



WASHINGTON AVIATION SUMMARY

JULY 2021 EDITION

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I. **REGULATORY NEWS**

1. **U.S. Domestic Summer Bookings Nearing Pre-Crisis Levels.**

U.S. domestic bookings for the summer reached 85% of 2019 levels, reports the International Air Transport Association (IATA), a significant improvement vs. levels a year ago (36% of 2019). U.S. international summer bookings improved over last year, driven by traffic to the Caribbean and Central America, but are almost 70% below where they were in 2019. Global domestic summer bookings (excluding the U.S.) have been about half of pre-crisis levels. . . . U.S. scheduled passenger airlines narrowed first quarter net losses, compared to fourth quarter 2020, reports the U.S. Department of Transportation (DOT). First-quarter after-tax net loss of \$4.2 billion was reduced from fourth-quarter loss of \$7 billion. First-quarter pre-tax operating loss of \$12.7 billion was increased from fourth-quarter loss of \$9.7 billion.

2. **Sully Sullenberger to Serve as Ambassador to ICAO.**

President Joe Biden announced intent to nominate Chesley B. “Sully” Sullenberger, III, for rank of Ambassador during service as U.S. Representative on the Council of the International Civil Aviation Organization (ICAO). The former Air Force fighter pilot and safety advocate is best known as the Captain of US Airways flight 1549, which he and his crew guided to a successful emergency landing in the Hudson River with no fatalities in 2009.

3. **DOT Seeks \$25 Million Civil Penalty Against Air Canada.**

DOT’s Office of Aviation Consumer Protection (OACP) filed a formal complaint against Air Canada with an Administrative Law Judge and seeks a civil penalty of \$25,550,000 for failure to provide refunds in a timely manner to consumers for flights to or from the U.S. that were canceled or significantly changed. Since March 1, 2020, OACP and DOT received over 6,000 complaints against Air Canada from consumers denied the refunds. OACP said Air Canada committed at least 5,110 violations and passengers waited from five to 13 months to receive refunds. OACP is actively investigating refund practices of other carriers flying to and from the U.S.; enforcement action will be taken as appropriate.

4. **Egregious Passenger Behavior Results in More Fines from FAA.**

The Federal Aviation Administration (FAA) proposed civil penalties ranging from \$7,500 to \$15,500 against four airline passengers, and from \$9,000 to \$22,000 against eight passengers, for allegedly interfering with flight attendants who instructed them to obey cabin crew instructions and federal

regulations. Since January 1, 2021, FAA has received about 3,100 reports of unruly passenger behavior, including 2,350 reports of passengers refusing to comply with the federal facemask mandate, and has proposed \$563,800 in fines. . . . The Transportation Security Administration (TSA) reported similar incidents at checkpoints. TSA will resume flight crew self-defense training led by Federal Air Marshals in July, paused due to COVID-19 restrictions, in which certified instructors provide flight crew members with defensive techniques for responding to an attacker in a commercial passenger or cargo aircraft. . . . In a letter to Attorney General Merrick Garland, an industry coalition asked the Department of Justice to “commit to the full and public prosecution of onboard acts of violence,” “send a strong and consistent message through criminal enforcement that compliance with federal law and upholding aviation safety are of paramount importance,” and “direct federal prosecutors to dedicate resources for egregious cases.” . . . Several airlines postponed plans to resume serving alcohol on flights, as a means to curtail unruly passenger behavior.

5. DOT Releases Spring Regulatory Agenda.

In its Spring Regulatory Agenda, DOT identified proposals “to be addressed over the next year and beyond.” They include actions that ensure that flight attendants on flights with large numbers of passengers receive a scheduled rest period of at least 10 hours after duty periods, protect aircraft cockpits with secondary flight-deck barriers, and hold workers at domestic and foreign aircraft repair stations to equal safety standards.

6. DOT Submits FY 2022 Budget to Congress.

The DOT FY 2022 \$18.5 billion budget request for FAA includes \$11.4 billion for operations, \$17.4 million of which would strengthen Aviation Safety Oversight and address requirements of the Aircraft Certification Safety and Accountability Act. It proposes \$1 billion to improve FAA facilities, \$7.6 million for education programs regarding noise, \$3.2 billion for airport grants, and \$88.5 million for climate research activities. Cybersecurity requests include \$3.9 million to support implementation of high-security controls for the national airspace system. The funds support pandemic-related research and development of a cabin safety pandemic playbook.

7. FAA Launches Voluntary Reporting Program for Safety Office.

The Voluntary Safety Reporting Program, which allows workers in FAA’s Aviation Safety Organization to report safety concerns confidentially without fear of punitive action, has been launched. Information shared and submitted will be used to validate or verify a safety concern, identify the root cause, and determine appropriate corrective action. The program mirrors safety

information-sharing programs across the aviation industry and is in addition to reporting programs already available.

8. COVID-19 Travel Update.

With the spread of the Delta coronavirus variant, some countries are postponing opening borders or reimposing lockdowns. . . . ICAO published new technical specifications for a Visible Digital Seal (VDS), which stores datasets for test and vaccination certificates in a barcode which can be paper- or screen-based. Border control and other receiving parties can verify the data against established requirements. . . . IATA launched a self-registration portal to make it easier for COVID-19 testing labs to join the IATA Travel Pass Lab Network. Over 70 airlines are either trialing or committed to testing IATA Travel Pass, a mobile app that helps travelers store and manage their verified certifications for COVID-19 tests or vaccinations. . . . CEOs of SkyTeam, oneworld and Star Alliance urged G7 governments to agree to common requirements and standards for health credentials as set out by World Health Organization and ICAO, saying fully vaccinated passengers should be exempt from quarantine; COVID-19 testing should be easily accessible, affordable and consistent; and connecting passengers at airports should not be subject to additional testing or quarantine restrictions at point of transfer if remaining in transit zone. . . . The White House COVID-19 Response Team launched expert working groups with Canada, the European Union (EU), Mexico and the UK to develop a strategy for reopening international travel. At a news conference in Paris, U.S. Secretary of State Antony Blinken said, “We are anxious to be able to restore travel as fully and quickly as possible. I can’t put a date on it, we have to be guided by the science, by medical expertise.” . . . EU member states agreed to lift the ban on nonessential travel from the U.S., but may impose their own restrictions. . . . New European Aviation Safety Agency (EASA) guidance proposes that those fully vaccinated against COVID-19 or who recovered in the last 180 days should not be subject to testing or quarantine, unless coming from an area of very high risk or where a variant of concern is circulating. Contact tracing is still very important and physical distancing and wearing masks are recommended. To control airport bottlenecks, EASA recommends that information be checked once in each journey, ideally prior to arriving at departure airport. . . . EU digital COVID Certificate Regulations allow people to move between EU countries without having to quarantine or undergo extra coronavirus tests, effective July 1. A certificate, issued free of charge by national authorities and available in digital or paper format, certifies that a person was vaccinated against COVID-19, has a recent negative test result or has recovered from the infection. A common EU framework will make certificates interoperable and verifiable across the EU and prevent fraud and forgery. The certificate will not be a precondition for free

movement and will not be considered a travel document. . . . Manchester Airports Group and Ryanair, supported by other major UK airlines, launched a legal challenge calling for transparency in how the UK categorizes countries as green, amber or red in its system of coronavirus travel restrictions. UK Transport Secretary Grant Shapps said details of plans to reopen international travel will come in July. Removal of the self-isolation period for amber list countries for those fully vaccinated is expected; the U.S. remains on the amber list. "They will still be required to take a pre-departure test and a test on day 2," said Shapps. "People should not travel to amber list countries at the moment. Individuals who fail to comply with their legal duty to quarantine at home following international travel can be fined £1,000, increasing up to £10,000 for repeat offences." . . . Ahead of the G7 meeting in Cornwall, airline industry leaders called for reopening the UK–U.S. travel corridor, citing world-leading vaccination programs in both countries. They urged President Joe Biden and Prime Minister Boris Johnson "to look to the science and base their judgements on a proper risk analysis." If international travel remains restricted, it will cost the U.S. economy \$325 billion in total losses and 1.1 million jobs by the end of 2021, said U.S. Travel Association. UK businesses are losing £23 million each day that transatlantic links remain closed.

9. FAA Issues AD for Boeing MAX Maintenance Inspections.

FAA issued an airworthiness directive (AD) for certain Boeing 737 MAX airplanes requiring revision of existing maintenance or inspection program to incorporate three additional Certification Maintenance Requirements (CMRs). FAA issued the AD to ensure availability of certain flight control system functions through maintenance tests to verify that the functions have not failed; a potential latent failure of a flight control system function, as tested by the three CMR items, if combined with unusual flight maneuvers or with another flight control system failure, could result in reduced controllability of the airplane. . . . Boeing will pay at least \$17 million in penalties and undertake multiple corrective actions with its production under a settlement agreement with FAA, which found that the manufacturer installed equipment on MAX and NG aircraft containing sensors that were not approved for that equipment; submitted approximately 178 MAX aircraft for airworthiness certification when the aircraft potentially had nonconforming slat tracks installed; and improperly marked those slat tracks. If Boeing does not complete certain corrective actions within specific timeframes, FAA will levy up to \$10.1 million in additional penalties. . . . The 737-10, the largest airplane in the MAX family, completed a first flight and "performed beautifully," said 737 Chief Pilot Capt. Jennifer Henderson. "The profile we flew allowed us to test the airplane's systems, flight controls and handling qualities, all of which checked out exactly as we expected." Planned entry into service is 2023. A \$500 million fund has

opened to compensate heirs, relatives and beneficiaries of passengers who died in the Lion Air and Ethiopian MAX crashes in 2018 and 2019. The fund is part of a \$2.5 billion Justice Department settlement reached in January with Boeing after prosecutors charged the company with fraud over MAX certification. Each eligible family will receive nearly \$1.45 million, said Administrators Kenneth R. Feinberg and Camille S. Biros. . . .

II. AIRPORTS

1. FAA Awards \$8 Billion in Airport Rescue Grants.

FAA awarded \$8 billion in grants to “help U.S. airports recover from the impacts of the COVID-19 pandemic.” The funding comes from the American Rescue Plan Act of 2021. Under the Airport Rescue Grants program, primary commercial service airports will share approximately \$6.5 billion based on number of annual boardings and \$800 million will be available for providing relief to in-terminal concessions from rent and minimum annual guarantees. Non-primary commercial service and general aviation airports will share \$100 million based on category. Remaining funds of the \$8 billion will be used to cover an airport’s cost-share portion on grants through FAA’s Airport Improvement Program as well as supplemental discretionary grants; airports likely will not have to pay their portion of a given project. Airports receiving funding include Anchorage International (\$44.4 million), Daniel K Inouye International (\$74.3 million), Philadelphia International (\$115 million), Portland International (\$72 million), Raleigh-Durham International (\$50.6 million), Seattle-Tacoma International (\$175.7 million), and St. Louis Lambert International (\$56.2 million).

2. LAX Terminal 1 Extension Opens.

The Los Angeles International (LAX) Terminal 1 extension opened officially, adding a new passenger check-in lobby, security screening and baggage claim area. The 283,000-square-foot facility will connect to Terminal 2 and an Automated People Mover system. In 2017, Southwest signed a ground lease with Los Angeles World Airports (LAWA) for land located between Terminals 1 and 2, and oversaw construction of the \$477.5 million terminal extension. LAWA will eventually acquire the improvements from Southwest, with funds coming from airport operating revenues and revenue bond proceeds. No money will be used from the city's General Fund or taxpayers. Southwest, which has 13 gates in Terminal 1, gained a third baggage carousel, three additional ticket counters and office space in the addition; the airline's crew base is also housed in the new facility. Other airlines operating out of the extension include Sun Country, Allegiant, Frontier and VivaAerobus.

3. San Diego to Proceed with \$3B Terminal 1 Overhaul.

The San Diego Airport Authority approved a \$296 million operating budget and \$3.6 billion five-year capital spending plan that preserves a commitment to overhaul the 1960s-era Terminal 1, reports the San Diego Union-Tribune. Most of the project cost will be debt-financed, with repayment of bonds

expected to begin in 2025; construction begins early next year. “When the pandemic first hit, we implemented our Financial Resilience Plan, which included a hiring freeze, a hold on more than \$200 million in capital projects, and numerous cost reductions,” Airport Authority CEO Kimberly Becker said. “Years of prudent financial management and recent federal aid have enabled the Airport Authority to build adequate reserves to help offset non-airline revenue losses as well as provide critically needed financial relief to our airline and non-airline partners.”

4. Philadelphia Plans Air Cargo Expansion.

City of Philadelphia issued a request for proposals to build an Air Cargo Community System for the airport’s current and future cargo tenants. The plan includes construction of cargo buildings totaling more than one million square feet, bringing total cargo building square footage to 1.4 million. A study commissioned in 2017 revealed that “the airport captures only 9% of a potential \$53 billion air cargo opportunity passing through its catchment area.” The airport also will construct more than five million square feet of taxiway and apron pavement to accommodate increased aircraft operations, which would occur mostly during evening and overnight hours. A \$90 million investment in infrastructure projects, through airport revenue bonds and some small grants, to prepare the property has covered an environmental assessment, a wetlands mitigation project, construction of an aircraft parking apron and relocation of a one-mile stretch of road that currently bisects the property. Additional needs, like demolition of existing buildings and installation of utility infrastructure, are also part of the program.

5. Kansai Terminal 1 Modernization Begun.

VINCI Airports and partner ORIX launched the Terminal 1 modernization program at Kansai International and said the airport will be the First Pavilion of the 2025 World Expo in Osaka, offering visitors, upon their arrival, “an experiential and user-friendly space, a showcase of Japan’s innovation culture.”

6. Chengdu’s Second Airport Begins Operations.

A second international airport has opened at Chinese tourist mecca Chengdu, known for its giant pandas. Phase one of the \$10.8 billion Tianfu has three runways and two terminals and can handle 60 million passengers a year. China remains closed to most international travelers.

III. **SECURITY AND DATA PRIVACY**

1. **TSA Update.**

The Transportation Security Administration screened 2,028,961 travelers at U.S. airport checkpoints on Friday, June 11, surpassing 2 million for the first time since March 2020. This represents 74% of travel volume versus same day in 2019 and 1.5 million more than same day in 2020. . . . Secretary of Homeland Security Alejandro Mayorkas announced plans to expand collective bargaining and improve compensation for TSA screening personnel, to more closely align with other federal agencies.

2. **TSA Finalizes Air Cargo Screening Exemption.**

ICAO mandates that, as of July 1, every cross-border shipment on all-cargo aircraft be screened, either by X-ray, explosive trace detection, physical search or explosive sniffer dogs. Compliance options include allowing entities outside the regulator's normal jurisdiction prove that facilities provide an equivalent level of security as a substitute for screening. TSA has finalized a policy that will allow businesses with approved security systems to opt out of screening every export shipment, reports FreightWaves. Manufacturers, suppliers, warehouses, vendors, e-commerce fulfillment centers and third-party logistics providers are eligible to become a Secured Packing Facility (SPF), enabling them to tender outbound shipments to airlines without screening.

3. **TSA Reopens Innovation Checkpoint at Las Vegas McCarran.**

TSA has reopened the Innovation Checkpoint at McCarran International to coincide with the return of the convention industry to Las Vegas. Four Automated Screening Lanes integrated with four Computed Tomography scanners allow for uninterrupted movement of carry-on luggage through the screening process. System configurations allow TSA officers to simultaneously review multiple 3-D, X-ray images. Another configuration being tested features a sensor designed to prevent backup of bins. TSA is also testing an integrated UV-C light sanitization system designed to disinfect the interior and exterior of bins as they are repopulated through the automated bin return system; dynamic digital signage totems; and Credential Authentication Technology units used to scan a traveler's photo identification, verify authenticity and confirm flight status by comparing it against the Secure Flight database through an electronic connection. An Advanced Imaging Technology has updated algorithms to increase detection accuracy during passenger

screening, uses millimeter wave technology and does not produce an X-ray image.

4. TSA to Test Drone Detection Capabilities at Miami, LAX.

TSA selected Miami and Los Angeles International to test new technology to detect, track and identify Unmanned Aircraft Systems (UAS), or drones, that are encroaching on restricted airspace. While many UAS are equipped with global positioning system software that prevents use in restricted locations, many operators do not follow safety restrictions and consequently pose a security and safety risk to individuals, infrastructure, and airplanes.

IV. TECHNOLOGY AND EQUIPMENT

1. System Outages Affect Airlines.

Airlines and other organizations suffered disruptions when IT provider Akamai experienced an outage. “The issue was not caused by a system update or a cyberattack,” said Akamai; “a routing table value used by this particular service was inadvertently exceeded.” Customers were rerouted, which restored operations, and the company is “working to make sure that every Akamai customer is set up for automatic rerouting in the future.” The Akamai disruption followed a massive outage related to cloud services provider Fastly.

2. United Orders Supersonic Aircraft.

United will purchase 15 Overture aircraft from Boom Supersonic, with an option for an additional 35. Overture is slated to roll out in 2025, fly in 2026, and carry passengers by 2029. Capable of flying at speeds of Mach 1.7, twice the speed of today's fastest airliners, Overture potentially will connect Newark to London in three and a half hours, and San Francisco to Tokyo in six hours.

3. Avolon Places \$2 Billion Order for eVTOL Aircraft.

Aircraft leasing company Avolon is the launch customer for Vertical Aerospace’s electric vertical take-off and landing (eVTOL) aircraft, with a \$2 billion order for 500, subject to certain closing conditions. The companies will “collaborate throughout the development, road map to certification and subsequent commercial roll-out of the VA-X,” which will be capable of travelling over 200 mph, with a range of over 100 miles and capacity for four passengers and a pilot. Avolon will join Microsoft, Rolls-Royce, Honeywell and American Airlines as equity investors in Vertical, working also with Virgin Atlantic, the launch airline customer in Europe. Newly incorporated affiliate Avolon-e will become the customer for the VA-X4 and focus on investment in the zero-emissions eVTOL sector. . . . Vertical Aerospace plans to merge with special purpose acquisition company Broadstone and will become a publicly-traded company with a pro forma equity value of \$2.2 billion. Vertical will be listed on the New York Stock Exchange.

V. **ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on June 11 was \$77.40/barrel, up 5.5% on the month and up 91.4% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$68.6/barrel.

2. **Boeing, Alaska Airlines Partner on ecoDemonstrator Program.**

Alaska Airlines is partnering on a Boeing ecoDemonstrator program which will flight test about 20 technologies on a new 737-9. These include a halon-free fire-extinguishing agent that significantly reduces effects on the ozone layer, an engine nacelle designed to reduce noise, and cabin sidewalls made from recycled material. After tests are complete, the airplane will be configured for passenger service and delivered to Alaska. Test flights are flown on a blend of petroleum-based and sustainable aviation fuel (SAF). Boeing intends to make its commercial airplanes capable and certified to fly on 100% SAF by 2030, and plans to work with regulatory authorities to raise the current 50% blending limit for expanded use of SAF. The 2018 ecoDemonstrator 777 Freighter was the world's first commercial airliner to fly on 100% sustainable fuel.

3. **Paris Group to Study Use of Hydrogen as Aviation Fuel.**

A consortium led by Paris airports operator Groupe ADP has selected 11 companies to study the use of hydrogen as aviation fuel. The hydrogen airport ecosystem is an essential operational building block to shape the arrival of the Airbus hydrogen aircraft planned for 2035, while promoting the short-term development of hydrogen uses on the ground, said ADP.

4. **Heathrow Supplies Blended SAF for Short Haul Flights.**

Working with Vitol Aviation and Neste, Heathrow integrated SAF into its fuel distribution to power short haul flights for the G7 Summit. Neste MY SAF is produced 100% from renewable and sustainable waste and residue raw materials, such as used cooking oil and animal and fish fat waste.

5. **GE Aviation, Safran to Develop Sustainable Engines.**

GE Aviation and Safran launched CFM RISE (Revolutionary Innovation for Sustainable Engines), with plans to develop engines that could lower fuel consumption and CO2 emissions by more than 20% compared to today's most efficient engines. They are developing an open fan architecture, "a key enabler to achieving significantly improved fuel efficiency," and will also use hybrid electric capability to optimize engine efficiency while enabling electrification of

many aircraft systems. The companies extended their CFM International 50/50 partnership to the year 2050.

6. UK Aviation Industry Sets New Decarbonization Targets.

The UK aviation industry announced new interim decarbonization targets of at least 15% by 2030 and 40% by 2040, as SAF, permanent carbon removal, and new low and zero-carbon technologies – such as electric and hydrogen-powered aircraft – become mainstream in the 2030s. The Sustainable Aviation group, comprised of airlines, airports, manufacturers and air service navigation providers, urged government to invest in clean aircraft technologies, SAF, and airspace modernization. UK aviation has committed to net zero emissions by 2050.

7. Study Finds SAF Can Reduce Contrail Impact on Climate.

Cleaner-burning jet fuels made from sustainable sources can produce 50%-70% fewer ice crystal contrails at cruising altitude, reducing aviation's impact on the environment, according to research conducted by NASA and the German Aerospace Center (DLR). "Contrail formation from jet exhaust has a larger, more immediate impact on climate than carbon dioxide emissions," said a NASA scientist. "This research shows we have an opportunity using alternative fuels to make immediate changes that could help the planet."

VI. U.S. CONGRESS

1. Senators Warn Airlines on Cash Refund Policies.

Senate Transportation Committee members Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.) urged Alaska, American, Delta, Hawaiian, JetBlue, Southwest and United to make all pandemic-related flight credits valid indefinitely by default and asked each to respond individually to questions about their consumer refund and flight credit policies. The Senators received a collective response from Airlines for America which said, “We strictly comply with all federal laws and regulations on these matters and when a refund is due under those regulations, carriers promptly provide them. . . . If air carriers had refunded all tickets in the form of cash, many would have been forced to declare bankruptcy.” The uptick in travel clearly shows that the airline industry is in recovery mode, responded the Senators, “yet these companies continue to sit on more than \$10 billion in unused flight credits and are still refusing to return consumers’ hard-earned money, more than a year after the pandemic began. We consider the airlines’ inadequate response to be a rejection of their moral responsibility to do right by the flying public, and we will pursue all options – regulatory and legislative – to fix this situation. There can be no expiration date on consumer protection.”

2. “Expedited Delivery of Airport Infrastructure Act” Passes House.

The “Expedited Delivery of Airport Infrastructure Act of 2021” passed through the House. H.R. 468 would allow airports to use up to \$1 million in Airport Improvement Program funds to incentivize early completion of certain federally financed development projects. Similar incentives are common in the construction of surface transportation projects, said House Transportation Ranking Member Sam Graves, who co-sponsored the bill.

3. “Aviation Funding Stability Act of 2021” Introduced in House.

Legislation that would protect FAA programs and personnel and the aviation industry from effects of future federal government shutdowns was introduced by House Transportation Committee Chair Peter DeFazio (D-OR), Aviation Subcommittee Chair Rick Larsen (D-WA), Bob Gibbs (R-OH) and Brian Fitzpatrick (R-PA). The “Aviation Funding Stability Act of 2021” authorizes FAA to continue to draw from its Airport and Airway Trust Fund during a lapse, with no General Fund contributions. The bill allows FAA to operate at current funding levels for up to 30 days with no Congressional action required, ensuring that all programs function uninterrupted and all employees are paid.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S. Suspends Belarus Air Services Agreement.

The United States suspended its discretionary application of the 2019 U.S.-Belarus Air Services Agreement, following the forced diversion by the Lukashenko government of a Ryanair flight under false pretenses on May 23, and the subsequent removal and arrest of Raman Pratasevich, a Belarusian journalist. Flight FR4978 was intercepted in Belarus airspace and forced to land in Minsk. The U.S. Department of State issued a Level 4 Do Not Travel warning to U.S. citizens urging them not to travel to Belarus. FAA warned U.S. passenger carriers to exercise extreme caution when considering flying in Belarusian airspace. The U.S. re-imposed full blocking sanctions against nine Belarusian state-owned enterprises previously granted relief by the Treasury Department. In coordination with the EU and others, the U.S. is targeting sanctions against members of the Lukashenka regime. The U.S. Department of Justice, including the FBI, is working on this matter with European counterparts. . . . EASA initially recommended that European airlines carefully assess the risk of flying in Belarus airspace, then issued a blanket prohibition . . . ICAO issued Requests for Information for an investigation into the event. . . . But IATA called on EASA “to maintain the critical separation between politics and aviation safety issues [and] rescind its prohibition and allow airlines to manage safety as they do each and every day—with their normal operational risk assessments.”

2. U.S., EU, UK Suspend Tariffs in Boeing-Airbus Trade Dispute.

The United States and the EU agreed to suspend tariffs related to the Boeing-Airbus trade dispute for five years. The two sides will establish a Working Group on large civil aircraft (LCA), led by their Trade Ministers, to analyze and overcome disagreements. Each side intends to provide financing to its LCA producer for production or development on market terms, and funding for research and development (R&D) through an open and transparent process and without negative effects to the other side. In a separate agreement, which mirrors that of the U.S. and EU, the U.S. and UK agreed to suspend tariffs for five years. In both agreements, the sides “will work together to counter China’s non-market practices” in the LCA sector. State-sponsored Commercial Aircraft Corporation of China intends to compete with Boeing and Airbus in the manufacture of commercial aircraft.

3. ASEAN, EU Conclude First Bloc-to-Bloc Air Transport Agreement.

Association of Southeast Asian Nations (ASEAN) and the EU and its Member States concluded negotiations on an ASEAN-EU Comprehensive Air Transport Agreement (AE CATA). The world's first bloc-to-bloc ATA will allow ASEAN and EU airlines to fly up to 14 weekly passenger services and any number of cargo services via and beyond to any third country. ASEAN and the EU will now submit the AE CATA "for legal scrubbing in preparation for signature at a later date to be confirmed."

VIII. EUROPE AND AFRICA

1. Delta Adds Transatlantic Flights.

Delta and Virgin Atlantic are offering technology that assists customers in scheduling a COVID-19 test that meets destination requirements, automatically verifies test results and confirms the traveler meets testing requirements at the destination. Delta FlyReady is available on select routes between the U.S. and UK with broader availability to come. . . . As some European countries reopened for U.S. leisure and other non-essential travel, Delta announced it will add Paris flights from Minneapolis/St. Paul and Boston, and Nice from New York Kennedy, as well as service to Dubrovnik, Athens, Reykjavik, Milan, Rome, Venice, Barcelona and Madrid. . . . Delta and airBaltic submitted a code share agreement to DOT for approval, under which airBaltic would display the Delta code on select flights operated within the EU, and beyond points in third countries. . . . Delta will resume service to South Africa, with nonstop Airbus A350-900 flights between Atlanta and Johannesburg from August 1, in partnership with Air France, KLM and Virgin Atlantic. Delta already flies to Accra, Dakar, and Lagos. . . . Delta and SkyTeam partner Kenya Airways expanded their code share agreement, enabling Delta customers flying nonstop from New York Kennedy to Accra to connect with Delta-marketed code share flights to Monrovia, Liberia and Freetown, Sierra Leone, operated by Kenya Airways. Delta-marketed code share flights will also be available on Kenya Airways' services from Nairobi to Cape Town; Harare; and Kigali. From New York, Kenya Airways has placed its code on Delta services to Washington Regan National and Indianapolis.

2. Lufthansa's Eurowings Discover Set to Launch in July.

Lufthansa Group's new leisure airline Eurowings Discover received an Air Operator Certificate and expects to launch on July 24 from Frankfurt to Mombasa with onward flight to Zanzibar. Additional destinations in the 2021 summer flight schedule are Punta Cana, Windhoek, Las Vegas and Mauritius. Eurowings Discover is the first airline in Germany to receive an unlimited permit under a new requirement known as partial CAMO (Continuing Airworthiness Management Organization). The fleet will consist of a maximum of 11 aircraft this year and 21 in 2022. The Airbus A320s and A330s will come from the Lufthansa Group fleet.

3. Aer Lingus Postpones Manchester to New York, Orlando.

Aer Lingus postponed the start of new services between Manchester, and New York JFK and Orlando, due to international borders opening later than

expected. The routes were to begin on July 29 and instead will launch on September 30. Customers were offered a full refund, re-accommodation or a voucher plus 10% for use over the next five years. New services to Barbados will launch as scheduled on October 20.

4. **Stobart Air Ceases Operations.**

Stobart Air ceased operations after a proposed sale to Ettyl fell through and parent Esken opted to liquidate the carrier. Esken will retain ownership of Carlisle Lake District Airport, which also had been offered to Ettyl. Stobart Air operated all Aer Lingus Regional flights. Aer Lingus and other International Airlines Group-owned carriers stepped in to operate the regional services, as has easyJet. The franchise agreement with Aer Lingus was set to expire in December 2022.

5. **UK Launches Action against British Airways, Ryanair over Refunds.**

The Competition and Markets Authority (CMA) opened enforcement cases against British Airways and Ryanair, as part of an investigation into whether airlines denied refunds for flights during the pandemic when it was unlawful to travel for non-essential reasons. The probe covers only flights that were not cancelled. British Airways offered vouchers or rebooking and Ryanair provided the option to rebook. “By failing to offer people their money back, both firms may have breached consumer law and left people unfairly out of pocket,” said CMA, which shares enforcement powers with Civil Aviation Authority (CAA) for breaches of consumer protection law.

6. **Bain Capital to Take 16.6% Stake in Icelandair Group.**

Bain Capital will take a 16.6% stake in Icelandair Group, subject to approval by shareholders. Separately, Icelandair Group will sell Iceland Travel to Nordic Visitor, subject to approvals, amid divestment of tourism operations and increased focus on aviation and related services.

7. **Icelandic PLAY Begins Operations.**

Icelandic low-cost startup PLAY launched Airbus A321neo service to destinations in Europe and an initial public offering. “To add to the joy of today the Icelandic government finally declared Iceland free of any pandemic restrictions from midnight onwards,” said CEO Birgir Jónsson. “I think we can allow us some optimism now that we can start rebuilding Iceland’s tourism, and the world’s.”

8. Geir Karlsen Named New CEO of Norwegian.

Norwegian emerged from restructuring, fired CEO Jacob Schram, reportedly over a pay dispute, and promoted CFO Geir Karlsen to CEO with immediate effect. Karlsen was Acting CEO from July 2019 to December 2019.

9. Alitalia Successor ITA Names New President.

Alfredo Altavilla was named President of Italia Trasporto Aereo (ITA), the company that will take over assets of Alitalia. The former Fiat executive replaces Francesco Caio. CEO is Fabio Lazzerini.

10. Former Flybe Chief Named TAP Portugal CEO.

Former Flybe CEO Christine Ourmieres-Widener was named CEO of state-controlled TAP Portugal.

11. ASEAN, EU Conclude First Bloc-to-Bloc Air Transport Agreement.

See Section VII, item 3.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Alaska, Qatar Plan Code Share Partnership.

Alaska Airlines and oneworld partner Qatar Airways applied to DOT to code share on an initial 166 routes operated by Alaska, Horizon Air and SkyWest to U.S. domestic points and to international destinations in Canada, Mexico, Costa Rica and Belize. Qatar will expand U.S. services to more than 100 weekly flights across its 12 gateways. Seattle-based Alaska has ended its 11-year partnership with Emirates.

2. Emirates to Begin Service to Miami.

Emirates will begin four weekly Boeing 777-300ER passenger services to Miami on July 22. Emirates SkyCargo has operated scheduled flights to Miami since October 2020, as well as charter flights to transport champion horses to equestrian events around the world. . . . Emirates Group announced a \$6 billion loss for financial year 2020-21, “caused by a significant drop in revenue, fully attributed to the impact of COVID-19 related flight and travel restrictions.” This was the carrier’s first non-profitable year in over three decades. Group workforce was reduced by 31% to 75,145 employees, financial obligations were restructured, contracts renegotiated and operations consolidated, while \$1.3 billion was invested in new aircraft and facilities, acquisitions and technology.

3. Air China Appoints Ma Chongxian President.

Ma Chongxian was named President of Air China, effective immediately. . . . In other news, Civil Aviation Administration of China (CAAC) plans to strengthen the international air cargo sector. This will include upgrading to modern logistics, liberalization of cargo rights with major trading partners and the “Belt and Road” countries, building international air cargo hubs, improving digitalization, and meeting rapid customs clearance needs said CAAC Director Feng Zhenglin.

4. ASEAN, EU Conclude First Bloc-to-Bloc Air Transport Agreement.

See Section VII, item 3.

X. AMERICAS

1. Delta to Hire More Than 1,000 Pilots.

Delta plans to hire more than 1,000 pilots by next summer. About 1,800 took early retirement during the pandemic and about 1,700 on inactive status are due to return by fall. Delta is working with schools to develop pilot career paths.

2. American Cancels Flights Amid Surge in Demand.

American will add 10 new domestic destinations from Austin this fall with partners Alaska, British Airways and JetBlue, as well as nonstops to Cancun and Puerto Vallarta, Liberia, and Punta Cana. Year-round nonstops from Austin to Los Cabos and Nassau will follow this summer's seasonal service. . . . Amid the surge in demand, American cancelled hundreds of flights in June due to weather and labor shortages, then announced schedule adjustments, cancelling around 1% of flights for the remainder of June and July. Allied Pilots Association (APA), the union for American's pilots, said the carrier should offer more overtime "in advance to encourage staff to fill in as well as more flexibility in pilots' schedules to cover staffing shortages. They're trying to put a Band-Aid on something that needs stitches." APA said 1,000 Delta pilots took early retirement offers during the pandemic, while others took voluntary leaves of absence for up to a year. Some furloughed workers, recalled in late-December, are still completing recurrent training requirements and training to be certified on new aircraft types.

3. New CEO for Southwest in Planned Transition.

Southwest announced that Executive Vice President Corporate Services Robert Jordan will succeed Chairman and CEO Gary Kelly, effective February 1, 2022. Kelly will become Executive Chairman "with the desire to serve in that role through at least 2026 at the discretion of the Board of Directors." . . . Southwest extended its schedule through January 5, 2022, adding domestic destinations, including Eugene, Ore.; Bellingham, Wash.; and Syracuse, NY; as well as new nonstop international service from both Chicago O'Hare and Kansas City to Cancun. . . . Southwest cancelled hundreds of flights in June due to weather and labor shortages, as well as system outages.

4. Spirit Plans Strong Presence in Miami.

Spirit plans to offer 18 domestic and 12 international routes, beginning in October, from Miami International where a change in gate policy reduced the cost per passenger, said a company official speaking at Routes Americas

2021,. The carrier intends to maintain its presence at Fort Lauderdale and Orlando. Spirit began service from Milwaukee Mitchell to Las Vegas and Los Angeles International, with additional routes to come in November and December.

5. Frontier Tackles Pilot Shortage.

Frontier has teamed with Embry-Riddle Aeronautical University “to identify and cultivate the next generation of highly skilled commercial airline pilots.” . . . United recently launched United Aviate Academy, with a plan to have at least 50% of the students be women and people of color.

6. Air Canada Recalls 2,600 Employees Amid Domestic Demand.

“With Canada's ongoing vaccine roll-out acceleration together with various provincial governments' reopening plans that include travel, this summer is looking brighter,” said Air Canada, which is recalling more than 2,600 employees throughout June and July, for service to 50 domestic destinations, including new non-stop flights, and use of the Canadian-manufactured Airbus A220. Schedules may be adjusted based on the COVID-19 trajectory and government restrictions. . . . Air Canada is converting Boeing 767-300ERs into dedicated freighters and, beginning in October, Air Canada Cargo will operate them on routes linking Toronto to Miami, Quito, Lima, Mexico City and Guadalajara, initially, followed by Halifax, St. John's, Madrid and Frankfurt in early 2022. In 2020, pilots agreed to contractual changes that enable Air Canada to competitively operate dedicated cargo aircraft.

7. Delta Adds Transatlantic Flights.

See Section VIII, item 1.

8. Lufthansa's Eurowings Discover Set to Launch in July.

See Section VIII, item 2.

9. Aer Lingus Postpones Manchester to New York, Orlando.

See Section VIII, item 3.

10. Alaska, Qatar Plan Code Share Partnership.

See Section IX, item 1.

11. Emirates to Begin Service to Miami.

See Section IX, item 2.