

IATA calls for urgent government support for European airlines as losses mount

The International Air Transport Association (IATA) is strengthening its call for urgent action on the part of European governments as the potential losses to airlines is now estimated at US\$76 billion.

Passenger demand is projected to be 46% lower than 2019 levels. This puts at risk not only airlines but also supportive business. An estimated 5.6 million jobs and US\$378 billion in GDP supported by air transport are currently under threat.

Economic devastation without action

The following impacts are expected at a national level:

United Kingdom: 113.5 million fewer passengers resulting in a US\$21.7 billion revenue loss, risking almost 402,000 jobs and around US\$32.7 billion in contribution to the UK economy.

Spain: 93.7 million fewer passengers resulting in a US\$13 billion revenue loss, risking 750,000 jobs and US\$49.4 billion in contribution to Spain's economy.

Germany: 84.4 million fewer passengers resulting in a US\$15 billion revenue loss, risking 400,000 jobs and US \$28 billion in contribution to Germany's economy.

Italy: 67.7 million fewer passengers resulting in a US\$9.5 billion revenue loss, risking 256,000 jobs and US\$67.4 billion in contribution to Italy's economy.

France: 65 million fewer passengers resulting in a US\$12 billion revenue loss, risking 318,000 jobs and US\$28.5 billion in contribution to France's economy.

The IATA is requesting a combination of direct financial support; loans, loan guarantees and support for the corporate bond market; and tax relief in order to minimize the dire consequences these losses will generate.

Norway, Sweden, Finland, Spain and Italy have already stepped up, but much more help is needed.

Rafael Schwartzman, IATA's Regional Vice President for Europe, stated: "The air transport industry is an economic engine, supporting up to 12.2 million jobs across Europe and \$823 billion in GDP. Every job created in the aviation industry supports another 24 jobs in the wider economy. Governments must recognize the vital importance of the air transport industry, and that support is urgently needed. First, this will keep airlines financially viable during the present lockdown, preserving jobs, maintaining essential connections to repatriate citizens, and carrying life-saving air cargo supplies. Secondly, this would avoid broad economic damage by ensuring that airlines can rapidly scale-up operations when travel restrictions are lifted, jump-starting the European and global economies,"

Regulations need to be amended to ease burden

Current regulations are causing an even greater — and unnecessary — burden on the airline industry. The IATA is requesting amendments to these regulations to ease necessary traffic and help relieve some financial burden, including the following requests:

- An urgent temporary amendment to the EU261 passenger rights regulation. Short-term flexibility is needed immediately. Permitting the use of vouchers instead of refunds, as has been allowed for some tour operators, would give airlines breathing space to repair cash flows.

- Providing a package of measures to ensure air cargo operations, including fast-track procedures to obtain overflight and landing permits, exempting flight crew members from 14-day quarantine, and removing economic impediments (overflight charges, parking fees, and slot restrictions).

Schvartzman has confirmed that some regulators are on board. The European Council insisted on a full-season waiver to the slot use rule, enabling airlines and airports greater flexibility for this season and greater certainty for next summer. “But there is more to do on the regulatory front,” he says. “Amendments are urgently needed to give more flexibility for EU 261. And they must take measures to keep air cargo moving.”

Nation	Revenue impact (US\$, billions)	Passenger demand impact (Origin-Destination volumes, millions)	Potential jobs impact	Potential GDP impact (US\$, billions)
France	-12	-65	-318,000	-28.5
Germany	-15	-84.4	-400,000	-28
Greece	-3.2	-21.5	-193,000	-8.3
Ireland	-2	-15.2	-62,000	-8.9
Italy	-9.5	-67.7	-256,000	-17.4
Netherlands	-4.4	-23.4	-128,400	-10.5
Norway	-2.8	-20	-81,000	-8.7
Portugal	-3	-21.3	-141,000	-6
Russia	-7.1	-51.7	-330,000	-7.7
Spain	-13	-93.7	-750,000	-49.4
Sweden	-2.3	-17	-86,000	-8
Turkey	-5.5	-44.7	-427,000	-19
United Kingdom	-21.7	-113.5	-402,000	-32.7