Rethink, Reimagine, and Reset for Tomorrow’s Aviation Industry

By any measure, the global airline industry has been decimated by the COVID-19 crisis. During times like these, we are reminded of the importance of a well-functioning aviation system as a critical part of national readiness and the backbone of national and global infrastructure.

Now is the time to rethink, reimagine, and reset our industry on a path that will benefit society. This industry will rebuild and there will be significant change. It is up to us – airlines, manufacturers, regulators, governments, and workers – to choose directions that will make our industry better, to create a sustainable aviation industry.

Let us consider the characteristics of such an industry. A truly beneficial, sustainable industry must be financially sustainable, environmentally sustainable, and socially sustainable.

FINANCIAL SUSTAINABILITY
In 2019, 25% of the world’s top 120 airlines accounted for about 98% of profits, according to IATA data. Conversely, 75% of those companies did not earn their cost of capital. That is not a sustainable industry. A financially sustainable industry must avoid large-scale destructive competition. Earning its cost of capital is a sign of a financially viable industry.

ENVIRONMENTAL SUSTAINABILITY
Aviation has become noted as a major source of greenhouse emissions. However, improvements will occur. A significant number of inefficient aircraft will likely give way to the newer, more fuel-efficient models in the aftermath of this crisis. The necessary reduction of unprofitable flying will contribute further. In addition, many, though not all, airlines have already begun committing to offsetting carbon emissions that cannot be eliminated. The industry must adopt that commitment on a global scale.
SOCIAL SUSTAINABILITY

It is unfortunate that in many places, aviation has become a mechanism for exporting profits, tax revenue, and quality jobs through methods such as Flags of Convenience, dubious self-employment, and other schemes to avoid the social costs of the markets served.

The very real costs of those regulation loopholes are now being magnified as governments – and ultimately their taxpayers – must provide economic safety nets to the workers of airlines based in other countries. A sustainable industry will ensure that social responsibility becomes a condition of serving the market. Simply put, airlines must no longer shop locations to avoid social costs and regulators must not allow the import of precarious employment models.

A government is free to set lower tax and employment costs for its own citizens, as well as to allow creative interpretations of regulations that may weaken safety and environmental provisions for operations within its own borders. Allowing those provisions to govern operations in other countries, however, undermines conditions in all countries. We should do better.

This vision of a renewed industry ensures sustainability and security for society at the national and global level. That is a sustainable industry that works for the good of all. Together we can do this.

Please contact us: IFALPA COVID-19 Response Team at irt@ifalpa.org for questions, and communications@ifalpa.org for media inquiries.