

International travel

The pandemic has had a significant impact on leisure, business, and sports-related international travel and mobility. Airlines and airports are slowly reintroducing services. But fuel costs, inflation, and climate change concerns are also influencing personal, business, political, and airline decisions about flying. New Zealand is likely to be particularly adversely affected by higher costs or reduced international services.

What we're seeing

Pandemic pain

Prior to the pandemic, air travel and cruises had very strong growth. That came to a very abrupt halt in 2020. Unlike the global financial crisis, the pandemic has affected travel not just through economic constraints, but also through changed traveller behaviours. Safety and flexibility are becoming more important.¹

However, cruise ship bookings have rebounded quickly, with industry estimates predicting a return to, and then surpassing of, 2019 levels by 2023.² For air travel there is considerable pent-up demand, especially for leisure-related travel. But capacity is severely constrained, due to the need to recruit air and airport staff, and availability of aircraft. Differences in Covid testing and quarantine requirements has also made travel between some countries more difficult, or less desirable. Industry forecasts suggest that air travel volumes may return to pre-pandemic levels by 2024.³

Rising debt & operating costs

Business class air travel is expected to take longer to recover. This is related to higher costs, increasing adoption of online meetings, and risk of further disruptions. Airlines previously made their profits from business travel, so reduced business passengers will have a significant impact.¹

The debt burdens of both airlines and cruise ship companies have increased substantially due to the pandemic. Increased fuel costs and higher interest rates are also affecting profitability.^{1, 4} These will have long term consequences, probably leading to some companies failing or being nationalised. A 'golden age' of cheap air travel may be over. On the other hand, growing middle classes in developing countries could increase flight demand and profitability.⁵

As an isolated island nation, New Zealand, will be particularly affected by higher flight costs and reduced services.

Climate change

The impact of flying (and cruising) on climate change is a growing concern. Airlines are attempting to become more sustainable, as are many customers. But the increase in the number of flights pre-pandemic was greater than the fuel efficiency gains.⁶ Flight shaming, especially in Europe, is becoming more common.⁷ France has banned short-haul flights, and other countries with high speed rail may too.⁸

The return of slow travel?

Cost and environmental concerns may lead to fewer but longer international trips, and trips combining business and leisure.⁹

While virtual travel has been boosted by the pandemic, it is not expected to replace real journeys. A greater focus on experiential travel, rather than quick sightseeing may develop.¹⁰ NZ athletes and sports teams may also need to revert back to long overseas tours.

Potential implications

Create

- More memorable travel experiences
- A more "weightless" productive digital export economy emerges

Relate

- Stronger relationships and connections to local communities, environments, and cultures

Consume

- Costs of imported goods increases
- Export costs also increase, reducing productivity from traditional goods

Degrade

- Attracting talented individuals to work in NZ may become harder
- Increasing brain drain from NZ

Connect

- Building and maintaining international personal and business connections will be harder with more expensive travel

Define

- Aotearoa New Zealand's place and influence in the world

More information (links)

¹ [Back to the future? Airline sector poised for change post-COVID-19](#)

² [2022 State of the cruise industry outlook](#)

³ [Air Passenger Numbers to Recover in 2024](#)

⁴ [Covid could not sink cruise lines — but they now face an iceberg of debt](#)

⁵ [The future of travel](#)

⁶ [Should we give up flying for the sake of the climate?](#)

⁷ [Why 'flight shame' is making people swap planes for trains](#)

⁸ [Europe's cheap flights era is over: France bans short-haul flights in April](#)

⁹ [The rise of 'slow travel': What is it and who is it for?](#)

¹⁰ [What next for travel and tourism?](#)