



WASHINGTON AVIATION SUMMARY

AUGUST 2021 EDITION

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The Kirstein & Young law firm specializes in representing U.S. and foreign airlines, airports, leasing companies, financial institutions and aviation-related companies before U.S. Government agencies, Congress, the courts and in commercial and financing matters.

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I. REGULATORY NEWS

1. Biden Executive Order on Competition Addresses Aviation.

President Biden issued an executive order on competition which includes mandates for the aviation industry regarding transparency, consumer protection, airport slot allocation and other issues. The order also requires the Secretary of Transportation to appoint or reappoint members of the Aviation Consumer Protection Advisory Committee (ACPAC). As required, Secretary Pete Buttigieg appointed one representative each from U.S. airlines, consumer groups, airports and State or local governments. Maura Healey, Attorney General of Massachusetts, is the State government representative; she will also act as ACPAC Chair. John Breyault, Vice President of Public Policy, Telecommunications, and Fraud at National Consumers League, is the new consumer representative. Patricia Vercelli, General Counsel of Airlines for America, will continue as airline representative, and Mario Rodriguez, Executive Director of the Indianapolis Airport Authority, as the airport representative. Buttigieg announced the creation of the Anti-Discrimination Subcommittee of ACPAC to review airline policies, procedures and practices to prevent discrimination against travelers based on race, ethnicity, national origin, religion, ancestry, gender, gender identity and sexual orientation.

2. DOT Proposes Baggage Fee Rule to Protect Consumers.

Also in response to the new Executive Order, the Department of Transportation (DOT) published a Notice of Proposed Rulemaking (NPRM) requiring airlines to refund fees for checked bags that are delayed beyond 12 hours for domestic flights and beyond 25 hours for international flights. Under the existing rule, passengers are entitled to a refund if checked bags are lost. The new rule would also require airlines to promptly refund fees for ancillary services, such as advance seat selection and wi-fi, that are not provided; the existing rule requires a refund for services not provided due to an oversale situation or flight cancellation.

3. Consumer Groups Meet with DOT Secretary Buttigieg.

Representatives of consumer groups met with Secretary Buttigieg, the first such meeting with a DOT Secretary in nearly five years. They urged specific actions, including giving them access to policy-making processes at DOT and the Federal Aviation Administration (FAA) on par with the airlines the agencies regulate. They want DOT to immediately ensure that ticket vouchers issued during the pandemic will never expire; that DOT's upcoming "Airline Ticket Refunds" NPRM ensures that airlines "can never again deceptively steer

consumers towards ticket vouchers when they have a right to a full refund because of airline-initiated flight cancellations”; and that consumers holding non-refundable tickets, who cancelled travel plans because of COVID due to doctor’s recommendation, local, state or federal health regulations, or other medical guidance, be provided refunds if they cannot or do not want to use vouchers. They urged DOT to start a rulemaking to ensure that families with children 13 and under can sit together on flights without incurring additional fees or higher fares. Despite a 2016 congressional directive for DOT to address this issue, nothing has been done, and a Freedom of Information Act request from Consumer Reports indicates children as young as one, two or three years old have been assigned seats alone; such policies “comprise evacuation safety and COVID-19 health protocols, and can even put children at risk of sexual assaults.” They want a rulemaking for minimum seat sizes and updated emergency evacuation standards to be completed within one year, and cited a September 2020 DOT Inspector General’s report that found FAA emergency evacuation testing standards outdated and badly flawed.

4. FAA Recorded Over 3,500 Unruly Passenger Cases Year-to-Date.

FAA recorded 3,509 unruly passenger reports year-to-date as of July 20. Of these, 2,605 incidents were related to noncompliance with the federal mask mandate. 581 investigations were initiated, compared to 183 in 2020, and 146 in 2019. FAA can propose up to \$37,000 per violation; previously, the maximum civil penalty per violation was \$25,000. One incident can result in multiple violations. . . . In early July, FAA proposed civil penalties against nine passengers ranging from \$7,500 to \$21,500 for allegedly interfering with flight attendants who instructed passengers to obey cabin crew instructions and various federal regulations. The cases involve assaulting flight crew and other passengers, drinking alcohol brought aboard the plane and refusing to wear facemasks. In one case, a passenger being removed from a flight punched a female passenger who was holding a small infant. In another case, as the flight was preparing to depart a passenger called 911 reporting that the aircraft was being hijacked. Armed law enforcement boarded and evacuated passengers and crew. The passenger then called the FBI and mentioned a bomb. The aircraft was taken out of service for bomb screening and all passengers and crew were screened. The passenger’s false claims resulted in a multi-hour flight delay.

5. As COVID Delta Variant Spreads, U.S. Maintains Travel Bans.

The White House confirmed, on July 26, it will maintain travel restrictions, because “the more transmissible Delta variant is spreading both here and around the world.” Entry to the U.S. is banned for most travelers from the UK, Ireland, the European Union (EU), China, India, South Africa, Brazil and Iran.

The U.S. State Department and Centers for Disease Control and Prevention (CDC) urged Americans to avoid visiting the UK. But from August 2, fully vaccinated passengers in Europe and the U.S will be able to travel to England without having to quarantine on arrival. UK Prime Minister Boris Johnson said he is discussing a travel corridor with the United States. Earlier, a group of UK airlines and airports sued the British government, challenging a lack of transparency in how it categorizes countries on green, amber and red lists.

The International Air Transport Association (IATA) called on governments to address the high cost of COVID-19 tests and adopt World Health Organization (WHO) guidance to consider exempting vaccinated travelers from testing requirements. Testing also needs to be appropriate to the threat level, said IATA. For example, in the UK, of 1.37 million tests conducted on arrivals from amber countries, just 1% tested positive over four months; nearly three times that number of positive cases are detected in the general population daily.

The International Civil Aviation Organization (ICAO) issued new guidelines to assist countries seeking to establish public health travel corridors during their COVID-19 recovery phases. The implementation package (iPack) on Establishing a Public Health Corridor (PHC) is aligned with recommendations issued by the ICAO Council Aviation Recovery Task Force (CART) and WHO.

Airlines for America and other industry groups released a policy blueprint for the safe reopening of international travel. "Research has consistently determined the risk of transmission onboard aircraft is very low," they wrote. "The Harvard Aviation Public Health Initiative concluded that being on an airplane is as safe if not safer than routine activities."

The U.S. Supreme Court rejected a request to reverse the CDC's mask requirement for public transportation, including airline travel.

Canada will begin to ease pandemic travel restrictions on August 9, allowing U.S. citizens to enter for nonessential travel without quarantining. On September 7, Canada's borders will open to all fully vaccinated travelers who meet specific entry requirements. International flights, which currently are directed to land only at Montréal-Trudeau, Toronto Pearson, Calgary and Vancouver, will be able to land at five additional airports.

FAA extended through December 31, exemptions authorizing airlines to transport cargo secured to seat tracks of a passenger aircraft when seats are removed and to seats when no passengers are in the cabin.

6. IATA: June Air Travel Recovery Continues to Disappoint.

Total demand for air travel in June 2021 (revenue passenger kilometers or RPKs) was down 60.1% compared to pre-crisis levels (June 2019), a small improvement over the 62.9% decline recorded in May 2021 versus May 2019, reports IATA. International demand was 80.9% below June 2019, compared to the 85.4% decline in May 2021 versus two years ago. All regions with the exception of Asia-Pacific contributed to the slightly higher demand. Total domestic demand was down 22.4% compared to June 2019, a slight gain over the 23.7% decline in May 2021 versus 2019 period. “June should be the start of peak season, but airlines were carrying just 20% of 2019 levels. That’s not a recovery, it’s a continuing crisis caused by government inaction,” said Willie Walsh, IATA’s Director General. Global air cargo markets for June showed a 9.9% improvement on pre-COVID-19 performance. This pushed first half-year air cargo growth to 8%, its strongest first half performance since 2017 (when the industry posted 10.2% year-on-year growth).

7. Bill Introduced to Name DOT Headquarters in Honor of Norm Mineta.

Legislation to name DOT headquarters in Washington, DC the “Norman Yoshio Mineta Federal Building” was introduced by House Transportation Committee Chair Peter DeFazio (D-OR). Mineta, the longest serving Secretary of Transportation, served in the Cabinets of Presidents Bill Clinton and George W. Bush. During his 20 years in Congress, he served as Chair of the House Transportation Committee. “As the child of immigrants whose family suffered the grave injustice of being sent to an internment camp during World War II, Secretary Mineta has been a true trailblazer throughout his career, including serving as Mayor of San Jose, California,” said DeFazio. “His personal history and legacy of striving to make our nation fairer and more just for all will be an inspiration to all who walk through the doors at the U.S. Department of Transportation. I look forward to working with my colleagues to get this bill signed into law.”

8. NTSB Investigating Transair Flight 810 Crash.

The National Transportation Safety Board (NTSB) is investigating the crash of Rhoades Aviation, dba Transair, Flight 810, which ditched in Mamala Bay shortly after takeoff from Honolulu. The cargo flight was bound for Kahului. Both pilots were injured and rescued by the U.S. Coast Guard and Honolulu Fire Department. The Boeing 737-200 was damaged and sank. FAA suspended Rhoades Aviation’s authorization to conduct safety inspections, saying it has been investigating the company’s maintenance and safety practices since last fall. . . . In other NTSB news, Chairman Robert Sumwalt retired and Vice Chairman Bruce Landsberg is Acting Chair. President Biden nominated NTSB Member Jennifer Homendy to succeed Sumwalt. . . . On the 25th anniversary of

the TWA Flight 800 crash, NTSB decommissioned the reconstructed Boeing 747 that resides in its Ashburn, Virginia training center. The wreckage will be dismantled and destroyed and scans of the reconstruction will be archived. The Paris-bound plane exploded shortly after takeoff from New York Kennedy on July 17, 1996, and fell into waters off Long Island. All 230 people onboard were killed. After a four-year investigation amid conspiracy and other theories, NTSB determined probable cause was an explosion in the center wing fuel tank, the result of an electrical failure that ignited the flammable fuel/air mixture in the tank.

II. AIRPORTS

1. ACI World Estimates \$108 Billion Revenue Loss in 2021.

“The lasting adverse impact of the COVID-19 crisis is forecast to remove an additional five billion passengers by the end of this year compared to the pre-pandemic forecast,” said Airports Council International (ACI) World. Compared to 2019 levels this is expected to be -47.3% by year end with domestic passenger traffic recovering faster than international. Globally, domestic traffic will reach 3.3 billion passengers by end of 2021 (61.4% of 2019 levels). ACI World estimates a reduction of more than \$108 billion in revenue (down by 54.6%) by year end, and expects that global passenger traffic will recover to 2019 levels by the end of 2023, and may take up to two decades to return to previously projected levels. “Dramatically reduced airport revenues have added even greater challenges to meeting long-term capacity needs,” said Director General Luis Felipe de Oliveira. “We will need governments to work with airports in supporting and incentivizing recovery and to mitigate the risks of falling short on the sustainable long-term growth for the industry.”

2. FAA Awards Grants of \$845 Million to Airports.

FAA awarded more than \$845 million in Airport Improvement Program (AIP) grants for projects to mitigate environmental impact, increase accessibility and expand capacity. The projects will not have to pay the usual local match thanks to nearly \$100 million in American Rescue Plan Act funding recently announced. The grants include \$22.4 million to Tucson International to reconfigure a runway and \$18 million to Philadelphia International for a taxiway project. AIP receives approximately \$3.2 billion in funding each year. FAA plans to award more than 1,500 grants in 2021.

3. FAA Clears Construction of LaGuardia AirTrain.

FAA approved plans for a \$2.1 billion AirTrain that will link New York LaGuardia with the city subway system and the Long Island Railroad. Construction on supporting infrastructure is set to begin this summer, said Port Authority of New York and New Jersey, despite objections by environmental groups and some politicians, with completion expected by 2025.

4. Washington Dulles Seeks to Replace Concourse A Gates.

Metropolitan Washington Airports Authority is seeking environmental approval from Virginia to build a new three-story concourse at Washington Dulles. The facility would replace Concourse A gates which “were designed to support small ground-loaded regional aircraft operations and are now functionally obsolete,” as airlines serving the airport accelerate use of larger regional aircraft. Following

construction, Concourse A regional aircraft gates would be demolished and the site graded and repaved to accommodate off-gate aircraft parking and occasional ground service equipment parking.

5. EC Sets 50% Slot Usage Threshold for Winter 2021.

The European Commission (EC) set a 50% slot usage threshold for Winter 2021 season, revising previous temporary relief. Airlines based in the EU must use at least half of slots they hold at each airport or lose them. Pre-pandemic, carriers were required to use 80% of slots. “The decision is a first and crucial step in the reinstatement of slot usage rules as air traffic begins to recover,” said ACI Europe, “and reflects a cautious optimism.” But IATA said the EC ignored advice and evidence presented by EU Member States and the industry. “There is no alleviation to hand back slots at the start of the season allowing airlines to match their schedule to realistic demand or enable other carriers to operate,” said IATA. And the rule on ‘force majeure,’ by which the slot rule is suspended if exceptional circumstances related to the pandemic are in effect, “has been switched off for intra-EU operations. . . The result of these changes will be to restrict the ability of airlines to operate with the agility needed to respond to unpredictable and rapidly changing demand, leading to environmentally wasteful and unnecessary flights. It will also further weaken the financial stability of the industry and hinder the recovery of the global air transport network.”

6. Heathrow Terminal 3 Resumes Operations.

Heathrow Terminal 3 began a phased reopening, after being closed for over a year due to the pandemic. Delta began nonstops from Atlanta and New York Kennedy. Virgin Atlantic destinations including Antigua, Barbados, Grenada and Israel are classified as “green” on the UK travel list, which means customers are not required to quarantine on their return.

7. Sydney Rejects Unsolicited Takeover Bid.

Sydney Airport rejected an unsolicited takeover bid of A\$8.25 per share from a group of infrastructure funds, saying the proposal fails to reflect “the underlying value of the airport given its long-term remaining concession and the expected short-term impact of the pandemic.” Share price was \$9 before the pandemic.

III. SECURITY AND DATA PRIVACY

1. **TSA Screened 10.1 Million During Fourth of July Weekend.**

The Transportation Security Administration (TSA) screened 10.1 million travelers during Fourth of July weekend, from July 1 to July 5. This represents 83% of travel volume for the same five-day holiday period in 2019. . . . On July 1, almost 458,000 TSA PreCheck® travelers were screened, the highest number in one day since the beginning of the pandemic. Over the course of the long weekend, 99.7% of passengers in standard screening lanes waited less than 30 minutes, and 99% of PreCheck passengers waited less than five minutes. . . . TSA Administrator David Pekoske said 70 firearms were intercepted at checkpoints during the holiday weekend. TSA can impose a fine of up to \$10,000 if the firearm is loaded.

2. **Unruly Passengers at TSA Checkpoints.**

There have been over 70 physical assaults on TSA officers at checkpoints across the country since the beginning of the pandemic, said TSA Assistant Administrator Darby LaJoye, at a July 20 congressional hearing.

3. **ICAO Extends Year of Security Culture to 2021.**

With the COVID-19 pandemic severely impacting aviation in 2020, ICAO extended the Year of Security Culture (YOSC) to 2021. Resolution 40-11, adopted by the 40th Session of the ICAO Assembly, requested ICAO to continue work on the development of tools to enhance security awareness and security culture, making it a priority. . . . To commemorate the 20th Anniversary of 9/11, “the worst acts of unlawful interference in the history of aviation,” ICAO will execute a global security culture campaign to support the organization of national, regional and global events to raise security awareness in aviation; intensify collaboration with states and industry in efforts to promote security culture in the greater aviation community; issue relevant guidance on practical security culture communication strategies, plans and campaigns; and continue to offer training and assistance focused on promoting an effective and sustainable security culture within all organizations involved in civil aviation.

IV. TECHNOLOGY AND EQUIPMENT

1. Southwest Launches Corporate Bookings in Sabre.

Southwest air content is now fully integrated within the Sabre system, “making it easier for travel management companies and corporations to shop, book and service Southwest flights on behalf of their business travelers.” The airline now participates with all three major global distribution systems—Sabre, Travelport and Amadeus.

2. NDC Marketplace Launched.

A new subscription-based global marketplace connects airlines and content providers with travel agents, and enables sales using IATA’s New Distribution Capability (NDC) standard. Developed by Dubai-based travel technology firm and IATA NDC and One Order-certified IT Provider, TPConnects, the site enables agents to use their own credentials and form of payment and retain their Global Distribution Services (GDS) incentives.

3. Travelport, Emirates Reach Agreement on Un-Surcharged Content.

Travelport and Emirates reached a commercial agreement that allows Travelport-connected travel agencies to avoid the airline’s surcharge on bookings via GDSs. The companies also reached a new long-term agreement to enable distribution of Emirates NDC content via Travelport’s next-generation platform, Travelport+, and an extension to its longstanding IT agreement.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on July 9 was \$80.36/barrel, up 3.8% on the month and up 76.3% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$70.2/barrel.

2. Court Finds FAA Violated Law in LAX Flight Pattern Changes.

The U.S. 9th Circuit Court of Appeals found that FAA violated environmental laws when it changed flight patterns in 2018 for aircraft coming into Los Angeles International over mid-city and central Los Angeles, and ordered the agency to conduct a full environmental review with public comment.

3. EC Proposes Clean-Energy Options for Aviation.

The European Commission (EC) presented proposals that aim to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. Included are a revision of the Emissions Trading Scheme (EU-ETS), and plans to align with the global Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Member States must design support schemes for bioenergy “in a way that respects the cascading principle of uses for woody biomass.” The Alternative Fuels Infrastructure Regulation requires that aircraft have access to clean electricity supply in major airports. The ReFuelEU Aviation Initiative will oblige fuel suppliers to blend increasing levels of sustainable aviation fuels (SAFs) in jet fuel taken on-board at EU airports, including synthetic low carbon fuels, known as e-fuels. A revision of the Energy Taxation Directive aims to reduce “harmful effects of energy tax competition, helping secure revenues for Member States from green taxes, which are less detrimental to growth than taxes on labor.” A new Carbon Border Adjustment Mechanism will ensure that European emission reductions contribute to a global emissions decline, instead of pushing carbon-intensive production outside Europe, and aims to encourage industry outside the EU and international partners to take steps in the same direction.

4. UK Targets Net Zero Aviation Emissions by 2050.

The UK Department for Transport published a decarbonization plan that commits the aviation sector to a net zero emissions target by 2050, with policies that would improve efficiency of the aviation system, accelerate development and deployment of SAF, support development of zero emission flight, ensure use of markets to drive down emissions in the most cost-effective way, and influence consumer behavior.

5. SAF Certificates Offer Flyers Sustainable Fuel Option.

A new sustainable aviation fuel certificate (SAFc) system, created by the World Economic Forum's Clean Skies for Tomorrow (CST) initiative, will allow SAF emissions reductions to be claimed by passengers if they cover the higher cost of the fuel. The system works within standard book and claim processes, which will allow the SAF to be delivered to the airport nearest its production plant. The new certificate mechanism is designed initially for corporations with significant air travel and freight footprints but can be expanded. CST said its aviation-customer partners indicate that a 5%-10% increase in airfares would be acceptable, provided this delivers a significant and verifiable decrease in emissions. Some companies in the CST coalition are already piloting the approach of paying more for SAF, including Alaska and American airlines, Deloitte, Deutsche Post DHL Group, Microsoft, BCG, Neste and SkyNRG. For the SAFc system to function smoothly and at scale, it requires a robust tracking and verification process as well as a registry to ensure that climate-related claims are legitimate and only claimed by a single party. Over the next year, development of the SAFc framework will shift into its next phase, including additional SAFc pilot transactions and finalization of a full emissions accounting system.

6. Universal Hydrogen to Supply Green Fuel Services to Airlines.

Universal Hydrogen signed a letter of intent to supply its aftermarket hydrogen conversion kit for regional aircraft and green hydrogen fuel services to Icelandair Group. "Iceland's abundance of geothermal and hydroelectric power position it perfectly to be an early adopter of green hydrogen for its domestic aviation network," said Universal Hydrogen CEO Paul Eremenko. Universal Hydrogen also signed letter of intent to supply green hydrogen fuel services to Corvus Airlines (Ravn Alaska). . . . German companies Deutsche Aircraft and H2FLY signed a Memorandum of Understanding (MOU) to jointly work on research and development of hydrogen fuel cell technology for commercial regional aircraft. They plan to fly a Dornier 328 demonstrator in 2025. H2FLY flew the world's first hydrogen-electric passenger flight and demonstrated the longest-ever hydrogen fuel cell-powered flight in 2020. Deutsche Aircraft is a new aircraft manufacturer "putting climate change at the centerstage of their design philosophy."

VI. U.S. CONGRESS

1. Congress Questions Airlines on Workforce Shortages, Ops.

Senator Maria Cantwell (D-WA), Chair of the Senate Transportation Committee, wrote to airline CEOs about recent reports of workforce shortages, flight cancellations and delays, which are “creating havoc and frustrating consumers as more Americans resume travel.” The workforce shortage runs counter to the objective and spirit of the Payroll Support Program (PSP), “which was to enable airlines to endure the pandemic and keep employees on payroll so that the industry was positioned to capture a rebound in demand.” Cantwell asked each airline to account for its utilization of federal funds and provide information on current and projected workforce shortages by July 30 and for a staff briefing from American Airlines on these issues by that date. . . . In a letter to Airlines for America, Republicans expressed concern about cancellations in the face of surging demand due to staffing shortages, among other issues, and asked for a briefing on the matter. “Many workers in fact are incentivized to stay home and receive unemployment compensation instead of rejoining the workforce, as benefits with COVID-19 enhancements are substantially higher than normal,” they wrote. “As our society continues to rebound, it is critical we ensure this industry and the executives at major airlines are provided the necessary resources to make a robust comeback,” said Ralph Norman (R-SC).

2. House Appropriations Approves DOT, DHS FY 2022 Spending Bills.

The House Committee on Appropriations approved a draft Fiscal Year 2022 Transportation and Housing and Urban Development and Related Agencies funding bill that includes an increase of \$1.9 billion above 2021 for DOT. \$18.9 billion is provided for FAA, \$896 million above FY 2021, with \$1.5 billion for Aviation Safety and \$400 million for discretionary Airport Improvement Grants and projects. . . . The Homeland Security bill provides funding of \$52.81 billion, an increase of \$934 million above FY 2021, with \$8.6 billion for TSA, an increase of \$303.9 million above FY 2021 enacted level and equal to the request, of which \$2.11 billion is offset by passenger security and vetting fee collections.

3. Bill Requires Reinforced Cockpit Doors on All-Cargo Aircraft.

The “Cargo Flight Deck Security Act of 2021” was introduced in the House Transportation Committee. H.R. 4598 would require installation of intrusion-resistant cockpit doors (IRCD) on aircraft used in all-cargo airline operations, and help establish one level of security for passenger and all-cargo operations. “The all-cargo airline arena continues to be identified as a significant security target in our aviation system, yet current regulatory requirements allow relatively unfettered access to the cargo flight deck during flight operations,” said Air Line

Pilots Association, Int'l (ALPA). This bill will protect not only pilots and cargo, “but also citizens in communities on the ground and flying in our shared airspace.” An example of a critical threat that an IRCD would help mitigate is found on all-cargo flights that transport large animals, said ALPA, when animal handlers carry lethal animal tranquilizers. “These individuals, who are not airline employees, are seated directly behind the pilots and are not required to meet the same security background checks as airline crew members with access to an aircraft flight deck. Without a door separating them, these individuals continue to have access to the flight deck and pilots during flight.”

4. Hearing Held on Improving Diversity in Aviation Workforce.

The House Aviation Subcommittee held a hearing titled, “Bridging the Gap: Improving Diversity and Inclusion in the U.S. Aviation Workforce,” to learn about barriers to entry for underrepresented groups, including women and communities of color. In her testimony, Icema Gibbs, a founding crewmember of JetBlue and now Vice President, Corporate Social Responsibility and Diversity, Equity and Inclusion, offered the following statistics: Women represent 8.6% of all pilots and 4.6% of commercial airline pilots; 3.4% of all aircraft pilots are Black, though 13.4% of the U.S. population is Black; 5.4% of aircraft technicians are women, 10.8% are Black, 3.2% are Asian and 23% are Hispanic or Latinx. She recommended public-private partnerships and educational initiatives to encourage students to pursue STEM paths as early as possible. “These programs help expose historically marginalized and underrepresented communities to new career paths and the many possibilities within aviation,” said Gibbs. JetBlue commitments include doubling race and ethnic minority representation at Officer and Director level from 12.5% today to 25% and increasing representation of women at Officer and Director level, from 32% today to 40% by the end of 2025. JetBlue collaborates with Latino Pilots Association and Organization of Black Aerospace Professionals, both of which participated in the Hearing.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. DOT Prohibits Ticket Sales for U.S.-Belarus Air Travel.

The U.S. Department of Transportation finalized an order banning ticket sales for air travel between the United States and Belarus, including interline sales. A June 29 show cause order proposed the restrictions after the U.S. State Department determined that, in light of the diversion of Ryanair flight 4978 in May, it is in the foreign policy interests of the United States to limit transportation between the United States and Belarus. The prohibition allows the U.S. government to make case-by-case exceptions for transportation deemed to be in the national interest of the United States, including on humanitarian or national security grounds.

VIII. EUROPE AND AFRICA

1. New Alitalia to Launch October 15.

The EC approved an Italian aid measure of €39.7 million to compensate Alitalia for damages suffered on certain routes between March 1 and April 30 2021 due to the pandemic, finding it “in line with EU State aid rules.” This follows several earlier Commission approvals of compensation measures for Alitalia. . . . The new Alitalia, Italia Trasporto Aereo (ITA), will begin operations on October 15, with ticket sales to start on August 15. CEO and General Manager is Fabio Lazzarini; President is Alfredo Altavilla. The Alitalia brand will be sold through a public tender. ITA initially will operate on 61 routes with seven wide-body and 45 narrow-body aircraft, using 85% of slots currently held by Alitalia at Milan Linate and 43% at Rome Fiumicino; destinations to include New York, Tokyo, Boston, Miami, points in Europe, and 21 domestic airports. ITA plans to immediately launch its own loyalty program. Ground handling and maintenance services initially will be contracted to ITA by Alitalia, which intends to sell these divisions.

2. EC Probes Proposed IAG Acquisition of Air Europa.

The EC opened an investigation to assess the proposed acquisition of Air Europa by Airlines International Group (IAG), which includes Iberia and Vueling. They and Air Europa are among the largest providers of scheduled passenger air services in Spain, competing domestically and on routes from Madrid to the U.S. and Latin America. IAG also includes British Airways, Level and Aer Lingus.

3. Christine Ourmières-Widener Heads TAP Air Portugal.

Christine Ourmières-Widener is the new CEO of TAP Air Portugal. The aeronautical engineer was CEO of Flybe Group and of CityJet and for several years worked at Air France including as Vice President & General Manager of Air France KLM. . . The EC re-approved one Portuguese rescue loan to TAP, which had been annulled in a Ryanair case, and opened an investigation to assess further restructuring aid of €3.2 billion.

4. Ryanair Seeks 2,000 New Pilots.

Ryanair announced a recruitment drive for 2,000 new pilots over the next three years to crew deliveries of 210 Boeing 737-8200s.

5. Two Russian Crashes in July.

On July 6, an Antonov An-28 crashed in far eastern Russia, killing all 28 people aboard. Officials said Kamchatka Aviation Enterprise Flight 251 approached

landing in difficult weather conditions, with poor visibility and a crosswind. Tass reported that the plane entered service in 1982. On July 16, an Antonov AN-28, flying from Kedrovoy to Tomsk with 15 passengers and three crew crashed. There were several injuries but everyone survived.

6. SAA Unit Mango Suspends Operations.

Mango Airlines, low-fare subsidiary of South African Airways (SAA), suspended operations and is entering bankruptcy protection, known locally as business rescue. SAA exited business rescue in April but has not resumed operations. Interim CEO Thomas Kgokolo said June and July salaries have not been paid to Mango staff “and this is receiving urgent attention.” SAA will be cleared to restart under a renewed license, he said, possibly “in the coming weeks,” and a mandatory retraining program for pilots has been completed.

7. Air Seychelles Appoints Acting CEO.

The Seychelles Ministry of Transport appointed Sandy Benoiton as Air Seychelles Acting CEO. Benoiton, who has been with the airline for more than 20 years and has served as COO since 2018, replaces Remco Althuis. In April Etihad sold its stake in Air Seychelles to the Seychelles government.

8. Air Canada Resumes International Service.

See Section X, item 8.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. **Emirates Begins Miami Service.**

Emirates began four weekly Boeing 777-300ER flights to Miami, bringing its U.S. network to 12 destinations. Miami will serve as a gateway to Central and South America and the Caribbean. Emirates re-started flights to Nice, Mexico City, Phuket, Lyon, Mauritius and Malta in July.

2. **Etihad, EI Al Launch Strategic Cooperation.**

Etihad and EI Al launched a code share network and reciprocal loyalty agreement, building on the MOU signed in 2020. EI Al is adding its code to Etihad's twice weekly service between Abu Dhabi and Tel Aviv and, from August 1, beyond Abu Dhabi to destinations in Australia, Bahrain, India, Korea, Philippines and Seychelles. In the next phase, subject to governmental and regulatory approvals, Etihad will add its code to EI Al flights. EI Al CEO Avigal Soreq said this is the first commercial partnership that EI Al has established following the Abraham Accords signed by the United Arab Emirates (UAE) and Israel last year. The 2020 MOU also provided for exploration of maintenance, pilot and crew training and cargo opportunities, in which the parties are progressing.

3. **Israel Launches Direct Flights to Morocco**

EI Al and Israir each launched Tel Aviv-Marrakesh service, the first direct flights between Israel and Morocco. The two countries agreed to normalize relations last December. Israeli airline Arkia and Morocco's Royal Air Maroc are planning to start flights in August.

4. **FedEx to Invest \$100 Million in Delhivery.**

FedEx will make a \$100 million equity investment in Delhivery. Under a long-term commercial agreement FedEx Express will focus on international export and import services to and from India, and Delhivery will, in addition to FedEx, sell FedEx Express international products and services in the India market and provide pick-up and delivery services across India. FedEx will transfer certain assets pertaining to its domestic business in India to Delhivery; completion of transaction subject to regulatory approval.

5. **Air Canada Resumes International Service.**

See Section X, item 8.

X. AMERICAS

1. Delta Reports Pre-Tax Profit for June.

“Domestic leisure travel is fully recovered to 2019 levels,” said Delta CEO Ed Bastian, as the company announced “a solid pre-tax profit in the month of June” and “positive free cash flow for the June quarter.” He predicted a coming surge in corporate travel, but said international demand recovery will be “very choppy and uneven.” . . . Delta entered into agreements for 29 used Boeing 737-900ERs and seven used Airbus A350-900s. Bastian said the pandemic provided an opportunity to simplify Delta’s fleet and accelerate retirements of 18 B777s and the MD-88 and MD-90 fleets, and to add newer generation aircraft at attractive prices.

2. Delta, Aeromexico Add Mexico Service.

Resumed daily service from Mexico City to Austin and Dallas can be booked either through Aeromexico or Joint Cooperation Agreement partner Delta. . . . Aeromexico will add 12 Boeing 737 MAX 8s in October, subject to approval of transaction with Dubai Aerospace Enterprise by the U.S. District Court for the Southern District of New York “due to our voluntary Chapter 11 financial restructuring.” . . . Delta exercised its call option and purchased \$185 million of the second tranche of the debtor-in-possession (DIP) loan that Apollo Global Management made to Grupo Aeromexico. Delta holds a 49% stake in the Mexican airline. Aeromexico was informed that a group of its Mexican shareholders intend to participate in new equity to be issued as part of its reorganization plan.

3. United Posts Second Quarter Net Loss of \$434 Million.

United posted a second quarter net loss of \$434 million, but expects to return to profitability in third quarter, with full recovery in demand anticipated by 2023. The airline has not seen an impact on bookings as a result of the COVID-19 delta variant, CEO Scott Kirby told analysts, and a recent company survey found that 84% of MileagePlus members are fully vaccinated against Covid-19. United announced the purchase of 270 new aircraft—50 Boeing 737 MAX 8s, 150 MAX 10s and 70 Airbus A321neos—and plans to retrofit the mainline, narrow-body fleet “to transform the customer experience and create a new signature interior with a roughly 75% increase in premium seats per North American departure.”

4. American Adds Miami Flights, Recalls Flight Attendants.

American Airlines will add flights to Chetumal, Mexico and San Andres Island, Colombia from Miami in December, subject to government approval. Five weekly nonstops to Paramaribo, Suriname start September 7. . . . As part of

their Northeast Alliance, JetBlue and American will operate more than 700 daily flights from New York and Boston this winter. Previously announced international routes include new service from New York Kennedy to Tel Aviv, Athens and Delhi. . . . American cancelled all remaining extended voluntary leaves of absence and asked flight attendants to return by the holiday travel season to meet rising customer demand; the airline also plans to recruit about 800 new flight attendants by next March. American reportedly plans to hire 1,350 pilots by the end of next year, 450 more than planned. The company posted a \$19 million second quarter profit, the first since the pandemic began; revenue rose 87% over first quarter.

5. Southwest Reports Second Quarter Net Loss of \$206 Million.

Southwest reported a second quarter net loss of \$206 million, but, said Chairman and CEO Gary Kelly, net income in June “represented our first monthly profit without taking into account the benefit of temporary salaries and wages cost relief provided by [federal payroll support] proceeds, since the negative effects of the pandemic began in March 2020.” The company expects to recall most employees early from voluntary time-off by end of third quarter. Based on current booking trends and cost outlook, we hope to be profitable again in third and fourth quarter, said Kelly. “Should the pandemic negatively affect our current trends, we are prepared to manage through it.” Kelly will transition to Executive Chairman in February 2022, at which time Bob Jordan, Executive Vice President, will become CEO.

6. Spirit to Resume International Service from Orlando.

Spirit will offer more than 80 daily Orlando departures by year end. Flights will resume to Cartagena, Colombia; Guatemala City; Montego Bay, Jamaica; Port-au-Prince, Haiti; and San Salvador, El Salvador. Service to San Jose, Costa Rica will increase to daily. The domestic network was restored for the summer travel season. . . . Spirit will start Miami service this fall on 30 nonstop routes. . . . Spirit is expanding service from Atlantic City to 10 destinations, including Cancun, Mexico and San Juan, Puerto Rico.

7. DHL EXPRESS Investing \$360 Million in Americas Region.

DHL Express is investing \$360 million to build new facilities and expand existing facilities in growth markets within the Americas region, including construction of an expanded Miami hub and a new, 244,000 sq. ft. automated hub in Hamilton, Ontario. As growth in e-commerce shipment volumes continues to put pressure on air cargo capacity, DHL intends to spend millions to bolster its Americas air network, introducing new, direct flight routes. The company increased its third-party aircraft lift (ACMI) serving the Americas, as well as direct leasing of additional aircraft, some destined for operators in the U.S. in exclusive support

of the DHL Express network. In the U.S., 2,600 new jobs are expected to be filled this year, in addition to 3,000 created in 2020; these will include 1,100 new positions at the DHL Americas Hub at Cincinnati/Northern Kentucky Airport, and nearly 200 in Miami. . . . DHL and DRONAMICS will jointly develop solutions and offer same-day cargo deliveries. DRONAMICS will provide equipment and expertise to operate the unmanned drone flights; first commercial flights expected to begin in 2022.

8. Air Canada Resumes International Service.

Air Canada resumed flights to Greece, United Arab Emirates, Italy, Spain, United Kingdom and Morocco and plans new three times weekly nonstops from Montreal to Cairo. Year-round nonstops between Calgary and Frankfurt will operate with transatlantic joint venture partner Lufthansa.

9. Emirates Begins Miami Service.

See Section IX, item 1.

10. FedEx to Invest \$100 Million in Delivery.

See Section IX, item 4.