

Travel bubbles as a means to revive air travel: potential, pitfalls and implementation

Travel bubbles are seen as one of the most promising ways to gradually reopen global air travel. However, these can be fragile. Establishing clear criteria to identify potential bubbles, learning from past mistakes and putting in place certain essential facilitators can help support a robust rollout.

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By Johann Peter Gies and Arvind Chandrasekhar

A little over a year since New Zealand and Australia first closed their borders, travelers now have the opportunity to fly between the two nations without the need for tests or quarantines. This is a significant step forward for the industry, not least because it is the first relatively unrestricted travel bubble that historically featured large passenger volumes (over 6 million passengers traveled between the countries in 2019). The bubble, which launched on 19th April, will be closely watched.

Travel bubbles or corridors have been part of the conversation on air industry recovery since early in the pandemic. Several ideas have been mooted, ranging from unconstrained travel (Australia – New Zealand) to segment specific exceptions (Germany – Singapore) to bubbles with caps on passenger numbers and some degree of entry requirements (Singapore – Hong Kong). Some small bubbles have been put in place recently, such as a one-way bubble between New Zealand and the Cook Islands (still in place) and the Taiwan-Palau bubble (launched, but with some restrictions on movement). Vanuatu and New Caledonia’s “Tamtam Bubble” may go live in the coming weeks. In addition, there are several bilateral agreements which stipulate varying degrees of health requirements.

The endgame, though, is to launch flights free of testing and quarantine requirements, to boost customer willingness to fly for leisure or business. The interest in such bubbles has risen further as vaccination campaigns hit their stride.

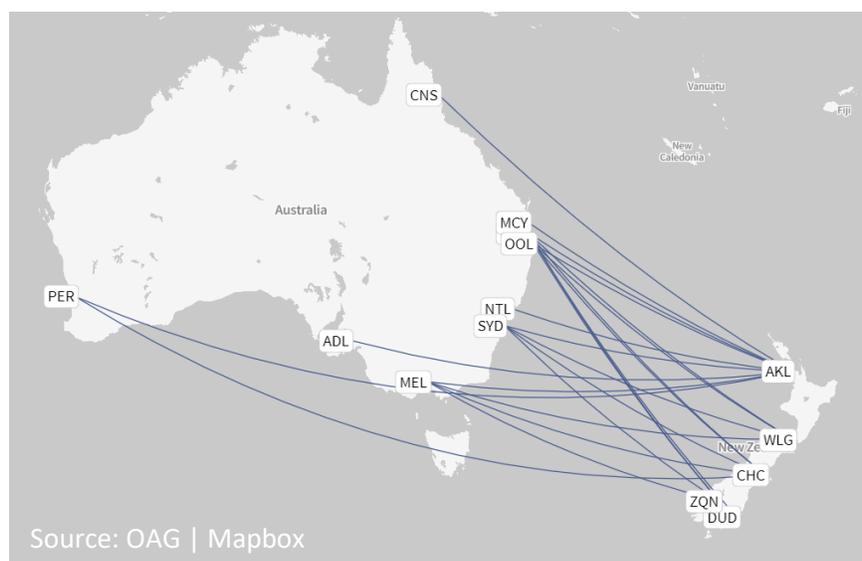


Fig. 1. The Trans-Tasman bubble will open up several routes between Australia and New Zealand



What factors indicate the potential to launch a travel bubble?

There is understandably high interest in reopening flights, particularly for countries whose economies are highly dependent on travel and tourism. However, there are corresponding risks; no government wants to put the health of its population at risk or jeopardize a hitherto successful COVID-19 campaign. As governments and regulators consider potential bubbles, therefore, there are two key factors to consider for every country-pair.

- **How each country is doing in the fight against COVID-19.** Countries should seek to launch two-way travel bubbles only with countries of similar epidemiological profiles – and, ideally, with both having made very strong progress against the virus. The trend in COVID-19 cases, coupled with the progress of vaccination drives in a country, serve to form this profile. The underlying health infrastructure of a country, indicative of its ability to contain any outbreak, is also relevant
- **The scale and relevance of historical passenger flows between the two countries.** The extent to which a country depends on traffic from another is a driver for reopening routes between them and plays into considerations of risk. This is particularly true of countries that are reliant on tourist inflows, such as many Caribbean nations. It should be noted that the importance of a route could differ widely between the two countries in a bubble, especially if one is significantly smaller than the other

Given the volatile dynamic of the current situation, airlines need to closely monitor developments and regularly update forecasts to enable swift action. Needless to say, some potential travel bubbles will be easier to implement than others; long haul markets or those that require a stop, such as New Zealand – UK would be more challenging.

For ease of reference, we rate the potential for a travel bubble between two countries on a scale of 1 to 10, where 1 indicates practically no potential, while 10 indicates that the countries could reopen mutual air travel without a testing and/or quarantine requirement.

At the moment, several potential travel bubbles are worth exploring; Asia-Pacific leads the way

Globally, our analysis clearly shows that Asia Pacific holds the greatest potential for travel bubbles driven in large part by low COVID-19 case counts. However, this trajectory could be adversely impacted by slow vaccine rollout across the region and local outbreaks, which triggered the postponement of the Singapore – Hong Kong travel bubble.

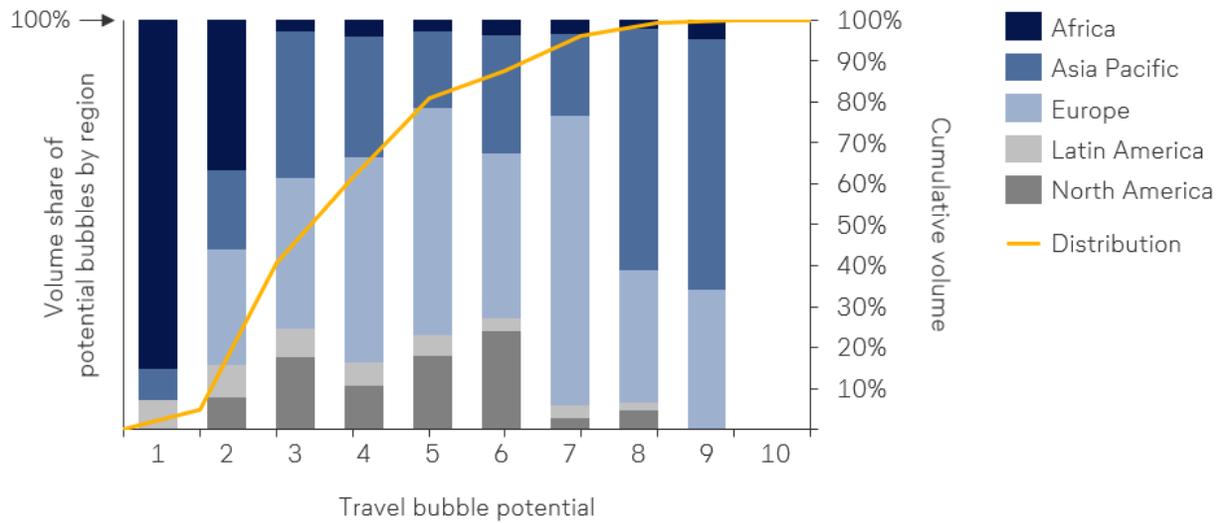


Fig. 2. Volume share of potential bubbles by region and cumulative distribution of traffic

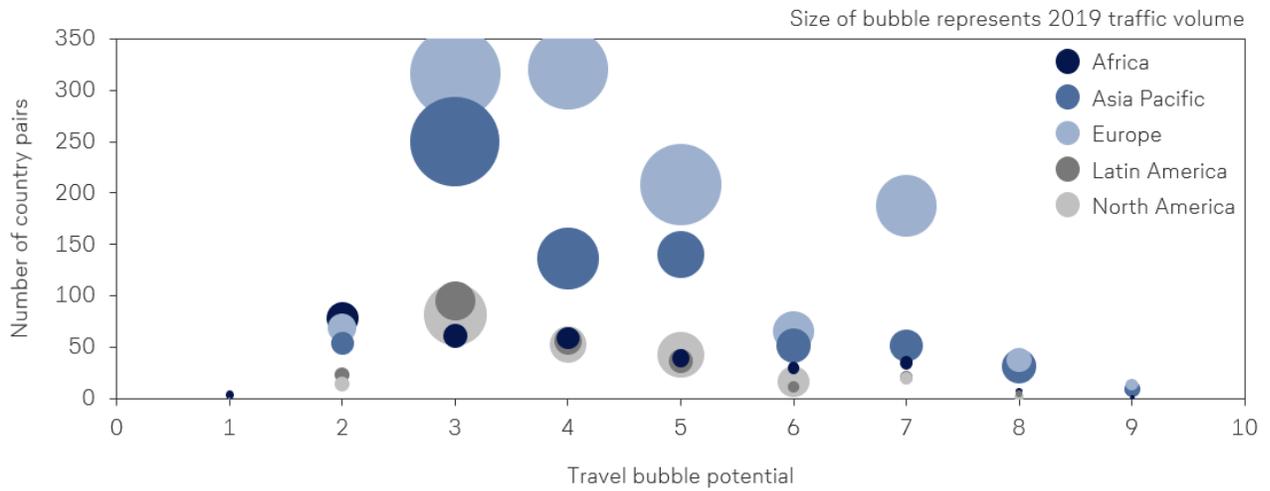
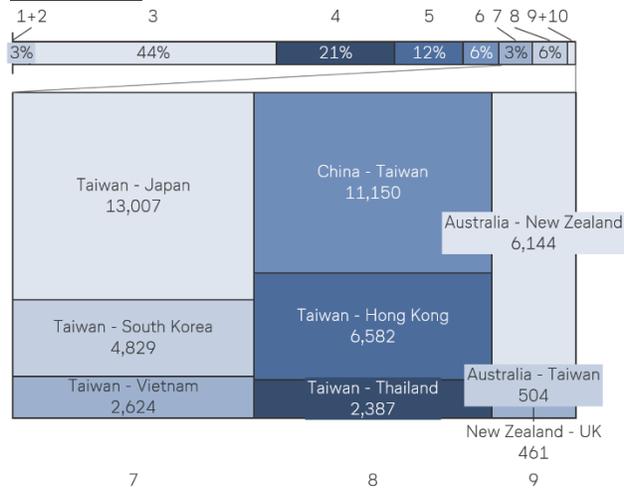


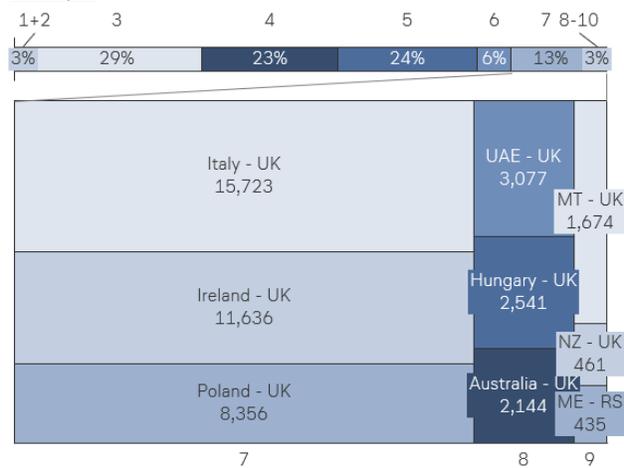
Fig. 3. Number of country pairs by travel bubble potential. Bubble size represents total traffic volume and color indicates region

Asia Pacific



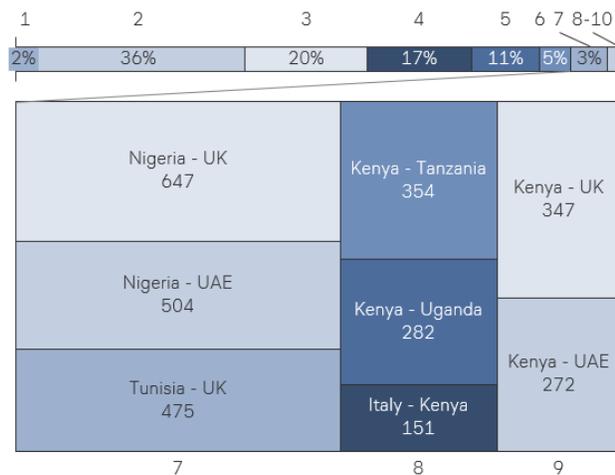
Asia-Pacific is home to some of the global champions of pandemic management, such as New Zealand and Taiwan. A number of countries have considered the creation of travel bubbles, yet very few have come to fruition. Given low case numbers, the risk of importing cases has been deemed significant; governments have often retracted bubbles at short notice due to small outbreaks. A slow vaccine rollout further threatens the development of more liberal travel regimes. Despite these factors, the region features some of the highest potential country pairs with intra-regional travel dominating.

Europe



In Europe, the United Kingdom has exhibited exemplary organization of its vaccine rollout with nearly half the population having received at least one dose. The government is debating reopening certain travel corridors to “green list” countries, and there is strong potential for bubbles for direct passenger travel, for example with the UAE which has been among the countries with highest vaccination rates thus far. In a second wave, bubbles with Australia or Ireland could be possible, depending on the vaccination campaign as well as the containment of virus mutations.

Africa

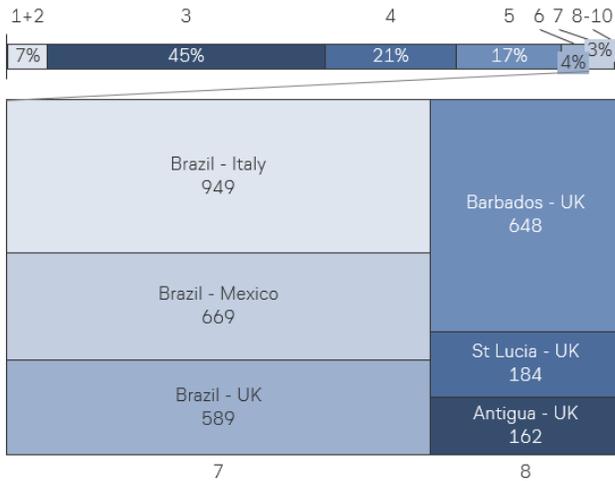


In Africa, a number of travel bubbles on the continent as well as to Europe and the UAE show potential at this point in time. Kenya is experiencing a relatively low number of cases, with a strong decline in new cases and increasing vaccination coverage. Other large markets such as South Africa can be expected to become more relevant for travel bubble creation in the near future as vaccine coverage is expanded.

Fig. 4.-6. Asia Pacific, Europe and Africa – High potential (Level 7 and above) travel bubbles as of 17 April 2021; Values represent 2019 passenger figures from IATA AirportIS (in '000)

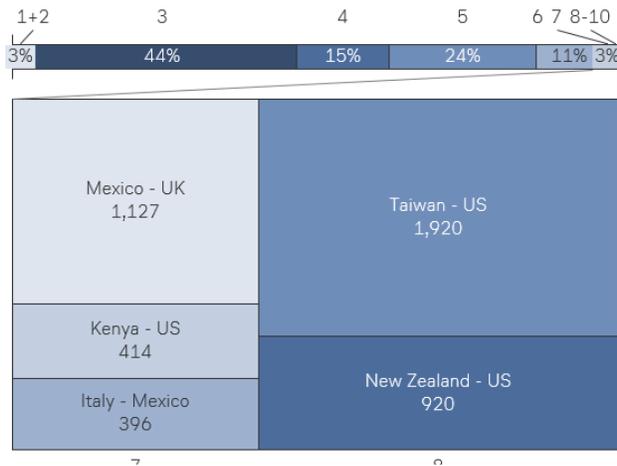


Latin America



Latin America, on the other hand, shows limited potential for travel bubbles unless countries are willing to bear the risk of cross-border transmission. The region continues to see high case counts – including in the largest market, Brazil – and the roll out of vaccinations has been slower than in many other regions. Segment-specific travel concepts with moderate restrictions could be conceived for the region, in the interest of supporting recovery. This is particularly relevant for the Caribbean nations which are highly dependent on intra-regional connectivity and inbound tourism.

North America



Finally, opportunities for North American countries are largely guided by continued high case counts, which might limit the establishment of a two-way travel bubble, at least without significant restrictions. One-way bubbles, particularly with Asian markets, remain an option. The current pace of vaccine rollout in the United States, however, is expected to tip the scales in the coming months.

Fig. 7. and 8. Latin America and North America – High potential (Level 7 and above) travel bubbles as of 17 April 2021; Values represent 2019 passenger figures from IATA AirportIS (in '000)

Travel bubbles are fragile; learning from past failed or stalled travel bubbles is important

The track record of travel bubbles attempted to date suggests that the road to success is rocky. Singapore and Hong Kong called off their commitment last year when cases started to surge again and prohibitive measures were implemented. A second attempt is planned for mid-May, yet caps on passenger numbers and testing requirements will likely feature in the new arrangement as well. Further south, Australia and New Zealand’s past attempts at quarantine free travel were hampered by rising cases for most of early 2021 before eventually going ahead.



These experiences show that travel bubbles are fragile, require rigorous planning and demand discipline from all parties involved. All relevant parties will need to monitor trends in each country and take a call on temporary restrictions, such as reducing connections to/from areas of an outbreak.

However, a few facilitators can ensure a strong foundation for travel bubbles

Countries and airports planning to facilitate a travel bubble must ensure the right infrastructure is in place along the entire journey. Airlines and airports have to arrange rigorous separation of bubble and non-bubble travelers. This extends throughout their time at the port of departure or arrival, through designated entrances and exits, check in facilities and security checks at dedicated gates. Effective separation on aircraft is an additional challenge, which is easier to facilitate for short and medium haul travel where local demand is sufficient to offer a quarantine-free flight, as evidenced by Air New Zealand's quarantine free flights to Brisbane earlier this year. This is naturally more challenging for long haul travel where a greater share of passengers are connecting, sometimes from countries outside the bubble. As a result, travel bubbles are likely to be enforceable only within strict geographic definitions.

Secondly, a bubble is only effective if immigration regulation towards non-bubble countries is strict. Travelers from non-bubble countries should not be able to enter the participating countries without quarantine or testing to minimize risk of transmission and avoid negatively impacting the bubble. Honest and timely reporting on COVID developments to the partner country is also essential to ensure appropriate measures can be arranged. In order to further mitigate risk, the use of technology such as tracking applications or the IATA Travel Pass are recommended.

Travel bubbles will be rolled out very slowly, but offer a chance to return to normality

The establishment of a travel bubble is complex; it requires careful planning, certainty of safe execution and clear risk mitigation processes. They can also be highly political, in certain environments. Countries are therefore likely to take a highly conservative approach to bubbles, probably waiting to achieve high levels of vaccination and hence herd immunity before lowering the drawbridge to foreign travelers. We are unlikely to see other large unrestricted travel bubbles in Asia before the second half of 2021; those in other regions may take even longer.

Nevertheless, travel bubbles offer some light at the end of what has been a very long tunnel for the aviation industry. As vaccination campaigns boost the global fight against COVID-19, they become an increasingly viable option for a return to normality, albeit on a limited scale.

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