

# AEROSUISSE Special Bulletin Corona 2020



## Impact of the corona crisis on Swiss aviation

The Covid-19 pandemic has resulted in the biggest crisis in the history of international air traffic. Between January and July 7.5 million flights were cancelled worldwide. IATA estimates losses of approximately 85 billion US dollars for the whole sector in 2020. In August, AEROSUISSE summarised the consequences of the corona crisis for the different sectors of Swiss aviation. Furthermore, in a letter to four Federal Councillors AEROSUISSE requests a harmonisation of all corona-related measures concerning international air traffic.

## Editorial

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## Airline airports

From April to June air traffic at national airports has nearly come to a standstill. At regional airports almost solely leisure flights (VFR) were recorded. In June the airports of Zurich, Geneva and Basel registered around 10 percent of the volume of passengers compared to the same month of the previous year. All airports affiliated with the SIAA (Swiss International Airports Association) have introduced short-time work for their staff. Investments that are not absolutely necessary have been suspended and the investment budgets have been cut for the next few years.

Zurich airport continues the planning of its long-term development projects, but implementations are only realized if strictly necessary from an operative perspective. In Geneva construction continues on the east wing, at the baggage logistics center, as well as work pertinent to maintaining the infrastructure. The EuroAirport has reduced its investments in 2020 to one fifth. Basel is the only national airport that registered a plus in air cargo during the first term of 2020.

Traffic figures at national airports from **January to June 2020**:

	<b>Passengers 2020</b>	Passengers 2019		<b>Flights 2020</b>	Flights 2019		<b>Cargo (t) 2020</b>	Cargo (t) 2019	
Zurich	<b>5'321'602</b>	14'924'134	-64.3%	<b>60'417</b>	135'871	-55.5%	<b>144'526</b>	226'003	-36,1%
Geneva	<b>3'843'141</b>	9'079'650	-57,7%	<b>48'429</b>	95'312	-49,2%	<b>17'828</b>	29'213	-39.0%
Basel	<b>1'309'262</b>	4'259'804	-69,3%	<b>23'882</b>	47'689	-49,9%	<b>55'546</b>	53'510	+3,8%

## Commercial aviation

IATA estimates that a pre-corona level in passenger numbers won't be reached before 2024. The government assistance for airlines saves a lot of jobs but prevents the consolidation of aviation in the short and medium term by maintaining economically weakened or even ailing airlines on the marketplace. This leads to massive overcapacities and will intensify the price war during the phase of recovery.

Air traffic restarted in June from the ground up. From a Swiss point of view, continental traffic has developed in a cautious positive way. In comparison to the previous year, in July 2020 around 35 percent of all flights were operated – with reasonable utilization figures. The economic reconstruction of intercontinental routes proves to be very difficult. At the moment, the demand for air cargo – in spite of its volatility – ensures some regular long-haul flights. The various announcements of the health authorities prove to be a hindrance, because they leave very little room for planning. The restrictions on admission and the added rigorous sanitary requirements are very restrictive. Large and important markets like the US cannot be economically served until further notice. In addition to epidemiological challenges, more and more political factors take effect and impede a reasonable recovery.

## Air cargo

The corona crisis has proved that air cargo plays an important role. Without cargo flights Switzerland wouldn't have been able to provide the vital protection material.

Furthermore, the cargo demand allows Swiss to operate some long-haul routes on a regular basis. Against this background the Air Cargo Day of IG AirCargo Switzerland took place on 26 August at the Swiss Museum of Transport in Lucerne. The trade association celebrates its 10th anniversary in 2020 and has published the new "[Swiss Airfreight Logistics Study 2020](#)" study for the occasion.

The study examines the importance of air cargo for Switzerland's economy. The focus lies on the key themes air cargo market, infrastructure, digitalization, climate and environmental protection as well as regulatory frameworks. Aircraft are an important means of transport (before, during and after corona), specially for the Swiss export industry. In 2019, 157 billion worth of goods or 50 percent of export goods left Switzerland as air cargo and the share of goods for overseas destinations was even above 80 percent. The share for imports was 35 percent. The overseas markets of Asia and North America increase in importance and thus air cargo is not only system-relevant for Switzerland's economic development but also decisively contributes by assuring prosperity and safeguarding jobs. AEROSUISSE has supported this study and president Thomas Hurter and vice-president Matthias Suhr gave presentations at the Air Cargo Day.

## Business Aviation

Business aviation has also suffered from the consequences of the corona crisis but not as much as the airlines. Globally business aviation air traffic has been reduced by over 30 percent in comparison to the previous year. While Oceania registered the smallest drop worldwide – 5 to 10 percent – from January to July, other regions have been under considerable pressure, so Europe with a drop of over 40 percent in air traffic.

Switzerland recorded normal activity from January to March, even registering an extraordinarily good sales level due to repatriation flights and transports of medical products. In April, air traffic came to a near standstill because Switzerland has next to none domestic traffic. The drop on short-haul flights was around 70 percent, on long-haul flights up to 95 percent. From mid-May to June the short-haul flights increased to a level of 40 to 60 percent compared to pre-corona levels.

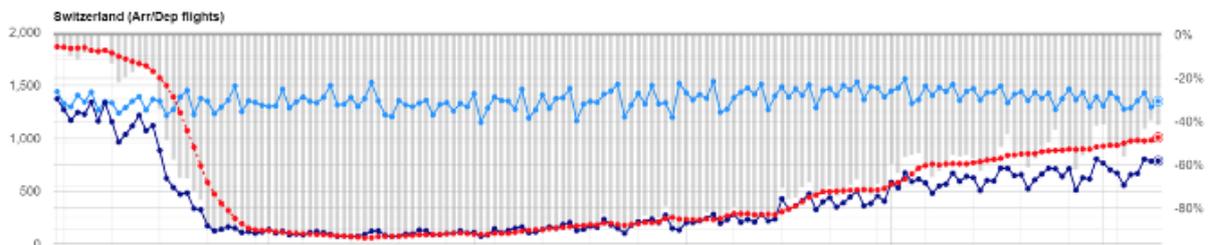
In July and August, small business jets operating short flights in Europe were mainly responsible for a recovery. It seems that business aviation currently profits from the missing scheduled flights. The customers are mainly private individuals and families who wish to spend their vacations in Europe. An enormous pricing pressure prevails. The long-haul market remains mostly inexistent due to the fact that most countries outside of Europe currently cannot be approached. Aviation suffers from an absence of business customers – many corporate groups have ordered a travel stop, partially until the end of the year.

## Air traffic control

Skyguide, responsible for Switzerland's air traffic control, registered a drop in controlled air traffic of 57 percent from January to June 2020. At Zurich airport IFR-traffic has decreased by 57 percent, at Geneva airport by 51 percent. Regional airports registered a smaller drop of 32 percent.

Cargo flights	- 2.2%
Business Aviation	- 37.8%
Charter flights	- 39.2%
Network airlines	- 59.8%
Low-cost airlines	- 67.3%

Swiss air traffic control has implemented extensive cost reduction initiatives since April in order to compensate at least a part of the lost revenues: reductions in salaries, reduction of overtime and untaken holidays, short-time work and renouncing all not urgent investments. Liquidity is secured until the end of August. Afterwards, Skyguide counts on the support of the government. Skyguide estimates that a significant recovery will not take place before 2024.



*The Skyguide diagram shows the drop in arrival and departure traffic in Switzerland from 1 March to 31 July 2020.*

## Maintenance companies

All maintenance companies associated with SAMA (Swiss Aircraft Maintenance Association) have experienced the Covid-19 repercussions to a different degree: for wide-body aircraft and scheduled services the work loss amounts on average to 50 to 70 percent. Short-time work was implemented for around 70 percent of staff. For line maintenance the work loss amounts to 75 percent, the focus was reset on cargo aircraft and on parking the fleets. In addition, aircraft cabins have modified to enable the transport of cargo inside the cabins.

The new environment and the extreme decline in airline business pose new challenges for all players. Maintenance customers do not fly at all or only at a reduced schedule. Their payment practice has declined, and the liquidity of maintenance companies is dwindling. Flight scheduling changes at very short notice, flights are often cancelled. For maintenance companies this impacts highly on their staff planning. Customers have brought forward their «scheduled maintenance» or 50/100 hours controls because operations stood still. This will then result in a shortage in the second term. The situation

is less serious for smaller companies that service general aviation aircraft. Overall, they have been able to work as planned.

## **Demands of the industry**

AEROSUISSE was part of a [round table of the export industry](#), at which Federal Councillor Guy Parmelin also was present, and provided information about the highly negative impacts on the aviation sector. The following demands were made:

1. The necessity to stick to the aviation policy report Lupo 2016 and to the object sheets of the sectorial plan of the national airports in spite of Covid-19.
2. No «Swiss finish» concerning frontier medical measures: Switzerland must coordinate its measures for intercontinental traffic with neighbouring countries whenever epidemiologically possible: set up testing centers at airports, accept a negative Covid-19 test to bypass or shorten quarantine. Implement electronic passenger localization instead of a paper solution and prevent border closings.
3. The corona crisis shall not be used to downgrade the framework conditions: certain political circles want to profit from the crisis by changing business hours and planned increases of capacity and want to implement as many restrictions as possible. This approach destroys all efforts to achieve a recovery. Thus: no changes to the currently valid sectorial plan guidelines. The remaining flexibility must be exploited to the maximum. Switzerland cannot change the functioning of international aviation (importance of early morning and late evening hours for intercontinental connections). Restrictive measures exclusively harm Swiss aviation, Switzerland's connectivity and destroy thousands of jobs.
4. A moderate implementation of environmental taxes: during the recovery phase airlines will hardly generate profits. Environmental taxes like the planned air ticket levy have a direct negative impact on airline margins. If the taxes are set to high recovery will be significantly delayed or even made impossible. This is contradictory to the parliament's intention to secure Switzerland's connectivity via aviation. It is for this reason that the parliament granted government guarantees.
5. Faire risk allocation: all aviation's stakeholders have suffered losses due to the corona crisis. Amongst others also air traffic control services. The states – the owners of these enterprises – should bear their part of the losses. The planned passing on of all costs to the air space users (although scheduled over several years) will not only retard the recovery but ensure that the economically necessary connectivity will not happen in the same form as before the crisis.

At the end of August, AEROSUISSE has sent a letter including these demands to Federal Councillors Simonetta Sommaruga (DETEC), Karin Keller-Sutter (FDJP) and Ueli Maurer (FDF). AEROSUISSE regards it as crucial that measures for the containment of the epidemic are harmonized with neighbouring countries and on an international scale. In this letter AEROSUISSE furthermore emphasizes that more weight has to be given to proportionality.

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