

Restarting the Air Transport Industry After Covid-19 – An Economic Forecast

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Abstract

Air transport services are one of the areas where the effects of the COVID 19 pandemic have been widely felt. Even though some of the modern aircraft (civil and military) have been reconfigured to be used in cargo transport, air operators have been put in a position to cancel more than 80% of the flights scheduled for the first part of 2020. used by airlines to be able to provide air transport services, will be a great challenge because, with the partial lifting of travel restrictions, there will be measures to facilitate social distance aspect that will allow the loading of aircraft with up to 50 % of capacity. How the profile entities will adapt their strategies in the period after the Covid-19 pandemic.

Through this article, we set out to highlight the implications that the global pandemic COVID-19 had on the airline industry. We also aimed to highlight the opinions that passengers have about future trips, how they believe they will take place and what conditions the air carriers will have to meet to avoid the spread of the COVID-19 pandemic.

Key words: air transport, restart, COVID-19

J.E.L. classification: L93, M31

1. Introduction

Scourges and sicknesses have consistently influenced the Earth, separating the spread, the number of casualties and the impacts on economies, pretty much progressed. The infection that showed up towards the end of 2019 in China had unsuspected ramifications, spreading in under two months around the world. The primary impact noted was the log jam in the worldwide economy and the decrease in mechanical creation, with a fast-approaching emergency anticipated. Downturns are not considered by masters in the field as usual activities of the economy, albeit generally will, in general, follow a specific kind and an inescapable cyclicity. Much of the time, times of downturn are gone before by financial development. At the degree of 2020, the explores distinguished a progression of techniques intended to envision and balance the event of such circumstances through hazard the board.

The freezing of liquidity shows a first reaction given to the likely condition of the downturn because both the elements and the populace look to hold as huge sums as could be expected under the circumstances. This longing assists with obstructing the income, causing insolvency or mass cutbacks. The outcome is converted into a progression of exceptional monetary estimates that the administration and national banks are attempting to comprehend by giving liquidity or spending where they did not do up to this point. The principle issue is that the economy is beginning to develop once more, with a blast anticipated (Gans, 2020).

The COVID-19 pandemic is getting down to business as an emergency and not a monetary emergency began continuously of fake development of specific areas. Numerous components were not foreshadowed, and that may show up in the coming years, being brought about by these catastrophes. The present downturn is altogether different from past downturns, with exact causes

and about which we can say accurately how it occurred or how it was caused. The economy is declining a direct result of COVID-19 and its development potential, yet current arrangements are intended to secure everybody's wellbeing (Romer & Garber, 2008).

2. Theoretical background

The beginning of 2020 was the zero moments of a crisis that current generations have not had the opportunity to meet so far. The effects of the Covid-19 pandemic have been felt by both the public and private sectors, and the return of the global economy to the level it had in January 2020 has become a must for everyone. Critical declines in passenger numbers have occurred globally, and revenues for carriers have fallen sharply. The actions taken by carriers are in free fall, as traffic bans cause a critical decrease in the number of passengers and revenues obtained. Carriers that support the area of business development based on online actions have earned additional revenue during the state of emergency. In response to emergencies and social segregation, carriers around the globe have abandoned flights and prepared for their initial days of zero-dollar transactions in flight history and related delays in funded flows.

The International Air Transport Association (IATA) currently indicates lost revenue of about \$ 252 billion. At the same time, IATA recommended offering up to \$ 200 billion in state aid as money infusions to save companies from bankruptcy. Monetary research conducted by IATA has shown that in January 2020, most carriers had less than three months' money to cover EBITDAR and aircraft rental costs. These stores have just shrunk, and aircraft surveillance teams are now investigating every route to postpone tranches, with numerous aircraft in talks with rental organizations (estimated to own about half of the world's military) and various rallies, for example, air traffic board offices, to defer rent rates and course fees. The various options to return the leased aircraft, to bring support back, to grant new air transport and to stop alternative aircraft are, exceptionally, significant contemplations. It is clear that for some, this will not be enough and will need critical state aid to obtain numerous through the valley of income that the current world situation has made (Iata, 2020).

Air carriers could also consider security regarding the financing of aircraft aviation services. The cycles (take-off and landing) and flight hours that determine the consistency of administrative maintenance will decide the degree to which the costs are borne. Due to the large scale and scale of the pandemic, many will rely on the activities and support of each government. Before March, the Chinese Civil Aviation Administration (CAAC) reported a range of measures to help the Chinese area from transitional relief and mitigation, restart administrations and expand the use of the foundation. In Europe, several governments have made affordable offices and cash prizes, in some cases subject to the absence of obligations on the part of their loan chiefs. In the United States, government awards and aid totalling \$ 58 billion were claimed for the aviation business. Given the vulnerability as soon as this disruption ends, government support through transitional advances provides the most, tax relief is an inviting intercession, and we are increasingly pursuing this as urgency sets in. As possible, if the outage is delayed, there will be a significant impact on impacts through the broader aviation industry, which includes airline terminal operators, aircraft and engine manufacturers and the entire aviation with free chains and, in particular, -Really, even rental companies. Increasingly organized aid may be needed in the coming months, applying a higher weight to stressed savings. What is clear is that, as is possible, aeronautical activity is essential to the broader economy and its vital significance in taking on a job in the global recovery. The continuation of the carriers' union through mergers and feasible acquisitions (or value positions when traded on open market carriers) is likely to happen before, and then the emergency pandemic will be resolved (Icao, 2020).

Air carriers will put passenger safety first. In this case, efficient collaboration is needed between them and various suppliers of raw materials, materials, technological solutions related to air conditioning and efficient air recirculation. Actions are needed to implement a science-based biosafety regime to keep passengers and crew safe. Through this process, aviation must ensure that there are no significant sources for the spread of communicable diseases, including COVID-19.

Air transport services will be widely used to recover the economy. The aim is to restore trade and tourist routes in order to restore as soon as possible the capacity that can respond to the demands of economic recovery. The development that this branch of transport services has acquired in the last decades has made air transport a "true instrument of globalization". Indeed, ensuring accessible air transport in the post-pandemic period will be vital for the global economy (Eurocontrol,2020).

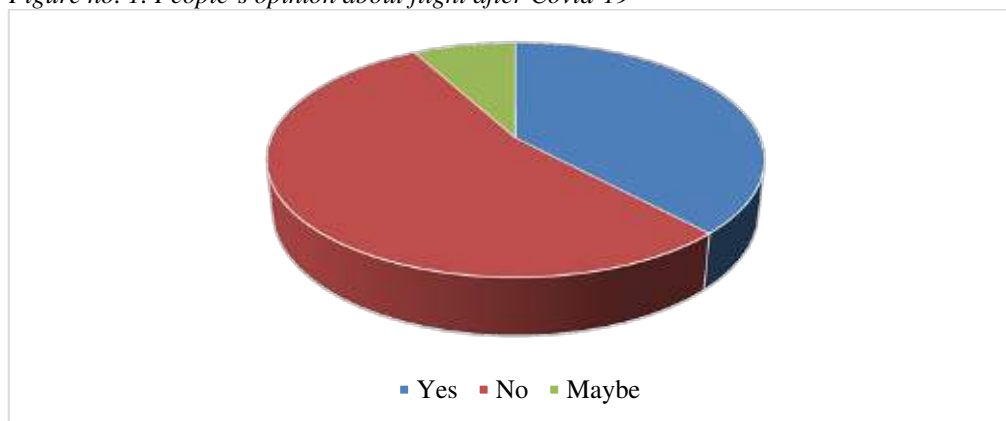
Aviation will continue to implement its most effective corporate social responsibility (CSR) policies and preferably environmental objectives. Airlines will remain determined in the post-COVID-19 period to achieve their long-term goals of reducing net carbon emissions to half their levels from 2005 to 2050. Successful implementation of the offset system, as well as carbon reduction for international aviation (CORSIA), will play an essential role in this effort (Capsca, 2020). The end of May 2020 was marked by a unique event so far in the history of aviation - the first flight performed with a Cessna aircraft powered exclusively by energy stored in a battery system. Even if it is only a successful first flight, with certainty, the research will advance, aviation will continue to operate, providing services to the highest global standards, designed to be tailored to the government's policies and strategies. Airlines are committed to working with their partners for government, institutions and the industry as a whole to stabilize the global standards needed for a useful restart of this sector. The agreed measures must be effectively implemented and mutually recognized in order to govern, given that most operators operate international flights (Aldy & Viscusi, 2013).

4. Research methodology

In order to establish how the air transport services can be restarted gradually, a questionnaire was elaborated composed of 23 questions, multihotomic, dichotomous and structuring on measurement scales. This questionnaire was completed online, being applied to several 100 respondents, mainly from Romania. The results showed that people are willing to use air transport services again, in compliance with prevention and protection measures. Also highlighted were the methods by which passengers who purchased air transport services and did not benefit from the services of air operators can recover the amounts paid or can receive compensatory services in return.

1. Starting in June 2020, will you be willing to travel using air transport?

Figure no. 1. People`s opinion about flight after Covid-19



Source: made by author

There is a reluctance of people to return to travel after the global Covid-19 pandemic. Most of them argued their answer with opinions about the lack of certainty about the medical history of passengers or distrust of the additional services offered by companies to prevent the spread of the virus. The highlighted period, arguing that they will travel with predilection in the interest of business, implicitly using business services of the air operators, and the social distance within these flights can be implemented much more comfortable.

2. Would you be willing to pay extra for the travel ticket in the context of the current epidemiological situation?

Figure no.2 . Additional rate

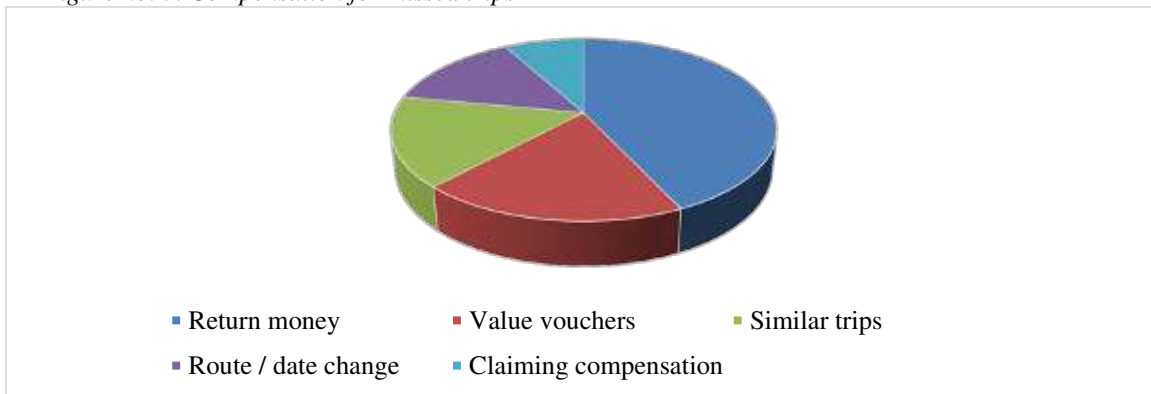


Source: made by author

More than 60% of respondents do not agree with an additional tariff, because in their opinion there is no apparent justification for the investments that airlines undertake in order to combat the spread of the Covid-19 pandemic. With 40% of respondents answering this question in the affirmative, passengers who are willing to pay additional fees for protection against the spread of the Covid-19 pandemic believe that health is a priority and with these additional revenues, air operators will be able to face the current challenges through adapted technological solutions, different flight conditions, but especially by performing flights where social distance is respected.

3. What is the method by which you seek to recover the amounts related to the non-performed flights?

Figure no. 3. Compensation for missed trips

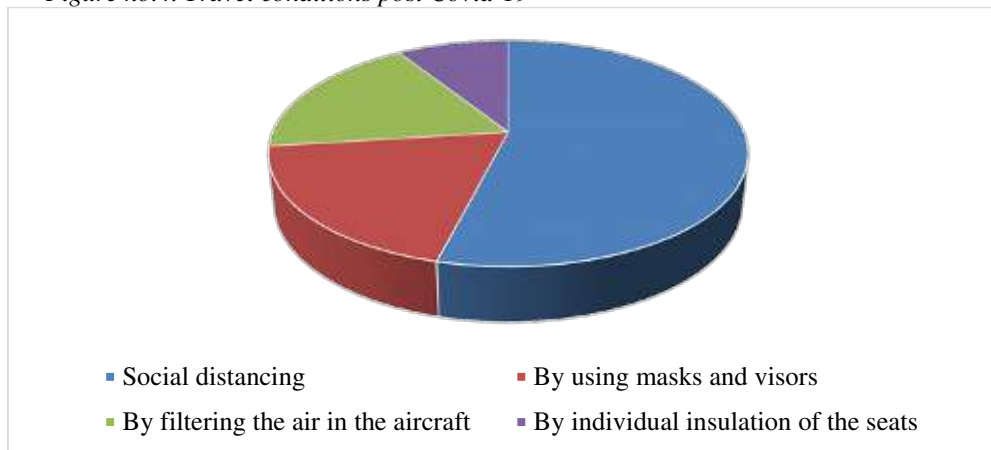


Source: made by author

After air services resume, most people who were unable to travel due to border closures and the Covid-19 pandemic will seek to recover the amounts paid for airline tickets. Most respondents pointed out that the best way to recover the amounts paid for plane tickets is to return the amount by the air carrier. Of the interviewed staff, approximately 20% expressed their openness to receive vouchers from airlines that would allow them to make future flights on any of their routes. The other respondents considered that they could accept another flight provided by the same operator (highlighting the fact that this time was chosen, most of the time, tourist locations), or races of the same kind as those originally purchased. Approximately 10% of the respondent considered that the best method by which they can recover the amounts paid for the tickets of the non-performed flights consists in requesting to the air operator some sums meant to compensate the eventual inconveniences created.

4. Under what conditions would you be willing to use air transport services, starting with the middle of 2020?

Figure no.4. Travel conditions post Covid-19



Source: made by author

Social distancing is highlighted by respondents as one of the best options to prevent the spread of Covid-19, 50% of them supporting this option. Complementary methods for performing a flight such as the use of surgical masks, visors and technical solutions for air filtration inside aircraft, occupy the second and third places in the top of protection options, with percentages below 20% of respondents. The least agreed option is to delimit the spaces for each passenger.

5. Findings

The effects of the Covid-19 pandemic are certainly difficult to estimate, and the way in which passengers will be compensated for unperformed flights is an enigma. There are various options and it seems that the way in which each operator will reinvent itself will be defining in remaining in the market or correcting that bankruptcy. Returning passengers to aircraft will certainly be a major challenge for air carriers. Certainly, in order to be able to carry out a safe air transport, investments will be made that in one form or another the passengers will feel in the value of the plane ticket.

6. Conclusions

The year 2020 will undoubtedly remain in history as a time of change and reconstruction, starting from individual attitudes and reaching the changes brought to the global economy. The crisis caused by the slowdown in consumption has been difficult to anticipate, and it is hard to believe that the final moment is known. Air transport services have been one of the most affected branches of the global Covid-19 pandemic economy. How this industry will resume its activity is partially anticipated at this moment, debating several possible scenarios, for medium and long periods. Experts in the field believe that the air traffic that the global industry reached in January 2020 will be reached again in a range of 3-5 years.

At this moment, it is necessary to develop new strategies, meant to cover the new transport needs on medium and vast distances of people, by respecting the policies related to social distance, crowding of closed spaces or related to wearing protective masks.

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