

**57TH CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

*Incheon, Republic of Korea
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AGENDA ITEM 1: THEME TOPIC

**AVIATION RECOVERY AND DEVELOPMENT DIRECTION
OF AVIATION INDUSTRY AFTER THE PANDEMIC**

Presented by the Republic of Korea

SUMMARY

For the recovery of the aviation industry in the aftermath of the pandemic, the government of the Republic of Korea has been promoting a series of policies, such as providing financial and employment support in the aviation field, establishing an aviation finance organization, and fostering the future mobility industries, such as drones and urban air mobility (UAM). During the process, the ROK discusses on strengthening cooperation among aviation authorities in order to restore aviation networks.

This discussion paper is intended to:

- a) discuss various policy directions to strengthen cooperation among Member States and to restore aviation networks;
- b) discuss the current COVID-19 quarantine status and response directions of each Member State; and
- c) develop measures to expand the network of international flights to continue mutually-beneficial relationship.

AVIATION RECOVERY AND DEVELOPMENT DIRECTION OF AVIATION INDUSTRY AFTER THE PANDEMIC

1. INTRODUCTION

1.1 As passenger traffic decreased by approximately 97% following the outbreak of Covid-19, the aviation ecosystem of the Republic of Korea (ROK) nearly collapsed. Efforts have been made to maintain the aviation industry through policy support in various fields, such as finance and employment, in order to protect the aviation industry and its workers.

1.2 This discussion paper is intended to provide an introduction of the aviation recovery and the development direction of aviation industry after the pandemic in the ROK.

2. DISCUSSION

2.1 Support for the Recovery of Aviation

2.1.1 The ROK has expanded its aviation networks by holding air services talks, revitalizing local airports, and attracting inbound tourists. The ROK recorded over 100 million air passengers every year for four consecutive years, leaping to become the world's 7th largest aviation powerhouse in 2019. After the Covid19 pandemic began, however, the aviation industry nearly collapsed, as passenger traffic decreased by approximately 97%.

2.1.2 Since the spread of Covid19, the Ministry of Land, Infrastructure and Transport (MOLIT) has made concerted efforts to protect both the aviation industry and workers as well as to secure international networks. The ROK government injected a total of KRW 3.7 trillion in policy finance and key industry stabilization funds in order to support airlines experiencing a liquidity crisis. It also designated the aviation industry as a special employment sector and provided employment maintenance subsidies.

2.1.3 Korea Airports Corporation (KAC) and Incheon International Airport Corporation (IIAC) have continuously exempted struggling airlines from airport facility usage charges, such as landing fees and lighting fees, in order to structure a virtuous cycle of joint growth of both air transport and airport industries.

2.1.4 Thanks to the efforts of the government and the industry, most national airlines have maintained their operations, despite the prolonged pandemic. Compared to the previous year, the employment rate remained at 99.3% (37,264 persons in December 2019, 36,992 persons in May 2022), and 27% of the international aviation networks continue to operate (245 networks in December 2019, 68 networks in May 2022), thereby preserving competitiveness.

2.1.5 Based on these efforts, the number of international passenger traffic recorded 940,000 in May 2022. While the figure is insignificant compared to the same period in 2019, it is about 130% increase from 410,000 in March this year, indicating a rapid rise of international travel. (743,000 in May 2019, 140,000 in May 2020, 210,000 in May 2021, 940,000 in May 2022)

2.2 Government Policies to Prepare for the Normalization of International Flights

2.2.1 The number of international flights has been expanded in stages in consultation with the quarantine authorities, but a decision was recently made to lift restrictions on the number of flights, and this comes into effect from June 8, 2022. The limit on the number of arrivals per hour at Incheon International Airport as well as the curfew will also be removed.

2.2.2 Following these efforts to normalize international flights, the number of passengers is expected to increase during the peak summer season. Accordingly, a plan has been put in place to identify aviation safety risks in advance and promote safety management from a variety of angles.

2.2.3 Training guidelines for returning crews will be developed and provided to airlines in order to ensure that flight and cabin crews can smoothly adapt. Crew schedules will be reorganized to guarantee sufficient rest time and better manage crew fatigue.

2.3 Direction of the Aviation Industry Policy

2.3.1 The aviation industry is particularly vulnerable to external crises, such as infectious diseases, economic crises, and politics. In order to strengthen the competitiveness and improve the structure of the aviation industry, the Aviation Industry Development Association (Aviation Finance Institution) will be established by the end of this year in order to induce self-sustaining growth of the industry. In addition, an aviation maintenance MRO cluster will be formed in order to boost domestic maintenance and make intensive investment in core technologies.

2.3.2 At the same time, the government will support the post-merger plan of Korean Air to integrate Asiana Airlines so that international flight schedules can be diversified, giving consumers a wider range of choices, and maximizing traveling convenience for the public .

2.3.3 With the aim of taking the lead in future mobility market, the ROK plans to facilitate demonstration and pilot projects as well as R&D projects covering all sectors of urban air mobility (UAM) ranging from production, infrastructure to services to achieve full-scale UAM commercialization by 2025. It also plans to establish systems and infrastructure for the growth of the drone industry ecosystem. In preparation for the new space era, the ROK will prepare systems to support commercial space transportation services.

2.3.4 The ROK aims to use bio jet fuel for 30% of its aircraft and adopt electric and hydrogen aircraft for another 20% of its fleet by 2050 in order to realize a carbon-neutral economy. The introduction of high-efficiency aircraft and the expansion of shortened routes using military airspace are being continuously promoted.

2.3.5 New airport projects (Gadeokdo, Jeju's 2nd, and Saemangeum) will be promoted to lead regional economic growth and promote balanced regional development across the country. Small-scale airports (Ulleung and Heuksan) will be constructed without setbacks in order to improve transportation in island areas.

2.4 Future Plans

2.4.1 The ROK will continuously make efforts to contribute to the development of the global aviation industry and discuss various policy directions to strengthen cooperation among Member States in order to restore the aviation networks.

2.4.2 As most developed countries in Europe and the Americas are already conducting sample quarantine inspections for inbound travelers, and ROK officials are very sympathetic to the need for such measures. It is expected to discuss the current state of quarantine and response measures for entry procedures in each State.

2.4.3 The ROK hopes to resume aviation talks, which had stopped due to the Covid-19 pandemic, and expand the supply of international flights and continue developmental relationships with the counterpart aviation authorities in the future.

3. ACTION BY THE CONFERENCE

3.1 The Conference is invited to:

- a) Take note of the information contained in the paper;
- b) Discuss cooperation among States and regions to recover global demand for aviation;
- c) Discuss how to promote movement among States by easing quarantine procedures; and
- d) Encourage Member States to resume bilateral aviation talks and strengthen cooperation among aviation authorities.

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