

UK aviation outlook June 2021

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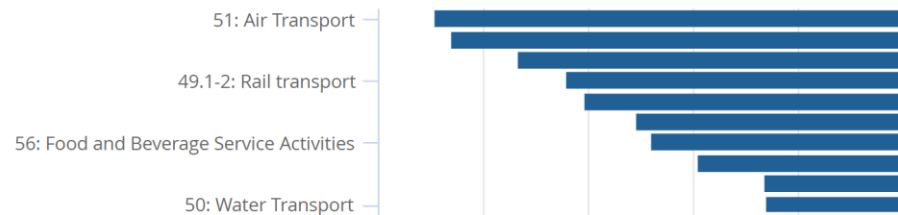
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Aviation has been hit severely by the pandemic

- The pandemic has had a devastating impact on aviation, already costing tens of thousands of jobs amongst UK airlines alone.
- February's ONS data was stark (see right). Aviation have been hit particularly hard by the pandemic in terms of output loss, down 90% (against an over 9.9% hit to UK GDP).
- Carriers have taken on £bns in debt to survive (£6 debt for every £1 furlough). A further lost summer would be a catastrophe.

Figure 2: Twelve services industries have surpassed their February 2020 level

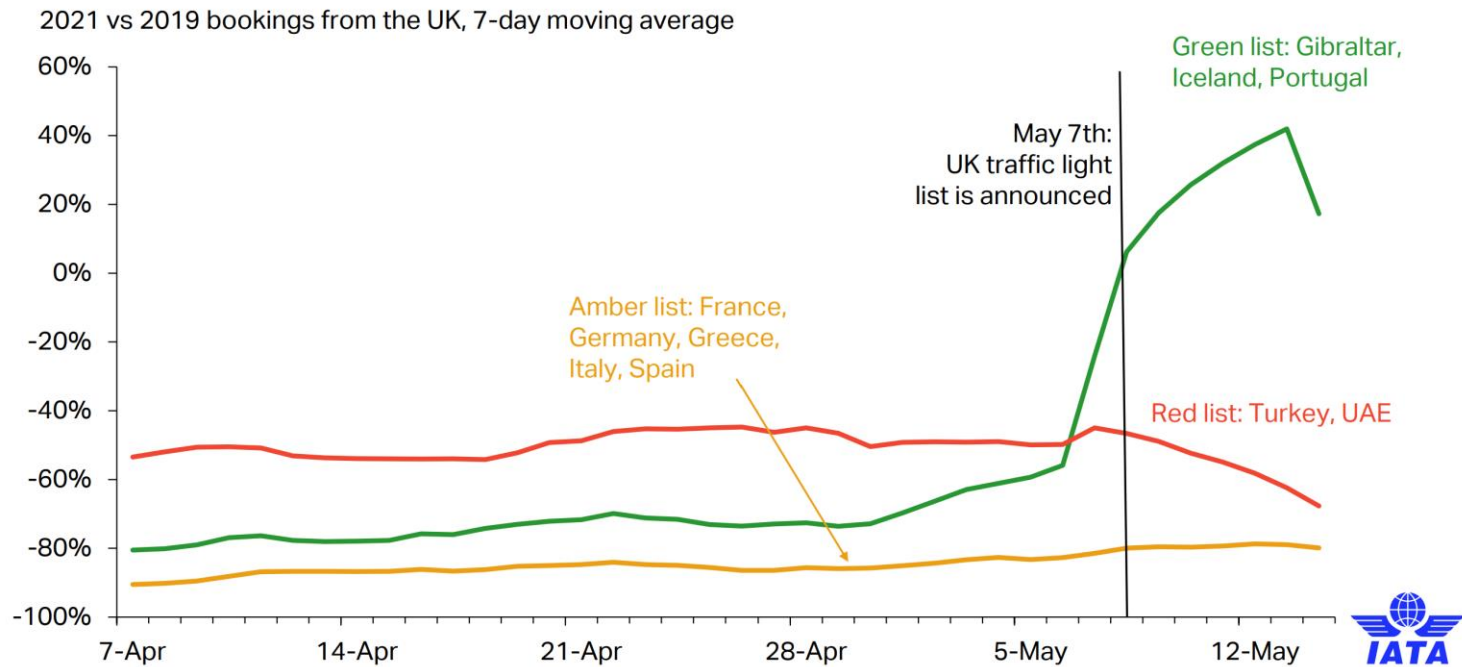
Services industries, monthly growth, seasonally adjusted, UK, December 2020 compared with February 2020



Critically, reopening international travel is also vital to the wider UK economy. New economic research for Airlines UK highlighted how £55.7bn in lost trade and £3.0bn in tourism GDP are at risk if meaningful reopening is delayed until September – putting more than half a million jobs at risk.

Some positive signs of pent-up demand

Strong evidence of pent-up demand for leisure air travel Latest evidence from surge of UK bookings for air travel to 'green list'



Source: IATA Economics using data from DDS

Hopes pinned on a strong summer

What is the travel traffic light system and how will it work?

 **Comment**

 **Dan Gibbs** and **Elizabeth Atkin**
Saturday 8 May 2021 4:58 pm



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Summer holidays ... but not as you know them (Picture: Getty)

... but so far, restart in name only

- Today, many people are desperate to reunite with family and friends abroad, take a much deserved and delayed holiday, or reconnect with overseas businesses on whom millions of British livelihoods depend.
- Non-essential int. air travel international resumed on **17th May**.
- This was welcome. However - allowing travel only to a small handful of countries including tiny islands, was a restart in name only. We have actually gone backwards since the original country list was published with the removal of Portugal.
- It does not need to be this way - the UK's vaccine rollout has been a truly historic success - protecting the NHS, cutting significantly the risk of infection and the transmission. Moreover, the availability and effectiveness of rapid tests at minimising the risk of importation of cases (as shown by modelling and real-world trials) **means that the data supports major additions being made to the green list - including much of Europe and the United States.**
- Today the UK risks falling further behind the rest of the EU who are safely opening up their tourism sectors and removing restrictions for vaccinated passengers.

What criteria is being used?

Risk assessment status, testing, positivity and variants by country / territory, England arrivals¹
England, 25 February 2021 - 19 May 2021

Country/territory ²	Risk Assessment Status (Red, Amber, Green) ³	25/02/21-	11/03/21-	25/03/21-	08/04/21-	22/04/21-	06/05/21-	
		10/03/21	24/03/21	07/04/21	21/04/21	05/05/21	19/05/21	
France	Traveller positivity % (4,7)	Amber	0.6	0.8	0.9	1.1	1.2	1.3
France	Number of variants (VOC/VUIs) detected during sequencing	Amber	*	*	*	*	*	*
Germany	Traveller positivity % (4,7)	Amber	0.4	0.2	*	0.5	1.4	0.7
Germany	Number of variants (VOC/VUIs) detected during sequencing	Amber	*	*	*	*	*	*
Italy	Traveller positivity % (4,7)	Amber	0.6	0.7	0.3	0.7	0.4	*
Italy	Number of variants (VOC/VUIs) detected during sequencing	Amber	*	*	*	*	*	*
Spain	Traveller positivity % (4,7)	Amber	0.5	0.5	0.6	0.8	0.7	*
Spain	Number of variants (VOC/VUIs) detected during sequencing	Amber	*	*	*	*	*	*
United States of America (The)	Traveller positivity % (4,7)	Amber	0.5	0.6	0.7	1.1	0.4	0.7
United States of America (The)	Number of variants (VOC/VUIs) detected during sequencing	Amber	*	*	*	*	*	*
India	Traveller positivity % (4,7)	Red	1.6	2.2	5.1	7.6	7.6	4.8
India	Number of variants (VOC/VUIs) detected during sequencing	Red	9	20	50	83	138	118

The current traffic light framework established by the GTT does not reflect the risk of travel nor facilitate safe travel as it should, including by ignoring the proposal for a Green watchlist and given the absence of clarity on how country allocation criteria work in practice.

We want to see changes at the first checkpoint on 28 June.

More support now needed

- If a meaningful reopening is not possible during the summer given current Government policy then targeted economic support will be essential in order to protect many tens of thousands of jobs.
- This targeted support would include:
 - 100% furlough support for aviation workers lasting to the end of the April 2022, in order to protect skilled aviation jobs over the traditionally unprofitable winter season, and urgent clarity that support will not taper off from the end of June as planned.
 - An extension of repayment deadlines for the CCFF and CLBILS loan schemes available, and extension of business rates relief to airlines.
 - A new scheme of ‘restart grants’, based on the surplus capacity airlines are maintaining but not operating relative to the pre-pandemic year 2019 - a form of ‘aircraft furlough’

What next after recovery?

Sustainable growth will again be a priority

Aviation requires both SAF and hydrogen technology to enable net zero emissions by 2050

