



Travel Industry Update

December 4, 2020

U.S. Airline Industry Lost Nearly 29,000 Jobs Due to Pandemic: Transportation Department

- The U.S. airline industry had nearly 29,000 fewer jobs in mid-October than what it had before the pandemic first hit, according to the U.S. Transportation Department.
- Data released by the department shows that the number of people employed by U.S. airlines in March fell by 81,749 to just over 673,000 workers last month.
- The change, caused by a dramatic drop in travel demand due to the COVID-19 crisis, is still costing the industry billions of dollars a month, according to Reuters.
- Overall the demand is still down more than 60%, but as the country deals with recent record-breaking surges in cases, recently enacted guidelines on travel will likely have an even more significant outcome.
- While the pandemic has allowed cargo carriers to add new jobs, passenger carriers were forced to take drastic steps to adapt to the current environment.
- The losses caused by the virus were felt across the entire industry.
- American Airlines, the leading carrier in the U.S., reduced its payroll to 90,846, by eliminating 18,262 jobs, or 17% of its workforce, according to the government report.
- United Airlines lost 29,243 employees, or a 32% reduction in its workforce.
- Delta Air Lines also eliminated about 32% of its jobs, affecting 28,751 employees.
- After a \$25 billion payroll assistance program expired at the end of September, both American Airlines and United Airlines announced they were furloughing more than 32,000 employees.
- On Thursday, Southwest Airlines told CNN that 6,800 employees could be furloughed in the spring. After reported losses of \$2.75 billion through the first nine months of the year, the airline is on track for its first annual loss.
- U.S. Treasury Secretary Steven Mnuchin said Wednesday that he backed another \$20 billion in additional government payroll support for the U.S. airlines, Reuters reported.
- "I think that would be very meaningful in terms of employment and saving the industry," Mnuchin said at a House hearing.

Bipartisan Group Proposes \$908 Billion Coronavirus 'Bridge' Aid Package

- A bipartisan, bicameral group of lawmakers unveiled a \$908 billion aid package for the COVID-19 pandemic Tuesday in an attempt to break a stalemate that has held up relief for months.
- The proposal offers a middle ground between the \$2.4 trillion measure sought by House Democrats and the \$519 billion pushed by Senate Republicans. The package is designed to provide enough relief through the end of March, lawmakers said.
- The new bipartisan measure, billed as a "framework" for an aid compromise, includes many pieces of relief programs that lawmakers have tried for months to pass in various forms. The biggest single piece is \$288 billion in relief for small businesses, including a

new round of Paycheck Protection Program loans, along with Economic Injury Disaster Loans and aid to restaurants, according to a chart summarizing the proposal.

- Other pieces of the package include:
 - _\$45 billion in aid for the transportation industry, including airlines, buses, transit and Amtrak.
 - _\$16 billion for vaccine development and distribution, along with virus testing and tracing.
 - _\$35 billion for health care providers, such as hospitals.
 - _\$4 billion in student loan forgiveness.
 - _\$25 billion in rental housing assistance.
 - _\$26 billion for nutrition and agriculture aid.
 - _\$10 billion for the U.S. Postal Service.
 - _\$10 billion for child care assistance.

Which Countries Are Restricting Meetings and Travel? Here Are the Latest Updates From Around the World

- As many parts of the world continue to battle new Covid-19 outbreaks, leaders have paused the reopening process and, in some cases, put in place new restrictions on travel. Hong Kong and Singapore have delayed the launch of an air-travel bubble that would have allowed travelers from either city to visit the other without quarantining by showing a negative Covid-19 test before they left, when they arrived and before they returned. The program was due to begin on Nov. 22, but has been put on hold until 2021 due to a rise in Covid-19 cases in Hong Kong (see below).
- Meanwhile, Mexico and Canada have extended the closure of their land borders with the United States until at least Dec. 21.

Delta partners with CDC for international traveler contact tracing

- Delta Air Lines has announced that it will begin coronavirus contact tracing for travelers arriving in the United States.
- The airline, which announced the news Thursday in a press release, is partnering with the Centers for Disease Control and Prevention for the launch, which is aimed at keeping "international customers informed of potential COVID-19 exposure."
- "Along with our nine global airline partners, we are working with government agencies, health officials and aviation authorities to offer safer travel at every point in your journey," the news release said.
- Beginning Dec. 15, Delta will ask customers traveling to the U.S. from an international location to voluntarily provide information for "contact tracing and public health follow-up efforts."
- The five pieces of information needed are the passenger's full name, email address, address in the U.S., primary phone number and secondary phone.

Delta warns of slowing bookings, higher cash burn as Covid infections climb

- Delta CEO Ed Bastian said weaker bookings are adding about \$2 million in daily cash burn.
- But he expects the carrier to break even by spring.

- Delta said it continues to expect its fourth-quarter revenue to come in at 30% of its fourth-quarter 2019 sales.

American Airlines sees fourth-quarter cash burn at high end of guidance

- American Airlines said on Friday it expects its fourth-quarter average daily cash burn to be at the high end of its previously forecasted range of between \$25 million and \$30 million.
- The U.S. airline industry is still losing billions of dollars every month as travel demand remains weak and recent coronavirus travel advisories have discouraged holiday travel.
- The U.S. airline now expects to end the fourth quarter with about \$14 billion in total available liquidity.

Southwest Airlines warns it could furlough 6,800 employees to cut costs

- Southwest Airlines on Thursday said it could furlough more than 6,800 employees — about 12% of its staff — citing what it called a “lack of meaningful progress” in cost-cutting negotiations with labor unions.
- If Southwest moves ahead with job cuts, they would be among first involuntary furloughs in the carrier’s nearly 50 years of flying. The airline last month warned more than 400 other workers, including mechanics, that their jobs could be cut.
- The Dallas-based airline said it sent federally mandated notices advising workers their jobs could be at risk to 6,828 employees, including more than 1,200 pilots, 1,500 flight attendants, 1,110 customer service staff, and more than 2,500 ramp, cargo and other operation staff.
- The furloughs would take effect either March 15 or April 1, or within two weeks of that date, unless the carrier reaches cost-cutting agreements with unions or Congress passes additional aid for the sector, the airline said.

KLM, Delta to offer COVID-19 tested flights from Amsterdam to Atlanta

- KLM, the Dutch arm of Air France-KLM, said on Friday it would begin offering a “COVID-19 tested” flight from Atlanta to Amsterdam together with Delta four times a week from Dec. 15. to increase customer confidence in flying amid the pandemic.
- Under the plan, passengers will be tested for the virus five days before departure.
- After testing negative again upon arrival at Amsterdam’s Schiphol airport, U.S. and European Union passengers travelling from Atlanta will be able to skip a 5-day quarantine in the Netherlands.

Carnival cancels all remaining cruises through February 2021

- Carnival Cruise Line announced Thursday that it has canceled its remaining cruises through February 2021, as Covid-19 cases continue to rise nationwide.
- "We apologize to our guests but we must continue to take a thoughtful, deliberate and measured approach as we map out our return to operations in 2021," Christine Duffy, president of Carnival Cruise Line, said in a statement.

- Carnival said it is canceling cruise operations in February 2021 from Miami, Port Canveral and Galveston. The cruise line is also moving the inaugural sailing of its Mardi Gras ship to April 24, 2021, the news release stated.