

# Slot use waiver Northern Winter 2020

**A matter of urgency**





# A matter of urgency

## Aviation:

- Drives economies (\$2.7 trillion of GDP)
- Creates employment (65.5 million jobs)
- Enables trade (delivering 35% of goods by value)
- Facilitates healthcare and emergency aid
- Connects people, businesses and economies

**Aviation will be a vital driver  
of the world's economic recovery**

# Extend the slot waiver

- Airlines need flexibility to manage uncertain and unpredictable demand this winter
- Supports a schedule that is financially and environmentally sustainable through the restart
- Using a waiver with appropriate conditions will preserve global connectivity to support economic recovery





# A waiver with appropriate conditions:

- The waiver should not apply to slots newly allocated from the pool for the NW20 season.
- The waiver should not apply to slots that are held by an airline exiting the airport permanently, beginning in NW20, with no intention to return and no utilization of those slots in the NW20 period in keeping with WASG 8.14. This does not prevent slot transfers and operator utilization where local regulation and legislation allows.
- The waiver should require airlines to hand back slots not intended for utilization as soon as possible, but at the latest two weeks prior to planned operation in order to receive alleviation.
- Consideration for alleviation should be given to slots that are returned less than two weeks before operation in the event that government advice prevents a planned flight from operating.

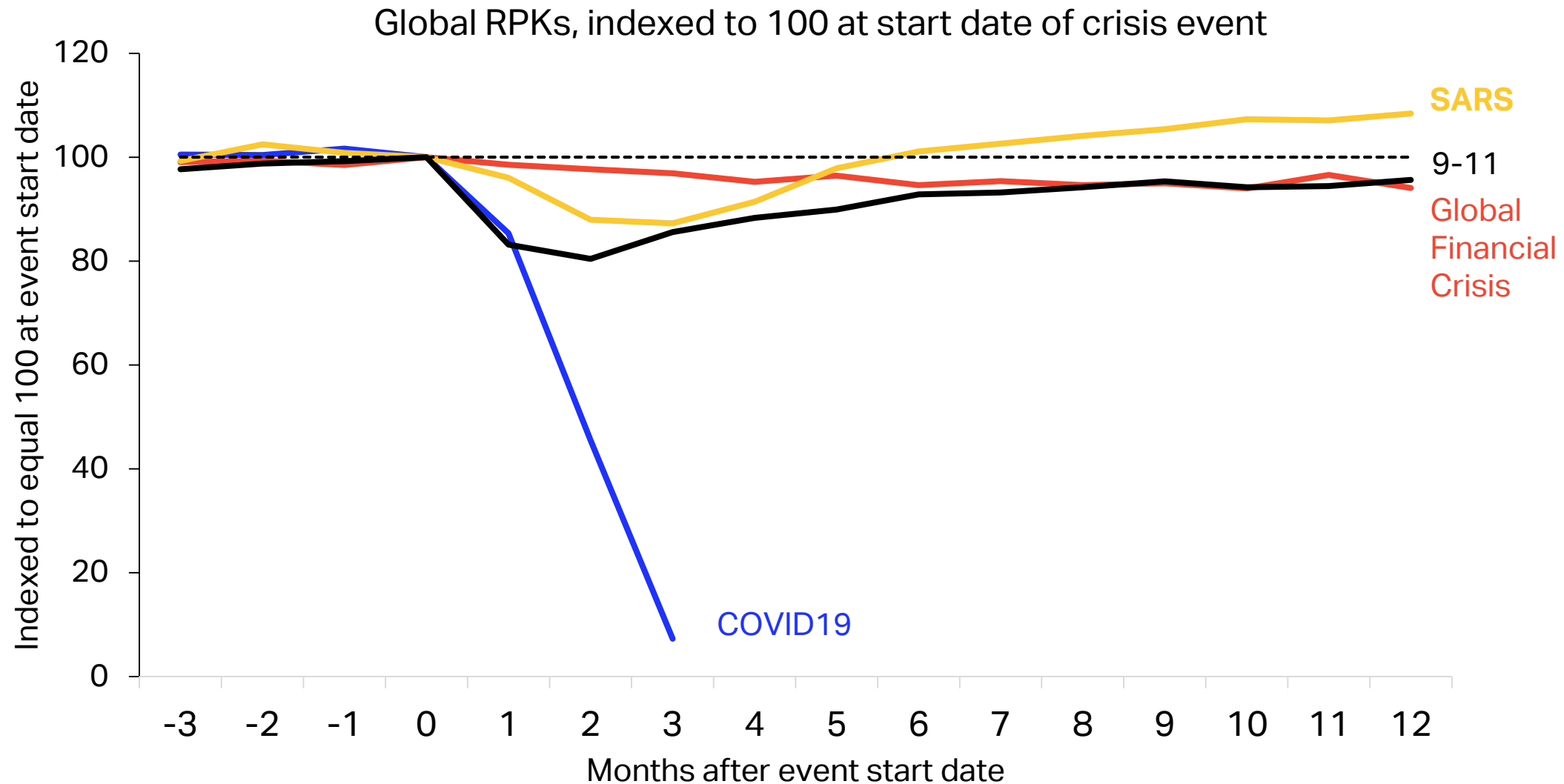
# Why is a slot waiver needed for the northern winter 2020 season?



26 June 2020

# Depth of COVID19 impact far exceeds previous crises

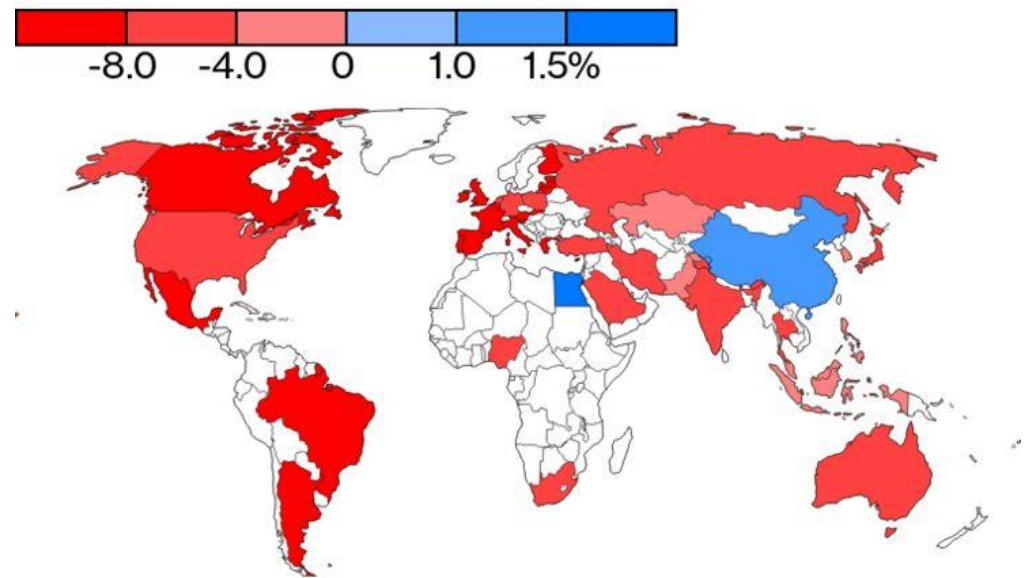
RPKs 20% fall after 9-11 and 12% after SARS vs 95% fall in April 2020





# The global recession is deepening

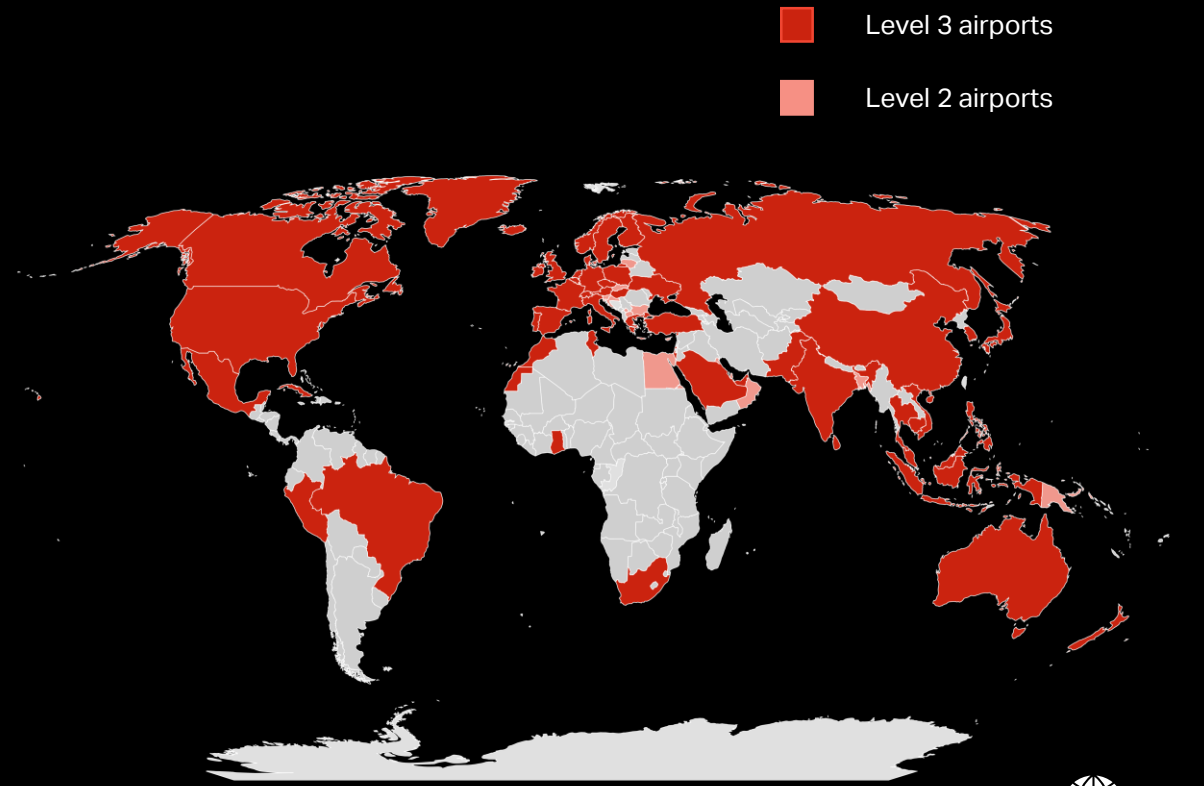
IMF is forecasting most economies will contract this year – many at alarming rates not seen since the Great Depression



Source: IMF

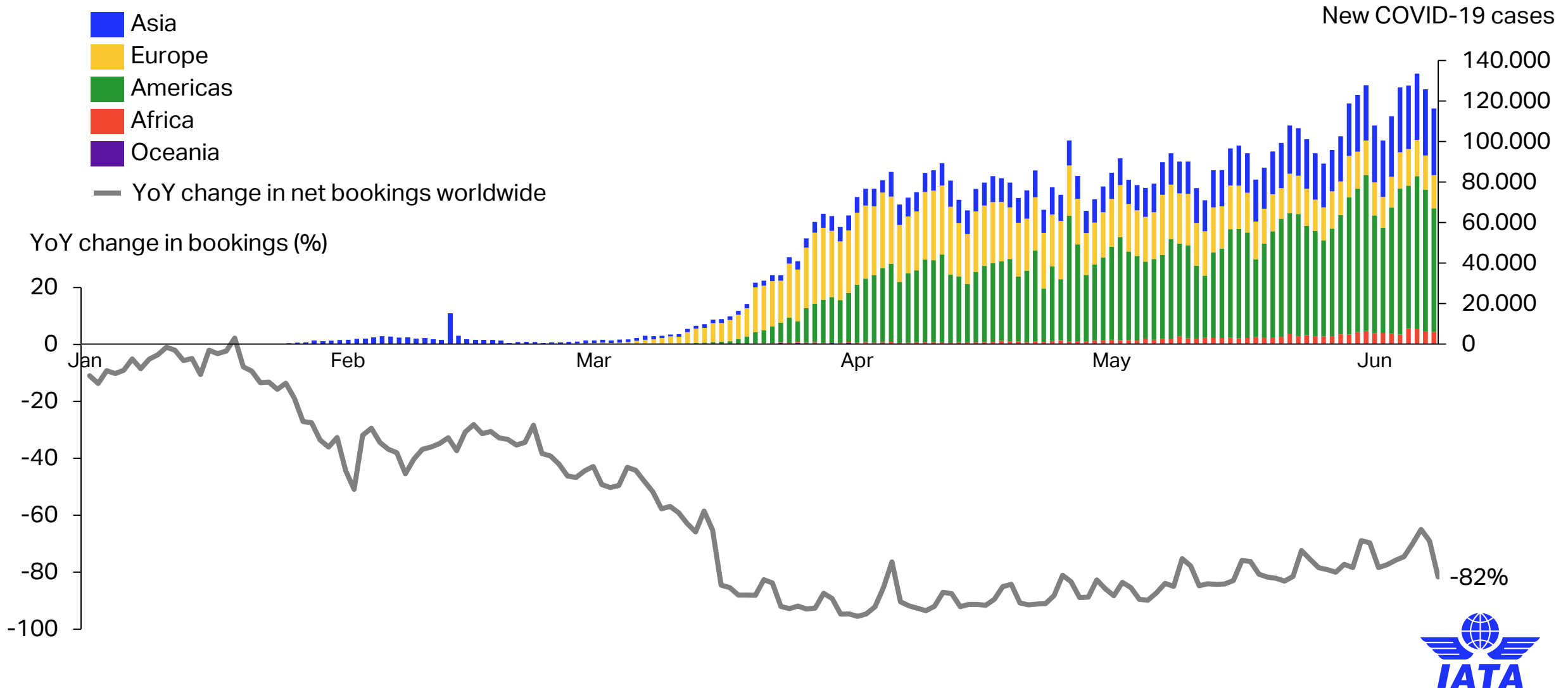
# Countries with slot coordinated airports

Slot coordinated airports are located in the economies most impacted > demand for travel is faltering



# 1<sup>st</sup> wave of COVID-19 far from over & bookings are low

## Airlines cannot plan schedules for N Winter season with any certainty



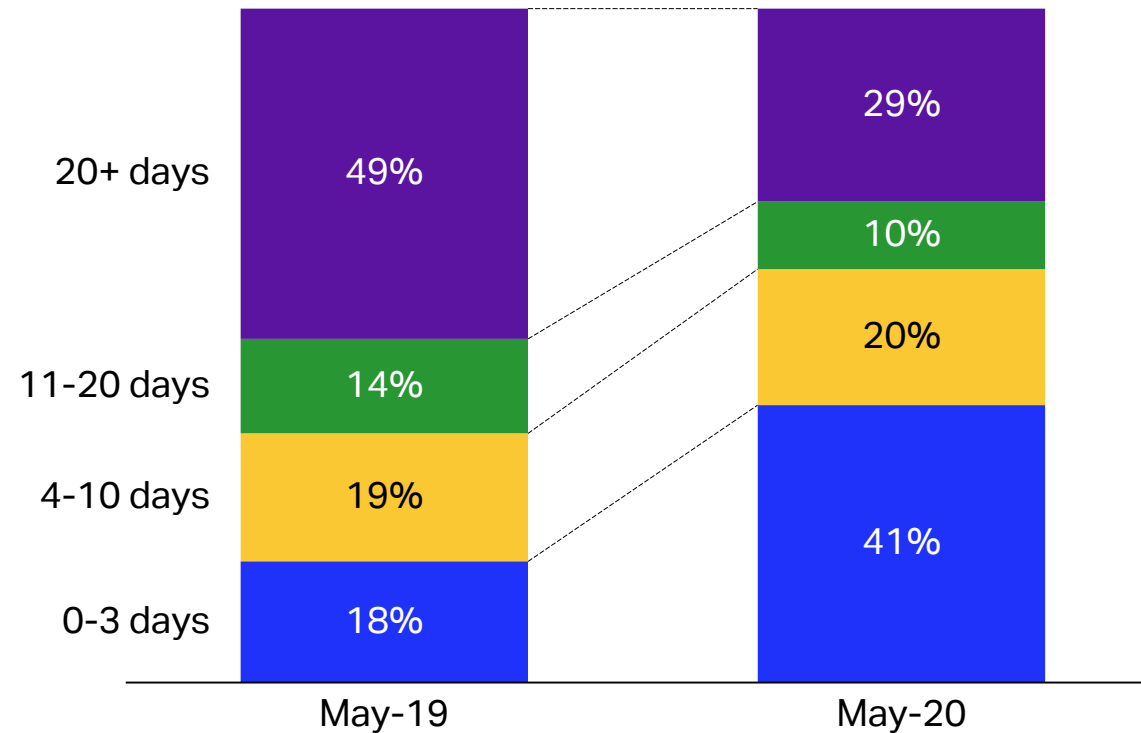
Source: IATA Economics using data from DDS and ECDC



# Airlines have even less visibility from forward bookings

Passengers are booking flights much later. 41% only 0-3 days ahead.

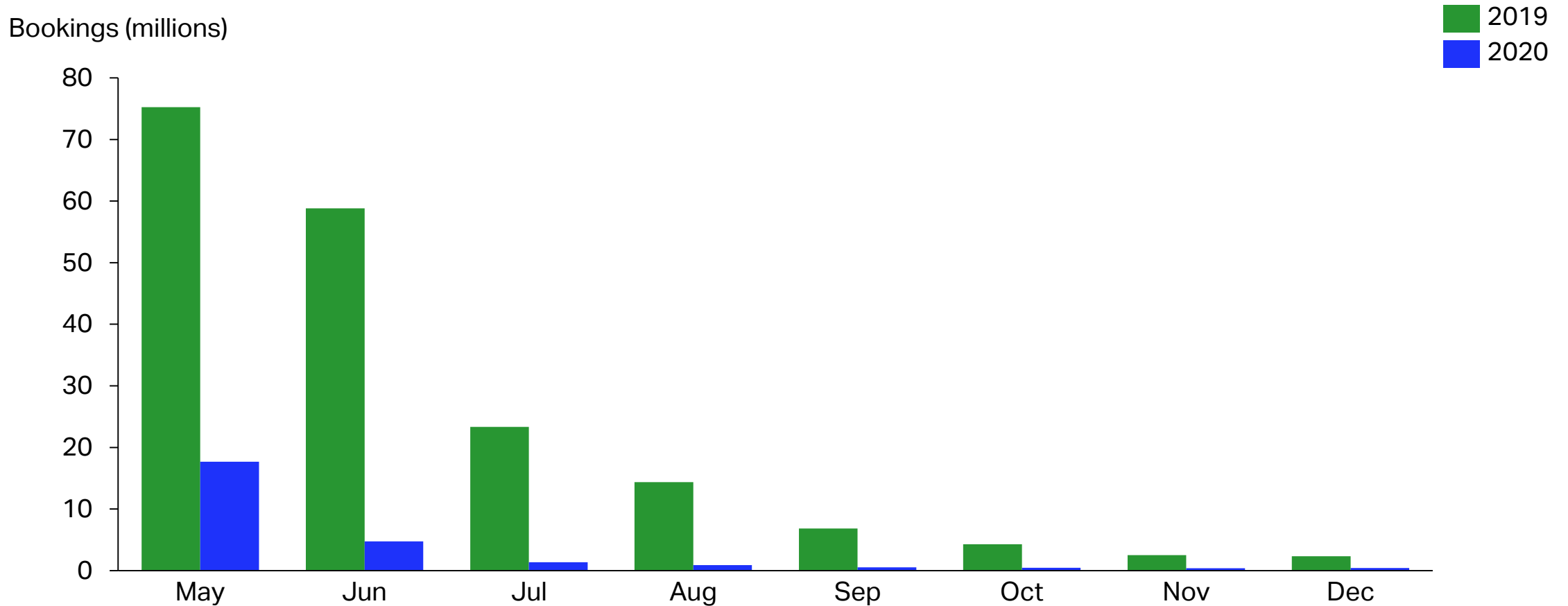
Number of days between booking and travel time, bookings worldwide made in May 2019 vs. 2020



# No sign of rapid return to travel even in summer months

## Airlines must plan winter schedules now but zero visibility of demand

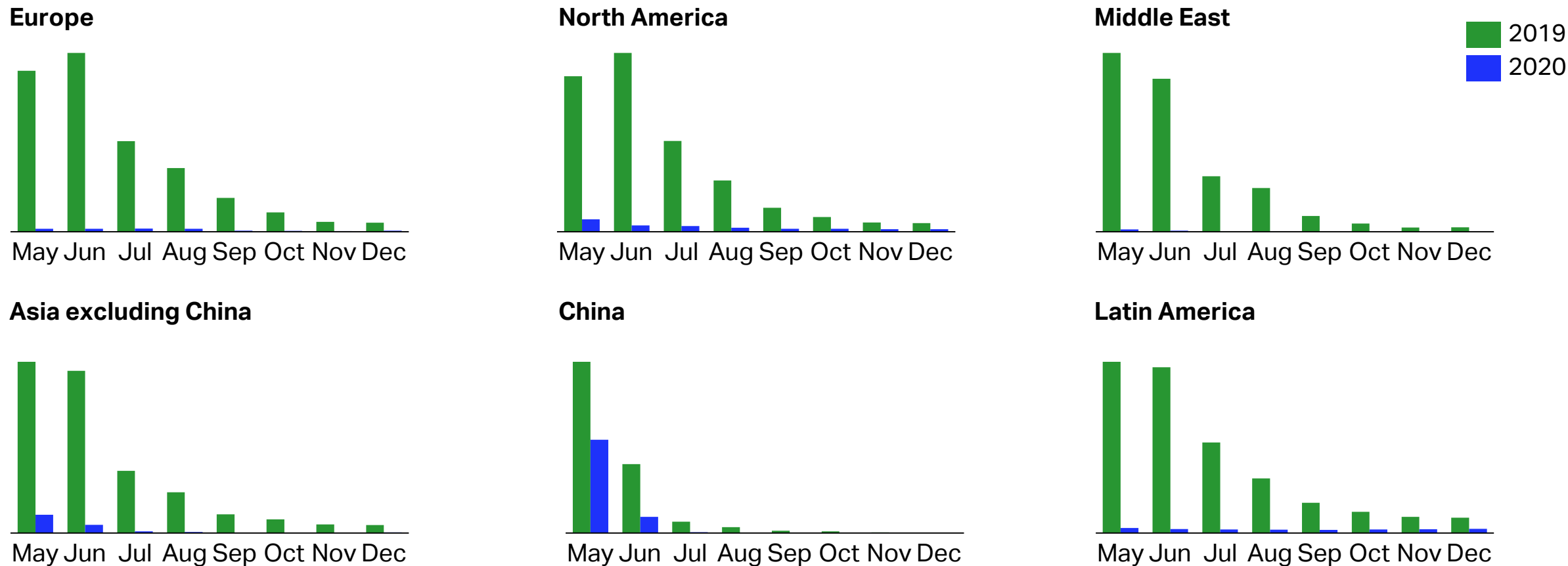
Net bookings (sales minus refunds) made in May 2019 vs. 2020, by month of travel



# Lack of demand visibility widespread across regions

## Airlines have little evidence on which to schedule restart network

Net bookings (sales net of refunds) in May 2019 vs. May 2020 for travel in subsequent months, by region

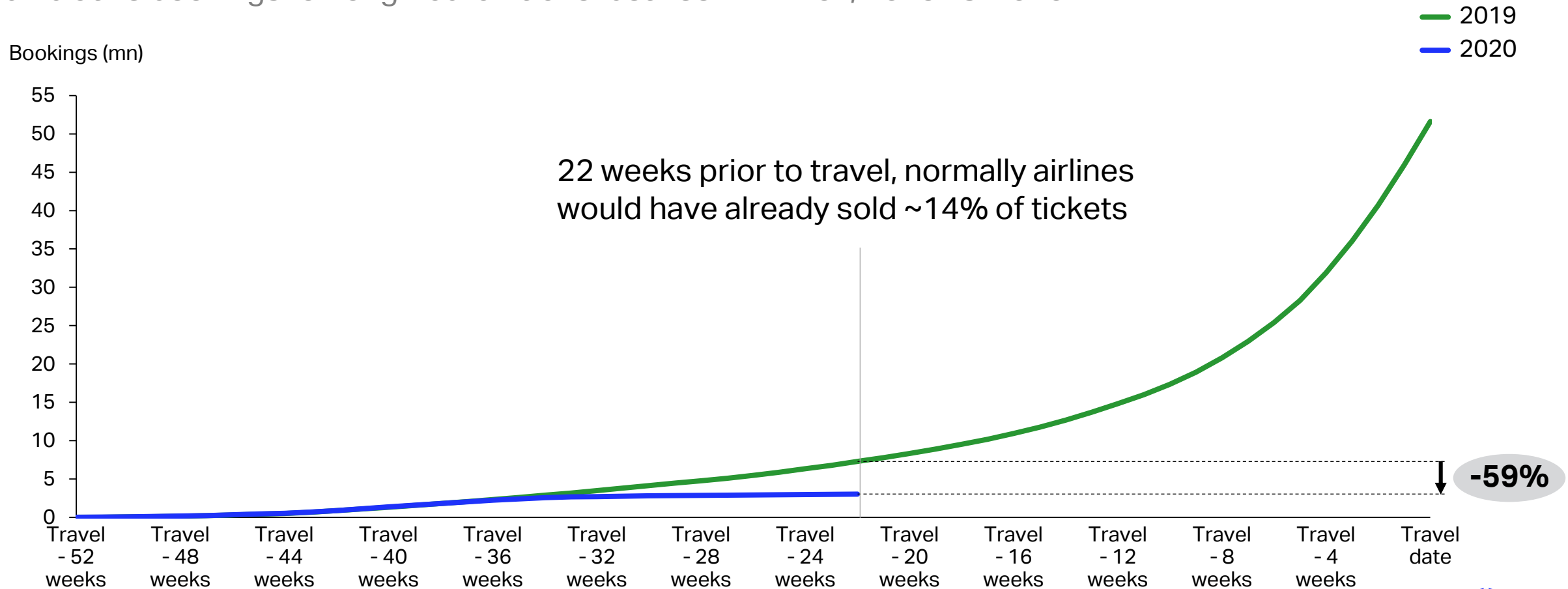




# Demand for long-haul travel remains close to zero

## Normally airlines would have sold 14% of tickets for start of winter season

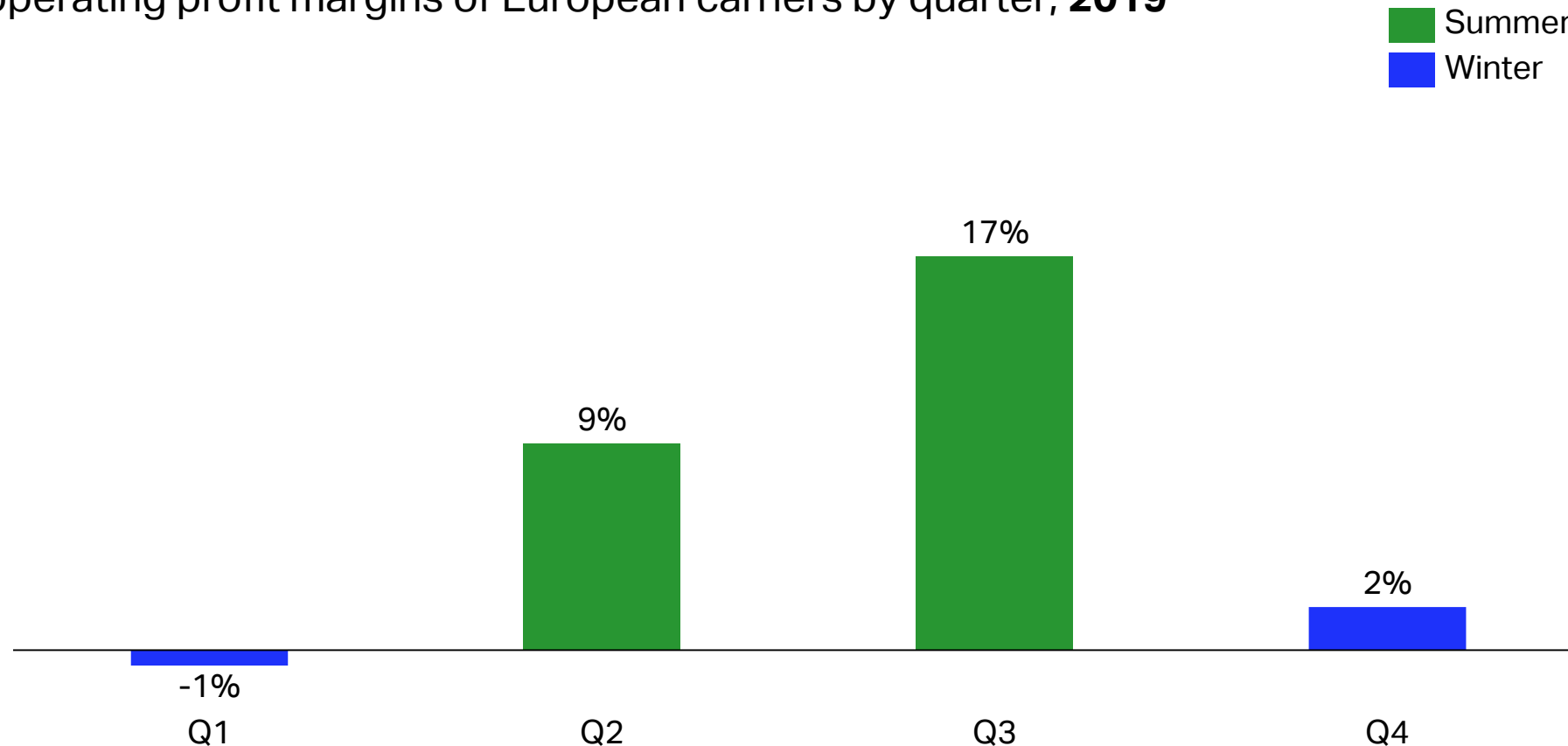
Cumulative bookings for long-haul air travel between 1-7 Nov, 2019 vs. 2020



# Lack of summer cash flow adds to fragile situation

## Airline business seasonal with cash flows always weak in winter season

Estimated operating profit margins of European carriers by quarter, **2019**



\$84 billion forecast airlines' net loss in 2020 concentrated in these 2 quarters, when airlines usually make majority of annual profit



# Airlines will be smaller this winter

	2019	2020 Forecast
Aircraft fleet	29,697	20,261
% change over year	0.7%	-31.8%
Available seats, billion	4.5	2.8
Scheduled flights, million	38.9	23.1
ASKs, % change over year	3.4%	-40.4%

# One third less available seats and reduced fleet size

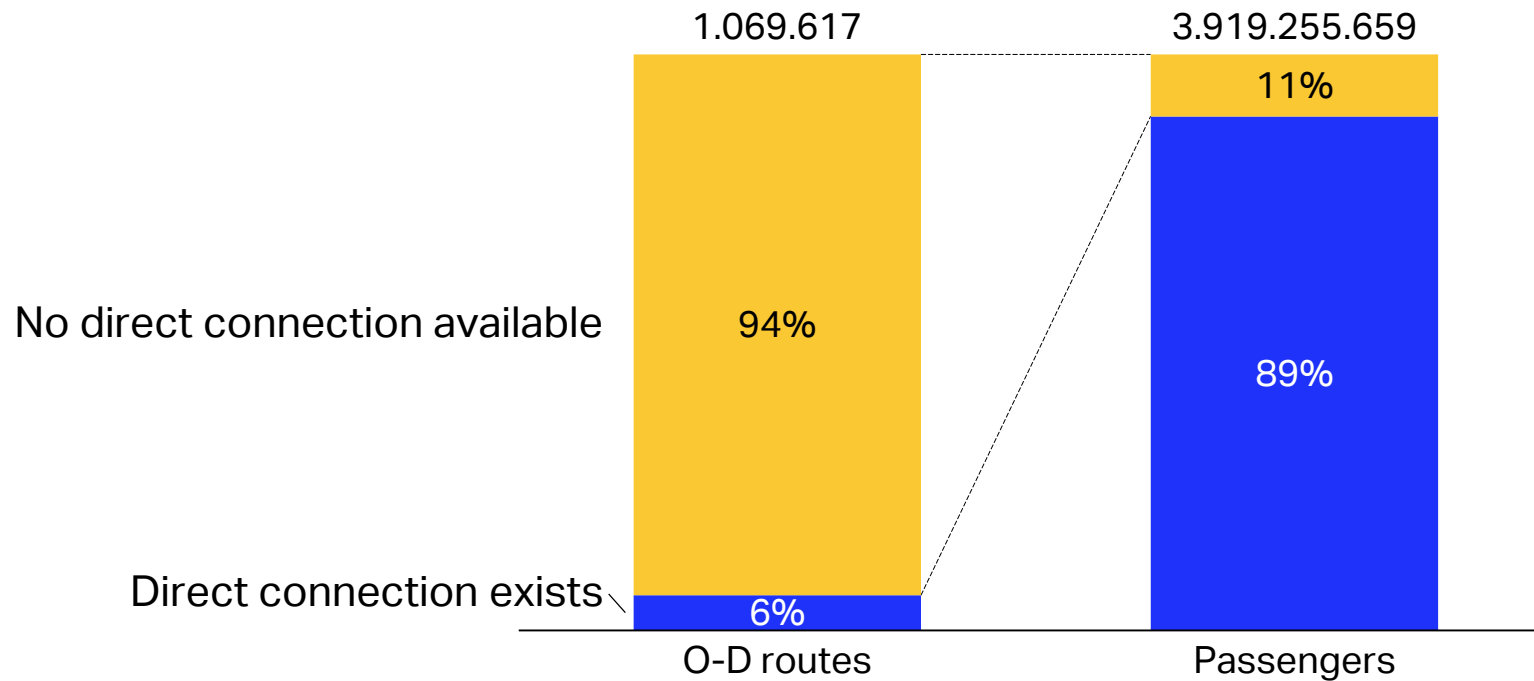
- The in-service fleet is expected to decrease to 20,261 aircraft in 2020.
- The average size of aircraft in the fleet will also decline as airlines focus on short and medium-haul travel.
- By the end of 2020, we estimate that there will be around 2.8 billion available seats, over one-third less than in 2019.
- To stabilize the foundations for recovery airlines need certainty that they can rebuild on their existing slots protecting the integrity of the network.



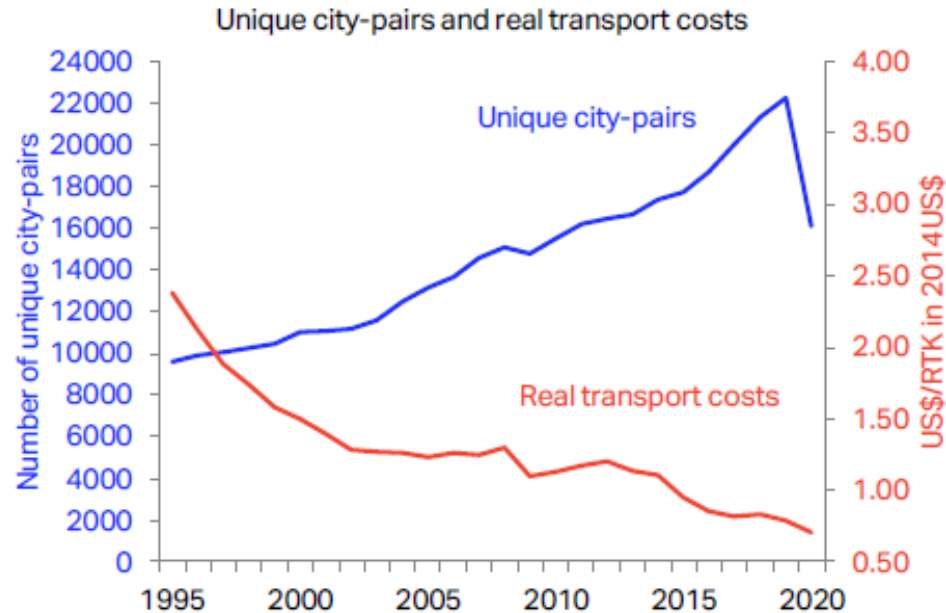
# There is a risk that city-pair air connectivity will be lost

## 94% airport-pairs connect indirectly, though most travel on trunk routes

Share of origin-destination airport pairs and passengers where direct connection was available in 2019



# Global connectivity is at risk this winter



	2019	2020 Forecast
Unique city pairs	21,187	16,102
Compared to 1998	+107%	+57%

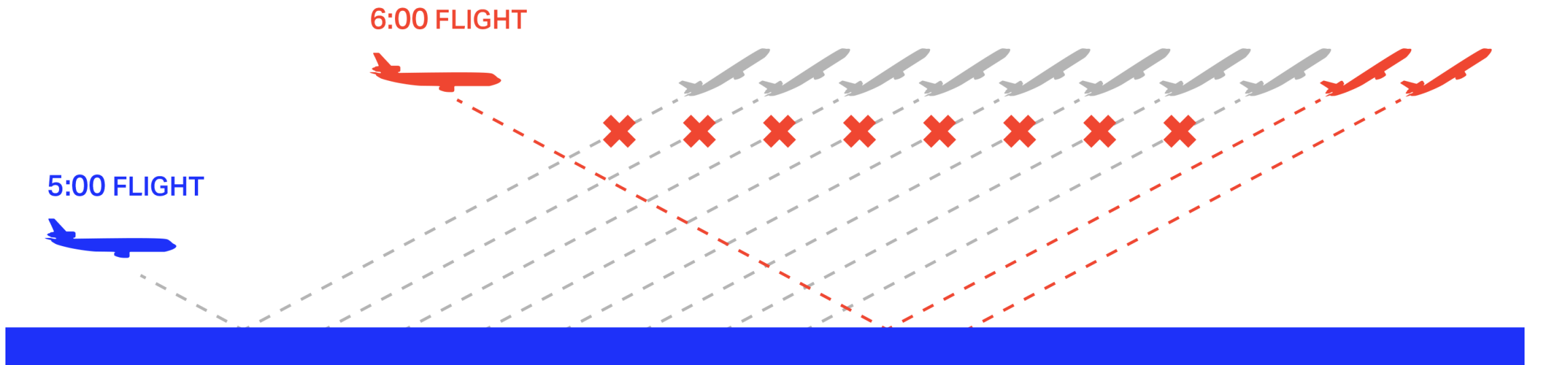
# Unique city pairs are in decline

- COVID-19 has caused a significant loss in city-pair connectivity.
- In April, the number of unique city-pairs was 67% lower than its level of a year ago. For 2020 overall, unique city-pair connectivity is expected to decline for the first time since the global financial crisis.
- Moreover, there is a risk that the number of unique city-pair connections is not fully recovered, harming route structures established over years.
- This risk is further compacted without a slot waiver because airlines can not maintain their full network. Slots lost this winter will equate to routes and connectivity lost in future years.

# If slots lost, long-haul connectivity may not be restored

## Flight banks at hub airports require certain slots at each end

At hub airports, early morning arrivals enable passengers to connect to a large number of flights. If these flights can no longer be operated or have to be rescheduled to a later time, many of these connections will become impossible – potentially reducing the viability of the flights. Loss of connectivity and night-time restrictions will also negatively affect the delivery of time-sensitive products, such as pharmaceutical freight and perishable products.







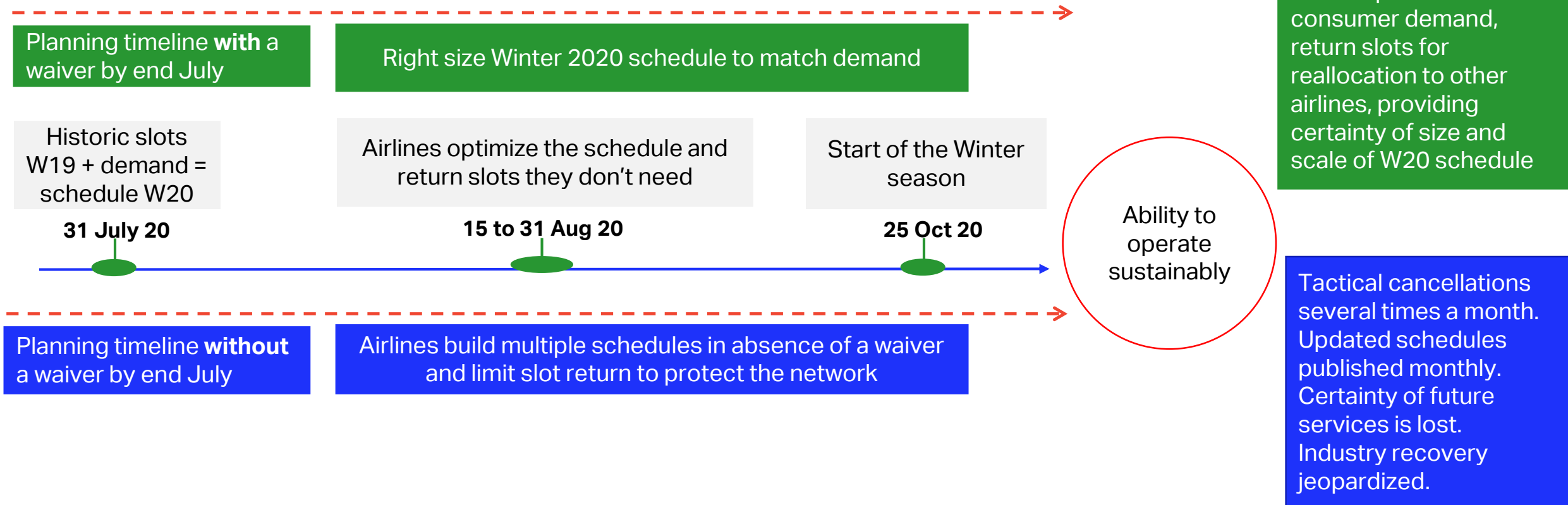
To support aviation restart, airlines need:

- Global slot waiver for the full season
- Certainty of the waiver before slots are finalized in August

**This means before the end of July an extension should be granted to the existing waivers.**

# Certainty of a waiver allows efficient planning, with flexibility to operate sustainably

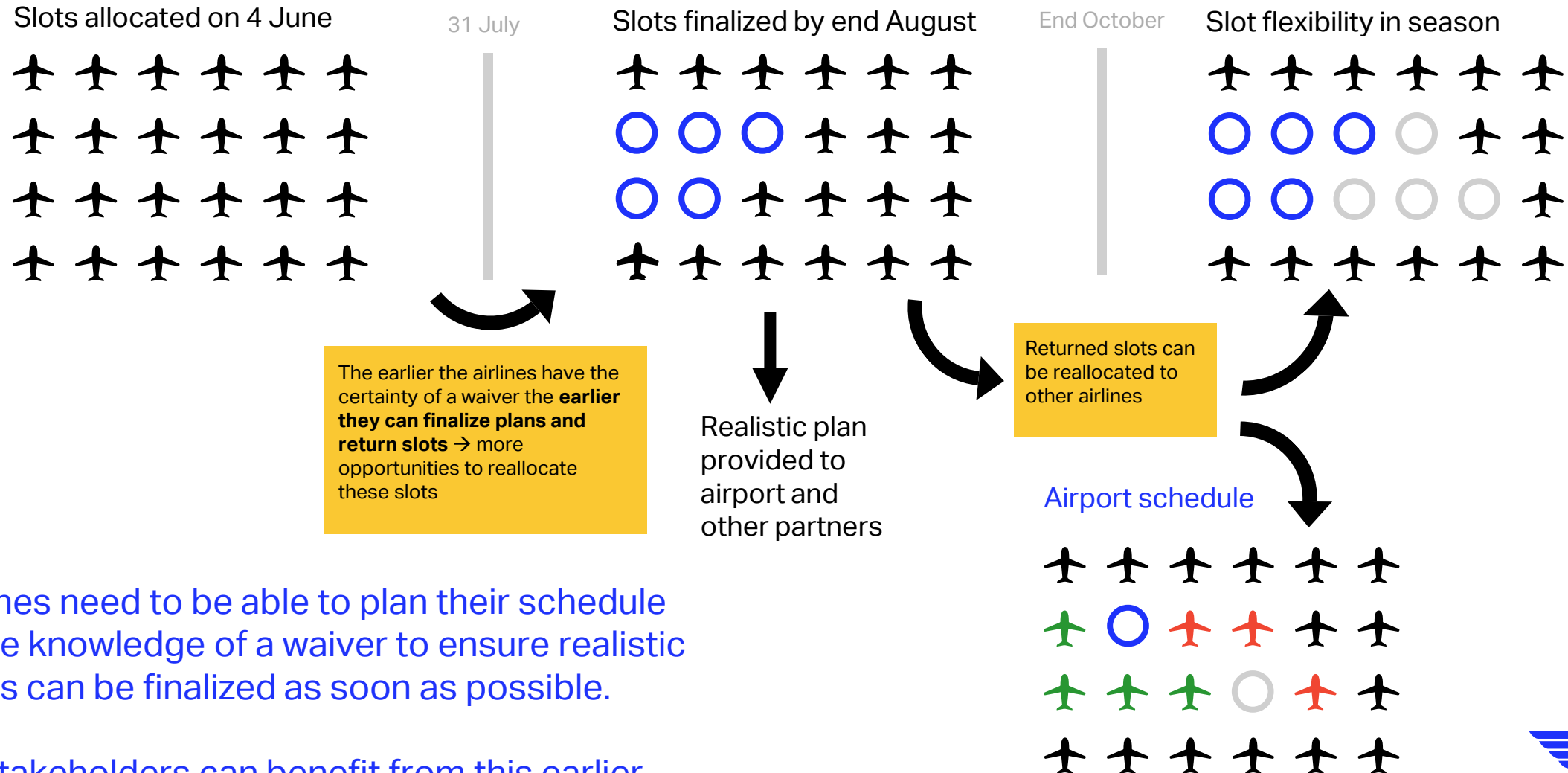
## Extended waiver on 80:20 slots rule needed by end July



Certainty of a waiver by end July allows efficient planning and promotes the recovery of the industry



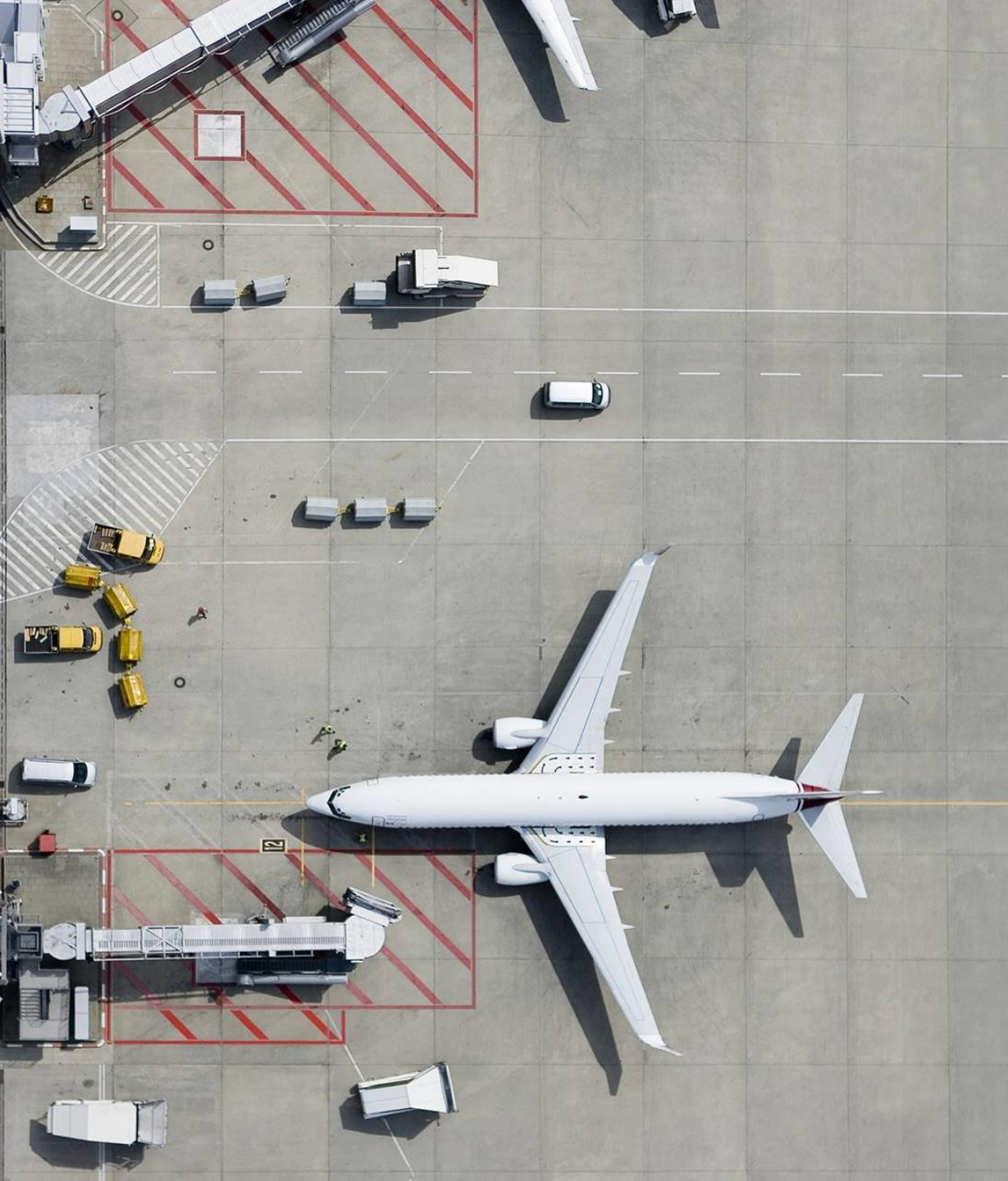
# A more realistic schedule can be published earlier with a waiver in place by end July



Airlines need to be able to plan their schedule in the knowledge of a waiver to ensure realistic plans can be finalized as soon as possible.

All stakeholders can benefit from this earlier information for their own planning purposes.





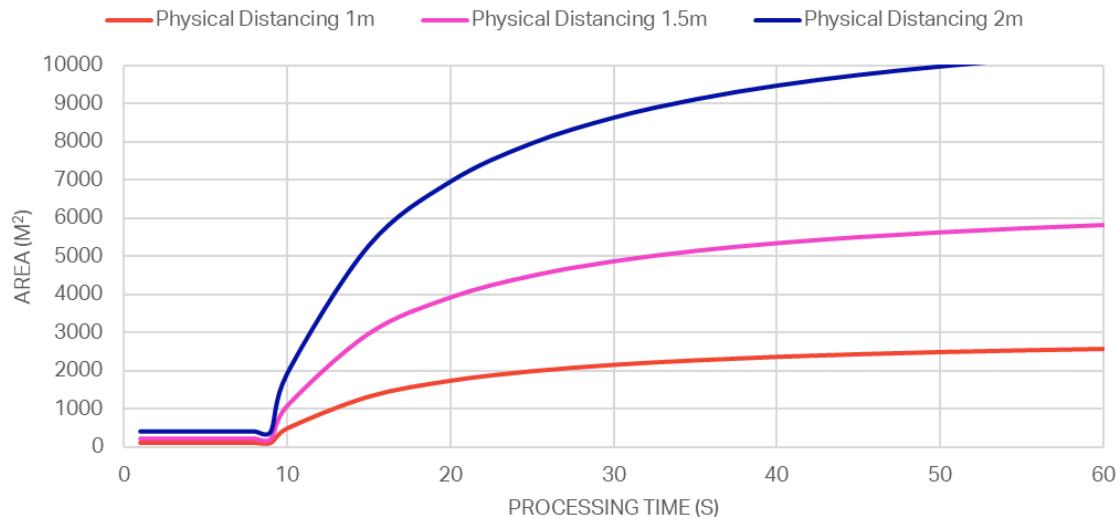
Uncertainty of  
available capacity will  
impact airport and  
airline planning in the  
coming seasons

26 June 2020



# Airport capacity related impacts of physical distancing...

Example - impact of possible Health Screening on airport space resulting from increases in processing time and physical distancing



## ...will impact flight schedules and slots

- Worst case analysis suggests only 20-30% of pre-COVID demand levels could be accommodated at peak with 2m distancing requirements.
- Even at 1.5m distancing, existing capacity can only accommodate 40-50% of planned demand.
- Any disruption to the capacity available due to COVID related measures will severely impact the schedule and flight patterns.

# Airport capacity during recovery...

- With new biosecurity measures in place capacity is impacted
- Gate utilization may reduce due to turnaround time and buffers between flights
- Much uncertainty about passenger processing impacts
- Minimum connection time likely to increase

# ...requires flexible scheduling

- The structure of the airports schedule of flights will be difficult to maintain with these impact
- Flexibility will be key to ensure new requirements can be accommodated rapidly and fairly





Increased  
visibility  
sooner

More  
accurate  
schedules

Less  
contingency  
planning

A waiver  
provides  
partners more  
certainty of the  
winter schedule

26 June 2020



Scan the QR code to access additional resources



[www.iata.org/en/policy/slots/covid-19-slots/](https://www.iata.org/en/policy/slots/covid-19-slots/)