

INTERACTION OF AVIATION AND TOURISM ENTERPRISES DURING THE COVID-19 PANDEMIC

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The COVID-19 pandemic has been a test of activity and in the worst cases, even a threat of existence to the tourism and aviation business. Due to traffic restrictions and the complete cessation of passenger transport connection, these sectors of the economy, which are directly related to transportation, have suffered the most.

With the establishment of strict quarantine measures from March to May 2020, aviation and tourism companies suffered significant losses. SkyUp airline announced about \$30 million in losses during the period.

The main problems were that the operators had to:

- return significant funds for booking unused tickets to customers;
- hold aircraft fleets indefinitely.

This situation has led to the cessation of travel planning by customers and a drop in operating performance of airlines and travel companies by almost 100%. Accordingly, this state has affected the profits of major airlines in Ukraine.

Thus, for the first quarter of 2020, the reduction compared to the same period in 2019 was 17.7 percent, for the second quarter, which was the peak of restrictive measures — 98.3 percent. However, after the resumption of passenger flights in June, the rate of decline in traffic slowed significantly and in the third and fourth quarter amounted to 61.4 and 66.2 percent, respectively.

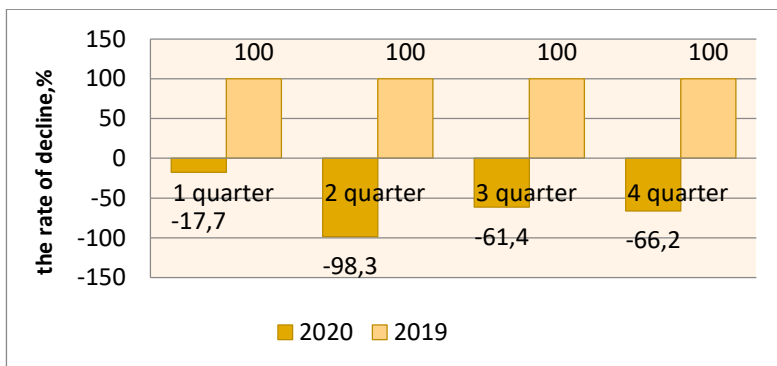


Diagram 1. The rate of decline in air traffic by Ukrainian airlines by quarters during 2020 in contrast to 2019

The mitigation of quarantine measures in May-early June 2020 did not significantly improve the transportation situation for transport market operators in Ukraine. Firstly, the resumption of passenger traffic was uneven; secondly, there are restrictive measures on the number of passengers in the cabin.

Fortunately, major tour operators and airlines have been able to find ways to continue their operations and have not declared bankruptcy. For example, SkyUp and UIA were forced to take action to reduce losses and reconstruct passenger aircraft for cargo transportation, including humanitarian aid. There were also evacuation flights for tourists and citizens of Ukraine who were abroad. And tour operators have changed the system of their work as much as possible, trying to encourage customers not to cancel tours, but to plan another flight date. «Join UP!» company offers customers services such as: changing the direction of tours, freezing the amount on deposit, which the customer will be able to use at a convenient time, even by changing the direction from one to another during 2021.

Today, after a significant reduction in the number of scheduled flights, there are many charter flights for tourism purposes, which improve the overall situation of air and travel companies.

The percentage of international passenger traffic decreased by 11.9 percent and amounted to 69 percent compared to last year. In addition, 6 new routes for international transportation were introduced by Ukrainian carriers.

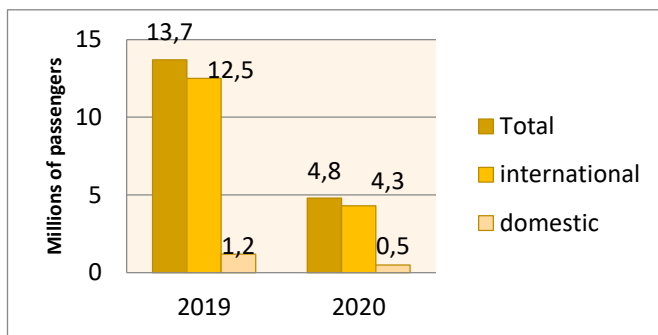


Diagram 2. Dynamics of passenger transportation by air transport of Ukraine during 2019-2020, millions of passengers

Thus, the damage from Covid-19 is inevitable and quite serious, so it is difficult to say how quickly the aviation and tourism sector will be able to fully recover. But the development of domestic tourism and the improvement of domestic air routes can improve the situation.

References:

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