



WASHINGTON AVIATION SUMMARY

DECEMBER 2020 EDITION

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

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I. REGULATORY NEWS

1. IATA: Global Airlines Expected to Lose \$118.5 Billion in 2020.

“COVID-19 has devastated the balance sheets of our member airlines and we need continuing government support to enable the aviation industry to restart and rebuild connectivity,” said Alexandre de Juniac, outgoing Director General and CEO of the International Air Transport Association (IATA), at its 76th Annual General Meeting (AGM), held virtually with host KLM. Airlines have cut costs nearly in half but are expected to lose \$118.5 billion in 2020 and a further \$38.7 billion in 2021, turning cash positive at the end of 2021. International air travel continues to be down 90% on 2019 levels.

AGM resolutions include urging governments to: re-open borders, using systematic testing of international travelers as an alternative to quarantine rules; ensure that aviation staff and international travelers are prioritized for COVID-19 vaccination once safe and effective treatments become available and health care workers and vulnerable groups have been protected; ensure industry viability with continued financial and regulatory support, in forms that do not further increase debt which, said de Juniac, has ballooned from \$430 billion in 2019 to \$651 billion in 2020; eliminate a major cost gap that results in sustainable aviation fuel being up to four times more costly than traditional jet kerosene, limiting its use to about 0.1% of total fuel uplift; and work with airlines to maintain safety standards and critical skill levels during the crisis and in a safe re-start and scale-up of operations in the recovery, using the Take-off guidance published by the International Civil Aviation Organization (ICAO) which lays the foundation for harmonized implementation of a multi-layered approach to keeping travelers and crew safe. “Reactivating thousands of grounded aircraft, managing the qualifications and readiness of millions of licensed personnel and dealing with a major drain of experienced workers will be key to a safe re-start. From the earliest stages of the crisis we worked with ICAO and regulators on a framework to do this. And this work continues as the crisis drags on beyond expectations,” said de Juniac.

Willie Walsh will become IATA Director General on April 1, 2021. Walsh, who recently retired as CEO of International Airlines Group (IAG) and was CEO of British Airways and Aer Lingus, will succeed Alexandre de Juniac, who joined IATA in 2016 from Air France-KLM where he was Chairman and CEO. JetBlue CEO Robin Hayes is now Chairman of the IATA Board, succeeding Lufthansa CEO Carsten Spohr. Hayes will be succeeded by SAS Group CEO Rickard

Gustafson. JetBlue will host the IATA AGM and World Air Transport Summit in Boston next June.

2. ICAO Releases COVID-19 Testing Manual.

ICAO released the “Testing and Cross-Border Risk Management Measures Manual,” which provides guidance for countries in implementing testing as a component of their overall COVID-19 risk management strategy. The manual was prepared by aviation health experts in close coordination with the Council on Aviation Recovery Task Force (CART) and with support from the World Health Organization, U.S. Centers for Disease Control and Prevention, European Centre for Prevention and Disease Control and others. These organizations form the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA).

3. FAA Rescinds Ban on Boeing 737 MAX Operations.

The U.S. Federal Aviation Administration (FAA) rescinded the March 2019 order that halted Boeing 737 MAX operations following the loss of 346 lives in the crashes of Lion Air Flight 610 and Ethiopian Airlines Flight 302. FAA published an Airworthiness Directive specifying design changes that must be made before the aircraft returns to service, issued a Continued Airworthiness Notification to the International Community, and published MAX training requirements. “These actions do not allow the MAX to return immediately to the skies,” said FAA, which must approve pilot training revisions for each U.S. airline operating the MAX and will retain authority to issue airworthiness certificates and export certificates of airworthiness for all new MAX aircraft manufactured since the grounding order. Airlines must take required maintenance steps to prepare their parked MAX aircraft to fly again. . . . The European Union Aviation Safety Agency (EASA) published a Proposed Airworthiness Directive and intends to approve the MAX to return to European skies within weeks.

American Airlines will phase in the MAX return to service, beginning with non-commercial flights in early December. Scheduled service will resume on December 29, with a round trip from Miami to New York LaGuardia through January 4, and up to 36 departures from Miami throughout January. “Our approximately 2,600 Boeing 737 pilots will complete the FAA-mandated and approved training, which includes computer-based training, classroom briefings and dedicated return to service training in a 737 MAX simulator,” said American, which, with Allied Pilots Association (APA), APA’s Ad Hoc Return to Service Committee and the Association of Professional Flight Attendants “worked in lockstep with the mutual goal of safely returning the 737 MAX safely back to service.” Customer confidence in the MAX will come with time, said American. “If a customer prefers to not fly on this aircraft, we’ll provide

flexibility to ensure they can be easily re-accommodated.” . . . Southwest estimates a return to service no sooner than second quarter 2021, said Chairman and CEO Gary Kelly, noting that before the grounding, Southwest pilots flew almost 40,000 flights on the aircraft, which is more than 89,000 flight hours. . . . United expects to begin flying the MAX in first quarter next year. . . . Alaska Airlines will begin flying the MAX in March, with 32 on order, and will lease another 13 for 2021-2022 delivery.

4. ARC: Agency Air Ticket Sales Climbed 23% in October.

Airlines Reporting Corp. (ARC) reported net sales from ARC-accredited U.S. travel agencies totaled over \$1.4 billion in October 2020, down 83% compared to October 2019, but marking the fourth consecutive month of growth. Total passenger trips settled by ARC in October were down 68% year over year. U.S. domestic trips were down 65% to 5.7 million, while international trips totaled 2.4 million, a 73% decrease YOY. The average U.S. round-trip ticket price decreased from \$506 in October 2019 to \$377 in October 2020. Results are based on monthly sales data ending October 31, 2020, from 11,451 U.S. retail and corporate travel agency locations, satellite ticket printing offices and online travel agencies. Results do not include sales of tickets purchased directly from airlines. . . . Airline ancillary revenue will drop to \$58.2 billion worldwide in 2020, compared to \$109.5 billion in 2019, according to IdeaWorksCompany and CarTrawler which applied statistics disclosed by 81 airlines for 2019 to a larger list of 134 airlines to provide the projection. The 47% decrease brings the 2020 figure to below the \$59.2 billion amount for 2015. Ancillary revenue per passenger has been unaffected by the pandemic; the 2020 projection is \$25.90, compared to \$23.91 in 2019. Ancillary revenue is generated by activities including hotel-booking commissions, sale of frequent flyer miles to partners, and a la carte services.

5. DOT Tentatively Approves Aer Lingus-oneworld ATI Application.

DOT announced tentative approval of, and grant of antitrust immunity for, the proposed addition of Aer Lingus to the existing oneworld joint venture alliance that includes American, British Airways, OpenSkies, Iberia and Finnair. Aer Lingus will be integrated into the joint venture’s network planning, pricing, and sales activities. With Aer Lingus’ addition, over time the carriers are expected to expand capacity on some existing routes while introducing services on new routes, allowing more options for travel to and from Ireland and the rest of Europe. As a condition of approval, DOT proposed that the carriers continue to comply with slot remedies at London airports imposed when the oneworld alliance was initially approved in 2010, and extended by the UK, while it completes its own investigation. DOT also proposed that the carriers remove exclusivity clauses in their alliance agreements.

6. GAO: FAA Should Address Workforce Competency, Training Gaps.

After finding an increasing lack of institutional knowledge and assessments of training curricula, GAO recommended that FAA's Office of Aviation Safety (AVS) assess organization-wide competency gaps in its inspector and engineer workforces on a recurring basis, including data analytics, systems thinking, and risk-based decision-making, all needed to perform safety oversight. With a large number of potential retirements on the horizon and new aviation technologies, FAA must ensure that safety inspectors and engineers possess skills needed for effective oversight as well as highly technical skills in aerospace technology. The FAA Reauthorization Act of 2018 included a provision for GAO to report on the workforce and training needs of AVS. DOT agreed with GAO's assessment.

II. AIRPORTS

1. ACI to Introduce Airport Health Measures Audit Program.

Airports Council International (ACI) World invited participation in the Airport Health Measures Audit Program. The audits will be conducted by Bureau Veritas, which “has the international experience and expertise to provide audits to verify that safety and hygiene protective and preventative measures related to COVID-19 are set up and implemented based upon international and national recommendations,” said ACI World Director General Luis Felipe de Oliveira.

2. Aviation Industry Recommends Vital Slot Use Relief.

A recommendation for airport slot use relief for the northern summer 2021 season was issued by the Worldwide Airport Slot Board (WASB), to preserve essential air transport connectivity. Regulators were asked to temporarily adopt more flexible slot rules, such as permitting airlines that return a full series of slots by early February to retain the right to operate them in summer 2022; and amending the threshold for retaining slots the following season to 50-50 for Summer 2021, rather than the 80-20 in normal industry conditions; and providing a clear definition for acceptable non-use of a slot. WASB comprises ACI World, IATA and Worldwide Airport Coordinators Group.

3. Delta, LAX Accelerate \$1.86 Billion Terminal Modernization.

The Delta Sky Way terminal modernization at Los Angeles International (LAX) has been accelerated. The \$1.86 billion project to modernize, upgrade and connect Terminals 2, 3, and the Tom Bradley International Terminal will now be ready in mid-2023 instead of late 2024. Features include a 27-gate complex at Terminals 2 and 3 with a secure connection to Bradley; a new headhouse with centralized lobby, security screening checkpoint, baggage claim and Delta Sky Club; a reconstructed Terminal 3 concourse; and connection to an Automated People Mover train, which is expected to be fully operational in 2023, connecting to an Intermodal Transportation Facility and ultimately the LA Metro light rail. The Delta Sky Way project is part of the \$14 billion LAX Modernization Program “that will see LAX transformed in advance of the 2028 Olympic and Paralympic Games in Los Angeles, of which Delta is the inaugural founding partner.” It is being completed in partnership with Los Angeles World Airports (LAWA) and the City of Los Angeles. . . . In other LAX news, the airport opened three interim COVID-19 testing locations, as travelers to California were advised to quarantine for 14 days. The standard Polymerase Chain Reaction (PCR) nasal swab test costs \$150 and results are

provided directly to participants via email within 24 hours. The pilot program will be replaced with a full, on-site rapid testing laboratory in early December.

4. Denver Completes First New Gates in Expansion Program.

Denver International unveiled four new gates on Concourse B, in a \$1.5 billion expansion program that will add a total of 39 new gates across all three concourses by 2022. United has leased all four gates.

5. Pittsburgh Intl. Opens Innovation Center.

Pittsburgh International has opened a 10,000-square-foot innovation center on Concourse B in the Airside Terminal, which features the xGate, a functional boarding gate that will operate as a working lab to test concepts to improve air travel. The airport has become a testing ground for new technology, including robotics and AI, said officials, and the innovation center “will focus those efforts into a space custom-built for ideation, experimentation and collaboration. Partner companies will be announced in the coming months.”

6. Dublin Upgrading Terminal 1.

Dublin Airport is planning a “major facelift” for its Terminal 1 that will include an energy efficient roof and new facade. “Sustainability is at the heart of how we operate at Dublin Airport and this project will have a hugely positive impact on the overall energy consumption levels for Terminal 1,” said Managing Director Vincent Harrison. Terminal 1 opened in 1972.

7. Schiphol Pursues North American Airport Opportunities.

Schiphol International and Oaktree Capital Management entered into an alliance to pursue airport investment and management opportunities in the North American market, focusing on the U.S., with an emphasis on building public-private partnerships, driving infrastructure investment, and implementing operational and sustainability best practices.

III. SECURITY AND DATA PRIVACY

1. Biden Selects Alejandro Mayorkas to Lead DHS.

President-elect Joe Biden selected Alejandro Mayorkas to head the Department of Homeland Security (DHS), subject to Senate confirmation. Mayorkas served as Deputy Secretary of Homeland Security and as Director of U.S. Citizenship and Immigration Services in the Obama Administration.

2. TSA Update.

The Transportation Security Administration (TSA) reported traveler throughput of 881,579 on November 13, compared to 2,437,211 a year ago. TSA recorded around a million passengers a day at the start of Thanksgiving week. . . . On November 18, TSA confirmed it had 536 employees with active COVID-19 infections. Since the beginning of the pandemic, TSA cumulatively has had 2,934 federal employees test positive; nine have died; one screening contractor also died due to the virus.

3. Fort Lauderdale Deploys Biometric Boarding.

Fort Lauderdale Hollywood International has partnered with Amadeus to facilitate biometric boarding for international departures. Spirit is the first carrier at the airport to use the touchless facial-recognition technology. Passengers are verified to depart when they step in front of a 'Biopod' from ICM Airport Technics, an Amadeus company, installed at 14 of Spirit's departure gates in Terminal 4. The service complies with privacy regulations as no personal biometric data is stored by Spirit, the airport, other airlines or Amadeus. When passengers are successfully verified, a unique, tokenized identity representing that specific traveler is generated and the airline is alerted when the passenger is boarding and seated.

4. Star Alliance Biometrics Implemented at Frankfurt, Munich.

Star Alliance Biometrics is in use by Lufthansa Group airlines for selected flights at Frankfurt and Munich. The service is free to frequent flyer program passengers who consent to share biometric data. Enrollees are asked to take a selfie, verify their identity with their passport, and opt-in to the airlines and airports where they want to use the service, and need only enroll once. Personal data are encrypted and stored in compliance with data protection laws; no customer names are stored.

IV. TECHNOLOGY AND EQUIPMENT

1. Sabre Smart Retail Engine™ Launch Planned.

Sabre will launch its Smart Retail Engine™ early next year, the first product powered by Sabre Travel AI™ technology developed with Google. The retail engine is powered by AI to generate optimal personalized offers across airline business models, passenger service systems (PSS) and global distribution systems (GDS). . . . Sabre signed a long-term technology agreement with BIDTravel, a business and leisure travel network in southern Africa, which will leverage the technology, data-driven insights and intuitive interface of the Sabre Red 360 travel agency desktop.

2. gategroup Trials Inflight Digital Retail Platform.

gategroup is testing a digital retail solution on easyJet flights, in partnership with analytics partner Black Swan Data. Epax allows passengers to browse a full on-board retail selection and order on their own mobile devices, with minimal physical contact with equipment or material.

3. Verteil Becomes Emirates-Certified NDC Technology Partner.

Verteil Direct Connect was certified by Emirates to enable New Distribution Capability (NDC) connectivity via the Emirates Gateway suite of direct connection options. Etihad is expanding its global NDC distribution with a particular focus on India, the home market of Verteil. The platform will provide travel agents with merchandising, access to rich content, and product personalization. Pre-pandemic, Etihad was operating 150 return flights per week between Abu Dhabi and 10 Indian gateways.

4. Etihad, SITA Trial Facial Biometric Check-In for Cabin Crew.

Etihad partnered with information technology company SITA to trial the use of facial biometrics for cabin crew check-in at Abu Dhabi International.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on November 13 was \$45.87/barrel, up 2.3% on the month and down 41.5% compared to a year ago, reports IATA. Jet fuel price average for 2020 was \$45.4/barrel. Impact on 2020 fuel bill was down \$110.6 billion.

2. IATA Urges Government Support for SAF.

IATA called on governments to support development of Sustainable Aviation Fuel (SAF) as a critical step to achieving its target to cut net emissions to half 2005 levels by 2050. Economic stimulus funds could help promote SAF through direct investment, loan guarantees and incentives for the private sector, said IATA chief Alexandre de Juniac. Currently SAF is on average two to four times more expensive than fossil fuels with global production of about 100 million liters a year, or 0.1% of total amount of aviation fuel consumed by the industry. IATA estimates that stimulus investments could help boost SAF production to the 2% (6-7 billion liters) needed to trigger a potential tipping point to bring SAF to competitive price levels against fossil fuels. . . . IATA launched the Aviation Carbon Exchange (ACE), the first centralized, real-time marketplace that is integrated with the IATA Clearing House for settlement of funds on trades in carbon offsets. JetBlue was the first airline to make a transaction in the ACE platform, purchasing credits in the Larimar wind farm project in the Dominican Republic which began development in 2015. When the entire project is completed it will reduce average emissions by more than 200,000 tons of CO₂ per year.

3. EU Analysis Finds Non-CO₂ Climate Impacts from Aviation Significant.

An analysis conducted by EASA confirms that combined non-CO₂ climate impacts from aviation activities are at least as important as those of CO₂ alone. “Unlike CO₂ impacts, which directly correlate to the amount of fuel burned, the complexity of measuring non-CO₂ climate impacts—and the uncertainty regarding trade-offs between the various impacts—makes targeted policy development in this area more challenging,” says the report, which examines policy options.

VI. U.S. CONGRESS

1. Senate Appropriations Introduces FY 2021 Funding Bill.

The Senate Appropriations Committee introduced FY 2021 funding measures which propose \$25.6 billion in discretionary budget authority for the Department of Transportation, with \$18 billion for the Federal Aviation Administration. A \$69.8 billion proposed appropriation for the Department of Homeland Security includes \$8.06 billion for the Transportation Security Administration, rejecting proposed aviation fee increases; the bill supports operations and recommends targeted increases to adequately staff checkpoints and deploy necessary technologies to ensure security is prioritized at all airports, including small and rural airports. Senate Committee leaders stressed the importance of completing work on the appropriations measures before the continuing resolution expires on December 11. The House of Representatives has passed its spending bill.

2. Senator Calls for “Air Carrier Worker Support Extension Act.”

As the U.S. freight network prepares for distribution of COVID-19 vaccines, Senator John Cornyn (R-TX) urged Congress to immediately pass the “Air Carrier Worker Support Extension Act,” versions of which were introduced in the House and Senate in September. The bill would extend the Payroll Support Program through March 2021; provide financial assistance for employee wages, salaries, and benefits, including up to \$25.5 billion for passenger carriers, \$300 million for cargo carriers, and \$3 billion for airline contractors; and reallocate \$19.9 billion in unused Coronavirus Aid, Relief, and Economic Security Act (CARES) funds.

3. House Passes “Aircraft Certification Reform and Accountability Act.”

The House passed the “Aircraft Certification Reform and Accountability Act,” which would require manufacturers to adopt safety management systems, lock in new requirements on disclosure of safety-critical systems, strengthen FAA oversight of industry, expand whistleblower protections, require focused reviews of international pilot training, better account for human factors, and help FAA recruit and retain skilled personnel. The bipartisan bill was approved by the House Transportation Committee in response to the two Boeing 737 MAX crashes. “While we can’t bring back the lives lost on Lion Air flight 610 and Ethiopian Airlines flight 302, we owe it to their loved ones—and every member of the flying public and the aviation workforce—to make the necessary reforms to the system in order to improve public safety and ensure accountability at all levels,” said Committee Chair Peter DeFazio (D-OR). “I look forward to working with the Senate to send a final bill to the president’s desk as quickly as possible.” H.R. 8408 is a product of “cooperation and

partnership between airlines, passengers, policymakers, government, and industry experts,” said Committee Ranking Member Sam Graves (R-MO). . . . A similar bill, the “Aircraft Safety and Certification Reform Act of 2020,” was passed by the Senate Commerce Committee (S. 3969).

4. “National Aviation Preparedness Plan Act” Introduced.

The “National Aviation Preparedness Plan Act of 2020,” introduced in the House Aviation Subcommittee, would require development of a plan for future public health emergencies and ensure the safety of aviation employees and passengers. “Lessons learned from the ongoing COVID-19 pandemic show the urgent need for a national aviation preparedness plan to ensure the safety of aviation crews, employees and passengers and restore confidence in air travel,” said Subcommittee Chair Rick Larsen. “This bill will bring federal agencies, frontline aviation workers and other key stakeholders to the table to develop a clear, comprehensive plan of action for future outbreaks.” The bill requires DOT, in collaboration with the Department of Health and Human Services (HHS), DHS and other relevant federal agencies, to develop a national aviation preparedness plan for communicable disease outbreaks. It directs DOT to consult with the U.S. aviation industry, labor unions and other stakeholders on the development of such a plan; and calls for a Government Accountability Office (GAO) assessment of the plan, including whether it responds to public health recommendations, meets the nation’s obligations under international conventions and treaties, and the extent to which U.S. aviation is prepared for future public health emergencies. In 2015, Larsen requested a GAO study on the preparedness of U.S. aviation to handle the spread of a communicable disease during the emergence of the Ebola virus. GAO recommended that a national aviation preparedness plan would help the U.S. aviation and public health sectors to more effectively coordinate on response efforts, while minimizing disruptions to the national aviation system.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S., UK Sign New Open Skies Agreement.

UK Transport Minister Grant Shapps, U.S. Secretary of State Mike Pompeo and U.S. Transportation Secretary Elaine Chao signed a new Open Skies Agreement, which provides for additional traffic rights for U.S. all-cargo operations to and from the UK and also includes the UK Overseas Territories and Crown Dependencies, expanding and modernizing the U.S. air transport relationship with those regions. The pact will be applied beginning January 1, after completion of the UK Brexit transition period.

2. EU Begins Countermeasures on U.S. Exports.

The European Commission's increased tariffs on U.S. exports to the European Union (EU) took effect, as authorized by the World Trade Organization (WTO) in the standoff between Boeing and Airbus on state subsidies. The Commission said it "stands ready to work with the U.S. to settle this dispute and also to agree on long-term disciplines on aircraft subsidies."

VIII. EUROPE AND AFRICA

1. UK Eases International Travel Restrictions.

The UK government announced a strategy that could reduce the current 14-day self-isolation period for international arrivals by at least a week on receipt of a negative COVID-19 test after five days of self-isolation. Beginning December 15, passengers opting in to the 'Test to Release' scheme have to book and pay for a test from a private provider on the GOV.UK list before arriving in England. Transport Minister Grant Shapps also announced new financial support for airports and ground handlers.

2. Transatlantic COVID-19 Testing Trial Launched.

American Airlines, British Airways and oneworld launched an optional COVID-19 testing trial on select flights from Dallas and New York to London Heathrow, to scientifically demonstrate how testing can reopen international travel and remove the need for passengers to quarantine on arrival. The free, at-home tests are taken 72 hours before departure from the U.S., after landing at the airport, and three days after arrival. The approach aims to validate a customer's negative status for COVID-19 throughout the travel journey and will provide insight into the most effective and practical testing interval. The third test is intended to further confirm the results of the first two tests, to demonstrate that one or two tests will be sufficient to allow travel to safely restart. Results will be shared with the U.S. and UK governments and other stakeholders "to demonstrate the essential role that COVID-19 testing programs can play in safely restarting travel."

3. Air France-KLM Reports €1 Billion Third Quarter Operating Loss.

Air France-KLM Group reported a €1 billion third quarter operating loss and has accelerated implementation of cost reduction and cash preservation measures. The Group received €10.4 billion this year in loans backed by France and the Netherlands, which each own about 14% of the airline, and other investors, and reportedly seeks another €6 billion. France said it will continue to provide support.

4. Lufthansa Group Appoints New Airline CEOs.

Lufthansa Group named Dieter Vranckx as CEO of SWISS International, succeeding Thomas Klühr; Peter Gerber as CEO of Brussels Airlines, succeeding Vranckx; and Dorothea von Boxberg as CEO of Lufthansa Cargo, succeeding Gerber. Gerber will also assume the newly created function of Chief Representative for European Affairs in Brussels. . . . Group third quarter

losses were reduced compared to second quarter due to substantial cost savings and an expanded flight schedule in July and August. “Lufthansa Cargo also contributed to this with a strong performance and a positive result of €169 million,” said Lufthansa CEO Carsten Spohr. “The Group remains on track for returning to a positive operating cash flow during the course of 2021. The prerequisite for this is that the pandemic situation allows for an increase in capacity to around 50% of pre-crisis levels.” . . . Lufthansa and the ver.di union agreed on an initial crisis package for the year 2021 that includes protection against dismissals, as well as partial retirement and voluntary redundancy programs. The measures mainly apply to ground staff of Lufthansa, Lufthansa Technik and Lufthansa Cargo. Approval is required by ver.di members. . . . Lufthansa will offer free COVID-19 antigen rapid tests on selected flights between Munich and Hamburg. Passengers unwilling to be tested will be transferred to an alternative flight at no additional cost. Test results are received within 60 minutes; if the result is negative, the boarding pass is activated and gate access granted. Alternatively, passengers can present a negative test not older than 48 hours at departure.

5. Norwegian Air Intl. Initiates Reorganization Plan.

Following the decision by Norway’s government to withhold further support, Norwegian asked an Irish court to oversee the restructuring of Norwegian Air International and its wholly-owned Arctic Aviation Assets. “We will emerge from this process as a more financially secure and competitive airline, with a new financial structure, a rightsized fleet and improved customer offering,” said CEO Jacob Schram. Pre-COVID-19 employment surpassed 10,000, but with new furloughs there will be only 600 employees in coming months.

6. U.S., UK Sign New Open Skies Agreement.

See Section 7, item 1.

7. EU Begins Countermeasures on U.S. Exports.

See Section 7, item 2.

8. American Plans New International Service from Seattle.

See Section X, item 1.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. AAPA Seeks to Safely Reopen Borders.

The air transport sector, which accounts for 3.1% of Asia Pacific GDP and supports nearly 50 million jobs, urgently needs regional coordination mechanisms to overcome pandemic-related damage to the travel and tourism sectors, said the Assembly of Presidents of the Association of Asia Pacific Airlines (AAPA). With IATA and Airports Council International - Asia-Pacific, AAPA called for adopting and applying the ICAO Council Aviation Recovery Task Force guidelines and establishment of globally accepted, standardized and mutually recognized COVID-19 testing protocols. AAPA called on governments to refrain from increasing the burden of aviation levies in any form and to support Asia Pacific airlines as they face unprecedented financial and operational challenges.

2. Korean Air to Acquire Asiana.

Korean Air will acquire a majority stake in Asiana from creditors led by the Korea Development Bank (KDB). The integrated flag carrier will be one of the top 10 global airlines, said KDB. The transaction is expected to be finalized by second half 2021.

3. Jayne Hrdlicka is Managing Director of Virgin Australia.

Private equity firm Bain Capital completed its acquisition of Virgin Australia, which exited voluntary administration, and Jayne Hrdlicka assumed the positions of CEO and Managing Director. The American-born executive earlier was a senior executive at Qantas and Group CEO of Jetstar. She replaces Paul Scurrah, who announced his resignation in October. Virgin Australia will be a mid-market carrier, appealing to customers who want “great value airfare and better service,” said Hrdlicka, who expects to retake a pre-pandemic one-third share of the domestic aviation market. Virgin Group will retain a 5% stake in the airline, and Bain signed a new licensing agreement for use of the Virgin brand. . . . Separately, the Australian Competition and Consumer Commission granted interim authorization to Virgin Australia and Alliance Airlines to cooperate on 41 regional and two short-haul international routes, which will assist the airlines “to efficiently manage capacity and quickly respond to increases in demand as travel restrictions ease.”

4. JAL Adds Hawaii Service.

Japan Airlines will increase service to Honolulu from Tokyo Haneda and introduce new service from Narita in December. Hawaii now waives a 14-day

quarantine measure for travelers tested for COVID-19 72 hours prior to departure with an FDA-approved test that shows proof of a negative result.

5. SIA Resumes Service to New York.

Singapore Airlines (SIA) resumed service to New York, with three weekly Airbus A350-900 flights between Changi and Kennedy. SIA is also operating nonstops to Los Angeles and will reinstate flights to San Francisco between December and January. SIA Group (SIA, SilkAir and Scoot) passenger capacity will reach 19% of pre-COVID-19 levels by end of January. . . . SIA Group reported a first half net loss of S\$3.5 billion; passenger numbers fell by 98.9%; revenue declined by 80.4%, partially offset by cargo business, which was up by S\$274 million. . . . SIA created a new arm that “will offer training programs in the broad areas of service excellence, operational excellence, organizational innovation, and digital transformation to external businesses and organizations.” . . . The Singapore and Hong Kong governments postponed the launch of an Air Travel Bubble.

6. Etihad Restructuring Into Mid-Sized, Full-Service Carrier.

Etihad is restructuring into a mid-sized, full-service carrier concentrating on its widebody aircraft, and announced several executive departures. Pilots were notified of immediate layoffs, reported Reuters, in an email that stated: “The hard reality is that, despite all hopes, our industry is simply not recovering quick enough and we will continue to be a much smaller airline for some time . . . it has become clear that we have no choice but to further reduce our workforce.”

7. El Al, Etihad Sign Cooperation MOU.

El Al Israel Airlines and Etihad Airways signed a memorandum of understanding (MOU) to explore greater cooperation, including code sharing between Abu Dhabi and Tel Aviv and beyond, reciprocal flyer programs, and tourism. Both carriers’ engineering and cargo divisions will begin talks about optimizing maintenance opportunities and ways to increase volumes of freighter traffic. The MOU was signed ‘virtually’ by Etihad Aviation Group CEO Tony Douglas and El Al CEO Gonen Usishkin. . . . Etihad will launch daily flights to Tel Aviv on March 28. El Al reportedly will operate 14 weekly flights from Tel Aviv to Dubai from December 13, subject to regulatory approvals.

8. flydubai Begins Scheduled Service to Tel Aviv.

flydubai began scheduled double daily service between Dubai and Tel Aviv. The low-cost carrier operates 50 Boeing 737s and code shares with Emirates. CEO Ghaith Al Ghaith said “there will be the option for increased accessibility to the UAE as well as onwards to the Indian Ocean, Far East and Africa reducing total journey times by several hours.”

9. Israil First Israeli Airline to Offer Direct Flights to Bahrain.

Israil will be the first Israeli airline to operate direct passenger flights to Bahrain, with two weekly services starting January 31. The carrier also plans scheduled service to the UAE. . . . Arkia, Israel's second-largest airline, announced service to Dubai, to begin January 3. Arkia is among several entities bidding to acquire Israil and envisions a merger; bidding closed November 8.

10. American Plans New International Service from Seattle.

See Section X, item 1.

X. AMERICAS

1. American Plans New International Service from Seattle.

American and Alaska implemented reciprocal benefits as part of the West Coast International Alliance, announced in February, which will bring more international routes to Seattle. American intends to launch new service from Seattle to London, Bengaluru and Shanghai next year. . . . American eliminated change fees on international tickets for all classes, except Basic Economy, when travel originates in North or South America, after earlier removing the fees on most domestic and short-haul international flying. Also, customers will no longer pay a service charge when booking a ticket through reservations. The service charge had been waived during the pandemic but will be eliminated going forward.

2. Delta, WestJet Withdraw Joint Venture Application.

Delta and WestJet withdrew their application for a transborder joint venture that would have applied to routes within the U.S. and Canada, calling the conditions, such as divestitures of eight slot pairs at New York LaGuardia, “arbitrary and capricious.” . . . Delta and pilots agreed on cost-cutting measures to avoid furloughs through January 1, 2022, said Air Line Pilots Association; furloughs were to begin on November 28. . . . A COVID-19 testing trial will enable quarantine-free entry into Italy starting December 19 on Delta flights from Atlanta to Rome-Fiumicino. Customers will need to test negative up to 72 hours before departure in a rapid test administered before boarding at Atlanta, on arrival in Rome and before departure to the U.S. Aeroporti di Roma earlier this year implemented a successful intra-Italy COVID-tested flight trial with Delta code share partner Alitalia.

3. United to Return to New York Kennedy.

United will resume New York Kennedy service on February 1, after five years absence, with Boeing 767-300ER nonstops to Los Angeles and San Francisco. United will continue to offer service at Newark Liberty and LaGuardia. . . . United added more than 1,400 domestic flights during Thanksgiving week and expects to fly 48% of its overall schedule in December compared to 2019, adding more than 140 daily flights and increasing capacity on more than 350 routes. . . . United will add nonstops between Chicago and New Delhi starting December 10 and increase service between San Francisco and New Delhi to daily; increase service between San Francisco and Taipei; Los Angeles and Sydney; and New York Newark and Brussels. . . . United expanded customer COVID-19 testing efforts to include flights out of Houston to select destinations in Latin America and the Caribbean, and is offering a

free transatlantic testing pilot program for customers traveling from Newark Liberty International to London Heathrow.

4. Brad Tilden to Retire as Alaska Air Group CEO.

Brad Tilden will retire as CEO of Alaska Air Group on March 31, 2021, and Ben Minicucci, President of Alaska and a Board member, will succeed him. Tilden, a 30-year veteran of Alaska, will continue to serve as Board chair. Minicucci has been with the airline for 16 years and was CEO of Virgin America upon Alaska's acquisition of the airline. Alaska will officially become a member of the oneworld global alliance in March.

5. Southwest Launches Miami Service.

Southwest launched Miami service with flights to Baltimore, Chicago Midway, Houston Hobby and Tampa. On February 14, service from Sarasota/Bradenton begins, and on March 11 service begins from Savannah/Hilton Head, between Long Beach, Calif., and Honolulu, and between Orange County and both Puerto Vallarta, and Los Cabos in Mexico. . . . Southwest sent WARN Act notices to 403 employees and notices of possible displacement to more than 1,000, all members of the Aircraft Mechanics Fraternal Association, regarding furloughs if cost cutting proposals are not accepted.

6. JetBlue Inflight Crewmembers Decline to Ratify Contract.

JetBlue's inflight crewmembers, represented by the Transport Workers Union, did not approve a tentative agreement reached in October, which would have provided union protection for the first time. . . . JetBlue reportedly has received slot allocations at London Gatwick and Stansted airports. In a recent interview, CEO Robin Hayes said London remains a priority in the carrier's expansion strategy. . . . A COVID-19 testing site opened at JetBlue's Terminal 5 at JFK, in partnership with Port Authority of New York and New Jersey. The site will be fully-operational for six months, with capacity for up to 600 tests per day, and provide free, walk-in testing seven days a week, with results received within 48 hours on average.

7. Spirit Resumes International Service.

Spirit restarted nonstop service between Fort Lauderdale and Lima, Peru, and is re-launching service from Orlando to Colombia, Honduras, Mexico, Guatemala and El Salvador in December, and to Puerto Rico and Aguadilla at the beginning of 2021. Spirit now flies to John Wayne Airport, Orange County, from Las Vegas and Oakland, with Phoenix to begin in 2021 as well as a second daily flight to Las Vegas.

8. Mesa Receives Additional \$152 Million under CARES Act.

Mesa Air Group completed a second closing through its previously disclosed five-year Loan and Guarantee Agreement under the CARES Act, which provided a secured term loan facility of up to \$200 million. The company borrowed \$43 million under the facility and in the second closing borrowed an additional \$152 million. Mesa Airlines reported that block hours were down 48.2% in October, compared to October 2019. The regional operates as American Eagle, United Express, or DHL Express.

9. U.S., UK Sign New Open Skies Agreement.

See Section 7, item 1.

10. EU Begins Countermeasures on U.S. Exports.

See Section 7, item 2.

11. Transatlantic COVID-19 Testing Trial Launched.

See Section VIII, item 2.

12. JAL Adds Hawaii Service.

See Section IX, item 4.

13. SIA Resumes Service to New York.

See Section IX, item 5.