



## 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. FAA Downgrades Russian Air Safety Rating.**

The U.S. Federal Aviation Administration (FAA) downgraded the air safety rating for Russia to Category 2, “restricting any expansion of service or partnerships since Russia’s Federal Agency for Air Transport does not comply with International Civil Aviation Organization (ICAO) safety standards.” Under the International Aviation Safety Assessment (IASA) program, FAA assesses civil aviation authorities of countries with air carriers that have applied to fly to the United States, currently conduct operations to the United States or participate in code sharing arrangements with U.S. partner airlines. Air carriers from countries with Category 2 ratings are not allowed to initiate new service to the United States, are restricted to current levels of existing service to the United States, and are not permitted to carry the code of U.S. carriers on any flights. Currently, no airlines operate regularly scheduled flights between Russia and the United States.

### **2. U.S. Mask Mandate Struck Down by Federal Judge; DOJ Appeals.**

As a result of an order by a federal judge in Florida, which struck down the transportation mask mandate, the Centers for Disease Control and Prevention (CDC) announced it would no longer enforce its January 29, 2021 order requiring masks on public transportation conveyances, but “continues to recommend that people wear masks in indoor public transportation settings at this time.” The Department of Justice (DOJ) is appealing the judge’s ruling on behalf of CDC. In *Health Freedom Defense Fund, Inc., et al., v. Biden, et al.*, DOJ stated, “the order requiring masking in the transportation corridor is a valid exercise of the authority Congress has given CDC to protect the public health. That is an important authority the Department will continue to work to preserve.” The Transportation Security Administration (TSA) also announced it would no longer enforce its mask requirement for public transportation and transportation hubs. Airlines and airports quickly rescinded requirements, though many passengers and crew continued to wear masks for their own protection. The CDC mask mandate was set to expire on May 3.

### **3. CDC Revises International COVID-19 Travel Advisory System.**

CDC revised its international COVID-19 travel advisory system. The most serious category, Level 4, no longer applies to COVID-19 incidence or case count alone. Level 4 is now reserved “for special circumstances, such as rapidly escalating case trajectory or extremely high case counts, emergence of a new variant of concern, and healthcare infrastructure collapse.”

**4. FAA Levies Large Fines Against Unruly Passengers.**

FAA proposed the largest-ever fines against two passengers for alleged unruly behavior, part of the approximately \$2 million the agency has proposed year-to-date. An \$81,950 fine involves a passenger who assaulted flight attendants and tried to open the cabin door; law enforcement apprehended her in Charlotte. A \$77,272 fine involves a passenger who attempted to hug and kiss the passenger seated next to her, tried to exit during flight and bit another passenger multiple times. . . . FAA said its Zero Tolerance policy against unruly passengers, which has helped reduce the incident rate more than 60%, will become permanent. Under the policy, implemented in January, 2021, FAA issues fines for unruly behavior instead of warning letters or counseling. As of February 16, 2022, FAA referred 80 unruly passenger cases to the FBI for criminal review. The agency is also working with TSA to revoke TSA PreCheck from unruly passengers that are fined by FAA.

**5. FAA Investing \$1 Billion in Air Traffic Control System.**

FAA is investing \$1 billion in the U.S. air traffic control system. Part of \$5 billion allotted via recently enacted infrastructure legislation, the first year of funding “will sustain, repair or replace hundreds of buildings and pieces of equipment,” said U.S. Transportation Secretary Pete Buttigieg.

**6. Report Finds Seat Sizes Do Not Impede Evacuations.**

FAA released a report based on a Civil Aerospace Medical Institute (CAMI) study that indicates existing airplane seat sizes do not impede aircraft evacuation progress for 99% of the U.S. population. In an accompanying letter to Steve Cohen (D-Tenn.), a member of the House Transportation Committee and Aviation Subcommittee, former FAA Administrator Steve Dickson noted that those involved in the evacuation study were all able-bodied adults under 60 and not representative of the flying public. “I am disappointed but not surprised that the flawed study came to the foregone conclusion the airline industry dictated,” said Cohen. “I repeatedly called upon the FAA to reexamine its study parameters and take into consideration the time it takes for elderly travelers, children and people who have disabilities to safely evacuate aircraft. The flying public cannot rely on the results of this study nor should seat sizes be based solely on the study’s results. I look forward to participating in the FAA’s forthcoming public comment period and hope the input is taken seriously before the FAA makes its final determination on minimum seat dimensions that are necessary to ensure passenger safety.” Cohen’s “Seat Egress in Air Travel (SEAT) Act,” included in the FAA Reauthorization Act of 2018, directed FAA to establish minimum seat size and distance between rows to meet the 90-second emergency airplane evacuation time mandated by federal regulations. Dixon also wrote to Senate Commerce Committee Chair Maria Cantwell, noting the

FAA-chartered Emergency Evacuation Standards Aviation Rulemaking Committee reviewed nearly 300 real-world evacuation events and found the overall level of safety in emergency evacuations to be very high.

**7. U.S. Scheduled Service Airline Passengers Up 106% in February.**

U.S. airlines carried 54.5 million scheduled service passengers in February 2022 (preliminary), 106% more than in February 2021 and 19% fewer than in pre-pandemic February 2020, reports the Department of Transportation (DOT). Data was filed by 23 airlines that carry more than 90% of passengers. Domestic flights accounted for 89.5% of all passengers.

**8. March Air Travel Sales Reach Pandemic Highs.**

Data released by Airlines Reporting Corp. (ARC) shows ARC-accredited travel agency air ticket sales totaled \$7.8 billion in March, a 180% increase year over year from March 2021. The net sales total marks a second consecutive pandemic high and the first-time sales have eclipsed \$7 billion since February 2020. “March’s sales were fueled by strong growth in corporate travel, which improved from 60% of pre-pandemic levels in the first week of March to 70% of pre-pandemic levels in the last week,” said ARC. “Despite rising airfares, the number of passenger trips continued to accelerate as international travel bookings neared pre-pandemic levels.” The average U.S. round-trip ticket price in March 2022 was \$540, a 41% increase from \$382 in March 2021. Average pre-pandemic ticket price was \$487.

## II. AIRPORTS

### 1. Atlanta Resumed Place as World's Busiest Airport in 2021.

Hartsfield-Jackson Atlanta returned to the top of the world's busiest airports with 75.7 million passengers (+76.4%) in 2021, reports Airports Council International World. Dallas/Fort Worth followed, with 62.5 million (+58.7%), and Denver with 58.8 million (+74.4%). After reaching the top rank in 2020, Guangzhou Baiyun slid to eighth position, with 40.3 million (-8.0%). Total global passengers in 2021 neared 4.5 billion, up 25% from 2020, and down 50% from 2019.

### 2. New 14-Gate Concourse Proposed for Dulles.

A new concourse at Washington Dulles that would replace outdoor boarding areas used by regionals was proposed by Metropolitan Washington Airports Authority (MWAA). An application for an FAA grant under recently enacted infrastructure legislation seeks \$230 million to begin development of the 400,000-square-foot, 14-gate facility. MWAA is working with United, the largest carrier serving Dulles, and other airlines in planning the design, funding and construction of the new concourse, which is expected to ultimately cost between \$500 million and \$800 million. The "Tier-2 Concourse (East)" would replace gates built in the 1990s at the eastern end of Concourse A and have access to the underground Aerotrains system. MWAA President and CEO Jack Potter said necessary environmental studies have been completed, making the project "shovel ready" under guidelines of the FAA grant program. Among other criteria met, the project will provide more space (400,000 square feet versus the current 110,000 square feet) for larger seating areas, more concessions, airline lounges, ADA-compliant restrooms, and other amenities. In 2021, MWAA opened a 14-gate concourse for regional flights at Reagan National, part of the Project Journey program which also added two large security screening buildings.

### 3. First Major Phase of Delta Sky Way at LAX Completed.

The first major phase of the Delta Sky Way at Los Angeles International, a joint \$2.3 billion investment by the airline and Los Angeles World Airports (LAWA), has been completed. It includes a centralized check-in lobby, expanded security checkpoint, baggage claim area and a new 30,000-foot Delta Sky Club. When the Delta Sky Way project is complete in 2023, Terminals 2 and 3 will be a consolidated, 1.2-million-square-foot, 27-gate complex that connects to the Tom Bradley International Terminal (Terminal B). Delta operates 140 daily flights to 53 destinations across the globe from LAX.

4. **Denver Approves New 14-Gate Frontier Facility at DIA.**

Frontier Airlines, in partnership with Denver International (DIA), won approval from Denver City Council for a new ground boarding gate facility. The 10-year agreement covers the build-out of a 120,000-square-foot facility (37,000 square foot new and 83,000 square foot remodel) on the east end of Concourse A that will include 14 gates, 18,000 square feet of support space and an adjacent 8,000-square-foot maintenance facility. Frontier will have preferential use and scheduling rights for the 14 ground boarding gates which will enable front and rear aircraft door enplaning and deplaning, along with exclusive branding rights throughout the facility. The first phase of the project, encompassing an initial four gates, is targeted for completion in fall 2023 with full project completion slated for summer 2024.

5. **\$1 Billion Spending Plan Approved for Boston Logan Projects.**

Massachusetts Port Authority approved a three-year \$1.3 billion spending plan that invests about \$1 billion in Boston Logan, with \$300 million for projects like roadway optimizations, runway rehabilitation, and net-zero carbon emission initiatives. Massport oversees Worcester Regional Airport and Hanscom Field, as well as Logan.

6. **Seattle International Arrivals Facility Opens.**

A Delta flight from Seoul-Incheon was the first passenger service to use the new 450,000-square-foot International Arrivals Facility (IAF) at Seattle-Tacoma International, in final readiness testing of the project. The IAF, which officially opens to passengers on May 10, will increase the number of international-capable gates from 12 to 20, and more than double passenger capacity to 2,600 passengers per hour. By this fall, 44 total international services will be in operation. Eight new international services, including five new airlines, debuted or were announced over the last two years, and to come are Turkish Airlines to Istanbul and Finnair to Helsinki, in May, and Air Canada to Montreal in June; service to Tahiti via Air Tahiti Nui launches in October.

7. **DFW Receives \$20 Million in Federal Appropriations.**

Four Dallas/Fort Worth projects will receive \$20 million (\$5 million per project) via the FY22 Federal Appropriations Act. The projects include the Brute Force Electric Central Utility Plant, International Parkway Flyover Bridge Replacement and Conversation Project, Aircraft Rescue and Fire Fighting Station Consolidation, and Snow and Ice Remove Equipment Storage Facility.

**8. Chicago Plans \$8.5 Billion “Curb-To-Gate” O’Hare Transformation.**

Chicago O’Hare is planning an \$8.5 billion “curb-to-gate” transformation that includes a new 2.2 million square foot Global Terminal, an upgraded Terminal 5 and two satellite concourses. Inbound passengers will be able to clear U.S. Customs, return to the secure area and access their departing gate without going to a different terminal. A runway modernization project completed in 2021 has reduced delays by 65%, said officials, paving the way for the new investment.

**9. UK Extends Competition Measures on London Slots.**

The UK Competition and Markets Authority extended its assessment of the impact of the Atlantic Joint Business Agreement on the UK-U.S. market until March 2026. British Airways and American Airlines must continue to offer four daily airport slots on UK-U.S. routes to competitors, including two between London and Boston, one on London-Dallas and one on London-Miami. The Atlantic Joint Business includes British Airways, American, Iberia, Aer Lingus and Finnair.

### **III. SECURITY AND DATA PRIVACY**

1. **TSA Update.**

The Transportation Security Administration screened 2,214,519 travelers at U.S. airport checkpoints on Sunday, April 17, 2022, compared to 1,572,383 on same day 2021, 105,382 on same day 2020, and 2,356,802 on same day 2019. . . . On April 18, TSA had 359 employees with active COVID-19 infections. Cumulatively 22,879 federal employees have tested positive and 36 died, as did two screening contractors.

2. **Guns Found at TSA Checkpoints a Dangerous Trend.**

Nationwide, TSA officers detected 5,972 guns at airport security checkpoints last year, up from 3,257 in 2020 and 4,432 in 2019. The rate of guns caught at checkpoints nationwide was 10.2 per million passengers in 2021. Of guns caught in 2021, approximately 86% were loaded. Firearms were caught at 268 airport checkpoints nationwide. This year, so far, 195 guns have been found at Florida checkpoints alone, including 40 at Orlando, 36 at Ft. Lauderdale-Hollywood, 26 at Tampa, 19 at Miami, and 17 at Jacksonville. Passengers face a civil penalty from TSA of up to \$13,910, imposed regardless of whether the individual is arrested by law enforcement. If the traveler is in the TSA PreCheck program, those privileges will be lost for a period of time, possibly permanently.

3. **DHS Implementing Gender-Neutral Measures.**

The U.S. Department of Homeland Security (DHS) announced new measures and technology updates to advance equality for transgender, non-binary, and gender non-conforming travelers. TSA will replace current, gender-based Advanced Imaging Technology units at airport checkpoints and reduce pat downs. Gender information is now irrelevant in identification procedures at checkpoints. TSA PreCheck includes an “X” gender marker option on its application. TSA is working with air carriers to promote use and acceptance of the “X” gender marker. DHS and the State Department allow U.S. citizens to select their gender on applications without having to submit medical documentation, and now they can select “X” as their gender on new passport applications.



## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. American, Expedia Renew Partnership.**

Under a renewed partnership, a direct connection through New Distribution Capability (NDC) technology makes all American Airlines offers available to travelers on Expedia Group sites, including complimentary access to Main Cabin Extra, preferred seats and boarding, a free checked bag, and a Main Cabin baggage allowance. Future collaboration will enable additional elevated offers and ancillary options such as carbon offsetting.

### **2. Hawaiian to Offer Free, High-Speed Starlink Internet Connectivity.**

Hawaiian Airlines announced an agreement with Starlink to provide complimentary high-speed, low-latency broadband internet access on flights between the islands and the continental U.S., Asia and Oceania. The carrier will equip its Airbus A330 and A321neo aircraft, as well as an incoming fleet of Boeing 787-9s, with Starlink's satellite internet connectivity service. Hawaiian and Starlink expect to begin installing the product on select aircraft next year. Hawaiian is not currently planning to deploy the service on its Boeing 717 aircraft that operate short flights between the Hawaiian Islands.

### **3. Uber Outlines UK Vision for Plane, Other Tickets.**

Uber plans to add flight tickets to its app later this year in the UK, after initially expanding from taxi service to tickets for car rentals, rail and buses, becoming "a one-stop shop for door-to-door travel." Tickets will be available through partners that are fully integrated into the Uber app. Uber will not provide these services but the offering "will create a seamless experience for booking a wide range of travel options which can be made alongside rides, for example to the station or the airport."

### **4. Future of Travel Retail Includes Metaverse, NFTs.**

Speakers at Travelport's Future of Travel Retail Roadshow in Dubai called for modernization of the industry and a plunge into the metaverse, a simulated digital environment that uses augmented reality (AR), virtual reality (VR), and blockchain to improve the travel experience. Using VR tools, travelers can virtually "see" a place, which can "create the emotive drive to see it for real." Consultant Steve Bambury predicts that in the next five to 15 years, we're going to be looking at holidays in the metaverse. "People aren't going to stop taking real trips, but they will start to supplement their in-real-life travel." . . . An Istanbul Airport app allows passengers to access an AR shopping experience, enabling them to see retail objects virtually and in 3D and receive discounts. . . . The Emirates Pavilion at Expo 2020 Dubai will be repurposed into a center for innovation, including

development of the airline's metaverse and the launch of non-fungible token (NFT) projects. . . . An NFT, says Forbes, "is a digital asset that represents real-world objects like art, music, in-game items and videos. They are bought and sold online, frequently with cryptocurrency, and they are generally encoded with the same underlying software as many cryptos." . . . "A new way to own a piece of Qantas history is on its way," said the airline, announcing the coming release of digital art collectibles as NFTs. "Using blockchain technology, each piece of digital artwork will be one-of-a-kind allowing you to buy, own, collect and sell your unique tokens." The initial buyer of a Qantas NFT will be able to earn Qantas Points. . . . Air Europa is partnering with TravelX and Algorand to release an NFTicket series titled, "The Art as the Destination," which give access to a business class seat on a Miami-bound flight this November. The series of 10 will be released every 14 days via auction platform [travelxchange.com](https://travelxchange.com). TravelX is building a blockchain-based distribution protocol "designed to create a more secure, decentralized, frictionless, transparent, and efficient travel industry, [that] allows travel suppliers to more efficiently manage their inventory and tokenize their inventory into NFTs," which "will be the perfect fusion of art, travel, and technology."

## **V. ENERGY AND ENVIRONMENT**

### **1. Fuel Bill for Global Airline Industry.**

The average price of aviation jet fuel on April 8 was \$152.87/barrel, up 15.1% on the month and up 128.5% compared to a year ago, reports International Air Transport Association (IATA). Jet fuel price average for 2022 was \$124.1/barrel.

### **2. Biden Renews Call for SAF Tax Credit.**

"I've set a goal of zero-carbon for the aviation sector by 2050," said President Joe Biden, in a speech in Menlo, Iowa. "It's going to require billions of gallons of sustainable aviation fuel [SAF]. And you simply can't get to net zero by 2050 without biofuels. To bring that future within reach, I proposed a sustainable aviation fuel tax credit. That's how we're going to get there. And we can." He cited a statement by Airlines for America that the tax credit "would help build the nascent market for SAF, providing a financial incentive that would enable fuel producers to integrate more SAF into the fuel supply at a price that would allow airlines to use more of it." Additionally, he commended U.S. airlines for their investments in advancing SAF.

### **3. World Energy to Create SAF Hub in California.**

World Energy plans to increase SAF production at its Southern California facility to 340 million gallons annually. The company is teaming with Air Products, Honeywell and 15 other firms on the \$2 billion project which "will integrate innovative renewable feedstocks, breakthrough production technology, and networked pipeline distribution to enable clean local ground and air transportation." Global air transport leaders and those heavily reliant on aviation are now entering into long-term agreements to secure access to the plant's current and expanding supply to make carbon-net-zero aviation real, said the company.

### **4. FAA Launches Airport Climate Challenge.**

FAA launched an Airport Climate Challenge, offering airports grants for initiatives such as low-emission vehicles and renewable energy production, and will develop a tool for airports to voluntarily estimate, track and report on emissions reduction. Airports Council International-North America President and CEO Kevin Burke said most airport emissions are related to electricity, heating and cooling. "Upgrading airport facilities is critical to improving energy efficiency and reducing these emissions, further underscoring the tremendous need for additional infrastructure funding to help modernize our country's aging airports."

**5. JetBlue Invests as Limited Partner in TPG Rise Climate.**

JetBlue Technology Ventures (JTV) became a limited partner in TPG Rise Climate, a multibillion-dollar investment fund focused on supporting climate solutions at scale. TPG Rise Climate Executive Chairman and former U.S. Treasury Secretary Hank Paulson said, “As limited partners and members of the Climate Coalition, we look forward to gaining access to JTV’s sustainable aviation expertise and leverage their network across the broader travel industry.” . . . JTV and JetBlue joined the Aviation Climate Taskforce, a nonprofit organization founded by 10 airlines and the Boston Consulting Group to accelerate breakthroughs in emerging technologies to decarbonize aviation. To date, JTV has four active investments with a primary focus on sustainable climate technology, including Universal Hydrogen and Joby Aviation.

**6. Lufthansa, Airports Want Competitive EU Climate Policy.**

Lufthansa, Fraport and Munich Airport called for EU climate policy that promotes effective climate protection while maintaining competitiveness of European hubs and airlines. “If the current Fit for 55 plans were implemented without appropriate changes it would result in a unilateral cost increase for European network airlines and hubs. Connectivity, value creation and employment in Europe would be significantly weakened.” Fit for 55, the EU’s target of reducing net greenhouse gas emissions by at least 55% by 2030, proposes a kerosene tax, tightening emissions trading, and an increasing blending mandate for SAF. “A mere kerosene tax does not save a single gram of CO<sub>2</sub>. However, emissions trading and the SAF blending mandate, properly implemented do,” said Flughafen CEO Jost Lammers. Carsten Spohr, Chairman of the Executive Board and CEO of Lufthansa, said: “It cannot be in the interest of the EU and Europe to put European aviation at a disadvantage with Fit for 55 and thereby weaken its international competitiveness. The carbon emissions of aviation would be shifted and not reduced with the measures that are currently planned. As a result, Europe would become more dependent on third countries regarding transport policy.”

## **VI. U.S. CONGRESS**

### **1. Industry Urges Congress to Support SAF Tax Incentive.**

Aviation industry stakeholders wrote to House and Senate leaders to express support for a new, long-term, technology- and feedstock-neutral tax incentive for sustainable aviation fuel. “We believe the most important action Congress can take to support the decarbonization of the aviation sector is to enact a blender’s tax credit specifically aimed at incentivizing the production and use of SAF,” they wrote. “The SAF-specific blender’s tax credit of \$1.50 to \$2.00 per gallon that was introduced in the Sustainable Skies Act (H.R. 3440/S. 2263) would promote and accelerate investment in the nascent domestic SAF industry while upholding rigorous environmental standards and ensuring that fuels that achieve the greatest reduction in emissions are eligible for the greatest tax incentive.” The coalition includes passenger and cargo carriers, clean fuel producers, engine and aircraft manufacturers, labor unions, airports, business and general aviation, airline passengers, trade associations, and think tanks.

### **2. Bill Supports Domestic SAF Production.**

The “Renewable Diesel and Sustainable Aviation Fuel Parity Act of 2022” was introduced in the Senate. The bipartisan legislation would require the Department of Energy to track foreign imports and domestic production of renewable diesel and SAF, and provide incentives to produce more of these fuels domestically.

### **3. “Protection from Abusive Passengers Act” Introduced.**

Bipartisan legislation introduced in the House could stiffen penalties against passengers convicted of assaulting flight crews. Under the “Protection from Abusive Passengers Act,” violent offenders could be placed on a commercial no-fly list that would be managed by the Transportation Security Administration. Transparency and advanced notice will be provided to banned individuals, including guidelines for removal and opportunities for appeal. The bill would also permanently ban abusive passengers from participating in TSA PreCheck or Customs’ Global Entry. It is supported by a coalition that includes Air Line Pilots Association, Association of Flight Attendants, Association of Professional Flight Attendants, Transportation Trades Department, and Transport Workers Union of America, as well as American Airlines, Delta and Southwest.

### **4. Bill Would Strengthen Foreign Repair Station Safety Standards.**

Legislation that would strengthen FAA oversight of repair stations located outside the United States was introduced by House Transportation Committee Chair Peter DeFazio (D-OR). The “Safe Aircraft Maintenance Standards Act”

would require unannounced FAA inspections of foreign repair stations, minimum qualifications for mechanics and others working on U.S.-registered aircraft at foreign repair stations, data gathering and analysis, and a conditional moratorium on FAA certification of new foreign repair stations if FAA does not implement congressional mandates within one year. Earlier introduced by DeFazio, in 2019, as well, the bill is supported by Aircraft Mechanics Fraternal Association.

**5. House Clears Transportation Bills.**

The House passed the “Stop Sexual Assault and Harassment in Transportation Act,” which will help ensure adequate personnel training, formal policies against sexual assault and harassment, and the reporting of these incidents. . . . The House passed a bill which names the DOT Headquarters Building after William T. Coleman, Jr. and Norman Y. Mineta. The amended bill represents a compromise between H.R. 4689, passed by the House in November 2021, and S. 400, originally passed by the Senate in April 2021.

**6. Bicameral “Cabin Air Safety Act” Introduced.**

Bipartisan legislation to protect commercial airline passengers and crew from toxic cabin air was introduced in both the House and Senate. The “Cabin Air Safety Act” would require that flight attendants, pilots, aircraft technicians, and first responders receive training on identifying toxic smoke and fumes; direct FAA to develop a standardized form/system to record airline crew reports of toxic smoke or fumes and publish them at least quarterly on a public website; authorize FAA to conduct investigations of toxic smoke or fume events; and direct air carriers to install and operate onboard detectors and other air quality monitoring equipment situated in the air supply system. The bill is endorsed by Air Line Pilots Association International, Association of Flight Attendants, Allied Pilots Association, Association of Professional Flight Attendants, National Consumers League, International Association of Machinists and Aerospace Workers, Transport Workers Union of America, American Association for Justice, American Lung Association, International Union of Teamsters, and Southwest Airlines Pilots’ Association.

## **VII. BILATERAL AND STATE DEPARTMENT NEWS**

### **1. U.S. Denies Export Privileges of Three Russian Airlines.**

The Bureau of Industry and Security (BIS) denied export privileges to three Russian Airlines—Aeroflot, Azur Air, and UTair—for violations of export controls imposed by the Commerce Department. The first enforcement actions taken “in response to Russia’s unprovoked and brutal invasion of Ukraine,” the orders terminate the right of these airlines to participate in transactions subject to Export Administration Regulations (EAR), said BIS. In February, BIS imposed controls on aviation-related items to Russia, including a license requirement for the export, reexport or transfer to Russia of aircraft or aircraft parts on the Commerce Control List. In March, BIS excluded aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia from being eligible for license exception; any U.S.-origin aircraft or foreign aircraft that includes more than 25% controlled U.S.-origin content is subject to a license requirement if, for example, it is Russian-owned or operated and exported to Russia. Also in March, BIS released a list of private and commercial aircraft likely operating in violation of the EAR. Absent authorization from BIS, the operation of, or service to, any aircraft on the list or owned by Russian parties in violation of the EAR may lead to enforcement actions, which may include substantial jail time, fines, loss of export privileges, or other restrictions. BIS continues to update the list.

### **2. U.S. Identifies Belarusian Aircraft in Violation of Export Controls.**

In March, BIS imposed controls on aviation-related items destined for Belarus, and in April removed license exception availability for aircraft registered in, owned, or controlled by, or under charter or lease by Belarus or a national of Belarus, imposing a license requirement for these aircraft. Any U.S.-origin aircraft or foreign aircraft that includes more than 25% controlled U.S.-origin content is subject to a license requirement if destined for Belarus. BIS identified commercial aircraft being reexported from third countries to Belarus, all of which are owned or controlled by, or under charter or lease to, Belarus or Belarusian nationals.

## VIII. EUROPE AND AFRICA

### 1. 20 Russian Airlines Added to EU Air Safety List.

The European Commission added 20 Russian airlines to the EU Air Safety List, bringing the total number of banned Russian airlines to 21. “This reflects serious safety concerns due to Russia's forced re-registration of foreign-owned aircraft, knowingly allowing their operation without valid certificates of airworthiness,” said the Commission. “This decision is not another sanction against Russia,” said EU Transport Commissioner Adina Valean. “It has been taken solely on the basis of technical and safety grounds. We do not mix safety with politics.”

### 2. New CEO for Aeroflot; S7 Leaves oneworld.

Former Rossiya Director General Sergey Aleksandrovsk succeeded Mikhail Poluboyarinov as CEO of Aeroflot. International code share flights with airlines in Europe, North and South America have been suspended, said the Skyteam member, amid Russia's war with Ukraine. . . . S7 Airlines' participation in oneworld was suspended. S7 is the largest private airline in Russia. . . . Russian carriers will receive 19.5 billion rubles (\$238 million) from the government so they can reimburse passengers whose flights were canceled due to sanctions, reports Kremlin news service RT. . . . Russia continued to lift COVID-19-related restrictions, announcing plans to resume flights to 52 “friendly countries,” i.e., nations not participating in wartime sanctions.

### 3. Air France, Delta Plan Paris-New York Shuttle Service.

Air France and Delta will launch a “shuttle” service in early June, with eight daily departures from Paris Charles de Gaulle and nearly hourly from New York Kennedy. Air France resumed services between Paris and Dallas, with up to five weekly flights. On May 4, the airline will launch seasonal Paris-Denver. Capacity to Canada will increase 25%.

### 4. United Plans 30 New or Resumed Transatlantic Flights.

United plans to launch or resume 30 transatlantic flights through early June. New nonstops include Amman, Bergen, Azores, Palma de Mallorca, and Tenerife. In April, United began daily Boston-London, Denver-Munich, Chicago-Zurich, and New York Newark-Nice flights. Chicago-Milan begins May 6. Expanded Africa service planned includes Washington Dulles-Accra and Newark-Cape Town.



**5. JetBlue to Begin Boston to London Flights.**

JetBlue will begin daily Airbus A321 Long Range nonstops between Boston Logan and London Gatwick on July 19, and between Boston and London Heathrow on August 22.

**6. KLM Names Marjan Rintel as New CEO.**

Marjan Rintel was named President and CEO of KLM, effective July 1, when Pieter Elbers steps down. She currently is President and CEO of Dutch Railways and earlier held various positions at the airline for 15 years. Elbers was with KLM for 30 years.

**7. Finnair Flies to Five U.S. Destinations.**

Due to the closure of Russian airspace, Finnair continued to suspend flights to Tokyo Haneda, Nagoya, Osaka and Sapporo. The airline flies daily to New York Kennedy, three times weekly to Los Angeles and Miami, and four times weekly to Dallas/Fort Worth and Chicago O'Hare, from Helsinki; and offers three weekly direct flights to Kennedy, Los Angeles, and Miami, from Stockholm Arlanda. The flag carrier has applied to DOT for authority to code share with Lufthansa, Austrian and Swiss, on behalf of Eurowings Discover, on flights between Frankfurt and Las Vegas and Tampa, and between Munich and Las Vegas, beginning in May.

**8. Kenya Airways, SAA Seek Investors for Pan-African Group.**

Kenya Airways and South African Airways (SAA) which last year signed a strategic agreement, are seeking investors for a Pan-African Airline Group. Kenya Airways CEO Allan Kilavuka said a holding company would be modeled on International Airlines Group (IAG). The Kenyan and South African governments would take a minority stake. Kenya Airways is restructuring and SAA exited bankruptcy last year and was privatized. "We need to have some sort of merger or joint venture arrangement between airlines to give us that critical mass," Kenya Airways Chairman Michael Joseph told African Business. "We have very little chance to survive on our own long-term without continuous taxpayer support, because our size is just too small to be cost effective and to compete on a level playing field with the big guys."

## **IX. ASIA/PACIFIC AND MIDDLE EAST**

### **1. Preliminary Report on China Eastern Crash Released.**

Civil Aviation Administration of China (CAAC) released a preliminary report on the investigation of the March 21 crash of China Eastern Flight MU5735, which killed all 123 passengers and 9 crew members. The cruising altitude of the Boeing 737-800 dropped rapidly in the Guangzhou control area. Wreckage debris included severely damaged flight recorders, which were sent to the National Transportation Safety Board (NTSB) in Washington; data recovery and analysis are proceeding, said CAAC, adding that qualifications of flight and cabin crew and maintenance release personnel met requirements; the airworthiness certificate was valid; no cargo was declared as dangerous goods; there was no dangerous weather forecast; and prior radio communication and control command between crew and air traffic control were not abnormal. A Boeing technical team is supporting NTSB and CAAC, which is leading the investigation.

### **2. Delta Increases Los Angeles-Sydney Frequency.**

Delta will increase frequency of nonstop service between Los Angeles and Sydney beginning December 16, operating 10 Airbus 350-900 flights per week during Australia Summer 2022, subject to government approval.

### **3. United, Singapore Add 19 Code Share Destinations.**

Under an expanded code share agreement, United customers can connect to nine additional destinations in the Singapore Airlines Group network, including Brunei's capital Bandar Seri Begawan, Siem Reap in Cambodia, Kuala Lumpur and Penang in Malaysia, and Denpasar (Bali), Jakarta and Surabaya in Indonesia. They may also connect to Perth in Australia, and Male in the Maldives. Singapore customers can connect on United's flights from Los Angeles to 10 additional U.S. destinations, including Austin, Baltimore, Boise, Cleveland, Denver, Honolulu, Las Vegas, Phoenix, Reno and Sacramento.

### **4. Qantas Adds Fort Worth Service, Begins Dallas.**

Qantas added four weekly Boeing 787 flights between Melbourne and Los Angeles, doubling service "to meet strong demand on the route." The airline's refurbished A380s will resume operating some Los Angeles flights from December. Qantas will operate four weekly Dreamliner flights between Melbourne and Dallas/Fort Worth, from December 2. . . The Australian Competition and Consumer Commission (ACCC) ended an investigation into Qantas's acquisition in 2019 of a 19.9% stake in Alliance Airlines, which provides capacity to Qantas Group and Virgin.

**5. Dina Ben Tal Ganancia Named CEO of EL AL.**

Dina Ben Tal Ganancia was named CEO of El Al. She has been with El Al for 14 years, most recently was Vice President Commercial & Industry Affairs, and is the first woman to head the company. Ben Tal Ganancia replaced Avigal Soreq, who resigned. Omri Cohen, Vice President Business Operations, was named Deputy CEO.

**6. Air India to Acquire AirAsia India.**

Air India has applied to the Competition Commission of India to acquire the entire equity share capital of AirAsia India. Air India parent Tata Group holds 83.67% of the low-cost carrier and the remaining stake is held by a unit of Malaysia's AirAsia Group.

## **X. AMERICAS**

### **1. Robert Isom Succeeds Doug Parker as American Airlines CEO.**

Doug Parker retired as CEO of American Airlines and President Robert Isom succeeded him, as planned. Parker continues to serve as Chairman. . . . “Demand for domestic business travel has steadily improved,” said Isom, as the airline reported first-quarter 2022 financial results, “and corporate bookings are the highest they have been since the start of the pandemic. Demand for international travel has also picked up considerably.” First-quarter revenue of \$8.9 billion, represents a recovery to 84% of comparable period in 2019. The company expects second-quarter total revenue to be 6% to 8% higher than second quarter 2019, with capacity at 92% to 94%. . . . The agreement in which American will invest \$200 million in GOL for a 5.2% participation in the Brazilian company and appoint a member to its Board has closed. The transaction expands the existing code share partnership on routes connecting North and South America.

### **2. Delta Returned to Profitability in March.**

Delta returned to profitability in the month of March, said CEO Ed Bastian, “producing a solid adjusted operating margin of almost 10%, and expects “a 12% to 14% adjusted operating margin and strong free cash flow in the June quarter.” . . . Delta plans to pay flight attendants for boarding time, which is increasing for certain aircraft. Association of Flight Attendants says the pay change stems from a drive to unionize the carrier’s flight attendants.

### **3. United Expects Full Year Profit.**

United reported a first quarter net loss of \$1.4 billion from first quarter 2019, but expects a full year profit. “The demand environment is the strongest it's been in my 30 years in the industry,” said CEO Scott Kirby.

### **4. JetBlue Counters Frontier Bid for Spirit.**

JetBlue submitted a proposal to acquire Spirit for \$33 per share in cash, saying it is superior to Spirit’s agreement with Frontier. A JetBlue-Spirit combination would create the fifth-largest domestic airline, “better positioning it on a national level as a customer-centric, low-fare alternative to the dominant ‘Big Four’ airlines.” The proposal assumes rebranding and retrofitting of Spirit’s fleet as JetBlue. JetBlue intends to fund the transaction with cash on hand and debt financing. The combined airline is projected to have annual revenues of \$11.9 billion based on 2019 revenues. Spirit is evaluating the proposal. Under the agreement with Frontier Group Holdings, Spirit and Frontier would combine in

a stock and cash transaction. Spirit equity holders would receive 1.9126 shares of Frontier plus \$2.13 in cash for each Spirit share they own.

5. **JetBlue Reports Q1 Pre-Tax Loss of \$398 Million.**

JetBlue reported a first quarter pre-tax loss of \$398 million, compared to pre-tax income of \$58 million in first quarter 2019. “We exited the quarter with tremendous revenue momentum driven by very strong underlying travel demand across all of our core segments,” said CEO Robin Hayes. “To help restore our operational reliability, we are reducing our capacity growth further as we plan more conservatively for the summer and make investments to de-risk the operation.” JetBlue plans to focus on hiring and training, reducing customer support call volume and hold times, proactive aircraft maintenance efforts, and facilities/infrastructure readiness. . . . JetBlue pilots approved an agreement, which, said Air Line Pilots Association, ends a dispute “stemming from its unilateral implementation of parts of the Northeast Alliance (NEA) with American Airlines that violated the pilots’ collective bargaining agreement with JetBlue.”

6. **Air France, Delta Plan Paris-New York Shuttle Service.**

See Section VIII, item 3.

7. **United Plans 30 New or Resumed Transatlantic Flights.**

See Section VIII, item 4.

8. **JetBlue to Begin Boston to London Flights.**

See Section VIII, item 5.

9. **Finnair Flies to Five U.S. Destinations.**

See Section VIII, item 7.

10. **Delta Increases Los Angeles-Sydney Frequency.**

See Section IX, item 2.

11. **United, Singapore Add 19 Code Share Destinations.**

See Section IX, item 3.

12. **Qantas Adds Fort Worth Service, Begins Dallas.**

See Section IX, item 4.