



WASHINGTON AVIATION SUMMARY

JULY 2020 EDITION

CONTENTS

I.	REGULATORY NEWS	1
II.	AIRPORTS.....	3
III.	SECURITY AND DATA PRIVACY	6
IV.	TECHNOLOGY AND EQUIPMENT.....	7
V.	ENERGY AND ENVIRONMENT.....	8
VI.	U.S. CONGRESS.....	9
VII.	BILATERAL AND STATE DEPARTMENT NEWS	14
VIII.	EUROPE/AFRICA	15
IX.	ASIA/PACIFIC/MIDDLE EAST	17
X.	AMERICAS	19

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.

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I. REGULATORY NEWS

1. IATA: 2020 Airline Loss Largest in Aviation History.

Airlines globally will lose over \$84.3 billion in 2020, reports the International Air Transport Association (IATA), the largest loss in aviation history. In 2021, losses are expected to be cut to \$15.8 billion as revenues rise to \$598 billion. “Provided there is not a second and more damaging wave of COVID-19, the worst of the collapse in traffic is likely behind us,” said Alexandre de Juniac, IATA Director General and CEO. . . . To enable safe return to high-volume air travel, IATA encourages layering bio-safety measures and universal implementation of Take-Off guidelines published by the International Civil Aviation Organization (ICAO), which mitigate risks of virus transmission during air travel and are aligned with recommendations by the European Union Aviation Safety Agency and the U.S. Federal Aviation Administration (FAA), including mask wearing, sanitization, health declarations and social distancing. . . . IATA introduced a free online interactive world map to provide travelers with the latest COVID-19 entry regulations by country. Some 80% surveyed recently are as concerned about quarantine restrictions as about catching the virus during travel. . . . Only 45% of travelers surveyed in first week of June intend to fly within a few months of the pandemic subsiding, said IATA, calling for continued government assistance, including extension of the waiver from the 80-20 use-it-or-lose-it rule. But, said Airports Council International (ACI), that leaves airports with “operational costs involved and no revenues to cover them. Crucially, by preventing reallocation to other airlines, the continued late hand-back of unused slots will impact competition and slow down the restoration of air connectivity.”

2. U.S. Govt to Distribute Cloth Facial Coverings for Passengers.

The U.S. government is making 100 million cloth masks available for aviation, transit and rail passengers. The Department of Transportation (DOT) said the 86.8 million distributed to airports are supplemental to passengers’ own facial covering. . . . Airlines for America (A4A) announced that its members will be “vigorously enforcing face covering policies, putting rigor around rules requiring passengers and customer-facing employees to wear facial coverings”; each will determine appropriate consequences for non-compliant passengers, “up to and including suspension of flying privileges.”

3. DOT Finalizes Adjustment to Service Obligations.

DOT finalized tentative decisions to allow air carriers receiving aid via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in

March, to incrementally adjust service obligations, in light of ongoing challenges due to the public health emergency. Carriers can suspend service to up to 5% of points on their service obligation lists, or five points, whichever is greater. DOT said every community that was served by a covered carrier prior to March 1, 2020 would continue to receive service from at least one covered carrier, so that no point would lose all air service.

4. DOT Fines Copa for Violating Venezuela Prohibition.

DOT fined Copa Airlines \$450,000 for violating an order prohibiting air carriers from transporting passengers between the United States and Venezuela “because of conditions threatening the safety and security of passengers, aircraft, and crew traveling to or from Venezuela.” The Panama flag carrier transported more than 15,000 passengers on these itineraries for nearly a month following the May 2019 issuance of the order.

5. Pilot Records Database Proposed.

FAA issued a proposed rule to require use of an electronic Pilot Records Database (PRD) to facilitate sharing of pilot records among air carriers and other operators. Air carriers, entities conducting public aircraft operations, air tour operators, fractional ownerships, and corporate flight departments would be required to enter relevant data on pilots, and access the PRD and evaluate data for each candidate prior to making a hiring decision. The Pilot Records Improvement Act (PRIA) of 1996 would cease to be effective two years and 90 days after publication of the PRD final rule.

II. AIRPORTS

1. ACI World Calls for Urgent Government Financial Relief.

ACI World called for urgent government assistance and relief, estimating a global reduction of 4.6 billion passengers for 2020, with a decline in airport revenues of \$97 billion. ACI called for protection of aeronautical revenues, such as airport charges, and covering of expenses related to new health related measures, tax relief, concession fee waivers, wage subsidy schemes, and loans at preferential rates; urged regulators “to follow a data-driven and evidence-based approach to assess whether further blanket slot waivers are the appropriate measure in re-establishing local, regional and global connectivity”; and said airports should continue levying charges on air cargo operations to maintain essential airside and cargo facilities as passenger operations continue to be slow.

2. Airport Funding Included in House Democrats’ Infrastructure Bill.

An infrastructure bill passed by House Democrats authorizes supplemental funding for airports in the amounts of \$3 billion for FY 2021; \$3.25 billion for FY 2022; \$3.50 billion for FY 2023; \$3.75 billion for FY 2024; and \$4 billion for FY 2025. Grants are to be distributed based on passenger enplanement levels, with 12% in total set-asides for cargo, general aviation, reliever, and nonprimary commercial service airports, and projects that increase climate resiliency, reduce greenhouse gas emissions, and mitigate airplane noise, among other things. FY 2021 funding is to be spent on Airport Improvement Program (AIP)-eligible projects and uses related to the effects of COVID-19 on operations; and for FY 2022 through 2025 on AIP-eligible, terminal and other development projects. Among other provisions, H.R. 2 allows airports to use AIP grant funding on critical infrastructure projects that increase resiliency against natural disasters; authorizes \$1 billion from the general fund of the Treasury to FAA to bring air traffic control facilities into acceptable condition; authorizes DOT to permit up to 30 non-large hub airports each fiscal year to use AIP grant funds for innovative financing techniques; and expands FAA authority to issue letters of intent indicating amount of future funds for small and non-primary U.S. airports for certain development projects. . . . H.R. 2 authorizes \$200 million in funding for FY 2021 through 2025 for DOT to award grants or enter into cost-sharing arrangements with state and local governments, airports, air carriers, and other entities for projects to develop, demonstrate, or apply low-emission aviation technologies or produce, transport, blend, or store sustainable aviation fuels to reduce aircraft greenhouse gas emissions. It expands FAA’s Voluntary Airport Low Emissions

(VALE) program, which airports use to purchase low emission vehicles, refueling and recharging stations, and other airport air quality improvements, to all commercial airports. It continues prioritization of federal funding for airports in compromised air quality areas of the country. It authorizes \$30 million in additional funding for study and development of sustainable aviation fuels; authorizes \$5 million each year in additional funding for work by the Aviation Sustainability Center to assess and reduce environmental effects of aviation and improve health and quality of life of individuals living near airports; and directs the Secretary of Transportation to enter into an agreement with the National Academy of Sciences to conduct a study on climate change mitigation efforts with respect to civil aviation and aerospace industries.

3. Terminal B Arrivals/Departures Hall Opens at LaGuardia.

The 850,000-square-foot, four-story Terminal B Arrivals and Departures Hall opened at LaGuardia, part of the airport's \$8 billion transformation. Developed and managed by LaGuardia Gateway Partners, the facility will serve American, United, Southwest and Air Canada. "By virtue of its size, the terminal presents greater opportunities to move passengers more safely and efficiently with improved distancing during and after the COVID-19 pandemic, including more space for check-in, security and baggage claim, along with new innovations in contactless technology and an increased focus on cleanliness and disinfection," said New York Governor Andrew Cuomo. The departures level includes four check-in islands with 75 kiosks, a central oversize bag check-in station, 16 security lanes and an automated bin sequencing and retrieval system for carry-on baggage. A robotic assisted system "troubleshoots and diverts high-risk baggage for deeper inspection." The arrivals level includes nine new baggage carousels.

4. LAX Tests Temperature Screening Technology.

Los Angeles International (LAX) is testing thermal camera technology that identifies passengers with elevated body temperatures. The voluntary Terminal Wellness Project is in the Tom Bradley International Terminal at the departures level main entrance and near select international arrivals. Cameras rapidly identify people with body temperatures of 100.4 degrees or more, the current guideline set by Centers for Disease Control and Prevention (CDC). They receive a secondary screening from a medical professional using a handheld, non-contact thermometer and may be referred to CDC staff on site; departing guests are advised not to travel. To protect privacy, cameras will not store, transmit, or share any data or images taken. Los Angeles World Airports (LAWA) partners are Carlyle Airport Group through Schneider Electric, which will provide three types of cameras for testing; Faith Group will provide an

evaluation of the technology and signage. The equipment is on loan at no cost. The Transportation Security Administration (TSA), airlines, CDC, and L.A. County Department of Public Health are evaluating the technology; results will be shared with them and leading airports worldwide to try to set new industry standards. . . . In related news, A4A announced that its member carriers will voluntarily pledge to refund tickets for any passenger who is found to have an elevated temperature, as defined by CDC guidelines, during a screening process conducted by federal authorities prior to travel.

5. DHL Express to Launch Munich Gateway.

DHL Express Germany and Airport Munich concluded a contract to build a new freight building at Munich Airport. DHL will plan, construct and operate the 8,000 square meter facility.

6. Hong Kong Continues Fee Waivers.

Airport Authority Hong Kong (AA) will continue relief measures, announced in March, through July and August, including waiver of parking and airbridge fees for idle passenger aircraft, and reduced passenger aircraft landing charges related to ramp handling, maintenance and airside vehicles. AA signed five-year HK\$35 billion loan facilities with 21 local and international banks to be used for funding capital expenses, including the Three-runway System (3RS) project, which, said AA Chairman Jack So, is expected to be fully operational in 2024. Passenger volume and flight movements dropped 18.9% and 12% to 60.9 million and 377,420 respectively, in fiscal year ended March 31. Cargo volume was down 7.3% to 4.7 million tons year-on-year; but Hong Kong was the world's busiest cargo airport for the 10th consecutive year.

III. SECURITY AND DATA PRIVACY

1. TSA COVID-19 Update.

On June 22, TSA confirmed that 723 federal employees had tested positive for COVID-19 overall; 537 had recovered, and five had died as a result of the virus, as had one screening contractor. On June 21, TSA reported total traveler throughput at 590,456, compared to 253,807 on May 17 and 2,719,643 on the same day a year ago.

2. IATA Launches Aviation Security Intelligence Portal.

IATA launched the Security Risk Intelligence Portal (SRIP), an incident reporting tool to help airlines mitigate and manage security risks. The portal includes the latest state and airport restrictions and requirements imposed as a result of the COVID-19 crisis. SRIP was developed to improve real-time information-sharing among airlines, airports and air navigation service providers (ANSPs). Information shared by airlines will be augmented by open-source data (notices, warnings, bulletins, prohibitions, media reports) to provide a comprehensive view of security, biosafety and operational incidents in the vicinity of airports. IATA is working with states and ICAO to improve levels of security information-sharing, particularly critical in conflict zones as demonstrated with the tragic downing of Ukraine International Airlines flight PS752 on January 8 shortly after takeoff from Tehran.

IV. TECHNOLOGY AND EQUIPMENT

1. David Joyce to Retire; John Slattery to Head GE Aviation.

John Slattery, Embraer's President and CEO of Commercial Aviation, has been named President- and CEO-elect of GE Aviation, effective July 13, replacing David Joyce, Vice Chair of GE and President and CEO of GE Aviation, who will retire after 40 years of service. . . . Arjan Meijer succeeded Slattery at Embraer; he has been Chief Commercial Officer of Embraer Commercial Aviation since January 2017, after joining the company in April 2016 as Vice President of Commercial Aviation for Europe, the Middle East, Africa, and Russia. He was previously with KLM.

2. Accelya to Acquire Farelogix.

Technology firm Accelya entered into a definitive agreement to acquire Farelogix, which provides software solutions for airline retailing and New Distribution Capability (NDC)-enabled commerce.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on June 12 was \$40.44/barrel, up 33.1% on the month and down 46.4% compared to a year ago, reports IATA. Jet fuel price average for 2020 was \$46.8/barrel. Impact on 2020 fuel bill was down \$68.8 billion.

2. Denver Intl Ordered to Pay \$33.5 Million for Noise Violations.

A district judge ordered Denver International Airport (DIA) to pay Adams County \$33.5 million for using an outdated system to monitor noise levels, in violation of an agreement in place since 1988. The case “was the latest legal challenge over noise levels at DIA in a string of lawsuits filed against the airport dating back nearly 30 years,” reports the Denver Post.

3. CORSIA Implementation Progresses.

Rwanda and Kazakhstan announced participation in the pilot phase of ICAO’s Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). As a result, 85 states representing 76.76% of international aviation activities are now committed to the voluntary phase. . . . ICAO officially launched the CORSIA Central Registry (CCR), one of five “Implementation Elements” and crucial, as states are obliged to fulfill reporting requirements through it and by no other means. . . . ICAO is expected to change the CORSIA baseline—the average of emissions reported by airlines in 2019 and 2020—to a baseline of 2019 alone, since 2020 emissions from international flights will be extremely low due to the pandemic. The EU confirmed its participation in the CORSIA voluntary phase from 2021. Using the original 2019-2020 baseline would increase the global bill for aviation carbon offsets by about \$15 billion, said IATA. The Environmental Defense Fund said a hasty rule rewrite would give airlines “a free pass to pollute.”

VI. U.S. CONGRESS

1. Senate Holds Hearing on FAA Oversight of Aircraft Certification.

Senators demanded transparency from Administrator Stephen Dickson at a Commerce Committee hearing on FAA oversight of design, development, certification and operation of the Boeing 737 MAX. “You understand, sir, you do not work for the airlines and you do not work for Boeing,” said Ted Cruz (R-Texas). “This committee expects that when we ask questions specifically about malfeasance that cost the lives of 346 people, that you will be forthcoming and answer those questions.” Dickson said the manufacturer made mistakes and the FAA made mistakes in its oversight of the manufacturer. . . . In his testimony, Dickson said FAA has never allowed manufacturers to self-certify aircraft, fully controls the approval process for MAX flight-control systems, and is not delegating this authority to Boeing. Among other comments, Dickson said FAA will retain authority to issue airworthiness certificates and export certificates of airworthiness for all new MAX airplanes manufactured since the grounding. Pilots will have received all training needed to safely operate the aircraft before it returns. Each nation will make its own decision for clearing the MAX for flight, but FAA is providing support on return-to-service issues, maintaining transparency through communication and information sharing, and scheduling meetings for technical discussions. . . . Actions that must take place before the aircraft returns to service include a certification flight test and completion of work by the Joint Operations Evaluation Board (JOEB), which includes FAA and international partners from Canada, Europe and Brazil. The JOEB will evaluate training needs using line pilots of various experience levels from U.S. and international carriers. FAA’s Flight Standardization Board for the Boeing 737 will issue a report on findings of the JOEB, to be available for public review and comment. FAA and the Technical Advisory Board (TAB) will review all final design documentation; TAB is made up of FAA chief scientists and experts from the U.S. Air Force, NASA and Volpe National Transportation Systems Center. FAA will issue a Continued Airworthiness Notification to the international community of pending significant safety actions and publish an Airworthiness Directive advising operators of required corrective actions. . . . Prior to the hearing, the Committee received a letter from a Boeing flight-deck systems specialist who claims systemic design flaws must be fixed before the MAX is allowed to return to service, reports the Seattle Times. In addition to the Maneuvering Characteristics Augmentation System (MCAS), which is thought to have caused the two crashes, he wrote, other known flaws could overwhelm another MAX flight crew, and affect Boeing 777X safety. The whistleblower

has been interviewed by the FBI, possibly for the Justice Department MAX inquiry, and has provided his allegations to the House Transportation Committee for its probe. In an earlier internal ethics complaint, he described Boeing management's focus on schedule and costs, and resistance to added pilot training requirements, among other allegations.

2. "Aircraft Safety and Certification Reform Act" Introduced in Senate.

The "Aircraft Safety and Certification Reform Act of 2020" was introduced by Senate Commerce Committee Chairman Roger Wicker (R-MS) and Ranking Member Maria Cantwell (D-WA), encompassing lessons learned from the Boeing 737 MAX crashes. The legislation seeks "to ensure that "FAA remains in the driver's seat" when it comes to the certification workforce and the approval process, said Cantwell, and requires FAA to act on National Transportation Safety Board (NTSB) recommendations for new safety standards for automation and pilot training. . . . The bill would mandate Safety Management Systems (SMS) for large aircraft and engine manufacturers. It would require FAA to approve appointments of Organization Designation Authorization (ODA) unit members, develop guidance for technical qualifications and best practices for ODAs, ensure reports of "undue pressure or regulatory coziness" are addressed; and it would prohibit limitations on direct communications between ODA unit members and FAA inspectors. It would require FAA to review and reassess assumptions related to human factors when certifying aircraft, particularly situations involving multiple cockpit alerts and automation, and conduct more research into human factors with respect to design and certification of aircraft. It would direct FAA to establish a Human Factors Center of Excellence and an Office of Continuing Education. It would require flight testing by a representative sample of international and domestic airline pilots; fund FAA hiring of technical staff with expertise in new and emerging technologies to assist in development of technical standards in certification; prohibit FAA employees from receiving financial incentives or awards that relate to certification schedules or quotas; direct FAA to maintain a voluntary and anonymous safety reporting program for its employees to convey concerns about aircraft designs during the certification process; extend whistleblower protections for airline employees to employees and contractors of aircraft, engine and propeller manufacturers; repeal unused certification authorities that would permit FAA to further delegate responsibilities to manufacturers; and require FAA to review its own expertise and capability to understand safety implications of new or innovative technologies, materials, and procedures that designers and manufacturers of passenger aircraft may adopt or introduce.

3. Senate “Foreign Pilot Training Assistance” Bill Introduced in Senate.

The “Foreign Civil Aviation Authority Assistance and Capacity-Building Act of 2020” was introduced in the Senate. The bipartisan legislation would double funding available to FAA for providing technical assistance to civil aviation authorities to improve pilot training in critical areas like automation and human-machine interface. It also provides funding to establish a working group at ICAO for raising international pilot training standards.

4. Senators Urge DOT to Require Face Masks During Pandemic.

Senators urged DOT, in coordination with the U.S. Department of Health and Human Services (HHS), to immediately issue rules to require face masks for air travelers, ensure front-line crewmembers are provided with personal protective equipment, support social distancing, and mandate strong cleaning protocols for aircraft. “Although airlines and airports are acting with the best of intentions, air travel is an inherently interstate and international issue that demands stronger leadership from the federal government,” wrote Senate Commerce Committee members Edward Markey (D-MA) and Richard Blumenthal (D-CT) to DOT Secretary Elaine Chao and HHS Secretary Alex Azar. “We believe the safety of the flying public requires consistent and enforceable rules from your agencies, and we urge you to act without further delay.” The Senators have co-authored legislation that would create a joint task force, advised by aviation, security and public health experts, to develop recommended requirements, plans, and guidelines to ensure safe and healthy air travel during and after the coronavirus pandemic.

5. House Hearing on Impact of COVID-19 on Transportation Workers.

The House Transportation Committee held a hearing on “Impacts of COVID-19 on Transportation Workers.” Among witnesses, United flight attendant Susannah Carr said “hundreds of flight attendants have tested positive for the virus and 10 have lost their lives.” The response to COVID-19 “has been a hodge-podge of individual voluntarily-adopted measures by airlines. The best available public health information confirms that crew and passenger use of masks and cloth face coverings, along with proper hand hygiene and social distancing, can help to limit the health risks of air travel. The airlines took an important step when they put policies in place requiring masks, but in the absence of federal requirements, these policies and related communication will remain inconsistent and unclear. Enforcement will be nearly impossible.” Nor can we count on consistent procedures in airports, she added. “We need clear, enforceable federal rules for health and safety that will protect our passengers, all of us serving as essential workers and our families at home, and millions of businesses counting on the resumption of safe commercial air travel.” Carr also asked that Congress extend the Payroll Support Program, a

provision of the CARES Act, beyond September 30 to January 31, 2021. . . . Committee Chair Peter DeFazio (D-OR) said “the lack of a federal mandate on protective equipment and physical distancing on board leaves flight attendants with little enforcement and greater personal risk. The FAA has refused to intervene, and DOT Secretary Chao recently dismissed public health and safety as merely a ‘labor-management’ issue.”

6. Senate Bill to Incentivize More Efficient Airport Construction.

The “Expedited Delivery of Airport Infrastructure Act” was introduced in the Senate by Ted Cruz (R-TX) and Kyrsten Sinema (D-AZ), Aviation and Space Subcommittee Chairman and Ranking Member, respectively, and Todd Young (R-IN). The bill would allow airports to use up to \$1 million of Airport Improvement Program funding to incentivize early completion of certain federally financed airport development projects. A companion bill has been introduced in the House by Sam Graves (R-MO).

7. “Visit America Act” Introduced in Senate.

The “Visit America Act,” introduced by Senators Dan Sullivan (R-AK), Brian Schatz (D-HI) and Angus King (I-ME), would set a visitation goal of 116 million annual international travelers to the United States by 2028. S. 3831 would formally authorize the U.S. Travel and Tourism Advisory Board, and create “a high-ranking position” within the Department of Commerce focused on bolstering America’s travel and tourism industry and coordinating a strategy across multiple federal agencies; and would require development and implementation of a recovery strategy. “While travel and tourism supported employment for 1 in 10 Americans in 2019, more than half of those jobs have been lost as a result of the pandemic,” said U.S. Travel Association. The U.S. is the only member of the G20 economic forum that does not have a high-ranking official focused on the tourism sector, said bill sponsors.

8. American TRIP Act Supports Domestic Travel.

The American TRIP Act was introduced in the Senate by Martha McSally (R-AZ) to incentivize domestic travel in the form of tax credits. The bill provides a \$4,000 travel credit for individuals, and \$8,000 for joint filers (plus an additional \$500 credit for dependent children), for 2020, 2021 and 2022. The credit applies to all travel within the United States and its territories, when final destination is 50 miles from principal residence. Qualified expenses include lodging, travel and entertainment. For filers who own a second home, expenses related to live entertainment, food and beverage, and transportation qualify (but not dwelling-related expenses). The bill also provides \$50 million to help destination marketing organizations promote U.S. travel and tourism.

9. Hearing: Stakeholder Views on Resuming Air Travel in the COVID-19 Era.

The House Homeland Security Subcommittee on Transportation held a hearing titled “Climbing Again: Stakeholder Views on Resuming Air Travel in the COVID-19 Era.” Chairman Bennie Thompson (D-MS) urged the federal government to establish “the right health, safety, and security standards to protect airport workers and restore public confidence in travel.” Thompson has called for the Department of Homeland Security (DHS) and DOT to establish an interagency task force “to ensure that all efforts and policies are coordinated, at the highest levels, in a holistic manner to support the successful recovery of the aviation industry.” He is against a reported TSA temperature check program as “there is an absence of evidence that that such health screenings are effective [and] there are civil rights and civil liberties concerns.” . . . A U.S. Travel Association official cited a recent survey in which 53% of Americans said they will not fly again until at least March 2021. According to a Tourism Economics report, domestic travel spending is forecast to drop 40% (from \$972 billion in 2019 to \$583 billion in 2020) and international inbound spending to decrease by 75% (\$155 billion to \$39 billion). Among U.S. Travel policy priorities are extending Paycheck Protection Program eligibility to destination marketing organizations (DMOs); a temporary travel tax credit; restoring the business entertainment deduction; support for the meetings and events sector; tax credits for personal protective equipment and facilities sterilization; protection from “frivolous COVID-related lawsuits for businesses that follow proper health and safety guidelines”; and \$10 billion in Economic Development Administration grants for DMOs and small businesses “to promote healthy travel practices and encourage visitation to businesses, attractions and communities where it is safe travel.”

10. Senators Say DOT Proposal Undermines Consumer Protections.

In a letter to Elaine Chao, Democratic Senators urged DOT to implement consumer protection rules ordered in 2016 and 2018 FAA reauthorization bills, such as refunds for delayed checked baggage and undelivered ancillary services, and “stop prioritizing airline special interest requests.” The letter responds to a rule proposed by DOT in February, “Defining Unfair or Deceptive Practices,” which mirrors definitions in the Federal Trade Commission Act, an “inappropriate” approach which would needlessly restrict DOT’s power to protect air travelers from harm and abuse,” wrote Edward Markey, Maria Cantwell, Tammy Baldwin and Richard Blumenthal.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. State Department Resumes Passport Processing.

As the COVID-19 lockdown loosens, a phased resumption of passport processing throughout the country began, said the Department of State, with a focus on clearing a backlog of 1.7 million pending applications with a first-in/first-out approach.

2. DOT, China Approve Four Weekly Passenger Ops for Each Side.

U.S. and Chinese carriers can operate four weekly scheduled passenger roundtrips between the United States and China, according to mid-June orders from DOT and Civil Aviation Authority of China (CAAC), after conflicting statements. DOT “continues to indicate our willingness to revisit our action should the Chinese aviation authorities adjust their policies to bring about the necessary improved situation for U.S. carriers in which both they and the Chinese carriers could fully exercise their bilateral rights.”

3. DOT Restricts Charter Flights by Indian Carriers.

DOT placed restrictions on Air India repatriation flights, stating that the Indian government is engaging in “unfair and discriminatory practices” by barring U.S. airlines from participating in the evacuations. Air India is advertising flights that would constitute a rate of 53% of scheduled services it operated before the current emergency, said DOT, and may be using repatriation charters as a way of circumventing government-imposed prohibition of scheduled services. . . . India’s Ministry of Civil Aviation is looking at establishing “individual bilateral bubbles” for destinations where demand for travel has not diminished, as several countries have requested that their carriers be allowed to participate in the repatriation exercise.

VIII. EUROPE AND AFRICA

1. EC Plans Partial, Gradual Lifting of Travel Restrictions.

The European Commission (EC) was deciding on a list of non-EU countries for which travel restrictions can be lifted as of July 1, to be reviewed on a regular basis. The United States was expected to be a restricted country, with the world's highest incidence of coronavirus infection. As of June 25, the World Health Organization confirmed 2,367,064 cases in the U.S., followed by Brazil with 1,188,631 cases.

2. Virgin Atlantic to Restart Passenger Operations.

Virgin Atlantic will restart flights from London Heathrow to New York Kennedy and Los Angeles in July and to San Francisco, Miami and Atlanta in August. Flights to Orlando from Heathrow and Manchester begin August 24, subject to CDC approval. Heathrow service to Washington, Seattle, Las Vegas and Boston starts in September. "We are monitoring external conditions extremely closely, in particular the travel restrictions many countries have in place including the 14 day quarantine policy for travelers entering the UK," said the airline, urging the government "to continually review its quarantine measures and instead look at a multi-layered approach of carefully targeted public health and screening measures, including air bridges, which will support a successful and safe restart of international air travel for passengers and businesses."

3. Lufthansa State Aid of €9 Billion Approved.

Lufthansa avoided bankruptcy as shareholders and the EC approved state aid including loans of up to €9 billion. Germany's Economic Stabilization Fund (WSF) will make silent capital contributions of up to €5.7 billion to Lufthansa assets and establish a 20% stake in the share capital of the airline by way of a capital increase. The company's liquidity is secured on a sustained basis, said Chairman Carsten Spohr, and Lufthansa Group flight schedules will be expanded in coming weeks; 90% of originally planned short-haul and 70% of long-haul destinations will be in the schedule by September. . . . Lufthansa and Independent Flight Attendants Union (UFO) agreed on measures that include suspension of pay increases, reduction in flying hours and temporary reductions in contributions to the company pension scheme, allowing the company to avoid layoffs of cabin staff; subject to approval of UFO members. Pilots earlier offered wage cuts as a restructuring contribution. . . . Lufthansa resumed service from Munich to the U.S., flying Airbus A350 nonstops to Los Angeles and Chicago three times a week initially.

4. France Provides €15 Billion in Aviation Sector Aid.

France will provide €15 billion to support the aviation sector and save jobs. The aid includes direct government investment, subsidies, loans and loan guarantees, and a special fund jointly financed by the government, Airbus, Dassault Aviation, Thales and Safran to support small suppliers. The plan also includes €1.5 billion for research on a carbon neutral plane over the next three years. It includes €7 billion in loans and loan guarantees earlier promised to Air France for Airbus purchases, and investment in developing an Airbus hybrid or hydrogen regional plane.

5. SAS Expanding Service in July.

SAS is increasing frequency on Copenhagen to Chicago and New York routes in July. . . . The Swedish government proposed to support SAS with up to SEK 5 billion in shares and/or other transferable securities, with Danish political agreement. SAS estimates a need for SEK 12.5 billion of new funding in a recapitalization plan, for which the Swedish and Danish governments require burden-sharing measures involving internal, external and financial stakeholders in the company. An approved revised business plan includes reduction of workforce by 5,000, productivity improvements in the range of 15-25% in collective bargaining agreements, and continued strict cost control procedures, renegotiated contracts with suppliers, and reduced spend on marketing, product, IT development and other projects. It will entail an adaptation of the fleet size through postponements in aircraft deliveries.

6. Level Europe Files for Insolvency.

Austrian budget carrier Level Europe filed for insolvency. Previously known as ANISEC, the Vueling unit operated short-haul routes. Vueling parent IAG said its long-haul Level brand is not affected by the announcement.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Human Error Found Cause of Pakistani A320 Crash.

Human error was responsible for the crash of a Pakistan International Airlines (PIA) Airbus A320 near Karachi Airport on May 22, according to the Pakistani Aircraft Accident Investigation Board preliminary report. Of 99 passengers and crew onboard Flight 8303, 97 died and two survived with injuries; four persons on the ground were injured and one died later at a hospital. Pakistan's aviation minister Ghulam Sarwar Khan said the flight crew and air traffic control did not follow set protocol. He also said that more than 260 of the country's 860 active pilots have fake licenses or had paid someone to take exams for them. PIA said it has suspended 150 pilots.

2. Delta Resumes U.S.-China Service

Delta is the first U.S. airline to re-connect with China since the suspension in February due to the COVID-19 outbreak, operating Airbus A350 service between Seattle and Shanghai Pudong via Seoul Incheon twice weekly. From July, Delta will operate weekly from Seattle and Detroit, also via Incheon. Delta also will restart weekly service from Los Angeles to Sydney in July, add weekly flights from Atlanta to Seoul and continue to operate service to Tokyo Haneda from Detroit and Seattle.

3. Bain Wins Bid for Virgin Australia.

Virgin Australia administrator Deloitte selected U.S.-based private equity firm Bain Capital as the airline's new owner, after Cyrus Capital Partners withdrew its bid. Current owners include Etihad, Singapore Airlines, HNA and Nanshan, with 20% each, and Richard Branson's Virgin Group with about 10%. Value of the transaction was not disclosed.

4. Cathay Pacific Receives Rescue Package.

The Hong Kong government will hold a 6% stake in Cathay Pacific, as part of a HK\$39 billion rescue package. "The alternative would have been a collapse of the company," said Cathay Chairman Patrick Healy. "Commercial debt markets are effectively closed to airlines today who do not have extensive government shareholder support." The government will have two observer seats on the Board. Finance Secretary Paul Chan said the investment is meant to protect Hong Kong's role as a leading international aviation hub while generating a reasonable financial return. "It is not our intention to become a long-term shareholder of Cathay Pacific," he said, "or to interfere

with the operation and management.” Cathay shareholders include Swire Pacific (45%), Air China (30%) and Qatar Airways (10%).

5. Sanya International to Launch in Hainan.

China Eastern, Juneyao Air, Trip.com and local state-owned entities signed a framework agreement to establish Sanya International Airlines in the southern island province of Hainan, which China is developing as a Free Trade Zone. . . . China Eastern launched Shanghai-based OTT Airlines in February, with plans to operate domestic service with the C919 and ARJ21 manufactured by Commercial Aircraft Corp of China (COMAC).

6. Qatar Expands U.S. Service.

Qatar Airways resumed flights to New York Kennedy, Boston, Los Angeles and Washington Dulles, and by mid-July will operate 39 weekly flights to six U.S. gateways that will connect to hundreds of U.S. cities through its partnerships with American and JetBlue.

7. DOT, China Approve Four Weekly Passenger Ops for Each Side.

See Section VII, item 2.

8. DOT Restricts Charter Flights by Indian Carriers.

See Section VII, item 3.

X. AMERICAS

1. Delta to Add 1,000 Flights in July.

Delta will add almost 1,000 flights system-wide in July, when the schedule will be 70% smaller compared to same time last year, including reductions of 65% for U.S. domestic travel and 75% for international. Delta indefinitely suspended service to Ottawa and received waivers to suspend service in 11 U.S. markets with very low customer demand. Delta is blocking the selection of middle seats and capping seating in every cabin through September 30, and has established a Global Cleanliness division, among responses to the pandemic.

2. Delta, LATAM Seek Code Share Approval.

Delta and LATAM Airlines Group applied to DOT for blanket approval to operate code share routes within and beyond the United States and Chile; flights operated by Delta Connection's U.S. regional affiliates SkyWest, Republic and Endeavor are included. Delta holds a 20% equity stake in LATAM which it purchased for \$1.9 billion last year. . . . LATAM and its affiliates in Chile, Peru, Colombia, Ecuador and the United States filed for bankruptcy protection in the U.S. Bankruptcy Court of the Southern District of New York, citing liquidity problems. Up to \$900 million in debtor-in-possession financing will be provided by shareholders, including the Cueto and Amaro families and Qatar Airways. LATAM and affiliates will continue flying as conditions permit throughout the process. . . . LATAM Airlines Argentina ceased domestic operations "for an indefinite period"; destinations in the United States, Brazil, Chile and Peru will be served by other LATAM affiliates, once COVID-19-related travel restrictions are lifted. . . . LATAM Airlines Brazil and Azul Brazilian Airlines announced code share and frequent flyer agreements on routes in their domestic networks, including 50 non-overlapping routes from Brasilia, Belo Horizonte, Recife, Porto-Alegre, Campinas, Curitiba and Sao Paulo.

3. American Booking to Capacity from July.

American Airlines said its customers may notice that flights are booked to capacity starting July 1 and can move to more open flights when available, without incurring cost, or move to another seat within their ticketed cabin. American extended its offer to waive change fees for certain tickets. American plans to fly 55% of its domestic and 20% of its international schedule in July, compared to same period last year; July systemwide capacity is 40% of July 2019 flying. American will delay return of some previously announced

international routes, including transatlantic service from Philadelphia and Charlotte, to August. . . . Allied Pilots Association, representing American's pilots, introduced "Safe Essential Air Transportation Seating (SEATS)," in which the government would purchase enough seats on a flight to eliminate the need for any passenger to sit next to a stranger. "Thanks to uniform social distancing, passengers would be encouraged to fly more, airlines would be encouraged to operate more flights, and the government would ensure the preservation of critical transportation infrastructure and associated jobs," said the union. . . . American raised a bond offering to \$2.5 billion, to be secured by certain slots, gates and routes at U.S. and other airports. . . . American is giving up to one million Business Extra® points to small businesses and nonprofits in need of travel support.

4. Southwest Extends Open Middle Seat Policy.

Southwest plans to keep middle seats open through at least September 30. Customers may still pick their own seat, and Southwest will not block or direct seating. In the open seating environment, families or those traveling together may sit together. Southwest introduced a Customer Health Declaration, in which passengers acknowledge during online check-in an awareness of the carrier's face covering policy and confirm they do not have symptoms of COVID-19 and have not been diagnosed with, or exposed, to COVID-19 in the 14 days prior to travel. They will also have to confirm they do not have a fever when they travel. Southwest launched a sale offering domestic fares starting at \$49 one-way to select destinations.

5. JetBlue to Add 30 New Routes, Launch Mint at Newark.

JetBlue will phase in 30 new domestic routes between July and October in markets where leisure travel is showing signs of strength. "With business travel facing a less certain recovery timeline," said JetBlue, "the new routes offer the opportunity to generate revenue, bring aircraft back into service that would otherwise sit idle, and add more flying opportunities for JetBlue crewmembers." Nine temporarily closed cities and several summer seasonal destinations will reopen in early July. . . . Mint service will begin on Newark Liberty daily nonstops to Los Angeles and San Francisco. . . . JetBlue secured a \$750 million term loan credit agreement with certain takeoff and landing slots at New York LaGuardia and Kennedy and Washington Reagan National, as well as the right to use certain intellectual property assets comprising the JetBlue brand. JetBlue removed the slots from a 2017 loan agreement, and replaced them with unencumbered aircraft, simulators and other assets. The loan is due for repayment through June 17, 2024.

6. Amazon Adding 12 B767-300s to Cargo Fleet.

Amazon will lease 12 Boeing 767-300 converted cargo aircraft from Air Transport Services Group, bringing its fleet to over 80. New Regional Air Hubs will open at Lakeland Linder International in Florida this summer and at San Bernardino International in 2021, along with the central Amazon Air Hub at the Cincinnati/Northern Kentucky. In May, Amazon Air began operations at Austin-Bergstrom and Luis Muñoz Marín in San Juan, Puerto Rico.

7. Air Canada Raises Additional \$1.23 Billion.

Air Canada closed two additional financing transactions for net proceeds of \$1.23 billion. Since the start of the COVID-19 pandemic in first quarter 2020, Air Canada has raised \$5.5 billion of liquidity. Ongoing initiatives to reduce cash burn have included workforce reductions, a \$1.1 billion Cost Transformation Program and capacity and network rationalization.

8. DOT, China Approve Four Weekly Passenger Ops for Each Side.

See Section VII, item 2.

9. DOT Restricts Charter Flights by Indian Carriers.

See Section VII, item 3.

10. Virgin Atlantic to Restart Passenger Operations.

See Section VIII, item 2.

11. SAS Expanding Service in July.

See Section VIII, item 5.

12. Delta Resumes U.S.-China Service

See Section IX, item 2.

13. Qatar Expands U.S. Service.

See Section IX, item 6.