Airlines face uncertain future and need aid fast: IATA
15 April 2020, by Sonia Wolf

It urged governments to support airlines either by nationalising them or injecting fresh capital, waiving or delaying charges including taxes, or providing loan guarantees.

In the United States, Treasury Secretary Steven Mnuchin and 10 airlines have now reached an agreement on financial aid to keep paying workers and avoid bankruptcies.

Terms of the agreement, part of a broader US rescue plan adopted last month that included $25 billion in subsidies for US airlines, were not made public.

According to a source close to the negotiations, the deal will see the US government becoming a shareholder in the companies.

The US aviation sector that employs 750,000 people.

Other countries have also agreed to help airlines but "we encourage all of them to move quickly," emphasised IATA director general Alexandre de Juniac, adding: "We need the money" to show up on airline's balance sheet.

He estimated that 25 million jobs were at stake worldwide.

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Runways have become parking lots at some airports as airlines ground most of their planes

Airlines have been mauled by COVID-19 and the industry has cried out for help from governments to survive a crisis that could cripple a key sector of the economy.

As countries closed their borders and resorts shut down for an indefinite period, airlines grounded their planes and furloughed thousands of workers.

In early April, global traffic was 80 percent below the same period a year earlier, quashing recent forecasts that the number of airline passengers would double within 20 years with annual growth of three to four percent.

The International Air Transport Association estimated Tuesday that passenger revenues would plunge by 55 percent, or $314 billion, in 2020 due to the coronavirus pandemic.

In late March, the IATA, which represents 290 carriers, forecast that half of the world's airlines would run out of cash within two to three months.
The airline sector has bounced back before however.


This time however, "there is a combination of factors that leads us to think demand will return much more slowly and progressively than before," Mouly-Aigrot said.

Finally, IATA chief economist Brian Pearce warned that "there is a relatively small number of financially successful airlines," and thus "a substantial risk of bankruptcy" among others, depending in part on the pace at which emergency funds are provided.

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