Travel Industry Update
August 7, 2020

**State Department lifts global advisory on avoiding international travel amid COVID-19 pandemic**

- The U.S. State Department lifted its advisory on avoiding international travel, put in place five months ago.
- The agency said Thursday in a news release that lifting the global health advisory, issued at the highest alert level – 4 – March 19, was done in coordination with the Centers for Disease Control and Prevention.
- "With health and safety conditions improving in some countries and potentially deteriorating in others, the Department is returning to our previous system of country-specific levels of travel advice ... in order to give travelers detailed and actionable information to make informed travel decisions,” the release said.
- The US State Department’s COVID-19 travel site is [here](#).
- The US State Department’s travel advisory page is [here](#).

**20% of Delta workforce exited last week in 'difficult but necessary step,' CEO says**

- Delta Air Lines CEO Ed Bastian said that 20% of the company’s workforce, or approximately 17,000 employees, departed last week after taking early retirement or exit packages.
- "Last week marked a turning point in our response to the global pandemic, as we said farewell to thousands of Delta colleagues," Bastian wrote in a memo on Thursday, calling the workforce reduction "a difficult but necessary step towards Delta’s transformation into a smaller, more nimble airline that will be better positioned to endure the crisis and recover quickly."
- "[W]e continue to plan for a long and somewhat choppy recovery," Bastian also wrote. "While many of the goals of the 2020 Flight Plan we introduced in January are no longer relevant, we will be guided in the second half of the year by our goal to eliminate our daily cash burn while improving customer satisfaction and building loyalty that will serve us when demand recovers.”

**63% of U.S. consumers are willing to pay more to have seats blocked—here are the airline policies on this**

- In fact, 63% of U.S. consumers are willing to pay extra to have every other seat free on a plane.
- That’s according to Amex Trendex, a new monthly poll from American Express that tracks how consumers, small businesses and merchants feel about spending, saving, traveling and other aspects of life during the coronavirus.
• Airlines haven’t officially started charging more for safety measures, but many have blocked middle seats during flights to increase safety for passengers.
• Some airlines, like American, have already stopped this practice, making some consumers wonder if they’d be willing to pay to bring it back. However, JetBlue and Delta are among airlines that continue to block middle seats with no additional fees.
• Full list available [here](#).

**United adds coronavirus UVC light cleaning protocol for pilots as pandemic continues**

• United Airlines will clean the flight decks of its planes with ultraviolet light, which will sanitize the cockpits and reduce the need for people who are not trained pilots to touch the sensitive equipment.
• Most of the airline’s pilot flight decks will be disinfected with Ultraviolet C light technology when located safely in an airport hub, the company shared in a Thursday press release. The advanced cleaning method will utilize handheld AUVCo blades from the UV light sterilization company, American Ultraviolet, which are designed to kill viruses without contact.
• “Flight decks have many working parts, screens and components that are challenging to clean with traditional hand wipes and liquids, especially for someone who isn't a pilot,” United's Senior Vice President of Flight Operations Bryan Quigley said in a statement. “The UVC lighting gives us a faster, more effective disinfection of one of the most important areas of the aircraft.”

**More than 10,000 British Airways workers being made redundant**

• Cabin crew, engineers and airport staff are among those being told today whether or not they will lose their jobs.
• It is understood that 6,000 of the redundancies are voluntary and trade union Unite says a further 4,000 are compulsory.
• International Airlines Group, which owns British Airways, announced in April that it would cut up to 12,000 jobs out of a total of 42,000, due to the coronavirus pandemic.
• Almost five months after lockdown was imposed on the UK, with its accompanying travel restrictions, the airline is still flying less than 20% of its pre-virus schedule.

**Emirates pulls out of Fort Lauderdale**

• Emirates has updated its schedule to permanently pull its Dubai to Fort Lauderdale flight.
• The route was previously supposed to resume on September 1, 2020. While the date of service resumption certainly could have been pushed back, the fact that the route has been pulled all the way through the end of the schedule suggests that this is a permanent cut.
• Emirates launched this route in late 2016. The airline chose Fort Lauderdale over Miami due to its partnership with JetBlue, as JetBlue has a hub in Fort Lauderdale. This was practical for connections to & from Latin America; however, the US isn’t exactly a great place for connections between other countries, since there’s no sterile transit.
• The flight never performed particularly well. Most recently Emirates operated the flight four times per week — Emirates operates to a vast majority of destinations daily, and when the route launched it was also operated daily.
• The airline is also cancelling its nonstop Dubai to Newark flight.

Norwegian CEO: Relaunch will take six months; fleet will 'return in earnest' in spring 2021

• "[In the] last two months of 2020 [we] could see return of sailing with a very limited number of vessels," Frank Del Rio, CEO of Norwegian Cruise Line Holdings Ltd., said on the company's second quarter earnings call.
• Del Rio said he doesn't think that Norwegian will return to full capacity for quite some time. It won't be until the second quarter of 2021 until the Norwegian "fleet returns in earnest," he said.
• Del Rio estimated that capacity will start out around 50% or 60%.
• Del Rio expects the relaunch to take about six months once cruising resumes.

70 Percent of Travel Agencies Will Be Out of Business Without Federal Relief

• American Society of Travel Advisors president and CEO Zane Kerby is sounding the alarm over the need for more federal relief for the travel industry as Congress and the White House struggle to come to an agreement over the next wave of coronavirus relief.
• Kerby released a statement highlighting the dire circumstances for travel agencies:
  o “All businesses in the country have been impacted by COVID-19 in one way or another, but few sectors have been as hard hit, or face a longer road to recovery, than the travel agency industry. With more than 90 percent of our members reporting revenue down 75 percent or more versus 2019, layoffs and furloughs spread wide throughout the industry and a projected three-to-12 month lag time in business income returning after bookings resume, It cannot be overstated—these are incredibly difficult times for travel agencies across the country.
  o Without additional relief from Congress and the federal government, these negative trends will continue, and widespread agency closures will become the norm. An astonishing 71.3 percent of travel advisors will be out of business in six months or less without additional relief.
  o This would leave travel suppliers’ main distribution channel crippled, and the traveling public left without access to the critical services that travel planners provide.
• In a recent member survey conducted between August 4-5, ASTA found that the impact on agencies has been devastating.
  o More than 9 in 10 (93.4 percent) reported business income down at least 75 percent as compared to last year, with more than three-quarters (77.8 percent) saying that income is down 90 percent or more.
  o Of respondents with W-2 employees at the start of the crisis, 75 percent have laid off or furloughed at least one employee but most have laid off more. More than 43 percent said that they had laid off or furloughed three-quarters or more of their staff. More than 16 percent said that they had laid off or furloughed between 50 and 75 percent of staff, and nearly 9 percent have laid off of furloughed 25-50 percent of staff. Only 6.7 percent of travel agencies have laid off or furloughed less than 25 percent of their employees.
The layoffs have taken place despite relief provided in the CARES Act such as the Paycheck Protection Program, SBA Economic Injury Disaster Loans and Enhanced unemployment benefits.

The survey showed that nearly 16 percent will go out of business in six weeks or less. More than 24 percent are in danger of closing within the next three months. Just over 31 percent will be out of business in six months. Slightly more than 15 percent can hang on for one year, and only 13.6 percent will be able to last longer than 12 months.