Alarming impact of Covid-19 on airlines and EU Reg 95/93 slot allocation

Dear [Commissioner],

The major outbreak of Covid-19 now also in Europe is a tremendous challenge for the global and European airline industries. The more than 100 European and international BARIG (Board of Airlines in Germany) member airlines face an exorbitant decline in forward bookings, as well as cancellations of existing bookings and thereto related extreme revenue shortfalls, which force our airlines to make drastic cuts in their flight plans. Many of our member airlines are compelled to ground a significant number of aircraft due to the shortfall in demand. The development of this Covid-19 crisis is highly dynamic and further cuts might become necessary. IATA and A4E already published the potential and worrying scenarios this crisis might lead to.

BARIG fully and explicitly supports the enclosed paper of our colleagues from A4E (Airlines for Europe). For more detailed inquiries on the issue and possible solutions, BARIG will make itself personally available at any time.

In line with IATA and A4E, BARIG and its more than 100 European and international airline members urgently appeal to you to issue a global Slot Waiver for all flights until the end of the (Northern) summer schedule season 2020. Dear Commissioner, this is indeed our most urgent request in regard to reacting to this extreme situation. We are asking you and your team to grant us the same support as already provided in the past (9/11, SARS/ Iraq and the global Financial Crises) in order to overcome the current crisis either by applying Article 10.4 (a) or initiating a swift legal process to amend the EU Slot Regulation with the EU Parliament and the EU Council. This regulatory measure would provide reliability and certainty to airlines and their customers as well as relief to the environment concerning the urgently necessary capacity reductions for the coming summer season.

Yours sincerely,
Subject: The impact of Covid-19 on aviation and slot allocation

Dear [Name],

The Coronavirus outbreak is dominating the news and causing significant disruption to air travel and the wider economy. Our priority is first and foremost the health and well-being of our passengers and staff. We are working closely with national authorities and international bodies to manage the crisis. However, we will also need to move quickly and decisively to deal with the commercial impact.

The virus has now spread to large parts of Europe, with Italy most severely affected, and continues to spread across the globe. Due to these extraordinary circumstances, A4E member airlines have seen a precipitous drop in demand since the last week of February across all markets and not just for travel to affected areas. The reduction in forward bookings has been very significant, around 50%, and in some cases even more, compared to 2019. We are also seeing a growing number of no-shows on our flights. As a consequence, European airlines have been forced to cut flights and ground aircraft both for short-haul operations within Europe and to international destinations.

To give you a sense of the scale of the impact, we refer to IATA’s estimates of the effect on demand and passenger revenues across two scenarios:

- **“Limited spread” scenario:** if the outbreak is confined to markets with currently more than 100 confirmed cases, global passenger revenues in 2020 would fall by USD 63 billion. This would include a 24% drop in passenger numbers for Italy and a loss of USD 5 billion; a 10% drop for Germany and for France, with a loss of USD 2.9 billion and 2.5 billion respectively; and a 7% drop for the rest of Europe, with a loss of USD 9.2 billion. Overall, even in this limited scenario, European aviation would stand to lose almost USD 20 billion.

- **“Extensive spread” scenario:** if the outbreak continues to spread in markets with currently more than 10 confirmed cases – which includes Austria, France, Italy, Germany, Netherlands,
Norway, Spain, Switzerland, Sweden, and the United Kingdom in Europe – global passenger revenues would fall by USD 113 billion in 2020. This would include a 24% decrease in passenger numbers across all the European countries mentioned above, with a loss of USD 37.3 billion, and a 9% decrease for the rest of Europe, with a loss of USD 6.6 billion. In short, the potential economic impact in this likely scenario would be close to USD 44 billion.

It will take months for our operations to recover and we will need operational flexibility to adapt our schedules. That is why earlier this week we collectively called for a waiver of the 80/20 rule for slots as set out in Council Regulation (EEC) No 95/93.

Under normal circumstances, the so-called use-it-or-lose-it rule is a well-balanced principle for the efficient use of scarce capacity at congested airports. Under these exceptional circumstances, it will force our airlines to operate flights unnecessarily in order to retain long-term access to these important airports through the historic slots that we have acquired over time. Flying almost empty planes would be very harmful for the already significantly affected airlines and even more so from an environmental point of view. Strict adherence to this slot rule will severely limit our ability to adapt schedules and contain the overall impact of the outbreak. We do not believe this is sensible or desirable from an operational, environmental or financial perspective.

We therefore urge the European Commission to propose as soon as possible that the 80/20 rule be temporarily waived for the remainder of the current winter season and the forthcoming summer season which starts on 29 March. There is little time left and operational decisions will need to be taken imminently. This would not be unprecedented, as similar waivers were granted following 9/11 in 2001, the SARS outbreak and the Iraq War in 2003, as well as the financial crisis in 2009.

Our companies are currently compiling data on the operational and commercial impact of Covid-19 to be shared with your services and stand ready to discuss this urgent matter further at any time.

Yours sincerely,

The A4E of A4E member airlines

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