

# Aviation Issues and Challenges and Post-COVID recovery Options

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Pacific Region Infrastructure Facility



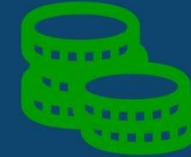
# COVID-19 Impact on the Asia-Pacific Region



Capacity in the region is  
44% lower than 2019  
levels  
(-26% dom/-88% int'l)



Major hub airports  
affected, fleets  
grounded/retired



Financial pressure,  
staff furlough or  
redundancies



Failure to keep up with  
compliance



Government bailout or  
stimulus



Survival of the fittest –  
airline failures &  
bankruptcies

*Note: capacity levels as of Aug 2021 compared to Aug 2019*



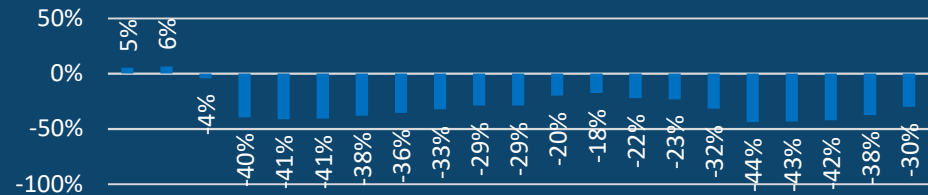
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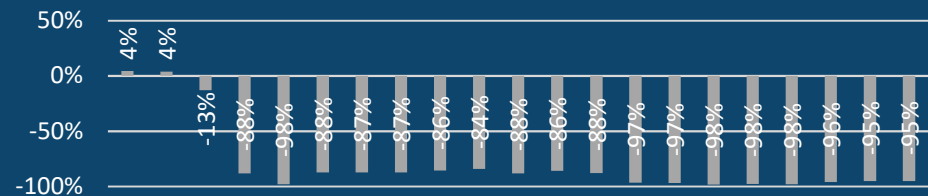
# Pacific Traffic Snapshot

- PNG drives the domestic recovery.
- Fiji domestic capacity down significantly in 2021 compared to 2020.
- Intra-regional and international capacities remain heavily depressed.

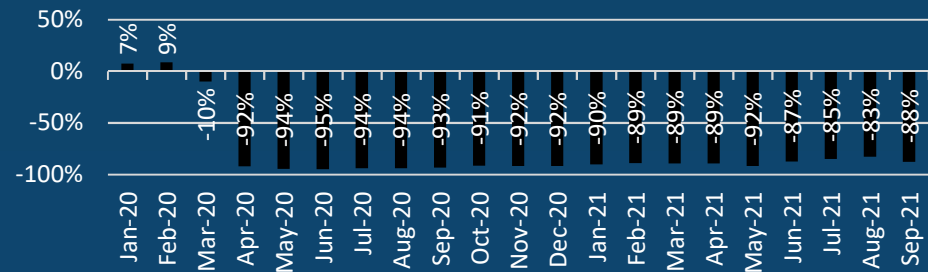
Domestic Capacity Compared to 2019 Levels



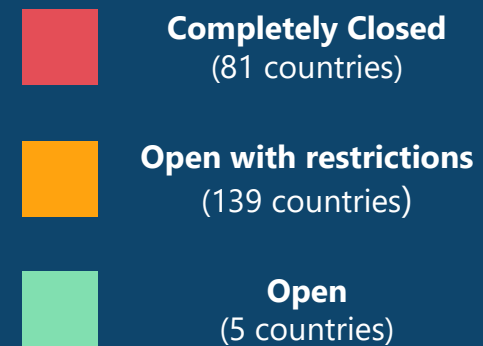
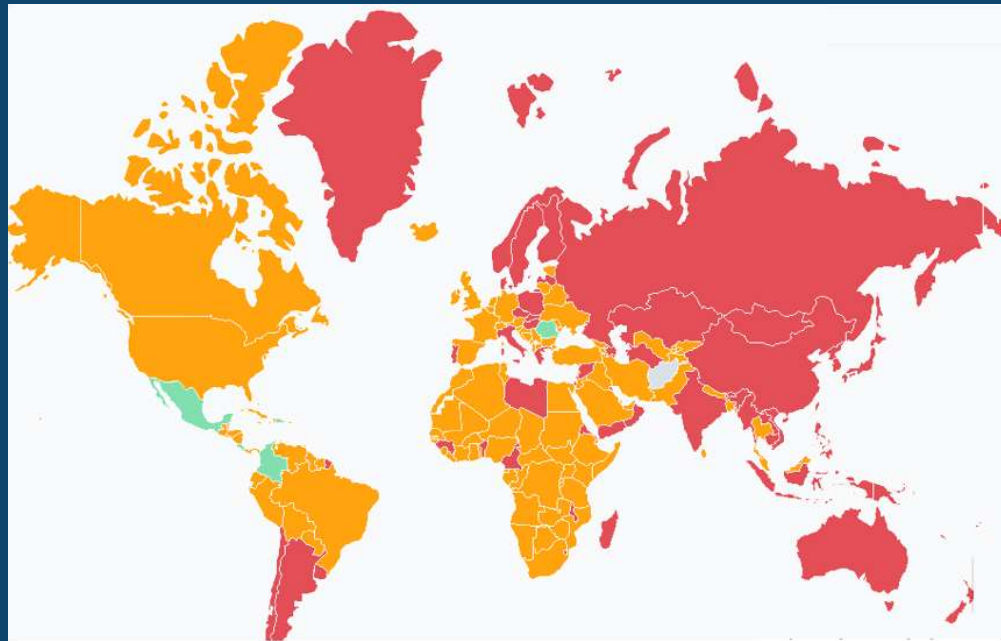
Intra-Regional Capacity Compared to 2019 Levels



International Seat Capacity Compared to 2019 Levels



# International Travel Still Hampered by Border Restrictions



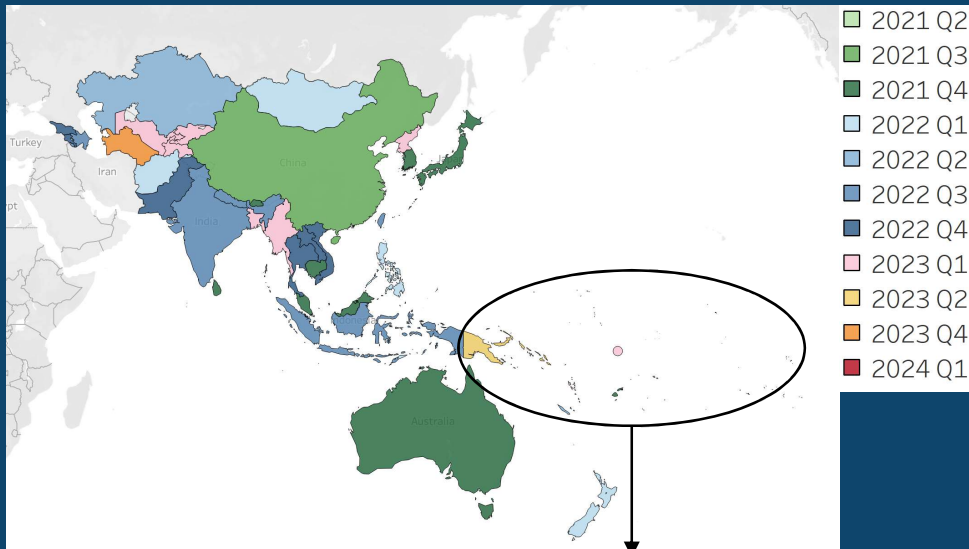
Source: Kayak.com, updated 01/09/2021



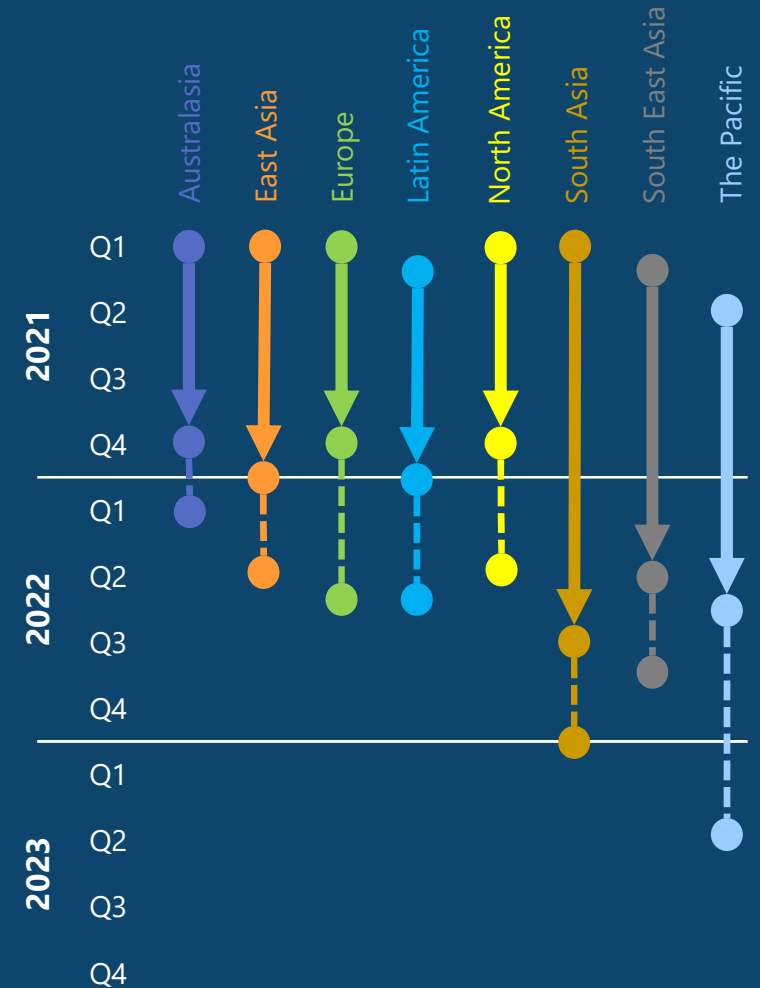
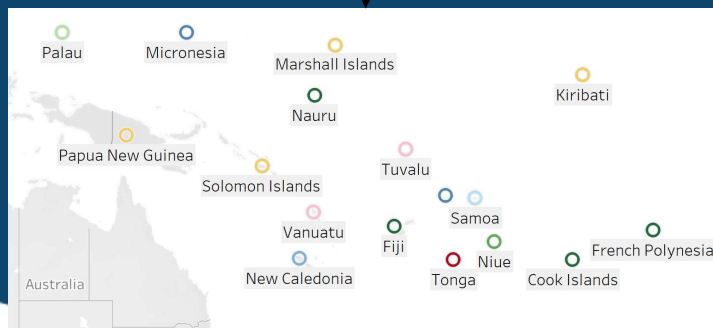
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# Vaccination Programs are Well Under Way



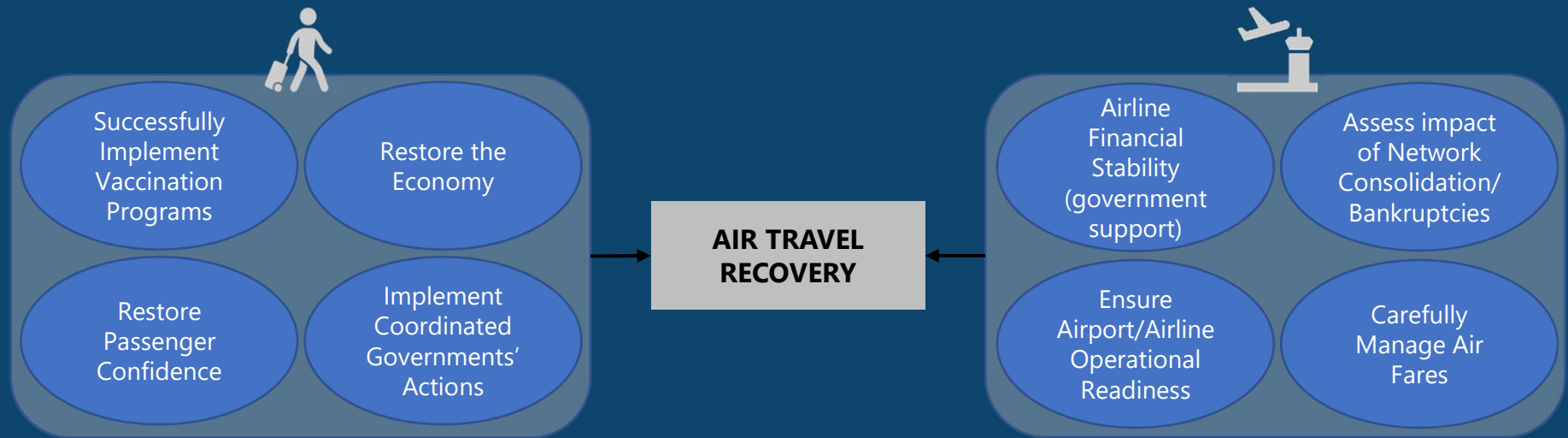
Source: Market Research.



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# Roadmap To COVID-19 Recovery



## **Challenges on Road to Air Travel Recovery:**

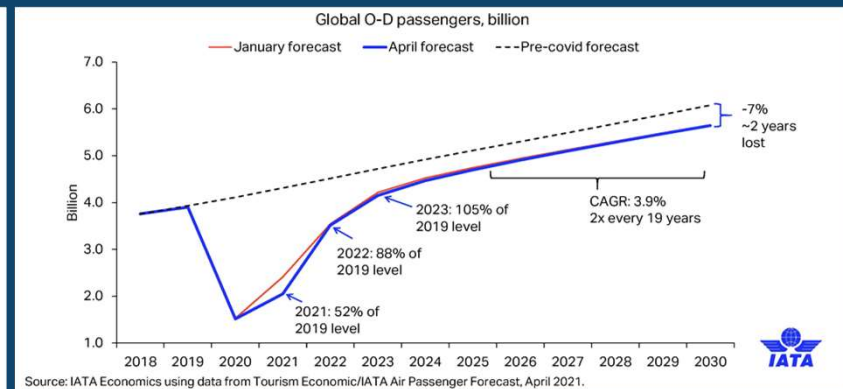
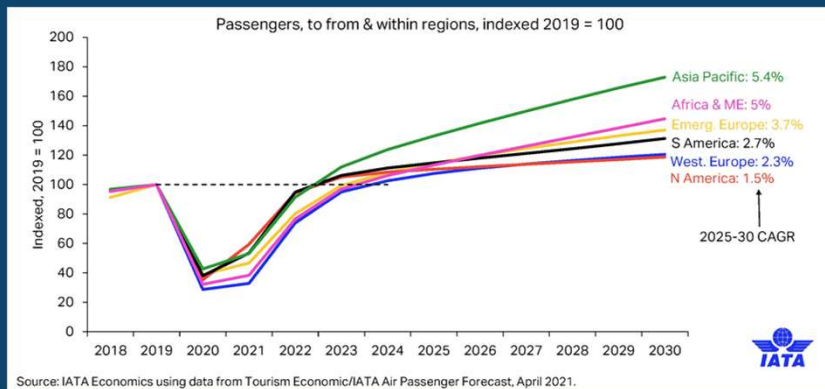
- **Continued emergence of new COVID-19 variants**
- **Lack of a list of "Approved Vaccines", globally accepted and implemented**
- **Lack of a set of global policies regarding health risks against COVID-19 (or future pandemics) to avoid the use of snap lockdowns, border closures and restrictions which will affect passenger confidence and impede resumption of air services**
- **Lack of mutual trust that will slow down reopening of borders**



# Global COVID-19 Recovery Scenarios

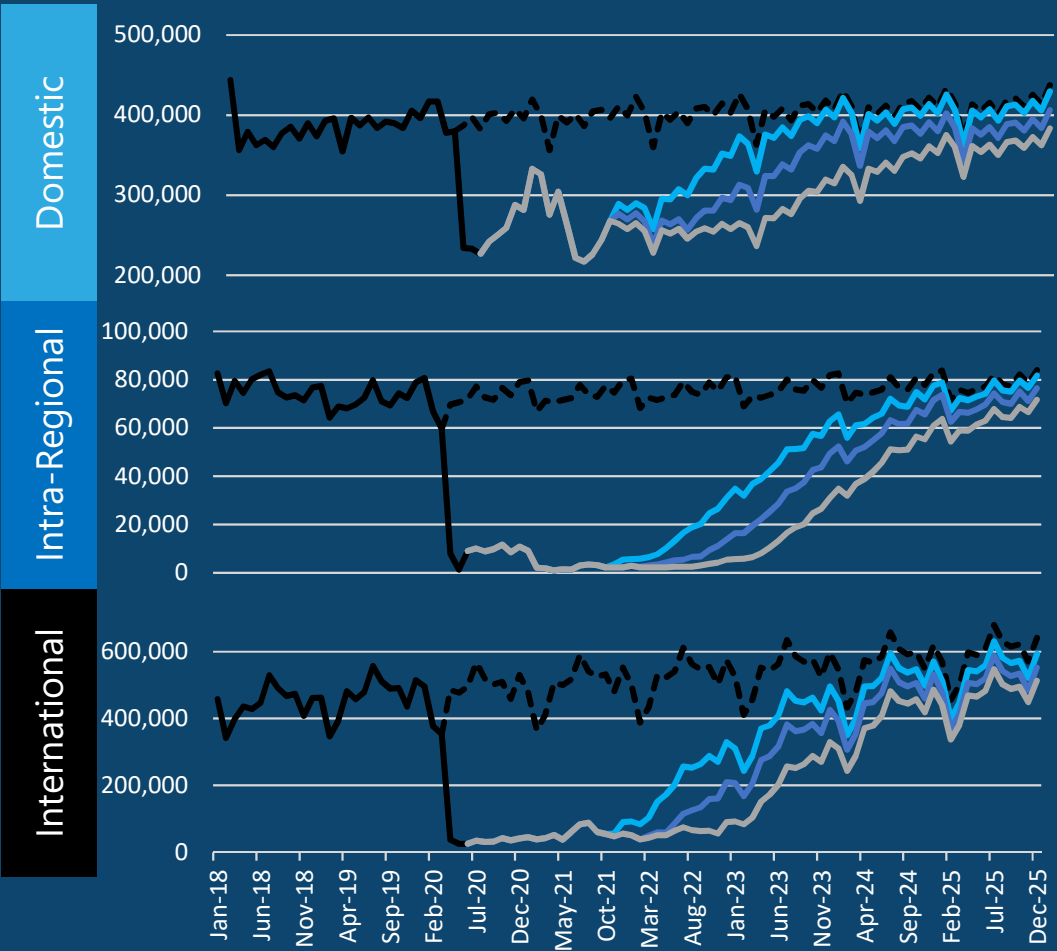
- Domestic recovery expected in 2023 with international recovery around 2024
- Regions with large domestic markets will recover first
- Long-term traffic losses due to COVID-19 will be equivalent to 2 years of growth

*"Demand is fragile amidst COVID-19 variant concerns." "Governments have rightly urged their populations to be vaccinated; now governments need to have confidence in the benefits of vaccinations."  
IATA September 2021*



# Pacific COVID Recovery Projections

- Domestic Capacity Recovery:
  - Current Traffic: 50-60% of pre COVID-19 capacity
  - Optimistic: Q2 2023
  - Baseline: Q4 2023
  - Pessimistic: Q2 2024
- Intra-Regional Capacity Recovery:
  - Current Traffic: mostly cargo & repatriation flights
  - Optimistic: Q4 2023
  - Baseline: Q2 2024
  - Pessimistic: Q4 2024
- International Capacity Recovery:
  - Current Traffic: follows intra-regional trends
  - Optimistic: Q4 2023
  - Baseline: Q2 2024
  - Pessimistic: Q4 2024

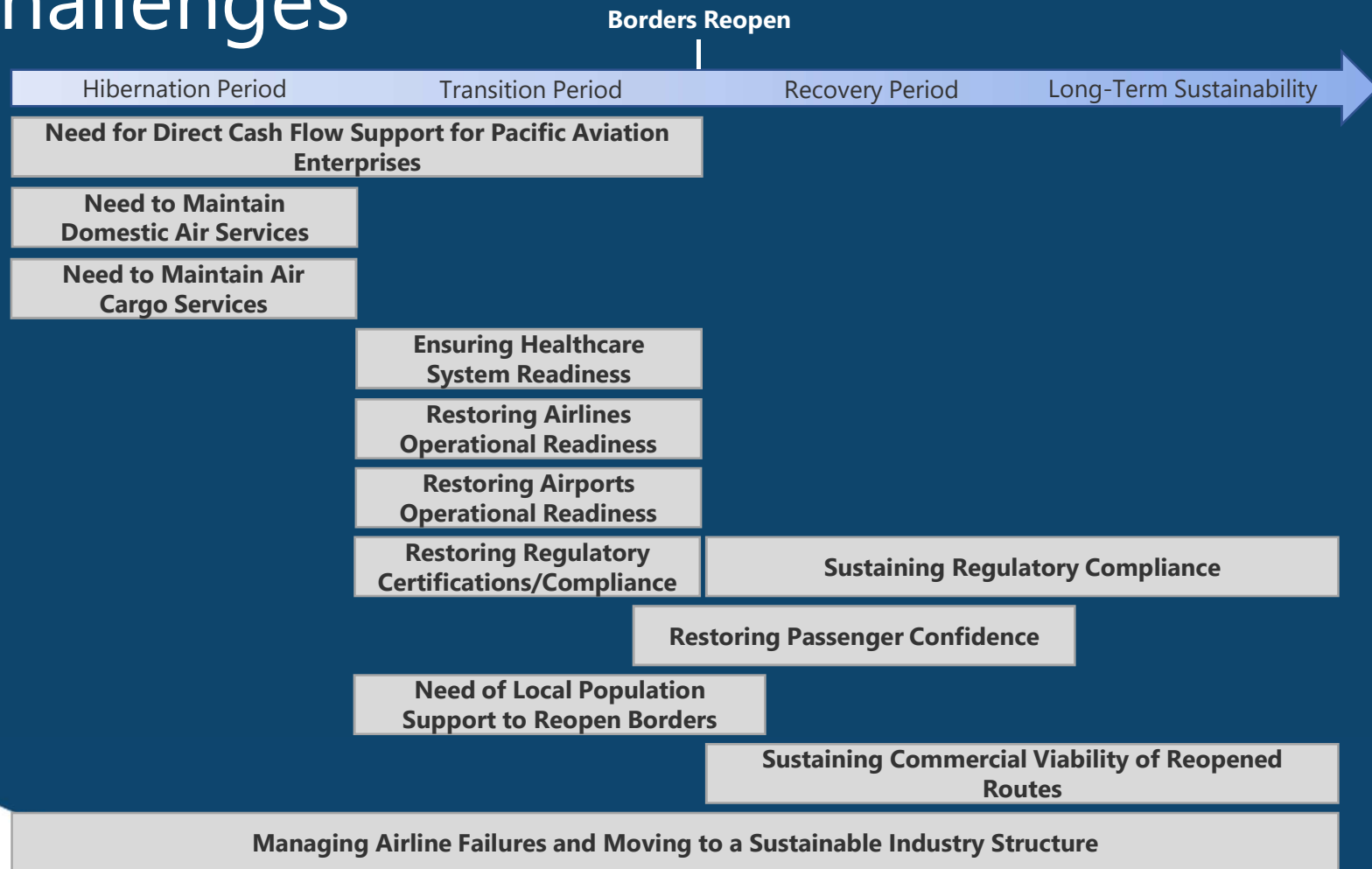


— History    - - - No COVID    — Optimistic    — Baseline    — Pessimistic



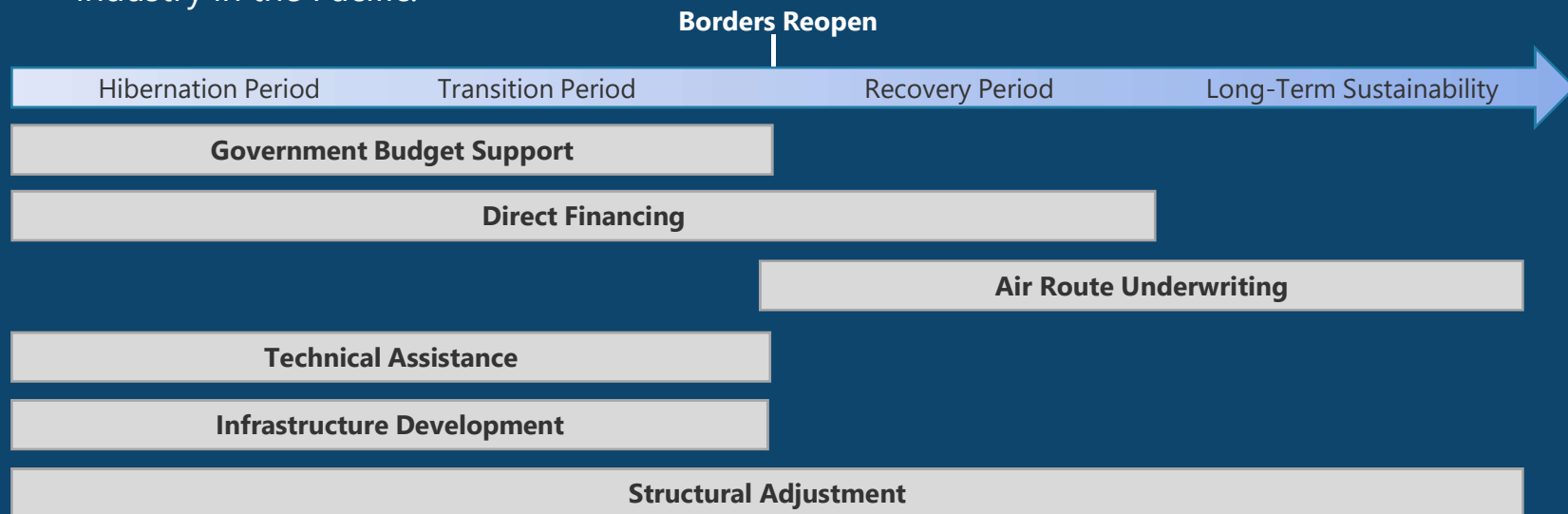


# COVID-19 Recovery – Issues And Challenges

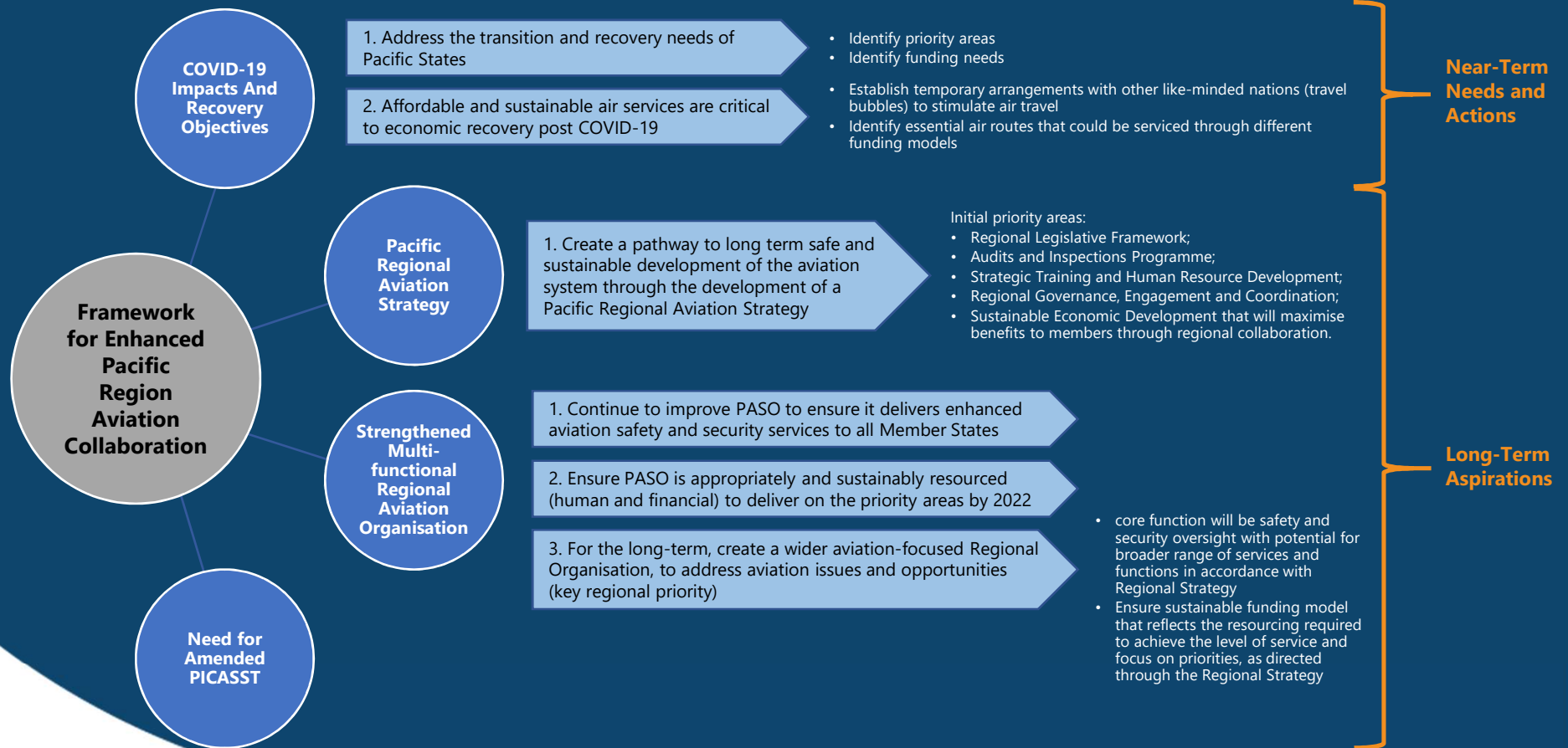


# COVID-19 Recovery – Strategies And Initiatives

- Support can be directed to airlines, airports, and regulatory bodies in preparation of the recovery period.
- Route underwriting scheme will support essential low-demand routes that are not commercially viable.
- This process presents an opportunity for the structural adjustment of the aviation industry in the Pacific.



# A Regional Approach - 2021 Regional Aviation Minister's Meeting



# Where are we now?

- Airlines have survived this far thanks to cost cutting, domestic revenue, freight/repatriation revenue, government/IFI/donor grants and loans, but more life-support will be needed if border openings are delayed or start/stop.
- Some work has been undertaken in regard to strategic regional collaboration of airlines, but limited progress – there is potential for RAMM to help turn strategies into action.
- Airports, with Govt/IFI/donor support, are more ready to handle post-vaccination border openings.
- Safety regulatory services have improved through short term funding of PASO but long term sustainability is a key goal – looking to RAMM outcomes.
- PICs have better coordinated public health settings and are on a stronger footing for sustainable border openings.

## Near Term Actions Required:

- Continued support to PICs during hibernation
- Coherent and sustained border opening when ready – certainty is important
- Galvanizing robust region-wide industry/ Government/donor support to:
  - The maintenance of key routes
  - Better economic structure for air service provision
- Continued support to:
  - Regulatory service delivery during transition to open borders
  - Training and operational readiness
- Parallel initiatives in the tourism industry



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# Thank You



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