

The Impact on Airline Passengers Due to the Spread of Infection of the Novel Coronavirus (Statistics from Japan and the United States)

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Due to the global spread of infection of the novel coronavirus, each country has imposed restrictions on departures and entries. As a result of this, there have been huge impacts, without regard to regions or modes of travel, on an entire transportation system centered on the flow of passengers. In this report, I will examine the prospects of airline passengers, which are considered heavily affected by the coronavirus, by comparing the statistics from Japan and the United States published in mid-May.

1. USA

1.1 Background of the Spread of Infection of the Novel Coronavirus in the U.S. and the Response of the Government.

First of all, I will review the emergence of the coronavirus in Washington D.C., where I currently live, and look back at the response of the government, mainly focusing on transportation.

① The Federal Government

(January)

27th: The Centers for Disease Control and Prevention (CDC) raised the travel advisory to their highest level, Level 3: Avoid Nonessential Travel, to China due to the coronavirus.

28th: A charter flight was sent to evacuate U.S. citizens from Wuhan, China.

30th: The first case of someone with the coronavirus in the U.S. was found in Chicago, Illinois.

(February)

2nd: The State Department raised the travel advisory to their highest level, Level 4, for China to restrict travel.

4th: The first case of someone with the coronavirus in California was reported.

22nd – 24th: The CDC raised its travel health notice to Level 2 for Japan, Italy, and Iran. They raised the travel health notice to Level 3 for South Korea.

29th: The first case of death due to the coronavirus in the U.S. was detected in Washington State.

(March)

5th: Washington State declared a State of Emergency. (The first instance by any state.)

6th: President Trump signed the 1st coronavirus response package. (It totaled \$8.3 billion for development of vaccinations and financial support for public health organizations.)

11th: A travel restriction prohibiting most travel from Europe to the US was announced.

13th: President Trump declared a National Emergency.

18th: President Trump signed the 2nd coronavirus response package. (It offered \$10 billion for paid sick leave, unemployment benefits, and a tax-deductible for employees taking a leave from work because of the coronavirus.)

18th: The State Department raised its “Global Health Advisory” to the highest level, Level 4: Do Not Travel, and advised all U.S. citizens not to travel internationally.

21st: The CDC raised its travel health notice to Level 3 for 5 countries, including Japan.

27th: President Trump signed the 3rd coronavirus response package. (It provided \$2.2 trillion for direct payments to Americans, unemployment insurance, business loans for companies, local communities, and airlines.)

27th: The CDC set its travel health notice to Level 3 for all countries.

27th: President Trump signed the Coronavirus Aid, Relief,

and Economic Security Act. (It provided \$484 billion for small businesses to keep paying their workers, hospitals and testing.)

May: Texas and a few other states started opening up some businesses, such as restaurants, with restrictions.

② Local Governments (Around Washington D.C., as an Example)

(March)

7th: The first case of someone with the coronavirus infection was found in Washington D.C.

11th: Washington D.C. declared a State of Emergency and a Public Health Emergency.

16th: Washington, D.C. and Maryland published an order prohibiting gatherings with 50 or more people and the use of dining areas in restaurants, and also closed public schools.

25th: Washington D.C. ordered the closure of non-essential businesses.

30th: Washington, D.C., Maryland, and Virginia each issued a mandatory stay-at-home order that prohibited residents from leaving home, except for trips considered essential. (It was also called a lockdown.)

April 15th: Washington D.C. issued an order to require face masks for taxi, rideshares, private transportation companies, users of public transportation, grocery stores and hotel guests.

1.2 Status of Airline Passengers in the U.S. in March

On May 12th, the Bureau of Transportation Statistics published the preliminary figures of passengers for regularly scheduled U.S. airline flights in March compared to the same month last year, which showed the biggest drop to date, down 51%. Because of this decline, the continuous trend of increasing results from comparisons of the same month by year, which began in October 2016, stopped after 29 months. According to the Department of Transportation, “The airlines carried slightly more total, domestic and international passengers in March 2020 than in September 2001, the month of the 9/11 terrorist attacks” which occurred in NY and Washington, D.C. The specific figures below are preliminary, and were collected by the Bureau of

Transportation Statistics from data submitted by 24 airlines that transport 99% of passengers. The final figures will be published on June 11th.

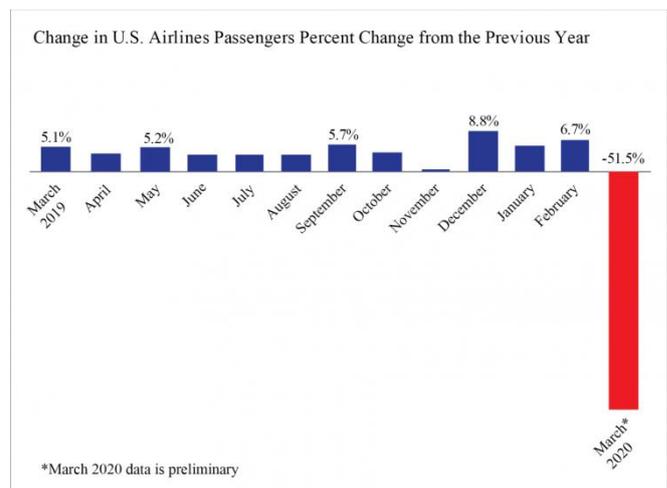
The Total Number of Passengers:

38.7 million people (This is down 51% from the 79.4 million people who traveled in March 2019)

Passengers Traveling Domestically: 34.1 million people (This is down 51% from the 69.6 million people in March 2019)

Passengers Traveling Internationally: 4.6 million people (This is down 51% from the 9.9 million people in March 2019)

Figure 1: Ratio of Passengers on U.S. Airlines Compared to the Previous Year (Number of Total Passengers)



Source: Bureau of Transportation Statistics, T-100 Domestic Market

BTS27-20 May 12, 2020; Bureau of Transportation Statistics; United States Department of Transportation

2. Japan

2.1 Background of the Spread of the Novel Coronavirus in Japan and the Response of the Government (January)

16th: The Ministry of Health, Labour and Welfare announced the first case of a person with the coronavirus in Japan found in a person who had stayed in Wuhan, in the Hubei Province of China.

29th: A charter flight sent to protect Japanese citizens in

Wuhan arrived back in Japan.

(February)

7th: The Diamond Princess cruise ship arrived at the Port of Yokohama.

(March)

25th: The Ministry of Foreign Affairs announced a Warning on Infectious Diseases at Level 2: Avoid Non-essential Travel to all countries.

31st: The Ministry of Foreign Affairs raised the Warning on Infectious Diseases to Level 3: Avoid All Travel to 49 countries and regions, including the U.S.

(April)

7th: A Declaration of a State of Emergency was given for 7 prefectures, including Tokyo and Osaka.

16th The State of Emergency was expanded to all prefectures.

30th: The Japanese government legislated an additional budget for emergency spending.

(May)

12th: The Ministry of Foreign Affairs raised the Warning on Infectious Diseases to Level 3 for 13 countries. They kept the same status for the other countries.

14th: The Japanese government lifted the State of Emergency for 39 prefectures.

2.2 The Status of Airline Passengers in Japan in March

On May 14th, the following figures of the number of passengers riding Japanese airlines in March were published by the Ministry of Land, Infrastructure, Transport and Tourism. (Published in the April 2020 Issue)

Passengers Traveling Domestically: 4.163 million people (This was down 54% from the 9.539 million people in the same month a year before.)

Passengers Traveling Internationally: 452,000 people (This was a 73% drop from the 2.59 million people in the same month a year before.)

Reference: Air Transportation Statistics Bulletin (covering all the Japanese airlines). However, the preliminary figures listed for domestic airlines are the sum of information gathered from 12 major Japanese airlines, and the

preliminary figures for international airlines are the sum of the number of passengers who rode All Nippon Airways and Japan Airlines.

3. Comparison of Airline Passenger Figures in Japan and the United States

When looking at figures of airline passengers in both Japan and the U.S. for domestic travel, both countries had similar decreasing numbers this March compared to last March. Considering the fact that in February Japan had a 2% decrease and the U.S. had some increases compared to the same month a year ago, both countries started experiencing serious impacts on domestic flights from March.

Regarding international flights, Japan and the U.S. have experienced different ordeals, and Japan has especially been negatively impacted. It is easily discernable that this situation occurred from February considering the fact that Japan had 26% decrease while the U.S. had some increase compare to the same month a year ago.

Regarding international flights, Japan is considered to have started seeing bigger impacts prior to the U.S., since this February, as the number of visitors from China, Taiwan and East Asian countries decreased where the coronavirus had spread. For example, the number of visitors from China to the U.S. decreased by 84.1% and to Japan by 87.9%. The number of visitors from Taiwan to the U.S. decreased by 36.4% and to Japan by 44.9%. While there is not a big gap in the percentage numbers showing drops in visitors, Japan's international flights have suffered large repercussions, as Japan has a greater share of transportation traveling between these countries. (Each figure is in comparison to results from the same month a year ago. Although it can be assumed that compared to last year, travel between South Korea has had a similar outcome, it is not mentioned here as the number of visitors from South Korea to Japan had already been decreasing as their relationship soured over political differences. Thus it is difficult to compare the data of Japan and the U.S.)

4. Future Expected Changes

I will examine how long this situation will continue by sorting through objective data and perceivable information from current situations that are presently available.

4.1 Restrictions on Overseas Travel

As of now (May 20th), the travel restrictions in Japan and the U.S. mentioned above have not yet been mitigated. Furthermore, there have been no prospects of travel restriction reductions in the entire world except for some EU member countries, which have discussed lessening restrictions on entries from other EU countries from around June. We predict that the statistics of April and May airline passenger travel will continue to be troublesome.

As Japan and the U.S. gradually resume economic activities, when and how regulations on overseas travels (such as decreed quarantine periods for self isolation, mandated mask coverings, and requirements on seat sales with social distancing) will be relaxed will not only restrict airlines, but will also affect consumer activities. It will also surely have the greatest impact on the recovery of air passengers.

Furthermore, regarding Japan, there are news reports saying that some countries, such as China and South Korea who have overcome their peak numbers of infected patients and Vietnam who has had fewer cases, have been asking Japan to lift travel bans prohibiting entry in order to restore economic activities.

4.2 Status of TSA Checkpoints in the U.S. (Security Check at Airports)

The number of people going through security checks conducted by the U.S. Department of Homeland Security (DHS) and Transportation Security Administration (TSA) can be found daily on their websites. (Security checks are required for departures for both domestic and international travel.) A graph showing this data is on the next page. The number of individuals who had gone through airport security on May 18th was 244,000, which was 9% of the total number on the same day a year ago (2.61 million people).

The volume of individuals going through security has gone down rapidly since this past March, and on April 16th

fell to 3.6% of figures from the same day a year ago. Though these numbers have been recovering since then, as of now, they are still less than 10% compared to the same day last year, and have only returned to levels measured around March 26th of this year.

Based on the trend of this data, it can be expected that the published number of air passengers in the middle of June will be seriously reduced. Considering the fact that even March had a descending triangle with numbers at 50% from the previous year, we expect a 90% drop for this April when looking at the leveling off of the data at the bottom of the graph.

The impact of the coronavirus was huge in March, and the speed of recovery will also depend on its status. At this point, it is difficult to predict how the graph's curve will appear in the future.

4.3 Status of Entries and Departures in Japan

On May 14th, the Ministry of Justice released its latest information by publishing statistics on entries to and departures from Japan in April. These statistics on immigration and emigration from the first to the last of a month are published at the middle of the following month, so it is possible to attain fresh intelligence. The actual published data is listed in the table on the next page. The numbers for entries by foreigners have been significantly decreasing since the end of February, and the departures of Japanese since March. Both numbers in April for entries and departures dropped severely to 0.2% of the results from the same month a year ago. Considering this, it can be expected that the data of airline passengers in April, which will be published in mid-June, will be significantly lower.

4.4 Status of Airlines

Airlines of the world, including those in Japan and the U.S., have continued to cancel and reduce the number of flights due to the coronavirus since March, and there is no prospect that flight numbers will normalize in the near future.

Regarding international flights, it is expected that countries will first try to resume domestic flights, as the two weeks of self-quarantine that countries are required to enforce for international travel will be a challenge when

trying to increase demand. Regarding domestic flights, All Nippon Airways and Skymark reduced flights to 85% for May. Some reports say All Nippon Airways will reduce flights to 70%, and Skymark will reduce flights to 80% in June. Japan Airlines will continue to reduce flights to 72% for May and June. ⁱⁱ

In the U.S. some reports say there are signs of recovery in demand for domestic flights, as new bookings are filling up gradually. Japan is expecting to lift their State of Emergency at the end of May. After that, the “Go To Campaign,” which is covered in the enacted national budget, will help recover demand.

ⁱ While there was a 25.9% decrease in Korean visitors to Japan in 2019, overall there was a 2.2% increase in visitors, the highest ever (Nikkei QUICK News (NQN) 2020/17 January)

ⁱⁱ 「全日空とスカイマーク 6月の国内線運航本数を増加へ」 (2020年5月22日 NHK News Web)
<https://www3.nhk.or.jp/news/html/20200522/k10012439971000.html>

ⁱⁱⁱ Bureau of Transportation Statistics, Air Carrier Financial Reports (Form 41 Financial Data); Schedules P1.2 and P6

Finally, Japanese airlines have a bigger share of international flights compared to U.S. airlines. (Comparison of operating revenues before the coronavirus, USA, Domestic : International=3:1 ⁱⁱⁱ (2019), Japan, Domestic : International=1:1 ^{iv} (2018)) Therefore, Japan has a high dependence on international flights in terms of business operations, and Japanese airlines will continue to face a severe situation until international flights are restored, especially the recovery of East Asian routes.

^{iv} Please refer to ANA Holdings Co., Ltd. and Japan Airlines' 2018 financial results summary

(Note)
 Regarding trends in the United States and Japan, we referred to the Nihon Keizai Shimbun (online), Politico (online), and an email sent by the Consular regarding new coronavirus related information published on the United States Embassy's website

(Unit Person)	Number of Visitors from Overseas		Number of Departures of Japanese	
		Same Month a Year Ago		Same Month a Year Ago
12/1/2019	2,482,441	2,598,719	1,712,319	1,629,350
1/1/2020	2,698,824	2,702,560	1,380,762	1,452,157
2/1/2020	1,155,960	2,581,770	1,316,820	1,534,792
Preliminary Figures 3/20	217,671	2,752,194	272,697	1,929,915
Preliminary Figures 4/20	5,312	2,885,456	3,915	1,666,546

Created based on border control statistics by the Ministry of Justice

