Travel Industry Update  
June 30, 2020

EU preparing to reopen its borders -- but probably not to Americans

- The European Union is preparing to reopen its external border to 15 countries outside of the bloc as early as Wednesday.
- EU governments have been given until lunchtime Tuesday to agree on the list of 15 countries allowed entry.
- It is not likely that the US will be on the list of countries allowed entry.
- On the proposed list of 15 nations is China; however, the EU will only offer China entry on the condition of reciprocal arrangements. The other 14 countries are: Algeria, Australia, Canada, Georgia, Japan, Montenegro, Morocco, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia, Uruguay.
- The list is included in a set of recommendations from the EU Council to member states, which set out criteria for countries to meet before their nationals are allowed entry to the bloc and the methodology for meeting that criteria. This requires that countries allowed entry have coronavirus infection rates equal to or better than the EU.
- Border control is ultimately decided by each member state rather than at an EU level in Brussels. But EU officials hope that having the recommendations in place means the member states will reopen their borders in lockstep.

With No Mask Rules, TSA Balances Security With Virus Risk

- The agency has updated its procedures for the pandemic, but it doesn’t require passengers to wear masks.
- TSA is at heart a security agency, and there’s no substitute in its screenings for some person-to-person contact—even though that’s how the novel coronavirus spreads. The TSA’s roughly 50,000 agents, working in more than 400 airports, now have to balance security concerns with infection risks in the absence of any federal standards on mask-wearing or social distancing.
- The agency is also under pressure to screen passengers for symptoms of Covid-19, something in which it lacks expertise.
- Among other things, Jay Brainard, the top TSA official in Kansas, turned whistleblower criticized the agency, which is part of the U.S. Department of Homeland Security, for requiring screeners to change gloves only every half hour, or when passengers ask. “Oftentimes, passengers will stick their boarding pass and ID in their mouth as they’re getting ready to hand documents to our people,” Brainard said in an interview. “If we don’t change those gloves, if we don’t sanitize those gloves, then we’re going to potentially infect the next people in line.”
- Members of Congress and the Airports Council International-North America, a group that represents about 300 U.S. and Canadian airports, have called on the federal government to mandate face coverings in airports. But so far, there’s no federal
standard, either from the Federal Aviation Administration or the TSA. (Airlines and an increasing number of airports are requiring masks, however.)

- TSA officials wouldn’t directly answer whether the agency has the authority to require passengers to wear masks, or whether that should be required. The FAA said in an emailed statement that it won’t force people to wear masks, nor will it require airports to enforce social distancing.
- The result is different rules from airport to airport—even within airports—and confusion over who is setting and enforcing them.
- As more travelers return to airports, social distancing will be a challenge during TSA screenings, for which there is also no federal standard. The space designated for security within airports is finite.
- Airlines want the TSA to expand its screenings to check for symptoms of Covid-19. Airlines for America, which represents carriers such as JetBlue Airways Corp., American Airlines Group, and United Continental Holdings Inc., is pressuring the TSA to check passengers’ temperatures. The agency hasn’t publicly said it will do that, and a number of former TSA officials and members of Congress say it’s ill-equipped to add health screenings to its mandate.
- “TSA, as its name implies, is a security agency, designed to keep bad guys—bad people—off planes,” former agency Administrator John Pistole says. Burdening agents with unfamiliar new duties could detract from that focus.
- The TSA received $100 million under the coronavirus relief package signed into law in March. It had spent less than $1 million of that as of early June, according to a senior congressional Republican aide.
- “One of the things that we are responsible for, and that’s our primary mission, is security,” Brainard, the TSA supervisor-turned-whistleblower, says. “But now, an equal part of our responsibility is to make sure that we’re giving attention to safety.”

**Goldman Sachs sees longer recovery for air traffic to return to normal**

- Goldman Sachs had expected airline traffic to rebound in the U.S. at a similar pace to China’s post-coronavirus recovery. However, with the resurgence in cases and 14-day travel quarantines imposed in places like New York, the investment bank is pushing out its expectations for when air travel will return to normal in the country.
- “We now expect traffic for the carriers in our coverage universe to recover to 2019 levels in 2023 as opposed to 2022,” wrote Goldman analyst Catherine O’Brien.
- International travel is still expected to take longer to recover than domestic travel.
- Goldman Sachs does believe the industry is managing its cash burn better than it expected.

**Delta to require health acknowledgment by customers at check-in**

- Delta Air Lines will soon require customers to answer questions about whether they’ve experienced symptoms of COVID-19, or been in contact with someone who has, as part of the check-in process.
- Starting in mid-July, the Atlanta-based airline said, passengers will be required to fill out a health acknowledgment form.
- Passengers also must agree to face mask requirements during travel.
- The new requirement is in line with health declarations required on other airlines, including Southwest and United, and the major airlines’ lobbying group said Monday
that all of its members would roll out temporary policies requiring health acknowledgements.

**Lufthansa now offering COVID-19 testing at some German airports**

- Lufthansa has announced that starting yesterday passengers can decide whether they want to be tested for the virus upon arrival in Frankfurt or Munich instead of going into 14 day quarantine if their travel originated in certain high risk countries. Those countries include South Africa, India, Brazil and certain states in the U.S. including California, Texas and Florida. (But not New York.)
- Passengers register for the tests in advance and upon arrival in Frankfurt are taken to a separate area where airline partner Centogene is offering PCR (polymerase chain reaction) corona tests. 380 tests per hour are the projected number that can be processed in the lab at the airport with results returned in four-five hours to an app the passenger downloads; findings are linked to the passenger’s ticket in the case of ongoing travel.
- Testing hours are limited.

**Air France aims to cut more than 7,500 jobs between now and 2022**

- Air France is preparing voluntary layoffs in response to the coronavirus crisis.
- The airline wants to cut more than 7,500 job positions between now and 2022.

**Air Canada ends physical distancing on flights, reintroduces meal service**

- Beginning this Wednesday, July 1, the airline will be offering a “new transparent process” that provides flexible rebooking alternatives on flights where Economy Class is booked near capacity. Passengers will now receive email notifications before check-in, and separate announcements will also be made at the departure gates.
- Those not comfortable with flying on aircraft with an increased number of passengers will be able to transfer to an alternate flight occurring within three days of the original booking or be placed on the next available flight for no extra charge.
- On the aircraft, meal service on Air Canada flights will resume also starting later in July. For the first time, “chef-designed meals” will be made available in Business Class for North America. Passengers in Economy Class travelling aboard international flights will also receive an “enhanced meal service.”
- Select inflight food options for Economy Class will also be reintroduced on a “pre-order basis” for North American flights timed two hours or more. A greater selection of both alcoholic and non-alcoholic beverages will also be offered “adapted by cabin and route.”

**Amtrak to reduce New York-Florida trains starting July 6, with more cuts coming Oct. 1**

- Starting next week, Amtrak is cutting back service between New York and Florida, and train riders can expect more service reductions nationwide by fall.
- Typical daily trains will now run 3 or 4 days a week.
- More cuts are coming on Oct. 1.
• "We are deeply concerned by the downsizing plan outlined in your supplemental funding request and believe it to be contrary to public interest," wrote Sen. Steve Daines, R-Montana, and five other senators last week in a bipartisan letter to Amtrak President and CEO William Flynn. "These cuts would not only dramatically reduce the utility of the nation’s passenger rail network, but would also ignore Congressional intent to expedite economic recovery following the pandemic."

New York state to lose $1.3 billion in hotel tax revenue; CA to lose $1.9 billion

• New York state is estimated to lose $1.3 billion in hotel tax revenue this year as a result of the coronavirus pandemic, which will hurt local and state budgets that rely on this revenue to fund essential government services.
• A recent report by the American Hotel & Lodging Association finds that New York’s hotel industry was one of the hardest hit in the nation, second only to California, which has an estimated $1.9 billion hotel tax revenue loss.
• The breakdown of the total $1.3 billion figure for New York is a revenue loss of approximately $969 million in occupancy taxes, $75 million in sales taxes, $132 million in gaming revenues, and $141 million in employee and corporate taxes.
• Leaders in the hotel industry are calling on New York City to give hotels property tax relief.
• “The industry needs the City of New York to realize that revenues have dropped on average 75 percent and likely will end the year at a 60 percent decline,” Vijay Dandapani, president and CEO of Hotel Association of New York City.

Marriott to close two call centers; up to 480 jobs to be lost

• A spokesperson for Marriott’s International said in a statement that Marriott plans on closing two “Customer Engagement Center” locations, one in San Antonio and the other in Ontario, Canada.
• The call centers were used to book reservations globally and assist customers with needs during their stays.
• “These closings will affect approximately 480 associates,” Marriott’s international spokesperson said. “We will be able to shift some associates to a remote capacity, but we will, unfortunately, have some job eliminations.”