

Airlines given \$123 bn in state aid: industry

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Governments have provided airlines \$123 billion to help weather the coronavirus storm, the global aviation industry said Tuesday, warning though that the assistance was adding to surging debt in the industry.

The International Air Transport Association warned that the sector's debt was expected to rise to \$550 billion by the end of the year—an increase of 28 percent.

While governments have in many cases come to the rescue of their countries' embattled airlines, IATA pointed out that \$67 billion of the \$123 billion committed so far would have to be repaid.

The remainder of the state aid consists of wage subsidies (\$34.8 billion), equity financing (\$11.5 billion), and tax relief/subsidies (\$9.7 billion).

"Government aid is helping to keep the industry afloat. The next challenge will be preventing airlines from sinking under the burden of debt that the aid is creating," said IATA chief executive Alexandre de Juniac.

IATA highlighted regional disparities, saying that airlines in North America had been promised aid worth 25 percent of their 2019 revenues; in Europe, the figure was 15 percent and in the Asia-Pacific region, 10 percent.

However, in Africa and the Middle East, that was 1.1 percent and in South America, just 0.8 percent.

IATA pointed to bankruptcies in Australia, Britain, Italy, Thailand and Turkey where governments had not stepped in strongly enough.

"If we don't see an improvement in conditions during the restart period", planned from June for domestic flights and July for continental flights, "we are fearful we are going to see a number of failures on the restart", said IATA's chief economist Brian Pearce.

Aviation has been crippled by border closures that have prevented travel since March almost everywhere in the world. Air traffic is not expected to return to its pre-crisis level until 2023, according to IATA.

Geneva-based IATA represents some 290 airlines comprising 82 percent

of global [air traffic](#).

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