



WASHINGTON AVIATION SUMMARY

June 2014 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. Global Industry To Forge Ahead With Flight-Tracking Technology.

The Australian Transport Safety Bureau said the search area in the southern Indian Ocean where acoustic signals were detected in early April “can now be discounted as the final resting place” of Malaysia Airlines Flight 370. Data now will be analyzed to define a search zone of up to 60,000 square kilometers; a bathymetric survey will be conducted to map the sea floor in the defined area; and a contractor will begin a new underwater search in August. . . . Meanwhile, the International Civil Aviation Organization (ICAO) and International Air Transport Association (IATA) agreed to move quickly to establish technology and standards for global-flight tracking. An Aircraft Tracking Task Force, coordinated by IATA, will address near-term needs, while ICAO studies how the new tracking data gets shared, with whom and under what circumstances, and develops standards to ensure broad adoption throughout the aviation system. . . . European Aviation Safety Agency announced new proposals for flight recorders and underwater locating devices (ULDs) to facilitate aircraft recovery in an accident. Requirements include extending transmission time of ULDs fitted on flight recorders from 30 days to 90 days. . . . India’s Directorate General of Civil Aviation ordered its airlines to track aircraft on a real-time basis, using the Aircraft Communications Addressing and Reporting System (ACARS) or Automatic Dependent Surveillance-Broadcast (ADS-B).

2. DOT Proposes Additional Consumer Protections.

The U.S. Department of Transportation (DOT), has proposed new consumer protection rules which would require airlines and ticket agents to disclose fees for basic ancillary services, such as first and second checked bag, one carry-on and seat selection, at all points of sale. rules would require carriers accounting for at least 0.5% of domestic scheduled passenger revenue to report on-time performance. The rules would also require mainline carriers to report performance data for their domestic code share partners. In addition, large travel agents would have to adopt minimum customer service standards; require carriers and ticket agents to disclose code share arrangements on initial itinerary website displays; prohibit preferential ranking of flights of certain carriers without disclosing bias; and codify the DOT definition of a ticket agent to ensure that any company offering flight search tools and receiving compensation from any source adheres to the requirements. Comments are due in August. . . . Airlines for America said the proposal “overreaches and limits how free markets work [and] likely would further increase airline

expense, and force airlines to pass on the additional costs to customers in the form of higher fares or reduced levels of air service.” Business Travel Coalition said consumers would benefit from greater price transparency if airlines were required to provide price information on core ancillary services. The American Society of Travel Agents hailed the requirement that airlines provide agents “with real-time usable information about core ancillary services and related fees.”

3. DOT Tentatively Approves IATA Data Transmission Standard.

DOT tentatively approved IATA’s New Distribution Capability (Resolution 787). This proposal for development and market adoption of an XML-based data transmission standard would enable airlines, travel agents, global distribution systems, and consumers to “speak the same language” in their communications. DOT accepted conditions proposed by IATA and Open Allies for Airfare Transparency, which ensure: no traveler must provide personal information to receive an airfare or ancillary product quote; the standard remains voluntary; each airline is free to choose its own data exchange methodologies; and ticket agents would be obligated to follow their published privacy policies on sharing and storing personal information. All regulations regarding carrier and ticket agent displays of fares and ancillary products would continue to apply. Comments are due June 11.

4. NTSB Issues Recommendations on Lithium-Ion Batteries.

In its investigation of the 2013 fire in a lithium-ion battery on a Boeing 787 parked at Boston Logan, the National Transportation Safety Board (NTSB) found that processes used by the Federal Aviation Administration (FAA) to support certification of the 787 battery were inadequate. NTSB recommended FAA include independent expert consultants early in the certification process for new technologies installed on aircraft. FAA should also: develop an aircraft-level thermal runaway test to demonstrate safety performance in the presence of an internal short circuit failure; require the test as part of certification of future aircraft designs; re-evaluate internal short circuit risk for lithium-ion batteries now in-service; and develop guidance for thermal runaway-test methods.

5. FAA Approves ETOPS for Boeing 787.

FAA approved additional extended operations (ETOPS) for the Boeing 787, from 180 minutes to 330 minutes from a landing field. This will allow airlines to introduce routes after they meet proof of capabilities requirements and receive approval from their own regulatory agencies. “ETOPS operations will make the 787 even more efficient as they enable more direct flight paths,” said Boeing, “which can save thousands of pounds of fuel and reduce carbon emissions.”

Some 1,030 B787s have been ordered by 60 customers to date; Boeing has delivered 146 Dreamliners to 19 customers.

6. Near-Collisions Probed.

FAA is investigating an air traffic controller error that caused two United Airbus A320s taking off from Houston Bush, on May 9, to come within a mile of each other; 400 feet apart in altitude. In April, a United Boeing 737 landing at Newark came within several hundred feet of a departing Embraer 145, flown by ExpressJet for United. FAA has changed procedures for takeoffs and landings at Newark. In March, a Bombardier CRJ-200 operated by a US Airways commuter nearly collided with an unmanned aircraft (drone), while preparing to land at Tallahassee Regional Airport.

7. FAA Proposes Fines for Hazardous Materials Violations.

FAA proposed civil penalties for alleged violations of hazardous materials regulations against Virginia-based VT Milcom (\$91,000) and Nova Scotia-based Skinfix (\$63,000). VT Milcom shipped paint on a FedEx aircraft in July 2013. Workers at a FedEx sorting facility discovered the paint leaking through shipping boxes. Skinfix shipped ethyl alcohol on a UPS aircraft in July 2013, and workers at a UPS package sorting facility discovered that alcohol leaking through the shipping box. Paint and ethyl alcohol are Hazard Class 3 Flammable Liquids. The shipments did not indicate the hazardous nature of its contents, nor were they marked, labeled or packed in accordance with hazardous materials regulations. The boxes contained no hazardous material inner packing and failed to protect against a release into the environment under normal transportation conditions.

8. FAA Administrator Provides NextGen Update.

FAA Administrator Michael Huerta stressed the importance of maintaining leadership in the global aviation market, in remarks to the International Aviation Club in Washington, D.C. Noting that 2014 marks the 100th year since the dawn of commercial flight, he said airlines have carried over 65 billion passengers. Regarding NextGen, Huerta said 18 of 20 centers are running En Route Automation Modernization (ERAM), with 15 using it exclusively to control air traffic. All 20 centers will be running exclusively on ERAM by next March. More than 100 facilities are using Automatic Dependent Surveillance-Broadcast (ADS-B) technology to separate traffic. Many countries are adopting ADS-B, which enables more precise aircraft tracking and can provide fuel savings in oceanic airspace.

9. U.S. Airline Employment Continues To Rise.

DOT reports U.S. scheduled-passenger airlines employed 383,610 workers in March, 0.8% more than in March 2013. It marks the highest monthly total since October 2012. United had the most employees (80,694) in March among network airlines, Southwest (45,163) among low-cost airlines, and American Eagle (10,865) among regional airlines. The five network airlines reported a 0.6% increase. Of the six low-cost carriers, Allegiant, Spirit, JetBlue, and Virgin America reported an increase, while Frontier and Southwest reported a decline. Among the 13 regional carriers, Endeavor, Chautauqua, American Eagle, and Shuttle America reported reduced employment levels.

10. DOT Air Travel Consumer Report for March.

Based on data filed by largest U.S. airlines.

	Mar. '14 / '13	Feb. '14	Full Year				
			2013	2012	2011	2010	2009
On-time arrivals %	77.6/79.08	70.7	78.34	81.85	79.6	79.8	79.5
Cancellations %	1.9 / 1.6	5.5	1.51	1.29	1.91	1.76	1.39
Mishandled baggage*	3.68/3.03	4.21	3.22	3.09	3.35	3.51	3.91
Consumer complaints:							
Airline service	1,119/945	1,171	13,168	15,338	11,546	10,988	8,821
Disability-related	65 / 42	33	679	741	628	572	519
Discrimination**	4/7	5	79	99	128	143	131

Note: Airlines reported no tarmac delays of more than three hours on domestic flights in March and one of more than four hours on an international flight.

* Reports per 1,000 passengers.

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

II. AIRPORTS

1. FAA Airport Improvement Grants Awarded for 2014.

FAA announced more than \$180 million in airport improvement grants for Fiscal Year 2014. Included are \$51 million for Kodiak Airport (Alaska), \$45 million for San Francisco International, \$15 million for Baltimore/Washington, and \$13 million for Washington Dulles.

2. Agreement Reached on \$7.47 Billion Philadelphia Airport Expansion.

Tentative agreement to expand and modernize Philadelphia International has been reached ending years of litigation with nearby municipalities to enable full implementation of an FAA-approved plan. The agreement provides funding to ensure continuity of tax revenues for Delaware County neighbors. The airport will use large undeveloped parcels of land, leaving an existing neighborhood intact. The expansion program will be phased in over 12 to 15 years and funded through airport revenue bonds, passenger facility charges, Airport Improvement Program grants, and other airport revenues. No local tax dollars will be used. The improvements include a fifth runway, lengthening two existing runways, and a new terminal. Projected cost has grown to \$7.47 billion. Airport tenants like UPS and US Airways (American Airlines), are concerned about increased landing fees, saying delays at the airport stem from airspace congestion between New York and Washington, not runway capacity. They estimate the cost could rise to \$10.5 billion.

3. Dallas Approves Sale of Love Field Gates to Virgin America.

The city of Dallas approved the sale of two Love Field gates to Virgin America by American Airlines as part of the divestiture required in the American-US Airways merger. The U.S. Department of Justice already had sanctioned the sale to Virgin America and said it would reject city proposals to give the gates to contenders Southwest or Delta. Virgin America will fly from Love to New York, Washington, DC, San Francisco, and Los Angeles, when Wright Amendment restrictions expire in October. Virgin Group founder Sir Richard Branson weighed in with a campaign to garner support, saying, "The 20,000+ consumers who have signed our Free Love Field petition to date agree there is more than enough 'Love' to go around."

4. EC Reports Increased Transparency in Airport Charges.

The European Commission reports larger European airports have become more transparent in setting airport charges since the 2011 introduction of rules that ensure "airports price their facilities according to market principles." But

the Commission stated the European Union (EU) Directive on Airport Charges has not been applied consistently and further monitoring is needed. The Commission is establishing the Thessaloniki Forum of Airport Charges Regulators to promote more consistent application of the directive and more cooperation among airport authorities. The first meeting will take place in Thessaloniki on June 13, and ACI Europe noted that the competitive landscape in which airports operate will also be discussed. The directive applies to around 75 airports, the main airport in each Member State and all airports handling more than five million passengers per year.

5. New CEO for London Heathrow.

Heathrow's Development Director John Holland-Kaye will become CEO on July 1, succeeding Colin Matthews who announced in April that he would step down. The airport's new Terminal 2: The Queen's Terminal opens in June.

6. Operations at Donetsk Airport Suspended.

Pro-Russian separatists and Ukrainian forces battled for control of Donetsk Sergey Prokofiev International Airport, with many casualties. Roads to the airport were blocked because of gunfire. The airport's website confirmed operations were temporarily suspended. According to the website, airlines at Donetsk include Ukraine International, Transaero, Aeroflot, Lufthansa, Turkish, Wizzair, Air Arabia, and Flydubai.

III. **SECURITY AND DATA PRIVACY**

1. **GAO Asked for Updated Report on Airport Perimeter Security.**

After a 16-year-old climbed a perimeter fence at Mineta San Jose undetected and flew to Maui in the wheel well of a Hawaiian Airlines flight, Eric Swalwell (D-Calif.), a member of the Homeland Security Transportation Subcommittee, asked the Government Accountability Office (GAO) to update its 2009 report on airport perimeter security. Swalwell cited other breaches: “In 2012, a driver crashed through a gate and onto a busy runway at Philadelphia Airport; in New York a jet skier walked across two runways past security, cameras and motion detectors that the airport recently paid millions of dollars to install; and in Massachusetts, a 16-year old stow-away who breached airport security at Charlotte-Douglas fell to his death as the plane was nearing Boston Logan.” Homeland Security Committee Ranking Member Benny Thompson and Subcommittee Ranking Member William Keating made similar requests to GAO in February.

2. **INTERPOL Pilots I-Checkit System in Malaysia.**

Kuala Lumpur-based AirAsia will pilot INTERPOL’s I-Checkit system, which screens passports of prospective passengers against its Stolen and Lost Travel Documents (SLTD) database. I-Checkit will allow the airline to query the SLTD database but not gain direct access to it. No personal data will be transmitted to INTERPOL. Only the travel document number, form of document, and country code will be screened against SLTD. Should a passport register a positive match against the database, AirAsia will refer the passenger to local authorities, and notify INTERPOL National Central Bureaus worldwide. Systematic screening of passports of visitors will begin in June. Airlines wishing to participate in the pilot initiative should contact the I-Checkit team via www.interpol.int/Forms/I-Checkit.

3. **Administration To Improve Entry Process for International Travelers.**

Use of Automated Passport Control kiosks will expand to 25 airports by yearend, as part of an Administration plan to improve the entry process and reduce wait times for travelers to the United States. Provided through public-private partnership with airport authorities, the kiosks were deployed at 15 airports in the past year. Among them, New York Kennedy, Chicago O’Hare, Dallas Fort Worth, and Orlando experienced average wait time reductions of 30% or more after the kiosk installation. The plan also calls for an additional 2,000 additional Customs and Border Protection officers and 300 new enrollment centers nationwide for Trusted Traveler Programs.

4. DHS Announces Openings for Loaned Executive Program

The Department of Homeland Security (DHS) is collaborating with private-sector businesses to improve the travel process within the Transportation Security Administration (TSA) and Customs and Border Protection. The Loaned Executive Program aims to identify “innovative solutions to our homeland security challenges,” said officials. Participants draw salary and benefits from their private-sector employer during the six-month assignment. The program implements a recommendation made in 2013 by the Aviation Security Advisory Committee's Passenger Advocacy Subcommittee. . . . In other DHS news, construction of a new, centralized headquarters is running more than \$1.5 billion over budget, is 11 years behind schedule and may never be completed, reports the *Washington Post*, citing planning documents and federal officials. “The capital region’s largest planned construction project since the Pentagon has become a monumental example of Washington inefficiency and drift,” writes the *Post*. DHS currently leases space in more than 50 locations across the Washington area.

IV. E-COMMERCE AND TECHNOLOGY

1. Delta To Assume Software Responsibility From Travelport.

Delta will reacquire data and intellectual property rights central to its passenger service and flight operations systems from Travelport, becoming “the only U.S. airline to directly control these critical technology systems, making it better able to build the next generation of technology.” Delta will employ Travelport staff who worked on its systems. Travelport will continue to host the systems.

2. Lithium Battery Fires in PEDs Discussed at IATA Conference.

IATA’s first Cabin Operations Safety Conference, held in Madrid, aimed to promote a globally coordinated and harmonized approach. Among issues discussed was the potential for lithium battery fires if portable electronic devices (PEDs) are crushed or damaged when they slide into the mechanism of electrically adjustable seats. ICAO is developing guidance that instructs crew not to move the seat in this event. It is also developing procedures for PED battery-related fires in overhead bins.

3. Canada To Allow PEDs During All Phases Of Flight.

The Canadian government announced that passengers will soon be able to use PEDs during all phases of flight, provided the device is in non-transmitting, or flight mode. The airline must also meet certain safety conditions outlined by Transport Canada. Canadian airlines are finalizing measures to implement the new procedures. “This change will bring our policies in line with those of other jurisdictions for use of PEDs on aircraft, eliminating uncertainty for customers,” said Air Canada, which has begun rolling out inflight Wi-Fi connectivity.

4. Southwest, Amadeus Contract for Domestic Reservations.

Southwest selected the Amadeus Altea reservations solution for its domestic service, rather than renew its contract with Sabre, its current provider. Amadeus already supports the carrier’s international reservations. Over the next few years, Southwest and Amadeus will partner to move to a single reservation system. Until then, the airline will continue with two reservation platforms after the sunset of the AirTran brand in December.

5. Sabre Platform Enables Users to Create New Travel Offerings.

Sabre is launching a platform and application programming interfaces (APIs) to enable developers to integrate travel into their applications. Using a new open portal, Sabre Dev Studio, developers can access 150 APIs, testing tools,

documentation, prototypes, and sample code. Sabre also is introducing mobile friendly, sub-second response-time shopping and intelligence APIs. In other news, Etihad and Iberia now offer ancillary services through Sabre.

6. Gogo Receives STC for Ku-Satellite Service on Boeing 767-300.

Gogo received a Supplemental Type Certificate (STC) from FAA and certification from the Japanese Civil Aviation Bureau (JCAB) to install Ku-satellite based connectivity service on Japan Airlines (JAL) Boeing 767-300s, and is in the process of securing an STC for JAL's 737-800s. This is the last STC needed for Japan's complete domestic fleet.

7. U.S. Travel Agency Ticket Sales Increase 4.93% Through April.

ARC reports consolidated dollar value of airline tickets sold by U.S.-based travel agencies rose 4.93% year-over-year in first four months of 2014 compared to same period last year. Comparative totals are \$32.4 billion versus \$30.9 billion in 2013. Ticket transactions increased 2.27% over the same period to 52.5 million. Passenger segments increased 2.2% to 117.9 million compared to 115.3 million in 2013. Results are based on monthly data from 13,424 U.S. retail and corporate travel agents, satellite ticket printing offices, and online travel agencies. They do not include sales of tickets purchased directly from airlines. Total sales equal total amount paid for a ticket, which includes taxes and fees.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

Average price of aviation jet fuel, as of May 9, was \$121.9/barrel, up 0.4% on the month and up 4% compared to a year ago, reports the International Air Transport Association. Fuel price average for 2014 is \$123.3/barrel.

2. Airports Vulnerable to Storm Surge.

Rising sea levels pose a threat to low-lying airports, according to a U.S. National Climate Assessment released by the White House. Of the 47 largest U.S. airports, 13 have at least one runway with an elevation within reach of moderate to high storm surge: Ft. Lauderdale; Honolulu; Miami; New Orleans; New York (Kennedy, LaGuardia, and Newark); Oakland; Philadelphia; San Francisco; San Juan, Puerto Rico; Tampa, and Washington National. Kennedy, LaGuardia, and Newark were flooded in 2012 by Hurricane Sandy. New Orleans' airport avoided flooding because of restructuring before Hurricane Katrina. San Francisco and Oakland airports are built on swamps.

3. Boeing, Embraer To Develop Biofuel in Brazil.

Boeing and Embraer will open a joint research center to advance a sustainable aviation biofuel industry in Brazil. They will perform joint biofuel research. They will also fund and coordinate research with Brazilian universities and institutions.

4. Airbus, KLM Perform 10-Hour Flight Using Sustainable Jet Fuel.

A KLM Airbus A330-200 conducted a 10-hour flight from Amsterdam Schiphol to Aruba using a 20% blend of sustainable fuel made of used cooking oil. This was the longest commercial flight using sustainable jet fuels ever performed by an Airbus aircraft. And it is the first of 20 long-haul commercial flights using an Airbus aircraft in the context of European Union-funded ITAKA (Initiative Towards sustAinable Kerosene for Aviation). ITAKA aims to produce sustainable aviation fuel and test its use in existing systems and normal flight operations in Europe with KLM. The project will also link supply and demand by establishing relationships among feedstock growers and producers, biofuel producers, distributors, and airlines.

VI. U.S. CONGRESS

1. Minnesota Congressman Jim Oberstar Dies.

James Oberstar, former Chairman of the House Transportation Committee, died May 3 at his home in Maryland; he was 79. Elected to 18 successive terms, beginning in 1974, Oberstar was the longest-serving congressman in Minnesota history. He lost narrowly to a Republican challenger in 2010. Airlines for America said Oberstar worked tirelessly to establish and improve safety standards and commended his commitment to making the United States a global leader in transportation.

2. FY'15 Transportation Funding Bill Rejects Passenger Facility Fees.

The fiscal year 2015 Transportation, Housing and Urban Development funding bill released by the House Appropriations Committee rejects Administration proposals for new passenger facility and general aviation fees. It includes \$15.7 billion in total budgetary resources for FAA, \$7.3 million below fiscal year 2014 enacted level and \$446 million above the request. This will provide full funding for all air traffic control personnel, including 14,800 air traffic controllers, and 7,300 safety inspectors and operational support personnel. The bill fully funds NextGen at \$852.4 million, and funds contract towers at \$140 million. No funding is provided for high-speed rail.

3. FY'15 DHS Funding Bill Rejects Passenger Security Fees.

The House Appropriations Committee FY 2015 Department of Homeland Security Appropriations bill denies the President's proposal to increase aviation passenger security fees and Customs and Border Protection (CPB) user fees. It provides \$39.2 billion in discretionary funding, \$50 million below FY 2014 enacted level, but \$887.8 million above the President's request. The bill includes \$4.6 billion for the Transportation Security Administration, \$300.3 million below FY 2014 enacted level, with increases above the President's request for privatized screening operations, federal flight deck officers, and canine-enforcement teams. Funding for SecureFlight is sustained at \$112.3 million. The bill reduces funding for federal air marshals, TSA personnel, and TSA headquarters. The bill denied consolidation of DHS headquarters for \$73 million savings. And it caps full-time screening personnel at 45,000. The bill contains \$10.8 billion in discretionary appropriations for CBP, providing for 21,370 Border Patrol agents and 23,775 CBP officers; maintaining the largest totals in history.

4. **RAA Testifies on “Small Community Air Service Threat.”**

During a House Aviation Subcommittee hearing on “Air Service to Small and Rural Communities,” Republic Airways Chairman Bryan Bedford said FAA regulations requiring newly hired co-pilots to have 1,500 hours of flight experience has sparked a pilot shortage. “We cautioned lawmakers and regulators throughout the lawmaking and regulatory process that including a largely inflexible and arbitrary flight-hour experience requirement as part of the final mandate would not only fail to improve safety, it would hasten the growing pilot shortage and imperil air service at communities across the country,” testified Bedford, on behalf of the Regional Airline Association (RAA). But Air Line Pilots Association (ALPA) said regionals have trouble hiring new pilots because of near-poverty wages; starting co-pilot salaries average \$24,000 a year; subcommittee members agreed. Addressing the pay issue, ALPA President Lee Moak said: “It is wrong for an airline that receives millions in federal EAS [Essential Air Service] dollars to offer such poor wages and benefits that it cannot attract pilots and then use this inadequacy as an excuse to drop service to EAS communities,”

5. **Bills Aim To Boost U.S. Tourism.**

The INVITE Act, a bill that would expand the Global Entry program and improve the Customs and Border Protection entry process for international travelers, was introduced in the Senate by Brian Schatz (D-Hawaii) and Tim Scott (R-S.C.). The Travel Promotion, Enhancement, and Modernization Act, legislation to reauthorize Brand USA, was co-sponsored by 24 Senators.

6. **Bill Would Require Lawmakers To Fly Coach.**

The “If Our Military Has to Fly Coach Then So Should Congress Act of 2014” was introduced in the House by Paul Gosar (R-Ariz.), Raul Ruiz (D-Calif.), Walter Jones (R-N.C.), and John Barrow (D-Ga.). H.R. 4632 would prohibit funds provided for official travel expenses of members of Congress and Congressional staffers for airline accommodations other than coach-class or the lowest fare offered. “If our men and women in uniform are restricted from buying first-class airfare, the same should apply to Congress,” Ruiz said.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. Venezuela Begins Release of Airline Funds.

Venezuela said it had paid debts owed to several Latin American airlines, as international carriers continued to suspend service to Caracas while waiting for repatriation of \$3.9 billion at fair exchange rates. As of April 30, 11 of the 24 airlines operating to Venezuela had reduced or ended service to the country. The government reportedly will raise all international airline ticket prices by 350%, calculated at 50 bolivars per dollar, on July 1.

2. State Department Travel Alerts and Warnings for U.S. Citizens.

The Department of State warned U.S. citizens against travel to the Central African Republic and if there, to depart immediately by existing commercial flights; U.S. Embassy operations were suspended in 2012. . . . U.S. citizens were warned against travel to Libya and if there, to depart immediately; there is limited staffing at the Embassy in Tripoli and only limited emergency services. . . . Non-essential travel to the Sulu Archipelago of the Philippines should be deferred, due to kidnapping of international travelers and violence linked to insurgency and terrorism; extreme caution should be used in Mindanao in southern Philippines. . . . A travel warning was issued for Kenya, due to a high rate of violent crime in some areas and terrorist threats. Explosive devices were detonated in Mombasa and Nairobi areas in May with many casualties. . . . Potential travel risks to Thailand, particularly Bangkok, are due to political and social unrest. . . . All travel to eastern regions of Ukraine should be deferred, due to violent clashes between pro-Russian and pro-Ukrainian groups, and the presence of Russian military forces. The U.S. and Ukraine do not recognize the claimed annexation by Russia of the Crimean Peninsula. . . . All travel to Adamawa, Borno, Yobe, and other states in Nigeria should be avoided; there have been multiple reports of kidnappings involving U.S. citizens. Boko Haram, based in northeast Nigeria and designated as a Foreign Terrorist Organization by the State Department, has claimed responsibility for many attacks. Boko Haram kidnaps women and children, including more than 200 girls from a Borno private school. . . . U.S. citizens in Syria should depart immediately, due to risk of kidnappings, bombings, murder, and terrorism. No part of Syria should be considered safe. The U.S. does not have a working embassy in Syria; consular services are handled in the Czech embassy in Damascus.

VIII. EUROPE AND AFRICA

1. Delta Expands European Service.

Delta resumed daily Boeing 757-200 seasonal service from New York Kennedy to Copenhagen, with joint venture partner Air France KLM. Daily B767-300ER service from Kennedy to Zurich begins June 16. Seasonal service to Rome will operate on an Airbus A330-300, and then five weekly in November, December, and March on a B767-300ER. These flights are with joint-venture partner Alitalia. Atlanta service to Paris and Amsterdam will expand to four daily flights this winter with Air France-KLM and Alitalia. Delta and Virgin Atlantic will code share on nonstops connecting London Heathrow with Atlanta and Los Angeles, effective October 26. Delta will operate one of two daily Heathrow-Los Angeles flights currently operated by Virgin Atlantic. Virgin Atlantic will operate one of Delta's three daily Heathrow-Atlanta flights.

2. Norwegian Begins Stockholm-Oakland Service.

Norwegian introduced Stockholm-Oakland service, the first ever direct route between Northern California and the capital of Sweden. The Boeing 787 service operates three times weekly. The carrier said it has received more than 5,500 applications for 300 pilot positions to be filled at New York Kennedy, as it awaits DOT approval to operate flights from London and Scandinavia to the U.S. via a new Ireland-based subsidiary.

3. Dreamjet Plans Premium Paris-New York Service.

French startup Dreamjet applied to DOT for approval to launch all-Business Class Boeing 757-200 flights from Paris to Newark in June. Dreamjet backers include Frantz Yvelin, a founder of L'Avion, and Peter Luethi, a former Jet Airways India COO. L'Avion was sold to British Airways and folded into OpenSkies, which flies from Paris to New York Kennedy and Newark.

4. Air Canada rouge Begins Service From Montreal to Nice.

Air Canada leisure subsidiary rouge introduced seasonal flights from Montreal to Nice. The 264-seat Boeing 767 service operates three times weekly. As Air Canada takes delivery of new widebody aircraft for its mainline fleet, current B767 and Airbus A319 aircraft will be transferred to rouge. Air Canada will take delivery of 37 B787s by the end of 2019.

5. EC: Enforcement of Air Passenger Rights Improves.

A European Commission review of air-passenger rights, handling and enforcement, between 2010 and 2012 finds complaints to national authorities

for compensation and assistance have returned to lower levels since the 2010 volcanic ash crisis and snow disruptions. The complaints stemmed from denied boarding and of cancellation or long delays.. Complaints from disabled persons and persons with reduced mobility remain very low. In 2013, the Commission proposed additional passenger-rights measures.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. UNWTO-ASEAN Conference on Tourism and Climate Change.

The 40th Meeting of the Association of Southeast Asia Nations (ASEAN) was held in the Philippines, along with meetings of the United Nations World Tourism Organization (UNWTO) Commission for East Asia and the Pacific (CAP) and other groups. "Tourism is a powerful force in the world," said UNWTO Secretary-General Taleb Rifai, "an opportunity for people to be together, understand each other and promote their respective nations, thus breaking the barrier that separates them." A Global Code of Ethics for Tourism with 10 principles covering economic, social, cultural, and environmental components of travel and tourism was formalized.

2. United To Launch San Francisco to Tokyo Haneda Nonstops.

United will begin daily nonstop Boeing 777 service from San Francisco to Tokyo Haneda on October 26. The flights, subject to government approval, will connect at Haneda on the network of joint-venture partner ANA to international destinations, such as Bangkok and Singapore. United will reduce by half its twice-daily San Francisco to Tokyo Narita service.. United also operates daily service to Narita from Chicago, Denver, Houston, Los Angeles, New York, and Washington. . . . United began Boeing 757-200 summer-season service from Chicago to Edinburgh.

3. JetBlue Code Shares With Singapore, Turkish.

JetBlue and Singapore Airlines jointly applied to DOT to enter into a bilateral code share agreement, in which JetBlue customers would have access to five new cities in Europe and Asia, while Singapore's would have access to 16 destinations in the U.S. They have been interline partners since 2011. JetBlue and Turkish Airlines launched a unilateral code share, in which Turkish places its code on select JetBlue-operated flights servicing New York Kennedy and Boston Logan. Turkish has begun service from Istanbul to Boston, and offers up to three daily flights to New York.

4. Malaysian Air Planning Turnaround.

Malaysian Airline Group CEO Ahmad Jauhari Yahya said the airline would accelerate efforts to improve revenue and better manage high costs, which have increased with greater capacity. "This need has become even more urgent for Malaysia Airlines future survival and sustainability in a market that is not showing any signs of letting up on competition," he said. Much of the cost associated with the loss of Flight 370 in March will be covered by insurance,

but the “more urgent need is for the Group to ramp up efforts system-wide to regain lost momentum and grow its share of wallet.” MAS announced discounts of up to 50%.

5. Boeing Order for Chinese Startup; China Southern Orders Airbus.

Low-cost Chinese startup 9 Air will purchase 50 Boeing 737NGs and 737 MAXs. The Juneyao Airlines subsidiary intends to launch domestic service this year from Guangzhou. China Southern signed contracts with Airbus for 80 A320s, including 50 A320Neos. Deliveries are planned from 2016 to 2020. China Southern capacity will increase by 12.1%.

6. New CEO for Dragonair.

Algernon Yau will become CEO of Cathay Pacific unit Dragonair this summer. He currently is CEO of Cathay Pacific Services, operator of the new Cathay Pacific Cargo Terminal at Hong Kong International Airport. Yau succeeds Patrick Yeung, who will be the Group’s General Manager for Taiwan & Korea, overseeing both Cathay Pacific and Dragonair in those locations.

7. Etihad Unveils The Residence.

Etihad unveiled a new premium class on its Airbus 380s. The Residence by Etihad™ features a living room, bedroom, and shower. The suite is certified by the European Aviation Safety Agency for single or double occupancy. The Residence guests will have a personal butler trained at the Savoy Butler Academy in London, and a dedicated VIP Travel Concierge team. The Etihad A380 will also have nine First Apartments, which include a reclining armchair and an ottoman that transforms into an 80-inch long bed. A fully equipped shower is available in A380 first class. Etihad has 10 A380s on firm order. The first will operate commercially to London Heathrow in December, with a second from Q1 2015; by end of 2015, A380s also will fly to Sydney and New York Kennedy.

X. AMERICAS

1. American Airlines Group April Traffic Up 4.7%.

American Airlines Group reported total revenue passenger miles for April were 18.1 billion, up 4.7% versus April 2013. Total capacity was 21.8 billion available seat miles, up 3.7%. Total passenger load factor was 82.9%, up 0.7 points. The company expects Q2 consolidated passenger revenue per available seat mile to be up 4% to 6% versus Q2 2013. The results combine traffic results for AMR Corporation and US Airways Group. . . . US Airways began code sharing on British Airways flights to London from 21 U.S. cities. British Airways is placing its code on US Airways flights to Charlotte and Philadelphia from 17 cities in Europe. British Airways is a Transatlantic joint business partner and fellow oneworld member with American Airlines Group. US Airways joined the joint venture as an affiliate member earlier this year, and will remain so until it fully integrates with American. . . . Mesa Air Group reached an eight-year agreement with American for an additional six CRJ-900s to bolster its fleet of 51 aircraft currently under contract with American. Mesa operates as US Airways Express from Charlotte and Phoenix and as United Express from Washington Dulles and Chicago O'Hare.

2. Delta Launching New Seattle Service.

This fall Delta will begin service from Seattle to leisure destinations, including Cabo San Lucas and Puerto Vallarta, pending government approval. By summer, Delta will offer more international service from Seattle than all other carriers combined, with 10 daily destinations, and will begin "significant new Seattle growth" to domestic markets.

3. Alaska Increases Seattle Departures, Adds Mexico Service.

Alaska Airlines will add 27 domestic roundtrips from Seattle next year. The carrier is seeking government approval to begin flights between Seattle and Cancun on November 6, and from Portland to Los Cabos and Puerto Vallarta in 2015. Alaska operates 240 seasonal flights a week between the West Coast and Mexico.

4. United Reaches Tentative Agreement With Dispatchers.

United reached a tentative agreement on joint collective bargaining with the Professional Airline Flight Control Association (PAFCA) and the Transport Workers Union (TWU) for its dispatchers, with the assistance of the National Mediation Board (NMB). PAFCA represents United dispatchers and TWU represents Continental dispatchers. United also reached agreement with the

Association of Flight Attendants to begin a collaborative process to reach a joint-collective agreement. The parties requested NMB assistance. United has reached joint-collective bargaining agreements with pilot, fleet service, passenger service, reservations, and storekeeper workgroups. United expects to return soon to negotiations with the International Brotherhood of Teamsters, representing technicians.

5. **JetBlue Adds Routes From Boston, Fort Lauderdale.**

JetBlue will begin seasonal nonstops on Saturdays from Boston Logan to Costa Rica, Dominican Republic, and Saint Lucia on November 1. All will to be operated with a 150-seat Airbus A320. New nonstops from Fort Lauderdale to Cartagena and Las Vegas begin October 29.

6. **Frontier Offers New Washington Dulles Service.**

Frontier will launch 168-seat Airbus A320 service from Washington Dulles to 14 destinations, including Atlanta, Charlotte, Orlando, Minneapolis, and Tampa, in August; and Chicago O'Hare, Cincinnati, Detroit, Fort Lauderdale, Las Vegas, Memphis, Fort Myers, St. Louis, and St. Augustine, in September.

7. **Delta Expands European Service.**

See Section VIII, item 1.

8. **Norwegian Begins Stockholm-Oakland Service.**

See Section VIII, item 2.

9. **Dreamjet Plans Premium Paris-New York Service.**

See Section VIII, item 3.

10. **Air Canada rouge Begins Service From Montreal to Nice.**

See Section VIII, item 4.

11. **United To Launch San Francisco to Tokyo Haneda Nonstops.**

See Section IX, item 2.

12. **JetBlue Code Shares With Singapore, Turkish.**

See Section IX, item 3.