



## Travel Industry Update

October 2, 2020

### IATA again downgrades outlook for global air travel

- IATA has once again downgraded its full-year 2020 global air travel forecast, reflecting a downturn in European travel demand amid a new surge in Covid-19 cases as well as other new restrictions in portions of the world.
- The global airlines trade group now projects full-year 2020 traffic to be down 66% compared with 2019. Its previous forecast was of a 63% plunge.
- IATA said that the recovery of air passenger service globally came to a halt in mid-August.
- "August's disastrous traffic performance puts a cap on the industry's worst-ever summer season. International demand recovery is virtually nonexistent, and domestic markets in Australia and Japan actually regressed in the face of new outbreaks and travel restrictions," IATA director general Alexandre de Juniac said.
- Across the globe, domestic passenger markets were off 50.9% in August, while international flying remained down a stunning 88.3% year over year.
- In North America, international traffic in August was down 92.4%, IATA said. For the U.S., domestic flying was down 69.3%.
- In Europe, international demand was down 79.9% year over year in August. But IATA said travel on the Continent is now trending even worse amid a return to lockdowns and quarantines in some markets.
- "Absent additional government relief measures and a reopening of borders," de Juniac said, "hundreds of thousands of airline jobs will disappear."

### Hawaiian Airlines begins massive layoffs, cutting staff by nearly one third

- Thursday, Hawaiian Airlines began laying off 2,501 people from their current total of 7,447 employees.
- Hawaiian Airlines says air travel is down by more than 90% compared to last year, and that even as the state plans to begin pre-travel testing options to avoid quarantine, it is still necessary to cut their workforce and labor expenses.

### Ryanair sees collapse in passenger numbers for September as coronavirus hits demand

- Ryanair today admitted passenger numbers had slumped 64% in September on last year's levels as the coronavirus hammered its flight schedules.
- The budget airline flew 5.1 million passengers in the month compared with 14.1 million a year earlier.
- Ryanair said it operated about 53% of its normal September schedule with a load factor - the industry measure of how full the planes are - of 71%

### **Ryanair loses High Court action over Ireland's travel advice**

- Ryanair has lost its High Court challenge against travel measures introduced by the Government in the wake of the coronavirus pandemic. The airline had claimed the measures amounted to a legal restriction on travel in and out of the country.
- The State disputed those claims, arguing the measures are merely advisory and not binding in nature.
- Mr. Justice Garrett Simons ruled on Friday that the Government had not exceeded its executive powers and trespassed upon the legislative power in relation to the measures.
- Ryanair's action was against An Taoiseach Ireland and the Attorney General, seeking various orders and declarations, including one setting aside the measures announced in late July. This included the advice not to travel outside of Ireland save for essential purposes.

### **KLM submits restructuring plan to Ministry of Finance; job cuts, pay reductions and further cost-cutting**

- KLM Royal Dutch Airlines today submitted its restructuring plan to the Netherlands Ministry of Finance. The presentation of this restructuring plan was a key condition in obtaining a government loan and guarantees to the value of €3.4 billion.
- The presentation of the plan is a very important milestone. Substantively, the plan includes elements such as the reassessment of strategy, cost-cutting initiatives, financial considerations and how KLM staff will contribute by way of reduced employment conditions.
- As KLM plays such an important economic and societal role in the Netherlands, the government has offered the airline a loan package, to which it has attached certain conditions. One condition is that KLM staff should contribute to KLM's restructuring by accepting reduced employment conditions, amounting to income-dependent, graduated cutbacks of up to 20%. These reduced conditions will apply for the duration of the loan period.
- KLM has now reached agreement with all unions for ground, cockpit and cabin staff on key principles of this plan for the period through 2022.

### **Air Canada orders first batch of 25,000 rapid COVID-19 testing kits**

- Air Canada has ordered 25,000 testing kits that can detect COVID-19 in someone in as little as five minutes, a key hurdle for an industry that's desperately trying to make it safe and possible for travelers to fly again.
- The first batch of tests will be for employee volunteers, now that the devices by Abbott Laboratories have been approved for use in Canada by federal health and safety authorities, the airline said Thursday.
- Current tests have to be administered at testing centers, which have been plagued by long lineups, and results can take days.
- The new test is faster and requires a nasal or throat specimen to be collected from a patient on a swab and inserted into an analyzer to detect the presence of the virus. Positive results come back in as little as five minutes. Negative results can take about 13 minutes to verify.
- Since the experiment began on Sept. 3, more than 13,000 travelers have been tested.

- More than 99 per cent of the tests came back negative. Of the less than one per cent that came back positive, more than 80 per cent were identified on the initial test, while the rest were detected with a follow up test seven days later.

### **Malaysia Airlines Talks to Creditors in Urgent Restructuring**

- Malaysia Airlines Bhd. has reached out to lessors, creditors and key suppliers as part of its “urgent” restructuring exercise as it sees little sign of the pandemic easing.
- The flag carrier, wholly owned by Malaysia’s sovereign wealth fund Khazanah Nasional Bhd., would take more drastic measures if the restructuring can’t be completed over the next few months, according to a statement issued on Friday.
- Flag carrier reached out to lessors, creditors, key suppliers.
- Malaysia Airlines has struggled to turn around since 2014.
- The carrier has embarked on salary cuts for its management and pilots, offered no-pay leave, sought payment deferrals and contract renegotiations since March. It will now review its network and fleet plans.

### **TSA Deadline: 62% Of Americans Have Exactly One Year To Get A Driver’s License With A Star On It**

- Americans are flying a whole lot less since the Covid-19 pandemic began, according to throughput data from the Transportation Security Administration (TSA). But there’s a deadline looming for those who want to get on a plane a year from now.
- Beginning October 1, 2021, the Transportation Security Administration (TSA) will no longer accept previous versions of driver’s licenses as identification. Every air traveler 18 years of age and older will need a REAL ID-compliant driver's license, state-issued enhanced driver's license, or another acceptable form of ID to fly within the United States.
- Driver's licenses with stars in the upper corner are REAL ID compliant, meaning that they are more secure than older versions. The rules were first announced back in 2005, when Congress passed the REAL ID Act on the recommendation of the 9/11 Commission. The law is intended to create a national standard and make sure every state has a more secure driver's license.
- Starting one year from now, air travelers without a REAL ID will have to bring an alternative form of acceptable ID to the airport or be turned away at the security checkpoint. The list of acceptable IDs includes a passport; a military ID; a border ID card; a trusted traveler card, such as Global Entry; a permanent resident card; and other documents.