

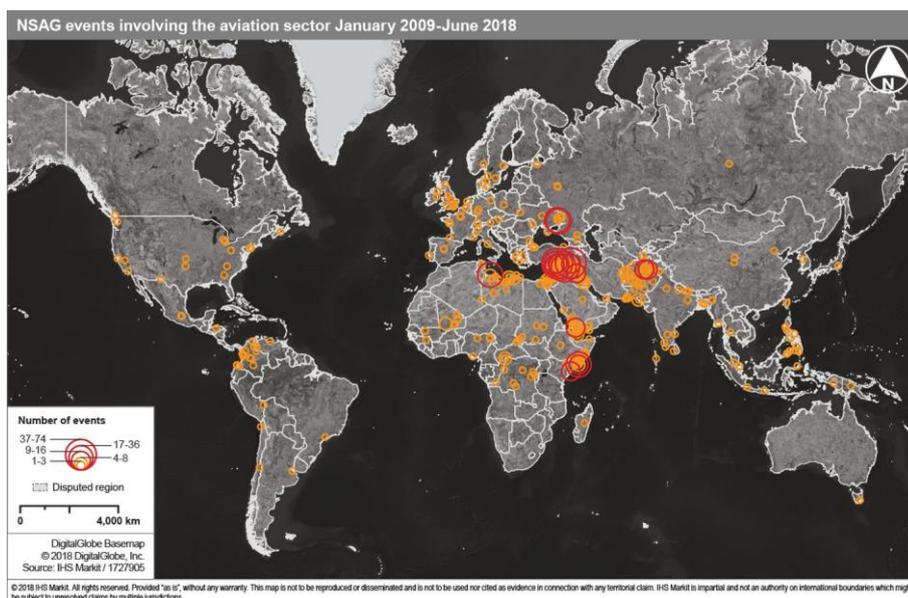
Terrorism as an aviation sector disruptor

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Jane's Terrorism and Insurgency Centre (JTIC) assesses terrorism as a disruptor in the aviation sector, and examines how forward-looking geopolitical risk analysis helps to mitigate risks and inform strategic decision-making for companies in the aviation sector. *Otso Iho reports*

The aviation sector poses an attractive target for militant groups due to the high likelihood of a successful attack achieving mass casualties, gaining global publicity, and causing huge economic damage. The attraction of aviation targets has been shown repeatedly in the past 60 years, from politically motivated airline hijackings of the late 1960s to the mass-casualty attacks conducted by Islamist militants in the past two decades.

Most notably, the Al-Qaeda-orchestrated attacks in the United States on 11 September 2001 involved multiple breaches of airport security and the flying of hijacked aircraft into the World Trade Centre towers and the Pentagon. These attacks changed aviation security practices worldwide and contributed to a slowdown in sector growth. According to the International Air Transport Association (IATA), in Western Europe it took more than three years for passenger air travel to reach its pre-9/11 peak, and attaining similar growth trends took up to seven years.



A map showing NSAG events involving the aviation sector between January 2009 and June 2018. (Jane's/IHS Markit)

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These trends are also likely to have been affected not just by successful attacks, but also by disrupted plots targeting aviation. Even these cause changes in airport security processes, and influence public perceptions of safety. For example, the foiled plot to detonate liquid-based explosives on transatlantic flights in 2006 led to the introduction of liquids, aerosols, and gels restrictions that remain in place 12 years later.

Since the 11 September 2001 attacks on the United States, militant Islamists have continued to identify aviation as a specific target of interest. In 2010, Al-Qaeda in the Arabian Peninsula (AQAP) described attacks on the sector as having a great cost-versus-benefit ratio; "... in exchange for a few months of work and a few thousand bucks", the group claimed, it could spread fear and cause "damage in the aviation industry, an industry that is so vital for trade and transportation between the US and Europe". As recently as 26 April 2018, the pro-Islamic State media channel Al-Abd al-Faqir Media issued a threat against commercial airliners on encrypted messaging platform Telegram, depicting a man with a knife sitting in a passenger airliner. In addition to attacks specifically on aviation assets, the aviation industry is also vulnerable to the impact of terrorism on tourism more widely, and to that end this report takes into account attacks that have a secondary impact on the aviation industry.

Disruption and financial losses, 2010–16

Although it is difficult to provide a global estimate of the economic impact of terrorism on the aviation sector, the most recent experiences of countries such as Belgium, Egypt, France, Tunisia, and Turkey illustrate the damage that terrorism continues to pose on the industry and local economies. According to an assessment of the impact of terrorist attacks in Western Europe in late 2015 and early 2016 by David Oxley, senior economist at IATA, passenger traffic declined by 1.6% in the following year compared with estimated trends, reducing European airlines' revenue by USD2.5 billion in 2016. The study, which measured revenue passenger kilometres (RPKs) flown by European airlines and how specific events disrupted these trends, found that these declines in traffic and resulting losses were primarily the result of the attacks in Paris on 13 November 2015 and at Brussels' Zaventem airport on 22 March 2016. A spate of smaller attacks across Western Europe throughout the year is likely to also have had an impact on tourism figures that will have affected passenger numbers.

In North Africa, the attacks in Tunisia in 2015 – at the Bardo Museum in Tunis on 18 March, killing 20 foreign tourists and two Tunisian nationals, and at Port El Kantaoui near Sousse on 26 June, killing 38, including 30 British tourists – devastated the country's tourism industry and would have also had dramatic effects on flights. In 10 months, visitor numbers fell by 25% and revenue from tourists dropped by 35%, according to the Tunisian Ministry of Tourism and Handicrafts, resulting in job losses and business closures as opportunities for seasonal tourism work dwindled. In Tunisia's case, the figures also differed by nationality, with a 90% drop in British tourists after the UK Foreign Office warned against all but essential travel to Tunisia, prompting UK tour operators to abandon package holidays. Travellers from other countries declined in smaller numbers. These effects are expected to be reversed during 2018, with figures in February suggesting record numbers of visitors from Europe, including Britain, and from other countries, reaching 8.0 million, surpassing the 7.1 million recorded in 2014 before the attacks.

France suffered substantial terrorism-related losses. The 7 January attack on the *Charlie Hebdo* satirical magazine in Paris, which killed 12 people, and the 13 November Islamic State attacks in the French capital that killed 130 people, prompted a large downturn in visitors the following year. For Paris, 1.5 million fewer tourists and EUR1.3 billion (USD1.37 billion) of losses in revenues were recorded in 2016. Together with the trends discussed above that showed clear impacts on flown RPKs following the 13 November attacks, these figures illustrate the severe impact that such attacks can have - particularly complex mass-casualty attacks, such as the November Paris attacks by multiple perpetrators and across multiple sites. From an aviation perspective, the impact of the attacks could be further localised by understanding changes to passenger trends from different countries: in France, the biggest drops in visitors were from China and Japan at 21.5% and 41.2%,

respectively. In terms of financial losses in the aviation sector, as an example, Air France KLM reported USD76 million in losses following the Paris attacks.

[Continued in full version...]

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