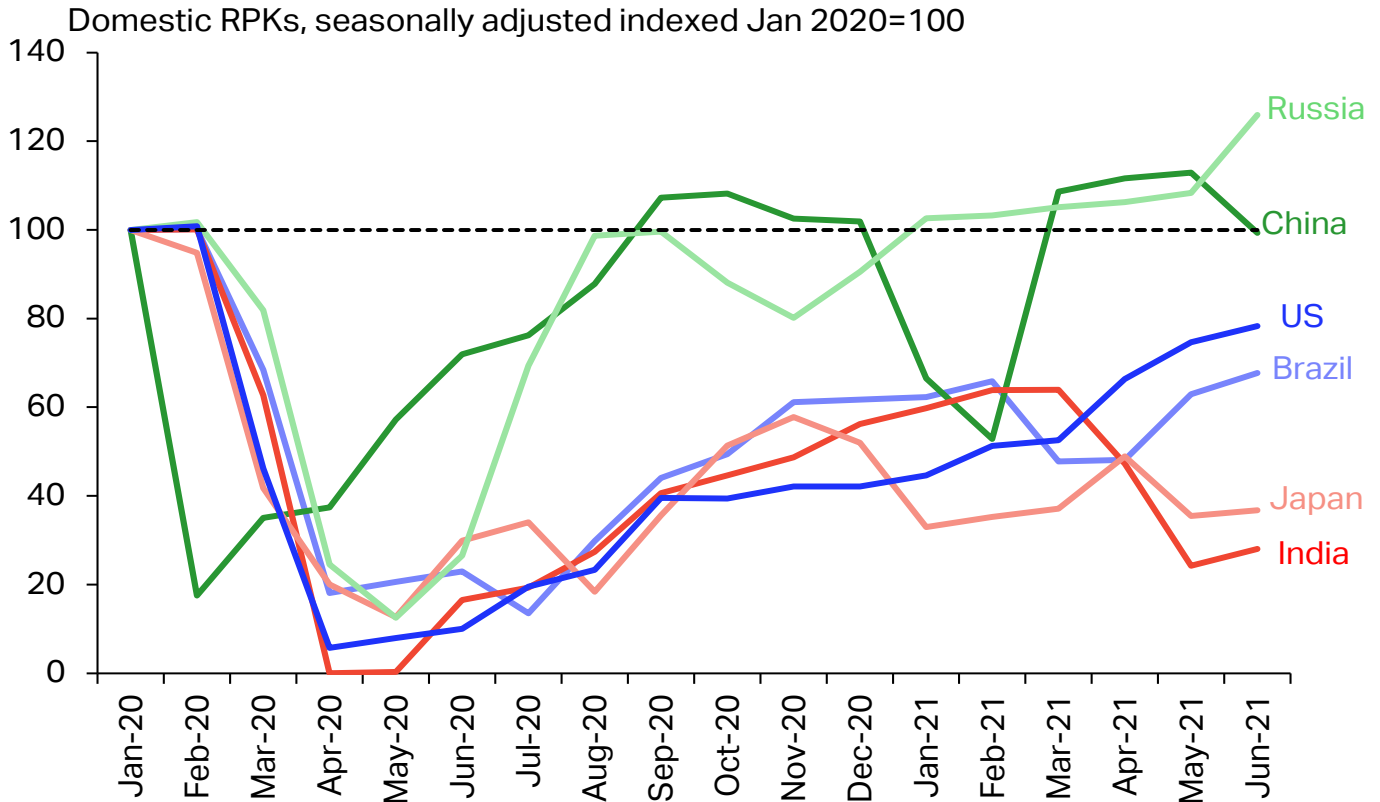


Different recovery profiles for domestic markets



Source: IATA Economics

- In recent months, drivers of air travel volumes have been related to the pandemic. The pace of vaccine distribution, new cases and the degree of risk aversion of governments all impact the stringency of international travel restrictions. The uncertainty and hassle factor for would-be travellers – lower on domestic markets – and the size and attractiveness of domestic markets, also play a key role.
- The chart shows pairs of domestic markets which followed similar trends. Russia benefitted from low travel restrictions, with policies encouraging domestic tourism. This led to substitution from international to domestic leisure travel, hence the temporary rise 30% above pre-crisis volumes in June. China was able to remove most travel restrictions owing to its successful control of the pandemic, but the trough in traffic at the time of Chinese New Year shows how vulnerable the recovery is to new outbreaks.
- The US has slowly recovered amid vaccination progress and despite significant COVID-19 outbreaks. In Brazil, domestic travel fluctuates, but the recent fall in cases and increase in vaccinations initiated a stronger recovery in May and June.
- Despite relatively low new COVID cases, Japan has imposed restrictions to avoid travel during outbreaks. The slow start to the vaccination campaign also mean traffic has remained limited so far. In India, strict controls during major outbreaks around April 2020 and April 2021 led to large falls in traffic.
- All told, the robust performance of some domestic markets imply willingness to travel is still strong. But extending this to international markets requires better international coordination, and a more pragmatic approach to testing and travel certificates.