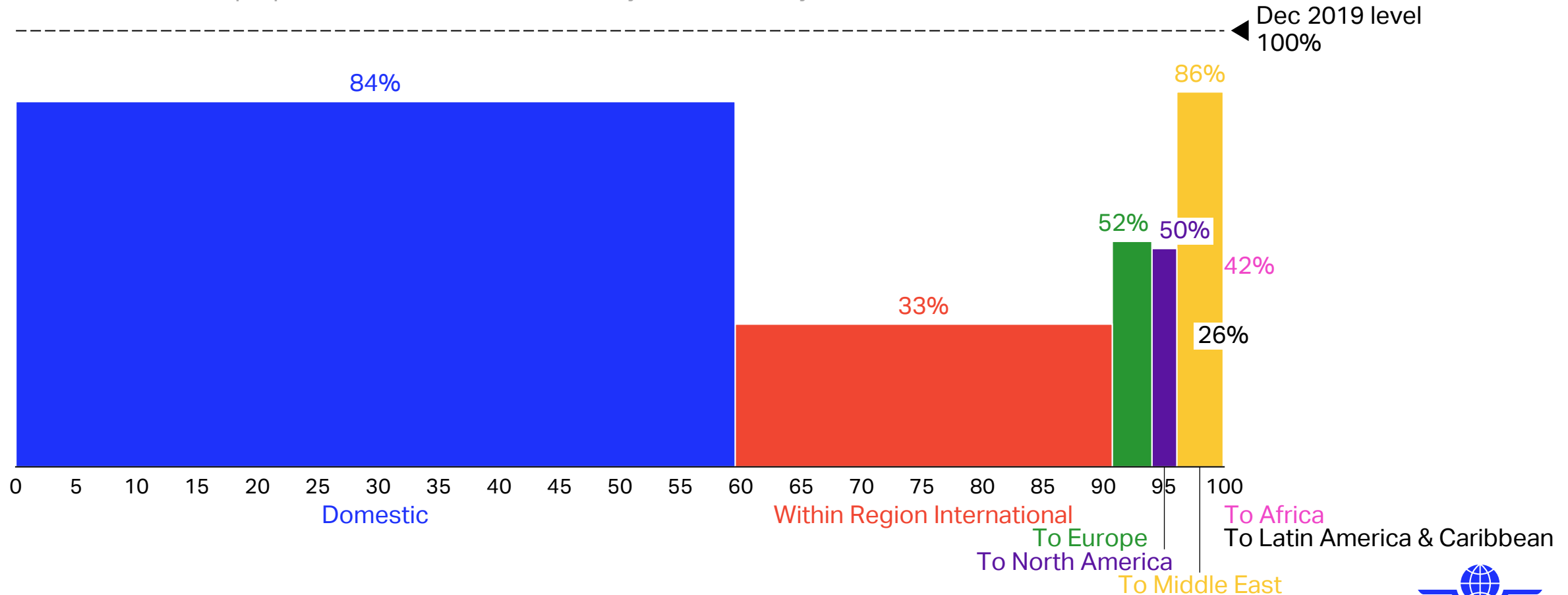
# Within Asia Pacific international air connectivity in Dec 2022 is 46% of pre-crisis levels

IATA Air Connectivity Index for Asia Pacific by component, monthly Jan 2020-Dec 2022



# Extent of recovery to Dec 2019 connectivity for Asia Pacific by Dec 2022

Asia Pacific connectivity recovery by route area in Dec 2022 as % of Dec 2019 level  
Horizontal scale shows proportion of Dec 2019 connectivity contributed by each route area



IATA Connectivity Index using data from OAG



# In closing:

- all markets are beginning 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!

