Airlines face a long period of turbulence

Callum Jones

In the words of their industry body, airlines have been “hit by a sledgehammer” over the past eight weeks. In February traffic dropped at its steepest rate since the aftermath of the 9/11 attacks in 2001. In March it continued to fall.

No wonder Alexandre de Juniac, chief executive of the International Air Transport Association, described Covid-19 as without doubt “the biggest crisis the industry has ever faced.”

Having endured such a rapid decline, few in the sector believe that activity will simply snap back to normal once the coronavirus recedes. Carriers are bracing for a long slog as they await the recovery of global confidence in long-haul travel.

The collapse — with airline passengers in the UK tumbling from 2.85 million in the first week of March to 767,000 by the end — has raised questions over the viability of players, large and small, across the sector.

Virgin Atlantic is among those calling for taxpayer-funded assistance, requesting “decisive, clear and unwavering” support in the form of government loans. Matt Hancock, the health secretary, declined to comment during a press conference this weekend when asked whether the airline was a “worthy recipient” of state support.

Easyjet and Lufthansa have said that some carriers may not survive without government support. Johan Lundgren, chief executive of Easyjet, raised the prospect of “a lot of failures” if coronavirus drags on for an extended period, telling the BBC: “I have been working in the industry for 30 years and I have never seen anything like this.”

Norwegian Air, the struggling Scandinavian carrier, has received hundreds of millions of pounds worth of support from the Norwegian government as it fights for survival, dramatically scaling back its operations and laying off staff. The United States has put up a $58 billion aid package for its carriers.

In Whitehall ministers appear reluctant to intervene. Rishi Sunak, the chancellor, told airlines last month that the government would only step in as “a last resort” and open negotiations with individual carriers once all other options had been “exhausted”.

$58bn
Aid package offered by the United States to struggling carriers