Travel Industry Update
June 16, 2020

**US Dept of Transportation to allow resumption of limited flights to China**

- US airlines have been cleared to resume a limited schedule of flights to China after an agreement between the two countries to defuse what was shaping up to be a tense travel standoff.
- The Transportation Department on Monday announced it was authorizing — with immediate effect — Chinese airlines to fly four round-trip flights each week between the United States and China. The agency said its decision was spurred by China agreeing to do the same for US airlines.
- The impacted airlines were American, United and Delta.

**Delta adds 1,000 flights in July**

- Delta Air Lines said Monday it intends to add nearly 1,000 flights systemwide in July, boosting service to both popular summer tourist destinations and major business markets in response to growing demand for air travel.
- Even with the additions the schedule will still be 70% smaller than July 2019.

**Southwest blocking seats through Sept 30**

- Southwest Airlines extended its cap on how many seats they’d sell on a particular flight to around 67% of capacity; the cap now goes through Sept 30.
- While Southwest markets this as “blocking middle seats,” in reality Southwest Airlines has open seating, so that’s not quite how it works. This means that:
  - There’s still open seating, there’s simply no need for anyone to sit in a middle seat
  - Families or people traveling together can still choose to sit next to one another, if they’d like

**American and United to ban passengers who refuse to wear a mask**

- United announced a new policy, which will require flight attendants to ask passengers whose faces are not covered to use a mask.
- Those passengers will be offered a mask if they don’t have their own.
- But if a passenger still says "no", their names could be put on an internal restriction list when they reach their destination.
- And after that, United flights could be off-limits to those passengers at least for a while.
- American Airlines also announced a similar policy.
Lufthansa job cuts to be spread across all units

- Lufthansa Group’s planned 22,000 job cuts will affect 600 pilots, 2,600 flight attendants and thousands of roles in its maintenance and catering divisions, the company has revealed.
- In a breakdown of the cuts, Lufthansa says there will be a total of 5,000 job losses within its airline operations, including 1,500 ground staff positions. A further 1,400 jobs will go at its headquarters and in administration at its other units.
- Lufthansa has already announced that it is terminating its Germanwings unit two years earlier than planned and will reconfigure its Eurowings subsidiary. This will see 300 jobs cut at Eurowings and a 30% reduction in administrative staff.
- Austrian Airlines has a “personnel surplus” of 1,100 jobs, and Brussels Airlines will cut 1,000 jobs. A further 500 jobs will be axed at Lufthansa Cargo.
- The German airline group has also identified a “worldwide surplus” of 4,500 jobs at Lufthansa Technik – 2,500 of which are in Germany – and a further 8,300 positions at its LSG catering division will be affected.
- Lufthansa is in talks with its Verdi, Vereinigung Cockpit and UFO unions over the proposed cuts, and says it “urgently” needs to reach an agreement by 22 June.
- “According to our current assumptions about the course of business over the next three years, we have no perspective of employing one in seven pilots and one in six flight attendants as well as numerous ground staff at Lufthansa alone,” says Lufthansa labor director Michael Niggemann.
- Lufthansa is hoping that “short-term working” and reduced hours could minimize the need for outright dismissals.

Complications that come with “travel bubbles”

- Many countries are forming “travel bubbles” to kickstart their summer seasons. Formal agreements between governments, the bubbles allow tourists to bypass strict quarantine measures. Some of the complications are outlined below.
- The right tech is needed:
  - One of the key technologies governments will need is the ability to be able to deny boarding of someone before they travel, if they’re deemed high risk.
- Legal Blocks:
  - One lawyer has warned that governments seen to be supporting a travel bubble with one country over another could come under fire.
  - “Travel between countries used to be governed by bilateral treaties, for example Bermuda II — limiting the approved carriers operating the routes between UK and U.S.,” said Ian Skuse, partner at law firm Blake Morgan. “This was replaced by Open Skies by which EU member states were prohibited from individual bilateral treaties, and routes were to be determined by the EU thus creating equality between member states. These arrangements replaced, for example, the EU/Europe and U.S. agreement and so providing free competition between member states and giving access to those routes that were restricted.
  - “New ‘air corridors’ will need to comply with EU law relating to access by other member states and any discrimination against non-contracting states would be contrary to the open market and open skies. Also, possibilities of accusations of state aid were the UK government to sponsor these arrangements essentially making it more expensive for other state carriers.”
• Traveler tracking:
  o “There’s a concern around ensuring the corridor is kept whole. If you fly into Washington, the UK and U.S. wouldn’t want you to visit New York for the day,” he said. “The risk profile of London-Washington is manageable, but if you start traveling around the U.S. it rises, so we’ll need some way of managing people’s travel once they get to the destination, to make sure this arrangement works. How do airlines and governments to that?”