



WASHINGTON AVIATION SUMMARY

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The Kirstein & Young law firm specializes in representing U.S. and foreign airlines, airports, leasing companies, financial institutions and aviation-related companies before U.S. Government agencies, Congress, the courts and in commercial and financing matters.

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I. **REGULATORY NEWS**

1. **Long-Term FAA Reauthorization Act Signed into Law.**

The FAA Reauthorization Act of 2018 was signed into law, providing up to \$96.7 billion through 2023, the longest funding period for Federal Aviation Administration programs since the 1982 reauthorization bill. The bipartisan bill also reauthorizes the National Transportation Safety Board and is the first ever reauthorization of the Transportation Security Administration. . . . FAA has operated under 45 mini-appropriations cycles, some lasting only a few days; 28 authorization cycles; sequestration; and two government shutdowns,” said Acting Administrator Daniel Elwell. And while H.R. 302 “gives us the authority to exist the next five years, it doesn’t give us the money to keep the lights on.” Elwell said he is “in a rob-Peter-to-pay-Paul scenario, a never-ending loop in which the vagaries of the political winds hamstring our chances of planning with certainty.” A sense of urgency is fueled by the need to find a path for new entrants to be safely integrated into the National Airspace System—commercial spacecraft and drones “are here, in no uncertain terms, to stay.”

2. **Airline Deregulation At 40.**

To mark the anniversary of the Airline Deregulation Act of 1978, the National Taxpayers Union (NTU) issued a report applauding “a policy success story.” With government’s role greatly diminished, said NTU, “and fares more than 40% lower than they were at the outset of deregulation, it is no surprise that nearly 90% of Americans report having flown in their lifetimes.” Airlines for America said the law “opened the doors to innovation, competition and consumer choice for the traveling and shipping public,” adding that “in real terms average domestic airfare was \$349 in the second quarter of 2018—the lowest second quarter on record.” But former American Airlines CEO Bob Crandall, who opposed deregulation, believes rules are needed to moderate industry behavior. In recent remarks, the industry icon bemoaned seats so tight you can’t move your arms and legs, among other indignities, and advised industry executives to pay attention to customers.

3. **IATA: Passenger Load Factor Hits 28-Year High in August.**

Passenger load factor reached a 28-year high in August, reports the International Air Transport Association (IATA), indicating “that airlines were ‘maximizing’ their assets despite difficulties arising from an increase in costs including fuel prices.” Demand, measured in total revenue passenger kilometers, grew by 6.4% year-on-year, while capacity, measured in available seat kilometers, increased by 5.5%. Load factor climbed by 0.7% to 85.3%, a

figure not achieved since at least 1990. International passenger demand rose 5.6%, with an increase in all regions, led by Asia-Pacific; capacity climbed by 5.1%, with load factor up by 0.4% to 85.0%. Domestic travel demand rose by 7.7%, with capacity up 6.2% and load factor improving 1.2% to 85.7%. India and China had the best domestic results, due to rising living standards and large increases in number of flight choices. In China, domestic traffic increased by 14.9%, and Indian airlines achieved a record 48th consecutive month of double-digit growth as demand soared by 22.6%.

4. IATA Forecasts 8.2 Billion Air Travelers in 2037.

Present trends in air transport suggest passenger numbers could double to 8.2 billion in 2037, said IATA, but growth could be curtailed if governments implement protectionist measures. IATA's 20-Year Air Passenger Forecast shows an increasing shift eastward. Routes to, from and within Asia-Pacific will add 2.35 billion annual passengers by 2037, to total 3.9 billion, a compound annual growth rate (CAGR) of 4.8%. China will displace the United States as the world's largest aviation market in mid-2020s; India will take third place, surpassing the UK in 2024; Indonesia will rank fourth by 2030; and Thailand will enter the top 10 markets in 2030. By 2037, passenger numbers will be 1.4 billion in North America (CAGR 2.4%); 1.9 billion in Europe (2%); 731 million in Latin American (3.6%); 501 million in the Middle East (4.4%); and 334 million in Africa (4.6%).

5. NTSB Recommends Extended Duration CVRs.

New National Transportation Safety Board (NTSB) recommendations urge FAA to require cockpit voice recorders (CVRs) with a minimum 25-hour recording capability on newly manufactured airplanes required to have a CVR, and to require retrofit, by January 1, 2024, of CVRs on airplanes required to carry both a CVR and a flight data recorder with a CVR. The current standard recording duration is two hours, and NTSB said recent safety investigations have been hampered because relevant portions of the recordings were overwritten. The recommendations exceed ICAO's standard, which applies only to airplanes engaged in commercial transport that weigh more than 27,000 kg, "but the risk of lost CVR data is equal in accidents and incidents involving airplanes with a maximum takeoff weight under 27,000 kg, which include many regional airplane models," said NTSB.

6. Southwest Awarded Tampa–Havana Saturday-Only Service.

The Department of Transportation (DOT) finalized its allocation of one weekly Havana frequency to Southwest for Saturday-only service from Tampa, effective immediately. . . . American requested route flexibility to move its daily Charlotte–Havana flight to Miami, citing average load factor of under 55% for

first half 2018. American asked DOT to relax rules governing allocation of U.S.–Cuba traffic rights, since “new restrictions on individual people-to-people travel, which became effective on November 9, 2017, reduced demand by non-Cuban-American travelers and caused U.S.–Cuba traffic at many gateways to drop significantly.” Southwest and JetBlue oppose American’s motion stating if American no longer wishes to serve Charlotte, it should return the frequencies to DOT for reallocation.

7. Airlines Fined for Rules Violations.

FAA proposed a \$474,000 civil penalty against Frontier Airlines, for allegedly operating aircraft that lacked required medical supplies on hundreds of flights in June and July 2017. . . . DOT fined Allegiant \$225,000 for violating tarmac delay rules in 2016 and 2017.

8. DOT Air Travel Consumer Report for August.

Based on data filed by reporting carriers.

	Aug. '18 / '17	July '18	2017	2016	2015	2014	2013
On-time arrivals %	75.6 / 77.1	75.9	80.2	81.4	79.9	76.2	78.34
Cancellations %	1.9 / 2.2	1.7	1.5	1.2	1.5	2.2	1.51
Mishandled baggage*	3.08 / 2.45	3.11	2.46	2.70	3.13	3.61	3.22
Consumer complaints:							
Airline service	1,725 / 1,908	1,655	18,148	17,908	20,175	15,539	13,176
Disability-related	90 / 99	83	851	865	944	784	683
Discrimination**	4 / 11	14	98	95	65	68	79

Note: In August, airlines reported 42 tarmac delays of more than three hours on domestic flights, and three of more than four hours on international flights.

* Reports per 1,000 passengers.

**I.e., race, religion, national origin or sex.

II. AIRPORTS

1. Plans Released for Two International Terminals at JFK.

Plans for two new international terminals were unveiled following selection of a master planning team for redevelopment of New York Kennedy, led by Mott MacDonald and Grimshaw Architects. The proposed \$7 billion, 2.9 million square foot terminal on the airport's south side will be developed by Terminal One Group, a consortium of Lufthansa, Air France, Japan Airlines and Korean Air Lines. The plans call for replacing Terminal 1, which the group currently operates, and Terminal 2, and the area left vacant when Terminal 3 was demolished in 2014. The new terminal will provide 23 international gates, 22 of which will accommodate larger, wide-body aircraft, and contain at least 24 security screening lanes; 230,000 square feet of concessions; 116,000 square feet of airline lounges; and 55,000 square feet of interior green space, children's play areas and cultural exhibits. The complex, to be operated by Munich Airport International, will connect to existing Terminal 4. . . . On the airport's north side, a \$3 billion, 1.2 million square foot terminal proposed by JetBlue will have 12 international gates, all able to accommodate larger, wide-body aircraft, 74,000 square feet of retail, 30,000 square feet of airline lounges, and 15,000 square feet of recreational space. . . . The Port Authority of New York and New Jersey Board of Commissioners approved a \$355 million project to rehabilitate Runway 13L-31R at JFK, in 2019, and add a new high-speed taxiway. The 10,000-foot-long runway, which runs east/west on the airport's north side and handles almost half of arriving planes, will be built with durable concrete instead of typical asphalt, to lengthen lifespan up to 40 years, compared with asphalt's 10-12 years, said officials.

2. Newark Liberty Breaks Ground for Terminal One.

A ceremonial groundbreaking was held at Newark Liberty for the new Terminal One, which is part of the airport's \$2.7 billion modernization program. In its initial year of full operation, by 2022, Terminal One will be able to accommodate 13.6 million passengers, with potential for further expansion; 33 common-use gates will accommodate larger aircraft. . . . Workers at New York Kennedy, LaGuardia and Newark Liberty will earn a minimum \$19 per hour by 2023, with initial increases to take effect on November 1, 2018, said the Port Authority, which aims to reduce staff turnover and provide "an experienced, well-trained, motivated workforce that can better assist in responding to an emergency, identifying security issues, operating equipment safely, and providing experienced customer service." More than 30% of privately employed workers at Port Authority-managed airports turn over every year.

3. **\$1.6 Billion LAX Modernization Project Begins.**

American Airlines and Los Angeles World Airports broke ground on a \$1.6 billion Los Angeles International project that will reconfigure Terminals 4 and 5 to create a unified 300,000 square-foot, 28-gate complex, and fully modernize Terminal 4. Construction will be phased in, with most public-facing components of the project complete in time for the 2028 Summer Olympics. American is the largest carrier at LAX, with 16 million annual customers. The airport handled 84.6 million passengers in 2017 and 2.2 million tons of cargo.

4. **Pittsburgh Reduces Airline Costs.**

In its 2019 capital budget for Pittsburgh International, Allegheny County Airport Authority allocated \$75 million for design phase costs of the Terminal Modernization Program. Cost Per Enplaned Passenger decreased to \$10.35, the sixth successive year for reduced costs to airlines. The airport serves 9 million passengers annually.

5. **Austin-Bergstrom Expansion Planned.**

An Austin-Bergstrom International master plan would add 2 million square feet of concourse space by 2040; an outdoor plaza and concession area; 32 new gates; aircraft taxiways; improvements to curb drop off and pick-up; and 11,000 on-site parking spaces. The airport is expanding international air service: Lufthansa begins five weekly Airbus A330-300 flights from Frankfurt in May. Norwegian flies from London Gatwick, Volaris from Guadalajara, and AeroMexico from Mexico City.

6. **Paine Field Commercial Ops Set to Begin.**

FAA found no new significant issues in a Draft Supplemental Environmental Assessment, which examined potential impact of allowing Alaska, United and Southwest to begin scheduled service from Paine Field, 20 miles north of downtown Seattle. Planned destinations are Denver, Las Vegas, Los Angeles, Oakland, Orange County, Phoenix, Portland, San Diego, San Francisco and San Jose, CA, with 24 daily departures. Snohomish County owns Paine Field, and Propeller Airports, a private company, was contracted to design, build and operate a 30,000 square foot terminal, which is near completion. Commercial flights are expected to begin in early 2019.

7. **Mexico City Airport Construction to Cease.**

Construction of the \$13 billion New International Airport of Mexico is expected to cease, since incoming Mexican President Andres Manuel Lopez Obrador won support of most voters in a referendum. He favors maintaining Benito Juarez International as Mexico City's primary airport and adding a new

terminal and runways at a military base. Airlines and industry groups supported the project. “Without the new airport, Mexico could lose more than 20 million potential new passengers per year by 2035,” Airlines for America wrote to Lopez Obrador.

8. Gatwick Proposes Use of Standby Runway in Growth Plan.

London Gatwick issued a new draft master plan which examines three scenarios through early 2030s. One would deploy new technology to increase main runway capacity. Another would bring the existing standby runway into routine use for departing flights by mid-2020s, maintaining “the existing airport footprint and existing framework for airport charges.” The third scenario—building a new runway to the south of the airport—is not being actively pursued, but “it is in the national interest to continue to safeguard this land for the future.” Gatwick handles 45 million passengers a year on short- and long-haul point-to-point services. The airport is owned by a group of international investment funds, of which Global Infrastructure Partners is the largest shareholder; Stewart Wingate is CEO.

9. New Istanbul Airport Opens.

The new Istanbul Airport opened October 29 with five Turkish Airlines flights. The initial phase includes two runways currently and a third under construction and handling capacity of 90 million passengers. When all phases are completed, by 2028, the \$11.7 billion airport will have six runways and handling capacity of 200 million passengers. DHL, UPS and FedEx are building facilities in an airfreight area. IGA Airport built and will manage the new hub, under a 25-year concession; CEO Kadri Samsunlu said IGA will pay the Turkish government €1 billion per year. Ataturk Airport will close to commercial flights when the new airport is fully operational.

III. **SECURITY AND DATA PRIVACY**

1. **Mineta San Jose, Miami Test Perimeter Technologies.**

The Transportation Security Administration (TSA) selected Miami International and Mineta San Jose to test new airport perimeter intrusion detection and deterrence technologies, including: video cameras to allow operators to assess a situation remotely; analytics software to automate detection of unauthorized personnel and other potential threats; and a variety of sensors. TSA findings are expected in September 2019.

2. **New Airlines in TSA PreCheck.**

Norwegian Air, Icelandair and Via Airlines are participating in TSA PreCheck, bringing total number of airlines to 56.

3. **TSA Expanding Use of Biometrics Technology.**

[TSA, ACLU] As use of biometrics to verify traveler identity expands, TSA has released a “Biometrics Roadmap for Aviation Security and the Passenger Experience.” Facial recognition technology for international travelers is being tested at Los Angeles International following trials at New York Kennedy. At Hartsfield-Jackson Atlanta, TSA is partnering with Delta and U.S. Customs and Border Protection on the first biometric terminal that uses facial recognition to automate processes including self-service bag drop, ID verification and boarding. Fingerprint technology is being tested at TSA PreCheck lanes at Atlanta and Denver, and, using applicants’ photographs, TSA plans to test facial biometric technology in PreCheck lanes at select airports. . . . TSA’s “sweeping plan to turn U.S. airports into the first large-scale, comprehensive application of face surveillance technology on the American public is not good news for privacy and civil liberties,” said the American Civil Liberties Union, “and paves the way for future expansions in the collection and use of personal data on passengers—including insidious new forms of threat scores, security rankings, blacklists, whitelists, etc.—all without necessarily improving security.”

4. **Biometric Airport Automation to Generate \$1.3 Billion Over Five Years.**

The global market for biometric airport automation will generate \$1.3 billion in revenue over the next five years, predicts Acuity Market Intelligence. Some 5,500 Automated Border Control (ABC) eGates, ABC Kiosks, Automated Passport Control (APC) Kiosks, Automated Immigration Check-in (AIC) Kiosks, Auto Bag Drop (ABD) units, and Automated Boarding (AIB) eGates are currently deployed at 300 locations in 80 countries. The number of

Automated Biometric Facilitation units will triple by 2022 with expansion to dozens of additional airports. Europe will account for nearly 30% of total units deployed and generate more than 34% of all revenues, while near total Asian market domination is expected by 2030. . . . Identity verification at self-service check-in kiosks is in use at 41% of airports and 74% have plans to deploy the technology by the end of 2021, according to SITA's 2018 Air Transport IT Insights. Self-boarding gates using biometrics with ID documentation, such as a passport, are also set to become commonplace over the next three years, with 59% of airports and 63% of airlines expecting to use them. SITA says challenges to full adoption of biometrics for passenger identity checks include integrating tools and technologies at airports, lack of standards for processes and technologies for integrating checks, and meeting government and legislative requirements.

IV. E-COMMERCE AND TECHNOLOGY

1. Cathay Pacific Data Breach Affects 9.4 Million Passengers.

A cyberattack in March compromised data of about 9.4 million passengers, said Cathay Pacific CEO Rupert Hogg; the airline “acted immediately to contain the event, commence a thorough investigation with the assistance of a leading cybersecurity firm, and to further strengthen our IT security measures.” No passwords were affected, but accessed data included passenger names, nationalities, birth dates, telephone numbers, email and physical addresses, passport and identity card numbers and historical travel information. . . . International Airlines Group (IAG) said an investigation found no verified cases of fraud related to a breach of British Airways passenger data revealed in September, and “fewer of the customers originally identified were impacted”; of 380,000 payment card details identified, 244,000 were affected. The company is notifying additional customers that 77,000 payment cards with a CVV security number and 108,000 cards without the CVV number were compromised during reward bookings made between April 21 and July 28.

2. Major Airlines Join NDC Exchange.

British Airways, Delta, United, LATAM Group and Finnair are new participants in NDC Exchange. Co-founded by SITA and airline-owned ATPCO, which collects and distributes fare data, the airline product marketplace is also supported by Airlines Reporting Corporation (ARC) for settlement support and ATPCO-owned Routehappy for rich content. NDC Exchange “enables content interoperability across the airline distribution ecosystem and is a trusted bridge between IATA’s NDC (New Distribution Capability) and traditional distribution methods.” Air Canada was launch customer for the platform. In related news, Travelport is the first global distribution system operator to manage live booking of flights using the NDC technical standard.

3. Innovation Labs Seek to Improve Aviation.

The Airport Innovation Lab at San Diego International is testing five projects to improve the airport experience: Baggage Nanny, a secure luggage storage and delivery service for arriving and departing passengers; FreedomPark, an off-airport valet service and rental car valet; ParkConnect, a parking booking system (including payment and rewards); TravelCar, a peer-to-peer car-sharing platform enabling passengers to park and rent their personal vehicles while traveling; and Vark, a valet management solution. . . . IAG’s Hangar 51 global accelerator program named contest finalists to work with mentors and experts for 10 weeks to develop, shape and test products. They include U.S.

start-up 30K, whose application programming interface (API) populates flight search results detailing the fare's mileage earning and frequent flyer benefits. Swiss start-up Assaia feeds airport ramp video footage into airlines' networks to set up more efficient aircraft turnarounds. Israeli startup Biobeat has a wearable medical monitoring device for cabin crew, pilots and travelers. Emu Analytics creates real-time analytics and data to track cargo and baggage containers. A LuckyTrip app uses artificial intelligence to help travelers find unique trips; users set a budget, tap the "Lucky" button and see hundreds of destinations in Europe. A Mobilus Labs wearable voice communications platform enables teams to connect from various environments. SATAVIA's cloud-based platform uses satellite earth observation data, numerical weather prediction and aircraft tracking to optimize maintenance and flight operations. Signal software analyzes operational data and provides feedback to pilots to help reduce CO2 emissions. A Skylights Virtual Reality headset enables passengers to watch inflight entertainment in 2D, 3D and 180°. Soter Analytics wearable health devices for airport ramp operations staff help prevent physical injuries in workplaces. Demo day will be in London on December 14.

4. **Air New Zealand Invests in Autonomous Electric Air Taxi Technology.**

Air New Zealand will help bring Zephyr Airworks' autonomous electric air taxi Cora to market in New Zealand. "The possibility of getting from A to B quickly and safely, and also relieving the impact of polluting emissions, is very real indeed," said Air New Zealand CEO Christopher Luxon. Zephyr CEO is Fred Reid, former President of Delta and Lufthansa and a Virgin America founder. Cora will use self-flying software combined with human oversight to enable flying without training. Vertical take-off will eliminate need for a runway. The two-passenger vehicle will not be available for consumer sale, but will provide a service similar to an airline or rideshare. Initial range will be about 62 miles, with speed of about 110 miles per hour. Cora has an experimental airworthiness certificate from the New Zealand Civil Aviation Authority and FAA. Zephyr parent Kitty Hawk is based in Mountain View, California. Kitty Hawk established Zephyr Airworks in 2016 to test and work with the New Zealand government, New Zealand Maori/iwi, business partners and the community.

V. **ENERGY AND ENVIRONMENT**

1. **Fuel Bill for Global Airline Industry.**

The average price of aviation jet fuel on October 12 was \$95.73/barrel, up 2.87% on the month and up 39.23% compared to a year ago, reports IATA. Jet fuel price average for 2018 was \$87.4/barrel; impact on 2018 fuel bill was \$47.4 billion.

2. **Virgin Atlantic Orlando-London Flight Uses Advanced Fuel.**

A Virgin Atlantic Boeing 747-400 flew to London Gatwick from Orlando, Florida using LanzaTech jet fuel, produced by recycling waste industrial gases to make ethanol. The alcohol-to-jet process was developed with Pacific Northwest National Lab and the U.S. Department of Energy. This was the first use of this technology on a commercial flight, and followed a £410,000 UK government Future Fuels for Flight and Freight grant to determine feasibility of building a 40-50 million U.S. gallon jet fuel plant in Britain, said Virgin founder Sir Richard Branson. LanzaTech says it could have three UK plants running by 2025, producing up to 125 million gallons of sustainable fuel per year, enough to fly all Virgin Atlantic UK outbound flights (as a 50:50 mix). This could result in “saving nearly 1 million tons of life-cycle carbon in a hard-to-decarbonize sector, said Branson, and supporting a burgeoning bio-economy sector, thousands of clean growth jobs across the supply chain, enhanced fuel security, and providing important trade import and export potential—all benefits the UK desperately needs as we face a post-Brexit Britain.” Jennifer Holmgren is CEO of Illinois-based LanzaTech.

3. **Netherlands to Reduce Civil Aviation CO2 Emissions by 35%.**

Transport organizations presented a plan of action to the Dutch Minister of Infrastructure to reduce CO2 emissions from civil aviation originating in the Netherlands by 35% by 2030. This is in addition to carbon reductions that civil aviation provides through the European trading system and the global UN Emissions Trading System (CORSIA). Themes of the “Smart and Sustainable” plan include optimizing flight routes and procedures, encouraging cleaner aircraft by levying airport fees, introducing sustainable fuel, radical fleet renewal and deploying international train service and other sustainable means of transport over short distances. Schiphol intends to differentiate airport charges (between 2019 and 2022) partly on the basis of climate impact; airlines that use quieter and generally cleaner aircraft will pay less, while the costs for noisier, more polluting aircraft will increase.

4. Norwegian, Avtech Sweden Expand Cooperation.

Norwegian expanded cooperation with Avtech Sweden to reduce fuel consumption. An earlier effort reduced fuel consumption by 22 kilos per flight, reports the Swedish Energy Agency, which partly financed the project; this corresponds to an annual CO₂ reduction of 16,000 tons, or an annual reduction of 5,000 tons of fuel on Norwegian's flights. The new technology, Aventus Air™ weather service, provides Norwegian pilots with wind and temperature information in accordance with their flight plan. Data is transferred to aircraft systems, which makes it possible to optimize the flight path for improved fuel efficiency and reduced emissions.

VI. U.S. CONGRESS

1. Congress Adjourns.

The House and Senate adjourned in October and will return after the mid-term elections, which take place on November 6.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S., Belize Sign Open Skies Agreement.

The United States and Belize signed an Open Skies Agreement that permits unrestricted market access for passenger and all-cargo airlines between the two countries and beyond. The agreement replaces a U.S.-UK Air Services Agreement that has applied to U.S.-Belize air services since 1977.

2. IATA Urges Action to Minimize Brexit Impacts.

As the UK prepares to leave the European Union (EU) on March 29, 2019, IATA called for urgent action to avoid chaos for travelers and interrupted supply chains, in the event of a 'no-deal Brexit.' IATA said the UK should remain in the European Aviation Safety Agency (EASA) at least as a 'third country member'; EASA and the UK Civil Aviation Authority should be allowed to initiate detailed technical discussions on their future relationship; and mutual recognition of professional licenses, standards for materials and parts, and other safety elements should be put in place to come into effect immediately after March. Border management investment is needed to recruit and train more staff to handle EU travelers being added to queues at UK passport control, or creation of a 'third lane' which could process EU passengers more quickly. Clarity on customs arrangements is needed; "the most likely scenario, even under a transition period, is for shipments to be delayed or disrupted, as new customs procedures become established."

3. FAA Reduces Prohibitions Against Certain Flights in Ukraine.

"Due to the stabilization of safety and security conditions in the relevant regions of Ukraine," FAA allowed U.S. civil operations to resume in the Simferopol and Dnipropetrovsk areas. Flights over Crimea and Ukraine were barred after the April 2014 downing of Malaysia Airlines Flight MH17, in which all 298 people on board were killed; an inquiry determined the aircraft was shot down by a Russian-made surface-to-air missile. The prohibition continues for flights over certain areas "to safeguard against continuing hazards to U.S. civil aviation."

VIII. EUROPE AND AFRICA

1. UK Investigating Atlantic Joint Business Agreement.

The UK Competition and Markets Authority (CMA) is investigating the Atlantic Joint Business Agreement of American Airlines, British Airways, Iberia, and Finnair, as initial commitments made to the European Commission to address competition concerns expire in 2020. “To prepare for the time when the European Commission may no longer have responsibility for competition in the UK,” CMA will “review afresh the competitive impact of the agreement in anticipation of the expiry of the commitments. This case is at an early stage and no assumption should be made that the Atlantic Joint Business Agreement infringes competition law.” IAG, parent of British Airways and Iberia, stated the transatlantic joint business has provided “improved access to cheaper fares and easier journeys to more destinations. During this period the joint business has launched 45 new routes including 14 between the UK and U.S. Also, the airlines are able to align their flight schedules and frequencies to enhance customers' travel choices.”

2. British Airways to Serve Charleston, SC.

British Airways will offer twice-weekly summer service to Charleston, South Carolina, from London Heathrow; Boeing 787-8 flights begin April 4. The new route brings number of daily flights offered with American Airlines, as part of their transatlantic joint business, to 73 per day. The airline is also launching four-weekly service to Pittsburgh from April. . . . British Airways will make a multimillion-pound investment in training staff at Heathrow to “treat customers as they would their own family, and to own and resolve issues on the spot.”

3. Lufthansa to Launch Nonstops to Austin.

Lufthansa will offer five-weekly Airbus A330-300 nonstops from Frankfurt to Austin next summer. This is Lufthansa's third destination in Texas, after Dallas Fort Worth and Houston. The carrier ceased flights between Frankfurt and San Jose, California on October 27. The Silicon Valley route,, launched in summer 2016, failed to meet expectations.

4. Delta to Offer Boston-Edinburgh Nonstops Next Summer.

Delta will offer a daily Boeing 757 nonstop from Boston Logan to Edinburgh during the summer 2019 season, effective May 23.

5. Norwegian Air Norway to Operate in U.S.

Norwegian Air Norway (NAN) was granted authority by DOT to fly to and from the United States; an exemption allows the Norwegian Group subsidiary to operate in the U.S. until it receives a foreign air carrier permit. NAN currently operates in Scandinavian countries, but reportedly will become the Group's primary airline operating in the U.S. under a corporate restructuring; Norwegian Air Shuttle will be a holding company. . . . In other news, Norwegian is now the largest non-U.S. airline on transatlantic routes to and from the New York area based on passenger numbers. The airline carried 1.67 million international passengers to and from three New York City-area airports in 12 months to July 2018, according to the Port Authority of New York and New Jersey, surpassing British Airways, which carried 1.63 million. Norwegian operates 16 routes from New York Kennedy, Newark and Stewart to: Amsterdam; Barcelona; Belfast; Bergen; Copenhagen; Dublin; Edinburgh; Guadeloupe; London; Madrid; Martinique; Oslo; Paris; Rome; Shannon; and Stockholm.

6. Air France Signs Compensation Agreement with Unions.

Air France reached an agreement with unions on compensation, including a pay increase of 2%, retroactive to January 1, 2018, and 2% effective January 1, 2019. The next round of annual salary negotiations begins in October 2019, and "will be based on the global economic environment, the present situation of the Air France-KLM Group, as well as the company's economic performance." Benjamin Smith, the new CEO of Air France-KLM and Air France, thanked "everyone involved at Air France for the quality of our discussions over the past few weeks, and for the trust that has prevailed throughout."

7. Aer Lingus CEO Stephen Kavanagh to Exit.

Stephen Kavanagh steps down as Aer Lingus CEO on January 1, but will remain a Non-Executive Director. He will be succeeded by Sean Doyle who currently is British Airways Director of Network, Fleet and Alliances. British Airways and Aer Lingus are units of IAG.

8. easyJet Expands "Connections" Service.

"Worldwide by easyJet" expanded to include Virgin Atlantic, allowing seamless connections through London Gatwick which, said easyJet, "could see customers connecting from the likes of Barcelona through to Orlando and Edinburgh to Las Vegas." Norwegian, WestJet, Thomas Cook Airlines, Corsair, La Compagnie, Aurigny and Loganair also participate in 'Worldwide by easyJet.' Airports now include Berlin Tegel, Venice Marco Polo, Amsterdam

Schiphol, Paris Charles De Gaulle and Orly, and Edinburgh. Singapore Airlines and its low-cost subsidiary airline Scoot will join the service.

9. Primera Air Ceases Operations.

Primera Air ceased operations suddenly and declared bankruptcy, stating it had been unable to secure long-term financing. Parent company Primera Travel Group sought to find alternative flight options for ticket holders. Primera, which recently offered low-cost flights from London Stansted to New York and Washington, was founded in 2004 in Iceland and in 2014 moved its headquarters from Denmark to Latvia.

10. Guillaume Faury to Serve as Airbus CEO.

The Airbus Board selected Guillaume Faury to succeed Tom Enders next year. Faury currently serves as President, Airbus Commercial Aircraft. Enders will remain CEO until the Annual General Meeting on April 10, 2019, when the appointment of Faury as executive member of the Board will be submitted to shareholders. . . . A successful round-trip test flight of a Delta A220 was conducted from Quebec Mirabel, with first scheduled service to begin in early 2019. Delta will be the first U.S. airline to operate the A220, and the largest, with a firm order for 75.

11. Norwegian Air Argentina Begins Service.

See Section IX, item 8.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Lion Air B-737 MAX-8 Crashes with 189 Onboard.

A Lion Air Boeing 737 MAX-8 crashed into the Java Sea 13 minutes after taking off from Jakarta Soekarno Hatta International Airport, with 189 onboard, including 20 government officials. Flight JT 610, en route to a neighboring island, had requested a return to Jakarta before losing contact with air traffic controllers. There were no weather issues; the Captain had 6,000 flight hours and the first officer had more than 5,000. Lion Air had operated the new aircraft since August 15. CEO Edward Sirait said a technical issue reported on the plane's previous flight had been repaired.

2. Singapore's Changi-Newark is World's Longest Flight.

Singapore Airlines (SIA) launched nonstop service from Changi to New York Newark using an Airbus A350-900ULR. It was the world's longest commercial flight, at 17 hours 52 minutes. SIA is the first customer for the ultra-long-range aircraft, with seven firm orders; 27 weekly nonstops to the U.S. are planned by yearend, including new Los Angeles and increased San Francisco service.

3. Delta Proposes Minneapolis-Shanghai Route.

Delta submitted a proposal to DOT to begin service to Shanghai from Minneapolis-St. Paul (MSP) in June 2020. Subject to U.S. and Chinese government approvals, the Airbus A350-900 flights would be the first nonstops from Minnesota to China. Delta noted it can offer access to more than 70 destinations in China beyond Shanghai in cooperation with partners China Eastern and Shanghai Airlines, while Chinese customers could connect to more than 100 U.S. destinations through its MSP hub. The proposed route is enabled by the return of frequencies by Hawaiian and United; American has suspended daily Chicago O'Hare nonstops to Beijing and Shanghai due to heavy losses, and has asked for a waiver to keep the frequencies until 2019.

4. AAPA Calls for Infrastructure Investment Amid Traffic Surge.

"Asia Pacific carriers lead the development of the global air transport industry, but the long-term profitability and sustainability of the industry risks being undermined by inappropriate government legislation and short-term policy thinking," said Andrew Herdman, Director General of Association of Asia Pacific Airlines (AAPA), in remarks to the organization's 62nd Assembly of Presidents held in Jeju, Korea. Of concern is the need for investment in runways, terminals and air traffic management capacity commensurate with traffic growth and expected deliveries of new aircraft over the next ten years.

Asia Pacific airlines saw 8% growth in international passenger traffic during first eight months of the year; international air cargo demand increased by 4.8%, although growth rates have moderated following the surge in 2017, with some concern over rising tensions between major trading nations. The region's airlines are expected to deliver substantial profits for the fourth year in succession. The group called for governments to include regulatory agencies, airports, airlines and service providers in jointly developing contingency plans for system recovery following major disruptions.

5. China Opens Sea Bridge Linking Hong Kong, Macau and Mainland.

China's President Xi Jinping attended the opening of the world's longest sea bridge, a \$20 billion, 34-mile structure which crosses the Pearl River Delta to link Hong Kong with Macau and Guangdong Province. Another bridge, expected to open in 2023, will cross the Pearl River from Shenzhen. In September, an \$11 billion high-speed rail link opened between Hong Kong and the mainland. . . . In other news, Hong Kong International Airport (HKIA) recorded a decrease in September traffic, due primarily to Typhoon Mangkhut, which resulted in no flight movement for more than 20 hours. In first nine months 2018, HKIA handled 56 million passengers and 3.75 million tons of cargo and airmail, year-on-year increases of 3% and 2.6%, respectively. Flight movements increased by 1.8% to 318,650 compared to same period last year.

6. Juneyao Airlines to Expand International Network.

Juneyao Airlines took delivery of the first of 10 Boeing 787-9 Dreamliners, the first widebody commercial jet operated by a privately-held Chinese airline. Previously an all-Airbus operator, Juneyao mainly offers flights from Shanghai to more than 50 cities across China. With the long-range Dreamliner, the carrier hopes to expand its international network and increase flights to Southeast Asia, Japan and Korea. Juneyao is a Star Alliance Connecting Partner.

X. AMERICAS

1. Phil Trenary, Former Pinnacle CEO, Murdered.

Philip Trenary, CEO of Pinnacle Airlines from 1997 to 2011, a former Chairman of Regional Airline Association, and a member of the FAA Management Advisory Council, was murdered in Memphis, Tennessee. As President and CEO of the Greater Memphis Chamber of Commerce, he had been hosting a civic event when he was shot in a robbery attempt.

2. FedEx Pilot Elected ALPA President.

Capt. Joe DePete, a FedEx Express pilot, was elected to serve as President of Air Line Pilots Association, Int'l (ALPA), effective January 1, 2019. He currently is the union's First Vice President and National Safety Coordinator. Capt. Tim Canoll is ALPA's current president.

3. American Adds Americas Flights.

American will add a sixth destination in Cuba with a new daily flight from Miami to Santiago de Cuba on May 3. In June, new service from Dallas Fort Worth includes Durango, Mexico, Dominican Republic and Honduras; New York LaGuardia-Aruba; and Charlotte Douglas-Dominican Republic. . . . Third-quarter pretax earnings were negatively impacted by Hurricane Florence by \$50 million; the storm caused massive flooding in the Southeast in September.

4. JetBlue Expands Ecuador Service.

JetBlue will begin daily Airbus A320 service between Fort Lauderdale and Guayaquil, Ecuador on February 28, subject to government approval..

5. Spirit Begins International Service from Orlando.

Spirit began Orlando service to Aguadilla, Puerto Rico; Guatemala City; Panama City; and Santo Domingo, Dominican Republic; and in November will add service to San Pedro Sula, Honduras; San José, Costa Rica; San Salvador, El Salvador; Bogota, Colombia; St. Thomas, USVI; and Medellin and Cartagena, Colombia. Spirit will open a crew base in Orlando, for flight attendants and pilots, on December 1 to support the international expansion, and continues to add airport services positions.

6. Aeromexico to Suspend Several U.S. Routes.

Aeromexico is restructuring its fleet and network amid financial losses. The company will retire three Embraer 170s and two Boeing 737-700s. Suspended routes during 2019 include: Mexico City to Boston, Washington Dulles and

Portland; Monterrey to Las Vegas, Tijuana, Merida and Veracruz; and Guadalajara to Cancun and San Jose, California.

7. **GOL Begins Direct Flights to Florida.**

GOL begins direct Boeing 737 MAX 8 flights from Brasília and Fortaleza to Miami and Orlando on November 4, with connections available to eight U.S. cities served by partner Delta. GOL has an order for 135 Boeing 737 MAX aircraft, which enable more long-haul flights.

8. **Norwegian Air Argentina Begins Service.**

Norwegian's Argentinean subsidiary launched operations with a flight from Buenos Aires to Córdoba; CEO Ole Christian Melhus was the Captain. Additional low-cost Boeing 737-800 flights begin October-December. Norwegian Air Argentina has 120 employees and plans to add 230 more.

9. **UK Investigating Atlantic Joint Business Agreement.**

See Section VIII, item 1.

10. **British Airways to Serve Charleston, SC.**

See Section VIII, item 2.

11. **Lufthansa to Launch Nonstops to Austin.**

See Section VIII, item 3.

12. **Delta to Offer Boston-Edinburgh Nonstops Next Summer.**

See Section VIII, item 4.

13. **Norwegian Air Norway to Operate in U.S.**

See Section VIII, item 5.

14. **Singapore's Changi-Newark is World's Longest Flight.**

See Section IX, item 2.

15. **Delta Proposes Minneapolis-Shanghai Route.**

See Section IX, item 3.