



## WASHINGTON AVIATION SUMMARY

September 2018 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: “Global Trade War Casting A Long Shadow.”**

Global passenger demand in June rose by 7.8%, compared to June 2017, with capacity up 6.5%, and load factor up 1.0% to 82.8%, reports the International Air Transport Association (IATA). All regions recorded international passenger growth, led by airlines in the Middle East and Africa. All markets reported domestic demand increases, with double-digit gains in India and China. The first six months of 2018 produced demand growth of 7%, compared to 8.3% growth in first half 2017. Global air freight demand rose 4.7% in first half, less than half the growth rate in 2017, while capacity outstripped demand growth each month since March. Among factors driving the freight slowdown is a structural slowdown in global trading conditions (Purchasing Managers Index—PMI) to lowest level since 2016; factory export order books have turned negative in China, Japan and the U.S. “The looming prospect of a global trade war is casting a long shadow,” warned Alexandre de Juniac, IATA Director General and CEO. “While air cargo is somewhat insulated from the current round of rising tariff barriers, an escalation of trade tension resulting in a ‘reshoring’ of production and consolidation of global supply chains would change the outlook significantly for the worse. Trade wars never produce winners. Governments must remember that prosperity comes from boosting their trade, not barricading economies.”

### **2. Theft of Horizon Air Plane at Sea-Tac Under Investigation.**

The FBI is leading an investigation into the theft of a Horizon Air Bombardier Q400 from Seattle-Tacoma International Airport, working with the National Transportation Safety Board (NTSB), Federal Aviation Administration (FAA), airport operator Port of Seattle and state and local authorities, as well as the airline and its parent, Alaska Air Group. Richard Russell, a Horizon ground-crew member, flew the 76-passenger turboprop for more than an hour before crashing. F-15s were sent from an air base in Portland to intercept the plane, although dialogue with air traffic control indicated that terrorism was not involved. Russell, who had security clearance but did not have a pilot’s license, died in the crash. . . . Senator Maria Cantwell (D-WA) requested a Senate Aviation Subcommittee hearing “to examine aviation security protocols in order to prevent similar events from occurring again. The fact that this incident occurred at Sea-Tac, which is one of the few large airports in the country to require full screening for all employees who work in the sterile area, shows that we need to continually adapt security measures to meet new threats. I am particularly interested in hearing how technology could play a role

in making sure aircraft that are not in service cannot be used inappropriately by airport workers who may have access to them to carry out their duties."

**3. Federal Jury Convicts Man of In-Flight Sexual Assault.**

A federal jury convicted a man of sexually assaulting a sleeping passenger aboard a Spirit Airlines flight from Las Vegas to Detroit. A sentencing date has been set for December 12, and the man faces up to life in prison. The FBI said it is committed "to hold individuals accountable for their actions on an aircraft, especially those who commit such a heinous crime," adding that reports of sexual assaults on commercial airline flights rose from 38 in 2014 to 63 in the last fiscal year. As part of the omnibus spending bill passed in March, Congress directed the Department of Transportation (DOT) to establish federal rules and guidelines for airlines on responding to and addressing sexual assault and harassment on airplanes by March 23, 2019, and to create the National In-Flight Sexual Assault Task Force. In June, Senators urged DOT Secretary Elaine Chao "to address the ongoing problem of sexual assault and harassment onboard commercial airplanes." They noted a 2017 survey of nearly 2,000 flight attendants that showed one out of five respondents experienced a report of passenger on passenger sexual assault while working on a flight, yet 91.5% reported no knowledge of written guidance and/or training specific to onboard passenger sexual assault available through their airline.

**4. Paralyzed Veterans Sue DOT.**

Paralyzed Veterans of America (PVA) is suing DOT "for its unjustified and unlawful delay in issuing rules intended to make airplane restrooms accessible for travelers with disabilities." In July 2016, Congress gave DOT a one-year deadline to promulgate new rules addressing wheelchair accessibility for airplane restrooms. In November 2016, PVA, disability advocates and airline industry representatives presented a negotiated rule to DOT to issue for public comment. But, said PVA, DOT Secretary Elaine Chao "failed to follow Congress's directive to issue a lavatory access rule by July 2017 and has provided no justification for this failure. Furthermore, after shirking DOT's mandatory deadline, Sec. Chao removed the rule from the priority agenda for the Spring of 2018, suggesting that DOT has effectively halted work on this crucial priority for disability rights advocates." Access to a restroom is a basic human right, says the group. "We simply want DOT to move forward with the rulemaking process as Congress required. We have waited long enough." The new case follows PVA's ongoing lawsuit against the Administration's rollback of a rule requiring domestic airlines to track and report data on lost and damaged wheelchairs and scooters.

**5. NSC: Children on Commercial Flights Need Their Own Seats.**

The National Safety Council (NSC) urged lawmakers and regulators to require all children on commercial airplanes to have their own seat and be properly restrained in an FAA-approved child safety seat during the whole flight. “Our smallest travelers are not protected from turbulence or crashes, because we still allow them to sit on their parent’s lap during a flight rather than in their own seat,” said NSC President and CEO Debbie Hersman. The former NTSB Chair was joined by safety advocate Jan Brown, who was lead flight attendant on United Flight 232 on July 19, 1989, when the tail-mounted engine of the DC-10 exploded. “One hundred eighty-five people survived that crash landing in Sioux City. But one baby was not found,” said Brown, who had instructed parents holding babies to wrap them in blankets, place them on the floor, and brace them with their hands and legs. “This was the most protective measure the airlines had in place for our most vulnerable passengers . . . and 29 years later, it still hasn’t changed.”

**6. DOT to Overhaul Air Travel Consumer Report.**

DOT is revising its monthly Air Travel Consumer Report to include on-time, cancellation and other statistics for regional flights marketed by American, Delta, United, Alaska and Hawaiian. For the first five months of this year, flights operated by regional partners accounted for 25% of passengers for American, United and Delta, and more than half of their domestic flights, said DOT. The report historically has presented more accurate data for Southwest, JetBlue, Frontier, Spirit and Allegiant, which do not code share with regionals.

## **II. AIRPORTS**

### **1. Denver Issues Largest-Ever Single Airport Bond Issuance.**

Denver International offered \$2.281 billion in bonds to fund its five-year capital plan and due to strong demand increased the offering to a final par total of \$2.526 billion, the largest single airport bond issuance in history. Projects to be funded by the proceeds include 39 new gates and redevelopment of the Jeppesen Terminal. The airport handled a record 5.9 million passengers in June, up 4.5% from 2017, with a 21% increase in international passenger traffic.

### **2. LaGuardia Modernization Update.**

Construction of a roadway flyover at LaGuardia was completed, as part of an \$8 billion modernization project. It will be the primary access point for drivers to the eastern side of the airport where Delta's gates are located. Twenty-six planned bridges/flyovers will replace 15 existing bridges and significantly eliminate the need for on-airport traffic signals. In February, the new Terminal B garage opened, with a dedicated level for Uber, Lyft and other car services, and the first gates will open this year, with completion in 2021. LaGuardia handled 29.5 million passengers in 2017, and this March, April and May had the highest monthly passenger volumes in the airport's history.

### **3. Port Authority Official Accused of Taking Bribes from Qatar.**

A Port Authority official at Kennedy Airport was charged by the New York Attorney General with allegedly accepting cash, travel, meals and other things of value from representatives of foreign governments. During the annual UN General Assembly in Manhattan, amid heightened airport security, foreign state aircraft must depart JFK within two hours of arrival and may not park overnight. However, the airport official authorized Qatari diplomatic planes to stay overnight, sometimes for multiple days, and in exchange received free limousine rides, meals and a watch from East Coast Concierge, which works on behalf of the Permanent Mission of Qatar to the UN. She received gifts from other foreign countries as well. The Port Authority Code of Ethics bans acceptance of payments, gifts, free meals, or transportation from vendors or anyone with whom the Port Authority does or is likely to do business.

### **4. VINCI Acquisition of Airports Worldwide Finalized.**

VINCI received regulatory approvals for its purchase of Airports Worldwide (AWW). The agreement covers 100% of Belfast International and 90.1% of Stockholm Skavsta, as well as 100% of the concession for Orlando-Sanford, in

Florida, and 45% of the concession for Daniel Oduber Quiros International in Liberia, Costa Rica. Management contracts at U.S. airports cover Hollywood Burbank; Ontario International; Atlantic City International; Raleigh Durham; Macon and Middle Georgia Regional in Georgia; and part of the International Terminal at Hartsfield Jackson Atlanta. The VINCI network now includes 44 airports in 11 countries.

**5. Fraport USA Wins Contract for Nashville Concessions.**

Fraport USA (formerly Airmall) was selected to manage and develop the concessions program for Nashville International. The 10-year agreement covers design, construction, lease and management of concession space in four concourses. The airport handles more than 14 million passengers annually. . . . Fraport, Frankfurt Airport owner/operator, received a permit from city of Frankfurt for construction of Pier G. Slated to be operational in 2021, the passenger handling facility initially will expand airport capacity by four to five million passengers and later will be integrated into the airport's new Terminal 3. . . . Fraport plans to sell its entire 30% stake in FHLG, the operating company of Hanover Airport, to iCON for €109.2 million. City of Hanover and a local entity hold remaining shares. Regarding the sale, Fraport said its goal is "to acquire majority stakes in airports or to hold a position of significant influence in these airport companies." Hanover traffic rose by 8.5% in 2017 to 5.9 million passengers.

**6. Dublin Airport Opens €16 Million Transfer Facility.**

Dublin Airport opened a €16 million facility that allows transfer passengers to complete a one-stop connection process within Pier 4. The three-story structure houses airline information desks, boarding card checkpoints and immigration and customs facilities, and is part of the airport's €100 million-plus investment program this year. Number of passengers transferring at the airport rose from 550,000 in 2013 to 1.6 million last year, with another 17% increase this year. Top five transatlantic connecting routes are Chicago–Heathrow, Boston–Heathrow, Boston–Paris, Amsterdam–New York Kennedy, and Boston–Manchester, said officials, with number of seats to North America up 14% this year; 28 UK airports feed the airport's connections to North America. Dublin Airport is a U.S. preclearance site.

**7. Bryan Thompson Named CEO of Abu Dhabi Airports.**

Bryan Thompson was named CEO of Abu Dhabi Airports. With 25 years of airport management and operations experience, he most recently served as Dubai Airports Senior Vice President, Development. A \$3 billion Midfield Terminal set to open next year will increase capacity to 45 million passengers annually.

**8. Neom Airport Planned for Saudi Arabia's City of the Future.**

Saudi Arabia plans to build an airport in its city of the future, Neom, and the code OENN has been registered with the International Civil Aviation Organization. A “regional Silicon Valley” meant to diversify the kingdom’s economy away from oil, Neom borders the Red Sea and Gulf of Aqaba. . . . Meanwhile, SITA will support modernization of 26 Saudi Arabian airports. Among technology upgrades are biometric single-token travel and common-use payment systems and baggage management. Saudi airports handled 92 million passengers in 2017, up 7.7% over 2016.

**9. Harbin to Become International Aviation Hub.**

Harbin, in Heilongjiang province, China's northernmost metropolis, plans to become an international aviation hub, opening routes to San Francisco, Los Angeles and Anchorage in 2019 and New York, Seattle and Toronto in 2020. “The aviation transport distance between Harbin and North America is the shortest among all Chinese cities,” reports *China Daily*. Harbin Taiping International Airport began U.S. service in 2002, with Shanghai-Harbin-Los Angeles flights, and this year began chartered freight flights to Los Angeles. In 2017, the airport handled 18.81 million passengers, with 42 million expected in 2025 and 80 million in 2035. Officials said the city will be the gateway of China and northeastern Asia to North America. Harbin is China's gateway to Russia; after Beijing, it is the Chinese city with the most aviation routes to Russia.

### **III. SECURITY AND DATA PRIVACY**

#### **1. TSA Counters Revelations About Screening, Surveillance.**

The Transportation Security Administration (TSA) denied reports that it may eliminate passenger screening at some airports. “There has been no decision to eliminate passenger screening at any federalized U.S. airport,” said the agency. “Any potential operational changes to better allocate limited taxpayer resources are simply part of pre-decisional discussions and deliberations and would not take place without a risk assessment to ensure the security of the aviation system.” . . . A *Boston Globe* report of a Quiet Skies program, in which federal air marshals randomly track U.S. citizens on planes and in airports and then monitor their behavior, is inaccurate, said TSA, which clarified: When marshals are informed that a traveler identified through intelligence driven scenario rules will be on a particular flight or in the airport, they are able to observe the traveler. Passengers referred to the program may require additional scrutiny for a certain period of time; however, TSA routinely removes passengers from the program sooner than the prescribed period if we become aware of information that indicates the passengers do not represent a risk. The American Civil Liberties Union said Quiet Skies “is at once troubling and illogical—it needlessly invades the privacy of thousands of Americans while flooding the agency’s databases with useless information on innocent activity.” Senator Edward Markey (D-Mass.) said the program raises serious privacy concerns, and depending on what criteria are being used for selecting individuals to surveil, including ethnicity, nationality, race, or religion, may be unconstitutional. TSA said the program “does not take into account race or religion, and does not designate individuals based on their observed behaviors onboard an aircraft.” . . . The Council on American-Islamic Relations (CAIR) filed a broad constitutional challenge to the federal government’s watch-listing system, including the Quiet Skies program, on behalf of 20 targeted individuals, “innocent American Muslims—people who have not been charged, arrested or convicted of a violent crime.”

#### **2. TSA Rolls Out 3-D Scanners.**

TSA is testing computed tomography scanners (CT) at 15 airports; more than 145 will be in airports by the end of fiscal year 2019. The 3-D technology is meant to enhance detection of explosives and other threat items at checkpoints, and, said TSA, “should result in fewer bag checks. In the future, passengers may also be able to leave laptops and liquids in carry-on bags.”

**3. DHS IG Audits FAMS Ground-Based Activity Efficacy.**

An audit by the Department of Homeland Security (DHS) Office of Inspector General (IG) found that the Federal Air Marshal Service (FAMS) could not demonstrate effectiveness of certain ground-based activities, despite dedicating about \$272 million to them. Visible Intermodal Prevention and Response (VIPR) operations, which collaborate with local law enforcement to augment security at transportation hubs, are an example. Additionally, FAMS could not provide a budget breakout by division or operational area.

**4. Air Marshals Alleged to Target Black Passengers.**

Democrats on the House Committee on Homeland Security have asked the DHS IG to investigate allegations of federal air marshals targeting African American passengers. Former marshals said a supervisor in Orlando directed them to target African American travelers for unwarranted scrutiny. Swiss International to Offer TSA PreCheck.

Swiss International is now participating in TSA PreCheck, bringing total number of carriers in the expedited screening program to 54.

**5. Wait Times at Heathrow Passport Control Surpass Two Hours.**

Passengers waited for passport checks at London Heathrow for as long as two and a half hours in July. "At Virgin Atlantic, we're doing our bit to try and help our international customers," said CEO Craig Kreeger, "providing extra staff, as well as drinks and snacks for the queue, but only the Border Force can resolve these unacceptable queue times and they must take action." The UK Border Force has a Service Level Agreement to process at least 95% of non-European Economic Area passengers through immigration within 45 minutes. In July there was only one day when this target was met, said the carrier.

## **IV. E-COMMERCE AND TECHNOLOGY**

### **1. Free Aircraft Tracking Service Offered.**

Aireon is offering its Aircraft Locating and Emergency Response Tracking (ALERT) service free of charge to Air Navigation Service Providers (ANSPs), aircraft operators, regulators and search and rescue organizations. The service, to be operated by the Irish Aviation Authority from the North Atlantic Communications Centre in County Clare, will provide the last known position of an Automatic Dependent Surveillance-Broadcast (ADS-B)-equipped aircraft that is in distress or experiencing a loss in communication.

### **2. Sabre Enlists American for Collaboration on Beyond NDC Program.**

Sabre announced that American Airlines, American Express Global Business Travel, Carlson Wagonlit Travel and Flight Centre Travel Group are launch partners for its Beyond NDC (New Distribution Capability) program, and will participate in the development, integration and testing of end-to-end capabilities to process NDC-enabled offers and orders. “We are looking past the near-term goals of NDC to “lead the industry evolution toward next-generation retailing, distribution and fulfillment,” said Sabre.

### **3. Travelport, IBM Launch Corporate Travel Manager.**

Travelport and IBM introduced an AI platform designed to help businesses manage travel spending. Delivered via the IBM Cloud, IBM Travel Manager “uses IBM Watson capabilities to intelligently track, manage, predict and analyze travel costs in one place.” Annual global business travel spending will reach a record \$1.2 trillion this year, projects Global Business Travel Association. . . . A Travelport survey found that most U.S. business travelers are willing to spend their own money to pay for non-travel policy conveniences like upgraded hotels, faster hotel Wi-Fi and airline seat upgrades; 57% say their 2018 business travel budget is larger than last year’s. Among other trends, 55% agreed that employers should be able to use GPS tracking solutions to monitor their movements and location while on business trips; 70% are willing to offer personal data in return for relevant personalized ads when booking business travel online. . . EL will use Travelport’s Rich Content and Branding merchandising tool, which gives agencies “a graphically rich experience” when searching for and booking branded fares and greater access to ancillary offers. Travelport is certified by IATA as a “Level 3” Aggregator under the New Distribution Capability (NDC) initiative, allowing airlines to create NDC connections and display NDC-based content.

**4. Expedia Group Acquires AAE Travel Pte. Ltd.**

Expedia Group has acquired AirAsia's remaining 25% stake in AAE Travel Pte. Ltd., the joint venture they formed in 2011; Expedia has held 75% since 2015. AirAsia purchased the AirAsiaGo.com domain name, and Expedia will continue to power the airline's full suite of travel products. "This sale represents the divestment of the last of our non-core investments from the previous round of joint ventures," said Tony Fernandes, Group CEO of AirAsia; "proceeds will be used to develop big unicorn products such as BigPay, Travel 360, Redbox Logistics and Ourshop."

**5. Singapore Airlines, Alibaba Expand Cooperation.**

Singapore Airlines (SIA) and Alibaba Group are expanding their partnership in areas such as flight ticket sales, loyalty programs, marketing initiatives, cloud services, payments and logistics. Alipay, introduced as a payment option on SIA's website in 2013, will also cover in-flight products and services, airport services, retail merchandise and "ancillary touchpoints." In 2016, an official SIA flagship store was launched on Alibaba's travel service platform, then known as Alitrip and later rebranded Fliggy, for direct purchase of SIA flight tickets by consumers in China. Alibaba's China retail marketplaces are accessed by more than 600 million monthly active mobile users. "Through Alibaba Group's advanced digital assets and keen insights of Chinese consumer behavior, we will be able to better understand the needs of our customers and develop more innovative travel solutions to help them explore the world," said the airline.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on August 10 was \$88/barrel, down 4.6% on the month and up 34.4% compared to a year ago, reports the International Air Transport Association (IATA). Jet fuel price average for 2018 was \$85.9/barrel; impact on 2018 fuel bill was \$44.3 billion.

### **2. Proposed Bill Would Move Airplane Noise Control to EPA.**

Legislation that would require the Environmental Protection Agency (EPA) to reestablish an Office of Noise Abatement and Control was introduced in the Senate by Charles Schumer (D-NY) and Kirsten Gillibrand (D-NY). Currently, FAA oversees airplane noise issues; however, they said, “EPA is better fit to address these matters, as its main focus is to protect human health and the environment.” The Quiet Communities Act would require the EPA Administrator to conduct a study of airport noise and examine FAA’s noise measurement methodologies, health impact thresholds, and abatement program effectiveness. The legislation amends the Noise Control Act of 1972 to add grants for establishing and implementing training programs on use of noise abatement equipment and implementing noise abatement plans.

### **3. California Cities Ally to Address Airplane Noise.**

Several California cities have formed an alliance to negotiate with FAA regarding airplane noise in the South Bay area, where Silicon Valley and Mineta San Jose International Airport are located. The Santa Clara/Santa Cruz Community Roundtable is modeled after the San Francisco International Airport/Community Roundtable, which addresses the impact of noise on San Francisco and San Mateo County neighborhoods. Established in 1981, the SFO Roundtable “monitors a performance-based noise mitigation program implemented by airport staff, interprets community concerns and attempts to achieve noise mitigation through a cooperative sharing of authority among the aviation industry, FAA, SFO management and local government.” Creation of a permanent South Bay association was recommended by Congressional representatives and by the Select Committee on South Bay Arrivals, which met in 2016 to consider measures for dealing with airplane noise. The resolution for the new roundtable notes: “Each jurisdiction is just one of over 100 municipalities in the Bay Area. The ability of any single community, whether 30,000 or 60,000, to influence the complex operations of a federal agency serving a region of 8 million people is limited . . . the impacts of airplane noise must be considered amid the competing interests of the flying

public, airline industry priorities, airport operational requirements, broader economic and environmental impacts and, above all else, safety. The successful navigation of these public interest challenges requires effective collaboration.” The City of San Jose’s Ad Hoc Advisory Committee on South Flow Arrivals studied the impact of a NextGen reconfiguration of flights, which led to increased noise complaints, and in May asked FAA to revert to former ground noise patterns.

**4. EU Urged to Align EU ETS, CORSIA Requirements.**

Aviation associations jointly urged the European Commission to ensure alignment of MRV (Monitoring, Reporting and Verification) requirements for international flights in the European Union emissions trading scheme (EU ETS) with standards and recommended practices (SARPs) in ICAO’s Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). It is fundamental that the SARPs for CORSIA are adopted as the new Volume IV of Annex 16 to the Chicago Convention to ensure the necessary level of uniformity in regulations, they wrote. Without alignment, operators and authorities in Europe would have to administer and comply with two schemes in parallel. The January 1, 2021 implementation of CORSIA “obviates the need for existing and new economic measures to be applied to international aviation emissions on a regional or national basis. At the European level, all international flights to/from/between airports in the EEA should be subject exclusively to CORSIA and removed from the scope of the EU ETS. If the EU were to attempt to exclude international intra-EEA flights from the application of CORSIA or subject international flights to both EU ETS and CORSIA, this would set a very damaging precedent, incurring ineffective and costly duplications and compromising the implementation of CORSIA.”

## **VI. U.S. CONGRESS**

### **1. Senate Bill Provides \$17.7 Billion to FAA in FY2019.**

The Senate approved the Fiscal Year 2019 Transportation Appropriations bill, which provides \$17.7 billion in total budgetary resources for FAA to fund modernization of the air transportation system. It includes \$1 billion for NextGen programs, \$750 million in additional funding for airport improvements and full funding for the Contract Tower Program.

### **2. Industry Urges Senate Action for Long-Term FAA Reauthorization.**

More than 30 commercial and business aviation associations urged Senate Majority Leader Mitch McConnell (R-KY) and Senate Minority Leader Charles Schumer (D-NY) to swiftly consider a long-term reauthorization of FAA before current authority expires on September 30. FAA's authority has been subjected to short-term extensions since 2015, they wrote, and "these stopgap measures have negatively impacted the FAA's activities." A five-year FAA reauthorization passed the House in April, and Chairman John Thune (R-SD) and Ranking Member Bill Nelson (D-FL) have advanced a bill out of the Senate Commerce Committee. "Prompt consideration by the Senate will enable discussions with the House to resolve any outstanding differences . . . There is bipartisan support for moving the FAA bill forward now to ensure safety, economic benefits, regulatory reform, and international competitiveness through a long-term reauthorization bill for the FAA."

### **3. Report: "Flyer Beware: Is Travel Insurance Worth It?"**

Airlines and online travel agencies (OTAs) aggressively push travel insurance onto customers, states a new report, "Flyer Beware: Is Travel Insurance Worth It?" The airline industry is exploiting travel insurance as an easy revenue generator, says Senator Ed Markey (D-Mass), and some policies are so deficient that if a trip was postponed due to the recent Zika virus scare in the Caribbean or the flu virus in the United States, the traveler would not have coverage. The report says travelers spent \$2.8 billion on travel protection in 2016, 2.5 times more than in 2004, with airlines and OTAs earning an undisclosed fee on every policy sold. Markey says a review of websites of nine major airlines and seven frequently-visited OTAs found that the online-ticketing process encourages and pressures travelers to buy travel insurance, with 15 of the 16 companies evaluated not allowing travelers to purchase airplane tickets without buying or declining recommended travel insurance; only bare-bones plans were offered, with a long list of exclusions; and details of coverage limitations are buried in fine print. Only two travel insurance

companies provide 93% of policies offered on the websites. “The only thing skimpier than airplane legroom are these travel insurance plans,” said Markey, who is a co-author of the “Forbidding Airlines from Imposing Ridiculous (FAIR) Fees Act.” As an amendment to the Senate FAA reauthorization bill, the provision would ensure that change and cancellation fees are reasonable and direct FAA to establish standards for assessing whether baggage, seat selection, same day change, and other fees are reasonable and proportional to the costs of services provided.

**4. Pilots Oppose Single-Pilot Provision in FAA Reauthorization Bill.**

Unions representing pilots of nearly 50 commercial airlines jointly voiced opposition to “a dangerous set of provisions” that were added to the House-passed FAA reauthorization bill. Sections 744 and 703(a)(xviii) “would authorize a new FAA research and development program in support of single-pilot all-cargo operations utilizing remote-piloting or computer-piloting technology,” said Air Line Pilots Association (ALPA), and we will “use every resource we have to ensure that this anti-safety provision is not enacted.” Southwest Airlines Pilots Association demanded that “Congress continue to protect the flying public and the crews that operate commercial aircraft by keeping two pilots in the cockpit. No amount of cost savings is worth putting people at risk.”

**5. Proposed Bill Would Move Airplane Noise Control to EPA.**

See Section V, item 2.

## **VII. BILATERAL AND STATE DEPARTMENT NEWS**

### **1. U.S. Reimposes Sanctions on Iran.**

In connection with the U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA), the Administration is re-imposing sanctions against Iran, including “a relisting of individuals, entities, vessels, and aircraft.” . . . Five ATR 72-600s were delivered to Iran Air, in addition to those already delivered from an order for 20 ATRs placed last year. Boeing has not delivered any of 110 planes ordered by Iranian carriers, while Airbus has delivered three. . . . In related news, British Airways and Air France will suspend service to Tehran in September, citing lessening demand. KLM has also suspended Iran service.

### **2. U.S. Imposes New Sanctions on Russia.**

The U.S. State Department clarified that new sanctions imposed on Russia would not directly affect Aeroflot. The sanctions “apply to export of national security sensitive controlled items to Russian state-owned or state-funded companies,” said a spokesman. “To the degree that Aeroflot is a Russian state-owned or state-funded company and to the degree that anyone applies for an export license to supply goods that are controlled under that system to Aeroflot, then I suppose these would fall under the presumption of denial. But whether or not that happens is really dependent upon whether or not anyone in fact applies for an export license.” The sanctions followed the allegation that Russia used a nerve agent in an attempt to assassinate a UK citizen and his daughter; Russia denies involvement in the case. A second package of sanctions reportedly will bar any Russian state airline from landing in the United States.

### **3. Saudia Suspends Flights to Toronto Amid Diplomatic Feud.**

Saudia suspended flights to Toronto, after Canada’s foreign ministry expressed concern “about additional arrests of civil society and women’s rights activists in Saudi Arabia,” and urged Saudi authorities “to immediately release them and all other peaceful human rights activists.” Saudi Arabia chastised Canada for attempting to meddle with Saudi sovereignty, recalled its ambassador from Canada, ousted the Canadian ambassador to Saudi Arabia and banned new trade between the nations.

## **VIII. EUROPE AND AFRICA**

### **1. American Expands European Service.**

American Airlines is adding service to Europe next summer, including Philadelphia to Bologna and Dubrovnik, the only nonstops from North America, and to Edinburgh and Berlin-Tegel. American will add a new Phoenix-Heathrow nonstop. The flights will be operated within the Atlantic Joint Business between Finnair, American Airlines, British Airways and Iberia, which currently operates over 100 daily flights between Europe and North America. . . Los Angeles will be Finnair's fifth U.S. destination (New York, Chicago, San Francisco and Miami), as three weekly Airbus A350 frequencies begin March 31, also part of the Atlantic Joint Business.

### **2. Delta Adds Transatlantic Flights.**

Delta will launch year-round service from Tampa Bay to Amsterdam on May 23, and increase service to daily from Los Angeles to Amsterdam and Paris, beginning June 16. All flights between the U.S. and mainland Europe are operated with joint venture partners Air France, KLM and Alitalia. Capacity from New York Kennedy will grow next summer with second daily nonstops to Paris and Tel Aviv. . . . Delta began code sharing with Kenya Airways, on Kenya's flights from Amsterdam, Paris, London and Accra to Nairobi, and beyond to cities across Africa.

### **3. Benjamin Smith Named Air France-KLM CEO.**

Benjamin Smith was named Air France-KLM CEO. Smith has been with Air Canada since 1992, most recently serving as President, Airlines, and COO. His mission will be "to revitalize Air France, to give a new strategic impulse to the Group and to work on a new leadership approach with all Air France-KLM teams." Philippe Evain, President of Air France pilots' union SNPL, warned that Smith's lack of knowledge about French labor law, "economic knowledge of the state of the market and competition, and little knowledge of the relationships and social dialogue" portends an obligation "to surround himself with the executives who are currently in charge at Air France," when what is needed are "new ideas and new strategies." Evain threatened continuing strikes if the new CEO does not resume wage negotiations; pilot unrest led to the resignation of former Air-France-KLM CEO Jean-Marc Janaillac. . . . KLM and the Dutch Airline Pilots' Association (VNV) failed to reach a new collective labor agreement and a mediator was appointed to prevent strike action. . . . Air France-KLM and Air Europa will expand their partnership to include a joint

venture for flights between Europe and Central and South America. The SkyTeam members currently code share within Europe.

**4. Ryanair's Italian Pilots Agree on New Contract.**

Ryanair's Italian pilots, represented by ANPAC (Italian Airline Pilots Association), voted in favor of a new Collective Labor Agreement (CLA), while Irish union FORSA signed, and recommended, a mediation agreement to the airline's Irish pilots. Ryanair has invited UK, German and Spanish unions to negotiate. Italy accounts for 20% of Ryanair's fleet and pilots. . . . Ryanair will change bag policies in November, "to eliminate boarding/flight delays." Priority boarding customers can still carry-on two free bags. All others will be allowed one free (small) carry-on bag, and can pay for a checked second bag (€/£8) at time of booking. . . . Ryanair will expand its London Luton presence to 21 routes and add two new based aircraft (6 in total) for winter 2018 schedule. . . . Under a new partnership, Air Malta flights are being sold on Ryanair's website, which "receives over 50 million unique visitors every month." Ryanair "offers 53 routes to/from Malta and will deliver 2.7 million annual customers . . . As we continue our journey to becoming the 'Amazon of travel.'"

**5. Icelandair CEO Resigns.**

Icelandair President and CEO Björgólfur Jóhannsson resigned amid a lowered revenue forecast, taking responsibility for company structural changes that "have not been implemented well enough" and route network changes "that have resulted in an imbalance between Europe and North America flights." Passenger revenues will be 5-8% (\$50-80 million) lower than expected this year. CFO Bogi Nils Bogason is Interim President and CEO.

**6. France Continues MH370 Investigation.**

France's Gendarmerie of Air Transport (GTA) will take up the investigation of the March 2014 disappearance of Malaysia Airlines Flight MH370, which ended in July. Four French citizens were among 239 passengers and crew aboard the Boeing 777-200ER, and aircraft debris was found on France's Réunion Island in the Indian Ocean. French air accident investigation bureau BEA participated in the international inquiry. In related news, Voice370, an organization of victims' families, urged the Malaysian government to consider proposals from seabed survey group Ocean Infinity on "no find, no fee" terms, and to release accident data to independent experts for peer review and analysis. Because the final report neither favored nor ruled out in-flight system malfunction, on-board catastrophic events or human intervention, said Voice370, "it is open to opportunistic interpretations by systems manufacturers wishing to avoid lawsuits."

**7. UK CAA Addresses Issue of Disruptive Passengers.**

The UK Civil Aviation Authority called for more prosecutions of disruptive passengers, as incident reports year-to-date surpassed 200. Last year 417 incidents were reported. Offenders can be jailed and/or fined for endangering the safety of an aircraft, drunkenness, smoking, failing to obey commands of the captain and other disruptive behavior.

**8. Ethiopian Takes Stakes in Zambia, Chad National Carriers.**

Ethiopian Airlines signed an agreement with Zambia's Industrial Development Corporation (IDC) to establish Zambia Airways. IDC will hold a 55% stake in the new national carrier, with Ethiopian holding 45%; initial investment will be \$30 million. The airline will operate 12 aircraft and carry over 1.9 million passengers by 2028. It will launch this year with local and regional routes; intercontinental routes will be added in the near future. . . . Ethiopian holds a 49% stake in an airline joint venture with the government of Chad, which will retain 51%. Expected to start operations on October 1, "the new Chad national carrier will serve as a strong hub in Central Africa availing domestic, regional and eventually international air connectivity to the major destinations in the Middle East, Europe and Asia," said Ethiopian Group CEO Tewolde GebreMariam. Ethiopian operates hubs in Togo with ASKY Airlines and Malawian in Malawi, has a stake in Guinea's national carrier, is preparing to launch Ethiopian Mozambique Airline, and reportedly has expressed interest in establishing carriers in Nigeria and Ghana.

## **IX. ASIA/PACIFIC AND MIDDLE EAST**

### **1. China Encourages Private Investment in Civil Aviation Projects.**

China is encouraging private investment in 28 civil aviation projects worth a total of \$16 billion, as part of efforts to make the sector more globally competitive; private investors for 11 of the projects have already been determined. The projects include airport construction, cargo logistics, plane maintenance, air rescue, drone delivery and airborne data communications, announced the Civil Aviation Administration of China and the National Development and Reform Commission.

### **2. American to Suspend Chicago-Shanghai Service.**

American Airlines will suspend Chicago-Shanghai Pudong service in October, because it “is unprofitable and simply not sustainable in this high fuel cost environment,” and seek a dormancy waiver from DOT for the route authority. . . . Service between Chicago and Tokyo Narita will be reduced from daily to three days per week in December; American and Pacific Joint Business partner Japan Airlines will continue to provide 10 weekly nonstops from O’Hare to Narita.

### **3. Hawaiian Airlines to Suspend Beijing Service.**

Hawaiian Airlines will suspend its three weekly Honolulu-Beijing Airbus A330-200 nonstops in October. “We believe in China’s future as a robust market for the Hawaiian vacation experience and we will continue to market one-stop options to Honolulu from cities throughout China on our airline partners,” said President and CEO Peter Ingram. The service launched in April 2014.

### **4. United to Offer Washington, D.C. to Tel Aviv Nonstops.**

United will begin nonstop Boeing 777-200ER service between Washington Dulles and Tel Aviv on May 22, 2019, subject to government approval, the first flight operated by a U.S. carrier between the two cities. United currently operates twice-daily service between New York Newark and Tel Aviv and daily nonstops between San Francisco and Tel Aviv.

### **5. France Continues MH370 Investigation.**

See Section VIII, item 6.

## **X. AMERICAS**

### **1. Delta Hiring 1,000 Flight Attendants.**

Delta is interviewing for more than 1,000 open flight attendant positions for 2019; last year 270,000 applied for 1,700 flight attendant jobs. “I’m excited about being in the midst of a hiring campaign,” CEO Ed Bastian told *Airways* magazine. “We’re going to be hiring more than 25,000 people here over the next five years. A lot of people are retiring and a new generation is coming in.”

### **2. Hawaiian Launches All-Cargo Island Service.**

Hawaiian launched all-cargo island service, transporting supplies to support disaster relief projects. Two new ATR-72s in all-cargo configuration delivered construction tools to be used by Kauai Habitat for Humanity in repairing homes for low-income residents affected by last April’s devastating storms, and furniture for 20 micro-houses built by HOPE Services Hawaii to shelter families affected by the ongoing Kilauea volcano lava flow. Two more aircraft are expected to be in service next year.

### **3. Southwest Updates Service Animal Policies.**

Southwest changed its policies for service and emotional support animals (ESAs). Effective September 17, ESAs will be limited to dogs and cats, one per customer, which must be in a carrier or on leash. Customers will still need to present a complete, current letter from a medical doctor or licensed mental health professional on day of departure. All emotional support and service animals must be trained to behave in a public setting and must be under the control of the handler at all times. An animal that engages in disruptive behavior may be denied boarding.

### **4. Baldanza Joins JetBlue Board.**

Ben Baldanza has joined the JetBlue Board of Directors. The former President and CEO of Spirit Airlines held senior roles at Continental, Northwest and US Airways. Sarah Robb O’Hagan was also appointed to the JetBlue board. The Flywheel Sports CEO was President of Equinox Fitness and Gatorade, and Marketing Director at Virgin Atlantic and Virgin Entertainment.

### **5. Frontier Adds 11 New Routes.**

Frontier is adding Sarasota-Cleveland flights, bringing the number of cities in its network to 99. . . . Frontier pilots sued the airline in federal court “for bad-faith bargaining and asked the National Mediation Board to declare an impasse and start the 30-day clock that could potentially lead to a strike.” The

airline's "bottom-of-the-industry pay rates create an unfair playing field for competing carriers," said Capt. Tracy Smit, in remarks at the Boyd Group's International Aviation Forecast Summit. . . . The low-fare carrier renamed its rewards program Frontier Miles and customers who book and complete travel on two round-trip itineraries by October 15 can try out Elite 20K status until the end of the year; benefits include free carry-ons and seat assignments.

**6. United-Copa-Avianca Joint Business Considered.**

Star Alliance members United, Avianca Holdings and Panama's Copa are discussing a three-way joint business agreement for flights between the United States and Latin America.

**7. Canada's Flair Adds U.S. Routes**

Flair Airlines will introduce nonstops from Edmonton and Winnipeg to Orlando, Tampa Bay, Miami, Palm Springs, Las Vegas and Phoenix this winter, with introductory fares from \$99 one way, including taxes and fees. The Canadian airline operated as a charter before transitioning to scheduled service in 2017, and now offers about 200 weekly domestic flights.

**8. American Expands European Service.**

See Section VIII, item 1.

**9. Delta Adds Transatlantic Flights.**

See Section VIII, item 2.

**10. American to Suspend Chicago-Shanghai Service.**

See Section IX, item 2.

**11. Hawaiian Airlines to Suspend Beijing Service.**

See Section IX, item 3.

**12. United to Offer Washington, D.C. to Tel Aviv Nonstops.**

See Section IX, item 4.