



## Travel Industry Update

October 30, 2020

### Delta and pilot union reach preliminary deal to avoid furloughs until 2022

- Delta had planned to furlough more than 1,900 pilots to cut costs.
- The company doesn't expect to furlough other employees after thousands took buyouts and unpaid leave.
- Delta Air Lines and the union that represents its pilots have reached a preliminary cost-cutting agreement that would avoid furloughs until Jan. 1, 2022, the union said Thursday.
- The agreement still needs approval from Delta's nearly 13,000 pilots. The agreement would reduce monthly minimum guaranteed hours by 5% and give partial pay of 30 hours a month to the pilots who received furlough notices and who won't have to fly, the union said.

### United Airlines to Start Rapid COVID-19 Tests for Passengers at Newark Airport

- After a successful trial in Hawaii, a United Airlines program to test travelers for the coronavirus and give them rapid results at Newark Liberty International Airport, is ready to be tried out on a flight bound for London next month.
- "We are launching the world's first free Newark to London COVID-19 test pilot, offering rapid testing on a select flight from Newark to Heathrow free of charge," said Aaron McMillan, United Airlines managing director of operations policy and support. "We guarantee everyone on board will have tested negative."
- The rapid molecular Abbott ID Now COVID-19 test will be administered by Premise Health in a United lounge in Newark to passengers who make an appointment ahead of time. Flight 14 is operates on Mondays, Wednesdays and Fridays. Testing is not offered on the return trip from London to Newark.
- All passengers, except children age two and younger, would be required to be tested prior to boarding. Other arrangements will be made for customers who refuse to take the test, such as routing them through different airports and rebooking flights on a different day, officials said.

### Starting Dec. 1, JetBlue will phase out its policy of blocking all middle seats

- The days of airlines blocking seats to make passengers feel safer about flying during the pandemic are coming closer to an end.
- JetBlue is the latest to indicate it is rethinking the issue. A spokesman for the carrier said Thursday that JetBlue will reduce the number of seats it blocks after Dec. 1 to accommodate families traveling together over the holidays.

## **Over 100 coronavirus cases have been reported among US air marshals, TSA confirms**

- Over 100 cases of the novel coronavirus have been reported among U.S. Federal Air Marshals (FAMs) since the COVID-19 outbreak began, the Transportation Security Administration (TSA) has confirmed.
- Among the air marshals, there are currently 14 active cases of COVID-19; all are quarantined and on administrative leave.

## **NYC Airports to Begin Enforcing \$50 Mask Fine on Monday as COVID-19 Cases Climb**

- Mask up at the airport, in the bus terminals and on the PATH — or expect a \$50 fine, the Port Authority said Thursday.
- The agency will begin Monday to impose the fines on those who refuse to wear masks at Kennedy, LaGuardia and Newark airports, on the PATH trains that link Manhattan to New Jersey, and at the Port Authority's bus terminals in Midtown and Washington Heights.
- The move aims to give teeth to mask requirements imposed by gubernatorial executive orders in New York and New Jersey — and comes as the city's rate of COVID-19 infections per tests increased to nearly 2%, a benchmark Mayor de Blasio on Thursday said could trigger business closures and more restrictions on gatherings.
- "We have seen very high percentage of compliance with the mask requirement," said Port Authority executive director Rick Cotton.
- "By making individuals not wearing masks subject to a \$50 fine, we are emphasizing the criticality of the mask mandate," he said. "We're still going to put heavy reliance on achieving voluntary compliance."
- The Port Authority will enforce the fines in areas where its police department has jurisdiction. That includes the entirety of the three airports except the "sterile zone" managed by U.S. Customs and Border Protection, Cotton said.

## **Port Authority Has Lost \$1.2B in Revenue. The Rest of the Year Will Help Define its Future**

- Is the Port Authority slowly recovering from the revenue-crippling traffic and passenger downturns that the coronavirus inflicted on its bridges and tunnels, airports and PATH rail system?
- The results vary by the facility, with ports being the best performer, and airports and PATH still stuck in a low traffic holding pattern, officials said during Thursday's board of commissioners meeting.
- Overall, the authority lost \$1.2 billion in revenue through Sept. 30, which CFO Elizabeth McCarthy called the worst on record for the agency in recent memory. Losses increased by \$450 million since June and the authority is on track to lose a predicted \$3 billion in revenue, she said.
- Compared to 2019, a record breaking year for PATH ridership, bridge and tunnel traffic and airport passengers, those numbers "declined sharply" McCarthy said. Aviation was down 84% compared to 2019 in the third quarter of 2020, PATH ridership was down 79% and bridge and tunnel tolls were down 14%, she said.

- The authority's continuing dismal airport traffic is a reflection of what is affecting airports and the airline industry across the nation.
- Port Authority airports are among the hardest hit in the country for air service reductions, according to Airlines for America's industry statistics.
- New York saw the second highest service reductions of 65% year-to-date and New Jersey was fifth with a 57% reduction. Only Washington Reagan airport was worse at 72%.
- TSA checkpoint volume is 62% below levels seen one year ago at the same time, Airlines for America reported. In New Jersey, that volume was down almost 75% and New York airports were down by 84%
- Conversely, cargo handled at the authority's ports exceeded 2019 levels by 3%, she said. September was the second month that port traffic increased over 2019.
- The actual amount of revenue collected in the next few months, and a decision on whether the authority gets \$3 billion in requested federal aid to offset losses, will be major factors in deciding the future of the agency's \$32 billion capital plan, said Rick Cotton, executive director.
- "As we move forward, we will not over commit in terms of our capital capacity," Cotton said. "We are keeping all projects in the plan at the moment, but not making major commitments and not moving projects on to construction."
- One exception is the LaGuardia Airport Air Train , which is in the federal environmental review process and moving it forward doesn't require a substantial expense, he said.

### **Logan Airport Getting Coronavirus Testing Site for Passengers**

- Passengers going through Logan's Terminal E soon will be able to grab much more than duty free: a coronavirus test.
- The company XpresSpa Group has set up the "XpresCheck" COVID-19 testing facility in the terminal before security, giving people the option to pay for a test there at Boston Logan International Airport.
- The facility, which includes seven rooms for testing, will be available to passengers by mid-November, and right now is available for airport employees. It will be able to carry out more than 400 tests a day, according to a news release from MarketPlace Logan, which manages concessions in the busy airport.
- People can choose between three different tests: a regular coronavirus test for \$75, a rapid test for \$200 or a \$75 antibody test, which shows whether someone has had the virus. Someone can get all three for \$215.
- " By expanding our preventative measures and adapting to new technology with the arrival of XpresCheck, we remain committed to ensuring the health and safety of our passengers and employees," said Paul McGinn, President of MarketPlace Development. "Having easy access to a testing site at the airport will continue to provide a further sense of security for those who travel through Boston Logan now or in the future."
- Terminal E is Logan's international terminal.

### **Union Says it Has Seen Increase in COVID-19 Among UPS Pilots**

- The pilots union at UPS said it has seen an increase in the number of positive COVID-19 cases among the package delivery company's pilots and called for more testing and contact tracing for crews.
- The Independent Pilots Association, which represents the 3,000 pilots at Sandy Springs-based UPS, said there have been more than 100 cases within the UPS pilot group, with 30 to 70 pilots in quarantine at any given time.

## Boeing to Cut Thousands More Employees as Losses Mount

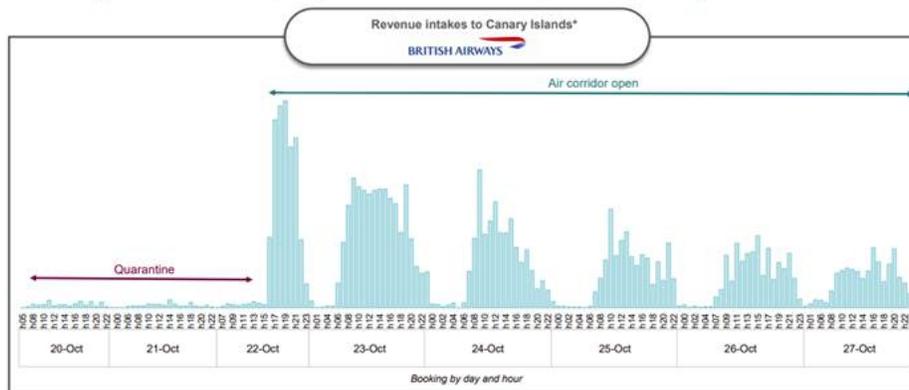
- Boeing on Wednesday announced it will shrink its workforce further, saying that by the end of next year it will employ 31,000 fewer people companywide than at the beginning of this year.
- That's a cut of just over 19% — from 161,000 to 130,000 — almost double the previous plan to cut 16,000 jobs or 10% of the total workforce.
- The brunt of the additional cuts can be expected to come in Boeing's Seattle-area operations, where the company recently said it has already reduced employment by 13,000 through layoffs, buyouts and attrition.

## British Airways Shows Why Travel Corridors Are Key For Recovery

- As it deals with Europe's ever-changing landscape during the COVID-19 pandemic, British Airways has had to make some reasonably swift decisions at times. However, today the airline released data showing just how vital travel corridors are for the aviation industry's recovery.
- The Canary Islands are a perfect example of how booking habits react to changes in government policies. Just over a week ago, the Canary Islands were added to England's list of travel corridors. This means that those arriving in England from the destination don't need to quarantine for 14 days.
- On October 20th and October 21st, bookings for flights to Lanzarote, Las Palmas, and Tenerife were virtually non-existent for British Airways. However, when the UK Government relaxed travel restrictions to the islands off Africa's west coast, a massive spike in bookings occurred. Since then, the airline has been clocking bookings each day on the routes.

### Demand reacts positively when restrictions are removed

British Airways revenue intakes to Canary Islands for travel between October 2020-January 2021



IAG \*Note: includes Las Palmas, Tenerife and Lanzarote

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### **BA-owner IAG slashes costs to survive Covid chaos**

- New CEO Luis Gallego sticks to predecessor's policy of cutting employee and supplier costs.
- The company also used its quarterly results statement to call on governments to adopt pre-departure Covid-19 testing to allow travel during a second wave of infections that is forcing governments to lock down Europe once again.
- IAG said that it had cut cash operating costs by 54% from original plans to 205 million euros per week during the July-September period, a move that is key to airline survival during a winter with very low travel.
- The total operating loss for the quarter was 1.9 billion euros including exceptional items relating to fuel hedges and restructuring costs at British Airways and Aer Lingus where staff numbers have been cut by 10,000, mostly at BA.

### **Ryanair to suspend service from all Irish airports except Dublin**

- Ryanair will temporarily cease operations from all Irish airports except Dublin for a one-month period, blaming "government mismanagement" and a "complete collapse in travel demand".
- From 14 November to 12 December, the low-cost carrier's Irish services will be entirely flown from Dublin, it confirms in a statement.
- "Ryanair recently announced its reduced winter schedule, taking capacity down to 40% compared to the prior year," the carrier says. "As a result of continuous government mismanagement and a complete collapse in travel demand, additional cuts regrettably had to be made across our Irish airports."
- That means the airline will not operate from regional airports including Cork, Kerry, Ireland West and Shannon during the period.
- Cirium schedules data shows it is operating 325 flights from those facilities in October, with Cork accounting for 150 of that total.
- In October 2019, it operated nearly 800 flights from those airports, according to Cirium data.

### **Air France-KLM cuts winter capacity after loss**

- Air France-KLM swung to a heavy net loss in its third quarter, as it cut its capacity views and warned of significantly lower earnings for the last three months of the year.
- The Franco-Dutch airline Friday booked a quarterly net loss of 1.67 billion euros (\$1.96 billion), compared with a net profit of EUR362 million a year earlier. Operating results swung to a loss of EUR1.05 billion.
- In the fourth quarter, the group expects to book a significantly lowered earnings before interest, taxes, depreciation, and amortization compared with the third quarter, it said.
- Capacity at Air France is expected to be below 35% in the fourth quarter, and at roughly 45% for KLM, the company said, adding that the lockdown announced this week in France will hit its business activity.

### **Las Vegas Aims for 50% Convention Capacity by January 1, 2021**

- Nevada's coronavirus-ravaged economy could get a boost come the turn of the year as the state is working on a plan that would allow conventions to have significantly more attendees, Gov. Steve Sisolak said Monday.
- "Right now, I am working on a plan to increase capacity to 50 percent for conventions beginning January 1st, 2021, to get business back to the state and get Nevadans back to work, Sisolak said Monday during a news conference.
- Conventions, one of the state's biggest tourism and therefore economic drivers, have been all but shut down since mid-March due to the rapid spread of COVID-19 and the restrictions put in place to slow the spread.
- Under the governor's current directive that went into effect on Oct. 1, gathering limits are capped at 250 people for most indoor and outdoor events. However, the state has allowed for larger events, such as conventions, concerts and sporting events, to have up to 10 percent venue capacity after submitting a safety plan that has to be approved by state and local regulators.

### **Peru's Machu Picchu reopening Sunday after pandemic closure**

- Except workers repairing roads and signs, Peru's majestic Incan citadel of Machu Picchu is eerily empty ahead of its reopening Sunday after seven months of closure due to the coronavirus pandemic.
- The long closure of Peru's No. 1 tourist draw, which has hammered the local economy, marks the second time it has been shut down since it opened its doors to tourism in 1948. The first time was in 2010 when torrential and prolonged rains forced it to close.
- The stone complex built in the 15th century will receive 675 visitors a day starting Sunday, the director of Machu Picchu archaeological park, José Bastante said.
- "We have a limited 30% admission capacity in compliance with biosafety measures and protocols," Bastante said while supervising final preparations to open the UNESCO World Heritage Site.
- The site is accustomed to receiving 3,000 tourists a day, though it recently passed regulations limiting visitors to 2,244 visitors a day to protect the ruins. Still a large number given experts belief that in the 15th century a maximum of 410 people lived in the citadel on the limits of the Andes mountains and the Amazon.
- Before entering, visitors will have their temperatures taken and will be required to wear masks and stand at least 2 meters apart. Groups, including a guide, cannot be larger than eight people, and children under 12 will not be allowed. To avoid crowding, visitors will travel on four circuits.