



WASHINGTON AVIATION SUMMARY

APRIL 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. **“American Rescue Plan” Continues Payroll Support for Airlines.**

President Joe Biden signed the “American Rescue Plan” (ARP) into law, providing \$15 billion to continue the Payroll Support Program (PSP) for airlines through September 30; the previous PSP was set to expire on March 31. “The relief is vital to have our employees on the job and ready to assist as our nation prepares to move forward from this crisis,” said Airlines for America (A4A), as eligible carriers swiftly withdrew furlough warnings. The \$1.9 trillion COVID-19 relief package also contains \$8 billion for airports, to cover costs of operations, personnel and cleaning, including a set-aside for rent relief and other costs of concessionaires primarily directed toward small businesses and minority-owned firms. ARP contains \$3 billion for establishment of a temporary Aviation Manufacturing Payroll Support Program.

2. **Administration Urged to Reopen International Travel.**

A coalition of 26 U.S. travel and aviation organizations called on the Biden Administration to develop a risk-based, data-driven roadmap to rescind inbound international travel restrictions by May 1, the date by which States will make vaccinations available to all American adults, according to President Biden’s recent directive. “To be clear, at this time, we do not support removal or easing of core public health protections, such as the universal mask mandate, inbound international testing requirement, physical distancing or other measures that have made travel safer and reduced transmission of the virus,” the letter states. “However, the data and science demonstrate that the right public health measures are now in place to effectively mitigate risk and allow for the safe removal of entry restrictions.” In 2020 international arrivals to the U.S. fell 62% from Mexico versus the previous year, 77% from Canada, and 81% from overseas markets, a \$146 billion loss to the U.S. economy.

3. **Willie Walsh to Lead IATA.**

Willie Walsh takes over as Director General and CEO of the International Air Transport Association (IATA) on April 1. He succeeds Alexandre de Juniac, who led IATA from September 2016 and previously was Chairman and CEO of Air France-KLM and Air France. Walsh was CEO of International Airlines Group (IAG) from its creation under his leadership until 2020, and CEO of British Airways and Aer Lingus where he began as a pilot. Walsh served on the IATA Board of Governors 2005 to 2018 and was Chair (2016-2017). . . . In his final press briefing, de Juniac noted that there were 30,000 unique international routes between airports before the COVID-19 crisis and now

there are 12,000. The average route was served by about 43 flights per month, compared to 20 now and not even daily. Passenger demand has dropped to 1998 levels, down 66% from pre-crisis levels and passenger revenue was at 1993 levels at end of 2020. de Juniac called for governments to continue relief measures, reduce costs and consider stimulus measures. “We will also need planning,” he said “We cannot restart this industry with the flip of a switch. It will require careful planning to take aircraft out of long-term storage, to ensure crew qualifications, to recall laid off employees, to reopen closed terminals and so on. We can only be ready to energize the recovery from day one if governments have a plan and share it with us.” . . . The IATA Annual General Meeting (AGM) was postponed from June until October 3-5. It will be in Boston and hosted by JetBlue.

4. IATA Travel Pass Trials Begin

The IATA Travel Pass was successfully implemented in a trial on Singapore Airlines flights from Singapore to London Heathrow, with passengers using the app to create a secure digital version of their passport on their mobile device, input flight details to learn of travel restrictions and requirements, and receive verified test results and confirmation that they meet all travel requirements. “This real-life proof of concept should give all governments confidence that industry has a workable digital solution that will ease the pressure of incorporating health certificate checks into the travel process, including at borders,” said IATA, and it is an opportunity for us “to demonstrate that the solution works and to share the results with others as we build a robust and efficient system that will help the world get moving again.” Other airlines trialing the IATA Travel Pass include Ethiopian, Virgin Atlantic, Korean Air, THAI, Qatar, Air Serbia, ANA, Gulf Air and airBaltic.

5. United to Pay \$49 Million to Resolve Fraud Charges.

United Airlines agreed to pay over \$49 million to resolve criminal charges and civil claims related to a fraud scheme perpetrated by former cargo division employees in connection with execution of contracts to deliver mail internationally on behalf of the U.S. Postal Service. United provided falsified parcel delivery information over a period of years, “accepting millions of dollars of payments to which the company was not entitled,” said the U.S. Department of Justice.

6. FAA Extends Zero-Tolerance Policy for Unruly Passengers.

The Federal Aviation Administration (FAA) extended its unruly passenger zero-tolerance policy, which mandates strong enforcement action against any passenger who disrupts or threatens the safety of a flight, with penalties ranging from fines to jail time. The initial order went into force in January and

was due to expire at the end of March. FAA said airlines reported more than 500 incidents to the agency since late December, mostly involving passengers refusing to wear masks. “The number of cases we’re seeing is still far too high, and it tells us urgent action continues to be required,” said FAA Administrator Steve Dickson. . . . FAA proposed civil penalties of \$20,000 and \$12,250 against two passengers for allegedly interfering with, and in one case assaulting, flight attendants who instructed them to wear facemasks and obey various federal regulations. And in early March, a passenger on an Alaska Airlines flight refused to wear a mask and urinated in his seat area. The FBI arrested him upon landing and he was released on \$10,000 bond.

7. Laser Strikes against Planes Increase.

Laser strikes against pilots increased in 2020 even with the overall decrease in U.S. air traffic operations, reported FAA. In 2020, pilots reported 6,852 laser strikes to FAA, compared to 6,136 in 2019, the highest number reported since 2016. Many high-powered lasers can incapacitate pilots. FAA works closely with federal, state and local law enforcement agencies to pursue civil and criminal penalties against people who purposely aim a laser at an aircraft and can impose civil penalties of up to \$11,000 per violation. . . . In Europe, a laser pointed at the cockpit of a Virgin Atlantic Boeing 787 departing London Heathrow hit the captain, leaving him with impaired sight and causing the crew, enroute to Tel Aviv, to return to London. The flight was postponed to the following day. There are around two reported laser attacks on aircraft each day in UK airspace, with CAA receiving 775 reports in 2018, says the British Air Line Pilots Association. The act of shining a laser at an aircraft is considered endangerment and comes with up to a five-year prison sentence, an unlimited fine, or both.

8. FAA Fines Boeing \$6.6 Million.

FAA assessed \$5.4 million in deferred civil penalties against Boeing for failing to meet performance obligations under a 2015 settlement agreement. The manufacturer agreed to also pay \$1.21 million to settle two pending FAA enforcement cases; one alleged the company implemented an improper structure of its FAA-approved Organization Designation Authorization (ODA) program and exerted undue pressure or interfered with ODA unit members; the other alleged it failed to follow its quality-control processes and subjected ODA members to undue pressure or interference in relation to an aircraft airworthiness inspection.

II. AIRPORTS

1. JetBlue Awarded Heathrow Slots.

JetBlue reportedly received a total of 270 slots at London Heathrow to be used starting in August for Boston and New York Kennedy services. The airline plans to launch transatlantic service this year with long-range Airbus A321neos.

2. San Francisco T3 West Expansion Delayed.

San Francisco International delayed plans indefinitely for the \$1 billion Terminal 3 (T3 West) expansion and renovation. Groundbreaking was to begin in 2020, but postponed due to the pandemic. Retail and commercial tenants that would have been displaced by construction can renew leases through December 2023. Two phases of the \$2.4 billion Harvey Milk Terminal 1 opened in July 2019 and March 2020.

3. Airlines Approve Restart of New Pittsburgh Terminal.

Airlines serving Pittsburgh International agreed to fund \$182 million in construction site prep work for the Terminal Modernization Program (TMP), a billion-dollar effort to build a new 700,000-square-foot terminal that consolidates ticketing, security checkpoints and baggage claim, and multi-modal complex that includes a new 3,300-space parking garage, rental car facilities and entrance roadways. With final approval of a long-term airline operating agreement and long-term bond financing expected to be secured later this year, construction would be completed by end of 2024, and opening of the new terminal in early 2025. Total project budget stands at \$1.39 billion, up from \$1.1 billion when it was announced in September 2017. Increases come from design evolution agreed to by the airlines, which are primary funders of the project, and the cost of the one-year pandemic delay. Airlines currently operating at Pittsburgh include Alaska, Allegiant, American, Delta, JetBlue, Southwest, Spirit and United.

4. ACI-NA: U.S. Airports Have \$115 Billion in Infrastructure Needs.

America's airports need \$115.4 billion for necessary infrastructure projects over the next five years, according to "Building the Runway to Economic Growth," a new report from Airports Council International – North America (ACI-NA), which calls for Congress to raise the Passenger Facility Charge (PFC). The PFC has not been raised in over 20 years, says ACI-NA, while construction and related costs have risen steadily, meaning that the full value of the PFC, what it's actually able to purchase, has declined by 40%.

5. ACI World Estimates \$94 Billion Revenue Loss in 2021.

An analysis by Airports Council International (ACI) World finds that, despite some positive signs for recovery emerging, 4.7 billion fewer passengers are forecast to travel by year end 2021 compared to the projected baseline, representing a decline of -47.5% of global passenger traffic. This reduction in travelers is estimated to equate to a loss in revenue of more than \$94 billion. Markets having significant domestic traffic are expected to recover in 2023 to pre-COVID-19 levels, while markets with a significant share of international traffic are unlikely to return to 2019 levels until 2024 or 2025. An upsurge in confidence in air travel provided by vaccination and safety measures should result in increased numbers of people traveling outside their countries, said ACI World, but recovery will not take off without a coordinated and globally-consistent approach to vaccination and testing, coupled with safe and interoperable methods of sharing testing and vaccination information. . . . A new report from ACI World and SITA, “Air Transport IT Insights 2020,” shows that airports “have been agile in adapting to the changing health and safety requirements, focusing on automated and touchless solutions for both customers and staff.” 180 IT decision-makers in 41 countries responded to the survey in last quarter 2020. According to survey results, airports are spending about \$3.5 billion on IT and 87% confirmed that programs to address passenger health and safety protocols have either been implemented or are planned. These include sensors, video monitoring, and robots to automatically monitor passenger social distancing, temperature checks and sanitization. 89% of airports offer self-service check in options; 64% implemented biometric-enabled immigration border gates; 79% provide bag tags capability at kiosks; 77% support biometric touchpoints across the airport; 67% will implement or have implemented self-service boarding gates; and 83% are implementing a major cyber security program. Some 52% have or plan to implement ACI’s ACRIS [Aviation Community Recommended Information Services], which “defines a framework for airports, airlines, partners and suppliers to share data across different companies and providers.”

III. SECURITY AND DATA PRIVACY

1. TSA Update.

The Transportation Security Administration (TSA) screened 1,344,128 people at U.S. airport checkpoints on March 14, compared to 1,485,553 on same weekday in 2020 and 2,274,658 on same weekday in 2019. . . . On March 12, TSA had 260 employees with active COVID-19 infections. Since the start of the pandemic, TSA has had 7,011 federal employees test positive; 15 have died as has one screening contractor. . . . TSA seeks to fill over 6,000 Transportation Security Officer (TSO) positions by summer for screening operations at 430 U.S. airports. . . . TSA PreCheck was expanded to include LATAM Airlines Group, TAM-Linhas Aereas, LAN Peru and Aerolane Lineas Aereas Nacionales del Ecuador, as well as domestic provider Air Choice One, bringing total number of participating carriers to 82.

2. SITA Victim of Cyberattack.

SITA confirmed that it was the victim of a highly sophisticated cyberattack involving certain passenger data stored on its servers. SITA operates passenger processing systems for oneworld and Star Alliance carriers and other customers. Airlines notified customers of the data breach, which affected frequent flyer data but reportedly did not expose passwords, credit card information or other personal data.

IV. TECHNOLOGY AND EQUIPMENT

1. Travelport Rolls Out NDC Bookings.

Travelport started the roll out of bookings on Qantas using IATA's New Distribution Capability (NDC), to be extended gradually to agencies across Australia and New Zealand from April. The first passenger to fly via an NDC booking traveled from Sydney to Melbourne on March 18. . . . A multi-year extension of American's full content agreement with Travelport includes distribution of the airline's NDC content and supports new code share and extended services with Alaska Airlines and JetBlue, effective immediately. Travelport will roll out enhanced functionalities to simplify how its connected agencies shop and manage NDC bookings with American, such as seating, checked bag and boarding enhancements.

2. Sabre Advances NDC Capabilities.

Sabre, which is certified as NDC Level 4 Capable by IATA, announced that NDC content can now be booked through its GetThere corporate online tool. Business travelers can select policy-compliant NDC offers in addition to traditional content. Travel Management Companies using GetThere can fulfill, ticket and service NDC bookings through Sabre Red 360. In 2020, Sabre launched NDC offers from Singapore Airlines, a member of IATA's NDC Leaderboard and a Sabre Beyond NDC partner, to qualified travel agencies based in Singapore through the carrier's KrisConnect program. Access continues to expand and now includes more than 25 locations.

3. Leasing Giants to Consolidate.

AerCap will acquire GE Capital Aviation Services (GECAS), subject to all approvals, with fourth quarter close expected. GE will own a 46% share of the company, which will have a combined 2,000 aircraft. . . . Carlyle Group affiliate Carlyle Aviation Partners will acquire Fly Leasing. FLY's portfolio of 84 aircraft and seven engines is on lease to 37 airlines in 22 countries.

V. **ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on March 12 was \$72.90/barrel, up 10.2% on the month and up 72.8% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$65.3/barrel.

2. **Airline Officials Meet with Biden Administration.**

DOT Secretary Pete Buttigieg, National Economic Council Director Brian Deese and National Climate Advisor Gina McCarthy held a virtual meeting with passenger and freight airline leaders to discuss issues including the industry's efforts to address climate change, and offered Administration support to strengthen and advance airline climate goals.

3. **Study Finds Increased Annoyance from Airplane Noise.**

A new FAA survey of more than 10,000 residents who live near one of 20 U.S. airports found “a substantial increase in the percentage of people who are highly annoyed by aircraft noise,” reports the Washington Post. This is more than double the number in a 1992 review, despite quieter airplanes. The Congressional Quiet Skies Caucus expressed “deep concerns” about FAA’s Neighborhood Environmental Survey, saying the results “show clearly that the Day-Night Sound Level (DNL) and corresponding Schultz Curve created in the 1970s have outlived their usefulness—people are far more annoyed by aircraft noise than the Schultz Curve predicts. This validates the reports about aircraft noise we have been hearing from our constituents for years and requires the FAA to take aircraft noise more seriously than it has thus far.”

4. **Use Of 100% SAF On Passenger Aircraft Tested.**

An in-flight emissions study using 100% sustainable aviation fuel (SAF) on a wide-body commercial passenger aircraft was launched by Airbus, German research center DLR, Rolls-Royce and SAF producer Neste. Findings from the “Emission and Climate Impact of Alternative Fuels” (ECLIF3) project, to be carried out on the ground and in the air using an Airbus A350-900 powered by Rolls-Royce Trent XWB engines, will support efforts currently underway at Airbus and Rolls-Royce to ensure the aviation sector is ready for the large-scale use of SAF as part of the wider initiative to decarbonize the industry. Both flight and ground tests will compare emissions from use of 100% SAF produced with HEFA (hydroprocessed esters and fatty acids) technology against those from fossil kerosene and low-sulfur fossil kerosene.

5. Delta, American Sign SAF Agreements with Deloitte.

Deloitte signed an agreement to purchase SAF facilitated by Delta, which, the airline said, “represents carbon dioxide emissions reduction of approximately 1,000 metric tons and supports a future of more sustainable business travel.” To power its agreement with Deloitte, Delta entered into a separate SAF supply agreement with Neste, a producer of low emission, renewable fuel for aircraft. Neste’s SAF is made from sustainably sourced, renewable waste and residue materials, and is a drop-in fuel that offers an immediate way to directly reduce lifecycle greenhouse gas emissions from aviation. Upon taking delivery of the SAF, Delta will be able to offer sustainable air travel solutions to Deloitte and other corporate customers. . . . A pilot program with American Airlines will help Deloitte meet a goal to reduce its business travel emissions per employee by 50% by 2030. The collaboration will explore how a new market-based solution — a certificate that allocates the emissions reduction value of SAF — can benefit companies seeking to reduce business travel emissions. The SAF certificate is a concept under development by the World Economic Forum’s Clean Skies for Tomorrow initiative, “aimed at unlocking new capital to boost SAF production by harnessing the ambition of corporate climate goals to reduce emissions from business travel. SAF, in conjunction with certificates, can be used by corporations to help meet their sustainability goals.” American has committed to purchase nine million gallons of SAF over the next three years that meets or exceeds all performance characteristics of petroleum-based jet fuel but is made from sustainably sourced feedstocks and has lifecycle CO₂ emissions that are at least 75% lower than those of petroleum-based jet fuel.

VI. U.S. CONGRESS

1. House Hearing on COVID-19 Effects on Aviation, Path to Recovery.

The House Aviation Subcommittee held a hearing on “COVID-19’s Effects on U.S. Aviation and the Flight Path to Recovery.” In his testimony, Nicholas Calio, President and CEO of Airlines for America (A4A), noted that U.S airlines carried an all-time high of 927 million passengers in scheduled service in 2019. Passenger traffic rose 5% in the first two months of 2020, only to fall by 96% six weeks later, “to a level not seen since the dawn of the jet age in the 1950s.” U.S. passenger carriers reported \$46 billion in pretax losses in 2020. While the advent of multiple vaccines is encouraging, we do not expect volumes to return to pre-pandemic levels before 2024, said Calio; as traffic recovery eventually leads to revenue recovery, shoring up our financial condition will be paramount. Carriers will need to retire massive debt taken on to cope with evaporation of demand and depletion of cash reserves. It will take years to pay off that debt. Until then, we will see a much smaller industry with fewer operations, aircraft and workers and scarce funds available for investment in product. Calio urged policymakers to “restrain from adopting punitive policies such as tax or fee increases or onerous rules and regulations that will otherwise cause harm to our debilitated industry. Doing so will only hamstringing our ability to recover and undermine the basic underpinnings and purpose of the relief provided to our labor workforce. This crisis was not caused or brought on by the airlines and should not be used for convenient legislative opportunism to reregulate or refashion what was a highly competitive and burgeoning well-paid job creator prior to the pandemic.”

2. Bill Ensures Passenger Security Fees Used Only for Aviation.

Legislation to ensure that passenger security fees go solely toward aviation security was reintroduced in the House by Transportation Committee Chair Peter DeFazio (D-OR) and Homeland Security Committee Chair and Ranking Member Bennie Thompson (D-MS) and John Katko (R-NY), who stated that in 2013 Congress began diverting one-third of revenue collected from those fees to pay for unrelated government spending. In fiscal year 2019, more than \$4.25 billion was collected in security fees; \$1.36 billion of this was diverted away from aviation security. More than \$19 billion in total will be diverted by FY 2027 unless current law is changed. The “Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act” would redirect funding back to the Transportation Security Administration (TSA) “and prevent Congress from raiding the funds in the future.” The bill would also ensure that the TSA Administrator can access September 11 Security Fee revenue during a

government shutdown in order to pay Transportation Security Officers in the event of a future lapse in appropriations.

3. House Homeland Security Advances Bills.

The House Homeland Security Committee advanced several bipartisan bills. They include the “Transportation Security Preparedness Act of 2021” (H.R. 1893), which requires TSA to survey its workforce on how it has handled COVID-19 and develop a preparedness plan for future communicable disease outbreaks; the bill also directs the Government Accountability Office (GAO) to review TSA’s plan. The “Security Screening During COVID-19 Act” (H.R. 1877) directs TSA to implement a plan to enhance security operations during the COVID-19 pandemic to reduce the spread of the virus at passenger screening checkpoints and among the TSA workforce; the TSA Administrator is required to consult with stakeholders and the TSA workforce when developing the plan and submit the finalized plan to Congress; GAO will review implementation.

4. Climate Bill Requires Emissions Standards for Aircraft.

New climate legislation directs the Environmental Protection Agency to promulgate standards for greenhouse gas emissions from in-service and new aircraft. Introduced by House Energy and Commerce Democrats, the “Climate Leadership and Environmental Action for our Nation’s (CLEAN) Future Act” presents both sector-specific and economy-wide solutions to achieve net zero pollution by 2050, with an interim target of reducing pollution by 50% from 2005 levels no later than 2030. Targets come from the United Nations Intergovernmental Panel on Climate Change, which requires that carbon pollution be cut to net zero by 2050 to avoid the most catastrophic consequences of climate change.

5. Bill to Mandate Secondary Cockpit Barriers Reintroduced.

Legislation reintroduced in the House would require installation of secondary cockpit barriers on all commercial passenger aircraft. The “Saracini Enhanced Aviation Act of 2021” mandates installation of inexpensive, lightweight, wire-mesh gates between the passenger cabin and cockpit door, blocking access to the flight deck whenever the cockpit door is opened during flight, on all existing aircraft. H.R. 911 is named for Captain Victor Saracini, who piloted United Flight 175 when it was hijacked by terrorists and flown into the World Trade Center on September 11, 2001. A companion bill was introduced in the Senate.

6. Bill Would Incentivize Timely Airport Project Construction.

A bill to allow use of Airport Improvement Program (AIP) funds to incentivize early completion of critical runway and airport projects was introduced in the House Transportation Committee. The “Expedited Delivery of Airport Infrastructure Act of 2021” (H.R. 468) would allow airports, including those with short construction seasons or disruptive airfield projects, to use up to \$1 million in AIP money to incentivize a contractor to complete the project early. Use of incentive payments would be left to the discretion of the airport operator. Similar legislation was introduced in the last Congress and approved in the House, but the Senate did not take up the legislation. The bill has support from Airports Council International-North America, American Association of Airport Executives and Associated General Contractors of America.

7. Buttigieg Asked to Address Unfulfilled FAA Mandates.

During a hearing on transportation infrastructure priorities, House Transportation Chairman Peter DeFazio urged DOT Secretary Pete Buttigieg “to pay close attention” to FAA’s implementation of the aircraft certification reform bill, and to expedite action on numerous unfulfilled mandates from the 2018 FAA reauthorization, including the requirement for secondary cockpit barriers, the mandate for a final rule to address fatigue among flight attendants, and the mandate from the 2016 FAA reauthorization extension bill requiring a final rule on drug and alcohol testing of workers at foreign repair stations.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. EU, U.S. Suspend Large Civil Aircraft Tariffs.

The EU and U.S. jointly announced a four-month suspension of retaliatory tariffs on exports imposed in the Airbus and Boeing disputes at the World Trade Organization (WTO) to allow time to focus on negotiating a balanced settlement. The UK ceased applying retaliatory tariffs from January 1, 2021, and the U.S. from March 4. The WTO had authorized the U.S. to take countermeasures against European exports worth up to \$7.5 billion, and the EU on \$4 billion of U.S. exports to the EU.

2. DOT, Transport Canada Partner to Decarbonize Aviation.

In a joint statement, DOT and Transport Canada announced that, with a new focus on climate, they will work together to accelerate policy actions that help transport sectors “grapple effectively with the climate challenge,” adding, “a healthy environment and economy support the goals of both countries to ‘build back better’ from the COVID-19 pandemic, and leverage actions at the state, provincial, territorial and local levels.” They intend to advance development and deployment of high integrity sustainable aviation fuels and other clean technologies and pursue policies to increase supply and demand of sustainable aviation fuels, and are committed to partnering in the International Civil Aviation Organization (ICAO) to “engage in processes to advance a new long-term aspirational goal in line with our vision for decarbonizing the aviation sector, and continue to participate in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).”

VIII. EUROPE AND AFRICA

1. EU Digital Green Certificate Proposed.

A European Union (EU) proposal for a Digital Green Certificate was fast-tracked by Parliament and could be operational by June. The program requires EU States to issue common, inter-operable and mutually-recognized certificates for COVID-19 vaccination, testing and recovery status that will facilitate free movement during the pandemic and support the restart of travel. Airlines for Europe (A4E) members called for the certificates “to enable the elimination of all travel restrictions whilst recognizing that vaccination should not be mandatory in order to travel.” Solutions currently being trialed by A4E airlines include the IATA Travel Pass and Verify.

2. Aer Lingus Plans for UK-U.S. Service.

Aer Lingus won tentative DOT approval to begin marketing and selling tickets in the UK to U.S. destinations and announced nonstop services from Manchester to New York Kennedy and Orlando (from July 29), Barbados (from October 20) and Boston (from summer 2022). The New York and Boston services will serve 58 onward destinations. The flights are for UK-originating traffic only and subject to government approval. Sales are not available to persons in the United States. In December, DOT granted final approval of, and antitrust immunity for, the addition of the Irish carrier to the transatlantic joint venture comprised of American Airlines, British Airways, Iberia and Finnair. . . . New Aer Lingus CEO Lynne Embleton takes over on April 6, announced parent International Airlines Group (IAG). She replaces Donal Moriarty who has been interim Aer Lingus CEO since October 2020 and who will resume his role as Chief Corporate Affairs Officer. Embleton most recently was CEO and Chairman of IAG Cargo, and earlier held senior roles at British Airways. . . . IAG secured a \$1.76 billion credit facility from a syndicate of banks that will be available to Aer Lingus, British Airways and Iberia. Amounts drawn would be secured against eligible unencumbered aircraft assets and take-off and landing rights at London Heathrow and Gatwick.

3. Delta Offers Quarantine-Free Flights to Italy from New York.

Delta will offer quarantine-free flights from New York Kennedy to Milan Malpensa and Rome Fiumicino for those permitted to travel to Italy for essential reasons. Customers must test negative twice before departure and on arrival. Current entry requirements for Italy normally include 14 days of quarantine. Milan will initially operate four times a week then daily from May 2, while flights to Rome will operate three times a week and increase to four in

May and daily in June. . . . Delta will offer service to Keflavík in May from Boston, New York Kennedy and Minneapolis-Saint Paul, as Iceland permits entry to fully vaccinated Americans. Customers must provide proof of full vaccination or recovery from COVID-19 and upon returning to the U.S. will require a negative test.

4. Lufthansa Doubles Flights for Easter Travel Season.

Lufthansa reported increased bookings for Easter travel season, including 80% more for Mallorca, 20% more for the Canary Islands, and 50% more for Mexico, and offered around 200% more connections from Munich and 50% more from Frankfurt. . . . CEO Carsten Spohr said 2021 will be “a year of redimensioning and modernization for us. The focus will remain on sustainability: We are examining whether all aircraft older than 25 years will remain on the ground permanently [and] are prepared to offer up to 70% of our pre-crisis capacity again in the short term as demand increases.” . . . With Deutsche Bahn, Lufthansa Express Rail will add connections to Frankfurt Airport from Hamburg and Munich in June and from Berlin, Bremen and Münster in December. Currently, 134 daily feeder trains go to Frankfurt from 17 German cities. New high-speed Sprinter connections are also planned.

5. Startup Norse Atlantic Plans U.S. Flights.

Norwegian Air founder Bjørn Kjos holds a 15% stake in Norse Atlantic, a new airline that plans to offer low-cost service in Europe and the U.S. Founder and CEO Bjørn Tore Larsen said Norse initially will serve destinations such as New York, Los Angeles, Miami, London and Paris and eventually Asia. Norse raised \$150 million from investors ahead of an April 12 Oslo stock market listing and signed lease agreements with AerCap for nine Boeing 787s. . . . U.S. House Transportation Committee Chairman Peter DeFazio urged DOT Secretary Pete Buttigieg to deny Norse Atlantic’s application to enter the U.S. market, citing the permit issued in 2016 to Norwegian Air International, “an airline that was ‘Norwegian’ in name only and established itself in Ireland under a flag of convenience to avoid Norway’s strong labor protections.” Larsen told Reuters that Norse “will have permanent employees in the USA, in the air and on the ground. We will use Boeing Dreamliner planes and we of course respect the employees’ right to unionize if they wish to do so.”

6. Star Alliance to Establish Second Headquarters in Singapore.

See Section IX, item 1.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Star Alliance to Establish Second Headquarters in Singapore.

Star Alliance will establish a management office in Singapore later this year to complement the Frankfurt office with a “focus on progressing its strategy in digital customer experience.” Selection criteria included access to innovation and global competitiveness, said the 26-member group; “Singapore has also been ranked highly for the ease of doing business by the World Bank on a consistent basis and has been ranked the most competitive country in the world on several occasions.”

2. ACCC Reauthorizes Qantas-American Alliance.

The Australian Competition and Consumer Commission (ACCC) reauthorized the alliance between Qantas and American Airlines for another five years, enabling Qantas and Jetstar to cooperate with American on transpacific routes between Australia/New Zealand and the United States, Canada and Mexico, saying public benefits include “a greater likelihood of increased capacity and new routes, increased connectivity and improved schedule choice [and] loyalty program benefits and improved lounge access, cost savings and efficiencies.” The two airlines coordinate on marketing and sales, freight, pricing, scheduling, distribution strategies including agency arrangements, yield and inventory management, frequent flyer programs, lounges, joint procurement and product and service standards. ACCC first authorized the alliance for five years in 2011 and reauthorized it in 2016.

3. Australian Rescue Package Includes Support for Airlines.

Australia announced a new \$1.2 billion rescue package, which includes support for airlines and the tourism industry, including a half-price ticket program, security screening cost rebates for airports, and aid to ground-handling companies for costs of mandatory training, certification and accreditation. A loan guarantee scheme is extended to support small and medium businesses. “This is our ticket to recovery,” said Prime Minister Scott Morrison, “800,000 half-price airfares to get Australians travelling and supporting tourism operators, businesses, travel agents and airlines who continue to do it tough through COVID-19, while our international borders remain closed.” . . . Qantas Group said an estimated 550,000 discounted Qantas and Jetstar fares will be offered to targeted markets. “With the vaccine rollout now giving more certainty that state borders will stay open, this is the perfect time to provide stimulus and get people travelling domestically again, particularly given there won’t be any international tourists for another seven

months,” said CEO Alan Joyce. “We have around 7,500 people in our international business who have already been out of work for a year and will unfortunately stay grounded until at least the end of October.” Qantas and Jetstar are at about 60% of their pre-COVID levels of domestic flying for third quarter of this financial year and project this will increase to around 80% in the fourth quarter.

4. **China Airlines Names Kao Shing-Hwang as President.**

Shing-Hwang Kao was named President of China Airlines. He previously served as Senior Vice President of the Taiwan flag carrier. Chairman Su-Chien Hsieh had been serving as President as well since 2019.

X. AMERICAS

1. Delta Adds New Routes.

“As the case counts are coming down in meaningful levels as the vaccinations are starting to grow, people are ready to reclaim their lives,” Delta CEO Ed Bastian said in an NBC interview. “We’re seeing bookings pick up. People are anticipating what their spring and summer plans are going to look like and they’re ready to reclaim that lost period that they’ve had.” Delta is adding summer service to more than 20 domestic leisure destinations.

2. American Prepays CARES Act Loan

American Airlines Group closed a \$10 billion financing backed by its AAdvantage loyalty program and used a portion of the proceeds to fully prepay its \$7.5 billion loan from the U.S. Department of the Treasury, allocated through a program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020.

3. Alaska CEO Brad Tilden Retires; Succeeded by Ben Minicucci.

Alaska Airlines Chairman and CEO Brad Tilden retired after a 30-year career with the airline and was succeeded by President Ben Minicucci. Alaska is now a member of oneworld. “With the oneworld Alliance and our enhanced relationship with American Airlines, we’ll expand our global reach to over 1,000 destinations worldwide,” said the Seattle-based carrier.

4. JetBlue Uses Digital Health Pass for Passengers to Aruba.

JetBlue passengers can enter Aruba using the CommonPass digital health pass through a partnership with The Commons Project Foundation, the government of Aruba and COVID testing companies Vault and XpresCheck. Aruba requires that arriving passengers test negative for COVID-19 either within 72 hours of or upon arrival. JetBlue customers who utilize Vault for supervised at-home PCR tests, or XpresCheck for in-person testing, can streamline the arrival process in Aruba by downloading the CommonPass app in advance of their flight. Upon arrival, users can access dedicated CommonPass immigration lanes. Travelers scan their passports to verify that they meet entry requirements. The program began with all JetBlue flights from Boston to the island destination and will expand to other cities. . . . The CommonPass initiative is a platform from the Commons Project Foundation that lets individuals collect their lab results and vaccination records from health data sources in the CommonTrust Network “and demonstrate in a privacy-preserving manner that those records satisfy the health screening

requirements of their destinations”. CommonPass is being deployed with leading global airlines, while Aruba is the first government to adopt the platform to streamline entry. CommonPass leverages the open, interoperable SMART Health Cards standard being developed under the Vaccination Credential Initiative and adopted across the U.S. healthcare ecosystem.

5. Spirit Adds LaGuardia Service.

Spirit Airlines will add new nonstop service from LaGuardia Terminal C to San Juan, Puerto Rico in April, followed by Nashville in May and Los Angeles in June. Working with Port Authority of New York and New Jersey, Spirit secured additional space for growth in Terminal A (Marine Air Terminal), where Fort Lauderdale flights will increase to five each day.

6. Sun Country, Frontier Launch IPOs.

Minneapolis-based Sun Country Airlines launched an initial public offering (IPO). Apollo Global Management acquired Sun Country in 2018. . . . Frontier Group Holdings announced the launch of its IPO of 30 million shares of common stock, consisting of 15 million offered by Frontier and 15 million by certain stockholders. Frontier will not receive proceeds from the sale of shares by the selling stockholders. CEO of the Denver-based ultra-low-cost carrier is Barry Biffle; Chairman is William Franke, whose Indigo Partners acquired Frontier in 2013.

7. Frontier Adds Miami, Las Vegas Service.

Frontier added new nonstop routes from Miami International to Cancun, Mexico; St. Thomas, U.S. Virgin Islands and Punta Cana, Dominican Republic, and in April will launch service to Central America from Miami with nonstops to Guatemala City and San Salvador. Frontier now offers 28 nonstop destinations from Miami, including six international routes. Frontier also added new nonstops from Las Vegas McCarran to Los Cabos and Puerto Vallarta in Mexico, bringing nonstop destinations from Las Vegas to 44.

8. Mesa Eyes International Growth.

Mesa Air Group entered into a conditional agreement with London-based Gramercy Associates to develop a joint venture that will apply for a new Air Operator’s Certificate in the EU using CRJ-900 aircraft, with the goal of introducing a Capacity Purchase Agreement or ACMI (Aircraft, Crew, Maintenance, and Insurance) in passenger or cargo services. Mesa will own 49% of the partnership. Operations would begin this year. Phoenix-based Mesa operates as American Eagle, United Express and DHL Express. Gramercy is headed by Tony Davis, former CEO of Tiger Airways and bmibaby.

9. Air Canada to Consolidate Regional Ops under Jazz.

Air Canada is consolidating its regional services, with Jazz Aviation as the sole operator of Air Canada Express flights. Under an amended capacity purchase agreement, approved by Jazz pilots, Air Canada will transfer operation of its Embraer E175 fleet to Jazz from Sky Regional. Sky Regional pilots will be offered employment at Jazz.

10. Updates on Boeing 737MAX

Relatives of Ethiopian Airlines crash victims marked the two-year anniversary in Washington, meeting with Transportation Secretary Pete Buttigieg and holding a vigil at FAA. They seek substantial improvements in FAA management and culture. Attorneys said they also are calling for Boeing CEO Dave Calhoun, his predecessor Dennis Muilenburg and other current and former employees to be deposed under consolidated lawsuits filed in federal district court in Chicago; a 2022 trial date is planned. A total of 346 people died in two MAX crashes; 189 in the October 2018 Lion Air crash, and 157 in the Ethiopian crash in March 2019. . . . Alaska Airlines took delivery of its first 737-9 MAX in January and began daily nonstops from Seattle to San Diego and Los Angeles on March 1. United announced an order for 100 737 MAXs and 50 Next-Generation 737s. Southwest ordered 100 MAX jets and 155 options, taking its order book to 200 737-7s and 180 737-8s, more than 30 of which have already been delivered. Southwest will also have 270 options for either model, taking its direct-buy commitment to more than 600 airplanes, and plans additional 737 MAX orders through third-party lessors. Dubai Aerospace Enterprise (DAE) announced it had substantially completed an agreement with American Airlines signed in third quarter 2020 to deliver 18 new MAX 8s. Miami-based 777 Partners agreed to purchase 24 MAX-8s, with rights for an additional 60. . . . Australia's Civil Aviation Safety Authority lifted the suspension on MAX aircraft operating to or from Australia. While no Australian airlines currently operate the MAX, Singapore and Fiji flew the aircraft to Australia before the pandemic

11. Aer Lingus Plans for UK-U.S. Service.

See Section VIII, item 2.

12. Delta Offers Quarantine-Free Flights to Italy from New York.

See Section VIII, item 3.

13. Startup Norse Atlantic Plans U.S. Flights.

See Section VIII, item 5.

14. **Star Alliance to Establish Second Headquarters in Singapore.**
See Section IX, item 1.
15. **ACCC Reauthorizes Qantas-American Alliance.**
See Section IX, item 2.