

COVID-19

Initial impact* assessment of the novel Coronavirus

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4th March 2020

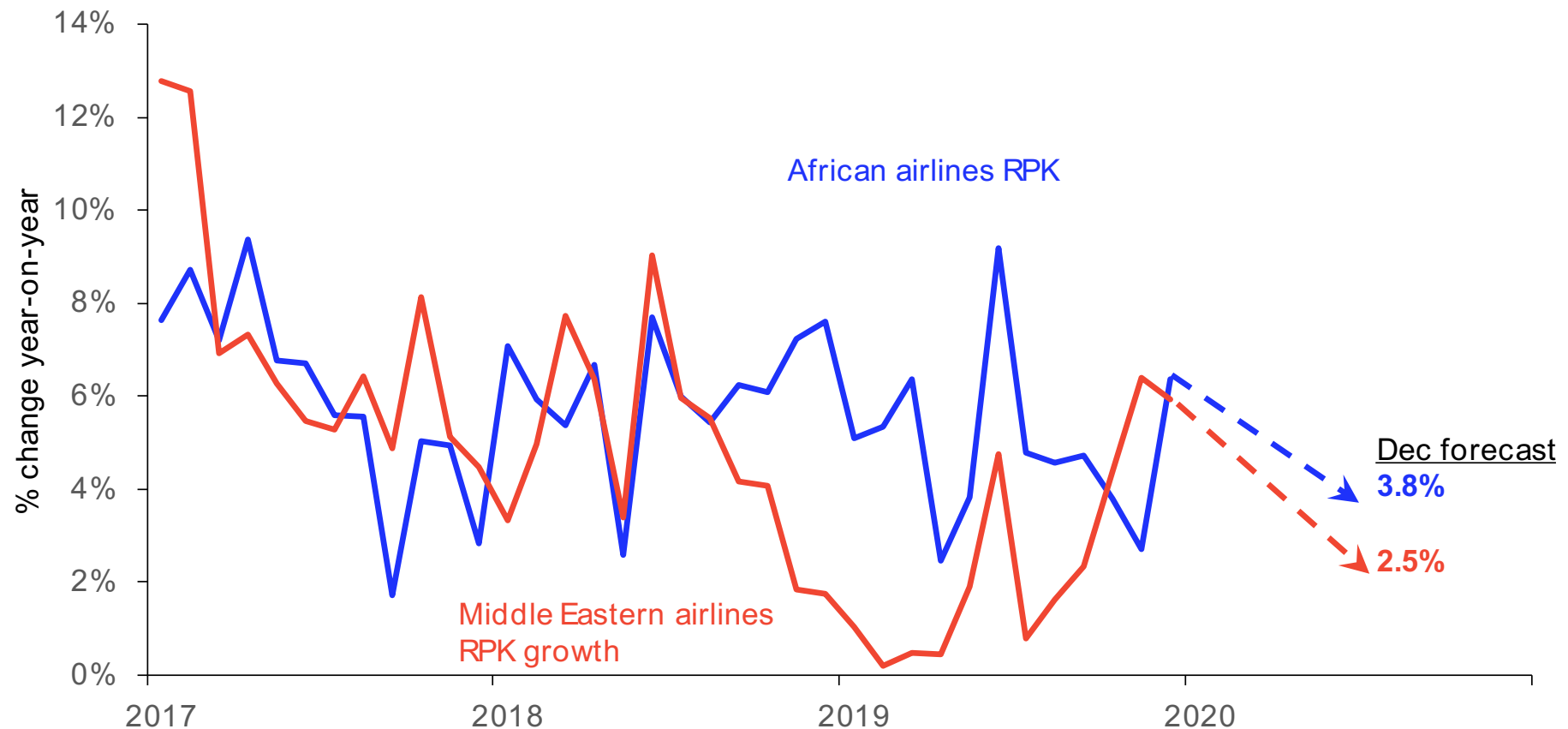


** This is a preliminary scenario. It is likely to change as the situation evolves and evidence builds.*



Forecast RPK growth for 2020 was conservative

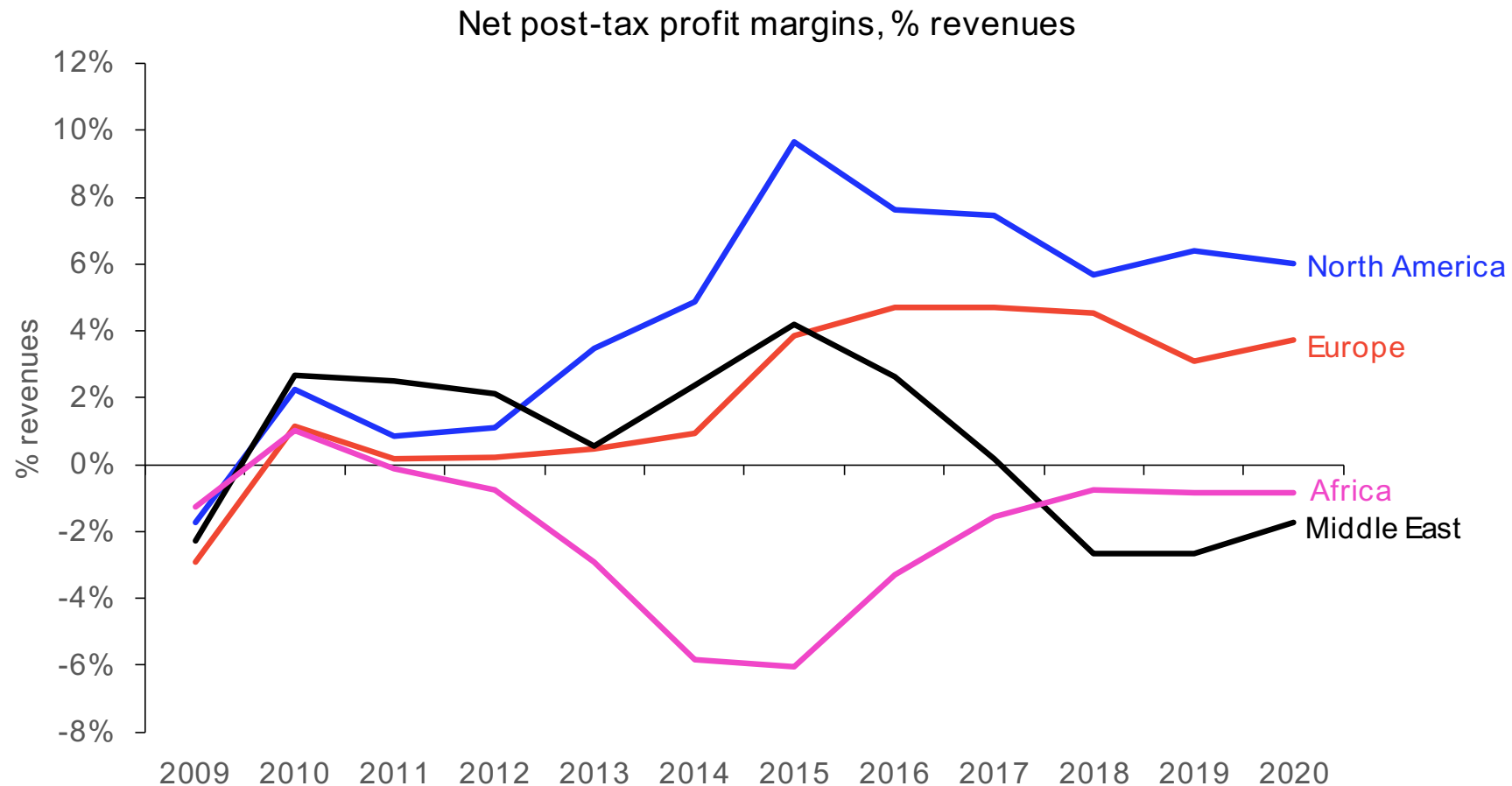
RPK growth for African and Middle Eastern airlines



Source: IATA Economics using data from IATA Statistics



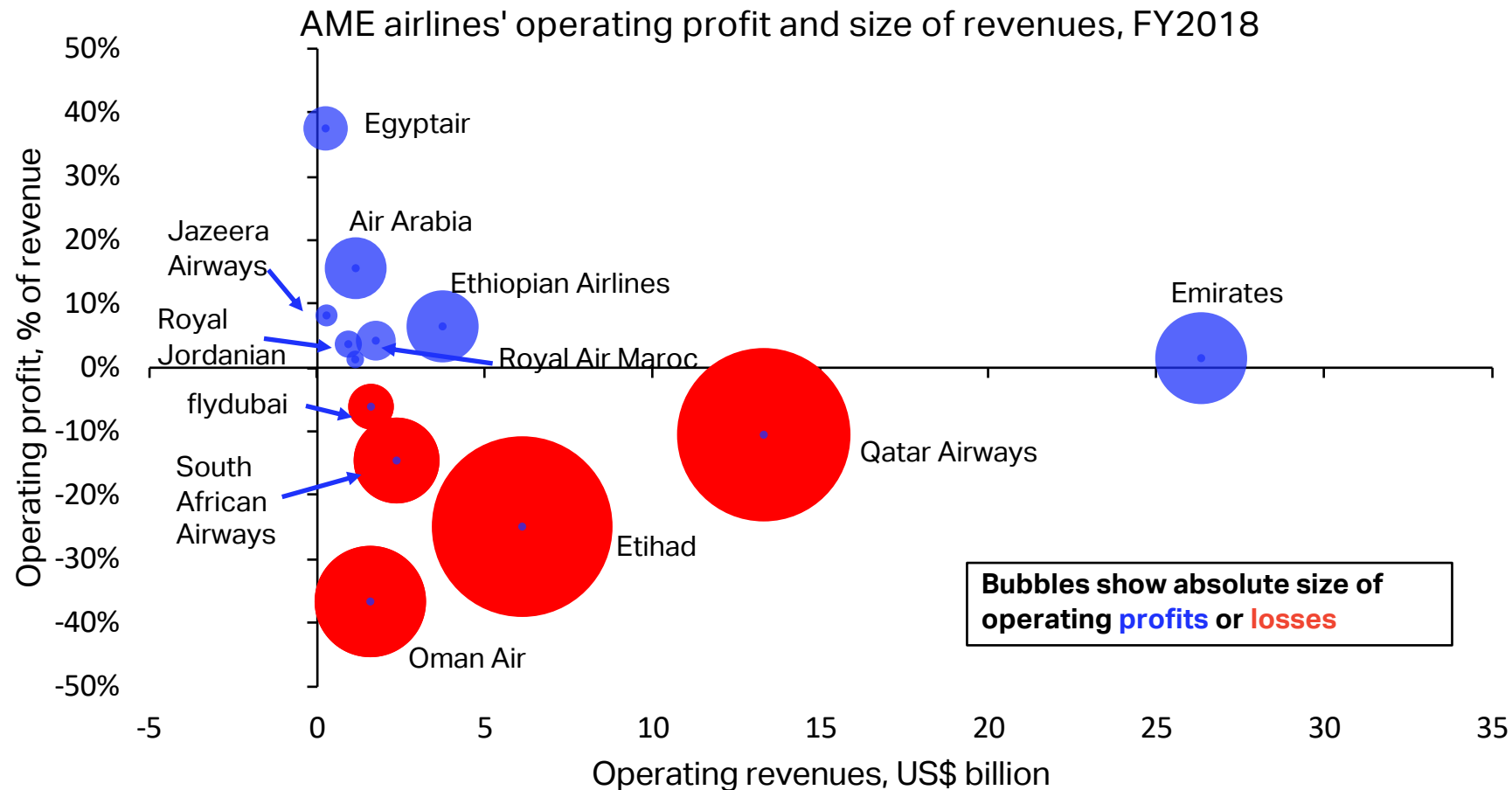
But airline finances vulnerable in the region



Source: IATA Economic Performance of the Airline Industry, End-Year 2019

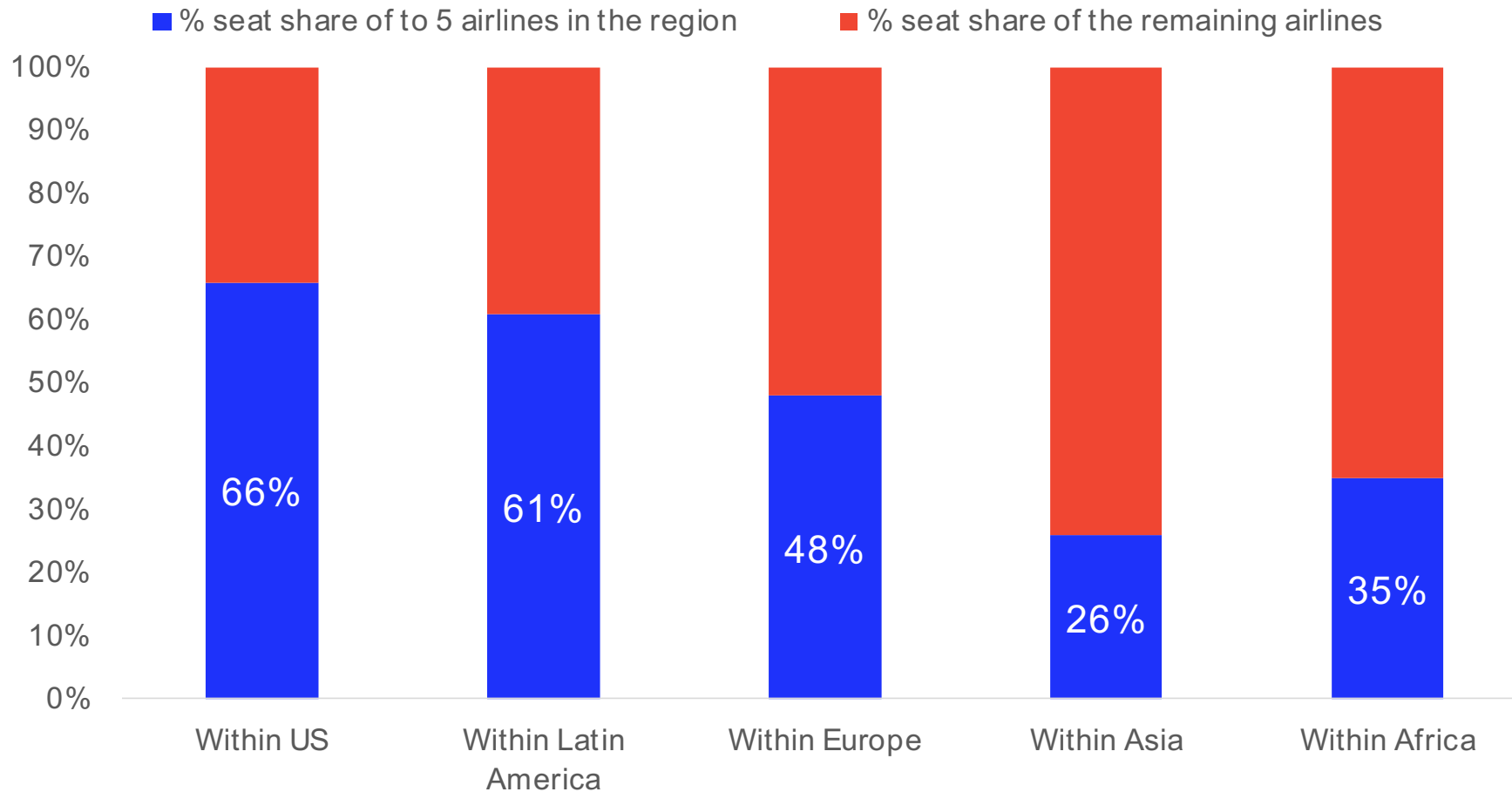


There are high performing airlines in the region



Source: IATA Economics using data from The Airline Analyst and WATS, 2018-2019

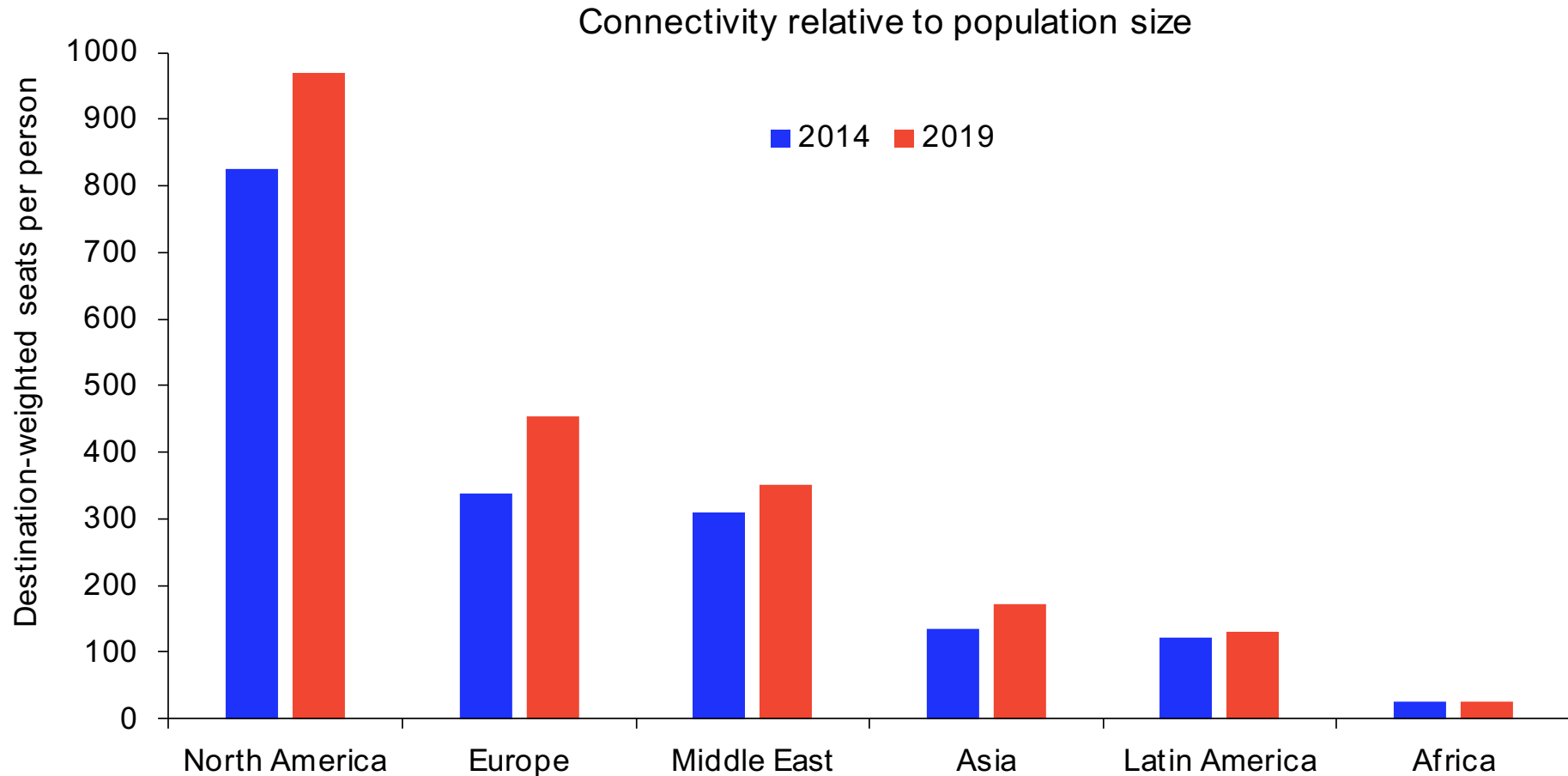
Markets are very fragmented in Africa



Source: IATA Economics using data from the SRS Analyser, 2019



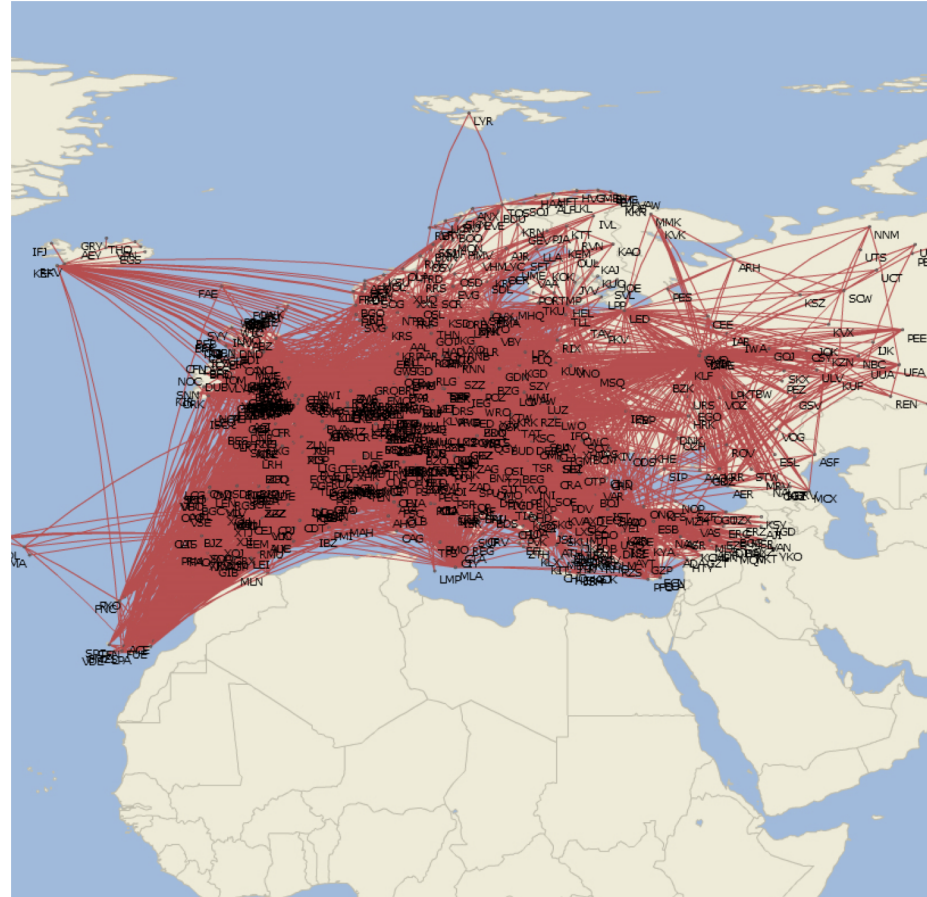
Connectivity in Africa is still extremely poor



Source: IATA Economics

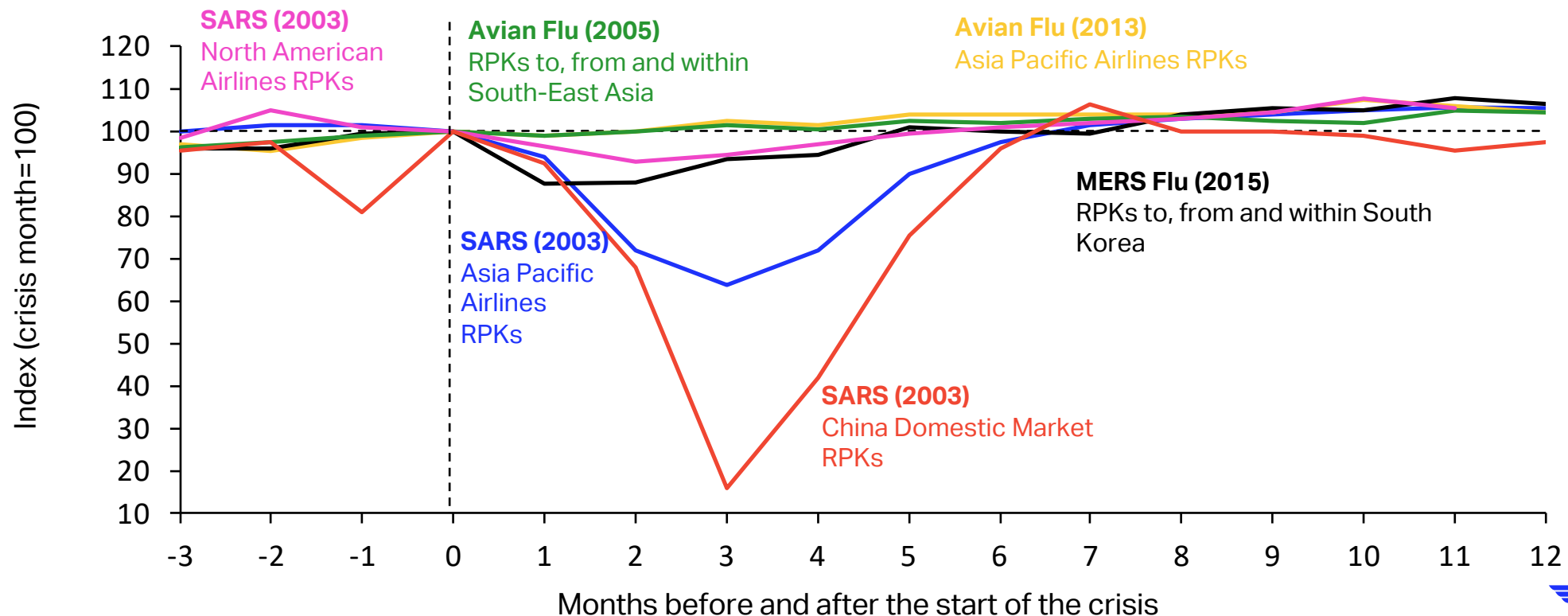


SAATM needed to unlock connectivity



Previous disease outbreaks have peaked after 1-3 months and recovered pre-outbreak levels in 6-7 months

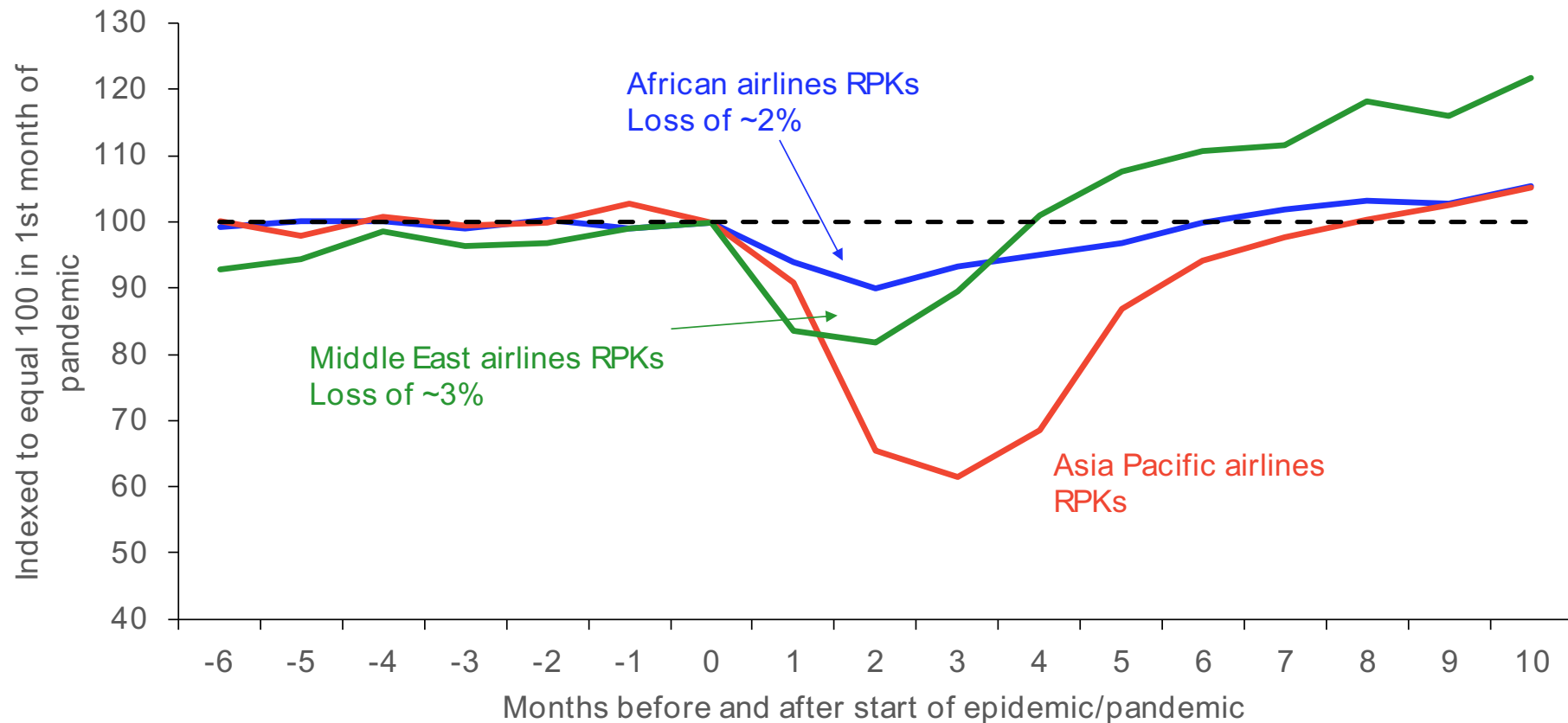
Impact of past disease outbreaks on aviation



Source: IATA Economics using data from IATA Statistics

The experience of SARS in 2003

RPKs, indexed, region of airline registration - SARS in 2003

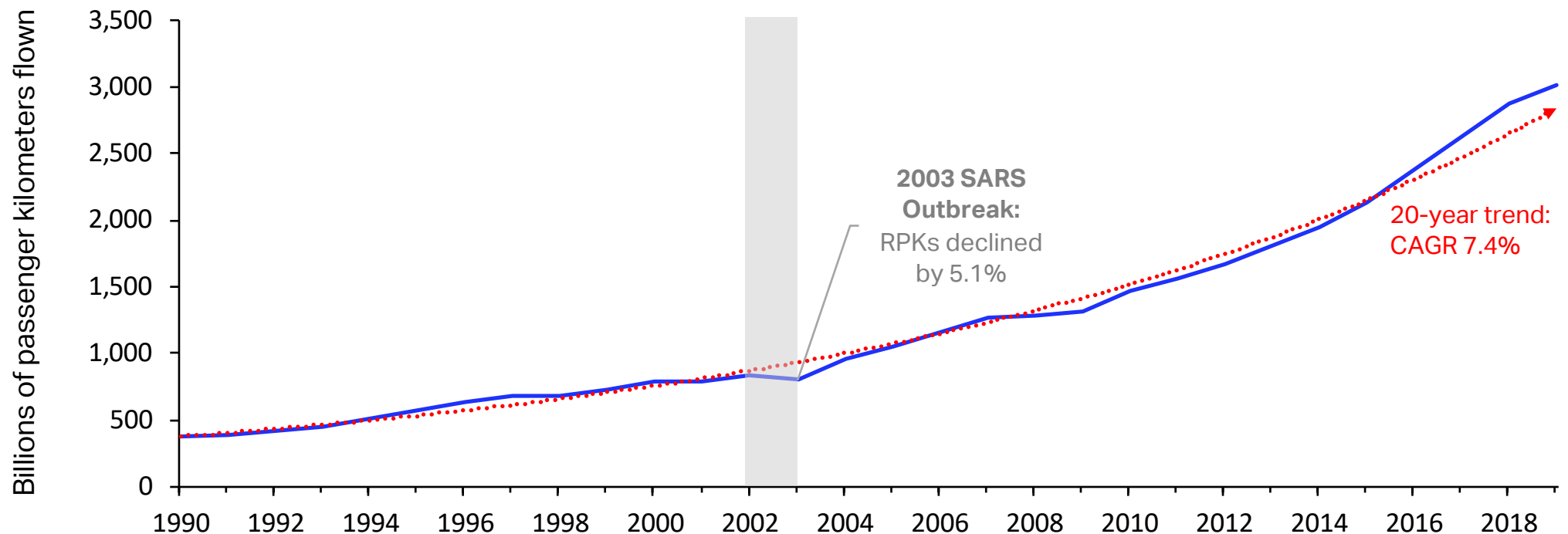


Source: IATA Economics using data from IATA Statistics



SARS caused the only annual decline in Asia-Pacific traffic in almost two decades

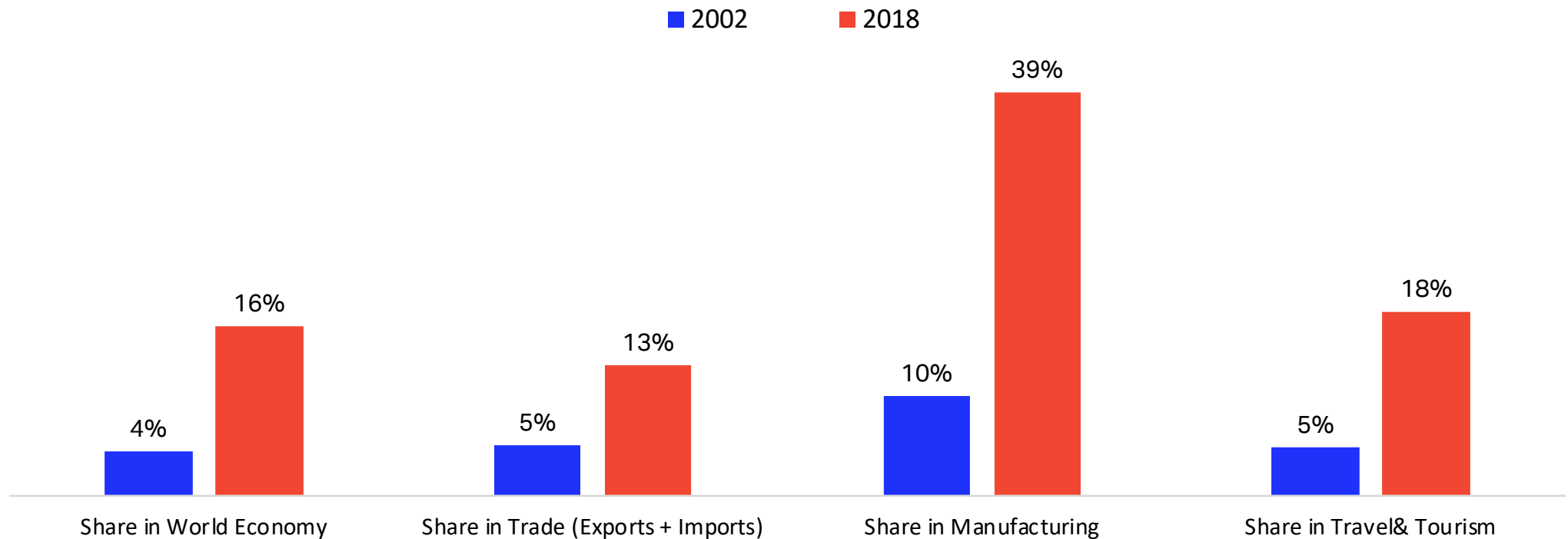
Asia-Pacific Airlines' Passenger Kilometers flown (RPKs)



Source: IATA Economics using data from IATA Statistics

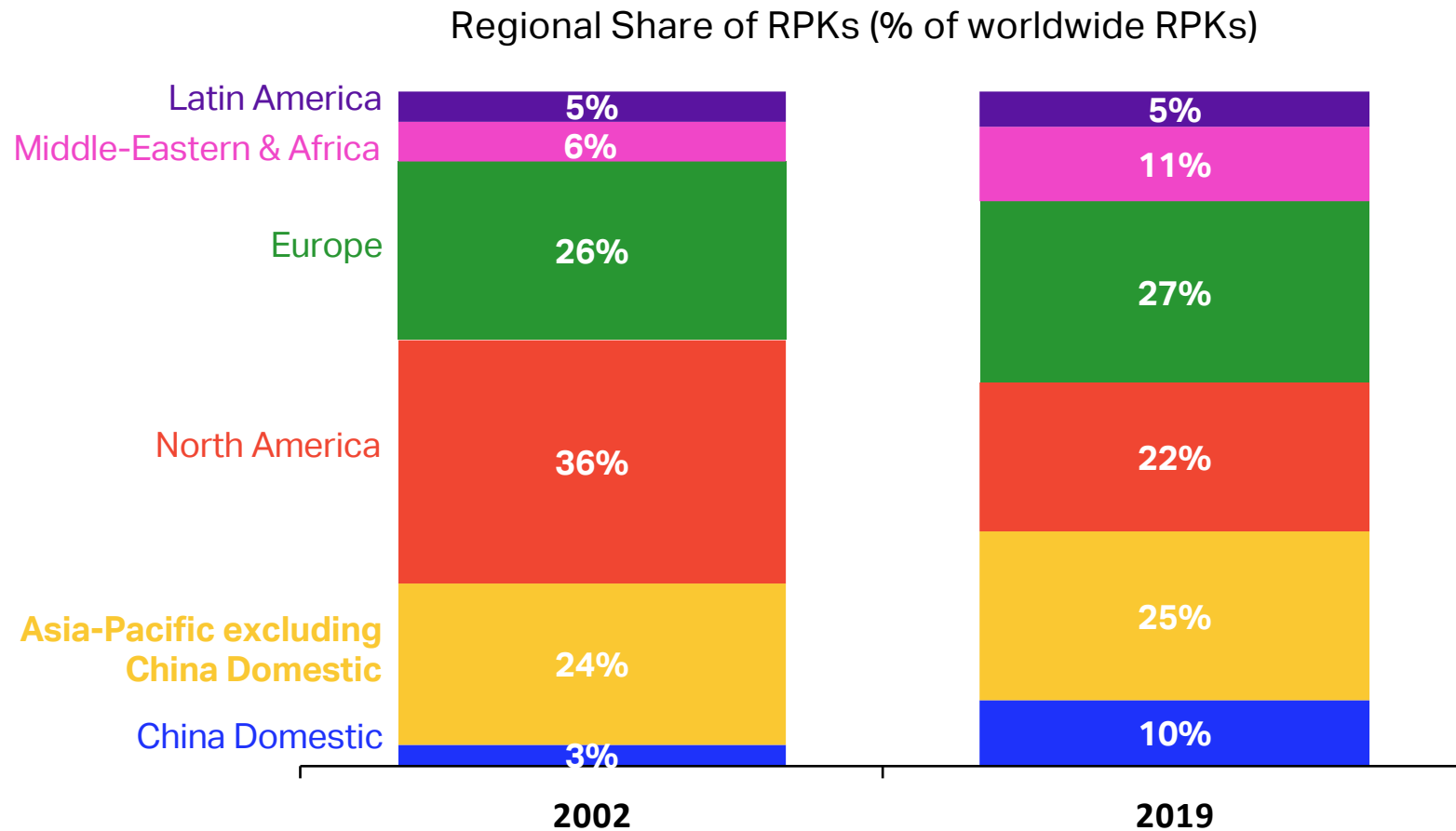
SARS experience may underestimate today's impact because China's economic size is now much greater

China's Contribution to World Economy



Source: IATA Economics using data from the IMF WEO, UN, WTTC

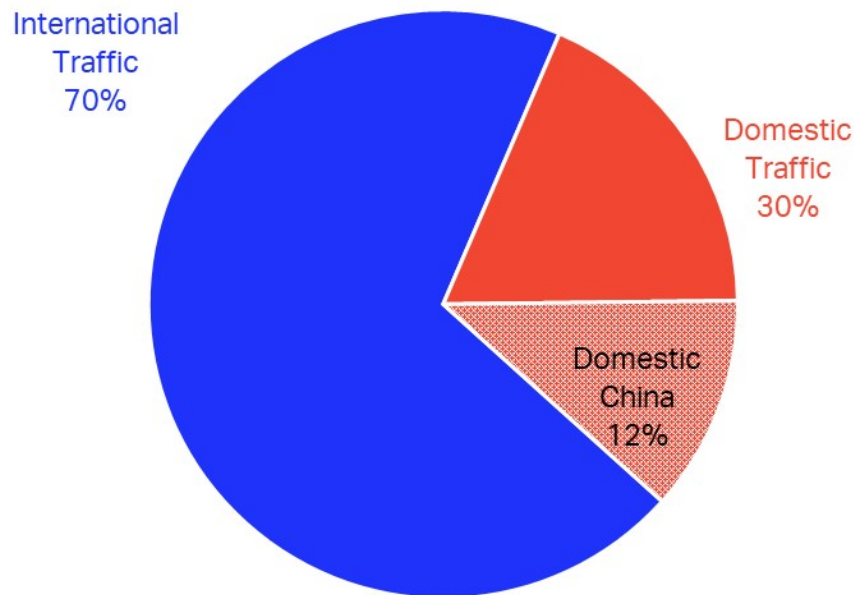
Since SARS China and other Asia Pacific airlines' share in worldwide RPKs have risen from 27% to 35%



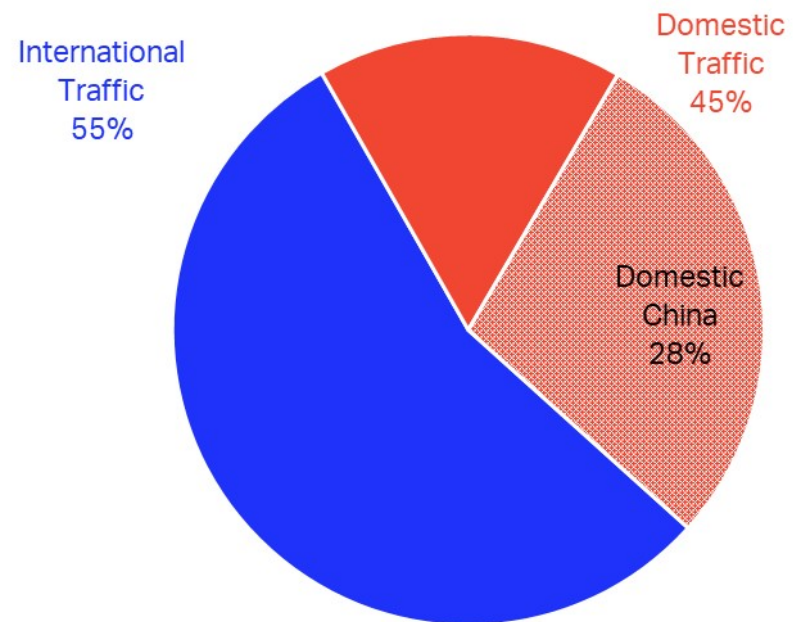
Source: IATA Economics using data from IATA Statistics

China's domestic market has become twice as important for total Asia Pacific airlines' RPKs

Asia-Pacific airlines RPKs
2002

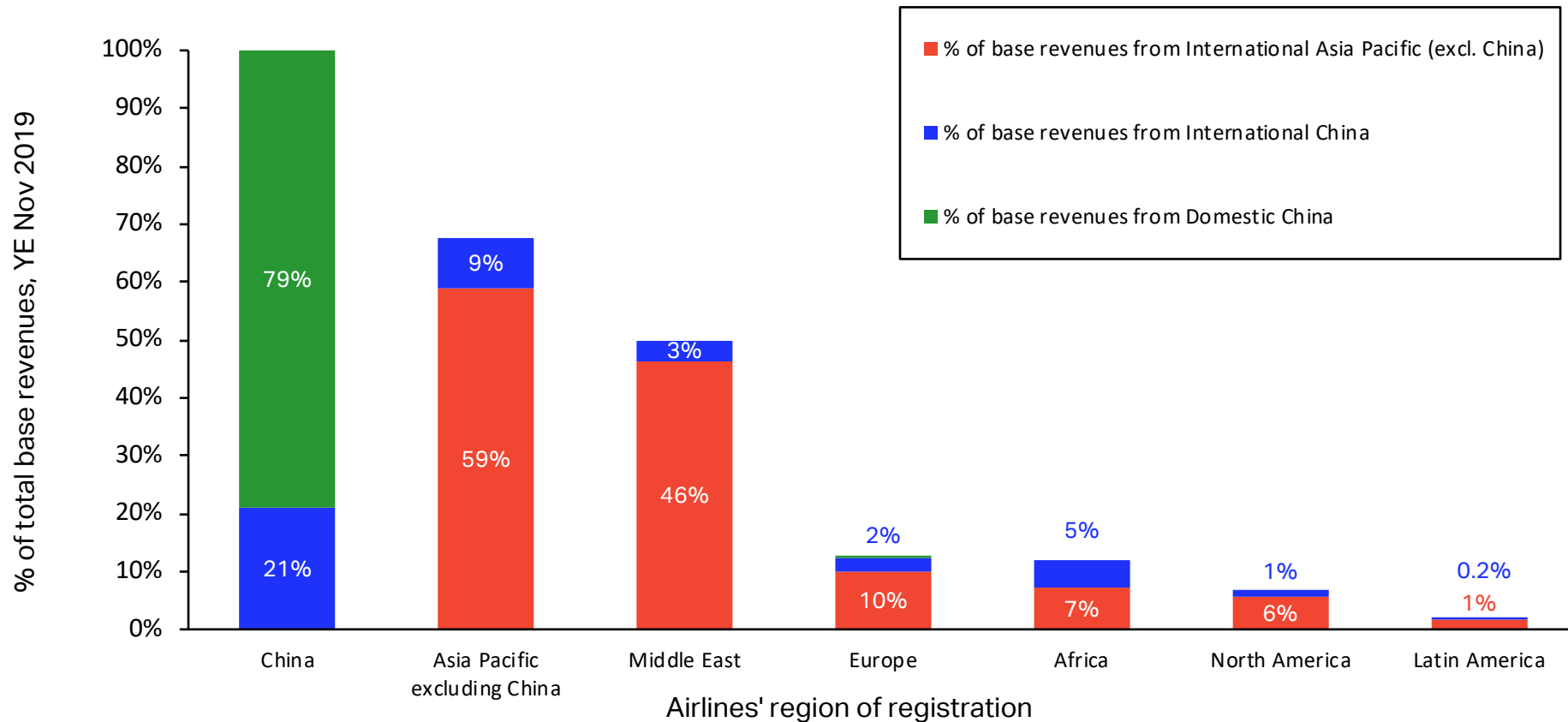


Asia-Pacific airlines RPKs
2019



Source: IATA Economics using data from IATA Statistics

Asia-Pacific airlines are most exposed to Chinese markets, but others impacted if COVID-19 effects widen

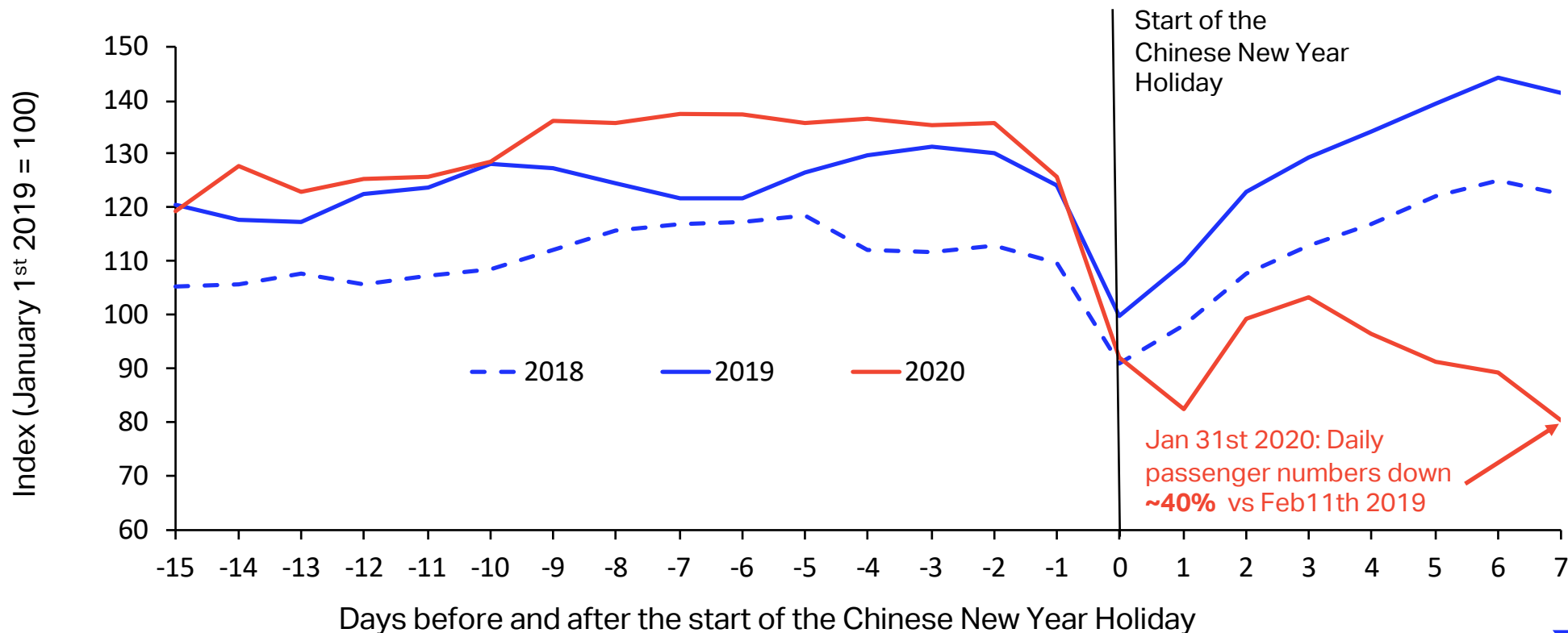


Base revenues: excluding revenues from ancillaries, baggage fees, etc.

Source: IATA Economics using Jan-Nov 2019 data from DDS

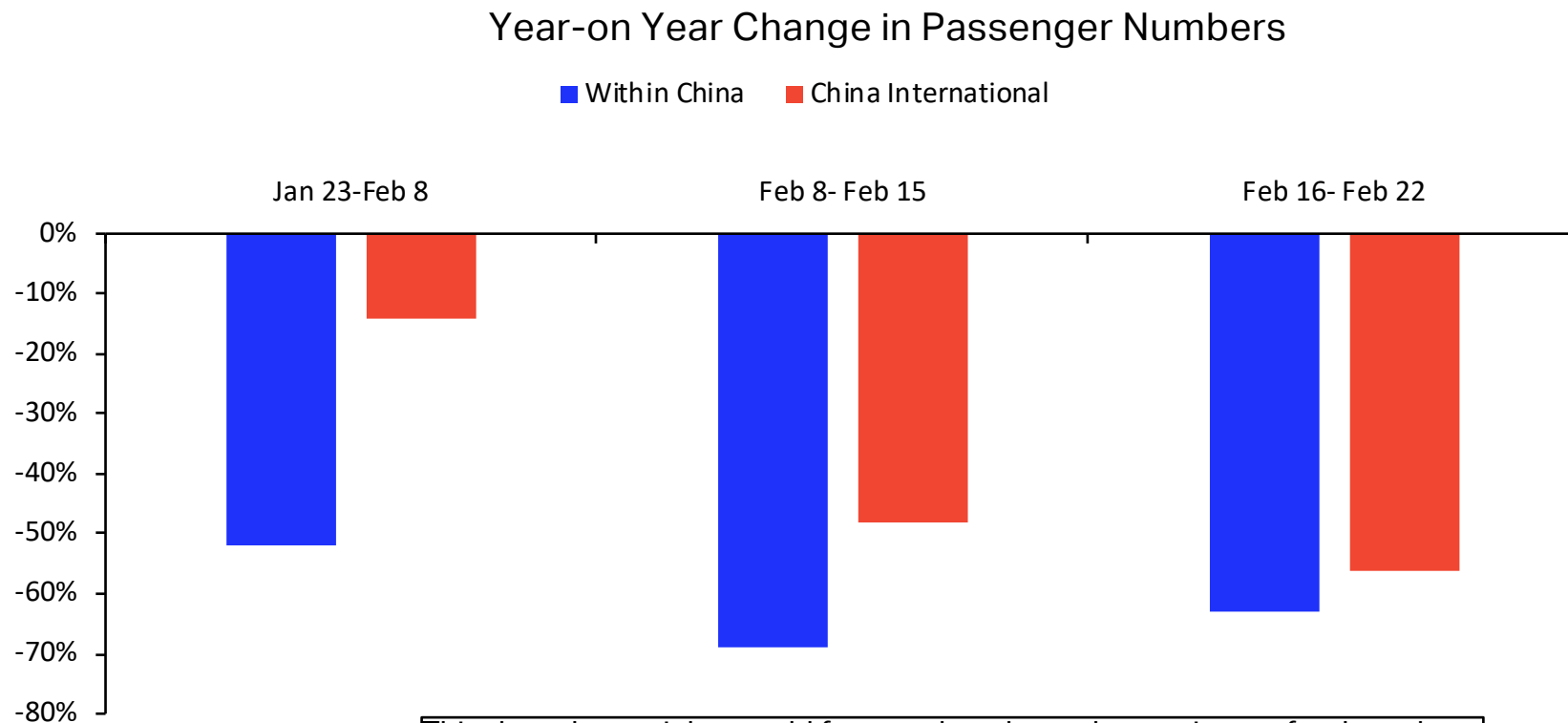
January data from China indicates a sharper decline than SARS outbreak in the first month after the outbreak

Daily China Passenger Numbers (Domestic+International)



Source: IATA Economics using data from DDS

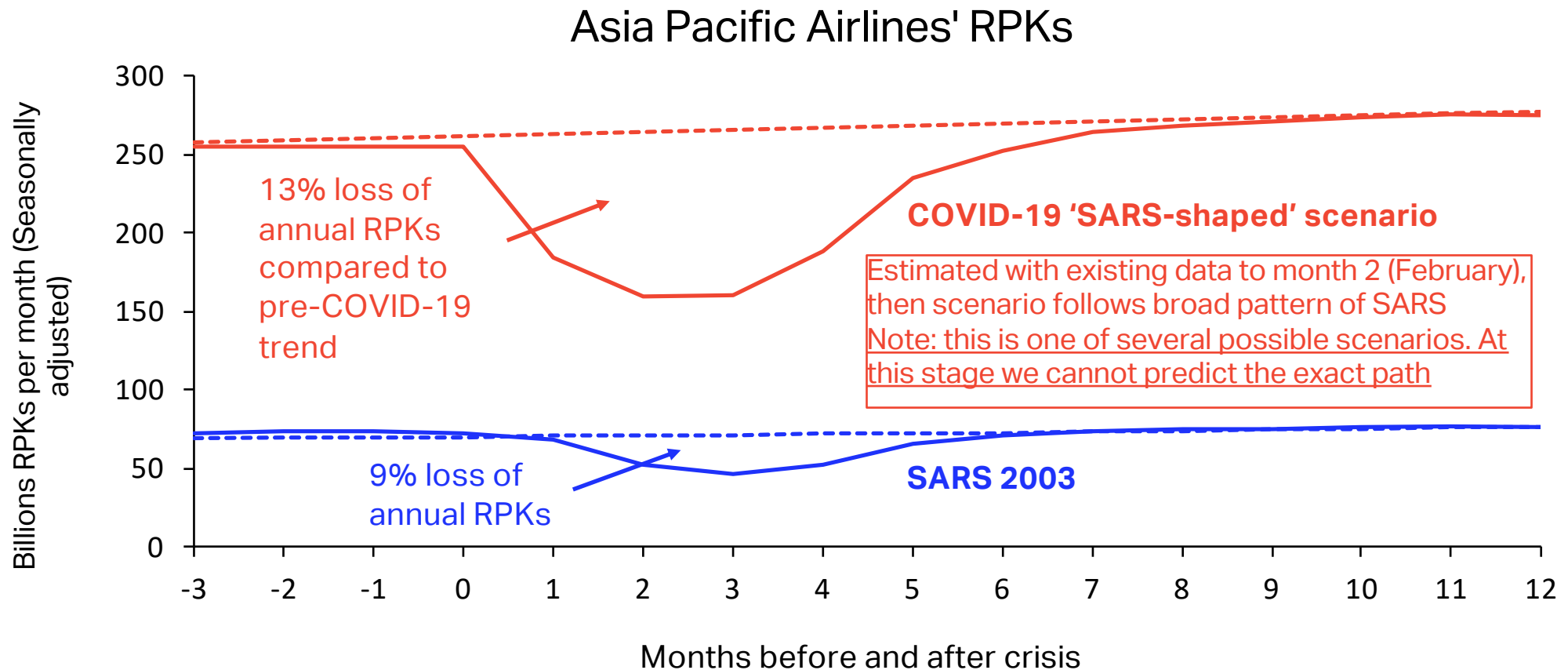
February data shows further decline with domestic + international China passenger numbers down around 60%



This data shows tickets sold for travel on these dates minus refunds and exchanges. It is for scheduled travel and so will not include charter services.

Source: IATA using data from DDS

If COVID-19 impact has a SARS-shaped profile this implies a 13% loss of RPKs in 2020 for Asia-Pacific airlines



Source: IATA Economics using data from IATA Statistics

COVID-19 'SARS-shaped' scenario implies a 4.7% loss to industry-wide RPKs in 2020 and a \$29bn loss of passenger revenues

Region of airline registration	Estimated Impact on 2020 RPKs (% of December forecast for 2020)	Estimated Impact on 2020 Passenger revenue (billion US\$)
Asia Pacific	-13.0%	-27.8
North America	-0.4%	-0.7
Europe	-0.4%	-0.6
Middle East	-0.2%	-0.1
Africa	-0.4%	-0.04
Latin America	-0.1%	-0.03
Industry	-4.7%	-29.3

US\$ 12.8 bn comes from China domestic market.

Scenario notes: Regional impacts outside Asia Pacific Region are based only on the direct exposure to Chinese markets. No additional or second round weakness of Asia Pacific markets are included. SARS had wider impacts but so far COVID 19 has 99% of its cases in mainland China. Revenue impacts are estimated based on the 2020 RPK impact assuming no change in yields.

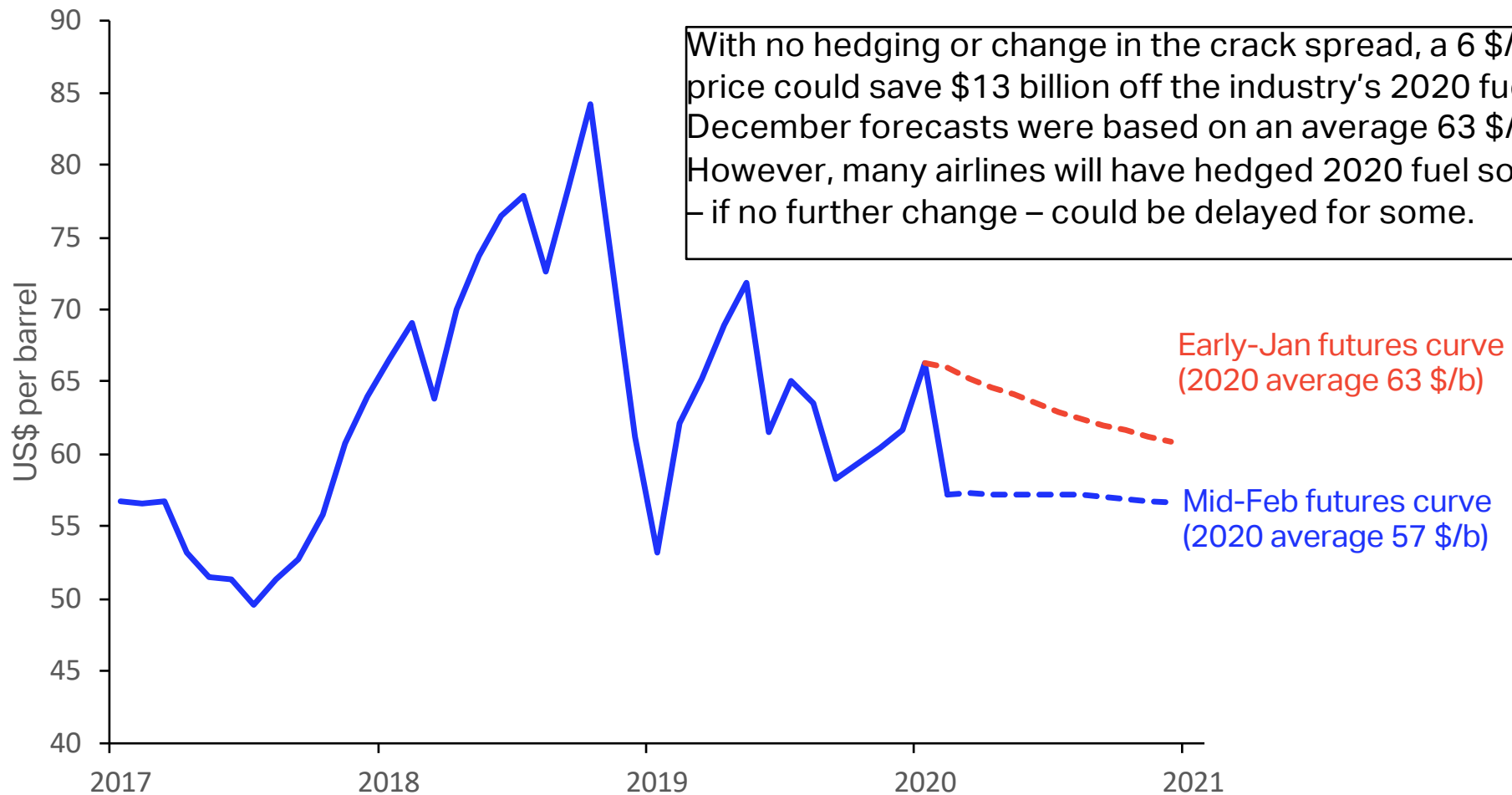
2020 RPK forecasts before and after COVID-19 (assumes 'SARS-shaped' scenario and no other changes)

Region of airline registration	December 2019 forecast	COVID-19 'SARS-shaped' scenario impact	Implied COVID-19 'SARS-shaped' scenario
Asia Pacific	4.8%	-13.0%	-8.2%
North America	3.8%	-0.4%	3.4%
Europe	3.8%	-0.4%	3.4%
Middle East	2.5%	-0.2%	2.3%
Africa	3.8%	-0.4%	3.4%
Latin America	4.3%	-0.1%	4.2%
Industry	4.1%	-4.7%	-0.6%

Scenario notes: The December 2019 forecast can be found at [Economic performance report](#). The final column is indicative, showing how the forecasts RPK growth numbers for 2020 could be reduced if this particular COVID-19 scenario came about. It takes no account of any other changes, such as lower fuel prices, policy actions or knock-on and second-round effects. The scenario impacts are subtracted from the December forecast for simplicity, though this is not exact.

Lower fuel prices may provide some offset

Brent crude oil prices and futures curves, US\$ per barrel



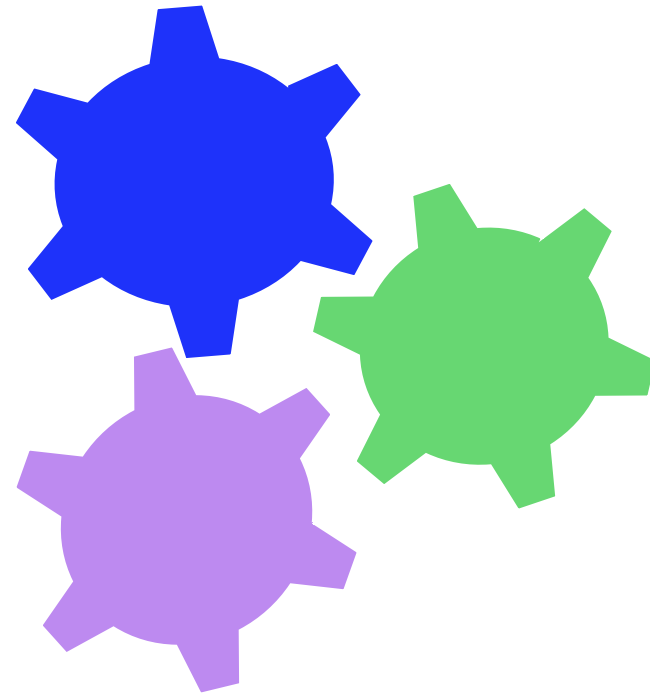
Source: IATA Economics using data from Refinitiv Datastream

Partnership – WHO, ICAO & IATA

IATA, WHO, CDC and ICAO working to make travel safe

WHO has published extensive advice to travelers on its [website](#)

IATA and airlines have developed standards and best practices linked to the International Health Regulations (IHR)



Government leadership and support needed

The Singapore government is allocating SGD112 million to provide financial relief to airlines and the aviation sector struggling to economically maintain connectivity

Financial relieve - taxes and charges

Reduce aeronautical charges and taxes for airlines to mitigate the decline in traffic

Defer any planned increases in aeronautical charges and taxes for 2020

Incentive schemes to attract new routes/airlines and restore traffic for existing routes

Slots Alleviation

Regulators and slot coordinators globally should ensure that airlines who make flight cancellations/routes suspension will not be subjected to the usual 80/20 slot usage rules

Final word to governments

"We have a public health emergency, and we must try everything to keep it from becoming an economic crisis" - Alexandre de Juniac, IATA DG & CEO



Travel Tips

- 1. If you are sick, don't travel**
- 2. If you have flu-like symptoms – wear a mask and see a doctor**
- 3. When you travel wash your hands frequently and don't touch your face**

Observing these simple measures should keep flying safe for all

Thank you

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