

Coronavirus could push airlines to merge: AF-KLM chief

March 3 2020

The spread of the coronavirus could force weak airlines to merge with competitors, the head of Air France-KLM and the A4E association of European airlines said Tuesday.

"There are quit a few weak carriers around the world," Benjamin Smith said at the association's annual meeting. "I believe this will accelerate consolidation."

Dozens of airlines scaled back or halted flights to China in January as the coronavirus outbreak gained steam in the country, with people reluctant to travel and governments erecting travel restrictions.

Last week, airlines moved to reduce flights to Italy where the largest outbreak in Europe is underway.

"It's clear we have yet to see the full effect of the COVID-19 on the air transport sector," said Smith.

Following many others, on Tuesday Scandinavian airline SAS announced it was suspending all flights to and from Italian cities Milan, Bologna, Turin and Venice, starting from Wednesday until March 16.

The move followed updated travel recommendations from the Danish foreign ministry, advising against non-necessary travel to the region.

The Swedish-Danish carrier announced earlier in the day that it was

pursuing a number of cost-cutting measures in order to mitigate the impact of reduced demand.

It also said that, in addition to already suspended flights to mainland China, it would now suspend flights to Hong Kong.

Last month the International Air Transport Association (IATA) said that airlines operating in the Asia-Pacific region stand to lose a combined \$27.8 billion of revenue this year owing to the ongoing coronavirus crisis.

Governments have come under mounting pressure to help support businesses as the outbreak disrupts the economy.

"Any taxes which could be limited or temporarily lifted would be appreciated by the industry," said Smith.

The A4E association includes 16 European airlines including Air France-KLM, easyJet, IAG (which owns British Airways, Aer Lingus, Iberia and Veiling), Lufthansa and Ryanair.

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