



WASHINGTON AVIATION SUMMARY

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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. **Diversion of Ryanair Flight by Belarus Condemned.**

U.S. President Joe Biden and European Commission (EC) President Ursula von der Leyen were among world leaders who strongly condemned the May 23 hijacking of a Ryanair plane, which was authorized by Belarus President Alexander Lukashenko. Flight FR4978 was in Belarus airspace enroute to Vilnius from Athens when the pilots were falsely informed of a bomb threat and ordered to land in Minsk. A Belarusian MiG fighter jet was scrambled to escort the plane. “Belarus’s forced diversion of a commercial Ryanair flight, traveling between two member states of the European Union, and subsequent removal and arrest of Raman Pratasevich, a Belarusian journalist traveling abroad, are a direct affront to international norms,” said President Biden. The European Union will impose sanctions on individuals involved in the hijacking, and on businesses and economic entities that are financing the Lukashenko regime, said von der Leyen, and “adopt measures to ban overflights of the EU airspace and deny access to EU airports to Belarus airplanes.” The International Civil Aviation Organization (ICAO) said the forced landing “could be in contravention of the Chicago Convention,” and called an urgent meeting of the ICAO Council. The European Union Aviation Safety Agency (EASA) recommended that operators from EASA member countries, and third country operators authorized by EASA, avoid Belarusian airspace “unless such operations are deemed necessary for safe operations in unforeseen circumstances”; aviation authorities of member states “were recommended to pass this information on to their airlines, for inclusion in each airline’s own risk assessment process.” Pratasevich’s companion, Sofia Sapaga, was also forcibly removed from the plane and arrested.

2. **IATA: Passenger Numbers to Recover by 2023.**

Global passenger numbers are expected to recover to 52% of 2019 levels in 2021 and 88% in 2022, reports the International Air Transport Association (IATA) and Tourism Economics, and in 2023 will surpass pre-COVID-19 levels (105%). By 2030 global passenger numbers are expected to have grown to 5.6 billion, 7% below pre-COVID-19 forecast and an estimated loss of 2-3 years of growth due to the pandemic. Beyond 2030, air travel is expected to slow, due to weaker demographics and a baseline assumption of limited market liberalization, giving average annual growth between 2019 and 2039 of 3.2%. IATA’s pre-COVID-19 growth forecast for this period was 3.8%. . . . The forecast “should be a clarion call to governments,” said IATA Director General Willie Walsh, warning of potential airport chaos unless they move quickly to adopt

digital processes for the checking of vaccine and test certificates before traffic ramps up. “Technical solutions exist, but governments must agree on digital certificate standards and align processes to accept them,” said Walsh. “A good first step would be G7 agreement, with industry input, on a common set of COVID-19 travel requirements. The next step would be implementing and mutually recognizing those requirements.”

3. COVID News: U.S. Mask Mandate Remains in Effect on Planes, in Airports.

The Centers for Disease Control and Prevention (CDC) announced that fully vaccinated travelers with an FDA-authorized vaccine can travel safely within the United States. But while masking requirements were eased around the country, they remain in effect onboard commercial aircraft and in airports, with certain exemptions. The civil penalty fine structure starts at \$250 and rises to \$1,500 for repeat offenders who violate the face mask requirement, said the Transportation Security Administration. . . . In other COVID-19 news, U.S. and UK airlines requested a bilateral summit “to explore a path to safely and expeditiously reopen transatlantic travel in a manner that aligns with public health objectives,” in a letter to Department of Transportation (DOT) Secretary Pete Buttigieg and UK Transport Secretary Grant Shapps. As of early May, over 42% of the adult population had been fully vaccinated in the U.S., and 27% in the UK. In both countries, all adults who wish to be vaccinated are expected to have at least their first dose by the end of July. . . . In a letter to U.S. President Biden and British Prime Minister Boris Johnson, a coalition of U.S. and European groups said the G7 meeting in early June “would be an ideal opportunity for a joint announcement of the full reopening of the U.S.-UK air travel market for both U.S. and UK citizens.” . . . A new UK system for entry classifies countries by risk, assigning a green, amber and red rating. Quarantine-free, non-essential international travel resumed May 17 for countries on the green list. The U.S. is on the amber list. The EU agreed to allow entry for non-essential reasons for persons coming from countries with a good epidemiological situation and those who have received the last recommended dose of an EU-authorized vaccine. . . . The EU Digital COVID Certificate (previously called the Digital Green Certificate) is expected to launch by July 1. Available in digital and paper format, the certificate “is free of charge, secure and accessible to all,” said the EC. “It will cover vaccination, test and recovery [and] fully respects citizens' fundamental rights, including protection of personal data.” . . . G20 Tourism Ministers agreed on an agenda to support safe restoration of tourism, including an effort by industry and governments to share information; agreeing to common international approaches to COVID-19 testing, vaccination, certification and information; promoting digital traveler identity, biometrics and contactless transactions; providing accessible, consistent, clear and updated information to travelers to encourage and facilitate travel planning;

and maintaining and improving connectivity, safety and sustainability of transport systems.

4. FAA Proposes Civil Penalties Against Passengers.

The Federal Aviation Administration (FAA) has received about 2,500 reports of unruly behavior by passengers since January 1, 2021, including some 1,900 reports of non-compliance with the federal face mask mandate. Passengers can incur fines and jail time for assaulting or threatening airline crew or passengers. Recent civil penalties proposed by FAA range from \$9,000 for refusing to wear face masks and abusive behavior to flight attendants, to \$52,500 against a passenger who tried to open the cockpit door, struck a flight attendant in the face and had to be restrained with handcuffs until police boarded after landing and took him into custody. In some cases, flights had to be diverted so the abusive passenger could be removed from the aircraft. Alcohol not supplied by the airline, which is prohibited, was sometimes involved in these incidents. . . . "From April 8 to May 15, there were 477 passenger misconduct incidents on Southwest Airlines aircraft," wrote the Southwest Flight Attendants Union to CEO Gary Kelly, citing a May 23 incident in which a flight attendant was seriously assaulted, resulting in injuries to the face and a loss of two teeth. They urged the airline "to take a strong stance to ensure that unruly passengers are not welcome to travel with us" and to demand that the U.S. government increase the number of Federal Air Marshals (FAM) onboard aircraft to take action when a threat to a cabin crew member is present.

5. FAA Completes Rule Establishing Pilot Records Database.

A new rule from FAA will enable sharing of pilot records among employers in an electronic database maintained by the agency. The final rule for the Pilot Records Database requires air carriers and other operators to report pilots' employment history, training, and qualifications to the database, and to review database records when considering pilots for employment. The database will include FAA pilot certificate information, such as certificates and ratings; FAA summaries of unsatisfactory pilot applications for new certificates or ratings; FAA records of accidents, incidents, and enforcement actions; records from employers on pilot training, qualification, and proficiency; pilot drug and alcohol records; employers' final disciplinary action records; pilot records concerning separation of employment; and verification of pilot motor vehicle driving record. "The rule has been thoroughly debated and incorporates feedback from all aviation stakeholders," said FAA.

6. Spirit Files Supplement to Complaint Against American, JetBlue.

Spirit Airlines filed a supplement to complaint with DOT against American and JetBlue, charging that their Northeastern Alliance (NEA) consolidates

competition and, combined with American's West Coast International Alliance with Alaska Airlines, will keep other carriers out of major U.S. markets. Earlier complaints by Spirit and others against the NEA charge that the former Administration conducted a rushed and lax approval process, without public comment.

7. FAA Clears Boeing Solution to MAX Electrical Power System Defect.

FAA approved Boeing's solution to an electrical power system defect; the affected 109 B-737 MAX aircraft were grounded in April. Boeing issued service bulletins to customers who completed the work to return their airplanes to service, and was also completing the work before resuming deliveries. FAA is investigating why Boeing missed the production change that was the root of the problem, The Wall Street Journal reported, and Boeing is conducting its own review. FAA said it will examine Boeing's process for making minor design changes across its product line, with the goal of identifying areas where the company can improve; the review could lead to changes in FAA oversight of Boeing. . . . House Transportation Committee Chair Peter DeFazio (D-OR) and Aviation Subcommittee Chair Rick Larsen (D-WA) are seeking records from Boeing and FAA regarding continued production issues with the MAX and the 787 Dreamliner, "including electrical problems, the presence of foreign object debris in newly manufactured aircraft, and other issues pointing to quality control problems and the ability of the FAA to properly oversee both production facilities." . . . Several hundred relatives and friends of passengers who died in the 2019 Ethiopian Airlines MAX crash signed a letter to President Joe Biden and DOT Secretary Pete Buttigieg demanding the ouster of FAA Administrator Stephen Dickson and other FAA officials. Family members met with DOT officials, who reportedly said they will review FAA personnel and recent reform legislation passed by Congress. . . . FAA ordered Boeing to inspect older generation 737s, following an interim report from Indonesian investigators of the crash of a Sriwijaya Air Boeing 737-500 in January after takeoff from Jakarta; 62 people were killed; 143 aircraft built in the 1980s and '90s are involved, according to an FAA document seen by AFP.

II. AIRPORTS

1. FAA Awards New AIP Grants.

FAA will award more than \$898.9 million in infrastructure and safety projects through the FY2021 Airport Improvement Program (AIP). This total includes \$113.5 million in American Rescue Plan Act funding to award all grants at a 100% federal share. A \$26.7 million grant to Denver International is among 488 made to 447 airports in 49 states and American Samoa, the Northern Mariana Islands and Puerto Rico. Denver will use the funds to rehabilitate runway pavement and lighting systems to enhance safe airfield operations during low-visibility conditions and to rehabilitate a taxiway.

2. West Gates Open at LAX Tom Bradley Terminal.

The West Gates at Los Angeles International's (LAX) Tom Bradley International Terminal opened officially. Part of the airport's \$14.5 billion modernization, the \$1.73 billion, five-level, 750,000 sq. ft. facility will serve both international and domestic flights. The project includes over 1.5-million- sq. ft. of new aircraft apron and taxiways/taxi lanes, as well as underground utility improvements, and has the flexibility to offer 12 to 15 gates depending on aircraft size. Two gates can serve Group VI aircraft, such as the Airbus A380 or Boeing 747-8. Most of the remaining gates can handle Group V aircraft, such as the Boeing 777 and 787 and the Airbus A330. The project was funded from LAX operating revenues, Capital Improvement Program funds, fees from airlines, passenger facility charges and airport revenue bond proceeds. No money was used from the city's General Fund or taxpayers.

3. Spirit Wins Appeals Court Case on Newark Slots.

A ruling by the U.S. Court of Appeals for the DC Circuit found that FAA acted improperly in choosing to not reallocate Newark slots vacated by Southwest in 2019, preventing Spirit from increasing its presence at the airport. "FAA's decision was arbitrary and capricious because the agency disregarded warnings about the effect of its decision on competition at Newark," said the court. "We therefore grant Spirit's petition for review and vacate the FAA's decision to retire the peak-period flight authorizations previously held by Southwest." The case was brought by Spirit Airlines and supported by Airports Council International – North America.

4. Philadelphia, Heathrow Sign MoU to Support Route Recovery.

Philadelphia International and London Heathrow signed a memorandum of understanding (MoU) to facilitate recovery of the route and U.S.-UK connectivity. They asked their governments to support withdrawal of travel

restrictions, and American Airlines and British Airways to increase airline-to-airport cooperation. Heathrow is Philadelphia's busiest transatlantic route, with more than 2,200 annual flights and 455,000 passengers in 2019. . . Before the pandemic, Philadelphia was American's main gateway to Europe. American has added passenger service from Philadelphia to London, Dublin and Amsterdam, despite travel restrictions, and, said the airline, the three routes "have a significant amount of cargo demand, so we're operating full bellies on these aircraft."

5. **Newark Liberty Cargo Enhancements Planned.**

Newark Liberty cargo operations will be expanded, said Port Authority of New York and New Jersey, which has issued a request for proposals to pre-qualified firms to lease, operate and maintain two of the airport's major cargo buildings through renovations. The airport is a major international shipping hub for carriers such as FedEx and UPS, and nearly 40% of cargo currently handled is carried in domestic and international passenger flights. "These modernized and other existing multi-tenant cargo facilities will offer additional facility choice and cargo connectivity to passenger terminals," said the Port Authority. Newark Liberty is in the midst of an airport-wide redevelopment; a new Terminal A is being completed and an outmoded AirTrain is being replaced.

6. **Oakland Plans Major Expansion.**

Port of Oakland is proposing a new terminal and modernized Terminals 1 and 2 for Oakland International, with consolidation of passenger processing functions (ticketing, baggage check-in, security) and expanded Customs and Border Protection (CBP) facilities. The current 29 aircraft gates would increase by 17. A draft environmental impact report for the OAK Terminal Development Project has been circulated and community meetings are scheduled. The second largest airport in the San Francisco Bay Area, Oakland handled 13.4 million passengers in 2019. March 2021 passenger traffic increased by 59.6% over February; 116 million pounds of air cargo were transported in March, up 18.6% year-over-year and 22.6% from February.

7. **Cleveland Hopkins Plans \$1.8 Billion Renovation.**

Cleveland Hopkins proposed a 20-year master plan to the City's Transportation Committee, with an estimate of \$1.8 billion to modify and expand the terminal and add new concourses and more parking, which airlines likely would fund. A new exit from an interstate highway and reconfigured roadways are also part of the plan.

8. FAA Issues Environmental Decision for Burbank Terminal Project

FAA issued its final environmental decision on the proposed replacement passenger terminal project for Bob Hope “Hollywood Burbank” Airport, finding “either no impacts or no significant impacts on more than a dozen environmental categories.” The decision enables the Burbank-Glendale-Pasadena Airport Authority to proceed with the project, which would include a new 355,000 sq. ft., 14-gate passenger terminal. The existing, 14-gate terminal, built in 1929, does not meet current FAA safety standards because of proximity to taxiways and runways. The project also would include a 45,900 sq. ft. aircraft apron, public parking structure, airline cargo building, passenger terminal access road, aircraft rescue and firefighting station, central utility plant, and other infrastructure. A number of structures and facilities would be removed or demolished. The proposed project does not involve changes to airspace procedures. FAA’s proposed amendments to two existing Burbank departure procedures are an independent project undergoing a separate federal environmental review.

9. Kansas City Building \$1.5 Billion Terminal.

A new, \$1.5 billion terminal under construction at Kansas City International will replace three terminals that date back to the 1972 airport opening. The project, scheduled to open in March 2023, includes the 1.1 million sq. ft. facility, 39 gates, a 6,300-space parking garage, and airside and landside improvements.

10. Amazon Air Now Flies to More Than 40 U.S. Airports.

Amazon Air added daily service to Pittsburgh International, where it is leasing a 50,000 sq. ft. area to sort packages; site managed by logistics partner, Trego-Dugan Aviation. . . . Amazon Air began flying daily to Kansas City International where it is leasing a 34,000 sq. ft. area to sort packages; site managed by logistics partner PrimeFlight Cargo. . . . Amazon plans to build a 270,000 sq. ft. sortation facility in an industrial complex adjacent to Tulsa International, whose tenants include Spirit AeroSystems, American Airlines Tech Ops-Tulsa, Oklahoma Air National Guard, Lufthansa Technik, L3Harris, FedEx and BizJet International. Amazon Air now flies to more than 40 U.S. airports.

11. Ben Gurion Closes During Rocket Attacks.

Tel Aviv Ben Gurion International Airport closed during rocket attacks between Israel and Gaza, and many airlines suspended flights. Meanwhile, Israel has opened its borders to international travel and in a pilot program is admitting a limited number of vaccinated tour groups.

12. “Aerial Silk Road” Links China, Budapest.

An “aerial Silk Road” between Budapest and Zhengzhou is the aim of a cooperation agreement signed by Budapest Airport, Chinese Henan Airport Group, and Chinese-Hungarian business and logistics development company CECZ/Utlink (Central European Trading and Logistic Cooperation Zone). Direct Budapest-Zhengzhou cargo service was launched last October, organized by CECZ/Utlink, with five weekly Hainan-operated Boeing 747 flights. Cainiao, Alibaba’s logistics company, designated Budapest Airport as its East-Central European hub. The parties are conducting negotiations for creation of a Chinese logistics hub at Budapest Airport, which would provide an annual cargo handling capacity of several hundred thousand tons.

III. SECURITY AND DATA PRIVACY

1. **TSA Update.**

The Transportation Security Administration (TSA) screened 1,743,515 people at U.S. airport checkpoints on May 13, compared to 234,928 on same weekday in 2020 and 2,611,324 in 2019. . . . On May 14, TSA had 278 employees with active COVID-19 infections. Since the start of the pandemic, TSA has had 7,967 federal employees test positive; 16 have died, as has one screening contractor. . . . With the start of summer travel, TSA alerted travelers to checkpoint changes, including new Credential Authentication Technology (CAT) and Computed Tomography (CT), which reduce physical contact. TSA deployed 501 CAT units to 88 airports and 323 CT units to 141 airports nationwide. The modified CAT unit allows passengers to scan their ID to complete the identity verification process and eliminate the need to hand the credential to a TSA officer. The CT units provide TSA officers the ability to review a 3D image of passengers' bags and reduce the need to search the bag's contents. Passengers screened in security lanes with CT units do not need to remove their 3-1-1 bag or electronics. In addition, TSA installed acrylic barriers throughout its checkpoints nationwide.

2. **Breeze Airways Begins Operations with TSA PreCheck.**

Startup Breeze Airways is participating in TSA PreCheck, bringing total number of airlines in the expedited screening program to more than 80.

3. **Cyberattack Affects Fuel Supply.**

A DarkSide ransomware attack compromised Colonial Pipeline networks, confirmed the FBI, causing fuel shortages in several states. American Airlines added refueling stops to some flights from Charlotte, North Carolina, reported the New York Times, and Southwest flew in supplemental fuel to Nashville.

IV. TECHNOLOGY AND EQUIPMENT

1. Delta, Sabre Sign New Global Distribution Agreement.

Sabre's New Airline Storefront, developed in collaboration with Delta and others, is available in Sabre Red 360 and provides digital "shelves" that organize airline offerings in a side-by-side display to enhance the traveler's shopping experience. "Our vision is to shift the mindset of the entire ecosystem toward modern retailing, selling customers what they want, where they want it and how they want it across all channels," said a Delta official, as we establish "a new and exciting path forward for third-party distribution." Delta and Sabre signed a new multi-year global distribution agreement.

2. Google, European Travel Commission Collaborate.

Google has joined the European Travel Commission (ETC) as an Associate Member to help drive the European tourism sector's recovery. The collaboration will help build digital capabilities of tourism organizations in Europe through tailored training events for ETC members, equipping them for digital transformation and market agility. It will also guide policy and decision making in the tourism sector through joint research and thought leadership initiatives. As part of their work to support the travel and tourism sector, Google launched the UNWTO and Google Tourism Acceleration Program to foster digital transformation and skills towards recovery of the sector in Europe. . . . The ETC quarterly report 'European Tourism Trends & Prospects' forecasts that international arrivals to Europe will remain 46% below 2019 levels in 2021, with a full recovery not expected until 2024. ETC data shows that 56% of Europeans are willing to travel by the end of August.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on May 7 was \$73.39/barrel, up 9.7% on the month and up 180.4% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$67/barrel.

2. A4A: SAF Production Needs to Be Ramped Up Rapidly.

With an industrywide goal of net-zero carbon emissions by 2050, production of sustainable aviation fuel (SAF) needs to be ramped up rapidly and extensively, said Airlines for America (A4A) Environmental Affairs Vice President Nancy Young, at an International Aviation Club virtual event, “Aviation’s Sustainability Surge.” A4A is calling on the Biden Administration and Congress to enact supportive measures such as an up to \$2 per gallon blender’s tax credit for SAF, which costs up to four times as much as conventional jet fuel. . . . A4A and other industry groups sent members of Congress a package of proposals that would advance the aviation sector’s environmental goals, for inclusion in infrastructure legislation. The proposals focus on SAF development, production and distribution; low- and zero-emission technologies deployment; aviation environmental research and development; and air traffic management modernization.

3. Air France Long-Haul Flight Powered by SAF Produced in France.

An Air France Airbus A350 flight from Paris-Charles de Gaulle to Montreal, powered by SAF produced in Total’s French plants from used cooking oil, was the first 100% French SAF. “The 16% blend on this flight avoided the emission of 20 tons of CO₂,” said the airline. French legislation calls for aircraft to use at least 1% SAF by 2022 for all flights originating in France, ahead of the European ambition to gradually ramp up to 2% by 2025 and 5% by 2030, as part of the European Green Deal.

VI. U.S. CONGRESS

1. Senators to Airlines: Offer Cash Refund for Pandemic-Related Cancelations.

“Looming expiration dates and complex airline policies may be encouraging travelers to fly before they feel safe boarding a plane,” wrote Senate Commerce Committee members Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.) to domestic airlines, urging them to make pandemic-related flight credits valid indefinitely by default. A cash refund should be offered, wrote the senators. “It is unconscionable that airlines are largely refusing to return customers’ money even as the industry sits on more than \$10 billion in unused travel credits. However, even as we continue to push for these cash refunds, it is imperative that, at a minimum, your company does not subject pandemic-related flight credits to an expiration date.” The letters, sent to Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United, included questions that required responses by May 28.

2. House Appropriations Holds FAA Safety Oversight Hearing.

A House Appropriations Subcommittee held a hearing to examine aviation safety and how FAA can strengthen its oversight of the national airspace system. Among his opening remarks, Subcommittee Chair David Price (D-NC) noted that the Administration has signaled support for covering growing costs of managing airspace, improving aviation safety, updating data analytics and decision-making, and modernizing air traffic in its preliminary FY22 budget. He said FAA needs to ensure that safety is measured and achieved in the way aircraft are built, tested, and maintained, airports are designed, and air traffic control is managed, without providing a commercial advantage to any one manufacturer, operator, technology or airport. “The aviation industry is changing rapidly, and the FAA needs to keep pace without lowering its standards or relinquishing its authority. In other words, the tail cannot wag the dog. The FAA needs to raise the expectations and guide the direction of its workforce, its counterparts, and the industry.” . . . In his testimony, FAA Administrator Steve Dickson outlined steps taken before he issued the November 2020 order rescinding the grounding of the Boeing 737 MAX. He also addressed recent electrical problems in the MAX, which grounded a large number of aircraft.

3. “Fair and Open Skies Act” Introduced in House.

Bipartisan legislation introduced in the House seeks to preclude new foreign airlines from operating to and from the United States when they exploit “flags of convenience” to avoid regulations of their home countries, or otherwise undermine labor standards. Specifically, the “Fair and Open Skies Act” requires DOT to ensure that any new permit issued to a foreign airline that will fly

between the United States and Europe under the U.S.-EU-Norway-Iceland Air Transport Agreement is consistent with the agreement's requirements regarding fair labor standards and fair competition. The bill responds to recent announcements from startup Norse Atlantic of intent to offer low-cost Dreamliner service to "destinations such as New York, Los Angeles, Miami, London, Paris and Oslo" by year-end. Similar legislation was introduced after DOT issued a foreign air carrier permit in 2016 to Norwegian Air International (NAI), a subsidiary of Norwegian Air Shuttle. NAI established itself in Ireland to avoid Norway's strong labor protections and employing crews on cheap, short-term contracts governed under Singapore law, said bill sponsor Peter DeFazio (D-OR), Chair of the House Transportation Committee. NAI has since shuttered transatlantic service.

4. Senators Urge FTC to Protect Consumers from Travel Scams.

The Federal Trade Commission (FTC) was asked to do more to protect American consumers from travel scams, in a letter from Senators Amy Klobuchar (D-Minn.) and Steve Daines (R-Mont.). Examples include scammers posing as travel advisors or creating fake airline websites to sell counterfeit tickets. A recent FTC report found consumers have lost more than \$400 million to fraud since the pandemic began.

5. Virtual Hearing on ATC Modernization.

A virtual roundtable titled "Final Approach: An Update on ATC Modernization" was held by the House Aviation Subcommittee to address NextGen delays and cost increases. FAA "has set expectations, they've made promises, and unfortunately, those promises have not been delivered upon. Now it would be easy to sit here and exclusively blame the FAA, but the reality is Congress has some culpability as well in regard to irregular funding streams, government shutdowns, and other challenges," said Subcommittee Ranking Member Garret Graves (R-LA). Witnesses included National Air Traffic Controllers Association (NATCA) President Paul Rinaldi, who stressed that stop and go funding "undermines air traffic control services, staffing, hiring, training, and timely implementation of long-term modernization projects. It affects preventative maintenance of FAA physical infrastructure." Our enroute centers are almost 60 years old, he added. Towers and TRACONs are in need of repair and replacement. Many facilities have exceeded their life expectancy. Some need critical replacement of systems such as roofs, windows, and HVAC systems, elevators, and plumbing.

6. "Move America Act" Would Help Finance Local Infrastructure.

The "Move America Act" was reintroduced in the Senate by John Hoeven (R-ND) and Senate Finance Committee Chair Ron Wyden (D-OR) to address aging

infrastructure, including airports. The Move America program would create Move America Bonds to expand tax-exempt financing for public-private partnerships and Move America Credits to leverage additional private equity investment at a lower cost for states. Airports Council International supports the bill.

7. **“Advanced Air Mobility Act” Passed in Committee.**

The “Advanced Air Mobility (AAM) Coordination and Leadership Act” was advanced by the Senate Commerce Committee to be considered by the full Senate. The legislation directs DOT to establish an interagency group to work with the civil aviation industry to plan and coordinate efforts related to the safety, infrastructure, physical security, cybersecurity, and federal investment of AAM, an air transportation system that moves people and cargo using new aircraft designs that are integrated into existing airspace operations and operated in local, regional, intraregional, rural, and urban environments. “American aviation is entering a new era of innovation and growth, and industry leaders should have a seat at the table as the federal government creates programs to advance the development of this technology and sets safety and operation standards,” said bill sponsor Jerry Moran (R-Kan.).

8. **Hearing on Reviving International Travel and Tourism.**

The Senate Commerce Subcommittee on Tourism, Trade, and Export Promotion held a hearing titled, “Reviving International Travel and Tourism to Create and Restore Jobs.” Witnesses included Brand USA President and CEO Christopher Thompson, who urged Congress to provide resources to the public-private partnership to hasten international travel recovery. “Fiscal Year 2022 will see historic growth rates in global travel as the world begins to move again,” he said. The Brand USA mission is “to increase international visitation and spend to fuel our nation’s economy and enhance the image of the USA worldwide.”

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. FAA Downgrades Mexico's Safety Rating.

During a reassessment of Mexico's civil aviation authority, Agencia Federal de Aviacion Civil (AFAC), from October 2020 to February 2021, FAA identified several areas of non-compliance with minimum ICAO safety standards and has downgraded Mexico's safety rating to Category 2 from Category 1. The new rating allows Mexican carriers to continue existing service to the United States, but prohibits new service and routes. U.S. airlines will no longer be able to market and sell tickets with their names and designator codes on Mexican-operated flights. FAA will increase scrutiny of Mexican flights to the United States. FAA said it "is ready to provide expertise and resources in support of AFAC's ongoing efforts to resolve the issues identified in the International Aviation Safety Assessment (IASA) process. Both AFAC and FAA share a commitment to civil aviation safety. Sustained progress can help AFAC regain Category 1."

2. DOT Limits Aerolineas Argentinas Operations to U.S.

DOT is limiting Aerolineas Argentinas operations to the U.S., responding in kind to limits placed on U.S. carrier operations to Argentina by that government during the pandemic. DOT found that although Aerolineas initially reduced U.S.-Argentina passenger service in February by about 43%, it increased the service to a level that amounts to just an 18% reduction in April. U.S. carriers have not been permitted comparable increases. Aerolineas is currently the only Argentine carrier providing scheduled combination services in the U.S.-Argentina market with its own aircraft. American, Delta and United provide passenger services in the market. From June 17, the flag carrier will be required to obtain prior approval from DOT to operate flights to the U.S.

3. U.S. Enters International Probe of Bombardier, Garuda.

The U.S. Department of Justice joined an international investigation into suspected bribery related to sales of Bombardier planes to Garuda Indonesia in 2011 and 2012. Bombardier has disclosed that DOJ requested documentation for this and other ongoing inquiries. A former Garuda CEO and a Singapore-based consultant have received prison sentences as a result of the probe. Bombardier said no charges were brought against it or any of its directors, officers or employees, and external counsel is conducting an internal review into the Garuda transactions.

VIII. EUROPE AND AFRICA

1. Delta Adds European Service.

Delta resumed flights from New York Kennedy to Iceland and Athens and will operate COVID-tested flights from Kennedy daily to Milan; three times per week to Rome, increasing to daily July 1; and daily to Venice beginning July 2. Delta's first flights to Croatia begin July 2 with nonstop service four times per week to Dubrovnik for fully vaccinated travelers or customers who meet testing requirements. Delta is flying daily between Atlanta and Rome, and begins Atlanta to Venice and Boston to Rome on August 5. Delta flights to Italy are operated with partner Alitalia. Service start dates subject to change pending evolving travel restrictions and demand.

2. United to Increase Service to Europe.

United will add more than 400 daily flights to its July schedule and operate 80% of its pre-pandemic U.S. schedule. European service from New York Newark will increase with the launch of Dubrovnik and daily service to Athens with a larger aircraft. Washington Dulles will see new service to Athens and an added second flight to Frankfurt, with one-stop connections to over 50 cities in Europe. United also plans to resume flights from Newark to Barcelona, Lisbon and Madrid.

3. American Adds Service to Italy, Spain.

American is offering quarantine-free flights from New York Kennedy to Italy—daily to Milan and three-times weekly to Rome. Passengers are required to provide proof of a negative COVID-19 test upon arrival, when a second test is administered. . . . As Spain announced it would welcome fully vaccinated visitors beginning June 7, American said it will add two flights to existing Madrid service. The carrier offers daily flights to Barcelona from Miami and to Madrid from Dallas-Fort Worth.

4. JetBlue to Launch London Heathrow, Gatwick Service.

JetBlue will launch transatlantic service with Airbus A321LR nonstops from New York Kennedy to London Heathrow on August 11, and Gatwick on September 29. London service from Boston starts in summer 2022.

5. Lufthansa Accelerates Fleet Modernization.

Lufthansa announced seven summer 2022 long-haul tourist connections, including Fort Myers, Panama City, Salt Lake City and Kilimanjaro from Frankfurt, and Punta Cana, Cancún and Las Vegas from Munich. This summer, the flight schedule includes Mombasa (Kenya) with onward flights to Zanzibar

(Tanzania). . . . Lufthansa Group is accelerating fleet modernization and purchased five Airbus A350-900s and five Boeing 787-9s, to replace the A340. A total of 175 new aircraft will be delivered to Lufthansa Group airlines in this decade. This year, Lufthansa will take delivery of a new A320 family aircraft on average every month. Delivery of a further 107 A320 Family aircraft is planned until 2027. . . . Lufthansa Group reduced its first quarter operating loss, compared to prior year; operating expenses were reduced by 51%.

6. **Diversion of Ryanair Flight by Belarus Condemned.**

See Section I, item 1.

7. **Qatar CEO Akbar Al Baker Named oneworld Chairman.**

See Section IX, item 1.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. **Qatar CEO Akbar Al Baker Named oneworld Chairman.**

Qatar Airways Group CEO Akbar Al Baker was named oneworld Chairman. He succeeds Qantas Group CEO Alan Joyce, who had served in the role since September 2018.

2. **JAL Suspends Launch of Narita-Chicago O`Hare Route.**

Japan Airlines will suspend the launch of the Narita-Chicago O`Hare route and reduce service between Narita and Honolulu. JAL plans to acquire Spring Airlines Japan, a unit of Chinese low-cost carrier Spring Airlines.

3. **Cairn Energy Sues Air India to Enforce \$1.2 Billion Arbitration Award.**

Cairn Energy sued Air India in U.S. District Court for the Southern District of New York, seeking to make the airline liable for \$1.2 billion awarded by an arbitration tribunal in December in a tax dispute against India. The lawsuit argued that as a state-owned company, the carrier is "legally indistinct from the state itself." India, which wants to privatize Air India, has filed an appeal against the arbitration award; Cairn said it is pursuing a settlement while also preparing to seize Indian assets, which could include Air India's airplanes, should talks fail.

4. **ACCC Issues Draft Rejection of Qantas-JAL Coordination.**

The Australian Competition and Consumer Commission (ACCC) issued a draft rejection of an application by Qantas and Japan Airlines (JAL) to coordinate flights between Australia and Japan for three years under a proposed five-year joint business agreement, as public benefits from the coordination do not outweigh the harm to competition.

5. **Diversion of Ryanair Flight by Belarus Condemned.**

See Section I, item 1.

X. AMERICAS

1. Alaska Plans Fleet Growth, Route Expansion.

Alaska Air Group is adding 17 new Embraer 175s to the regional fleet in 2022 and 2023, nine to be operated by Horizon Air and eight by SkyWest, bringing the regional fleet to 111 planes. Alaska is also exercising options for 13 Boeing 737-9 MAX deliveries in 2023 and 2024. . . . Alaska will begin new nonstop service to Belize City from the West Coast; ticket sales begin in early June.

2. Frontier Adds Burbank Flights, Expands at Ontario.

Frontier added Hollywood Burbank to its network with nonstops to Denver, Las Vegas and Phoenix beginning in July; introductory fares from \$19. New nonstops from Ontario to Hartsfield-Jackson Atlanta begin in July, and nonstop Denver service expands to 11 weekly. New service from San Juan, Puerto Rico to Punta Cana, Dominican Republic begins in June, bringing nonstop destinations from San Juan to 10. . . . In its first quarterly earnings report since becoming a public company, Frontier Group Holdings noted “a strong rebound in demand as leisure travel strengthened ahead of spring break and Easter, leading the company to be cash positive in March. We are well poised to take advantage of the recovery and expect to return to profitability in the second half of 2021,” said President and CEO Barry Biffle.

3. Allegiant Plans Los Angeles Expansion.

Allegiant Travel Company is relocating Los Angeles International operations to Terminal 1 and the new West Gates at Tom Bradley, and locating a fourth Airbus A320 aircraft at the airport. . . . Allegiant plans to hire 184 pilots in coming months, a nearly 19% increase to the current roster. . . . The company secured \$295.7 million in its public offering of 1.35 million common shares and expects to use net proceeds for airline growth opportunities and general corporate purposes, including acquisition of aircraft and repayment of debt.

4. Neeleman’s Breeze Airways Begins Flight Operations.

Breeze Airways received its Air Operator’s Certificate and announced a network of nonstop routes between underserved destinations, starting with Tampa, Charleston and Hartford. The Salt Lake City-based budget carrier said destinations to come would include Louisville, Tulsa, Norfolk, Fayetteville, Akron/Canton, Oklahoma City, Columbus, New Orleans, Pittsburgh, Richmond, San Antonio, Huntsville, and Providence. Breeze founder and CEO David Neeleman also launched Brazil’s Azul, JetBlue, Westjet and Morris Air.

5. Startup Avelo Expands to East Coast.

Startup Avelo Airlines announced its first East Coast base at Tweed New Haven Airport and is investing \$1.2 million to help upgrade and modernize facilities and operations, part of a \$100 million project for a new terminal and extended runway organized by airport operator Avports. With operations to begin in third quarter this year, the carrier plans to hire more than 100 mostly local pilots, flight attendants, customer support personnel and technicians. Avelo launched in April from Hollywood Burbank with service to Charles M. Schulz–Sonoma County Airport, and has announced Boeing 737-800 non-stop service to 11 western U.S. destinations.

6. Delta, LATAM JV Approved by Colombia.

Delta and LATAM and subsidiary LATAM Airlines Colombia received approval of their Joint Venture without conditions by the Civil Aviation Authority of Colombia. The Joint Venture will improve air connectivity and provide passengers and cargo customers a seamless travel experience between North and South America once regulatory approvals have been obtained, said LATAM. The agreement was also granted authorization of regulatory entities in Brazil and Uruguay, while the review process continues in other countries, including Chile. Delta and LATAM code share on LATAM-operated flights to points in Brazil, Colombia, Ecuador and Peru when connecting with Delta-operated flights to/from the U.S. . . . Separately, LATAM Brasil said it will exit code share arrangements with Azul, effective August 22, as Azul announced it “has hired advisors and is actively exploring industry consolidation opportunities in the region.”

7. Diversion of Ryanair Flight by Belarus Condemned.

See Section I, item 1.

8. FAA Downgrades Mexico’s Safety Rating.

See Section VII, item 1.

9. DOT Limits Aerolineas Argentinas Operations to U.S.

See Section VII, item 2.

10. Delta Adds European Service.

See Section VIII, item 1.

11. United to Increase Service to Europe.

See Section VIII, item 2.

12. **American Adds Service to Italy, Spain.**
See Section VIII, item 3.
13. **JetBlue to Launch London Heathrow, Gatwick Service.**
See Section VIII, item 4.
14. **Qatar CEO Akbar Al Baker Named oneworld Chairman.**
See Section IX, item 1.
15. **JAL Suspends Launch of Narita-Chicago O`Hare Route.**
See Section IX, item 2.