

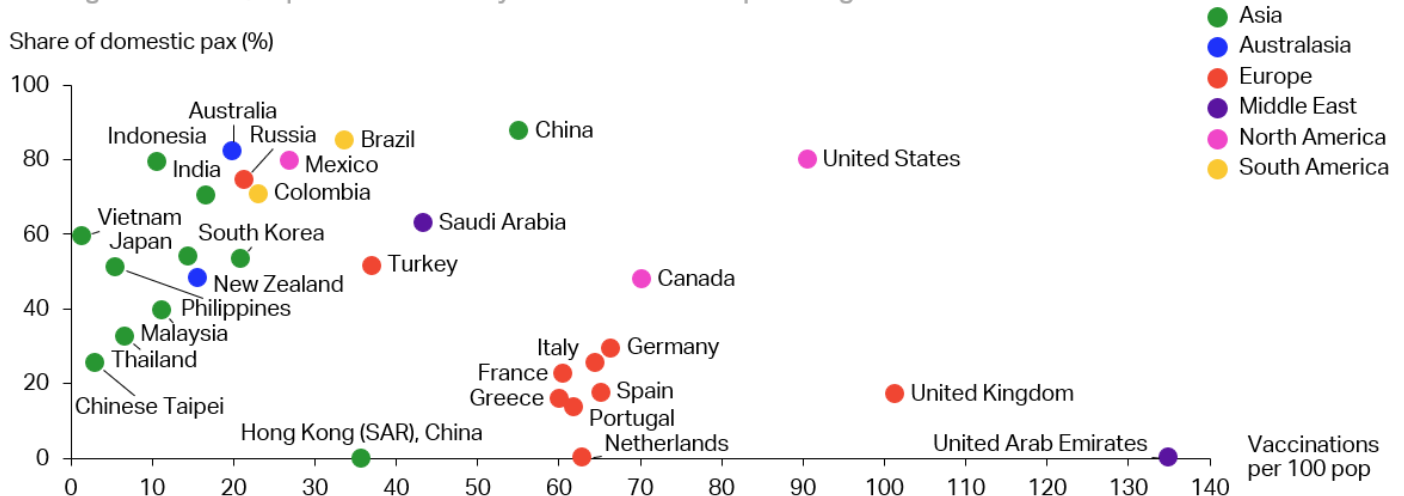


IATA Economics' Chart of the Week

18 June 2021

Great differences between the operating conditions of airlines

Total vaccination doses administered per 100 inhabitants, as of 7 June 2021 vs. share of domestic passengers in 2019, top 30 countries by number of airline passengers



IATA Economics using data from DDS, Our World in Data

- Over the last months, the recovery of air passenger demand has been mainly driven by domestic markets that have mostly remained unaffected by travel restrictions. In the meantime, international travel was restricted by most countries and governments are only starting to relax those restrictions as they vaccinate their populations and stabilize the epidemiological situation. Therefore, our expectation is that in the near future, airlines' operating conditions will be determined by two factors: (1) the availability of domestic markets that they can rely on and (2) the progress in vaccinations in the main countries in their networks. This week's chart explores how the world's top 30 passenger markets compare on these two dimensions.
- Countries in the top right corner of the chart provide for the best operating conditions: they are both characterized by a large share of domestic passengers and a high level of vaccinations. The United States sit prominently in this part of the chart, suggesting that the country's airlines might have the most favourable context to operate in.
- On the left-hand side of the chart, we can see a number of Asia-Pacific and South American countries. Carriers in these countries often have large domestic markets to rely on, however vaccination rates remain low in these countries and as a result, many of them continue to apply onerous entry restrictions.
- In the middle of the chart, we can see a number of EU countries. Their vaccination programmes were rolled out with a delay compared to the US and the UK but vaccination levels are now allowing for gradual easing of travel restrictions. Most EU countries have no or small domestic markets, which puts the local carriers at a disadvantage in the current crisis. Flexibility to respond to changing circumstances in the short term will greatly support these carriers who otherwise have a hard position to recover from. However, in 2019, 38% of EU passengers travelled outside the EU. The reliance on EU carriers to serve international markets will remain a critical factor in their recovery in the short term.

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