Travel Industry Update
July 20, 2020

Delta

- **Starting Monday, July 20, Delta will require any passenger who refuses to wear a mask to speak virtually with a medical professional before the flight.**
  - The consultation is a private phone call with the dedicated medical personnel facilitated by Delta ground staff. It will be conducted out of earshot from others. Pending the outcome of the consultation, final determination to fly is made. The consultations are available 24/7 globally.
  - Delta is doubling down on its mask requirement. If a customer cannot wear a mask, the airline would prefer that they reconsider travel.
  - If you pass the “Clearance-to-Fly” screening, then you’ll be allowed to board the plane without a mask. If you fail, however, your flight will be rebooked for a later date, or you’ll be offered a refund (even if you’ve got a nonrefundable ticket).
  - If you misrepresent a disability or health condition, your level of welcome on future Delta flights will be jeopardized.

- **Delta gives pilots ultimatum: Take a pay cut or be furloughed**
  - The airline is proposing that the pilots union agree to a 15% cut to pilots’ minimum pay in order to avoid furloughs for a year.
  - Reportedly, the Air Line Pilots Association (ALPA) wants the airline to offer paid leaves of absences first.

- **Delta Loses Nearly $6 Billion In 2nd Quarter**
  - Delta is the first U.S. airline to report second-quarter financial results; it is the first full quarter since the pandemic began, and the results are worse than anticipated.
  - Delta flew 93% percent fewer passengers in April, May and June than it did in the second quarter last year. Revenue fell 91% compared with the same three-month period last year as the airline said it was losing close to $100 million a day at the start of the pandemic. Atlanta-based Delta said it is still burning about $27 million a day.
  - Delta CEO Ed Bastian called the losses "staggering," adding that "it could be two years or more before we see a sustainable recovery."
  - "We've seen demand growth flatten recently with a rise in COVID-19 cases," Bastian said.
  - As a result, Delta is scaling back its plan to add flights in August, cutting the number from 1,000 additional daily departures down to 500.
  - "The recovery will be choppy waves," Bastian said in a conference call with analysts and reporters Tuesday. He noted that business travel, which typically provides the airline with half of its revenue, "has not yet returned in any meaningful way."
  - To succeed amid all the uncertainty, Bastian said the airline will focus on "building resilience throughout the company and creating a new, stronger Delta, albeit one that will need to be smaller for the next several years."
Business travel in particular is not expected to recover for at least 12 to 18 months. Bastian suggested many companies may wait until there is a COVID-19 vaccine before allowing employees to travel again, and when they do, he acknowledged video chats and Zoom meetings may replace some face-to-face interactions.

In the second quarter last year, Delta made a profit of nearly $1.5 billion.

**American Airlines sending 25,000 furlough notices as U.S. demand sags**

- American Airlines said on Wednesday it is sending 25,000 notices of potential furloughs to frontline workers and warned that demand for air travel is slowing again as COVID-19 cases increase and states re-establish quarantine restrictions.
- In a memo to employees released on Wednesday, American said the notices are tied to the overstaffing it expects in October when U.S. government payroll assistance expires.
- The Worker Adjustment and Retraining Notification Act requires companies to provide 60 days’ notice of potential layoffs or furloughs.
- American, with more than 130,000 employees in 2019, had already warned that furloughs would be hard to avoid as pandemic-hit revenue remains more sluggish than the airline had hoped.
- Among different work groups, warnings are being sent to 2,500 pilots or about 18% of the total, nearly 10,000 flight attendants or 37% of the total, and 3,200 mechanics or 22% of the total.
- Overall, American expects to be overstaffed by about 20,000 in the fall, but hopes to reduce the actual number of furloughs through enhanced leave and early-departure programs it has rolled out alongside unions, Chief Executive Doug Parker and President Robert Isom said in the memo.
- They noted, however, that if Congress passes another round of payroll support through March 31, the need for involuntary furloughs at that time would be “much less throughout the industry” because “there would most certainly be more demand for air travel.”
- Unions representing aviation workers have asked lawmakers for another $32 billion in payroll aid to keep hundreds of thousands of workers employed for another six months past October. Airlines are not opposed to the idea but so far have not actively lobbied for it.

**Southwest braces employees for furloughs**

- Southwest CEO Gary Kelly told employees last week if the airline doesn’t triple passenger counts, it will look at involuntary furloughs and layoffs.
- The Dallas-based carrier has never had a layoff or furlough in its nearly 50 years of flying.

**JetBlue and American Airlines Join Forces**

- JetBlue Airways and American Airlines announced a strategic partnership on July 16 that will introduce new codesharing routes across the carriers’ networks and offer loyalty benefits to members of both airlines’ rewards programs. The move is also intended to help the airlines recover from the effects of the global coronavirus pandemic.
As a result of the union, which is still subject to governmental review, both carriers plan to add new routes as well as expand existing ones as they tap into the larger consumer base.

JetBlue and American will operate reciprocal codeshare flights, which means that members of JetBlue's TrueBlue loyalty program will be able to garner points on American flights and American's AAdvantage loyalty program members will be able to do the same on JetBlue flights. The codeshare flights will also introduce JetBlue customers to more than 60 new routes operated by American, and will introduce American's customers to over 130 new routes operated by JetBlue.

Codesharing will allow customers to book flights with both airlines through a single booking.

United reaches deal with pilots

- United’s agreement with the Air Line Pilots Association International (ALPA) includes an early retirement deal for pilots 62 and older, as well as a slew of different options for pilots to voluntarily reduce their hours or take a leave of absence during which they would potentially receive health benefits as long as they keep up their training, covered by United.
- ALPA Chairman Todd Insler said the deal had “groundbreaking provisions that provide the option (for pilots) to remain qualified, allowing a faster recall once passenger demand returns.”
- Airlines are generally reluctant to furlough pilots because of the timely and costly training involved in bringing them back. If a COVID-19 vaccine is developed and demand returns, airlines want to be able to respond quickly.
- Chicago-based United said last week it was sending notices of potential furloughs to 36,000 U.S.-based front-line employees, or about 45% of staff, including 2,250 pilots.

British Airways retires entire 747 fleet after travel downturn

- The UK airline is the world's largest operator of the jumbo jets, with 31 in the fleet.
- British Airways, which is owned by International Airlines Group (IAG), said the planes will all be retired with immediate effect. The 747s represent about 10% of BA's total fleet.
- It had planned on retiring the planes in 2024 but has brought forward the date due to the downturn.

Singapore Airlines Sees 12.4% Load Factor In June

- The airline’s June capacity was 94.0% lower than in June 2019. Passenger carriage declined 99.1%, resulting in an average load factor of just 12.4%.
- In June, Singapore Airlines flew to just 24 destinations. Usually, it flies to 130 plus destinations. As an entirely international airline, international border closures and the broader travel downturn have severely impacted the airline.

Qantas will cancel all international flights until March 2021

- Qantas have officially removed international flight bookings – bar New Zealand – from their website until March 28, 2021.
Pulling of all international inventory comes weeks after Group CEO Alan Joyce announced that services overseas wouldn’t likely resume for another 12 months. According to Executive Traveller, while flights overseas to the US, Asia and Europe can still be made through the Qantas website, the flights will be serviced with partner airlines such as Emirates and Cathay Pacific.

**Alitalia Resumes Flights Between Boston And Rome**

- Italian national flag carrier Alitalia resumed direct flights between Rome and Boston on July 16.
- Flights from Rome to Boston will be operating every Monday, Thursday, and Saturday.
- To reduce the risk of COVID-19 transmission on long-haul flights, Alitalia states that, “Passengers must bring protective masks to be worn from their arrival at the airport and during the flight, taking into account that they have to bring an adequate number of protective masks according to the duration of the flight since it is necessary to replace the mask with a new one every 4 hours.”
- Also, all passengers are required to complete a self-certification form before boarding. This certifies that they have not had close contact with people diagnosed with COVID-19.

**TSA screening numbers still down by about 2 million**

- On 7/19/2020, TSA screened 747,422 passengers.
- One year ago on the same weekday, TSA screened 2,727,355.
- The highest screening numbers since the pandemic began, came on 7/6/2020 when TSA screened 755,555. However, a year prior on the same weekday, TSA screened 2,748,718.

**How New York’s Airports Are Going Touchless Amid COVID-19**

- During the COVID-19 pandemic, some of the sharpest passenger declines can be seen at New York airports.
- Air passenger volume in New York has been down as much as 97 percent in recent months, according to Rick Cotton, the executive director of the Port Authority of New York and New Jersey, which oversees New York City’s trio of sprawling airports: JFK, LaGuardia, and Newark. The annual numbers for 2020 are sure to be well below the record 140 million airline passengers who went through the three depots last year. By most measures, it is the largest city airport system in the country, with more than 100,000 employees.
- “Even before COVID-19, there was a very strong movement towards touchless technology, being able to move through the airport without the need for a piece of paper,” Cotton said. Now, the pandemic “will accelerate that trend.”
- New tech in each of the hubs will range from do-it-yourself baggage drops and check-in kiosks, to restrooms that are almost entirely touch-free, with hands-free sinks, soap dispensers, and the like. The plan will remove even the smallest of touch points. Remember those customer feedback devices with the large smiley face buttons? Those will likely be retired in favor of QR code-enabled gizmos. At shops and food concessions, touchless payment methods using customers’ mobile devices will replace cash or card transactions.
• Widening corridors and creating roomier waiting areas will also help, but in places where space is at a premium, like security lines, check-in counters, and airport lounges, biometric screening with facial recognition technology could speed entry.
• Also in the works are new air filtration systems that will screen out germs inside the buildings, and UV sterilizing light bulbs that are trained on surfaces such as escalator handrails. The ultraviolet technology also has the benefit of killing germs before they can enter into the air circulation system.
• Some ideas are being tested in one terminal before they’re rolled out to others. At Newark Airport’s Terminal B, arriving passengers encounter a sanitizing floor mat designed to disinfect the soles of customers’ shoes before they enter the airport. At LaGuardia’s new Terminal C arrivals and departures hall, elevators sport antimicrobial buttons that safely let customers punch their level number.
• In case a flier forgets to bring a face mask or hand sanitizer, the Port Authority is installing PPE vending machines in all airport terminals, which, combined with ubiquitous hand sanitizer and hand wipe dispensers, should comfort even the most germophobic flier.
• The most visible change is, of course, the mandate for everyone within the airport to cover their faces at all time. That coupled with the current policy restricting access to terminals to ticketed passengers only “is by far the most important measure,” Cotton says. “The health community has clearly come down on use of face coverings as the single most important action that can be taken,” he says. While there’s no law that requires masks, Port Authority sources say noncompliance hasn’t been a problem.
• Other changes are less visible, such as behind-the-scenes scrub-downs of all surfaces and deep cleanings that take place overnight.

The Caribbean Now Has Over 63,000 Coronavirus Cases

• The Caribbean now has over 63,600 coronavirus cases to date as the Dominican Republic added another 1,336 new cases Sunday.
• The DR now stands at 52,855 confirmed cases, the most for the region while Puerto Rico added another 189 cases to reach 12,063.
• Haiti added 78 new cases to reach 7,053 cases while Suriname added 28 new cases to reach 1,029.
• The Bahamas added 15 new cases Sunday as it reached 153 even as the country’s Prime Minister Dr. Hubert Minnis said he will close the country’s borders to travelers from the United States starting Wednesday.

Bahamas Travel Ban Forces Cruise Line To Cancel Sailings

• Only three weeks after having opened their borders to international travelers, the Bahamas is telling would-be visitors from the United States that they are not welcome.
• In a national address made Sunday evening, Bahamian Prime Minister Hubert Minnis said that the new rule would go into effect on Wednesday at midnight. “Regrettably,” he said, the situation here at home has already deteriorated since we began the reopening of our domestic economy. It has deteriorated at an exponential rate since we reopened our international borders.”
• “Commercial vessels carrying passengers will not be able to enter our borders,” the minister said.
• Visitors from Europe and Canada will still be permitted to enter the Bahamas as long as they have tested negative for the COVID-19 within 10 days prior to their arrival and have the appropriate paperwork to prove as such.

**Extending Cruise Ban, C.D.C. Slams Industry for Spreading Coronavirus**

• In a scathing order extending the current “no sail” order on U.S. cruise lines, the agency said it spent 38,000 hours managing the outbreaks on ships.
• As the coronavirus pandemic raged around the world, cruise ship companies continued to allow their crews to attend social gatherings, work out at gyms and share buffet-style meals, violating basic protocols designed to stop the spread of the highly transmissible virus, the Centers for Disease Control and Prevention said in a scathing 20-page order, released Thursday, that extended the suspension of cruise operations until Sept. 30.
• The C.D.C. said there were 99 outbreaks aboard 123 cruise ships in United States waters alone, the agency said in the statement. From March 1 until July 10, 80 percent of the ships in the C.D.C.’s jurisdiction were affected by the coronavirus. The agency said there had been nearly 3,000 suspected and confirmed cases and 34 deaths on ships in U.S. waters.
• As of July 3, nine ships still had ongoing or resolving outbreaks.
• The C.D.C. spent at least 38,000 hours managing the crisis, the order said. Public health authorities had to do contact tracing for some 11,000 passengers, more than the number of contacts identified from airplane flights since the beginning of the pandemic, the C.D.C. said.
• The cruise industry had already voluntarily suspended operations until Sept. 15, and many companies withdrew their ships from United States waters, removing them from the C.D.C.’s jurisdiction. But the order from Dr. Redfield underscores the gap between the industry and the public health agency. The companies cannot begin to sail again until they come up with cohesive plans for prevention and mitigation of the illness.
• If unrestricted cruise-ship passenger operations were permitted to resume, it would put “substantial unnecessary risk” on communities, health care workers, port personnel and federal employees, the order said, as well as placing passengers and crew members at increased risk.
• The previous no sail order was set to expire July 24.
• As a result of the extended no sail order, cruise stocks have fallen.

**Travel Industry Outlines Relief Needs as Re-openings Falter**

• Amid a new round of coronavirus-related economic closures and fresh data that Americans are as wary as ever of traveling, the devastated U.S. travel industry on Friday submitted to Congress and the administration its policy requests for the next coronavirus relief package.
• The slate of proposals includes measures to help travel employers survive the worst of the downturn; assistance with health-related necessities such as robust sanitation and personal protective equipment; and, eventually, incentives to get Americans safely traveling again when a reopening is fully possible.
• Without broad and comprehensive federal assistance, industry leaders fear the travel sector will remain in depression long after a recovery begins. Spikes in COVID-19 infections and subsequent re-closures in several U.S. states are certain to further delay a rebound in travel, which supported employment for one in 10 Americans before the pandemic but has since lost more than half of its 15.8 million related jobs.
• And the latest polling data confirms that recent news has considerably worsened Americans' overall feeling about returning to travel. The percentage of poll respondents who say they will travel this fall has slid to 36%, down from 50% in early June, according to Destination Analysts. Meanwhile, Harris Poll figures show that:

  o 58% of leisure travelers say they will substitute vacations with staycations for the remainder of the year.
  o While 43% say they miss flying on a plane, only 37% say they feel safe flying right now.
  o 74% of business travelers are more likely to substitute business meetings that require flying with virtual meetings for the remainder of the year.
  o More than three-quarters (77%) of respondents support states enacting mandatory 14-day quarantines for out-of-state travelers from states with a high resurgence of COVID-19.

• Travel industry legislative requests include:
  o Extend the Payroll Protection Program (PPP) until the end of the year; expand eligibility to destination marketing organizations (DMOs)—both non-profit and quasi-governmental entities that conduct economic development; increase the amount of the loan; and allow for a second loan. In any transition to a longer-term solution, DMOs and other non-profits should be included.
  o Provide up to $10 billion in federal grants to promote safe and healthy travel practices, which are crucial to the resumption of travel.
  o Provide temporary and targeted liability protections for travel businesses to reopen.
  o Create temporary tax credits and deductions, including: a tax credit to encourage Americans to travel at the right time; a tax credit to restore activity in the business meetings and events sector, including conventions and trade shows; increase the deductibility of business and entertainment expenses; and a tax credit to help businesses of all sizes offset the cost of mitigating the spread of COVID-19, including the cost of structural barriers and personal protective equipment.
  o Enhance the Employee Retention Tax Credit to increase business' ability to retain and rehire workers.
  o Support airports.

• U.S. Travel Association President and CEO Roger Dow emphasized that government action alone will not move the nation closer to recovery. "In order for jobs to be able to return, everyone needs to be wearing masks in public," Dow said. "It is so very clear that masks and other good health practices are absolutely critical to dissipating the health crisis and making an economic rebound possible. The country’s collective record on this needs to improve, or the pain will only go on longer.”

The airline industry will be ravaged for years to come and the effects will be felt across the entire economy, a new Moody's report says

• Every stakeholder, from airlines and airports, to plane lessors, plane manufacturers, and parts suppliers, will be squeezed, with effects rippling across the entire global economy.
• In a best-case scenario, Moody’s sees a recovery by the end of 2023, but said that it’s looking more and more likely that it will take longer.
• According to the report, the main factor in the recovery will be sustained passenger demand. As that improves, airlines and airports will start to recover, followed by aircraft
lessors as demand continues to climb and airlines need more aircraft to carry passengers. Aircraft manufacturers will follow, while component suppliers will be the last direct stakeholder to recover, but Moody's says that won't happen before 2023, at the soonest.

- The forecast is built on the assumption that passenger demand will recover to 2019 levels — the benchmark for a recovery — by the end of 2023, contingent on the production and distribution of effective COVID-19 vaccines or treatments.
- However, Moody's warned that it is also modeling the possibility of a slower recovery — and that such a scenario is looking more possible in recent weeks.

**Hotel industry releases top 5 requirements to travel safely**

- The American Hotel & Lodging Association (AHLA) released the “Safe Stay Guest Checklist” for guests on how to travel safely while also creating a standardized safety experience nationwide. This checklist is part of AHLA’s Safe Stay guidelines, an industry-wide, enhanced set of health and safety protocols designed to provide a safe and clean environment for all hotel guests and employees.

  - The Safe Stay Guest Checklist includes:
    1. Require face coverings in all indoor public spaces and practice social distancing in all common areas.
    2. Choose contactless options, where available, including online reservations, check-ins, and payments.
    3. Consider daily room cleaning, only if necessary. Ask the hotel about your options.
    4. Request contactless room service delivery.
    5. Refrain from traveling if you have, or recently had, any symptoms of COVID-19 or contact with anyone diagnosed with COVID-19.

**New app automates hotel hygiene assessment and marketing**

- With hygiene a top concern for consumers considering travel, Berlin-based travel technology company GIATA is now offering a self-assessment tool that hotels can use to evaluate their cleaning procedures against global standards. Those that meet the criteria can use a “staysafe” label in their descriptions on sales channels.
- The app is a collaborative effort of GIATA, independent testing and certification provider TÜV SÜD and digital hygiene management company Flowtify.
- GIATA’s hotel clients can receive a custom self-assessment checklist based on their property’s hygiene-related services and facilities — such as whether they have a restaurant, a pool, etc.
- Developed by TÜV SÜD, the assessment includes relevant hotel industry hygiene criteria and requirements from the World Health Organization, the World Travel and Tourism Council and the Centers for Disease Control and Prevention.
Those that meet the criteria can display the “staysafe” label for 30 days, at which time the assessment must be redone. GIATA publishes the label through its 21,500 sales channels in 74 countries, including Kayak, Tripadvisor, TUI, Amadeus, Sabre, Travelport and more.

Non-essential travel restrictions extended at U.S. borders with Canada, Mexico

- Restrictions on non-essential travel at U.S. land borders with Canada and Mexico will be extended through Aug. 21.
- The rules, first issued in March, have been repeatedly extended in 30-day blocks.
- The restrictions do not cover trade across a U.S.-Canada border that stretches 5,525 miles (8,891 km) or air travel.
- Passenger crossings have fallen by 90% or more at many border crossings and hit tourist destinations along U.S. borders.
- In May, passenger traffic in Detroit fell to 45,000 people crossing, down from 502,000 passengers crossing in February.
- At San Ysidro, California, on the U.S.-Mexico border, passenger and pedestrian traffic fell from more than 2.9 million people crossing in February to 1.3 million in May.
- The restrictions do not apply to travelers who are getting to work, or people travelling for family care, educational or humanitarian reasons.

Trump administration exempts European students from coronavirus travel restrictions

- Foreign students coming from Europe are exempt from a travel ban the United States imposed because of the coronavirus pandemic, the U.S. State Department told congressional offices on Thursday.
- The State Department also told lawmakers that it would offer exemptions for some au pairs and family members of visa holders in the United States, according to a memo sent to lawmakers.

Disney World Updates Coronavirus Regulations to Ban Eating and Walking

- “Face coverings are required for all Guests (ages 2 and up) and Cast Members,” Disney World’s “Face Coverings” guidelines now reads. “Please bring your own face coverings and wear them at all times, except when dining or swimming. You may remove your face covering while actively eating or drinking, but you should be stationary and maintain appropriate physical distancing.”

UK will allow events to restart

- Prime minister Boris Johnson has confirmed that conferences and exhibitions will be permitted in England from 1 October 2020.
- Addressing the nation from Downing Street, 17 July, the prime minister said the decision would depend on data and that local authorities would have powers to close events if there was a danger to the public. The prime minister noted that there would be pilot events ahead of the reopening.
- Events for up to 30 people are also permitted from 1 August.