



WASHINGTON AVIATION SUMMARY

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

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I. REGULATORY NEWS

1. IATA: Sudden U.S. Travel Ban Creates Chaos for Airlines, Travelers.

An Executive Order (EO) issued by President Trump on January 27 blocked entry to the United States of all refugees for 120 days, and of citizens from Iraq, Iran, Syria, Yemen, Sudan, Libya and Somalia for 90 days. The ban initially included U.S. legal residents from those nations (green card holders) traveling abroad, but a stay was later placed on that provision by a federal judge.. “The EO was issued without prior coordination or warning, causing confusion among both airlines and travelers,” said the International Air Transport Association (IATA). “It also placed additional burdens on airlines to comply with unclear requirements, to bear implementation costs and to face potential penalties for non-compliance.” IATA asked for clarity from the Trump Administration and urged all governments “to provide sufficient advance coordination of changes in entry requirements so that travelers can clearly understand them and airlines can efficiently implement them.” Global systems and procedures exist to support this activity. IATA’s Timatic online solution, for example, is a global database for travel document requirements that is updated constantly and used by airlines and travel agents around the world. “These systems can only support the efficient implementation of any government’s directives by the global air transport industry with advance coordination as well as with detailed and consistent operational information,” said IATA. (See also Section III.)

2. Elaine Chao Confirmed as DOT Secretary.

Elaine Chao was confirmed by the Senate as Department of Transportation (DOT) Secretary. Among responses to questions from Senators for her confirmation hearing, Chao said safety will be her number one priority; she will oppose foreign air carrier license applications that undermine U.S. economic viability and global competitiveness; and she will work to ensure that Open Skies agreements produce genuine benefits for the American people. She said separation of air traffic control from FAA would require national consensus and echoed the new President in stating that private investment will help finance infrastructure projects. Upon being confirmed, she said she had not been consulted by the White House about the new immigration restrictions. Chao has served as Secretary of Labor, DOT Deputy Secretary, Federal Maritime Commission Chairman, Deputy Maritime Administrator, CEO of United Way of America, Peace Corps Director, and Vice President of Syndications at BankAmerica Capital Markets Group. She is married to

Senate Majority Leader Mitch McConnell and was the first Asian American female Cabinet member in U.S. history.

3. **Executive Order: For Each New Regulation, Two Must Be Revoked.**

Under another Executive Order, “to manage the costs associated with the governmental imposition of private expenditures required to comply with Federal regulations,” for every new regulation issued, at least two prior regulations must be identified for elimination. “For fiscal year 2017, which is in progress, total incremental cost of all new regulations, including repealed regulations, to be finalized this year shall be no greater than zero, unless otherwise required by law or consistent with advice provided in writing by the Director of the Office of Management and Budget.”

4. **DOT Proposes Disclosure of Baggage Fee with Airfare.**

The Obama Administration’s final aviation proposal would require airlines and ticket agents to disclose fees for checked and carry-on bags when providing fare information to “make the cost of travel more transparent.” Under the proposal, baggage fees must include discounts the consumer would be entitled to for frequent flyer or other status. The proposal requires airlines to provide baggage fee information to all agents that receive and distribute fare and schedule information so they can provide customer-specific quotes. It also requests comment on whether change and cancellation fees or other optional service fees should be disclosed by airlines and ticket agents when providing airfare information.

5. **Labor Sues for Reversal of DOT’s Norwegian Decision.**

A petition calling for review of the Obama Administration’s decision to approve a foreign air carrier permit for Norwegian Air International (NAI) was filed in the U.S. Court of Appeals for the District of Columbia Circuit by the AFL-CIO, Air Line Pilots Association, Association of Flight Attendants, Transportation Trades Department, and Allied Pilots Association. “U.S. aviation workers need a U.S. administration that enforces our nation’s trade agreements and safeguards fair competition for U.S. companies and their workers,” said the groups, which contend that NAI outsources jobs “to nations with the lowest labor standards,” a charge NAI has forcefully denied.

6. **DOT Opens Proceeding for MEX, JFK Slots.**

DOT requested proposals from eligible carriers for slots being divested by Delta and Aeromexico at New York Kennedy (JFK) and Mexico City, as conditions of antitrust immunity for their joint venture—up to 24 slot pairs at Mexico City and up to four at JFK for daily, year-round, trans-border service. Carriers eligible to receive slots at Mexico City are Alaska, Southwest,

JetBlue, Frontier, Sun Country, Virgin America, Allegiant, Spirit, Hawaiian, Volaris and vivaAeroBus. Those eligible for the JFK slots are Alaska, Southwest, Frontier, Sun Country, Virgin America, Allegiant, Spirit, Hawaiian, Interjet, Volaris and vivaAerobus. (Virgin America has merged with Alaska.)

7. Air Rage Directed at Passenger Service Agents to Be Prosecuted.

The Justice Department has determined that air rage incidents directed at passenger service agents will be prosecuted. Post-9/11 legislation outlined criminal fines and jail times for assault of airline and airport employees engaged in security responsibilities; however, says Communications Workers of America (CWA), passenger service agents, although covered by the intent of the law, were denied those protections. “Agents at all airports regularly endure luggage and equipment thrown at them, as well as punches, slaps, and verbal abuse from angry passengers,” said CWA. “Without the protections of federal law, these workers had little recourse and abusive passengers usually faced no consequences.” CWA intends to ensure “the decision is fully implemented at all airports and by all airlines.”

8. FAA Proposes \$91,000 Civil Penalty Against Amazon.

FAA proposed a \$91,000 civil penalty against Amazon.com, for allegedly violating Hazardous Materials Regulations in May 2016, when it offered an undeclared hazmat shipment to FedEx for air transportation from Hebron, Kentucky to Marshall, Minnesota. Since 2013, FAA has assessed 22 civil penalties against Amazon totaling more than \$1.4 million.

9. DOT Establishes Federal Committee on Automation.

DOT established an advisory committee focused on automation across a number of modes. Experts in their field, ranging from corporate CEOs to mayors and former airline pilot Sully Sullenberger, will work on “pressing and relevant matters facing transportation,” said former DOT Secretary Anthony Foxx, and “determining the needs of the Department as it continues with its relevant research, policy, and regulations.”

10. DOT Issues Guidance to Prevent Airline Discrimination.

DOT released disability-related training materials for airlines and passengers for areas subject to the greatest number of complaints: wheelchair and guide assistance; stowage, loss, delay, and damage of wheelchairs and other mobility assistive devices; aircraft seating accommodations; and travel with service animals. Airlines can use them to supplement disability-related training required for employees and contractors under DOT rules. The new materials include companion pieces to provide passengers with disabilities information about their rights under the Air Carrier Access Act (ACAA) and DOT rules. . . .

DOT issued “Guidance for Airline Personnel on Nondiscrimination in Air Travel” for airline employees and contractors, and “Passengers’ Right to Fly Free from Discrimination” for the flying public. The documents replace prior DOT guidance and were developed with airlines and civil rights organizations. Both are available on the DOT website. DOT issued an order against American Airlines for failing to properly train reservation and gate agents on proper handling of service animal requests, specifically citing seating arrangements for a military veteran who attempted to travel on an American flight with his service animal, which “led to significant travel complications and frustration for the passenger.” The order directs American to provide supplemental training to its reservations agents.

11. DOT Air Travel Consumer Report for November.

Based on data filed by largest reporting carriers; tarmac data filed by all carriers.

	Nov. '16 / '15	Oct. '16	Full Year				
			2015	2014	2013	2012	2011
On-time arrivals %	86.5 / 83.7	85.5	79.9	76.2	78.34	81.85	79.6
Cancellations %	0.29 / 1.0	1.0	1.5	2.2	1.51	1.29	1.91
Mishandled baggage*	2.02 / 2.53	2.06	3.24	3.61	3.22	3.09	3.35
Consumer complaints:							
Airline service	1,020 / 1,305	1,267	20,170	15,539	13,176	15,338	11,546
Disability-related	73 / 96	79	939	784	683	741	628
Discrimination**	14 / 6	8	65	68	79	99	128

Notes: In November, airlines reported two tarmac delays of more than three hours on domestic flights and none of more than four hours on international flights.

* Reports per 1,000 passengers.

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

II. AIRPORTS

1. New York Plans JFK Transformation.

New York Governor Andrew Cuomo announced plans to modernize John F. Kennedy (JFK) International using up to \$7 billion in private investment. Based on recommendations of the Governor's Airport Advisory Panel, the plan will interconnect terminals; redesign on-airport roadways to create a ring road configuration; centralize and expand parking lots; offer "world-class" amenities like the TWA Flight Center Hotel under construction; expand aircraft taxiways and slots; and implement "state-of-the-art" security technology. In addition, the State DOT will spend \$1.5-\$2 billion to improve roadways leading to JFK. The advisory panel also recommended development of plans to expand rail mass transit access to the airport. JFK served a record 60 million passengers in 2016 and handles more inbound international passengers than any other U.S. airport; number of passengers expected to reach 75 million by 2030 and 100 million by 2050. Regional agencies, including Port Authority of New York and New Jersey, and airline operators helped develop the plan. . . . In related news, Port Authority issued a draft \$32 billion, 10-year capital plan, which includes \$2.5 billion for JFK redevelopment and a new AirTrain system to serve LaGuardia; \$2.3 billion to support redevelopment of Newark Terminal A; \$600 million for redevelopment of LaGuardia Terminals C and D; \$1.7 billion to build a link for PATH trains to Newark's station. The plan also includes \$7.6 billion to complete current projects, including \$2.5 billion for LaGuardia's Terminal B redevelopment.

2. Mexico Awards \$4 Billion Airport Contract.

A Mexican-Spanish consortium won a \$4 billion contract to build the terminal for the New International Airport of Mexico City. The consortium, led by Carlos Slim's Grupo Carso, has a 44-month completion deadline. Architects Norman Foster and Fernando Romero designed an X-shaped building with capacity for 125 million passengers per year; six runways will have triple simultaneous operation.

3. Dallas Fort Worth Unveils Terminal A Upgrade.

Renovated Terminal A at Dallas Fort Worth features updated gates, check-in, baggage claim and security areas, including a new checkpoint; an expanded retail area and new restaurants; and an enhanced parking garage. Additional improvements should be completed by summer. The project is part of the airport's \$2.7 billion Terminal Renewal and Improvement Program.

4. **New Orleans Gate Expansion.**

A \$110 million, five-gate expansion planned for the Louis Armstrong New Orleans International Airport North Terminal Project will bring the total number of gates to 35. The 820,000 square-foot complex will include a parking garage, central utility plant and ground transportation staging area. Anticipated funding will be through airport bonds; completion expected in October 2018. Growth exceeded expectations last year, said Mayor Mitch Landrieu, “with increased service via 17 airlines and 59 non-stop destinations, including seven international.”

5. **Denver Approves Checked Bag Screening Area Renovation.**

Denver won approval for a \$120 million renovation of a checked bag screening area, reports the *Denver Post*. The Transportation Security Administration, which is contributing \$50 million to the project, requested the improvements. The separate Great Hall project, an overhaul of the Jeppesen Terminal, is still in negotiations with a Ferrovial-led team.

6. **Oakland Handles 12 Million Passengers in 2016.**

Oakland International handled over 1 million passengers in November for the seventh consecutive month, and over 12 million in the prior 12 months, its highest traffic volume in nine years . . . Southwest in June will add daily nonstops to New York Newark, complementing existing one-stop service to Newark, La Guardia, and Long Island/Islip and bringing to 28 the number of destinations Southwest serves from the East Bay airport. . . Spirit will resume Oakland to Detroit in May, having halted the service in 2003, and will add nonstops to Baltimore/Washington and Los Angeles International, which “will likely result in Spirit rising to become OAK’s second largest carrier serving a total of seven nonstop destinations with 11 daily flights.” . . . Flights from Oakland to London Gatwick will increase from three to five weekly on Norwegian in April; and British Airways will begin flying the route in March, bringing to six the number of European destinations from Oakland.

7. **Long Beach Votes Against International Service.**

The Long Beach City Council voted against moving forward with proposed plans for international service at the airport, saying that despite demand, benefits for the city would be marginal; there also was concern about noise and funding. A feasibility study had been requested by JetBlue, which intends to evaluate its future plans for Long Beach, the greater Los Angeles area, and California.

8. **Manchester Launches #USADirect Marketing Campaign.**

Manchester launched #USADirect to market its American destinations to some 10 million people. “Several, smaller, regional airports have lost connections to the U.S.,” says Manchester, which has “excellent ground transport links to these cities, making it a viable choice for a direct flight to America.” U.S. destinations include Miami, Los Angeles, Atlanta, Boston, and San Francisco launches this year. Manchester is the UK’s third largest airport with 25.6 million annual passengers.

9. **Dubai Forecasts 89 Million Passengers in 2017.**

Dubai Airports forecasts 89 million passengers in 2017, compared to 83.6 million in 2016 and 78 million in 2015. New entrants in 2016 included Nepal Airlines Corporation and Rossiya. Eleven new passenger destinations were added in 2016; India continued to lead as Dubai’s largest destination country, up 10.1%, followed by Saudi Arabia and the UK. In terms of percentage growth, top regions were Eastern Europe (17.5%), Asia (11.4%), and the Indian subcontinent (9.5%). Average number of passengers per flight reached 209 during 2016, up 4% over 2015. Aircraft movements reached 418,220 compared to 406,705 in 2015. After a third quarter contraction, cargo volumes recovered in last three months of 2016, with 2.6 million freight tons for the year, up 3.4% over 2015. “After emerging as the world’s number one airport for international passengers in 2014, DXB has firmly established itself as the leader in that category,” said CEO Paul Griffiths, and “is closing the gap on Atlanta and Beijing for the top spot in overall traffic.”

III. **SECURITY AND DATA PRIVACY**

1. **Kelly Takes Reins at DHS.**

Gen. John Kelly (Ret.) was sworn in as Secretary of the Department of Homeland Security (DHS). Peter Neffenger vacated his post as head of Transportation Security Administration (TSA); a successor has not been named. The Acting Administrator is Huban Gowadia.

2. **Sudden U.S. Travel Ban Creates Chaos for Airlines, Travelers.**

On January 27, the White House issued an Executive Order immediately blocking entry to the United States of all refugees for 120 days, and of citizens from Iraq, Iran, Syria, Yemen, Sudan, Libya and Somalia for 90 days. The ban initially included U.S. legal residents from those nations (green card holders) traveling abroad, but that provision, which affected airline employees, was later stayed by a federal judge. The EO calls for DHS, the Department of State, the Office of the Director of National Intelligence and the FBI to develop uniform screening standards for all immigration programs government-wide. . . . DHS, DOT, airports, and airlines were not forewarned by the White House of the EO, and the absence of pre-planning contributed to chaos at airports as travelers bound for or arriving in the U.S. were detained. Airlines now are offering refunds and flexible rebooking to affected customers. . . . The White House said the ban strengthens national security and denied it targets Muslims or has any religious component. But individuals and rights advocates like the American Civil Liberties Union (ACLU) filed lawsuits challenging the EO as unconstitutional; thousands of demonstrators jammed airports and streets; and, as the public witnessed emotional scenes on media of families with valid visas being denied entry to the U.S., ACLU said it received more than \$24 million in online donations. Acting Attorney General Sally Q. Yates, an Obama appointee, told Justice Department lawyers not to defend the EO and was fired. Governments worldwide and business titans warned the Administration of potential dire effects of the EO, such as terror attacks and loss of qualified employees.

3. **Five Killed by Shooter at Fort Lauderdale Airport.**

Five people were killed and six wounded in the Terminal 2 baggage claim area of Fort Lauderdale-Hollywood International Airport on January 6. The shooter, an Alaska resident and Iraq war veteran, had retrieved his checked bag, removed a pistol and loaded it, then fired randomly. He was arrested by Broward County officers. FAA issued a groundstop for traffic through Fort Lauderdale and, amid panic, the terminal was evacuated. TSA allows

unloaded guns in checked bags and some legislators called for a review of the rules. FlyersRights.org repeated calls for installing airport perimeter security to detect weapons and explosives on persons entering major airports; banning live ammunition in checked baggage; increasing canine patrols to detect explosives; placing anyone deemed a security threat by a law enforcement agency on the TSA Watch or No Fly list, “but with due process means for removal from such lists”; and other measures. Former DHS Secretary Jeh Johnson said this event and the response to mistaken reports of an active shooter at New York Kennedy in August “highlight the need for Airport Operations Centers, staffed by airport operators and security, local law enforcement, the airlines, as well as TSA and CBP [Customs and Border Protection], to manage security, incident response, as well as day-to-day airport operations. Airport Operations Centers improve communications and responses, and response times during security incidents, and in general promote unity of mission.” American Federation of Government Employees repeated a call for extensive training for TSA Officers and creation of a new unit of trained and armed law enforcement officers within TSA at airports.

4. TSA Discovers Record Number of Firearms in 2016.

TSA screened 738 million passengers, 466 million checked bags and 24.2 million airport employees last year. Of 3,391 firearms discovered in carry-on bags, 83% were loaded. Firearms were intercepted at 238 airports; Hartsfield-Jackson Atlanta led with 198, followed by Dallas Fort Worth (192) and Houston Bush (128). Firearm discoveries were up 28% over 2015’s total of 2,653. Other hazardous items passengers attempted to conceal included inert grenades, sword canes and knives.

5. TSA PreCheck Adds 11 Air Carriers.

TSA PreCheck added 11 airlines, bringing total number participating to 30. The expansion includes Aruba Airlines, Avianca, Boutique Airlines, Emirates, Key Lime Air, Miami Air International, Southern Airways Express, Spirit, Sunwing, Virgin Atlantic, and Xtra Airways.

6. GAO: CBP to Evaluate Risk Analysis Performance.

Customs and Border Protection operates multiple predeparture programs that analyze traveler and threat data to identify high-risk travelers before they board U.S.-bound flights, by matching information against U.S. government databases and lists and rules-based targeting, notes a Government Accountability Office (GAO) report. Over 22,000 high-risk air travelers were identified and interdicted in fiscal year 2015 through these programs. At preclearance locations, 10,648 of 16 million air travelers seeking admission to the United States were inadmissible. Of 88 million air travelers bound for the

United States through other locations, 11,589 no-board recommendations were made. While the programs have helped identify and interdict high-risk travelers, “CBP has not fully evaluated the overall effectiveness of these programs using performance measures and baselines,” said GAO, recommending that CBP do so. CBP concurred and identified planned actions.

IV. E-COMMERCE AND TECHNOLOGY

1. Delta Systems Outage Causes Cancellations, Delays.

A systems outage at Delta caused departure delays and about 170 cancellations on January 29 and about 110 the next day.

2. JetBlue Offers Free, High-Speed Wi-Fi.

JetBlue completed installation of Fly-Fi® on its Airbus A320s, A321s and Embraer 190s, and is offering free, high-speed Wi-Fi at every seat. The carrier said customers can “email, surf, stream, tweet and shop from the moment they board until they reach the arrival gate.” Fly-Fi is not available on flights operating outside of continental U.S.

3. Lufthansa Testing Broadband on 10 Airbus A320s.

Lufthansa and Austrian are testing broadband on five Airbus A320s. Passengers can access free Internet on their mobile devices, and analysis of user behavior will provide data necessary to enhance the service. Market launch is expected in first quarter this year; packages available will be FlyNet Message (€3 per flight), FlyNet Surf (€7), and FlyNet Stream (€12). Lufthansa partner Inmarsat “uses the latest broadband satellite technology (Ka-band) and provides seamless, reliable coverage on short haul and mid-range flights via the Inmarsat network Global Xpress (GX). Inmarsat partner Deutsche Telekom is Internet Service Provider for Lufthansa passengers.” FlyNet has been available on Lufthansa long-haul aircraft since 2015.

4. Sabre, Emirates Sign New Distribution Agreement.

Emirates’ new range of branded fares are available to travel agents globally who use Sabre, under a new long-term global distribution agreement.

5. United Tests Wraparound Headset for Inflight Entertainment.

United tested a wraparound headset with its personal device inflight entertainment system for provider Avegant, which says ‘Glyph’ offers “an immersive 360-degree experience and side-by-side 3D in amazing detail [and] lets you see above and below the visual field, so you can easily orient yourself to your surroundings and not give up spatial awareness.”

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on January 13 was \$65.5/barrel, up 0.8% on the month and up 68.8% compared to a year ago, reports the International Air Transport Association. Fuel price average for 2016 was \$53.8/barrel. Impact on 2016 fuel bill was -\$19 billion.

2. 'Airplane Impacts Mitigation Act' Re-Introduced in Congress.

A bipartisan congressional group is seeking to ensure that “strong, independent research into the health impacts of prolonged exposure to airplane noise and emissions” is available to inform FAA decision-making. Neighborhoods beneath flight paths implemented under FAA’s NextGen program “experience extended periods of aircraft noise and exposure to air pollutants, raising health implications and negatively impacting the quality of life,” says the Quiet Skies Caucus, which has introduced the Airplane Impacts Mitigation (AIM) Act of 2017. H.R. 598 requires the FAA Administrator to enter into an agreement with a reputable and independent school of public health to conduct a study of health impacts of airplane flights on residents exposed to a range of noise and air pollution levels from such flights, including asthma exacerbation, sleep disturbance, stress, and elevated blood pressure. The study will consider only health impacts that manifest during physical implementation of the NextGen RNAV program, and will focus on residents living partly or wholly within land area beneath flight paths most frequently used, including during takeoff or landing at an altitude lower than 10,000 feet, particularly on residents in Boston, Chicago, New York, the Northern California Metroplex region and Phoenix, which have noticed a distinct change in flight paths and sharp shifts in airplane noise as a result of the NextGen flight system, and up to three additional cities. The AIM Act has 18 original co-sponsors; it was first introduced in the 114th Congress.

VI. U.S. CONGRESS

1. Committee Changes in the 115th Congress.

Roy Blunt will chair the Senate Commerce Aviation Subcommittee, replacing former Senator Kelly Ayotte. . . . New members of the House Committee on Transportation and Infrastructure include Republicans Randy Weber, Doug LaMalfa, Bruce Westerman, Lloyd Smucker, Paul Mitchell, John Faso, Drew Ferguson, Brian Mast, and Jason Lewis; and Democrats Frederica Wilson, Donald Payne Jr., Alan Lowenthal, Brenda Lawrence and Mark DeSaulnier. Bill Shuster and Peter DeFazio continue as Chairman and Ranking Member, respectively. . . . Thad Cochran will lead the Senate Appropriations Committee for a third, two-year term. Members of the Subcommittee on Transportation, Housing and Urban Development include Republicans Roy Blunt (Chairman), Richard Shelby, Lamar Alexander, Lindsey Graham, Jerry Moran, Shelley Moore Capito, James Lankford, John Kennedy and Marco Rubio; and Democrats Patty Murray (Ranking Member), Dick Durbin, Jack Reed, Jeanne Shaheen, Jeff Merkley, Brian Schatz, Tammy Baldwin, Chris Murphy and Joe Manchin. . . . The House Oversight Subcommittee on Transportation and Public Assets, chaired by former Congressman John Mica, has been dissolved. Committee Chairman Jason Chaffetz said a new subcommittee will focus on such issues as how federal grant money is awarded and spent, reports *The Hill*, adding that “transportation agencies will still be scrutinized by the House Transportation and Infrastructure Committee.”

2. Schumer Warns Against Fees for Overhead Bin Use.

Senator Charles Schumer (D-NY) lashed out at newly announced basic economy fares at American and United that ban free use of overhead bins for some travelers, “Like shrinking seats, this could be a slippery slope that leads to all airlines slapping a fee onto the carry-on,” he said. The new fares also assign seats after check-in, he noted, which “could separate family members until FAA establishes a policy, as directed in last year’s FAA bill, to allow children to sit with a family member at no extra cost.” Schumer will push for an expansion of the Airline Passenger Bill of Rights in the upcoming FAA reauthorization bill; “free use of the overhead bin, fee disclosure requirements, seat sizes, exorbitant change fees and other fundamental consumer protections should all be on the table,” he said.

3. House Chairs Vow to Regularly Reauthorize DHS.

Chairmen of House Committees with jurisdiction over the Department of Homeland Security (DHS) signed a Memorandum of Understanding (MOU)

that allows the Homeland Security Committee to coordinate reauthorization, reform and improvement of the agency in the new Congress and beyond. DHS has not kept pace with the evolving threat environment, they said; and the sprawling nature of DHS jurisdiction in the House has meant that opportunities to fix it have not been fully realized. The MOU was signed by Chairs of the Committees on Energy and Commerce; Judiciary; Intelligence; Oversight and Government Reform; Transportation and Infrastructure; Homeland Security; Science, Space and Technology; and Ways and Means.

4. **ATC Privatization Debated.**

Organizations for and against privatizing air traffic control (ATC) are lobbying Congress and the new Administration, as Transportation and Infrastructure Committee Chairman Bill Shuster moves to reintroduce a proposal to transfer ATC operations from FAA to a not-for-profit corporation. Americans Against Air Traffic Privatization (AAATP) says privatizing ATC will “needlessly disrupt one of the safest systems in the world, eliminate middle class jobs, increase costs for passengers, close facilities in rural areas, and slow down implementation of much-needed technology, like NextGen.” Any FAA Reauthorization package that puts ATC “into the hands of an untested and unaccountable entity is not in the interest of America’s air passengers,” says AAATP, which represents consumer advocates, labor organizations and businesses. Airlines for America (A4A) says ATC reform should be part of any infrastructure bill. A4A’s ModernSkies.org website advocates separation of the ATC service provider from the safety oversight function of FAA, and calls for “a system that prioritizes safety and implements the newest, most advanced technology while ensuring accountability and securing funding for necessary improvements by removing those decisions from the political process.”

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. Emirates' Newark via Athens Launch Ignites Open Skies Violation Charge.

Emirates will launch year-round daily Boeing 777-300ER service from Dubai to New York Newark, via Athens, in March. The announcement of the carrier's second fifth-freedom route to the U.S. roused the campaign of Partnership for Open & Fair Skies, comprised of American, Delta, United and unions, against Emirates, Etihad and Qatar Airways. The group says the three Middle East carriers have received over \$50 billion in government subsidies from their Gulf state owners, in violation of Open Skies agreements. "Emirates is throwing down the gauntlet," said the Partnership, which intends to lobby the Trump Administration "to enforce these agreements and protect American jobs – something that the Obama administration failed to do." . . . Business Travel Coalition said Emirates service between Dubai and New York Newark with a stop to pick up passengers in Athens "represents a commercial aviation right negotiated between the United States and the United Arab Emirates, and codified in an Open Skies agreement. A Fifth Freedom allows a carrier to transport revenue traffic from its home country to a second country and onto a third country. It is a core element of the 120 U.S. Open Skies agreements. This traffic right permits an airline to initiate service in unserved or underserved markets benefiting consumers, communities and businesses. Emirates' flights will provide year-round service between Greece and the U.S. for the first time since 2012."

2. Airbus Deliveries to Iran Air Begin.

Iran Air took delivery of an Airbus A321, the first from a firm order placed in December for 100 Airbus aircraft (46 single aisle and 54 wide-body jets) to renew and expand its fleet.

VIII. EUROPE AND AFRICA

1. Lufthansa, Iran Air Begin Code Sharing.

Lufthansa and Iran Air begin code sharing on February 1 on Lufthansa's daily Frankfurt-Tehran Boeing 747-400 service, and three weekly Munich-Tehran Airbus A330 services.

2. IAG Tops 100 Million Passengers In 2016.

International Airlines Group (IAG) carried a record 100 million passengers in 2016, up 14% compared to 2015. Flights were 81.6% full, said CEO Willie Walsh. The company includes Aer Lingus, British Airways, Iberia and Vueling. British Airways was forced to cancel flights in January during two strikes by cabin crew but leased planes and crew to minimize disruption to passengers. Looking ahead, the airline said all customers "will be able to fly to their destinations on Sunday 5, Monday 6, and Tuesday 7 February despite proposed industrial action by Mixed Fleet Unite, which represents one of our five cabin crew fleets."

3. Virgin Atlantic Adds U.S. Flights from Manchester.

Virgin Atlantic is adding service from London Manchester to Boston and San Francisco in March, and to New York Kennedy in May. The carrier gave cabin crew a pay raise worth about 10% over two years after negotiations with Unite.

4. Ryanair Adds Nine Stansted Routes.

Ryanair will add nine new routes to its extensive network at London Stansted for the summer 2017 schedule, including daily service to Naples and three times daily to Copenhagen.

5. CityJet Acquires SAS Subsidiary Cimber.

CityJet acquired SAS subsidiary Cimber, effective January 31. The Irish airline will continue to operate its Copenhagen network on behalf of SAS using 11 Bombardier CRJ900s, with another 10 on order. CityJet wet lease contracts with SAS have been extended to six-year agreements. SAS President and CEO Rickard Gustafson said the transactions "allow us to fly more routes and maintain a large network with frequent departures [and] lower the costs of production." CityJet offers scheduled, charter and wet lease services on behalf of partner airlines, with bases in Amsterdam, Dublin, Helsinki, London, Stockholm and Paris.

6. **WOW Slashes U.S. Fares.**

Iceland's ultra-low cost transatlantic airline WOW slashed prices for Airbus A330 flights from Los Angeles International and San Francisco to Stockholm, Copenhagen, Bristol and Edinburgh to as low as \$69.99 one way. Fares for Miami and Boston to Iceland dropped to as low as \$99 one way.

7. **Solenta Acquires 28% Stake in Fastjet.**

Johannesburg-based Solenta Aviation Holdings acquired a 28% share of fastjet. Solenta will provide and operate three wet-leased aircraft and supply other services over the next five years, and can nominate two directors to the fastjet Board. Nico Bezuidenhout, fastjet Interim Chairman and CEO, said the agreement provides fastjet with means to implement final stages of a plan to stabilize the business and reach cash flow breakeven by fourth quarter this year. Solenta operates 49 aircraft under five African air operator certificates, with strategic alliances pending in another seven, and has experience and regulatory approvals in operating Embraer E190s to which fastjet is transitioning. fastjet was launched by easyJet founder Sir Stelios Haji-loannou in Tanzania in 2012 with a goal to become the first low-cost, pan-Africa airline. London headquarters will migrate to Johannesburg this year.

8. **Labor Sues for Reversal of DOT's Norwegian Decision.**

See Section I, item 5.

9. **Emirates' Newark via Athens Launch Ignites Open Skies Violation Charge.**

See Section VII, item 1.

10. **Airbus Deliveries to Iran Air Begin.**

See Section VII, item 2.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Search for MH370 Ends.

The governments of Malaysia, Australia and China announced that the search for Malaysia Airlines flight MH370 has been suspended, after a fruitless nearly three-year sweep of 120,000 square kilometers of Indian Ocean seabed. “Despite every effort using the best science available, cutting edge technology, as well as modelling and advice from highly skilled professionals who are the best in their field, unfortunately, the search has not been able to locate the aircraft,” said the Joint Agency Coordination Center in Australia. The Boeing 777 disappeared in March 2014, en route to Beijing from Kuala Lumpur, with 239 passengers and crew on board.

2. James Hogan to Leave Etihad Airways.

James Hogan will step down as President and CEO of Etihad Airways in second half 2017. In his 10 years with the company, Etihad grew “from a 22-plane regional carrier into a 120-aircraft global airline and aviation group, with seven airline equity partnerships which together serve more than 120 million guests every year,” said Chairman Mohamed Mubarak Fadhel Al Mazrouei, adding that a strategic review will be conducted to “ensure that the airline is the right size and the right shape.” Hogan will join an investment company, along with Group CFO James Rigney, who also will leave the company later this year, and a global search for a new Group CEO and CFO is underway.

3. Japan Airlines Adds Haneda-New York Service.

Japan Airlines (JAL) will offer its first service to New York from Tokyo Haneda, with daily nonstops from April 1; with this launch, JAL will decrease Narita-New York service from 14 weekly to seven weekly. Capacity to Honolulu from Narita and Osaka-Kansai will increase.

4. Hainan Seeks U.S. Expansion.

Hainan Airlines has applied to DOT for permission to fly from Chongqing to Los Angeles and New York. Hainan earlier requested authority to fly to Los Angeles and New York Kennedy from Chengdu. Hainan is establishing a hub at Chengdu, where units of China Southern, China Eastern and Air China also have bases. China’s largest privately owned airline has formed a partnership with Alitalia, in which Hainan passengers on flights to Rome from Xi’an and Chongqing can connect onwards to nine Italian destinations; and Alitalia will place its code on Hainan domestic flights from Beijing. Hainan will also code share on Alitalia’s direct Rome-Beijing flights.

5. **AirAsia X Cleared to Fly to U.S.**

AirAsia X announced it has received FAA clearance to operate scheduled passenger flights “to any destination within the U.S.,” and is “considering flights to several U.S. states including Hawaii.” The AirAsia Group long-haul, low-cost affiliate currently serves 23 destinations across Asia, Australia, New Zealand, the Middle East and Africa with a fleet of 30 Airbus A330-300s. AirAsia X has carried 19 million passengers since beginning long-haul service in 2007, and offers “Fly-Thru,” seamless connections to anywhere within AirAsia’s network with one stop at Kuala Lumpur, without having to pass through immigration and with baggage checked through to final destination.

6. **Air India Reserves Women-Only Seats.**

After a male passenger allegedly groped his female seat mate as she slept, on a Mumbai to Newark flight, Air India announced it will reserve six front-row seats in economy class on Airbus A320s for female passengers travelling alone, without any additional fee. Air Passengers Association of India said the new policy will lead to gender discrimination and is unnecessary since airline crew are authorized to take action in cases of unruly behavior. Trains and other modes of transport in India have reserved places for women.

7. **Emirates’ Newark via Athens Launch Ignites Open Skies Violation Charge.**

See Section VII, item 1.

8. **Airbus Deliveries to Iran Air Begin.**

See Section VII, item 2.

9. **Lufthansa, Iran Air Begin Code Sharing.**

See Section VIII, item 1.

X. AMERICAS

1. Delta, Aeromexico Plan for JCA.

Delta and Aeromexico announced management appointments as they prepare to establish their joint cooperation agreement (JCA), which was approved in December. Delta executive Mike Medeiros was named Aeromexico COO. Nicolas Ferri, currently Delta Vice President-Latin America and the Caribbean, was named Vice President-Mexico and Aeromexico/Delta Joint Business, reporting to Delta President-International Steve Sear. The JCA is expected to begin in second quarter this year; Delta expects to complete its acquisition of a 49% stake in Aeromexico at that time also.

2. American Introduces No-Frills Basic Economy Fare.

American Airlines will begin selling Basic Economy fares in February in 10 markets, offering “customers the option to pay for the services they want,” in an effort “to compete more effectively with the growing number of ultra-low-cost carriers.” The no-frills fare is non-refundable, non-changeable; upgrades are not permitted; access to overhead bins is restricted; seat assignments are made automatically at check-in, or can be purchased 48 hours in advance. United has announced similar plans. . . . American said employees may take up to 10 weeks of fully-paid time off to recover from pregnancy and delivery, and receive up to \$4,000 in financial support and positive space travel related to adoptions.

3. Alaska Begins First West Coast Commercial Air Service to Havana.

Alaska launched the first regularly scheduled U.S. commercial service between the West Coast and Havana, with daily Boeing 737-900ER flights from Los Angeles.

4. Allegiant Adds 17 New Routes.

Allegiant announced 17 new routes and a new base of operations in Destin/Fort Walton Beach. The Las Vegas-based carrier entered into a pilot recruitment flow-through agreement with Ameriflight that “ensures pilots entering the program a first officer position with Allegiant upon completion of outlined experience and training requirements.”

5. Bronczek Promoted to President, COO of FedEx.

David Bronczek was promoted to President and COO of FedEx, responsible for marketing, sales and all FedEx operating companies. “While this was announced last September, substantial progress in integrating the TNT

acquisition into FedEx Express now allows us to accelerate Dave's promotion by 11 months in advance of Fiscal Year 2018," said Chairman and CEO Fred Smith. David Cunningham succeeds Bronczek as President and CEO of FedEx Express. In other cargo news, Ulf Weber was named CEO of ASL Belgium, which was formed when ASL acquired airline operations of TNT Express last year. (Due to ownership and control rules, FedEx could not acquire TNT's Belgian and Spanish units.) Weber was Managing Director of AeroLogic, a joint venture of DHL Express and Lufthansa Cargo.

6. Amazon to Build Air Cargo Hub in Kentucky.

Amazon plans to build a centralized air hub at Cincinnati/Northern Kentucky International Airport (CVG) to support its Prime Air cargo planes. Located in Hebron, Kentucky, CVG serves the Greater Cincinnati metropolitan area. The company already has 10,000 full-time employees across 11 fulfillment centers in the area and will add another 2,000 at the new site for loading, unloading and sorting packages. Last year, Amazon entered into agreements with two carriers to lease 40 dedicated cargo airplanes; 16 currently are in service.

7. Emirates' Newark via Athens Launch Ignites Open Skies Violation Charge.

See Section VII, item 1.

8. Virgin Atlantic Adds U.S. Flights from Manchester.

See Section VIII, item 3.

9. WOW Slashes U.S. Fares.

See Section VIII, item 6.

10. Japan Airlines Adds Haneda-New York Service.

See Section IX, item 3.

11. Hainan Seeks U.S. Expansion.

See Section IX, item 4.

12. AirAsia X Cleared to Fly to U.S.

See Section IX, item 5.