



Brussels, 9 April 2020

Dear Member of the European Parliament,

With the continuing proliferation of travel restrictions, an increasing number of flights are having to be cancelled and in turn an increasing number of people are being left with airline tickets that they are unable to use. This is of course a major problem for travelers and one that airlines are keen to solve, but the airlines desperately need to be given some time to do so.

IATA's most recent report on the state of our industry is extremely worrying and we now estimate that industry passenger revenues could plummet by €232 billion (\$252 billion) or 44% below 2019's figure. This is in a scenario in which severe travel restrictions last for up to three months, followed by a gradual economic recovery later this year.<sup>1</sup>

On this overall dark horizon, Europe is the most affected region. The potential loss in passenger revenue is estimated at €70 billion (\$76 billion).

Today, most airlines are spending more cash reimbursing their passengers for flights that they have been forced to cancel than they are receiving in new booking revenues. In this context, airlines' most urgent need is to keep their remaining, but very quickly depleting, cash to pay their fixed costs, in other words simply to survive.

If airlines are allowed to offer vouchers instead of immediate (7 days) refunds, this would represent a critical boost to their survival efforts and their efforts to look after their customers and their travel agent partners in the longer term. We strongly believe that passengers will be ultimately disadvantaged if refunds precipitate the collapse of airlines and the transport chain. In a recent release, we estimate that 5.6 million jobs and €342 billion (\$378 billion) in GDP supported by the European aviation sector are at risk.<sup>2</sup>

This can only be done by an urgent and temporary amendment to Regulation 261, a Regulation that applies to all airlines serving the EU market and whose alleviation would serve them on a fair and equal basis. The European Commission is the only authority that can propose such an initiative. In other jurisdictions, this flexibility has already been offered.

Our estimates show that un-flown tickets sold in the EU for flights booked until the end of May represent approximately €9.2 billion (\$10 billion). This is the amount of refunds that airlines are facing short term.

Vouchers are an immediate, pragmatic and neutral solution that will preserve competition in the airline sector, for the long-term interest of European consumers. Without vouchers, airlines' only recourse to cover the cost of refunds would be the financial support from their national governments, leaving consumers at the mercy of the decisions taken by different Member States.

<sup>1</sup> IATA's Updated Impact Assessment is available at: <https://www.iata.org/en/pressroom/pr/2020-03-24-01/>

<sup>2</sup> For further details, please see: <https://www.iata.org/en/pressroom/pr/2020-04-07-02/>



We are not calling for passengers to be deprived of their existing rights and when contractually refundable tickets have been bought, obligations are of course being met. But when flights have to be cancelled because of today's unique circumstance of border closures, our airlines merely request that the choice between an immediate reimbursement and future travel may be deferred in time. This deferral can easily be allowed by the offer of vouchers exchangeable or refundable at a later date, once airlines are able to resume their operations.

Airlines want to do the best for their customers, who have spent their hard-earned money on airline tickets, but they will not be able to serve their customers at all if they do not survive this crisis. Therefore, our request is aimed at giving the airlines the chance to overcome this unprecedented crisis and recover so that they are equipped to meet their obligations to their customers when they are in a more stable situation.

We would appreciate the public support of the European Parliament to engage the European Commission in proposing the needed temporary amendment to Regulation 261 and we thank you for your urgent consideration.

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