



# Statement to the Joint Oireachtas Committee on Transport and Communications Networks

## About IATA

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines and 82% of global air traffic. IATA supports many areas of aviation activity and helps formulate industry policy on critical aviation issues to drive a safe, secure, and sustainable industry. For more information on IATA and its work visit [www.iata.org](http://www.iata.org)

## Global Industry Outlook

IATA's latest forecast sees net airline industry losses of \$47.7 billion in 2021 (net profit margin of -10.4%). This is an improvement on the estimated net industry loss of \$126.4 billion in 2020 (net profit margin of -33.9%). The emergence of new COVID-19 variants and rising cases in some countries are behind governments' reluctance to lift travel restrictions and quarantine. This has killed demand. IATA estimates that travel (measured in revenue passenger kilometers or RPKs) will recover to 43% of 2019 levels over the year. While that is a 26% improvement on 2020, it is far from a recovery.

The continued weakness of air travel is in marked contrast to the optimism shown outside the aviation sector in stock market prices and in business confidence surveys. This adds to the evidence that there is substantial pent-up demand to fly. IATA's latest poll of recent travelers<sup>1</sup>, reveals growing confidence in a return to air travel, frustration with current travel restrictions, and acceptance of a travel app to manage health credentials for travel. Restoring air connectivity will facilitate the flow of people, ideas, goods and investment which will be vital for the recovery of modern economies from the effects of the pandemic. The safe lifting of travel restrictions by governments will play a key role in enabling this.

Globally, some positive developments are beginning to emerge, such as the recent announcement by the European Commission President that vaccinated travelers from the US will be allowed to enter the EU. At least 24 countries have already said they will welcome vaccinated travelers and IATA expects this to continue and gather momentum as vaccination numbers rise. However, governments should not make vaccinations a pre-requisite for travel, as it risks discriminating against those individuals who are unable to get a vaccine for medical or other reasons, or who lack access to vaccines— a common situation in much of the world today. Affordable, timely and effective testing must be available as an alternative to vaccines in facilitating travel.

Furthermore, for as long as COVID-19 health measures are required, governments need to accept digital COVID-19 test and vaccination certificates and to follow global standards for issuing their own vaccination certificates and test results. We are already seeing intolerable waits at some airports, as airlines, passengers and border control authorities are having to rely on paper processes at a time when airports are no longer designed to accommodate them. The IATA Travel Pass addresses this challenge by enabling travelers to control and share their digital vaccination certificate or test results with airlines and border authorities, easing facilitation and reducing the risk of fraudulent documents

## Immediate Global Priorities

*Plans for a restart in preparation for a recovery:*

IATA continues to urge governments to have plans in place so that no time is lost in restarting the sector when the epidemiological situation allows for a re-opening of borders. Most governments have not yet provided clear indications of the benchmarks that they will use to safely give people back their travel freedom. In the meantime, a

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<sup>1</sup> <https://www.iata.org/en/pressroom/pr/2021-03-09-01/>



significant portion of the \$3.5 trillion in GDP and 88 million jobs supported by aviation are at risk. Effectively restarting aviation will energize the travel and tourism sectors and the wider economy. With the virus becoming endemic, learning to safely live, work and travel with it is critical. That means governments must turn their focus to risk management to protect livelihoods as well as lives.

#### *Employment Support:*

Industry losses of this scale imply a cash burn of \$81 billion in 2021 on top of \$149 billion in 2020. Government financial relief measures and capital markets have been filling this hole in airline balance sheets, preventing widespread bankruptcies. The industry will recover but more government relief measures, particularly in the form of employment support programmes, will be needed this year.

#### *Cost containment/reduction:*

The whole industry will come out of the crisis financially weakened. Cost containment and reductions, wherever possible, will be key to restoring financial health. Containing and reducing costs will be top of mind for airlines. Governments and partners must have the same mentality. There can be no tolerance for monopoly infrastructure suppliers gouging their customers to recoup losses through higher charges. Equally, there must be an end to the extortionate costs for COVID-19 testing. Increased travel costs will mean a slower economic recovery.

### **Priorities for Ireland & Key Asks**

International cooperation, including within the EU, will be key in establishing a pathway out of the crisis, and particularly the development of global standards for vaccination and testing certification. Ireland however continues to impose some of the strictest COVID-19 measures in Europe. As several international and EU markets begin opening up, Ireland is at risk of falling behind its key economic partners. A clear pathway plan is therefore required to enable the safe re-opening of the aviation sector.

IATA is greatly encouraged by the work of the National Civil Aviation Development Forum (NCADF), which has published an Aviation Restart Plan for Ireland. IATA urges Government to work with industry to take the required steps to finalise the plan and enable its implementation.

In common with the NCADF report, IATA is calling for the Irish Government to:

1. Resume the application of the EU traffic light system to enable international travel

The Irish Government should ensure that provisions for restricted movement or quarantine are consistent with the application of the EU Traffic Light System and that all quarantine requirements are removed as soon as circumstances allow.

2. Remove all quarantine requirements in all categories of travel for vaccinated passengers

The aviation industry will not recover if quarantine restrictions remain in place causing significant job losses and irreparable damage to the Irish economy. All quarantine requirements that are in place should be removed as soon as possible in the face of the growing scientific proof of their effectiveness.

3. Accept best-in-class rapid antigen tests.

Best in class antigen tests provide comparable results to PCR tests in accurately identifying infected travelers. The BinaxNOW antigen test, for example, misses just one positive case in 1000 travellers (based on an infection rate of 1% among travelers). They are convenient for passengers with processing times 100 times faster than for PCR testing. Finally they are cost-efficient and on average, 60% cheaper than PCR tests.



4. Work on the establishment of travel corridors to allow a quicker de-escalation of restrictions between specific country pairs – e.g. USA

There are extremely strong cultural and economic ties between Ireland and the USA. There are opportunities to explore the implementation of safe travel corridor arrangements between the Irish and US markets. If necessary, this could be leveraged by the presence of US CBP facilities at Dublin and Shannon Airports.

5. Ensure Border readiness.

A review of border management operations will be needed to ensure adequate resourcing and processing capabilities to deal with ramp up in airline capacity