



## WASHINGTON AVIATION SUMMARY

### SEPTEMBER 2020 EDITION

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#### CONTENTS

I.	REGULATORY NEWS .....	1
II.	AIRPORTS.....	4
III.	SECURITY AND DATA PRIVACY .....	6
IV.	TECHNOLOGY AND EQUIPMENT.....	8
V.	ENERGY AND ENVIRONMENT.....	9
VI.	U.S. CONGRESS.....	10
VII.	BILATERAL AND STATE DEPARTMENT NEWS .....	12
VIII.	EUROPE/AFRICA .....	14
IX.	ASIA/PACIFIC/MIDDLE EAST .....	17
X.	AMERICAS .....	19

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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. Industry Urges Government Action to Save Jobs.**

The White House Chief of Staff indicated Executive Actions to support the aviation industry are coming, as airlines announced thousands of furloughs starting October 1, following the September 30 expiration of the CARES Act Payroll Support Program (PSP). Airlines for America (A4A) President and CEO Nicholas Calio said an extension of the PSP would allow the industry to recover while keeping employees on payroll. "Without traffic starting to return, we're going to be much smaller airlines than we were before. It's going to take a long time to recover, to get traffic back to where it was. So, if you want to keep those people on payroll, and trained, and certified, we think an extension is in order," said Calio, in a Politico interview. Allied Pilots Association, part of a broad labor coalition seeking relief from the government, urged "the White House and Congress to find a way to protect hundreds of thousands of Americans' livelihoods and, in turn, secure a critical piece of our nation's infrastructure." "By extending the baseline PSP program, Congress can put more time on the clock for demand to return, and more time on the clock for airlines to plan and respond to the pandemic's impact on travel as it continues to evolve," said Faye Malarkey Black, President and CEO of Regional Airline Association.

### **2. IATA Health Checklist Helps Airlines Implement ICAO Guidance.**

The International Air Transport Association (IATA) released the IATA Health Safety Checklist for Airline Operators to support the International Civil Aviation Organization's (ICAO) Take-off: Guidance for Air Travel through the COVID-19 Public Health Crisis. The checklist provides standards and recommended practices, associated guidance material and other information necessary for an operator to self-assess. Sections cover: Pre-arrival notification; Check in; Embarkation and Disembarkation; Aircraft Cleaning; Onboard Air Quality; In-flight Operations; Flight and Cabin Crew – General; Crew Layover; and Airport Facilities. It is available for free from IATA. . . . Airports Council International (ACI) World launched its "Airport Health Accreditation program," which assesses airports' health measures and procedures against the ICAO Council Aviation Recovery Task Force (CART) recommendations. The program enables airports to demonstrate to passengers, staff, regulators and governments that they are prioritizing health and safety in a measurable, established manner while also validating their own measures and processes," said Luis Felipe de Oliveira, Director General of ACI World.

**3. New York, New Jersey Air Travel Hit Hardest by Pandemic.**

Airlines for America released an analysis of states experiencing the greatest impact on air service and air travel demand amid the COVID-19 health crisis. New York had the largest decrease in scheduled departures from July 2019 to July 2020, at 70%, followed by New Jersey with a 67% decline. The national average is 50%.

**4. Airline Passenger Contact Tracing Plan Stalls.**

The Administration's efforts to require airlines to collect contact tracing information from U.S.-bound international passengers has stalled, Reuters reported. The mandate from the Centers for Disease Control and Prevention and the Department of Homeland Security (DHS) would allow airlines to collect phone numbers and email addresses from customers and alert them if they had come in contact with an infected passenger. Civil liberties groups say the program raises concerns about privacy and misuse. Passenger information that is already provided to airlines includes name, nationality, date of birth, passport number and address.

**5. FAA Issues Final Plan for Boeing 737 MAX Return to Service.**

The Federal Aviation Administration (FAA) published a notice of proposed rulemaking (NPRM) for a Boeing 737 MAX airworthiness directive (AD), as well as a preliminary summary of its MAX review, which "has so far included approximately 50 hours of FAA flight or simulator tests and FAA analysis of more than 4,000 hours of company flight and simulator testing." The AD requires installing new software to modify the Maneuvering Characteristics Augmentation System (MCAS) and a new cockpit alert for a faulty sensor, which were implicated in the crashes of Lion Air Flight 610 in October 2018 and Lion Air Flight 302 in March 2019 and together killed 346 people. Changes to operation and maintenance procedures, revised pilot training and wiring repairs are among other requirements that must be completed before U.S. or international authorities approve a return to passenger service. "Due to the nature of the certification process, there is continuous engagement with the CAAs on all aspects of the review," said the FAA. "Likewise, all of the CAAs are reviewing identical data from Boeing to make their respective findings." . . . The European Union Aviation Safety Agency (EASA) scheduled MAX simulator tests for September 1 at London Gatwick, and flight tests in Vancouver, Canada for the week of September 7. . . . The FAA proposed civil penalties totaling \$1.25 million against Boeing for alleged violations in the Organization Designation Authorization (ODA) program. A fine of \$1,066,655 is for an alleged failure to ensure ODA administrators were in a position to effectively represent the FAA's interests and that non-ODA Boeing managers exerted undue pressure or interfered with ODA unit members. A fine of \$184,522 is for an alleged failure to follow quality control processes, subjecting

ODA members to undue pressure or interfering with an airworthiness inspection of a Boeing 787-9. In both cases, said FAA, “ODA unit members fulfilled their FAA responsibilities to ensure aircraft were conforming and in a condition for safe operation prior to issuance of their airworthiness certificates.” . . . Boeing announced its first MAX order this year. Enter Air will add up to four 737-8s to its all-Boeing fleet. Boeing agreed to a settlement with the Polish charter carrier to address commercial impacts stemming from the grounding; “compensation will be provided in a number of forms and staggered over a period of time.” Boeing did not include the ‘MAX’ name in the order announcement, leading to speculation that the company will drop it going forward.

## **II. AIRPORTS**

### **1. Lufthansa Cargo Opens Pharma Facilities in Munich, Chicago.**

Lufthansa Cargo Pharma Hubs have opened at Munich Airport and Chicago O'Hare. Most pharmaceutical shipments carried by Lufthansa Cargo are handled at Frankfurt, one of the first Pharma Cool Centres in the world to be CEIV Pharma-certified. By yearend, Lufthansa Cargo's worldwide network is expected to comprise 31 CEIV Pharma-certified pharma stations. CEIV Pharma (Center of Excellence for Independent Validators in Pharmaceutical Logistics) is a global initiative created by IATA, industry members and regulators to assure safety, security, compliance and efficiency in the transport and handling of pharmaceuticals. "Particularly in the context of the corona pandemic, the relevance of stable supply chains and fast transport of medicines or vaccines has once again been demonstrated," said Lufthansa Cargo. Frankfurt Airport handled about 120,000 tons of vaccines, medications and other pharmaceutical products in 2019.

### **2. Check & Fly App Provides Airport Health Measures to Passengers.**

ACI World launched a smart phone app which informs passengers about health measures at airports around the world, "helping them to meet any requirements, and making their journeys smoother and more efficient." The Check & Fly app is available on the Apple App Store.

### **3. Airports Conduct Employee Rapid COVID-19 Testing.**

San Francisco International launched a rapid COVID-19 testing program for airport employees, partnering with Dignity Health-GoHealth Urgent Care to provide testing both on-airport and at nearby locations. The facility located in the International Terminal returns test results in less than an hour. . . . A COVID-19 testing facility at Newark Liberty Terminal B is screening up to 350 terminal, airline and airport workers per day through a contract with XpresCheck unit XpresSpa. Both antibody testing and polymerase chain reaction testing are available on-site, and tests are sent to outside laboratories. Following launch, testing will be made available to passengers. XpresCheck began as a pilot at New York Kennedy Terminal 4 and is now open to passengers, said Port Authority of New York and New Jersey. . . . XpresCheck signed a contract with Abbott Laboratories securing 100 ID NOW testing instruments. The rapid molecular testing technology cuts waiting time for results from 48 hours or more to under 15 minutes and will roll out in September at Kennedy and Newark airports. XpresSpa said it is in advanced discussions to open additional airport locations. The ID NOW COVID-19 test has FDA emergency use authorization.

**4. Dogs Deployed at Dubai Airport to Detect Covid-19.**

Dubai Airport has deployed dogs to detect COVID-19 in passengers. Experiments done in the United Arab Emirates “relied on high speed sampling from the armpits of presumed cases,” said the Ministry of Interior. “Samples are then sniffed out by the dogs without coming in contact with the persons, while results become known on the spot. Data and studies showed that detection of presumed COVID-19 cases achieved approximately 92% in overall accuracy.” Similar programs are being developed for airports elsewhere.

**5. Beijing Capital Implements 600 Biometric Checkpoints.**

Beijing Capital International has automated the entire passenger journey using facial recognition from SITA. Passengers “glide through the airport using only their face as their boarding pass, eliminating the need for physical touchpoints and minimizing the risk of COVID-19 infection.” The SITA Smart Path solution is the largest rollout of its kind with 600 biometric checkpoints including 250 lanes of automatic gates, 80 kiosks and 30 self-bag drop stations. Over 400 passengers boarding an Airbus A380 can be processed in less than 20 minutes, said SITA, and Smart Path also enables hands-free duty-free payment.

**6. Hong Kong Resumes Transfer/Transit Services from Mainland.**

Transfer/transit services at Hong Kong International resumed for passengers from, but not to mainland airports. Officials said the flights do not pose a serious risk to public health.

### **III. SECURITY AND DATA PRIVACY**

#### **1. Legality of Service of DHS Officials Questioned.**

U.S. President Donald Trump tweeted that he would nominate Acting Secretary of Homeland Security Chad Wolf to a permanent position, after the Government Accountability Office (GAO) found that Wolf and Acting Deputy Secretary Ken Cuccinelli were invalidly appointed and are ineligible to serve. Upon Secretary Kirstjen Nielsen's resignation in April 2019, the official who assumed the title of Acting Secretary had not been designated in the order of succession to serve upon the Secretary's resignation, said GAO. Because the incorrect official assumed the title of Acting Secretary at that time, subsequent amendments to the order of succession made by that official were invalid and officials who assumed their positions under such amendments, including Wolf and Cuccinelli, were named by reference to an invalid order of succession. GAO has not reviewed the legality of other actions taken by these officials and referred the matter to the DHS Inspector General for review.

#### **2. TSA Update.**

As of August 20, the Transportation Security Administration (TSA) cumulatively had 1,699 federal employees test positive for COVID-19 since the beginning of the pandemic. 1,375 employees recovered; and 6 died as a result of the virus, including a screening contractor. . . . On August 19, total traveler throughput was 586,718, compared to 2,306,838 on same weekday 2019. . . . The federal employee union representing TSA officers urged Administrator David Pekoske to restore a leave policy that protected workers in high-risk health groups, reports the Washington Post. TSA said the policy was changed in anticipation of a need to move passengers through checkpoints quickly on the July 4 holiday, reducing the risk of exposure to the virus. Union officials said, "Prematurely reverting to business-as-usual leave policies by requiring that high-risk employees who choose to prioritize their health and safety exhaust their own leave is myopic: it ignores the sheer scope of this once-in-a-lifetime crisis, it places an unfair burden on many on your front line, and it fails to provide a solution for the near future once the leave balances have been exhausted." . . . TSA awarded Lavi Industries of Valencia, Ca. a sole-source small business contract for acrylic barriers and associated equipment for installation at security checkpoints at 37 priority U.S. airports. Prototype shields at Reagan Washington National were created for travel document checking podiums, along conveyor belts where passengers place items for scanning, secondary search areas and the checked baggage drop-off locations at the passenger check-in level.

**3. Carlson Wagonlit Travel Pays \$4.5 Million Ransom to Retrieve Data.**

U.S. corporate travel management firm Carlson Wagonlit Travel (CWT) paid a \$4.5 million ransom to retrieve data stolen in a cyberattack. “Negotiations between the hackers and a CWT representative remained publicly accessible in an online chat group, providing a rare insight into the fraught relationship between cyber criminals and their corporate victims,” reported Reuters. “In a ransom note left on infected CWT computers and screenshots posted online, the hackers claimed to have stolen two terabytes of files, including financial reports, security documents and employees’ personal data such as email addresses and salary information. It was not clear whether data belong to any of CWT’s customers, including Thomson Reuters, was compromised.”

**4. Advisory Issued on Technology to Detect, Mitigate UAS.**

A document to help non-federal public and private entities understand federal laws and regulations that apply to use of capabilities to detect and mitigate threats posed by Unmanned Aircraft Systems (UAS) was issued by the FAA, the DHS, the Department of Justice (DOJ), and the Federal Communications Commission (FCC). The “Advisory on the Application of Federal Laws to the Acquisition and Use of Technology to Detect and Mitigate Unmanned Aircraft Systems” provides a brief overview of provisions of the U.S. criminal code enforced by DOJ, as well as federal laws and regulations related to aviation safety and efficiency, transportation and airport security, and the radiofrequency spectrum.



## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. Gogo to Sell Commercial Aviation Business.**

Gogo announced plans to sell its commercial aviation business and to cut 143 full-time positions predominately in that unit; this follows a four-month furlough of over 50% of the workforce, or more than 600 employees. The inflight entertainment provider reported second quarter consolidated revenue of \$96.6 million, down 55% from Q2 2019, due to the impact of COVID-19 on demand for air travel.

### **2. Sabre Announces GDS Agreements.**

Sabre extended its agreement with United, enabling the airline “to market and sell its roster of fares through the Sabre global distribution system (GDS), reaching more than 425,000 travel agents, and the travelers they serve, across the world.” The renewed agreement also supports collaboration on NDC (New Distribution Capability) . . . . A renewed long-term distribution agreement with Air New Zealand includes an opt-in content program in New Zealand and Australia, which provides agencies access to Air New Zealand’s preferential content through the Sabre marketplace. . . . Royal Air Philippines selected Sabre as its preferred distribution partner. The carrier was a charter before entering into commercial operation in 2018 and building a network to China, and plans to add more domestic and Asia Pacific routes. . . . West-African airline ASKY signed a multi-year agreement with Sabre that will allow it to expand shopping and payment capabilities, improve airport operations and use Sabre’s Revenue Optimizer. ASKY, headquartered in Lomé, Togo, is a strategic partner of Ethiopian Airlines and flies to 22 destinations in 20 countries across West and Central Africa. It was created by regional institutions, including the ECOWAS Bank for Investment and Development (EBID), West African Development Bank (BOAD) and ECOBANK Group.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on August 14 was \$45.11/barrel, flat on the month and down 40.4% compared to a year ago, reports IATA. Jet fuel price average for 2020 was \$46.3/barrel. Impact on 2020 fuel bill was down \$109.3 billion.

### **2. Draft EIS Released for Burbank, LaGuardia AirTrain Projects.**

FAA released the Draft Environmental Impact Statement (EIS) for a proposed project at Hollywood Burbank Airport, which would replace a passenger terminal that does not meet current FAA safety standards because of its proximity to taxiways and runways. The project also includes a 45,900-square-foot aircraft apron, public parking structure, airline cargo building, passenger terminal access road, Aircraft Rescue and Firefighting (ARFF) station, central utility plant, and other infrastructure. Several structures and facilities would be removed or demolished. The existing terminal would be demolished and parallel Taxiways A and C would be extended full length to the ends of Runways 15-33 and 8-26, respectively. The Burbank-Glendale-Pasadena Airport Authority proposal does not involve changes to airspace procedures. . .

. A Draft EIS was released for the proposed LaGuardia Airport Access Improvement Project (AirTrain) that was proposed by the Port Authority of New York and New Jersey. The automated people mover would include passenger stations at LaGuardia that would connect with the Long Island Railroad and the New York City subway system.

### **3. JetBlue Achieves Carbon Neutrality for All Domestic Flying.**

JetBlue achieved carbon neutrality on all domestic flying, the first U.S. airline to do so. The carrier has been offsetting carbon dioxide emissions from jet fuel since 2008, is investing in sustainable aviation fuel (SAF) and is purchasing and flying on SAF from Neste for flights from San Francisco International.

## **VI. U.S. CONGRESS**

### **1. House Democrats Introduce “Healthy Flights Act.”**

House Democrats introduced the “Healthy Flights Act of 2020,” which clarifies FAA’s authority to impose requirements to protect health and safety of airline workers and passengers during public health emergencies. It requires that passengers wear masks on board aircraft and in airports, and issuance of masks and other protective equipment to airline employees and certain FAA employees (including air traffic controllers and aviation safety inspectors). It mandates development of a national aviation preparedness plan to respond to epidemics or pandemics; calls for a study on transmission of infectious diseases in airplane cabins; and creates an FAA Center of Excellence on Infectious Disease Response and Prevention in Aviation to advise the FAA Administrator on infectious diseases and air travel. The bill is supported by labor groups and airport associations.

### **2. Airlines Urged to Adopt Uniform Health, Safety Policies Amid Pandemic.**

A group of 31 members of the House of Representatives sent a letter to 11 U.S.-based airlines requesting information on their policies to help prevent transmission of COVID-19. The letter urges airlines to work together to establish comprehensive industry-wide policies that ensure health and safety of passengers and employees. “Airlines have created a patchwork of rules and protocols,” members wrote, and “FAA has yet to come forward with a mandatory policy regarding masks on planes, passengers sitting next to each other for extended periods of time, or other protective measures. . . We fear that a lack of uniform policies may result in more lives lost.” Among questions, the letter asks if airlines are taking steps to work together to establish uniform policies in response to COVID-19 and comprehensive industry-wide policies that address masks, social distancing and other passenger and employee safety measures for the duration of the pandemic.

### **3. “Aviation Manufacturing Jobs Protection Act” Introduced in House.**

The “Aviation Manufacturing Jobs Protection Act of 2020” was introduced in the House. The bipartisan legislation establishes a temporary relief program to provide up to 50% cost-share to help cover costs of pay and benefits for employees at risk of being furloughed due to the COVID-19 pandemic. It includes oversight provisions to protect jobs, boost labor protections and prevent use of relief funding for stock buybacks or to pay dividends. The bill is endorsed by the International Association of Machinists and Aerospace Workers and manufacturing and maintenance associations. A companion bill, the “Public-Private Partnership to Preserve Jobs in the Aviation Manufacturing Industry Act of 2020,” has been introduced in the Senate.

**4. DeFazio: FAA Employee Survey Results Are “Damning.”**

Results of a 2019 FAA internal survey of Office of Aviation Safety employees about the agency’s safety culture are “damning,” reflecting “a disturbing pattern of senior officials at a Federal agency rolling over for industry,” said House Transportation Committee Chair Peter DeFazio (D-OR) and Aviation Subcommittee Chair Rick Larsen (D-WA). They commended FAA Administrator Dickson for fulfilling their request for the survey and underlying documents in support of their ongoing investigation into the Boeing 737 MAX crashes, and urged FAA “to honor and complete our Committee’s outstanding records requests in a timely manner so we can get a full understanding of critical gaps in the regulatory system . . . these records are key to the legislation we are wrapping up soon to address the broken regulatory system and ensure safety always comes first for anyone involved in the aviation system.” The Committee has held five public hearings on the design, development and certification of the MAX; obtained more than 600,000 pages of documents from Boeing, FAA and others and interviewed dozens of current and former Boeing and FAA employees.

## **VII. BILATERAL AND STATE DEPARTMENT NEWS**

### **1. U.S. Lifts Global Travel Advisory.**

In coordination with the U.S. Centers for Disease Control and Prevention, the State Department lifted a March 19 health advisory that advised U.S. citizens to avoid all international travel due to the global impact of COVID-19. With health and safety conditions improving in some countries and potentially deteriorating in others, the Department is returning to a system of country-specific levels of travel advice, in order to give travelers detailed and actionable information to make informed travel decisions.

### **2. China, U.S. Allow Carriers to Double Flights Between Nations.**

The U.S. and China allowed carriers to double the number of flights they operate between the countries, from four to eight per week. United will increase twice weekly Boeing 777-300ER service from San Francisco to Shanghai Pudong via Seoul Incheon to four per week, beginning September 4. Delta added Airbus A350 service to Shanghai, via Seoul, from Seattle and Detroit. Civil Aviation Authority of China said Air China, China Eastern, China Southern and Xiamen have qualified to increase U.S. frequencies from one-time weekly to twice weekly. The U.S. Department of Transportation (DOT) said it will modify “decisions made in June to enable those qualified Chinese carriers to increase services to the United States,” and is willing “to further 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. UAE, Israel Agree to Full Normalization of Relations.**

The United Arab Emirates (UAE) and Israel agreed to full normalization of relations. An Israeli delegation planned to meet with UAE representatives in Abu Dhabi on August 31 for talks on advancing cooperation in aviation and tourism, trade, economic issues, health, energy and security. “I hope that citizens of Israel will be able to visit Dubai and Abu Dhabi soon,” said Israeli Prime Minister Benjamin Netanyahu. “There is much to see there.”

### **4. U.S.-Cuba Private Charter Flights Suspended.**

DOT issued an order to suspend all charter flights between the U.S. and all airports in Cuba, except for authorized public charters to and from Havana and other authorized charter flights for emergency medical purposes, search and rescue, and other travel deemed to be in the interest of the U.S. For most charter carriers, the suspension allows a wind-down period to October 13, 2020. The action was taken at the specific request of the U.S. Department of

State, which said the suspension “will deny economic resources to the Castro regime and inhibit its capacity to carry out abuses.”

**5. G7 Initiative to Reinvigorate Global Transportation System.**

G7 leaders launched an initiative to reinvigorate the global interconnected transportation system, reports the U.S. State Department, noting the importance of working together in a transparent way, communicating collective efforts, and helping to restore confidence in travel and tourism. Among objectives are compatible requirements imposed on transportation in response to COVID-19 in order to avoid a global patchwork of health safety measures and to minimize market access barriers and burdens on transportation operators. Regarding protection and treatment of air crews, a closely coordinated international approach is needed, consistent with recognized public health standards, to avoid impact on aviation operations; facilitate or expedite screening for crews and ensure that health screening methods are as non-invasive as possible; support urgent repatriation of air crews in lieu of quarantine and highlight safeguarding crew rest, with adequate layover facilities and access to food and amenities to ensure continued safety of aviation operations. . . . The World Travel & Tourism Council (WTTC) urged G7 leaders to save the struggling sector, which in 2019 was responsible for one in 10 jobs globally (330 million total), making a 10.3% contribution to global GDP. “There is no clear or internationally coordinated effort to protect this uniquely exposed sector,” said WTTC President and CEO Gloria Guevara, and “critical action is urgently needed.” WTTC recommended substantial investment in testing facilities at international airports, replacement of blanket national quarantines with targeted measures for positive tests only, and adoption of global health and safety protocols.

**6. USTR Modifies WTO Award Related to Airbus Subsidies.**

The list of products subject to duties authorized by the World Trade Organization (WTO) in the U.S. challenge to subsidies for large civil aircraft provided by the European Union, France, Germany, Spain and the UK will be modified on September 1 according to the U.S. Trade Representative (USTR). Certain products from Greece and the UK will be removed and an equivalent amount of trade from France and Germany will be added. The amount subject to countermeasures will remain unchanged at \$7.5 billion; tariff rates will remain unchanged at 15% for aircraft and 25% for other products.

## **VIII. EUROPE AND AFRICA**

### **1. EU Approves State Aid for Airlines.**

The European Commission (EC) is enabling member states “to use the full flexibility foreseen under state aid rules to support the economy in the context of the coronavirus outbreak.” Types of aid include direct grants, equity injections, selective tax advantages, advance payments and zero-interest loans or guarantees on loans. . . . The EC approved a €290 million Belgian aid measure to support Lufthansa unit SN Group, which is composed of SN Airholding and sole subsidiary Brussels Airlines. The measure consists of a €287 million loan and an equity injection of around €3 million. . . . The EC approved Danish and Swedish plans to contribute up to about €1 billion to the recapitalization of SAS, with €583 million provided by Denmark and €486 million by Sweden. The measure is part of a larger recapitalization package with significant participation by private investors, including conversion of outstanding privately-held debt instruments into equity. . . . The EC approved a €62 million Romanian loan guarantee for Blue Air, which qualified before the pandemic. The private airline has bases in Romania, Italy and Cyprus and 18 planes. Blue Air carried 4 million passengers on 92 routes in 2019. . . . The EC approved €133 million in liquidity support to SATA Air Açores to fulfil its public service obligations, provide essential services and ensure connectivity of the Azores outermost region. The EC also opened an investigation to assess whether certain public support measures by Portugal in favor of the carrier are in line with EU rules on state aid to companies in difficulty.

### **2. Lufthansa Reports Q2 Net Loss of €1.5 Billion.**

Lufthansa Group reported €1.9 billion in second quarter revenue, compared to €9.6 billion a year earlier, and net income at minus €1.5 billion. Most of the revenue was generated by Lufthansa Cargo and Lufthansa Technik. “We are experiencing a caesura in global air traffic.” said Chairman and CEO Carsten Spohr. “We do not expect demand to return to pre-crisis levels before 2024. Especially for long-haul routes there will be no quick recovery.” Lufthansa reached new agreements with pilots and cabin crew.

### **3. Virgin Atlantic Creditors Approve Restructuring Plan.**

Virgin Atlantic creditors approved a restructuring plan that includes a £1.2 billion refinancing package; court approval is still needed. Davidson Kempner Capital Management is providing £170m of secured financing, and creditors £450m of deferrals. . . . Virgin Atlantic filed for protection under chapter 15 of the U.S. bankruptcy code, which allows a foreign debtor to shield assets in the U.S. . . . Virgin Atlantic is providing complimentary global insurance coverage for all bookings through March 31, 2021, for use if a customer or travel companion becomes ill with COVID-19 while on a trip. Emergency medical

costs and associated expenses up to £500,000 are included, as well as costs if a customer is denied boarding or held in quarantine. The policy, fulfilled by Allianz Assistance, complements existing travel insurance. . . . The airline announced direct flights to Pakistan will begin in December from London Heathrow and Manchester. Pakistani airlines have been banned from UK, European Union and other nations' airspace since Pakistan grounded 262 pilots for "dubious" qualifications in June.

**4. Ryanair Cuts Capacity by 20%.**

Ryanair will reduce capacity by 20% during September and October, "as forward bookings have notably weakened." The frequency reductions will be mainly in Spain, France, Sweden and Ireland due to their pandemic travel restrictions. Ryanair's Spanish pilots accepted a four-year agreement, which includes a 20% pay reduction restored over four years, productivity improvements on rosters, flexible working patterns and annual leave to minimize job losses. "We have been able to conclude agreements with unions throughout Europe," said CEO Eddie Wilson, but Spanish cabin crew unions "have to date been incapable of engaging in any realistic way that takes account of the extraordinary challenges facing the airline industry."

**5. Wizz Air UK Adds Gatwick Base.**

Wizz Air added a Gatwick base, its third for Wizz Air UK, (London Luton and Doncaster Sheffield), where it will allocate one Airbus A321 for four new routes to leisure destinations in Greece, Italy, Spain and Malta from October 22. Wizz Air has carried almost 1 million passengers from Gatwick since 2016. "We stand ready to continue to support the UK's recovery with further growth at key airports, if slot-blocking by other airlines is stopped, thereby allowing Wizz to deliver on our promise of providing affordable travel for all," said Managing Director Owain Jones. . . . Wizz Air resumed flights from Luton to St Petersburg, the only British carrier offering a direct connection from the UK to the Russian city, with fares as low as £19.99. . . . Wizz Air Hungary is the first airline in Europe to have EASA act as its competent authority, responsible for safety oversight and certification. "The EU operating certificate is well-suited for airlines such as Wizz Air which have multiple operating bases in different EASA member states," said EASA Executive Director Patrick Ky. "As the centralized competent authority for Wizz Air's operations, EASA will ensure an internationally recognized high standard of oversight for the airline." The regulatory transition supports the multinational expansion of Wizz Air Group which operates a fleet of 126 Airbus A320 family aircraft flying to 46 countries, connecting over 160 cities. EASA oversight enables the airline to enhance cooperation with national civil aviation authorities across its current and prospective markets. Wizz Air Hungary continues to fly under the Hungarian



flag and the Hungarian Civil Aviation Authority continues to exercise regulatory control over the carrier's operating license and route permits.

**6. JetBlue Delays London Service.**

See Section X, item 7.

## **IX. ASIA/PACIFIC AND MIDDLE EAST**

### **1. Air India Express Accident Kills 18, Including Pilots.**

An Air India Express Boeing 737 split in half after skidding off a runway and down a hill in heavy rain at Kozhikode, in Kerala State; 18 people were killed, including both pilots, and at least 150 were injured. The repatriation flight, run by the Indian government, was returning from Dubai. The airport's "tabletop" runway is considered dangerous, and pilot error has been suggested by investigators.

### **2. Qantas International Flights Unlikely Before July 2021.**

Qantas Group reported a \$124 million underlying profit for 12 months ended June 30, down 91% on prior year, and a \$4 billion drop in revenue in second half due to the pandemic and associated border restrictions. From April to the end of June, Group revenue fell 82% while cash costs were reduced by 75%. "For the Qantas Group, the job loss figure we've already announced is around 20% overall and about 25% at the management level," said CEO Alan Joyce, and "we are (sadly) progressing with reductions to our workforce." Another 2,400 jobs reportedly will be affected by a decision to outsource ground handling work at Australian airports. . . . "It's increasingly clear that our international flights will be grounded until at least mid-2021 and it will take years for activity to return to what it was before," said Joyce. "Under those circumstances, we've made the decision to consolidate the domestic and international business units under a single divisional CEO." Andrew David, who is Qantas Domestic CEO and has responsibility for Qantas Freight, will assume duties of Qantas International CEO Tino La Spina, who is leaving.

### **3. Virgin Australia Bondholders Withdraw Bid.**

Virgin Australia bondholders withdrew a bid to stop Bain Capital from completing its acquisition of the bankrupt airline. A restructuring plan includes a focus on domestic and short-haul international flying, with long-haul to re-launch when demand returns. The Boeing 777, Airbus A330 and ATR turboprop fleets and low-cost unit Tigerair Australia will go, along with 3,000 employees.

### **4. Cathay Pacific Completes HK\$39 Billion Recapitalization.**

Cathay Pacific Group completed a HK\$39 billion recapitalization, comprising a HK\$19.5 billion preference share issue, a HK\$11.7 billion rights issue and a HK\$7.8 billion bridging loan facility. . . . Cathay Pacific and Cathay Dragon carried 4.4 million passengers in first six months of the year, 76% fewer than

in 2019; load factor dropped to 67.3% from 84.2% in first half 2019. April and May saw an average of 500 passengers per day. “We do not expect to see a meaningful recovery in our passenger business for some time to come,” said Chairman Patrick Healy, and “will continue to closely monitor market demand as we work towards progressively reintroducing passenger flights as appropriate.” By fourth quarter, management will recommend to the Board “the optimum size and shape of the Cathay Pacific Group to meet the air travel needs of Hong Kong while meeting its responsibilities to its shareholders.”

**5. China, U.S. Allow Carriers to Double Flights Between Nations.**

See Section VII, item 2.

**6. UAE, Israel Agree to Full Normalization of Relations.**

See Section VII, item 4.

## **X. AMERICAS**

### **1. American to Cut 19,000 Employees on October 1.**

In a memo to staff, American Airlines CEO Doug Parker and President Robert Isom said 19,000 employees will be cut on October 1, following expiration of the CARES Act Payroll Support Program on September 30. The involuntary cuts, which include flight attendant, pilot, mechanic, administration and management jobs, could be avoided if federal aid is extended said the executives. This reduction in force brings American's total pandemic cuts to 40,000 positions. American expects to fly less than 50% of its normal schedule in fourth quarter, with long-haul international at only 25% of 2019 levels. . . . American is adjusting the October schedule to remove service to 15 markets due to low demand and expiration of air service requirements associated with the CARES Act. The secondary markets are served by American's regional partners. Suspensions are effective October 7 through November 3, "the first step as American continues to evaluate its network and plans for additional schedule changes."

### **2. Delta to Furlough 1,941 Pilots on October 1.**

Delta said it will furlough 1,941 pilots, effective October 1. If Congress agrees on new protections, the furloughs could be decreased or avoided. Air Line Pilots Association, Int'l (ALPA) alleged that Delta management is threatening furloughs "to force acceptance of involuntary concessions." The union said it has "drafted numerous, mutually beneficial proposals that would provide the airline with voluntary cost-saving measures like those agreed to at virtually every other U.S. carrier." . . . Delta plans to resume more transatlantic and transpacific services for winter 2020-2021 and summer 2021 seasons. While pre-COVID level recovery for international flying is expected to continue to lag behind U.S. domestic, Delta plans to add over 50 transoceanic flights next summer, compared to this year. . . . Delta will continue to block middle seats and limit the number of customers per flight through holiday travel to at least January 6. On routes where planes begin to fill, a switch to larger aircraft or additional flights will be considered. The Delta One cabin on widebody aircraft, designed with more space and privacy, will be offered at full capacity effective October 1. The company is also extending its change fee waiver for new flights purchased through September 30. . . . Delta has partnered with CVS Health to expand employee nasal-swab testing with a new rapid-response option for flight crews. The CVS Health Return Ready SM testing is overseen by a CVS Health clinician at Delta hub crew lounges and takes fewer than 15 minutes to diagnose COVID-19.

**3. United to Increase Routes in September.**

As part of a “strategy to aggressively, and opportunistically manage the impact of COVID-19 by increasing service to destinations where customers most want to fly,” United will add service to four Florida destinations this winter from Boston, Cleveland, Indianapolis, Milwaukee, New York LaGuardia, Pittsburgh and Columbus, Ohio. United intends to fly 37% of its overall schedule in September, compared to same period last year. Domestically, United intends to fly 40% of its schedule, adding 40 daily flights on 48 routes, and to resume service between the mainland and Hilo and Kauai and increase flying to Honolulu, Kona and Maui. . . . Internationally, United intends to fly 30% of its schedule, compared to September 2019, resuming service on 20 routes in Latin America and the Caribbean, adding Chicago-Tel Aviv nonstops, resuming Chicago-Amsterdam, San Francisco-Munich, and Houston to Amsterdam and Frankfurt, increasing to daily Chicago-Frankfurt and San Francisco-London service, and continuing U.S. service to Delhi and Mumbai, subject to government approval. United plans to re-start three-times-weekly Los Angeles-Sydney service and Chicago-Hong Kong passenger service, subject to government approval.

**4. United Selects CommutAir for E-145 Service; ExpressJet to End Ops.**

United will consolidate Embraer 145 regional service with one partner, CommutAir, and asked ExpressJet to wind-down operations. CommutAir, majority-owned by Champlain Enterprises and 40% by United, operates 1,000 weekly flights to 50 destinations in the U.S. and Canada, from Newark and Washington Dulles. . . . ExpressJet will accelerate wind-down plans to end flying for United on September 30 and terminate or furlough most of its workforce on that date. ExpressJet received funds from the CARES Act payroll support program, conditional on not implementing involuntary cuts prior to the end of September. United holds a 49% stake in ExpressJet.

**5. SkyWest Announces Second Quarter Net Loss of \$26 Million.**

SkyWest reported a second quarter net loss of \$26 million, due to the pandemic and reduced scheduled flights. Revenue was \$350 million, down from \$744 million in Q2 2019. Total block hours, including flights operated under SkyWest's contract and prorate agreements, were down 66% in Q2 2020 from Q2 2019. The regional carried 43 million passengers in 2019.

**6. Hawaiian to Reduce Force by 2,000.**

Hawaiian Airlines intends to reduce force by at least 2,000 in October. Capacity was down 86% in July and 85% in August, year-on-year, reflecting the continued impact of COVID-19 and State of Hawaii mandatory 14-day self-quarantines. “In the face of these unprecedented challenges, we have taken action to preserve and raise cash and are crafting plans to position us for the

future even as we address the immediate adversity,” said President and CEO Peter Ingram. The quarantine restriction was lifted in June for neighbor island travel only.

**7. JetBlue Delays London Service.**

JetBlue’s launch of transatlantic flights will be delayed to late-2021, CEO Robin Hayes told Bloomberg. Flights to London from New York and Boston were announced in April 2019. . . . JetBlue announced that MarcusPay™ is now available for flights in addition to vacation packages. The no deposit, no-fee, fixed rate point-of-sale installment loan option can be used for trips from \$750 to \$10,000. Customers “see their loan options within minutes and know how much they’ll pay and for exactly how long, with no fees, no up-front deposit required, and a fixed interest rate. The first payment is not due until at least one month after the trip is booked. Once approved for a MarcusPay loan and the booking is completed, travelers can be on their way.” MarcusPay loans are provided by Goldman Sachs Bank USA. . . . An Oregon court ruled in favor of a JetBlue captain who experienced acute toxic inhalation in January 2017, on an Airbus A320, which led to nervous system injury and neurological problems.

**8. Spirit Airlines Program Eliminates Pilot Furloughs.**

Spirit Airlines pilots agreed to temporarily work fewer hours each month to prevent 600 pilots from being furloughed beginning October 1. “At a time where airlines struggle to keep pace with the ever-changing demand for air travel and airline crews struggle to keep themselves and their families healthy, Spirit Airlines pilots and management worked together to reach an agreement that mitigates the remaining furloughs planned for October 2020,” said ALPA. “Effective immediately, the 600 planned furloughs have been canceled.”

**9. Breeze Withdraws Application for Compass Certificate.**

David Neeleman’s Utah-based startup Breeze Airways withdrew an application to acquire certificate authority of regional Compass, which ceased operations in April. Breeze plans to launch scheduled services in 2021.

**10. Efromovich Brothers Arrested in Brazil.**

German and Jose Efromovich, majority shareholders of Avianca Holdings, were charged with laundering money and bribing public officials to secure shipbuilding contracts with Transpetro, a unit of Brazilian oil company Petrobras, and placed under house arrest. The brothers deny wrongdoing. Charges are unrelated to Avianca.

**11. New York, New Jersey Air Travel Hit Hardest by Pandemic.**

See Section I, item 3.

**12. China, U.S. Allow Carriers to Double Flights Between Nations.**

See Section VII, item 2.