HOW MUCH AIR TRANSPORT INDUSTRY WILL LOSE DUE TO COVID-19

News / Airlines, Finance

IATA updated its analysis of the revenue impact of the COVID-19 pandemic on the global air transport industry. Owing to the severity of travel restrictions and the expected global recession, IATA now estimates that industry passenger revenues could plummet $252 billion or 44% below 2019's figure. This is in a scenario in which severe travel restrictions last for up to three months, followed by a gradual economic recovery later this year.

IATA's previous analysis of up to a $113 billion revenue loss was made on 5 March 2020, before the countries around the world introduced sweeping travel restrictions that largely eliminated the international air travel market.

"The airline industry faces its gravest crisis. Within a matter of a few weeks, our previous worst case scenario is looking better than our latest estimates. But without immediate government relief measures, there will not be an industry left standing. Airlines need $200 billion in liquidity support simply to make it through. Some governments have already stepped forward, but many more need to follow suit," said IATA's Director General and CEO, Alexandre de Juniac.

Slower Recovery

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The latest analysis envisions that under this scenario, severe restrictions on travel are lifted after 3 months. The recovery in travel demand later this year is weakened by the impact of global recession on jobs and confidence. Full year passenger demand (revenue passenger kilometers or RPKs) declines 38% compared to 2019. Industry capacity (available seat kilometer or ASKs) in domestic and international markets declines 65% during the second quarter ended 30 June compared to a year-ago period, but in this scenario recovers to a 10% decline in the fourth quarter.

25 MARCH 2020

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https://50skyshades.com/index.php/news/airlines/how-much-air-transport-industry-will-lose-due-to-covid-19

REGION OF AIRLINE REGISTRATION	% CHANGE IN RPKS (2020 VS. 2019)	EST. IMPACT ON PASS. REVENUE 2020 VS. 2019 (US$ BILLIONS)
Africa	-32%	-4
Asia Pacific	-37%	-88
Europe	-46%	-76
Latin America	-41%	-15
Middle East	-39%	-19
North America	-27%	-50
Industry	-38%	-252

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