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Foreign Airline CEOs Say They See No Trump Slump on U.S. Routes

Brian Sumers, Skift - Jun 07, 2017 12:30 am



It's amazing how resilient U.S. tourism is. Europeans flock to America during the summer, and while anecdotal evidence suggests some travelers may be altering their plans because of politics, many airlines say they're having no trouble filling seats.

— *Brian Sumers*

Travelers from Europe and Latin America are not skittish about visiting the United States despite President Donald Trump's recent rhetoric about foreigners, and other political issues like the recent U.S. decision to pull out of a global climate accord, several airline CEOs told Skift during interviews this week at the IATA Annual General Meeting in Cancun.

That's good news for foreign carriers since many have added considerable capacity to the United States to capitalize on the relatively strong American economy. For many airlines, U.S. routes are among their best-performing flights. That includes Copa Airlines, a Panama-based carrier that focuses on carrying travelers between North and South America, with a stop at its Panama City hub. It flies to a dozen U.S. cities.

"We have not seen a Trump effect — not at all," COPA CEO Pedro Heilbron said. "Latins are flying, as always. ... None of that has been affected by the change of government in the U.S., and we don't see a reason why it should be affected."

Indeed, not much has changed for Europeans and Latin Americans. In most cases, they can still travel to the United States without visas, and they generally have little trouble entering the country. And, at least for now, they may bring laptops, iPads and other electronic devices in airline cabins.

Sweden-based SAS flies to Scandinavia from seven U.S. cities, and demand remains strong for the summer, its CEO said.

"We haven't seen any change in the booking patterns," SAS CEO Rickard Gustafson said. "There has been some media coverage indicating that the interest to go to the U.S. should have dropped, but we haven't seen that in our figures."

The same is true at Netherlands-based KLM, CEO Pieter Elbers said. The United States is the airline's largest foreign market, and KLM gets much of its traffic to its Amsterdam hub through its partnership with Delta Air Lines.

"We see pretty robust outlook," he said. "What we do see is a little bit of insecurity when it comes to security measures, when it comes to, 'OK, what will the policies be and how will they be developed.'"

Finnair, meanwhile, recently launched a new nonstop from Helsinki to San Francisco, and its load factor this summer on the new route is about 80 percent, CEO Pekka Vauramo said. He said Europeans still want to travel to the United States.

"People have their relatives," he said. "And families can live all over the world, or anyplace in the world. And people just want to come and see each other. Politics doesn't stop that."

EUROPEAN TERRORISM CONCERNS

While Europeans still want to come to the United States, some airline CEOs are concerned Americans may cancel trips to Europe this summer. Last year, airlines generally saw fewer bookings after terrorist attacks in Belgium and France.

So far this year, executives said here have been fewer cancellations, despite a May 1 U.S. State Department warning about European travel safety. But they note recent attacks in the United Kingdom may change the calculation.

KLM's Elbers said it's probably "too early to judge" how those attacks will affect business, but Finnair's Vauramo said bookings are holding up.

"Last year, when this recent wave of attacks started, we had a lot of flight cancellations," Vauramo said. "Cancellations primarily on Paris, Rome — those flights. But this year, it's been different. We haven't seen those cancellations yet."

If Americans decide to avoid major tourist centers, such as London, Paris or Rome, because of fears or terrorism, an airline like SAS should stand to benefit, with travelers perhaps more likely to visit Scandinavia, since it's likely safer. But Gustafson said SAS often sees a dip in demand, even when attacks happen far away.

"I guess the average American views Europe as one entity so it's hard for them to distinguish if there has been an issue in London or in Paris or elsewhere," he said. [Americans say.] "Why would it be different in Scandinavia?" I think when these things happen, they are awful in every respect, but I think they have an impact on the whole of Europe rather than just certain countries."