



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. Airlines Cancel Thousands of Flights as Omicron Spreads.

Thousands of flight cancellations over the December holiday period were attributed to employees taking sick leave as the Omicron variant of COVID-19 spread rapidly, and to weather and other factors. Airlines were among industries that urged Centers for Disease Control and Prevention (CDC) to shorten COVID-19 quarantine and isolation times. . . . CDC shortened the recommended time for isolation for asymptomatic people with COVID-19, from 10 days to five, and the quarantine period for those exposed to five days for the unvaccinated or more than six months out from vaccination and not boosted. Those who received a booster shot do not need to quarantine following an exposure. Association of Flight Attendants was among groups questioning the wisdom of the new guidance.

2. U.S. and EU Adjust Regulations in Response to Omicron

As Omicron surged worldwide and became prevalent in the United States, the Biden Administration at month's end revoked travel restrictions on Southern Africa countries that had been imposed a month earlier, when South African scientists reported the presence of the variant and rapid spread. CDC had ordered airlines to disclose names and contact information for passengers who had been to Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa and Zimbabwe within 14 days. Airlines earlier were ordered to collect contact tracing information from all international air passengers. . . . CDC tightened pre-departure testing protocols by requiring all inbound international travelers to test within one day of departure globally, regardless of nationality or vaccination status. . . . The U.S. masking mandate on airplanes and in airports was extended through March 18. Fines continue to be doubled from initial levels for noncompliance, with a minimum \$500 and up to \$3,000 for repeat offenders. . . . A federal appeals court upheld an Administration rule requiring companies with 100 or more employees to mandate COVID-19 vaccines or implement testing, by January 4, or face penalties of \$14,000 per violation. . . . The EC adopted rules relating to the EU Digital COVID Certificate, establishing a binding acceptance period of nine months for intra-EU travel. More than 800 million certificates have been issued in the EU, and 60 countries and territories have joined the system. The new rules for intra-EU travel harmonize rules across Member States. . . . The International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), Airports Council International (ACI) World, UN World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC) urged governments to greatly improve coordination for travel measures between countries and implement risk- and evidence-based approaches for a safe return of travel. "Blanket travel bans will not prevent the

international spread of variants,” said the World Health Organization (WHO), and “place a heavy burden on lives and livelihoods.” Travel organizations worldwide, including American Society of Travel Advisors, called for lifting all country- and region-specific travel bans, and for governments to provide financial support for travel-reliant businesses, saying, “When elected officials make public policy decisions in the interest of public health, [they] have an obligation to provide financial resources to those industries and individuals most affected.”

3. Air Travel and Airline Workers Remain below 2019 Levels

Air traffic in the U.S. decreased by 33.5% in 2020 (5.3 million fewer flights), compared to 2019, according to a report on the impact of COVID-19 on air navigation service provision. In Europe, the number of flights decreased by 55.2% in 2020 (6.1 million fewer). The report was prepared by the Air Traffic Organization of the Federal Aviation Administration (FAA/ATO) and Eurocontrol on behalf of the European Commission (EC). . . . The UK removed 11 remaining countries and territories from the travel red list effective December 15, saying the list “is less effective in slowing the incursion of the variant from abroad and these temporary measures are no longer proportionate.” The WTTC reports the sector realized a U.S. shortfall of 700,000 workers in 2021. For 2022, 480,000 jobs are predicted to go unfilled. “If we cannot fill these vacancies, it could seriously threaten the survival of Travel & Tourism businesses across the U.S.,” said the global body.

4. Sully Sullenberger Confirmed as U.S. Ambassador to ICAO.

C. B. "Sully" Sullenberger was sworn in as U.S. Ambassador to ICAO, after confirmation by the Senate. A retired U.S. Air Force fighter pilot and US Airways captain, he is best known as the pilot who, with First Officer Jeff Skiles, safely landed an Airbus A320 on the Hudson River after striking a flock of geese and losing both engines shortly after takeoff from New York LaGuardia, an event known as the “Miracle on the Hudson.”

5. DOT to Propose Rule on Pricing Transparency for Ancillary Fees.

The Department of Transportation (DOT) is planning to issue a notice of proposed rulemaking in June 2022 that would require ancillary fees to be made clear when a ticket is purchased.

6. FAA-Fined Unruly Passengers to Lose TSA PreCheck.

Passengers facing fines for unruly behavior may be removed from TSA PreCheck screening eligibility, said FAA and the Transportation Security Administration (TSA). FAA received 5,779 unruly passenger reports year-to-date, as of December 21, 4,156 were mask-related.

II. AIRPORTS

1. FAA to Award Airports \$2.89 Billion in Infrastructure Funds.

FAA awarded the first \$3 billion in grants to 3,075 U.S. airports from funds provided by the infrastructure law enacted in November, which provides \$15 billion over five years. Some beneficiaries of the first round are: Atlanta (\$92.5M), Los Angeles (\$79.3M), Chicago (\$73.6M), Denver (\$59.1M), NY Kennedy (\$55.6M), San Francisco (\$49.3M), Orlando (\$44M), Miami (\$42.5M), Phoenix (\$41M), NY LaGuardia (\$28.4M), San Diego (\$24.2M), Washington Dulles (\$22.8M), and Reagan Washington (\$22.1M). FAA estimates the backlog of airport modernization and safety projects totals \$43.6 billion.

2. Las Vegas McCarran Renamed to Honor Former Senator Harry Reid.

Las Vegas McCarran was renamed Harry Reid International Airport to honor the former Senate Majority Leader (D-NV). Officials said Reid “advanced legislation that allowed for completion of Terminal 3 at LAS in 2012 and construction of the new air traffic control facility that opened in 2016. He was also instrumental in securing the land that will serve as the future site of the Southern Nevada Supplemental Airport.” Reid died later in the month, at age 82, having been treated for pancreatic cancer.

3. \$9.5 Billion International Terminal Planned for JFK.

Port Authority of New York and New Jersey reached a revised agreement with the New Terminal One (NTO) consortium to build a 2.4 million square foot international terminal at John F. Kennedy (JFK) International Airport. The \$9.5 billion project will be built on sites of current Terminals 1 and 2 and former T3. Full cost of the terminal will be privately financed by NTO, which includes Carlyle, JLC Infrastructure and Ullico. A joint venture of Munich Airport International and CAG Holdings is the operating and technical services partner. A design build team is led by AECOM Tishman, and Gensler. Port Authority will undertake infrastructure upgrades and improvements. Construction is scheduled to begin mid-2022, with first phase, including arrivals and departures hall and first set of gates, expected to open in 2026. Phased build is subject to international passenger traffic levels, with completion anticipated in 2030. . . . Other JFK projects include the \$3.9 billion Terminal 6, to be built by JFK Millennium Partners, which will connect with JetBlue's existing Terminal 5; a \$1.5 billion expansion of Terminal 4, led by Delta and JFK International Air Terminal; and a \$425 million expansion of Terminal 8, led by American Airlines, which operates the terminal, and British Airways, which will be relocating from Terminal 7, set to be demolished to make way for the new Terminal 6.

4. **FedEx Express Completes \$72.2 Million Miami Expansion.**

FedEx Express completed a \$72.2 million expansion of its air cargo hub at Miami International, which brings the main sort facility to more than 282,000 square feet. Enhancements include a new customs clearance area and a 70,000-square-foot cold chain facility, the largest in the FedEx global network. Between 2019 and 2020, FedEx shipping volume through Miami-Dade County grew by 30.9%.

5. **San Diego Breaks Ground for \$3.4 Billion Terminal.**

A groundbreaking celebration for the \$3.4 billion New T1 project was held by San Diego County Regional Airport Authority and federal, state and city officials. Construction began November 1. Completion of first phase, expected mid-2025, will include 19 gates, an elevated departures roadway, outdoor check-in pavilions, a three-lane on-airport access roadway and a five-story parking plaza. The second phase will add 11 gates for a total of 30; opening expected in 2027. Completion of airside improvements expected mid-2028. The New T1 will feature pre-and post-security passenger connectors to Terminal 2, a post-security patio with views of San Diego Bay, and a children's play area.

6. **Denver Terminal Renovation Costs Soar.**

Denver International officials proposed additions that would increase terminal renovation costs to nearly \$1.9 billion from a planned \$770 million, reports the Denver Post, restoring components of a contract terminated in 2019 due to significant cost and schedule overruns. If approved by the City Council, the additional work would extend construction from 2024 through 2028. The Great Hall project began in mid-2018, with completion targeted for late 2021. Phase 1 was completed in October; Phase 2 is underway. CEO Phil Washington expects the airport to reach 100 million passengers in 10 years, from a record 69 million in 2019, when it was the fifth-busiest in the United States.

7. **European Commission Extends Slot Relief Rules.**

The EC extended slot relief rules for summer 2022. Airlines need to use 64% to retain historic rights, instead of normal requirement of 80%. Eurocontrol estimates annual air traffic in 2022 will be 89% of 2019 levels.

8. **Geneva Opens New East Wing.**

Geneva Airport opened its new East Wing, replacing the widebody pavilion that was built on a provisional basis in 1975 and became obsolete, technically and environmentally and in terms of passenger reception. The East Wing can accommodate 2,800 passengers per hour on departure and 3,000 on arrivals. "Due to sanitary conditions, its official inauguration has been postponed until spring 2022."

III. SECURITY AND DATA PRIVACY

1. **TSA Update.**

The Transportation Security Administration screened 2,187,792 holiday travelers at U.S. airport checkpoints on Thursday, December 23, compared to 846,520 on same weekday 2020, and 2,552,194 same weekday 2019. . . . On December 14, TSA confirmed it had 340 employees with active COVID-19 infections. TSA cumulatively has had 11,541 federal employees test positive for COVID-19; 33 died, as did two screening contractors. . . . TSA PreCheck now includes Avelo Airlines, which has bases at Los Angeles Hollywood Burbank and Southern Connecticut's Tweed-New Haven.

2. **Executive Order Addresses Traveler Needs.**

President Biden signed an Executive Order, "Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government," which calls for 36 improvement commitments across 17 federal agencies. Travel-related actions will include enabling Americans to renew passports securely online, shorter security and check-in lines at airports due to increased use of technologies; and additional channels of communication with TSA for passengers with urgent, time-sensitive questions or concerns.

IV. TECHNOLOGY AND EQUIPMENT

1. American, Amadeus to Complete NDC for North America Sales.

American Airlines and Amadeus will complete full integration of New Distribution Capability (NDC) for North America points of sale in early 2022. American was the first U.S. airline to complete NDC integration with a Global Distribution System (GDS) by partnering with Amadeus for European points of sale. . . . Hawaiian Airlines signed a long-term contract with Amadeus that includes reservations, departure control, data intelligence and payment solutions. Implementation of the Amadeus Altéa PSS suite will begin in Q1 2022 with targeted completion in 2023. . . . Avianca renewed its technology and distribution agreement with Amadeus, enabling Amadeus' Altéa suite to continue to provide with core solutions. The partnership will be expanded to include distribution via the Amadeus Travel Platform of NDC-enabled content, in addition to Avianca's existing content for travel agencies and corporations. Avianca is piloting Traveler ID for Safe Travel, Amadeus' document verification technology, which allows passengers to certify they have required health documentation at check-in without having to leave the airline's website or app; the solution is fully integrated into the airline's IT system. . . . A new Amadeus report, "Journey to Cloud Planet," looks at benefits of cloud capabilities for the travel industry and the technology transformation which will see more than 400 high performance applications transitioning to Microsoft Azure. The report "also offers glimpse of innovation projects currently being co-developed by Amadeus and Microsoft as well as advanced data initiatives underway."

2. FAA Issues New 5G Interference Airworthiness Directives.

FAA issued two airworthiness directives (ADs)—one covering transport and commuter-category airplanes and the other helicopters—that address potential radar altimeter interference from 5G cellular in the 3.7 to 3.98-GHz frequency (C-band). With AT&T and Verizon scheduled to deploy wireless broadband in phases in 46 markets beginning January 5, FAA is working with aviation and wireless industries "to find a solution that allows 5G C-band and aviation to safely coexist." Airlines for America (A4A), Aerospace Industries Association (AIA) and Cellular Telecommunications Industry Association (CTIA) are sharing data to identify areas of concern. A4A estimates that without mitigations, the 5G deployment could disrupt as many as 345,000 passenger and 5,400 cargo flights per year. AT&T and Verizon refused to delay 5G but said they would operate at lower levels near airports as currently is in effect in France, for 6 months.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on December 10 was \$87.40/barrel, down 5.8% on the month and up 58.9% compared to a year ago, reports IATA. Jet fuel price average for 2021 was \$77.2/barrel.

2. FAA Awards Grants for SAF Supply Chain Research.

FAA will award \$1.4 million to five universities to identify regional feedstock that can become sustainable aviation fuel (SAF) using existing infrastructure, creating a dependable supply within reach of airport demand. Researchers look at barriers that need to be eliminated to drive down SAF costs. The awardees are Washington State (\$412,000), Massachusetts Institute of Technology (\$450,000), University of Tennessee (\$100,000), University of Hawaii (\$100,000) and Purdue (\$350,000).

3. oneworld Members to Purchase 350 Million Gallons of Blended SAF.

Members of oneworld intend to purchase 350 million gallons of blended SAF from renewable fuels company Aemetis for their operations at San Francisco International. Once finalized, the agreements will cover delivery over a seven-year term beginning in 2024. Participating are Alaska, American, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, Qantas and Qatar, with others expected. The SAF will be blended with traditional jet fuel at a 40/60 ratio to align with international standards. It will be produced at the Aemetis Carbon Zero plant under development in Riverbank, California. The facility will use waste wood to produce cellulosic hydrogen, which is then combined with wastes and non-edible sustainable oils and zero carbon intensity hydroelectric electricity to produce SAF. American Airlines agreed to take delivery of 16 million gallons of the Aemetis SAF, bringing its total SAF commitment to more than 120 million gallons.

4. British Airways, Phillips 66 Sign Multi-Year SAF Supply Agreement.

British Airways and Phillips 66 signed a multi-year supply agreement for SAF that will help power the airline's flights from early 2022. The SAF will be produced from sustainable waste feedstock at the Humber Refinery, and be delivered to British Airways via existing pipeline infrastructure that feeds directly into UK airports. British Airways has partnerships with technology and fuel companies to develop SAF plants and purchase the fuel, and parent International Airlines Group (IAG) is investing \$400 million over the next 20 years in SAF development.

5. Qantas Purchases SAF for London Route.

Under an agreement with strategic partner bp, Qantas will purchase 10 million liters of SAF in 2022, with an option for another 10 million liters in 2023 and 2024, for flights from Heathrow Airport; this represents up to 15% of Qantas' annual fuel use out of London. The fuel will be produced with certified bio feedstock from used cooking oil and/or other waste products, then blended with normal jet fuel. "Given the importance of aviation to Australia, and the distances we travel, there's a huge opportunity to build a local SAF industry here," said the airline. "The Qantas Group would be its biggest customer and we've already committed \$50 million in seed funding, but it's going to take a concerted effort from industry and government to make this happen." Qantas is in discussions about accessing SAF at its other overseas ports, such as Los Angeles. Qantas and Jetstar have flown several demonstration flights using SAF, including a transpacific flight in 2018 powered by biofuel derived from mustard seeds. Qantas Frequent Flyer offers "a world-first Green membership tier which rewards members for making sustainable choices."

6. Airbus Initiatives Study Future Technologies.

Airbus will launch an UpNext innovation entity and Zero Emission Development Centre (ZEDC) in Spain for the study and demonstration of non-propulsive energy, systems for fuel cell cooling and fiber optics, as well as carbon fiber tanks for storing cryogenic liquid hydrogen. Airbus UpNext gives future technologies a development fast track by building demonstrators at speed and scale. The new presence will leverage expertise of Airbus Commercial Aircraft, Helicopters and Defence and Space. These technologies are critical to fuel a future zero-emission aircraft, supporting the goal of an entry-into-service by 2035. ZEDCs were also established at Airbus sites in Bremen, Germany and Nantes, France in June this year.

VI. U.S. CONGRESS

1. Peter DeFazio Will Not Seek Re-Election in 2022.

Oregon Democrat Peter DeFazio announced he will not seek re-election in 2022 after serving 36 years in the House. He currently is Chair of the Transportation and Infrastructure Committee. His accomplishments include “changing the dual mandate at FAA to safety only, rather than promoting the industry.” He has chaired oversight hearings of the Boeing 737 MAX accidents and conducted an investigation, “holding FAA and Boeing accountable, reforming the airplane manufacturing certification process, and most importantly improving the safety of the traveling public.”

2. Airline CEOs Testify at Senate Commerce Committee Hearing.

The Senate Committee on Commerce, Science, and Transportation convened a hearing titled "Oversight of the U.S. Airline Industry" to examine the impact of federal funding provided to U.S. airlines through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent extensions of the Payroll Support Program (PSP). Providing testimony were CEOs Doug Parker, American Airlines; Gary Kelly, Southwest; and Scott Kirby, United; as well as John Laughter, Delta EVP and COO; Sara Nelson, International President, Association of Flight Attendants-CWA; and Mike Tretheway, Chief Economist and EVP, InterVISTAS Consulting. Discussion points included consumer complaints, which “skyrocketed” in 2020, said Committee Chair Maria Cantwell, noting there are more than 5,500 refund complaints in 2021 so far. . . . In his testimony, Doug Parker said American has hired more than 16,000 workers this year and plans to hire an additional 18,000 in 2022. Incentive pay programs for holiday peak travel periods were developed. He noted that fares remain low despite inflation; in November, overall inflation reached a 39-year high, but airfares fell 3.7%. . . . United plans to “create 25,000 new careers,” through 2026, said Scott Kirby, union jobs with compensation above federal minimum wage and company-sponsored medical coverage and retirement programs, paid sick leave and vacation, and flight benefits. At the United Aviate Academy, “we are seeking to train 5,000 pilots by the end of the decade”; the inaugural class is 80% women and people of color. . . . “In 2020, passenger volumes dropped by as much as 95% by the end of March, resulting in a pre-tax loss of \$12.4 billion for Delta over the entire year, the largest loss in our history,” said John Laughter, and the “Omicron variant has demonstrated we continue to reckon with challenges caused by the pandemic. Countries that have recently lifted travel bans are reevaluating policies, impacting the recent increased demand for international travel.” Delta has hired 1,400 specialists to address long customer support wait times during the pandemic, is hiring 6,100 Airport Customer Service Agents and 600 pilots, and, in total, has hired 8,700 across

the business to support return to travel in 2021. Laughter said Delta approved 7.3 million valid refund requests and issued more than \$3 billion in customer refunds between March 2020 and March 2021, and provided travel credits to passengers with Basic Economy fares, which is not typically permitted. “Further, Delta’s travel credit extension allows for unmatched flexibility through December 31, 2022, for all tickets purchased or expiring in 2020 and 2021.” . . . “The problem with aviation right now is the violence towards flight attendants and other aviation workers,” said Sara Nelson. Staffing is above pre-pandemic levels if compared to the number of flight hours airlines are flying, but aviation workers are not as willing to pick up overtime due to combative passengers and concerns around COVID. “If we allow disruptions in the cabin or distractions due to defiance of passengers to comply with crew instructions to become a regular occurrence, we are in jeopardy of missing cues of a coordinated [terrorist] attack or handing tools to those who wish to do us harm. We cannot be lulled into a place of accepting these distractions as a new normal.” Nelson enumerated recommendations to mitigate violent and disruptive events. She also urged FAA and DOT to implement flight attendant rest rules mandated by Congress in 2018 and urged Congress to help enforce protections for passenger service agents under federal law.

3. A4A Responds to Payroll Support Management Questions.

House Transportation Committee Chair Peter DeFazio (D-OR) and Ranking Member Sam Graves (R-MO) asked Airlines for America President and CEO Nicholas Calio to provide clarity on how airlines managed funds provided under the Payroll Support Program (PSP), and what effect these funds have had on airlines’ recent operational capabilities. In a detailed response, Calio expressed gratitude for Congress’s investment of \$54 billion to prevent involuntary furloughs of airline workers during the pandemic. He said operational disruptions did not result from non-compliance with PSP requirements, but were due to passenger demand that outpaced predictions of historical models; extreme weather; security breaches; tight labor supply; high rates of employee absenteeism; fuel shortages; and supply chain issues. A4A estimates that approximately 50,000 airline employees opted for early retirement or voluntary separation while about 100,000 took unpaid leaves of absence. While domestic passenger volumes are now approaching pre-pandemic levels, the industry is not operating with a full fleet yet. Although carriers have recalled furloughed employees, have been hiring new workers and are increasing the number of spare aircraft, operational disruptions, especially those triggered by extreme weather on peak days, make for a difficult recovery. This exchange occurred before the end-of-month Omicron surge that disrupted flights.

4. **Airline CEOs Urged to Require Crew Self-Defense Training.**

Airline CEOs were urged by House Democratic leaders to require that crew members attend TSA's Crew Member Self Defense Program to gain skills necessary to deter and mitigate dangerous situations as unruly passenger behavior spikes, and to provide crewmembers with paid time, travel and accommodations to participate in the program. Currently, flight crew members who wish to attend the voluntary, no-cost training, which is led by Federal Air Marshals, must do so outside of work hours and secure travel and lodging at their own expense. The letters were sent by Homeland Security Committee Chair Bennie Thompson, Transportation Committee Chair Peter DeFazio, Transportation & Maritime Security Subcommittee Chair Bonnie Watson Coleman, and Aviation Subcommittee Chair Rick Larsen (D-WA), to Doug Parker, American Airlines; Ed Bastian, Delta; Gary Kelly, Southwest; and Scott Kirby, United. The CEOs were asked to respond to the Committees by January 11, 2022 "to indicate whether you will support this initiative."

5. **Senate Committee Approves Omnibus Travel and Tourism Act.**

The Senate Commerce Committee approved the Omnibus Travel and Tourism Act of 2021. The package includes: S.1947, Visit America Act, which would authorize an Assistant Secretary of Commerce for Travel and Tourism position in the Department of Commerce and establish a travel and tourism advisory board in order to execute a COVID-19 recovery strategy. S.115, Protecting Tourism in the United States Act, which would require the Department of Commerce to lead a study of the pandemic's effects on the travel and tourism industry. S.343, Fly Safe Canine COVID Detection Act of 202, which requires TSA to conduct a feasibility study on the use of canine units to detect the presence of COVID-19. H.R.4094, One-Stop Pilot Program Act of 2021, which would establish a pilot program to allow international passengers from designated foreign airports to avoid rescreening in the U.S. for connecting flights; in collaboration with Customs and Border Protection, TSA would designate the foreign airports and ensure they have comparable security standards. S.82, Ensuring Health Safety in the Skies Act of 2021, which would require the Departments of Transportation, Homeland Security, and Health and Human Services to form a joint task force on air travel during and after the COVID-19 public health emergency.

6. **Senate Committee Urges FAA to Act on Whistleblower Concerns.**

The Senate Commerce Committee released the "Aviation Safety Whistleblower Report," which details information provided by seven whistleblowers, including allegations of undue pressure from industry to shortcut approvals, failure of FAA and industry managers to listen to line engineers, and chronic understaffing and decreasing technical expertise at FAA's Boeing Aviation Safety Oversight Office. The report is part of the Committee's continued investigation into the

design and certification of the 737 MAX, and implementation of congressionally-mandated safety reforms under the “Aircraft Certification, Safety, and Accountability Act.” Committee Chair Maria Cantwell called on FAA Administrator Steve Dickson to review the report “and where warranted, open an investigation to determine whether conduct is contrary to FAA policies and procedures.”

7. “FAIR Fees Act” Reintroduced.

The “Forbidding Airlines from Imposing Ridiculous (FAIR) Fees Act” was reintroduced by Senators Edward Markey and Richard Blumenthal and Representatives Steve Cohen and Jesús “Chuy” García. The FAIR Fees Act would prohibit airlines from charging ancillary fees “that are not reasonable and proportional to the costs of the services actually provided.” The bill would also direct DOT to review other fees imposed by airlines, and ensure that children can sit with family members on flights at no additional charge. In 2019, the last full year before the coronavirus pandemic disrupted air travel, airlines worldwide collected \$109.5 billion in ancillary fee revenue, compared to \$22.6 billion in 2010. That same year, U.S. domestic airlines collected \$5.8 billion in baggage and \$2.8 billion in ticket reservation fees alone. The FAIR Fees Act is endorsed by Consumer Reports, National Consumers League, Consumer Federation of America, Consumer Action, Travelers United, Business Travel Coalition, and U.S. Public Interest Research Group.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. EU, Oman Initial Aviation Agreement.

The European Union and the Sultanate of Oman initialed a comprehensive air transport agreement, calling for “a gradual process of market opening and regulatory cooperation, creating a level playing field.”

2. US and Ecuador finalize new Open Skies Agreement

The United States announced that it has finalized the text of an Open Skies Agreement with Ecuador at the end of ICAN 2021. After years of frequency restrictions, the new agreement will allow open entry and no limit on frequencies between the United States and Ecuador. Pending signature and entry into force, the two countries agreed to implement the terms on the basis of comity and reciprocity. The final signing and implementation of the agreement should come soon.

VIII. EUROPE AND AFRICA

1. American Announces International Route Changes.

As “continued delivery delays of Boeing 787 aircraft have provided unique challenges in planning international flying months in advance,” American Airlines will not resume service to Edinburgh or Shannon in 2022; and, as demand remains soft in Asia, is discontinuing service to Hong Kong. Service from New York Kennedy to Doha launches June 4, “as part of its deepening relationship with Qatar Airways,” which has enabled access to destinations that American does not serve in the Middle East, East Africa, South Asia and South East Asia. Widebody aircraft currently used on short-haul routes in the Caribbean, Latin America and Mexico will be redeployed to transatlantic destinations next summer, including Barcelona, Lisbon and Venice.

2. Atlantic Joint Business Partners to Offer New Routes.

The Atlantic Joint Business will offer new routes for summer 2022, including American Airlines flights from Charlotte to Rome; British Airways from London Heathrow to Portland and Pittsburgh; Finnair from Helsinki to Dallas and Seattle; and LEVEL from Barcelona to Los Angeles. Iberia will increase capacity from Madrid to New York, Miami, Chicago, Los Angeles, San Juan de Puerto Rico and Mexico. Aer Lingus launched flights to New York Kennedy and Orlando from Manchester, its first UK base for transatlantic flights, and plans to operate 16 routes from Dublin and Manchester to North America and the Caribbean in 2022. Alaska Airlines said its oneworld partners will offer 100 nonstops weekly from its West Coast airports to Europe.

3. ITA Airways Launches Code Shares with Delta, KLM, Air Malta.

Under a new code share agreement, Italian flag carrier ITA Airways is placing its code on Delta-operated flights to 92 destinations, including Rome Fiumicino to Atlanta, Boston, Detroit and New York Kennedy, plus routes across Delta’s U.S. network and flights to Mexico and Canada. Delta is placing its code on ITA-operated flights to 33 destinations, including New York, Washington D.C., Boston, Los Angeles and Miami to Rome and 16 connections in Italy. Delta’s code is also placed on ITA flights to Albania, Egypt, Tunisia, Greece, Malta and Israel. . . . ITA launched code share partnerships with Etihad, KLM and Air Malta. Delta, KLM and ITA are in the SkyTeam alliance. . . . ITA confirmed an order with Airbus for seven A220s, 11 A320neos and 10 A330neos, the latest version of the A330 widebody. ITA also plans to lease A350s, said Executive President Alfredo Altavilla. ITA operations launched in October, replacing Alitalia.

4. **JetBlue, Aer Lingus Expand Code Share Partnership**

In an expansion of their code share partnership, JetBlue will place its code on Aer Lingus flights to Dublin and Shannon from New York Kennedy and Boston Logan, and beyond Ireland in the near future.

5. **PLAY to Serve Boston, Baltimore/Washington.**

PLAY, a new low-cost airline operating between Iceland and Europe, has received DOT and FAA permits to fly to the United States and will begin Airbus A320neo and A321neo service to Baltimore/Washington International on April 20, and to Boston Logan on May 11. Passengers can connect via Iceland to destinations in Europe and North America. CEO Birgir Jónsson formerly was CEO of Iceland Express and Deputy CEO of WOW air.

6. **Changes in Lufthansa Group Management.**

Lufthansa Group announced that Jens Ritter, currently a member of the Executive Board and COO of Eurowings, will become CEO of Lufthansa Airlines on April 1, succeeding Klaus Froese, who will fly for Lufthansa as a Boeing 787 captain. Annette Mann, currently Head of Corporate Responsibility at Lufthansa Group, becomes new Austrian Airlines CEO as of March 1, succeeding Alexis von Hoensbroech, who is leaving the company. . . . Lufthansa will add three weekly Airbus A350-900 nonstops between Munich and San Diego, beginning March 30, the first-ever nonstop service between the two cities; flights increase to five times weekly in May. . . . Lufthansa CEO Carsten Spohr said 33,000 flights will be cut from the winter schedule, due to the pandemic and related travel restrictions. More flights would be cut due to weak demand, were it not for EU regulations on slot usage, he said. “We have to operate 18,000 additional, unnecessary flights in the winter just to secure our take-off and landing rights,” quoted Reuters; “this harms the climate and is exactly the opposite of what the EU Commission wants to achieve.”

7. **IAG Terminates Air Europa Acquisition.**

International Airlines Group terminated the agreement under which its subsidiary Iberia would acquire Air Europa from Spanish owner Globalia for €500 million. In addition to a break-fee of €40 million, IAG will pay Globalia €35 million, to be applied to any future purchase price if a new agreement is reached and to avoid litigation relating to the acquisition.

8. **British Airways Short-Haul Subsidiary Launches at Gatwick.**

British Airways’ Gatwick subsidiary is selling tickets for flights to 35 short-haul destinations, to begin end of March with three Airbus aircraft initially and up to 18 by end of May. The entity will operate as British Airways, but will be managed separately under the name ‘BA Euroflyer.’ Premium service available, though fares rival those of Gatwick no-frills carriers.

9. Wizz Air Acquires 15 Gatwick Slot Pairs from Norwegian.

Wizz Air UK acquired 15 daily London Gatwick slot pairs from Norwegian Air Shuttle and will base four additional Airbus A321neo aircraft there, bringing the total to five, from spring 2022. The airline will launch new routes from Gatwick to 14 destinations, as well as flights operated by Wizz Air Hungary from Milan, Rome, Vienna, Bari and Naples to Gatwick. With Gatwick and Luton, Wizz Air will operate a total of 88 routes from London.

10. Boeing 737 MAX to Fly Again in Ethiopia, Indonesia, China.

See Section IX, item 1.

11. Delta Invests in Aeromexico, LATAM, Virgin Atlantic.

See Section X, item 2.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Boeing 737 MAX to Fly Again in Ethiopia, Indonesia, China.

Ethiopian Airlines CEO Tewolde GebreMariam said the airline will resume Boeing 737 MAX operations on February 1, after “more than 20 months of rigorous recertification process”; and Indonesia’s civil aviation authority issued an airworthiness directive pertaining to resumption of MAX operations. The aircraft was grounded after a total of 346 people were killed in crashes of a Lion Air flight on October 2018, and an Ethiopian flight in March 2019. Civil Aviation Administration of China (CAAC) also completed a review of MAX design changes and said it considers the corrective actions adequate.

2. PAL Wins Court Approval of Recovery Plan.

Philippine Airlines (PAL) said the U.S. Bankruptcy Court of the Southern District of New York approved its reorganization plan, which provides for \$2 billion “in permanent balance sheet reductions from existing creditors” and allows PAL to contract fleet capacity by 25%. “We have a few more procedural steps to take before we can complete the Chapter 11 process, after which we will focus intensely on serving the public, navigating the continuing challenges of the pandemic and economic recovery, and sustaining the links that connect our archipelago,” said President & COO Gilbert Santa Maria. PAL continues to operate flights to 32 international and 29 domestic destinations from Manila, Cebu and Davao.

3. Tata Group to Acquire Air India.

The Competition Commission of India approved Tata Group’s acquisition of a 100% stake in national carrier Air India and its wholly-owned subsidiary Air India Express and a 50% stake in Air India SATS. Air India operates 117 wide- and narrow-body aircraft in domestic and international markets; low-cost Air India Express operates 24 narrow-body aircraft, mostly owned by Air India, with a focus on short-haul international operations, especially in the Middle East market; and Air India SATS, a joint venture with Singapore airport terminal services, provides ground and cargo handling. Other airlines owned by Tata are Vistara, a joint venture with Singapore Airlines, and AirAsia India, a venture with AirAsia Investment Limited. Air India was founded as Tata Airlines in 1931 and nationalized in 1956.

4. Malaysia's AirAsia X Restructuring Scheme Approved.

The High Court of Malaya approved a restructuring plan for budget long-haul carrier AirAsia X that will pay 0.5% of debt owed and end existing contracts. Creditors earlier agreed to the plan to restructure \$8 billion of liabilities, about half of which is owed to Airbus. The airline had warned of liquidation if creditors

did not agree to the plan. A recapitalization is expected to be completed in first quarter 2022.

5. Etihad Support Services to Be Spun Off.

Holding company ADQ, a strategic partner of Abu Dhabi's government, proposed a reorganization in which Etihad Airways would become a standalone entity, while support services including engineering, ground and cargo handling and training would be spun off into a new company, part of ADQ's mobility and logistics portfolio, which includes Abu Dhabi Airports and AD Ports Group. Two Etihad businesses would join Abu Dhabi National Exhibition Company (ADNEC), Etihad Airport Services Catering combining with ADNEC's catering business Capital Hospitality, and Etihad Holidays with ADNEC's tourism promotion business, Tourism 365. The proposed agreement "will allow us to place 100% of our focus on Etihad Airways to capitalize on recovering travel demand," said Tony Douglas, CEO of Etihad Aviation Group. The businesses joining ADQ's new aviation company and ADNEC will remain strategic partners to Etihad Airways. The transaction is subject to customary closing conditions, including regulatory approvals. Terms were not disclosed.

X. AMERICAS

1. American CEO Doug Parker to Retire in March.

American Airlines CEO Doug Parker will retire on March 31 and current President Robert Isom will succeed him. Isom will join the airline's Board of Directors and Parker will continue to serve as Chairman. Parker formerly was Chairman and CEO of US Airways and America West and a Northwest Vice President. Isom previously served as EVP and COO at American and US Airways, and held senior executive positions at GMAC, Northwest and America West.

2. Delta Invests in Aeromexico, LATAM, Virgin Atlantic.

Delta is targeting equity stakes in Aeromexico (20%) and LATAM (10%), and will maintain its 49% equity stake in Virgin Atlantic, as each emerges from restructuring or recapitalization; total investment in these carriers will be about \$1.2 billion. . . . Delta and Aeromexico launched a Joint Cooperation Agreement in 2017 and offer the most service in the largest New York and Los Angeles markets. Aeromexico creditor Invictus Global Management formally objected to Aeromexico's proposed restructuring plan, in which Delta's stake is diluted, making Apollo Global Management the largest shareholder. The process could position Delta "to make hundreds of millions of dollars at the expense of other stakeholders," said Invictus. . . . Delta and LATAM's trans-American Joint Venture Agreement received Chilean Court approval in October and code sharing was expanded between North and South America. . . . Delta's joint venture with Virgin Atlantic offers "a route network serving more than 350 cities in North America, Europe and the UK," including New York Kennedy to London Heathrow. Virgin Group holds 51% of Virgin Atlantic.

3. JetBlue, American Expand Code Sharing.

JetBlue and American expanded code sharing, with American's code on 70 JetBlue routes, and JetBlue's on 115 American routes. Their Northeast Alliance (NEA) will add new routes from New York and Boston, including Vancouver, and additional frequencies on existing routes. . . . The U.S. Justice Department asked a judge to reject a bid by American and JetBlue to dismiss an antitrust lawsuit it filed in September with six states, against the NEA. The alliance "seeks to accomplish through a joint venture what would not be tolerated as a merger: eliminating significant competition between a dominant airline and a uniquely disruptive competitor," said DOJ. "Instead of fighting with JetBlue, American now seeks to co-opt it." A trial is scheduled for September.

4. **JetBlue Inflight Crewmembers Ratify Inaugural Union Contract.**

JetBlue and its inflight crewmembers, represented by Transport Workers Union (TWU), announced ratification of their inaugural contract. “This is a fantastic ending to a difficult fight,” said TWU; JetBlue inflight crewmembers are “no longer at the mercy of the company’s whims.”

5. **Frontier Announces Rollout of 18 Nonstop Routes, New Destinations.**

Frontier announced a rollout of 18 nonstop routes, including new destinations Aguadilla, P.R. and Fort Lauderdale, plus service expansions in Cancun and San Juan, P.R., beginning in February, with introductory fares starting at \$19.

6. **Spirit Announces New Philadelphia, Memphis Nonstops.**

With seven new routes and increasing service to Cancun, Spirit will serve 20 destinations in the U.S. and Caribbean from Philadelphia. Aguadilla, P.R. and Oakland nonstops “unlock totally new, unserved markets for PHL,” said the airline. Spirit will add Memphis to its route map, with three daily nonstops to Las Vegas and Orlando in April, and Los Angeles in June.

7. **Allegiant, Viva Aerobus Announce Alliance Agreement.**

Allegiant and Viva Aerobus announced plans for a fully-integrated Commercial Alliance Agreement for nonstop leisure air travel between the United States and Mexico, the first such alliance for ultra-low-cost carriers. They have submitted a joint application to DOT requesting approval of and antitrust immunity. Las Vegas-based Allegiant will make an equity investment of \$50 million in Viva Aerobus, and Allegiant Chairman and CEO Maurice Gallagher, Jr. is expected to join the Viva Aerobus Board of Directors. The alliance is anticipated to add new transborder routes and nonstop competition where currently only connecting service is available. More than 250 new potential route opportunities have been identified as part of the DOT application. Allegiant and Viva Aerobus expect to offer flights under the alliance beginning in first quarter 2023, pending governmental approval. Per national requirements, they will in parallel file for alliance approval with regulatory authorities in Mexico, including the Mexican Federal Economic Competition Commission.

8. **Avianca Emerges from Chapter 11.**

Avianca emerged from Chapter 11 “with a solid balance sheet, significantly less debt and more than USD1 billion in liquidity.” In accordance with the approved reorganization plan, shareholders will invest in Avianca Group International Limited, a new holding company, which will be domiciled in the United Kingdom; the stock will no longer be traded on the Colombian stock exchange. Over the next three years, the Star Alliance member expects to almost double its network, expanding to 200 routes in Latin America and the world, mostly point-to-point,

with a fleet of 130 aircraft. Avianca plans to invest \$200 million to renovate seats in its Airbus A320 fleet, and will continue to operate the Boeing 787 for long-range flights. Avianca Cargo “will continue with great growth potential, maintaining leadership in Colombia and continually expanding into other strategic markets.”

9. UPS Orders 19 Boeing 767 Freighters.

UPS ordered 19 Boeing 767 Freighters, to be delivered between 2023 and 2025. The order reportedly is valued at \$1.5 billion. Boeing said 2021 was a record-breaking year for freighter sales, as air cargo demand surged due to an expansion of e-commerce and express cargo markets.

10. US and Ecuador finalize new Open Skies Agreement

See Section VII, item 2.

11. American Announces International Route Changes.

See Section VIII, item 1.

12. Atlantic Joint Business Partners to Offer New Routes.

See Section VIII, item 2.

13. ITA Airways Launches Code Shares with Delta, KLM, Air Malta.

See Section VIII, item 3.

14. JetBlue, Aer Lingus Expand Code Share Partnership

See Section VIII, item 4.

15. PLAY to Serve Boston, Baltimore/Washington.

See Section VIII, item 5.