EXECUTIVE SUMMARY

European Parliament

Research for TRAN Committee – Relaunching transport and tourism in the EU after COVID-19

Part III: Aviation sector

KEY FINDINGS

- COVID-19 had **dramatic impacts on the aviation sector**, ranging from a decrease in flight traffic to a severe loss in revenue for airlines and aviation operators. This translated into job cuts and difficulties for the recovery of the sector.
- Consumers are concerned with the correct implementation of sanitation measures. To resume demand, **a strategic approach to encourage travelling** while making passengers feel safe is fundamental.
- **Several emerging trends might affect aviation** both in the mid-term and in the long-run. These mainly relate to the fast recovery of leisure trips; the potential disappearance of the hub-and-spoke model; the increasing digitalization and implementation of sanitation measures; the rise of cargo freight and the growing emphasis on sustainability goals.
- To sustain the recovery of the industry, EU policy-makers should focus on **re-building passengers' confidence**, **supporting aviation operators** and **enhancing existing aviation-related policies**.

The present document is the executive summary of the thematic briefing on Relaunching transport and tourism in the EU after COVID-19 - Aviation sector. The full briefing, which is available in English can be downloaded at: https://wp.me/p9fhrE-gYr

Policy Department for Structural and Cohesion Policies
Directorate-General for Internal Policies
Author: Maria RODRIGUES, Emilia SANDRI, Ljubica KNEZEVIC, Tharsis TEOH (PANTEIA)
Barbara ANTONUCCi, Nicole CUTRUFO, Lidia MARONGIU (Università degli Studi Roma Tre)
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The impacts of COVID-19 on aviation sector

The COVID-19 crisis had significant impacts on the aviation sector, bringing passenger traffic in the EU back to its 1995 levels. The pandemic affected the **viability of aviation operators,** as well as **changed the structure of the market and air connectivity**.

April 2020 recorded the largest decrease of **worldwide flights (-55%),** with **traffic figures dropping by 92.8%,** corresponding to **a loss of 1.7 million passengers.** On average, the aircraft load factor was between 50% and 60%, reaching the lowest point of 27%. By the end of 2020, **almost 51% of the total European fleet were grounded**. World city-pair connectivity also decreased, with the number of **unique city-pairs dropping to 36%** compared to the beginning of 2020.

Furthermore, European airlines experienced **revenue losses amounting to €22.2 billion**. European airports lost up to €33.6 billion, as daily movements were reduced by 73% compared to 2019. In addition, **6.4 million** direct aviation and supporting-aviation **jobs in Europe have been lost**, and globally 4.8 million more will be under threat by the beginning of 2022.

The stagnation of economic growth, paired with increasing costs of safety protocols and the often changing travel restrictions, hints to a long period of recovery for the aviation sector.

One of the key factors to relaunch the aviation sector is the ability to restore consumer confidence in air transport. When it comes to travel, surveys suggest that **European consumers prioritize sanitation measures** over ticket prices.

While encouraging PCR testing is important to restart travel, consumers would **prefer to be vaccinated,** ideally travelling to destinations where other individuals are also vaccinated. The roll-out of COVID-19 vaccination programs across the EU is an encouraging factor for the willingness to travel intra-EU from summer 2021 onwards.

A series of measures may be implemented to increase travellers' trust. Firstly, **the use of self-service technologies** can limit unnecessary physical interactions between individuals. **Hygienic practices should be consistently implemented** across aviation facilities, **accompanied by reliable information** to make consumers aware of the premise's safety.

Some consumers do not travel due to the **confusion surrounding the unharmonized entry requirements of Member States**. In this sense, the **Travel Pass Initiative** by IATA and **chatbot technologies** can help inform travellers on travel restrictions. In addition, the **EU Digital COVID Certificate** will be pivotal in easing entry restrictions across EU Member States covering vaccination, test and recovery.

The pandemic has given rise to **trends that will impact the aviation sector** both in the mid- and the long-term. The financial implications for aviation operators caused heavy governmental interventions. While it was crucial to support the sector, it might create long-term financial problems for airlines.

Projections suggest that **leisure trips will recover faster** than business trips. This prescribes a re-evaluation of the airline's flight economics, potentially resulting in the **disappearance or significant downsizing of the business class** and the **development of new flight networks**. Furthermore, the **increasing demand for point-to-point flights threatens the existence of the hub-and-spoke model**. While the latter was functional for connecting flights, point-to-point flights do not require the existence of great central hubs. If demand for point-to-point flights is on the rise, the hub-and-spoke model might become redundant, favouring a more moderate development of aviation infrastructure and smaller airports.

The **digital transformation** will require the integration of enhanced IT in airports and aircrafts. In the long-run, **digitalization will contribute to optimized resources** and reduced operational costs. Similarly, **sanitation measures**, if paired with technology developments, **will ease the constraints of aviation operators**.

Air freight demand has substantially increased. As a result, many airlines **converted their passenger aircrafts into cargo planes**. Further, it is expected that in the long-run, the aviation operators will decide to cooperate more with each other to complement and enhance air travel services.

The **constant opening and closing of networks** also resulted in last-minute changes to flight routes. To counter short-notice changes, airlines, airports and ANSPs need more flexibility in their scheduling, as well as better planning for their revenue management.

Sustainability policies and initiatives are also crucial to relaunch the sector. Nonetheless, **some goals will need to be adjusted** in order to align with the financial struggles that aviation operators are currently sustaining.

In conclusion, three kinds of recommendations are pivotal to support the aviation sector.

Firstly, re-building passengers' confidence in air transport is essential to resume demand. To do so, **measures that provide consistency on the implementation of sanitation measures** and ensure **effective communication** with consumers should be implemented. Furthermore, the implementation of the EU Digital COVID Certificate, travel packages and initiatives and digital solutions can encourage tourism and restore passengers' trust.

Secondly, **aviation players should receive support** through a wide array of means, such as including aviation workers in vaccination plans, harmonizing guidelines to ensure safe and reliable travels, encouraging COVID-19 testing and financially sustaining the air transport industry via strategic plans.

Lastly, **existing policies tackling the green transition should be strengthened** through targeted approaches. For this, the correct allocation of EU funds, coupled with actions that foster support for the aviation sector, may ensure that decarbonization goals are achieved without disproportionately affecting specific market sectors.

Further information

This executive summary will be available in the following languages: English, French, German, Italian and Spanish. The briefing, which is available in English, and the summaries can be downloaded at: https://wp.me/p9fhrE-gYr

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Research administrator: Ariane DEBYSER, Davide PERNICE   Editorial assistant: Mariana VÁCLAVOVÁ

Contact: Poldep-cohesion@ep.europa.eu

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