



WASHINGTON AVIATION SUMMARY

October 2019 EDITION

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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. **IATA Urges Rollback of “Egregious Intrusions into Deregulated Sphere.”**

The U.S. Department of Transportation (DOT) should roll back “egregious intrusions into the deregulated sphere,” said Alexandre de Juniac, Director General and CEO of the International Air Transport Association (IATA). “Areas where we believe the DOT should focus include: eliminating the full fare advertising rule that allows the government to hide the many fees and taxes imposed on air travelers in the ticket price; modifying the tarmac delay rule—as directed by Congress—to better meet operational realities; and, providing relief for air travelers and airlines overwhelmed by an explosion in the number of so-called emotional support animals. U.S. airlines are mandated to carry these in the aircraft cabin despite the discomfort and potential risk they may pose to other passengers and our crewmembers.” De Juniac’s remarks were made in Chicago at Wings of Change Americas 2019, which coincided with the 75th anniversary of the signing of the Chicago Convention. “Airlines do not oppose sensible, well thought out regulation based on open dialogue, rigorous cost-benefit analysis, global standards, and proportional compensation,” he added. De Juniac also warned against an “effort to retreat from Open Skies,” referring to a proposed law requiring DOT to determine that any new service by a foreign airline would not undermine labor standards and is in the public interest. . . . According to a new IATA report, aviation supports 6.5 million jobs and contributes \$779 billion to GDP in the United States, including aviation-supported tourism.

2. **IATA: Trade War Impact on Global Air Freight Demand.**

Air cargo continues to suffer from weak global trade and the trade dispute between the U.S. and China, said IATA. Demand, measured in freight tonne kilometers, contracted by 3.2% in July, compared to same period 2018, marking the ninth consecutive month of year-on-year decline. Global trade volumes are 1.4% lower than a year ago and trade volumes between the U.S. and China have fallen by 14% year-to-date. For the first time since February 2009, all major trading nations reported falling orders, according to the global Purchasing Managers Index. Freight demand between Asia and North America has fallen by almost 5% year-on-year. Total freight traffic market share by region of carriers: Asia-Pacific 35.4%, Europe 23.3%, North America 23.8%, Middle East 13.2%, Latin America 2.7%, and Africa 1.6%.

3. Boeing 737 MAX Update.

As the investigation authority for the state of design and manufacture of the airplane in the fatal Lion Air Flight 810 and Ethiopian Airlines Flight 302 accidents, the National Transportation Safety Board (NTSB) examined the U.S. design certification process used to approve the original design of the Maneuvering Characteristics Augmentation System (MCAS) on the Boeing 737 MAX and has made recommendations to the Federal Aviation Administration (FAA). “Boeing has developed an MCAS software update to provide additional layers of protection and is working on updated procedures and training,” said NTSB. “However, we are concerned that the process used to evaluate the original design needs improvement because that process is still in use to certify current and future aircraft and system designs.” NTSB Chairman Robert Sumwalt noted that pilots did not react in ways Boeing and FAA assumed they would. “We have found a gap between the assumptions used to certify the MAX and the real-world experiences of these crews, where pilots were faced with multiple alarms and alerts at the same time.” The NTSB report does not analyze actions of the pilots. . . . The Boeing Board of Directors established a permanent Aerospace Safety Committee to oversee and ensure safe design, development, manufacture, production, operation, maintenance and delivery of products and services; Chairman is Adm. Edmund Giambastiani, Jr., (Ret.), former Vice Chairman, U.S. Joint Chiefs of Staff, and a career nuclear-trained submarine officer. The company's Governance Principles will require safety-related experience among criteria for choosing future directors. The Board delivered to Boeing Chairman, President and CEO Dennis Muilenburg and other executives the recommendations of a special Committee on Airplane Policies and Processes, which include creation of a Product and Services Safety organization responsible for reviewing all aspects of product safety, including investigating cases of undue pressure and anonymous product and service safety concerns raised by employees, and oversight of the company's Accident Investigation Team and safety review boards; realignment in the hierarchy in several areas; and examination of flight deck design and operation in partnership with airline customers and others. . . . FAA Administrator Steve Dickson flew a MAX simulator at Boeing and met with senior officials, after reviewing a draft analysis of MCAS changes. He invited aviation safety regulators to an informal briefing on the MAX while attending the ICAO World Aviation Forum in Montreal. . . . The European Aviation Safety Agency (EASA) is conducting its own study of Boeing's design changes and intends to conduct test flights separate from but in full coordination with FAA. IATA chief Alexandre de Juniac continued to stress the need to maintain the single-certification system based on one authority as leader, mutual recognition among the other regulators, a single agenda, and a single condition for entry into service, rather than risk a patchwork of different

systems. . . . Family members of Ethiopian Airlines crash victims held a vigil in Washington on the six-month anniversary of the March 10 crash and several met with DOT Secretary Elaine Chao. They urged “a full recertification, examining all systems of the latest 737 that has not been recertified for more than 50 years and that has undergone numerous changes including placing the engines above the wings instead of under the wings.” They want FAA “to require that all pilots be trained on simulators, not merely computers,” before they are allowed to fly the MAX, and “to allow all investigations to be completed and to require full disclosure and transparency of all results of the safety testing as part of the certification process.” They called for the resignation of FAA’s chief safety official and “all heads of Boeing.” . . . The U.S. Office of Special Counsel (OSC) released documents related to a whistleblower allegation that FAA safety inspectors who were not sufficiently trained to certify pilots administered hundreds of certifications, known as check rides; this included safety inspectors assigned to the 737 MAX. OSC also found that FAA responses to congressional inquiries regarding these allegations were misleading in their portrayal of FAA employee training.

4. DOT Fines JAL \$300,000 for Long Tarmac Delays.

DOT fined Japan Airlines (JAL) \$300,000 for failing to adhere to its contingency plan for lengthy tarmac delays on two flights in 2018. On January 4, passengers were required to remain on the tarmac for 4 hours and 31 minutes on flight JL004, which had departed Tokyo Narita for New York Kennedy and was diverted to Chicago O’Hare during a powerful winter storm. On May 15, 2018, due to severe thunderstorm activity in the New York metro area, flight 004 diverted to Washington Dulles and passengers were required to remain on the tarmac for 4 hours and 59 minutes during fueling and waiting for deplaning assistance, as the crew had timed out. JAL agreed to the settlement in the interest of avoiding litigation, but clarified that “crew focused on ensuring the comfort of the passengers and complying with tarmac delay requirements.” \$60,000 of the fine was credited to JAL for cash compensation and travel vouchers provided to passengers on both flights.

5. DOT Establishes Air Carrier Access Act Advisory Committee.

DOT has formed the Air Carrier Access Act (ACAA) Advisory Committee to identify and assess disability-related access barriers encountered by air travelers with disabilities, evaluate the extent to which DOT programs and activities are addressing these barriers, and recommend actions for improvement. Nineteen members have been appointed, representing passengers with disabilities; national disability organizations; air carriers; airport operators; contractor service providers; aircraft manufacturers; wheelchair manufacturers; and national veterans’ organizations representing

disabled veterans. The first meeting, expected to occur in early 2020, will be open to the public. Within six months of that meeting, the Committee will submit a report to the DOT Secretary and appropriate committees of Congress on whether current regulations with respect to practices for ticketing, pre-flight seat assignments, access to bulkhead seating, and stowing of assistive devices for passengers with disabilities should be modified. The ACAA Advisory Committee is mandated in the FAA Reauthorization Act of 2018.

II. AIRPORTS

1. ACI: Emerging Market Traffic Outpaces Advanced Economies.

Passenger numbers reached 8.8 billion in 2018, up 6.4% over previous year, according to Airports Council International (ACI) World, and airports accommodated 122.7 million metric tonnes of cargo and 100 million aircraft movements. While advanced economies held the largest proportion (52.8%) of global passenger traffic, airport traffic in emerging markets and developing economies grew faster (+8.3%) than in advanced economies (+4.8%). The highest number of passengers travelled through airports in the Asia-Pacific region (3.3 billion, +8.1%), followed by Europe (2.4 billion, +6.4%), North America (2 billion, +5.0%), Latin America-Caribbean (651 million, +5.0%), Middle East (396 million, +0.7%) and Africa (214 million, +9.4%). The air cargo market did not fare as well as passenger traffic, says ACI's World Airport Traffic Report. Global year-over-year volume fell -1.7% in December 2018 against previous year, bringing growth for 2018 overall to +3.4%. ACI World's global medium-term forecast show almost 30% growth in passenger numbers from 2018 to 2023. Over the longer term, passenger traffic worldwide is expected to double in 17 years and projected to grow at an annualized rate of +4.1%, reaching 20.9 billion by 2040. . . . The world's top three airports for passenger traffic volume remain Hartsfield-Jackson Atlanta, Beijing Capital and Dubai respectively. "Even as smaller airports around the world continue to make strong gains, the largest hub airports continue to grow," ACI World Director General Angela Gittens said. "There were 16 airports handling more than 40 million passengers per annum in 2008 and there are now 54." For total cargo volumes, the top five airports remained Hong Kong, Memphis, Shanghai Pudong, Incheon and Ted Stevens Anchorage respectively. Los Angeles International jumped from 13th to 10th this year and Doha advanced from 16th to 11th. Chicago Rockford was the fastest-growing airport in 2018 for airports handling more than 250,000 metric tonnes of cargo; traffic grew +56.6%. For total aircraft movements, Chicago O'Hare took top spot from Atlanta, recording a growth rate of +4.2%.

2. \$986 Million in Airport Infrastructure Grants Announced.

DOT will award \$986 million in airport infrastructure grants to 354 airports in 44 states and Puerto Rico and Micronesia. This is the fifth allotment of the total \$3.18 billion in FAA Airport Improvement Program (AIP) funding. Among awards, St. Pete-Clearwater International in Florida will receive \$19.7 million to rehabilitate a runway, and Philadelphia International will receive \$13.4 million to reconstruct a taxiway.

3. Airlines Ask Hong Kong to Waive Airport Fees.

The Board of Airline Representatives (BAR) of Hong Kong, representing more than 70 customers at Hong Kong International, asked the government to waive landing and parking fees to offset the decline in traffic due to violent anti-government protests. BAR also proposed cutting rental fees for offices and lounges, according to the *South China Morning Post*. Traffic was down 12.4% in August, and, said BAR Chairman Ronald Lam, a Cathay Pacific senior executive, “we expect this to worsen in the remaining months of the year.” The Transport Bureau said it would closely monitor the situation and consider suitable relief measures as and when necessary.

4. Beijing Daxing Opens.

Beijing Daxing International has opened. The new hub, built in less than five years, is shaped like a phoenix spreading its wings enabling a passenger to walk from the center of the terminal to the furthest departure gate in eight minutes, reports Xinhua. A metro ride from the third southern ring road of Beijing to the terminal takes 19 minutes; three urban rail lines and several expressways will connect the 5G-covered airport terminal with the city center and other areas. According to Daxing airport authority, 66 airlines have applied to operate there, 20 domestic and 46 overseas; 116 routes will connect to 112 destinations globally around the end of this year. Passenger and cargo traffic are expected to reach 72 million and 2 million tonnes respectively by 2025, with 620,000 takeoffs and landings. Combined annual passenger handling capacity of Daxing and Beijing Capital International will exceed 250 million in the future.

5. Japan Awards Remaining International Slots at Haneda.

Japan’s Ministry of Land, Infrastructure and Transport completed allocations of 50 new international daytime slot pairs at Tokyo International (Haneda), with awards to China, Russia, Australia, India, Italy, Turkey, Finland and Scandinavia. The United States earlier received 12 pairs, which DOT awarded to American, Delta, Hawaiian and United. All Nippon Airways and Japan Airlines received half of the 50 slots. The new slots will be operational from late March, in time for the 2020 Olympic and Paralympic Games.

6. Moscow Sheremetyevo Opens Third Runway.

Moscow Sheremetyevo is the first airport in Russia to have three runways. The new 3,200-meter airstrip enables an increase in takeoffs and landings per hour from 65 to 90, reports TASS, and can accommodate all types of Russian and foreign aircraft. Unlike the two older runways, the new one can operate independently, said Russian Transport Minister Yevgeny Dietrich, at the opening ceremony. An Aeroflot Airbus A321 flying from St. Petersburg to

Moscow was the first airliner to land on the new runway and, according to tradition, was welcomed with a water salute. Sheremetyevo plans to open Terminal C1 this year, with capacity for 20 million passengers, and Terminal C2, in 2021, with capacity for 10 million.

7. Shanghai Pudong Opens Satellite Hall.

Shanghai Pudong opened Satellite Hall, “the world’s largest single-building satellite terminal.” Two parts, S1 and S2, of the 620,000-square-meter structure provide boarding, arrival and transit services for Terminal 1 (serving China Eastern, Shanghai Airlines, and SkyTeam members) and Terminal 2 (Air China, China Eastern, Juneyao and oneworld and Star Alliance members). A mass rapid transit system moves passengers, with a one-way trip taking 2.5 minutes. Satellite Hall has 90 boarding gates and 35 three-story boarding bridges, says the Shanghai Airport Authority; Pudong has four runways and can handle 80 million passenger trips a year.

8. Groupe ADP Wins U.S. Airport Planning Services Contracts.

U.S. based Merchant Aviation, a unit of Groupe ADP, announced several recent U.S. contracts, including strategic planning and design services for the Terminal 8 (managed by American Airlines) expansion at New York Kennedy. A Denver International three-year, on-call contract includes terminal, airside, landside, operational and cargo planning, FAA compliance and ATC procedures coordination; passenger traffic forecasts, modeling and simulation services, financial feasibility studies, airport zoning and land use studies are also in scope of contract. On-call services for Port Authority of New York and New Jersey airports (Kennedy, LaGuardia, Newark, Teterboro, Stewart) for four years, include airport facility planning and forecasting, aeronautical technical and operational planning services, airport capacity planning, security planning, properties and commercial development studies, customer experience and digital innovation studies and safety management systems with FAA coordination. For the LaGuardia Central Terminal replacement, Merchant is assisting American with coordinating relocation in the new terminal.

III. **SECURITY AND DATA PRIVACY**

1. **TSA Tests On-Site PreCheck Enrollment with Portable Tablet.**

The Transportation Security Administration (TSA) is testing use of a portable tablet to enroll passengers into the TSA PreCheck program “on-the-spot,” at Baltimore Washington International until September 30. The device can accept and save fingerprints and verify identification. Travelers do not need to make an appointment at an enrollment center.

2. **ACI: Risk-Based Approach Needed in All Areas of Airport Security.**

“Security regulations should be performance and outcome-based rather than overly prescriptive,” said ACI World Director General Angela Gittens, at the Leaders’ Plenary at the ICAO third annual Global Aviation Security Symposium (AVSEC). “The pros and cons of different approaches should be assessed in consultation with stakeholders to allow for better outcomes . . . This is particularly pertinent when you consider the different types and sizes of operation and different risk context for airports in different locations.” ACI’s Smart Security program “aims to deliver a walk-through, seamless passenger experience at airport security touchpoints, moving away from a ‘one size fits all’ approach to airport security,” Gittens said. “Innovations such as artificial intelligence, the increasing use of big data, and stand-off detection could radically transform our approach to aviation security. These are the kinds of solutions adept for the challenges of tomorrow, and regulators must provide the framework to make them a reality.”

3. **Federal Judge Rules Terrorist Watchlist Unconstitutional.**

A federal judge in Virginia ruled that the federal government's terrorism screening database (TSDB) violates the Constitution, in a lawsuit filed by 19 Americans represented by the Council on American-Islamic Relations who charged that their inclusion on the list violates due process rights. The judge found the standard for inclusion to be vague; there is no independent review and individuals are not told if or why they are on the TSDB. The TSDB is believed to hold more than one million names. Unlike the no-fly list, those on the TSDB can fly, but are subjected to, among other things, frequent interrogations.

IV. TECHNOLOGY AND EQUIPMENT

1. Expedia, United Sign Multi-Year Agreement.

Expedia signed a new multi-year agreement with United Airlines, which “ushers in an expanded relationship, meeting the strategic objectives of both companies and benefiting travelers around the world. The agreement continues Expedia Group's leisure distribution with United, expands United's relationship with Expedia Partner Solutions, and builds on United's relationship with Egencia, Expedia Group's corporate travel business. The companies will work to expand cooperation into other areas in the near future.

2. Sabre Announces Partnerships with IAG, Kulula, Shandong.

International Airlines Group (IAG) is implementing Sabre AirVision Planning and Scheduling solutions to Amazon Web Services (AWS), enabling it to “respond to competitor changes quicker, provide visibility of new and existing market opportunities, drive a holistic IAG codeshare strategy, have faster strategic and tactical scheduling and optimize flight times to drive incremental revenue gains.” IAG also is using Profit Manager, which helps airlines identify strengths or weaknesses within a schedule and quantifies the impact of a proposed schedule. . . . South African carrier kulula.com is implementing Sabre’s Digital Workspace, a cloud-based solution that equips airport agents with workflows that eliminate the traditional linear check-in procedure. Digital Workspace is part of Sabre’s Commercial Platform, which is “transforming airlines into intelligent digital entities through advanced retailing, dynamic pricing, an open API hub, an ultra-fast shopping engine and a mobile, consumer-grade workspace for airport agents.” Comair owns and operates kulula.com. . . . China-based Shandong Airlines “will leverage Sabre AirVision Schedule Manager and AirVision Fares Manager to drive revenue optimization and accelerate how the airline competes in the Asian market,” under a new agreement. Shandong Airlines Group is a joint venture of nine stakeholders, including Air China, established in 1994 and headquartered in Ji’nan.

3. PROS Launches Retail for Airlines.

PROS launched Retail for Airlines, enabling carriers “to optimize and personalize offers for passengers across seat, fare and ancillaries.” PROS recently acquired Traveaer, a France-based internet booking engine that holds Level 4 New Distribution Capability (NDC) certification.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on September 13 was \$76.66/barrel, up 1.4% on the month and down 15.6% compared to a year ago, reports IATA. Jet fuel price average for 2019 was \$79.70/barrel. Impact on 2019 fuel bill was down \$9.6 billion.

2. IATA: Flight Shaming, Environmental Taxes Pose Immediate Challenge.

“The rise of anti-aviation sentiment over these last months, particularly in Europe, poses an immediate challenge to our efforts to grow aviation's benefits, while addressing our climate responsibilities,” said IATA chief Alexandre de Juniac, at the Wings of Change Americas conference. Campaigns like flight shaming and environmental taxes penalize airlines and air travelers, but do little to support industry efforts to become greener, he added. “Raising airline costs reduce the industry's ability to invest in more efficient aircraft and ground equipment. And I have yet to see any aviation environmental tax actually being used to help reduce aviation's environmental impacts.” De Juniac highlighted the need for adequate affordable infrastructure. “Critically congested airports are spread the world over. New York, Sao Paulo, London, Amsterdam, Mumbai, Bangkok and Sydney are all examples of airport bottlenecks due to capacity constraints—both real and artificial. Bottlenecks, whether on the ground or in the air, lead to delays and inefficiencies, and these result in excess fuel burn and CO2 emissions . . . Last year, aircraft flying in Europe experienced 19.1 million minutes of enroute delays that added 5.6% to aviation's carbon footprint there. This year is not looking that much better. Europe is the worst case, but air traffic bottlenecks are also found in the US, in China, the Gulf and elsewhere.”

3. ICAO: Innovation to Accelerate Sustainable Development.

Twenty-four Transport Ministers attending the ICAO World Aviation Forum agreed to heighten innovation in aviation as a means to accelerate progress toward achieving United Nations Agenda 2030 Sustainable Development Goals, including urgent action to combat climate change.

4. KLM to Replace Brussels-Amsterdam Flight with Train.

KLM will replace one of its five daily Brussels-Amsterdam services with seat capacity aboard the Thalys high-speed train. The route is used by passengers with connecting flights to intercontinental destinations at Schiphol. The initiative is part of KLM's “Fly Responsibly” commitment, which aims to create

a sustainable future for air transport. It also addresses slot restrictions at Schiphol; scarce slots can be used for services to long-haul destinations. “Intermodal transport involving trains and planes remains a complex and challenging business,” said the airline. “Speed is key, not only in terms of the train itself, but also the transfer process at the airport.” Thalys, NS Dutch Railways, KLM and Schiphol are seeking to improve baggage handling and other services, and there will be a special Air&Rail check-in desk at Schiphol.

5. Sustainable Travel Initiative Launched.

The UK’s Prince Harry is promoting travel “as a catalyst for good,” with a new global initiative founded by Booking.com, Ctrip, Skyscanner, TripAdvisor and Visa. Travalyst seeks “to explore and promote initiatives that have the ability to preserve destinations, ensure that local communities thrive, and protect wildlife and environments through responsible practices.” By 2030, 1.8 billion people will travel internationally (World Bank). Travel and tourism generated \$8.8 trillion to the global economy in 2018 (UN World Tourism Organization). Today one in 10 of all jobs globally are travel related (World Travel and Tourism Council). The Prince and his wife recently were targets of the flight-shaming movement due to their use of private jets.

6. Protesters Threaten Drone Activity at Heathrow.

To protest London Heathrow expansion plans, Heathrow Pause members gathered to launch small drones near the airport. They were arrested on suspicion of conspiracy to commit a public nuisance. “Our runways and taxiways remain open and fully operational despite attempts to disrupt the airport through the illegal use of drones in protest nearby,” said Heathrow. Police said there was no breach of airport security.

VI. U.S. CONGRESS

1. Congress Passes CR to Extend Government Funding Through Nov. 21.

The House and Senate passed a continuing resolution (CR) to extend federal funding through November 21, averting a government shutdown at the end of September.

2. Hearing on Implementation of FAA Reauthorization of 2018.

A hearing to examine progress within FAA and DOT in implementing the FAA Reauthorization Act of 2018 was held by the House Aviation Subcommittee. House Transportation Committee Chairman Peter DeFazio (D-OR) said a final rule guaranteeing flight attendants a minimum 10 hours rest was due last November and should be addressed “first and foremost.” Some 15 airlines have adopted a version of a 10-hour rest rule voluntarily, he noted. FAA has now published an Advanced Notice of Proposed Rulemaking soliciting comments on costs and benefits of compliance with the mandate on flight attendant rest hours, said Aviation Subcommittee Chairman Rick Larsen (D-WA), adding, “I am concerned this action is yet another unnecessary delay.” Among other items addressed in the hearing, the bill requires FAA to reassess assumptions and methods behind certification of evacuation times and report to Congress on the matter, and to issue regulations on minimum dimensions of seats on airliners, by October 5, said DeFazio. Asked about “this important safety-critical mandate,” Deputy Administrator Dan Elwell said FAA expects to do evacuation testing in November and decide on minimum seat dimensions and pitch by yearend. Asked about the requirement for FAA to issue an order by October 5 requiring installation of secondary cockpit barriers on new transport-category airplanes, Elwell said FAA is awaiting recommendations from the Aviation Rulemaking Advisory Committee (ARAC).

3. Senate Appropriations Advances FY2020 Transportation Bill.

The Senate Committee on Appropriations advanced the Transportation, Housing and Urban Development, and Related Agencies FY2020 appropriations bill. It includes \$17.7 billion in total budgetary resources for FAA, which fully funds all air traffic control personnel; more than 25,000 engineers, maintenance technicians, safety inspectors and operational support personnel; the Essential Air Service program for all communities; and the Contract Towers program. The bill increases funding for aviation safety by \$31.8 million above budget request, requires FAA to respond to all Inspector General and NTSB investigations and audits, and requires FAA to finalize its rulemaking on safety management systems for aircraft manufacturers. It does

not propose an increase to the cap on passenger facility charges. The legislation will “enhance oversight of FAA’s aviation safety and aircraft certification programs,” said Subcommittee Chair Susan Collins (R-Maine).

4. Senate Report Shows Cost of Government Shutdown.

Over the past five years, the federal government has been fully or partially shut down three times for a total of 54 days, says a new bipartisan report released by Senators Rob Portman (R-Ohio) and Tom Carper (D-Del.), Chairman and Ranking Member of the Permanent Subcommittee on Investigations. The three shutdowns cost taxpayers nearly \$4 billion in back pay to federal workers and associated costs such as extra administrative work, lost revenue, project delays, and late payment fees. The report recommends that Congress enact an automatic continuing resolution to permanently prevent federal government shutdowns.

5. Senators Urge DOT to Demand Transparency from Airlines.

In a letter to Secretary Elaine Chao, five Democratic Senators asked for reinstatement of a Request for Information suspended two years ago and urged DOT to “continue exploring industry practices on distribution and display of airline fare, schedule, and availability information [and] use its existing statutory authority to protect consumers from unfair or deceptive practices, or unfair methods of competition upon conclusion of this proceeding.” Some airlines, including Delta and Southwest, appear to be taking steps to restrict consumer access to fare and schedule information on price comparison sites, said the letter, which was signed by Dianne Feinstein (D-Calif.), Richard Blumenthal (D-Conn.) Edward Markey (D-Mass.), Elizabeth Warren (D-Mass.) and Ron Wyden (D-Ore.).

6. Senate Passes Bills to Improve TSA PreCheck.

The Senate unanimously passed the TSA Credential and Endorsement Harmonization Act of 2019. S. 2035 seeks to reduce duplicate screenings by expanding TSA PreCheck eligibility to individuals who have already passed TSA security reviews necessary to obtain Transportation Worker Identification Credentials or Hazardous Materials Endorsements. The bipartisan legislation next goes to the House for consideration. The Senate also passed the Veterans Expedited TSA Screening (VETS) Safe Travel Act, expanding PreCheck to include veterans who are amputees, paralyzed or blind. PreCheck is already offered to active duty, reserves, and National Guard service members at no cost. The legislation was supported by Wounded Warrior Project, Paralyzed Veterans of America, Honor Flight Network, Disabled American Veterans, Iraq and Afghanistan Veterans of American,

VetsFirst and the American Legion. Tammy Duckworth (D-Ill.), a disabled veteran, was a sponsor of both bills.

7. Senate Commerce Hearing on TSA Oversight.

The Senate Commerce Committee held a hearing to examine issues related to TSA, on the 18th anniversary of the 9/11 attacks. “The passage of time since 9/11 has not weakened our resolve to secure vital transportation modes, nor do we underestimate the persistent nature of our adversaries,” said Patricia Cogswell, TSA Acting Deputy Administrator. “The reality is that every day, TSA is challenged by a pervasive and constantly evolving threat environment, both in the physical and cyber realms, and one that now includes the potential use of unmanned aircraft systems.” Referencing requirements of the 2018 TSA Modernization Act, Committee Chairman Roger Wicker (R-Miss.) expressed concern about “the pace of TSA’s deployment of new screening technology, the rate of PreCheck expansion, the seeming lack of urgency for implementing Screening Partnership Program reforms, and the absence of a comprehensive plan to integrate the Registered Traveler program with Credential Authentication Technology systems.” Ranking Member Maria Cantwell (D-Wash.) asked Cogswell when new rules for developing third party canine units for explosive detection would be issued and what other initiatives are being pursued. Regarding emerging technology, Wicker said TSA’s Biometrics Roadmap will need to be reviewed “in light of concerns involving privacy, data protection and civil liberties.” Ed Markey (D-Mass.) asked that TSA “commit that Americans will never be forced to share their biometric data, that facial recognition tech will not harm members of particular races, and that sensitive data will be kept secure.” Asked what TSA is doing regarding an American Airlines mechanic sabotaging a plane before takeoff at Miami International in July, Cogswell noted the agency recently established an Aviation Security Advisory Committee insider threat subcommittee; a Department of Homeland Security Office of Inspector General covert audit of access controls to airport secure areas found several vulnerabilities tied to operations, technology and training.

8. House Fair and Open Skies Act Advances in House.

The House Transportation Committee approved the Fair and Open Skies Act, which would prohibit DOT from issuing a permit to a foreign air carrier that is established in a country other than the home country of its majority owner or owners in order to avoid regulations of the home country. H.R. 3632 next goes to the House floor for consideration.

9. **House Oversight Probes Chao Ethics Allegations.**

In a letter to DOT Secretary Elaine Chao, the House Committee on Oversight and Reform requested information and documents for an examination of “your misstatements of fact, your actions that may have benefitted the company in which you continued to hold shares, and your compliance with ethics and financial disclosure requirements.” The Committee is investigating allegations that Chao has used her official position to benefit her family’s shipping company, Foremost Group, and her failure to divest stock in U.S. construction firm, Vulcan Materials, where she served on the Board of Directors immediately before becoming Secretary of Transportation. Prior to her January 2017 confirmation hearing, Chao entered into an ethics agreement that required her to cash out her stock holdings in Vulcan by April 2018. She “did not sell her shares in Vulcan until June 3, 2019—after the *Wall Street Journal* published an article about Chao’s failure to divest,” said the letter, which was signed by Elijah Cummings, Chairman of the Committee on Oversight and Reform, and Raja Krishnamoorthi, Chairman of the Subcommittee on Economic and Consumer Policy. Chao’s husband is Senate Majority Leader Mitch McConnell (R-KY).

VII. **BILATERAL AND STATE DEPARTMENT NEWS**

1. **EC, UK Extend Post-Brexit Air Traffic Rights.**

The European Commission proposed to extend air connectivity with the UK until October 24, 2020, as the October 31 Brexit deadline nears, saying, “In light of the continued uncertainty in the United Kingdom regarding the ratification of the Withdrawal Agreement, as agreed with the UK government in November 2018, and the overall domestic political situation, a ‘no-deal’ scenario on 1 November 2019, remains a possible, although undesirable, outcome.” . . . The UK Department for Transport will extend air traffic rights for EU airlines until October 2020, building on arrangements announced in March, which ensured that air services could continue to operate as usual until March 2020, regardless of whether a new Brexit deal is agreed.

2. **U.S. Favored in WTO Ruling on Airbus Subsidies.**

A World Trade Organization panel reportedly has ruled in favor of the United States in the dispute over state subsidies to Airbus. A parallel complaint by the EU, alleging illegal U.S. subsidies for Boeing, continues. European officials say the United States has not responded to EU overtures to negotiate a resolution.

VIII. EUROPE AND AFRICA

1. Thomas Cook Collapses.

After 178 years of operations Thomas Cook collapsed, stranding some 600,000 travelers around the world. “This repatriation is hugely complex,” said the Civil Aviation Authority, which secured aircraft to return more than 150,000 passengers to the UK and established a dedicated consumer website. IATA asked its members to enact voluntary rescue fares to bring people home who are not covered by the CAA repatriation program or trip insurance. Thomas Cook officials blamed the collapse on Brexit uncertainty, devaluation of the pound and competition from low-cost carriers. Subsidiary Condor continues to operate and has secured a €380 million bridge loan from the German government and the state of Hesse, which requires approval by the European Commission. Condor CEO Ralf Teckentrup said there is interest from potential buyers. The Scandinavian unit has resumed flight operations.

2. Aigle Azur, XL Airways Succumb to Financial Difficulties.

Aigle Azur was granted protection from creditors and grounded its fleet, stranding about 19,000 passengers. A joint bid for the company was made, then withdrawn, by Air France and Groupe Dubreuil, the parent company of Air Caraibes and French Bee; easyJet withdrew a competing offer. Major shareholders of Aigle Azur include China's HNA Group and David Neeleman. Failing to find an acceptable financing offer, the company went into liquidation on September 27. . . . XL Airways suspended ticket sales and the French government announced the low-cost carrier was insolvent. XL operated Airbus A330s to the Caribbean, the United States and Reunion Island. It is owned by DreamJet, the parent of all-business class La Compagnie. The company was placed in receivership and the court gave until September 28 for bidders to submit expressions of interest.

3. Adria Airways Folding.

Adria Airways ceased most operations, flying only to Frankfurt, and was ordered by the Slovenian Civil Aviation Agency to submit a viable restructuring plan, supported by certified aircraft lease agreements, by October 2, to avoid loss of its Air Operator Certificate and launch of bankruptcy proceedings. The 58-year old Star Alliance member was acquired by Munich-based 4K Invest in 2016.

4. **Delta Expands Transatlantic Service.**

Delta will launch transatlantic flights from Boston in 2020, including new seasonal service to Rome, a second daily flight to Paris and new service to London Gatwick and Manchester. The carrier will also extend seasonal service between Boston and Edinburgh and Lisbon. A New York Kennedy expansion includes twice-daily, year-round Tel Aviv service. Delta's transatlantic flights are operated in partnership with joint venture partners Virgin Atlantic, Air France and KLM.

5. **Air France 2009 Crash Probe Dropped.**

The investigation of the 2009 crash of Air France Flight 447 has been dropped. The Airbus A330 crashed into the Atlantic Ocean enroute from Rio de Janeiro to Paris, killing all 228 people on board. Airbus and Air France were charged with manslaughter but were not brought to trial. Families of victims and the Paris prosecutor's office are appealing the decision.

6. **British Airways Cancels 2,325 Flights Due to Pilot Strike.**

British Airways canceled 2,325 flights during two pilot strike days in September and introduced flexible policies on 4,070 flights not directly affected by the industrial action, enabling customers to re-book or receive refunds. The net financial impact of the industrial action is estimated to be €137 million, said parent IAG. Other disruptions in third quarter, including threatened strikes by Heathrow employees, had a further net financial impact of €33 million. Talks between British Airways and pilots' union BALPA are stalled. "The airline's offer of a 11.5% pay increase over three years still stands," said IAG.

7. **Eddie Wilson Named Ryanair CEO; O'Leary is Ryanair Holdings CEO.**

Eddie Wilson was named CEO of Ryanair, succeeding Michael O'Leary who is CEO of Ryanair Holdings. Wilson has been with the company for two decades, and as Chief People Officer led negotiations with unions. Ryanair Holdings includes Buzz (Poland), Lauda (Austria) and Malta Air.

8. **S7 Group to Merge Sibir, Globus.**

Russia's privately-owned S7 Group is merging subsidiaries Sibir and Globus, transferring the Globus fleet to Sibir. Globus head Vadim Klebanov will be CEO of the merged company. Sibir CEO Vladimir Obyedkov will manage S7 Group's business jet construction project. Sibir operates 61 Airbus A320-family aircraft and 17 Embraer E170 regional jets; Globus has 23 Boeing 737s. Once the merger is complete, all flights will be operated under the S7 code. S7 is a oneworld member.

9. New President for Ukraine International.

Yevhenii Dykhne was named President of Ukraine International Airlines (UIA), succeeding Yuri Miroshnikov who led the transformation from a local airline operating eight aircraft and transporting 640,000 passengers into a national flag carrier with 42 medium- and long-haul aircraft, a network of over 50 destinations and eight million passengers carried last year. Miroshnikov will sit on the UIA Board. Dykhne has held executive positions with defunct Lviv Airlines, Ukrainian Railways and Boryspil International Airport. Privately-owned UIA said its “top objective is to re-enter the profit zone while ensuring sustainable development of the network business model.”

10. Uganda Airlines Relunched.

Uganda Airlines began commercial service with a Bombardier CRJ-900 flight from Entebbe to Nairobi. Grounded in 2001, the new flag carrier will fly to Nairobi, Mombasa, Dar es Salaam, Kilimanjaro, Juba, Bujumbura and Mogadishu during first phase of operations, followed by DRC, Zanzibar, Asmara, Hargeisa, Lusaka, Harare, Johannesburg, Djibouti, and Addis Ababa. By the end of 2021, Uganda Airlines will serve 20 destinations. The government said the passenger and cargo carrier aims to capitalize on opportunities in agriculture, minerals, tourism and oil and gas sectors. CEO is Ephraim Bagenda.

11. Virgin Australia-Virgin Atlantic Cooperation Approved.

See Section IX, item 3.

12. Virgin Atlantic, GOL to Code Share.

See Section X, item 5.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Delta Completes 10% Investment in Korean Air.

Delta completed an acquisition of a 10% equity stake in Hanjin-KAL, the largest shareholder of Korean Air. Delta and Korean Air operate a trans-Pacific joint venture with 1,400 code share flights throughout Asia and the U.S. They have launched cargo cooperation in the trans-Pacific market.

2. Singapore Launches Seattle Nonstops.

Singapore Airlines began three weekly Airbus A350-900 nonstops from Changi to Seattle. The service will increase to four times weekly in October.

3. Virgin Australia-Virgin Atlantic Cooperation Approved.

In a draft determination, the Australian Competition and Consumer Commission (ACCC) approved Virgin Australia's application to cooperate more closely with Virgin Atlantic on flights between Australia and the UK and Ireland, via Hong Kong, Los Angeles and future mutual connecting points. The carriers do not operate overlapping services and are unlikely to do so in the future, said ACCC. "Authorization will allow them to coordinate on matters such as jointly managing prices, inventory, and marketing strategies, which are not currently permitted in their existing arm's length commercial code share and loyalty arrangements." Interim authorization granted in July will remain in effect until a final decision is announced.

4. Qatar, China Southern to Code Share.

Qatar Airways and China Southern will code share from January 2020, on Qatar flights between Guangzhou and Doha and Beijing and Doha, subject to regulatory approvals. Qatar also flies to Shanghai, Hangzhou, Chongqing, Chengdu and Hong Kong. Qatar acquired a 5% share of China Southern in December 2018; other airline shareholdings include Air Italy, Cathay Pacific, IAG, JetSuite and LATAM. . . . Qatar Airways revenue and other operating income grew by 14% annually according to its 2018-19 Annual Report, "in the face of the continued illegal airspace blockade against the State of Qatar." CEO Akbar Al Baker said the Group registered a net loss of \$639 million, attributable to loss of mature routes, higher fuel costs and foreign exchange fluctuations.

X. AMERICAS

1. Delta Intends to Acquire 20% Stake in LATAM.

Delta and LATAM Airlines Group have entered into a strategic partnership, in which Delta will invest \$1.9 billion for a 20% stake in LATAM through a public tender offer at \$16 per share, to be funded principally with newly issued debt and available cash. Delta also will invest \$350 million to support the establishment of the strategic partnership. Delta will acquire four Airbus A350s from LATAM and assume LATAM's commitment to purchase 10 additional A350s, to be delivered beginning in 2020 through 2025. Delta will be represented on LATAM's Board of Directors. For LATAM, the transaction will improve free cash flow generation, reduce forecasted debt by over \$2 billion by 2025 and improve LATAM's capital structure. The tender offer and strategic partnership are subject to customary closing conditions and governmental and regulatory approvals, including antitrust immunity. LATAM intends to leave its partnership with American and the oneworld alliance; Delta is a Skyteam carrier and has alliances with Aeroméxico, Air France-KLM, Alitalia, China Eastern, Korean Air, Virgin Atlantic, Virgin Australia and WestJet. . . . In a planned succession, LATAM Airlines Group CEO Enrique Cueto will step down on March 31, 2020; Chief Commercial Officer Roberto Alvo will replace him.

2. American Unveils New Fort Worth Headquarters.

American opened its new headquarters in Fort Worth to local media. About 12,000 employees will work at the car-free campus, which includes 8.3 miles of trails for biking and a 600-room hotel. "The CEO has the same size desk as the new-hire analyst," said officials about the open environment. . . . American canceled 6,529 flights in July, 3.5% of its schedule, and more than 7,500 in June, due to continued grounding of the Boeing MAX, weather and an alleged slow-down by mechanics. Federally-mediated negotiations are underway with Transport Workers Union (TWU) and International Association of Machinists and Aerospace Workers (IAM). . . . The FBI arrested a mechanic at Miami International for allegedly disabling a critical navigation component on an American Airlines Boeing 737, with 150 passengers and crew aboard. An error message appeared on a cockpit screen just before takeoff, and the plane returned to the gate. TWU/IAM condemned conduct by any individual that jeopardizes safe operation of an aircraft.

3. **Spirit to Install Seats that Maximize Usable Legroom.**

Spirit is installing seats that provide additional usable legroom. Made by UK-based Acro Aircraft Seating, they feature thicker padding and lumbar support. Middle seats gain an inch of width, and all seats gain nearly an inch of pre-recline. Installation begins in November and continues through 2020 on new deliveries. Spirit partnered with Chartered Institute of Ergonomics and Human Factors (CIHEF) to analyze ergonomics and comfort of the new seats. A separate brand-agnostic study of perceptions of seat pitch and comfort showed that about 5% of 1,000 air travelers surveyed knew that seat pitch is the space between a point on one seat and same point on seat in front of it. "Pitch is an outdated industry term for measuring seat comfort, as it does not consider a range of important key factors like seatback curvature, seat width, cushion thickness, and usable space," said CIHEF. "The 'Usable Legroom' metric is the distance from the center of the back of the seat cushion to the outer edges of the seat in front. We believe this metric provides a potential basis that all airlines could calculate." . . . Spirit said cancellation of 768 flights due to Hurricane Dorian had a \$25 million impact on third-quarter revenue.

4. **Frontier Offers 15 Nonstop Routes from Newark.**

Frontier is launching nonstop service from New York Newark to Cancun, Punta Cana, Las Vegas, Orlando, Miami, Palm Beach, Tampa, San Juan, Denver, Chicago O'Hare, Raleigh-Durham, Atlanta, Dallas/Fort Worth and Phoenix, and the only nonstop, cross-country option to Ontario, near Los Angeles. The flights will operate outside delay prone afternoon hours, with fares as low as \$15. Frontier operates 90 A320 family aircraft and has over 150 new Airbus planes on order.

5. **Virgin Atlantic, GOL to Code Share.**

Virgin Atlantic begins daily year-round London Heathrow-Sao Paulo Boeing 787-9 service on March 29, and under a new code share agreement GOL will offer connections to 37 destinations across Brazil. The carriers plan to expand the partnership on flights to Argentina, Chile and Uruguay.

6. **Delta Expands Transatlantic Service.**

See Section VIII, item 4.

7. **Delta Completes 10% Investment in Korean Air.**

See Section IX, item 1.

8. **Singapore Launches Seattle Nonstops.**

See Section IX, item 2.