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To whom it may concern:

IATA RESPONSE TO AERA CONSULTATION PAPERS – COMPENSATION IN LIEU OF FUEL THROUGHPUT CHARGES (FTC) AT CHHATRAPATI SHIVAJI MAHARAJ INTERNATIONAL AIRPORT (BOM)

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 300 airlines or 82% of total air traffic. We support many areas of aviation activity and help formulate industry policy on critical aviation issues. Many of our member airlines operate at BOM.

Firstly, IATA would like to commend the decision by the Indian Government in abolishing the FTC levied by airport operators in India, which has no cost basis to begin with. It is something which IATA has vehemently fought for over the years, and we are extremely pleased that the right decision has been made for its removal.

As you may be aware, the aviation industry is going through an extremely challenging time with the COVID-19 outbreak, which has been declared a global pandemic by the World Health Organization (WHO). Based on our latest analysis, the COVID-19 public health emergency has moved beyond the 'Extensive Spread' scenario implying a 38% fall in RPKs and US\$252 billion pax revenue loss in 2020. Alarmingly, the typical airline only had 2 months of cash at the start of this year. We have in our hands an airlines' liquidity crisis where the very survival of many airlines is in question as they face a crisis of global proportions like no others we have known. And as expected, financial markets have reacted strongly. Airline share prices have fallen significantly since the outbreak began, much greater than the decline that occurred at a similar point during the SARS crisis of 2003.

The dire situation is rapidly evolving, further exacerbated by the growing number of travel restrictions issued by many countries, in increasing complexity for airlines to manage and comply with. To date, forward bookings have decreased very significantly in many regional markets, loads (both cargo and passenger) have dropped, air services have been cancelled, resulting in aircraft and crews being underutilized. All these factors are having an immediate negative impact on the financial state of the airline industry.

Many airlines are cutting capacity and taking emergency measures to reduce costs. Besides governments, airport operators must take note. Airlines are doing their best to stay afloat as they perform the vital task of linking the world's economies. As governments look to stimulus measures, the airline industry will need consideration for relief on taxes, charges and slot allocation. Airport operators should equally play their role in this by lowering their profit expectation and help to provide the much needed financial relief to airlines through reductions or rebates to airport charges.



These are extraordinary times, requiring extraordinary measures. We feel that in these extraordinary circumstances every part of the aviation value chain must play their part to ensure the security and sustainability of the air transport industry. Our foremost priority would be to ensure that all partners do what they possibly can to facilitate the recovery process for airlines, which in turn will help airports and the rest in the supply chain to regain their pre-outbreak commercial position.

Therefore, IATA urges AERA to defer any increase in airport charges to provision for the requested compensation in lieu of the FTC during these challenging times and the subsequent recovery period, which is extremely critical not just for airlines, but for the entire aviation supply chain. It is simply improper and unwise to allow for charges increase in current environment. In the event that AERA decides to proceed with the increase, IATA recommends that the allowable increase is absorbed through passenger charges instead, if not fully, partially so that the cost burden is less and more manageable for airlines.

IATA looks forward to AERA's favourable consideration of our concerns and recommendations highlighted above.

Yours Sincerely,

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cc Amitabh KHOSLA IATA Country Director – India