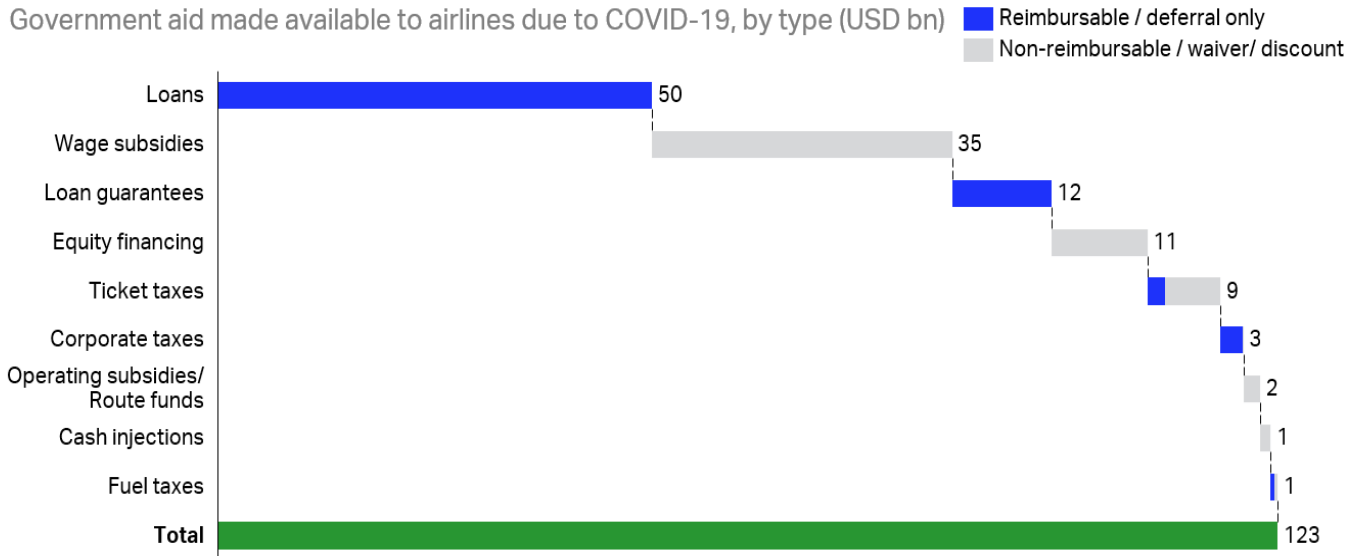




IATA Economics' Chart of the Week

29 May 2020

Airlines got USD 123bn of government aid but USD 67bn to be repaid



Source: IATA Economics analysis using public information and data from SRS Analyser, DDS, FlightRadar 24, TTBS, ACIC, Platts, Airline Analyst, annual reports. Measures included up to 15 May 2020.

- Since the outbreak of COVID-19, airlines have sought and received support from governments across the world. Support has come in a variety of forms, not only by governments injecting capital or providing loans to airlines but also by deferring the payment of a variety of taxes or reducing tax liabilities. In addition, over 30 countries have provided wage subsidies to employers affected by COVID-19. We estimate that governments have so far subsidized the salaries of more than 800 thousand airline employees.
- Aid has been very unevenly spread across countries and regions. Whilst governments in North America and Europe have provided aid equivalent to 25% and 15% of regional airline revenues respectively, the same figure in Latin America, the Middle East and Africa has been only about 1%.
- Although government aid has been extensive, over half of the aid (USD 67 bn) will have to be repaid by airlines. This includes loans provided directly by governments, loans provided by the private sector but guaranteed by governments and the deferral of various tax payments, which have only delayed airlines' liabilities to pay but have not reduced those liabilities. In contrast, only USD 11 bn of new equity has been created.
- In addition to the USD 67 bn of new debt owed to governments, airlines have also received additional financing from banks, the capital markets and lessors in the amount of further USD 52 bn. As a result, we estimate that airlines' net debt will have increased from USD 430 bn at the end of 2019 to USD 550 bn by the end of 2020. In the current dire situation of the market, the repayment of this large amount of debt will likely prolong airlines' recovery.
- While the loans and deferral of payments have helped airlines enormously in addressing their acute liquidity needs, as the crisis deepens and recovery is now expected to take an extended period of time, governments should favour financial aid packages that raise equity rather than debt and set up airlines for a quicker recovery.
- The above analysis considers relief measures confirmed by governments prior to 15 May 2020 and does not reflect aid measures that have been confirmed since that date or are currently being finalized, e.g. in Germany and Indonesia. More information on this analysis can be found [here](#).

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