



International Civil Aviation Organization
South American Regional Office
**Fourth Virtual Meeting of Directors General of Civil Aviation of the
South American Region on the Response to COVID-19**
(Lima, Peru, 11 December 2020)

**Agenda Item 1: Review of the status of the Region and of CRRIC activities and SAM Strategic
Framework in response to COVID-19**

REACTIVATION OF AIR TRANSPORT SERVICES IN COLOMBIA

(Presented by Colombia)

SUMMARY

This paper illustrates the process of reactivation of air transport services and the strategies to recover air connectivity.

SUGGESTED ACTION

The Meeting of Directors General of Civil Aviation of SAM States is invited to:

- a) Take note of the information presented herein.
- b) Invite the States of the Region to establish safe air corridors, to which end Colombia is ready to meet with the authorities of the countries that are considering opening their borders.
- c) Invite the States of the Region to share their experience and best practices in face of the resumption of air services.

1. INTRODUCTION

1.1 Over the last ten years, air connectivity in Colombia has been growing steadily both domestically and internationally, with annual growth rates of more than 10% in the volume of passengers transported. With the pandemic, the industry suffered serious financial consequences and user confidence was highly affected.

1.2 The new normality generates market uncertainties, as well as new travel habits among users, which both the government and the industry must address with a high response capacity.

1.3 Connectivity has been recovering gradually up until the end of 2020. The reactivation brings significant challenges in terms of restoring passenger confidence, making commercial aviation competitive, new procedures, restoring business profitability and relations with other countries.

1.4 The 2019 financial statements of Colombian air transport companies show that:

- Revenue of \$14.5 billion is exceeded by costs and expenses by \$672 billion.
- The companies made a provision for taxes of \$69.3 billion pesos.
- The sector had an operating loss of 4.64% and a net loss of 13.5%.

- Colombian air transport owes 6.44 pesos for each peso in assets.
- The sector requires \$4.8 billion in working capital.

2. DISCUSSION

2.1 Connectivity reactivation was immediately preceded by the suspension of commercial flights as a result of the closure of borders caused by the COVID-19 pandemic.

2.2 The 2020 connectivity reactivation process:

- a) The civil aviation authority developed a reactivation plan structured in a series of stages, the purpose of which was to outline activities to restore the normal operating and market conditions that existed at the beginning of the pandemic.
- b) The entity made sure that the airports operated by the entity, as well as those under concession and operated by the municipalities, were ready for the activation of the sector, while complying with the protocols set forth in various resolutions of the national government, the last of which was resolution 1972 of 2020 of the Ministry of Health and Social Protection.
- c) During the period in which the state of emergency was in effect, air operations were not completely interrupted, since the civil aviation authority allowed flights to operate according to the exceptions established in the decrees issued by the national government, namely humanitarian flights, cargo flights, and cases of force majeure.
- d) The stage prior to the reactivation was that of the **pilot routes**, which began on 21 July, by virtue of decree 847 of 14 June 2020, and subsequent ones which extended the validity thereof. The local beneficiaries authorised by the Ministry of the Interior, the Ministry of Transport, and Aerocivil were:

- Bucaramanga (BGA)
- Cúcuta (CUC)
- Rionegro (MDE)
- Pereira (PEI)

- e) On 1 September 2020, the first phase of domestic reactivation began, in which Aerocivil opened 16 airports, launching 37 domestic routes operated by 6 airlines, which mobilised 193,469 passengers in 2,227 operations, with an occupancy rate close to 70%. The cities authorised for Phase I of the reactivation were:

Bogotá (BOG)	Pereira (PEI)
Rionegro (MDE)	Cúcuta (CUC)
Cartagena (CTG)	Leticia (LET)
Cali (CLO)	Medellín (EOH)
Barranquilla (BAQ)	Montería (MTR)
San Andrés (ADZ)	Villavicencio (VVC)
Santa Marta (SMR)	Pasto (PSO)
Bucaramanga (BGA)	Florencia (FLA)

Figure 1. Domestic connectivity - Phase I

Source: Air Transport Office

- f) Phase II of the domestic reactivation became effective on 21 September, where, in addition to the airports mentioned in the previous phase, the following airports came into operation:

Quibdó (UIB)	Puerto Leguizamo (LQM)
Carepa (APO)	El Yopal (EYP)
San José del Guaviare (SJE)	Neiva (NVA)
Puerto Inírida (PDA)	Guapi (GPI)
Bahía Solano (BSC)	Puerto Carreño (PCR)
Manizales (MZL)	Mitú (MVP)
Barrancabermeja (EJA)	Arauca (AUC)
Corozal (CZU)	Armenia (AXM)
Riohacha (RCH)	Popayán (PPN)
Valledupar (VUP)	Tumaco (TCO)
Buenaventura (BUN)	Villagarzón (VGZ)
Aldana (IPI)	Pitalito (PTX)
Saravena (RVE)	Aguachica (HAY)
Puerto Asís (PUU)	Tame (TME)
Ibagué (IBE)	

The purpose was to consolidate what had been done during the first phase of domestic reactivation, putting into operation 44 airports throughout the country, of which Bogotá, Rionegro, Cali, Cartagena, Barranquilla and Armenia began international operations. Thus, not only did the country continue to restore its domestic connectivity, which is essential to connect the most remote regions with the country's main economic and social centres, but it also opened the possibility of connecting Colombia with other countries in the Region, while maintaining the strictest biosafety and epidemiological monitoring controls.

Figure 2. Domestic connectivity - Phase II



Source: Air Transport Office

- g) This second phase allowed all 8 national operators to launch 88 domestic routes, managing not only to restore connectivity but also to promote competition on the vast majority of commercially viable routes (routes not considered as social), which not only offered passengers a significant increase in the number of available destinations but also an increase in the supply from airlines, which experienced a higher demand compared to the first phase and managed to have a 77% occupancy rate in the domestic market.
- h) Similarly, international reactivation, as part of the international Phase I, made it possible to put into operation 35 routes operated by 11 airlines, which resumed scheduled services to 21 destinations in 10 countries in America.

Figure 3. International connectivity - Phase I

Source: Air Transport Office

- i) In order to restore this connectivity, the following prioritisation criteria were applied:

Opening up to international operations: Countries/routes open to international traffic.

The possibility was identified of immediately connecting with countries that did not have any kind of restriction on the entry of passengers from Colombia.

Airport capacity: The capacity of airports to process international flights.

Another prioritisation and very important criterion was the fact that all airports in Colombian territory are subject to control when restarting operations and will require the allocation of slots for international operations, a process that has been called "International Health Slot Allocation".

The "International Health Slot" makes it possible to balance the capacity of airports to process passengers against biosafety measures, the current level of their air operations and the capacity of the other authorities involved in this activity. Its purpose is to avoid congestion and to keep a more accurate control of passengers, thus balancing the demand for international operations with airport capacity.

Commercial feasibility: Interest of airlines to implement flights:

- j) The considerable increase in domestic operations and the resumption of international operations were reflected in a significant growth in connectivity, which allowed the domestic phase II to mobilise 803,110 passengers in 9,153 operations. On the other hand, the international phase I mobilised 179,091 passengers in 1,461 operations, with an occupancy rate of 73%, higher than the initial figure for the domestic market.
- k) Phase III of the domestic reactivation began on 1 November with the need to increase operations under the capacity restrictions established for each airport. The airports of Tolú (TLU) in the department of Sucre and Providencia (PVA) in the San Andrés archipelago were added.

At the same time, international phase II was started, which increased the number of countries with which international connectivity was authorised, making a total of 35 destinations, among which the first two routes that regularly connected Colombia to Europe, London and Istanbul, stand out. Likewise, a total of 56 international routes have been authorised, of which 47 are already operating and the rest are expected to come into operation in the end of the year season.

Figure 4. International connectivity - Phase II



Source: Air Transport Office

On the domestic market, the increase in capacity would encourage competition on different routes, which would have effects on prices that would benefit passengers. Likewise, the increase to 98 domestic routes is noteworthy, on which 994,665 passengers have been mobilised since the beginning of the phase until 30 November, with an occupancy rate of close to 74%, indicating that the demand responded very closely to the increase in supply in domestic phase III. On the other hand, international phase 2 has mobilised 279,546 passengers in the same period with an occupancy rate close to 66%, which shows how the demand for international flights is growing slower than the supply of these services.

Figure 5. Domestic connectivity - Phase III



Source: Air Transport Office

With regard to connectivity within the Colombian market, 89% of the 110 domestic routes available in the market during the months preceding the pandemic have been put into operation during the reactivation process. In the international market, 70% of the routes have been authorised, and 57% of the 83 international routes that were operating regularly just before restrictions were applied have resumed operations. However, connectivity with the European Union (Spain, the Netherlands, France, Germany), Uruguay, Curaçao, Canada, and Venezuela has yet to be restored due to restrictions in these countries.

Figure 6. International connectivity still not authorised



Source: Air Transport Office

It should be noted that, although most of the routes that have not yet been authorised operate to and from countries that still restrict the entry of Colombian passengers, there are other routes that connect Colombia to destinations in countries that do not have this restriction, but which have not yet been requested by the airlines. Among these, the following were identified:

- Bogotá – Cuzco
- Bogotá – Los Angeles
- Cali – Guayaquil
- Cali - Esmeraldas
- Cartagena – Lima
- Cartagena – Mexico
- Cartagena – Atlanta
- Pereira – Miami
- San Andres – Panama

CHALLENGES OF THE NEW REALITY UPON RESTORING CONNECTIVITY

- a) The new requirements and procedures related to COVID-19 put at risk the full use of the installed capacity at the different airports. Nevertheless, the aviation industry has shown an enormous capacity to adapt to the changes required by COVID-19 in operational and service processes. Colombia has implemented demanding protocols and launched initiatives, such as the 'Check-in Certificate' biosafety seal for the tourism sector, which allow for operating with high levels of biosafety in airport and onboard processes.
- b) The aspects affected by his threat at different stages of the travel process are:
 - Migration procedures: swiftness in migration lines, verification of new requirements (COVID-19 tests and others) and classification of travellers according to their origin.

- Processing procedures that require much strengthening due to the volume of users.
 - Biosafety conditions in the different processes (check-in, security filters, boarding rooms, circulation areas, etc.).
 - Increased time required for some of these processes.
 - Capacity to respond to contingencies (positive COVID-19 cases, for example).
 - Requirement of health insurance and/or assistance plans in several countries.
- c) The pandemic left airlines in a difficult financial situation. The financial crisis facing airlines in Colombia is undoubtedly complex and challenging. Three (3) of the country's leading companies (Avianca, LATAM, and Easyfly) have undergone financial restructuring processes (known as bankruptcy law), either in the United States (Chapter 11) or in Colombia. The air taxi and charter companies have also been affected by the crisis and suffered heavy losses during the shutdown.
- d) All companies are contemplating reductions in the size and composition of their fleet, leaving their fleet expansion and new aircraft arrival plans pending. Expectations for short-term growth in the sector have been significantly reduced compared to what was envisaged in the immediately preceding year.
- e) The confidence of travellers has been affected by COVID-19. Despite efforts on this front, travellers hesitate to make travel decisions, both because of the financial difficulties they experience from the effects of COVID-19, and because of the biosafety risks that may arise. New outbreaks in many countries, such as Spain, France, and Germany, increase uncertainty among users, which also affects their travel and air ticket purchasing decisions.
- f) Current circumstances have affected travel planning and shopping habits of travellers in aspects such as advance purchase of tickets with respect to the date of travel.
- g) Colombia has made substantial progress in this area with the implementation of travel protocols and the 'Check-in Certificate' biosafety seal (the country's main airlines and airports are already certified), but as long as the pandemic persists, generating confidence in both national and international travellers will always be a priority.

The restoration of air connectivity requires work on various public policy fronts, of which the following are proposed:

- To continue the implementation of an open commercial aviation policy, as was done in recent years.
- To link the air sector to the chain of tourist service providers in the regions, in order to ensure concerted action to extend air connectivity.
- To adopt measures that help generate confidence in travellers and speed in the service, ensuring biosafety conditions in the provision of air services.
- To continue implementing agile biosafety protocols and procedures, including increasingly incorporating technological tools.

3. CONCLUSIONS

3.1 Sustaining aviation recovery in the medium term will depend on many factors. If confidence is shattered by new outbreaks of COVID-19, governments may impose new confinement measures and maintain border closures. Therefore, the risk of less favourable outcomes than expected is considerable.

3.2 Other factors include restoring travellers' confidence, ensuring that there are no quarantines to delay their return, and harmonising biosafety measures and protocols. It is imperative

to align measures while maintaining each State's prerogative to implement additional and/or alternative mitigation measures, according to its specific needs and circumstances. These elements are key to boosting the necessary demand for flights, which will allow airlines to reach full performance to recover the numbers they had before the pandemic.

3.3 It is essential that States align themselves with the public health corridor implementation strategy proposed by the International Civil Aviation Organization (ICAO). These corridors are established when two or more States agree to recognise the public health mitigation measures that each has implemented on one or more routes between their States. This requires active information sharing among States and bilateral or multilateral discussions among States for harmonised implementation of corridors.

3.4 The air transport industry is in a very vulnerable situation, especially with regard to the viability of airlines that have been hit hard by the pandemic. The economic crisis deepens the risk of bankruptcy for many of them.

4. **SUGGESTED ACTION**

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- a) Take note of the information presented herein.
- b) Invite the States of the Region to establish safe air corridors, to which end Colombia is ready to meet with the authorities of the countries that are considering opening their borders.
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