



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. Administration to Reopen International Travel.

The Biden Administration will, starting in November, allow non-US citizens who are fully vaccinated and present a negative COVID-19 test no older than three days to enter the country without restrictions. This supersedes restrictions which prevented entry if they had been in 33 countries including the UK, Ireland, all European Schengen countries, Brazil, South Africa, India, and China within the past 14 days, noted the International Air Transport Association (IATA). The announcement “marks a key shift in managing the risks of COVID-19 from blanket considerations at the national level to assessment of individual risk,” said IATA Director General Willie Walsh, who called for “a system to manage the risks for travelers who do not have access to vaccinations. . . We must get back to a situation where the freedom to travel is available to all.” Airlines for America called the news “a positive step in our nation's recovery,” and anticipated “working with the Administration over the coming weeks to implement this new global system.” The Centers for Disease Control and Prevention reportedly will order airlines to collect phone numbers and email addresses of travelers for a new contact tracing system.

2. Administration Calls for Worker Vaccinations, Testing.

An Administration strategy meant to reduce the number of unvaccinated Americans requires companies with more than 100 employees to ensure workers are vaccinated or tested weekly; requires vaccinations for all federal workers and contractors; and requires employers to provide paid time off to get vaccinated. The requirement for mask-wearing in airports and on airplanes and other modes of public transportation was extended through January 18.

3. U.S. Airlines Show First Profit Since Pre-Pandemic.

The Department of Transportation (DOT) said U.S. scheduled passenger airlines reported a second-quarter 2021 net profit of \$1 billion, compared to \$4.2 billion loss in 1Q 2021, \$11 billion loss in 2Q 2020, and \$4.8 billion profit in pre-pandemic 2Q 2019. A pre-tax operating loss of \$3.6 billion was reported for 2Q 2021, compared to a \$12.7 loss in 1Q 2021, a \$16.3 billion loss in 2Q 2020, and a \$6.9 billion profit in 2Q 2019.

4. Justice Dept. Sues to Block American-JetBlue Alliance.

The U.S. Department of Justice (DOJ) filed a lawsuit seeking to block American Airlines and JetBlue agreements to consolidate operations at Boston Logan, New York Kennedy and LaGuardia, and Newark Liberty. The civil antitrust

complaint alleges that the Northeast Alliance (NEA) will eliminate important competition and significantly diminish JetBlue's incentive to compete with American elsewhere. "In an industry where just four airlines control more than 80% of domestic air travel," said Attorney General Merrick Garland, this is "an unprecedented maneuver to further consolidate the industry." Acting Assistant Attorney General Richard Powers of the Antitrust Division said the partnership "amounts to a de facto merger." The attorneys general of Arizona, California, Florida, Massachusetts, Pennsylvania, Virginia and the District of Columbia are participating in the lawsuit. . . . American Chairman and CEO Doug Parker and JetBlue CEO Robin Hayes rejected the charges and said the alliance is not a merger. "Obstacles to growth led us to an unlikely alliance with American Airlines which, even as the world's largest carrier, also has not been able to compete with Delta and United's dominance in the Northeast," said Hayes. . . . Earlier, Sen. Richard Blumenthal (D-Conn.) urged Secretary of Transportation Pete Buttigieg to conduct a "full public interest review and investigation" of the NEA, warning it "will lead to anticompetitive coordination at key air traffic hubs and result in the long-term inflation of airfares and related costs for airline passengers." The NEA was approved by DOT shortly before the end of the Trump Administration without an airing of competitive issues or a public comment period.

5. **DOT Works to Secure Refunds for Cancelled Flights.**

Aviation consumer complaints climbed from an average of 17,420 in the five years before the pandemic to 102,561 in calendar year 2020 and 22,357 in first half 2021, reports DOT, with a hefty percentage related to refund concerns. DOT issued two enforcement notices on airline obligations to provide refunds; investigated 20 airlines over failures to issue prompt refunds, with 18 probes ongoing; issued a formal complaint against Air Canada seeking a substantial fine for extreme delays in refunds; and is increasing staff handling consumer complaints by 38%. At least nine airlines have amended policies to clarify that passengers are entitled to refunds when a carrier cancels a flight or makes a significant schedule change.

6. **United Fined \$1.9 Million for Tarmac Delay Rule Violations.**

DOT fined United Airlines \$1.9 million for violating the tarmac delay rule, the largest fine issued for such violations. Between December 2015 and February 2021, United allowed 20 domestic and five international flights at U.S. airports to remain on the tarmac for a lengthy period of time without providing passengers an opportunity to deplane. Noting the vast majority of flights cited were diversions due to severe weather, United said it "is singularly focused on ensuring aircraft near adverse weather land safely." Under the tarmac delay rule, airlines operating aircraft with 30 or more passenger seats are prohibited

from allowing domestic flights to remain on the tarmac for more than three hours at U.S. airports, and their international flights to remain on the tarmac for more than four hours at U.S. airports, without giving passengers an opportunity to deplane. The rule also requires airlines to provide adequate food and water, ensure that lavatories are working and, if necessary, provide medical attention to passengers during long tarmac delays. United was given a credit for half the penalty for refunds to passengers and developing new systems for handling diversions,

7. Rate of Unruly Passenger Incidents Drops.

The rate of unruly passenger incidents on commercial flights has dropped sharply but remains too high, said the Federal Aviation Administration (FAA). As of mid-September, incidents were occurring about six times per 10,000 flights, down about 50% from early 2021, but more than twice as high as the end of 2020. This year there have been 4,385 reports of unruly passenger incidents; 3,199 were mask-related. FAA has initiated enforcement actions in 162 cases, proposing more than \$1 million in fines. FAA is hosting sessions with airlines and other industry stakeholders to identify actions they and the government can take to address the problem.

8. Protection Program for Aviation Manufacturing Jobs.

DOT will offer \$482.3 million in funding to 313 businesses under a new Aviation Manufacturing Jobs Protection (AMJP) program. During the pandemic, aviation industry workers have helped keep the U.S. economy moving, including by supporting the delivery of lifesaving medical equipment and vaccines, said DOT Secretary Pete Buttigieg. Pre-pandemic, the aerospace industry employed 2.2 million workers, but the drop in air travel precipitated by the pandemic led to reduced demand for parts, repairs, modifications and other services and over 100,000 aerospace jobs have been lost and hundreds of thousands more are at risk. As demand for aviation rebounds, these businesses are crucial to the safety and functioning of aviation and the U.S. economy. Of the 313 companies receiving AMJP awards, 60% had fewer than 100 employees at end of 2020, and 80% had fewer than 250 employees.

II. AIRPORTS

1. DOT Proposes Reassignment of Newark Schedules.

DOT tentatively intends to identify a single low-cost or ultra-low-cost carrier to operate 16 peak afternoon and evening runway timings at Newark Liberty. The decision follows a DC Circuit Court ruling in a lawsuit brought by Spirit Airlines and is part of the Administration's efforts "to create a more competitive economy that benefits the American consumer." The Department of Justice applauded the decision to reallocate the Newark slots, saying, "Competition in the airline industry – and at Newark airport in particular – is in critically short supply. Low-cost carriers play an important role in keeping the airline industry competitive and the immense power of the major airlines in check. We look forward to working with the Department of Transportation to address similar concerns at capacity-constrained airports, and to bring consumers more choices and lower prices."

2. Extensions of Minimum Slot Usage Requirements Proposed.

FAA proposed an extension of a limited, conditional waiver of the minimum slot usage requirement for all international operations through March 26, 2022, at New York Kennedy and LaGuardia, Reagan Washington National Chicago O'Hare, Newark Liberty, Los Angeles International and San Francisco International. IATA and Airlines for America (A4A) support the waiver. "The situation remains critically desperate and recovery slow," said IATA; flexibility "enables airlines to focus flying where there is demand and not purely to satisfy slot use rules." A4A noted that, "without reciprocity U.S. carriers will lose slots in key international markets and be put at a significant competitive disadvantage relative to foreign competitors."

3. FAA Awards \$431.8 Million in AIP Grants.

FAA awarded \$431.8 million in Airport Improvement Program (AIP) grants, bringing total year-to-date funding to \$3.2 billion. The latest recipients include Dallas-Fort Worth (two grants totaling \$35 million), Detroit Metro (\$35.6 million) and Memphis International (\$24.8 million). Airports will not have to pay the usual local match. In addition, airports across Alaska received \$42 million in AIP grants, bringing fiscal year 2021 total to \$257.4. Some 82% of communities in Alaska are accessible only by air.

4. O'Hare Completes Modernization Program.

Construction for the 16-year, \$6 billion O'Hare Modernization Program (OMP) has concluded. The project included four new runways, extensions to two existing runways, two new air traffic control towers, and relocation of numerous

facilities. “The OMP reconfigures the antiquated runway system into a series of parallel (east-west) runways that increase runway capacity at one of the world’s busiest airports,” said Chicago Department of Aviation (CDA). “System impact delays – which are the controllable delays to aircraft that are a result of infrastructure constraints in the national system – have been reduced by 64% when comparing 2003-2008 to 2009-2020.”

5. San Diego \$3 Billion Terminal Project Advances.

The California Coastal Commission advanced the expansion of San Diego International’s \$3 billion Terminal 1 project, subject to assurances of an on-airport transit station, free shuttle from Old Town and a reduction in greenhouse gas emissions, reports the San Diego Union-Tribune. The existing 1960s-era 19-gate terminal will be replaced by a 1.2 million-square-foot terminal with 30 gates. Construction will begin in late 2021 once all environmental permits are issued, and takes place in two stages to ensure the current number of gates remain available during the build out. Also planned is a new 5,500-space parking garage and relocation of the existing taxiway and construction of a second taxiway. A Turner-Flatiron joint venture was awarded the contract to build the new terminal; Turner Construction and Flatiron are subsidiaries of HOCHTIEF.

6. Oklahoma City Completes \$90 Million Construction Project.

Will Rogers World Airport in Oklahoma City opened a \$90 million expansion of the east concourse, which includes four new gates and a security checkpoint. Space for future international service and other improvements will be incorporated later. Three of the new gates have been leased to Delta, which will move operations from its current gate locations. Long-term plans include a total of nine new gates said Oklahoma City-based architects FSB.

III. SECURITY AND DATA PRIVACY

1. **TSA Increases Civil Penalties for Face Mask Violations.**

The Transportation Security Administration (TSA) increased civil penalties imposed on individuals who violate the federal mask mandate at airports and on commercial aircraft and other modes of transportation. The new range of penalties are \$500-\$1,000 for first offenders and \$1,000-\$3,000 for second offenders. The federal mask mandate for transportation was implemented by TSA on February 2 and will remain in effect until January 18, 2022. These civil penalties are separate from those FAA issues for individuals who engage in unruly and unsafe behavior. . . . TSA screened 2,075,468 travelers at U.S. airport checkpoints on Sunday, September 19, compared to 847,968 on same weekday 2020 and 2,517,826 same weekday 2019. . . . On September 22, TSA confirmed it had 465 employees with active COVID-19 infections. TSA cumulatively has had 10,361 federal employees test positive for COVID-19; 28 died, as did two screening contractors.

2. **DFW Testing Security Fast Pass.**

Dallas/Fort Worth International Airport (DFW) is piloting a new reservation program at a Terminal D security checkpoint. The DFW Security Fast Pass program allows travelers to reserve a time slot online, up to seven days in advance. When they arrive at the checkpoint, an escort moves them to the front of the line for screening. There are no costs or membership fees. Similar programs have been tested at other airports.

IV. TECHNOLOGY AND EQUIPMENT

1. **Spirit Signs with Hopper.**

Spirit is the first U.S. carrier to sign an NDC (New Distribution Capability) agreement with Hopper. “Hopper’s mobile-friendly model appeals to our customer-base, and this partnership helps us continue to deliver on our ongoing pledge to invest in the guest’s travel experience,” said the airline.

2. **Lufthansa, Travelport Sign New Distribution Agreement.**

Under a new agreement, Travelport will distribute Lufthansa Group airlines’ NDC content through Travelport+. The launch is expected in first half 2022.

3. **Etihad to Implement Full Amadeus Altéa Passenger Service System.**

Under a new multi-year agreement, Etihad will implement the full Amadeus Altéa Passenger Service System (PSS), including booking, revenue management, merchandising, data management and passenger service solutions. Etihad also signed on for Amadeus Altéa NDC and will implement the Altéa Departure Control Customer Management component, providing guests with real-time, personalized alerts of offers, services, and flight changes. . . . Amadeus is testing touchless bag drop technology at London Heathrow on six Auto Bag Drop (ABD) units.

4. **Travel Technology Platform Spotnana Launches.**

A new platform for booking and planning business travel launched with a \$41 million venture capital investment and a mission to “rebuild the infrastructure of travel to bring freedom and trust back to the industry.” Spotnana offers a real-time global view of travel spending and trends inside an organization and uses a per-trip fee versus monthly subscriptions. The platform was piloted with 50 corporate travel customers.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on September 10 was \$80.45/barrel, down 4.5% on the month and up 103.9% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$72.3/barrel.

2. Administration Advances Sustainable Aviation Fuels.

Executive actions across the Departments of Energy, Transportation, Agriculture, Defense, the National Aeronautics and Space Administration, the General Services Administration, and the Environmental Protection Agency will result in production and use of three billion gallons of sustainable aviation fuel (SAF) per year by 2030 and, by 2050, sufficient SAF to meet 100% of aviation fuel demand, which is currently projected to be around 35 billion gallons per year. An SAF tax credit was proposed that requires at least a 50% reduction in lifecycle. Other federal actions include funding opportunities to support SAF projects and fuel producers totaling up to \$4.3 billion; increased R&D activities to demonstrate new technologies that can achieve at least a 30% improvement in aircraft fuel efficiency; and efforts to improve air traffic and airport efficiency to reduce fuel use, eliminate lead exposure, and ensure cleaner air in and around airports. The Administration also plans to release an aviation climate action plan.

3. FAA Awards \$100 Million for Sustainable Aircraft Technology.

FAA has awarded more than \$100 million for companies to develop technologies that reduce fuel use, emissions and noise, through its Continuous Lower Energy, Emissions and Noise (CLEEN) Program, begun in 2010. In Phase III of the CLEEN program, FAA and six industry partners will pursue goals of reducing carbon dioxide (CO₂) emissions by improving fuel efficiency by at least 20% below the relevant International Civil Aviation Organization (ICAO) standard; NO_x emissions by 70% relative to the most recent ICAO standard; particulate matter emissions below the ICAO standard; and noise by 25 dB cumulative relative to the FAA Stage 5 standard. FAA anticipates that technologies developed under CLEEN Phase III could be introduced into commercial aircraft by 2031. Phase III industry partners are GE Aviation; Honeywell Aerospace; Pratt & Whitney; Boeing; Delta TechOps/GKN Aerospace/MDS Coating/America's Phenix; and Rohr. FAA also is pursuing agreements with Rolls-Royce and Safran Nacelles. CLEEN technologies developed so far are estimated to reduce CO₂ emissions equivalent to removing three million cars from the road by 2050 and to save the aviation

industry 36 billion gallons of fuel, the equivalent of 11.4 million Boeing 737 flights between New York and Los Angeles.

4. **U.S. Airlines Increase SAF Production Goal.**

Airlines for America (A4A) members pledged to work with government and other stakeholders to make three billion gallons of cost-competitive SAF available to U.S. aircraft operators in 2030, up from two billion announced in March. A4A stressed the need for government policy support, including a \$1.50-\$2.00 per gallon SAF blender's tax credit; public-private SAF research, development and deployment programs, such as a new SAF and low emissions technology grant program under consideration by Congress; and other collaborative initiatives.

5. **American Airlines is Anchor Partner in Clean Energy Catalyst.**

American Airlines invested \$100 million as an anchor partner in Breakthrough Energy Catalyst, a collaborative effort to accelerate development of emission-reduction solutions necessary for achieving net-zero by 2050. Catalyst, founded by Bill Gates, will start by funding projects across four technologies: SAF, green hydrogen, direct air capture and long-duration energy storage.

6. **Delta, Chevron, Google to Measure SAF Emissions Data.**

Delta signed a memorandum of understanding with Chevron and Google to track SAF test batch emissions data using cloud-based technology, to provide greater transparency and improved reporting. Chevron will produce a test batch of SAF at its El Segundo Refinery and sell it to Delta at its Los Angeles International hub. Results will be shared with Google Cloud, which plans to build a data and analytics framework to securely ingest and analyze emissions data from Delta and Chevron related to the SAF test batch.

7. **United, Honeywell Invest in Alder Fuels.**

United and Honeywell announced a joint multimillion-dollar investment in Alder Fuels, a cleantech company that is developing technologies for producing SAF at scale by converting abundant biomass, such as forest and crop waste, into sustainable low-carbon, drop-in replacement crude oil. When used together across the fuel lifecycle, the Alder technologies, coupled with Honeywell's Ecofining™ process, could produce a carbon-negative fuel at spec with today's jet fuel. United agreed to purchase 1.5 billion gallons of SAF from Alder. Bryan Sherbacow, founder and CEO of Alder Fuels, built the world's first SAF refinery utilizing Honeywell technology and subsequently contracted with United, enabling the airline to become the first globally to use SAF in regular operations on a continuous basis.

8. Geothermal Project Begins at Louisville International.

Louisville Muhammad Ali International broke ground on “the largest geothermal system of any airport in the country.” The \$21.7 million project will save energy by using the earth’s natural temperature to heat and cool the Jerry E. Abramson Terminal. The geothermal system will cut carbon emissions by 80% through reduction of ozone, carbon monoxide and particulate matter associated with burning natural gas; uses 40% less energy than traditional systems, saving \$400,000 each year in heating and cooling operating costs; will require less maintenance; and has an operating life that is two to three times longer than an average HVAC commercial system. Most current HVAC equipment will be removed, making room for future terminal enhancements. The project is part of a \$400 million investment in airfield and terminal improvements. FAA awarded \$10.6 million to the airport as part of its Voluntary Airport Low Emissions (VALE) Grant Program, which will cover the cost of the geothermal wellfield and piping infrastructure connecting to the terminal building.

9. British Airways, Partners Demonstrate ‘Perfect Flight.’

A British Airways Airbus A320neo powered by bp SAF flew from London Heathrow to Glasgow as part of the “Perfect Flight” initiative, which combines innovations including continuous climb and descent, SAF and electric ground operations vehicles. The bp SAF was blended at 35% with traditional jet fuel in accordance with technical aviation specifications. The demonstrator flight reduced CO2 emissions by 62% compared to the original Perfect Flight in 2010, 34% from more efficient aircraft and operations and 28% from use of SAF, with the remaining 38% “using high quality, verified carbon offsets.”

VI. U.S. CONGRESS

1. Senators Urge DOJ to Prosecute Dangerous Passengers.

Senators wrote to Attorney General Merrick Garland and FAA Administrator Steve Dickson about increased incidents involving dangerous airline passengers, urging coordination to ensure that those who commit criminal acts are prosecuted. “Civil penalties alone are failing to deter criminal activity by airline passengers,” wrote Commerce Committee Chair Maria Cantwell (D-WA) and Judiciary Committee Chair Richard Durbin (D-IL). “DOJ has ample authority to prosecute those who commit crimes while onboard an aircraft . . . It is critical that DOJ direct federal law enforcement agents and prosecutors to use these authorities to fully investigate reported incidents on aircraft, and, when supported by the evidence, prosecute those who are criminally responsible.” Cantwell and Durbin asked for a briefing from DOJ and FAA to inform Congressional oversight of the issue by October 11.

2. House Hearing on Air Rage.

The House Transportation and Infrastructure Committee held a hearing entitled “Disruption in the Skies: The Surge in Air Rage and its Effects on Workers, Airlines, and Airports” to examine “the alarming increase in disruptive and unruly airline passengers, the causes, the effect on passenger and crew safety, and the enforcement of U.S. laws prohibiting such behavior.” Aviation Subcommittee Chair Rick Larsen (D-WA) noted an “urgent need for a national aviation preparedness plan to improve the safety of aviation crews, employees and passengers and minimize disruptions to the national aviation system.” Committee Chair Peter DeFazio (D-OR) called for airports to compel concessionaires to sell alcohol responsibly. “Posting a big sign in the terminal advertising alcohol to-go is not selling alcohol responsibly,” he said. Sara Nelson, International President of the Association of Flight Attendants-CWA, warned that if disruptions in the cabin and failure to comply with crew instruction become a regular occurrence, “we are in jeopardy of missing cues of a coordinated [terrorist] attack. We cannot be lulled into a place of accepting these distractions as a new normal.” Citing a recent survey of flight attendants, she noted that nearly half of the incidents could be prevented by identifying problems on the ground or preflight. She added that incidents of assault against passenger service agents are rarely investigated or prosecuted, despite a 2017 ruling that interference with airport or air carrier employees with security duties is punishable by criminal penalties and jail time. Among recommendations, she called for a centralized no-fly list that airlines can access, noting that United has banned over 1,000 travelers due to issues related to mask mandates and unruly behavior, and Alaska has placed 857 passengers on a ban list due to failure to

comply with mask policy. Airlines for America said Delta has more than 1,600 people on its no-fly list, has submitted more than 600 banned names to FAA in 2021, and has asked other airlines to share their no-fly lists.

3. Bill Ensures Passenger Security Fees Go Solely to Security.

The “Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act” was reintroduced in the Senate by Commerce Committee members Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.). The bill would end diversion of the 9/11 Security Fee, the \$5.60 paid by passengers to help finance the aviation system. In 2013, Congress began diverting a third of revenue generated by the fee to pay for unrelated programs. In Fiscal Year 2019, \$4.25 billion was collected in security fees, but \$1.36 billion was diverted. Unless current law is changed, more than \$19 billion in total will be diverted by FY 2027. The FASTER Act would eliminate this diversion, redirect billions of dollars back to TSA, “and prevent Congress from raiding these funds in the future.” Companion legislation was introduced in the House in March.

4. Hearing on Legislative Solutions to Revive Travel.

A hearing titled “Legislative Solutions to Revive Travel and Tourism and Create Jobs” examined a draft of the “Omnibus Travel and Tourism Act of 2021.” The bill would establish permanent federal leadership on travel policies, invest in public-private partnerships to increase visits to the U.S., study ways to screen airport travelers for COVID-19, and create a task force to address the pandemic’s impact on air travel, said Jacky Rosen (D-NV), Chair of the Subcommittee on Tourism, Trade, and Export Promotion. Roger Wicker (R-Miss.) said the travel industry’s struggle is a bipartisan issue, so a working group was formed to package bills together.

5. “Safe Travel Act” Introduced in House.

The “Safe Travel Act,” which would require proof of vaccination or a negative COVID test within 72 hours of domestic airline and Amtrak trips, was introduced in the House by Don Beyer (D-VA). The bill would require airport and Amtrak employees to be vaccinated or be subject to weekly testing.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S. to Urge More Arab Countries to Normalize Ties with Israel.

Diplomatic relations have made it possible to fly between Israel and Bahrain, Israel and Morocco, and Israel and the United Arab Emirates, noted U.S. Secretary of State Antony Blinken, during a virtual gathering with officials from those countries and Morocco a year after U.S.-brokered diplomatic agreements, known as the Abraham Accords, were reached. He pledged to encourage more Arab countries to normalize relations with Israel. “Despite COVID-19, more than 130,000 Israelis visited the United Arab Emirates just in the first four and a half months after the Accords were signed”, Blinken said; and “Israel and Bahrain were the first countries to mutually recognize one another’s digital COVID-19 vaccine passports, which means that people can go to restaurants and concerts when visiting each other’s countries without quarantining.” Morocco’s Foreign Minister Nasser Bourita said the U.S.-Morocco-Israel agreement signed last December is the bedrock for a renewed relationship; “20 flights operating under two airlines companies already established their rotation, and one million Israeli tourists are expected per year to visit Morocco.” Bahrain’s Foreign Minister Abdullatif bin Rashid Alzayani said more should be done to display the benefits of cooperation between Israel and the Arab world. “We need to demonstrate what genuine regional peace, interdependence and prosperity can mean in practice for the day-to-day lives of all the peoples of the Middle East,” he said. The meeting date was the anniversary of the Camp David Accords, the Israel-Egypt peace treaty reached on September 17, 1978.

VIII. EUROPE AND AFRICA

1. UK to Simplify Travel Rules.

The UK said rules for international travel to England will change on October 4, with the traffic light system replaced by a single red list and simplified measures for arrivals. The requirement for fully vaccinated passengers to take a pre-departure test, if not travelling from a red list country, will be removed. By late October, instead of two-day PCR testing, there will be a system of lateral flow tests for fully vaccinated passengers arriving from non-red list countries. Measures will be reviewed in the new year, ahead of booking windows for spring and summer.

2. European Bookings Jump as U.S. Plans to Lift Travel Ban.

Shortly after the U.S. announced a planned removal of travel restrictions, Lufthansa bookings to U.S. destinations increased by 40% over the previous week, said Group CEO Carsten Spohr. . . . Lufthansa offered new shares to investors, with anticipated proceeds of €2.1 used to repay Germany's stabilization fund, which will divest its equity interest in the company. . . . Capacity offered by Air Dolomiti, Austrian, Brussels Airlines, Eurowings and Swiss has returned to more than half of pre-crisis levels, with load factors exceeding 70% in August. Eurowings' bookings for business destinations have more than doubled, though from low levels, said CEO Jens Bischof. The Cologne-based carrier will establish a new base at Stockholm Arlanda with 150 crew members from March, operating five Airbus A320s on 20 low-cost direct flights to major European cities. Bischof said the Swedish market "fits perfectly with our goal to be the number one European value carrier." Steffen Harbarth, a Lufthansa CityLine Managing Director, will become Air Dolomiti CEO on January 1, succeeding Jörg Eberhart, who was named Head of Strategy & Organizational Development at Lufthansa Group.

3. British Airways to Resume Nonstops to San Diego.

British Airways will resume service between London Heathrow and San Diego on October 13, with three weekly year-round nonstops, the first carrier to resume nonstop service to Europe from San Diego. . . . British Airways abandoned newly-announced plans to launch a short-haul subsidiary at London Gatwick, having failed to reach agreement with British Airline Pilots' Association.

4. Aer Lingus Offers U.S Fares From €149 Each Way.

Aer Lingus offered fares to U.S. destinations from €149 each way, upon news that the U.S. would lift the ban on entry of European citizens in November. Aer Lingus resumed service from Dublin to Washington Dulles in August, operating

four times per week; and to Toronto, with two flights per week which increase to four until December 17 and daily for Christmas. . . . DOT awarded a foreign air carrier permit to Aer Lingus UK, the British subsidiary of Aer Lingus and an immunized affiliate of Aer Lingus within the Atlantic Joint Business. Aer Lingus UK intends to launch routes to the U.S. East Coast in early December as a capacity provider to Aer Lingus, operating under its code and branding.

5. Iberia, Alaska Plan to Code Share on 78 Routes.

Iberia and Alaska Airlines are seeking authority to code share on Alaska-operated flights from Los Angeles International and San Francisco to destinations in the U.S., Mexico and Costa Rica.

6. United to Begin Flights Between Washington, D.C. and Lagos.

United will begin Boeing 787 flights between Washington, D.C. and Lagos on November 29, subject to government approval; the three weekly flights will be the first non-stop service on the route. United launched New York Newark-Johannesburg, and Washington, D.C.-Accra service this year, and resumes New York Newark-Cape Town service on December 1.

7. South African Airways Resumes Service.

South African Airways resumed operations with service to Cape Town, Accra, Kinshasa, Harare, Lusaka and Maputo from Johannesburg. “Our first order of business is to service our start-up routes efficiently and profitably and then look to expanding the network and growing our fleet, all depending on demand and market conditions,” said Interim CEO Thomas Kgokolo.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Philippine Airlines Files for Bankruptcy Protection.

Philippine Airlines (PAL) filed for bankruptcy protection in the Southern District of New York and will complete a parallel filing in the Philippines. PAL Holdings, which is listed on the Philippine Stock Exchange, and Air Philippines Corporation, known as PAL Express, are not included in the Chapter 11 filing. PAL will continue to operate flights and expects to meet financial obligations, said Chairman and CEO Lucio Tan. The airline said it lost \$2 billion in revenue due to pandemic travel restrictions and currently operates just 21% of pre-pandemic flights; passenger volume fell from about 30 million in 2019 to 7 million in 2020, said President and COO Gilbert Santa Maria.

2. American, IndiGo to Code Share Across India.

Under a new codeshare agreement, American Airlines will place its code on 29 of IndiGo's domestic routes from Bengaluru and Delhi, subject to government approval. American will begin service from New York to Delhi on October 31 and Seattle to Bengaluru on January 4. . . . Air Canada resumed nonstop flights to Delhi from Toronto and Vancouver, and plans to launch new nonstops from Montreal to Delhi and resume service to Mumbai as market conditions allow. . . . Final bidders in the Air India privatization include Tata, which founded Air India as Tata Airlines in 1932; it was nationalized in 1953.

3. China's Commercial Fleet Expected to Double By 2040.

China's airlines will require 8,700 new airplanes by 2040, valued at \$1.47 trillion, to meet expanding demand, said Boeing in its 2021 Commercial Market Outlook. With 4.4% annual economic growth and a middle-income demographic that will double by 2040, China's domestic passenger market will exceed intra-European traffic by 2030, and is expected to exceed air travel within North America by 2040. China's civil aviation industry will require more than 400,000 new personnel by 2040, including pilots, technicians and cabin crew. . . . Separately, the first C919 narrowbody, built by state-owned Commercial Aircraft Corporation of China (COMAC), is in final assembly, said Civil Aviation Administration of China. The 158-168 seat aircraft has a range of 4,075 to 5,555 kilometers. A total of 815 orders have been obtained from 28 customers, with launch customer China Eastern expecting first delivery by yearend.

4. China Eastern Launches Hainan-Based Subsidiary.

China Eastern launched CEAir, a subsidiary headquartered in Sanya Yazhou Bay Science and Technology City, in south China's Hainan Province. CEAir

expects to operate 30-50 aircraft “and join hands with Hainan to build an air bridge connecting the world.”

5. HNA Group to Split into Four Independent Units.

As the HNA bankruptcy reorganization enters its final stage, officials said the Group will be split into four independent sectors: aviation, airport, financial and commercial. Hainan Airlines said Liaoning Fangda Group Industrial, a conglomerate with business in the carbon, steel, and pharmaceutical sectors, will be the strategic investor for HNA’s airline business. HNA Group CEO Adam Tan and Chairman Chen Feng were arrested by Chinese authorities. Tan reportedly is a U.S. citizen.

6. ACCC Denies Authorization for Qantas-JAL Alliance.

The Australian Competition and Consumer Commission (ACCC) denied authorization for Qantas and Japan Airlines (JAL) to coordinate flights between Australia and Japan, due to likely reduced competition as international travel resumes. Qantas (including Jetstar) and JAL applied for a three-year authorization of a joint business agreement. In the year before the pandemic, Qantas and JAL flew about 85% of passengers traveling between Australia and Japan, said ACCC, and were the closest competitors on the largest route, Sydney-Tokyo, and the only airlines operating on the second largest route, Melbourne-Tokyo. “Granting the authorization would not only remove competition between Qantas and Japan Airlines, it would make it very difficult for other airlines to operate on routes between Australia and Japan. Virgin Australia told the ACCC that it would be more difficult to enter the Australia-Japan route if it is required to compete with Qantas and Japan Airlines acting jointly rather than as individual competing airlines.” ACCC said Qantas should begin new service between Cairns and Tokyo “without the alliance, and the timing of any such service would be best determined by commercial factors in a competitive environment. Jetstar services on this route are currently planned to start again from February 2022, without the alliance.”

7. Qantas To Require Vaccines for Passengers on Int’l Flights.

CEO Alan Joyce said Qantas will require vaccines for passengers on international flights when borders reopen. The airline is preparing for a gradual restart from mid-December when Australia is expected to reach an 80% vaccination threshold. Flights to New Zealand are on sale for travel from mid-December; remaining international network is planned to open in April 2022.

8. Turkish Airlines, JetBlue to Expand Code Sharing.

Turkish Airlines applied to expand its code share partnership with JetBlue, requesting a blanket statement of authorization to display JetBlue’s code on

certain flights it operates between Turkey and the U.S., and to points beyond Turkey. The carriers began code sharing in 2014 on certain JetBlue-operated flights from Boston and New York Kennedy.

9. Emirates to Restore Most U.S. Service by December.

Emirates expects to restore most U.S. service to pre-COVID-19 levels by December and has already restored daily frequencies to Chicago and Los Angeles and on routes connecting Athens-Newark and Milan-New York. Emirates code shares with JetBlue and has an interline agreement with Alaska Airlines. To support the planned ramp-up, Emirates seeks to recruit 3,000 cabin crew and 500 airport services employees. Emirates carried 15.8 million passengers and was the largest international airline in 2020, during the pandemic. Emirates will receive three more A380s from Airbus this year, bringing forward original delivery timeline from June 2022 and bringing Emirates' total fleet of A380s to 118 units.

X. AMERICAS

1. American Proposes \$200 Million Investment in GOL.

American Airlines proposed a \$200 million investment in Rio de Janeiro-based GOL and an expanded partnership that will include a code share agreement, loyalty program partnership, and increased commercial cooperation in areas such as purchasing, sales tools and systems integrations, as allowed by regulatory and contractual limitations. American will have the right to appoint one member to GOL's Board, who will be granted membership on GOL's Alliance Committee. The carriers began code sharing in 2020. On their combined networks, customers can travel to 30 destinations served by American in the U.S. and 20 in South America served by GOL.

2. Delta Hiring 3,000 Flight Attendants.

Delta is hiring 1,500 flight attendants for the 2021/22 class, in addition to the 1,500 that made it through hiring processes before the pandemic in early 2020. In all, Delta will have 3,000 new flight attendants for summer 2022 flying and beyond. . . . Three weeks after announcing a \$200 monthly health insurance surcharge for unvaccinated workers, Delta said its employee vaccination rate had reached 82%.

3. United Plans New Central America, Caribbean Routes.

United plans to add flights from Cleveland to Nassau, Chicago O'Hare to Guatemala City, and Denver to Roatan, Honduras starting December 18, subject to government approval. . . . After United mandated that all U.S.-based employees be vaccinated against COVID-19 by September 27, workers filed a class-action lawsuit challenging "discriminatory and retaliatory actions stemming from the airline's refusal to grant any reasonable religious or medical accommodations from its COVID-19 vaccine mandate," and filed a motion for a temporary restraining order and preliminary injunction. United then delayed the requirement to October 15, noting that, as of September 27, 97% of employees were vaccinated.

4. Mike Van de Ven Named President of Southwest.

Southwest President Tom Nealon retired and was replaced by COO Mike Van de Ven. Chairman and CEO Gary Kelly said Van de Ven will also handle the company's Internal Audit, Business Continuity, Emergency Response, and Enterprise Risk Management functions. Nealon will serve as a strategic advisor, with a focus on the airline's environmental sustainability and carbon emissions reduction plan. It was previously announced that Executive Vice President Bob Jordan will assume the CEO role on February 1, when Kelly steps down. . . .

Southwest plans to increase service to Hawaii in February and resume seasonal daily nonstops between Fort Lauderdale and Punta Cana, Dominican Republic; and, subject to government approvals, start new service between Austin and Puerto Vallarta and seasonal nonstops between Denver and Cozumel, in March. . . . With continuing unruly passenger reports, Southwest will not resume onboard alcohol sales until January when the federal mask mandate ends. . . . Southwest continued to experience softness in bookings and elevated trip cancellations in August, “as a result of the rise in COVID-19 cases associated with the Delta variant.” Managed revenues decreased 64% compared with August 2019. . . . Southwest will construct and operate an aircraft maintenance facility at Baltimore/Washington International, which will include a 130,000 square-foot hangar, aircraft parking apron and office space.

5. Breeze A220 Order Stands at 80; New Routes Planned.

Breeze Airways confirmed it will purchase 20 Airbus A220 aircraft, bringing the outstanding order to 80. Deliveries begin October 26. Initial routes will be announced early next year, expanding the current 16-city network and adding longer flights, including transcontinental markets that currently lack nonstops. The A220 fleet will be configured with Breeze’s ‘Nice’ regular seating, ‘Nicer’ seats with extra legroom, and ‘Nicest’ premium seating. Salt Lake City-based Breeze currently offers nonstops between secondary airports; founder and CEO is David Neeleman. The A220 “is purpose-built for the 120-160 seat market and represents the fusion of performance and technology that will enable Breeze to connect distant points with nonstop flights that were previously unprofitable or, in some cases, impossible,” said Airbus officials.

6. Atlas Air Worldwide Announces New ACMI Contract with FedEx.

Atlas Air entered into a long-term agreement with FedEx to provide two Boeing 747-400 freighters on a full-time aircraft, crew, maintenance and insurance (ACMI) basis. The company’s existing multi-year peak season contract provides FedEx with a minimum of five aircraft during the fourth quarter. . . . Atlas Air entered into contract extensions with DHL Express to continue operating 20 Boeing freighters. The partnership between Atlas Air Worldwide (AAWW) and DHL began in 2008 and included DHL acquiring 49% of AAWW’s subsidiary, Polar Air Cargo, as well as a long-term agreement for six dedicated 747-400Fs to operate on key Trans-Pacific routes. . . . A new joint collective bargaining agreement (JCBA) was completed for Atlas Air and Southern Air pilots. Under the five-year JCBA, pilots will receive higher pay and enhanced benefits. This is one of the final steps in completing Atlas Air’s merger with Southern Air, which it acquired in 2016. . . . Atlas Air signed a memorandum of agreement to enter into a joint venture with Sharp Technics K to develop a dedicated maintenance, repair and overhaul facility at Incheon. The custom freighter facility will be able

to accommodate multiple wide-body aircraft and is expected to open in 2025. Sharp Aviation K is the largest independent aviation and airport service provider in Korea.

7. **British Airways to Resume Nonstops to San Diego.**
See Section VIII, item 3
8. **Aer Lingus Offers U.S Fares From €149 Each Way.**
See Section VIII, item 4.
9. **Iberia, Alaska Plan to Code Share on 78 Routes.**
See Section VIII, item 5.
10. **United to Begin Flights Between Washington, D.C. and Lagos.**
See Section VIII, item 6.
11. **American, IndiGo to Code Share Across India.**
See Section IX, item 2.
12. **Turkish Airlines, JetBlue to Expand Code Sharing.**
See Section IX, item 8.
13. **Emirates to Restore Most U.S. Service by December.**
See Section IX, item 9.