AIRPORTS COUNCIL INTERNATIONAL

The voice of the world's airports

ACI ADVISORY BULLETIN

The impact of COVID-19 on the airport business and the path to recovery

Montreal, 25 March 2021 – Airports Council International (ACI) World has published its sixth assessment analysing the economic impact of the COVID-19 pandemic, its effects on the global airport business, and the path to recovery.

A year ago, on 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. Since then, daily life across the globe has changed. Air transport has remained one of the hardest-hit global industries since the very beginning of the crisis. The ongoing COVID-19 pandemic has resulted in a full-scale global transportation crisis. It became quickly evident that it would evolve in a crisis like no others bringing the industry into survival mode, impaired by the loss of traffic and revenues.

It is clear that the impact of this crisis reaches way beyond aviation. Since the COVID-19 outbreak started, more than 2.7 million people have died worldwide due to this virus. Researchers have recently estimated that the world has lost 20.5 million years of life because of premature COVID-19 deaths, and this number will just continue to increase.

Along with the human tragedy, the crisis has also resulted in dramatic damage to the global economy, trade, and mobility. Practically all aspects of economic and social activity were, and are still, disrupted.

The health, safety and wellbeing of passengers and staff is the aviation industry's number one priority. Airports have introduced many new health and biosafety measures to help ensure the health and safety of passengers, and that airport customer experience reflects their changing expectations and addresses their concerns.

Airports and airlines are united in the call for governments to partner with the industry to prepare to restart global connectivity when the epidemiological situation allows, and the unprecedented global vaccination effort offers a beacon of hope that a return to normality is a possibility in the near future.

Since the first vaccine dose was administered in late 2020, more than 450 million doses have been administered across more than 130 countries. The possibility that summer vacations abroad may happen this year is more likely than ever.

Many industry surveys have shown that “vacation deprivation” combined with an upsurge in confidence in air travel provided by vaccination and safety measures should result in the number of people traveling outside of their countries will start this spring and significantly increase by mid-year.

One of the keys to supporting a sustained recovery will be the establishment of an interoperable health data trust framework to facilitate safe border reopening and cross-border travel. As such, ACI is supportive of any system which will allow testing and vaccination data to be shared consistently, effectively and in a way that protects the personal data of those that use it.

Despite positive signs and prospects for recovery, COVID-19 remains an existential crisis for airports, airlines and their commercial partners. In this context, the current document seeks to highlight some key figures in terms of the impact of the COVID-19 pandemic on airport traffic and revenues and pathways to recovery.

1. COVID-19 crisis had an unprecedented impact on airport traffic

Last year marked the end of a decade of consistent growth in global passenger traffic. The ongoing COVID-19 pandemic brought airports around the world to a virtual halt in the second quarter of 2020, resulting in airport traffic —and revenue —losses across all regions. While many countries have since then started to gradually reopen many parts of their economy, many states were confronted with subsequent waves of infections and several jurisdictions opted for the re-imposition of partial lockdowns.

Countries like France, Poland, Canada, India, and Chile had to increase or re-instate partial lockdowns in an effort to control the spread of a second, third or even fourth wave of infection. Even though most countries have moved away from all-encompassing lockdowns and are now trying to limit the infections with targeted and less disruptive restrictions, most jurisdictions have retained either partially or totally restrictive regulations pertaining to international travel including self-quarantine on arrival.

In this context, ACI World has produced the latest estimates regarding impact on passenger traffic.

<u>Looking back at 2020</u>

- The impact of the COVID-19 crisis removed more than **6.1 billion passengers** for the whole year 2020 compared to the projected baseline (pre-COVID-19 forecast for 2020), representing **a decline of 64.6%** of global passenger traffic (see Table 1). Compared to 2019 level, the decline is recorded at 63.3%.

- **Europe** and the **Middle East** were the two most impacted regions with similar declines of **70.5%** compared to the projected baseline.

- After being hit first, **Asia-Pacific** embarked on recovery earlier and faster than other regions—mostly driven by China's sizable domestic market— and closed the year 2020 with **a decline of 61.3%** compared to the projected baseline (59.8% decline compared to 2019 level). Asia-Pacific, however, recorded the highest traffic loss of all regions with **a loss of 2.15 billion passengers** in 2020 compared to the projected baseline.

- **Latin America-Caribbean** was the least impacted of all regions posting a **decline of 61.1%** compared to the projected baseline (-59.8% compared to 2019 level).

- Following the "Great Lockdown" of April 2020, **international passenger** traffic was virtually non-existent in the second half of 2020. International passenger volume ended the year **below 1 billion passengers**, a **decrease of more than 75%** compared to 2019 volume. (see Chart 2).

- **Domestic passenger** traffic volume was helped by the early recovery of major domestic markets like China, Russia and the US. Globally, domestic traffic volume for 2020 was recorded slightly above 2.4 billion passengers, a decline of 54.7% compared to 2019 volume (see Chart 2).

<u>Projections for 2021</u>

- The impact of the COVID-19 crisis is forecasted to remove additional **4.7 billion passengers** by year end 2021 compared to the projected baseline (pre-COVID-19 forecast for 2021), representing **a decline of 47.5%** of global passenger traffic (see Table 1). Compared to 2019 level, the decline is forecasted to be -43.6% by year end. The first quarter of 2021 is expected to show little signs of improvement compared to Q4 2020. As the vaccination rollout and vaccine uptake increases, more passengers are expected to return to travel with the biggest surge in Q3 and Q4 of 2021.

- Similar to 2020**, Europe** and the **Middle East** are forecasted to remain the two most impacted regions with declines of **58.1%** and **58.9%,** respectively, compared to the projected baseline due to their high dependence on international travel and connectivity which are recovering at a slower pace than domestic travel.

- Following its early start to recovery, **Asia-Pacific** will outperform all other regions in each quarter of 2021 and is forecasted to end the year 2021 with an **estimated traffic loss of 40.3%** compared to the projected baseline (a decline of 35.1% compared to 2019 level). Driven by the combination of a fast-recovering US domestic market and strong vaccination rate, **North America** forecast for 2021 will significantly improve and the region is expected to end the year 2021 at **-43.5%** compared to the projected baseline (or -39.9% compared to 2019 level).

- **International passenger traffic** is expected to remain weak in the first half of 2021, but early signs are pointing to a significant **surge in air travel demand for the second half of 2021** as an increasing number of people get vaccinated and international travel restrictions are gradually eased. While international passenger traffic volume will still lag behind domestic traffic in 2021, it is forecasted to end the year **above 1.6 billion passenger** or **43.4% of 2019** level (see Chart 2).

- **Domestic passenger** traffic started its path to recovery faster than international traffic. Globally, domestic traffic will continue to increase in 2021 to reach close to **3.5 billion passengers** by the end of 2021 corresponding to **65.6% of the 2019 level** (see Chart 2).

- Find more details as well as regional breakdowns in **Table 1**, **Table 2** and **Chart 1**, **Chart 2** below.

Table 1: The impact of the COVID-19 crisis on quarterly passenger traffic by region (2020–2021, rounded in million passengers)

Region	2020					2021				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
	Projected baseline (pre-COVID-19)*					**Projected baseline (pre-COVID-19)***				
Africa	56	58	68	62	244	60	63	74	67	263
Asia-Pacific	860	858	893	894	3,505	899	897	932	932	3,660
Europe	495	663	779	565	2,502	508	680	798	579	2,565
Latin America-Caribbean	178	169	182	180	708	184	176	189	188	737
Middle East	105	105	117	104	431	110	111	123	109	453
North America	477	542	553	518	2,089	491	558	569	534	2,152
World	**2,170**	**2,395**	**2,592**	**2,323**	**9,480**	**2,253**	**2,484**	**2,684**	**2,409**	**9,830**
	Estimated under COVID-19**					**Estimated under COVID-19****				
Africa	46	1.5	11	21	79	26	27	32	31	116
Asia-Pacific	545	152	304	355	1,356	437	459	568	722	2,186
Europe	381	25	213	119	739	110	209	453	303	1,075
Latin America-Caribbean	152	10	37	77	275	77	85	102	113	377
Middle East	81	3.7	16	26	127	31	37	58	60	186
North America	386	59	155	182	783	207	255	365	389	1,216
World	**1,592**	**251**	**737**	**779**	**3,359**	**888**	**1,073**	**1,578**	**1,619**	**5,157**
	Estimated traffic loss					**Estimated traffic loss**				
Africa	-10	-56	-57	-41	-165	-34	-35	-42	-36	-147
Asia-Pacific	-315	-706	-588	-539	-2,148	-462	-438	-363	-211	-1,474
Europe	-114	-638	-566	-445	-1,764	-398	-471	-345	-276	-1,490
Latin America-Caribbean	-25	-159	-145	-104	-433	-107	-91	-87	-75	-360
Middle East	-23	-102	-101	-78	-304	-79	-74	-65	-49	-267
North America	-90	-483	-397	-336	-1,307	-284	-303	-204	-144	-936
World	**-578**	**-2,145**	**-1,855**	**-1,543**	**-6,121**	**-1,364**	**-1,412**	**-1,106**	**-790**	**-4,673**
	Estimated traffic loss (%)					**Estimated traffic loss (%)**				
Africa	-17.2%	-97.4%	-83.9%	-66.8%	-67.6%	-56.9%	-56.3%	-56.7%	-53.4%	-55.8%
Asia-Pacific	-36.6%	-82.3%	-65.9%	-60.3%	-61.3%	-51.4%	-48.8%	-39.0%	-22.6%	-40.3%
Europe	-23.0%	-96.2%	-72.7%	-78.8%	-70.5%	-78.3%	-69.3%	-43.3%	-47.6%	-58.1%
Latin America-Caribbean	-14.3%	-94.2%	-79.8%	-57.6%	-61.1%	-58.1%	-51.8%	-46.0%	-39.7%	-48.8%
Middle East	-22.4%	-96.5%	-86.1%	-75.0%	-70.5%	-71.8%	-66.4%	-52.9%	-44.9%	-58.9%
North America	-19.0%	-89.1%	-71.9%	-64.9%	-62.5%	-57.9%	-54.3%	-35.9%	-27.1%	-43.5%
World	**-26.6%**	**-89.5%**	**-71.6%**	**-66.5%**	**-64.6%**	**-60.6%**	**-56.8%**	**-41.2%**	**-32.8%**	**-47.5%**

*Projected baseline (pre-COVID-19) scenario based on adjusted World Airport Traffic Forecasts (WATF) 2020–2040 considering latest insights provided by ACI Regional offices and other inputs.
**Estimated passenger traffic volumes based on a broad range of inputs provided by ACI Regional offices and industry experts.

Source: ACI World

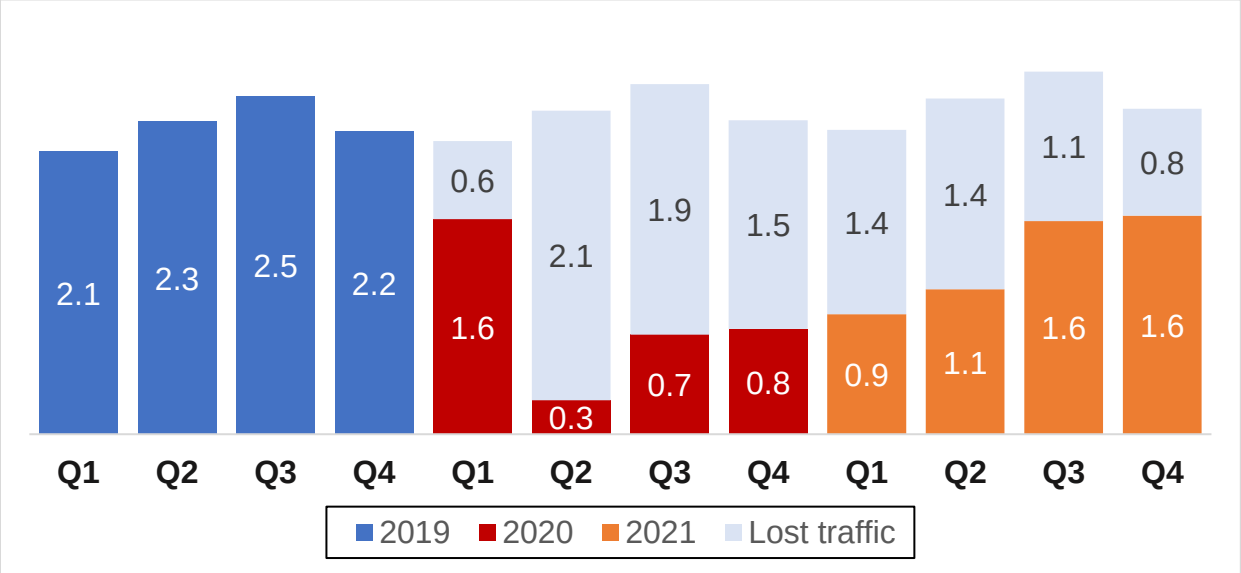
Table 2: The impact of the COVID-19 crisis on quarterly passenger traffic by region (2020–2021, rounded in million passengers, percentage of change compared to 2019)

Region	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
	2019					2019				
Africa	52	55	64	58	229	-	-	-	-	-
Asia-Pacific	836	822	858	854	3,370	-	-	-	-	-
Europe	478	652	755	552	2,437	-	-	-	-	-
Latin America-Caribbean	172	163	175	174	684	-	-	-	-	-
Middle East	97	100	111	99	406	-	-	-	-	-
North America	461	527	534	503	2,025	-	-	-	-	-
World	**2,095**	**2,318**	**2,498**	**2,240**	**9,151**	**-**	**-**	**-**	**-**	**-**
	Estimated under COVID-19**					Compared to 2019 (%)				
	2020					2020				
Africa	46	1.5	11	21	79	88.6%	2.7%	17.1%	35.5%	34.6%
Asia-Pacific	545	152	304	355	1,356	65.3%	18.4%	35.5%	41.5%	40.2%
Europe	381	25	213	119	739	79.7%	3.8%	28.2%	21.7%	30.3%
Latin America-Caribbean	152	10	37	77	275	88.7%	6.0%	21.0%	43.9%	40.2%
Middle East	81	3.7	16	26	127	83.5%	3.7%	14.6%	26.3%	31.2%
North America	386	59	155	182	783	83.8%	11.3%	29.1%	36.1%	38.7%
World	**1,592**	**251**	**737**	**779**	**3,359**	**76.0%**	**10.8%**	**29.5%**	**34.8%**	**36.7%**
	2021					2021				
Africa	26	27	32	31	116	49.8%	50.2%	49.8%	53.9%	50.9%
Asia-Pacific	437	459	568	722	2,186	52.3%	55.8%	66.3%	84.5%	64.9%
Europe	110	209	453	303	1,075	23.0%	32.0%	60.0%	55.0%	44.1%
Latin America-Caribbean	77	85	102	113	377	45.0%	51.9%	58.2%	64.9%	55.1%
Middle East	31	37	58	60	186	31.9%	37.4%	51.9%	61.1%	45.8%
North America	207	255	365	389	1,216	44.9%	48.5%	68.3%	77.3%	60.1%
World	**888**	**1,073**	**1,578**	**1,619**	**5,157**	**42.4%**	**46.3%**	**63.2%**	**72.3%**	**56.4%**

*Projected baseline (pre-COVID-19) scenario based on adjusted World Airport Traffic Forecasts (WATF) 2020–2040 considering latest insights provided by ACI Regional offices and other inputs.
**Estimated passenger traffic volumes based on a broad range of inputs provided by ACI Regional offices and industry experts.

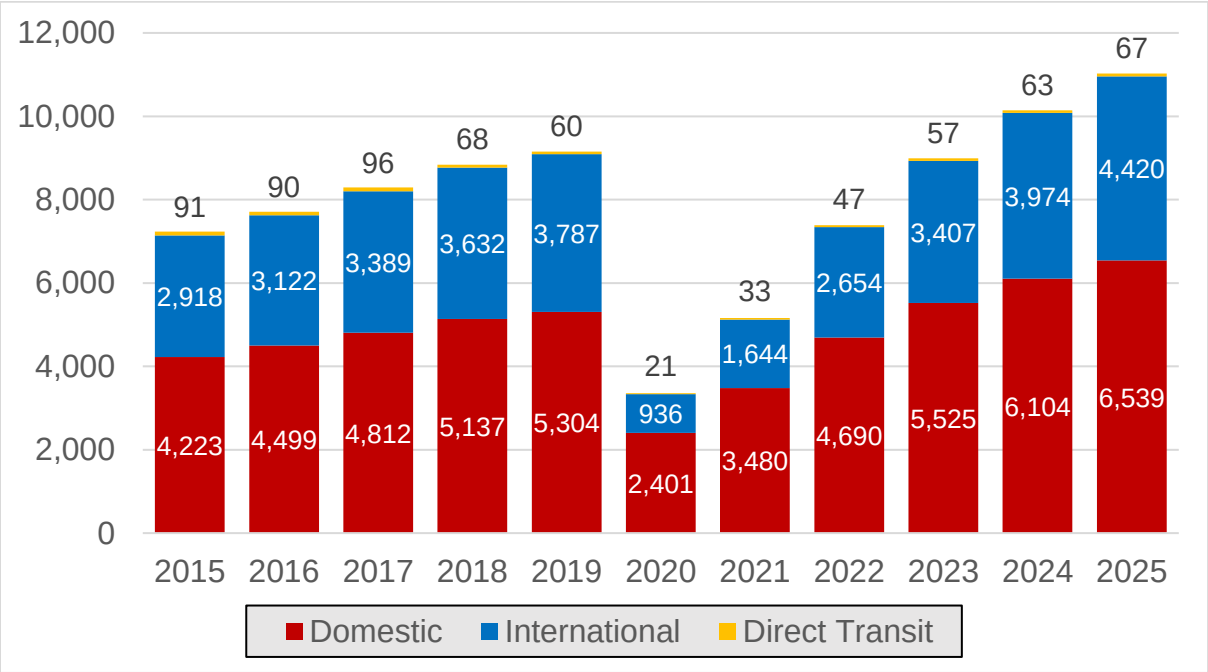
Source: ACI World

Chart 1: Projected global quarterly passenger losses due to the COVID-19 crisis (2019/2020/2021, in billion passengers)



Source: ACI World

Chart 2: Global passenger traffic by type (in million passengers)



Source: ACI World

2. COVID-19 outbreak catastrophic impact on airport revenues

Air traffic is the very lifeblood of the airport business.

Airports generate more than 95% of all revenue from two operating sources: aeronautical and non-aeronautical services.

Practically all aeronautical revenues are a direct function of traffic and include passenger-related charges from passengers and aircraft-related charges from aircraft operators.

As traffic declines, airports' ability to collect those charges decreases proportionally. With little flexibility in operating expenditures coupled with capital costs that are largely fixed, the current crisis represents an unprecedented challenge for the airport industry's financial viability.

In September 2020, the Air Transport Action Group (ATAG), a global association that represents all sectors of the air transport industry, estimated that the COVID-19 crisis will result in the loss of 46 million aviation-supported jobs (-52.5%) as well as a reduction of $1.8 trillion USD in economic activity supported by aviation (-51.5%) (*Aviation: Benefits Beyond Borders, ATAG 2020).*

The current assessment assumes constant airport revenues on a per-passenger basis, even though preliminary evidence suggests that unit revenues may both increase or decrease depending on a combination of airport-specific factors.

Every airport has a unique portfolio of non-aeronautical activities, but as a rule of thumb, a higher proportion of passenger-related activities, such as retail or food and beverage concessions, lead to a steeper reduction in commercial revenues, while higher reliance on real estate income and rents acts as a cushion in times of crisis.

In this context, ACI World forecasts the following related to airport revenues:

Looking back at 2020

- The airport industry was expected to generate about $188 billion in 2020 prior to the COVID-19 outbreak. The impact of the COVID-19 crisis on airport revenues was unprecedented, reducing close to **125 billion USD** from airport revenues in 2020 compared to the projected baseline (pre-COVID-19 revenue forecast), **a reduction of 66.3%**. See Table 3.

- The second quarter of 2020 alone contributed to a reduction of close to **$43.5 billion** in revenues compared to the projected baseline, a decrease of more than **91.1%.**

- Similar to passenger traffic, **Europe and the Middle East** were the most affected regions. In absolute terms, **Europe** recorded an estimated revenue shortfall of **44.4 billion** for 2020. In relative terms, **Europe** and the **Middle East** recorded a **reduction of 70.5%** of their revenues for 2020 compared to the projected baseline.

Projections for 2021

- The impact of the COVID-19 crisis on airport revenues will still be deeply felt in 2021. It is estimated that globally, airports will suffer the loss of more than **94 billion USD** of revenues by year end of 2021 **cutting in half** airport revenue expectations (-50.0%) compared to the projected baseline (-48.1% compared to 2019 level). See Table 3.

- It is expected that each quarter of 2021 will show improvements compared to the previous one, moving from a decline of **64.7% in the first quarter** of 2021 to a decline of **35.2% in the fourth quarter** compared to the projected baseline.

- **Europe** will remain the most affected region in absolute terms, with an estimated loss of revenues of more than **37.4 billion USD** by year end 2021. In relative terms, the **Middle East** and **Europe** will suffer the biggest hit with decrease of **58.9%** and **58.1%** respectively. **Asia-Pacific** will record the strongest recovery, reaching **59.7%** of the projected baseline.

- Find more details as well as regional breakdowns in **Table 3** and **Table 4** below.

Table 3: Impact of the COVID-19 crisis on quarterly revenues* by region (2020–2021) (rounded in million USD)

Region	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 TOTAL	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 TOTAL
	Projected baseline (pre-COVID-19)*					**Projected baseline (pre-COVID-19)***				
Africa	900	938	1,108	1,003	3,950	971	1,012	1,196	1,083	4,263
Asia-Pacific	14,501	14,457	15,043	15,058	59,060	15,157	15,113	15,699	15,714	61,684
Europe	12,456	16,684	19,604	14,209	62,953	12,774	17,101	20,087	14,569	64,530
Latin America-Caribbean	2,906	2,765	2,972	2,953	11,596	3,020	2,883	3,086	3,071	12,060
Middle East	3,707	3,731	4,145	3,677	15,260	3,902	3,926	4,341	3,872	16,041
North America	8,073	9,185	9,363	8,777	35,398	8,314	7,226	7,367	6,906	29,813
World	**42,542**	**47,760**	**52,235**	**45,679**	**188,217**	**44,138**	**47,262**	**51,775**	**45,216**	**188,390**
	Estimated under COVID-19**					**Estimated under COVID-19****				
Africa	745	24	178	333	1,280	419	443	518	505	1,885
Asia-Pacific	9,190	2,555	5,129	5,980	22,855	7,369	7,738	9,580	12,159	36,847
Europe	9,590	627	5,361	3,006	18,584	2,767	5,248	11,397	7,632	27,044
Latin America-Caribbean	2,492	161	601	1,253	4,506	1,265	1,388	1,666	1,851	6,170
Middle East	2,875	130	574	919	4,498	1,099	1,319	2,045	2,133	6,597
North America	6,542	767	2,010	2,354	11,674	2,676	3,306	4,722	5,037	15,741
World	**31,434**	**4,264**	**13,854**	**13,844**	**63,397**	**15,595**	**19,442**	**29,929**	**29,318**	**94,284**
	Estimated revenue loss					**Estimated revenue loss**				
Africa	-155	-914	-930	-671	-2,670	-553	-569	-678	-578	-2,378
Asia-Pacific	-5,311	-11,903	-9,914	-9,078	-36,206	-7,787	-7,376	-6,119	-3,555	-24,837
Europe	-2,866	-16,057	-14,242	-11,203	-44,368	-10,008	-11,853	-8,689	-6,936	-37,486
Latin America-Caribbean	-414	-2,605	-2,371	-1,701	-7,090	-1,755	-1,495	-1,420	-1,220	-5,889
Middle East	-832	-3,601	-3,571	-2,758	-10,762	-2,803	-2,607	-2,295	-1,739	-9,444
North America	-1,531	-8,417	-7,352	-6,424	-23,723	-5,638	-3,921	-2,644	-1,869	-14,071
World	**-11,108**	**-43,496**	**-38,381**	**-31,834**	**-124,820**	**-28,543**	**-27,820**	**-21,846**	**-15,898**	**-94,106**
	Estimated revenue loss (%)					**Estimated revenue loss (%)**				
Africa	-17.2%	-97.4%	-83.9%	-66.8%	-67.6%	-56.9%	-56.3%	-56.7%	-53.4%	-55.8%
Asia-Pacific	-36.6%	-82.3%	-65.9%	-60.3%	-61.3%	-51.4%	-48.8%	-39.0%	-22.6%	-40.3%
Europe	-23.0%	-96.2%	-72.7%	-78.8%	-70.5%	-78.3%	-69.3%	-43.3%	-47.6%	-58.1%
Latin America-Caribbean	-14.3%	-94.2%	-79.8%	-57.6%	-61.1%	-58.1%	-51.8%	-46.0%	-39.7%	-48.8%
Middle East	-22.4%	-96.5%	-86.1%	-75.0%	-70.5%	-71.8%	-66.4%	-52.9%	-44.9%	-58.9%
North America	-19.0%	-91.6%	-78.5%	-73.2%	-67.0%	-67.8%	-54.3%	-35.9%	-27.1%	-47.2%
World	**-26.1%**	**-91.1%**	**-73.5%**	**-69.7%**	**-66.3%**	**-64.7%**	**-58.9%**	**-42.2%**	**-35.2%**	**-50.0%**

* Revenues estimated assuming constant airport revenues on a per-passenger basis and based on KPIs from the ACI 2021 Economic Report as well as input from ACI Regional offices. Financial figures are rounded for ease of reading. Percentage of change use exact figures.

** Projected baseline (pre-COVID-19) scenario based on adjusted World Airport Traffic Forecasts (WATF) 2020–2040 considering latest insights provided by ACI Regional offices and other inputs.

*** Estimated passenger traffic volumes based on a broad range of inputs provided by ACI Regional offices and industry experts.

Source: ACI World

Table 4: Impact of the COVID-19 crisis on quarterly revenues* by region (2020–2021) (rounded in million USD, percentage of change compared to 2019)

Region	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
	2019					2019				
Africa	843	879	1,038	940	3,700	-	-	-	-	-
Asia-Pacific	13,946	13,904	14,468	14,482	56,800	-	-	-	-	-
Europe	12,129	16,246	19,089	13,836	61,300	-	-	-	-	-
Latin America-Caribbean	2,807	2,671	2,870	2,852	11,200	-	-	-	-	-
Middle East	3,498	3,521	3,912	3,470	14,400	-	-	-	-	-
North America	7,823	8,900	9,072	8,505	34,300	-	-	-	-	-
World	**41,045**	**46,120**	**50,449**	**44,086**	**181,700**	**-**	**-**	**-**	**-**	**-**
	Estimated under COVID-19**					**Compared to 2019 (%)**				
	2020					2020				
Africa	745	24	178	333	1,280	88.4%	2.8%	17.1%	35.4%	34.6%
Asia-Pacific	9,190	2,555	5,129	5,980	22,855	65.9%	18.4%	35.5%	41.3%	40.2%
Europe	9,590	627	5,361	3,006	18,584	79.1%	3.9%	28.1%	21.7%	30.3%
Latin America-Caribbean	2,492	161	601	1,253	4,506	88.8%	6.0%	20.9%	43.9%	40.2%
Middle East	2,875	130	574	919	4,498	82.2%	3.7%	14.7%	26.5%	31.2%
North America	6,542	767	2,010	2,354	11,674	83.6%	8.6%	22.2%	27.7%	34.0%
World	**31,434**	**4,264**	**13,854**	**13,844**	**63,397**	**76.6%**	**9.2%**	**27.5%**	**31.4%**	**34.9%**
	2021					2021				
Africa	419	443	518	505	1,885	49.7%	50.4%	49.9%	53.7%	50.9%
Asia-Pacific	7,369	7,738	9,580	12,159	36,847	52.8%	55.7%	66.2%	84.0%	64.9%
Europe	2,767	5,248	11,397	7,632	27,044	22.8%	32.3%	59.7%	55.2%	44.1%
Latin America-Caribbean	1,265	1,388	1,666	1,851	6,170	45.1%	52.0%	58.0%	64.9%	55.1%
Middle East	1,099	1,319	2,045	2,133	6,597	31.4%	37.5%	52.3%	61.5%	45.8%
North America	2,676	3,306	4,722	5,037	15,741	34.2%	37.1%	52.1%	59.2%	45.9%
World	**15,595**	**19,442**	**29,929**	**29,318**	**94,284**	**38.0%**	**42.2%**	**59.3%**	**66.5%**	**51.9%**

* Revenues estimated assuming constant airport revenues on a per-passenger basis and based on KPIs from the ACI 2021 Economic Report as well as input from ACI Regional offices. Financial figures are rounded for ease of reading. Percentage of change use exact figures.
** Projected baseline (pre-COVID-19) scenario based on adjusted World Airport Traffic Forecasts (WATF) 2020–2040 considering latest insights provided by ACI Regional offices and other inputs.
*** Estimated passenger traffic volumes based on a broad range of inputs provided by ACI Regional offices and industry experts.

Source: ACI World

3. Path to Recovery

With the biggest vaccination campaign in history underway, we were seeing some positive signs and prospects for recovery. Both travellers and industry stakeholders are eager to resume traveling. Many industry experts forecast a surge in travel for the second half of 2021. Some are even referring to this potential increase as a “post-war like surge” in travel.

Much uncertainty still surrounds the recovery of the aviation industry, however, and projecting the path to recovery at this point is an exercise requiring prudence. Three scenarios are used to look at the potential recovery trajectory using the following assumptions.

The three scenarios use the following assumptions.

> **WATF 2020–2040:** Developed in December 2020 and published in January of 2021, the WATF 2020–2040 was based on the assumptions of effective vaccines largely distributed in the second half of 2021 in addition to an enthusiasm from passengers to start flying again and a reasonable airlines fleet recovery. This

scenario remains achievable but contingent to the ability of governments to contain the spread of new variants of the virus.

Revised Projection (Baseline): Effective vaccines largely distributed in the second half of 2021 in addition to an enthusiasm from passengers to start flying again in the second half of 2021 and a reasonable airlines fleet recovery. Third and fourth waves of infections are possible but rapidly contained and limited to specific regions.

Pessimistic: Effective vaccines in 2021 but complex distribution in many emerging and developing countries and/or limited vaccine supply. Fear of traveling still present amongst passengers, coupled with prolonged economic downturn and slow airline fleet recovery. Third and fourth waves of infections are likely and could spread to multiple regions.

Under those assumptions, ACI World forecast the following related to the recovery of airport passenger traffic:

- Under the **baseline scenario**, global passenger traffic is now expected to recover to 2019 levels in **2024** mainly driven by the recovery of domestic passenger traffic but now slightly dampened by a slower recovery of international travel (globally, domestic traffic accounts for 58% of total passenger traffic as of 2019).

- If new variants of the virus are effectively contained, the WATF 2020–2040 is still the most likely scenario, resulting in a recovery to 2019 level by the end of 2023.

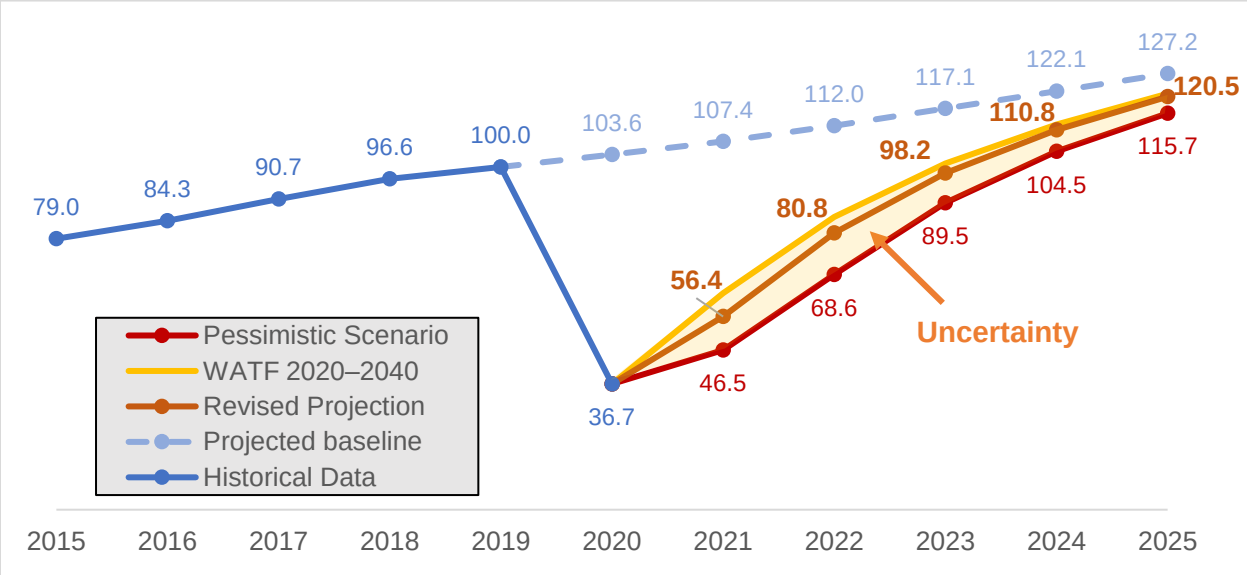
- **Domestic passenger traffic** is expected to reach 2019 levels in the second half of **2023**. The recovery of **international passenger traffic** will require one more year, thus getting back to 2019 levels only in **2024**.

- At the country-market level, markets having significant domestic traffic are expected however to recover in 2023 to pre-COVID-19 levels while markets with a significant share of international traffic are unlikely to return to 2019 levels until 2024 or even 2025 in some cases.

- The pessimistic scenario calls for a delayed recovery with the appearance of new variants of the virus resulting in governments introducing more restrictive measures, creating new lockdowns and travel restrictions, severely hampering efforts to safely restart. Under this scenario, 2021 passenger volume will remain weak, ending the year at only 46.5% of 2019 level.

- In the long run, it is predicted that the global traffic **may take up to two decades to return to previously projected levels** (pre-COVID-19 forecast). A structural change (traffic will never return to pre-COVID-19 forecasted level) is still a possibility.

Chart 3: Short-term global passenger traffic projection (indexed, 2019 = 100)



* The projected baseline (business-as-usual forecast) represents the comparative baseline and is derived from the adjusted World Airport Traffic Forecasts (WATF) 2020–2040 considering latest insights provided by ACI Regional offices and other inputs.
** Estimated passenger traffic volumes scenarios based on a broad range of inputs provided by ACI Regional offices and industry experts.

Source: ACI World

Ends

1. Airports Council International (ACI), the trade association of the world's airports, was founded in 1991 with the objective of fostering cooperation among its member airports and other partners in world aviation, including the International Civil Aviation Organization, the International Air Transport Association and the Civil Air Navigation Services Organization. In representing the best interests of airports during key phases of policy development, ACI makes a significant contribution toward ensuring a global air transport system that is safe, secure, customer-centric and environmentally sustainable. As of January 2021, ACI serves 701 members, operating 1933 airports in 183 countries.