

The International Air Transport Association approaches governments as state of current industry crisis worsens

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



The International Air Transport Association (IATA) is appealing to governments in Africa and the Middle East, as part of a worldwide campaign, to provide emergency support to airlines as they fight for survival due to the evaporation of air travel demand as a result of the COVID-19 crisis.

“Stopping the spread of COVID-19 is the top priority of governments. But they must be aware that the public health emergency has now become a catastrophe for economies and for aviation. The scale of the current industry crisis is much worse and far more widespread than 9/11, SARS or the 2008 Global Financial Crisis. Airlines are fighting for survival. Many routes have been suspended in Africa and Middle East and airlines have seen demand fall by as much as 60% on remaining ones. Millions of jobs are at stake. Airlines need urgent government action if they are to emerge from this in a fit state to 1

help the world recover, once COVID-19 is beaten,” said Alexandre de Juniac, IATA’s Director General and CEO.

Extensive cost cutting measures are being implemented by the region’s carriers to mitigate the financial impact of COVID-19. However, due to flight bans as well as international and regional travel restrictions, airlines’ revenues are plummeting—outstripping the scope of even the most drastic cost containment measures. With average cash reserves of approximately two months in the region, airlines are facing a liquidity and existential crisis. Support measures are urgently needed. On a global basis, IATA estimates that emergency aid of up to \$200 billion is required.

IATA is proposing a number of options for governments to consider. They include:

Direct financial support to passenger and cargo carriers to compensate for reduced revenues and liquidity attributable to travel restrictions imposed as a result of COVID-19.

Loans, loan guarantees and support for the corporate bond market by governments or central banks. The corporate bond market is a vital source of finance, but the eligibility of corporate bonds for central bank support needs to be extended and guaranteed by governments to provide access for a wider range of companies.

Tax relief: Rebates on payroll taxes paid to date in 2020 and/or an extension of payment terms for the rest of 2020, along with a temporary waiver of ticket taxes and other Government-imposed levies.

“Several governments in Africa and the Middle East have already committed national aid for COVID-19 including Saudi Arabia, the United Arab Emirates, Qatar, Bahrain, Egypt, Nigeria and Mauritius. Our ask is that airlines, which are essential to all modern economies, are given urgent consideration. This will help keep them alive and ensure airline staff – and people working in allied sectors - have jobs to come back to at the end of the crisis. It will enable global supply chains to continue functioning and provide the connectivity that tourism and trade will depend on if they are to contribute to rapid post-pandemic economic growth,” said Muhammad Al Bakri, IATA Regional Vice President Africa, Middle East.

Africa’s air transport industry’s economic contribution is estimated at US\$55.8 billion supporting 6.2 million jobs and contributing 2.6% to GDP. In the Middle East air transport’s economic contribution is estimated at US\$130 billion supporting 2.4 million jobs and contributing 4.4% to GDP.