



Brussels, 1 April 2020

Dear President 10.2.e,

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 \$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 (<https://www.iata.org/en/pressroom/pr/2020-03-24-01/>).

On this overall dark horizon, Europe is the most affected region. The potential loss in passenger revenue is estimated at \$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. 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 10 billion USD. This is the amount of refunds that airlines are facing short term. This amount is huge for airlines, but one should consider that the average ticket price issued in Europe by European carriers (low cost carriers excluded) is only 120 EUR.

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.

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.

For further information, please contact:

For International Air Transport Association (IATA):

10.2.e [redacted] Director General & CEO - 10.2.e [redacted] @iata.org
[redacted], Director EU Affairs - 10.2.e [redacted] @iata.org

For the Airlines International Representation in Europe (AIRE):

10.2.e [redacted] Director General - 10.2.e [redacted] @aire.aero

For Airlines for Europe (A4E):

10.2.e [redacted], Managing Director - 10.2.e [redacted] @a4e.eu

For the European Regions Airline Association (ERA):

10.2.e [redacted] Director General - 10.2.e [redacted] @eraa.org