



## WASHINGTON AVIATION SUMMARY

### FEBRUARY 2021 EDITION

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

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## **I. REGULATORY NEWS**

### **1. Biden Mandates Masks in Airports, Airplanes and CDC Requires COVID testing for International Arrivals.**

After taking office on January 20, President Joe Biden signed an Executive Order promoting COVID-19 safety in domestic and international travel. The order requires masks to be worn in airports and on commercial aircraft and other forms of public transportation, in compliance with guidelines from the Centers for Disease Control and Prevention (CDC). Travelers seeking to enter the U.S. from a foreign country are required to produce proof of a recent negative test prior to entry; and to comply with other CDC guidelines, including recommended periods of self-quarantine or self-isolation after entry. The U.S. will consult with foreign governments, the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA) and other relevant stakeholders to establish guidelines for public health measures associated with safe international travel. . . . President Biden also extended a ban on travelers entering the United States from Brazil, the UK, Ireland, EU countries and South Africa, as new coronavirus variants spread. Governments around the world took similar action, with New Zealand suggesting its borders stay closed to foreign visitors for much of this year. . . . President Biden also reversed its withdrawal from the World Health Organization (WHO). In a conversation with WHO Director General Dr. Tedros Adhanom Ghebreyesus, Vice President Kamala Harris stressed the Biden Administration's strong support for efforts to strengthen the global COVID-19 response, mitigate its secondary impacts, and advance global health security to prevent the next outbreak from becoming an epidemic or pandemic.

### **2. Biden Revokes Muslim Ban and Freezes New Rules Not Yet in Effect.**

President Biden revoked the so-called Muslim ban enacted by the previous Administration, which blocked travel to the U.S. from several predominantly Muslim and African countries. The President directed the State Department to restart visa processing for individuals from affected countries and develop ways to address harm caused to those who were prevented from coming to the U.S. because of the ban. "When visa applicants request entry to the United States, we will apply a rigorous, individualized vetting system. But we will not turn our backs on our values with discriminatory bans," he wrote. . . . In other news, heads of executive departments and agencies were ordered to freeze new regulations put in motion by the previous Administration, in order to allow Biden appointees or designees time to review them. Rules that have been

sent to the Office of Management and Budget (OMB) but not published in the Federal Register should be immediately withdrawn. This freeze led DOT to withdraw the Final Rule on Tarmac Delay and the Advance Notice of Proposed Rulemaking (ANPRM) on Airfare Advertising. The ANPRM may not be reissued. For rules that were issued but have not taken effect: “consider postponing the rules’ effective dates for 60 days [and] opening a 30-day comment period.”

**3. FAA Adopts Stricter Unruly Passenger Policy.**

The Federal Aviation Administration (FAA) announced a stricter legal enforcement policy against unruly airline passengers, immediately effective. Passengers who interfere with, physically assault, or threaten to physically assault aircraft crew or anyone else on an aircraft will face stiff penalties, including fines of up to \$35,000 and imprisonment. Administrator Steve Dickson signed the order following the January 6 siege of the U.S. Capitol, which resulted in several deaths, extreme vandalism, and “a disturbing increase in incidents where airline passengers have disrupted flights with threatening or violent behavior.” The policy will be in effect through March 30, 2021. . . . Following the riot at the Capitol and in preparation for the Biden inauguration, airlines increased security on flights to Washington and banned guns in checked bags (federal law prohibits guns or ammunition in carry-on bags). Some barred passengers who harassed crew members and refused to wear masks, suspended alcohol service and moved crews out of downtown Washington hotels for their safety. The Metropolitan Washington Airports Authority planned a larger police presence at Reagan National and Dulles. Flight attendants asked the FBI to place the Capitol rioters on the federal no-fly list, as did Chuck Schumer (D-NY), who is now the Senate majority leader.

**4. Pete Buttigieg Expected to be Confirmed as Transportation Secretary.**

The Senate was expected to confirm Pete Buttigieg as Secretary of Transportation. The former Mayor of South Bend, Indiana won strong support from the U.S. Chamber of Commerce for “advocating for improving America’s infrastructure.” . . . Biden nominated Polly Trottenberg as Deputy Secretary of Transportation. She is New York City Transportation Commissioner and a former Obama Administration transportation official. . . . Airlines for America (A4A) briefed Buttigieg, in a letter, on the effects of the pandemic in what “is the most challenging period in aviation history,” and confirmed support for creation of an Aviation Recovery Commission to be comprised of leaders from government, the airline and travel industries, labor, and the scientific and health communities to consider issues and recommendations in a wholistic [sic] manner. A4A outlined needs, such as acceleration of air traffic control (ATC) modernization and called for rulemakings to “be driven by data and

rooted in science [and] promulgated in response to proven market failures or when DOT has evidence of the need for government intervention in the marketplace to prevent actual consumer harm.” Regarding airport funding, A4A said “higher taxes and fees imposed on the flying public are not the answer,” and recommended reforms, including increased federal funding and an end to the diversion of airport revenues.

**5. Treasury Finalizes Payroll Support to Aid Airlines Employees.**

The U.S. Department of the Treasury approved more than \$12 billion in payroll support for passenger air carriers, including Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Republic, SkyWest, Southwest, Spirit and United. The payments will be made in accordance with the Consolidated Appropriations Act, 2021, which extends the Payroll Support Program (PSP) and provides up to \$16 billion in payroll support for American workers employed by passenger air carriers and contractors. To protect taxpayers, Treasury received notes and warrants from these carriers, as required under the PSP Extension Law.

**6. JetBlue, American Alliance Moves Forward.**

The former Administration approved a joint venture, including codesharing, frequent flyer cooperation, sharing of existing assets, marketing, planning and revenue sharing, between American Airlines and JetBlue known as the “Northeast Alliance.” The airlines said DOT agreed to terminate its review in exchange for commitments to ensure capacity expansion, slot divestitures at New York Kennedy and Washington Reagan National, and antitrust compliance measures. Beyond the agreement with DOT, the carriers said they will refrain “from certain kinds of coordination in city pair markets where they are substantial competitors to each other and there is little service from other airlines.” They said the alliance will result in significant growth at LaGuardia, up to 70 daily flights at Newark, and seamless connections onto American’s long-haul network in and out of New York and Boston, and plan to launch new international routes, including Athens and Tel Aviv. Under a new code share agreement, JetBlue will place its code on select American flights in New York and Boston, and American will place its code on select JetBlue flights at Kennedy, LaGuardia, Newark and Boston. . . The alliance is opposed by airlines including Southwest and Spirit and may receive scrutiny by the Biden Administration. Before DOT published the agreement, Spirit filed a formal complaint for unfair methods of competition with DOT. National Air Carrier Association (NACA) noted that DOT’s decision not to specifically mandate that divestitures at slot-constrained airports go to low- and ultra-low-cost carriers goes against previous practice. Travelers United noted that the alliance has been approved based on secret deliberations and no docketed comments. . .

The American Antitrust Institute (AAI) asked DOT for a public interest review of the approval of the “Northeast Alliance” cooperative agreement, “which was pushed through with only 10 days remaining in the Trump Administration,” giving no opportunity for comment on public interest implications. Remedies contained in DOT’s agreement may be inadequate to restore lost competition, said AAI; public input and commentary would have ensured an appropriate review. . . . Meanwhile, JetBlue has asked DOT to urge the UK to address the difficulty in obtaining slots at London Heathrow and Gatwick, even though carriers have reduced schedules.

**7. Third Quarter 2020 Air Fares Drop to New Low.**

The average U.S. domestic air fare declined in third quarter 2020 to \$245, the lowest inflation-adjusted average quarterly air fare in DOT records dating back to 1995. The previous low was \$262 in second quarter 2020. Air fares declined as demand fell to 27 million originating passengers in third quarter, compared to 86 million passengers a year earlier. The fare calculations are based on a random sample of 10% of tickets sold. Total ticket value: price charged by airlines at time of ticket purchase. Included: additional taxes and fees levied by an outside entity at time of ticket purchase. Not included: fees for optional services, such as baggage fees.

**8. Boeing 737 MAX Update.**

Since FAA approved a return to operations in November 2020, more than 40 MAX aircraft have been delivered and five airlines have returned their fleets to service as of January 25, 2021, “safely flying more than 2,700 revenue flights and approximately 5,500 flight hours,” said Boeing. . . . The company reported an \$11.9 billion loss in 2020, the largest in its history. “While the impact of COVID-19 presents continued challenges for commercial aerospace into 2021, we remain confident in our future, squarely-focused on safety, quality and transparency as we rebuild trust and transform our business, said Boeing President and CEO Dave Calhoun. . . . Transport Canada rescinded its grounding of the Boeing 737 MAX and on January 21 WestJet flew the MAX from Calgary to Vancouver. Air Canada will resume MAX operations on February 1. . . . The European Union Aviation Safety Agency (EASA) approved the return to service of a modified version of the Boeing 737 MAX, mandating a package of software upgrades, electrical wiring rework, maintenance checks, operations manual updates and crew training which will allow the plane to fly safely in European skies. There will be no software or technical differences between the aircraft operated by airlines in the U.S. and in the 27 European Union states plus Iceland, Liechtenstein, Norway and Switzerland. Bans issued by some EASA member states will need to be lifted before the aircraft can fly again in airspace of those countries; EASA is

working closely with the relevant national authorities to achieve this. The UK Civil Aviation Authority is now responsible for clearing the aircraft to operate to/from and within the UK as well as for UK operators. . . . Boeing entered into a deferred prosecution agreement with the Department of Justice to resolve a criminal charge related to conspiracy to defraud FAA's Aircraft Evaluation Group in connection with the MAX. Boeing will pay over \$2.5 billion, composed of a criminal penalty of \$243.6 million, compensation payments to MAX airline customers of \$1.77 billion, and establishment of a \$500 million crash-victim fund to compensate heirs, relatives and legal beneficiaries of the 346 passengers who died in the crashes of Lion Air Flight 610 and Ethiopian Airlines Flight 302. The Justice Department agreed to defer prosecution provided that Boeing abides by obligations set forth in the three-year agreement, after which time the charge will be dismissed. . . . Boeing named Mike Fleming to lead Commercial Derivative Programs, with responsibility from product offering through entry into service, "to ensure we meet new regulatory standards and adopt industry best practices." Fleming leads 737 MAX return-to-service efforts and Commercial Customer Support. Mike Delaney was named Chief Aerospace Safety Officer, a newly created role to lead development of the company's integrated enterprise Global Aviation Safety program, reporting to Boeing's Chief Engineer and Executive Vice President of Engineering, Test & Technology, with accountability to the Board of Directors Aerospace Safety Committee.

**9. FAA Approves Automated Drone Ops.**

American Robotics became the first company to be approved by FAA to operate automated commercial drones without human operators on-site. Prior waivers and certifications awarded by FAA required visual observers stationed along the flight path to keep eyes on the airspace at all times, but the Scout System™ acoustic Detect-and-Avoid technology enables the drones to maintain a safe distance from other aircraft at all times. The Massachusetts-based company said the platform will benefit "the energy, infrastructure, agriculture, and security market verticals, helping unlock the projected \$100 billion commercial drone market." FAA limits operation of automated drones to rural areas and altitudes below 400 feet. . . . FAA announced \$5.8 million in research, education and training grants to universities that comprise its Air Transportation Center of Excellence for Unmanned Aircraft Systems (UAS), also known as the Alliance for System Safety of UAS through Research Excellence (ASSURE). More than 1.7 million recreational and commercial drones are in the active UAS fleet. That number is expected to grow to as high as 2.31 million by 2024. The ASSURE grants are aimed at continuing and enhancing the safe and successful integration of drones into the nation's airspace system.

## II. AIRPORTS

### 1. ACI: Global Passenger Traffic Down 64.2% in 2020.

The global airport industry experienced a reduction of more than 6 billion passengers by the end of 2020, representing a decline of 64.2% of global passenger traffic, with a reduction in revenue of \$111.8 billion, reports Airports Council International (ACI) World. . . ACI's World Airport Traffic Forecasts reveal, over the next five years, global passenger traffic worldwide is expected to grow at an annualized rate of +2.4%, affected negatively in the short term by continuing effects of the pandemic. Asia-Pacific and Latin America-Caribbean are predicted to experience the fastest growth, achieving five-year growth rates of +3.5% and +3.1%, respectively. Africa, Europe, the Middle East, and North America will see a more modest expansion, with growth ranging from +1.2% to +1.9%. China is expected to become the largest passenger market in 2031, surpassing the U.S., and is projected to continue to dominate passenger rankings in 2040 with just over 3.6 billion passengers, an 18.3% share of the global passenger traffic market. The U.S. and India follow, with 2.9 and 1.3 billion passengers, respectively. Together, the three countries will handle almost 40% of global passenger traffic.

### 2. FAA Extends COVID-19 Related Slot Relief.

FAA extended COVID-19 related slot relief at seven major U.S. airports for the Summer 2021 scheduling season, which runs from March 28 through October 30. These include Reagan Washington National; New York Kennedy, LaGuardia and Newark; Chicago O'Hare; Los Angeles International; and San Francisco International.

### 3. CNN Airport Network to Cease Ops.

CNN Airport Network, a fixture in terminal waiting areas since 1990, will cease to operate on March 31. The ad-supported business is no longer profitable due to the pandemic-related decline in passenger traffic and competition from content readily available on personal devices.

### 4. Hong Kong 2020 Passenger Volume Dropped by 87.7%.

Hong Kong International handled 8.8 million passengers and 160,655 flights in 2020, down year-on-year by 87.7% and 61.7%, respectively. The airport handled 68,660 cargo flights, an 18.3% surge compared to 2019. . . . The first automated people mover train for Hong Kong International is being assembled by Bombardier in a joint venture with Nanjing Puzhen. The systems are already in service at Beijing's international airport and will soon be in service at Shenzhen and Chengdu.

**5. Bahrain Opens New Passenger Terminal.**

A new passenger terminal at Bahrain International began operations. Part of the country's Vision 2030 economic program, the facility can handle 14 million passengers a year. Gulf Air is moving all operations there.

**6. Philippine Province Cancels \$10 Billion Sangley Airport Project.**

The \$10 billion Sangley Point International Airport project was canceled by Philippine province Cavite. The sole bid of consortium of China Communications Construction Co (CCCC) and Philippine firm MacroAsia Corp was found to be deficient in three or four items, said officials, adding that Cavite would seek a new private sector partner.

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

#### 1. **Senate to Consider Mayorkas for DHS Secretary.**

While the Senate considers the nomination of Alejandro Mayorkas for Secretary of Homeland Security, David Pekoske, who is serving a five-year term as Administrator of the Transportation Security Administration (TSA), is Acting Secretary, and Darby LaJoye is Senior Official Performing the Duties of the TSA Administrator.

#### 2. **TSA Adds Precautions After Jan. 6 Attack on Capitol.**

After a violent mob attempted to take over the U.S. Capitol on January 6, and in preparation for the Biden Presidential Inauguration on January 20, TSA added layers of security at Washington-area airports, including more law enforcement and explosives detection canine teams, random gate screening, and an increased number of Federal Air Marshals on certain flights. . . . Bennie Thompson (D-MS), Chairman of the House Homeland Security Committee, urged TSA and the Federal Bureau of Investigation (FBI) to use their authorities to add those involved in the domestic terrorist attack on the Capitol to the No-Fly List. . . . In other news, TSA screened 878,048 people at U.S. airport checkpoints on January 18, compared to 2,298,616 on same weekday in 2020. For calendar year 2020, TSA screened 324 million passengers, 39% of the 824 million screened in 2019. Lowest travel volume, 87,500 passengers, was reported on April 14. . . . On January 19, TSA had 748 employees with active COVID-19 infections. Since the start of the pandemic, TSA has had 5,929 federal employees test positive; 13 died, as has one screening contractor. . . . TSA officers detected twice as many firearms per million passengers screened at U.S. airport checkpoints in 2020, compared to 2019, although total passengers screened in 2020 fell by 500 million versus 2019 due to the pandemic. Of 3,257 firearms on passengers or in their carry-on bags at checkpoints in 2020, about 83% were loaded.

#### 3. **British Airways Faces Class-Action Lawsuit for 2018 Data Breach.**

More than 16,000 individuals have joined a class-action lawsuit seeking compensation from IAG-owned British Airways for a 2018 cyberattack, the largest privacy class-action lawsuit in UK history. British Airways, which was fined £20 million for the data breach by the government in 2020, said it would “vigorously defend the litigation.”

## IV. TECHNOLOGY AND EQUIPMENT

### 1. Fareportal Sues JetBlue.

Online travel agency Fareportal sued JetBlue under federal antitrust laws for an alleged scheme to block consumers from being able to compare JetBlue fares with those of other airlines. JetBlue said the suit is frivolous and wholly without merit. Fareportal partners with over 600 airlines globally; brands include CheapOair and OneTravel.

### 2. Southwest Signs Sabre Full Participation Agreement.

Southwest signed a new agreement with Sabre, under which Sabre will distribute Southwest flights and services through its travel marketplace, providing Sabre connected-agencies and other travel buyers with uninterrupted access to Southwest content, including improved schedule and inventory accuracy; last seat availability; and real-time booking functionality and the ability to modify Southwest bookings within Sabre.

### 3. Delta Selects Viasat for Mainline Narrow-Body Aircraft.

Delta selected Viasat's next-generation Ka-band satellite in-flight connectivity (IFC) solution for more than 300 mainline narrow-body aircraft, including both new delivery and retrofits on Airbus A321ceo, Boeing 737-900ER and select B757-200 aircraft. The IFC system will be compatible with Viasat's first-generation spacecraft and partner satellites; its second-generation spacecraft ViaSat-2, and the forthcoming ViaSat-3 class of satellites, which are expected to offer global coverage with nearly eight times more capacity than Viasat's current fleet. Delta expects to bring the Viasat technology onboard starting summer 2021, and has the option to add additional fleets. Delta is also a customer of Gogo, whose commercial aviation business was recently acquired by Intelsat.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on January 15, 2021 was \$60.49/barrel, up 4.4% on the month and down 21.1% compared to a year ago, reports IATA. Jet fuel price average for 2020 was \$46.6/barrel. Impact on 2020 fuel bill was down \$118.7 billion.

### **2. FAA Seeks Public Comment on Noise Effects, Mitigation Research.**

FAA seeks public comment on existing research initiatives related to effects of aviation noise impacts on the public, efforts to mitigate such noise exposure, and public perception of aviation noise. Included are results of the Neighborhood Environmental Survey, a multi-year effort to review and improve FAA's understanding of community response to noise, with responses from over 10,000 people living near 20 U.S. airports—results show an increased level of reported annoyance due to aircraft noise in contrast to earlier surveys. Comment period ends March 15.

### **3. States Sue EPA over New CO2 Standard for Aircraft.**

A lawsuit challenging an Environmental Protection Agency (EPA) decision to regulate greenhouse gas emissions from airplanes was filed by the attorneys general of California, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Vermont, Washington, and the District of Columbia, and the California Air Resources Board (CARB). "The EPA has set standards here that are the equivalent of doing nothing," said California Attorney General Xavier Becerra, whom President Joe Biden has chosen to lead the Department of Health and Human Services. The coalition says EPA "acted arbitrarily, capriciously, and unlawfully by adopting a rule that fails to reduce emissions at all beyond business-as-usual; lags existing technology by a decade and excluded from consideration more effective alternatives."

### **4. Biden Administration Rejoins Paris Climate Agreement**

On its first day in office, the Biden Administration confirmed that the U.S. has rejoined the 2015 Paris Agreement on Climate Change by accepting "the said Agreement and every article and clause thereof on behalf of the United States of America."

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

### **1. “Ensuring Health Safety in the Skies Act” Reintroduced.**

A bipartisan bill calling for interagency cooperation to develop recommendations for national public health measures for domestic travel was reintroduced in Congress. The “Ensuring Health Safety in the Skies Act,” which passed the Senate unanimously last year, would “clearly establishing the risks that must be addressed, the stakeholders that should be involved, and the process for developing national standards for safe air travel.” It instructs the Departments of Transportation, Health and Human Services, and Homeland Security to establish a joint task force on air travel during and after the coronavirus pandemic. The task force, advised by aviation, security and public health experts, will then develop recommended requirements, plans, and guidelines to address the health, safety, security, and logistical challenges for air travel moving forward.

### **2. “Aircraft Certification, Safety, and Accountability Act” Signed into Law**

The “Aircraft Certification, Safety, and Accountability Act” was included in the omnibus funding bill signed into law in December. The bipartisan, bicameral legislation “will implement needed new aircraft safety and certification reforms made clear in the wake of the Boeing 737 MAX crashes,” said Senator Maria Cantwell (D-WA), including strengthening FAA’s direct oversight of aircraft certification, implementing new integrated systems analyses of new and derivative aircraft, requiring aircraft manufacturers to disclose technological changes to their aircraft, and implementing new safety reporting requirements and whistleblower protections.

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

### **1. U.S., Bahrain Sign Security Cooperation Agreements.**

The United States and the Kingdom of Bahrain entered into three Memoranda of Cooperation “to ensure maximum security and stability for both nations confronting terrorism, extremism, and transnational crimes,” said former Department of Homeland Security Acting Secretary Chad Wolf. A Memorandum of Cooperation on the U.S. Customs and Border Protection’s Global Entry Program “will provide Bahraini participants expedited travel to the United States.”

### **2. EU, UK Airlines in Post-Brexit Mode.**

As of January 1, the UK ceased to be part of the European Union or a member of the European Common Aviation Area. A Trade and Cooperation Agreement provides a long-term framework for air transport between the UK and EU and operational certainty to airlines as they plan routes for 2021 and beyond. Among agreement provisions, UK and EU airlines now are treated as third country operators in each other’s airspace. They continue to have flyover and operating rights on routes between the UK and the EU (third and fourth freedom rights), but may not operate intra-EU or intra-UK cabotage routes. They must comply with ownership and control requirements.

## VIII. EUROPE AND AFRICA

### 1. IATA: Vaccinated Individuals Should Be Exempt from Travel Restrictions.

IATA supports re-opening borders to travel when vaccination has been achieved, as the greatest risks will have been mitigated. Greece has proposed that vaccinated individuals should be immediately exempted from travel restrictions, including quarantine, reports IATA, which supports moves by governments, including Poland, Latvia, Lebanon and the Seychelles, to implement this exemption.

### 2. Lufthansa Group Requires Medical Masks for Passengers, Crew.

Lufthansa Group airlines will require all passengers and crew to wear a medical protective mask on flights to and from Germany, as of February 1, in line with a government resolution passed in Germany in January. A surgical mask or FFP2 mask or mask with the KN95/N95 standard is required during boarding, the flight and when leaving the aircraft. Last May, Lufthansa became one of the first airlines to require a mask on board.

### 3. IAG to Acquire Air Europa for €500 Million.

International Airlines Group (IAG) unit Iberia agreed to buy Spain's Air Europa from Globalia, under an amended agreement which reduces the amount to be paid from an equity value of €1 billion to €500 million, with payment deferred until the sixth anniversary of the acquisition's completion. The revised terms are conditional on satisfactory negotiation of loans made by Spanish state-owned industrial holding company SEPI during the pandemic and approval by the European Commission. Luis Gallego, IAG CEO and former Iberia chief, said significant synergies will result from the transaction. Air Europa operates scheduled flights on European and long-haul routes to Latin America, the U.S., the Caribbean and North Africa. . . . IAG announced that British Airways has received commitments for a five-year term-loan Export Development Guarantee Facility of £2 billion underwritten by a syndicate of banks, partially guaranteed by UK Export Finance (UKEF). British Airways expected to draw down the facility in January, subject to agreement of final terms with the lenders and UKEF and is entitled to repay the loan at any time on notice. Proceeds will be used to enhance liquidity and provide British Airways with operational and strategic flexibility to take advantage of a partial recovery in demand for air travel in 2021 as COVID-19 vaccines are distributed worldwide. IAG continues to have strong liquidity with cash and undrawn facilities of €8.0 billion as at 30 November, excluding the UKEF facility. . . . IAG implemented plans to ensure that its EU licensed airlines continue to comply with EU

ownership and control rules following Brexit. They include implementation of national ownership structures for Aer Lingus and in Spain, and were approved by national regulators; as required, the EU was notified about them. Composition of the IAG Board of Directors was changed so that it has a majority of independent EU non-executive directors. IAG Chairman Antonio Vázquez was to retire in January. . . . British Airways offered one million seats for less than £40 each-way, based on a return fare, for travel on select dates until December 2021, to over 40 European destinations.

**4. KLM, Gov't Avert Pause in Long-Haul Ops.**

Dutch airlines jointly warned the government that new coronavirus measures—mandatory antigen tests for travelers and flight crews before departures—would put “the Netherlands' connection with the rest of the world, the Dutch trade position and employment in the Dutch aviation sector in direct danger.” Citing the risk that crew would have to be left abroad, KLM said it would stop operating all long-haul passenger and cargo flights, and warned of a further loss of jobs. The government then accepted an alternative protocol, in which the test for crew will take place at Amsterdam Schiphol before departing from and after returning to the Netherlands from countries considered unsafe. KLM also implemented the Dutch flight ban from the UK, South Africa and South America; cargo flights are exempt in the government measures.

**5. Norwegian Ending Long-Haul Ops.**

Norwegian is ending long-haul operations for a dedicated short-haul route network, said CEO Jacob Schram. The current plan is to serve these markets with around 50 narrow body aircraft in 2021, to increase to 70 in 2022. Norwegian aims to reduce debt and to raise new capital through a combination of a rights issue to current shareholders, a private placement and a hybrid instrument, and has reinitiated a dialogue with the Norwegian government about state participation based on the new business plan. Directors of legal entities employing primarily long-haul staff in Italy, France, the UK and the U.S. have contacted insolvency practitioners.

**6. EU, UK Airlines in Post-Brexit Mode.**

See Section VII, item 2.

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

### **1. Indonesian Plane Crashes into Java Sea.**

A Sriwijaya Air Boeing 737-500 crashed into the Java Sea shortly after taking off from Jakarta's main airport with 62 people on board. The flight had been delayed due to heavy rain. Plane parts and human remains have been recovered, as were the flight data recorder and part of the cockpit voice recorder. The Indonesian transport ministry ordered inspections of the country's Boeing 737 Classics. The investigation team includes Boeing, General Electric, the U.S. National Transportation Safety Board and FAA. The 27-year-old aircraft had returned to service in December, after nine months in storage due to the downturn caused by the pandemic.

### **2. China's Fourth Quarter Passenger Traffic Improves.**

Fourth quarter 2020 passenger traffic reached 84.2% of same period 2019, said Civil Aviation Administration of China (CAAC), forecasting passenger volume in 2021 will reach 590 million, or 90% of 2019 levels. Transport of cargo and mail reached 6.77 million tonnes in 2020, or 89.8% of 2019. . . . During the 13th Five-Year Plan period (2016-2020), total investment of \$71.2 billion was injected into the civil aviation infrastructure sector, according to CAAC data, reports Xinhua. China hopes to build six new airports this year, bringing total number of commercial airports to 247 . . . SF Airlines, China's largest air cargo carrier, has expanded its global network to 77 domestic and international destinations, operating 62 all-cargo freighters. Shenzhen-based SF Airlines is the aviation branch of SF Express. . . . China Eastern launched a new subsidiary, OTT Airlines, with service between Shanghai Hongqiao and Beijing Capital. OTT plans to add four more domestic routes from Shanghai Pudong, flying the ARJ21-700 made by state-owned Commercial Aircraft Corporation of China (COMAC). . . . China Aircraft Leasing (CALC) signed an agreement with COMAC for 60 ARJ21s, and plans to introduce them into the Southeast Asian market.

### **3. Qatar Airways Begins Flights to Seattle.**

Qatar Airways launched four weekly Boeing 777 flights to Seattle, bringing the U.S. network to 11 gateways, connecting onwards through strategic partnerships with Alaska Airlines, American and JetBlue. In December 2020 Qatar launched a frequent flyer partnership with Alaska and plans to implement codeshare co-operation with the future oneworld partner. . . . Under an expanded code share agreement, Qatar Airways' code will be placed on 45 additional LATAM Airlines Brasil flights, including Brasilia, Curitiba, Porto

Velho, Rio Branco, Rio de Janeiro, São José, Lima, Montevideo and Santiago. The LATAM Airlines Brasil code will be added to Qatar Airways' 10 Airbus A350-1000 weekly flights to and from São Paulo, and to destinations beyond Doha, including Bangkok, Hong Kong, Maldives, Nairobi, Seoul and Tokyo, subject to regulatory approvals, and on connecting flights to destinations such as Baku, Kuala Lumpur and Singapore. . . . Qatar Airways resumed flights to Cairo, Dubai and Abu Dhabi for the first time since 2017, when Saudi Arabia, Bahrain, United Arab Emirates and Egypt accused Qatar of supporting terrorism and Iran and initiated an air, land and sea embargo; under a new agreement, emphasis is on "solidarity and stability in the Gulf, Arab and Islamic countries."

**4. Emirates Expands Americas Service.**

Emirates will resume non-stop Boeing 777 services to Seattle on February 1 and to Dallas and San Francisco on March 2. Flights to New York Kennedy and Los Angeles will increase. In South America, a fifth weekly flight to São Paulo will be added on February 5.

**5. IATA: Vaccinated Individuals Should Be Exempt from Travel Restrictions.**

See Section VIII, item 1.

## **X. AMERICAS**

### **1. Delta Reports \$12.38 Billion Net Loss for 2020.**

Delta posted a net loss of \$12.385 for full year 2020. With an adjusted pre-tax loss of \$2.1 billion, December quarter results "capped the toughest year in Delta's history," said CEO Ed Bastian. "While our challenges continue in 2021, I am optimistic this will be a year of recovery and a turning point that results in an even stronger Delta returning to revenue growth, profitability and free cash generation." Delta plans to return 400 pilots to regular flying duties by this summer, more than originally estimated.

### **2. United Reports \$7.1 Billion Loss for 2020.**

United reported a fourth-quarter net loss of \$1.9 billion, \$7.1 billion for full-year 2020, and expects first quarter 2021 total operating revenue will be down 65-70% versus first quarter 2019, with capacity down at least 51%. United believes 2021 will be "a transition year that's focused on preparing for a recovery," and has resumed heavy maintenance and engine overhauls, "investments that are essential to recovery when demand returns." . . . United launched a digital solution that allows customers to upload and validate test results, review local entry requirements, find testing providers, and store vaccination records. The "Travel-Ready Center" gives customers "a personalized, step-by-step guide of what is needed for their trip, a simple way to upload required documents and quickly get their boarding pass, fully integrated within our app and website," said the airline.

### **3. American First U.S. Airline to Introduce Health Passport.**

American is the first U.S. airline to introduce a mobile health passport for inbound travel to the United States from all international destinations. The VeriFLY app can confirm testing and other COVID-19 travel requirements.

### **4. Allegiant Announces 21 New Nonstop Routes, Three New Cities.**

Allegiant announced 21 new nonstop routes, including nine to three new cities: Portland, Oregon; Key West, Florida, and Jackson Hole, Wyoming. Eight of the routes were delayed in 2020 due to the pandemic; introductory one-way fares were as low as \$39.

### **5. Air Canada Implements Additional Capacity, Workforce Reductions.**

Due to new pre-departure testing requirements, provincial lockdowns and travel restrictions, Air Canada announced a 25% reduction in planned capacity for the balance of first quarter 2021, and a workforce reduction of 1,700

employees, plus another 200 at Express carriers. “The government expects the vast majority of eligible Canadians to be vaccinated by September,” said the airline, and “we look forward to seeing our business start to return to normal and to bringing back some of our more than 20,000 employees currently on furlough and layoff.”

**6. Aeromexico, LATAM Apply To Code Share on U.S. Routes.**

Aeromexico and LATAM Airlines Group are seeking to expand their code share partnership to include destinations in the United States. In an application to DOT, Aeromexico seeks to display the LATAM code on flights it operates from points outside of Mexico, via Mexico, to destinations in the U.S., which initially would include Chicago, Denver, Houston, Las Vegas, Los Angeles, Miami, New York Kennedy, Orlando, San Antonio, San Francisco and Seattle.

**7. U.S., Bahrain Sign Security Cooperation Agreements.**

See Section VII, item 1.

**8. IATA: Vaccinated Individuals Should Be Exempt from Travel Restrictions.**

See Section VIII, item 1.

**9. Qatar Airways Begins Flights to Seattle.**

See Section IX, item 3.

**10. Emirates Expands Americas Service.**

See Section IX, item 4.