

IATA expects airlines to lose at least USD 75bn in 2021

A Monitor Report

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Montreal: The International Air Transport Association (IATA) has released a new analysis showing that the airline industry is expected to remain cash negative throughout 2021.

Previous analysis, released in November, indicated that airlines would turn cash positive in the fourth quarter of 2021.

At the industry level, airlines are now not expected to be cash positive until 2022.

Estimates for cash burn in 2021 have ballooned to the USD 75 billion to USD 95 billion range from a previously anticipated USD 48 billion.

IATA said it is already clear that the first half of 2021 will be worse than earlier anticipated.

This is because governments have tightened travel restrictions in response to new Covid-19 variants.

Forward bookings for summer (July-August) are currently 78 per cent below levels in February 2019.

"With governments having tightening border restrictions, 2021 is shaping up to be a much tougher year than previously expected," said Alexandre de Juniac, Director General, IATA.

"Our best-case scenario sees airlines burning through USD 75 billion in cash this year. And it could be as bad as USD 95 billion."

He added, "More emergency relief from governments will be needed. A functioning

airline industry can eventually energise the economic recovery from Covid-19."

"But that won't happen if there are massive failures before the crisis ends. If governments are unable to open their borders, we will need them to open their wallets with financial relief to keep airlines viable."

With airlines now expected to burn cash throughout 2021 it is vital that governments and the industry are fully prepared to restart the moment governments agree that it is safe to re-open borders, IATA said.