



## WASHINGTON AVIATION SUMMARY

### NOVEMBER 2015 EDITION

---

#### CONTENTS

I.	REGULATORY NEWS .....	1
II.	AIRPORTS .....	4
III.	SECURITY AND DATA PRIVACY .....	5
IV.	E-COMMERCE AND TECHNOLOGY .....	6
V.	ENERGY AND ENVIRONMENT .....	8
VI.	U.S. CONGRESS .....	10
VII.	BILATERAL AND STATE DEPARTMENT NEWS .....	12
VIII.	EUROPE/AFRICA .....	14
IX.	ASIA/PACIFIC/MIDDLE EAST .....	18
X.	AMERICAS .....	21

---

For further information, including documents referenced, contact:

Joanne W. Young  
Kirstein & Young PLLC  
1750 K Street NW  
Suite 200  
Washington, D.C. 20006  
Telephone: (202) 331-3348  
Fax: (202) 331-3933  
Email: [jyoung@yklaw.com](mailto: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.

©2015 Kirstein & Young PLLC.

## I. **REGULATORY NEWS**

### 1. **IATA: 2015 Industry Net Profit of \$29.3 Billion Expected.**

The International Air Transport Association (IATA) expects a 2015 industry net profit of \$29.3 billion on revenues of \$727 billion, for a net profit margin of 4%, generating a return on capital of 7.5%. “For the first time, the industry on average will be creating value for its equity investors,” said IATA Director General Tony Tyler, at the World Passenger Symposium in Hamburg. This year airlines will carry 3.5 billion passengers and, said Tyler, with that figure expected to more than double in 20 years “the task before us is how to work together to accommodate that growth, while upholding customers’ expectations for their air travel experience.”

### 2. **FAA Upgrades Nicaragua Safety Rating to Category 1.**

The Federal Aviation Administration (FAA) announced that the Republic of Nicaragua complies with International Civil Aviation Organization (ICAO) safety standards and granted it a Category 1 rating. The country has had a Category 2 rating since 1994, due to lack of regulations necessary to oversee air carriers in accordance with minimum international standards, or its civil aviation authority was deficient in areas such as technical expertise, trained personnel, record-keeping, or inspection procedures.

### 3. **DOT to Require Unmanned Aircraft Registration.**

The U.S. Department of Transportation (DOT) created a task force to develop recommendations for a streamlined registration process for Unmanned Aircraft Systems (UAS), or drones. Earl Lawrence, Director of FAA’s UAS Integration Office, and Dave Vos of Google X will co-chair the UAS Registration Task Force, which represents a range of stakeholder viewpoints. Membership was by invitation only and participation is voluntary. DOT Secretary Anthony Foxx directed the group to deliver its report by November 20, and said, “Given the urgency of this issue, the DOT and FAA will move expeditiously to consider the Task Force’s recommendations.” . . . FAA will evaluate CACI International’s prototype sensor technology that aims “to passively detect, identify, and track UAS and their ground-based operators, in order to protect airspace from inadvertent or unlawful misuse of drones near U.S. airports.” . . . RTCA, formerly known as Radio Technical Commission for Aeronautics, completed minimum operational performance standards for collision avoidance and ground communications, as it develops technical criteria for FAA for allowing large UAS to fly in civilian airspace. . . . FAA proposed a \$1.9 million civil penalty against UAS operator SkyPan International for

endangering airspace safety. The Chicago company conducted 65 unauthorized operations over New York City and Chicago between March 21, 2012 and December 15, 2014. Of those, 43 flew in highly restricted New York airspace without air traffic control clearance. On all 65 flights, the aircraft lacked an airworthiness certificate and effective registration, and SkyPan did not have a Certificate of Waiver or Authorization for the operations.

**4. DOT Finds Discrimination by Kuwait Airways.**

DOT found that Kuwait Airways “unreasonably discriminates against Israeli citizens in its ticketing practices,” following investigation of a complaint filed by an Israeli citizen who attempted to purchase a ticket online through Kuwait Airways in 2013 for travel from New York Kennedy to London Heathrow. When the airline’s booking system precluded him from selecting Israel as his passport-issuing country, he was unable to purchase a ticket. “By choosing to operate a U.S.-UK air route,” wrote DOT to the flag carrier, “Kuwait Airways has taken advantage of the facilities and benefits of the United States and must comply with its laws forbidding unreasonable discrimination in foreign air transportation.” The airline said it was following Kuwaiti law which states, in part, that “every natural or legal [Kuwaiti] is prohibited to enter into an agreement, personally or indirectly, with entities or persons residing in Israel, or with Israeli citizenship.” DOT concluded that this is not a proper justification for the denial of air transportation, and noted “that there is no question that a person holding a valid Israeli passport can depart the United States and enter the United Kingdom.”

**5. Delta to Leave Airlines for America.**

Delta announced it would leave trade association Airlines for America (A4A), saying the \$5 million annual dues can be better used to invest in the airline, and to support “a more efficient way of communicating in Washington on issues that are important to Delta customers and employees.” Delta said A4A has failed to support Delta’s position on “the growing harm of government-subsidized carriers in the Middle East and the damage the Export-Import Bank does to U.S. airlines. A4A also has advocated for the nation’s air traffic control to be separated from the FAA and put into a private organization—a move opposed by Delta.” A4A said the move was not unexpected and waived the notice period for exit, shortening Delta’s announced intended departure date by six months.

**6. Battery-Powered E-Cigarettes Prohibited in Checked Baggage**

DOT’s Pipeline and Hazardous Materials Safety Administration (PHMSA) issued an interim final rule prohibiting battery-powered portable electronic smoking devices in checked baggage and charging the devices and/or

batteries on board aircraft, due to recent fire incidents. The devices, which include e-cigarettes, e-cigars, e-pipes, e-hookahs, personal vaporizers and electronic nicotine delivery systems, may continue to be carried in carry-on baggage. Similar action has been taken by ICAO. Because the rule addresses a public safety risk, PHMSA finds that good cause exists to amend the regulations without advance notice and opportunity for public comment. . . . In related news, the ICAO panel on dangerous goods reportedly has voted against a proposed ban on air shipments of lithium-ion batteries. Tests conducted by FAA have shown the batteries can overheat and ignite, causing explosions.

**7. DOT Air Travel Consumer Report for August.**

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

	Aug. '15 / '14	July '15	Full Year				
			2014	2013	2012	2011	2010
On-time arrivals %	80.3 / 77.7	78.1	76.9	78.34	81.85	79.6	79.8
Cancellations %	1.0 / 1.2	0.9	2.18	1.51	1.29	1.91	1.76
Mishandled baggage*	3.33 / 3.69	3.22	3.62	3.22	3.09	3.35	3.51
Consumer complaints:							
Airline service	2,205 / 1,605	2,163	15,532	13,176	15,338	11,546	10,988
Disability-related	82 / 85	97	774	683	741	628	572
Discrimination**	5 / 7	9	68	79	99	128	143

Notes: In August, airlines reported two tarmac delays of more than three hours on domestic flights and none of more than four hours on international flights. Mesa Airlines submitted late reports to DOT of three tarmac delays of more than three hours on domestic flights that occurred in May; the July Consumer Report has been updated to reflect this new information.

\* Reports per 1,000 passengers.

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

## II. AIRPORTS

### 1. Chicago O'Hare Opens New 7,500 Ft. Runway, ATC Tower.

Chicago O'Hare has a new 7,500 ft. runway and air traffic control tower. The fifth East-West parallel runway at O'Hare, Runway 10R-28L will be used primarily for arrivals and substantially improve capacity and efficiency, said officials. The project includes a 7,500 ft. parallel taxiway and a 2,000 ft. connecting taxiway to the south airfield. Construction on the \$516 million runway and taxiway system began in 2011. The \$41 million South Air Traffic Control Tower was built to manage Runway 10R-28L aircraft operations. No state or local taxpayer dollars were used to fund these projects.

### 2. Southwest Opens Houston Hobby International Concourse.

Southwest Airlines opened a \$156 million, five-gate international concourse at Houston Hobby Airport, and began daily nonstops to eight international destinations, including four cities in Mexico, as well as destinations in Costa Rica, Jamaica and Belize. Until now, Houston international service was handled only by Bush Intercontinental.

### 3. Delta Acquires London Heathrow Slots from Air France-KLM.

Delta acquired six London Heathrow slots from partners Air France and KLM, which it previously had leased. Delta and joint venture partner, Virgin Atlantic, jointly operate 26 nonstops between Heathrow and the U.S.

### 4. Construction Begins on Frankfurt's New Terminal 3.

Fraport broke ground for Terminal 3, on the south side of Frankfurt Airport. The first construction phase, with completion expected in 2022, will include the main building and two piers to serve up to 14 million passengers per year; 20 of 24 aircraft docking positions will accommodate Airbus A380s and Boeing 747s. Two more piers can be added to expand Terminal 3 capacity to 25 million passengers per year. A SkyLine people-mover system will link Terminal 3 with north side terminals. The 90,000 square meter terminal will have up to four check-in areas with 104 counters, up to 54 baggage drop-off machines, 29 security control positions for departing and transfer passengers, and 10 baggage claim belts for arriving passengers. Total investment will be €2.5 to €3 billion.

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

#### **1. Cybersecurity, Data Sharing Among Topics Discussed at AVSEC.**

The safety of civil aviation operations over and near conflict zones, cybersecurity, sharing of Advance Passenger Information (API)/Passenger Name Records (PNR) and drones were some of the urgent topics discussed at the 24th AVSEC World Conference, hosted in Dublin by IATA, Airports Council International (ACI) and ICAO. . . . While a UN mandate requires airlines to provide API to appropriate national authorities to stem the flow of foreign terrorist fighters, only 57 States currently have programs in place; about 25 are in process, and up to 100 additional programs may be rolled out in the coming 12-24 months. The rapid expansion will place huge burdens on airline and service provider IT resources, said Carolina Ramirez, IATA Global Director of Aviation Security and Facilitation. States are also encouraged to implement PNR requirements in parallel with development of API. In cooperation with ICAO and the World Customs Organization, IATA conducts educational seminars on delivering detailed information to government officials relating to both API and PNR program implementation. . . . Jeff Poole, Director General, Civil Air Navigation Services Organization (CANSO), addressed the danger of cyberattacks on air traffic management programs that demand sharing of information, network and computing infrastructures, and operations. “As an open unencrypted technology, automatic dependent surveillance-broadcast (ADS-B) is vulnerable to spoofing and jamming, potentially allowing the injection of false position data into the system. GPS-based navigation and datalink communications are also vulnerable,” said Poole, who called for confidentially and securely sharing intelligence about threats and risks. “We welcome the information sharing and analysis center concept, being implemented in the U.S. and Europe, as a move in the right direction.” . . . In a session on remotely piloted aircraft systems, Randy Harrison, Delta’s Managing Director of Corporate Security, said conflicts between aviation and drones are rising, with 21 sightings occurring between July 2013 and September 2015. Of these events, four occurred within the last 60 days. Harrison noted that Amazon now sells 18,000 drones a month. French officials said there are over 200,000 leisure drones in France . . . . Nina Brooks of ACI World, noted that drones could be beneficial to airports for security purposes, and this should be kept in mind when developing new regulations.

## **IV. E-COMMERCE AND TECHNOLOGY**

### **1. IATA: Study Finds Travel Agents Open to NDC.**

“Travel agents look forward to the opportunities New Distribution Capability (NDC) will bring and seek more information about the initiative,” found in a joint study for which IATA partnered with World Travel Agents Associations Alliance members based in Australia, Brazil, Canada, India, New Zealand, South Africa and the U.S. The goal of the IATA-led initiative is development and market adoption of an XML-based data transmission standard intended to enhance communication between airlines and travel agents. Among other study findings, the development of branded fares, or fare families, has created confusion in the travel agency community; 76% of agencies book ancillary products and services, with most using airline websites to do so; agents are concerned about loss of productivity associated with moving back and forth between standard screen displays and airline websites to book ancillary options; agents recognize that airline websites offer the most complete selection of options and believe they are at a competitive disadvantage owing to this disparity; and, agents expect to be compensated for selling ancillary products and services. . . . During an interview at the IATA World Passenger Symposium in Hamburg, Qatar Airways CEO Akbar Al Baker announced the coming rollout of an NDC initiative with Farelogix, following a successful pilot program. The focus will be on “showcasing the airline’s premium products across all class of cabins, supported by the additional content made available via the NDC standard messaging format.”

### **2. Etihad, IBM Sign \$700 Million Technology Services Agreement.**

Etihad Airways and IBM announced a ten-year, \$700 million technology agreement that “will provide access to the latest cloud-based technologies and services for the airline, its group companies and equity partners.” Etihad’s current data center, IT infrastructure, applications and security operations will be migrated to a new cloud data center in Abu Dhabi, which IBM will develop and operate. An IBM Cloud data center in Europe will manage disaster recovery. Some 100 Etihad IT employees will transition to IBM, which will manage the entire data center operation, including individual infrastructure services and IT help desk for the airline. . . . In other news, Los Angeles-based Global Eagle will provide inflight entertainment content aboard Etihad Airways Partners—Jet Airways, airberlin, Alitalia, Air Seychelles and Air Serbia.

3. **Emirates Group Announces Technology Initiative.**

Emirates launched a data science lab in a five-year partnership with Oxford University to examine new ways of forecasting demand and optimizing seat inventory across the airline's global network; longer term, the lab's focus will be to redefine the customer experience through improved personalization.

4. **Oman Air Renews SabreSonic Agreement.**

Oman Air extended its Passenger Services System, SabreSonic® Customer Sales & Service (CSS) agreement, selecting shopping solutions—Interline Branded Fares and Dynamic Rewards—which, says Sabre, “increase sales conversions, enable a single shopping display across all itineraries, create long-term customer loyalty through flexible reward pricing and empower customers to self-service their travel journeys.” The carrier has been a SabreSonic customer for 13 years.

5. **SIA, Panasonic Launching Companion Mobile App.**

Singapore Airlines (SIA) and Panasonic Avionics are launching “the industry’s first companion mobile app,” a personalized inflight entertainment and communications (IFEC) solution that allows passengers “to curate a seamless travel experience integrated with their mobile strategy.” Among other features, passengers can enter flight details and review entertainment choices pre-flight, watch movie trailers, read reviews and queue movies, TV shows and other media to view on their flight. Onboard, on a second screen, passengers can review the entire IFE library, read a digital inflight magazine, or watch the moving map, without interrupting their movie. . . . Panasonic also announced it will use Rovi’s metadata to manage the programming guide for its global inflight television service, eXTV. Rovi metadata “incorporates information on more than half a million movies, more than six million TV programs and a million celebrities.”



## V. ENERGY AND ENVIRONMENT

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

The average price of aviation jet fuel on October 16 was \$60.9/barrel, down 0.3% on the month and down 39.6% compared to a year ago, reports the International Air Transport Association. Fuel price average for 2015 was \$69.3/barrel. Impact on 2015 fuel bill was -\$86.6 billion.

### 2. Call for Joint Approach to Cut CO2 Emissions for Aviation.

To prepare for the UN Framework Convention on Climate Change talks in December, in Paris, and the 39th ICAO Assembly next year, where nations are expected to agree on a global market-based measure for aviation, the Air Transport Action Group (ATAG) called for government support through actions including: air traffic management investment and reform; continued support for research into new technology, operations and sustainable alternative fuels; improved intermodal transport planning; the right policy framework to help accelerate availability of sustainable alternative av fuels; and to agree at the ICAO Assembly to implementation of a simple, global offsetting scheme which will stabilize air transport carbon emissions growth, and to endorse a global CO2 standard for new aircraft.

### 3. U.S. Domestic Airline Fuel Efficiency Ranking, 2014.

Alaska, Spirit, Frontier and Southwest were the most fuel-efficient airlines on U.S. domestic operations in 2014, reports International Council on Clean Transportation (ICCT) in its annual ranking. On average, Alaska has operated the most efficient U.S. domestic flights for five years running. The gap between most- and least-efficient airlines narrowed to 25%. On a passenger mile per fuel metric, overall industry fuel efficiency improved by 1.7% from 2013 to 2014. "The past five years have seen a steady increase in number of seats available per flight, driven by upgrading to larger aircraft and adding seats to planes," said ICCT, allowing airlines "to move the same number of passengers with fewer flights."

### 4. EPA Asked To Go Beyond UN on Aircraft Emissions.

The U.S. Environmental Protection Agency (EPA) has signaled its intent to regulate aviation greenhouse gas emissions under the Clean Air Act, and said it likely would work with ICAO to establish global standards. But now a group of House Democrats led by Rep. Ted Lieu (D-Calif.) has petitioned EPA to do more. "It is clear that the United States cannot achieve the emission reductions we need by simply rubberstamping the ICAO standards," they

wrote; “EPA should propose a fleet-wide averaging system [and] standards that are sufficiently stringent to deliver on President Obama's pledge to stabilize U.S. aircraft emissions at 2005 levels by 2020.”

**5. Green Organizations Call for Aircraft Emissions Limits.**

The U.S. State Department special envoy for climate change received a letter from 19 conservation organizations urging him to ensure that shipping and aviation provisions are included in a United Nations climate agreement expected to be finalized this winter. The language had disappeared from negotiating text that will shape the final agreement, but was later restored. “Removing airplane and ship pollution from the negotiating text would undermine the Paris climate summit before it has even begun,” said the Center for Biological Diversity. “As by far the largest contributor to global aviation pollution, the U.S. must lead in bringing aviation and shipping into the Paris agreement.”

## VI. U.S. CONGRESS

### 1. Bill Would Make Drone Use in Restricted Airspace a Federal Offense.

Senator Barbara Boxer (D-CA) introduced the “Safe Drone Act” which would make knowingly operating a drone within two miles of a fire, an airport or other restricted airspace a misdemeanor offense. The U.S. Forest Service has identified 13 instances this year in which drones interfered with firefighting efforts, up from four last year. Among five cases in California this year, several drones prevented firefighting aircraft from accessing a fire for nearly 20 minutes; during that time, the fire grew rapidly and burned across a freeway, igniting 20 cars and causing families to flee the area on foot. The bill would allow federal, state, or local agencies and firefighters to use drones in restricted airspace for legitimate purposes, such as surveying the size of a fire. John Garamendi (D-CA) introduced a version of the bill in the House.

### 2. House Votes to Reauthorize ExIm Bank.

The House passed a bill reauthorizing the Export Import Bank of the United States, (ExIm) “but the work is not yet done,” said Aerospace Industries Association (AIA), urging House and Senate leadership to cooperate and finalize the reauthorization. Because ExIm Bank financing has not been available since July 1, said AIA, “American companies have lost three space payload orders, billions of dollars in commercial airplane sales are at risk, and several companies are talking about moving operations overseas.”

### 3. House Passes “Airport Access Control Security Improvement Act.”

The House of Representatives passed the “Airport Access Control Security Improvement Act of 2015,” which responds to incidents in which airport and airline employees used their security credentials to bypass security screening and transport prohibited items, including illegal drugs and guns, into secure areas of airports and onto commercial flights. The legislation would require TSA to subject airport and airline employees to more frequent randomized screenings and minimize the number of employee entry and exit points. H.R. 3102 also directs the TSA Administrator to review the number of criminal offenses that disqualify an individual from obtaining a job that requires access to secure areas of airports, and whether to lengthen the “look-back period” when reviewing an individual’s criminal history. John Katko (R-NY) and Kathleen Rice (D-NY), Chairman and Ranking Member of the House Transportation Security Subcommittee introduced the bill. . . . In other news, President Obama signed into law another John Katko sponsored bill, the “TSA Office of Inspection Accountability Act of 2015.” H.R. 719 directs the

Department of Homeland Security Office of Inspector General to, among other things, analyze data and methods used by TSA to classify Office of Inspection employees as criminal investigators; and report relevant findings, including whether the data and methods are adequate and valid.

4. **House Bill Requires CBRN Threat Assessment.**

The House approved a bill that would require the Department of Homeland Security's Office of Intelligence and Analysis to conduct a threat assessment on the transportation of chemical, biological, radiological and nuclear materials (CBRN) through U.S. land borders and within the United States. The "Know the CBRN Terrorism Threats to Transportation Act" (H.R. 3350) was introduced by Brian Higgins (D-NY), a member of the House Committee on Homeland Security.

## VII. BILATERAL AND STATE DEPARTMENT NEWS

### 1. Delta Steps Up Campaign Against Gulf Carriers, Cancels Atlanta-Dubai.

Delta will cease Atlanta-Dubai service on February 11, due to “overcapacity on U.S. routes to the Middle East operated by government-owned and heavily subsidized airlines.” Delta, American and United [the U.S. 3] have asked the U.S. government to cap capacity in the U.S. of Emirates, Etihad and Qatar Airways [the Gulf 3], and to open consultations with Qatar and the UAE “to address the issue of \$42 billion in government subsidies given to the Gulf carriers, which violate the Open Skies agreements between the U.S. and those nations.” . . . U.S. Justice Department antitrust officials are concerned that blocking new flights to the United States by the Gulf 3, as the U.S. 3 and their unions requested, will result in higher fares and fewer choices for consumers, reported Reuters. . . .Bookings on U.S. carriers and their joint venture partners dropped an average of 10.8% in Boston, 7.6% in Dallas-Fort Worth, 21.4% in Seattle and 14.3% in Washington, D.C., following Emirates’ “subsidized entry” into those markets, wrote Flight Attendants Association President Sara Nelson, in *The Hill*. Nelson called for swift action from the Obama Administration, “now that the docket is closed.” . . . Aviation market analyst CAPA said the “clearly protectionist” attempt by the U.S. 3 to revisit U.S. Open Skies agreements with the UAE and Qatar may prove “a tragic miscalculation” and spark a wider threat to the concept of Open Skies. Perhaps the intent was simply to place a cap on the level of Gulf 3 capacity in the U.S., said CAPA. “Perhaps this view was supported by the controversial way the U.S. Department of Transportation has squatted uncomfortably on the application of Norwegian International to fly to the U.S. (although this may be backfiring, as Norwegian adds capacity under its own brand). There could scarcely have been a realistic hope that the Open Skies agreement with the UAE would be renegotiated. Among other negatives, this would put at risk FedEx’s major Middle East hub in the UAE, a hub only made possible by the Open Skies regime.” . . . In a letter to United’s Acting CEO Brett Hart, Business Travel Coalition warned of “the growing risk to your airline, its workers, shareholders and customers resulting from the war on new entry” that the troika is waging against the Gulf 3; “the toxic negotiating environment your campaign has created is increasingly undermining liberal bilateral aviation agreements.” . . . And suggestions that the World Trade Organization could help resolve the dispute were rejected by a senior WTO official at the CAPA World Aviation Summit in Helsinki, reported the *Wall Street Journal*. Among his reasons, limits on foreign ownership of airlines would have to be lifted since they do not comply with global trade agreements.

**2. UAE-Germany Bilateral Limits Etihad-airberlin Cooperation.**

The German transport ministry allowed Etihad and airberlin to temporarily continue code share cooperation until January 15, giving them time to resolve a problem stemming from the current Air Transport Agreement between United Arab Emirates and Germany; many of the requested code share routes are not covered by the bilateral. Etihad President and CEO James Hogan said failure by the German government to approve the code shares in time for the winter schedule “would severely, and possibly terminally, damage airberlin,” which is 29%-owned by Etihad. “The code share routes in question, including flights to our hub in Abu Dhabi, were among 65 previously approved by Germany’s civil aviation authority, the LBA, and a key reason that we invested in airberlin,” said Hogan.

**3. Eurocontrol to Exchange Flight Plan Data with Middle East, Brazil.**

Eurocontrol signed agreements to exchange flight plan data with the General Civil Aviation Authority (GCAA) of the United Arab Emirates (UAE) and the Department of Airspace Control (DECEA) of Brazil. The GCAA agreement covers exchange of flight data, updated flight plan information, and airport departure planning information, and, said Eurocontrol, will help address “the current lack of predictability of traffic between the Middle East and Europe which adversely affects capacity.” Traffic between the two regions is predicted to grow at 3.6% a year over the next decade at least. The DECEA agreement supports capacity management and exchange of operational flight data between Europe and Brazil.

## VIII. EUROPE AND AFRICA

### 1. Report: Buk Surface-to-Air Missile System Caused MH17 Crash.

The crash of Malaysia Airlines Flight MH17 on July 17, 2014 was caused by a Russian-made BUK missile fired from territory held by pro-Russian separatists in eastern Ukraine, according to the Dutch Safety Board investigation report. Additional forensic investigation will be needed to establish the exact launching location, but, said the Board, such an investigation lies outside the scope of its mandate. Moreover, Ukraine had sufficient reason to close airspace over the eastern part of Ukraine as a precaution before July 17. “None of the parties involved recognized the risk posed to overflying civil aircraft by the armed conflict in the eastern part of Ukraine,” said the Board. All 298 people on MH17 were killed. Russia said the investigation was biased and maintains the attack came from Ukrainian-held territory using a Ukrainian-owned Buk. There were reports that Russia may have tried to hack Dutch Safety Board computer systems to access the report. . . . In related news, the European Aviation Safety Agency (EASA) in October warned national aviation authorities and aircraft operators that missiles launched from Russian warships in the Caspian Sea to Syria crossed airspace in Iran and Iraq below flight routes used by commercial aircraft.

### 2. EASA Issues Action Plan Following Germanwings Crash.

Following the Germanwings crash earlier this year, which investigators believe a suicidal pilot caused, an accident task force called for improved psychological screening of new pilots and a European database with details of pilot medical visits. EASA now has released an action plan that calls for developing new rules by the end of next year. An aircrew medical fitness workshop will be held this December, where experts will discuss implementation of task force recommendations, followed by a draft proposal of concrete actions to be further discussed and approved. In first quarter 2016, EASA may publish a directive to advise operators and national aviation authorities on what actions are required and how to implement them.

### 3. Delta to Offer Five New Transatlantic Routes in Summer 2016.

Delta will offer five new transatlantic routes next summer: Detroit to Munich; Minneapolis-St. Paul to Rome; New York Kennedy to Edinburgh; Salt Lake City to London Heathrow; and Raleigh-Durham to Paris Charles de Gaulle.

4. **British Airways Launches Miami Superjumbo Service.**

British Airways is now flying the Airbus A380 on one of its two London-Miami services; the other will continue to use Boeing 747 aircraft; the A380 is also used on Los Angeles, Washington Dulles and San Francisco service. The carrier has ordered 12 A380s for delivery by 2016.

5. **Air France Increases Winter Services to U.S. Destinations.**

Air France released a winter flight schedule “characterized essentially by the redeployment of the long-haul network towards growth markets, and the continued restructuring of the medium-haul network.” To meet strong market demand, Air France is increasing capacity to the United States, including Los Angeles and San Francisco. As part of the transatlantic joint venture with Delta, Air France-KLM will offer 56 weekly frequencies from Paris or Amsterdam to Atlanta. . . . Following a violent response from unions that included an assault on company executives, Chairman and CEO Alexandre de Juniac said Air France will cut less than a third of the 2,900 jobs proposed earlier. Cuts in 2016 will be voluntary and further cuts in 2017 can be avoided if unions agree to productivity measures.

6. **Lufthansa to Launch San Jose Service.**

Lufthansa will introduce five-times-weekly Airbus A340-300 service between Frankfurt and San Jose, California on April 29, the first nonstop to Silicon Valley from a European airport. The company launched its new premium economy class on flights to Dubai and the Gulf region. . . . The union representing Lufthansa cabin crew rejected management proposals on pay and retirement provisions, and negotiations with pilots continue.

7. **Aer Lingus Adds Direct Service to Los Angeles, Newark, Hartford.**

In a major expansion of 2016 transatlantic direct service, IAG unit Aer Lingus will introduce five weekly flights to Dublin from Los Angeles, and daily to Newark and Hartford, Connecticut. “The convenience of U.S. Customs and Border Protection services at Dublin has enhanced the continued growth of Aer Lingus’ Dublin operation as a connecting gateway,” said CEO Stephen Kavanagh.

8. **Alitalia Launches New Routes, Expects Profitability by 2017.**

Alitalia Chairman Luca Cordero di Montezemolo said third quarter load factor exceeded 80%, and confirmed “the objective of reaching profitability by 2017.” Alitalia will launch flights from Rome Fiumicino to Chile and Mexico City in 2016, bringing number of Latin American routes to five and a total of 10 in the Americas. Among improvements announced, interiors of medium- and long-



haul aircraft will be retrofitted with leather seats by spring; Internet and email connectivity will be extended to all aircraft; refurbished and new airport lounges at Rome, Milan Linate and Malpensa, Naples, Catania and New York Kennedy will be completed in the next year; and employees attended Etihad Airways' Training Academy in Abu Dhabi, as a customer service initiative. Improvements planned for Fiumicino will "make a quick and comfortable transit for passengers and speed delivery of luggage." . . . James Hogan, President and CEO of Etihad, which holds a 49% stake in Alitalia, said the Italian flag carrier "is ascending [but] cannot afford to revert to past practices. For Alitalia to survive and thrive, there must be a relentless focus on costs and efficiency, coupled with a commitment to delivering quality, innovation and value for money." Hogan is Vice Chairman of Alitalia.

**9. Transaero Folds; Aeroflot to Restructure.**

Aeroflot opted out of an offer to acquire a 75% plus one share of Transaero, which then lost its operating certificate after a federal audit found it unable to repay debt or fund operations. Russia's Ministry of Transport temporarily authorized Aeroflot to fly 56 of 156 Transaero international routes, with a renewal option, to ensure air traffic continuity and prevent "large-scale failures to carry passengers that bought tickets to Transaero flights," reported TASS. Domestic routes can be redistributed among other carriers without restrictions. S7 Group co-owner Vladislav Filev acquired 51% of Transaero; Valery Zaitsev was named General Director. . . . Aeroflot announced its new operational structure comprised of four segments: Aeroflot will remain the Group's premium carrier; Rossiya, Orenair and Donavia will merge to form a single regional carrier under the Rossiya name; low-cost Pobeda; and Far Eastern carrier Aurora. Pobeda was authorized to operate international flights and reportedly will offer routes to Salzburg, Verona, Bergamo, Bratislava, Chambéry, Dresden and Cologne, with one-way fares starting at €49. Pobeda was launched last year to replace Dobrolyot, which ceased operations after being included on the EU list of Russian companies sanctioned over the conflict in Ukraine. . . . Air France, Cathay Pacific, easyJet and airberlin are among airlines that have reduced or terminated service to Russia during the last 18 months, as a weak ruble and deepening recession saw passenger numbers ebb, reports *Moscow Times*.

**10. Growing fastjet, Emirates Sign Interline Agreement.**

Tanzania-based fastjet signed a sales and distribution contract with Emirates that allows Emirates passengers access to fastjet's growing route network across East and Southern Africa. fastjet Zimbabwe is now operating three weekly Airbus A319 flights between Harare and Victoria Falls, with international routes to east and southern African countries planned. And,

Kenya Civil Aviation Authority granted an air service license to fastjet Kenya, “a major step forward in fastjet’s plans to become a truly pan-African low-cost airline,” said CEO Ed Winter. Fastjet Plc is a British-based holding company founded in 2011 by easyJet founder Stelios Haji-loannou.

**11. Congo Airways (DRC) Takes Off.**

Congo Airways was launched in the Democratic Republic of Congo (DRC), as an Airbus A320 flew from Kinshasa Ndjili International Airport to Goma via Kisangani, and another departed for Lubumbashi. The inaugural flights carried invited guests, after a ceremony attended by President Joseph Kabila who called the liftoff a symbol of the economic and financial independence of the DRC, and a break from a dark past to an illustrious future for air transport in the country. Air France is providing technical assistance to Congo Airways, which is financed with public funds; the two aircraft were acquired from Alitalia. CEO is Claude Kirongozi. DRC carriers currently are blacklisted by the European Union; domestic flights mostly are operated by the United Nations. Ethiopian Airlines in July began the first regular international service in many years, from Addis Ababa. . . . In Republic of the Congo, Brazzaville-based Equatorial Congo Airlines (ECAir) “connects Central Africa with Western Africa” and international destinations include Paris, Dubai and Beirut. Since the airline was created four years ago it has carried one million passengers. ECAir Managing Director is Fatima Beyina-Moussa, who also is President of African Airlines Association (AFRAA). . . . ECAir will host the 47th AFRAA General Assembly in Brazzaville, November 8 to 10; some 45 African airline members and industrial partners, including manufacturers, technology service providers, and representatives of governments, airports and international organizations, are expected to attend. The theme is “Open Skies: Growth Through Competition and Collaboration.”

**12. UAE-Germany Bilateral Limits Etihad-airberlin Cooperation.**

See Section VII, item 2.

**13. Eurocontrol to Exchange Flight Plan Data with Middle East, Brazil.**

See Section VII, item 3.

**14. FedEx Pilots Approve New Agreement.**

See Section X, item 3.

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

### **1. United to Launch Auckland, Xian, Tel Aviv Services.**

United will begin three weekly Boeing 787-8 services between San Francisco and Auckland from July 1, expanding to daily 787-9 service from October 28, in partnership with Star Alliance partner Air New Zealand; while ANZ will offer five weekly direct services from Auckland to Houston from December 15. . . . United will offer the first trans-Pacific service to Xi'an, when it begins three weekly Boeing 787 flights from San Francisco, May 8 to October 27, 2016, subject to government approval. . . . United will begin three weekly Boeing 787 nonstops from San Francisco to Tel Aviv on March 30. "Thousands of customers asked for the service through the SFOTLV.ORG petition effort," said United, and "providing corporate customers from the Bay Area and Silicon Valley nonstop service to the high-tech market in Israel has been high on our priority list." American Airlines is ending nonstop service between Tel Aviv and Philadelphia, while El Al recently added direct flights to Boston, and Ryanair announced new routes between Europe and Eilat.

### **2. Air China Launches Beijing-Newark Flights.**

Air China launched four weekly Boeing 777-300ER flights to New York Newark from Beijing to supplement two daily Boeing 747-8 flights to New York Kennedy. The carrier also flies to Washington Dulles, Los Angeles, San Francisco, Houston, Vancouver, Montreal and Hawaii. . . . In other China news, the Hong Kong Stock Exchange will sell up to 40% of BOC Aviation; 90% will be offered to international and 10% to Hong Kong investors. On September 30, BOC Aviation had a portfolio of 253 owned and managed aircraft operated by 59 airlines in 29 countries. . . . China's Central Commission for Discipline Inspection reported corruption, embezzlement and abuse of power in several state-owned enterprises and government departments, including Civil Aviation Administration, Air China, China Eastern and Commercial Aircraft Corporation of China (Comac). After an earlier investigation, China Southern closed overseas bank accounts and took action against corrupt executives.

### **3. Etihad Reschedules New York A380 Service.**

Etihad moved up the start date of Airbus A380 service from Abu Dhabi to New York Kennedy, from December 1 to November 23, to accommodate passengers traveling during the U.S. Thanksgiving holiday, or attending the 2015 Abu Dhabi Grand Prix. The flights replace a Boeing 777 service and

feature The Residence by Etihad™, which includes three-room suites with showers, butlers and chauffeurs.

**4. Emirates Doubles Boston Service.**

Emirates launched its second daily Boeing 777-300ER service from Dubai to Boston, offering travel to onward destinations in North America via an interline partnership with JetBlue.

**5. Qatar, JetBlue Expand Code Share Partnership.**

Qatar and JetBlue will add 29 code share destinations from Boston when Qatar's daily direct Airbus A350 XWB flights to Logan begin March 16. "Qatar Airways is focused upon expanding its own direct links to the United States and beyond, with the launch of non-stop services to Los Angeles, Atlanta and Boston throughout 2016," said Group CEO Akbar Al Baker.

**6. Oman Air Takes Delivery of First of Six Dreamliners.**

Oman Air took delivery of its first Boeing 787, which it will deploy on services to Saudi Arabia and Europe. The airline ordered six Dreamliners in 2011 as part of its expansion plans, which include new A330 and B737 aircraft and new destinations. In an interview with *Arabian Business*, Oman Air CEO Paul Gregorowitsch said the carrier is "on track to achieve profitability by 2017," and will operate a fleet of 70 aircraft by 2020. Gregorowitsch previously was an airberlin executive and CEO of Martinair. . . . In related news, Oman expects 1.1 million tourists this year, Muscat International Airport opens in early 2016, and the new Salalah Airport launched operations in June. Oman's Public Authority for Civil Aviation plans to invite bids from low-cost carriers interested in establishing a base in the country.

**7. Gulf Air Expanding Fleet.**

After posting a 15.4% rise in passengers for 2014, Gulf Air plans to order 40 to 50 aircraft in the next six months. Officials attending the Middle East & Africa Airfinance Conference told *Gulf News* the new aircraft will be used for regional and long-haul routes. Amid an aggressive restructuring plan that saw Bahrain's national airline cut its losses in 2014 by 32%, Acting CEO Maher Salman Al Musallam said he is confident in 2015 results. . . . In other news, a \$1 billion expansion project at Bahrain International Airport will increase annual capacity from four million passengers to 14 million; Bahrain reportedly will build a second airport on a manmade island

**8. Regional ATM Harmonization Planned for Gulf.**

The Cooperation Council for the Arab States of the Gulf (GCC) Air Navigation Committee awarded UK-based aviation consultancy Helios a contract to

develop a study and implementation roadmap to harmonize air traffic management (ATM) provision. The initiative seeks to deliver the additional capacity and improved efficiency necessary to meet increasing demand. Helios cited a recent Oxford Economics finding that by 2030 Dubai's aviation industry "will, with adequate expansion, represent a staggering 45% of the state's GDP, up from 27% of total GDP in 2013," and said similar growth scenarios are applicable for the other Gulf states.

9. **UAE-Germany Bilateral Limits Etihad-airberlin Cooperation.**  
See Section VII, item 2.
10. **Eurocontrol to Exchange Flight Plan Data with Middle East, Brazil.**  
See Section VII, item 3.
11. **Growing fastjet, Emirates Sign Interline Agreement.**  
See Section VIII, item 10.
12. **Alaska, Emirates to Code Share.**  
See Section X, item 7.

## **X. AMERICAS**

### **1. United Names Acting CEO, Munoz on Medical Leave.**

United's recently appointed President and CEO, Oscar Munoz, suffered a heart attack and is on medical leave. Acting CEO is Executive Vice President and General Counsel Bret Hart, who was responsible for government and regulatory affairs and other functions; he earlier was Special Assistant to the U.S. Department of Treasury General Counsel . . . United reached agreement with the International Brotherhood of Teamsters (IBT) to ratify a proposed joint collective bargaining agreement which would bring together technicians and related employees under a single contract. The company is engaged in mediated negotiations with Association of Flight Attendants and in discussions with pilots about an extension of their current collective agreement.

### **2. American Airlines Retires US Airways Name.**

American Airlines completed the transition to a single reservations system, retiring the US Airways name and website; the complex cutover was accomplished without disruptions to the operation or customer service. A tentative agreement was reached with Communications Workers of America - IBT for a new joint collective bargaining agreement covering the airline's airport customer service and reservation agents. And the company reported its highest ever quarterly profit; \$1.9 billion excluding net special charges, a 54% increase versus third quarter 2014.

### **3. FedEx Pilots Approve New Agreement.**

FedEx Express pilots approved a new contract that "provides across-the-board increases to hourly pay rates and new-hire compensation, a significant signing bonus, retirement plan enhancements, work-rule improvements, and other positive modifications," said Air Line Pilots Association, Int'l. (ALPA). The new agreement takes effect in November and becomes amendable in 2021. . . . FedEx announced that the European Commission will not challenge its acquisition of Dutch firm TNT Express. The companies expect close of transaction in first half 2016, contingent upon other regulatory approvals. . . . Construction of a FedEx Express logistics hub at Milan Malpensa is underway. Malpensa will be FedEx's third largest hub in Europe, after Paris and Cologne.

### **4. UPS Pilots Vote to Strike.**

Independent Pilots Association (IPA) voted to authorize a strike against United Parcel Service. A return to the bargaining table is scheduled for early November; the IPA Executive Board has authority to formally request a

release from federally mediated negotiations with UPS, and the discretion to conduct a strike once mediation is concluded.

5. **JetBlue Expands Caribbean, Latin America Service.**

JetBlue and Seaborne began selling flights under a code share agreement that covers Caribbean destinations via San Juan, Puerto Rico. They have had an interline agreement since 2013. The JetBlue code initially will be placed on eight Seaborne routes: Anguilla, Tortola, Nevis, St. Kitts, St. Maarten, St. Thomas and St. Croix. Following receipt of government approvals, the JetBlue code will be placed on Seaborne flights to airports in Antigua, Martinique, Dominican Republic and Guadeloupe. Separately, JetBlue began daily nonstops to Mexico City from Orlando and Fort Lauderdale, and will begin daily nonstops to Quito from Fort Lauderdale on February 25.

6. **Republic Airways' Pilots Ratify Three-Year Contract.**

Republic Airways pilots voted to ratify a new three-year contract, effective November 1, which includes significant improvements in work rules and pilot quality of life, and “establishes pay rates that recognize Republic’s pilots as leaders in the regional airline industry, including a transformational \$40/hour first year new hire rate.”

7. **Alaska, Emirates to Code Share.**

Emirates and Alaska announced a code share and lounge agreement, in which, pending governmental approval, Emirates will market up to 300 daily Alaska flights. From two daily Dubai-Seattle flights, passengers can connect to 49 cities including Honolulu, Denver, Las Vegas, Portland, Phoenix, Sacramento, Anchorage, and Canadian destinations. . . . Alaska Airlines will invest \$50 million in Alaskan projects that include expanded freight service, a new hangar in Anchorage to accommodate the Boeing 737 MAX, and terminal upgrades at remote airports.

8. **Delta, Aerolineas Argentinas Code Share.**

A new agreement will allow Aerolineas Argentinas to code share on Delta flights to 14 U.S. destinations, including Boston, Chicago, Dallas, Denver, Houston, Las Vegas, Los Angeles, New Orleans, Orlando, San Francisco, Seattle, Washington, Miami, New York, and Atlanta. Delta will code share with Aerolineas Argentinas on flights from Ezeiza to New York Kennedy and Miami; from Ezeiza to Montevideo, Uruguay; and from Jorge Newbery Airport to Santiago de Chile’s Comodoro, providing connectivity to Santiago’s daily flight to Atlanta.

9. **Azul, United Implement Code Sharing.**  
United and strategic partner Azul implemented a code share agreement, in which Azul's code is on United flights to Chicago, New York, Houston, San Francisco, Los Angeles, Boston and Las Vegas; and United's code is on Azul flights to six destinations in Brazil beyond Sao Paulo Guarulhos. This is the first international code share agreement for Azul, Brazil's largest carrier by cities served. In June, United acquired a 5% stake in Azul.
10. **Eurocontrol to Exchange Flight Plan Data with Middle East, Brazil.**  
See Section VII, item 3.
11. **Delta to Offer Five New Transatlantic Routes in Summer 2016.**  
See Section VIII, item 3.
12. **British Airways Launches Miami Superjumbo Service.**  
See Section VIII, item 4.
13. **Aer Lingus Adds Direct Service to Los Angeles, Newark, Hartford.**  
See Section VIII, item.7
14. **Alitalia Launches New Routes, Expects Profitability by 2017.**  
See Section VIII, item 8.
15. **United to Launch Auckland, Xian, Tel Aviv Services.**  
See Section IX, item 1.
16. **Air China Launches Beijing-Newark Flights.**  
See Section IX, item 2.
17. **Etihad Reschedules New York A380 Service.**  
See Section IX, item 3.
18. **Emirates Doubles Boston Service.**  
See Section IX, item 4.
19. **Qatar, JetBlue Expand Code Share Partnership.**  
See Section IX, item 5.