Travel Industry Update
July 7, 2020

**United Airlines adds more international routes for September**

- United Airlines said on Monday it was further expanding its international schedule in September by bringing back service between Chicago and Hong Kong and Los Angeles and Sydney, and adding new nonstop flights between Chicago and Tel Aviv.
- United Airlines said last week it will add nearly 25,000 domestic and international flights in August, tripling the number it flew in June, while standing ready to shift plans if a spike in COVID-19 cases hits demand.

**Alaska Airlines Raises Over $1 Billion Secured By Aircraft**

- Alaska Airlines has raised over $1.1 billion through the issuance of Equipment Notes secured by 61 aircraft.
- The airline will use the money for general corporate purposes to help it weather the current crisis.
- Securing these Notes using 737s and E175s shows that the airline is serious about raising the cash and provides additional guarantees.

**Lufthansa to cut a fifth of leadership jobs in restructuring**

- Lufthansa will cut 20% of its leadership positions and 1,000 administrative jobs in a restructuring plan that it announced on Tuesday to cope with fallout from the coronavirus crisis.
- Lufthansa Group, which employs about 138,000 people, said it would also halve its investment in new aircraft, although it said that meant it could still add up to 80 new planes by 2023.
- Lufthansa said on Tuesday it wanted to reduce government loans and equity stakes as soon as possible to avoid an increase in interest charges, adding that higher rates would increase the financial burden on the company and demand more cost cuts.
- The airline said it had staff in 22,000 full-time positions it no longer needed but would try to avoid forced layoffs.
- Lufthansa said it was trying to reach agreement with trade unions on layoff plans, but had only been successful so far with the UFO union representing German cabin crew. It said it was still in talks with unions representing pilots and ground staff.
Among companies getting millions in U.S. small business loans: South Korea’s biggest airline

- Korean Air’s U.S. operation received millions in federal small-business loans aimed to soften the blow of Covid-19, federal data shows.
- The carrier received $5 million to $10 million in U.S. loans intended to help small businesses keep employees on their payrolls, according to a list of the largest recipients of loans in the Paycheck Protection Program released by the Trump administration on Monday.
- The Seoul-based airline, South Korea’s largest, has about 500 employees in the U.S., and a spokeswoman said it applied for the loan because more than half of the carrier’s operation is suspended because of the pandemic.
- The funds will be used toward its payroll costs of its U.S. staff, including those in its large cargo business and in office jobs like marketing and human resources, the spokeswoman said.
- Korean Air is a major cargo carrier with routes to or from the Americas comprising about 40% of its cargo sales.

New Data Shows Signs of Recovery for Travel Industry

- According to analytics platform Cardlytics, consumers have been spending more in recent weeks as states reopen, with travel agencies jumping from a 93-percent decline year-over-year in April to just a 68-percent drop in early June.
- The airline industry was one of the sectors in travel hit the hardest, with a 93 percent year-over-year decline in the first week of April. Between June 11 and 17, aviation had climbed to just a 69-percent drop compared to 2019.
- The hotel and resort industry was only down 40 percent compared to the same period in June 2019, which is a stark contrast to the 86-percent drop year-over-year recorded in April.
- As for the car rental industry, the service bottomed out at a decline of 73.8 percent in April, but has rebounded to around 40 percent since the end of May.
- The cruise industry has been down more than 80 percent since mid-March and remains there in June.

Hotel Industry Launches Training Course To Advance Safe Stay Guidelines

- To further expand the hotel industry’s Safe Stay initiative, the American Hotel & Lodging Association (AHLA) today announced COVID-19 Precautions for Hotels, an online course developed in partnership with the American Hotel & Lodging Educational Institute (AHLEI) and created to help hotels train their staffs on the enhanced safety and cleanliness guidelines.
- The new training course was created in consultation with the AHLA’s Safe Stay Advisory Council and represents a united industry approach around the Safe Stay guidelines endorsed by all major U.S. hotel brands, hospitality associations in 50 states and Canada, and thousands of hotel properties across the country committed to ensuring the health and safety of guests and employees while continuing to provide outstanding service.
- The 15-minute course is available in English or Spanish. Employees who successfully complete the course and brief assessment receive a certificate.
In addition to the training component, AHLA's Safe Stay initiative has developed a 'checklist' for members to utilize as they work to implement the Safe Stay Guidelines, as well as Safe Stay signage and collateral for use on property to inform both employees and guests of the industry commitment to safety and cleanliness.

**UK hospitality industry calls for 'urgent' support**

- "Urgent" support is needed to prevent "widespread devastation", the hospitality sector has warned Prime Minister Boris Johnson.
- Around 120 hospitality and tourism bosses have signed an open letter calling for aid and investment.
- The industry wants to see VAT reduced, tax bills further deferred and some rent debt covered through grants.
- Bosses say parts of the sector will not survive because some businesses remain closed, despite the easing of lockdown.
- "Hospitality businesses operate with very high fixed costs and labour costs are the only flexible point to absorb this suppressed demand," the letter said.
- Labour is calling for the government to create a £1.7bn (US $ 2,136,214,900) "fightback fund" to prevent firms in the hospitality industry and on High Streets from going under.
- It wants ministers to give councils more flexibility to tailor support for their local economies and better focus funds on struggling businesses, such as hotels and cafes in coastal communities, as well as conference centres and music venues in towns and cities.

**Australia Closes Interstate Border Because Of Coronavirus Outbreak**

- The border between Australian states Victoria and New South Wales will close because of a spike in coronavirus cases, officials announced on Monday.
- Victoria Premier Daniel Andrews said the closure is for an undetermined period.
- Victoria, whose capital city is Melbourne, has logged 127 confirmed cases in the last 24 hours, which accounts for more than 90% of Australia's infections during that period, according to national data.
- New South Wales Premier Gladys Berejiklian said that the border would first shut down to residents of Melbourne, where the outbreak has been concentrated, and then will extend to all residents of Victoria on Wednesday. Police and health officials will monitor 55 ground crossings — including highways, bridges and waterways — as well as airports and rail stations according to a report from ABC Australia.
- "We wouldn't have taken this step unless we absolutely had to," Berejiklian said. "Please know this is not a decision we take lightly, but during the pandemic I have always said New South Wales will have a no-regrets policy."

**Caribbean Unveils Initiatives to Support Re-Opening Tourism**

- The Caribbean’s health and tourism authorities’ COVID-19 Caribbean Tourism Task Force announced a new initiative to help safeguard the health of travelers and employees during a recent virtual press conference, unveiling comprehensive health safety guidelines supported by an aggressive training schedule aimed at reaching thousands of the region’s tourism employees in the coming weeks and months.
- The initial set of guidelines includes detailed checklists backed by health safety training for various tourism industry sectors, including ground transportation, accommodation.
providers, food and beverage, and attractions. General health safety protocols have also been created and will be supported with training delivered by the Caribbean Public Health Agency (CARPHA) to a wide cross section of employees and owners in the tourism industry.

- Companies in the region which participate in the training will be recognized, and accommodation providers which also join CARPHA’s online Tourism Health Information System (THiS) will be eligible to receive the Caribbean Travel Health Assurance (CTHA) Stamp, adding further assurance to travelers about their commitment to health safety.

**Cruise panel: Ships may be safer than shore**

- “Could taking a cruise potentially be a safer way to vacation in a Covid environment than going to London? I think it might” said Dr. Scott Gotlieb, a former commissioner of the U.S. Food and Drug Administration and co-chair of a panel of public health experts put together by Royal Caribbean Group and Norwegian Cruise Line Holdings Ltd. (NCLH) to develop health and safety protocols for the cruise industry to resume operations.
- “In some ways, you have exquisite control over the environment” on a cruise ship, Gottlieb said, which provides the opportunity to introduce enhanced levels of public health protocols that can substantially reduce risk.
- “Nothing is risk-free,” he acknowledged. But a cruise line has tight control over the environment on a ship and also over “who gets into the protective bubble, and what you are doing in the bubble.”
- The implementation of better public health controls around a cruise experience is “what we’re striving for,” Gottlieb continued. “We’re trying to come up with a set of measures that can be adaptable in a high prevalence environment as well as the future lower prevalence environment where [the virus] will continue to be a threat but, hopefully, a much lower threat.”
- The panel has closely followed the European Union’s guidelines for the resumption of cruising, which includes recommendations for onboard separation by age group. NCLH CEO Frank Del Rio said he does not expect to adopt that policy for ships leaving from U.S. ports.
- “There will never be one absolute measure that will be the golden bullet,” Del Rio said. “It’s a matter of layers. There will be layers on embarkation, and testing, and levels of cleanliness, and technology that we will use. I’m hopeful that we will have multiple layers so that breaking up or dividing the populace of our guests into predetermined groups of age or nationality or anything else that is any way exclusionary won’t be necessary. I hope that is some extreme measure that hardly ever has to be put in use.”
- Addressing why Carnival Corp. is not part of the panel, Del Rio said that they didn’t think they’d achieve much by bringing on more experts and that the goal was never to be proprietary.
- “We want to share it with the industry,” he said. “We have CLIA’s support. Our goal is that we have recommendations and the protocols that will be widely available to the entire industry, and hopefully widely adopted by the entire industry. As we’ve seen before, we all suffer when things occur onboard ships, and we don’t want that to occur again. We are confident the work being done will safeguard that.”
- Gottlieb said that one of the reasons he and Leavitt are so enthusiastic about this project is that it can be implemented widely.
- “We feel like the process and structure we’ve come up with could be a model for how other industries adjudicate risk,” he said. “Other industries face similar challenges.
Obviously not with the same nuance and complexity of this industry, but we feel like it can be a best in class effort for how to adjudicate and contemplate those issues.”

- The panel meets regularly and is broken up into working groups that focus in-depth on various parts of the cruise, including testing protocols, modifying the ship to improve health, safety and hygiene, and destination and route planning.
- The group looking at shore excursions, for example, is exploring what activities can be allowed and how to control passengers once they are off the ship in an environment where there might be risks, Gottlieb said.
- He added that the ultimate goal is to create an environment that mitigates risk in a world where Covid “will always be a threat that persists.”
- “As part of the overall recommendations, there will be an overlay that deals with what the prevalence is,” he said. “What kind of environment are we in? The environment we’re in in the next six months is very different than in 24 months. What you do in the fall and winter in terms of risk reduction will look different than the summer of 2021, after you have a vaccine and higher levels of immunity. We’re addressing both.”
- Leavitt said that the panel is not only studying the EU’s guidelines for the resumption of cruising, but looking at what other markets worldwide are doing.
- “We believe the cruise lines will be operating in the future in an environment that will be fluid,” he said. “The virus will be alive even if we do have a vaccine. There will be destinations that have flare-ups. In the future, we may well see a Covid-19 alert in a particular part of the world. The cruise lines have got to be adaptable and flexible enough that they can begin to choose their destinations factoring in accurate data. And be able to pivot when required.”

**Is it safe for Disney World to reopen this weekend as coronavirus cases soar in Florida?**

- As Walt Disney World prepares to reopen on Saturday, Florida has recorded the largest weekly increase in coronavirus cases in the country.
- Orlando, which is about 30 minutes northeast of Disney World, has the second-highest number of coronavirus cases in Florida behind Miami.
- Florida Gov. Ron DeSantis on Monday dismissed concerns about reopening the theme park. "I have no doubt it’s going to be a safe environment," he said in a news conference.
- The union that represents hundreds of stage actors who work at Disney World isn’t as confident. "I can’t imagine that anyone thinks it’s wise to reopen a theme park this week," said Kate Shindle, president of the Actors Equity Association.

**TSA screening numbers for 4th of July weekend**

- Officials from the Transportation Security Administration (TSA) announced it had screened more than 700,000 people each day throughout the Independence Day holiday weekend.
- While the number of screened travelers has increased, the Fourth of July holiday saw just 28 percent of the 9.4 million people who passed through TSA checkpoints during the 2019 holiday weekend.
- The 700,000+ people screened daily were the highest totals since mid-March.