Travel Industry Update
June 25, 2020

**N.Y. Will Impose Quarantine on Visitors From States With Big Outbreaks**

- Gov. Andrew M. Cuomo on Wednesday announced that anyone coming to New York from a state currently hard hit by the virus would have to quarantine for two weeks.
- The restrictions were based on specific health metrics related to the coronavirus, Mr. Cuomo said. At the moment, travelers from eight states — as well as New Yorkers returning from those states — would have to quarantine.
- Failure to quarantine in New York could result in thousand-dollar fines, Mr. Cuomo said.
- The measure currently applies to travelers from Alabama, Arizona, Arkansas, Florida, North Carolina, South Carolina, Texas and Utah.
- Travelers to New Jersey and Connecticut would also be told to quarantine, though officials from both states said there was no enforcement mechanism at the moment.

**American Airlines pilots union wants the government to buy middle seats**

- The union representing pilots at American Airlines wants the federal government to buy seats on flights in order to promote social distancing onboard and allow the carrier to continue flying.
- On Wednesday, the Allied Pilots Association (APA) proposed what it calls the Safe Essential Air Transportation Seating, or SEATS, program as a second round of coronavirus stimulus for the U.S. airline industry. Under the proposal, the government would buy a minimum number of seats at average 2019 fares to ensure that no passenger has to “sit next to a stranger.”
- The concept aims to kill two birds with one stone. It would give flyers the appearance of social distance onboard a plane — something airline executives have said is physically impossible — while also allowing the industry to continue with business as usual. Business as usual would mean no furloughs or layoffs once the protections under the government’s first aid package, the CARES Act, expire on Sept. 30.
- “The return of air travel is a major catalyst for economic recovery,” said APA president Capt. Eric Ferguson in a statement. “But in order for air travel to return, passengers must feel comfortable that it is safe. They must gain confidence that their government is acting to ensure that all safety standards and protocols are being upheld and enforced.”
- The APA is not the only one to raise the idea of the government buying plane tickets. President Trump suggested the idea of buying tickets in bulk at a discount for a set period that the government could then use for its own travel in the future.
- However, the proposal brought up memories of the “Karabu ticket agreement” that financier Carl Icahn saddled former Trans World Airlines (TWA) with in the 1990s. In exchange for settling a debt, the airline agreed to let Icahn buy certain tickets at a steep discount and resell them on his own website, effectively competing with TWA itself. The
deal is widely viewed as hastening the demise of TWA, which merged with American in 2001.

**United Airlines suspends service to Myrtle Beach effective July 6 due to virus concerns**

- The suspension is due to lack of demand, according to United.
- No date has been given for the resumption of service.

**Frontier bucks pandemic trend with growth, but says masks are a must**

- A lot can be said about Frontier Airlines’ strategy over the past few years. The carrier isn’t known for its passenger comforts, but its aggressive growth has turned it into a true national discounter and one whose growth barely slowed even during the coronavirus pandemic.
- Frontier expects its flights to be roughly 70% full in June, an impressive number considering fewer than 20% of the airline’s seats were filled during the depths of the crisis. Still, the number is also off of a low base; Cirium schedule data shows it flying only around 45% of it did this month a year ago.
- “The improvement in demand continues to be driven by leisure travel, while corporate remains non-existent,” Cowen analyst Helane Becker wrote earlier in June. This means airlines like Frontier and Spirit, who generate almost all their revenues from holidaygoers, are likely to recover first. Airlines that rely more heavily corporate pocketbooks, such as like American, Delta and United, will recover slower.
- Frontier CEO Barry Biffle does not think Frontier’s low fares and holiday-oriented map are the sole drivers of its recovery. Instead, he believes the airline’s clear and early messaging on safety from the coronavirus is a big driver that gives people confidence to fly. The new procedures include everything from enhanced cleaning onboard its Airbus A320 family jets, to temperature checks prior to boarding and a policy mandating that masks be worn onboard.
- “We saw our sales nearly double when we announced masks,” said Biffle. “What that tells you is that those customers went, ‘aha, that’s [someone] I’d like to travel with.’”

**Qantas is cutting 6,000 jobs and raising $1.3 billion to survive the pandemic**

- The cuts announced Thursday account for 20% of Qantas’ total workforce of 29,000 people, according to the company. They will primarily affect the airline's corporate, ground and flight staff, while another 15,000 workers will remain on furlough "until flying returns," it added. Jetstar, the company’s budget carrier, will also be affected.
- The airline is also making drastic changes to its fleet as part of a broader, three-year plan to help its business recover from the historic slump in global travel. Most of the carrier’s international aircraft — or up to 100 planes — will stay grounded for a year, the company said. Its six Boeing (BA) 747 jumbo jets are also being retired six months ahead of schedule.
- The new measures are expected to help the company lower costs by 15 billion Australian dollars ($10 billion) over three years. After that, it’s targeting 1 billion Australian dollars (roughly $686,000) in recurring savings each year.
• Australia's Services Union, though, argued Thursday that it was "too soon" for Qantas to slash jobs — and called on both the airline and federal government to protect workers' salaries.
• "This announcement by Qantas is premature," the group said in a statement. "The Australian economy cannot afford a significant contraction of the aviation industry."
• Qantas CEO Alan Joyce said during the company's announcement that "the crisis has left us no choice."

**British Airways to resume Dubai flights in July**

• The British airline will recommence flights from London Heathrow to Dubai International Airport on Friday, July 17.
• "Our current schedules show the LHR to DXB route will operate every other day from the 17th, and then daily from August 1," a spokesperson for the airline said.
• All travelers on flights to Dubai must follow British Airways' updated rules for travel. These include self-service check-in and compulsory face masks as well as minimizing movement around aircraft cabins. British Airways will provide travelers with personal protection packs containing antibacterial wipes and hand sanitizer gel.

**EasyJet raises cash after losses widen due to COVID-19**

• Budget airline easyJet on Wednesday sought to raise up to 450 million pounds (US $558,643,500) via a share placement to help it navigate the COVID-19 pandemic after reporting a bigger first-half loss.
• The airline, which grounded its fleet on March 30, has said it does not expect passenger demand to recover to pre-pandemic levels until 2023.
• The company said it would raise 400-450 million pounds by placing up to 59.5 million shares, equivalent to 15% of its share capital.
• The airline will add flights beginning July 1.

**Ryanair to challenge Lufthansa's bailout**

• Europe's biggest budget airline Ryanair will challenge the European Commission’s approval of German rival Lufthansa’s bailout, a senior Ryanair executive said on Thursday.
• Ryanair has already appealed to the Luxembourg-based General Court against aid granted by France, Denmark and Sweden to airlines and cleared by EU competition enforcers.

'We simply don't have any money.' Lufthansa urges shareholders to back government bailout

• Lufthansa appears set to receive a $10 billion bailout from the German government after the global airline's biggest single shareholder dropped his opposition to the rescue package.
• Billionaire businessman Heinz Hermann Thiele had been threatening to block the deal, which was agreed with the government late last month. But with just hours to go before a
vote of shareholders, he relented, telling German newspaper Frankfurter Allgemeine Wednesday that he would vote for the resolution.

**Korean Air pilot tests positive for coronavirus**

- A pilot of Korean Air Lines Co. has been diagnosed with COVID-19, the company said Wednesday.
- The pilot tested positive Tuesday for COVID-19 after showing symptoms of the virus during his vacation that began on June 18, a Korean Air spokeswoman said.
- Three fellow cockpit crew members who worked with the pilot were tested for the coronavirus. Two of them tested negative, and the third person is waiting for the test result, she said.

**Maintenance union calls on Amtrak to test employees for COVID-19**

- The union representing thousands of railroad maintenance and construction workers wants Amtrak to implement stronger measures to protect employees against the coronavirus.
- Members of the Brotherhood of Maintenance of Way Employes Division of the International Brotherhood of Teamsters are “frustrated and fearful,” said Jed Dodd, vice president, and call upon the passenger railroad to implement monthly coronavirus testing and contact tracing procedures as well as temperature screenings before starting work.
- The union represents 30,000 workers across the nation who maintain railways, including about 3,000 Amtrak employees.
- While railroad maintenance and construction workers do not interact directly with passengers, Dodd and Keon Liberato, president of Teamsters Local 3012 in Philadelphia, acknowledge that it’s often impossible to socially distance in their line of work. Carrying equipment, bolting down a piece of track, or transporting multiple workers to job sites puts them close together and at risk, Liberato said.

**Occupancy Rates Climb as More Hotels Reopen Across the U.S.**

- Occupancy levels have surpassed 40 percent, nearly double that of the mid-April numbers.
- Hospitality data intelligence provider STR reported that average occupancy levels for U.S. hotels reached 41.7 percent the week of June 13, a significant increase from 21 percent in mid-April. Areas with the highest occupancy include Norfolk/Virginia Beach, Va. (53.3 percent); Phoenix (47.6 percent); New York (45.7 percent); and Tampa/St. Petersburg, Fla. (44.7 percent).
- According to American Hotel and Lodging Association (AHLA), U.S. properties have lost more than $36 billion in room revenue since mid-February. Hotels across the country are on track to lose more than $400 million in room revenue per day due to COVID-19, which equates to losses of $2.8 billion weekly.
- With 70 percent of direct hotel employees laid off or furloughed, hotel workers are losing more than $2.4 billion in earnings each week.
- In addition, a new report from Oxford Economics and the AHLA predicts that state and local tax revenue from hotel operations will drop by $16.8 billion in 2020.
"Getting our economy back on track starts with supporting the hotel industry and helping them regain their footing," said AHLA president and CEO Chip Rogers. "Hotels positively impact every community across the country, creating jobs, investing in communities, and supporting billions of dollars in tax revenue that local governments use to fund education, infrastructure and so much more. However, with the impact to the travel sector nine times worse than 9/11, hotels need support to keep our doors open and retain employees as we work toward recovery. We expect it will be years before demand returns to peak 2019 levels."

Disneyland delays its reopening date beyond July 17

- On Wednesday, the company said its proposed phased opening of its two parks in Anaheim, CA for July 17 would be postponed as state officials will not be issuing theme park reopening guidelines until after July 4.
- Disney will still be opening its shopping center, Downtown Disney District, on July 9.
- “Given the time required for us to bring thousands of cast members back to work and restart our business, we have no choice but to delay the reopening of our theme parks and resort hotels until we receive approval from government officials,” the company said in a statement.
- Once the company gets a better sense of when guidelines will be released and what those guidelines will be, Disney said it will be able to announced a new reopening date.

Hawaii officials weigh testing options for out-of-state visitors

- It is increasingly likely that those wishing to travel to Hawaii in the near future will be subject to Covid-19 testing, especially if they want to avoid long quarantine periods, state lawmakers and officials have indicated in recent weeks.
- The idea comes from a team from University of Hawaii Economic Research Organization, the East-West Center, and a University of Hawaii epidemiologist who determined almost two thirds of infected mainland passengers would slip through the cracks without pre-testing, based on national infection rates and testing capabilities. Their plan, outlined in a June 9 report, calls for travelers to the islands to both clear temperature and symptom screening in their departure city as well as a Covid-19 test prior to departure. If both tests come back negative, the person would be able to skip the 14-day quarantine.
- Using the test for infection in addition to screening and temperature checks "removes 80% to 90% of infectious passengers from flights to Hawaii," the report claims.
- While the testing would be voluntary, the idea is that the chance to skip the 14-day quarantine, during which people are not allowed to leave their accommodations or residence for anything but a medical emergency, would incentivize participation.
- On June 16, a 14-day mandatory self-quarantine was lifted for people traveling within the Hawaiian Islands, but Gov. David Ige left the quarantine in effect for all out-of-state arrivals at least through July 31.

Atlantic City casinos reopening July 2, with masks mandatory

- Atlantic City’s casinos will be able to reopen July 2 at 25% capacity and everyone inside the building wearing masks, New Jersey Gov. Phil Murphy said Monday.
• Murphy said New Jersey casino patrons will have to abide by a requirement that is not being used at every casino that has reopened thus far: All guests and employees will have to wear face masks and undergo some level of health screening.
• “If any visitor refuses to comply with these simple safeguards, you will be escorted out of the casino,” the governor said.
• The governor said additional safety and health guidelines will be released in the coming days for casinos and restaurants.
• Many of the casinos have been planning on their own for a reopening, and have adopted measures including increased hand sanitizers and social distancing to help curb the spread of the coronavirus.