Travel Industry Update
May 28, 2020

Delta offers employee buyouts and early retirement packages

- In an effort to cut costs, Delta will begin offering buyouts and early retirement packages to employees beginning today.
- “While we never dreamed just a few months ago that we would be talking about a smaller Delta – this was expected to be a year of growth, after all – this is the reality we’re facing,” said CEO Ed Bastian.
- “Every voluntary departure helps to protect the jobs of those who most need them” said Bastian.
- Delta had about 91,000 employees as of the end of 2019. The Atlanta-based airline is also planning to offer early retirement to its unionized pilots, with details coming out next week.
- Delta employees who take the buyout offer will get four to 20 weeks of severance, a year of paid medical coverage and a year of travel benefits.
- Those who qualify for early retirement would receive up to 26 weeks of severance, two years of medical coverage and a year of travel benefits.
- While airlines who accepted bailout money from the CARES act are prohibited from involuntary layoffs and pay cuts until after Sept 30, there is no prohibition on voluntary separations.

American Airlines expect to cut 30% of its workforce

- American Airlines expects to reduce management and administrative jobs by 30%.
- The total number of jobs to be eliminated is about 5,000.
- The airline also started offering buyouts to these employees and said it plans to offer new voluntary leave and buyouts for frontline staff, such as flight attendants, next month.
- “Although our pre-pandemic liquidity, the significant financial assistance provided by the government, and the cash we’ve raised in the capital markets provide a foundation for stability, we need to reduce our cost structure, including our most significant expense — the cost of compensation and benefits,” Elise Eberwein, American’s executive vice president of people and global engagement, said.
- Management and support staff will have until the end of June 10 to apply for the buyout and American is offering volunteers a third of their pay through the end of 2020 and five years of travel privileges. Employees that are laid off after Oct. 1 will not receive a severance.
- American had about 130,000 employees as of the end of 2019 and so far, about 39,000 have taken voluntary leaves or early retirement.
**United launches CleanPlus program**

- United launched a new cleanliness program — United CleanPlus — in collaboration with Cleveland Clinic and Clorox to combat the COVID-19 pandemic.
- The protocols include touchless kiosks in selected locations for baggage check-in, sneeze guards, mandatory face masks for crew members and passengers along with providing options to passengers when flights are overcrowded.
- Cleveland Clinic’s medical experts will advise on latest technologies, training development and quality assurance programming.
- Clorox products will be used at the gates and terminals of United Airlines hub airports, Chicago and Denver. Clorox will improve the airline’s cleaning program, enhance disinfecting procedures and equip customers with amenities at selected locations to ensure safe travel.

**British Airways cuts flights to Leeds Airport**

- British Airways cut all flights from London Heathrow to Leeds Airport. It previously operated 10 flights a week between the two airports.
- A spokesman for Leeds Bradford Airport said they were "disappointed" by the decision and hoped BA would return in the future.
- British Airways says the demand just wasn’t there. "We are sorry to suspend our flights to Leeds Bradford after many years. We regularly evaluate our routes based on where our customers tell us they want to travel. We remain committed to connecting businesses, families and friends right across our UK network" the airline said in a statement.

**Easyjet to cut 30% of its workforce**

- The cuts amount to about 4,500 jobs.
- The airline employed 15,000 people at the start of 2020.
- It grounded its entire fleet in March as global travel came to a near-halt but plans to restart flights on June 15.
- The airline also said it **will not fly to Italy** unless the country relaxes its in flight social distancing rules.

**Creditors want Korean Air to raise capital**

- Creditors of Korean Air Lines Co. have demanded the cash-strapped airline raise capital of 2 trillion won ($1.62 billion) by end of the next year in return for fresh financial support.
- The Korea Development Bank (KDB) and the Export-Import Bank of Korea (Exim Bank) recently signed an agreement with South Korea’s biggest national flag carrier to extend 1.2 trillion won in new liquidity to help the company hit hard by the coronavirus pandemic.
- "The deal includes a clause requesting Korean Air to secure 2 trillion won by the end of next year," a creditor bank official said. "The airline is required to raise 1 trillion won through a rights offering and another 1 trillion won through self-rescue measures."
Air France-KLM to resume flights to Italy in June

- Beginning on June 1, the airline group will gradually resume flights to Rome, Milan, Venice, Bologna, Florence, Naples and Bari.
- By the end of June, 78 Air France and KLM weekly flights to Italy would be operational.

Marriott extends furloughs into the Fall

- The 115,000 employees currently furloughed will remain out of work until at least October 2.
- The company also alerted staff that “significant” additional cutbacks are anticipated at the corporate level.
- The hotel giant indicated it will offer exit packages to property-level and other employees in the United States who wish to leave the company at this time and “pursue other opportunities.”
- Marriott is one of the world’s largest innkeepers, with 7,400 lodging properties across 30 brands in 134 countries.
- Marriott announced in mid-March that it was furloughing about two-thirds of its 174,000 employees worldwide—some 115,000 individuals—because of the coronavirus crisis. The company ended the first quarter with $12.23 billion in debt and $1.76 billion in cash.

Disney parks will require a reservation to enter when they re-open

- Walt Disney World officials announced that guests will need to obtain a reservation for park entry when the theme parks reopen in July.
- The new system will help with making sure the park stays at a limited capacity. For now, new ticket sales have been paused, as well as Disney Resort hotel reservations, unless you are a Disney Vacation Club member.
- Disney remarked that the decision was made to focus on guests with existing tickets and reservations.
- Annual Passholders and existing ticket holders will be able to make reservation requests in phases before new tickets are sold.
- In addition to the reservation system, Disney is suspending meet-and-greets, fireworks and parades to promote social distancing.

Victory Cruise Lines cancels 2020 season

- Victory Cruise Lines announced it will cancel all planned itineraries for the remainder of the 2020 season due to prolonged governmental restrictions and uncertainties of future travel through Canadian waters.
- Victory said it will continue to focus efforts on the upcoming 2021 season.
**US Travel Association (USTA) backs bill that calls for the creation of the Pandemic Risk Reinsurance Program**

- The USTA has backed a bill introduced yesterday by Rep. Carolyn Maloney (D-N.Y.) that calls for the creation of the Pandemic Risk Reinsurance Program, a system of shared public and private compensation for business-interruption losses resulting from future pandemics or public health emergencies.
- Following the introduction of the bill, USTA said the measure would go “a long way in giving businesses the confidence they need to reopen, which will be vital to a rapid, robust and sustained economic recovery.”
- USTA executive vice president for public affairs and policy Tori Emerson Barnes said, “Among the most critical provisions are the inclusion of event cancellation, insurance and provisions. and ensuring policy holders don’t see a huge spike in their premiums.”

**Hawaii hopes to re-open in July**

- With most of Hawaii’s 242,000 unemployed workers tied to the tourism industry, the push is on to reopen the state to visitors sooner than later.
- Lt. Gov. Josh Green is leading that charge, saying he hopes to reopen the state’s tourism industry by July. That would include having people tested for the virus beforehand, including arriving tourists.
- But the hotel industry wants assurances before any of that can happen, including access to personal protective equipment that will help shield them from the coronavirus, more training and a guarantee that everyone who has been furloughed or laid off will have a job to come back to.
- The Lt. Gov. said the reopening would come in phases, with travelers from Japan, New Zealand and Australia allowed to visit first.
- According to Lt. Gov. Josh Green: "Japan is 20 percent of all our travelers but 30 percent of all our economic activity from tourism. So, in some ways, it’s the perfect place to start.”
- State officials predict the economy could shrink more than 12-percent this year, with a 67-percent drop in tourism, and at a time when Gov. David Ige recently extended the 14-day quarantine on all visitors until June 30.

**Spain lifts 2-week quarantine beginning July 1**

- Spain is urging foreign tourists to return as the country announced Monday that a two-week quarantine period imposed on overseas visitors will be lifted on July 1.
- Spain normally draws 80 million people a year, with tourism accounting for over 12 percent of gross domestic product and an even bigger share of jobs, so the summer season is crucial to possibilities of mitigating a looming recession.
- Bars and restaurants in Madrid and Barcelona were allowed to open outside spaces at half capacity from Monday, but many stayed closed as owners weighed the value of catering to just a few.
- "It's complicated. We are not going to be able to save the tourist season, unless [enough] foreigners come," said Alfonso Gomez, a restaurant owner in Barcelona.