



Border With U.S. Might Open: Air Canada (TSX:AC) Stock Surges

Description

Air Canada ([TSX:AC](#)) has been on its way to recovering from the devastating pandemic fallout for several weeks. The airline is reopening domestic routes, establishing new cargo transportation routes, and has resumed international travel to several destinations. The airline has also resumed flights to countries where passengers flying from Canada do not require following mandatory quarantine rules on arrival.

Unfortunately, one of the main international destinations has been unavailable for a long time. While the U.S. border has technically been open for a long time now, travelling between the two countries is not exactly a simple affair.

Travellers between the two countries must show a recent negative test or undergo quarantine to safely enter Canada, restricting travel between the neighbouring countries. Recent developments could change that and possibly make Air Canada a more [attractive stock pick](#) to consider.

The need to travel without restrictions

Business groups are calling on the Canadian and U.S. governments to relax border restrictions to vaccinated travellers this month. A recently released letter by the chambers of commerce on both sides of the border could provide some much-needed relaxation. The letter has also led to a surge in Air Canada stock.

Air Canada stock jumped by 6.31% between Monday, June 7, 2021, and Tuesday, June 8, 2021. *Bloomberg News* first reported the letter on June 8. This development has increased the pressure on Justin Trudeau to ease travel restrictions. While Trudeau is expected to shorten the current two-week quarantine requirement for vaccinated travelers in the coming days, tests will still be required.

The chambers of commerce on both sides of the border want travellers who have been fully vaccinated against COVID-19 to be able to cross the border without the need to go through quarantine or show a negative test, suggesting that initial Canadian move will fall short of the demand.

Reopening plans are becoming more popular

A recent poll conducted by Nanos Research Group shows that Canadians are becoming more eager about the prospects of reopening the U.S. border. Just over 50% of Canadians are still somewhat uncomfortable with easing travel restrictions to and from the U.S. – a massive decrease from 80% earlier in the pandemic.

The border has remained closed to most non-essential travel since the pandemic began. Travel restrictions have hit Canada's tourism and airline sectors pretty hard, with some estimates stating that it has cost the two industries around \$20 billion in revenues during 2020.

The business groups have also called for the U.S. and Canadian governments to identify vaccine credentials that support the movement of vaccinated citizens across the borders and a plan that includes clear guidelines for all other travelers.

Foolish takeaway

Easing travel restrictions could provide a much-needed boost to Air Canada's cash flows after a tough year-and-a-half for the airline sector. Air Canada's operational cash flow has improved in recent months. However, it continues to operate at a lower capacity than pre-pandemic levels.

I suggest [keeping a close eye on developments](#) in this space and having Air Canada on your radar. It could make for an attractive recovery bet with more upside potential than initially thought.

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