

Asia Pacific air transport industry looks to government as it enters crisis mode

By **Hibah Noor** on March, 19 2020 | Airlines & Airports



The Asia Pacific region has not fully recovered from initial damage caused by the COVID-19 pandemic and the travel measures put in place over the past two months. Air travel in the Asia Pacific region has virtually ground to a halt as a result of the travel bans, border closures, lockdowns, quarantine and isolation orders imposed by governments.

There has been a revenue downfall of USD 60 billion this year as a result of sharp falls in demand which have already forced the grounding of over half the fleet. This has resulted in one million workers employees in the Asia Pacific airline industry unemployed.

The sharp reductions in passenger services have also drastically reduced available air cargo capacity affecting critical supply chains, including getting food and medical supplies to affected communities worldwide. Asian airlines are continuing to operate dedicated freighter services but need help in streamlining operations, scheduling, and crew clearances to keep critical goods moving as a lifeline.

The World Health Organisation (WHO) is providing strong leadership in coordinating the global public health response, and notes that this is the first pandemic we can control if all countries and sectors come together. Similarly, we believe that it is time to consider holistic global measures to pave the way for the aviation industry to survive this crisis. Such a global approach is necessary to manage the economic and social impact of the COVID-19 pandemic.

Airlines have been taking tough but necessary steps to deal with the current crisis by sharply reducing operations and costs including discussions with staff members while trying to save jobs. Airlines are also actively seeking additional financing from banks and financial institutions. Such measures will, however, not be sufficient to guarantee the survival of the aviation sector.

Governments can help by rapidly implementing emergency relief measures such as:

- Suspension of payroll taxes, deferment or reduction in income taxes, extension of payment terms, waiver of ticket taxes & other government levies, taxes, dues and charges for 2020
- Direct financial support for reduced revenues and liquidity support due to travel restrictions
- Extension of interest-free loans or loan guarantees, and support for corporate bond markets either directly or to commercial banks to extend credit for affected companies
- Direct financial support for individuals facing loss of livelihoods

Asia Pacific airlines are fully committed to working with governments and the industry to maintain global connectivity and smooth operations despite the very challenging operating environment.

AAPA urges all governments to take immediate action to address the societal impact of the world's worst public health crisis in a century.