Travel Industry Update
February 12, 2021

White House COVID-19 official to meet with airline CEOs Friday: sources

- The chief executives of major U.S. airlines are scheduled to meet virtually on Friday with the White House’s COVID-19 response coordinator to discuss a number of travel-related issues, three people briefed on the matter told Reuters on Wednesday.
- The meeting with coronavirus response coordinator Jeff Zients and other administration officials involved in COVID-19 issues comes as airlines, aviation unions and other industry groups have strongly objected to the possibility of requiring predeparture COVID-19 testing before domestic flights.
- The White House declined to comment, and major airlines declined or did not respond to requests for comment. The three people spoke on condition of anonymity because the meeting has not been made public.
- Southwest Airlines Co Chief Executive Gary Kelly and the leaders of the airline’s unions urged President Joe Biden in a letter not to mandate COVID-19 testing, saying it would put “jobs at risk.”
- “Such a mandate would be counterproductive, costly, and have serious unintended consequences,” said the letter, which was dated Tuesday but released on Wednesday.

Spirit Airlines is hiring pilots and flight attendants again in hopes of pandemic recovery

- Spirit plans to resume new pilot and flight attendant training courses next month for the first time since early in the pandemic.
- The airline expects to be back to 2019 capacity levels by early summer.
- Spirit had avoided involuntary furloughs of unionized employees after unions agreed to voluntary leave programs and other measures.

Canada to require negative COVID-19 test at land borders next week

- Beginning next week, anyone arriving in Canada at one of its many land borders will need to show a recent negative COVID-19 test.
- Prime Minister Justin Trudeau announced Tuesday that anyone who shows up at a land border with the U.S. will be required to have taken a COVID-19 test 72 hours before seeking entry.
- The new measures will kick in on Feb. 15. However, lack of a negative test won’t necessarily prevent people from entering the country.
- Should Canadians or permanent residents not be able to provide that test result, they could face “severe penalties,” including fines of up to $3,000 per person. Trudeau said his government will also be implementing new measures to ensure “extensive follow up by Health Canada” to ensure they are getting tested and properly quarantining.
• Public Safety Minister Bill Blair suggested Friday that the testing measures — though not officially announced at the time — would not apply to truckers “to ensure supply chains, essential services, and support for critical infrastructure” were unharmed.

**Travel coalition warns against testing requirement for domestic flights**

• A federal requirement that travelers show a negative Covid-19 test in order to fly domestically would be 17 times greater in scale than the current testing requirement for incoming international flyers, according to a coalition of travel organizations.
• “The negative and unintended consequences of a domestic air travel testing mandate would far outweigh any potential benefits that could come from trying to make a provenly safe activity even safer,” asserts the Runway to Recovery coalition in a new policy paper. The organization includes 23 travel industry advocacy groups and stakeholders, including ASTA, the U.S. Travel Association, IATA, Airlines for America and the Global Business Travel Association.
• According to Runway to Recovery, the implementation of international testing requirements has resulted in demand drops of 31% to 48% depending on the market. The group said it would expect an even greater decrease in the domestic market, since tests would be a larger percentage of the total travel cost.
• The group also argued that testing on international flights is manageable because there are currently less than 700 international departures per day. However, there are more that 12,200 domestic U.S. flights daily.
• Implementing the policy, said the travel groups, would require a 42% increase in U.S. testing capacity.

**SENATE APPROVES AMENDMENT PLEDGING SUPPORT TO HOSPITALITY INDUSTRY**

• A bipartisan proposal geared toward assisting the travel and tourism industries passed a crucial first step with the U.S. Senate’s approval late this week. The measure, put forward by U.S. Senator Catherine Cortez Masto (D-Nev.) and Kevin Cramer (R-N.D.), prioritizes the devastated hospitality sector, as Congress works through President Biden’s proposed $1.9 trillion stimulus package.
• The amendment was passed as part of the Senate’s budget resolution, which marks an important step towards passing COVID-19 stimulus legislation, Cortez Masto’s office said. It is an assurance that the country’s top lawmakers will prioritize travel and tourism. The most practical measure of the legislation is that the amendment establishes a deficit-neutral reserve fund to support hospitality, conventions, trade shows, entertainment, tourism, and travel and their workers.

**The Importance of Travel & Tourism in Driving Global Economy**

• Restoring international travel and tourism will be vital to enhancing social progress and driving the global economy post-pandemic, according to a new Social Impact Paper released by the World Travel & Tourism Council (WTTC) in collaboration with U.S.-based nonprofit Social Progress Imperative (SPI).
• The research paper shows significant correlations between WTTC's Economic Impact Report data and SPI's Social Progress Index scores over the last decade, with China, Cambodia, Rwanda and Sri Lanka among the biggest beneficiaries.

• Based on the research, travel and tourism enriches communities at a faster rate than the overall economy. For example, between 2011 and 2019, Southeast Asia recorded the fastest annual growth rate in travel and tourism GDP per capita at 6.7 percent compared to the region’s 3.7 percent overall economic growth. What's more, the Middle East saw 3 percent travel and tourism GDP per capita growth compared to just 0.3 percent for the overall region's economy.

• The data also puts the travel and tourism industry's impact on jobs in perspective. Globally, one job is created for every 34 international visitors to a destination. But the impact is far greater in regions such as Africa, Asia-Pacific and the Middle East, where it only takes 11, 13 and 24 international visitors, respectively, to create one new job. For every direct job created globally, nearly two new jobs are created on an indirect or induced basis, the paper shows. This means one direct job in the travel and tourism sector creates a total of three jobs.

• The WTTC's latest economic modeling estimates that as many as 174 million travel- and tourism-related jobs were impacted globally in 2020. The pandemic has hit some countries harder than others, however.

• The latest research from WTTC and SPI also reveals that for every $1 generated in direct travel and tourism GDP globally, more than $2 is generated indirectly.

Leisure & Hospitality Accounts for Whopping 30% of Jobs Lost to Pandemic

• Almost four in 10 of all the U.S. jobs lost since February of last year are in the Leisure & Hospitality industry, according to analysis of the latest Department of Labor national jobs report—triple the number of the next-hardest-hit industry.

• The meager 49,000 jobs created by the U.S. economy in January were viewed by economists as a disappointment and a major sign of lingering pandemic-related stress in labor markets. But according to analysis created for the U.S. Travel Association by the research firm Tourism Economics, the real underlying story is the 61,000 jobs lost by the Leisure & Hospitality sector last month. The U.S. would have gained 110,000 jobs overall without the decline in Leisure & Hospitality jobs.

• It’s the second month in a row that the Leisure & Hospitality sector lost jobs despite overall U.S. employment gains.

• Other numbers underscore the particularly dire situation of Leisure & Hospitality compared to the rest of the U.S. jobs economy:

  • The 23% of Leisure & Hospitality jobs lost since February 2020 is nearly double the industry with the next-worst job loss rate (mining and logging, 12%).
  
  • Leisure & Hospitality’s 39% share of all U.S. unemployment is three times that of the industry with the second-biggest share (government, 13%).

  • The 16% current unemployment rate in Leisure & Hospitality is almost three times the overall U.S. unemployment rate (6%).

  • “The math is pretty easy: the U.S. economy won’t get back on track until the Leisure & Hospitality sector is back on track, and that’s going to take aggressive policy actions,” said U.S. Travel Association President and CEO Roger Dow. “Safely restarting travel needs to become a national priority, which means not only relief measures but pressing ahead on vaccinations and continuing to emphasize best health practices. This is an all-hands-on-deck problem, with the government, industry, and also the public having important roles to play.”
Expedia’s 2020 revenue sinks 57% as pandemic continues to roil travel industry

- 2020 was not pretty for Expedia Group’s business.
- The pandemic hit the Seattle travel giant hard last year with travel restrictions placed across the globe. Revenue dropped 57% to $5.2 billion and gross bookings fell 66% to $36.7 billion in 2020, Expedia reported today as part of its fourth quarter earnings rundown. The company posted a loss in each quarter of 2020 after three consecutive profitable quarters in 2019.

85 Percent of U.S. Travel Agencies Won’t Survive the Year Without Aid, Trade Group Warns

- One of the tourism industry’s most impacted and often overlooked groups, the U.S. travel agency trade is clamoring for federal government support to save the sector that is overwhelmingly comprised of small businesses.
- This month, the American Society of Travel Advisers (ASTA) filed a Covid-19 relief request with Congress to the tune of a $9.3 billion travel agency grant program for its 14,000 member travel agencies and advisors. The filing also asks for an industry-wide Travel Employment Grant program at the U.S. Department of Treasury that is modeled on the airline Payroll Support Program.
- “Thus far, financial support for the travel industry has been tragically inadequate, and especially in less visible sectors such as travel agencies,” Zane Kerby, CEO of the ASTA, said in a press release, adding that “the vast majority of the U.S.’s 130,000 travel agencies are small, female-owned businesses,” and that Congress should provide relief as long as travel restrictions continue.
- The ASTA also shared that due to Covid, over nine in 10 travel agencies’ business income in 2020 was down at least 75 percent compared to 2019, and that even with relief from the CARES Act in 2020 and subsequent legislation, close to 64 percent of travel agencies surveyed laid off at least half their staff.
- This latest relief package request also comes on the heels of the results of a recent ASTA 1,500 member survey, which revealed additional critical data and conclusions, all of which point to the urgent need for federal relief:
  - An average 82 percent revenue loss in the sector
  - Once travel starts to resume, it will be 8.5 months between the return of bookings and business receipts for booked travel
  - Assuming access to a second paycheck protection program loan, unemployment benefits and other relief programs, more than 70 percent of travel agencies will fail in six months, and 85 percent won’t make it beyond the next 12 months.

Barbados Requiring Travelers Wear Tracking Bracelets During Quarantine

- To make sure arriving travelers follow the latest COVID-19 protocols, officials in Barbados are now requiring tourists in the mandatory quarantine program to wear electronic monitoring bracelets.
- According to Visit Barbados’ official website, the island nation enacted strict new health and safety travel restrictions that required people arriving from another country to get a negative coronavirus PCR test three days before arrival and another five days after they arrive.
• During the period between arrival and the negative results from the second test, travelers are required to quarantine. To ensure visitors follow the rules, they will be forced to wear tracking bracelets.
• Officials from Visit Barbados said the bracelets are water- and tamper-resistant and were designed to “keeps travelers and locals safe by ensuring visitors remain within the designated quarantine location.”
• Travelers will also be required to download the island’s BIMSafe app, which not only connects to the electronic monitoring bracelets given to them once they arrive, but is also where visitors upload test results, submit daily self-temperature checks, fill out a health questionnaire and log any potential COVID-19 symptoms.
• The tourism group revealed Barbados authorities would be notified if visitors try to tamper with their bracelet. Once out of the mandatory quarantine period, travelers will return the bracelets and be able to explore the island as long as they follow all current coronavirus protocols.
• As for penalties levied against tourists that break the COVID-19 related rules on the island, officials announced they would fine violators as much as $50,000 or sentence them to one year in prison.

**UK warns all vacations could be canceled for 2021**

• Booking any kind of summer travel escape became an even bigger gamble for millions of British people on Wednesday as the government warned that even staycations could be under threat until vaccinations are completed.
• After officials previously signaled that a foreign trip may not be possible during 2021, UK transport minister, Grant Shapps, says that even a break on home soil may now be out of the question.
• The news came after the nation’s health minister, Matt Hancock, announced that arrivals to the UK who lie about visiting a destination on its Covid "red list" may face up to 10 years in prison or a £10,000 ($13,800) fine.
• "Until we know the route out of lockdown, which we can’t know until we have more data, more information on vaccines as well, please don’t go ahead and book holidays," Shapps said during a BBC interview early Wednesday.
• He went on say it was too early to paint a clear picture about what restrictions would be in place by summer, advising travelers to sit tight and "do nothing" until things are clearer.
• The warning will be as a disappointment to many UK holidaymakers, who had hoped that the nation’s speedy coronavirus vaccine rollout would pave the way for vacations abroad later in the year.
• However, Shapps has stressed that the UK, which has administered more than 13 million Covid-19 jabs, will have to wait for other destinations to "catch up."
• From February 15, UK and Irish residents arriving from countries on the UK’s "red list," which includes South Africa, Portugal, the UAE and most of South America, will have to buy a "quarantine package" for £1,750 ($2,400,) that includes accommodation in a government-approved hotel, transport to the accommodation, and Covid-19 testing.
• All other travelers who have visited these countries 10 days prior to traveling to the UK, which is currently under a third national lockdown, are banned from entering.
• Passengers arriving from destinations that aren't on the "red list" must present a negative test within 72 hours of their departure.
• In addition, they are also required to isolate for 10 days, as well as take a Covid-19 test on the second and eighth day after their arrival.
• However, the "test to release scheme," which allows travelers to leave isolation if they receive a negative test on the five day of quarantine, is still in effect for those arriving from destinations that aren't on the "red list".
• Anyone planning to arrive in the UK from Monday will need to book the new post-arrival tests through an online portal before they travel.