A recovery in the airline industry ‘is under way’ as winter sun-seekers book flights to the Canary Islands, Egypt and Turkey, EasyJet said.

The no-frills airline said it expects to have lost between £1.135bn and £1.175bn in the 12 months to the end of September – the second year in a row when losses topped £1bn.

But in a sign business is picking up, it is planning to increase capacity to 70pc of pre-Covid levels over the coming three months as restrictions ease and holidaymakers book overseas travel.

That is up from 58pc in the past three months and just 17pc between April and June.

EasyJet chief executive Johan Lundgren said: ‘It is clear recovery is under way.

‘We have seen city breaks beginning to return alongside growing demand for leisure travel from customers looking for flights and holidays to popular winter sun destinations including Egypt and Turkey, October half term bookings have been strong, particularly to the Canary Islands.’

Further by dropping testing requirements altogether. He said: ‘We had a 400pc increase to Egypt and Turkey, so customers are eager to go and the testing is a big obstacle for them to go.

‘It is important to note that from July 1 the rest of Europe removed all restrictions for double-vaccinated passengers and clearly that’s what we’d like to see happen in the UK. The new announcements are a good step in the right direction. In Europe, travel has been allowed to grow and there hasn’t been any evidence that travel has [caused] any increase in the pandemic in those countries.’

While intra-European flights were 85pc full over the summer international flights from the UK were only 63.2pc, EasyJet said.

City breaks are also making a comeback and EasyJet has seen a release in pent up demand for ski trips in places like Geneva for February half-term.

The airline expects the momentum to carry on and said overall bookings for the next six months are double those of the same period a year earlier.

The firm said as well that losses in the last three months were half what they were a year earlier.

But shares fell slightly by 3.5pc, from 22.6p, to 625.4p.

The company said flights to the Canaries are now running at 140pc of the 2019 levels.

The recent simplification of the rules and reduction of the red list also led to a boom in demand that saw bookings to Egypt and Turkey soar 400pc.

The ‘no-go’ red list was last week slashed from 54 countries to just seven and costly PCR tests are due to be replaced by cheaper lateral flow tests.

But Lundgren said the rules were still ‘onerous and expensive’ and urged the Government to go further by dropping testing requirements altogether.

‘It is clear recovery is under way’