Travel Industry Update
July 23, 2020

**Delta has banned more than 100 passengers for not wearing a mask**

- Delta’s been one of the most proactive about inflight safety and passenger well-being. The Atlanta-based carrier is capping the capacity of all its flights, cleaning planes at each turn and modifying inflight service protocols.
- Additionally, the airline requires passengers to wear masks or appropriate face coverings throughout the end-to-end travel journey. This includes check-in, SkyClubs and baggage claim, in addition to the flight itself.
- Delta’s CEO Ed Bastian said that “if you board the plane and insist that you not wear a mask, we’ll insist that you don’t fly Delta into the future. We already have over 100 people that we’ve put on this list.”

**Southwest**

- **Southwest posts $915 million loss**, warns travel demand will remain weak without coronavirus vaccine.
  - The loss in the second quarter compared with $741 million in net income a year earlier.
  - The airline said demand has softened in recent weeks, echoing comments from other airline executives who have said a spike in Covid-19 cases coupled with travel restrictions in states like New York have hurt ticket sales that began recovering in late spring.
  - Revenue dropped nearly 83% to a little over a $1 billion from $5.9 billion last year, though sales in the quarter were higher than analysts’ estimates.
- **Southwest Airlines won’t need furloughs this year**
  - After getting nearly 17,000 workers to take early retirement and extended leave, the airline says they can avoid furloughs this year.
  - The airline estimates that it will save about $400 million in the fourth quarter from employees opting out of working.
  - “For those employees that elected these programs, I am immensely grateful for their outstanding support of and service to our great Company,” said CEO Gary Kelly in a statement. “Based on the strong take rates from these voluntary programs, currently, we do not intend to pursue furloughs and layoffs, or pay and benefits cuts, through yearend; however, we will continue to plan for multiple weak scenarios and maintain our preparedness.”
  - It would be a major victory if Southwest didn’t have to require furloughs of staff members. Competitors have already started issuing furlough warnings.
  - TWU 556 President Lyn Montgomery said a large number of flight attendants took leave because they want to see Southwest navigate through the pandemic.
"For some that have taken the extended leave, they don’t want to fly right now or they have an at-risk family member at home," Montgomery said. "Some really love Southwest Airlines and wanted to take that personal sacrifice."

- **Southwest Airlines to block middle seats through at least October amid coronavirus pandemic**
  - The airline, the only major carrier that does not assign seats, said it will limit the number of seats for sale on each flight in the name of social distancing. It had previously said it planned to block seats through Sept. 30.
  - Families and other people traveling together are not prohibited from using middle seats under the airlines' policies.

- **Southwest says: No mask, no flying. Only children under 2 exempt**
  - Southwest Airlines said on Wednesday it was eliminating all exemptions from its face-covering requirement except for children under 2 years old, in the toughest policy yet among U.S. airlines.
  - Until now most airlines have exempted passengers with medical conditions, though United Airlines and Delta Air Lines require that any conditions be cleared before flying.
  - But Southwest, whose mandate goes into effect July 27, will no longer allow medical or disability exemptions, saying that if someone is unable to wear a face covering for any reason, it "regrets that we will be unable to transport the individual."
  - Passengers can remove their coverings to eat, drink or take medicine, but Southwest said it expects those instances "to be very brief."
  - Southwest also said it is rolling out a thermal screening trial at its homebase airport, Dallas Love Field, to respond to the pandemic.
  - Major U.S. airlines have been unsuccessful to date in convincing the Trump administration to back temperature testing for airline passengers.
  - Questions remain about what would happen if someone was turned away from a flight and what agency would be responsible.

**American**

- **American Airlines posts $2.1 billion net loss in the second quarter**
  - American carrier has added more capacity back than some of its large competitors like Delta or United than some of its peers in adding capacity back to the market as aimed to capitalize on an uptick in air travel demand that bottomed out in April.
  - But airline executives are warning that demand has softened due to a spike in coronavirus cases and travel restrictions abroad and quarantine orders in states like New York.
  - "The current environment is more unpredictable and more volatile than anything we ever could have imagined," said American’s CEO Doug Parker and the airline's president Robert Isom.

- **American Airlines will also ban passengers who don’t follow mask policy**
  - If you plan to fly on an American Airlines jet during the pandemic, you’d better bring your mask — otherwise, you may be banned from future travel on the airline.
  - The airline will require all customers over the age of two to wear face coverings at airports and onboard, effective July 29. According to American, passengers must
wear a face mask at “all areas of the airports at which American operates,” which includes terminals and Admirals Club lounges.
  o Face coverings may be removed at the airport or onboard the plane if you are eating or drinking. American says that passengers who don’t comply with the policy may be barred from future travel for the duration of the mask requirement.

**United Airlines’ mask mandate expands to areas in airports**

- Passengers wishing to board a United Airlines flight will have to wear face masks at ticket counters and in its airport lounges, or risk a flight ban from the carrier.
- As on planes, children under 2 are not required to be masked, nor are passengers who have a health condition that prevents them from wearing a mask.

**Spirit Airlines’ Loss Is Worse Than Expected and Demand Trends Remain Choppy**

- Spirit reported an adjusted pretax loss of $364 million in the quarter.
- Revenue collapsed by 86% to $138.5 million.

**Flight attendant in Hawaiian Airlines training cluster dies of coronavirus**

- A Hawaiian Airlines flight attendant who participated in an illness-stricken training session in Honolulu last month has died of complications from the coronavirus.
- The flight attendant had participated in the training sessions in Honolulu in late June, which ultimately resulted in at least 24 people — including 16 staff members — contracting coronavirus, the state Department of Health said earlier this month.
- Health officials said the training sessions are also linked to 20 cases at 2 unnamed gyms.
- One of the flight attendants who attended the training sessions said a couple of flight attendants attended classes feeling under the weather.
- “Initially classes started out in compliance with seating 6 to 9 feet apart in the classroom setting. However during the course of the day it became obvious that there was not enough conscious effort to sanitize the entire work areas.”
- “Several areas throughout the day became ‘shared’ areas making for a bad end result,” the employee added.
- Training sessions are often held in mock cabins and involve close quarters and simulated emergency situations.
- The health officials had said masks were not required in the classes, but since the cluster, Hawaiian Airlines has said masks are now mandatory along with other stricter safety protocols like smaller classes and more frequent cleaning.

**UK pilots union recommends accepting reduced pay from British Airways**

- UK pilots’ union BALPA is recommending that its 4,300 members accept British Airways’ proposal of about 20% reduced pay and voluntary severance to limit the amount of forced job cuts, the union said on Wednesday.
- British Airline Pilots Association (BALPA) said as many as 270 pilots could be laid off but it expects voluntary mitigation measures to continue to reduce this number.
- Earlier this year, British Airways, which is owned by International Consolidated Airlines Group, was seeking to lay off a quarter of its pilots hurt by the coronavirus.
• Under the agreement, pilot pay cuts will start at 20% and will be reduced to 8% over the next two years, then further reduced toward zero over the longer term.

**Emirates to offer passengers free cover for COVID-19 medical costs**

• In an announcement from Sheikh Ahmed bin Saeed Al Maktoum, chairman and CEO of Emirates airline and group, he said per directives from HH Sheikh Mohammed bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE and the Ruler of Dubai, that the Dubai-based airline would be the first to cover medical costs for their passengers.

• “Emirates will be the first airline to offer free cover for COVID-19 medical costs for its customers when they travel in the UAE and around the world,” he said in a statement on Twitter.

• “This will boost travel confidence and once again positions Emirates and Dubai as aviation industry leaders.”

• The news of medical costs being covered by the airline comes after it was announced it is mandatory for all those entering the UAE to have a COVID-19 test before travelling.

• The new ruling, which will come into effect on August 1, is for all passengers including UAE citizens, UAE residents, tourists and those in transit coming into UAE airports on inbound flights or transit flights. Tests must be done prior to travel, a maximum of 96 hours before.

**Singapore Airlines (SIA) raises additional $750 million, brings total sum raised so far in FY2020/21 to $11 billion**

• This sum comprises $8.8 billion from a rights issue backed by Temasek, $1.65 billion from secured financing and more than $500 million from new committed lines of credit and a short-term unsecured loan from financial institutions.

• SIA added that all existing committed lines of credit that were due to mature this year have been renewed until next year or later. This, together with new committed lines of credit, ensures continued access to more than $2.1 billion in liquidity.

• The airline also has the option to raise up to $6.2 billion in additional mandatory convertible bonds in a move that will be supported by Temasek. This option can be activated until July next year.

• SIA is operating at about 6 percent of its scheduled capacity for this month. This will be lifted to 7 percent next month.

**Princess Cruises cancels cruises through Dec. 15, months beyond CDC's 'no-sail order'**

• Princess Cruises has canceled sailings across the globe through Dec. 15 – with one exception.

• "All cruises in and out of Australia will be paused until Oct. 31 and then all other sailings across all other countries are paused through Dec. 15,” said Negin Kamali, spokesperson for Princess Cruises.