

Dr Kostas Iatrou, Director General of Hermes in welcome address said: “For the first time in its history, air transport is almost at a complete halt; the industry faces an unprecedented situation and unforeseeable challenges. As Hermes represents the decision-makers of our industry, we have taken the initiative to host this year Leaders Forum with the conference theme being: Air Transport Re-imagined and Re-invented. We have to restart this business once there is a relaxation of the measures implemented by the different countries. The air transport 2.0 has to be more resilient, less vulnerable and better prepared for the next crisis.”

Jeff Poole, President of Hermes, in his keynote address, pointed out that the title of the meeting is very appropriate as nothing will be the same again and the industry has really to “reinvent and re-imagine” itself. He stated that he has been chairing a task force of eight industry associations and four international organizations that meet to align their messages and advocacy on the crisis. There are consistent messages on how the business is going to restart for the industry, to get into the recovery mode and all messages stress the need for liquidity, support to workers and businesses, removal of taxes and other financial burdens, more positive facilitation like the voucher issue. For the recovery so to be achieved, cooperation is vital within the private sector, between the private sector and the public sector and within the public sector (within each government and between governments). The most important aspect will be the setting of new global standards and protocols that can help the business move on in a cost effective way without bureaucratic procedures and unnecessary burdens, We need to avoid the situation that arose after 9/11 when security measures were put into place without adequate consultation. He concluded by saying that Hermes has a unique role to play in the crisis and in the recovery and in the coming weeks the Board will come up with initiatives for the recovery and called the participants to submit any ideas they may have.

Salvatore Sciacchitano, President of the ICAO Council, started out by saying that perhaps the title of the Forum should be changed to “rescuing the industry” as the industry risks to go back by decades with huge consequences for the sector and the wider economy. He pointed out that this is not an “aviation crisis”, there have been many aviation crises and the industry has managed to recover. After 9/11 the sector was able to react fast but this situation is different with more than half of the aviation grounded, with forecasts of 1.5 billion passengers being lost this year, and slow growth of passengers for 2021. There is a high risk of bankruptcy and there will certainly be nationalization of companies, which means that the industry will go back to what it was 40 years ago. ICAO is taking its role to support a safe, secure and sustainable system of transport but to support the development of transport is its role in normal times but these are exceptional times and now its role is to rescue aviation. And to do so “we need to work all together, this cannot be alone by ICAO, or by the industry by member states”. ICAO is working on two different levels: one is a more operational one through task forces providing support the member states with cooperational initiatives with WTO. But something more substantial is needed. For this reason ICAO has set up a high level task force with the objective of producing a recovery plan and coming up with the first report by the end of May. The principle of the recovery plan is cooperation, communication, sharing of information as there are too many initiatives undertaken on a local level, on a regional level (e.g. Europe, Pacific, US) but communication requires a strong commitment and pragmatism. “We need an effective solution without bureaucratic formalities”. The plan needs to be based on data, concrete evidence and expert advice to support decisions that have to be risk managed, which means mitigation of risk. The umbrella of ICAO provides the opportunity that such initiatives will be taken on majority resolutions. The first task for this group is to identify the sanitary minimum measures that should be undertaken to facilitate the restart of the industry. This will not be easy, it will be in cooperation with health authorities but it is the real priority.

Alexandre de Juniac, Director General & CEO, IATA, first stated that aviation is the most severely hit sector and the industry has managed to convince the public, media and governments of that. Aviation needs massive support from governments, plans have been announced everywhere but the key is the implementation, money has to flow into balance sheets, otherwise the industry will run out of cash. He stressed that the industry

has to work on the restart in the short term and that includes three elements: first, absolute need for collaboration with international organizations, within international organizations, collaboration within the industry with all partners, with governments and between governments, “it is easy to close unilaterally a country’s borders but it is difficult to open them unilaterally if you want to restore connections, connectivity and traffic”; second is harmonization, the industry has to have common harmonised set of measures implemented everywhere for the restart, especially biosafety measures without adding complexity, obstacles that would be detrimental to airlines, airports and passengers. The third is consultation, everything should be done in consultation with the industry, governments and international organizations. On the mid-term perspective, he continued, traffic has to be examined by phases, on a domestic, regional, continental and international level and by quarters. He believes that by the end of the fourth quarter, traffic would be 50- 60% of the 2019 traffic, which is still pretty low. This means that global and complete recovery will last till the end of 2021 as a result also of the enormous impact on the economic recession. On two years ahead, there will be shrinking transport, the sector will be reduced, there will be bankruptcies, disappearance of airlines, and consolidation of airlines. There will probably be bigger companies in the form of consolidation with bigger airlines buying smaller ones, government-owned or partly government-owned airlines due to financial support and capital injection. One question is whether the low cost sector will be threatened due to various factors: social distancing on board, green constraints on aviation business that will be difficult for them to meet. But Mr De Juniac added that he is not worried about LCCs because on the long-term, there will be recovery. Surveys show that there is still strong appetite for travel even if people have to wait for some time. The impact on cost will remain important so it remains to be seen whether LCCs will disappear to come back or expand. Aviation will be greener because green constraints strong request by the public, governments and NGOs. A final point he raised is that there will not be a major change in the business model, the crisis is not due to a failure of the business model but to external factors and aviation is forbidden to fly. He concluded by saying that even if aviation goes through difficult times, the industry can be optimistic for the next 15-20 months.

Angela Gittens, Director General, ACI & Board Member, Hermes, started off by saying that the Greek word crisis comes from “krino”, to separate, to pass judgement, to keep only what is worthwhile. As there is an opportunity in every crisis, she stressed the need to remember that as the industry reimagines what air transport can be. “Before recovering from the crisis, the industry needs first to survive it”. From the economic point of view, the airports are among the most severely affected industries with forecasts estimating that airports globally will lose 36 billion in passenger traffic and 76 billion US dollars by the end of 2020, which is a decline by 45%. A drastic decline of such magnitude represents an existential threat for the industry as a whole. She said that aviation industry is an ecosystem where one needs the other. Airports, she continued, are especially challenged as they must continue to meet their capital expense obligations, have high fixed costs to maintain operative infrastructure components. ACI has been applying for exceptional measures to provide policy makers with a policy tool kit of solutions to sustain airports through the crisis and lay the foundations for recovery: these include the protection of airport revenues and charges, tax relief, concessionary fee waiver, temporary suspension of slot usage, the continuity of cargo operations and comprehensive financial relief. Such measures will ensure that financial assistance does not favour one part of the industry over another. She continued by saying that as the industry has the opportunity to build a more resilient sustainable industry, a business continuity in emergency preparedness of contingency plans so as to be better prepared to meet future crises at least those that are health related. She added that the industry will need to meet its other global crisis, the climate change, which should be an essential element of the recovery plan. This is an opportunity for the industry to reconsider normal business operations and processes including how to employ innovative technologies and solutions for new experience travel technologies such as solutions for truly autonomous touchless passenger self-processing throughout the journey. She stressed that the crisis will impact passenger expectations and satisfaction, therefore understanding what passengers want will be crucial to rebuild passenger trust. She concluded by saying that the industry has the opportunity to keep an eye on the wider trends that the COVID-19 pandemic will have on the world and more particularly on the labour market, on higher

education system as well as on the type of the skills that will be needed in a very different world. The industry leaders have to forecast how such changes will interact with those of our industries as it evolves and fight to get its share of talented labour.

Henrik Hololei, DG MOVE, European Commission & Board Member, Hermes, said that nobody knows how long this unprecedented crisis is going to be, when it is going to end and how the air transport is going to be re-imagined and re-invented afterwards. He stated that he does not believe in doomsday prophecies because air transport is a resilient industry that always bounces back even after the worst of crises. And the desire and yearn of people to travel, to connect, to move around the world is always there. This is one of the key challenges: to bring people back, to make sure that the travelling public are ensured that flying is safe continuously from both the technological and the sanitary point of view, that is to bring back the trust and confidence to the system. Aviation has managed to build the safest level, no other industry has that, and this is a good beacon when the industry is trying to achieve the same in relation to the health challenge. The sector has to work together, there can be winners or losers in the value chain, it is in nobody's interest to play one part of the value chain against another; if one loses and the other wins, the whole value chain loses. The sector has to present itself as one voice; "it has never been able to do so but if it cannot do it now, it will be almost impossible to do it in the future". Therefore, it is extremely important to have the airlines, the manufacturers, the airports, the ground handlers, the travel retailers, the lessors to have them along as they are part of the bigger value chain. If the industry wants travel and flying to get back to where it was it is absolutely necessary to preserve the infrastructure as well as to maintain the high quality and high level of jobs and the overall ecosystem, to have the framework in place when the opening is going to start. The first focus for now is to get the support, to get the access to financing, to the employment schemes. On top of that, the competitive environment, nationally, regionally and globally that has made aviation affordable must be maintained. This is now altered by the different state aid schemes where those states that have more policy space and financial possibilities are in a better position to support airlines and elements of aviation value network. From the point of view of competition the low-cost sector is needed because the low cost sector has been the main driving force of growth over the last decades and has brought a strong competitive element. The industry needs affordability and connectivity. Consolidation will happen and many airlines will exit and that is the downside of the crisis but at the same time as a result of this crisis there will be a more resilient aviation sector. The last point Mr Holelei dwelled on was the exit strategy to be initiated: one is restoring trust and confidence and the other to agree on principles that are not overly prescriptive from regulators and that leave some industry policy space for the industry to lay down itself certain parameters. The industry may lose the opportunity if the measures are not sufficiently balanced, have far too many complexities and layers. Social distancing is not possible on airplanes and if this is insisted on, planes are not going to fly. It is difficult because the industry is not alone, it has to do with health authorities both internal security and border authorities. Another essential element is the mutual recognition regionally and globally and ICAO, IATA, ACI are working on that. Regulators need to trust these international organizations and leave to them to work out the details and keep for themselves the duty to lay down the foundations of the right framework for this to happen. This is a dynamic not static system and it is needed so the industry needs to observe the situation and act accordingly. He concluded that he is optimistic about the sector, about the sector's ability to rebound but this depends on cooperation, right policies made by regulators and mostly on the trust and confidence of travellers.

Simon Hocquard, Director General of CANSO, started off by pointing out that air navigation keeps operating no matter what the number of airplanes, 70 or 7 or 700. A once thriving industry has been brought to its knees and it needs to adapt to the new situation. This situation is completely different from what it was a few years or months ago and this is particularly true for ATM. Before the pandemic, the biggest challenges facing the aviation industry were capacity, fragmentation, new space entrants and sustainability. Back in January 2020 there was a global shortage of air traffic controllers, lack of flexibility in the system, with the net results

being hot spots of delays and capacity crunches across the globe. With air travel traffic predicted to double by 2036, the concern for the industry was how to get enough air traffic controllers to deal with the ever-growing numbers of aircraft. While now the industry has to deal with a prolonged and unprecedented decrease in traffic numbers and for most organizations across the value chain the most pressing challenge is how to survive this crisis and the drastic drop in revenue it has triggered. CANSO continues to stress the important role of the critical national infrastructure and the contribution it can make to the global economic recovery. Another important element is the role CANSO it can play as it works across and with the entire aviation community to get the industry ready for the restart and make sure to match this crisis with the right-sized organizations and smart processes that will enable the industry to safely and efficiently deal with the increased traffic levels no matter whatever this may be. There other big challenge on CANSO's radar is fragmentation: ATM's infrastructure is composed of communication networks, surveillance capabilities, radars, satellites which are managed nationally as each country is controlling its own air space, which is highly inefficient and CANSO has worked to tackle this. He wondered whether the crisis will bring a change in perspective and more willingness to work across borders and he added technology will be key and CANSO is ready to work with all its members to shape the future ATM landscape. Another challenge is all the new space entrants such drones, space vehicles, weather balloons in the already crowded skies and this challenge is not mentioned at the moment. ATM systems have to support them to get airborne and keep them safely separated from the more established airspace users. To integrate new airspace with heritage air space is a complex problem and maybe the industry should seize this unexpected downturn in traffic to accelerate its thinking on the issue. The final challenge within the industry before the pandemic was sustainability. The pressure on the industry to reduce its impact will heighten when traffic picks up. As sustainability will be key in the social license of the industry, it should accelerate the changes and try to get a head start when the traffic returns to deliver real environmental benefits to tackle climate change. "It is vital that we stand strong as an industry to build a better future for aviation", "If any industry can survive, aviation can survive".

In Panel discussion the moderator Eamonn Brennan, Director General, EUROCONTROL, started off by saying that Europe has been severely impacted with 90% decrease in traffic, with airlines facing cash crises, so there will be significant airlines bail-outs and these moves may distort competition and this must be avoided as some airlines get state aid while others do not. "This is not a time to start cannibalizing each other..... we need to work together" The question he addressed to all panelists was "What needs to happen for the industry to recover from COVID-19?"

Abdul Wahab Teffaha, Secretary General, AACO, said that there are three things that scare him in the situation. First, the behaviour of governments in the issue of reopening the aviation sector; because of the alleged role of aviation in spreading the disease the measures will be so draconian that aviation will not be allowed to do what it does, connecting people. Second, the measures (for example, temperature taken), fear of being stranded, etc that will be implemented may dissuade people from travelling. Third, as it happens with most crises, people, societies and governments tend to retract into comfort zones, protectionism under the guise of health in all sectors of trade goods and services, aviation included. But in aviation geopolitical boundaries are irrelevant. In the long run he is optimistic because aviation is resilient, it is a force of good and because history does not go back and aviation is by now a staple of our livelihood

Abdérhmane Berthe, Secretary General, AFRAA, focused on three concerns: survival, recovery and the new standards implemented for COVID 19. For African Airlines, the major problem is the lack of liquidity because of the restrictions. All airlines have made appeals to their governments for support but as this is not only an aviation crisis but an economic crisis there is fear that aviation will come after the health system and economic rescue of small and medium enterprises. International financial institutions helping states need to think about airlines too because aviation is strongly needed in Africa and connectivity has always been a

challenge and needs improvement. Regulators need to harmonize measures so as to allow some exclusions such as staff and crew licensing, extension of certification, waiver of slot utilization rules for 2020 and 2021. African airlines need to put in place cash and cost containment measures, review budgets and business plans and reposition their fleet and network. Above all, African airlines need to collaborate. The real challenge is to get passengers' confidence back, therefore sanitization and distancing measures at most stages of the passengers' path will be critical and the industry needs to come up with a proposition of common standards for all the industry, not having each country adopting its own measures as it was done during the Ebola outbreak.

Luis Felipe de Oliveira, Executive Director, ALTA & Board Member, Hermes – Air Transport Organisation said that Latin American comes from 16 years of growth in a row but this will change completely. The area has a continental airspace and there are countries in the continents that absolutely need airlines. For example, a simple flight of 45 minutes could take 11 hours by bus, one can cross the Amazon only via airlines, while in other areas of the world aviation can be replaced by other means of transport. For this reason, harmonization of processes is very important for the restart. Each country decided unilaterally- Argentina banning all flights until September 1<sup>st</sup>- to close its borders and the measures affecting the passengers thus repatriation flights had to negotiated one by one because of the lack of harmonization. He congratulated ICAO on taking the leadership for the harmonization so that a common approach is taken to get aviation back on track. The region needs to work together always taking into account the disease development in the region but the only way to recover is through harmonization in processes. Another important problem he mentioned was the duration of the crisis and the consequent shortage of cash for the airlines, “it is different if you stay one month without flying to staying six months without flying”. Without harmonization, aviation in Latin American will not rebound. Aviation needs coordinated actions not unilateral ones.

Montserrat Barriga, Director General, ERA, concentrated on the fact that in Europe everybody is bailing out large airlines such as Lufthansa, KLM and Air France and no one is interested in saving the smaller regional airlines that are important for connectivity. This may create competitive distortions and on two levels: between the member states, each state doing completely different things in a business that is international and at the member state level as the member states may decide to save one airline and not the other. This will be a huge distortion in the system. She stated that she is not against bail outs as the money is needed in the system but the money should be available to everyone in proportion to the business. She referred to the saying “Never let a serious crisis go to waste” and stated that this crisis must remind that nothing should be taken for granted: competition, the levels of connectivity, levels of consumer choice. This crisis may be the end of these. The industry must find opportunities to prove its resilience. She stressed that the element that needs to be restored above everything else is passenger confidence: “if there are no passengers, there is no aviation apart from cargo”. The second element is for the aviation ecosystem is to cooperate and collaborate, for different business models to work together, which more than ever is vital for aviation to survive whether by merging or being more efficient, by getting into alliances, getting in partnerships with players in the supply chain to ensure that can keep operating. Collaboration with airports is essential as airlines will be subject to operational constraints. Such collaboration should also include technology, which will be key for survival, Airlines will need to bring their web sites, infrastructure and apps (app to monitor passenger's health) to a new level and this will need financial investment. At the same time this may add complexity to the customer experience and be detrimental to the customer confidence as there will be more procedures such as biometrics.

Eamonn Brennan summarized the overall message: “we need to stick together as aviation as a value chain is vital for the economy, we need common standards to recover and we need to build on the experience and make sure we do not take unilateral actions. That is why Hermes is essential to make sure that we collaborate”.