
Airlines brace for a 'longer and deeper' crisis in 2021

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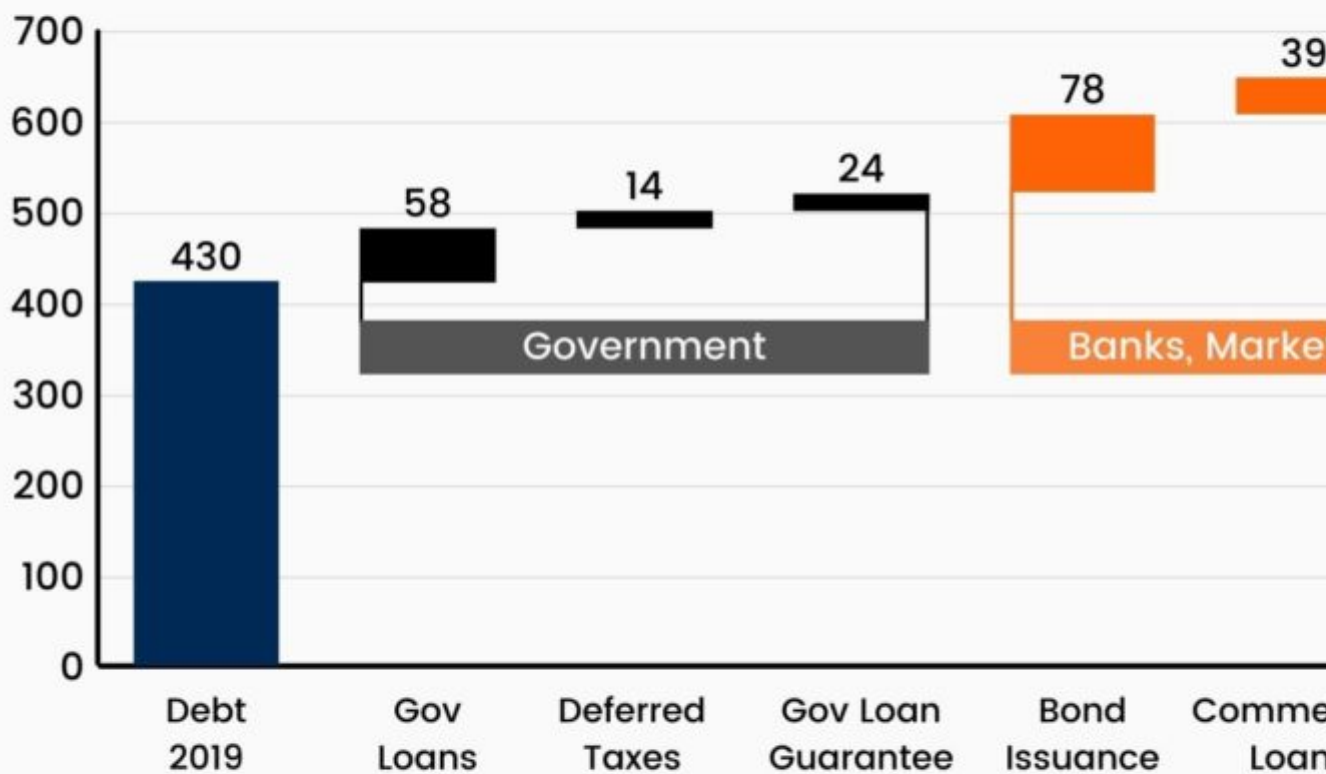
IATA has warned that 2021 will mean global losses of \$47.7bn for airlines, a slightly worse outlook than their December forecast.

With air traffic still at a fraction of pre COVID levels, "This crisis is longer and deeper than anyone could have expected" commented Willie Walsh, IATA's Director General.

January and February figures were down 86.6 percent on 2019 levels.

\$220BN RISE IN AIRLINE DEBT BY THE

Rise in Airline Debt as a Result of Govt Aid and Market



Source - IATA

Airline industry debt could rise to \$550bn by end of the year

Despite an estimated 2.4 billion people travelling by air in 2021, airlines will burn through a further \$81 billion of cash," IATA notes. Debt levels are up \$120bn over the last year, mainly in the form of government loans, deferred taxes and loan guarantees

“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 Alexandre de Juniac, IATA’s director general and CEO.

A more positive outlook for the second half of the year

IATA suggests that the second half of the year will see improved passenger levels, as a result of vaccination progress in developed countries. Unsurprisingly, domestic flights will rise more quickly as a result of accumulated savings by many families during the pandemic. Domestic flights may even reach 96% of pre-COVID levels by the end of the year.

Cargo flights will continue to do well – they’ve been outperforming the passenger business since the beginning of the pandemic. Air cargo demand will actually grow by 13.2% during 2021, reaching 63.1 million tonnes in volume. Cargo revenues are expected to reach \$152 billion, a historic high.

(CompanyDept)