Travel Industry Update
August 26, 2020

American Airlines to cut 19,000 jobs when federal aid expires in October

- American Airlines is planning to cut 19,000 employees in October.
- The carrier expects its fourth-quarter capacity to be half of the year-ago levels with travel demand still down; international long-haul flights will be just 25% of its 2019 schedule.
- Airlines have pushed for an extension of $25 billion in federal payroll aid to avoid furloughs.
- The Fort Worth, Texas-based airline employed more than 140,000 people in March.
- American said it expects to have 40,000 fewer employees in October compared with when the pandemic began, the carrier said. The involuntary cuts include furloughs of 17,500 union workers, including flight attendants, pilots and mechanics, and 1,500 administration and management jobs.

Alaska Airlines adds ‘touch-free travel’ options

- The airline said on Tuesday that it’s rolling out new features to its mobile app that will allow passengers to perform various tasks from their phones and limiting contact with public surfaces or employees.
- Alaska Airlines is adding the ability to pre-order food and beverages, print bag tags without touching kiosks and allow airline agents to scan boarding passes from 6 feet away.
- The airline’s app already lets travelers check in for a flight, generate a boarding pass, change seats and prepay for bags, according to the airline.

Spirit Airlines, pilots reach agreement to avoid 600 furloughs

- Spirit Airlines pilots’ union on Tuesday said it reached an agreement with the company that will avoid involuntary furloughs of around 600 pilots when federal aid that has helped protect airline jobs runs out in October.
- About half of Spirit’s more than 2,500 pilots would work fewer hours, a reduction in costs that helps the company avoid involuntary cuts, said the Air Line Pilots Association, their union.

Lufthansa Group Scraps Rebooking Fees Until December

- The Lufthansa Group has scrapped rebooking fees until at least 2021. The change is regardless of class and type of fare booked. This means that customers can change their bookings without penalty in case their travel plans change.
- While no change fee will be levied on any passengers, a charge could still be applicable if the ticket costs more on the different dates. Passengers would need to pay this difference
at the time of changing the flights. Unfortunately, it doesn’t work the other way around and passengers will not receive money back if the new fare is cheaper.

**Virgin Atlantic wins backing for £1.2bn rescue deal**

- Virgin Atlantic has won backing from its creditors for a £1.2bn rescue plan that would secure its future for at least 18 months and save 6,500 jobs.
- The airline said shareholders, banks, aircraft owners and suppliers owed money had approved the plan.
- It had warned it would run out of cash by September without the deal.
- The company will now need approval from the High Court in London, which it will seek on 2 September.
- The £1.2bn rescue deal involves £400m in new cash, half of which will come from its main shareholder, Sir Richard Branson’s Virgin Group.
- Delta, the US-based airline which owns 49% of Virgin Atlantic, said it is "optimistic that this plan will allow Virgin Atlantic to secure its future", and said it remains "firmly supportive" of the company.

**This well-known cruise line just canceled every sailing through March**

- One of the world’s most iconic cruise vessels, Cunard Line’s Queen Mary 2, won’t sail again until at least April 18, 2021.
- Neither will its sister, Queen Victoria, which will be on hiatus even longer — through May 16, 2021.
- A third Cunard vessel, Queen Elizabeth, won’t operate again until March 25, 2021.
- In addition to the long-term pause to its operations, the U.K.-based line said it would pull Queen Elizabeth back from its usual around-the-world itineraries for nearly all of 2021. Cunard instead will keep the vessel close to its home base in the U.K.
- The cancellations and itinerary changes at Cunard are the most extensive yet from a cruise line during the coronavirus crisis.

**Need a visa to visit the U.S.? Expect much longer wait times, officials warn**

- The U.S. agency in charge of processing immigration applications said on Tuesday that it had avoided a planned furlough of 70 percent of its staff but warned that it still faced financial hardship that could result in some applicants experiencing longer wait times.
- U.S. Citizenship and Immigration Services (USCIS), the agency in charge of processing work permits, so-called green cards and other visas, said that it had avoided furloughs planned for Aug. 30. But aggressive spending cuts the agency planned to put in place would impact all operations, including naturalizations, it said in a statement.
- USCIS is dependent on fees from new immigration applications. The agency reported a 50 percent drop in fees in June due to less immigration during the novel coronavirus pandemic.
- But immigration experts and former officials say even before the onset of the pandemic, the agency had seen revenues fall sharply as a result of slowdowns in processing and other limits placed on immigration applications.
- USCIS Deputy Director for Policy Joseph Edlow warned in the statement there was no guarantee the agency can avoid future furloughs and called on the U.S. Congress to
ensure that the agency had sufficient funding for fiscal year 2021, which starts in October.

- USCIS had asked for a $1.2 billion bailout from Congress in May to avoid the projected furloughs, but lawmakers pushed back, arguing that the agency had the funding it needed to continue operations through the fiscal year.

**Global tourism lost $320B from coronavirus in 5 months, UN says**

- The global tourism industry has lost $320 billion in export earnings in the first five months of the year and 120 million jobs are at risk as a result of the devastating economic effects of the coronavirus pandemic, U.N. Secretary-General Antonio Guterres said Tuesday.

- Guterres, in a policy briefing noted that tourism is one of the world’s most important economic sectors and the third-largest export sector of the global economy, behind fuels and chemicals. In 2019, it accounted for 7% of global trade.

- “It employs one in every 10 people on Earth and provides livelihoods to hundreds of millions more,” Guterres said.

- In the five-month period from January through May, "international tourist arrivals decreased by more than half and some $320 billion dollars in exports from tourism were lost," which was three times what was lost during 2009 at the height of the last global financial crisis, said Sandra Carvao, the U.N. World Tourism Organization’s chief of market intelligence and competitiveness.

- It's estimated that the industry's troubles are far from over. According to the policy briefing, “export revenues from tourism could fall by $910 billion to $1.2 trillion in 2020” and that “could reduce global GDP by 1.5% to 2.8%.”

- The loss in revenue is a "major shock for developed economies." Meanwhile, Guterres called it an "emergency" for developing countries, "particularly for many small island developing states and African countries."

- Guterres noted that tourism is also "a key pillar for the conservation of natural and cultural heritage" and that the drop in revenue has led to an increase in poaching and habitat destruction within protected areas.

- According to the briefing, some 7% of world tourism relates to wildlife, “a segment growing by 3% annually.”

- “The fall in revenues has led to increased poaching and habitat destruction in and around protected areas,” the secretary-general said, “and the closure of many World Heritage sites has deprived communities of vital livelihoods.”

**Countries testing wearable devices to track arrivals' location and health**

- A mandate for international visitors to affix devices to their bodies is being viewed by some countries as a high-tech solution to both contain the spread of Covid-19 and restart their tourism economies.

- Singapore, Hong Kong and South Korea are interested in tracking arrivals' movements to assure compliance with quarantines, while the Cayman Islands wants to monitor health data. Each sees wearables as a way to reap the economic benefits of visitation while reducing the risk posed by the pandemic.

- Singapore is closed to nonresidents, but it tracks returning residents with electronic monitoring devices during a 14-day quarantine. Before that program began in mid-August, authorities used a combination of text messages, phone and video calls, physical
visits and threats of fines and jail time to ensure incoming parties were following quarantine rules.

- Now, the devices, handed out after immigration clearance, make it easier to ensure citizens and residents are following the rules.
- Hong Kong and South Korea issue wristbands that track an arrival's movements to ensure quarantine compliance.
- Hawaii is also considering GPS technology to track movements within resort areas. That plan is still in its early stages.
- If privacy issues are a concern, they appear to take a backseat to potential economic benefits among tourism officials. Roger Dow, president and CEO of the U.S. Travel Association, wants to see it adopted by the U.S.
- "Travel is the front door to economic development," he said. "If we don't get this thing moving again with [wearable] technologies, this economy and country is going to be in very dire straits."
- Dow is particularly bullish on a product designed by the U.S.-based biotech company BioIntelliSense. Its BioButton tracks key health metrics, including temperature and respiratory rate. Using a combination of data and daily health surveys, it assesses the wearer's health on a daily basis, and can also assist with contact tracing.
- That's the technology the Cayman Islands plans to implement when its borders reopen.
- BioIntelliSense was founded by heart surgeon James Mault two years ago. The devise, approved by the Food and Drug Administration, has been in use since January to permit medical personnel to monitor a patient's health data after they're released from a hospital.
- The BioButton is about the size of a quarter and adheres to a wearer's chest. Its battery lasts 30 days and stores and, every 10 minutes, transmits data including temperature, heart rate and respiratory rate, all key metrics when monitoring for possible Covid-19 symptoms.
- It also contains technology that can be useful for contact tracing by measuring how close the wearer is to other people wearing BioButtons and for how long they are in proximity. It does not capture broader location data.
- For tourism, health data from the monitor is combined with a daily questionnaire administered via an app. A user is either granted a green pass to participate in their desired activity (e.g., getting on a plane) or they aren't. The data used to generate the pass is encrypted, stored in the Cloud and is compliant with the Health Insurance Portability and Accountability Act, but is not shared with wearer of the device.
- An advantage of the BioButton over spot temperature checks, Mault said, is that it can continuously monitor for temperature spikes throughout the day, providing a more accurate health assessment. And he noted that the data is medical-grade, distinguishing it from wearable fitness trackers, whose accuracy of heart rate monitoring, for instance, may be plus or minus 20%.
- The travel industry is not the only sector interested in repurposing the BioButton from its originally intended use. Employers, schools and others looking for a way to safely resume operations have also recognized its potential.
- Dow believes technology like BioButtons could be key to the return of travel, especially in the meetings and events sphere, but noted that several parties -- facilities, vendors and planners -- will need to come together to make It possible.
- Becca Clark, a travel advisor with Atlanta, Ga.-based Epperly Travel, agreed that a monitor could be a hurdle. "I can absolutely see some travelers ruling out a destination because of wearable devices," she said.
New Airline Industry Analysis Shows States With Air Service and Travel Hardest Hit by COVID-19 Pandemic

- A new analysis by Airlines for America (A4A) – the industry trade group representing major U.S. carriers – shows which states are experiencing the greatest impact on air service and air-travel demand amid the COVID-19 health crisis.
- According A4A analysis of published schedules, New York has been the hardest hit state in the country, having experienced the largest decrease in scheduled departures from July 2019 to July 2020. New York experienced a 70% decline in scheduled passenger flights. New Jersey is the second-most impacted state, experiencing a 67% decline in scheduled passenger flights.
- Montana has been impacted the least, with 25% fewer flights offered in July 2020 compared to July 2019.
- The national average is 50%.
- As part of the analysis, A4A also pointed out that the number of air travelers being screened by the Transportation Security Administration (TSA) has plummeted nationally. The 10 states and jurisdictions with the largest year-over-year declines in TSA checkpoint volume were:
  - 1. New York (-86%)
  - 2. Hawaii (-85%)
  - 3. Washington, D.C. (-83%)
  - 4. Vermont (-83%)
  - 5. Massachusetts (-82%)
  - 6. New Jersey (-81%)
  - 7. Rhode Island (-79%)
  - 8. California (-79%)
  - 9. New Mexico (-78%)
  - 10. Connecticut (-75%)
- Prior to the ongoing global health crisis, U.S. airlines were transporting a record 2.5 million passengers and 58,000 tons of cargo each day. As travel restrictions and stay-at-home orders were implemented, demand for air travel declined sharply. The lowest point was reported in April when passenger volumes were down 96% to a level not seen since before the dawn of the jet age (in the 1950s).
- A4A further noted that the industry has a long recovery ahead. Air travel took three years to recover from 9/11 and more than seven years to recover from the Global Financial Crisis in 2008.
- Full data analysis available here.