



WASHINGTON AVIATION SUMMARY

DECEMBER 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. U.S. Renews Some Travel Restrictions Due to New COVID Variant.

The World Health Organization (WHO) announced on November 26 that a new B.1.1.529 (Omicron) variant of SARS-CoV-2, the virus that causes COVID-19, is spreading across South Africa, suggesting “an increased risk of reinfection, as compared to other variants of concern.” . . . Citing extensive cross-border transit and proximity in the southern region of Africa, the U.S. government “reexamined its policies on international travel” and restricted entry from Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa, and Zimbabwe, effective November 29. Similar restrictions were established by countries worldwide. . . . Omicron cases were soon confirmed in other regions, including Asia and Europe. At Amsterdam Schiphol, health authorities tested some 600 passengers arriving on two flights from South Africa and found 61 were infected with the coronavirus, with some cases believed to be the new variant. . . . It was unknown whether current vaccines would protect against Omicron.

2. U.S. Reopens Borders to Vaccinated Travelers.

More than 200,000 international passengers arrived on Monday, November 8, as U.S. airports reopened to fully vaccinated travelers, reported Customs and Border Protection. To mark the long-awaited occasion, British Airways and Virgin Atlantic staged a synchronized departure from parallel runways at London Heathrow to New York Kennedy. U.S. Travel Association predicted international inbound travel spending will reach 72% of 2019 levels in 2022; full recovery is not expected until 2024 or 2025.

3. IATA: A Blueprint for Simplifying Travel.

The International Air Transport Association (IATA) urged governments to adopt “simple, predictable and practical measures to safely and efficiently facilitate the ramping-up of international travel as borders re-open.” A new IATA policy paper, “From Restart to Recovery: A Blueprint for Simplifying Travel,” notes that over 100,000 COVID-19 related measures have been implemented by governments worldwide. Key recommendations include removal of all travel barriers (including quarantine and testing) for the fully vaccinated with a WHO-approved vaccine, and digital solutions to process health credentials.

4. Infrastructure Bill Provides \$25 Billion for Airports.

President Joe Biden signed into law the \$1.2 trillion “Infrastructure Investment and Jobs Act.” The bill provides \$25 billion for airports and creates a Chief

Travel and Tourism Officer at the Department of Transportation (DOT). Biden named Mitch Landrieu, a former Mayor of New Orleans and Louisiana Lt. Governor, to serve as Senior Advisor and Infrastructure Coordinator for implementation of the new legislation.

5. Justice Dept Addresses Criminal Conduct on Commercial Aircraft.

Attorney General Merrick Garland directed U.S. Attorneys to prioritize prosecution of federal crimes occurring on commercial aircraft that endanger safety of passengers, pilots and flight attendants. Federal law prohibits assaults, intimidation, threats of violence and other criminal acts during flight. An information-sharing protocol between the Federal Aviation Administration (FAA) and the Department of Justice (DOJ) helps ensure DOJ is notified about criminal conduct on commercial aircraft and has resulted in referral of dozens of incidents by FAA to the FBI for investigation. . . . In a letter to the Attorney General, House Democrats had requested “more resources to combat the problem of spiking disruptive and violent incidents aboard planes,” and against passenger service agents. . . . In November, FAA announced \$201,287 in civil penalties against 10 passengers for alleged unruly behavior involving physical assault, and another \$161,823 against eight passengers for alleged unruly behavior involving alcohol. In one such instance, a passenger who sexually assaulted a flight attendant and smoked marijuana in the lavatory was arrested upon arrival and fined \$40,823. . . . FAA this year has received more than 5,200 reports of unruly passenger behavior; more than 100 involved physical assault and 3,800 involved refusal to wear a mask; 991 investigations have been initiated, with penalties incurred in 245 cases. . . . Association of Flight Attendants-CWA repeated a call “for the creation of a centralized list of violators who will be denied the freedom of flight on all airlines.”

6. U.S. Fines Air Canada \$4.5 Million to Settle Refund Case.

DOT’s Office of Aviation Consumer Protection (OACP) filed an agreement for a \$4.5 million settlement with Air Canada, resolving an action against the carrier for “extreme delays in providing refunds to thousands of consumers for flights to or from the U.S. that the carrier canceled or significantly changed.” This would be the largest amount OACP has ever assessed against an airline. Air Canada would also agree going forward to refund fares to passengers who purchase nonrefundable tickets to or from the U.S. whose flights are cancelled or significantly changed by the carrier. Of the \$4.5 million assessed, \$2.5 million would be credited to Air Canada for refunding passengers who purchased a nonrefundable ticket for a flight to or from the U.S. that the passenger ultimately decided not to take. The remaining \$2 million would be paid to the U.S. Treasury. OACP filed the complaint against Air Canada in June of this year and

is actively investigating refund practices of other carriers flying to and from the United States.

7. FAA Urged to Improve Safety Oversight.

Noting a DOT Office of Inspector General (OIG) audit that found problems with 92% of safety cases sampled involving American Airlines, Senator Dianne Feinstein (D-Calif.) called on FAA to improve its safety oversight. “This report exposes negligence that endangers my constituents. I ask both American Airlines and the FAA to take active steps to ensure all airline operations are safe,” Feinstein wrote in a letter to FAA Administrator Steve Dickson, asking for “a list of steps you are taking to improve oversight processes and inspector training as a result of the report’s findings.” The IG report found that in 171 out of 185 of cases reviewed, FAA inspectors failed to push for a thorough analysis of problems and accepted incorrect root cause analyses from American Airlines. The report also found that FAA closed cases before the company implemented corrective actions.

8. FAA Tells Boeing to Strengthen Oversight Process.

In a letter of complaint, FAA told Boeing that some engineers appointed by the manufacturer to oversee airplane certification work lack expertise, and listed specific failures; many experienced FAA-authorized safety engineers took early retirement during the pandemic. FAA also said Boeing panels that appoint engineers failed to demonstrate an independent assessment of a candidate’s experience and technical capability. Boeing said it will strengthen the selection process and oversight of airplane certification. Under new rules about to take effect FAA will interview proposed appointees and approve or reject them. . . . Boeing directors will pay \$237.5 million to settle a shareholder lawsuit that alleged directors and executives, including CEO Dave Calhoun, failed to provide safety oversight of the 737 MAX, contributing to the Lion Air and Ethiopian Airlines crashes; insurers of the board and top executives will pay the settlement amount. Under terms of the settlement agreement, Boeing will appoint a board member with experience in aviation safety and implement an ombudsperson program for FAA safety inspectors. . . . Boeing agreed to acknowledge liability for compensatory damages in lawsuits filed by families of the 157 people killed in the Ethiopian Airlines MAX crash. “By accepting responsibility,” said Boeing, the agreement “allows the parties to focus their efforts on determining the appropriate compensation for each family.”

II. AIRPORTS

1. ACI World Names New Chair.

Sheik Aimen bin Ahmed Al Hosni, CEO of Oman Airports Management Company, was approved as Chair of Airports Council International (ACI) World, at the Annual General Assembly in Cancun; he has been Vice Chair since December 2018. Candace McGraw, CEO of Cincinnati/Northern Kentucky International, will succeed him as Vice Chair. Among resolutions adopted, the Assembly will seek “to modernize global policy frameworks on airport charges—pricing for the benefit of the traveling public and the efficient use of infrastructure.” . . . Flight capacity returned to 76% of pre-pandemic levels for Latin America and the Caribbean, according to ACI Latin America and the Caribbean (ACI-LAC) and aviation data company Cirium. Approximately 74% of the capacity is domestic flying and 26% is international. A total of 1,667 aircraft were in service on September 1, 2021, compared to 1,220 one year prior. Aeromexico, LATAM, Gol, Azul and Volaris account for the top five airlines operating the most seats during the month, compared to 2019 levels. The top five busiest airports include São Paulo International, Mexico City International, Bogota, Cancun International and Viracopos International. ACI-LAC represents over 270 airports in 34 countries and territories.

2. Denver Completes Phase 1 of Great Hall Project.

Denver International completed Phase 1 of the Great Hall Project, which included a renovation of the center of the Jeppesen Terminal to create new ticketing/check-in areas for United on the west side and Southwest, and eventually Frontier, on the east side. The project added 31,000 square feet of space in the terminal. Phase 2, which started in July, will open by early 2024. Options for a third phase are being explored.

3. Sea-Tac Completes Construction of North Concourse.

Seattle-Tacoma International opened its remodeled North Satellite building. The renovation includes eight new and 12 remodeled gates, a “spectacular” Alaska Airlines lounge, a “building design evoking movement of a naturally meandering river,” and 10 new pieces of “museum-quality” art. Sustainability features include a system to capture rainwater from the roof to flush toilets, which “will save 2.8 million gallons of potable water annually – equal to 4.5 Olympic swimming pools.”

4. Construction Begins on San Diego’s Terminal 1 Replacement.

Replacement of the 54-year-old Terminal 1 at San Diego International began, with construction expected to be completed in 2028. The \$3.4 billion project will

include 30 gates, a baggage handling system able to process up to 2,000 bags per hour, an outdoor deck offering harbor and downtown views, and a 5,200-parking garage.

5. San Antonio Approves Airport Expansion.

The San Antonio International 2040 Airport Strategic Plan was approved by City Council members. Phase 1 work will include construction of a third terminal by 2030, roadway improvements and a parking garage, at an estimated cost of \$1 billion. Total cost is anticipated to reach \$2.5 billion.

6. Sydney Airport Accepts Consortium Purchase Offer.

The Sydney Airport board accepted a takeover bid of A\$23.6 billion from Sydney Aviation Alliance (SAA), after rejecting previous offers. SAA is a consortium comprised of Australian firms IFM Investors, QSuper and AustralianSuper and U.S.-based Global Infrastructure Partners. The revised proposal “reflects appropriate long-term value for the airport,” said the board. The offer is subject to certain conditions and approvals.

III. SECURITY AND DATA PRIVACY

1. **TSA Update.**

The Transportation Security Administration (TSA) screened 2,242,956 travelers at U.S. airport checkpoints on Friday, November 19, prior to Thanksgiving week, compared to 1,019,836 on same weekday 2020 and 2,550,459 same weekday 2019. . . . On November 24, TSA confirmed it had 273 employees with active COVID-19 infections. TSA cumulatively has had 11,227 federal employees test positive for COVID-19; 33 died, as did two screening contractors. . . . TSA PreCheck was expanded to include El Al Israel Airlines and Global Crossing, a charter airline serving the U.S., Caribbean and Latin America markets. El Al operates daily direct flights to New York Kennedy, Newark Liberty, Miami International and Los Angeles International.

2. **Firearm Discharge at Atlanta Causes Panic, Brief Ground Stop.**

A firearm discharged during a bag search at a Hartsfield-Jackson Atlanta International (ATL) security checkpoint. The passenger grabbed the gun and fled the airport. Though this was not an active shooter event, local airport and TSA leadership made the decision to initiate a ground stop while the Atlanta Police Department investigated. The incident caused panic and several people were injured in the chaos. Delta coordinated with TSA and airport officials to accommodate customers who missed flights because of the incident and issued travel waivers. TSA officers have detected more than 450 firearms at ATL checkpoints in 2021.

3. **DCA Opens New Security Checkpoint Buildings.**

The Metropolitan Washington Airports Authority, in partnership with TSA, opened two newly constructed 50,000-square-foot security checkpoint buildings for Terminal B/C at Reagan Washington National Airport (DCA). The opening marks the final major milestone toward completion of Project Journey, the airport's \$1 billion capital improvement program.

IV. TECHNOLOGY AND EQUIPMENT

1. Delta, Amadeus Sign New Multi-Year Agreement.

Amadeus and Delta announced a new multi-year global distribution agreement, providing travel sellers access to the full range of Delta's products via the Amadeus Travel Platform for enhanced retailing. An optimized shopping display provides expanded product options on all flights, including attributes and ancillary services.

2. American Partners with Winding Tree.

American Airlines is partnering with Swiss travel platform Winding Tree to provide direct access to its content for corporate travel buyer employees, enabling them to book leisure travel and receive the benefits of a corporate booking. Air Canada is also working with Winding Tree, an Ethereum-based decentralized travel marketplace launched in 2017. "While marketplace connectivity is generic, Ethereum blockchain ensures that each relationship is unique to the private agreement between seller and buyer which enables personalized content pricing between the two parties," said Winding Tree COO and co-founder Pedro Anderson.

3. Allegiant Opts for Amazon as Preferred Cloud Provider.

Allegiant selected Amazon Web Services as its Preferred Cloud Provider. The five-year collaboration will give Allegiant "incredible tools for automation and continuous learning that will improve and optimize the customer experience across our platforms – from website and mobile app to all levels of communication," said the Las Vegas-based carrier.

4. Air Safety Concerns Delay 5G Deployment.

AT&T and Verizon agreed to delay commercial launch of C-band wireless service for six months while FAA reviews potential risks to aviation safety. The companies reportedly told the Federal Communications Commission (FCC) they will lower the signals' cell-tower power levels nationwide and impose stricter power caps near airports and helipads. Earlier, FAA issued a Special Airworthiness Information Bulletin regarding potential adverse effects of 5G wireless broadband networks on radio altimeters in aircraft. Air Line Pilots Association, Int'l (ALPA) urged FCC "to bring mobile wireless representatives to the table with the FAA and aviation industry representatives to cooperatively find mitigations that will protect radio altimeters and allow 5G to expand safely." . . . We are having productive discussions, FAA Administrator Steve Dickson told the Aero Club of Washington, "and we will figure this out." . . . New Canadian restrictions include "exclusion zones" around 26 airports, where outdoor 5G

base stations are not permitted to operate, reports Forbes, and “protection zones” where 5G operations are allowed with restricted power. The new rules also require that 5G antennas tilt down, so as not to interfere with altimeters; the restrictions remain in effect until domestic and international studies come to a definite conclusion about the scope of the problem.

5. Viasat to Acquire Inmarsat.

Viasat will acquire Inmarsat in a transaction valued at \$7.3 billion. The merger would “integrate the spectrum, satellite and terrestrial assets of both companies.” The transaction is expected to close in second half 2022, subject to approvals of Viasat shareholders and regulatory authorities.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on November 12 was \$92.73/barrel, down 5.4% on the month and up 102.2% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$76.3/barrel.

2. Aviation Net Zero Climate Goal Declared at COP26.

The International Aviation Climate Ambition Declaration was signed by 23 nations at the inaugural meeting of the International Aviation Climate Ambition Coalition, which took place at the 26th Conference of the Parties (COP26) to the UN Framework Convention on Climate Change (UNFCCC), in Glasgow. The Declaration recognizes “that achieving net zero global carbon dioxide (CO₂) emissions by 2050 will maximize the possibility of keeping the global average temperature increase below 1.5°C.” It reiterates the role of the International Civil Aviation Organization (ICAO) to implement short, medium and long-term climate goals for the industry. Ensuring maximum effectiveness of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) and development and deployment of sustainable aviation fuels (SAF) are key aims. “We urge more countries to commit to this initiative,” said IATA Director General Willie Walsh, which “can be of great use to ICAO member states as they move forward with a global framework and long-term goal for aviation carbon reductions.” A goal of net-zero aviation emissions by 2050 was announced at COP26 by U.S. Transportation Secretary Pete Buttigieg. Key initiatives of the U.S. 2021 Aviation Climate Action Plan include use of SAF, developing new aircraft technologies, increasing operations efficiency, and cutting airport emissions. . . . Analysis from the Air Transport Action Group provided scenarios for the way forward, including new technology options such as electric and hydrogen aircraft for the short-haul fleet,” said Acting Executive Director Haldane Dodd. A complete shift away from fossil fuels for air transport around mid-century is possible, with SAF made from waste resources and rotational cover crops gradually transitioning towards fuels generated from low-carbon electricity. “The scale of the challenge is substantial, but with supportive government policy and the backing of the energy sector, it can be done.” Dodd urged ICAO member states “to support adoption of a long-term climate goal at the 41st ICAO Assembly in 2022, in line with industry commitments.” . . . As COP26 concluded, the outcome document, known as the Glasgow Climate Pact, included language to reduce the use of fossil fuels, phase out subsidies for fossil fuels and transition countries to using more renewable energy sources like solar and wind. . . . The UNFCCC stems from the 1992 Earth Summit in Rio de Janeiro, where nations agreed to “stabilize greenhouse gas concentrations

in the atmosphere” to prevent dangerous interference from human activity on the climate system. The treaty entered into force in 1994 and today has 197 signatories. This year should have been the 27th annual summit but due to COVID-19, last year’s was postponed, hence, COP26. COP27 is expected to take place next year in Egypt. . . . COP26 was projected to generate emissions equivalent to about 102,500 tons of CO₂, reported The Scotsman, 60% of which were estimated to come from international flights.

3. Delta, United Among Founders of First Movers Coalition.

Delta, United, Airbus, Amazon, Boeing and DHL are among the founding members of the First Movers Coalition, “a platform for companies to harness their purchasing power and supply chains to create early markets for innovative clean energy technologies.” Announced by President Biden at the COP26 World Leaders Summit, the initiative was created through a partnership between the State Department’s U.S. Special Presidential Envoy for Climate and the Office of Global Partnerships, and the World Economic Forum, in collaboration with the U.S. Departments of Commerce and Energy. Founding members are leading companies from the steel, trucking, shipping and aviation sectors, which represent more than a third of global carbon emissions; remaining sectoral commitments will launch in early 2022. Technologies needed to decarbonize these “hard-to-abate” sectors are not yet commercially available or competitive, but are essential to bring to market by 2030 to enable rapid scale-up to achieve net-zero emissions economy-wide by 2050, said the State Department.

4. Southwest Agreement for 219 Million Gallons of SAF.

Southwest announced a 15-year offtake agreement with Velocys Renewables for 219 million gallons of SAF, which when blended with conventional jet fuel could produce the equivalent of 575 million gallons of net-zero fuel and avoid 6.5 million metric tons of CO₂ over the term of the agreement. Southwest plans to begin purchasing SAF from the Velocys Bayou Fuels facility in Natchez, Mississippi, as early as 2026. Under a new strategic relationship, Southwest will have the opportunity to purchase significant volumes of SAF from future Velocys facilities. The airline hopes to replace 10% of its total jet fuel consumption with SAF by 2030. “SAF produced at the Bayou Fuels facility plans to utilize a sustainable feedstock (forestry residues from plantation forests) and renewable power from a neighboring solar facility, as well as contract for carbon capture that will sequester more than 500,000 tons of carbon dioxide per year,” said Henrik Wareborn, CEO of Velocys. “It also is expected to have a greater than 99% reduction in sulfur as compared to conventional jet fuel, reducing the emissions of this conventional pollutant.”

5. **Alaska to Eliminate 1.8 Million Pounds of Plastics Annually.**

Alaska Airlines will eliminate 1.8 million pounds of inflight single-use plastic waste annually, with the use of 92% plant-based cartons and recyclable paper cups for water service. Alaska introduced Boxed Water™ cartons in First Class in early 2021 and on Horizon Air-operated flights, and now is using them in the main cabin.

6. **Air Canada to Explore Aviation Decarbonization Solutions.**

Under a new Memorandum of Understanding, Air Canada will identify how Carbon Engineering's (CE) proprietary Direct Air Capture (DAC) technology can advance aviation decarbonization. When combined with secure geologic storage, DAC technology "can permanently remove vast amounts of CO₂ from the atmosphere, providing a tool to eliminate any CO₂ emission, from any location and at any moment in time. Additionally, through integration with CE's Air to Fuels™ technology, DAC can be used to produce ultra-low carbon transportation fuels, such as SAF, by combining atmospheric CO₂ with clean hydrogen," said Vancouver-based Carbon Engineering.

7. **Alder Fuels Allies with Colombia to Create SAF.**

U.S.-based Alder Fuels formed a strategic alliance with the government of Colombia to tap into that country's "vast agricultural infrastructure and incentivize local farmers to supply biomass feedstock for conversion into sustainable low-carbon crude." Alder's refining process will convert forestry and crop residue, as well as regenerative agricultural crops that rejuvenate soil, into drop-in replacement "green" crude used for producing aviation fuel. In September, United Airlines and Honeywell announced a joint venture with Alder, in which they will invest in Alder Fuels and Alder will provide United 1.5 billion gallons of SAF.

8. **EC, Bill Gates Partner to Advance Clean Technologies.**

The European Commission, the European Investment Bank and Bill Gates' Breakthrough Energy Catalyst have partnered to accelerate commercial deployment of technologies with recognized potential to reduce greenhouse gas emissions, but which are too expensive to get to scale and compete with fossil fuel-based technologies. They will bring together public and private sectors to invest in large-scale demonstration projects. Up to €820 million will be directed toward EU-based projects including SAF, clean hydrogen, direct air capture and long-duration energy storage.

9. Embraer Energia Aircraft Concepts Use Renewable Energy Propulsion.

Embraer announced a family of concept aircraft of varying sizes that incorporate different propulsion technologies—electric, hydrogen fuel cell, dual fuel gas turbine, and hybrid-electric. The company has partnered with an international consortium of engineering universities, aeronautical research institutes, and small and medium-sized enterprises to better understand energy harvesting, storage, thermal management and applications for sustainable aircraft propulsion. Each aircraft is being evaluated for technical and commercial viability.

10. Singapore, Airbus Sign MOU on Sustainable Aviation.

Civil Aviation Authority of Singapore and Airbus signed a Memorandum of Understanding to collaborate on sustainable aviation. They will study the demand and production supply of alternative aviation fuels and how these may contribute to decarbonization strategies; explore opportunities for research and development of disruptive technologies and enabling airport infrastructure; and look into economic conditions, regulatory environment and international policies and standards necessary to support sustainable aviation. Their first project is a technical feasibility study of an airport hydrogen hub and infrastructure requirements to support future hydrogen-powered aircraft operations, including production, storage and distribution of hydrogen, aircraft ground services, logistical equipment, and refueling systems. The study will examine how these requirements can be planned and provisioned for in airport development, whether upfront or in stages to provide optionality as the technology is developed.

VI. U.S. CONGRESS

1. Senators Concerned about Contact Tracing and Privacy.

Republican Senators asked the Administration to address their concerns about an order requiring airlines and operators to collect personal information from incoming international passengers, including American citizens. The order requires airlines and operators to retain this information a minimum of 30 days from the flight's departure and transmit it to the CDC within 24 hours upon request. They questioned "whether the aviation industry is equipped to collect and retain more personal information from passengers than it does today and share it across multiple proprietary systems before responsibly and securely transmitting it to the CDC," and said the "traveling public must be informed of the potential costs this order could impose on their privacy." The Senators, including Commerce Committee Ranking Member Roger Wicker, referred to the "COVID-19 Consumer Data Protection Act," introduced in the last Congress, which would direct companies to inform consumers on how their data will be handled.

2. Senate Hearing on FAA Implementation of Certification Reforms.

The Senate Commerce Committee held a hearing to examine FAA's implementation of reforms mandated by the "Aircraft, Certification, Safety, and Accountability Act of 2020." In his testimony, FAA Administrator Steve Dickson said the agency's relationship with manufacturers is evolving. "We are prioritizing oversight of manufacturers and working to focus that oversight on safety critical areas. We are delegating fewer responsibilities and demanding more transparency from them, and evaluating key assumptions prior to delegating functions in certain areas." He presented a list of accomplishments to date and efforts underway. . . . "I'm very challenged by your testimony," said Committee Chair Maria Cantwell. Among her remarks: "We don't believe FAA is prepared on January 1 of 2022 to restore direct supervision and control over manufacturing engineers and delegated authority because that process should have started sooner." "FAA has yet to complete the work of the Independent Expert Panel, which was supposed to be convened 30 days from enactment to provide timely advice on whether the FAA should formally rein in Boeing's ODA [Organization Designation Authorization] authority." "The complexity that got us to this situation is a lot of complexity of language. In reality, it has to be leadership of FAA in implementing the law." Cantwell expressed appreciation for an engineer in the Boeing Aviation Oversight Office, who "issued a letter basically slowing down the 777x so that more information could be provided, needed to be provided, for the oversight of that plane. I'm a firm believer that

engineers on the ground know their job. What's not clear to me is whether people are listening to them, and whether the FAA has their back.”

3. **OIG Review of FAA’s B-787 Oversight Requested.**

DOT’s OIG was asked to review FAA’s oversight of the manufacture and production of the Boeing 787, by House Transportation Committee Chair Peter DeFazio (D-OR), Ranking Member Sam Graves (R-MO), Aviation Subcommittee Chair Rick Larsen (D-WA) and Subcommittee Ranking Member Garret Graves (R-LA). Citing numerous production issues and halted deliveries, they asked the OIG to evaluate whether FAA’s existing inspection program is sufficient to identify production issues, including whether FAA has enough inspectors, whether FAA performs enough inspections, and whether FAA has appropriate processes in place to identify production issues. They also asked the OIG to review and evaluate the effectiveness of FAA’s actions to resolve 787 production issues.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. Kenya, South African Sign Strategic Partnership Framework.

Kenya Airways and South African Airways (SAA) signed a Strategic Partnership Framework, in which they will “work together to increase passenger traffic, cargo opportunities, and general trade by taking advantage of strengths in South Africa, Kenya, and Africa.” Officials said the pact is “a key milestone towards co-starting a Pan African Airline Group by 2023 [and] aligns well with the aspirations of the Africa Continental Free Trade Area Agreement (AfCFTA) of providing a single market for goods and services, facilitated by the movement of persons and goods to deepen the economic integration and prosperity of the African continent. It also includes demand recovery and other cost containment strategies which will aid the recovery of both carriers in an increasingly competitive African airline environment.”

VIII. EUROPE AND AFRICA

1. Europe Reimposes COVID-19 Restrictions.

WHO said current COVID-19 transmission rates in 53 European countries are of grave concern. Germany, Austria and other nations have reimposed restrictions. . . . In a letter to member states, the travel industry called for harmonization of policies and digitization of verification procedures, since manual checks “continue to cause complexity and long queues at airports.” . . . The U.S. CDC and State Department advised Americans to avoid travel to Germany and Denmark as their rate of COVID-19 cases rose.

2. Alaska, British Airways Expand Codeshare.

Alaska Airlines and British Airways expanded code sharing to include 16 additional markets, connecting Alaska's network beyond Seattle, San Francisco and Los Angeles to British Airways' nonstop service from London Heathrow. Since joining oneworld in March, Alaska has added 188 codeshare routes and added or expanded cooperation with members Qatar, Iberia, American, British Airways, Cathay Pacific and Finnair. . . . With the lifting of U.S. restrictions for vaccinated travelers, British Airways planned to resume direct services to 17 U.S. destinations, and extend services to 23 U.S. airports this winter, with up to 246 flights a week. . . . British Airways reached agreement with UK Export Finance (UKEF) and a syndicate of banks for a five-year Export Development Guarantee committed Credit Facility (UKEF Facility) of £1 billion. This is additional to a £2 billion UKEF guaranteed facility announced in 2020 and drawn in 2021. . . . British Airways will begin operating a short-haul subsidiary, Euroflyer, from Gatwick in 2022, and is finalizing negotiations with unions.

3. ITA, Delta File for Authorization to Code Share.

State-owned Italian carrier ITA Airways has joined SkyTeam, replacing Alitalia which ceased operations in October, and with Delta has filed an application with DOT to code share on routes between the U.S., Italy and beyond. ITA flies to New York Kennedy and plans to add service to Miami, Washington Dulles, Boston and Los Angeles in 2022. Delta reportedly is considering buying a stake in ITA.

4. JetBlue, Icelandair Expand Code Share Partnership.

JetBlue will place its code on seven of 24 Icelandair-operated European routes beyond Reykjavik, including Amsterdam, Copenhagen, Denmark, Glasgow, Helsinki, Manchester, Oslo and Stockholm. JetBlue's code is currently on Icelandair flights between New York Kennedy, Boston, Newark and Reykjavik.

Icelandair passengers can access a network that includes 45 destinations. The partnership began in 2011.

5. **Lufthansa Airlines Offer 440 Additional Holiday Flights.**

Lufthansa Group airlines (Lufthansa, Swiss, Austrian, Brussels, and Eurowings) planned to resume destinations and increase frequencies or deploy larger aircraft for the holidays, offering around 80,000 additional seats on 440 extra flights. Lufthansa Group returned to profit in third quarter and said new bookings were at 80% of pre-crisis level.

6. **Air France to Serve 11 U.S Destinations This Winter.**

Air France saw a significant increase in bookings, particularly on routes to New York, Miami and Los Angeles, for travel in November and over the holiday period. The carrier planned to gradually increase capacity through March, serving 11 U.S. destinations—New York Kennedy, Boston, Washington DC, Detroit, Atlanta, Chicago, Miami, Houston, Seattle, San Francisco and Los Angeles—with up to 122 weekly flights, subject to change according to travel restrictions.

7. **Airbus' Jean Pierson Dies.**

Jean Pierson, former Managing Director of the Airbus Industrie consortium, has died. Pierson oversaw the launch of the A330 and A340 programs and the expansion of the A320 family with the A318, A319 and A321, and was the main decision-maker behind the launch of the UHCA (Ultra High Capacity Aircraft) program which led to the A380. Pierson “enabled Airbus Industrie to leverage its different national strengths and with his foresight and the different innovation capabilities, set our company on the path to success,” said current Airbus CEO Guillaume Faury.

8. **Kenya, South African Sign Strategic Partnership Framework.**

See Section VII, item 1.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. United To Resume San Francisco-Singapore Service.

United planned to relaunch service between San Francisco and Singapore on January 5, for vaccinated customers. The Boeing 787-9 flights will operate four times a week.

2. American Airlines Begins New York-Delhi Direct Flights.

American Airlines began daily Boeing 777 flights from New York Kennedy to Delhi, as India opened quarantine-free entry for travelers from 99 countries including the United States. Seattle to Bengaluru is expected to begin in March. Under a new code share agreement, American will place its code on 29 IndiGo routes from Delhi and Bengaluru. The low-cost carrier is India's largest airline by number of passengers carried; CEO is Ronojoy Dutta. American last flew to India in 2012.

3. Indian Startup Akasa Air Orders 72 B-737 MAX Airplanes.

Indian startup Akasa Air ordered 72 Boeing 737 MAX airplanes valued at nearly \$9 billion at list prices at the 2021 Dubai Airshow. The carrier plans to offer commercial flights starting in summer 2022.

4. 2021 Dubai Airshow Highlights.

In other Dubai Airshow news, Indigo Partners portfolio airlines placed a firm order for 255 Airbus A321neo aircraft: Wizz Air (102 aircraft), Frontier (91), Volaris (39) and JetSMART (23). Managing Partner of the Phoenix-based private equity fund is Bill Franke. . . . Los Angeles-based Air Lease Corporation (ALC) signed a commitment for 111 Airbus aircraft, including 25 A220-300s, 55 A321neos, 20 A321XLRs, four A330neos and seven A350Fs. ALC and Airbus announced a partnership for a sustainability fund "which will contribute to the green future for our industry," said ALC Executive Chairman Steven Udvar-Hazy. . . . Jazeera Airways committed to 28 A321neos and Nigeria's Ibom Air became a new Airbus customer with a firm order for 10 A220s. . . . The new Boeing 777X was on static display and featured in the show's flying program, following a nearly 15-hour nonstop test flight from Seattle. Boeing has 351 orders and commitments from eight customers for the 777-9, the world's largest twin-engine jet; first delivery expected in late 2023. . . . Israel made its Dubai Airshow debut, having established diplomatic ties with the United Arab Emirates last year. Israel Aerospace Industries signed an agreement to convert four Boeing B777-300ER passenger aircraft to cargo configuration for Emirates.

5. Emirates Launches Daily Flights to Tel Aviv.

Emirates planned to launch a daily Boeing 777-300ER nonstop between Dubai and Tel Aviv on December 6. Israeli travelers can connect from Dubai to Emirates' network of over 120 destinations. The new flights "introduce inbound connections to Tel Aviv from close to 30 Emirates gateways across Australia, the United States, Brazil, Mexico, India and South Africa." Emirates SkyCargo will offer capacity each way between Dubai and Tel Aviv to support exports of pharmaceuticals, high-tech goods, vegetables and other perishables from Tel Aviv; the flights are also expected to transport manufacturing raw materials and components, semiconductors and e-commerce parcels into Israel. Emirates has fully restored its Middle East network and currently flies to 12 cities across the region.

6. FedEx Express to Build Regional Air Hub in Dubai.

FedEx Express will build a hub for the Middle East, Indian Subcontinent and Africa (MEISA) region at Dubai South, near Dubai World Central Airport. The facility "will provide the opportunity for future flight growth through Dubai, enabling FedEx to expand its commercial footprint to provide businesses and customers faster access to more countries around the world." The Middle East experienced a 15.4% rise in international cargo volumes in August 2021, compared to August 2019, according to IATA.

X. AMERICAS

1. Delta Transatlantic Summer Capacity to Surge by 90%.

Delta said its summer 2022 transatlantic capacity will increase by 90%, compared to summer 2021, with up to 73 daily flights to 25 destinations from 10 U.S. gateway cities. Connections to 21 U.S. cities and 186 destinations in Europe, Africa, the Middle East and India are available with partners Air France, KLM and Virgin Atlantic.

2. Delta, LATAM Group Expand Code Sharing.

Delta and LATAM Airlines Group planned to add more than 20 routes between the United States and South America from Atlanta, New York, Los Angeles, Santiago, Lima, Bogota, and São Paulo, and expand connections to domestic and regional destinations. Delta is putting its code on 12 LATAM-operated routes between South America and U.S. cities including Miami and Orlando, Boston, New York Kennedy and Los Angeles, and six interregional routes in South America and four new domestic destinations in Chile. LATAM Group is putting its code on eight Delta-operated routes between South America and the United States, including Atlanta and New York. In total, the agreement enables connections to more than 40 code share destinations in South America, covering the domestic markets of Brazil, Chile, Peru, Colombia and Ecuador, the regional network, and South America-U.S. international routes operated by Delta and LATAM, along with more than 70 U.S. domestic routes operated by Delta. Both airlines will expand their current code share network, with routes to be added to destinations on Delta's domestic network in the United States and between the United States and Canada. . . . Chile's Tribunal for the Defense of Free Competition approved the Joint Venture Agreement reached by Delta and LATAM. The regulatory approval process with U.S. DOT continues.

3. American, JetBlue Ask Court to Dismiss Antitrust Suit Over Alliance

American Airlines and JetBlue asked a judge to dismiss an antitrust lawsuit filed by the Justice Department and attorneys general in six states and the District of Columbia, which challenges their Northeast Alliance (NEA). The two airlines contend the alliance has enabled them to better compete with Delta and United at airports in the Northeast and has given travelers more choice in those markets. The NEA "has 18 new international routes launched or planned," said American, and code share connections are offered on 175 routes. . . . American will retire its Shuttle, which operates on select routes in the Northeast, and will instead offer Main Select service for business customers on high-frequency routes between New York and Washington, Boston and Chicago, and Dallas/Fort Worth and Los Angeles. American will cut 27 domestic and

international routes, mostly affecting New York Kennedy and LaGuardia, and including an indefinite suspension of Ottawa operations. . . . Joint business partners American and British Airways are offering complimentary test kits to business travelers who book premium seats on transatlantic flights, in collaboration with American Express Global Business Travel and global COVID-19 testing provider Qured, beginning in early 2022.

4. **Alaska, British Airways Expand Codeshare.**
See Section VIII, item 2.
5. **ITA, Delta File for Authorization to Code Share.**
See Section VIII, item 3.
6. **JetBlue, Icelandair Expand Code Share Partnership.**
See Section VIII, item 4.
7. **United To Resume San Francisco-Singapore Service.**
See Section IX, item 1.
8. **American Airlines Begins New York-Delhi Direct Flights.**
See Section IX, item 2.
9. **FedEx Express to Build Regional Air Hub in Dubai.**
See Section IX, item 6.