

ANALYSIS OF ECONOMIC RECOVERY IN AVIATION BUSINESS AS THE IMPACT OF THE COVID-19 PANDEMIC

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Abstract: The impact of the Covid-19 pandemic has dramatically affected the economy, especially the aviation industry in Indonesia, causing a decrease in the number of domestic and international passengers. This research uses a descriptive qualitative method by describing the phenomena at Soekarno Hatta airport. Based on data on the number of passengers and the economic condition of flights in the 2020 Covid-19 pandemic, domestic flights have decreased compared to 2019 by as much as 40.50%. In addition, the number of aircraft fleets decreased by 39.82%, and there were subsidies from the government, such as concessions in paying taxes, levies on aircraft and equipment related to fuel oil (avtur), etc. This research provides new insights regarding the recovery of the aviation economy after the Covid-19 pandemic.

Keywords: *Economic Recovery, Aviation Business, the impact of the Covid-19 pandemic, qualitative descriptive*

Introduction (Include Literature Review)

In March 2020, the Covid-19 pandemic entered Indonesia. Based on WHO analysis (www.who.int), Coronavirus, or Covid-19, is a zoonotic disease that means a virus that comes from animals so that it can be transmitted to humans. The cause of the Coronavirus is respiratory tract infections such as coughs and colds to more serious ones such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). Covid-19 has been declared a global pandemic by WHO. As of July 9, 2020, based on the WHO report, 11,84,226 and 545,481 patients have been confirmed, with deaths reaching 4.6% (Case Fatality Rate/CFR). Meanwhile, in Indonesia, it was reported that from March 2, 2020, to July 9, 2020, there was an increase as reported by the Ministry of Health; there were 70,736 cases, of which there

were 3,417 deaths with a Case Fatality Rate of 4.8% (Keputusan Menteri Kesehatan Republik Indonesia, 2020). According to www.kemkes.go.id, it is stated that the transmission of Covid-19 can occur with other human beings by coughing or sneezing, then the water droplets from coughing or sneezing fall on nearby objects. If another person touches the thing and his eyes, nose, or mouth (the triangle on his face), that person can get Covid-19. Or it could be Covid-19 if we accidentally inhale droplets from an infected person. The spread of Covid-19 was declared from the beginning of an endemic to a pandemic. At the beginning of the pandemic, the city of Wuhan became global because of human mobilization. Large-Scale Social Restrictions are restrictions on certain activities of residents in an area suspected of being infected with Corona Virus Disease 2019 (Covid-19) in such a way as to prevent the possible spread of Corona Virus Disease 2019 (Covid-19) (Peraturan Pemerintah Republik Indonesia Nomor 20, 2020). Analysis of Covid-19 data reported that the number of exposed cases on December 20, 2020, was 103,239, the number of recovered patients reached 541,811 cases, and the number of deaths was 19,880 (Satgas Covid-19, 2020). On December 26, 2021, according to the Covid-19 data analysis, there were 4,655 cases exposed, 113,049 recovered cases, and 144,055 deaths (Satgas Covid-19, 2021). Based on reports from the two data analyses, the number of exposed cases decreased significantly, while the number of recovered and death cases increased. Therefore, Covid-19, with the number of deaths, has grown and spread to all regions of Indonesia (Permenkes RI Nomor 9, 2020). Furthermore, this regulation issues rules for Large-Scale Social Restrictions, which impact economic aspects in Indonesia, especially in the air transportation sector. Then the government set a policy with Circular Letter Number 3 of 2021 concerning Guidelines for the Implementation of Domestic

Travel by Air Transportation During the Corona Virus Disease (Covid-19) Pandemic, and paragraph 3 states that the provisions for traveling (passengers) within the country use air transportation during the Covid-19 pandemic, including:

- a. Not allowed to talk during the trip.
- b. Adhere to health protocols such as maintaining distance, washing hands, and wearing masks
- c. It is forbidden to drink or eat during the trip < 2 hours, except for people who have to take medicine for the healing process, and if they don't drink it, it will affect their health.
- d. Attach proof of health as a condition of travel. Prospective airplane passengers must conduct a PCR or Antigen test before traveling and attach evidence of negative RT-PCR results within 2x24 hours. They can also secure negative rapid test results for antigens within 1x24 hours before travel for international and domestic flights (SE Kemenhub Nomor 3, 2021).

These conditions demand an economic recovery in Indonesia due to the Covid-19 pandemic. It can be concluded that the impact of the Covid-19 pandemic is very much felt for the business of the aviation industry (Sugiarti, 2020). Economic recovery is also carried out in other sectors, such as sharia MSMEs, by opening up opportunities for digitizing MSMEs due to Covid-19 (Arifqi, 2021).

Commercial business in the field of business or trade in aviation. In the micro and macro economy, arrangements must be made for the continuity of investments made by the government and the private sector, as well as expenditures for the community in general (Andaka, 2020)

Policies were related to the air transportation business during the Covid-19 pandemic.

Aviation is an activity that involves areas/air routes, airports, aircraft, flight navigation, security, safety, and the environment, as well as other facilities (UU Republik Indonesia Nomor 1, 2009). There was an increase in the death rate from 2020 to 2021, as many as 124,175 cases, and the number of Covid-19 spread from 2020 to 2021, as many as 4,254,777 points (Peraturan Pemerintah Republik Indonesia No. 21, 2020). Furthermore, the instruction of the Minister of Home Affairs Number 27 of 2021 concerning PPKM with different levels (Instruksi Menteri Dalam Negeri Nomor 27, 2021). Then the Decree of the Minister of Health of the Republic of Indonesia Number HK.01.07/MENKES/446/2021 explains that under certain conditions, the Rapid Antigen Test is one way to detect Covid-19 such as diagnosis and checking according to procedures (Keputusan Menteri Kesehatan Republik Indonesia, 2021). In the face of a pandemic, passengers who have taken the third vaccine (booster) can travel domestically using air transportation in Indonesia, with no need to attach proof of health (PCR or Rapid Antigen) (SE Kemenhub Nomor 36, 2021).

The economic impact on aviation can occur because of the Imposition of Restrictions on Community Activities, whose flight requirements are very complicated, so there is a decrease in the number of domestic and international flights. This can be seen in the air transportation statistics in 2020, aircraft departing according to Soekarno Hatta airport on domestic flights in 2020. 2019 was 144,554, and 2020 was 84,466, a decrease of up to 38.80%. Then for international flights in 2019 at Soekarno Hatta airport, as many as 48,327 and in 2020, as many as 16,774, a decrease of up to 65.29%. The decline in passengers also occurred on departures at Soekarno Hatta

airport for domestic destinations in 2019, as many as 19,265,062, and in 2020 as many as 8,621,796, there was a decrease of 55.25%. International destinations in 2019 were 7,898,824 and in 2020 there were 1,523,096, a decline of up to 80.72%. A decrease in the number of passengers impacts the aviation business, thus affecting the economy regarding travel and activities related to people's transportation, so airlines also close international routes affected by Covid-19. For example, Garuda Indonesia closed flights to China and other countries such as Hong Kong, Singapore, and Saudi Arabia. It changed new routes, namely Denpasar-Bangkok, Denpasar-Mumbai, and Denpasar-Brisbane, to boost the economy in the air transportation sector. This resulted in several companies going bankrupt due to their inability to pay operational costs despite their best efforts. This causes the numbers in the economy and leads to crises everywhere. This study analyzes the pandemic's impact on Indonesia's poverty rate. In comparing the original estimate of Indonesia's economic growth in 2020 of 5%, several researchers predict that Covid-19 could cause economic growth to fall from 1% to 4%. The other smallest impact on the economic sector is the increase in the poverty rate in Indonesia, which was originally 9.2% in September 2019 to 9.7% in December 2020, so it is predicted that around 1.3 million people will fall into poverty. So the government needs to carry out social-related activities to reduce poverty in Indonesia.(Charles An & M. Midhat, 2021)

Method

The research was conducted through a descriptive qualitative method approach, such as describing phenomena that naturally occur in the field, such as the atmosphere of an airport, especially Soekarno-Hatta airport. The number of passengers and economic conditions on flights can be seen from

the data and information collected, especially during the Covid-19 pandemic. This study uses a study of social phenomena that occur in the field based on participating or specific sources, so this research can be carried out properly, correctly, and reliably. This study also uses an approach with the triangulation method. Data were obtained through interview observation activities.

Discussion and Result

Based on an interview with one of the users of air transportation services, the author knows that the Covid-19 pandemic affects his income because work is hampered due to the temporary closure of air transportation modes. Users of these air transportation services also feel uncomfortable because of stringent health protocols such as the use of too-long masks and the presence of PCR and antigen tests that take a very long time. In the pre-pandemic period, these passengers felt more comfortable traveling without fear of contracting the Covid-19 virus. After the pandemic, passengers felt hesitant to travel by air transportation because of the complicated and strict flight travel requirements. Passengers also responded to the price of airline tickets, where the cost of plane tickets before the pandemic was cheaper than in the new normal era. In addition, many aircraft operators have yet to extend their aircraft leases, such as Garuda Indonesia, in the face of this pandemic, such as making offers with lessors to delay payment of aircraft leases and temporarily suspend the arrival of aircraft in 2020 (Bursa Efek Indonesia, 2020). The data below lists the decrease in the number of aircraft units and the reduction in the number of passengers on arrival and departure at domestic and international levels.

Table 1. arrivals of aircraft and passengers on domestic flights

Years	Arrival	Departure
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	Aircraft (unit)	Passenger (person)	Aircraft (unit)	Passenger (person)
2019	880.645	80.108.804	876.996	76.156.367
2020	523.960	35.164.959	526.761	33.513.741

Data source : Source: Central Air Transportation Statistics Agency 2020

Table 2. Arrivals of aircraft and passengers on international flights

Years	Arrival		Departure	
	Aircraft (unit)	passenger (person)	Aircraft (unit)	Passenger (person)
2019	118.611	18.460.312	118.745	19.073.159
2020	34.069	3.529.923	34.018	3.612.521

Data source : Source: Central Air Transportation Statistics Agency 2020

In 2020, aviation activity in Indonesia experienced a decline in the aircraft fleet, from 880,645 aircraft units in 2019 to 523,960 aircraft units. It experienced a significant decrease of 40.50% (Badan Pusat Statistik, 2020).

In 2020 aircraft departures with domestic flights experienced a decline in the fleet, which amounted to 876,996 aircraft units in 2019 to 526,761 aircraft units. It decreased by 39.82% (Badan Pusat Statistik, 2020).

Strategy with v modeling, survival strategy, Growth Strategy, and Sustainability Strategy. Each strategy has a different period and level of treatment, with health risks such as a survival strategy with a high probability of contracting, a growth strategy with a moderate chance of infection, and a sustainability strategy with a low likelihood of disease (Dinas Perhubungan, 2020)

The health recovery scenario in the survival strategy has a completed/successful procedure, increased public trust, a completed method such as finding a vaccine/drug, and increased public confidence; there are facilities to support overall health (Dinas Perhubungan, 2020).

Survival strategy, Growth Strategy, and Sustainability Strategy in **The Economic Aspect** have a collaborative approach between the government and the community, such as the Covid-19 vaccine/medicine, opinions, and behavior of flight service users, as well as an approach to increase the individual process spent to increase MPC (Dinas Perhubungan, 2020).

Survival Strategy, Growth Strategy, and Sustainability Strategy in **The Financial Aspect** have a recovery scenario with the issuance of regulations from the ministry of transportation in the form of fixing fares with an upper limit and a lower limit on domestic and international scheduled flights. As a result, airlines carry out risk-based finance strategies, loan restructuring, and financial liquidity (Dinas Perhubungan, 2020).

Survival Strategy, Growth Strategy, And Sustainability Strategy in **The Technical Aspects** have scenarios for the restoration of the issuance of regulations in increasing passenger seating capacity, cargo, and 100% schedules on domestic and international flights. In addition, airline airlines identify new routes for passenger and cargo flights (Dinas Perhubungan, 2020).

Survival Strategy, Growth Strategy, and Sustainability Strategy in the **Socio-Cultural Aspects Community** with a scenario of positive public behavior towards the aviation industry and increasing public trust in the aviation industry (Dinas Perhubungan, 2020).

Business Risk Aviation's survival strategy, growth strategy, and sustainability strategy each have 50% grounded aircraft, 40% grounded

airplanes, and 25%, which increases the opportunity lost (Dinas Perhubungan, 2020).

Airline Revenue in Survival Strategy, Growth Strategy and Sustainability Strategy each have 50%, 60%, and 75% of the same revenue under normal conditions (Dinas Perhubungan, 2020).

Passenger Occupancy Rate in Survival Strategy, Growth Strategy, and Sustainability Strategy each has 50%, 60%, and 75% passengers under normal conditions (Dinas Perhubungan, 2020).

Other strategies have also been developed with the existence of a U curve, a long U curve, an L curve, and a W curve. These curves pay attention to the handling time or period, handling characteristics, and the level of risk and have health, economic, financial, and technical and economic aspects. Socio-cultural aspects of society. Each time is carried out periodically and quarterly (Dinas Perhubungan, 2020).

A strategy with a U-shaped model, with a Survival Strategy, Growth Strategy, and Sustainability Strategy. Each strategy has a different time and level of treatment, with the level of virus handling such as survival strategy, growth strategy, and sustainability strategy with a gradual decrease in new deaths and health risks such as survival strategy having a high probability of contracting, growth strategy with a reasonable and moderate chance of contracting the virus. Sustainability strategy with a low likelihood of contracting (Dinas Perhubungan, 2020).

A strategy with a long U modeling form. Each strategy has a different period and level of handling, with a group of handling the virus, such as a survival strategy with a minor or slowing death rate, a growth strategy with a gradual/gradual increase in the number of deaths and new cases of Covid-19, and a sustainability strategy with a gradual decrease in recent deaths and

health risks, such as a survival strategy with a high probability of contracting, a growth strategy with a moderate chance of infection and a sustainability strategy with a low likelihood of disease (Dinas Perhubungan, 2020).

Strategy with L modeling, Survival Strategy, Growth Strategy, and Sustainability Strategy. Each strategy has a different period, and level of handling, with the rank of handling the virus, such as the survival strategy with the incidence of Covid-19 transmission, which tends to slow down or is not handled correctly, the growth strategy, and the sustainability strategy have exposure to the new Covid with a small amount and mortality rate. In addition, there are a few unknown health risks, such as survival strategy with a high probability of infection, growth strategy with a moderate chance of disease, and sustainability strategy with a low likelihood of infection (Dinas Perhubungan, 2020).

Strategy with W modeling, survival strategy, Growth Strategy, and Sustainability Strategy. Each strategy has a different period and level of handling. For example, the virus handling strategy in survival, growth, and sustainability strategy has the exact virus handling, namely the rapid spread of the virus. In this period, there is an increase in the number of exposures to new variants of Covid-19 and health risks such as the survival strategy. Has a high probability of contracting, a growth strategy with an increased likelihood of hiring, and a sustainability strategy with a moderate chance of acquiring (Dinas Perhubungan, 2020)

Conclusion

The impact of the Covid-19 pandemic on the aviation world has dramatically affected the economy in Indonesia with a significant decrease in the number and passengers both domestically and internationally, a reduction in the

number/rental, an increase in avtur fuel for aircraft, and the existence of Termination of Employment (PHK) economy through:

1. Preparation of health regulations and up-to-date Covid-19 protocols that have leeway in the revival of the economy
2. Ministerial management regulations in handling Covid synergies, such as the Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency of the Republic of Indonesia. The Central and Regional Governments synergize in handling Covid with a joint policy that improves economic recovery.
3. The existence of subsidies for airline managers as a result of the pandemic on the aviation business by providing concessions in the payment of taxes, aircraft levies, and equipment related to fuel oil (avtur), etc.
4. Conduct and organize events managed by the private sector and the government to encourage community mobility and efforts to support the economy in each province so that the movement of the business world can occur between regions, areas, and even between countries, especially in the air transportation sector.
5. Increase the number and achievement of community immunity against exposure to Covid-19 with the accomplishment of vaccines 1, 2, and boosters. Building togetherness with health service facilities in educating healthy lifestyles in the community.

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