

**State of the Industry**  
**Presented by Abdul Wahab Teffaha**  
**Secretary General of the Arab Air Carriers' Organization**

**Mr. Mohamad El-Hout, Chairman of the AGM,**  
**Your Excellencies,**  
**Ladies and Gentlemen,**

Aviation is in the middle of the worst crisis that has ever befallen on the world since world war II. The COVID-19 pandemic, which started in China almost a year ago, quickly became the biggest challenge that humanity has faced in 75 years.

Economies retracted by **4.4%** in terms of GDP. Tourism fell by **70%**. Joblessness, because of this crisis, reached **346 million**, from which **57.1%**, or **198 million** is in Travel and Tourism. **60%** of the aircraft of the world have been grounded by last **May**, and by last **September the percentage was still at 30%**. Airlines are projected to lose by the end of 2020, **USD 507 billion in revenues**. Unfortunately, this crisis is incomparable with anything that happened since the start of commercial aviation in 1914.

And now in November, we are not out of the woods yet, as we are witnessing the second wave of the virus which has started hitting many countries around the world. I have to be frank here in saying, that if anyone is expecting going back soon to the pre-COVID era of social closeness and trouble-free travel, I am afraid he/she will be disappointed. There is a new normal which will stay with us until such a time that a vaccine is widely available, and people are globally inoculated, hence mitigating or even eradicating the spread of the virus. This will not happen within short months; it will probably take the whole of 2021 for this salvation to be available.

The unprecedented depth of this crisis makes the recovery period to pre-crisis levels a protracted one. Of course, no one knows for sure how long this recovery will take; The only thing we are confident of, God willing, is that it will happen eventually. But in order to plan well for that eventuality, we believe that the understanding of the recovery scenarios, should fundamentally take into account the sensitivities that will affect those scenarios.

There are two scenarios for the recovery period: **The first is the best-case scenario**, where a vaccine is available by the end of this year, and wide inoculation will take place by **the end of 2021**. In this case, an economic recovery to pre-crisis levels will likely take place in 2021, but for travel and tourism that will extend to 2024. **On the Arab Scene, with the suppressed oil prices, the best-case**

**scenario for the economic recovery may take until 2022. The second scenario is the worst-case one**, where a vaccine is delayed, and global inoculation extends until early 2022 **or more**, coupled with governments carrying on with employing draconian measures... restricting travel and cross-border movement. In that scenario, the global economy will probably go back to 2019 levels later **in 2022**, but Travel & Tourism may take anywhere from 2025 till 2027. **As for the Arab world, the economy may recover in 2023 but with the same recovery profile for the Arab airlines due to their global footprint.**

A lot depends on how the governments are going to deal with this crisis. So, what is it that governments can do to strengthen the resilience of aviation and indeed protect hundreds of millions of jobs in Travel and Tourism which are totally dependent on a healthy recovery for aviation? Let me list here a few concepts that we in AACO, together with other stakeholders in aviation, are calling upon governments to adopt:

1. **Restore normalcy to Air Travel:** It is scientifically proven that 97.1% of the cases are generated locally, 2.9% of the cases are from inbound passengers, and 0.0000004% cases were registered during flights, including the time when masks were not mandatory. Air travel, with the proper adherence to biosafety guidelines, does not contribute to the spread of the virus, and thus quarantine and restrictions are measures that do not contribute at all to mitigating the pandemic.
2. **Governments' financial support:** The percentage of governments' grants, loans, and other instruments of financial support that have already taken place, represent only **26.3%** of the **USD 507 billion airline revenue losses** in the world. In the Arab World, this goes down to **11.8%** compared to **37.1%** in **The Americas**, **32.6%** in Europe, **15.9%** in the Asia Pacific and **14.5%** in Sub Saharan Africa. Without governments stepping in to provide support to airlines and a social safety net for the human capital, the recovery will take a lot longer, and joblessness will increase with ensuing repercussions on social stability.
3. Governments need to follow **harmoniously the global guidelines** formulated by the International Civil Aviation Organization (ICAO) done in cooperation with the International Air Transport Association (IATA), the World Health Organization (WHO), the regional aviation organizations, and other stakeholders including AACO. Those guidelines must be developed to include categorization of the level of threat and measures of mitigation that correspond to the level of the spread of the virus and also the quick adoption of the Rapid Test to ensure that people can travel again and be able to be recognized as COVID-19 free, prior to departure.

4. **Technology** has provided a safe way for networking in this time of the pandemic. Airlines as a whole, and our members in particular, were quick to employ technology in order to provide travelers with facilities that limit physical interaction and empowers touchless processes. In fact, from this crisis, we can draw a positive lesson for the future. While scanners on kiosks check the temperature, why not tweak them for face recognition. And if we want to push the envelope further, why not having biometrics substitute, gradually, physical interaction in immigration, customs, and security. If governments, airports, and airlines embrace the full power of technology, especially biometrics, the travel experience will become smoother, which will then become a game-changer in the future of travel. For that, we need to call upon all stakeholders to embrace what the technology offers and take advantage of the current crisis for a paradigm shift in the whole travel experience.

**Mr. Chairman,  
Ladies and Gentlemen,**

AACO is heavily involved in advocating the above principles for recovery. Without taking too much of your time, I want to report to you that AACO, since February 2020 has been at the forefront, globally and regionally, in advocating the right approach towards dealing with this pandemic. In fact, many ideas and principles that we have enthusiastically advocated since March, are now being recognized as the right approach.

Despite the difficulties that we are facing, AACO continues to serve you and be a contributor to how the world of aviation can deal with this pandemic. I pray to the Almighty that we will all be able to recover from this crisis in the quickest possible time.

I wish to thank all of the AACO members and their teams who have been working hard with us to instill resilience in our joint projects and to raise awareness amongst our aviation family and indeed across all stakeholders. I also wish to particularly thank the Chairman and members of the Executive Committee for being our greatest support and for serving selflessly the whole membership of AACO. I also wish to extend my heartfelt appreciation and gratitude to the AACO team who is working relentlessly in the most challenging circumstances to keep AACO the association that is always proud to serve you.

Thank You,,,

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