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Date 02/06/2021

To whom it may concern:

IATA RESPONSE TO AERA'S CONSULTATION PAPER NO. 04/2021-22 FOR THE DETERMINATION OF TARIFF FOR INTO PLANE SERVICES (ITP) BY BHARAT STARS SERVICES (BSSPL) AT KEMPEGOWDA INTERNATIONAL AIRPORT (BLR) FOR THE THIRD CONTROL PERIOD

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 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 BLR.

The aviation industry is facing a monumental challenge: restarting an industry that has essentially ceased to operate across borders while ensuring it does not act as a vector for the spread of COVID-19. At the same time, airlines are taking an unprecedented economic hit and facing considerable uncertainty about their future. The weaker start to the year for passenger business due to a surge in virus cases and travel restrictions together with vaccination delays, have impacted the industry's forecast. Although IATA expects airline losses to shrink in 2021 compared to 2020, their financial performance will be worse than what was expected in IATA's December 2020 forecast (i.e. we now forecast 2021 net post-tax losses forecast to be at \$47.7bn compared to \$38.7bn in the December forecast). The aviation industry is essentially in intensive care and any cost increases this year would not be helpful to our collective recovery efforts.

We appreciate what AERA has done to scrutinize the proposal by BSSPL and the decision to introduce price-cap approach for tariff determination in the 3rd control period. IATA supports AERA's thorough review which results in a lower increase in tariffs over the 5-year control period compared to what was sought by BSSPL. However, given the dire state of the Indian aviation industry that would not be able to take on further cost increases, we seek AERA's consideration to keep tariffs unchanged for the first year of the 3rd control period and to defer the proposed increase to the second year. This will remove any cost burden during the vital recovery period and will help support a successful recovery of the industry.

Yours sincerely,

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cc Amitabh Khosla, IATA Country Manager for India