

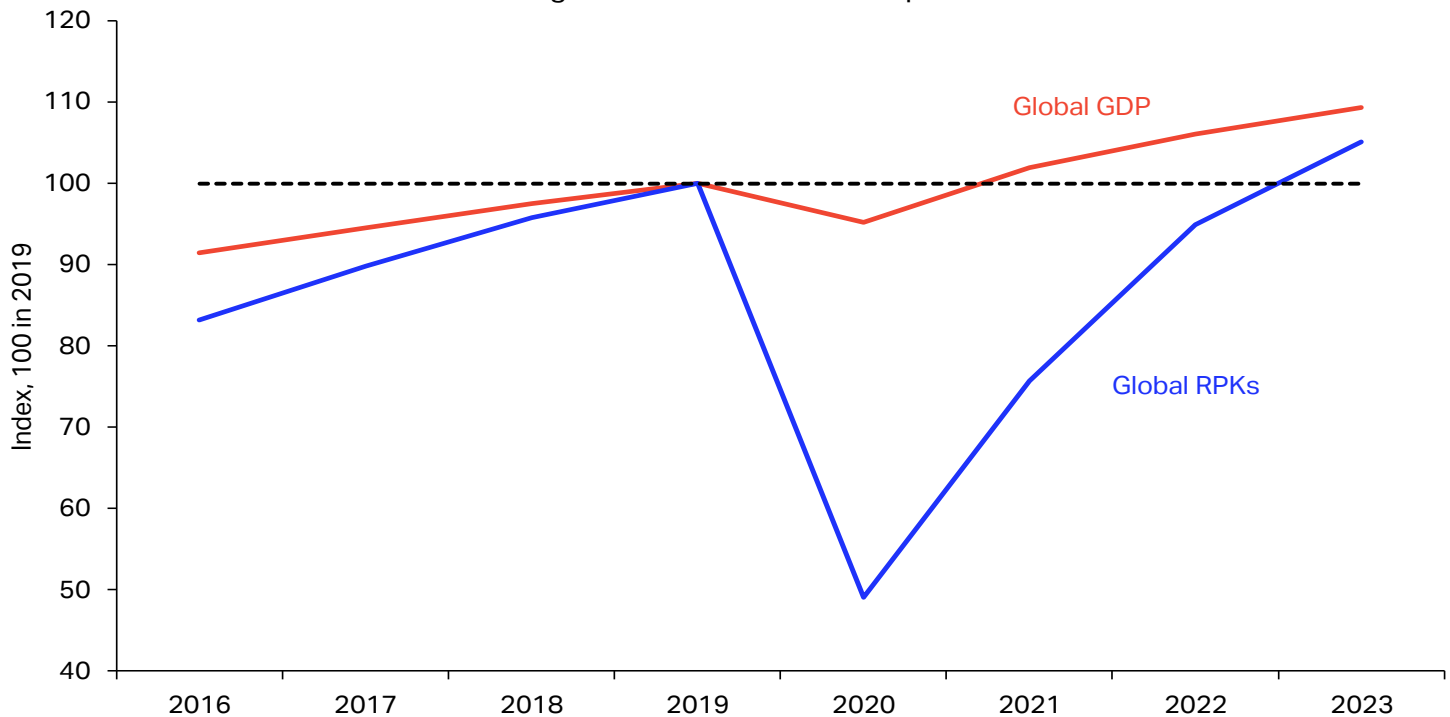


IATA Economics' Chart of the Week

15 May 2020

Recovery in air travel expected to lag economic activity

Global GDP and global RPKs, indexed to equal 100 in 2019



Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020

- Today's chart looks beyond the immediate pandemic crisis to compare the expected recovery in both global economic activity and air transport industry volumes over the next five years. The data are taken from our long-term air passenger forecasts, produced in conjunction with Tourism Economics (more details [here](#)).
- Global GDP growth is expected to fall by around 5% this year, before rebounding, and returning to its 2019 level in 2021. To put this decline into context, it is around 4x larger than that of the global financial crisis, where world GDP fell by 1.3% in 2009. In contrast, the expected decline in air passenger volumes (measured by Revenue Passenger Kilometres – RPKs) is much more severe, with a decline of around 50% this year. The recovery is such that a return to the level of 2019 does not occur until 2023, taking around two years longer than global GDP.
- There are a number of reasons why RPKs are likely to lag the recovery in broader economic activity. Consumer confidence in air travel remains key and may take some time to be restored – even after governments begin the process of opening borders and relaxing travel restrictions. As we have noted previously, after a lockdown in Q2, we expect domestic and short-haul air travel markets will begin to recover over the course of Q3, but long-haul markets will be slower to recommence. Domestic RPKs are expected to decline by around 40% this year, while international RPKs are likely to decline by around 60%. As a consequence, we expect the average trip length will decline sharply this year, by around 8.5%, before gradually recovering thereafter.
- There is, of course, still plenty of uncertainty around the pandemic and the expected recovery profile – for both economic activity and air transport volumes. Nonetheless, this week's chart highlights the challenge that lies ahead for the industry, even beyond this immediate crisis period.

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