



## WASHINGTON AVIATION SUMMARY

### MAY 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. IATA Expects \$47.7 Billion Net Industry Loss in 2021.**

“We’re really seeing two industries operating within one, with a significant divergence between what’s happening on the cargo side of the business and what’s happening on the passenger side,” said Willie Walsh, in his first media briefing as Director General of the International Air Transport Association (IATA). Total cargo volumes are expected to reach 63.1 million tonnes in 2021, nearly at pre-COVID-19 crisis peak of 63.5 million tonnes in 2018. Cargo revenues are expected to reach \$152 billion, a historic high, compared to \$128 billion in 2020 and \$101 billion in 2019. Capacity remains constrained owing to the large-scale grounding of passenger fleets. Overall passenger numbers are expected to reach 2.4 billion in 2021, compared to nearly 1.8 billion in 2020 and the 2019 peak of 4.5 billion. International passenger traffic remained 86.6% down on pre-crisis levels over first two months of 2021. Passenger revenues are expected to total \$231 billion this year, compared to \$189 billion in 2020, and \$607 billion in 2019. Given strong GDP growth (5.2%), accumulated consumer disposable cash during lockdowns, pent-up demand, and absence of domestic travel restrictions, domestic markets could recover to 96% of pre-crisis (2019) levels in second half 2021, a 48% improvement on 2020 performance. IATA expects net industry losses of \$47.7 billion in 2021 (net profit margin of -10.4%), an improvement on estimated net industry loss of \$126.4 billion in 2020 (net profit margin of -33.9%).

### **2. COVID-19 News.**

The U.S. State Department adjusted “Do Not Travel” guidance to 80% of countries worldwide, citing “unprecedented risk” from the pandemic . . . . The World Health Organization (WHO), in its latest travel guidance, said states should not require passengers to show proof of COVID-19 vaccination as a condition of entry. . . . European Commission (EC) President Ursula von der Leyen said the European Union (EU) plans to grant unrestricted access to vaccinated travelers from the U.S.; vaccines must be EU-approved, as are the three U.S. vaccines: Pfizer, Moderna and Johnson & Johnson. Meanwhile, some EU countries have already opened. . . . IATA urged the EC to work with industry so airlines “can plan within public health benchmarks and timelines that will enable unconditional travel for those vaccinated, not just from the U.S. but from all countries,” and noted that government risk models should also include COVID-19 testing. “The IATA Travel Pass can help industry and governments manage and verify vaccination status, as it does with testing certificates. But we are still awaiting the development of globally recognized standards for digital

vaccine certificates. As a first step, it is vital that the EU accelerate adoption of the European Green Certificate,” said IATA Director General Willie Walsh, which will provide proof that a person has been vaccinated against or recovered from COVID-19, or received a negative test result. . . . The U.S. Center for Disease Control (CDC) said leaving middle seats open reduces passenger exposure to COVID-19 by 23% to 57%. But, said IATA, the CDC study did not consider significant risk-reduction impact of facemasks, “given that the data collection occurred in 2017,” adding that scientific studies that take mask-wearing into consideration conclude that risk of onboard transmission is very low. . . . Eurofins and Unilabs will provide COVID-19 test results to travelers through the IATA Travel Pass. Eurofins has laboratories in 50 countries and has carried out over 15 million tests. Unilabs has performed 10 million tests in 17 countries. Results are securely uploaded to the Travel Pass, then checked against the IATA Timatic global registry of national health requirements to produce an “OK to Travel” status. Passengers can share their status and digital test certificates with authorities, airports and airlines. . . . The World Tourism Organization (UNWTO) and IATA released an online tool for governments to provide information on COVID-19 requirements for travel and measures in place at the destination. The UNWTO-IATA Destination Tracker can be accessed on the websites of both organizations. “The situation for travelers is complex with UNWTO data showing that one in three destinations remains closed to tourists. Moreover, restrictions and in-country measures are continuously being revised,” said IATA.

**3. Polly Trottenberg Sworn In As DOT Deputy Secretary.**

Polly Trottenberg was sworn in as Deputy Secretary of Transportation following Senate confirmation. She was DOT Assistant Secretary and Under Secretary for Policy in the Obama Administration. Most recently, she served for seven years as the Transportation Commissioner for New York City.

**4. FAA Proposes Civil Penalties Against Three Passengers.**

The U.S. Federal Aviation Administration (FAA) proposed civil penalties of \$31,750, \$16,750 and \$14,500 against three passengers for allegedly interfering with and, in two cases, assaulting flight attendants who instructed them to obey cabin crew instruction and federal regulations. Alcohol brought onboard by the passengers was involved in each case.

**5. Former NTSB Vice Chairman Bob Francis Dies.**

Robert T. Francis II, former Vice Chairman of the National Transportation Safety Board (NTSB), died on April 17 at age 83. His NTSB accident investigation work included the crash of ValuJet Flight 592 in the Florida Everglades in May 1996, and the explosion and crash of TWA Flight 800 off Long Island, New York in

July 1996. Prior to joining NTSB, he served as Senior Representative for FAA in Western Europe and North Africa, based in Paris, working on safety and security issues with U.S. and foreign air carriers, transportation authorities, aircraft manufacturers and airports. While at FAA, he worked on the investigation of the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland. Bob Francis was a member of Flight Safety Foundation's Board of Governors from 2005 to 2015 and served on its ICARUS Committee.

**6. Boeing 737 MAX Update.**

Boeing recommended that operators of certain MAX airplanes temporarily remove them from service to address electrical issues in the flight deck, and was finalizing plans and documentation for the process required for return to service. "Upon approval by FAA, we expect the work to take a few days per airplane," said the company on April 28, "and we will continue to focus on safety, quality and transparency through this process." . . . The DOT Office of Inspector General (OIG) is conducting its third review of FAA's MAX certification and its safety oversight to evaluate processes and procedures for grounding aircraft and implementing corrective actions. The audits were undertaken at the request of the former Secretary of Transportation and members of Congress. . . . Boeing delivered more than 85 MAX aircraft since the ungrounding in November 2020, and 21 airlines "have returned their fleets to service, safely flying more than 26,000 revenue flights totaling over 58,500 flight hours." The 737 program is currently producing at a low rate and is expected to gradually increase to 31 per month in early 2022 with further gradual increases to correspond with market demand. . . . Boeing Commercial Airplanes reported a 2021 first-quarter revenue decrease of \$4.3 billion.

## II. AIRPORTS

### 1. Biden’s “American Jobs Plan” Includes \$25 Billion for Airports.

In his “American Jobs Plan,” President Biden called on Congress to invest \$25 billion in airports, including funding for the Airport Improvement Program, upgrades to FAA assets that ensure safe and efficient air travel, and a new program to support terminal renovations and multimodal connections “for affordable, convenient, car-free access to air travel.” U.S. airports lag far behind our competitors, said officials. Airports Council International-North America President and CEO Kevin Burke noted that airport infrastructure has long been underfunded, creating a backlog of \$115 billion worth of necessary projects.

### 2. ACI World: China Claims Seven of 10 Busiest Airports.

Global passenger traffic at the world’s top 10 busiest airports decreased by 45.7% in 2020, reports Airports Council International World. Seven of the top 10 airports for passenger traffic were in China, and three in the United States. Guangzhou Bai Yun International led the list, followed by Atlanta Hartsfield-Jackson. Air cargo volumes in the top 10 airports grew by 3% in 2020; with a 6.7% increase, Memphis surpassed Hong Kong.

### 3. FAA Awards \$627.7 Million in Airport Improvement Grants.

FAA will award \$627.7 million through the FY2021 Airport Improvement Program, including 449 grants to 390 airports in 39 states, Puerto Rico and Micronesia.

### 4. Reagan National Opens New 14-Gate Concourse.

American Airlines moved its regional flight operations into a new 14-gate concourse at Reagan Washington National. The 225,000-square-foot concourse provides direct, enclosed access to aircraft via jet bridges, as well as new shopping and dining options. The new facility replaces Gate 35X, which required passengers to take shuttle buses to aircraft. Metropolitan Washington Airports Authority said the new gates provide a one-for-one replacement of the former remote positions, without adding capacity for additional flights.

### 5. Delta’s JFK Terminal 4 Project Revised.

Delta, Port Authority of New York & New Jersey and JFK International Air Terminal (JFKIAT) agreed on a revised plan to expand Terminal 4 and consolidate Delta operations there. The now \$1.5-billion project, which is being financed by private capital, was authorized in February 2020 as a \$3.8 billion expansion and modernization. The revised plan, prompted by the severe impact of the pandemic, prioritizes components including critical gates. Additional new

gates and seating areas are deferred to future phases. T4 operator JFKIAT is a U.S. affiliate of Royal Schiphol Group.

6. **VINCI Wins Concession for Seven Airports in Brazil.**

VINCI Airports was awarded a 30-year concession for seven airports in northern Brazil — Manaus, Porto Velho, Rio Branco, Boa Vista, Cruzeiro do Sul, Tabatinga and Téfé — which together handled 4.7 million passengers in 2019. VINCI will manage operations, maintenance and modernization of terminals and runways.

7. **Melbourne Airport Completes International Arrivals Hall Refurbishment**

Melbourne Airport completed an \$85 million refurbishment of its International Arrivals Hall. At this time the only international service is from Australia, but the facility “also makes it easier for people to connect with onward domestic flights, providing short connection times for passengers that need to walk between terminals.” Pre-COVID, Melbourne Airport handled around 17,500 international arrivals daily.

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

1. **TSA Update.**

The Transportation Security Administration (TSA) screened 1,468,972 people at U.S. airport checkpoints on April 12, compared to 102,184 on same weekday in 2020 and 2,484,580 on same weekday in 2019. . . . On April 13, TSA had 343 employees with active COVID-19 infections. Since the start of the pandemic, TSA has had 7,540 federal employees test positive; 15 have died, as has one screening contractor. . . . TSA corrected reports that sunscreen containers larger than 3.4 oz. were allowed in carry-on bags, if medically necessary. Liquids, gels and aerosols in carry-on bags may not exceed 3.4 ounces. TSA is allowing one liquid hand sanitizer container up to 12 ounces per passenger in carry-on bags until further notice.

2. **DHS Extends REAL ID Full Enforcement Deadline.**

The Department of Homeland Security (DHS) extended the REAL ID full enforcement date by 19 months, from October 1, 2021 to May 3, 2023. The pandemic has significantly impacted states' ability to issue REAL ID-compliant driver's licenses and identification cards, with many agencies still operating at limited capacity, said DHS Secretary Alejandro Mayorkas. Beginning May 3, 2023, every air traveler 18 years of age and older will need a REAL ID-compliant driver's license or identification card, state-issued enhanced driver's license, or another TSA-acceptable form of identification at airport security checkpoints for domestic air travel.

3. **SFO, United Trial Biometric Technology for Domestic Travelers.**

San Francisco International and United Airlines are trialing a low-touch, biometric-enabled technology from SITA for domestic travelers on select flights. Passengers link a driver's license to their facial biometric at check-in, then complete check-in, bag drop and boarding by scanning their face at each touchpoint. The program is not currently available for use at security screening checkpoints. In 2020, over half of all international flights at SFO were boarded using biometrics. "With Smart Path, your face is your boarding pass," said officials. The solution has been introduced to airports globally, including in Miami, Athens, Beijing, Doha and Orlando. Though opposed by privacy advocates, 64% of airports aim to roll out self-boarding gates using biometrics by 2023, three times as many as in 2020. Airlines have doubled implementation and plan to double investment for self-boarding using biometrics by 2023, said SITA.

4. **Aviation Sector Calls for Unified Cybersecurity Practices.**

The aviation industry needs to unify its approach to prevent cybersecurity shocks, according to a new study released by the World Economic Forum. “Pathways to a Cyber Resilient Aviation Industry,” developed with Deloitte, outlines how the industry—airlines, airports, manufacturing and the supply chain—can work with a common language and baseline of practices and mitigate the impact of future digital threats. The World Economic Forum launched the Cyber Resilience in Aviation initiative in collaboration with such organizations as Aerospace Industries Association, Airports Council International, UK Civil Aviation Authority, Eurocontrol, European Aviation Safety Agency, International Air Transport Association, International Civil Aviation Organization.

## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. Travelport Launches New Distribution Platform.**

Travelport launched Travelport+, a new platform that consolidates Galileo, Worldspan and Apollo. As travel distribution has evolved, retrofitting new types of distribution into existing platforms has led to increased complexity across the industry, slowing progress, said the company. The rollout is underway with several agency and supplier partners participating in the initial upgrade.

### **2. JetBlue, Singapore Airlines Migrate to Sabre Solutions.**

JetBlue migrated to Sabre's Revenue Optimizer, which helps airlines adapt to changing market conditions based on real-time market activity. The scalable cloud-native solution "seamlessly supports the future evolution of dynamic pricing." . . . Singapore Airlines migrated to Sabre's Crew Manager solution, enabling the carrier and its SilkAir subsidiary to "manage and track all crew operations from one holistic, real-time crew management system, enabling more effective communication and decision-making."

### **3. Trip.com Selects Amadeus Flight Search Platform.**

Global travel services provider Trip.com Group signed a long-term agreement to adopt the Amadeus Custom Search solution, powered by cloud technology, as part of its own boutique shopping engine. . . . Trip.com launched Star Store, a travel marketing hub that gives suppliers "a dedicated forum to integrate differentiated and tailored product offerings and develop their exposure with new product promotion initiatives." The Star Store website is operated by Trip.com Travel Singapore Pte. . . . Trip.com Group has been a NASDAQ listed company since 2003 and is now listed on the Hong Kong Stock Exchange, as well. Travel brands of the Shanghai-based company include Ctrip, Skyscanner and Qunar. CEO is Jane Sun.

### **4. ARC: March Ticket Sales Increase 82% Over February.**

Net travel agency sales totaled \$2.8 billion in March, up 82% compared to February's net sales, said Airlines Reporting Corp. (ARC), and up 120% compared to March 2020. Total passenger trips increased 54% in March; U.S. domestic trips were up 50%; and international trips were up 66%.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on April 9 was \$66.89/barrel, down 8.2% on the month and up 160.8% compared to a year ago, reports IATA. The average jet fuel price for 2021 was \$65.7/barrel.

### **2. Biden Energy Proposal Includes Blender's Tax Credit for SAF.**

A Biden Administration clean energy proposal includes a blender's tax credit for sustainable aviation fuel (SAF), "enabling the decarbonization of a key portion of the U.S. transportation sector." Airlines for America, in a March blog post, "Fueling a Sustainable Future," said, "just a \$2 per gallon credit would help build the nascent market for SAF, providing a financial incentive for companies to integrate more SAF into the fuel supply and enabling them to offer it at a price that would allow airlines to use more of it."

### **3. U.S. Energy Department Announces \$61.4 Million for Biofuels Research.**

The U.S. Department of Energy announced \$61.4 million for technologies that produce low-cost, low-carbon biofuels. "The nascent SAF industry needs just this kind of support," said Airlines for America, "to achieve our recently announced industry goal of having two billion gallons of cost-competitive SAF available to U.S. airlines in 2030 as a waypoint for achieving net-zero carbon emissions by 2050."

### **4. French Climate Bill Would Ban Some Domestic Flights.**

In France, draft climate legislation would prohibit domestic flights on routes that can be covered by train in under two-and-a-half hours. The bill seeks to cut carbon emissions by 40% in 2030 from 1990 levels.

### **5. United Launches Eco-Skies Alliance to Purchase SAF.**

United Airlines launched the Eco-Skies Alliance, in which customers will contribute to the purchase of 3.4 million gallons of SAF this year. With nearly 80% emissions reductions on a lifecycle basis compared to conventional jet fuel, this is enough SAF to eliminate 31,000 metric tons of greenhouse gas emissions, or to fly passengers over 220 million miles. World Energy will supply the SAF to Los Angeles International Airport, which makes it accessible to United's operations. "We know there is a growing demand from a wide range of our customers including corporations, cargo shippers and individuals who share the same concern we do – that climate change is the most pressing issue of our generation," said United CEO Scott Kirby.

**6. Alaska, SkyNRG to Advance SAF Made from Municipal Solid Waste.**

Alaska Airlines and SkyNRG Americas plan to increase investment in SAF, with initial focus on developing dedicated production facilities to supply Western U.S. airports. The facilities will use commercially available technologies that enable use of municipal solid waste and other waste-based input such as feedstocks, and incorporate green hydrogen and renewable energy for minimizing carbon intensity. This collaboration builds on an Alaska-Microsoft partnership announced in October 2020, aiming to use SAF to offset Microsoft employee travel between Seattle and San Francisco, San Jose and Los Angeles.

**7. SE Aeronautics Concept Could Reduce CO2 Production by 80%.**

SE Aeronautics launched a new widebody airliner concept, the SE200, which aims to decrease fuel consumption by 70% and CO2 emissions by 80% as measured by per seat kilometer. The plane “is a more efficient, light-tri wing configuration that greatly improves lift over drag, resulting in short take-off and landing (STOL) capabilities and extremely long flights,” said the company. “The construction is all composite, molded in one tough, safer piece. We also incorporated super thin, long wings and complete streamlining from the nose to the tail. A new ‘once-through’ air feed ventilation system that never recirculates air in the cabin reduces risk of exposure to infection for passengers.” A tilting seat design “creates a comfort experience that economy passengers have yet to experience.” Fuel is not stored in the wings but in self-sealing bladders on top of the fuselage, and in the event of emergency landing over water, the aircraft floats.

**8. UPS to Use eVTOL Aircraft in Small, Mid-Size Markets.**

UPS and subsidiary UPS Flight Forward plan to purchase electric Vertical Takeoff and Landing (eVTOL) aircraft from Beta Technologies (BETA) to augment air service for select small and mid-size markets. The planes will take off and land on property at UPS facilities “in a whisper-quiet fashion, reducing time-in-transit, vehicle emissions, and operating cost.” They have a 1,400-pound cargo capacity, a 250-mile range and cruising speed of up to 170 miles per hour. UPS has reserved BETA's recharging station “for a seamless and fully integrated electric aviation system.” BETA is flight-testing the experimental aircraft; the first ten are scheduled to begin arriving in 2024, with an option to purchase up to 150. UPS Flight Forward is operating daily revenue-generating flights with drones and is FAA-certified to fly payloads of up to 7,500 lbs. with an operator or autonomously.

**9. Carbon-Free Airplanes Could Be in Commercial Service by 2025.**

JetBlue Technology Ventures and Airbus Ventures were among investors in a \$20.5 million funding round that “sets Universal Hydrogen on a path to have

carbon-free airplanes in commercial service by 2025.” Los Angeles-based Universal Hydrogen is building a fuel distribution network that connects hydrogen production directly to the airplane using modular capsules that are transported using the existing freight network, avoiding the need for costly new pipelines, storage facilities, and fuel trucks. Universal Hydrogen is also developing conversion kits to retrofit existing 40-60 passenger regional airplanes with a hydrogen fuel cell powertrain.

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

### **1. House Democrats Introduce “Healthy Flights Act of 2021.”**

Democrats on the House Transportation and Infrastructure Committee introduced the “Healthy Flights Act of 2021,” which, among other things, clarifies FAA’s authority to impose requirements on air travel necessary to protect the health and safety of airline workers and passengers during public health emergencies; ensures pilots, flight attendants, and other airline employees are provided masks and protective equipment during pandemics; requires development of a national aviation pandemic preparedness plan; commissions a study on transmission of infectious diseases in airplane cabins; creates an FAA Center of Excellence on Infectious Disease Response and Prevention in Aviation to advise the Administrator on infectious diseases and air travel; and amends airline passenger briefing requirements to enumerate new federal guidelines during pandemics and subsequent penalties for non-compliance.

### **2. Hearing: “Prepare for Takeoff: America’s Safe Return to Air Travel.”**

A hearing titled, “Prepare for Takeoff: America’s Safe Return to Air Travel,” was held by the Senate Subcommittee on Aviation Safety, Operations and Innovation to consider an industry rebound, the impact of federal COVID-19 relief programs and appropriate health and safety precautions as Americans return to air travel in larger numbers. In her testimony, Sara Nelson, President of Flight Attendants Association-CWA, called for an extension of the federal mask mandate, set to expire on May 11, through at least September 30. Nelson also said airlines should maintain modified food and beverage services. Airlines for America President and CEO Nick Calio recapped pandemic-related financial losses and urged the government to partner with industry to develop a risk-based, data-driven roadmap to recovery that would rescind inbound international travel restrictions. “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,” said Calio. He and other witnesses support use of voluntary digital health passports that confirm the passenger was vaccinated or tested. He asked that policymakers “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.”

### **3. Hearing on State of Travel and Tourism During COVID.**

The newly-formed Senate Subcommittee on Tourism, Trade, and Export Promotion held its inaugural hearing entitled, “The State of Travel and Tourism

During COVID” to examine the economic impact of the COVID-19 pandemic on the travel and tourism industry. U.S. Travel Association (USTA) called for the safe and quick reopening of international travel; approval of clear guidance by the CDC to safely restart professional meetings and events; enactment by Congress of the Hospitality and Commerce Job Recovery Act to spur incremental demand and accelerate rehiring; and provision of temporary emergency funding by Congress for Brand USA to welcome visitors back to the U.S. “The travel and tourism industry accounted for a staggering 65% of U.S. jobs lost last year, so restoring this sector needs to be a national priority,” said USTA President and CEO Roger Dow. The Subcommittee has jurisdiction over economic development matters related to tourism, trade and U.S. exports. Chair is Jacky Rosen (D-NV); Ranking Member is Rick Scott (R-FL).

**4. Bipartisan Effort to Establish CBP Preclearance Facility in Taiwan.**

House and Senate members sent a letter to the U.S. Customs and Border Protection (CBP) to support Taiwan’s application to establish a CBP preclearance facility at Taoyuan International Airport. “All of the current preclearance facilities abroad are located in Canada, the Caribbean, Europe, and the Middle East, but the Indo-Pacific region is a critical region for our economic future,” they wrote. “Taoyuan already hosts numerous non-stop flights to the United States, and is a major transit point in Asia. Taiwan is America’s ninth-largest trading partner and its government strongly supports Taoyuan airport’s bid for the preclearance facility program.” . . . The Taiwan Relations Reinforcement Act, which seeks to update U.S. policy toward Taiwan, was reintroduced in the Senate by Marco Rubio (R-FL) and Jeff Merkley (D-OR). The bill would “create an interagency Taiwan policy task force, elevate the U.S. Representative to Taiwan to a Senate-confirmed position, establish a U.S.-Taiwan Cultural Exchange Foundation, require a report on the Taiwan Travel Act, promote Taiwan’s meaningful participation in international organizations, mandate strategies to protect U.S. businesses and non-government entities from Chinese government coercion, and respond to China’s sharp power operations targeting Taiwan.” Rubio and Merkley are on the Senate Committee on Foreign Relations; Merkley is also Chair of the Congressional-Executive Commission on China.

**5. Norse Startup Plans Opposed by House Democrats.**

House Transportation Committee Chair Peter DeFazio (D-OR) and Aviation Subcommittee Chair Rick Larsen (D-WA) urged DOT Secretary Pete Buttigieg “to honor principles of fair labor standards and to deny any future application for a foreign air carrier permit by a new Norwegian airline—Norse Atlantic Airways—if that airline flouts labor protections and has organized itself in a country other than Norway to avoid Norway’s strong labor laws.” They noted

that Bjørn Kjos, the founder of Norwegian Air Shuttle, “which formed Irish and U.K. subsidiaries to operate low-cost long-haul flights into the United States from European cities,” is an executive leader of Norse Atlantic. Norwegian ultimately entered bankruptcy proceedings in Europe and shuttered its long-haul subsidiaries to focus on low-cost flights within Europe. In March, Norse Atlantic announced plans to offer low-cost service to destinations such as New York, Los Angeles, Miami, London and Paris, initially. The startup raised about \$166 million in a listing on the Euronext Growth exchange in Oslo. CEO is Bjørn Tore Larsen.

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

### **1. FAA Issues New Airspace Warning for Ukraine-Russian Border.**

FAA warned operators to exercise extreme caution when flying near the Ukraine-Russian border, citing increased tensions between the two countries which could result in increased military activity. . . . Flight Safety Foundation reminded countries and parties involved of their responsibility to protect non-combatants generally and civil aviation specifically. Armed conflict in the region resulted in the shooting down of Malaysia Airlines Flight 17 on July 17, 2014, killing all 298 passengers and crew. The Foundation believes that governments must proactively share timely, comprehensive information about the developing situation with their national aviation authorities, aircraft operators and other stakeholders so that informed, coordinated decisions about airspace safety and security can be made. “Ukraine and the Russian Federation should be prepared to quickly close their respective airspace if the situation warrants, and other countries should be prepared to direct their airlines to avoid airspace above the conflict zone if necessary,” said Foundation President and CEO Hassan Shahidi. “It would be an unimaginable tragedy if history were to repeat itself,” he said.

### **2. U.S.-Congo Open Skies Agreement Enters into Force.**

An air transport agreement between the United States and the Republic of the Congo entered into force on April 19, permitting unrestricted capacity and frequency of services, open route rights, a liberal charter regime, and code sharing opportunities. The agreement also represents U.S commitment to the diversification of Congo’s economy and leadership to liberalize the civil aviation sector.

## VIII. EUROPE AND AFRICA

### 1. United Adds New International Service.

United is adding summer service to countries that are reopening to vaccinated visitors. Starting July 8, United plans to add the only nonstops between the U.S. and Croatia, with three weekly Boeing 767-300ER flights between Newark and Dubrovnik. On July 1, service to Athens will expand to daily from Washington Dulles; the Boeing 787-8 service builds on existing daily summer service to Athens from Newark, which resumes on June 3. On July 1, United will become the first U.S. carrier to offer service from Chicago to Reykjavik; United's existing daily service to Reykjavik from Newark resumes June 3. . . . United is adding three new markets in Africa, subject to government approval, with service three times weekly from Washington Dulles to Accra beginning May 14, and to Lagos to begin later this year, and daily service from Newark to Johannesburg beginning June 3. . . . United expands India service to five daily flights from San Francisco to Bangalore beginning May 27. . . . Chicago to Tel Aviv resumes three times weekly on May 7, and San Francisco to Tel Aviv expands to daily on June 3, for a total of 24 weekly frequencies. . . . In May, United resumes service from Newark to Rome and Milan, and from Chicago to Munich, Amsterdam, and Tokyo Haneda. . . . In June, United resumes San Francisco to Tahiti flights.

### 2. JetBlue Wins Foreign Carrier Permit for UK Service.

JetBlue won approval from the UK Civil Aviation Authority (CAA) to operate transatlantic routes between London, New York and Boston. CAA noted that this was the first scheduled foreign carrier permit issued to a new operator since the UK exit from the EU. JetBlue will introduce the Airbus A321LR single-aisle aircraft to its fleet for the transatlantic service. Details on fares, schedules and London airport to be announced.

### 3. Eastern Airlines to Launch First Transatlantic Route.

Eastern Airlines will begin scheduled transatlantic service with one weekly flight from Chicago O'Hare to Sarajevo from May 28 through September 5. Eastern has been flying from New York Kennedy and Miami to destinations in Latin America since January 2020. Scheduled services to launch this year include Belo Horizonte in Brazil from Boston, Kennedy and Miami. The brand and logo of the original Eastern Air Lines, which ceased operations in 1991, was acquired by Eastern's predecessor and rebranded as Eastern Airlines in 2018. CEO and President is Steve Harfst. According to its website, iflyea.com, Eastern has a fleet of Boeing B767-300 and -200 aircraft.

**4. Air France Plans Paris-Denver Route.**

Air France will operate up to three weekly Boeing 787-9 flights to Denver from Paris Charles de Gaulle during summer season, subject to relaxation of travel restrictions. . . . The European Commission approved a €4 billion French state measure to recapitalize Air France and Air France-KLM Holding. The airline agreed to give up to 18 slots at Paris Orly and to restrictions on acquisitions, share buy-backs, dividend distributions and executive management pay. France will increase its 14.3% stake in Air France-KLM to nearly 30%. China Eastern will increase its 8.8% stake to around 10%, with an investment of up to €168 million, and the carriers will extend their partnership into ground services, catering and maintenance, and add Paris-Beijing and Amsterdam-Beijing routes to their joint venture when conditions are satisfied; they currently code share on the Paris-Shanghai route. The Dutch government's 14% stake will fall to about 9%; Delta's 8.8% share will decrease also. The Dutch state is in discussions with the European Commission regarding capital strengthening measures for KLM.

**5. SAA Appoints Thomas Kgokolo as Interim CEO.**

Thomas Kgokolo is the latest interim CEO of bankrupt South African Airways (SAA). All SAA-operated domestic and regional flights are suspended until June 30; international flights are suspended until October 30.

**6. Emirates to Resume Fifth-Freedom Milan-New York Service.**

See Section IX, item 4.

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

1. **Delta to Launch Portland to Seoul with Korean Air.**

Delta will launch three weekly Airbus A330-200 flights from Portland to Seoul Incheon on September 9, through the joint venture with Korean Air, enabling one-stop connections to 80 destinations throughout Asia; subject to change due to travel restrictions, government authorization and demand.

2. **American, Qatar to Code Share on New York-New Delhi Flights.**

On October 31, American will launch Boeing 777-200 nonstops from New York Kennedy to New Delhi with partner Qatar Airways, three times per week (daily during holiday peak), in addition to previously announced Seattle-Bengaluru.

3. **JetBlue Code Shares on Qatar Flights from Doha, Beyond.**

In an expansion of their partnership, JetBlue will code share on Qatar-operated flights from Doha to Boston, Chicago, Dallas, Atlanta, Houston, Miami, New York Kennedy, Philadelphia and Washington Dulles, and beyond Doha to Amman, Kuala Lumpur, Maldives, Oman, Seychelles, Singapore and Entebbe. Qatar passengers can access 50 destinations across JetBlue's network. Some mutual loyalty program benefits are available.

4. **Emirates to Resume Fifth-Freedom Milan-New York Service.**

Emirates hopes to resume flights between Dubai, Milan Malpensa and New York Kennedy from June 1. The service will be an extension to Emirates' existing Boeing 777-300 ER flights to Milan, and will increase to three times daily. Emirates plans resumption of U.S. services to 11 gateways in June, with seamless access to other U.S. cities beyond New York via code share partner JetBlue. Four-weekly Boeing 777-200LR services to Orlando begin June 2.

5. **Etihad Begins Scheduled Abu Dhabi-Israel Service.**

Etihad Airways launched regular service between Abu Dhabi and Tel Aviv, after adding Israel to Abu Dhabi's 'green list,' allowing quarantine-free travel for arriving visitors. Passengers on the two weekly Boeing 787-9 flights from Tel Aviv can connect onward to 35 destinations worldwide. Etihad and EL AL signed a memorandum of understanding in November 2020 covering code sharing, a frequent flyer tie-up and cooperation in cargo, training and maintenance services. Abu Dhabi and Israel are developing diplomatic, trade and tourism ties.

6. **Samer Majali Named Royal Jordanian President/CEO.**

Royal Jordanian named Samer Majali as Vice Chairman, President and CEO. He was President and CEO of the oneworld carrier between 2001 and 2009, and has also served as CEO of SaudiGulf Airlines and of Gulf Air and on the IATA Board of Governors.

7. **Virgin Australia Outlines Growth Plans.**

Virgin Australia Group signed an agreement with aircraft lessors for an additional 10 Boeing 737-800 aircraft, as it plans a return of more than 80% of pre-pandemic domestic capacity by mid-June. More than 220 cabin crew will return to the skies from discontinued long-haul international, ATR regional and Tigerair Australia operations, with another 150 to be recruited. “Today, we are operating around 850 weekly return flights, and as we approach the June school holidays, we will add another 220 return flights per week to our schedule. “We’ve had multiple record-breaking sales days of half-priced fares, with more than 75% of the tickets being booked for travel from May onwards,” said CEO Jayne Hrdlicka. . . . The Australian Competition and Consumer Commission (ACCC) authorized a partnership between Virgin Australia and Alliance Airlines through March 31, 2023, in which they will “coordinate operations in relation to services on several regional and short-haul international routes.” Virgin Australia does not intend to utilize Alliance Airlines on scheduled services within Western Australia.

8. **United Adds New International Service.**

See Section VIII, item 1.

## **X. AMERICAS**

### **1. Delta to Operate 4,000 Daily Flights This Summer.**

Delta plans to operate 4,000 daily flights to 200 domestic and 50 international destinations this summer. . . . Reporting a first quarter adjusted pre-tax loss of \$2.9 billion, CEO Ed Bastian said Delta's positive daily cash generation in March was "a remarkable accomplishment considering our middle seat block and the low level of demand for business and international travel. If recovery trends hold, we expect positive cash generation for the June quarter and see a path to return to profitability in the September quarter as the demand recovery progresses." Delta plans to stop blocking middle seats on May 1.

### **2. United Reports \$1.4 Billion First Quarter Loss.**

Reporting a \$1.4 billion first quarter loss, United said it is "making continued progress on its commitment to remove \$2 billion in structural costs." CEO Scott Kirby told CNBC that long-haul international and corporate travel demand is down about 80% compared with 2019 levels, but likely will start recovering over the summer and through second half of the year.

### **3. American to Operate 90% of Domestic Seat Capacity This Summer.**

American Airlines expects to fly more than 90% of its domestic seat capacity this summer and 80% of international, compared to 2019, and to hire about 900 pilots through 2022. . . . American reported first-quarter revenue of \$4 billion, down 53% year over year, and a net loss of \$1.3 billion. . . . American and Northeast Alliance partner JetBlue plan major growth in New York and Boston, including Airbus A321T Boston-Los Angeles flights. The Justice Department increased scrutiny of the alliance, according to the Wall Street Journal, as it could diminish competition at congested New York and Boston airports. Spirit has requested a full investigation by DOT.

### **4. Frontier Adds Eight New Nonstop Routes.**

Frontier will expand summer 2021 service with eight new nonstop routes, including three new destinations: Nassau, The Bahamas; San Jose, Costa Rica and St. Maarten. Fares begin at \$29. Guatemala City and San Salvador were also added to the network.

### **5. Spirit to Add Mexico Service.**

Spirit Airlines will add Puerto Vallarta to its route map starting July 1, with daily flights from Los Angeles International and three times weekly from Houston Bush and Dallas-Fort Worth. Spirit will also add nonstops between Los Angeles and Los Cabos in May, its first international service from Los Angeles.

**6. Allegiant to Establish Aircraft, Crew Base in Austin.**

Las Vegas-based Allegiant plans to invest \$75 million to establish a new base of operations at Austin-Bergstrom's South Terminal in November. Allegiant currently offers 14 nonstop routes from Austin.

**7. ExpressJet Plans to Resume Service.**

ExpressJet, which ceased flying last year after losing its contract to operate as a United Express carrier, now plans to provide point-to-point flying to small and medium sized cities, and is positioned to provide scheduled or charter flights to much of the United States, Canada and Mexico. Current fleet includes 50-seat ERJ145s. Subodh Karnik is President and CEO.

**8. Avelo Launches from Hollywood Burbank.**

Startup Avelo Airlines began service with a flight from Hollywood Burbank to Charles M. Schulz Sonoma County Airport, and plans to fly non-stop to 11 recreational destinations across the Western U.S. Introductory one-way fares started at \$19 on all routes. Backed by \$125 million in private equity, Avelo operates three single-class 189-seat Boeing 737-800s. Founder, Chairman and CEO Andrew Levy previously was an Allegiant co-founder and President and CFO of United. Management also includes former senior executives from Delta, Frontier, Hawaiian, JetBlue, Northwest and Spirit.

**9. Aeromexico, Delta Resume Austin, Dallas Service.**

Aeromexico and partner Delta increased service to Houston and on July 1 will resume daily service from Mexico City to Austin and Dallas, bringing total number of U.S.-Mexico routes to 47. . . . Aeromexico will add 24 Boeing 737 MAX and four 787 Dreamliner aircraft to its fleet. The restructured agreements with the manufacturer and lessors are subject to approval of the U.S. Court for the Southern District of New York, in charge of Aeromexico's Chapter 11 voluntary financial restructuring process. CEO Andres Conesa said Aeromexico is on a strong path to exit Chapter 11 later this year.

**10. Air Canada, Transat Terminate Acquisition Agreement.**

The proposed acquisition of Transat by Air Canada was terminated by mutual agreement, with Air Canada paying Transat a termination fee of \$12.5 million. It became evident that the European Commission would not approve the acquisition based on the currently offered remedy package, said Air Canada, which concluded that "providing additional, onerous remedies, which may still not secure an EC approval, would significantly compromise Air Canada's ability to compete internationally." . . . Air Canada entered into financing agreements with the Canadian government, with access to up to C\$5.879 billion in liquidity.

The package provides for fully repayable loans that would be drawn down only as required, as well as an equity investment. Air Canada agreed to commitments related to customer refunds, service to regional communities, restrictions on use of funds provided, employment and capital expenditures. Air Canada agreed to complete the acquisition of 33 A220s manufactured at Airbus' Mirabel, Quebec facility, and its existing firm order of 40 Boeing 737 MAX aircraft.

11. **United Adds New International Service.**  
See Section VIII, item 1.
12. **JetBlue Wins Foreign Carrier Permit for UK Service.**  
See Section VIII, item 2.
13. **Eastern Airlines to Launch First Transatlantic Route.**  
See Section VIII, item 3.
14. **Air France Plans Paris-Denver Route.**  
See Section VIII, item 4.
15. **Delta to Launch Portland to Seoul with Korean Air.**  
See Section IX, item 1.
16. **American, Qatar to Code Share on New York-New Delhi Flights.**  
See Section IX, item 2.
17. **JetBlue Code Shares on Qatar Flights from Doha, Beyond.**  
See Section IX, item 3.
18. **Emirates to Resume Fifth-Freedom Milan-New York Service.**  
See Section IX, item 4.