

# Airport charges and economic recovery

## Ensuring the take-off of African airports



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# Airport charges & economic recovery: ensuring the take-off of African airports

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# Setting the context



# Current situation

## Global

Total Losses  
(Est. 2020 US\$)

↓ \$84.3 Billion

Demand

↓ 54%

Flights Cancelled  
(Jan - Jul)

↓ \$7.5 Billion

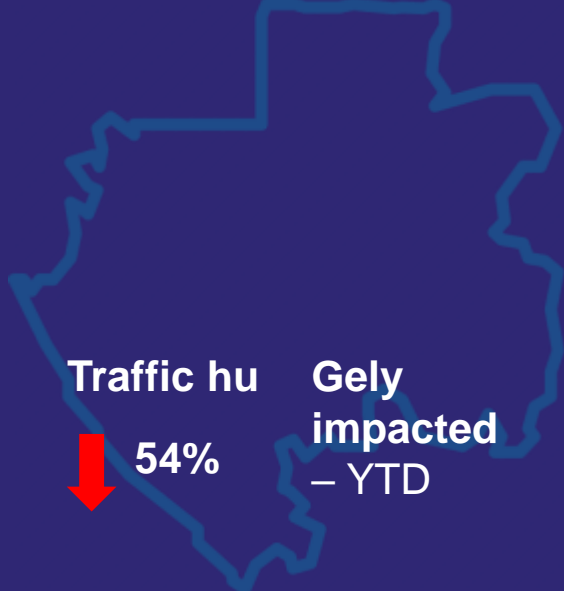
Total Revenue Loss  
(Est. 2020 US\$)

↓ \$419 Billion  
54%

## Libreville

Pandemic not gone away – learning to manage through crisis and recovery

Airport and Gabon re open – gradual return of flights Large parts of Africa still impacted



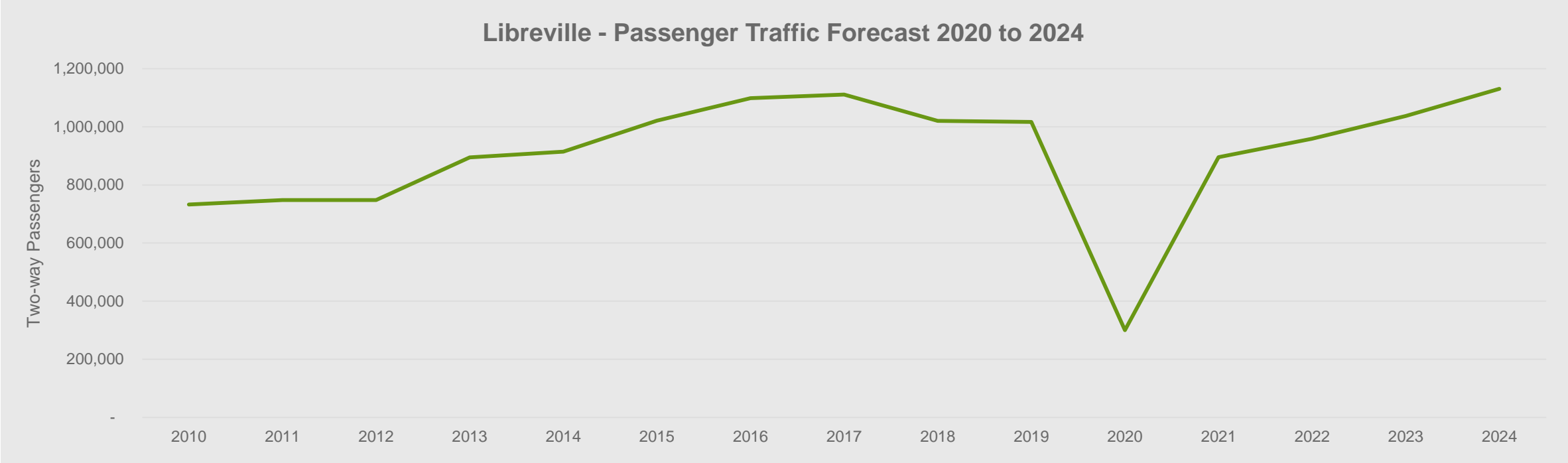
Traffic hu Gely impacted - YTD  
↓ 54%

Revenue Lost

↓ \$4 Million  
54%

# Projections for the next 5 years

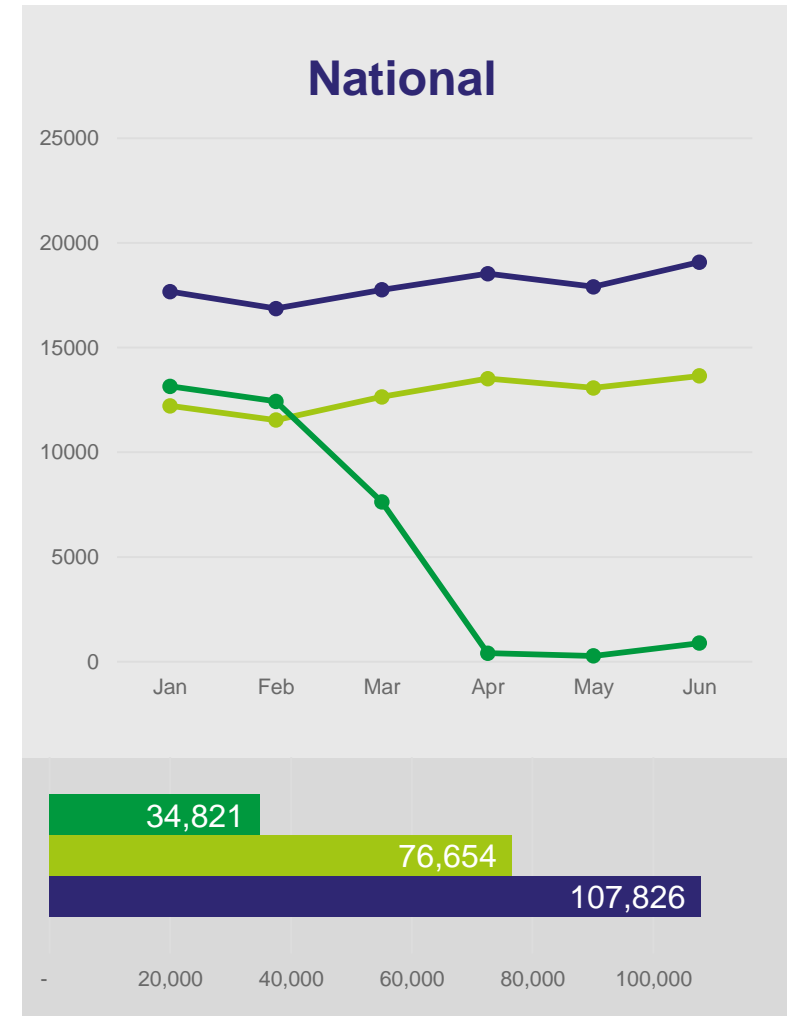
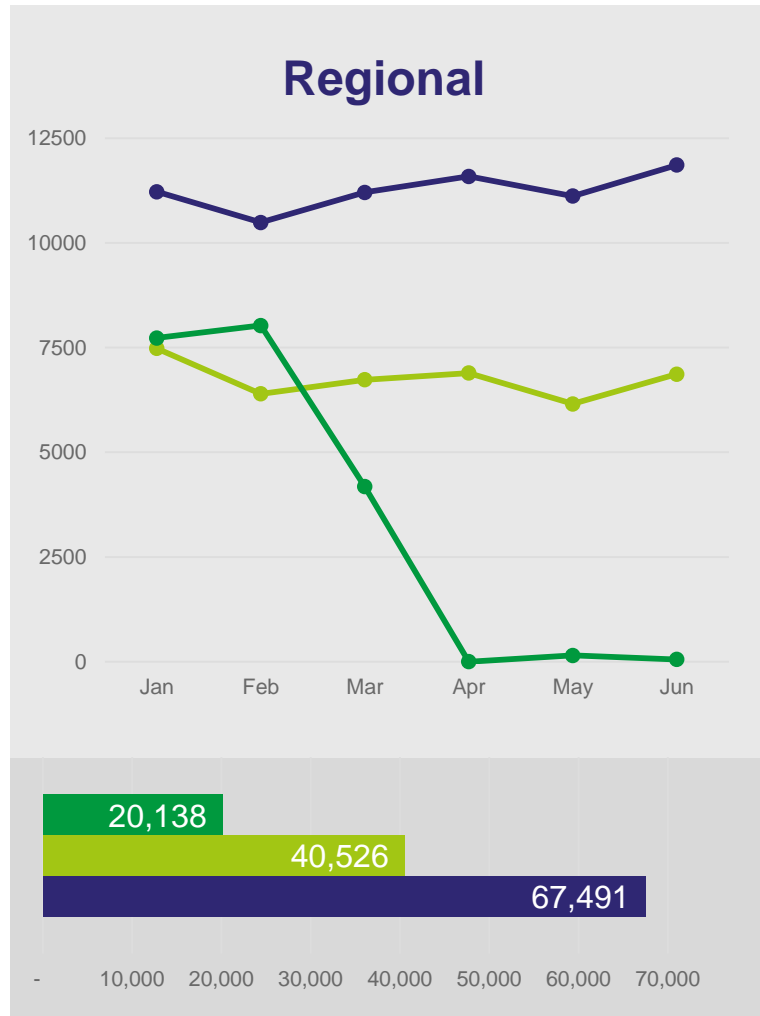
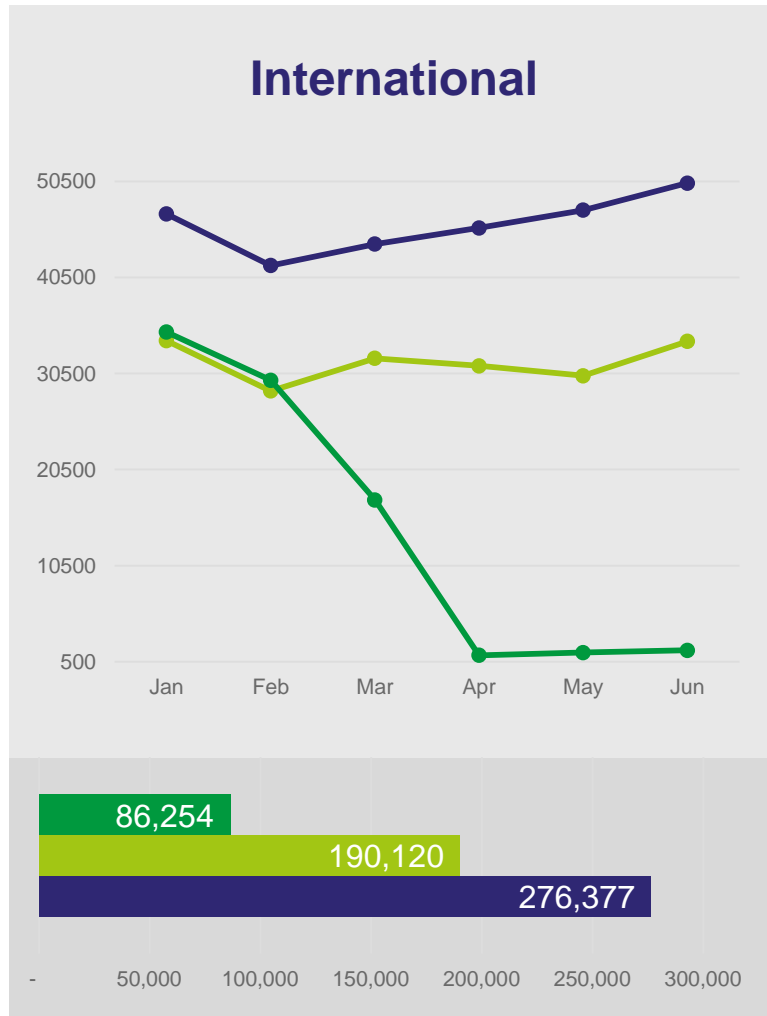
3 years to recover lost ground - Traffic predicted to return to 2019 levels by 2023



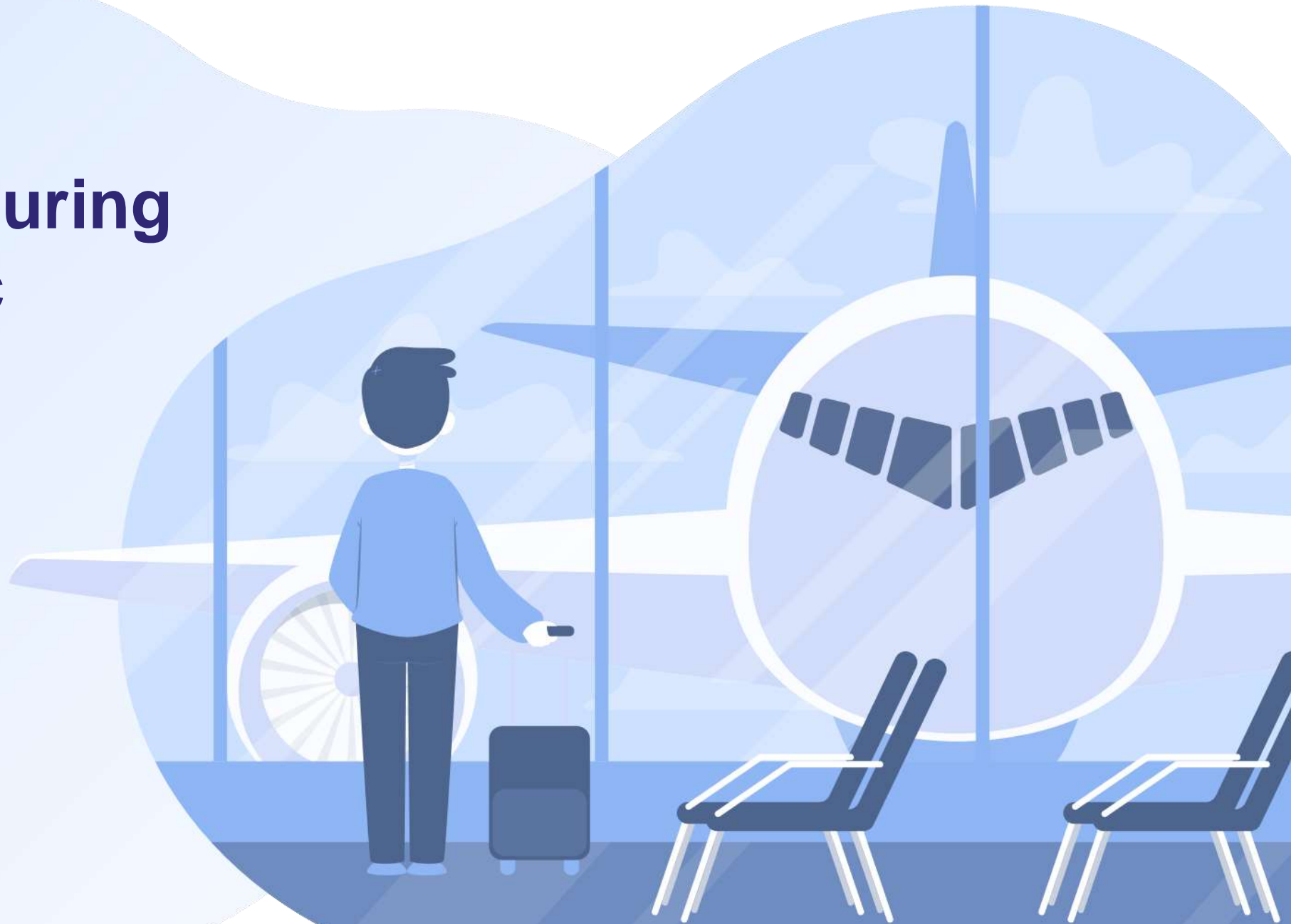
## Revenue Loss – YTD '20

Month	Jan	Feb	Mar	Apr	May	Jun	Total
Revenue Variance over 2019	9%	9%	-20%	-68%	-74%	-81%	-39%

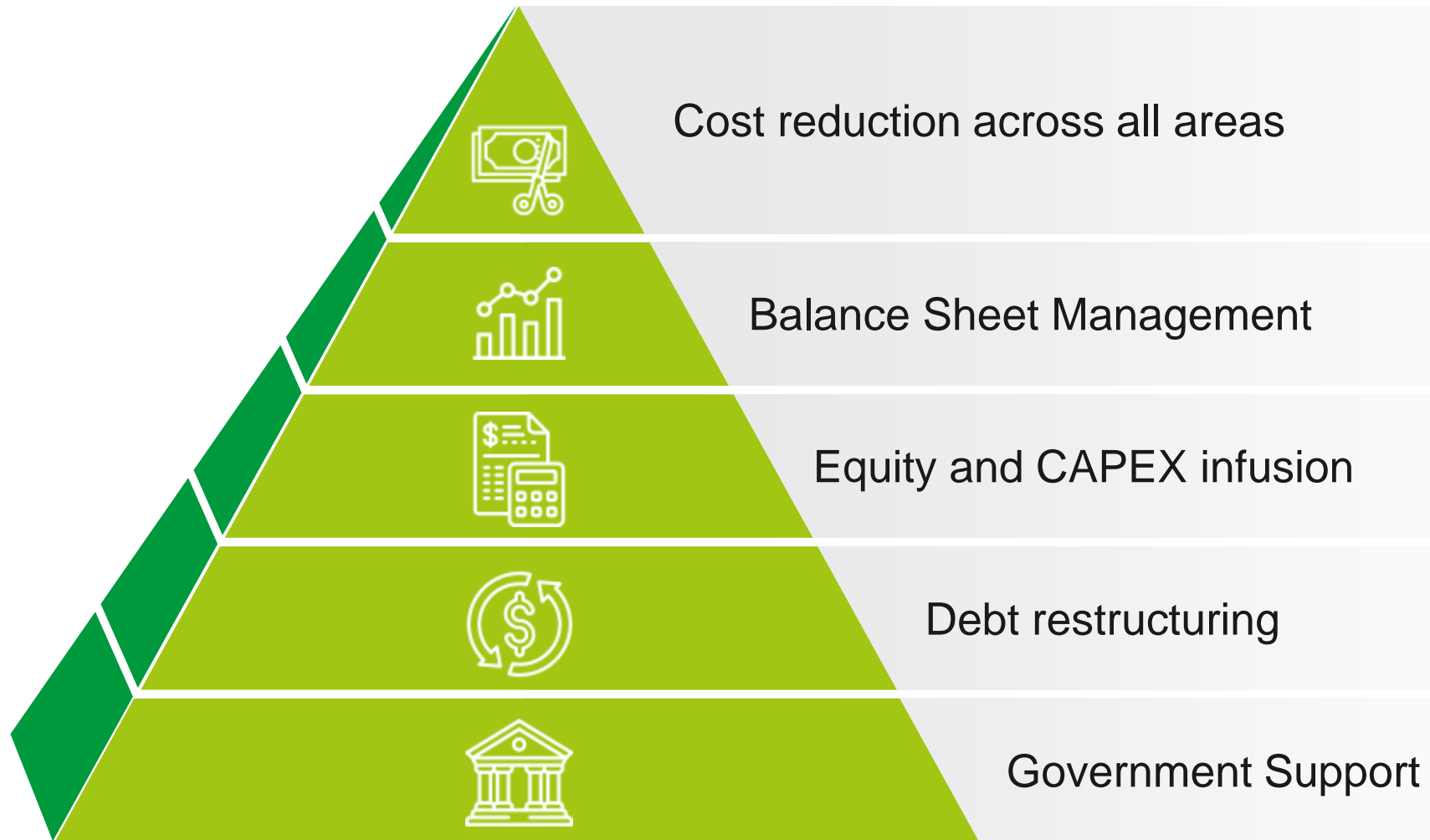
# Traffic Drop per Sector



# Options during Pandemic



# Absorbing the Impact – Internal Measures





# Accelerating Recovery – Governmental Support

We have all lost income and demand has dried up - Airports , Airlines , destinations, associated stake holders and business partners

## How Govts. can help ....?

**Cash bailouts** - Money provided to ease the crisis. Hong Kong government, has provided \$34.5M million to Cathay Pacific and Hong Kong Airlines

**Government backed loans or loan guarantees** - Several countries including Finland (€600M to Finnair), Spain (€760M to Iberia and €260M to Vueling) and Taiwan (\$994M to airlines registered in Taiwan) are already going this route.

**Cost relief** - Reducing or eliminating fees charged to airlines by governments or government agencies. The French government, for example, has agreed to defer aeronautical taxes for airlines with an operating license in France.

**Indirect support** - An example would be government furlough scheme, where the government pays some or all of employees' salaries to keep them employed and avoid job losses

**Equity investment** - The Italian government plans to inject at least €3 billion into Alitalia as part of a nationalization plan for the airline. In Portugal, the government announced plans for a "large scale intervention" in TAP Air Portugal, which could include the nationalization of the carrier.

**Refund policies** - While some countries are compelling airlines to give cash refunds for trips cancelled due to the pandemic, others (e.g. Canada) are allowing airlines to issue refunds in the form of vouchers or frequent flyer miles in lieu of cash. IATA has engaged in an aggressive global campaign to lobby governments to support vouchers in lieu of cash, as well as for reductions or deferrals in charges and taxes.

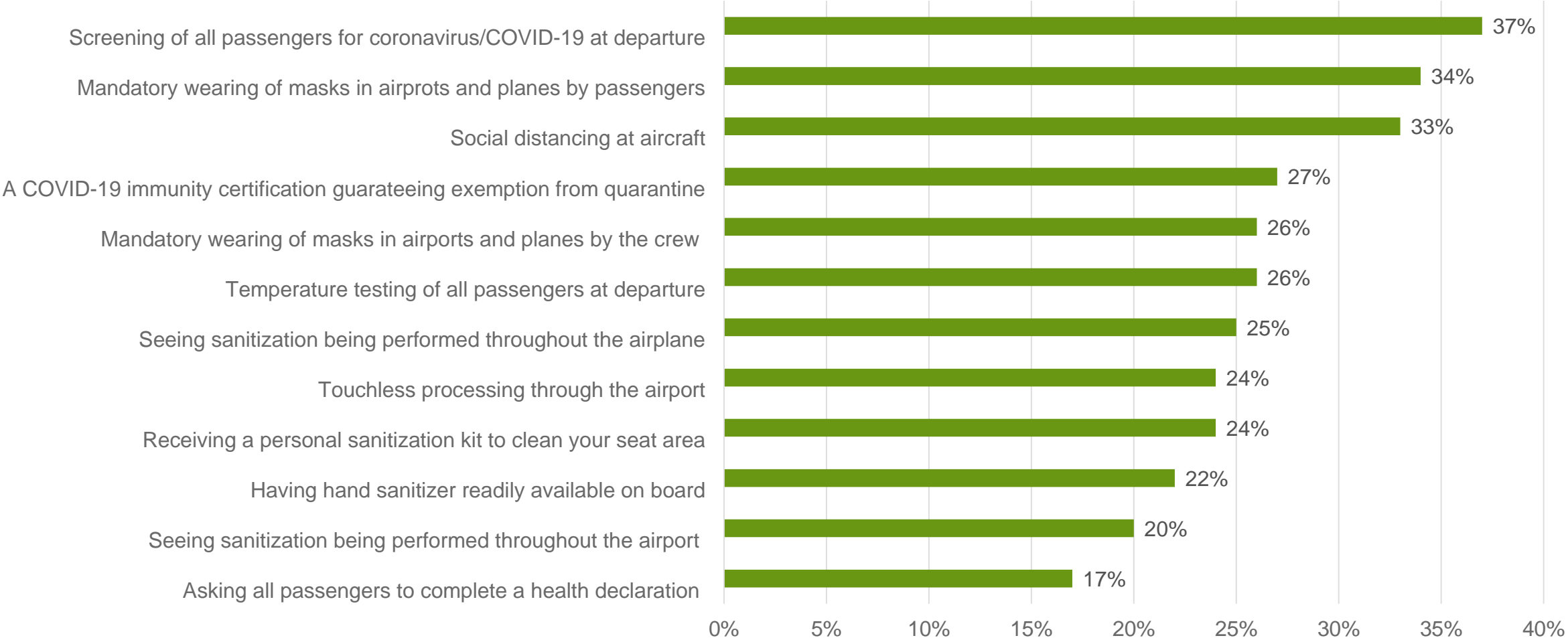
**Consumer support** - The Japan Tourism Agency is launching a campaign aimed at boosting the domestic tourism industry. The program, will pay for a portion of passengers' domestic travel expenses. Sicily is planning to discount half the price of plane tickets and pay for one of every three nights in hotels in a €50 million scheme to revive its battered tourism industry.

# Path to recovery – Ecosystem support



# Accelerating Recovery – What the passengers want




## Measures that Create a Feeling of Safety



# Accelerating Recovery – External Measures

 Restricted entry to Public Hall	 Seat marking in waiting room to maintain social distancing	 Floor marking to help with social distancing	 Contactless hydroalcoholic gel dispensers	 Regular cleaning and disinfection of the passenger terminal	 Zone based boarding
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<b>Top 3 concerns around contracting COVID-19</b>	<b>At the Airport</b>	<b>59%</b> Being on a crowded bus/train on the way to aircraft	<b>42%</b> Queueing at check-in/ security/ border control/ boarding	<b>42%</b> Using airport restrooms/toilet facilities
	<b>On board the Aircraft</b>	<b>65%</b> Sitting next to someone who might be infected	<b>42%</b> Using restroom/toilet facilities	<b>42%</b> Breathing in the air in the aircraft


		
Safety restarting Aviation ACI and IATA Joint Approach		International Civil Aviation Organization







### How you can prepare to fly safe



**\*Rules for carrying alcohol-based sanitizers:** 100ml max per bottle in cabin bag up to 2kg/2L in total per person (hold + cabin bag) maximum single bottle size is 0.5kg/0.5L for hold luggage.

### New protocols at the airport



	 Negative test report for Covid-19	 Normal body temperature (<38 C)	 Fill in the COVID-19 registration form	 Wear face mask at all time	 Keep at least 1m apart	 Passenger and luggage disinfection process
<b>Departure</b>	●	●	●	●	●	●
<b>Arrivals</b>	●	●		●	●	●

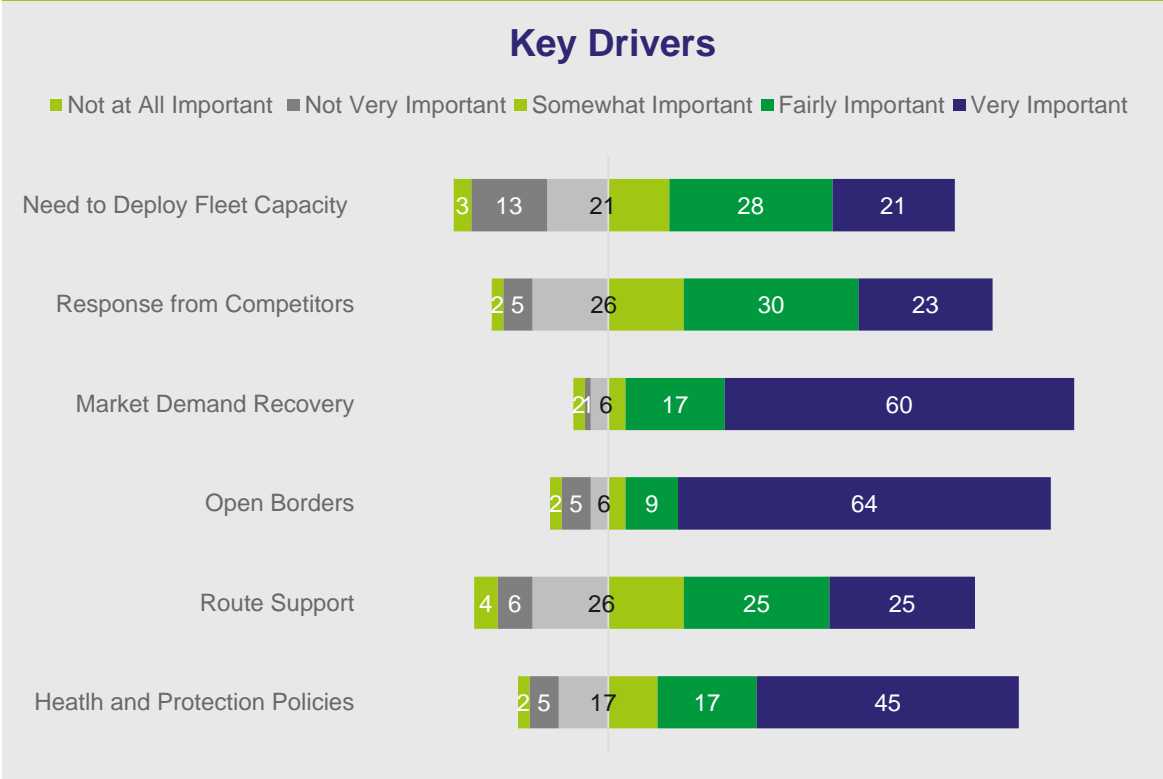


# Ecosystem Approach – Collaboration & Support

## What Airports could do to influence traffic recovery



## Key drivers to reinstate network



# Ecosystem Approach – Collaboration & Support

## Value Chain - Airline



Airport  
Charges



Leasing  
Cost



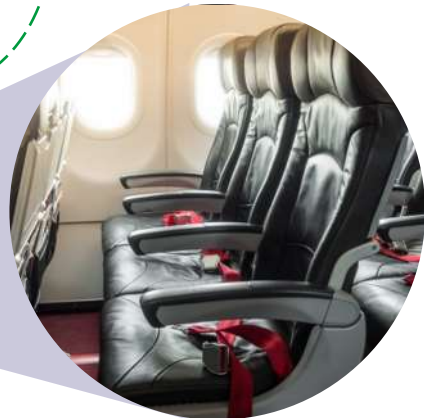
Ground  
Handling Cost



Fuel  
Cost



No airport related charges for recovery period



Makes better Impact  
in Load Factor

- Incentive scheme to support airlines in the recovery period following COVID-19
- Relief to airlines to re-start operations
- Support scheme based on the load factor

# Ecosystem Support – Collaboration & Support

## External Measures



Payment of dues  
is deferred



Payment linked  
to Traffic recovery



Mutually agreed  
threshold for start  
of payment.



Amount payable  
before the start  
of payment is  
accrued



Gradual payment of  
Accrued amount  
along with the  
current payables.



# Ecosystem Approach – Explained



- This will mean that all stakeholders will be shoulder to shoulder during this time of crisis and is much more than show of solidarity.
- Concept of deferred payment of receivables, which can be linked to the progressive SLF
- Help with the liquidity for the airlines when they start out.
- It's a deferred payment so airports and other suppliers to airlines don't lose the money but just gets the payment late.
- The money gets accrued to be paid back at an opportune time
- Each supplier, the Airport Operators, Aircraft lessors, etc. can negotiate individually with the airlines and agree on different points like, at what % to start the payment, what will be the quantum of the accrued money, etc
- For eg. first payment can be started when they reach 50% , they can pay 50% of the payable and a portion of the 'accrued money'
- The amount can be reviewed quarterly or monthly depending upon the comfort of the stakeholders, basis the SLF for the previous month/quarter.
- In addition the airport can also contribute in marketing costs for airlines
- Marketing the safety measures adopted by the Airport, home based carrier and the country in a single voice



# Q & A

