Travel Industry Update
February 3, 2021

Criminals are selling fake Covid test results as they look to profit from travel restrictions

- Illicit sales of fake negative Covid-19 test results are becoming more widespread as criminals look to profit from travel restrictions imposed during the pandemic, according to Europol.
- The EU’s law enforcement agency on Monday reported an increase in cases of fraudulent Covid-19 test certificates being sold to travelers.
- It comes as an increasing number of countries in the European Union and beyond oblige travelers to present a negative coronavirus test in order to be allowed entry, when travelling from a high-risk area.

How Did 2020 Turn Out Financially For Major US Airlines?

- Most US airlines have already reported their 2020 financial results. Unsurprisingly, every carrier struggled amid a weak demand environment that led to steep losses and drastic cuts in capacity.
- All major airlines reported a loss for the full year of 2020. From the highest loss to the least, the results are:
  - Delta Air Lines ($12.4 billion)
  - American Airlines ($8.9 billion)
  - United Airlines ($7.1 billion)
  - Southwest Airlines ($3.1 billion)
  - Alaska Airlines ($1.3 billion)
  - JetBlue ($1.3 billion)
  - Hawaiian Airlines ($511 million)
- Delta, American, and United all reported massive losses, in large part due to their large international exposure. International travel was one of the first revenue streams to shut down.
- Domestic shutdowns did not happen until mid-to-late March when states started going into lockdown, and people began to severely restrict their movement. So, carriers with large domestic exposure, which are Southwest, Alaska, and JetBlue, started to feel the crunch. Hawaiian, which does have a fair bit of domestic exposure, also started to feel the pain as Hawaii remained shut for quite some time.
- Capacity change from 2020 to 2019:
  - Hawaiian Airlines (down 63.4%)
  - United Airlines (down 56.9%)
  - Delta Air Lines (down 51%)
  - American Airlines (down 49.8%)
  - JetBlue (down 48.8%)
  - Alaska Airlines (down 44.3%)
• SouthWest Airlines (down 34.2%)

- Unsurprisingly, Hawaiian Airlines cut the most capacity. It had to shut down its entire international network and follow with a shutdown of its domestic network from essentially spring through October as Hawaii mandated a strict 14-day quarantine for island arrivals.
- Southwest Airlines has maintained more capacity than the other airlines in part because the airline is mostly domestic in terms of its network and exposure. Since domestic travel is coming back far quicker than international, Southwest has capitalized on this by flying a significant amount of domestic capacity.
- PRASM stands for passenger revenue per available seat mile, which is an important metric for airlines. Airlines that have higher PRASMs generally have more control over their pricing. Essentially, carriers can charge more for their product. Expressed in cents, here is how airlines landed on PRASM for the year:
  - American Airlines (10.14 cents)
  - United Airlines (9.61 cents)
  - Delta Air Lines (9.59 cents)
  - Hawaiian Airlines (8.83 cents)
  - JetBlue (8.36 cents)
  - Alaska Airlines (8.1 cents)
  - Southwest Airlines (7.41 cents)

- An airline’s load factor is an important metric. A term of performance, it essentially boils down to what percentage of an airline’s seats were sold and filled. Here’s the load factor for the full year that US airlines reported for 2020:
  - American Airlines (64.1%)
  - Hawaiian Airlines (60.6%)
  - United Airlines (60.2%)
  - JetBlue (56.9%)
  - Alaska Airlines (55.2%)
  - Delta Air Lines (55%)
  - Southwest Airlines (52.4%)

- Southwest, Delta, and Alaska held load-factor caps the longest in the industry. Southwest ended its load factor caps in December, and Alaska Airlines stopped its caps in early January. Delta is the only carrier that has committed to blocking seats for sale on its planes. JetBlue also phased out seat blocks recently. Hawaiian Airlines also stopped blocking seats. United never really blocked seats on its planes, and American ended its load caps in early summer.

- Another PRASM-style figure that is important is the cost per available seat mile (CASM). This helps show the airline’s cost base, and airlines want to keep this as low as possible. Here’s where airlines were in 2020:
  - Hawaiian Airlines (18.35 cents)
  - American Airlines (17.69 cents)
  - United Airlines (17.13 cents)
  - Delta Air Lines (15.61 cents)
  - JetBlue (13.12 cents)
  - Alaska Airlines (12.25 cents)
  - Southwest Airlines (11.77 cents)
American Airlines CEO tells employees to brace for furlough warnings

- American Airlines workers should brace for another round of furlough warnings as the airline expects to remain overstaffed on April 1, when U.S. aid for industry workers expires, Chief Executive Doug Parker said.
- American is among U.S. airlines that received money from a $15 billion payroll support package in December to protect workers’ jobs and salaries through March, when the industry had hoped that pandemic-hit demand would have recovered with vaccine rollouts.

Ryanair expects a loss of over $1 billion this year as travel restrictions bite

- The budget airline is on track for a net loss of between 850 million euros ($1.03 billion) and 950 million euros for its 2021 fiscal year, ending in March.
- The carrier “expects the latest lockdowns and pre-arrival Covid test requirement to materially reduce flight schedules and traffic through to Easter.”
- Ryanair shares are down about 12% since the start of the year.

EU agrees 'dark red' COVID-19 zones with stricter travel limits

- Hotspots of COVID-19 infection in the European Union will be labelled "dark red" zones to discourage all but essential travel, EU governments agreed on Friday.
- The EU has already set up a "traffic light" system to designate the seriousness of the spread of the novel coronavirus in each of its 27 states and to try to limit travel.
- But with infections rising and contagious variants spreading most of the bloc is already red, so new dark red zones would help to distinguish very high-risk areas and also help uphold rules requiring testing on departure and quarantine.
- The new colour will indicate regions with more than 500 coronavirus infections per 100,000 inhabitants over two weeks.
- Germany is preparing entry bans for travellers from Britain, Portugal, Brazil and South Africa to limit the spread of the more contagious variants of the coronavirus raging in these countries, Interior Minister Horst Seehofer said on Thursday.
- Belgium has barred residents from taking vacations abroad until March to fight the spread of the more infectious virus variants. However, the EU executive Commission insists that essential workers and goods must be able to cross borders smoothly, part of EU rules guaranteeing free movement.

Canada to quarantine travelers, suspend flights south

- Prime Minister Justin Trudeau on Friday announced stricter restrictions on travelers in response to new, likely more contagious variants of the novel coronavirus — including making it mandatory for travelers to quarantine in a hotel at their own expense when they arrive in Canada and suspending airline service to Mexico and all Caribbean destinations until April 30.
- Trudeau said in addition to the pre-boarding test Canada already requires, the government will be introducing mandatory PCR testing at the airport for people returning to Canada.
- “Travelers will then have to wait for up to three days at an approved hotel for their test results, at their own expense, which is expected to be more than $2,000,” Trudeau said.
Homeland Security gives TSA workers authority to enforce Biden's mask mandate

- The Department of Homeland Security said Sunday that Transportation Security Administration workers now have the authority to enforce President Joe Biden’s transportation mask mandate "at TSA screening checkpoints and throughout the commercial and public transportation system."
- Acting Secretary David Pekoske on Sunday signed a Determination of National Emergency, which said the TSA can "take actions consistent with the authorities" of its federal jurisdiction so it can enforce the mask mandate order laid out by the US Centers for Disease Control and Prevention late Friday.

Airline Pilots Making In-Flight Errors Say They're 'Rusty' Because of Pandemic

- A pilot preparing to pull a passenger jet away from an airport gate forgot to disengage the parking brake, damaging a part of a towing vehicle that was trying to pull the plane to the runway.
- Another pilot had so much trouble landing a passenger jet on a windy day that it took three tries before the plane touched down successfully.
- In another incident, the first officer forgot to turn on the anti-icing mechanism that ensures the altitude and airspeed sensors on the outside of the plane are not blocked by ice. Luckily for the passengers, the plane completed its flight without problems.
- These incidents are among at least a dozen flying errors and mishaps since May that pilots and first officers have attributed, at least in part, to being out of practice because the COVID-19 pandemic — which pushed air travel demand to the lowest levels in decades — had kept them away from flying for a while.
- "Because I had not flown in a few months I was rusty," the first officer who forgot to activate the anti-icing mechanism said in an anonymous report to a safety reporting system run by NASA. "I felt that my recollection was strong enough, but in reality I should have taken some time to review" the standard operating procedures.
- Aviation experts and airline representatives acknowledge that when pilots are inactive for several months, their skills and proficiency deteriorate. Among the most common errors are coming in too fast or too high during a landing or forgetting to get clearance from the air traffic control tower before descending to a lower altitude.
- "The key to flying safely is frequency," said Richard G. McSpadden Jr., senior vice president at the Aircraft Owners and Pilots Assn.'s Air Safety Institute. "You are not as sharp if you haven't flown for a while."
- Since the start of the COVID-19 pandemic, airlines have dramatically reduced the number of daily flights on some routes and, in some cases, eliminated service to low-demand destinations.
- In April and May, the number of daily takeoffs in the U.S. dropped to about 75% below pre-pandemic levels. In recent months, the number of takeoffs has risen to 43% below pre-pandemic times, according to industry data.
- As a result, some pilots have been brought back to work after being away for up to four months. Delta Air Lines announced this week that it planned to bring back about 400 pilots by summer in hopes that the distribution of COVID-19 vaccines will boost demand for travel.
- So far, there have been no reported incidents of out-of-practice pilots causing accidents that have injured passengers. Aviation experts say there are enough backup systems in modern passenger jets to prevent minor oversights from becoming serious accidents.
To ensure pilots in the U.S. maintain proficiency even when they are not scheduled to work for long stretches of time, the Federal Aviation Administration bars pilots from flying a commercial jet unless they have performed at least three takeoffs and three landings — either on a plane or in a simulator — in the previous 90 days.

But the FAA amended that requirement twice last year, giving pilots more leeway. For pilots who did not perform three takeoffs and three landings in the 90 days before the end of September 2020, the FAA gave a 60-day grace period. For pilots who didn't meet the requirement before Dec. 31, the FAA amended the rules again, adding a 30-day grace period.

In federal documents, the FAA defended the grace periods, saying that putting pilots into cockpits or simulators to practice flying increases the risk of spreading COVID-19. The FAA noted that the grace periods were requested by several aviation industry groups, including Airlines for America, the trade group for the nation's largest airlines, and the Regional Airline Assn., a trade group for regional carriers in the U.S.

No public hearings were held on the changes because the FAA concluded that that pandemic emergency required the new rules take effect immediately.

**Amtrak offers pay, benefits to vaccinated workers as national railroad aims for 100% vaccination**

- Amtrak is aiming to get 100% of its workforce vaccinated for the novel coronavirus and it is willing to extend pay and benefits to make it happen.
- Amtrak will grant excused absences to employees who receive vaccinations during the regularly scheduled work hours and pay an allowance that is equivalent to two hours of straight time wages. Documentation needs to be provided as proof of vaccination in order to take advantage of these offered benefits.
- Additionally, Amtrak will offer an excused absence as well as protected pay to any employee who needs to miss work due to vaccine side effects. The excused absences and protected pay will be applied up to 48 hours after vaccination.
- In the case of an employee being unable to return to work due to side effects that are lasting more than 48 hours, Amtrak will continue to protect pay so long as “appropriate documentation to medical services” is submitted.

**CDC to Make Masks Mandatory in Cruise Terminals, Cruise Ships in the U.S.**

- The U.S. Centers for Disease Control and Prevention (CDC) has announced it will make face masks mandatory on all forms of transportation within the United States, including aboard cruise ships and inside cruise terminals across the country.
- The new guidance, which will take effect February 2, will also mandate the use of face masks by all travelers within, to or out of the United States onboard all airplanes, ships, ferries, trains, subways, busses, taxis and ride-sharing services like Uber.
- In addition, all bus stations, subway stations, airports and cruise terminals will also require all travelers to use face masks to prevent the spread of COVID-19, as they are classified as transportation hubs.
- The CDC states that masks will also be required upon embarkation and disembarkation for cruise ships, along with other forms of transportation, within the U.S.