



Travel Industry Update

October 9, 2020

CommonPass hopes to become the testing standard that will kickstart travel

- Trials are starting this week for CommonPass, a digital health screening tool that may eliminate the need for quarantines and provide confidence for governments to open borders that are now sealed by the pandemic.
- It's being developed by the nonprofit Commons Project Foundation and the World Economic Forum. Thirty-seven countries, along with the CDC and Customs and U.S. Border Protection, are participating in the project.
- With CommonPass, travelers would take a Covid-19 test at a certified lab, upload their results to their phones and complete any additional health-screening questions that their destination requires. CommonPass will verify the traveler has met the destination's requirements and generate a QR code that can be scanned by airlines and border officials.
- Dr. Martin Cetron, director of the CDC's division of global migration and quarantine, said in a statement that the "CDC is eager to learn from the CommonPass pilot, as it could be one of the many potential tools that may one day contribute to a safe, responsible and healthy global air travel experience."
- Among private companies involved is Internova (No. 7 on the Travel Weekly Power List). "A verifiable record of each passenger's Covid testing status will help restore confidence in travel," Internova Travel Group CEO J.D. O'Hara said in a statement. "Internova Travel Group is encouraging all industry groups to support this effort to open safe and secure travel lanes."
- The CommonPass system will be tested this month with Cathay Pacific and United Airlines on flights between London, Newark, N.J., Hong Kong and Singapore. (An Internova employee, likely Vlitas or O'Hara, will be on United's Newark-to-Heathrow flight, Vlitas said.) If initial trials are successful, CommonPass will be rolled out to additional airlines and routes.
- Although it's unclear at this point who would pay for a broader implementation, Vlitas said he imagines it would be a cost that airlines would pass on to travelers.
- And looking ahead, he added, if CommonPass should be successful as a verification of tests, it could later also be used to verify whether a traveler has been vaccinated.

Business Travel Demand Won't Bounce Back In 2021, And Maybe Not For Years. That Will Be Devastating For Airlines.

- Even if a vaccine for Covid-19 becomes widely available – and widely used - around the globe, and if the very onerous government restrictions on international travel largely disappear, airlines still will continue to struggle with extraordinarily weak demand for business travel through the end of 2021, and likely beyond.

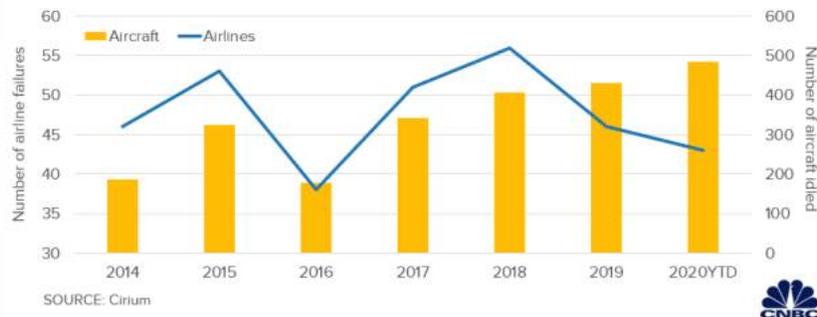
- And that could be devastating for already cash-depleted airlines that are guaranteed this year to report losses that, even for an industry with a long history of red ink, will be record-shattering.
- The economic importance of business travel for all conventional airlines and even for most so-called “discount” carriers simply cannot be overstated. It is the kind of travel that historically has generated more than half, and in some cases as much as 75% of carriers’ profits. In effect, cheaper seats sold mostly to leisure travelers are “loss leaders” that serve to fill 75% of the industry’s available seats so that the carriers then are able to offer near-on demand flights to their big-spending business travel customers.
- In 2018, business travelers globally spent \$1.4 trillion on airlines, hotels, ground transportation, food and other travel services. Half of that was spent in just two countries, the United States and China, according to the World Travel & Tourism Council. About 20 percent of the remaining global business travel spending occurred in Europe.
- Now there’s mounting evidence that collectively warns that even if vaccines proliferate and governments begin relaxing or lifting entirely their heavy Covid-19-derived restrictions on cross-border travel, business travel will be particularly slow to rebound vis-à-vis the rate of leisure travel recovery.
- When the Institute of Travel Management recently asked corporate travel managers around the world what they expect their companies’ travel plans and budgets to be for 2021, 38% of them said their businesses’ travel volumes will be down by 25% to 50% vs. 2019, the last “normal” year. Another 36% were even more pessimistic, saying their corporate travel would fall 50% to 70% from 2019.
- Earlier this week UBS travel industry analyst Jarrod Castle said at an ITM conference: “The crisis will take several years to get through. A rise in GDP next year may not mean travel is out of the woods.”
- He reminded conference attendees that it took five years for air traffic to fully recover after the financial crisis that began in 2008. And during that recession travel demand fell only about 7% compared with the staggering drop in demand of more than 70% on a full-year basis in the current crisis.

Over 40 airlines have failed so far this year — and more are set to come

- Huge aid packages saved airlines at a time when air travel came to a near standstill because of the coronavirus, but the worst is not over, analysts said.
- Travel data company Cirium found that 43 commercial airlines have failed — completely ceased or suspended operations — in 2020 so far, compared to 46 in all of 2019 and 56 throughout 2018.
- The effect of the pandemic is so great that larger airlines have also been badly hit in this environment, said Rob Morris of Cirium.

Global airline failures from 2014 to 2020

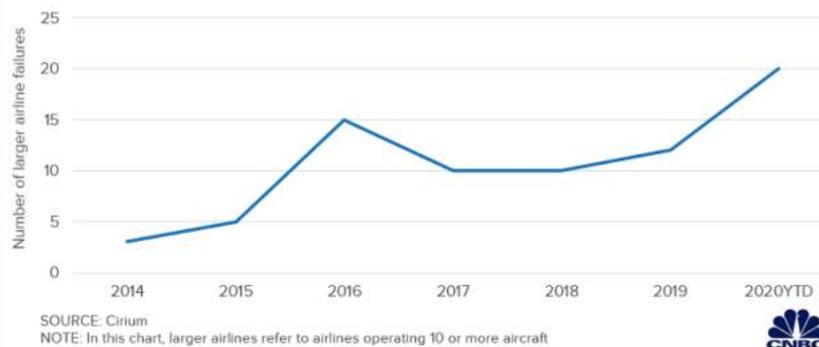
Fewer airlines have failed in 2020 so far, but more aircraft have stopped operating because larger airlines were affected.



- Despite the financial aid, however, the outlook for the rest of 2020 is “not encouraging,” Morris said.
- “Many airline failures typically occur in the final few months of the year,” he told CNBC in an email. The first and fourth quarters are “the hardest” because most of the revenue is generated in the second and third quarters.
- Of the 43 airlines that failed in 2020 so far, 20 of them operated at least 10 aircraft, compared to 12 in all of 2019 and 10 throughout 2018, Cirium’s data showed.

Larger airlines have also been hit by the pandemic

More airlines operating a fleet of 10 or larger have failed in 2020 so far



Delta is shuffling its management ranks as coronavirus reshapes airline needs

- Delta’s managers could be shifted to other departments where staffing is more in-need.
- The move will affect dozens of managers. It could include moving people to departments like Delta’s Global Cleanliness Division, which it established in June in response to the virus, and other areas related to the daily operation of the airline.
- Employees can apply for new jobs or take buyouts.
- Some 17,000 Delta employees have already accepted buyouts and early retirement offers.
- The airline said its goal isn’t to reduce headcount.

American Airlines, without additional stimulus, will cut flights to more U.S. cities, CEO says

- American Airlines would be forced to discontinue service to additional U.S. markets in the absence of new coronavirus relief from Washington, CEO Doug Parker told CNBC on Thursday.
- “We can’t continue to wait. If forced to, of course, we will indeed discontinue service to a lot of markets,” he said.
- Parker’s comments came shortly after House Speaker Nancy Pelosi rejected the idea of a stand-alone aid package for airlines unless part of broader stimulus.

Alaska Airlines to Offer Pop-Up Testing

- Despite ongoing questions about reopening parts of Hawaii to mainland travelers. Alaska Airlines, in partnership with Carbon Health, has announced it will offer rapid COVID-19 testing at its pop-up clinics along the West Coast, starting Oct. 12 in Seattle.
- The state of Hawaii is set to begin welcoming back out-of-state visitors Oct. 15, when they test negative for COVID-19 within 72 hours of their final leg of departure to Hawaii, although some parts of the state may still require a 14-day quarantine on arrival.
- Alaska joins other global carriers, including United, American and Hawaiian Airlines, to launch pre-flight rapid testing programs.
- Tech-enabled health care provider Carbon Health will make rapid COVID-19 testing available at its pop-up clinic located at 220 6th Avenue North in downtown Seattle. Passengers will be able to make appointments, with priority testing for Alaska Airlines fliers from 9 AM until 7 PM PDT Mondays, Wednesdays and Fridays beginning Oct. 12.
- Test results will be ready within two hours at a discounted cost of \$135.

EasyJet forecasts a loss of \$1.1 billion, its first annual loss, as the pandemic continues to ravage the airline industry

- The British airline easyJet on Thursday said it might have lost up to \$1.1 billion in its 2020 fiscal year — its first full-year loss.
- The airline forecast headline losses before tax of £815 million to £845 million, or \$1.06 billion to \$1.1 billion, for the year that ended September 30.
- The budget carrier said it expected to operate at about 25% of operational capacity in the first few months of 2021.

No new pilots needed for ‘very long time’: Lufthansa training arm

- Lufthansa’s in-house flight academy has advised student pilots to consider other careers as the industry will not require them “for a very long time.”

Lufthansa Group losing €1 million every 90 minutes

- If anyone needed proof that the airline industry was in dire financial straits then look no further than Lufthansa Group.

- Lufthansa CEO Carsten Spohr, speaking last Monday at the Federation of German Industries, revealed that his airline Group was losing €1 million every 90 minutes.
- These huge losses by Lufthansa Group (comprising Lufthansa mainline, Eurowings, Swiss, Austrian Airlines and Brussels Airlines) are being sustained by billions of Euros in state aid.
- Carsten Spohr said, “At some point we want to be cash-neutral at 50 per cent capacity utilization. We’re happy when we get to 20 per cent in winter.”
- Nevertheless it is “absolutely” certain Lufthansa will survive the Corona crisis, Spohr said.

‘The worst is not behind any airline’: Qatar Airways CEO warns more collapses coming for industry

- “The worst is not behind any airline, not only Qatar Airways,” Qatar Airways CEO Akbar Al Baker told CNBC on Thursday, urging governments to support airlines with bailouts.
- Forty-three commercial airlines have already folded so far this year and some 485 planes have been idled due to the blow to travel from the coronavirus pandemic.
- The International Air Transport Association (IATA) expects the industry to burn \$77 billion in cash in the second half of 2020.

Amtrak tells Congress it needs \$4.9B bailout to avoid service cuts, layoffs

- Amtrak says it needs \$4.9 billion from the federal government to avoid maintenance and jobs cuts.
- The request — formalized in a letter to Senate and Congressional leadership on Thursday — is nearly \$3 billion more than the company anticipated asking from the feds in February, before the COVID-19 pandemic decimated ridership.
- Business stands at about 25 percent pre-pandemic levels, Amtrak said. The railroad expects it to increase to just 40 percent in the current fiscal year, which began on Oct. 1.
- “We have seen that our ridership is not returning as quickly or at the levels that we had hoped for,” wrote Amtrak CEO William Flynn in the letter.
- “Amtrak is in a very precarious position as we await final decisions on our funding levels.”
- Amtrak furloughed over 2,000 employees last month, the New York Times reported.
- In his letter, Flynn said the railroad is only funded through Dec. 10, at which point another 2,400 jobs are on the chopping block.

Hotels, Airports Debut More Cleanliness and Safety Advancements

- There’s a new certification program that hotels and entertainment venues can earn, plus new products that keep high-touch surfaces clean for weeks at a time.
- With the help of an advisory panel that included executives from several major hotel chains, the International WELL Building Institute has released the [WELL Health-Safety Rating for Facility Operations and Management](#) for hotels and resorts worldwide. The safety rating is an evidence-based independent verification program for buildings that is focused on operational policies, maintenance protocols, emergency plans, and stakeholder-engagement strategies, ensuring venues are prepared for the resumption of business in a post-Covid environment.

- In addition to having the hotel executives aboard, the IWBI advisory panel was co-chaired by Richard Carmona, 17th Surgeon General of the United States, and Dr. Stacey Rizza, professor of medicine–infectious diseases and president of the staff at the Mayo Clinic in Rochester, Minn.
- Rachel Gutter, president of IWBI, notes that “by earning the WELL Health-Safety Rating seal, properties signal to guests and employees that protocols grounded in science have been adopted and verified through third-party document review.” Participation in the program requires submission of protocols and policies for review and verification annually.
- The criteria are organized within five categories:
 - Cleaning and sanitization procedures
 - Emergency preparedness programs
 - Health-service resources
 - Air- and water-quality management
 - Stakeholder engagement and communication
- At individual venues, different types of treatments are being used to minimize the chances of infection spread.
- Events DC, the convention and sports authority for Washington, D.C., announced on September 15 its partnership with SurfaceGuard to deploy that firm’s Covid-19 remediation product at the Walter E. Washington Convention Center, the D.C. Armory, and The Fields at RFK Campus as part of those venues’ reopening efforts.
- Events DC venues are the first in the nation to implement this this type of cleaning process. SurfaceGuard is a Washington, D.C.-based specialty coating company that has combined an Environmental Protection Agency-approved coronavirus disinfectant with a unique delivery method. The company has a water-based antimicrobial agent that forms a durable surface protectant to inhibit the growth and spread of bacteria, mold, mildew, fungi, and algae on both porous and non-porous surfaces for up to 90 days; SurfaceGuard technicians use electrostatic sprayers that positively charge atoms of the product, which attach strongly to negatively charged atoms on surfaces. This enables the spray to coat surfaces in a way that hands cannot breach. The disinfectant and antimicrobial products used by SurfaceGuard are nontoxic and safe for food-preparation surfaces, humans, and the wider environment.
- And in New York, Long Island MacArthur Airport was the first airport to use a self-cleaning, anti-microbial film sheets containing silver ions, which keep surfaces disinfected for up to 90 days. The product, called Silver Defender, is an adhesive soft-plastic film that can wrap around door handles and bathroom faucets, and also adhere to elevator button and other flat surfaces.



Disney slams California governor after he slows reopening of California theme parks

- Disneyland and other large theme parks in the Golden State won't be reopening anytime soon, California Gov. Gavin Newsom said Wednesday.

- In fact, he said the state "is in no hurry in putting out guidelines," the rules that theme parks would need to operate safely as the coronavirus pandemic continues to rage. His grim pronouncement marked a turnabout from last month, when Newsom said he expected the guidelines to be issued "very, very shortly" as the state negotiated with the industry.
- "We don't anticipate in the immediate term any of these larger theme parks opening until we see more stability in terms of the data," Newsom said at a news conference.
- "We absolutely reject the suggestion that reopening the Disneyland Resort is incompatible with a 'health-first' approach," Dr. Pamela Hymel, chief medical officer for Disney Parks, Experiences and Products, said in a statement shared on Disney Parks' Twitter account.
- She added: "All of our other theme parks both in the United States and around the world have been allowed to open on the strength of our proven ability to operate with responsible health and safety protocols."