



WASHINGTON AVIATION SUMMARY

JANUARY 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 Nominates Buttigieg for Transportation Secretary.

President-elect Joe Biden nominated Pete Buttigieg to serve as Secretary of Transportation, subject to Senate confirmation. Buttigieg served two terms as mayor of South Bend, Indiana and was a Democratic candidate for President of the United States in 2020. A graduate of Harvard and a Rhodes Scholar, Buttigieg was an officer in the U.S. Navy Reserve for seven years, and took a leave of absence from the Mayor's office for deployment to Afghanistan in 2014.

2. Appropriations, Coronavirus Relief Bills Passed.

An omnibus spending bill consisting of fiscal year 2021 appropriations and coronavirus relief was passed, narrowly averting a federal government shutdown. Appropriations include \$18 billion for the Federal Aviation Administration (FAA) and \$7.96 billion for the Transportation Security Administration (TSA). The coronavirus relief package includes \$15 billion in aid to airlines and extends the Payroll Support Program through March 31, 2021. Funds are for frontline aviation worker wages and benefits; measures prohibit stock buybacks and dividends and limit executive compensation.

3. DOT Prepares Way for Swift COVID-19 Vaccine Transport.

The FAA COVID-19 Vaccine Air Transport Team worked in coordination with the DOT Pipeline and Hazardous Materials Safety Administration to ensure safe transportation of hazardous materials involved in shipping vaccines, including dry ice and lithium batteries used in cooling. FAA provided planning considerations to U.S. airports to facilitate safe and efficient transportation of vaccines and prioritizes flights carrying essential cargo, such as vaccines and personnel critical to the nation's response to COVID-19.

4. FAA Clears COVID-19 Vaccine Use for Pilots and Air Traffic Controllers.

Following Emergency Use Authorization from the U.S. Food and Drug Administration for COVID-19 vaccines, FAA determined that pilots may receive the vaccine under conditions of FAA-issued airman medical certification. FAA Air Traffic Controllers, who are subject to FAA medical clearance, may also receive the vaccine. A period of 48 hours following each vaccine administration is required before conducting safety-sensitive aviation duties. FAA applies similar waiting periods after administration of other vaccines, including those for tuberculosis and typhoid. . . . Unions asked Congress to prioritize aviation workers as frontline workers in vaccine

distribution and the International Air Transport Association (IATA) renewed its call on governments to ensure that employees in the aviation sector are considered as essential workers, once health care workers and vulnerable groups have been protected. The transportation of vaccines will require the equivalent of 8,000 Boeing 747 freighters for global distribution, said IATA. “It is therefore essential that we have the qualified workforce in place to ensure a functioning logistics chain.”

5. SIA Trials IATA Travel Pass.

IATA is developing a Travel Pass app that stores encrypted data, including verified COVID-19 test and vaccination results, on a mobile device. The traveler controls what information is shared from their phone with airlines and authorities. No central database or data repository is storing the information, ensuring the highest standards for data privacy. The IATA Travel Pass is scheduled for release early in first quarter 2021 for Android and iPhone. IATA is partnering with selected and established laboratories to securely link test results with the verified identity of the Travel Pass holder. . . . Singapore Airlines (SIA) has started trials on a new digital health verification process, the first to be based on the IATA Travel Pass framework. The service is offered to customers travelling on SIA from Jakarta or Kuala Lumpur to Singapore. SIA is working with the Ministry of Transport, Civil Aviation Authority of Singapore, Immigration and Checkpoints Authority and Changi Airport Group in the facilitation of the trials and toward eventual restoration of a seamless travel experience for its customers.

6. CDC Requires Negative COVID-19 Test for Air Travelers from UK.

Following the discovery of a new variant of SARS-CoV-2 in the UK, the the U.S. Centers for Disease Control and Prevention (CDC) announced a requirement for air passengers to test negative, via PCR (polymerase chain reaction) or antigen test, no more than 72 hours before departure from the UK to the United States, and to provide written documentation of the laboratory test result to the airline. Airlines must confirm the negative test result for passengers before they board. If a passenger chooses not to take a test, the airline must deny boarding. “Viruses constantly change through mutation, and preliminary analysis in the UK suggests that this new variant may be up to 70% more transmissible than previously circulating variants,” said CDC. . . . As many countries barred travel from the UK, the European Commission said “flight and train bans should be discontinued given the need to ensure essential travel and avoid supply chain disruptions.” The World Travel & Tourism Council said closing countries is counterproductive and will seriously delay the economic recovery. “If a comprehensive and quick turnaround testing regime were in place at airports across the country to test all travelers before they depart, it would ensure only those infected with COVID-19 are

isolated and prevented from traveling. There would be no need for countries to introduce damaging and counterproductive wholesale bans on UK travelers.”

7. Final Rule on Traveling by Air with Service Animals

DOT issued the final rule on Traveling by Air with Service Animals, which defines a service animal as a dog trained to do work or perform tasks for the benefit of a qualified individual with a disability; this does not include emotional support animals (ESAs). Among other things, the final rule allows airlines to: limit to two the number of service animals traveling with a single passenger with a disability; require a service animal to fit within its handler’s foot space on the aircraft and be harnessed, leashed or tethered at all times in the airport and on aircraft; and refuse transportation to service animals that exhibit aggressive behavior and pose a direct threat to the health or safety of others. The rule continues to prohibit airlines from refusing to transport a service animal solely based on breed. . . . Airlines for America (A4A) said the final rules will ease travel for qualified individuals with a disability who need to travel with a service animal, but prevent service animal-related fraud and abuse “that has become so prevalent that it has jeopardized health and safety in the cabin, placed an unacceptable and unsustainable burden on airlines, and caused a negative stigma for legitimate service animals.” Misbehavior of ESAs has ranged from mauling and biting to urinating and defecating, said A4A, and not only threatens the health and safety of passengers and crew, but also passengers with disabilities traveling with trained service animals. A broad range of stakeholders including consumer, disability, labor and service dog training organizations advocated for the changes.

8. DOT Final Rule Codifies Terms for Airlines, Ticket Agents.

DOT issued a final rule that codifies definitions for the terms “unfair” and “deceptive” when its statutory authority is used to prohibit such practices by airlines or ticket agents. A practice is “unfair” to consumers if it causes or is likely to cause substantial injury, which is not reasonably avoidable, and the harm is not outweighed by benefits to consumers or competition. A practice is “deceptive” if it is likely to mislead a consumer, acting reasonably under the circumstances, with respect to a material matter. A matter is material if it is likely to have affected the consumer’s conduct or decision with respect to a product or service. Proof of intent is not necessary to establish unfairness or deception. The rule explains that future discretionary regulations based on the unfair and deceptive standard will be subject to a hearing procedure; codifies the practice of offering airlines and ticket agents the opportunity to present relevant evidence before DOT takes enforcement action for an alleged unfair or deceptive practice; and will help ensure that DOT enforcement practices and regulations stay within the scope of its statutory authority. . . . Airlines for

America requested the new rules. The National Consumers League said the DOT decision “to kneecap its ability to protect millions of travelers from airline industry abuses is deeply disappointing. . . It will be incumbent on the next Administration to undo this rule, along with so many other anti-consumer actions taken over the past four years.”

9. DOT Fines Aerolíneas Argentinas for Violating Tarmac Delay Rule.

DOT fined Aerolíneas Argentinas \$300,000 for violating the tarmac delay rule. The airline allowed two flights from Buenos Aires to New York, one in February 2017 and another in January 2018, to remain on the tarmac for more than four hours without providing passengers an opportunity to deplane “when they vigorously requested to do so.” Foreign airlines operating aircraft with 30 or more passenger seats are prohibited from allowing international flights to remain on the tarmac at U.S. airports for more than four hours without giving passengers an opportunity to exit. An exception is allowed for safety, security, or air traffic control-related reasons. The rule also requires airlines to provide adequate food and water, ensure that lavatories are working and, if necessary, provide medical attention to passengers during long tarmac delays.

10. DOT Approves Aer Lingus to Join Trans-Atlantic Joint Business.

DOT granted antitrust immunity to enable Aer Lingus to join the trans-Atlantic joint business (AJB) of American Airlines, British Airways, Iberia and Finnair. “The addition of Aer Lingus’ Dublin hub and its complementary network will significantly enhance customers’ travel options and add new European destinations not currently served by any other trans-Atlantic joint business,” said American. “Aer Lingus’ customers will also obtain access to more than 200 new US destinations via the AJB network.” . . . A new subsidiary, Aer Lingus (UK) Ltd, applied to DOT for a foreign carrier’s permit with intent to fly from Manchester to Boston, New York and Orlando.

11. Boeing 737 MAX Commercial Flights Resume.

In November, FAA rescinded the order that halted Boeing 737 MAX commercial operations. Brazil’s aviation authority, ANAC, followed suit and GOL operated the first revenue flight on the aircraft, serving domestic routes from its Sao Paulo hub, after conducting pilot training with Boeing and completing technical flights. GOL’s seven MAX-8s were removed from storage at maintenance unit GOL Aerotech. GOL has orders for 95 MAX aircraft. . . . Mexico’s civil aviation authority, AFAC, cleared the MAX and Aeromexico became the world’s second airline to return the aircraft to service, with a flight from Mexico City to Cancun. . . . American was the first U.S. airline to resume scheduled MAX service, with a Miami-New York LaGuardia roundtrip on December 29, and is expected to phase in additional aircraft through January, with up to 36 departures from Miami. United begins MAX service on February

11, with flights from Denver and Houston. Southwest MAX service returns in March. Alaska Airlines will largely replace its Airbus fleet with 737-9s; a total of 69 were ordered with options for an additional 52, in a restructured agreement with Boeing that incorporates an earlier announcement to lease 13. Alaska plans to begin a 737-9 revenue service in March, with another five by summer 2021. . . . European Union Aviation Safety Agency (EASA) plans to issue a final Airworthiness Directive in mid-January, accompanied by mandatory training to ensure that pilots are familiar with all aspects of the Maneuvering Characteristics Augmentation System (MCAS). Some member states prohibited operation of the MAX in their airspace and are working with EASA to lift these bans. Ryanair placed a firm order for 75 additional MAX 737 8-200s. . . . Transport Canada validated MAX design changes and expects to issue a Canadian Airworthiness Directive and crew training requirements in January. . . . FlyersRights.org and other plaintiffs are challenging FAA's ungrounding decision for the MAX in D.C. Circuit Court of Appeals, stating that FAA and Boeing declared the aircraft safe, "based on secret data and secret testing that is clearly legally inadequate," while "questions and concerns raised by independent aviation experts have gone unanswered [and] pilot retraining has been roundly criticized as inadequate." In a previous Flyers Rights case, the court held that a federal agency cannot base a decision on secret data and testing; that case pertained to emergency evacuation testing and seat size. . . . A federal judge in Chicago found that part of a settlement negotiated with Boeing for four families of Lion Air Flight 610 victims was diverted by their attorney, who was referred for criminal investigation. Each client reportedly received about 75% of \$2 million owed.

12. FAA Issues Drone Rules.

FAA announced final rules for Unmanned Aircraft (UA) that "make way for the further integration of drones into our airspace by addressing safety and security concerns," said Administrator Steve Dickson, and "get us closer to the day when we will more routinely see drone operations such as the delivery of packages." The Remote ID rule applies to operators of drones that require FAA registration, and enforces identification of drones in flight and the location of their control stations, providing information to security agencies, law enforcement and other officials charged with ensuring public safety. The Operations Over People and at Night rule applies to Part 107 operators and requires that small drone operators have a remote pilot certificate and identification in their physical possession, ready to present to authorities if needed. This rule also expands the class of authorities who may request these forms from a remote pilot. The final rule replaces the requirement to complete a recurrent test every 24 calendar months with the requirement to complete updated recurrent training that includes operating at night in identified subject

areas. Drone manufacturers will have 18 months to begin producing drones with Remote ID, and operators an additional year to start using drones with Remote ID. There currently are over 1.7 million drone registrations and 203,000 FAA-certificated remote pilots, said FAA.

II. AIRPORTS

1. Airlines, Airports Oppose EU Slot Relief Proposal.

The European Commission adopted a new proposal on slot allocation for summer 2021 scheduling season. While airlines normally must use 80% of slots awarded to them to secure their full portfolios for subsequent seasons, the proposal reduces the threshold to 40%. Most of Europe's airlines and airports oppose the proposal, said IATA, as it "does not sufficiently address the extent of the continuing crisis in air transport, the likely state of recovery in Summer 2021 and the required level of airport slot relief measures that would best support aviation's recovery from the COVID-19 crisis."

2. Newark New Terminal Design Adds 250% More Curbside Loading Space.

New features of the one million square foot terminal under construction at Newark Liberty "incorporate best-in-class arrivals frontage design," said Port Authority of New York and New Jersey, and include 250% more curbside loading space than existing Terminal A, with four distinct areas for taxis, app-based ride-share vehicles, buses, and private passenger vehicles. Technology and safety features in response to the COVID-19 pandemic include touchless check-in, self-bag drop and self-boarding, and TSA checkpoint contactless entry. The new frontage and first new gates will open in spring 2022 with full completion in late 2022. Designed and built by Tutor Perini/Parsons, the new terminal will be operated and maintained by EWR Terminal One LLC, a subsidiary of Munich Airport International.

3. UK Supreme Court Overturns Ruling Blocking Heathrow Third Runway.

The UK Supreme Court overturned a ruling that had blocked London Heathrow plans for a third runway. The decision "recognizes the robust planning process that will require Heathrow to prove expansion is compliant with the UK's climate change obligations, including the Paris Climate Agreement, before construction can begin," said Heathrow, which "will now consult with investors, government, airline customers and regulators on our next steps." . . . Heathrow Terminal 4 will remain closed through 2021, as passenger numbers remain low due to the pandemic. Heathrow called for government support, including full business rates relief for all UK airports and an end to "the disastrous tourist tax which will make the UK the only country in Europe not to offer tax-free shopping for international visitors [and] result in 2,000 retail job losses at Heathrow alone."

III. SECURITY AND DATA PRIVACY

1. TSA Update.

The Transportation Security Administration screened 1,284,599 people at U.S. airport checkpoints on Sunday, December 27, the highest throughput since the pandemic began. Volume surpassed one million on several days of the 2020 Christmas travel period; volume was in the range of 2.5 million daily during same period 2019. . . . On December 23, TSA had 743 employees with active COVID-19 infections. Since the start of the pandemic, TSA has had 4,576 federal employees test positive; 11 died, as has one screening contractor. . . . Alitalia and Qantas now participate in TSA PreCheck, bringing total number of domestic and international carriers in the expedited screening program to 73.

2. Amadeus, Star Alliance Collaborate on Biometric Identity Verification.

Travelers enrolled in Star Alliance Biometrics or in Amadeus Traveler ID can access airports where identity verification can be utilized, in a new collaboration. Star Alliance Biometrics allows passengers to pass through curb-to-gate touchpoints, such as check-in kiosks, bag-drop, and boarding gates, which traditionally require both passport and boarding pass, by using a secure identity management solution featuring facial recognition technology. Amadeus' identity data exchange and verification solution, Traveler ID, connects a passenger's digital ID to any online and biometric portal during the journey. In the future, passengers will be able to use Traveler ID to access existing or new airports that have implemented the Star Alliance Biometrics solution. In both programs, travelers consent to share biometric data with stakeholders of their choice in accordance with data privacy regulations.

IV. TECHNOLOGY AND EQUIPMENT

1. CheapOair, United to Launch NDC Platform.

Online travel agency CheapOair is working with United to create a New Distribution Capability (NDC) that will give customers access to ancillaries in an integrated booking experience. CheapOair is a Fareportal brand.

2. FedEx to Acquire ShopRunner, Expand E-Commerce Capabilities.

FedEx agreed to acquire ShopRunner, an e-commerce platform that directly connects brands and merchants with online shoppers. The acquisition “aligns with our continued efforts to create an open, collaborative e-commerce ecosystem that helps brands and merchants deliver seamless experiences for their customers,” said FedEx. Chicago-based ShopRunner will operate as a subsidiary of FedEx Services.

3. Lufthansa, Sabre Sign Flexible Distribution Agreement.

A new agreement with Sabre will enable distribution of Lufthansa Group airlines’ content via the NDC standard; airlines are Austrian, Lufthansa, SWISS, Air Dolomiti and Brussels. . . . LATAM reports its website has experienced a 3% increase in passenger booking conversions with newly implemented Sabre solutions. . . . Bahrain’s Gulf Air is using Sabre technology that allows travel agents to compare fares and ancillary services. . . . Sabre and Toronto-based HelloGbye, creator of AI-Assist technology, announced an agreement that will enable corporate travel management companies to respond quickly to email requests from travelers with curated and ranked itinerary recommendations. HelloGbye’s platform will be able to service travel requests sent via text, voice or messaging platforms in the future.

4. Intelsat Completes Acquisition of Gogo Commercial Aviation.

Gogo Commercial Aviation is now a division of Intelsat, with completion of the \$400 million acquisition. John Wade remains as President.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on December 11 was \$55.01/barrel, up 19.9% on the month and down 31% compared to a year ago, reports IATA. Jet fuel price average for 2020 was \$46/barrel. Impact on 2020 fuel bill was down \$119.2 billion.

2. United Pledges Carbon Neutrality by 2050.

United pledged to achieve carbon neutrality by 2050; committed to a multimillion-dollar investment in atmospheric carbon capture technology known as Direct Air Capture, rather than indirect measures like carbon-offsetting, and is continuing to invest in development and use of sustainable aviation fuel (SAF) and other eco-friendly initiatives. An investment in 1PointFive, a partnership between Occidental subsidiary Oxy Low Carbon Venture and Rusheen Capital Management, will help build an industrial-sized Direct Air Capture plant in the United States. A single plant is expected to capture and permanently sequester one million tons of CO₂ each year, the equivalent of the work of 40 million trees, but covering a land area about 3,000 times smaller.

3. Qantas to Pay \$100,000 in Settlement with EPA.

The U.S. Environmental Protection Agency (EPA) reached a settlement with Qantas for violations of U.S. pesticide law. The company, based in Australia with operations in Honolulu and Los Angeles, illegally imported into the United States shipments of an unregistered product intended to disinfect drinking water, and also failed to notify EPA of a shipment of a cleaning disinfectant. Qantas agreed to pay a \$100,000 civil penalty.

4. EPA Finalizes Emissions Standards for Aircraft.

EPA finalized emissions standards for airplanes used in commercial aviation and large business jets. The action aligns U.S. standards with international carbon dioxide emissions standards set by the International Civil Aviation Organization (ICAO), ensuring domestically manufactured aircraft remain competitive in the global marketplace. Many airplanes manufactured by U.S. companies met ICAO standards at the time of their adoption in 2017, and already meet standards contained in this action. Based on manufacturers' expectation that the ICAO standards will be implemented globally, EPA anticipates nearly all affected airplanes will be compliant by effective dates for new type designs and for in-production airplanes.

5. JetBlue First Airline to Join The Climate Pledge.

JetBlue is the first airline to join The Climate Pledge, a joint initiative between Amazon and Global Optimism “founded on the conviction that global businesses are responsible, accountable, and able to act on the climate crisis, [and] committed to meeting the Paris Agreement 10 years early.” In July, JetBlue became the only U.S. airline to achieve carbon neutrality for all domestic flights, and began using SAF for flights out of San Francisco, enabling up to an 80% reduction in CO₂ emissions before being blended with traditional jet fuel. . . . ZeroAvia is the latest startup to receive an investment from the Climate Pledge Fund, a \$2 billion program to support development of sustainable and decarbonizing technologies and services. ZeroAvia focuses on hydrogen-electric aviation solutions, targeting the ability to fly within a 500-mile range with a 10-20 seat aircraft used for commercial passenger transport, package delivery and agriculture.

6. Europe Presents ‘Sustainable and Smart Mobility Strategy.’

The European Commission presented a ‘Sustainable and Smart Mobility Strategy’ and action plan needed to achieve objectives of the European Green Deal, saying “the result will be a 90% cut in emissions by 2050, delivered by a smart, competitive, safe, accessible and affordable transport system.” Among milestones are a seamless multimodal mobility system. The Commission will propose measures to incentivize deployment of renewable and low-carbon fuels and development and use of cleaner, quieter aircraft. Large zero-emission aircraft will become market ready by 2035. Proposals will be made to revise the EU Emission Trading System (EU ETS) Directive, notably to reduce ETS allowances allocated for free to airlines, and to implement the ICAO Carbon Offsetting and Reduction Scheme for International Civil Aviation (CORSA) through revision of the ETS Directive in 2021.

7. Cargo SAF Program Launched.

Air France KLM Martinair Cargo launched the world’s first SAF program enabling freight forwarders and shippers to participate in reducing CO₂ emissions. Cargo SAF Program customers determine their level of engagement and their entire investment is used for sourcing SAF. They receive a third-party audited report, justifying the purchased volume of SAF in relation to traffic and indicating reduction in CO₂ emissions achieved.

VI. U.S. CONGRESS

1. Congress Passes “Aircraft Certification, Safety, Accountability Act.”

The “Aircraft Certification, Safety, and Accountability Act” was passed by Congress and included in the 2021 Appropriations bill. Among provisions, the bipartisan agreement provides direct FAA approval of organization delegation authorization (ODA) unit members and orders an independent review of Boeing’s ODA, safety culture, and capability to perform FAA-delegated functions. It requires the appointment of FAA safety advisors to strengthen oversight of and communication with ODA unit members throughout the certification process; requires manufacturers to adopt safety management systems; and requires comprehensive safety analysis of aircraft design changes. It establishes interdisciplinary project teams, consisting of experts from FAA and other federal agencies, to aid FAA in its review of certification submissions related to new technology or novel design; authorizes civil penalties against manufacturer supervisors who interfere with or place undue pressure on ODA unit members; ensures that manufacturers complete system safety assessments on all new and derivative aircraft designs for flight control systems that consider realistic pilot responses to flight deck alerts; provides new confidential reporting channels at FAA and whistleblower protections for manufacturer employees; authorizes \$75 million over three years for FAA to recruit and retain engineers, safety inspectors, human factors specialists, software and cybersecurity experts, and other qualified technical experts; and establishes new requirements for disclosure of safety-critical systems. It strengthens international aviation safety and pilot training standards by authorizing additional funding for bilateral and multilateral engagement and assistance; and creates an Air Grant fellowship program to increase technical aviation knowledge in Congress and at FAA and other federal agencies. It requires FAA to review pilot training and assumptions relied upon by FAA and manufacturers when designing an airplane. It authorizes new funding for FAA to develop or expand an FAA Center of Excellence to address flight automation and pilot response.

2. Commerce Committee’s FAA Safety Oversight Report Released.

The Senate Commerce Committee released its investigation report on FAA safety oversight, which presents a harsh portrait of agency deficiencies, most of which have been revealed previously. The 20-month investigation followed the Boeing 737 MAX crashes. “It is clear that the agency requires consistent oversight to ensure their work to protect the flying public is executed fully and correctly,” said Committee Chair Roger Wicker, (R-MS). In a statement, Boeing said, “We take seriously the Committee’s findings,” noting that the “hard lessons” learned from the Lion Air Flight 610 and Ethiopian Flight 302

accidents “have reshaped our company and further focused our attention on our core values of safety, quality, and integrity.”

3. GAO Asked to Study Air Travel Risks During Public Health Crisis.

The U.S. Government Accountability Office (GAO) was asked to undertake a series of three studies that will help inform Congress about the risks of air travel during a public health crisis and the federal response taken to address these risks, and identify lessons learned that can inform future federal legislation. House Transportation Committee Chair Peter DeFazio (D-OR) and Aviation Subcommittee Chair Rick Larsen (D-WA), who made the request, said the review should expand upon previous GAO reports and help DOT develop a national aviation preparedness plan. “Beating COVID-19 is not the only concern; within the last two decades, there have been five other major public health epidemics with global ramifications, demonstrating the need to prepare for future outbreak,” they added.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. EU Proposes New Transatlantic Agenda.

The European Commission proposed a new transatlantic agenda following the election of Joe Biden and Kamala Harris that includes “solving bilateral trade irritants [such as] ongoing efforts to settle the Boeing/Airbus dispute.”

2. UK Exits EU.

The transition period for the UK withdrawal from the European Union closed on December 31, ending free movement of persons, goods, services and capital between the entities. A Trade and Cooperation Agreement was reached, which provides for continued and sustainable air, road, rail and maritime connectivity, and ensures that competition between EU and UK operators takes place on a level playing field, so that passenger and worker rights and transport safety are not undermined. UK airlines are no longer EU carriers with traffic rights in the EU. EU and UK carriers will be able to perform unlimited carriage of passengers and cargo between points in the EU and points in the UK (third and fourth freedoms). Onward carriage (fifth freedom) will be possible for the carriage of cargo to/from a third country (e.g. Paris-London-New York), if member states agree to this bilaterally and reciprocally with the UK. The agreement ensures cooperation on safety, security and air traffic management. Approved by EU member states, with approvals by the UK and European Parliament to come, the agreement will be applied on a provisional basis until February 28, 2021, said the EU.

3. Israel, Morocco to Normalize Ties.

Joint overflight rights and direct flights are expected for airlines of Israel and Morocco, which have agreed to normalize relations. The arrangement, brokered by the Trump Administration, includes U.S. recognition of the disputed Western Sahara territory as part of the Kingdom of Morocco.

VIII. EUROPE AND AFRICA

1. oneworld, Oxford Researchers Analyze Covid-19 Testing Trial Results.

oneworld is working with Oxford Internet Institute, Oxford University, to consider results and implications of survey data from participants in a COVID-19 testing trial offered on certain American and British Airways flights departing U.S. airports for London Heathrow. The optional trial comprises an initial at-home PCR test taken 72 hours before departure from the U.S., a second test upon arrival at Heathrow and a third test three days after arrival in the UK. The objective is to validate that a pre-departure test provides a high level of certainty of a passenger being COVID-19 negative, with the hope this will result in policies that relax U.S. and UK border restrictions. “Moving away from quarantines in favor of comprehensive testing programs has the potential to markedly boost customer confidence in air travel,” said American Airlines, British Airways and oneworld.

2. Lufthansa, Pilots Reach Temporary Agreement.

Lufthansa ruled out layoffs of pilots for operational reasons until March 2022, having reached a crisis agreement with Vereinigung Cockpit that includes current cost-saving measures, with an extension of short-time work in 2021, a reduction in working hours with corresponding salary adjustment, and suspension of collective pay increases. The crisis agreement is subject to approval by the respective bodies. . . . The acquisition of the European operations of LSG Group from Lufthansa was completed by gategroup. The transaction includes LSG’s inflight catering operations in Germany, Switzerland, the Netherlands, Belgium, Italy and Spain; the global equipment business trading under the SPIRIANT brand; the European convenience food operations trading under the Evertaste brand; and Ringeltaube retail outlets. gategroup will introduce a new Lufthansa-dedicated culinary think tank and “exclusive house of inspiration.” In compliance with its commitments to the European Union, gategroup will divest parts of its German inflight catering operations, a minority interest in an inflight catering kitchen at Brussels airport and some catering assets at Rome Fiumicino and Paris Charles de Gaulle.

3. Norwegian Initiates Restructuring.

Norwegian filed for a reconstruction under Norwegian law, after filing for the Irish Examinership in November, and said the processes will not have an impact on current business. Shareholders voted in favor of restructuring measures. “We will now concentrate on working towards our goal of reducing company debt, reducing the size of our aircraft fleet, and ensuring that we are

a company that investors will find attractive. We will be ready to meet the competition for customers after the COVID-19 pandemic,” said CEO Jacob Schram.

4. Christoph Mueller to Lead Swissport.

Swissport completed a financial restructuring and ownership was transferred from HNA Group to a group of financial investors who named Christoph Mueller as Chairman. Mueller previously was CEO of Malaysia Airlines, Aer Lingus and former Belgian flag carrier Sabena, and most recently was Chief Digital and Innovation officer at Emirates Airline. In other news, Eric Born retired as Group President and CEO of Swissport International. Swissport signed a new seven-year contract with Lufthansa Group for passenger services and ramp handling in Zurich, Geneva and Basel; and was appointed by Qantas as its preferred partner for ground services at Australia’s busiest airports in Sydney and Melbourne, and at Canberra Airport.

5. Interim Board Appointed to Oversee SAA.

An interim board was appointed by the government to restore proper governance and oversight of South African Airways (SAA) during implementation of a business rescue plan. SAA seeks an equity partner and hopes to relaunch in 2021. . . . In other news, startup South African LCC Lift, operated by Global Airways using fourth generation Airbus A320s, is promising agile and flexible services. A co-founder was previously Head of Operations for Uber in Sub-Saharan Africa.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Qantas, Japan Airlines to Form New Joint Business.

Qantas and Japan Airlines plan to form a joint business for travel between Australia, New Zealand and Japan, subject to approval from regulators in Australia and New Zealand. Operations could begin in July 2021, when Qantas has said it expects its international network to gradually restart. The proposed five-year agreement includes an expanded codeshare relationship, enhanced frequent flyer benefits and coordination of pricing, schedules, sales and tourism marketing.

2. Qatar to Launch Flights to Seattle in March.

Qatar Airways will begin Airbus A350-900 flights to Seattle in March. A frequent flyer partnership with Alaska Airlines began in December and code sharing is planned when Alaska joins oneworld in March, increasing Qatar's U.S. network to 59 weekly flights to 11 destinations, connecting onward to U.S. cities through strategic partnerships with Alaska, American and JetBlue. . . . In other news, Qatar began strategic cooperation with Air Canada, which launched three weekly Boeing 787-9 nonstops from Toronto to Doha.

3. Gulf Air, El Al Sign Collaboration Agreement.

Following normalization of affairs between Bahrain and Israel, Gulf Air launched direct flights to Tel Aviv and signed a line maintenance agreement with Israel Aerospace Industries for its aircraft landing at Ben Gurion. Gulf Air also signed a memorandum of understanding (MOU) with El Al to explore cooperation in the areas of cargo, maintenance and travel technology, as well as future code share operations. Israel and Bahrain signed an MOU to promote tourism to both countries.

X. AMERICAS

1. U.S. Airline Employment Down 9.1% in October from September.

U.S. airlines receiving funds under the CARES Act were prohibited from layoffs or furloughs until September 30. The 22 scheduled passenger airlines employed 9.1% fewer employees in mid-October than in mid-September. Mid-October's total number (368,162) was down 36,707 from mid-September (404,869) and 91,871 from mid-March. October was the lowest total for any month in records dating from January 1990. Mid-October employment declined 86,000, an 18.9% drop from mid-October 2019.

2. Delta Resumes Most Latin America, Caribbean Service.

With resumption of service to Argentina, Chile and Ecuador, Delta is now operating in 35 cities throughout the Caribbean, Mexico, and Central and South America. . . . "We plan to return all of our merit and hourly ground employees to full schedules effective January 1," CEO Ed Bastian told employees. Schedules and salaries were cut in April, as air travel plummeted due to the pandemic. Additional employees will be asked to volunteer for unpaid leave in 2021, said Bastian. . . . Delta is permanently eliminating change fees for tickets when flying internationally from North America and extending a waiver for tickets purchased through March 30, 2021, for travel at any time to anywhere. . . . Delta is partnering with U.S. Centers for Disease Control and Prevention to keep international customers informed of potential COVID-19 exposure through contact tracing. Under the voluntary process, customers directly and securely transmit five requested customer data points to the CDC via U.S. Customs and Border Protection. This gives CDC access to the data in moments, dramatically decreasing the time it takes to notify affected customers via local health departments.

3. United Works with CDC on Contact Tracing.

United is working with CDC on a program that collects customer contact information for all international and domestic flights. During check-in, customers can voluntarily opt-in and provide contact information of where they will be once they reach their destination, details that were previously difficult for the CDC to obtain in real-time. In other news, United expanded customer testing efforts to include a mail-in test option for flights out of Houston to select destinations in Latin America and the Caribbean, and joined efforts with the COVID-19 Technology Task Force to raise awareness and encourage customers and employees to take advantage of the free and secure Exposure Notifications System that anonymously alerts users if they've been in close contact with someone who has tested positive for COVID-19. About 20 states,

plus Guam and Washington, D.C., offer technology managed by state health departments that can be downloaded to most mobile devices.

4. American Expands Expedited Testing Verification Process.

American Airlines expanded acceptance of the VeriFLY app to flights from Miami to Colombia, Honduras, Guatemala and El Salvador. VeriFLY is a mobile health wallet “that guides customers to understand, track and verify their COVID-19 testing and documentation requirements.” . . . Travelers to Jamaica, Chile, Honduras, Guatemala and El Salvador on American can use LetsGetChecked for their required, preflight COVID-19 test. The at-home test incorporates a nasal swab and PCR lab analysis, with secure results on average 48 hours upon receipt in the lab.

5. Southwest Cancels Planned Furloughs, Pay Cuts.

“We can stop the movement toward furloughs and pay cuts that we previously announced,” Southwest Chairman and CEO Gary Kelly told employees, following enactment of the COVID-19 economic relief package, which includes an extension of the Payroll Support Program through March 31, 2021. “We currently do not anticipate the need to conduct any furloughs or pay cuts,” said Kelly. The airline earlier sent warning notices to nearly 7,000 employees in what would have been its first layoffs ever — “a sad milestone,” said Jon Weeks, President of the Southwest Airlines Pilots Association.

6. JetBlue Plans Expansion in Latin America.

JetBlue plans to introduce service to Miami, Key West, Guatemala City and Los Cabos in first half 2021. Daily nonstops between Miami and New York Kennedy, Newark, Boston and Los Angeles, and to Key West from Kennedy and Boston will operate from February 11. Daily nonstop begin between Guatemala City and Kennedy on April 15 and between Los Cabos and Kennedy on June 17. JetBlue also will launch 15 new nonstops in existing markets in February and March. . . . JetBlue has teamed with Vault Health to offer travelers an FDA-authorized, at-home, supervised, saliva-based test for COVID-19 that gives results in 48-72 hours. In a process developed in partnership with the Aruban government, CommonPass and Vault, JetBlue travelers to Aruba will be able to use Vault’s at-home testing. Results will be provided to the customer and confirmation sent to CommonPass. Upon entry in Aruba, authorities will scan a CommonPass QR code from the customer’s mobile device, proving entry testing requirements have been satisfied. Aruba entry protocols enable arrivals who have tested negative to avoid quarantine. The process cuts wait times for entry and the need for customers to provide medical documents to authorities. Results and other medical information are not shared with JetBlue or the Aruban government. CommonPass is a digital

health pass that enables people to document COVID-19 test and vaccination status on their mobile phone and share it in a privacy-preserving manner with airline staff and immigration officials. Aruba is the first government to participate in CommonPass. Vault test results are recognized for entry to Puerto Rico, Grenada and the Turks and Caicos Islands. In January, through a new partnership with XpresCheck, a testing facility will open in JetBlue's Terminal C at Boston Logan. In New York, through JetBlue's partnership with NYC Test & Trace Corps, rapid PCR testing is available at no cost to the patient at Kennedy and LaGuardia.

7. FedEx Opens Ontario International Complex.

FedEx opened a 251,000 square-foot complex at Ontario International Airport in Southern California. The \$100 million investment includes nine wide-body gates, 14 feeder gates, 18 truck docks, and sorting capability of 12,000 packages per hour. Ontario International Airport Authority cleared the 50-acre lot of structures above and below ground, performed surface grading and handled environmental impact reports and analyses. . . . FedEx subsidiary TNT Australia signed a new six-year agreement with Qantas Freight for domestic services in Australia, providing FedEx access to the belly space of Qantas and Jetstar domestic services, and the freighter network operated by Qantas Freight across Australia.

8. Azul to Operate 100% of Domestic Capacity in Q1.

São Paulo-based Azul expects to operate 100% of its domestic capacity in first quarter 2021. Founded by David Neeleman, Azul is the largest airline in Brazil in terms of departures and cities served and carried 26 million passengers in December 2019. International destinations include Fort Lauderdale, Orlando, Lisbon and Porto.

9. Qatar to Launch Flights to Seattle in March.

See Section IX, item 2.