Travel Industry Update

October 1, 2020

United And American Airlines Tell 32,000 Employees They're Now On Furlough

- United Airlines and American Airlines have sent furlough notices to a total of more than 32,000 employees, saying they can't afford to have them on payroll after Thursday – the expiration date for the federal CARES Act Payroll Support Program.
- "To our departing 13,000 family members: thank you for your dedication and we look forward to welcoming you back," United said in a message sent to employees Wednesday night that it also shared with NPR.
- American sent a similar message to 19,000 employees, with CEO Doug Parker saying the furloughs could be reversed if Washington manages to reach a new business aid package. He also said there is hope for a CARES Act extension.
- "I spoke late today with the Secretary of the Treasury Steven Mnuchin," Parker said in a letter to employees. "He informed me that the White House and Speaker Nancy Pelosi are continuing to negotiate on a bipartisan COVID-19 relief package that would include an extension of the PSP and it is possible they could reach an agreement in the coming days."
- Not every large U.S. airline is planning to furlough workers. Delta CEO Ed Bastian said earlier this month that the airline "will be able to avoid involuntary furloughs for our flight attendants and ground-based frontline employees in the U.S."
- Delta can avoid those furloughs due to a number of money-saving measures, Bastian said. Operations were scaled back, and 40,000 employees voluntarily signed up for short- and long-term unpaid leaves of absence. In addition, 20% of Delta employees opted to take voluntary exit packages, and work hours for ground employees were reduced by 25%, he said.

Seattle-based Alaska Airlines to furlough 500 employees as federal aid runs out

- With federal aid for airlines running out and talks over an extension stalled, Alaska Airlines said it will soon begin to furlough 532 employees.
- Alaska's cuts include 299 flight attendants, the airline said.
- Alaska was able to save some positions. No pilots, maintenance technicians, or dispatchers have been furloughed, Alaska said.

What Happens After Oct. 1? Airlines and Passengers Face New Reality as Stimulus Draws to an End

- Thursday is the day when the restrictions end that came with the $25 billion in CARES Act funding from late March. That prohibited airlines from laying off or furloughing employees and cutting pay. American Airlines took $5.1 billion in grants and nearly $7.2

billion in loans. Dallas-based Southwest Airlines got $2.2 billion in grants and another $947 million in loans.
- As those restrictions are about to lift, airlines are in worse condition than they thought they would be in spring or early in summer.
- Across the airline industry, about 80,000 workers are holding notices telling them time is coming due for carriers to say goodbye if Congress doesn't pass another payroll extension grant.
- Airlines have been cutting flights since March, but carriers have been more aggressive with reductions for October. Southwest trimmed back its schedule to about 50% of last year's capacity.
- "What I would predict now is that I don't see that changing significantly from here until we get a vaccine," Southwest CEO Gary Kelly said in an interview in early September. "Until we get to that point, I wouldn't expect us to see a significant improvement in our traffic. That will be sometime in 2021 at best."
- Without federal payroll grants, American said it needs only 11,700 flight attendants, compared to 27,000 before the pandemic. About 8,100 flight attendants are scheduled to be furloughed.
- And when the industry does start to recovery, American Airlines chief operating officer David Seymour said it could take weeks or months to get employees back. The company will have to reach out to employees to see if they plan to return and find out where they are located.
- It could take 12 to 15 months to retrain pilots who are out on leave, Dennis Tajer, spokesman for Allied Pilots Association, said, especially if airlines try to bring them all back at once.
- "What we do know is that when a recovery comes, if you aren't prepared, you will lose," he said.

Bradley International Airport to Announce COVID-19 Testing at the Airport

- Bradley International Airport is expected to announce Tuesday that it will begin offering COVID-19 tests as an option for travelers who want to avoid a 14-day quarantine if they are flying from a state listed on the Connecticut's travel advisory.
- Two weeks ago, Gov. Ned Lamont altered the state's COVID-19 testing requirements that are part of the travel advisory for passengers arriving at Bradley. Travelers can now avoid a mandatory 14-day self quarantine by providing a negative test result obtained within 72 hours of arrival or after arriving at Bradley, staying in quarantine until the test results are obtained.
- The Connecticut Airport Authority has said it was in discussions with two laboratories about the potential for testing in both the terminal and at a mobile site on airport grounds. If passengers choose the testing option, they wouldn't necessarily have to seek the test at the airport. They could seek tests at other locations in the state, CAA officials have said.

American Airlines will Offer Preflight COVID-19 Testing at DFW for Flights to Hawaii

- American Airlines will start preflight COVID-19 testing, including on trips from DFW International Airport to Hawaii, as the carrier tries to boost travel to foreign destinations and U.S. states with travel restrictions.

- Fort Worth-based said it has been working with the Hawaiian government on a series of options to let passengers travel to the island state without a 14-day quarantine, including on-site rapid testing at DFW International Airport. There are also options to have testing done through an at-home kit and at local CareNow urgent care centers.
- American will also start testing at Miami International Airport in October for flight to Jamaica, starting with Jamaican residents that could help them avoid a 14-day quarantine returning to the country. The program could then extend to the Bahamas and other Caribbean countries soon after.
- All testing must be done with 72 hours of the flight to Hawaii and only those that test negative will be able to avoid quarantine.
- Hawaii is lifting its 14-day quarantine on Oct. 15, but only for those that can show proof of a negative COVID-19 test taken within 72 hours of their flight.
- United Airlines will start a similar testing program at San Francisco International Airport for flights to Hawaii.

Covid-19 Risk on Qantas Flight Highest in Window Seats in Economy Class

- The spread of Covid-19 on a Qantas Airways Ltd. flight in March showed people in window seats in the middle of the economy cabin had the greatest risk of contracting the virus, according to genome sequencing analysis of infected passengers.
- At least eight, and probably as many as 11, passengers caught Covid-19 during the five-hour flight from Sydney to Perth on March 19, scientists from Western Australia wrote in the Emerging Infectious Diseases journal. Eleven people were infectious on the plane: almost all of them had disembarked the cruise-ship Ruby Princess in Sydney earlier that day.
- In total, there were 243 passengers on board QF577, an Airbus A330.
- While the infectious passengers were almost evenly split between the middle and the rear of the cabin, all 11 secondary infections were found in the middle of the aircraft in economy class, the study showed. Seven were also in window seats, contradicting the widely held view that such seats have a lower risk of pathogen exposure, the study said.
- Most of the passengers who contracted Covid-19 on the Qantas flight were within two rows of infected travelers, although one was six rows away, the study said.
- In a statement, Qantas said it had protocols in place at the time to handle people from infected cruise ships, but it didn’t know that some passengers had come from the Ruby Princess.
- “Had we known, they would have been stopped from traveling,” Qantas Medical Director Ian Hosegood said in the statement.

The collapse of global air travel is putting 46 million jobs at risk

- The collapse in aviation caused by the coronavirus pandemic could wipe out 46 million jobs worldwide, according to new research that highlights just how damaging a prolonged downturn in air travel and tourism is for the global economy.
- The Air Transport Action Group (ATAG), a Geneva-based coalition of aviation industry organizations, said in the report published Wednesday that more than half of the 88 million jobs supported by aviation could be lost at least temporarily as a result of the pandemic. Many in the industry expect air travel will not recover to last year's level until 2024.
- Job losses at airlines, airports and civil aerospace companies alone could amount to 4.8 million by the beginning of next year, a 43% reduction in employment from levels before

the pandemic, according to the report, which is based on an analysis by Oxford Economics.

- Another 26 million jobs could go in air travel-related tourism, with about 15 million more at risk in companies that sell goods and services into the air transport supply chain or to aviation industry workers.
- Airline jobs could fall by more than a third, or 1.3 million, while economic activity supported by aviation could shrink 52%, translating to a loss of $1.8 trillion in global GDP.
- The pandemic will have "far-reaching implications on the industry for many years," according to the report, which highlights the extent to which the livelihoods of millions of workers rely on global air travel. That came to a near standstill at the height of coronavirus lockdowns in April and is expected to remain depressed for years to come.
- "There have been reductions in passenger traffic caused by shocks in the past, but never a near total shutdown of the global system," said the report, which predicts passenger numbers in 2020 will be less than half last year's level.
- Jobs cuts at major airlines and airports have already begun, reverberating through the supply chain to planemakers, parts suppliers, catering companies and construction firms, as less money is spent on buying new planes and infrastructure projects are put on hold.

Hotels Face a Dire Winter Without More Aid From Congress

- New research from the American Hotel and Lodging Association shows 68 percent of hotels have less than half of their normal staff working full time. In addition, more than two-thirds of hotels said they would not be able to last six more months at the current projected revenue and occupancy levels, and half of the hospitality owners polled said they are in danger of foreclosure. Without government assistance, 74 percent of hotels said they would be forced to lay off more employees.
- Another study released by the AHLA last month found that unemployment within the hospitality and leisure sector is at 38 percent, nearly four times that of the national average (10.2 percent).
- In an effort to the save industry, the organization is pleading with lawmakers to swiftly pass another round of Covid-19 relief. To that end, AHLA and the U.S. Travel Association have partnered to launch the Covid Relief Now Coalition — which nearly 150 industry organizations have signed on to join over the past 24 hours.
- The coalition, which represents a cross section of public and private sectors and hundreds of thousands of employers, is gathering around a single message, according to Rogers. "There should be no recess without relief," he said. The group is sending a letter to Congress today calling for immediate travel-industry relief.
- The states of California and Florida have been particularly hard hit — with hotel-related job losses as of September numbering more than 234,000 and nearly 173,000, respectively. Without additional aid from Congress, those numbers are predicted to climb to nearly 470,000 in California and more than 336,000 in Florida.
- Similar calls for help are coming from Chicago, where so much of the hospitality economy depends on conventions. "More than half of our total revenue for many of our hotels is reliant on meetings and events or what we call group travel," explained Michael Jacobson, president and CEO of the Illinois Hotel & Lodging Association. "So until those gathering restrictions are eased, we're going to be in a world of pain."
- Only 20 percent of hotels have received any debt relief from commercial mortgage-backed security lenders on Wall Street, according to AHLA. Without aid from Congress,

the industry association expects massive foreclosures. At the beginning of the year, there were about 57,000 hotels across the U.S. Without congressional aid, up to 38,000 of those could close in the next few weeks.

- More than half (58 percent) of Manhattan hotels remain closed, according to the latest Manhattan Lodging Index from PricewaterhouseCoopers. Findings from the report show approximately 61,450 hotel rooms in Manhattan had not reopened as of early September. Of these, nearly 2,700 are expected to be shuttered permanently.
- "You won't see meaningful increases in operating metrics for Manhattan hotels until we see a return of the business traveler, and that likely comes after a widely distributable vaccine and therapeutics become available," said Warren Marr, managing director of U.S. hospitality and leisure for PwC.
- Since mid-February, U.S. properties have lost more than $46 billion in room revenue, according to the AHLA. Hotels across the country are on track to lose more than $400 million in room revenue per day due to COVID-19, which equates to losses of $2.8 billion weekly.
- As a result, many hotels — 87 percent, according to the AHLA — were forced to furlough or lay off staff members. More than 7.7 million hospitality and leisure jobs were lost at the peak of the pandemic and 4.3 million remain out of work. Even as properties have reopened and occupancy picks up, layoffs continue. In many cases, furloughed employees are now losing their jobs permanently.