



**WORKING PAPER**

**ASSEMBLY — 41ST SESSION**

**ECONOMIC COMMISSION**

**Agenda Item 35: Economic Regulation of International Air Transport — Policy**

**ECONOMIC CHALLENGES AND AIR TRANSPORT  
SUSTAINABILITY DURING GLOBAL PANDEMICS AND  
CRISES**

(Presented by Oman)

**EXECUTIVE SUMMARY**

Although a long time has elapsed since the beginning of the COVID-19 pandemic, it is clear that, according to statistical data issued by the International Civil Aviation Organization (ICAO), recovery of the air transport sector is still slow globally. Many institutions across the sector are still reeling from the repercussions caused by the pandemic. State stakeholders have followed different directions regarding assisting airlines to overcome the pandemic impacts.

This working paper presents a proposal put forward by Oman, calling for developing a practical strategic guidance document that includes guidelines on how to address economic challenges and standardize support patterns. The proposed document would be activated at times of global pandemics and crises with a view to ensuring the sustainability of the global air transport sector.

Actions required by the Assembly are found in paragraph 7.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective — <i>Economic Development of Air Transport</i> .
<i>Financial implications:</i>	The paper includes a proposal to minimize the economic impacts of global pandemics and crises in order to ensure the sustainability of the air transport sector.
<i>References:</i>	International Civil Aviation Organization (ICAO), <i>Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis</i> (Montréal, Canada, Economic Development, Air Transport Bureau, (8 March 2022). <i>Connecting the World in Its Time of Need: International Aviation's Pandemic Response</i> , Fang Liu (December 2020). <i>Effects of Coronavirus (Covid-19) Pandemic on Air Transport in Arab States</i> , Dr. Laksi, Fawziyah (June 2021).

<sup>1</sup> Arabic version submitted by Oman

## 1. INTRODUCTION

1.1 The air transport industry is considered one of the most crucial sectors globally. It is also one of the pillars of economic development that States rely on, given its effective contribution to commercial exchange and social communication among different nations and States. Progress in the air transport sector in a State is an actual criterion of its economic growth, and one of its vital sources of Gross Domestic Product (GDP), given its correlation with other sectors that are as important, such as commerce and tourism.

1.2 The COVID-19 pandemic is regarded as the worst setback that hit the aviation sector since the 1970s. It brought the air traffic to a total halt worldwide.

1.3 The current situation in the air transport sector indicates an urgent need to devise a policy of balance between fulfilling airport health requirements related to pandemics and crises, and the economic impacts of flight operations by airlines, by identifying support patterns that include charges of air transport services, air navigation services and airports.

1.4 Those policies should serve to reduce the economic impacts brought about by global pandemics and crises, in order to ensure the sustainability of global air traffic.

## 2. THE PURPOSE OF THE WORKING PAPER

2.1 This working paper aims to create a balance between the cost of meeting airport health requirements associated with pandemics and crises, and the economic impacts of flight operations by airlines, by identifying support patterns that include charges of air transport services, air navigation services and airports.

2.2 The paper proposes the creation of a practical strategic guidance document for Member States civil aviation authorities, airport management authorities, charge-levying authorities and other relevant regulatory stakeholders. The proposed document would include guidelines on how to address pandemic-related economic challenges and standardize support patterns, and would be activated at times of global pandemics and crises with a view to ensuring the sustainability of the global air transport sector.

## 3. AIR TRAFFIC CONTRIBUTION TO STATE ECONOMIES

3.1 Statistical reports indicate that global air transport corporations transport around 4.5 billion travellers annually, in addition to 60 million tons of air cargo on board of nearly 40 million flights<sup>2</sup>.

3.2 The air transport sector typically contributes 3.6 per cent in the Gross World Product (GWP), which represents USD 2.7 trillion. The sector also provides jobs for over 65.5 million people in the labour market worldwide. Previous global forecasts and reports<sup>3</sup> had predicted that the air transport industry

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<sup>2</sup> *Connecting the World in Its Time of Need: International Aviation's Pandemic Response*. Fang Liu, (December 2020), [Connecting the World in Its Time of Need: International Aviation's Pandemic Response | United Nations](#)

<sup>3</sup> *Effects of Coronavirus (Covid-19) Pandemic on Air Transport in Arab States*, Dr. Laksi, Fawziyah (June 2021)

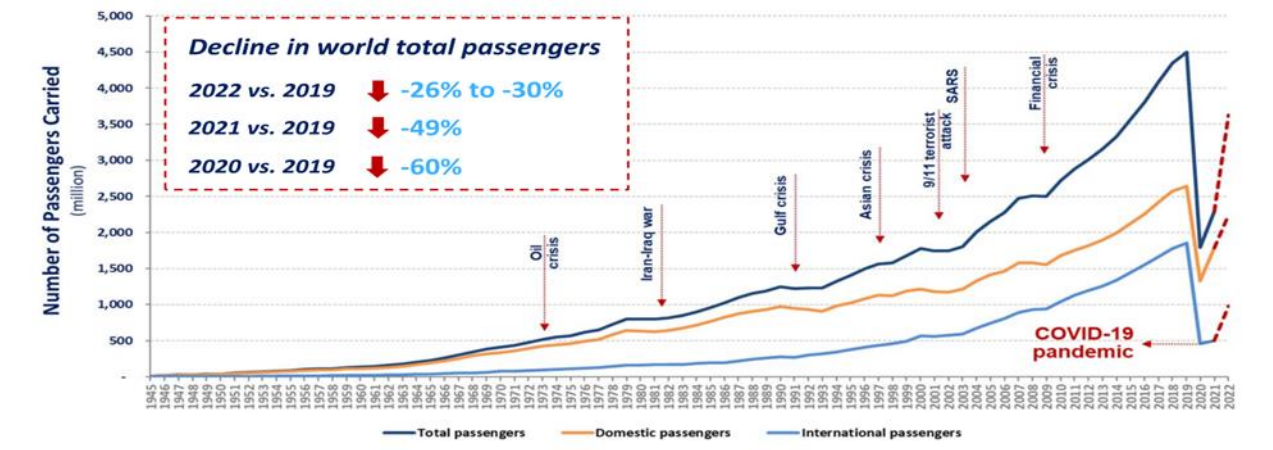
would achieve an annual growth of 5 per cent, and was hence expected to have a greater contribution of USD5.7 trillion by 2036.

#### 4. GLOBAL AIR TRANSPORT CHALLENGES

4.1 The global air transport sector has experienced numerous challenges over the years, including wars, economic crises and challenges caused by global epidemics and pandemics that ravaged our world. The COVID-19 pandemic, however, caused the gravest challenges and led to a total paralysis of the entire air transport sector worldwide. The pandemic also generated economic impacts arising mainly from the suspension of scheduled flights among countries. That, in turn, led to the layoff of a huge number of workers across the air transport industry and related sectors such as tourism and commerce.

4.2 ICAO<sup>4</sup> acknowledged that the international air transport industry faced numerous serious challenges that significantly affected other sectors such as tourism, commerce and travel. Nevertheless, the COVID-19 pandemic remains the worst setback since the mid-1970s oil crisis.

The figure below represents the growth of global passenger air traffic between 1945 and 2022



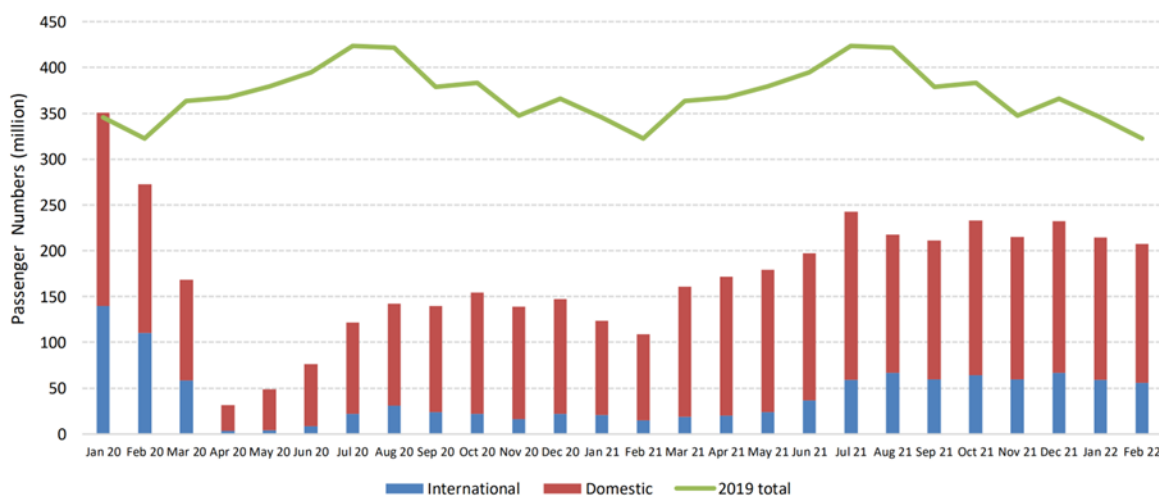
#### 5. REPERCUSSIONS OF THE COVID-19 PANDEMIC

5.1 Although more than two years have elapsed since the outset of the COVID-19 pandemic, the latest ICAO data<sup>5</sup> indicates that the recovery level of the air transport sector has started to show some improvement, despite being generally sluggish on the global level until recently. However, industry corporations are still grappling with the impacts of the pandemic-induced restrictions and mitigation measures. State stakeholders chose to follow different directions regarding assisting airlines to overcome the pandemic impacts.

<sup>4</sup> International Civil Aviation Organization (ICAO), Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis (Montréal, Canada, Economic Development, Air Transport Bureau, (8 March 2022)). [Effects of Novel Coronavirus on Civil Aviation: Economic Impact Analysis](#)

<sup>5</sup> Ibid.

Monthly statistics of global passenger traffic of 2021-2022 compared to 2020



**6. LESSONS LEARNED FROM ECONOMIC CHALLENGES DURING THE PANDEMIC**

6.1 International cooperation proved to be imperative in order to mitigate the economic effects caused by the pandemic on the air transport industry. The pandemic should be a lesson learned to avoid similar economic effects that may be brought on by potential global pandemics or crises in the future.

6.2 Oman underpins the importance of ensuring cooperation under the umbrella of ICAO, with a view to preparing an international guiding document, aimed at striking a balance between meeting airport health requirements associated with pandemics and crises, and the economic impacts of flight operations by airlines, through identifying support patterns that include charges of air transport services, air navigation services and airports.

**7. ACTION REQUIRED**

7.1 The General Assembly is invited to endorse the following recommendations:

- a) instruct the ICAO Economic Commission to discuss the creation of a mechanism to address global challenges and restrictions hampering the recovery of the international air transport market during global pandemics and crises; and
- b) highlight the importance of continually maintaining ICAO guidelines regarding the economic and financial measures, in order to mitigate the impacts of pandemics on aviation, including the idea of creating a strategic guidance document for States to address economic challenges and standardize support patterns. The proposed document would be activated in the case of global pandemics or crises with a view to achieving a sustainable air transport sector.