

Newsletter n. 2/2021

RECAP ON THE CONTRIBUTIONS REQUESTED BY THE TRANSPORT REGULATION AUTHORITY (ART)

In view of the importance of the matter , we are reproducing here below the text of our communication of April 7th , on the same subject :

The Italian Authority for Transport Regulation , established by a law of December 2011 , has started its activities in September 2013.

According to the 2011 law , the contributions towards its functioning were payable by the “regulated subjects” among which , in the Authority’s interpretation , the Air Carriers.

This view has been impugned, up to a point successfully, before the Turin Administrative Tribunal by several (land, air and sea) carriers who have argued that they are only beneficiaries of the regulation whilst the infrastructure managers and concessionaires are the subjects upon which the ART oversight is actually exercised.

In several cases , the Turin Administrative Tribunal upheld the Carriers’ views and ordered that the contributions paid by the letter should be refunded by ART.

Subsequently , following the promulgation of a new law (september 2018) , the concept of “regulated subjects” has been substituted by “economic operators”.

Based on the above , the Administrative Appeal Court (Consiglio di Stato) has partly reversed the Administrative Court decisions and ruled that the contributions are to be paid also by the Carriers.

Through a number of subsequent deliberations , the Authority has also decided that the contributions are to be calculated and paid by the “economic operators” even in the absence of a specific request.

In fact the Authority maintains that all interested parties have an obligation to register

themselves on the Authority’s portal and follow the payment procedures established therein. Every year ART publishes a deliberation to reaffirm this procedure and to fix the percentage of the firms’ turnover due to the Authority as a contribution towards its functioning.

As the legal positions may vary greatly from one Carrier to another, depending on turnover volumes, legal steps taken so far, refund requests submitted etc., we recommend that you check your current status with your legal and fiscal consultants.

As always , the IBAR Legal Counsel (massimo_giordano@fastwebnet.it) is also available for consultation and guidance.

DIGITIZATION UPDATE

On April 8th , the UNWTO has published a compendium of the digital travel passes currently available or being developed, complete with technical specs and capabilities :

<https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2021-04/Digital-Passes-Compendium.pdf>

IATA TRAVEL PASS



- 43 Airlines (13 of which are EU-based) are currently trialling the ITP.
- The ITP has already undergone “real-life” tests on flights operated by SQ, QR and IB.
- Although the complete technical specs of the EU “Digital Green Pass” are not available as yet , the compatibility of the two APPs has already been confirmed.
- The ITP will be downloadable from the Apple and Google stores by mid-may.

- A video with detailed explanations of the APP capabilities can be seen here :

<https://www.youtube.com/watch?v=R4f1r5iogAo>

INDUSTRY PERFORMANCE IN EUROPE

Analysis by IATA Economics

State of the region:		Europe			
Economy					
GDP growth, selected economies					
% change on a year ago	2020	Q2 2020	Q3 2020	Q4 2020	
Germany	-5.3	-11.3	-4.0	-3.6	
Russia		-8.0	-3.4		
France	-8.2	-18.6	-3.7	-4.9	
UK	-9.9	-21.0	-8.7	-7.8	
Italy	-8.9	-18.2	-5.2	-6.6	
Spain	-11.0	-21.6	-9.0	-9.1	
Turkey	1.8	-10.3	6.3	5.9	
Israel	-2.3	-8.3	-1.0	-0.5	
Euro zone	-6.8	-14.6	-4.2	-4.9	
Eastern Europe	-3.3	-7.4	-3.5	-3.0	
World	-3.7	-8.9	-2.7	-1.5	

Market					
Revenue passenger-kilometers (RPKs)					
% comparisons with pre-crisis 2019 period.					
	2020	Nov-20	Dec-20	Jan-21	
Region (registration basis)					
Europe	-69.9	-82.3	-77.7	-77.4	
World	-65.9	-70.4	-69.7	-72.0	
Routes (segment basis)					
Russia domestic	-23.5	-23.0	-12.0	5.5	
Within Europe	-70.7	-84.7	-82.9	-83.8	
Europe - North America	-80.4	-90.3	-86.9	-85.4	
Europe - Asia	-79.0	-93.2	-91.9	-92.9	
Europe - Middle East	-73.2	-87.0	-79.9	-81.1	
Europe - Africa	-68.4	-78.5	-66.8	-68.1	
Europe - South America	-71.4	-85.8	-75.8	-80.1	

- Airlines based in Europe posted broadly unchanged rates of RPK decline compared with December. Their January passenger volumes were on average 77.4% lower compared with two years ago. The air travel recovery has been adversely impacted by new lockdowns in the region in early-2021.

- All of the region's key int'l routes remained deep in the contraction territory. In contrast, domestic RPKs of Russian airlines were up 5.5% vs. January 2019, driven by a fall in COVID cases since a peak late in December and by national holidays in the first week of the month.

Industry					
Capacity growth and load factors					
ASK/ACTK: %change vs. the same period in 2019, LF: % of ASK/ACTK					
		2020	Nov-20	Dec-20	Jan-21
Passenger					
Europe	ASK	-62.6	-72.3	-68.8	-68.7
	PLF	68.7	53.2	59.2	57.6
World	ASK	-56.7	-58.8	-57.1	-58.7
	PLF	65.0	58.1	58.0	54.1
Cargo					
Europe	ACTK	-26.7	-24.1	-18.6	-19.9
	CLF	59.4	65.4	64.4	62.7
World	ACTK	-23.2	-19.1	-17.8	-19.5
	CLF	54.4	57.8	57.2	58.9

Note: LF=load factor. ASK=available seat kilometers. ACTK=available freight tonne kilometers

- New lockdowns stopped the recovery in seat capacity over the past two months. Industry-wide available seatkilometres (ASKs) fell by 4.6%mom and were 58.7% lower vs. the pre-crisis period (Jan 2019). European airlines posted the ASKs down 68.7% vs. Jan 2019 - the weakest outcome amongst regions.
- **Despite the capacity cuts, demand continued to fall faster than supply**, and therefore the global passenger load factor (PLF) deteriorated again. It fell by 25.7 ppts vs. Jan 2019 to 54.1 %, a new all-time low for the month. European airlines saw the PLF at 57.6%.
- The fall in passenger capacity resulted in **renewed pressure on belly cargo capacity**. The industry-wide available cargo tonne-kilometres (ACTKs) fell by 5%mom this January and were 19.5% lower vs. the pre-crisis level. European airlines flew 19.9% fewer ACTKs compared with the pre-crisis period.

SEA'S PROPOSAL FOR THE LIMITATION OF GROUND HANDLERS AT MXP

After an initial suspension , ENAC has reanimated the procedure convening a consultation on a draft invitation to bidders , held on April 8th.

During the consultation , the Airlines' Associations have reiterated their puzzlement at a limitation proposal in the total absence of safety & security threats linked to the infrastructure congestion.

IBAR will continue in its support to the local AUC/AOC in the effort to avert the handling costs' increases that , based on past experiences in other airports , inevitably follow the limitations in the number of ground handling services' providers.

VACCINATION CRITERIA

The Ministry of Health announced that , in view of the sluggish progress of the vaccination campaign in certain regions and contrary to the previous policies, absolute priority will now be given to age groups rather than professional categories.

Nonetheless, IBAR is working with other Associations to ensure that Air Transport front-line staff will eventually be granted adequate priority once the vaccination campaign for the elderly citizens will have been completed.

SINGLE EUROPEAN SKY (SES2+)

IATA and IBAR have jointly addressed a letter to the Italian Ministry of Transport , pledging for Italy's support to the SES2+ proposal currently being examined by the European Commission.

As already reported , this step falls within the framework of a Pan-European initiative taken by the Air Transport sector Associations in the effort to overcome resistance by the EU Member States who are still highly protective of National sovereignties even when these generate costly inefficiencies.

PROGRAMME CONTRACTS "IN DEROGATION" BETWEEN ENAC AND ROM , MIL VCE AIRPORTS

The Administrative Court of Turin will hear the recourses submitted both by the Airport Managers and by IBAR on behalf of the Carriers on June 9th.

The legal proceeding will establish, inter alia, whether the Model devised by Transport Regulation Authority (ART) for the determination of regulated charges is now fully applicable also to the main airports , thus far monitored by ENAC.

MINISTRY OF TOURISM

Last February , with the establishment of a new Government headed by Mr Mario Draghi , Italy has decided to set up a new Ministry for Tourism (formerly a Directorate of the Ministry of Cultural Heritage).

The new Minister , Mr Massimo Garavaglia , has repeatedly expressed his intention to work with his EU peers to expedite the implementation of the EU Green Pass and his full understanding of the need to publish a roadmap with intended dates for the reopening of the tourism-related activities , including air transport.

Together with IATA , we have written to the Ministry to express our appreciation and request a meeting to explore areas in which the Airlines' Associations can provide support by re-establishing connectivity to/from the Country.

MCKINSEY'S REPORT ON AIR TRANSPORT

At the beginning of April McKinsey published a highly informative article on the post-covid prospects for our industry :

<https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/back-to-the-future-airline-sector-poised-for-change-post-covid-19>

FIRST HINTS OF RELAXATION IN THE INTERNATIONAL TRAVEL LIMITATIONS

Lastly , some timid glows of light at the end of the tunnel.

The Countries whose vaccination campaigns are at a more advanced stage vis a vis the EU are gradually removing the measures and limitations affecting international air transport:

On April 9th , the **UK** Global Travel Taskforce report¹ confirmed the Government's intention to remove the measures limiting outbound travel on May 17th (to be reconfirmed in early May)

On April 10th , the **USA** DOT announced its intention to remove the quarantine obligation for vaccinated passengers

As of April 1st, **ISRAELI** vaccinated citizens are granted free access to Cyprus and Greece (for the latter , initially a negative test will still be required). A similar agreement is being finalized with Poland.

On April 19th , **Australia** and **New Zealand** inaugurated a two-way quarantine free travel bubble.

We look forward to seeing similar scenes being staged at European airports soon !



1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/977446/Report-of-the-Global-Travel-Taskforce-accessible.pdf