



## Travel Industry Update

January 15, 2021

### Delta Air Lines Posts Record Loss of \$12.4 Billion in 2020

- Delta Air Lines had a net loss of \$12.4 billion last year as air travel plummeted due to the COVID-19 pandemic, marking the company's largest loss ever.
- But its losses narrowed in the fourth quarter and Chief Executive Ed Bastian predicted the airline would return to profitability later this year.
- "We expect by the spring as the vaccines continue to be distributed, the virus is in a more contained form, people are ready to start traveling again and feel more confident, that's when we'll be getting the added cash and revenues," Bastian said in an interview with The Atlanta Journal-Constitution.
- Bastian hopes to see spring bookings for travel into summer and fall, noting that such advance bookings are a source of cash for the airlines.
- Atlanta-based Delta expects to get another \$3 billion from the federal government from an extension of CARES Act stimulus funding for airlines approved late last year. Bastian said he expects to get the first installment this month and the rest later in the first quarter, and said 30% of the total will be in the form of a loan with 1% interest payable over 10 years.
- That will be another infusion of cash to bolster the company's coffers as it continues burning through \$10 million to \$15 million in cash a day. Delta has raised billions to last through the pandemic, including \$9 billion in debt financing backed by its SkyMiles frequent flier program. It had about \$16.7 billion in liquidity at the end of December.
- That has helped the airline survive a 64% decline in revenue in 2020, including a 70% drop in passenger revenue and a 19% drop in cargo revenue.
- Bastian said health measures like quarantine and travel requirements under the Trump administration have been mostly left to the states, making it "very, very choppy, very confusing to customers." He added he hopes for "a stronger, more unified national approach toward managing the virus" under the incoming Biden administration, and that he has already had discussions with the incoming administration.
- "I certainly hope as we recover from COVID that we get clearer directives that we can all work with, to open travel up over some period of time this year," Bastian said in the interview.
- "We see three distinct phases in 2021. The early part of the year will be characterized by choppy demand recovery and a booking curve that remains compressed, followed by an inflection point, and finally a sustained demand recovery as customer confidence gains momentum, vaccinations become widespread and offices re-open," said Delta President Glen Hauenstein in a written statement.

### American tells pilots to take vaccine on own time but plans airport-based rollout

- American Airlines has told pilots they should take a COVID-19 vaccine on their own time while preparing a broader voluntary program for employee vaccinations at airports around the country.
- Vaccines could be ready for Chicago-based staff as soon as mid-February, though American is not requiring them, said Jennifer Saddy, managing director of absence management who is part of the team leading American's vaccine efforts.

- A memo to American's pilots called the decision to take the vaccines "personal."
- "As such, if you elect to take the vaccine you should schedule it on your days off and so that it does not impact your ability to be in place and operate your scheduled flying given the 48-hour requirement," American's managing director of line operations, Chip Long, and managing director of flight operations, John Dudley, said in the memo, reviewed by Reuters.
- The Federal Aviation Administration has said pilots and controllers must not fly or conduct safety-related duties for 48 hours after receiving a COVID-19 vaccine.
- Asked about the memo, American Airlines said it is working on plans to provide the vaccine to pilots and other employees as it becomes available in different states but does not plan to require them unless they are mandated by certain countries for entry.

### **United Airlines Receives Hospital-Grade Cleanliness Certification**

- The Airline Passenger Experience Association (APEX) and SimpliFlying have given United the highest possible certification - Diamond - in the new APEX Health Safety audit powered by SimpliFlying. The new science-based certification is designed to create a recognized, global standard for health and safety across the aviation industry.
- United is the first U.S. carrier to achieve the status.

### **Air Canada reduces first-quarter capacity by 25 per cent, cuts 1,700 jobs**

- Air Canada is cutting 1,700 jobs and scaling down its operations as the cumulative effects of lockdown restrictions, slumping travel demand and new COVID-19 testing rules take their toll on the airline industry.
- The 25 per cent reduction in service for the first quarter of 2021 will also affect 200 employees at Air Canada's Express carriers, the company said Wednesday morning.

### **Easyjet Holidays cancels all bookings until March 24**

- Easyjet Holidays has confirmed it has cancelled all bookings until March 24, due to the latest lockdown in the UK.
- The move follows a similar decision by Jet 2 earlier this week, which has suspended all services until March 25.

### **Boeing's 2020 Production Fell to Lowest Level in Almost 50 Years**

- A devastating 2020 for Boeing production ended in December with a small lift for its workforce producing 737 MAX jets in Renton but another blow to those building 787 Dreamliners in Everett and North Charleston, South Carolina.
- After the Federal Aviation Administration (FAA) ungrounded the 737 MAX in mid-November, Boeing managed to deliver 27 of the jets out of Renton in December, the first deliveries since the second MAX crash in March 2019.
- The U.S. aerospace leader delivered just 157 jets last year, down from 380 jets delivered the previous year and from a record 806 jets delivered in 2018, the last year before Boeing's world collapsed.
- The last time production was that low was during the Boeing Bust in the early 1970s, a time when an infamous billboard declared: "Will the last person leaving Seattle — Turn out the lights?"
- In 1973, Boeing delivered 156 airplanes, after just 97 in 1972 and 141 in 1971.

### **U.S. Travel Reacts to CDC Int'l Travel Testing Mandate**

- U.S. Travel Association Executive Vice President of Public Affairs and Policy Tori Emerson Barnes issued the following statement on the announcement that the Centers

for Disease Control and Prevention will issue an order requiring a negative COVID-19 test before boarding an international flight to the U.S.:

- “We appreciate the Centers for Disease Control and Prevention’s announcement of a COVID-19 testing requirement for inbound international travelers.
- “A testing requirement provides yet another layer of safety for international travel, and should be accompanied by other risk-based policies—including lifting international inbound travel restrictions and dropping any post-arrival quarantine requirements.
- “With an international testing requirement in place, international visitors and returning residents would be tested at much higher rates than the general public and pose a much lower risk of transmitting the disease. So it would make sense to lift international travel restrictions and quarantine requirements at the same time.
- “With a risk-based, layered approach to health and safety throughout every aspect of travel, it’s possible to both protect public health and allow travel to safely resume.”

### **New COVID-19 test rules create hurdles for tourist-heavy Caribbean**

- Caribbean tourism officials are rushing to increase COVID-19 testing capacity after the United States became the latest country to require nearly all arriving passengers to present a negative test within 72 hours of departure.
- Some tropical vacation spots, which attract U.S. tourists banned from traveling to other regions, face a strain on their COVID-19 testing resources as more governments take additional steps to curb a second wave of the pandemic.
- Jamaica, which has created a task force to boost COVID-19 testing capacity, is working to meet demand from the United States, Canada and other countries by the end of the month, Tourism Minister Edmund Bartlett said on Thursday.
- The new U.S. order goes into effect on Jan. 26.
- “We have no choice,” Bartlett told Reuters. “We have to get there or else our industry will die and the impact will be dire for our economy.”

### **Canada, U.S., Mexico Border Closure Extended to Feb. 21**

- The land borders between the United States, Canada, and Mexico will remain closed until at least Feb. 21, the latest extension of the closure that has been in place for nearly a year.
- “We are working closely with Mexico & Canada to keep essential trade & travel open while also protecting our citizens from the virus,” DHS said in a tweet on Tuesday announcing the extension. “DHS is working closely with our counterparts in Mexico and Canada to identify appropriate public health conditions to safely ease restrictions in the future and support U.S. border communities.”
- While it was not immediately clear when the borders would reopen, the agency said it was assessing risk factors, including public health conditions and U.S. Customs and Border Protection staffing levels.

### **Japan to Halt All Business Travel in New Step to Curb COVID-19**

- Prime Minister Yoshihide Suga said Wednesday night the government will temporarily suspend an arrangement allowing business travelers from 11 Asian countries and regions to enter Japan, effectively banning the entry of nonresident foreign travelers.
- At a news conference, Suga explained that the government had changed its position to temporarily halt all business travels as new COVID-19 infections spread domestically,

saying that additional steps needed to be taken at borders to prevent new coronavirus variants from entering the country.

- "To protect people's lives and livelihoods, and to remove potential risks (over the pandemic), I have decided to temporarily suspend" the entry of foreign business travelers, Suga said.
- In addition to "the deeply troubling" domestic coronavirus situation, there were cases of a cluster attributed to a variant from an individual who returned from the U.K. and of another new variant from several individuals who returned from Brazil, Suga said, explaining the reason behind the decision.
- The entry restrictions will take effect from Thursday through Feb. 7, when the state of emergency declared for 11 prefectures is set to expire.
- The countries and regions affected are: Vietnam, China, South Korea, Taiwan, Hong Kong, Myanmar, Thailand, Cambodia, Singapore, Sri Lanka and Malaysia.
- Japan has additionally concluded mutual "business track" agreements with China, Vietnam, South Korea and Singapore to facilitate exchanges. Under the framework, business travelers from those four countries as well as Japan are exempted from quarantine at an airport but are required to obtain a negative result from a virus test before departing. The travelers are exempted from a 14-day self-quarantine period in exchange for the submission of an activity plan.
- Between Jan. 4 and last Sunday, as many as 11,546 people, mainly from Vietnam and China, had entered Japan using the reciprocal business travel programs, according to Justice Ministry data.

### **Women, Particularly Women of Color, Hit Hardest by Loss of Hospitality Jobs**

- In December 2020, according to the Bureau of Labor Statistics, there was a net loss of 140,000 jobs in the U.S. The service and hospitality industry was hit particularly hard, as "employment in leisure and hospitality declined by 498,000, with three-quarters of the decrease in food services and drinking places," due largely to COVID-19 restrictions on dining. 15.8 million people reported that they couldn't work because their place of employment had closed, a common story for restaurants and bars around the country.
- In another all too common instance, job loss has not been shared equally. According to The Lily, "Women lost 156,000 jobs, while men gained 16,000 jobs. That means the net number of jobs lost were held entirely by women. They were overwhelmingly women of color."
- The latest report puts the unemployment rate for white women over 20 years old at 5.7 percent, Black women at 8.4 percent, and Hispanic or Latino women at 9.1 percent. And since March, employment in leisure and hospitality has declined 23.2 percent, and by 3.9 million jobs. "More jobs have been lost in service industries and occupations where women are disproportionately represented," says Reuters. For instance, over the summer, two-thirds of jobs added to the workforce were held by women, and "44.2% of those jobs were in leisure/hospitality and retail," according to CBS News. However, as coronavirus continues to spread, in-person hospitality work has been extremely susceptible to job losses.
- American women with children are also three times as likely to have lost work, according to the Pew Center, as mothers are often tasked with more child care, or supervised at-home schooling. When school started in September, 865,000 women left the workforce. But white women have been more likely to hold jobs that can be done from home, and while working while simultaneously supervising a child is certainly difficult, it also allows more flexibility than what's allowed to women, primarily women of color, who must work outside the home. "The changes threaten to reverse decades of progress, not

only in gender equality, but also in overall household income gains for the middle class,” says PEW.

### **IATA’s Travel Pass Expected to Debut in March**

- Officials from the International Air Transport Association (IATA) revealed its Travel Pass digital health credential solution should be ready for use by major airlines starting in March.
- Travel Pass is a mobile app that helps travelers store and manage verified certifications for coronavirus tests and vaccines, which provides more security and efficiency than paper processes.
- With the development of Travel Pass, the IATA is also looking to get ahead of a potential problem regarding staffing, as IATA’s Alan Murray Hayden points to an airline in the United Kingdom operating at around 10 percent capacity is using 100 percent of its staff to verify COVID-19 test results.
- “That quite frankly is not sustainable,” Hayden continued. “So using the electronic version and using the verifiable credential airlines can push all of this off airport, so passengers arrive completely documented.”

### **Massive COVID-19 vaccination site opens at Disneyland to high demand**

- Disneyland has officially transformed into Orange County’s first vaccination super-site.
- There were long lines of people waiting to get the COVID-19 vaccine Wednesday, but some county residents trying to get vaccinated reported having trouble landing an appointment through the registration app Othena.
- County leaders say their registration app used to schedule an appointment was overwhelmed as about 10,000 people registered overnight. Some residents trying to get an appointment reported glitches.
- Some who had problems scheduling an appointment even received a message that they could no longer register. The county says it working to solve the glitches and more registration slots will open when the county receives more vaccines.

### **Disneyland cancels annual pass program, issuing refunds amid reopening uncertainty**

- Disneyland Resort’s president says because of the uncertainty of when it will be able to reopen its California theme parks, the park is canceling current annual passports and issuing refunds.
- The company updated its current annual passport page online to alert customers that it will, “be issuing appropriate refunds for eligible Disneyland Resort Annual Passports and sunsetting the current Annual Passport program.”

### **CNN Grounds Airport Network After 30 Years, Citing Pandemic and Streaming**

- CNN Airport Network — the service that beamed the cable news channel’s content into terminal waiting areas throughout the country — is shutting down on Mar. 31.
- The end of the service launched in 1990 was announced Tuesday in a staff memo from CNN President Jeff Zucker.
- He said the decline in airline passenger traffic due to the COVID-19 pandemic and the rise of available streaming news video on mobile phones and other internet-connected devices led to the decision.
- The ad-supported CNN Airport Network was no longer a profitable operation for the WarnerMedia unit, according to people briefed on the matter who were not authorized to comment publicly. About two dozen employees based in CNN’s Atlanta headquarters will lose their jobs with the closure.

- CNN Airport Network was shown on 1,800 screens in 54 airports across the U.S. and Bermuda. The customized service showed segments from CNN and other Turner channels such as HLN and TNT.
- Coverage of air disasters and stories not appropriate for viewing by children were kept off the service.
- The network helped give CNN brand recognition to a captive audience, even as the company faced new competition from cable competitors Fox News and MSNBC. Exposure to international travelers also helped build CNN's reputation as a worldwide news source.
- "Having to say goodbye to such a beloved brand is not easy," Zucker said in his memo. "It also became an iconic part of the traveling experience in this country."