



Date 22 June 2020

Ref SlotUseWaiver-
NW20-COVID19

European Commission
Wetstraat 200 -BERL 12/069
B-1069 Brussels

By email to

Dear

Extension of Slot Use Alleviation for Northern Winter 2020

As the aviation industry continues its fight for survival, we are writing to you to ask for urgent support for the upcoming Northern Winter 2020 season (25 October 2020 to 27 March 2021). We greatly appreciate the speed at which you were able to grant the slot use waiver for the Northern Summer season. Alleviation has been granted at all 197 slot coordinated airports for the whole of the summer season – clearly this has been essential given the collapse of air travel in the last months, but it also provides a significant piece of support for the restart phase.

The airline industry is in the middle of the worst crisis it has ever experienced, and the situation has deteriorated since we addressed the need for alleviation for the Northern Summer season. Airlines are now expected to post a loss of \$84.3 billion in 2020, by far the biggest in aviation history, with losses of \$16 billion forecast already for 2021. By comparison, airlines lost \$31 billion during the Global Financial Crisis and oil price spike in 2008-09. As we now enter the challenging period of restarting aviation globally from virtually nothing, we must ensure consumer confidence is rebuilt and the industry can respond to demand and the reopening of borders so that essential air services can resume in a sustainable manner.

We appreciate the European Commission's assistance to the aviation industry throughout the crisis, it is important during the restart that the sector continues to be supported; alleviation measures will be a vital ingredient for recovery. The airlines are increasingly fragile, with debt ballooning to 92% of expected revenues in 2021. Their ability to survive the typically challenging Northern Winter season will be dependent on how agile, responsive, and sustainable their operations can be. One of the elements needed to ensure optimal flexibility is an extension of the slot waiver to the whole Northern Winter season. In this critical situation, airlines must try to match capacity and frequency of operations to demand and to best use infrastructure in a sustainable manner.

There is clear evidence of the need for alleviation to be extended:

- As the number of COVID cases daily continues to rise, bookings for air travel are at historical lows globally. No region is immune from the impacts of COVID and therefore airlines are unable to redeploy flying to other markets. The global network is thus deeply impacted, and the ensuing recession will bring further challenges for recovery.
 - Globally RPKs fell 20% after 9/11 and 12% after SARS, compared to a **95%** fall in April 2020.
 - Overall bookings are down **82%** year-on-year for 2020, compared to the outlook in June 2019.

- Consumer demand has also continued to decrease during the crisis: 45% of passengers surveyed are looking to travel in 1-2 months, whereas 60% expressed intention to travel just one month ago. Continued uncertainty around government restrictions, quarantine, and the risk of a second wave means that until it is possible to contain this pandemic, consumer demand will be deeply impacted.
- Airlines are missing vital visibility on demand to plan their schedule.
 - Long-haul forward bookings for the first week of November 2020 are **59%** below normal levels. Historical trends show that about 14% of airline tickets are sold 22 weeks in advance of travel.
 - Current bookings for 1-7 November show that this year tickets have been sold to only **5%** of the 2019 number of passengers.
 - Passengers are booking far closer to the time of travel. In May 2020 only 29% of bookings were for travel 20 or more days in the future, sharply down from 49% in 2019. Meanwhile, 41% of bookings in May 2020 were for travel within 3 days, more than double the 18% in May 2019.
- Airlines will need schedule flexibility **to ensure loads are sustainable** given yields are coming under pressure – break-even load factors remain high.
- The bulk of airlines make their money in the Northern Summer season, while the Northern Winter season – even in the best of times – sees a struggle to remain profitable. This year this model will be impossible. Rather than earning most of their profit in the summer months, airlines are accumulating **\$84 billion** in losses in these two quarters.

Until there is a clear path towards a vaccine and/or treatment for COVID-19 and until there is clear visibility on the exit strategies for existing travel bans and health requirements, we expect to continue seeing big drops in advance bookings and increased last-minute bookings (and cancellations) on most routes for the foreseeable future.

Agreeing to conditions that ensure responsible use of a waiver

Based upon discussions with airports, coordinators, and lessons learned from the current Northern Summer season waiver we believe the attached paper outlining conditions to be established in combination with a slot use waiver provides a responsible approach that balances the needs of all aviation industry stakeholders. We believe these conditions could be formalized separately, in order not to delay the adoption of the waiver under the urgency procedure described in article 12 b of [2020/459 Regulation](#).

Why we need the certainty of a slot waiver before the end of July

Airlines are currently in the middle of the slot coordination process for the Northern Winter season and are required to return slots they will not operate by the deadline at the end of August. It is clear during this first season of restart that the industry will not be able to operate at the same size and scale seen in previous seasons. The certainty of a slot use waiver is needed before August to allow airlines to plan and reduce their schedule according to best-known consumer demand, global restrictions, and – importantly – with knowledge of how their historic slots will be treated. This underpins the ability for the coordinator to manage the slot pool and reallocate available capacity, provides airports with earlier schedules to plan accordingly, and allows partners such as ANSPs, fuel providers, ground handlers, and catering to plan their own services.

Without the urgent certainty of a waiver, airlines assume a huge risk to schedules and networks that have been built and optimized over decades. Northern Winter demand is insufficient to sustain existing schedules at required levels and airlines must make difficult decisions in the coming weeks about their schedules. It would be environmental and financial suicide to be forced to operate services purely to protect their post-recovery network.

Why the availability of airport capacity is a critical factor when considering the need for a waiver

Airport capacity is being put under new pressures due to the biosecurity measures required to ensure a safe and healthy journey. Effective capacity will be reduced in many circumstances due to these measures, while the airlines' schedules will temporarily need to be adjusted to accommodate increasing turnaround times to manage these new processes. Minimum connection time impacts are yet to be known but could require further



rescheduling of operations to ensure connectivity. By providing a flexible environment for these changes to be accommodated, airlines can react as needed and slot coordinators can manage the process of re-timings.

Requesting your urgent action

The current crisis is truly global in scale and impact, with no country exempt, and airlines need to be able to take steps at all Level 3 slot coordinated airports worldwide.

With the global aviation network made up of many connections relying on schedules and slot holdings built over decades, it would further harm economies, consumers, and the industry if these connections were lost as a result of a lack of flexibility during the restart. A massive majority - 94% - of airport-pairs connect indirectly, although most travel is on trunk routes – the slots that support this connectivity could be lost and city pairs vastly reduced without alleviation.

We are asking for this now, for the full season, because this enables the airlines to act according to their planning timeframes and best use the slot flexibility to align demand to their schedule and to change flying patterns to maintain global connectivity. Having schedules confirmed earlier allows industry partners to be better informed, and provides more certain schedules for the consumer, the cargo supply chain, and the wider economy.

We would be grateful if you would respond to this critical request to [REDACTED] as soon as possible. We believe that the data included in our [Economic report](#) provide the evidence needed to justify urgent action before the end of July.

Yours sincerely,

[REDACTED]

[REDACTED]

[REDACTED]