

Airlines face another bleak year as outlook worsens

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Still plenty of dark clouds before the airline industry reaches blue skies

Airlines face another bleak year with steeper losses than previously forecast, as some regions struggle to speed up COVID-19 vaccination campaigns and control virus variants, an industry group said Wednesday.

The industry is expected to register net post-tax losses of \$47.7 billion (39.7 billion euros) in 2021, greater than the \$38 billion forecast in December, according to the International Air Transport Association.

On a brighter note, IATA slightly raised its forecast for global air passenger traffic, saying it would reach 43 percent of pre-pandemic levels this year—compared to around 33 to 38 percent forecast in February.

"Financial performance will be worse and more varied this year than we expected in our December forecast, because of difficulties in controlling the virus variants and slower vaccination in some regions," the association said in a report.

IATA said it now expected "much more limited" flying during the key summer season, when people take to the air on holiday.

Airlines lost more than \$126 billion last year as the COVID-19 crisis prompted countries to lock down cities, close borders and ban [international flights](#).

IATA expects more people to fly in 2021, with 2.4 billion passengers compared to 1.8 billion in 2020.

It still remains far from pre-pandemic air traffic: some 4.5 billion people travelled by plane in 2019.

Europe worse than US

The picture varies between regions.

North American airlines will fare better than previously thought, with losses of \$5 billion instead of \$11 billion, thanks to the recovery of the

domestic market there, IATA said.

But the outlook has worsened in Europe due to a slower vaccination campaign and less easing of international travel restrictions.

European airlines are now tipped to lose \$22 billion, compared to \$12 billion in the earlier [forecast](#).

Meanwhile, passenger volume at European airports is only expected to return to pre-pandemic levels in 2025, a year later than previously expected, according to industry group ACI Europe.

IATA expects zero growth in international passenger travel this year, but a better performance for airlines with large domestic markets such as North America, Latin America, and Asia-Pacific, thanks to a lack of travel restrictions within borders.

Airlines are expected to burn though \$81 billion in cash this year.

While large airlines have raised sufficient cash to cover this, smaller ones have not and will need government aid or to raise more money from banks or capital markets, adding to the industry's debt burden, IATA said.

"The outlook for international air travel depends critically on the vaccination rollout," the industry body said.

"In some countries that is positive, but the pace of the rollout is very slow in others, particularly in developing economies."

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