



WASHINGTON AVIATION SUMMARY

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

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I. **REGULATORY NEWS**

1. **Long-Term FAA Reauthorization Expected.**

House and Senate Committee leaders reached a bipartisan final agreement on a bill to reauthorize the Federal Aviation Administration (FAA) through 2023. The FAA Reauthorization Act of 2018 does not include language in the Senate-passed bill to regulate checked-bag and other fees; nor does it include a provision to prevent entry into the U.S. market of 'flag of convenience' carriers. H.R. 302 maintains the full-fare advertising rule, which requires prominent display of full final cost to consumer. It ensures that flight attendants receive 10 hours of rest between duty periods; maintains first officer qualification, training and experience requirements and the presence of two fully qualified pilots in the cockpit of Part 121 passenger and cargo aircraft; and directs FAA to convene an aviation rulemaking committee to address rest and duty rules for flight attendants and pilots in Part 135 operations. It directs FAA to regulate minimum pitch, width and length of passenger seats within one year of bill enactment; prohibits involuntary bumping of boarded passengers; requires airlines to promptly return fees for services purchased but not received; prohibits inflight use of cell phones; requires clean, private rooms for nursing mothers at large and medium commercial airports; and establishes the position of Aviation Consumer Advocate at the Department of Transportation (DOT). The bill establishes a national task force to review current air carrier response to sexual misconduct allegations, and increases the civil penalty for interfering with cabin or flight crew. It does not raise the cap on passenger facility charges, but requires a study of infrastructure needs of airports and existing financial resources. It reforms the Federal Contract Tower Program; reauthorizes the Essential Air Service Program and Small Community Air Service Development Program; and creates a remote air traffic control tower pilot program to deploy advanced technologies. It streamlines the certification process; authorizes FAA to certify new civil supersonic aircraft that reduce sonic booms; and creates a Safety Oversight and Certification Advisory Committee. Among numerous provisions that address drone operations, the bill directs FAA to issue new regulations allowing small drones to transport property, including for commercial purposes, and authorizes the Homeland Security and Justice Departments to intercept unmanned aircraft that pose a security risk.

2. **H.R. 302 Reauthorizes TSA, NTSB.**

H.R. 302 authorizes funding for the Transportation Security Administration (TSA) for three years at an average level of \$7.9 billion, establishes a five-year

term for the TSA Administrator, and reforms TSA organizational structure. It directs TSA to expand PreCheck enrollment; advances deployment of improved screening technologies and explosive detection canines; utilizes third-party testing and evaluation of screening equipment; and updates requirements for Federal Air Marshal deployments to rely more on intelligence and risk-based strategies. . . . H.R. 302 authorizes funding for the National Transportation Safety Board (NTSB) for four years. It requires a report on the “Most Wanted List” selection process and methodology, and expands access to assistance for families of accident victims, among provisions.

3. DOT Urged to Ensure Families Can Sit Together During Flights.

Transportation Secretary Elaine Chao was asked to explain why DOT “has failed to fulfill its statutory requirement to ensure families can sit together on airplanes,” in a letter signed by 10 Democratic Senators. In 2016, Congress required DOT to review airline family seating policies and, if appropriate, direct airlines to establish policies ensuring children can sit next to at least one adult family member. Instead, says the letter, the only actions taken by DOT include posting website tips and providing links to family seating information on airline websites. “Parents who want to confirm a seat next to their children, including young infants, are often required to pay extra fees for advance seating, purchase more expensive tickets, or simply rely on the kindness of strangers.”

4. DOT Asked to Adopt Rules on Cabin Temperatures.

The Association of Flight Attendants-CWA (AFA) formally petitioned DOT to issue rules to limit temperature extremes on flights, citing incidents that illustrate the severity of the problem. “The discomfort of too hot or too cold airplanes can be frustrating and even pose health risks for passengers, but the problem is especially acute for flight crews who regularly experience temperature extremes that would not be tolerated in other workplaces,” said AFA; excessive heat can cause fatigue, dizziness, heat exhaustion and heat stroke, and impair the ability to perform critical safety and security duties. AFA wants DOT to adopt standards, called ASHRAE 161, as regulations that apply to all U.S. commercial airlines and flights. It recommends that DOT encourage airlines to follow the standards prior to issue of a final rule, and calls for creation of an advisory committee to advise DOT on cabin environmental conditions “to ensure the highest levels of safety, health, and comfort for airline passengers and crewmembers.” The American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) worked with aircraft manufacturers, airlines and crewmember and passenger groups to update standards. AFA has released a mobile app—2Hot2Cold—that allows passengers and flight crews to document and report extreme temperatures in

aircraft cabins and will share data with DOT and airlines. AFA also issued thermometers to its members to “document just how bad this is.”

5. DOT Urged to Limit Abuse of Emotional Support Animal Designation.

Widespread abuse of the emotional support animal designation has led many passengers to believe all service animals onboard are fake, resulting in poor treatment toward those with legitimate need, said AFA, which urged DOT to define requirements while supporting passengers with disabilities and veterans. A recent survey of flight attendants found that animals in the cabin bark, snap, and lunge at crewmembers and passengers; roam about; and defecate and urinate. Disruptions also include passenger conflicts related to animal behavior. One flight attendant said she had to page a vet because an animal was having an anxiety attack. Another said a teenager seated between two animals had an allergic reaction and was placed on oxygen. Most survey respondents said airline policies and procedures are not effective in supporting a safe and equitable policy for all passengers. Animals identified in the survey were primarily dogs and cats, but also included household birds, rodents, pigs and reptiles. Nearly 5,000 responses from flight attendants across 30 airlines were collected from July 20, 2018 through August 6, 2018.

6. DOT Tentatively Awards Cuba Frequency to Southwest.

DOT tentatively awarded Southwest a Saturday-only frequency for Havana flights vacated by Delta. Southwest will offer a second Saturday roundtrip from Tampa; DOT said the service must begin within 90 days of the proposed December 1 start date. American and JetBlue also vied for the frequency.

7. NTSB: Pilot Lack of Awareness Caused Taxiway Overflight at SFO.

NTSB determined that Air Canada pilots’ lack of awareness caused the July 7, 2017, overflight of a taxiway at San Francisco International, due to ineffective review of communications about a runway closure. Air Canada flight 759 was cleared to land on runway 28R but instead lined up with parallel taxiway C where four airplanes were awaiting clearance to take off. It descended to an altitude of 100 feet above ground level and overflew the first of the four airplanes. The crew initiated a go-around, and flight 759 reached a minimum altitude of about 60 feet above ground level and overflew the second airplane before starting to climb. NTSB safety recommendations include a flight system that alerts pilots when an airplane is not aligned with a runway surface, more effective presentation of flight operations information, a more effective method to signal a runway closure to pilots when at least one parallel runway remains in use, and modifications to airport surface detection equipment to detect potential taxiway landings and alert air traffic controllers.

8. Global Study Planned on Women in Aviation/Aerospace.

A global study will be launched to identify and promote means by which the industry can more effectively recruit and advance women into leadership roles. Fewer than a quarter of the U.S. aerospace workforce are women, with a smaller percentage in leadership roles. The study will identify causes of barriers to advancement and highlight practices and policies which have been successful in promoting gender diversity in leadership. Leading the project are Aerospace Industries Association, Airports Council International World, International Air Transport Association, International Aviation Women Association and the Civil Aviation Practice of consulting firm Korn Ferry. “Soaring Through the Glass Ceiling” is scheduled for release in 2019.

9. DOT Air Travel Consumer Report for July.

Based on data filed by reporting carriers.

	July '18 / '17	June '18	2017	2016	2015	2014	2013
On-time arrivals %	75.9 / 76.9	76.6	80.2	81.4	79.9	76.2	78.34
Cancellations %	1.7 / 1.1	1.7	1.5	1.2	1.5	2.2	1.51
Mishandled baggage*	3.11 / 2.79	3.16	2.46	2.70	3.13	3.61	3.22
Consumer complaints:							
Airline service	1,655 / 1,908	1,476	18,148	17,908	20,175	15,539	13,176
Disability-related	83 / 92	81	851	865	944	784	683
Discrimination**	14 / 7	8	98	95	65	68	79

Note: In July, airlines reported 29 tarmac delays of more than three hours on domestic flights, and one of more than four hours on international flights

* Reports per 1,000 passengers.

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

II. AIRPORTS

1. North American Airports Experience Record Growth in 2017.

In 2017, North American airport passenger traffic grew 3.7% and cargo traffic increased 7.1%, reports Airports Council International-North America, with international passenger traffic up 5.8 % and domestic up 3.3 %. Atlanta Hartsfield-Jackson remained the world's busiest airport with 104 million passengers. Toronto Pearson is Canada's busiest, with 47.1 million passengers, up 6.3% from 2016. Memphis International continues to be the busiest cargo airport in North America, handling more than 4.3 million metric tons. ACI-NA's 2017 North American Airport Traffic Summary contains passenger, cargo and aircraft operations data from 231 airports.

2. North America Airports Set Record for Passenger Satisfaction.

Las Vegas McCarran and Orlando International tied for first place among mega airports in J.D. Power's 2018 North America Airport Satisfaction Study, each with a score of 781 (on a 1,000-point scale). Detroit Metro (775) ranks third and Denver International (771) ranks fourth. Among large airports, John Wayne Orange County ranks highest (815), Dallas Love Field (810) second and Portland (Ore.) International (804) third. Buffalo Niagara ranks highest among medium airports (814), Indianapolis International (811) second and Fort Myers/Southwest Florida (810) third. Despite disruptive effects of record passenger volumes and massive construction projects, says the study, overall improvements helped drive passenger satisfaction to 761, 12 points higher than last year. An 18-point increase in security check satisfaction is largely attributable to improved cooperation between airport and TSA staff, with leading airports working closely with TSA to align security staffing levels with airport load factors. The highest-scoring component of the airport experience is check-in/baggage check, due to self-service kiosks and bag tagging. The study was fielded from September 2017 through September 2018 and is based on responses from 40,183 travelers.

3. FAA Extends New York LaGuardia, Kennedy Operating Limits.

FAA extended operating limits at New York LaGuardia and Kennedy airports until October 24, 2020, without policy changes. The limits were to expire at the end of the current summer scheduling season. As carriers are planning winter schedules, said FAA "there is insufficient time to publish for comment proposed policy changes, adjudicate comments, and issue a final Order before the Orders expire."

4. Washington Dulles to Lower Airline Costs.

Metropolitan Washington Airports Authority sold about 400 acres of unused land at Dulles International for \$237 million, which reportedly will contribute to reducing airlines' cost per enplanement.

5. United Could Lose New Jersey Fuel Tax Exemption.

New Jersey state legislators proposed a bill that would eliminate certain aviation fuel tax exemptions to airlines, to help fund the Port Authority Trans-Hudson (PATH) train extension to Newark Liberty. The bill, which must be passed by the legislature and signed by the governor to become law, is opposed by United, some unions and business associations. Airlines for America called the proposal a major tax increase, which could lead United to increase fares and cut routes. A United official warned the "discriminatory tax scheme" would affect future investments at Newark.

6. John Selden Named GM of Hartsfield-Jackson Atlanta.

John Selden was appointed General Manager of Hartsfield-Jackson Atlanta, effective October 1. He formerly was Deputy GM of New York Kennedy.

7. New Sarasota Air Traffic Tower Dedicated.

A \$24.8 million, 128-foot-tall air traffic control tower was dedicated at Sarasota Bradenton International Airport. FAA invested \$7.2 million in the design, engineering and electronic equipment, which the agency installed and will maintain. Sarasota Manatee Airport Authority funded \$8.9 million for construction and it will own and maintain the building. Florida Department of Transportation also contributed \$8.7 million for tower construction.

8. Southwest to Build Maintenance Facility for BWI.

Southwest will construct and operate its first maintenance facility in the Northeast at Baltimore/Washington International (BWI) Thurgood Marshall Airport, pending FAA approval. A 130,000 square-foot hangar would accommodate three aircraft, and apron space would support up to eight aircraft. Construction will begin in 2019, with scheduled completion in late 2021. Total cost is \$130 million, with \$80 million from Southwest to build the facility and \$50 million from Maryland Aviation Administration for infrastructure improvements. Southwest has served BWI for 25 years and has a 69% share of the airport's passenger traffic. In 2017, Southwest flew 18.2 million domestic and international passengers at BWI.

9. Sea-Tac Project Costs Validated Per Independent Review.

A total program cost of \$968.4 million for construction of a new International Arrivals Facility at Seattle-Tacoma International and an August 2020 opening

are both “reasonable and achievable,” according to an independent review panel convened by the Port of Seattle Commission. The existing 1970s-era facilities cannot accommodate Seattle’s growing demand for international travel, said the Port. The new facility will include a grand hall for baggage claim and customs processing; an aerial walkway to connect the South Satellite to the grand hall; a sterile corridor for arriving international passengers; and supporting projects to expand power, fiber optic technology and high-speed baggage services.

10. New Plans for Houston Bush International Terminal.

A \$1.2 billion plan for redeveloping the international terminal at Houston Bush Intercontinental would combine Terminals D and E by 2024; a previous plan would have razed and rebuilt Terminal D. The new Mickey Leland International Terminal will have more curbside lanes for passenger drop-off and pick-up and an expanded baggage claim area. A parking garage will be demolished to make way for a new ticketing area in Terminal E, while two levels will be added to the Terminal C garage. “If Houston is to remain a top-ranked international gateway to the United States, if we have any hope of reaching a 5-star rating and provide an experience for our passengers that is unsurpassed by any competing cities, we must succeed with this project,” Houston Airport System Director Mario Diaz told the Houston Chronicle.

11. United to Invest \$200 Million in Hawaiian Airports.

United CEO Oscar Munoz said the airline will invest \$200 million in Hawaiian airports over the next decade, with an aim to give customers a better experience, reports the Honolulu Star-Advertiser. The carrier flies 18 nonstop routes from the mainland, with up to 37 daily departures.

12. GAP to Operate, Modernize Kingston Airport.

The government of Jamaica selected Grupo Aeroportuario Del Pacifico (GAP) as a “provisional preferred bidder” to operate, modernize and expand Kingston Norman Manley International, via a 25-year concession agreement. In 2017, the Kingston airport handled 1.6 million passengers, or 27% of the country’s total; Montego Bay served the remaining 73%. 70% of passenger traffic comes from the U.S. and Canada, 16% from the Caribbean and 14% from Europe. JetBlue is the primary operator with 24% of total passengers, followed by Caribbean Airlines with 23%, American with 19%, and Cayman Airways with 6%. The main routes are New York, Fort Lauderdale, Miami, Toronto, Atlanta and London. GAP operates 12 airports in Mexico’s Pacific region, including Guadalajara, Tijuana, Puerto Vallarta, Los Cabos, La Paz and Manzanillo. In 2015, GAP acquired Desarrollo de Concesiones Aeroportuarias, which owns a

majority stake of MJB Airports Limited, operator of Sangster International in Montego Bay.

13. Budapest Expands Terminal 2.

A 10,000-square meter pier adjoining Terminal 2 opened at Budapest Airport. The €25 million Pier B handles non-Schengen flights, including widebody service to North America, China and the Persian Gulf. Construction has begun on a six-level car park near Terminal 2.

14. Poland Plans \$9.4 Billion Gateway to Asia.

Poland plans to spend as much as \$9.4 billion by 2027 to develop an airport that can handle 45 million passengers and would be a European gateway to Asia, reports Bloomberg. “The plan is to create a hub for the region’s passengers who now have to travel through Germany, France or the UK when they go on longer flights,” said Deputy Infrastructure Minister Mikolaj Wild, who is steering the project. The airport initially will have two runways, a terminal and rail links, with a goal to expand to accommodate 100 million passengers.

III. SECURITY AND DATA PRIVACY

1. Delta to Launch First Biometric Terminal in the U.S.

Delta will launch the first biometric terminal in the United States later this year at Hartsfield-Jackson Atlanta Terminal F, in partnership with U.S. Customs and Border Protection (CBP) and TSA, with technology and software developed by NEC. Delta Biometrics includes facial recognition technology for check in at self-service kiosks, checking baggage, identification at the TSA checkpoint, boarding at any Terminal F gate, and CBP processing for inbound international travelers. Customers on partner airlines Aeromexico, Air France-KLM or Virgin Atlantic are eligible to use the technology, which is optional and was tested at Atlanta, Detroit Metro and New York Kennedy. Delta recently tested a self-service biometric bag drop at Minneapolis-Saint Paul for international customers, has tested biometric boarding at Reagan Washington National and has launched optional biometric check-in for domestic Delta Sky Clubs, facilitated by Delta Biometrics Powered by CLEAR.

2. DHS Releases National Cyber Strategy.

U.S. Department of Homeland Security released a National Cyber Strategy, which, said Secretary Kirstjen Nielsen, strengthens the government's commitment to work in partnership with industry to combat threats and secure critical infrastructure. "Transnational criminal groups are employing increasingly sophisticated digital tools and techniques to enable illegal activities online, and the strategy calls for DHS and the broader law enforcement community to continue to develop new and more effective legal tools to investigate and prosecute these criminal actors," said Nielsen. The strategy "also notes the need for electronic surveillance and computer crime laws to be updated to keep pace with the rapidly evolving environment." DHS also launched the National Risk Management Center, which "is working collaboratively to break down silos, identify and prioritize national critical functions, provide a more holistic picture of the risk environment within and across sectors, and develop joint solutions to manage risk."

IV. E-COMMERCE AND TECHNOLOGY

1. Delta Tech Issue Causes Groundstop.

Delta is investigating the cause of “a brief technology issue” that prompted an hour-long groundstop for its domestic mainline flights. Booking, check-in and flight status were not available on the company’s website and app, but “there was no disruption or safety impact on any Delta flights in the air.”

2. Theft of Customer Data at British Airways.

British Airways is investigating the theft of personal and financial details of customers booking on its website and mobile app. The breach took place August 21 through September 5 and has been resolved. Stolen data did not include travel or passport details. Police and relevant authorities are involved.

3. Sabre Expands Beyond NDC Program.

Sabre’s Beyond NDC (New Distribution Capability) program has expanded through strategic relationships with United Airlines, BCD Travel, Finnair, American Express Travel & Lifestyle Services, Singapore Airlines and Corporate Travel Management. IATA launched the NDC data transmission standard. Sabre’s initiative was “chartered to drive the industry forward through the development, integration and testing of end-to-end capabilities to process NDC-enabled offers and orders. . . . Sabre launched AirVision Dynamic Availability and AirVision Fares Optimizer pricing solutions that enable airlines “to proactively address rapidly changing market conditions in real time.” Etihad and Aegean are launch customers.

4. Inmarsat, Panasonic to Collaborate on Inflight Connectivity.

Inmarsat and Panasonic Avionics agreed to a strategic collaboration, in which, for an initial ten-year period, Panasonic will offer Inmarsat’s high-speed, broadband connectivity service, GX Aviation, powered by Global Xpress. Panasonic will continue to invest in its own network and, with GX as a primary offering for new business, “will be perfectly positioned to serve both its current and future customers.” Inmarsat will offer Panasonic services and solutions, including customer support. They will also collaborate on development of a next generation GX Aviation terminal and new connectivity-enabled services, data analytics and technology to improve overall end-to-end performance.

5. Landmark Legal Ruling in Fight Against Paid Review Fraud.

An Italian court ruled that writing fake reviews using a false identity is criminal conduct. The owner of PromoSalento, which sold fake review packages to

hospitality businesses in Italy, was sentenced to nine months in prison and ordered to pay €8,000 in costs and damages. Paid review fraud is a violation of the law in many jurisdictions, but this is one of the first cases of enforcement resulting in a criminal conviction, said TripAdvisor, which supported the prosecution of PromoSalento as a civil claimant by sharing evidence from its in-house fraud investigations and providing support from its Italian legal counsel. “Online reviews play a major role in tourism and consumer purchasing decisions, but it’s important everyone plays by the rules,” said the World Committee on Tourism Ethics, UNWTO, which has published guidelines for responsible use of ratings and reviews on digital platforms, developed in collaboration with TripAdvisor, Minube and Yelp.

6. Qatar Using Virtual-Reality Tool for Ground Ops Training.

Qatar Airways is IATA’s global launch partner for the world’s first virtual reality training tool for aviation ground operations. RampVR™ simulates real conditions to train airside operational and management staff while in a safe and controlled training environment. The airline is also launching the Airport Managers Performance Program “to enhance aircraft turnaround checks to maximize efficiency and ensure optimal safety of aircraft on the ramp.”

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on September 21 was \$91.65/barrel, up 4.68% on the month and up 28.43% compared to a year ago, reports the International Air Transport Association (IATA). Jet fuel price average for 2018 was \$86.6/barrel; impact on 2018 fuel bill was \$45.9 billion.

2. Major Airports Near Sea Level Endangered.

“As a powerful typhoon tore through Japan,” wrote the New York Times, on September 7, “travelers at Kansai International Airport looked out on a terrifying void: Where they should have seen the runway, they saw only the sea.” Low-lying airports around the world are increasingly vulnerable to rising sea levels and extreme storms brought about by climate change, states the article. “A quarter of the world’s 100 busiest airports are less than 10 meters, or 32 feet, above sea level,” according to an analysis of data from Airports Council International and OpenFlights, and 12, including hubs in Shanghai, Rome, San Francisco and New York, are less than 5 meters above sea level. Kansai is built on an artificial island in Osaka Bay. The airport handled 28 million passengers in 2017. By mid-month, Kansai reported that 133 domestic and international flights were operating, and expected a resumption of the normal schedule by month’s end.

3. Carbon Intensity Gap Reached 63% for Transatlantic Carriers in 2017.

A study released by the International Council on Clean Transportation found the carbon intensity gap between the most and least efficient transatlantic carriers increased from 51% in 2014 to 63% in 2017. Overall, fuel efficiency of transatlantic flights improved an average of 1% per year, below industry’s climate goals. Most improvements were attributable to the use of new aircraft with lower fuel burn. Norwegian ranked first in overall fuel efficiency among 20 transatlantic carriers analyzed; and carriers like WOW and SWISS that maximize payload flew efficiently. The aviation industry has targeted carbon-neutral growth from 2020, and a 50% reduction of net aviation CO2 emissions by 2050 relative to 2005 levels.

4. United Biofuel Flight to Zurich.

A United Boeing 787 flew from San Francisco to Zurich using a blend of sustainable aviation fuel, supplied by World Energy’s California-based AltAir Fuels, and conventional jet fuel. United has “sourced more than 2 million gallons of sustainable aviation biofuel since 2016.”

5. **Alaska Airlines, Neste Expand Partnership.**

Under a new agreement, Alaska Airlines and Neste will “design, create and implement solutions that lay the groundwork for the wider adoption of renewable fuels within the airline industry.” Alaska is “the leading U.S. airline on the 2017 Dow Jones Sustainability Index.” Neste is “the world leader in the production and advancement of renewable jet fuels.”

6. **JetBlue A321 Powered by Renewable Jet Fuel.**

JetBlue received an A321 fueled with 15.5% renewable jet fuel blended with traditional jet fuel, provided by Airbus and certified by Air BP. Four more A321s fueled with renewable jet fuel will be delivered to JetBlue from Airbus’s U.S. facility by yearend; the Mobile, Alabama factory and all Airbus sites, products and services have received ISO 14001 certification.

7. **Residents Oppose Noise at Hollywood Burbank Airport.**

A proposed FAA plan to change departure paths out of Hollywood Burbank Airport is opposed by residents and officials in the area; FAA says the changes would improve separations for flights departing Burbank from arrivals at Los Angeles International and Burbank. There is also concern about increased noise resulting from implementation of NextGen in Southern California. “We want to protect our community, including the protected wilderness of the Santa Monica Mountains, from the extreme disturbance and dangerous health effects of constant low, loud, overflights,” said the group, Studio City for Quiet Skies.

8. **Biofuel Delivered via Brisbane General Fuel Supply System.**

Virgin Australia delivered sustainable aviation fuel through Brisbane Airport’s general fuel supply system, a first for any airport in Australia. In partnership with the Queensland Government, Brisbane Airport Corporation, U.S.-based biofuel producer Gevo, and supply chain partners Caltex and DB Schenker, Virgin Australia led the procurement and blending of biojet with traditional jet fuel for supply into the airport’s fuel infrastructure.

VI. U.S. CONGRESS

1. Senate Hearing on TSA Oversight; Tribute to John McCain.

In a hearing entitled “Keeping Our Skies Secure: Oversight of the Transportation Security Administration,” the Senate Commerce Committee questioned TSA Administrator David Pekoske about efforts to advance aviation security and challenges. TSA continues to lead the world in creating a secure global aviation environment, said Committee Chairman John Thune (R-SD), but “must provide certainty in its equipment procurement plans to enable the consistent, rapid deployment of advanced screening technologies.” Pekoske said steps have been taken to formalize a process that leverages risk assessment capabilities to inform budgeting and investment decisions.

During the hearing, Thune paid tribute to John McCain, who died on August 25. McCain led the Senate Commerce Committee for many years. In an April 2000 security hearing, 18 months before the 9/11 attacks, McCain said: “I am certainly aware that aviation security is a complex and difficult undertaking, and any system involving humans is going to have flaws ... Every effort must be made to increase awareness and performance. You can be sure that Osama bin Laden and others like him will continue to target Americans and American interests.” These words still hold true, said Thune, “even though the names of those who want to do us harm have changed. It is also a reminder of the legacy and impact of our friend and colleague, who as Chairman helped craft legislation establishing the TSA and stabilizing the airline industry in the wake of the horrific events of 9/11. As we near the 17th anniversary of those attacks, we are soberly reminded once again of how important the TSA’s work is, and of all your agency does to keep the travelling public secure.”

2. FASTER Act Would Increase Funding for Aviation Security.

The Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act was introduced in the Senate Commerce Committee. The bill would ensure that revenues collected from aviation security fees are used to help finance the costs of aviation security, including screening equipment, personnel, and research and development. In 2013, Congress began diverting a third of revenue generated by security fees for deficit reduction. From 2014 to 2027, nearly \$20 billion of security fees will be diverted for deficit reduction, said Senators, including \$1.3 billion this fiscal year alone. Companion legislation has been introduced in the House.

3. Hearing: Airspace Integration of New Aircraft.

The House Subcommittee on Aviation held a hearing entitled, “Airspace Integration of New Aircraft” to discuss, among other things, how unmanned aircraft can physically fit and operate within the three-dimensional airspace and be kept at safe distances from other aircraft, buildings, and people on the ground in urban and other environments. Flying cars are being developed by companies in many nations and “may soon fly commuters and across-town travelers above congested highways, bridges and roads in our cities,” noted Subcommittee Chairman Frank LoBiondo (R-NJ). “The United States must be active in order to maintain its global leadership in aviation—that means that the Federal Aviation Administration needs to stay ahead of these new technological advancements.” . . . Airbus has issued *Blueprint for the Sky: The Roadmap for the Safe Integration of Autonomous Aircraft*. Airbus is testing small cargo drones and self-piloting electrical vehicles to transport goods and people. The Blueprint emphasizes collaboration among regulatory authorities, independent service providers, data providers and operators “to unify and harmonize these systems to ensure all vehicles and technology built for one region will be interoperable across regions.”

4. Legislators Query Airlines About “Skyrocketing Fees.”

Legislators sent letters to 11 major airlines inquiring why fees are rising, with “no appreciable increase in the costs of the services provided.” They asked for a breakdown of costs for checked bags, if they intend to increase checked bag or ticket change and cancellation fees in the next three months, and how customers will be notified of increases. The letter cited a 2017 report from the Government Accountability Office which found that few airlines consider a service’s costs when they set the price of ancillary fees. “After being enticed by artificially low airfares, passengers are bombarded with a rash of airline fees that can drastically increase the overall cost of flying, fees that the GAO found confusing and poorly communicated to consumers. Passengers deserve relief from this fee gouging.” JetBlue, United and American recently raised checked-bag fees.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. UK Transport Dept. Issues “No-Deal” Brexit Notes.

With negotiations still underway for the UK exit from the EU planned for March 29, 2019, the UK Department for Transport (DfT) issued technical notes on air transport implications of a “no deal” departure. Citizens planning a trip to Europe in the short term do not need to take immediate action, said DfT, which “will set out clearly and in good time what additional steps may be required”; a more proactive approach is recommended for business to ensure new procedures are in place. . . . IATA said the notes expose the extreme seriousness of what is at stake and underscore the huge amount of work that would be required to maintain vital air links. “Much of this could be secured through mutual recognition of existing standards,” said IATA Director General and CEO Alexandre de Juniac. “But formalizing this cannot happen overnight. And even when that is done, there will still be an administrative burden for the airlines and governments involved that will take time and significant resources. An assumption that ‘it will be all right on the night’ is far too risky to accept. Every contingency should be prepared for, and we call upon both the EU and the UK to be far more transparent with the state of the discussions.”

2. FAA Advises Caution in Iranian Airspace.

An FAA Notice to Airmen (NOTAM) advised U.S. commercial operators to exercise caution when flying in Iran's airspace because of military activities in the region. . . . The Department of the Treasury's Office of Foreign Assets Control charged Bangkok-based My Aviation Company with providing cargo and other services to Mahan Air, despite warnings delivered bilaterally to the Thai government to sever ties with the Iranian carrier; all property under U.S. jurisdiction of My Aviation is blocked, and U.S. citizens are prohibited from engaging in transactions with My Aviation. Mahan Air transports soldiers and supplies to the Assad regime in Syria and fuels terrorist activities across the region, said Treasury. . . . The U.S. Department of State in January issued a ‘Level 4: Do Not Travel’ advisory for Iran, due to “a very high risk of arrest and detention of U.S. citizens in Iran, particularly U.S.-Iranian dual nationals.” In May, the United States ceased participation in the Joint Comprehensive Plan of Action and in August re-imposed all U.S. nuclear-related sanctions.

VIII. EUROPE AND AFRICA

1. Air France, KLM Offer Dallas, Las Vegas Service.

Air France will operate up to five weekly Airbus A330 flights between Paris Charles de Gaulle and Dallas Fort Worth for the summer season. . . . KLM will operate three weekly Dreamliner flights from Amsterdam to Las Vegas next summer, extending the Air France-KLM transatlantic network and strengthening its joint venture portfolio with Delta. KLM reached an agreement in principle with Dutch pilots' union VNV, which said it will not plan any more strikes while awaiting approval from members.

2. Eurowings Announces Flights to Las Vegas.

Eurowings will begin three weekly Düsseldorf-Las Vegas flights in July, with the Airbus A330 or A340. The Lufthansa unit is planning up to 140 departures per month to destinations in America and the Caribbean.

3. Finnair Names New CEO.

Topi Manner was named CEO of Finnair, effective January 1, 2019, replacing Pekka Vauramo, who is now CEO of Metso Group. Finnair CFO Pekka Vähähyppä is interim CEO through December. Manner has held executive positions at financial group Nordea.

4. Norwegian to Cease U.S. Ops from Belfast, Edinburgh.

Norwegian will end service from Belfast to Stewart International (New York) and TF Green Airport (near Boston), on October 27, due to limited customer demand, but will continue to offer flights from Dublin, Shannon and Cork. United ended daily Belfast-Newark service last year. Norwegian will withdraw routes from Edinburgh to the New York and Boston areas, Barcelona and Tenerife as of March 30, 2019, as an expected reduction in air passenger taxes was postponed by the Scottish government. . . . Norwegian begins Orlando-Stockholm, Fort Lauderdale to Madrid and Rome, and Tampa-London services in October, and between London Gatwick and Rio de Janeiro Galeao in Spring 2019. . . . Norwegian Air Argentina Boeing 737-800 operations begin in October, with domestic service from Buenos Aires Aeroparque Jorge Newbery to Bariloche, Cordoba, Iguazu, Mendoza, Neuquen and Salta. . . . CEO Bjørn Kjos told reporters in Washington, where he spoke to the International Aviation Club, that Norwegian will add frequencies on existing North American routes next year, rather than enter new markets.

5. Airbus Names Christian Scherer Chief Commercial Officer.

Airbus appointed Christian Scherer Chief Commercial Officer, replacing Eric Schulz, who left the company for personal reasons. Scherer reports to CEO Tom Enders. Stefano Bortoli replaced Scherer as CEO of ATR.

6. Albanian National Carrier Launched.

Air Albania was launched with an Airbus A319 flight from Tirana to Istanbul. Turkish Airlines reportedly holds a 49% stake in the Albanian flag carrier.

7. New CEO for Air Seychelles.

Remco Althuis was named CEO of Air Seychelles. He has held executive positions with KLM and Etihad. Etihad owns a 40% stake in the national carrier of the Republic of Seychelles, an archipelago located off the east coast of Africa in the western Indian Ocean.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Cathay Pacific Flies A350-1000 to Washington Dulles.

Cathay Pacific launched its longest route (8,153 miles) with direct flights from Hong Kong to Washington Dulles. This is the first scheduled U.S. service for the Airbus A350-1000XWB.

2. India Will Be Third Largest Passenger Market by 2021.

IATA urged the government of India to address infrastructure constraints that limit growth and policies that impose excessive costs on aviation. India's carriers are suffering a "double-whammy" of steeply rising fuel costs and the decline in the value of the rupee, said Alexandre de Juniac, IATA Director General and CEO, in remarks to the International Aviation Summit in Delhi. The rise in fuel costs is particularly acute as fuel makes up 34% of operating costs, compared to the global average of 24%. . . . India will become the third largest passenger aviation market by 2021, needing to accommodate 429 million passengers per year, said Airports Council International World, and is forecast to handle 4.4 million metric tonnes of cargo per year. To meet this demand, said ACI Director General Angela Gittens, "a proportionate, clear and consistent regulatory framework to facilitate successful private investment" is needed, and "national transport policy should have a long-term vision setting clear and firm objectives to achieve the modernization of airports. . . . disproportionate attempts to regulate the airport business could discourage investment in the future."

3. Garuda Names New CEO.

Gusti Ngurah Askhara Danadiputra was named President and CEO of Garuda Indonesia, succeeding Pahala Mansury who was appointed finance director of state-owned oil and gas holding company Pertamina.

4. Qatar Airways Growth Affected by Regional Blockade.

Qatar Airways reported a \$69 million annual loss for financial year ending March 31, which it attributed to "the illegal blockade" begun in June 2017 when Saudi Arabia, United Arab Emirates, Egypt, Yemen and Bahrain charged Qatar with backing Iran and al-Qaeda and broke diplomatic ties. As costs rose with the need to operate longer flights on some routes to avoid airspace of the boycotting countries, and access to 18 regional gateways was lost, the airline launched 24 new destinations and increased frequency and capacity on other routes. Overall revenue and other operating income grew

7.22%, compared to capacity growth of 9.96%; cargo revenue grew 34.4%, while cargo capacity was up 13.95%.

5. Emirates/Etihad Tie-Up Rumored.

Emirates and Etihad denied that they will combine forces, after Bloomberg reported that Emirates would acquire Etihad's mainline business, creating the world's largest carrier by passenger traffic. . . . In other news, Emirates will not offer service to Mexico via Barcelona, as it failed to attain Mexico City slots for daily service. Slots for only three flights a week were available, said the carrier, making the venture unviable given the resource investment required and the negative impact on connectivity and convenience for customers. Aeromexico opted out of planned service to Barcelona last year, as a result of the planned Emirates flight.

X. AMERICAS

1. Airline Leaders Celebrate 40th Anniversary of Deregulation.

The Secretary of Transportation and airline CEOs were participants in the sixth annual Commercial Aviation Industry Summit hosted by Airlines for America (A4A) in Washington, D.C. The event celebrated the 40th anniversary of the Airline Deregulation Act. Some people in Congress would like to re-regulate the industry, said A4A President and CEO Nick Calio, noting the industry is subject to 13,000 regulations across 20 separate federal agencies. He expressed appreciation to DOT Secretary Elaine Chao for providing “rationality and balance to the manner by which we are regulated.” . . . In her remarks, Chao said nearly 90% of all Americans have flown commercially, as a result of lower fares and greater choice made possible by deregulation. Adjusted for inflation, average domestic fares are 42% less than in 1980. Every day, about 27,000 flights take off and land at 800 U. S. airports, carrying 2.3 million passengers and 55,000 tons of cargo. DOT is investing \$3.18 billion in FY 2018 to improve airport infrastructure, and has received another \$1 billion for such investment. Chao announced the first major tranche of \$586 million dollars in supplemental airport improvement grants. . . . American Airlines Chairman and CEO Doug Parker, who is also A4A Chairman, objected to efforts to ban certain airline fees. Change fees, for instance, help guarantee full flights, he said, and without them airlines would probably stop allowing changes. Parker raised the issue of competition with Persian Gulf airlines, which was resolved in a recent agreement with the United States. “We have side letters that say they don’t intend to fly nonstop flights from outside the Gulf to the United States,” Parker said, but Qatar Airways owns a 49% stake in Air Italy, to which it is leasing posh Airbus A330s, and Air Italy now flies nonstop from Milan to Miami and New York Kennedy. “Give us \$40 billion from the U.S. government and we’ll put showers in first class as well,” he said.

2. United Introduces Boarding Changes.

United introduced a new boarding process worldwide and is offering pre-boarding to premium mileage customers. Among changes, app users are notified when boarding has begun for their flight.

3. Hawaiian to Launch Boston Service.

Hawaiian will begin the only nonstops connecting Boston and Hawaii. The five-day-a-week Airbus A330 service begins April 4, with introductory roundtrip fares of \$617. At 5,095 miles, this will be the longest regularly scheduled domestic route in U.S. history.

4. **JetBlue to Explore Package Delivery with FlyKargo.**

JetBlue and Miami-based FlyKargo will engage in a three-month pilot to facilitate air cargo movement between Fort Lauderdale and San Juan, Puerto Rico. Services will begin with air-to-air offerings and gradually include door pickup and delivery in additional markets. Partners for the program are GSA Force for sales and marketing and SmartKargo for cloud-based management software. Air General and GMD will provide ground handling. Aeronex will provide management services for FlyKargo.

5. **Spirit Adds Cali as Fifth Colombian Destination.**

Spirit is adding Cali as its fifth Colombian destination. The daily nonstops from Fort Lauderdale begin December 20, pending government approval.

6. **Frontier Announces New Service.**

Frontier announced several new seasonal Airbus A-320 nonstops, to begin in December, including Philadelphia-Sarasota, Chicago O'Hare-Palm Springs and Las Vegas to San Jose Del Cabo and Cancun. Service between Philadelphia and Montego Bay begins February 10. Frontier altered change fees, with no fee for changing a reservation 90 days or more from travel date, and a \$49 fee for a change between 89 and 14 days from departure rather than the usual \$99.

7. **Air France, KLM Offer Dallas, Las Vegas Service.**

See Section VIII, item 1.

8. **Eurowings Announces Flights to Las Vegas.**

See Section VIII, item 2.

9. **Norwegian to Cease U.S. Ops from Belfast, Edinburgh.**

See Section VIII, item 4.

10. **Cathay Pacific Flies A350-1000 to Washington Dulles.**

See Section IX, item 1.