



Travel Industry Update

September 11, 2020

American Airline's Envoy to close New York City bases, memo shows

- American Airline's AAL.O wholly-owned carrier Envoy is closing its bases at La Guardia and John F. Kennedy airports in New York, the regional airline told employees in a memo on Thursday, as the industry grapples with a plunge in passengers due to the pandemic.
- An Envoy spokeswoman confirmed the plan that will affect flight crew and maintenance teams at the New York bases, which have been closed since March due to COVID-19.
- Envoy, one of three regional carriers owned by American, did not say whether any jobs were at risk because of the closure.

United, Pilots Union Reach Tentative Deal to Avoid Furloughs

- United Airlines and the union representing its pilots have reached an agreement that would spare almost 3,000 pilots from furloughs next month.
- The union and United declined to comment on details of the agreement, including the number of jobs preserved or how long furloughs would be avoided.
- "We continue to try and reduce the number of involuntary furloughs at United and are happy we were able to reach an agreement in principle with ALPA that can potentially save pilot jobs," United spokeswoman Leslie Scott said in an email.
- Once details of the agreement are finalized, it must be ratified by union members.

Lufthansa may retire Airbus A380, other jumbo jets in fleet overhaul, report says

- There may be another nail in the coffin of the Airbus A380. That comes with the news that Lufthansa may retire its fleet of the superjumbo jets as part of its coronavirus pandemic-driven restructuring.
- The Frankfurt-based Star Alliance carrier is considering retiring its all of its A380s and Boeing 747-400s, plus many of its Airbus A340s.
- The A380 is among the planes hardest hit by COVID-19. Designed for high-demand routes to busy airports, the jets have proved far too much plane for the historically low passenger numbers during the pandemic. Nearly every operator parked their jets early on with many evaluating the future of the superjumbo in their fleets long term.
- COVID-19 is not the only threat to the A380. The plane was already something of a white elephant for Airbus due to its size and lackluster sales.

Switching Seats: COVID-19's Impact on the Terminal

- COVID-19 has changed the world with airports feeling the brunt of the impact. To draw passengers back and meet health protocols, airports are making changes to their seating and terminal layouts.
- As guidelines change and the concerns of passengers wax and wane, airports are doing their best to keep up with the shifting landscape. Everything from the way passengers sit and stand in the terminal, to how they interact with gate agents and security is different than when it was at the beginning of the year – and will keep on changing.
- Floor decals are found throughout the ticketing areas, outside and inside of shuttles and in the lines at the TSA checkpoints and stores, helping guide people on where to stand and keep socially distance.
- Airports have either placed signage on seating to remind people to social distance, other airports have removed seating to enable social distancing.
- Prior to COVID-19's outbreak, Lynn Gordon, vice president of business development, Arconas, said airport seating was already beginning to trend in a new direction.
- “In the past several years we have seen an increased demand for a mixture of seating, with more lounge pieces accompanying traditional tandem seating. There has also been a trend toward creating separate seating zones, such as family pods, business zones with charging stations along with general beam seating,” Gordon said.
- The trend was born out of airports wanting to meet the diverse needs of their guests and having a variety of options to make everyone feel comfortable. Gordon said this included seating that allowed for more personal space through the use of tables, tablet arms, ‘clusters’, acoustic panels, planters and other design features; all trends continuing into the COVID-19 world and beyond.
- “Creating layouts that allow for flexibility and, where practical, more personal space will continue be a trend,” Gordon said.
- Sensible solutions that allow flexibility, Gordon stressed, is key to the future success of airport seating and terminal design, so airports can easily change configurations to meet the evolving guidelines and public health concerns without creating new problems. Seats can be equipped with temporary slip covers that encourage social distancing but keep the seat usable so that families can still sit together. She suggests using screens selectively and strategically when required seating density doesn't allow for comfortable distances, such as between back-to-back rows.
- Of course, there is more to combating the virus than the arrangement of seating – disinfecting is high priority – and having fixtures that are easy to clean will be part of the battle moving ahead.
- “We also believe that the choice of materials and ease of cleanability will be very important. There was a trend happening recently towards more woven fabrics on lounge pieces that are harder to clean,” Gordon said.
- Instead, she believes they will see more seating in non-porous upholstery like vinyl or faux leather, polyurethane, metal or wood, as these are all easily cleaned and disinfected.
- “A main concern for airports is keeping up with frequent cleaning and disinfecting of the furniture. Because of this, it's best to have furniture that is easily wiped and disinfected to keep O&M costs in check,” said Gordon.

Traffic Rebound on U.S. Airlines Slows Despite Labor Day Bump

- Americans are still mostly avoiding airplanes amid the coronavirus pandemic, despite a busy Labor Day, according to the latest traffic reports.

- Passenger traffic on U.S. airlines was down 73% in July from a year earlier, while international passenger traffic on U.S. airlines was down 90%. the U.S. Bureau of Transportation Statistics said Tuesday.
- That's improved from the year-over-year declines seen in April, May and June, when airline passenger traffic was down 96%, 90% and 80% respectively.
- But the recovery appeared to stall in August and early September, when year-over-year declines in passenger counts were still in the 70% range on some days, according to Transportation Security Administration data on people passing through airport security checkpoints.

The Time to Prepare for COVID-19 Vaccine Transport is Now

- The International Air Transport Association (IATA) urged governments to begin careful planning with industry stakeholders to ensure full preparedness when vaccines for COVID-19 are approved and available for distribution.
- The association also warned of potentially severe capacity constraints in transporting vaccines by air.
- Air cargo plays a key role in the distribution of vaccines in normal times through well-established global time- and temperature-sensitive distribution systems. This capability will be crucial to the quick and efficient transport and distribution of COVID-19 vaccines when they are available, and it will not happen without careful planning, led by governments and supported by industry stakeholders.
- “Delivering billions of doses of vaccine to the entire world efficiently will involve hugely complex logistical and programmatic obstacles all the way along the supply chain. We look forward to working together with government, vaccine manufacturers and logistical partners to ensure an efficient global roll-out of a safe and affordable COVID-19 vaccine,” said Dr Seth Berkley, CEO of Gavi, the Vaccine Alliance.
- **Facilities:** Vaccines must be handled and transported in line with international regulatory requirements, at controlled temperatures and without delay to ensure the quality of the product. While there are still many unknowns (number of doses, temperature sensitivities, manufacturing locations, etc.), it is clear that the scale of activity will be vast, that cold chain facilities will be required and that delivery to every corner of the planet will be needed. Priorities for preparing facilities for this distribution include:
 - Availability of temperature-controlled facilities and equipment - maximizing the use or re-purposing of existing infrastructure and minimizing temporary builds
 - Availability of staff trained to handle time- and temperature-sensitive vaccines
 - Robust monitoring capabilities to ensure the integrity of the vaccines is maintained
- **Security:** Vaccines will be highly valuable commodities. Arrangements must be in place to keep ensure that shipments remain secure from tampering and theft. Processes are in place to keep cargo shipments secure, but the potential volume of vaccine shipments will need early planning to ensure that they are scalable.
- **Border Processes**
 - Working effectively with health and customs authorities will, therefore, be essential to ensure timely regulatory approvals, adequate security measures, appropriate handling and customs clearance. This could be a particular challenge given that, as part of COVID-19 prevention measures, many governments have put in place measures that increase processing times. Priorities for border processes include:

- Introducing fast-track procedures for overflight and landing permits for operations carrying the COVID-19 vaccine
- Exempting flight crew members from quarantine requirements to ensure cargo supply chains are maintained
- Supporting temporary traffic rights for operations carrying the COVID-19 vaccines where restrictions may apply
- Removing operating hour curfews for flights carrying the vaccine to facilitate the most flexible global network operations
- Granting priority on arrival of those vital shipments to prevent possible temperature excursions due to delays
- Considering tariff relief to facilitate the movement of the vaccine
- Capacity
 - On top of the transport preparations and coordination needed, governments must also consider the current diminished cargo capacity of the global air transport industry. IATA warned that, with the severe downturn in passenger traffic, airlines have downsized networks and put many aircraft into remote long-term storage. The global route network has been reduced dramatically from the pre-COVID 24,000 city pairs. The WHO, UNICEF and Gavi have already reported severe difficulties in maintaining their planned vaccine programs during the COVID-19 crisis due, in part, to limited air connectivity.
 - “The whole world is eagerly awaiting a safe COVID vaccine. It is incumbent on all of us to make sure that all countries have safe, fast and equitable access to the initial doses when they are available. As the lead agency for the procurement and supply of the COVID vaccine on behalf of the COVAX Facility, UNICEF will be leading what could possibly be the world’s largest and fastest operation ever. The role of airlines and international transport companies will be critical to this endeavour,” said Henrietta Fore, UNICEF Executive Director.
 - The potential size of the delivery is enormous. Just providing a single dose to 7.8 billion people would fill 8,000 747 cargo aircraft. Land transport will help, especially in developed economies with local manufacturing capacity. But vaccines cannot be delivered globally without the significant use air cargo.
 - “Even if we assume that half the needed vaccines can be transported by land, the air cargo industry will still face its largest single transport challenge ever. In planning their vaccine programs, particularly in the developing world, governments must take very careful consideration of the limited air cargo capacity that is available at the moment. If borders remain closed, travel curtailed, fleets grounded and employees furloughed, the capacity to deliver life-saving vaccines will be very much compromised,” said IATA’s Director General and CEO, Alexandre de Juniac.

Palladium Hotel Group Offers Free Medical Insurance to Guests

- When travelling with Palladium Hotel Group, guests will now be able to benefit from free health care insurance during their stay at selected hotels and resorts in Spain, Mexico, Jamaica, Dominican Republic, Brazil & Italy.
- Further reinforcing its commitment to guests’ wellness, the new health insurance will protect guests against any unforeseen circumstances, should they be diagnosed with COVID-19 during their stay. This industry-leading initiative to boost travel confidence is provided by Palladium Hotel Group, completely free of cost for a year, for all guests who

book on palladiumhotelgroup.com, through a Preferred Travel Advisor, Tour Operator, or any other booking channel.

- Guests will be automatically insured from the moment they arrive at any of our selected hotels until their check-out.
- Expenses for any illness arising during the stay in the hotel up to €3,000 (Euros) and for Covid-19 infection up to €100,000 (Euros). These expenses include medical fees, medicines from the medical care provided, as well as hospitalization expense and ambulance expenses requested by a doctor.
- Full details available [here](#).

Marriott International CEO Says Business Won't Return To 2019 Levels For 3 Years

- With a loss of \$234 million in the year's second quarter, the world's largest hotel company with more than 7,000 properties around the globe has been hit hard by the steep drop in travel during the pandemic. CEO Arne Sorenson says Marriott's business dropped 90% when the pandemic first began and it's still down as much as 65% for August.
- "It's a meaningful improvement," he says. "But minus 65% compared to the Great Recession or the events after 9/11 is multiples worse than what we experienced then."
- Business isn't back to normal in any of the 131 countries Marriott operates in, he says, but it's closest in China.
- The company expects that business next year will remain down a third compared to before the pandemic and then a two-year recovery will be necessary to bounce back to 2019 levels, he says.
- "It implies a headcount reduction around the world," he says. "And of course, each market will vary a little bit. Each hotel will vary a little bit. But there are certainly tens of thousands of jobs that will be lost across our system across the globe."
- Marriott did not take money from the CARES Act, he says, but many small franchise hotel owners utilized the Paycheck Protection Program or the Main Street Lending Program.

UK Government to review October 1 return of business events

- The October 1 restart date for business events is set to be reviewed following an increase in the Covid-19 infection rate, the prime minister has announced.
- Boris Johnson also announced that social gatherings with more than six people will be made illegal and punishable by dispersal, fines and arrest, in a bid to reduce the rate of infection.
- Johnson added that the October restart would not necessarily be scrapped completely and said that the culture secretary would provide more details "shortly".
- The prime minister also revealed that the government had been working on a mass testing plan to return the UK "closer to normality".
- He said: "We will test 500,000 a day, and those testing negative will be allowed to behave in a more normal way in the knowledge they cannot infect anyone else."
- Mass testing of large audiences is set to take place in October in both indoor and outdoor venues.

- He said: “It may be possible to deploy these tests on a far bigger scale, unlike anything carried out anywhere else. That level of testing would allow people to lead more normal lives without the need for social distancing.
- “Theatres and sports venues could test an audience and let in anyone with a negative result. The same would apply to workplaces.
- “We are going to pilot this approach in Salford from next month with audiences in indoor and outdoor venues and then we hope to go nationwide.”
- The change in regulation comes after the UK’s number of coronavirus cases continues to rise. For groups of more than six people who are meeting socially indoors or outdoors, an initial fine of £100 will be imposed if they fail to disperse or comply, with subsequent fines doubling on each offence up to a maximum of £3,200.