



WASHINGTON AVIATION SUMMARY

April 2019 EDITION

CONTENTS

I.	REGULATORY NEWS	1
II.	AIRPORTS	5
III.	SECURITY AND DATA PRIVACY	8
IV.	E-COMMERCE AND TECHNOLOGY	10
V.	ENERGY AND ENVIRONMENT.....	11
VI.	U.S. CONGRESS.....	12
VII.	BILATERAL AND STATE DEPARTMENT NEWS	15
VIII.	EUROPE/AFRICA.....	17
IX.	ASIA/PACIFIC/MIDDLE EAST	18
X.	AMERICAS	20

For further information, including documents referenced, contact:

Joanne W. Young
Kirstein & Young PLLC
1750 K Street NW
Suite 700
Washington, D.C. 20006
Telephone: (202) 331-3348
Fax: (202) 331-3933
Email: jyoung@yklaw.com

<http://www.yklaw.com>

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.

©2019 Kirstein & Young PLLC.

I. REGULATORY NEWS

1. Boeing 737 MAX Grounded After Second Fatal Crash.

An Ethiopian Airlines Boeing 737 MAX 8 crashed shortly after takeoff from Addis Ababa on March 10, killing all 157 people onboard; the tragedy followed the loss of a Lion Air MAX 8 off the coast of Indonesia in October, which killed 189. The Ethiopian Aircraft Accident Investigations Bureau is leading the accident investigation, with technical assistance from the U.S. National Transportation Safety Board (NTSB), the Federal Aviation Administration (FAA), Boeing and engine manufacturer GE/Safran. Ethiopia sent the flight data and cockpit voice recorders to the French Bureau d'Enquêtes et d'Analyses (BEA) for downloading and analysis. Officials said clear similarities were observed between Ethiopian Airlines 302 and Lion Air 610 flights. . . . As national authorities and airlines grounded the MAX, Boeing recommended to FAA a suspension of operations and the worldwide fleet of 371 MAX aircraft was grounded. “This globally haphazard approach to an important airworthiness issue was most unfortunate,” said Dr. Hassan Shahidi, Flight Safety Foundation President and CEO, adding “we must allow aviation safety professionals—investigators, regulators, engineers, and pilots—to calmly and objectively analyze the data, collaborate, and implement permanent, corrective fixes to ensure a tragedy like this can never happen again.” . . . Ethiopian Airlines also urged an end to “uninformed, incorrect, irresponsible and misleading statements,” stating that Flight 302 pilots had completed Boeing-recommended and FAA-approved “differences training from the B-737 NG aircraft to the B-737 MAX aircraft,” but noting that the MAX full flight simulator was not designed to simulate problems with flight control technology introduced on the MAX. The reference was to the Maneuvering Characteristics Augmentation System or MCAS, which has been linked to both accidents. Boeing is modifying the flight control software and related flight crew training. . . . The U.S. Department of Transportation (DOT) requested an Office of Inspector General (OIG) audit of the MAX certification process, as did members of Congress. DOT also is establishing an expert Special Committee to review FAA procedures for certification of new aircraft. Air Force General (Ret.) Darren McDew, former head of the U.S. Transportation Command, and Captain Lee Moak, former President of Air Line Pilots Association, will serve as interim co-Chairmen. . . . The Justice Department is conducting a criminal investigation of the MAX certification process; Congress is holding hearings; lawsuits have been brought by families of crash victims; and some airlines are attempting to cancel MAX orders.

2. Retired Delta Executive Nominated to Head FAA.

The White House nominated Stephen Dickson to serve as FAA Administrator for a term of five years. Dickson recently retired as Senior Vice President-Flight Operations at Delta. He earlier was an Airbus A320 captain and flew the Boeing 727, -737, -757 and -767. He was Chairman of several industry groups and federal advisory committees. A graduate of the U.S. Air Force Academy, Dickson was an F-15 fighter pilot. The nomination received wide praise and confirmation is expected.

3. Administration Releases Budget Request for Fiscal Year 2020.

The Administration's DOT budget request for Fiscal Year 2020 includes \$17.1 billion for FAA, \$1.4 billion for the NextGen program, and funding for the Unmanned Air Traffic Management System and commercial space. Airport Improvement Program funds would remain at \$3.35 billion. The budget would reform the Essential Air Service (EAS) Program, target funds "for communities most in need of their services" and continue mandatory resources at \$145 million. . . . The Department of Homeland Security (DHS) request includes \$7.8 billion for the Transportation Security Agency (TSA), with \$221 million for new screening equipment, funding for an additional 700 Transportation Security Officers, and \$1.3 billion for cybersecurity and infrastructure security. . . Airlines for America (A4A) urged Congress to reject proposed taxes and fees on travel, which "would cost passengers an additional \$2.9 billion annually." The budget would increase the TSA passenger security fee from \$5.60 to \$6.60 in FY2020 and from \$6.60 to \$8.25 starting in FY2021. The customs inspection fee would be increased by \$2.10 (to \$7.75), and the Immigration Inspection User Fee (IUF) from \$7 to \$9, said A4A, which also urged an end to the practice of diverting security fee funds away from security to instead pay for deficit reduction.

4. Rule Issued for Lithium Batteries Transported by Aircraft in the U.S.

The DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) issued an interim final rule that prohibits transport of lithium ion cells or batteries as cargo on passenger aircraft and requires lithium ion cells and batteries to be shipped at not more than a 30% state of charge aboard cargo-only aircraft. Air Line Pilots Association, International applauded PHMSA's action, which would "increase the level of safety by harmonizing domestic rules with the International Civil Aviation Organization standards that apply to the shipment of lithium batteries on flights into and out of the United States. Today's final rulemaking is a step in the right direction and will help to ensure that the flights within the United States have the same protections as international flights."

5. \$1.1 Million Lawsuit Filed in Airport Pit Bull Incident.

A \$1.1 million lawsuit was filed against a dog owner, Alaska Airlines and the Port of Portland, in the case of a child mauled by a pit bull in December 2017 at Portland International Airport. The suit charges negligence, as the dog, purported to be an emotional support animal, was uncrated in a gate area. Alaska and other airlines have tightened policy on emotional support animals and DOT is reviewing its rules for service and support animals. . . . American Airlines updated its policy for service and emotional support animals. Effective April 1, a traditional service animal may be a dog, cat or, in limited circumstances, miniature horse. Emotional support animals are limited to a dog or cat only; a customer may bring only one emotional support animal onboard. A Veterinary Health Form and immunization details are required for emotional support animals. Animals under four months of age may not travel as service or support animals, since they usually have not received necessary vaccinations.

6. DOT Air Travel Consumer Report for December.

Based on data filed by reporting carriers.

	Dec. '18 / '17	Nov. '18	2018	2017	2016	2015	2014
On-time arrivals %	80.3 / 80.3	79.7	79.4	80.2	81.4	79.9	76.2
Cancellations %	1.1 / 1.1	1.1	1.6	1.5	1.2	1.5	2.2
Mishandled baggage*	3.73 / 3.31	2.58	2.78	2.41	2.70	3.13	3.61
Consumer complaints:							
Airline service	1,001 / 1,247	1,148	15,541	18,156	17,908	20,175	15,539
Disability-related	67 / 56	73	828	850	865	944	784
Discrimination**	3 / 9	12	96	98	95	65	68

Note: In December, airlines reported 19 tarmac delays of more than three hours on domestic flights, all on Dec. 26 amid thunderstorms and fog at Dallas-Fort Worth. There were no international flights with tarmac delays of more than four hours in December.

* Reports per 1,000 passengers. (2018 Mishandled Baggage data covers January through November, due to change in methodology in December.)

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

7. DOT Fines Delta, American for Violating Tarmac Delay Rule.

DOT fined American and Delta for violating the federal rule prohibiting long tarmac delays. American was fined \$1 million for violations on 10 domestic and three international flights at various U.S. airports between December 2015

and January 2017. Delta was fined \$750,000 for violations on 11 flights between January 2017 and February 2018. Of the \$1 million assessed to American, \$450,000 will be credited to the airline for compensation provided to passengers on the affected flights. Of the \$750,000 assessed to Delta, \$450,000 will be credited to the airline for compensation provided to passengers who experienced lengthy tarmac delays, and for Delta's costs of establishing a backup data center and an automated aircraft-parking guidance and jet-bridge positioning system.

8. DOT Names Aviation Consumer Advocate, Convenes ACPAC.

DOT named Blane Workie, Assistant General Counsel for the DOT Office of Aviation Enforcement and Proceedings, to serve as the Aviation Consumer Advocate, a position created by the FAA Reauthorization Act of 2018. She has established two new positions – Director of Consumer Advocacy and Director of Civil Rights Advocacy. . . . A reestablished Aviation Consumer Protection Advisory Committee (ACPAC) will hold its first meeting on April 4 in Washington; a planned January meeting was cancelled due to the partial government shutdown. The meeting will focus on operation of the National In-Flight Sexual Misconduct Task Force, transparency of airline ancillary service fees, and involuntary changes to travel itineraries.

II. AIRPORTS

1. ACI-NA: U.S. Airports 'Terminally Challenged.'

Airport infrastructure needs over the next five years total \$128.1 billion to accommodate increasing passenger and cargo traffic, rehabilitate existing facilities, and support aircraft innovation, according to a new study from Airports Council International-North America (ACI-NA). The study, “Terminally Challenged: Addressing the Infrastructure Funding Shortfall of America’s Airports,” also notes a debt burden of \$91.6 billion from past projects. ACI-NA advocates for increasing the Passenger Facility Charge (PFC). . . . At the annual legislative conference hosted by ACI-NA and American Association of Airport Executives (AAAE), in Washington, Ted Cruz, the new Chairman of the Senate Subcommittee on Aviation and Space, said he will hold hearings on air traffic control modernization; he reportedly implied that separating ATC from FAA would be addressed.

2. Mexico City Faces Capacity Crisis.

“With passenger traffic set to grow by 3.6% annually over the next two decades, Mexico faces a capacity crisis in its capital,” said Alexandre de Juniac, Director General and CEO of the International Air Transport Association (IATA), at the Global Aviation Summit in Mexico. Mexico City International Airport was designed for 32 million passengers annually but handled 48 million in 2018. The new Mexican government cancelled a new project which was under construction with a design capacity of 120 million, and now proposes a three-airport system for the city: continued operation of the current international facility, increased use of Toluca Airport, and conversion of the Santa Lucia Airbase for civilian use. “The three airports are in very close proximity, in mountainous terrain and at high altitude,” said de Juniac, urging the government to work closely with industry to ensure that basic airline needs are met. Angela Gittens, Director General of ACI World, concurred. Collaboration between governments and industry “is key and this should be done from the very beginning. This includes involving surrounding communities.” Mexican passenger traffic rose by 8.4% in 2018, outperforming the global rate of 6%, noted Gittens, and the three largest airports—Mexico City, Cancun and Guadalajara—saw total passenger traffic rise by 6.6%, 6.7% and 12% respectively. The Summit was hosted by IATA, with support of Canaero, Latin American and Caribbean Air Transport Association and ACI-Latin America-Caribbean.

3. Ginger Evans Named CEO of Reach Airports.

Ginger Evans was named CEO of Reach Airports. She was Commissioner for the Chicago Department of Aviation and Director of Aviation at Denver International, among numerous executive positions in a 30-year transportation career. Reach Airports is a newly formed U.S.-based joint venture of Munich Airport International and The Carlyle Group's CAG Holdings, offering training, consulting and management services to the aviation sector in the U.S., Canada, Mexico and other OECD (Organization for Economic Co-operation and Development) countries. Evans will be responsible for overall management of the company, North American business development and partnerships with airport-related services firms.

4. Construction Begins on \$4.9 Billion Automated People Mover at LAX.

Construction began on a \$4.9 billion Automated People Mover (APM) at Los Angeles International (LAX). When completed in 2023, the APM will connect with L.A. Metro's light rail system. LAX Integrated Express Solutions (LINXS) is designing, building and financing the project and will operate and maintain trains and stations under a 30-year contract. The LINXS consortium is comprised of Fluor, Balfour Beatty, ACS Infrastructure Development, Dragados USA, HOCHTIEF PPP Solutions, Flatiron, and Bombardier Transportation. Officials at the ground-breaking, including Mayor Eric Garcetti and Los Angeles World Airports CEO Deborah Flint, said the contract is the largest ever awarded in Los Angeles and will create 2,000 jobs.

5. Construction Begins on \$1.5 Billion Kansas City Terminal.

Construction began on a \$1.5 billion terminal at Kansas City International in Missouri. The project includes 39 gates; at just over one million square feet, it is the largest infrastructure project in the city's history.

6. Acquisition of Gatwick by VINCI Approved by EC.

VINCI Airports' acquisition of London Gatwick was approved by the European Commission, as there were no competition concerns. VINCI manages and operates airports worldwide, all located outside Great Britain.

7. Macquarie to Sell 36% Stake in Brussels Airport.

Macquarie Infrastructure and Real Assets (MIRA) will sell its 36% interest in Brussels Airport Company to a consortium of APG, QIC and Swiss Life, subject to regulatory approvals; sale completion expected by yearend. During its 15-year holding period, a €1 billion investment included a major terminal upgrade; expansion of retail space; development of an airport business district and cargo facilities; and initiatives to reduce the airport's environmental impact. Passenger numbers increased by 60% to 25.7 million in 2018. MIRA

manages investments in primary airports serving Aberdeen, Glasgow, and Southampton in the UK and Cairns, Gold Coast, Hobart, Longreach, Mackay, Mount Isa, Perth, and Townsville in Australia.

8. Third Runway Approved for Vienna Airport.

Vienna Airport won approval from Austria's Supreme Administrative Court to add a third runway. "An overly long process has come to a positive and incontestable decision," said officials of airport operator Flughafen Wien, who said they will analyze the court decision and "provide information about the next steps in the near future."

III. **SECURITY AND DATA PRIVACY**

1. **IATA: Cooperation Key to Keeping Aviation Secure.**

Securely vetting airport and airline staff who have access to aircraft, ending extra-territorial measures that require airlines to take on government responsibilities, and improving the security experience for passengers are critical, said IATA's Alexandre de Juniac at the AVSEC World conference in Miami. Among other remarks: The efficiency of the system needs to be constantly challenged. Governments need to pursue risk-based security concepts that focus resources where the need is greatest. Threats are evolving. "Those wishing to do aviation harm have no state allegiance; they cross borders to share information and collaborate to refine their methods of causing chaos and destruction. The focus of governments must be on protecting people. And that cannot be done with insular thinking. We must get better at sharing information." de Juniac urged stakeholders to focus on global standards, information-sharing, risk-based analysis and emerging threats, such as cyber attacks.

2. **Facial Recognition Technology Scrutinized.**

Information obtained by the Electronic Privacy Information Center (EPIC) reveals that Customs and Border Protection (CBP) plans to expand use of facial recognition (FR) screening to all international passengers traveling through the top 20 U.S. airports by 2021. "The documents make it clear that American citizens will be swept up in this practice as the CBP admits there is not enough time to separate U.S. citizens from non-U.S. citizens," stated Senators Edward Markey (D-MA) and Mike Lee (R-UT). The documents also reveal that airlines do not currently face limits on how they can use travelers' facial data after being tasked by the CBP to retain the equipment necessary to implement facial recognition screening, said the Senators, calling for DHS to submit a report to Congress detailing the viability of biometric technologies, including privacy implications and accuracy. The Senators previously raised questions regarding use of FR, calling for formal rulemaking from DHS. . . . In related news, the Commercial Facial Recognition Privacy Act of 2019 was introduced in the Senate Commerce Committee. The bipartisan legislation would require companies to notify consumers when FR technology is being used. Individuals must give informed consent before commercial entities can collect and share the data. The bill also requires third-party testing and human review of technologies prior to implementation, to address accuracy and bias issues and avoid harm to consumers and restricts redistributing or disseminating data to third-party entities without express consent from the end user. It would require FR providers to meet data security, minimization, and

retention standards as determined by the Federal Trade Commission and the National Institute of Standards and Technology.

3. DOT IG: FAA Needs to Further Address Cybersecurity Needs.

As required by a 2016 law, FAA has completed a cybersecurity strategic plan, coordinated with other federal agencies to identify cyber vulnerabilities, and developed a cyber threat model and cyber research and development plan, according to a DOT IG audit report. However, the agency has not established target dates to complete implementation of recommended cybersecurity rulemaking and policies for aircraft systems. While FAA is applying its cyber threat model across the National Airspace System, mission support, and research and development areas, it has not established target dates for full model implementation. Finally, FAA anticipates increased investments in cybersecurity research and development, but has not completed decisions on future priorities. The audit was requested by leaders of the House Transportation Committee and its Aviation Subcommittee.

IV. E-COMMERCE AND TECHNOLOGY

1. Amadeus to Acquire ICM Airport Technics.

Amadeus will acquire ICM Airport Technics, a Sydney-based provider of passenger automation and self-service bag drop solutions to 25 airports, principally in Aisia Pacific and Europe, and “a pioneer in biometrics for baggage processing.” The pairing will enable Amadeus “to design, configure, implement, operate and support all airport systems needed to manage passengers and their baggage from end-to-end.” ICM will be part of Amadeus’ Airport IT division and retain offices in Sydney and Melbourne. The acquisition should close in second quarter. . . . Under a new contract, Amadeus’ Altéa Passenger Service System (PSS) will continue to provide Lufthansa Group (Lufthansa, Austrian, Brussels, Swiss) with reservation, inventory and departure control services. New areas of collaboration range from operations and merchandising and shopping to disruption management. . . . Amadeus and SpiceJet announced a global distribution agreement, the first for the low-cost Indian carrier. SpiceJet is a customer of Amadeus unit Navitaire and uses the Navitaire New Skies reservation platform. “The close integration between Amadeus and Navitaire platforms can enable additional revenue opportunities for joint customers,” said Amadeus.

2. Sabre Expands Vietnam Airlines Connection.

Vietnam Airlines renewed with SabreSonic PSS and signed a memorandum of understanding (MOU) that would provide a single integrated passenger technology platform across the carrier and a domestic subsidiary. . . . Sabre has been working with Airline Tariff Publishing Company (ATPCO), major carriers and others to develop and test shopping based on next generation storefront (NGS) standards and will collaborate with its Beyond NDC (New Distribution Capability) agency partners to test its Proof of Concept within Sabre Red 360. “As content becomes more complex due to branded fares, a la carte ancillaries, bundling, and soon dynamic NDC offers, the industry faces another challenge—how to display the diverse offers in an easily comparable way,” said Sabre, adding its solution has “built-in flexibility needed to compare and integrate multiple attributes, and to evolve with our customers’ needs.” . . . Sabre signed a multi-year agreement to power distribution for the TWA Hotel at New York Kennedy; the restored landmark opens May 15.

V. **ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on March 8 was \$80.30/barrel, up 3.3% on the month and up 3.5% compared to a year ago, reports IATA. Jet fuel price average for 2019 was \$78.6/barrel. Impact on 2019 fuel bill was down \$10.1 billion.

2. **FedEx Unveils Autonomous Delivery Robot.**

FedEx introduced its SameDay Bot, a zero-emission, battery-powered autonomous delivery device that enables retailers to make same-day and last-mile deliveries. “On average, more than 60% of merchants’ customers live within three miles of a store location, demonstrating the opportunity for on-demand, hyper-local delivery,” said FedEx, which is collaborating with AutoZone, Lowe’s, Pizza Hut, Target, Walgreens and Walmart to assess autonomous delivery needs. The device is being developed with DEKA Development & Research and Dean Kamen, inventor of the iBot Personal Mobility Device and the Segway. FedEx plans to test the bot this summer in select markets, including Memphis, pending final city approvals.

3. **Boeing to Offer Biofuel for Airlines to Fly New Airplanes Home.**

Customers accepting new airplanes at Boeing delivery centers in Seattle and Everett will be given the option to use biofuel for the flight home. Alaska Airlines, the first participant in the program, will use biofuel produced from agricultural waste at World Energy’s refinery in Paramount, Calif., and blended with traditional jet fuel for commercial use. Texas-based EPIC Fuels, which supported Boeing’s evaluation of biofuels in its ecoDemonstrator flight test program, will ship the biofuel blend to Boeing’s delivery centers. Boeing will use the biofuel for certain flight tests at its Boeing Field facility, while working to offer the same option at its South Carolina Delivery Center.

VI. U.S. CONGRESS

1. Senate Hearing on Federal Oversight of Commercial Aviation.

A hearing entitled “The State of Airline Safety: Federal Oversight of Commercial Aviation” was held by the Senate Subcommittee on Aviation and Space, in the wake of the second crash of a Boeing 737 Max and the subsequent grounding of the plane. Testimony was heard from NTSB Chairman Robert Sumwalt, DOT IG Calvin Scovel and FAA Acting Administrator Daniel Elwell. A primary point of discussion was the practice of allowing Boeing to do some certification work in aircraft design, which Senator Richard Blumenthal said, “left the fox guarding the hen house.” Sumwalt said NTSB is examining the process to ensure that deficiencies are captured and addressed. Scovel said FAA plans a significant change in its oversight approach by July, in response to a 2015 IG finding that the program was not systems- and risk-based. In written testimony, Scovel said a new process will include identifying system elements (such as training and company self-audit processes) and developing new evaluation criteria. “Continued management attention will be key to ensure the agency identifies and monitors the highest-risk areas of aircraft certification,” he added. In his testimony, Elwell said FAA was fully involved in certifying the 737 Max and it will return to service for U.S. carriers only when FAA analysis of the facts and technical data indicate that it is appropriate to do so.”

2. House Transportation Committee Posts Whistleblower Web Page.

The House Transportation Committee set up a whistleblower web page to encourage current or former officials or employees of Boeing and FAA who are familiar with FAA’s aircraft certification program to provide information “that would be of interest to the Committee and its investigation into the FAA’s approach to certifying the Boeing 737 MAX.” The website allows anyone to submit information anonymously, said Committee Chair Peter DeFazio (D-OR). . . . DeFazio and Aviation Subcommittee Chair Rick Larsen (D-WA) wrote to Dan Elwell, urging FAA to engage an independent, third-party review composed of individuals with technical skills and expertise to objectively assess corrective measures proposed for the 737 MAX by Boeing.

3. House Transportation Committee Hearing on Airport Funding.

At a House Transportation hearing entitled “The Cost of Doing Nothing: Why Investment in our Nation’s Airports Matters,” Committee Chair DeFazio said raising the passenger facility charge (PFC) will be a priority for him. “Had the \$4.50 PFC been indexed to inflation in 2000—the last time Congress raised

the cap,” it would be worth \$8.50 today, or more. Construction cost inflation has severely eroded purchasing power of the PFC, which today is only worth just over \$2.” Funding levels for the Airport Improvement Program (AIP), which have long been flat, should also be raised. FAA forecasts that, over the next five years, U.S. airports will register a need for \$35.1 billion in AIP-eligible infrastructure projects alone. That amounts to more than \$7 billion a year—more than double the \$3.2 billion in AIP grants awarded every year. For non-AIP-eligible needs, ACI estimates that, over the next five years, U.S. airports will require total investment of \$128 billion, or \$26 billion a year. . . . In his testimony, Spirit Airlines President and CEO Ted Christie said the dire situation of underinvestment in much of traditional infrastructure “masks the very vigorous activity in the airport infrastructure sector,” with nearly \$165 billion in capital investment projects completed, underway or planned since 2008 at the 30 largest U.S. airports. Airport revenues are up, and growth in user demand has driven record receipts into the Airport and Airway Trust Fund, which is expected to reach an all-time high of \$7.7 billion this year. Investment capital is cheap, public-private partnerships and other innovative structures are developing large airport projects around the country, and airlines have invested billions in airport improvement projects in recent years, said Christie. Among numerous arguments against raising the PFC, he noted they are a consumer tax on top all the other taxes and fees included in the cost of a ticket. And, airline passengers are footing bills for airside improvements and physical facilities used by non-passenger operations that do not generate PFCs, like cargo and general aviation. . . . “The PFC serves as an important airport self-help tool that can dilute price-setting power by dominant incumbent airlines, thereby benefiting air travelers in the form of lower fares, as well as improved airport facilities,” said Marc Scribner, a Senior Fellow at the Competitive Enterprise Institute. “Further expanding the purchasing power of the PFC by eliminating the statutory cap and with a focus on improving airline competition—especially through the expansion of common use gates available to new carrier entrants—could result in substantial airfare savings for consumers.”

4. Hearing—“Looking Forward: Aviation 2050.”

The House Aviation Subcommittee held a hearing to explore the future of aviation and aerospace; i.e., “fostering technological innovation and improving the nation’s competitiveness in the global marketplace.” Those providing testimony included representatives from NASA and Air Line Pilots Association, as well as emerging entrants in the national airspace, Uber Technologies (urban air mobility), PrecisionHawk (drones) and Boom (supersonic flight). FAA estimates that by 2022 use of small hobbyist unmanned aircraft systems (UAS) will double to more than 3 million units and the commercial drone fleet

will quadruple to 450,000 units, said Subcommittee Chair Rick Larsen, citing the technology's "extensive societal and commercial benefits," as well as "risks to critical assets, like airports," and "complexities of integration into U.S. airspace." Larsen said development and implementation of FAA's remote identification rule is paramount to comprehensive regulatory framework for drone operations. "Without a reliable mechanism to remotely identify and track drones, successful and advanced UAS operations will be nearly impossible. The U.S. aviation economy cannot risk domestic companies going abroad for testing, development and deployment if this rule is not in place." Uber called for a clear pathway to certification and approvals needed to operate in urban environments, and for skyports in metropolitan areas.

5. Bill Would Fund FAA During Gov't Shutdown.

The House Transportation Committee marked up a bill that would provide for funding from the Airport and Airway Trust Fund for all FAA activities in the event of a government shutdown. H.R. 1108 was introduced in February.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. EU Agrees to Brexit Delay.

The European Union (EU) agreed to delay Brexit from the scheduled March 29 date, after the UK House of Commons again rejected a withdrawal agreement negotiated by Prime Minister Theresa May. However, as the Prime Minister's plan has been again rejected the extension at this point will expire on April 12. . . . Meanwhile, the EU Parliament approved measures that would allow UK airlines to provide UK-EU services, if the UK reciprocates, in case of a no-deal withdrawal. The measures would apply until March 30, 2020 or until an air transport agreement between the EU and the UK enters into force, whichever is earlier. . . . And, details of procedures agreed to under UK-U.S. bilateral air safety agreements (BASA) were discussed by aviation representatives at the U.S. Embassy in London. The UK Civil Aviation Authority (CAA) said the agreements ensure that, post-Brexit: there will be no change to maintenance oversight, with continued mutual acceptance maintenance approvals; products, parts and appliances currently manufactured by UK and U.S. companies will continue to be accepted in both countries; aircraft designed in the U.S. and previously validated by the European Aviation Safety Agency will continue to be accepted by CAA for operation by UK companies; and design validation processes will be similar to those implemented under the EU-U.S. BASA, except that an application will need to be made to CAA for FAA validation of designs produced in the UK. Similar bilateral safety arrangements are being finalized with aviation authorities in Canada and Brazil. . . . A move to cancel Brexit emerged, with nearly 5 million people signing a petition on the Parliament website and hundreds of thousands of demonstrators flooding London streets to demand a second referendum.

2. U.S. Flights to Venezuela Suspended After State Dept Warning.

The U.S. Department of State issued a 'Level 4: Do Not Travel Advisory' for Venezuela, citing "crime, civil unrest, poor health infrastructure, and arbitrary arrest and detention of U.S. citizens." U.S. Embassy operations in Caracas were temporarily suspended and diplomatic personnel withdrawn and U.S. citizens residing or traveling in Venezuela were advised to depart. Allied Pilots Association, which represents American Airlines pilots, advised APA pilots to refuse assignments to Venezuela. American, the last major U.S. carrier to fly to Venezuela, then suspended flights to Caracas and Maracaibo from Miami.

3. **Brazil to Allow Visa-Free Entry to U.S., Canada, Australia, Japan Residents.**

Brazil's Ministry of Tourism announced visa-free entry for residents of the U.S., Canada, Australia and Japan, effective June 17, with a goal of reaching 12 million foreign visitors by 2022 compared to the current 6.6 million. Visitors with valid passports can stay up to 90 days per year, with an extension to 180 days possible.

VIII. EUROPE AND AFRICA

1. Virgin Atlantic, Air France, KLM Launch Code Share Partnership.

Virgin Atlantic, Air France and KLM announced a code share partnership that offers Virgin Atlantic customers up to 58 new transatlantic routes via Paris and Amsterdam, such as Edinburgh to Toronto via Amsterdam, and London Heathrow to Chicago via Paris. Air France and KLM customers access 24 new North America routes operated by Virgin Atlantic and Delta departing the UK, including connections via Heathrow or Manchester. Virgin Atlantic, Delta and Air France–KLM plan to combine existing transatlantic joint ventures this year, subject to final clearance from regulators.

2. WOW Air Ceases Operations.

WOW air abruptly ceased operations on March 28, 2019 leaving passengers stranded in the US and Europe and looking for flights to get home.

3. Lofleidir Icelandic Acquires Cabo Verde Airlines.

Icelandair Group subsidiary Lofleidir Icelandic acquired Cabo Verde Airlines. The acquisition “holds great opportunities in light of expected growth in passenger demand in Africa in coming years,” said Arni Hermannsson, Lofleidir Managing Director. The island’s location off the northwest coast of Africa is ideal for developing connecting flights. Cabo Verde has operating licenses for scheduled flights to Europe and the United States.

4. Chinese Airlines Purchase 300 Airbus Aircraft.

See Section IX, item 4.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. American, China Southern Begin Frequent Flyer Partnership.

American Airlines and China Southern launched reciprocal frequent flyer benefits, expanding their code share cooperation. AAdvantage members can earn and redeem miles throughout China Southern's network of 3,000 daily flights to 224 destinations in 40 countries and regions. China Southern Sky Pearl members can earn and redeem miles throughout American's network of 6,700 daily flights to 350 destinations in 50 countries.

2. Cathay Pacific Begins Seattle Nonstops, Acquires HK Express.

Cathay Pacific begins Hong Kong to Seattle nonstops on April 1, the only airline to directly link the two cities currently. The four-times-weekly service will be operated by the Airbus A350-900. . . . Cathay Pacific will acquire low-cost carrier HK Express. Part of Hainan Airlines Group (HNA), HK Express operates Airbus A320, A320-neo and A321 aircraft.

3. Egyptair to Offer Washington Dulles Service.

Egyptair will operate three weekly Boeing 787-9 nonstops to Washington Dulles from Cairo, beginning June 3.

4. Chinese Airlines Purchase 300 Airbus Aircraft.

Airbus and China Aviation Supplies Holding Company (CAS) signed a General Terms Agreement (GTA) for purchase by Chinese airlines of 300 Airbus aircraft, including 290 A320 Family and 10 A350 XWB Family aircraft. The GTA was signed in Paris by Guillaume Faury, President of Airbus Commercial Aircraft and future Airbus CEO, and Jia Baojun, CAS Chairman, in the presence of Chinese President Xi Jinping and French President Emmanuel Macron. According to Airbus' China Market Forecast 2018 to 2037, China will need 7,400 new passenger and freighter aircraft in the next 20 years. At the end of January 2019, the in-service Airbus fleet with Chinese operators totaled 1,730 aircraft.

5. Air Canada, New Zealand Pursue Joint Venture.

Air New Zealand and Air Canada finalized an MOU to pursue a joint venture, which "will provide greater customer choice, comprehensive benefits and an expanded trans-Pacific network." The airlines have been code share and Star Alliance partners for more than 20 years. Air Canada will begin four weekly Boeing 787-8 seasonal nonstops between Vancouver and Auckland on December 12, subject to government approvals.

6. **Jet Airways' Naresh Goyal Resigns in Restructuring.**

Under a Jet Airways India bailout plan, a consortium of Indian lenders, led by State Bank of India, will provide immediate interim funding. Founder and Chairman Naresh Goyal and his wife Anita have resigned, as has one Ethiad representative to the Board. An interim management committee was formed to oversee financial and operational performance of the airline under supervision of the Board of Directors with the support of McKinsey & Co. Jet Airways has grounded about two-thirds of its fleet and missed payments to staff, banks and leasing companies.

7. **Bamboo Airways Plans International Service.**

Bamboo Airways intends to begin international service with flights to Singapore in April and to Japan and South Korea in May and says domestic service will reach 40 routes this year. A unit of Vietnamese conglomerate FLC Group, the carrier began commercial operations in January. "Our long-term vision is to connect Vietnam with key markets in Asia, Europe and North America," said Trinh Van Quyet, FLC Chairman and owner of Bamboo. An order for 10 Boeing Dreamliners valued at \$3 billion was signed in Hanoi, witnessed by U.S. President Donald Trump and General Secretary and President of Vietnam Nguyen Phu Trong.

X. AMERICAS

1. Boeing Announces New Leadership Positions.

Boeing announced “leadership moves aimed at further strengthening the company's global presence and partnerships.” Marc Allen was named Senior Vice President of Boeing and President of Embraer Partnership and Group Operations. Sir Michael Arthur, current President of Boeing Europe and Managing Director of Boeing UK and Ireland, will succeed Allen as President of Boeing International. John Slattery, current President and CEO of Embraer Commercial Aviation and Executive Vice President of Embraer S.A., was named President and CEO of the commercial aviation and services joint venture between Boeing and Embraer, subject to formal appointment by the joint venture's Board of Directors after closing.

2. Hawaiian Airlines Increases San Francisco Service

Hawaiian will add a third daily flight between San Francisco and the Hawaiian Islands in October using new Airbus A321neo aircraft. Current services to San Francisco from Honolulu and Maui are offered on the Airbus A330.

3. Southwest Begins Hawaiian Service from Bay Area.

Southwest won approval from FAA to begin extended twin-engine operations (ETOPS) and began daily flights between Oakland and Honolulu with initial fares from \$49 each way; daily Oakland-Maui begins April 7. Service beginning in May includes daily San Jose nonstops to Honolulu and Maui; and to Kona via Honolulu from Oakland and San Jose. Interisland services begin April 28. Sacramento, San Diego and Kauai flights are planned. . . . Southwest and Aircraft Mechanics Fraternal Association reached an agreement in principle and were finalizing contractual language for a tentative agreement.

4. JetBlue Adds Nonstop Service to Guayaquil.

JetBlue began daily Airbus A320 service from Fort Lauderdale to Guayaquil, Ecuador, and will add a second seasonal daily flight between Fort Lauderdale and Quito this summer. . . . JetBlue is increasing daily flights between Boston and 12 destinations. Flights to Reagan Washington National will reach near-hourly, as will flights to New York Kennedy, LaGuardia or Newark. Other increases to be phased in over summer and fall from Boston are Austin–Bergstrom, Chicago O'Hare, Cleveland, Detroit, Nashville, Orlando, Philadelphia, Raleigh–Durham and Savannah/Hilton Head.

5. Don Colleran Named President, CEO of FedEx Express.

Don Colleran is the new President and CEO of FedEx Express. He has been with the company for almost 30 years. Jill Brannon succeeds Colleran as Executive Vice President and Chief Sales Officer of FedEx Corp.

6. Azul to Acquire Avianca Brasil Assets.

Azul signed a non-binding agreement to acquire certain assets of bankrupt Avianca Brasil for \$105 million, including its operating certificate, 70 slot pairs and approximately 30 Airbus A320 aircraft. The assets will be transferred to a new entity free and clear of all debts and liabilities. The offer is subject to due diligence, regulatory and creditor approvals, and the conclusion of Avianca Brazil's judicial reorganization.

7. American, China Southern Begin Frequent Flyer Partnership.

See Section IX, item 1.

8. Cathay Pacific Begins Seattle Nonstops, Acquires HK Express.

See Section IX, item 2.

9. Egyptair to Offer Washington Dulles Service.

See Section IX, item 3.

10. Air Canada, New Zealand Pursue Joint Venture.

See Section IX, item 5.