

VCCI's speech at the introductory press conference

Vietnam International Aviation Expo 2022 (VIA Expo 2022)

Dear,

- The Consul Generals, leaders of agencies and sectors, trade and investment promotion organizations, chambers of commerce, associations, clubs and businesses, and representatives of press agencies radio stations in HCMC.

- Ms. Luong Thi Xuan, General Director of Vietnam Aviation Exhibition JSC. (VAE)

Ladies and Gentlemen,

The international aviation industry created 87.7 million jobs in 2019, contributing 4.1% of global GDP, and is one of the main drivers for the development of the world, connecting nations, and territories. In Vietnam, the aviation industry plays a connecting role between our country and the world, directly promoting tourism development, to which the tourism industry contributes 8.8% of the country's GDP.

Before the complicated developments of the COVID-19 pandemic, the international aviation market continued to be affected by the epidemic, and the domestic aviation market was also affected. However, with the efforts of airlines, the Government, the Ministry of Transport, the Civil Aviation Authority of Vietnam, and other regulatory agencies... Vietnam's aviation market has gradually recovered its first steps by the end of 2021 by re-operating all flight routes, increasing the frequency to serve the safe travel needs of people at the end of the year. Airlines have also been making maximum efforts to meet the travel needs of passengers while changing, upgrading, and completing operations and services to provide safe flight experiences. maximum convenience.

Similar to regular international routes, Vietnamese airlines have also begun to resume regular international routes from January 1, 2022, with countries such as Japan, Korea, and Taiwan. (China), Thailand, Singapore... These positive moves have contributed to strengthening confidence in a brighter picture of the aviation industry in the new year, leading the recovery wave, and contributing to the economy of Vietnam and the world back in the future.

Following the recovery momentum in 2021, the global aviation industry enters the new year 2022 with optimism about the development prospects, forecast to grow 47%, when the restrictive measures related to the Omicron variant of the SARS-CoV-2 virus is gradually loosened or eliminated. However, analysts also said that the global aviation industry this year still needs to make strategic adjustments to adapt to the unpredictable developments of the epidemic.

Figures from the International Air Transport Association (IATA) show that aviation passenger traffic in 2021 has recovered by 42 percent compared to 2019. Domestic tourism leads the way in the recovery of passenger traffic, currently only 28% lower than in 2019, while international tourism has recovered more slowly, still 75.5% lower than before the pandemic. A bright spot lies in the volume of goods transported by air, which increased by 18.7% compared to 2020 and increased by 7% compared to 2019 (before the epidemic), becoming an important source of income for airlines today. According to recent surveys, the unemployment rate of pilots has dropped from 30% to 20%.

Although the demand for air travel is still lower than before the pandemic, there are many positive signs in 2022 when "some restrictions on Covid-19 prevention, if not all, are in progress." begin to be loosened or eliminated." According to Cerium - a global aviation analysis unit in London (UK) - forecast, the global aviation industry will grow by 47% in 2022. In which, economy and premium travel on international routes will recover at a similar rate to 2021, while the long-distance travel segment will recover quite strongly. The outlook for freight transport is expected to continue to be positive.

Governments of countries have certain "rescue" strategies to support airlines. By the end of 2020, governments have supported airlines with more than 200 billion USD and continue to "pump" about 80 billion USD more. Some specific forms of support have been implemented such as financial support (loans to pay salaries like with US airlines, or loans with preferential interest rates); policy support (policies to promote economic recovery, tourism such as in Japan, Korea... or airport tax exemption and reduction, fuel tax reduction in Thailand, Japan, China); support in corporate restructuring programs, debt restructuring and even bankruptcy protection (such as for Thai Airways of Thailand, Virgin Atlantic Airlines of Britain...).

In Vietnam, the Government's support for the aviation industry includes a 50% discount on take-off and landing prices and flight control service prices for domestic flights; apply an environmental protection tax on jet fuel equal to 70% of the prescribed tax rate and continues to extend it for 2021; policies to support businesses to restructure loan repayment terms, exempt and reduce loan interest fees, remove difficulties in the capital...

However, experts warn, that as the price of fuel and labor costs rise, labor shortages will be the main threats facing the global aviation industry this year. In January 2022, the average price of jet fuel - the factor that dominates the costs of airlines, increased to about 101 USD/barrel, significantly higher than the 77.8 USD/barrel set by IATA forecast in October 2021. Analysts also believe that the increase in jet fuel prices will have a big impact on airfares in 2022. Southwest Airlines (USA) also said that the cost of the first quarter of 2022, excluding fuel, has increased from 20% to 24% compared to 2019, higher than the previous estimate of a 10% to 14% increase.

Along with that, the problem of human resources continues to be a challenge, in the context of a large number of skilled employees who have quit their jobs when airlines restructure to cope with difficulties

The spread of Covid-19 and strict temporary accommodation regulations in many countries also force crews to stay in hotels when there are no flights, exacerbating the shortage of manpower.

Notably, many forecasts have shown that the weakness of the global aviation industry this year may be the Asia-Pacific region - which is "left behind" compared to other regions due to the recent waves of air pollution. closed the border recently. This is also the region most affected by the epidemic, with the unemployment rate of pilots increasing from 23% to 25%, the rate of pilots allowed to fly only 53% in the past year, many airlines in the region are still struggling, notably, Cathay Pacific Airways (China) which closed nearly all of its overseas offices during the outbreak of the pandemic. Statistical sources also show that, while passenger numbers in North America have recovered, in general, the rest of the world, especially developing countries, still faces travel obstacles due to access Covid-19 vaccine supply is still difficult.

Despite facing a positive future, the global aviation industry in 2022 still needs to be careful and promptly respond to risks. Analysts say that strategic adjustments are needed to adapt to new fluctuations and trends in the air transport sector in the context of unpredictable epidemic developments.

In the context of the crisis of the aviation industry in the world and Vietnam due to the impact of the COVID-19 pandemic, in order to update information, assess prospects and resilience, and create opportunities to promote and introduce the investment - business cooperation between Vietnamese and international aviation enterprises and partners, Vietnam Chamber of Commerce and Industry - Branch in Ho Chi Minh City (VCCI-HCM) in collaboration with Vietnam Aviation Exhibition Joint Stock Company (VAE) held a press conference to introduce Vietnam International Aviation Expo 2022 (VIAExpo 2022) here today.

On behalf of VCCI-HCM, I would like to congratulate and wish today's press conference a great success.

Wishing you all good health and success!

Thank you!