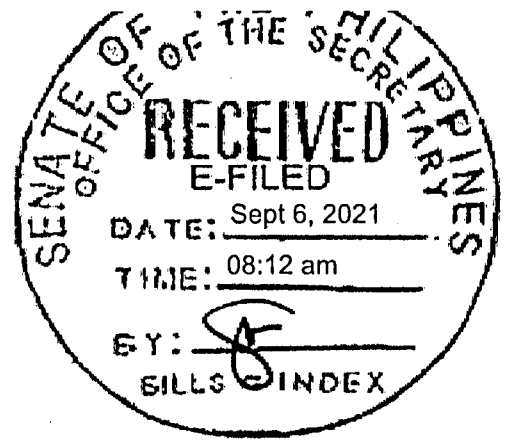


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
P.S. Res. No. 889

Introduced by Senator Grace Poe

RESOLUTION

URGING THE APPROPRIATE NATIONAL GOVERNMENT AGENCIES TO CONDUCT AN IMMEDIATE ASSESSMENT OF THE DEVASTATING EFFECTS OF THE COVID-19 PANDEMIC ON THE AIRLINE INDUSTRY AND TO COME UP WITH A COMPREHENSIVE AIRLINE INDUSTRY ROADMAP PROVIDING LONG-TERM SUPPORT FOR THE SECTOR IN ORDER TO MAXIMIZE THE BENEFITS OF LIMITED RESOURCES

1 WHEREAS, Article II, Section 9 of the 1987 Philippine Constitution directs the
2 State to "promote a just and dynamic social order that will ensure the prosperity and
3 independence of the nation and free the people from poverty through policies that
4 provide adequate social services, promote full employment, a rising standard of living,
5 and an improved quality of life for all";

6 WHEREAS, an Organization for Economic Cooperation and Development policy
7 paper found that "air transport represents a small share of GDP but is closely linked
8 to the activities of other sectors, especially airports and aircraft manufacturing –
9 collectively considered here as the aviation industry... (which) is a key enabler of many
10 other economic activities" (emphasis supplied)¹;

11 WHEREAS, it further found that the "dramatic drop in demand for passenger
12 air transport (and freight, to a lesser extent) due to the COVID-19 pandemic and
13 containment measures is threatening the viability of many firms in both the air
14 transport sector and the rest of the aviation industry, with many jobs at stake."²

¹ <https://www.oecd.org/coronavirus/policy-responses/covid-19-and-the-aviation-industry-impact-and-policy-responses-26d521c1/#section-d1e378>

² *Ibid.*

1 WHEREAS, the parent company of Philippine Airlines' (PHL.UL) booked a record
2 P73 billion (\$1.51 billion) loss in 2020, up seven fold from a year earlier, while Cebu
3 Pacific posted a P22.2 billion net loss³;

4 WHEREAS, the loss reflects a global trend where airless are collectively losing
5 \$150 million a day on average in the United States⁴ while regional carriers like Thai
6 Airways International Pcl and Malaysia Aviation Group have won court approval to
7 restructure billions of dollars in debts⁵;

8 WHEREAS, other governments have released relief packages like the Australian
9 Federal Government's provision of AUS\$715 million with refund and waiver of excise
10 taxes and other charges to carriers Qantas and Jetstar⁶, Air New Zealand's loan facility
11 of NX\$1.5 billion⁷, Canada's stimulus of CAD\$5.9 billion⁸, and US' US\$15 billion
12 stimulus package for passenger air carriers⁹;

13 WHEREAS, our own Republic Act No. 11494 or the Bayanihan to Recover as
14 One Act (Bayanihan II) has set aside P2.6 billion to "assist the critically hit businesses
15 in the transportation industry" aside from the P30 billion equity infusion to government
16 financial institutions (GFIs) which may be used to lend to airlines;

17 WHEREAS, Bayanihan II also enabled the waiving of regulatory fees including
18 airport concessional rental charges which was just recently extended by the Civil
19 Aviation Authority of the Philippines (CAAP) Board until December 2021¹⁰;

20 WHEREAS, so far, GFIs Land Bank of the Philippines and Development Bank of
21 the Philippines granted a P16 billion, 10-year term financing package to Cebu Pacific
22 Air Inc¹¹;

³ <https://www.reuters.com/business/aerospace-defense/philippine-airlines-parent-posts-record-loss-readies-restructuring-plan-2021-06-17/>

⁴ <https://www.nytimes.com/2021/03/11/business/stimulus-bill-airline-jobs.html>

⁵ <https://www.reuters.com/business/aerospace-defense/philippine-airlines-parent-posts-record-loss-readies-restructuring-plan-2021-06-17/>

⁶ <https://www.theguardian.com/australia-news/2020/mar/18/australian-airline-industry-to-receive-715m-rescue-package>

⁷ <https://www.nzherald.co.nz/business/air-new-zealand-gets-another-600-million-government-loan-defers-capital-raise/YMI3CIAHKQZT6IS3D4QCOP3A4/>

⁸ <https://airlineweekly.com/2021/04/more-help-for-canadas-airlines-is-on-the-way-after-air-canadas-5-billion/>

⁹ <https://www.usatoday.com/story/travel/airline-news/2020/12/21/coronavirus-stimulus-deal-reached-travel-industry-praises-congress/5934288002/>

¹⁰ <https://www.bworldonline.com/rental-fees-in-all-caap-airports-waived-for-the-whole-year/>

¹¹ <https://www.cnnphilippines.com/business/2021/3/4/cebu-pacific-16-billion-loans.html>

1 WHEREAS, on 03 September 2021, PAL voluntarily filed for restructuring under
2 a pre-arranged Chapter 11 creditor protection process in the Southern District of New
3 York to allow the airline to "restructure and reorganize its finances to navigate the
4 COVID-19 crisis and emerge as a leaner and better-capitalized airline";

5 WHEREAS, PAL also said it will make a parallel filing for recognition in the
6 Philippines under the Financial Rehabilitation and Insolvency Act in the Philippines;

7 WHEREAS, the loans and rehabilitation proceedings of domestic carriers need
8 to be supplemented by more proactive and sustainable government efforts that should
9 be as flexible as the virus which continues to mutate;

10 WHEREAS, the policy imposing a current combined daily arrival cap of two
11 thousand passengers in Manila airports is killing the airline industry as it is not
12 sufficient to sustain operations given that pre-pandemic arrivals were at twenty-five
13 thousand to thirty thousand passengers a day;

14 WHEREAS, the easing of incoming international passenger caps on fully
15 vaccinated passengers should be seriously considered given that testing and
16 quarantine protocols are in place;

17 WHEREAS, capacity issues of quarantine facilities should be immediately
18 improved in order to accommodate the influx of returning OFWs and other passengers;

19 WHEREAS, a reliable unified vaccination database must be immediately
20 implemented to help increase mobility;

21 WHEREAS, a comprehensive roadmap for aviation is called for to ensure
22 viability of the airline industry as a major pillar for overall economic recovery;

23 RESOLVED BY THE SENATE, as it is hereby resolved, urging the appropriate
24 national government agencies to conduct an immediate assessment of the devastating
25 effects of the Covid-19 pandemic on the airline industry and to come up with a
26 comprehensive plan providing long-term support for the sector in order to maximize
27 the benefits of limited resources.

Adopted,


GRACE POE