

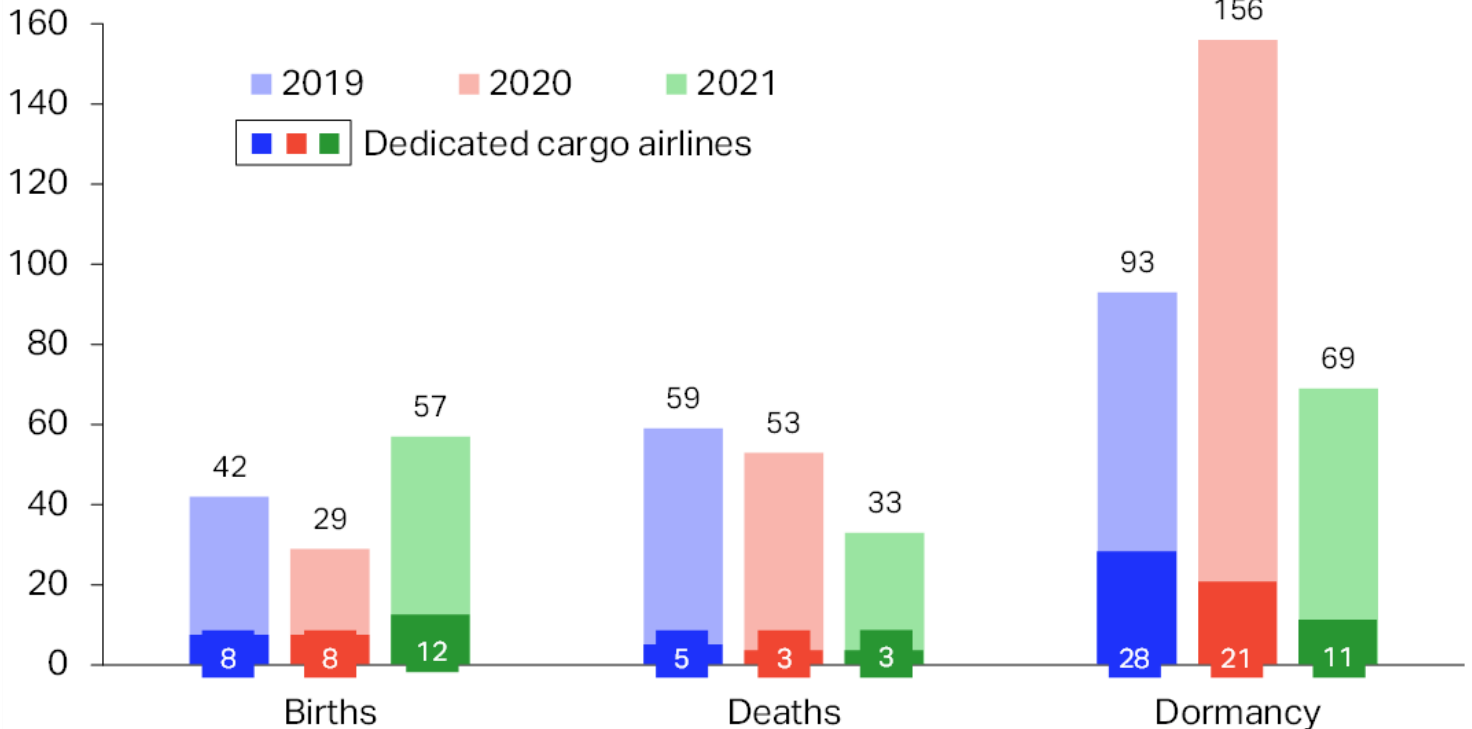


IATA Economics' Chart of the Week

25 March 2022

Data on airlines' status confirm the pandemic created opportunities

Number of airlines births, deaths and dormancy*



Sources: IATA using data from FR24, Cirium, public sources. *dormancy means <10 flights per month

- The airline industry has historically been characterized by rather high barriers to entry, given its capital-intensive nature, and by intense competition for traffic. The pandemic has arguably brought about a more favourable environment for start-up airlines, notably thanks to the buoyant second-hand aircraft market, making it more affordable to lease planes. Cargo's appeal is evident thanks to record-high yields. The pressure on international and long-haul travel stemming from the pandemic adds to a changing entrepreneurial environment.
- The pandemic curtailed the number of births, i.e. new commercial operations, which fell from 42 in 2019 to 29 in 2020. Deaths – the cessation of an airline's AOC (Air Operator Certificate) – were limited to 53 in 2020, below the 59 seen in 2019, but this has to be analysed in conjunction with the sharp increase in airlines being dormant (operating fewer than 10 flights per month) which hit 156 in 2020, up from 93 in 2019. Without the support provided by governments that year, the number of deaths would almost certainly have been much higher.
- 2021 shows that the path out of the pandemic has created new opportunities for airlines. Last year, there were as many as 57 airline births, up 36% from 2019 as airlines saw the worst of the crisis passing. That includes 12 new cargo airlines, 50% more than those coming to market in 2019. Were it not for a lack of available dedicated cargo aircraft, and for incumbents' access to passenger aircraft to fly cargo, these numbers could have been higher still.
- Deaths fell to 33 in 2021, and dormancies pulled back to 69, both well below the 2019 level. The rising number of new and resurrected airlines, coupled with fewer deaths, show that the industry remains attractive to entrepreneurs and investors alike, and that expectations for its recovery are high.

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