



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. U.S. Adopts Vaccination-Based International Travel System.

The United States will move from country-by-country restrictions applied during the COVID-19 pandemic and adopt a vaccination-based international travel system. Effective November 8, foreign national air travelers to the U.S. will be required to be fully vaccinated and to provide proof of vaccination status prior to boarding an airplane to fly to the U.S. Exceptions include children, certain COVID-19 vaccine clinical trial participants, those with rare medical contraindications to the vaccines, those who need to travel for emergency or humanitarian reasons, those who are traveling on non-tourist visas from countries with low-vaccine availability, members of the armed forces and their immediate families, airline crew, ship crew, and diplomats. All fully vaccinated air travelers will continue to be required to show documentation of a pre-departure negative viral test from a sample taken within three days of travel to the U.S. before boarding. Unvaccinated travelers will now need to show documentation of a negative viral test from a sample taken within one day of travel to the U.S. Airlines will now verify vaccination status, and continue to verify proof of a pre-departure negative test result. A new contact tracing order requires that airlines collect contact information for all international inbound travelers to the U.S., including full name, phone number, email, and address at which they can be reached while staying in the U.S. Airlines will have to keep this information and promptly turn it over to the Centers for Disease Control and Prevention (CDC) when requested.

2. IATA Forecasts Cumulative \$201 Billion Loss for 2020-2022.

The International Air Transport Association (IATA) announced its latest outlook for airline industry financial performance showing improved results amid the continuing COVID-19 crisis. Net industry losses are expected to reduce to \$11.6 billion in 2022, after a \$51.8 billion loss in 2021 (worsened from the \$47.7 billion loss estimated in April). Net 2020 loss estimates have been revised to \$137.7 billion (from \$126.4 billion). In sum, total industry losses in 2020-2022 are expected to reach \$201 billion. Demand (measured in RPKs) is expected to stand at 40% of 2019 levels for 2021, rising to 61% in 2022. Total passenger numbers are expected to reach 2.3 billion in 2021 and increase to 3.4 billion in 2022, which are similar to 2014 levels and significantly below the 4.5 billion travelers of 2019. Robust demand for air cargo is expected to continue with 2021 demand at 7.9% above 2019 levels, growing to 13.2% above 2019 levels for 2022. All regions will improve their collective financial performance this year, compared to 2020. The strongest performing region is North America, which is

expected to see a \$5.5 billion loss in 2021 transform to a \$9.9 billion profit in 2022. All other regions will see reduced losses in 2022 compared to 2021. . . . “We are well past the deepest point of the crisis,” said Director General Willie Walsh, at IATA’s 77th Annual General Meeting (AGM), held in Boston. “While serious issues remain, the path to recovery is coming into view.” He called for dramatic improvement in how governments manage border restrictions, and harmonization of entry requirements, noting that governments are using at least 24 versions of country risk-assessment lists and that there are at least 10 ways to define testing windows prior to travel. . . . China Eastern Airlines will host the 78th IATA AGM and World Air Transport Summit, in Shanghai next June; China hosted the AGM in Beijing in 2012 and in Shanghai in 2002. Mehmet Nane, CEO of Turkish low-cost carrier Pegasus, will become Chair of the IATA Board of Governors after the 2022 AGM.

3. ICAO Commits to Help Restore Global Air Connectivity.

The International Civil Aviation Organization (ICAO) adopted a declaration by Ministerial participants in the High-level Conference on COVID-19 (HLCC) to help restore global air connectivity. Measures help prevent the spread of communicable diseases via international air travel, and encourage harmonization of Member States’ multilayer risk management strategies, ensuring interoperability and mutual recognition of, and accessibility to, digital applications, secure transmission and validation of pandemic-related testing, vaccination and recovery certification that protects privacy and personal data. The Declaration recognizes the critical role played by air transport and ICAO’s Aviation Recovery Task Force (CART), which was established in 2020 to provide practical, aligned guidance to governments and industry operators to restart the international air transport sector and recover from COVID-19 on a coordinated, global basis.

4. U.S. Airlines Carried 66 Million Passengers in August.

U.S. airlines carried 66 million passengers in August, compared to 25.2 million in August 2020 and 83.4 million in August 2019, according to preliminary data filed with the Department of Transportation (DOT) by 20 airlines that carry more than 90% of passengers. . . . The 24 U.S. scheduled passenger airlines employed 407,965 full-time equivalent employees in August 2021, compared to 449,461 in August 2019.

5. DOJ to Address Airline Passenger Violence.

President Biden directed the Department of Justice to deal with violence from unruly airline passengers. According to the Federal Aviation Administration (FAA) website, as of October 12 there were 4,724 unruly passenger reports

year-to-date, 3,433 of which were mask-related; 882 investigations and 196 enforcement cases have been initiated.

6. **FAA Proposes Longer Rest Period for Flight Attendants.**

FAA proposed a rule requiring that flight attendants receive at least 10 hours of rest between duty periods, rather than the current nine hours. An earlier proposal, mandated by the 2018 FAA reauthorization, was never finalized. Association of Flight Attendants said some airlines have included the 10-hour rest in its contracts, “but this safety issue needs to be a federal rule that applies across the industry, and it’s all the more urgent with the schedules of long days and short nights due to reduced service from COVID, and the current conditions on our planes.”

7. **Former Boeing MAX Chief Technical Pilot Indicted for Fraud.**

A federal grand jury indicted a former Boeing chief technical pilot, Mark Forkner, alleging he provided “materially false, inaccurate and incomplete information” about the Maneuvering Characteristics Augmentation System (MCAS) during the FAA evaluation and certification of the B-737 MAX. The flight control software is implicated in the Lion Air Flight 610 and Ethiopian Airlines Flight 302 crashes in 2018 and 2019, in which 346 people were killed. “In an attempt to save Boeing money,” Forkner’s “callous choice to mislead the FAA hampered the agency’s ability to protect the flying public and left pilots in the lurch,” said the Department of Justice. Forkner is charged with two counts of fraud involving aircraft parts in interstate commerce and four counts of wire fraud. He pleaded not guilty and a trial date was set for November 15. His attorney said Forkner is a scapegoat and a trial will show “he did not cause this tragedy, he did not lie, and he should not be charged.” Families of 737 MAX victims and others agreed, and House Transportation Committee Chair Peter DeFazio said: “Senior leaders throughout Boeing are responsible for the culture of concealment that ultimately led to the 737 MAX crashes. . . Forkner’s indictment should not be the end of the accountability for this colossal and tragic failure.”

8. **DOT IG: FAA Lacks Effective Oversight of American’s Maintenance.**

A DOT Inspector General audit found that FAA lacks effective oversight controls to ensure safety compliance at American Airlines. In 171 of 185 cases sampled, FAA inspectors accepted root cause analyses by the carrier that did not identify the true root cause of the problem. Furthermore, FAA closed compliance actions before the carrier implemented corrective actions. FAA requires American to use its safety management systems (SMS) to determine level of risk associated with maintenance non-compliance. However, FAA inspectors did not routinely or consistently evaluate whether the carrier adequately and effectively assessed and rated risks. This is in part because FAA did not provide its inspectors with

comprehensive training and tools for overseeing and evaluating the carrier's SMS. While American has not experienced a fatal accident in nearly two decades, reports of potentially unsafe maintenance practices led members of the House Transportation Committee and its Aviation Subcommittee to request the audit.

9. Dangerous Laser Strikes at Aircraft Continue to Rise.

FAA received 7,186 laser strike reports for 2021, as of October 14, exceeding the 2020 total of 6,852. Many types of high-powered lasers can completely incapacitate pilots, many of whom are flying airplanes with hundreds of passengers. Perpetrators face fines of up to \$11,000 per violation and up to \$30,800 for multiple laser incidents. FAA has issued \$120,000 in fines for laser strikes this year. Violators can also face criminal penalties from federal, state and local law enforcement agencies.

II. AIRPORTS

1. IATA Legal Challenge to Urgently Halt Dutch Slot Rule.

IATA started legal action in the Netherlands to prevent application of a new rule that “would have significant negative effects on the globally functioning system of slot allocation and would result in very significant (commercial) damage for the members of IATA.” Set to take effect for the Summer 2022 season, the rule prescribes priority destinations for slots at three congested Dutch airports (Amsterdam Schiphol, Eindhoven and Rotterdam The Hague). The rule was unilaterally applied without consultation of interested parties, as required under EU law, said IATA.

2. FAA Awards \$479.1 Million in Airport Infrastructure Grants.

FAA awarded \$479.1 million in infrastructure grants to 123 projects at airports including Denver International: \$16.4 million toward construction of a new 5,000-foot taxiway; Ontario International (Calif.): \$15.2 million to reconstruct taxiways and connectors; Buffalo Niagara: \$13.3 million for a runway reconstruction; Boston Logan: \$4 million to acquire electric charging stations for ground-servicing equipment; and Sarasota Bradenton: \$3.7 million to add five new gates and apron loading areas to the existing terminal. This funding is in addition to the more than \$3.1 billion in Airport Improvement Program (AIP) grants awarded during fiscal year 2021 and includes American Rescue Plan Act funding to cover the usual local-match requirement.

3. LaGuardia AirTrain Project Halted.

Port Authority of New York and New Jersey paused action on the LaGuardia AirTrain project, as it undertakes a thorough review of potential alternative mass transit options, at the request of New York Governor Kathy Hochul. Environmental and other groups are opposed to the \$2.1 billion project, which was cleared by FAA in July.

4. Pittsburgh Breaks Ground on \$1.4 Billion Terminal.

Officials broke ground on a 700,000 square-foot terminal project at Pittsburgh International, scheduled to open in early 2025. The new facility will consolidate operations, including ticketing, security checkpoints and baggage claim. The single terminal design reduces passenger travel time from curb to airside by 50%. The new terminal and a multi-modal transportation complex together make up the airport's \$1.4 billion Terminal Modernization Program; the multi-modal complex includes a 3,300-space parking garage, rental car facilities and entrance roadways.

5. Heathrow to Raise Charges.

The UK Civil Aviation Authority (CAA) proposed maximum charges London Heathrow can charge airline customers for the next five years, beginning next summer. A range of charges per passenger, £24.50 to £34.40, is an increase from £22 in 2020. Heathrow had requested a cap of between £32 and £43. “An interim price cap for 2022 will be introduced to protect consumers from any undue increase in airport charges,” said CAA, which will also introduce “a traffic risk sharing mechanism to prevent the airport or consumers bearing all the risk of the uncertainty as a result of the industry's ongoing recovery.” Airlines UK opposes the rate hike “in the strongest terms,” saying the CAA “is our last line of defense against a monopoly-abusing hub airport. Monopolies will always try it on and that’s why we need a strong regulator to clamp down on what is blatant gouging. How on earth can it be in the interests of consumers to ramp up charges by as much as 50%?”

6. Sydney Airport Receives Takeover Offer.

Sydney Airport received an A\$23.6 billion takeover offer from Sydney Aviation Alliance, and recommended that “securityholders vote in favor of the proposal, in the absence of a superior proposal and subject to an independent expert concluding that the proposed transaction is in the best interests of Sydney Airport security holders.” Sydney Airport Alliance is a consortium of funds invested in infrastructure assets.

III. SECURITY AND DATA PRIVACY

1. TSA Update.

The Transportation Security Administration (TSA) reduced the online renewal fee for TSA PreCheck from \$85 to \$70, effective October 1. The cost for initial enrollment and in-person renewal remains \$85. The expedited screening program is available at more than 200 U.S. airports with 80 participating airlines. . . . About 60% of the TSA workforce had been vaccinated as of October 14, TSA Administrator David Pekoske told CNN. The deadline for civilian federal government workers to be fully vaccinated is November 22, the Monday before Thanksgiving. "We are building contingency plans," Pekoske said, in the event of worker shortages during one of the busiest travel times of the year. . . . TSA screened 2,070,878 travelers at U.S. airport checkpoints on Friday, October 15, compared to 973,046 on same weekday 2020 and 2,637,667 same weekday 2019. . . . On October 15, TSA confirmed it had 337 employees with active COVID-19 infections. TSA cumulatively has had 10,752 federal employees test positive for COVID-19; 30 died, as did two screening contractors. . . . TSA firearm catches at checkpoints set a 20-year record in first nine months of 2021. As of October 3, TSA officers had stopped 4,495 airline passengers from carrying firearms on board flights, surpassing the previous record of 4,432 in full calendar year 2019. They found 11 firearms in carry-on bags per million passengers screened, compared to five per million passengers in 2019.

2. Delta Expands Facial Recognition Option in Atlanta.

TSA and Customs and Border Protection tested facial recognition technology at Detroit Metro in early 2021 with the cooperation of Delta. Now the airline is expanding its voluntary "digital identity experience" in Atlanta. "Without showing a paper boarding pass or a physical government ID," said Delta, and "with just one look at a camera," passengers who have a TSA PreCheck membership and a Delta SkyMiles number "can easily and efficiently check a bag, pass through the TSA PreCheck security line and board their plane." Facial recognition equipment is in Atlanta's South Security Checkpoint and will expand to select bag drop and boarding areas before the end of the year. Delta aims to expand to additional hubs next year. Delta launched a biometric terminal in Atlanta for international travel in 2018.

IV. TECHNOLOGY AND EQUIPMENT

1. **United to Accept PayPal QR Codes as Inflight Payment Option.**

United is the first airline to accept PayPal QR Codes for inflight payments, introducing the service on select flights departing Chicago O'Hare in November and system-wide by year-end. Passengers show a flight attendant the QR Code in the PayPal app and purchase items.

2. **Sabre, Emirates Reach New Distribution Agreement.**

Under a new multi-year agreement, travel buyers and agencies have access to Emirates' content through Sabre's global distribution system (GDS). Sabre also will continue to partner with Emirates on advanced retailing, data and analytics capabilities through its solutions in areas such as network planning, revenue optimization and market intelligence.

3. **Mesa to Launch Drone Delivery Business with Flirtey.**

In a partnership with aircraft designer and manufacturer Flirtey, Mesa Air Group ordered four U.S.-made electric powered drones, with an option for an additional 500, with a goal to conduct deliveries in the last-mile food and beverage market. Regional Mesa Airlines operates as American Eagle, United Express and DHL Express.

4. **Flying Car Unveiled.**

An electric vertical takeoff and landing aircraft (eVTOL) meant to be used like a car was unveiled by Israeli company AIR ONE. The two-seater has a range of 110 miles on a single charge at speeds up to 155 miles per hour, with a flight time of one hour. It has collapsible wings for parking, and software manages complex functions and navigation. "We need to build consumer confidence in eVTOLs as a legitimate mode of everyday transport and develop vehicles on a mass-scale," said company cofounder and CEO Rani Plaut. "AIR ONE is our hat in the ring, simultaneously showing consumers the first in a line of diversified, playful models for personal flight and demonstrating cutting-edge technology that will enable high-volume production and scalability."

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on October 15 was \$98.04/barrel, up 17.8% on the month and up 118.7% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$74.5/barrel.

2. IATA AGM Resolution: Net-Zero Carbon Emissions by 2050.

The IATA 77th AGM approved a resolution for the global air transport industry to achieve net-zero carbon emissions by 2050, a commitment that aligns with the Paris Agreement goal for global warming not to exceed 1.5°C. To be able to serve the needs of the 10 billion people expected to fly in 2050, at least 1.8 gigatons of carbon must be abated in that year, said IATA Director General Willie Walsh. “A potential scenario is that 65% of this will be abated through sustainable aviation fuels. We would expect new propulsion technology, such as hydrogen, to take care of another 13%. And efficiency improvements will account for a further 3%. The remainder could be dealt with through carbon capture and storage (11%) and offsets (8%).” Support for the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) was reaffirmed in the resolution. All industry stakeholders must commit to addressing the environmental impact of their policies, products, and activities with concrete actions and clear timelines, including: Fuel-producing companies bringing large scale, cost-competitive sustainable aviation fuels (SAF) to the market. Governments and air navigation service providers (ANSPs) eliminating inefficiencies in air traffic management and airspace infrastructure. Aircraft and engine manufacturers producing radically more efficient airframe and propulsion technologies. And airport operators providing the needed infrastructure to supply SAF, at cost, and in a cost-effective manner. The resolution calls on governments through ICAO to avoid a patchwork of regional, national or local measures. Among milestones, by 2025, with appropriate government policy support, SAF production is expected to reach 7.9 billion liters (2% of total fuel requirement). By 2030, SAF production is 23 billion liters (5.2% of total fuel requirement). By 2035, SAF production is 91 billion liters (17% of total fuel requirement); and electric and/or hydrogen aircraft for the regional market (50-100 seats, 30-90 min flights) become available. By 2040, SAF production is 229 billion liters (39% of total fuel requirement), and hydrogen aircraft for the short-haul market (100-150 seats, 45-120 min flights) become available. By 2045, SAF production is 346 billion liters (54% of total fuel requirement). By 2050, SAF production hits 449 billion liters (65% of total fuel requirement).

3. Delta to Purchase 250 Million Gallons of SAF Over 10 Years.

Delta signed an agreement with Aemetis to purchase 250 million gallons of blended fuel containing SAF to be delivered over a 10-year term. The aggregate value of the agreement is estimated to be more than \$1 billion, said Aemetis. The SAF is expected to be produced by an Aemetis renewable jet/diesel plant under development on a 125-acre former U.S. Army Ammunition production plant site in Riverbank, California, and be available for use by Delta starting in 2024. “The 90-million-gallon-per-year plant is designed to produce below zero carbon intensity renewable fuels by utilizing cellulosic hydrogen from waste forest and orchard wood along with onsite CO₂ carbon sequestration capacity,” said Chairman and CEO Eric McAfee. The process technology is licensed from Axens (France). To further reduce carbon intensity, the process injects CO₂ from the production plant into a sequestration well at the plant site to permanently capture an estimated 200,000 metric tonnes per year of CO₂. Aemetis is headquartered in Cupertino, California.

4. Successful 100% SAF Flight for Boeing, Rolls-Royce.

A Boeing 747 Flying Testbed aircraft flew almost four hours using 100% SAF on a Rolls-Royce Trent 1000 engine. The remaining three RB211 engines ran on standard jet fuel. There were no engineering issues, proving the fuel’s suitability for commercial use. World Energy provided the low-carbon fuel for the flight. Rolls-Royce said all of its Trent engines will be compatible with 100% SAF by 2023.

5. Google Flights Shows Estimated Emissions.

A new Google Flights feature shows a carbon-emissions estimate for flights in its search results, allowing travelers to compare their carbon footprint when booking air travel. Estimates are based on distance, number of stops, number and class of seats on board, type of aircraft, and data from the European Environment Agency. Google will share the feature with Travalyst, the sustainable-travel initiative from Britain’s Prince Harry, with a goal to develop a standardized way to calculate emissions that can be used across the industry, the company told the Washington Post. “We believe it’s critical that the model we build is an open model [and] will seek its adoption as broadly across the industry as possible.” The Travalyst coalition includes Booking.com, Tripadvisor and Visa.

6. Platform for Analyzing Carbon Emissions (PACE) Launched.

Irish financial services company Fexco and U.S. aviation risk management consultant Avocet launched a solution that allows lessors, banks and other aircraft owners to track and report emissions from their portfolios. By calculating CO₂ using industry standards and metrics, the Platform for Analyzing Carbon

Emissions (PACE) enables consistent comparisons between aircraft of the same type across different operators or routes, or different aircraft models. Initially for the aviation finance industry, PACE automatically analyzes carbon emissions at UK ETS scheme level and calculates overall credit risk.

7. **Etihad Raises \$1.2 Billion In Sustainability-Linked Loan.**

Etihad Airways is the first airline to secure a sustainability-linked loan (SLL) tied to environmental, social and governance (ESG) targets in global aviation. Terms of the \$1.2 billion loan are linked to Key Performance Indicators (KPIs) tied to ESG initiatives that include reducing carbon emissions intensity of the passenger fleet. Strategic partners and financiers for the transaction are HSBC and First Abu Dhabi Bank.

VI. U.S. CONGRESS

1. “U.S. Air Travel Public Safety Act” Introduced.

A bill that would require all passengers on domestic airline flights to be fully vaccinated, or recently tested negative, or fully recovered from COVID-19 was introduced by Senator Dianne Feinstein (D-Calif.). The “U.S. Air Travel Public Safety Act” would require the Secretary of Health and Human Services, in consultation with FAA, to develop national vaccination standards and procedures related to COVID-19 and domestic air travel, in order to prevent future outbreaks of the disease. The legislation builds on the CDC requirement that all air passengers traveling to the United States from a foreign country must provide proof of a negative test result or documentation of recovery. “Air travel during the 2020 holiday season contributed to last winter’s devastating COVID-19 surge,” Feinstein said. “Ensuring that air travelers protect themselves and their destination communities from this disease is critical to prevent the next surge, particularly if we confront new, more virulent variants.” The bill is supported by Infectious Diseases Society of America and American Public Health Association.

2. Republicans Object to Airlines Requiring Employee Vaccinations.

In a letter to President Biden, House Republicans conveyed concerns that the White House is pressuring U.S. air carriers to require employees to be vaccinated for COVID-19 by December 8, or be fired. “It is unacceptable,” wrote Transportation Committee Ranking Member Sam Graves and Aviation Subcommittee Ranking Member Garret Graves, to “single out American workers in a vital national industry . . . We strongly urge you to rethink this ill-conceived mandate which will result in the termination of employees whose jobs were saved over the last 18 months at enormous taxpayer expense.” They noted that the deadline for mandatory vaccinations “is at the beginning of the busy holiday travel season [which] will serve only to disrupt airline operations and increase the likelihood of cancelled flights, upsetting holiday plans for thousands of Americans, many of whom have not seen their families since the start of the pandemic.” . . . A letter urging an investigation into “widespread layoffs of airline workers who declined to submit themselves to President Biden’s vaccine mandate” was sent to Treasury Secretary Janet Yellen, the Special Inspector General for Pandemic Recovery and the Acting IG, by Republican Senator Josh Hawley. He called for a legal review of whether the layoffs violate terms of loans received under the CARES Act, and asked if any airlines delayed or cancelled flights as a result of employee vaccination-related issues. Hawley requested the information by November 15, “so that Congress can consider remedial legislation.”

3. Hearing on FAA Aircraft Certification, Safety, Accountability.

The House Transportation Subcommittee held a hearing to examine FAA's implementation of the "Aircraft Certification, Safety, and Accountability Act," which was enacted last December. The Subcommittee conducted an investigation into the design, development and certification of the Boeing 737 MAX, which found "flawed management decisions and inadequate organizational structures at Boeing and FAA." . . . FAA Administrator Steve Dickson testified that the relationship with manufacturers is evolving. FAA is "prioritizing oversight of manufacturers and working to focus that oversight on safety critical areas," "delegating fewer responsibilities and demanding more transparency," and "evaluating key assumptions prior to delegating functions in certain areas." Among steps taken to implement the law, FAA initiated a rulemaking requiring aircraft manufacturers that hold both a type certificate and a production certificate to adopt Safety Management Systems (SMS), consistent with international standards and practices. FAA will evaluate potential SMS requirements for repair stations, certificate holders that conduct common carriage operations under Part 135, and certain air tour operators under Part 91. Several design and manufacturing organizations have voluntarily adopted SMS. Boeing has established an SMS under FAA's Voluntary SMS program. Initiatives to ensure system safety assessments and human factors assumptions include a rulemaking to standardize regulations and guidance for conducting system safety assessments on transport category airplanes. FAA plans to collaborate with civil aviation authorities and other stakeholders to foster improvements in international safety standards and practices for aircraft design and certification, pilot training, and operational safety management, and has begun to incorporate air carrier pilots into pilot operational evaluations for aircraft type certifications. FAA realigned the Organization Designation Authorization (ODA) Office to report directly to the Associate Administrator for Aviation Safety. Changes to procedures for delegating certification authority to private entities include requiring FAA approval of individual ODA unit members for certain ODA types, and preventing interference with ODA unit members in performance of their duties. An expert panel will conduct a review of ODAs for transport category airplanes and make recommendations to FAA.

4. Bill Protects Passengers, Workers from Sexual Assault, Harassment.

The "Stop Sexual Assault and Harassment in Transportation Act" was introduced by House Transportation Committee Chair Peter DeFazio (D-OR). H.R. 5706 requires passenger transportation providers to facilitate reporting of incidents; develop procedures that limit or prohibit future travel for perpetrators; train personnel to recognize and respond and ensure appropriate actions are undertaken. The bill establishes a maximum civil penalty of \$35,000 for individuals who physically or sexually assault—or threaten to assault—

transportation personnel, rising to \$45,000 after 10 years. It establishes a data collection program regarding number of incidents of sexual assault or harassment reported by transportation personnel and passengers each year, to be shared publicly to inform the traveling public of potential risks faced during travel. And it provides a confidential reporting process for individuals involved in incidents, separate from that offered by the transportation provider. The bill is supported by numerous House Democrats and organizations, including Association of Professional Flight Attendants (APFA), which noted, “Amidst the recent surge of incidents involving unruly passengers, the need to pass this legislation is not only imperative, it is also common sense.”

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S. Issues First Passport with X Gender Marker.

The Department of State issued the first U.S. passport with an X gender marker and will offer the option to all routine passport applicants once required system and form updates are completed in early 2022.

2. EU Signs Aviation Agreements with Qatar, Ukraine.

The European Union and the State of Qatar signed a comprehensive air transport agreement, under which all EU airlines will be able to operate direct flights from any airport in the EU to Qatar and vice versa. EU airports in Germany, France, Italy, Belgium and the Netherlands will be subject to a gradual build-up of capacity until 2024. “The agreement sets a new global benchmark by committing both sides to fair competition, and by including social and environmental protection,” said officials. The French Aviation Industry Federation (FNAM) asked the French government not to implement the agreement, as the EU and Qatar markets are imbalanced and it will intensify competition while the COVID crisis still has a strong impact on demand. . . . The EU and Ukraine reached agreement on an Open Skies Treaty, following 15 years of negotiations. Talks stalled when Ukraine was involved in a dispute between Britain and Spain over the status of Gibraltar. The agreement removes bilateral restrictions on routes between Ukraine and individual EU member countries. It is expected to significantly increase services connecting Ukrainian and EU destinations, while also encouraging new carriers to enter the Ukrainian aviation market. After the signing, Wizz Air unveiled expansion plans for its Ukraine services, including launch of 26 new routes by next summer and stationing seven additional aircraft in the country. Ryanair, which has several bases in the EU, announced it will operate two weekly flights from Manchester to Lviv, the largest city in western Ukraine.

VIII. EUROPE AND AFRICA

1. ITA Airways Succeeds Alitalia.

Alitalia ceased operations, as planned, and Italia Trasporto Aereo (ITA) acquired some of the former flag carrier's planes, its brand and slots, and began flying from Rome Fiumicino and Milan Linate. ITA did not take on all of Alitalia's employees, and unions said those who will work for ITA are being hired at significantly lower pay; former Alitalia flight attendants protested by stripping off their uniforms as they shouted "We are Alitalia!" ITA ordered 28 Airbus aircraft, to be delivered from end of first quarter 2022. ITA is owned by the Italian Ministry of Economy and Finance. Pending identification of a strategic partner, ITA will join Sky Team. Alfredo Altavilla is ITA President; Fabio Lazzerini is CEO.

2. Air France to Increase Capacity to U.S. from November.

Air France will progressively increase capacity to its 11 U.S. destinations to up to 100 weekly flights, from November. By March, Air France expects to return to 90% of 2019 capacity to the U.S., adding frequencies to New York, Miami and Los Angeles and using larger aircraft.

3. Alaska, Iberia Code Share.

Under a new code share agreement, Iberia passengers can connect to more than 40 routes throughout Alaska Airline's network. On the U.S. west coast, Iberia has nonstop service between Los Angeles and Madrid and seasonal service between San Francisco and Barcelona.

4. Boeing Predicts \$400 Billion Commercial Aviation Market for Africa.

Africa's airlines will require 1,030 new airplanes by 2040 valued at \$160 billion and aftermarket services such as manufacturing and repair worth \$235 billion, according to Boeing's 2021 Commercial Market Outlook. Airlines in Africa will grow their fleets by 3.6% per year to accommodate passenger traffic growth of 5.4% annually, the third-highest growth rate in the world. Estimated demand for aviation personnel will rise to 63,000 new professionals, including 19,000 pilots, 20,000 technicians and 24,000 cabin crew members.

5. EU Signs Aviation Agreements with Qatar, Ukraine.

See Section VII, item 2.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Tata Group to Acquire Air India.

Tata Group holding company, Tata Sons, through its wholly-owned subsidiary Talace Pvt Ltd, won a bid to acquire a 100% stake in Air India and low-cost subsidiary Air India Express, as well as a 50% stake in joint venture Air India SATS, which provides ground and cargo handling. The \$2.4 billion transaction is expected to close by yearend. Air India was founded as Tata Airlines in 1932 and nationalized in 1953. Tata operates Vistara with Singapore Airlines and AirAsia India with Malaysia's AirAsia Group.

2. Emirates, Qantas Extend Partnership.

Qantas and Emirates will extend their partnership for another five years. They have existing approvals from regulators to operate a joint business until March 2023 and will seek reauthorization to continue coordination of pricing, schedules, sales and tourism marketing on approved routes until 2028. For Emirates customers, the partnership provides access to over 55 Australian destinations not served by Emirates, and Qantas customers can fly on Emirates to Dubai and access over 50 cities in Europe, the Middle East and North Africa, not served by Qantas.

3. \$1.4 Trillion Middle East Commercial Aviation Market by 2040.

Airlines in the Middle East will require 3,000 new airplanes valued at \$700 billion and aftermarket services such as maintenance and repair worth \$740 billion, according to Boeing's 2021 Commercial Market Outlook. The freighter fleet is projected to nearly double from 80 airplanes in 2019 to 150 by 2040; air cargo traffic flown by Middle East carriers has increased since 2020 by nearly 20%. Robust widebody demand through 2040 will see 1,570 deliveries, while the current single-aisle fleet of 660 airplanes is forecast to nearly triple to 1,750 jets. The region is estimated to require 223,000 new aviation personnel by 2040, including 54,000 pilots, 51,000 technicians and 91,000 cabin crew members.

4. EU Signs Aviation Agreements with Qatar, Ukraine.

See Section VII, item 2.

X. AMERICAS

1. United Increases Shuttle Service.

United launched nearly hourly shuttle service between New York Newark and Reagan National and is adding five new flights between LaGuardia and Washington Dulles. The New York departures will be operated by dual class aircraft, including the new 737 MAX-8 and CRJ-550, with a first-class option. . . . United reported third-quarter revenue of \$7.75 billion, down 31.9% from third quarter 2019; capacity was down 28%. “Recovery was delayed by the Delta variant,” said CEO Scott Kirby, but “we’re solidly on track to achieve the targets we set for 2022.” The company expects fourth quarter capacity to be down 23% versus fourth quarter 2019, and 2022 capacity to be up 5% over 2019. . . . United will operate 91% of its 2019 domestic capacity this December, saying holiday flight searches are up 16%, compared to 2019. Internationally, five new destinations—Amman, Bergen, Azores, Palma de Mallorca, and Tenerife—begin next year, as well as new flights to Berlin, Dublin, Milan, Munich and Rome, and, subject to government approval, seven routes interrupted by the pandemic—Bangalore, Frankfurt, Tokyo Haneda, Nice and Zurich. . . . United plans to create 25,000 unionized jobs by 2026 and will train at least 5,000 pilots by 2030 through the United Aviate Academy, at least half of which will be women and people of color.

2. American Posts Third-Quarter Profit.

American Airlines reported third-quarter net profit of \$169 million, and revenue of \$9 billion, up 20% sequentially from second quarter. The company continues to pay down \$15 billion of debt. American expects fourth-quarter capacity to be down 11% to 13%, compared to fourth quarter 2019, with total revenue down 20%.

3. Delta Reports September Quarter Profit.

Delta reported September quarter pre-tax income of \$1.5 billion, its first quarterly profit since start of pandemic, with total revenue of \$9.2 billion. Adjusted pre-tax income of \$216 million excludes a \$1.3 billion net benefit related to the second federal Payroll Support Program extension partially offset by debt extinguishment charges and adjustments on investments. “While demand continues to improve, the recent rise in fuel prices will pressure our ability to remain profitable for the December quarter,” said CEO Ed Bastian. . . . With domestic consumer travel back to 2019 levels, Delta planned to add more than 100 total daily departures from New York Kennedy and LaGuardia by November. By next summer, Delta will operate up to 160 daily nonstops to 55

destinations from Boston, introducing new service to Athens, Tel Aviv, Baltimore, Denver and San Diego.

4. **Over 2,000 Southwest Flights Disrupted.**

Southwest apologized for cancelling over 2,000 flights in mid-October, saying the disruption initially was created by weather and air traffic constraints that stalled Florida operations. As a result, aircraft and crews were not in pre-planned positions to operate the schedule, creating additional cancellations that cascaded, said President & COO Mike Van de Ven, then taking several days to re-set the network. He denied speculation that cancellations were caused by employees disgruntled by the airline's vaccine mandate. Southwest Airlines Pilots Association affirmed they "did not walk out on our passengers. We were stranded, too." The disruptions and related customer refunds and gestures had an estimated \$75 million negative impact, said Chairman and CEO Gary Kelly. . . . A Texas District Judge denied pilots' request for an injunction against the vaccine mandate, saying Southwest is a federal contractor and the vaccine policy is required by law. . . . Southwest reported third quarter net loss of \$135 million. Operating revenues of \$4.7 billion were down 17% compared with third quarter 2019. "We have reined in our capacity plans to adjust to the current staffing environment," said Kelly, and are "aggressively hiring to a goal of approximately 5,000 new employees."

5. **Alaska Air Group Reports Third Quarter Profit.**

Alaska Air Group reported third-quarter profit of \$194 million, compared to net loss of \$431 million in third quarter last year, and \$322 million profit in third quarter 2019. "We are thrilled to return to profitability this quarter, leading the industry with a 12% pretax profit margin," said CEO Ben Minicucci. . . . Alaska's pilots asked Minicucci, in a letter, to "stop stalling contract negotiations" and agree to "the same quality-of-life and job security improvements that pilots at other major airlines already enjoy." Current collective bargaining agreement became amendable in April 2020. . . . The carrier formed Alaska Star Ventures to advance emerging technologies that aid commitment to reach net zero carbon emissions by 2040. Inaugural investment is in UP.Partners, "an early-stage investor in sustainable, multi-dimensional mobility technologies that are transforming the moving world."

6. **JetBlue Vacations Launches Flight + Cruise Packages.**

JetBlue Travel Products (JTP) has partnered with travel technology specialist Traveltek to enable customers to search and book flight, cruise and hotel in one place. A "Plane to Port Commitment" offers customers assistance with schedule changes or delays. JTP, a wholly owned subsidiary of JetBlue, consists of the

JetBlue Vacations brand and other non-air travel products including travel insurance, vacation rentals, car rentals, cruises and hotels.

7. Spirit Begins Miami Service.

Spirit launched Miami service with flights to nine destinations, expanding to 20 domestic and 11 international markets in coming months. Spirit will launch service to Ponce, Puerto Rico from Orlando in February, and began serving Manchester-Boston with flights to Fort Lauderdale and Orlando; nonstops to Southwest Florida International in Fort Myers and Tampa begin in November. A seasonal nonstop to Myrtle Beach starts April 20.

8. Piedmont Flight Attendants Vote to Authorize Strike.

Flight attendants at American Eagle carrier Piedmont voted to authorize a strike. Represented by Association of Flight Attendants, they have been in contract negotiations for more than three years, which were “stalled after management put forward an offer with minimal pay increases that are offset by higher health premiums.” The regional operates 400 daily departures to 55 cities in the eastern United States.

9. Skywest Cancels, Delays 2,000 Flights in 48 Hours.

SkyWest cancelled or delayed about 2,000 flights over two days, due to an “internal technical issue.” The Utah-based airline provides regional service for Alaska, American, Delta and United.

10. Breeze Receives First Airbus A220-300.

Breeze Airways unveiled its first Airbus A220-300, which will debut in 2022 configured with three fare options—Nice, Nicer and Nicest. The latter will offer a premium seat in front of cabin with 39-inches of seat pitch, 20.5-inches of seat width and a footrest. Breeze began service in May with an all-Embraer fleet and has agreed to purchase 80 A220-300s, with one scheduled to be delivered each month over several years. Initial routes will be announced in early 2022, expanding Breeze’s current 16-city route network and introducing longer-haul flights, including new service in transcontinental markets that lack non-stop flights today.

11. Avelo Adds East Coast Service.

Startup Avelo Airlines, which launched Boeing 737 service from Hollywood Burbank in April, now serves 11 destinations across the western U.S. and Florida destinations. Beginning in January, Avelo will fly between Sarasota Bradenton and Southern Connecticut’s Tweed-New Haven Airport, where it is investing \$1.2 million to modernize facilities and operations as part of a \$100 million project that includes a new terminal and extended runway. . . . Avelo is

changing its legal name, TEM Enterprises, to Avelo Airlines, Inc., and has petitioned DOT to reissue its certificates.

12. Startup aha! Launches from Reno-Tahoe.

Startup aha!, a brand of ExpressJet Airlines, began nonstop Embraer ERJ145 service to smaller western cities from its Reno-Tahoe home base. aha! plans to provide “high-quality, reliable, efficient point-to-point flying service in small and abandoned markets with unmet customer needs, avoiding needless overlap with the major airlines and ‘ultra-low-cost carriers.’” ExpressJet, owned by KAir Enterprises and United Airlines, ceased operations after losing its contract with United in 2020.

13. Aeroméxico Files Reorganization Plan.

Grupo Aeroméxico filed a reorganization plan as it seeks to emerge from Chapter 11. The airline declared bankruptcy in 2020 with \$2 billion in debt.

14. Air France to Increase Capacity to U.S. from November.

See Section VIII, item 2.

15. Alaska, Iberia Code Share.

See Section VIII, item 3.