



Air Canada (TSX:AC) Stock: International Travel Restriction Extended

Description

On August 29, 2020, Canada's minister for Public Safety and Emergency Preparedness, Bill Blair, tweeted, "Our government is extending the existing restrictions on international travel to Canada by one month — until September 30, 2020 — to limit the introduction and spread of COVID-19 in our communities."

The tweet is another [disheartening news](#) for **Air Canada (TSX:AC)**, which has been pleading the government to lift travel restrictions and ease quarantine requirements. However, the spread of COVID-19 remains the primary concern of the Trudeau administration. Also, it dampens all efforts of the airline company to ensure public safety.

1,000 flights with COVID-positive passengers

Based on data from the Public Health Agency of Canada, about 1,000 flights in the country have carried at least one COVID-positive passenger since February 2020. According to flight figures, more than 370 domestic flights recorded at least one passenger who tested positive for COVID-19.

Between February 4 and August 24 this year, there are coronavirus carriers on 973 flights that flew into or within Canada. Transport Minister Marc Garneau reiterates the government is taking a "very serious and layered approach" to minimize the risk of passengers bringing COVID-19 into the country.

Among the measures travellers from abroad must comply with are screening questions, temperature measurements, and wearing masks. All of these measures aim to minimize the chances of spreading COVID-19 if an infected passenger has transmitted the virus while in flight.

However, the most stringent measure that's hurting Air Canada is the 14-day quarantine period. The penalty is stiff for anyone entering Canada, either by air or land, that don't isolate within the period. Violators will pay fines of up to \$750,000 and possible jail time. Dr. Jim Chung, Air Canada's chief medical officer, said the requirement is the largest impediment to the business.

Voluntary COVID-19 test trial

The border closure extension will further block Air Canada's desire to restart and generate revenues. It has been going to great lengths to convince the government to reconsider its decision. Management is pushing for an evidence-based approach and looking for creative alternatives or solutions.

After the Labour Day holiday on September 7, 2020, Air Canada will set up testing booths at Toronto's Pearson Airport. Dr. Chung hopes the company could gather enough data and evidence to present to the government so that they can look at alternatives in a safe and evidence-based manner to the 14-day quarantine.

Huge investor losses

Air Canada expects to [bleed millions of dollars](#) daily in the third quarter of 2020. The company is in a dilemma following quarterly losses of \$1.05 billion (Q1) and \$1.75 billion (Q2). Management obtained fresh funding in the first quarter to offset the losses. As of June 30, 2020, it has over \$9 billion in liquidity to help weather the COVID-19 crisis.

Canada's flag carrier might cut more regional routes to save costs. Some shareholders might approve of this move of Air Canada if the suspensions can limit financial losses. Investors are losing nearly 63% year to date from the airline stock. The outlook is not looking good for the rest of 2020, as the government is unlikely to bend from its position.

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