



WASHINGTON AVIATION SUMMARY

JUNE 2022 EDITION

CONTENTS

| | | |
|-------|---|----|
| I. | REGULATORY NEWS..... | 1 |
| II. | AIRPORTS..... | 4 |
| III. | SECURITY AND DATA PRIVACY | 6 |
| IV. | TECHNOLOGY AND EQUIPMENT | 8 |
| V. | ENERGY AND ENVIRONMENT..... | 9 |
| VI. | U.S. CONGRESS..... | 11 |
| VII. | BILATERAL AND STATE DEPARTMENT NEWS | 14 |
| VIII. | EUROPE/AFRICA..... | 15 |
| IX. | ASIA/PACIFIC/MIDDLE EAST | 17 |
| X. | AMERICAS | 19 |

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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. White House Urged to End Predeparture Testing Rule.

Over 260 travel industry and business organizations sent a letter to the Biden Administration calling for urgent repeal of the pre-departure testing requirement for vaccinated international air travelers to the United States. Many governments with similar infection, vaccination and hospitalization rates have eliminated pre-departure testing requirements for vaccinated travelers, they noted.

2. CDC Issues Level 2 Travel Alert for Monkeypox.

The Centers for Disease Control and Prevention (CDC) issued a Level 2 monkeypox alert, which urges travelers to “Practice Enhanced Precautions.” As of May 23, cases had been confirmed in countries including Canada, Australia, England, France, Italy, Spain, the Netherlands and Israel. In the United States, nine cases were identified in Massachusetts, Florida, Utah, Washington, California, Virginia and New York; some of these cases had a recent history of international travel to areas where monkeypox is endemic. Monkeypox, a rare disease caused by infection with monkeypox virus, occurs throughout Central and West Africa, often near tropical rain forests. Infection usually occurs through contact with skin lesions or bodily fluids of infected animals or humans (alive or dead), including respiratory droplets, or through contact with materials contaminated with the virus.

3. United Applies for Washington-Cape Town Nonstops.

United filed an application with the U.S. Department of Transportation (DOT) for three weekly Boeing 787-9 nonstops between Washington, D.C. and Cape Town, South Africa, to begin November 17. The service will allow customers to connect in Cape Town to other points in South Africa and to countries in the southern region of the African continent with South African-based partner Airlink. In related news, Delta won approval from South African aviation authorities, in April, to fly an Atlanta-Johannesburg-Cape Town route, and has applied for DOT approval to operate direct Atlanta-Cape Town flights.

4. Etihad, JetBlue Expand Codeshare Partnership.

Etihad received DOT authorization to place JetBlue’s code on its flights operated between points in the U.S. and Abu Dhabi and beyond. Initially, Etihad plans to place JetBlue’s code on New York and Chicago flights.

5. Republic Requests Exemption to Hire Pilots with 750 Flight Hours.

In a filing with the Federal Aviation Administration (FAA), Republic Airways requested an exemption to hire certain pilots with 750 flight hours, to alleviate a pilot shortage, rather than the 1,500 hours of experience federally mandated after the Colgan Air Flight 3407 accident, which killed 50 people. Air Line Pilots Association, Int'l (ALPA) contends that airline assertions about pilot shortages are not based in fact, and notes, "In the two decades prior to the law's passage in 2010, more than 1,100 people died in FAR Part 121 accidents [and] in the 12 years since we've seen a 99.8% reduction in fatalities." Indianapolis-based Republic offers scheduled passenger service to 100 cities in 40 U.S. states, Canada, the Caribbean and Central America, and fixed-fee flights operated under major airline partner brands of American Eagle, Delta Connection and United Express.

6. Norman Mineta Dies at 90.

Former Secretary of Transportation Norman Y. Mineta died May 3 at his home in Edgewater, Md. He was 90. A first-generation Japanese American who was held in an internment camp during World War II, Mineta was elected Mayor of San Jose in 1971, the first Asian American to lead a major U.S. city. He represented Silicon Valley in Congress from 1975 to 1995 and served as cabinet secretary for Presidents Bill Clinton and George W. Bush. . . . In related news, President Biden signed a bill to name DOT headquarters in Mineta's honor, along with the late William T. Coleman, Jr.

7. Carol A. Petsonk Confirmed as DOT Assistant Secretary for Aviation.

The nomination of Carol A. Petsonk as DOT Assistant Secretary for Aviation and International Affairs was confirmed by the Senate; she formerly was Principal Deputy Assistant Secretary. A recognized expert on international aviation and climate change, Petsonk has served in the Office of the U.S. Trade Representative, in the United Nations, and as international counsel for the Environmental Defense Fund.

8. FedEx Participates in 'Operation Fly Formula.'

The White House announced that FedEx Express is transporting baby formula via its integrated air and ground network to the United States amid a severe shortage. Under 'Operation Fly Formula,' government agencies are authorized to use commercial aircraft contracted by the Department of Defense to pick up overseas infant formula that meets U.S. health and safety standards, so it can get to store shelves faster. "The lack of access to formula is impacting babies and families across the country, and we are proud to support the distribution of these critical items," said Richard W. Smith, President and CEO-elect of FedEx Express.

9. April Intl. Passenger Travel Rose 167% Over April 2021.

U.S.-international passenger enplanements (arrivals + departures) totaled 15.447 million in April, up 167% compared to April 2021, but just 73% of pre-pandemic April 2019 volume, reports the International Trade Administration, an agency in the U.S. Department of Commerce. Air travel to/from Europe totaled 4.29 million passengers, up 1,003% over April 2021. Top U.S. airports serving international locations were New York Kennedy 2.15 million, Miami 1.77 million, Los Angeles 1.27 million, and Newark 1.03 million. Top foreign airports serving U.S. locations were Cancun 1.10 million and London Heathrow 1.06 million.

10. Airfare Prices Rose 18% in April.

The Consumer Price Index for airline fares in the U.S. rose 33.3% over the last year, reports the Bureau of Labor Statistics (BLS), the largest 12-month increase since period ending December 1980. Airfare prices rose 18.6% in April, the largest one-month increase since BLS began the series in 1963.

11. eVTOL Developer Receives FAA Part 135 Operating Certificate.

Joby Aviation, a California-based company developing electric vertical-takeoff-and-landing (eVTOL) aircraft for commercial passenger service, received a Part 135 Air Carrier Certificate from FAA and plans to launch an aerial ridesharing service in 2024, initially with conventional aircraft. With the Canadian simulation company, CAE, Joby will develop flight simulation devices to train commercially-rated pilots to fly its eVTOL aircraft, which are designed to transport a pilot and four passengers up to 150 miles on a single charge at speeds of up to 200 mph. Recent results of acoustic testing with NASA confirmed the aircraft “hit the company’s target for low noise emissions during take-off and landing and overhead flight.” . . . In related news, Airports Council International (ACI) issued a policy brief on advanced air mobility (AAM), advocating for seamless integration into airports of new entrants such as eVTOL. Expected market and regulatory developments are covered, as well as considerations for airport operators and policy makers in safety and security, master planning, sustainability and public acceptance, revenue generation, unmanned traffic management, cargo operations, and customer experience. ACI also launched an online Counter Drones Knowledge Centre, with resources on prevention of unauthorized drone and unmanned aircraft system activities that would interfere with safe airport and air traffic operations.

II. AIRPORTS

1. FAA Awards AIP Grants.

FAA awarded more than \$608 million to 441 airports in the first round of 2022 Airport Improvement Program (AIP) grants. Among the grants, \$13.46 million will go to Minneapolis-St. Paul International to extend and improve the safety area, add taxiway lighting, reconstruct the taxiway and apron, and replace the airport lighting vault. General aviation airports will receive more than half of these first grants. This funding is in addition to the \$20 billion the Bipartisan Infrastructure Law invests in U.S. airports.

2. Denver 16-Gate Expansion Completed.

Denver International completed an expansion on Concourse C that includes 16 new gates, 20 passenger waiting areas and additional airline support areas for a total of 530,000 square feet. Passenger amenities include an outdoor patio, charging stations, new restrooms, nursing rooms and pet relief areas. Eight new shopping and dining options will open in 2023. The 16 new gates are leased by Southwest, with operations to begin by early June. The original budget for the Gate Expansion Program was \$1.5 billion to construct 39 new gates, said officials. Once the gates were officially leased to United and Southwest, the program was expanded to accommodate relocation of various airlines to other gates. This work includes buildout of a new commuter facility, airline support spaces, a club for American, and gate modifications and technology upgrades. Construction of the ground load facility includes five new gates for Frontier. As a result, the program budget is now approximately \$2.3 billion. The airport is an enterprise of the City and County of Denver and does not operate using General Fund tax dollars.

3. San Antonio Plans \$2.5 Billion Terminal Project.

San Antonio is planning a \$2.5 billion project which includes design and construction of a third terminal, with completion expected by mid-2028. Through separate efforts, San Antonio Airport System has begun the next phase of airfield expansion which will extend an existing runway and has two projects underway to provide five new gates until the new terminal is opened.

4. \$1 Billion Expansion Planned for Reno-Tahoe.

Reno-Tahoe International will undergo a \$1 billion expansion over the next six to eight years, with construction to begin in September. In an interview with Nevada Public Radio, officials said the airport is fully self-sustaining and the project will not use tax dollars. The airport handles an average of 12,000 passengers a day and projects 7.3 million annually by 2046.

5. Charlotte Expansion Progresses.

Charlotte Douglas opened the Concourse E Expansion, which added one gate to the concourse's north end and relocated nine existing gates to the new space to prepare for jet bridge installation by 2023. Construction has begun on a \$231 million expansion of Concourse A. Scheduled for completion in fall 2024, the 10-gate addition will house Delta and three common-use gates. The 191,848-square-foot expansion is part of a \$3.5 billion array of projects.

6. Sarasota Bradenton Plans \$54 Million in New Projects.

Projects worth \$54 million were approved for Sarasota Bradenton, reports the Sarasota Herald-Tribune. They include a \$42 million baggage handling system, with \$23 million coming from the Transportation Security Administration, and \$19 million split between the airport and Florida DOT. Separately, construction of a \$10 million, five-gate terminal begins next year.

7. Mexico City Airspace Safety Found Unsafe.

The International Federation of Air Line Pilots' Associations issued a safety bulletin regarding operational issues in Mexico City airspace, amid several near-miss incidents, stating that air traffic controllers have received little training and support on how to direct flights operating in a new airspace configuration. The director of Navigation Services for Mexican Airspace resigned. The Transport Ministry said operations at Mexico City International would be reduced, with 25% of flights transferred to recently opened Felipe Ángeles International and Toluca International. The United States downgraded Mexico's aviation safety rating last year.

8. Lima to Have \$1.6 Billion Upgrade.

Lima Airport Partners, operator of Jorge Chávez International, will invest \$1.6 billion to upgrade the Peruvian airport. Improvements will include a new air traffic control tower, a second runway, a new Terminal 2 and an updated Terminal 1. The airport will be able to handle up to 37 million passengers per year. The plans are opposed by Peruvian airlines.

III. SECURITY AND DATA PRIVACY

1. **TSA Administrator Pecoske Nominated for Second Term.**

David Pecoske, Transportation Security Administration (TSA) Administrator, was nominated for a second term by President Biden. His five-year term expires in August. Pecoske has also served as Acting Secretary of the Department of Homeland Security (DHS) and as a Commissioner on the Cyberspace Solarium Commission, which developed consensus on a strategic approach to defending the United States in cyberspace against attacks of significant consequence. He earlier led teams that provided counterterrorism, security and intelligence support services to government agencies. Pecoske served as the 26th Vice Commandant of the U.S. Coast Guard.

2. **TSA Update.**

TSA screened 2,352,035 travelers at U.S. airport checkpoints on Friday, May 13, compared to 1,716,561 on same day 2021, 250,467 on same day 2020, and 2,664,549 on same day 2019. . . . On Monday, May 2, TSA reported that 542 employees had active coronavirus infections, compared to 359 infections on April 18, the day the federal mandate requiring masks on public transportation conveyances and at transportation hubs was struck down. Cumulatively, from start of pandemic through April 18, 22,879 federal employees had tested positive and 36 died, as did two screening contractors. CDC recommends face masks for passengers aged two and older in indoor areas of public transportation and transportation hubs. . . . TSA officers continue to discover large numbers of weapons in carry-on bags at airport checkpoints. Recently, the bag of a passenger at Reagan Washington National held nine disposable scalpels, eight folding locking-blade knives, three martial arts throwing knives, one dagger, one switchblade and one pair of brass knuckles. The weapons were removed and Metropolitan Washington Airports Authority Police issued a citation.

3. **TSA Deploys New Checkpoint Technology.**

TSA deployed 1,621 Credential Authentication Technology (CAT) to 176 airports and 402 Computed Tomography (CT) scanners to 163 airports. Both reduce physical contact at checkpoints. The CT units provide a 3D image of passengers' bags and reduce the need to search bag contents. Passengers screened in security lanes with CT units do not need to remove travel-size liquids or electronics.

4. **U.S. Travel Calls for Extension of REAL ID Act in Wake of Pandemic.**

U.S. Travel Association urged DHS to delay implementation of the REAL ID Act, which is set to take full effect on May 3, 2023, “or develop an alternative screening process for travelers with a legacy ID to ensure that air travelers and the industry’s recovery are not impeded. The delay should last until measures are in place to prevent a scenario in which travelers are turned away at airport security checkpoints.” The pandemic “created a significant hurdle to the widespread adoption of REAL ID [and] it is clear that Americans will not be ready for full implementation.”

IV. TECHNOLOGY AND EQUIPMENT

1. American Wins Claim Against Sabre, Receives \$1 in Damages.

A federal jury ruled in favor of American Airlines Group in a lawsuit accusing Sabre of charging excessive fees and suppressing competition but awarded the carrier only \$1 in damages. The antitrust case had originally been brought by US Airways in 2011, prior to the merger with American. Jurors found that Sabre harmed the carrier by maintaining monopoly power but found no proof that Sabre unreasonably restrained trade through the contract. American had won \$15.3 million from Sabre in a 2016 trial, but an appeals court overturned that award in 2019.

2. U.S. Travel Agency Air Ticket Sales Set Seven-Year High in April.

Travel agency air ticket sales totaled \$7.7 billion in April, up 156% from April 2021, reports Airlines Reporting Corp. (ARC). Average U.S. round-trip ticket price in April 2022 totaled \$585, up 8% from March and up 45% year over year. April's average ticket price is the highest total recorded in the past seven years. Results based on monthly sales data ending April 30, 2022, from 10,667 U.S. retail and corporate travel agency locations, satellite ticket printing offices and online travel agencies. Results do not include sales of tickets purchased directly from airlines.

3. Sabre Survey Reveal Shifts in Travel.

For a new Sabre survey, "Mapping Travel's New Normal," 500+ decision-makers from airlines and travel agencies were questioned about the impact of the pandemic and implications for the future of the travel industry. Two-thirds of respondents believe travel will fully return to pre-pandemic levels by end of 2024, while one third believes this will happen in 2025 or beyond. Among other findings, 68% forecast future higher spend from consumers; travelers are considering more factors than ever before committing to a trip; and 82% of airline executives expect combined business and leisure to be even more prominent post-recovery. Key trends include the ongoing prominence of domestic and regional travel and challenges (and opportunities) for business travel recovery.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on May 6 was \$176.29/barrel, up 11.6% on the month and up 146.6% compared to a year ago, reports International Air Transport Association (IATA). Jet fuel price average for 2022 was \$132.3/barrel.

2. Administration Urged to Address SAF Regulatory Roadblocks.

A coalition of 42 aviation-related groups urged the Biden Administration to address regulatory roadblocks that hinder wide-scale commercialization of sustainable aviation fuel (SAF). In the letter to National Climate Advisor Gina McCarthy, they called for changes to a proposed Environmental Protection Agency regulation that would “render it more supportive of the developing industry.” The Administration has announced an SAF Grand Challenge that aims for three billion gallons of domestically produced SAF by the year 2030, up from current U.S. annual production of approximately 4.5 million gallons.

3. United to Purchase SAF from Neste.

United signed a new purchase agreement with Neste for rights to buy up to 52.5 million gallons of SAF over the next three years for its flights at Amsterdam Schiphol and potentially other airports. Neste plans to produce 515 million gallons of SAF (1.5 million metric tons) per year by end of 2023, and has been producing and delivering SAF since 2011. Neste’s SAF reduces lifecycle greenhouse gas emissions by up to 80% compared to conventional jet fuel and burns cleaner than conventional jet fuel reducing non-CO2 emissions, including particulate matter. Neste MY Sustainable Aviation Fuel™ is produced from 100% sustainably sourced renewable waste and residue raw materials, including used cooking oil and animal fat waste.

4. Eurocontrol: Costs of Decarbonization Measures.

A 55% reduction in CO2 emissions by 2030 is achievable in Europe, but the cumulative extra cost to the aviation industry over the period 2022-2030 of decarbonization measures will amount to €62 billion, reports Eurocontrol in a new “Think Paper.” This includes €29 billion in extra tax costs on kerosene (applied to intra-EEA flights); €23 billion in extra EU Emissions Trading System (ETS) costs (applied to EU + UK + Switzerland; and €10 billion in extra fuel mix costs (applied to all-ECAC based on a 5% SAF / 95% kerosene mix). The extra cost to the airline industry in 2030 alone is estimated at €14 billion. “Measures such as the implementation of the Single European Sky, other operational improvements and accelerated fleet renewal could drastically reduce the extra

cost by €33 billion over the same period, lowering the cumulative cost to the industry to €29 billion,” finds the analysis.

5. **UK Plans Net Zero Transatlantic Flight for 2023.**

UK Transport Secretary Grant Shapps pledged to deliver the world’s first 100% SAF-fueled transatlantic flight by the end of next year. The net zero emissions test flight will be supported by up to £1 million of competition funding. The government is providing £180 million over the next three years to accelerate commercialization of SAF plants and establishment of a fuel testing clearing house. “We now need to turbocharge production in order to build the initial three SAF plants by 2025,” said Shapps, “and UK airlines have shown real commitment to making this happen with our partnerships with Philipps 66, Velocys and LanzaTech.” Meeting with airline executives during a visit to the U.S., Shapps invited the international sector to work closely with the UK government to deliver the 2023 demonstrator flight.

VI. U.S. CONGRESS

1. Aviation Workforce Issues Discussed at Senate Hearing.

The Senate Aviation Subcommittee held a field hearing titled “Developing the Aviation Workforce of the 21st Century” at the United Aviate Academy, at Phoenix Goodyear Airport in Goodyear, Arizona. Topics included workforce education accessibility, recruitment and retention, training models, and the domestic pilot supply. . . . In his testimony, Mesa Airlines Chairman and CEO Jonathan Ornstein said the regional lost almost 5% of its pilot workforce in April to airlines and operators of larger jets, needed to offset a pilot shortage brought on by COVID-related and other retirements and the “substantial expansion” in low-cost carriers and cargo operations. “Regional airlines simply cannot keep up with the current level of attrition given the extensive training we perform for each new pilot and more importantly, the shrinking pool of incoming qualified candidates,” he said. Ornstein recommended that FAA create higher quality restricted airline transport pilot (ATP) pathways, “over pure 1500-hour quantity,” referring to the law enacted in 2010, in response to the Colgan Air Flight 3407 accident that killed 50 people, which requires commercial pilots to acquire 1,500 hours to qualify for a total ATP. FAA should also allow qualified foreign pilots easier entry into the U.S. pilot workforce; raise the maximum pilot age from 65 to 68; and support institutions like United’s Aviate Academy, said Ornstein. He asked Subcommittee Chair Kyrsten Sinema (D-Ariz.) to request a Government Accountability Office (GAO) study on the impact of current regulations on the pilot shortage. Most of these recommendations can be done administratively by the Biden White House and DOT, he said, and asked the Chair “to encourage them to do so.” . . . “The success of first officer qualification requirements and pilot training that were developed by the regulator, airlines, and labor have helped make U.S. air transportation the safest in the world,” said Paul Ryder, representing Air Line Pilots Association. He maintained that the U.S. “has enough pilots today to meet demand—in fact, more than 1.5 pilots for every job,” and urged the government to provide flight training financial assistance for students pursuing two- and four-year degrees; provide opportunity for pilots to work for airlines that serve the public need in exchange for student loan forgiveness; increase subsidized loans for flight training and ensure that unsubsidized loans do not accrue interest while students are in school; and provide grants to minority-serving institutions.

2. House Transportation Committee Advances Aviation Bills.

The House Transportation Committee advanced three bipartisan aviation bills. The “National Center for the Advancement of Aviation Act of 2021” would create a federally chartered, private National Center for the Advancement of Aviation

to support and promote the civil aviation and aerospace workforce. H.R. 3482 would, among other things, provide resources to: help develop a skilled U.S. aviation and aerospace workforce through scholarships, apprenticeships, aviation curriculum development, and other outreach efforts; serve as an educational research repository for workforce development and skills training; and provide a national independent forum to support collaboration between government and nongovernmental stakeholders. FAA expects more than half of the current science and engineering workforce to soon reach retirement age. A recent Boeing study found that more than 600,000 new pilots and 625,000 maintenance technicians will be needed to fly and maintain the global commercial fleet over the next 20 years. A Senate companion bill was introduced in May 2021. . . . The “Drone Infrastructure Inspection Grant Act” (H.R. 5315) would invest \$200 million at DOT to support more efficient inspection, maintenance, and repair of the nation’s critical infrastructure, and better equip the U.S. workforce to use drone technology. FAA projects that by 2024 the recreational drone fleet will grow to nearly 1.5 million units and the commercial fleet to more than 800,000 units. . . . The “Advanced Aviation Infrastructure Modernization Act” (H.R. 6270) establishes a two-year pilot program that invests \$25 million in competitive grants for state, local, territorial and tribal governments to prepare for development and deployment of advanced air mobility vertiports and related infrastructure.

3. House Passes “Rights for the TSA Workforce Act of 2022.”

The House passed the “Rights for the TSA Workforce Act of 2022,” which will provide all TSA employees the same rights and protections afforded to other federal workers. This includes employee collective bargaining rights, access to an independent third party for dispute resolution, and improved compensation. In September 2021, TSA entered into a Memorandum of Agreement with the Merit Systems Protection Board to provide fair disciplinary appeal rights to frontline workers. The Administration’s FY2023 budget request includes funding for pay increases and expanded collective bargaining. The bill was received in the Senate, read twice and referred to the Commerce Committee.

4. House Hearing on Efforts to Mitigate Climate Change at U.S. Airports.

Testimony on what U.S. airports and airport stakeholders are doing to meet the climate crisis challenge was heard at a House Aviation Subcommittee hearing titled, “Preparing for Take-Off: Examining Efforts to Address Climate Change at U.S. Airports.” The hearing examined infrastructure, technologies, federal programs and other initiatives U.S. airports and airport stakeholders are utilizing to mitigate and prepare for the effects of climate change. “While aviation currently only accounts for 9% of transportation emissions and 3% of total emissions in the United States, aviation emissions have grown by 22% over the

last decade,” said Peter DeFazio, Chair of the House Transportation Committee. Much is being done, he added, including record investments in SAF, hydrogen fuel sources, and other technologies that aim to reduce or even eliminate aviation carbon emissions. FAA programs include the Voluntary Airport Low Emissions (VALE) and Zero Emission Vehicle and Infrastructure Pilot programs, which help airports purchase low and zero emission vehicles, infrastructure, and other equipment to lower their carbon footprint and become more environmentally sustainable. Research programs like the Continuous Lower Energy, Emissions, and Noise (CLEEN) program foster partnerships with the private sector to conduct critical research on SAF, aircraft engine technologies, and other aviation environmental matters. A 2019 study by the University of Washington found that communities underneath and downwind of aircraft landing at Seattle-Tacoma International are exposed to a specific ultrafine particle pollution that is distinctly associated with aircraft, noted Subcommittee Chair Rick Larsen. The study also found that affected communities are as far as 10 miles away from the airport.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. White House Relaxes Cuban Travel Policy.

The Biden Administration is reinstating group people-to-people educational travel to Cuba, among other measures, and authorizing commercial and charter flights to locations beyond Havana. Individual people-to-people educational travel is not reinstated. The Cuban Family Reunification Parole Program will resume “to enable more Cubans to join their families in the United States via regular migration channels.” The U.S. also “will support new avenues for electronic payments and for U.S. business activities with independent Cuban entrepreneurs, including through increased access to microfinance and training.”

2. U.S., UK Declare Commercial Spaceflight Partnership.

UK Transport Secretary Grant Shapps and U.S. Transportation Secretary Pete Buttigieg signed a declaration to work together on future commercial spaceflight missions, with intent to “cut down red tape and the regulatory burden to operators resulting in greater efficiencies and a reduction in costs, resources and duplication while maintaining stringent safety standards.” A Virgin Orbit launch from a spaceport in Cornwall later this year will carry payloads from both countries.

VIII. EUROPE AND AFRICA

1. Delta, SKY Express Partner for Greek Travel.

Delta and SKY express announced an interline agreement to provide connections from North America to Athens and beyond to 34 destinations across Greece and Cyprus. The routes complement Delta and SKY express destinations available through agreements with Air France and KLM via Paris Charles de Gaulle and Amsterdam Schiphol. SKY express operates Airbus A320neo and ATR 72600 aircraft.

2. Lufthansa to Pare Business Segments, Bid for ITA Stake.

Lufthansa CEO Carsten Spohr confirmed intent to sell a minority stake in Lufthansa Technik and the remaining international business of the LSG catering subsidiary, as well as the AirPlus credit card business. “We are carefully monitoring the renewed consolidation in the airline industry,” he added, and “continue to play an active role in this process.” . . . Lufthansa and Mediterranean Shipping Group (MSC) will launch exclusive negotiations for a stake in Alitalia successor ITA Airways, as will a group that includes U.S. financial investor Certares, reported Reuters.

3. IAG Announces New Boeing Orders.

International Airlines Group plans to order 25 Boeing 737-8200s and 25 737-10s, with 100 options, to be delivered between 2023 and 2027 for use by any airline in the Group. “Demand is recovering strongly in line with our previous expectations,” said CEO Luis Gallego, while reporting first quarter results. “We expect to be profitable from the second quarter onwards and for the full year. Premium leisure continues to be the strongest performing segment and business travel is at its highest level since the start of the pandemic.” The Group’s operating loss in first quarter compared reflected “normal seasonality, the impact of Omicron and costs associated with ramping up operations.” The global travel industry is facing challenges as a result of the biggest scaling up in operations in history, he added. The airline’s focus “is on improving operations and customer experience and enhancing operational resilience.”

4. Air France-KLM, CMA CGM Sign Strategic Partnership.

Air France-KLM and CMA CGM signed a 10-year exclusive strategic partnership, under which they will combine complementary cargo networks, full freighter capacity and dedicated services, subject to approval by regulators and consultation of employee representatives. Capacity includes four full-freighter aircraft at CMA CGM Air Cargo (with orders for an additional eight, two of which may be operated by Air France-KLM), and six at Air France-KLM Group (with

orders for an additional four). The partnership also covers Air France-KLM belly aircraft capacity, about 160 long-haul aircraft. “The partnership will leverage both partners’ respective global sales teams, presenting one voice to the customer.” CMA CGM intends to take up to 9% of Air France-KLM’s share capital, for a period consistent with implementation of partnership. CMA created the air cargo unit in March 2021, with plans “to develop and provide end-to-end shipping and logistics solutions in order to support its customers’ supply chains.” . . . Air France-KLM launched a €2.256 billion rights issue to be subscribed in cash and/or by offsetting claims, as it continues “to strengthen its balance sheet and accelerates the repayment of state aids, increasing its strategic flexibility.” The French and Dutch states and other investors plan to participate in the capital increase. Delta and China Eastern will participate with proceeds from selling part of their rights to CMA CGM. . . . Air France-KLM entered into exclusive discussions with Apollo Global Management for an injection of €500 million of capital into an operating affiliate owning a pool of spare engines. The proceeds will be allocated to partial reimbursement of covid-related French state aid, and facilitate financing of future spare engine acquisitions.

5. Takatso Buys 51% Stake in South African Airways.

Takatso will buy a 51% stake in South African Airways (SAA) for US\$3 and inject R3 billion over two years. The government will retain a golden share, meaning the consortium cannot sell the airline without its consent; will have full veto rights on matters of national interest and a non-dilutable shareholding of 33.3% should further capital raising be done; and will own the name, brand and logo. Takatso agreed to develop aviation management skills among South Africans, and to provide a training program to enhance the position of black pilots. “Despite its rich history, SAA has struggled financially over the past decade because of gross mismanagement and corruption, and state capture and abuse of SAA resources,” said Finance Minister Enoch Godongwana. “This caused persistent financial losses, internal controls were decimated, there was a breakdown of consumer trust and confidence, and ultimately a loss in market share.” . . . John Lamola became Executive Chairman and CEO of SAA on May 1, replacing Interim CEO Thomas Kgokolo.

6. Pieter Elbers Named CEO of IndiGo.

See Section IX, item 5.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Delta, Virgin Australia End Joint Venture.

Delta and Virgin Australia formally ended their joint venture and Delta signed an agreement with Rex for reciprocal interline ticketing and baggage services, to begin in third quarter. Australia's largest independent regional and domestic airline, Rex operates Saab 340 and Boeing 737-800 NG aircraft to 62 destinations. The Rex Group comprises wholly owned subsidiaries Pel-Air Aviation (air freight, aeromedical and charter operator) and pilot academies. "Rex's passengers will be able to connect seamlessly on Delta's daily, non-stop flights between Sydney and Los Angeles, a frequency which will increase to 10 flights a week beginning December 18, 2022, and from there to nearly 50 cities in the U.S.," said officials.

2. United to Partner with Virgin Australia.

The Australia Competition & Consumer Commission granted interim authorization for a proposed codeshare pricing arrangement between Virgin Australia and United, saying it likely "will help Virgin Australia re-establish its international network." Meanwhile, United will resume nonstop service between San Francisco and Melbourne, with three weekly flights beginning in June. United also operates daily Sydney-Los Angeles and Sydney-San Francisco flights.

3. Virgin Australia, Qatar Partnership Underway.

Under a planned strategic partnership, Qatar passengers will be able to travel seamlessly to 35 destinations on Virgin Australia's domestic network, and access Virgin Australia's recently relaunched short-haul international markets, including Fiji and Queenstown, New Zealand. Virgin Australia customers can directly access Qatar Airways' network of 140 worldwide destinations via Doha. Qatar currently operates daily flights to Melbourne, Sydney, Brisbane and Perth and three weekly flights to Adelaide continuing to Auckland. The partnership will also include reciprocal loyalty benefits. . . . Virgin Australia CEO Jayne Hrdlicka announced that the current Boeing 737 fleet, consisting of 737-700s and 737-800s, will increase to 88 with four MAX 8s, in response to rising demand. "We are on track to return to 100% of pre-COVID domestic capacity by June this year and expect to well exceed those levels by year's end," she said. An additional 25 MAX 10s are on order.

4. Campbell Wilson Named CEO, MD of Air India.

Campbell Wilson was named CEO and Managing Director of Air India. He was CEO of Singapore Airlines' low-cost subsidiary Scoot. Air India and Air India

Express were recently acquired by Tata Sons. Tata reportedly intends to bring its majority stake in AirAsia India to 100% and merge the airlines. Tata also owns Vistara through a joint venture with Singapore Airlines.

5. Pieter Elbers Named CEO of IndiGo.

Pieter Elbers was named CEO of IndiGo, effective October 1, subject to regulatory approvals. He succeeds Ronojoy Dutta who is retiring. Elbers has been with KLM since 1992, has served as KLM President & CEO since 2014, and is a member of the Air France–KLM Executive Committee. IndiGo operates low-cost flights to 75 domestic and 25 international destinations. . . . A new codeshare agreement offers Air France and KLM customers access to 30 destinations in India, and IndiGo customers access to 120 destinations in Europe and 50 destinations across the Americas, subject “to the lifting of the Air Bubble Agreement in India and to the necessary governmental approval.” Air France and KLM already serve Delhi, Mumbai, Chennai and Bengaluru.

X. AMERICAS

1. JetBlue Renews Offer for Spirit.

JetBlue made a tender offer to acquire all outstanding shares of Spirit's common stock for \$30 per share in cash, after its earlier proposals were rejected. Spirit believes "a combination of JetBlue and Spirit has a low probability of receiving antitrust clearance so long as JetBlue's Northeast Alliance (NEA) with American Airlines remains in existence." The U.S. Department of Justice and others have sued to block the NEA, alleging that it is anticompetitive. Spirit has asked its shareholders to reject the unsolicited tender offer from JetBlue and instead vote for the merger with Frontier signed in February; voting is June 10.

2. GOL, Avianca, Viva form Abra Airline Group.

Avianca and GOL agreed to create Abra Group, a Latin American holding company, subject to regulatory approvals and closing conditions. Abra Group will also own a non-controlling 100% economic interest in Viva's operations in Colombia and Peru, as well as convertible debt representing a minority interest investment in Chile's Sky Airline. Roberto Kriete will serve as Abra Chairman; he led TACA to a merger with Colombia's Avianca and also founded Mexican carrier Volaris. Constantino de Oliveira Jr. will serve as Abra Group CEO; he founded GOL in 2001. Adrian Neuhauser, current President and CEO of Avianca, and Richard Lark, current CFO of GOL, will serve as Abra Co-Presidents.

3. Delta to Cut 100 Daily Departures to Improve Operations.

Delta will reduce service by about 100 daily departures from July 1 to August 7, primarily in U.S. and Latin American markets, "to improve operational reliability amid soaring travel demand as the impact of the COVID-19 pandemic recedes." Weather and air traffic control, vendor staffing, and increased COVID case rates contributing to higher-than-planned unscheduled absences in some work groups "are resulting in an operation that isn't consistently up to the standards Delta has set for the industry in recent years," said the airline, which expected to handle 2.5 million passengers on Memorial Day weekend, up 25% over 2021.

4. Southwest to Invest \$2 Billion on Customer Experience.

Southwest plans to invest \$2 billion on customer experience improvements. Inflight initiatives include enhanced WiFi connectivity; latest-technology power ports at every seat; larger overhead bins; more entertainment and refreshment options; a new fare category, "Wanna Get Away Plus"; and new self-service capabilities. . . . "Based on current plans and expected continued strong bookings, we continue to expect to be solidly profitable for full year 2022," said

CEO Bob Jordan. Southwest increased headcount by 3,300 in first quarter, net of attrition, and remains focused on hiring and training “as we work diligently to restore our network and position the company for future growth. While we are experiencing inflationary pressure from higher jet fuel prices, our fuel hedge is providing significant protection against rising oil prices.”

5. **United Pilots Announce Agreement in Principle.**

United Airlines pilots, represented by ALPA, announced “an industry leading” agreement in principle with the company on comprehensive new terms for their collective bargaining agreement.

6. **Alaska Airlines Pilots Vote to Authorize Strike.**

Alaska Airlines pilots voted to authorize a strike if agreement on a new contract cannot be reached and when permitted by the National Mediation Board (NMB) to take that action, said ALPA. The NMB would decide if additional mediation efforts would be productive and offer the parties an opportunity to arbitrate the contract dispute. If either side declines the arbitration, they enter a 30-day cooling off period, after which pilots and management can engage in a strike by the union or a lockout by management. . . . In a letter to employees, Alaska CEO Ben Minicucci outlined plans for a return to “operational excellence,” as the airline continued to cancel about 50 flights, or 4%, a day. “We had 63 fewer pilots than what we planned for when we built our schedule,” he explained. “By the time we caught this error, April and May schedules were bid on by our pilots and flight attendants, making it impossible to sufficiently adjust schedules to avoid cancellations.” In addition to schedule reductions, beginning in June Alaska will hire and train 150 new pilots, 200 additional reservations agents and 1,100 new flight attendants. Minicucci also apologized to Mileage Plan members and said flight disruptions are unrelated to current pilot contract negotiations.

7. **Breeze Begins Airbus A220 Service.**

One-year-old Breeze received the first of 80 Airbus A220-300 aircraft, enabling transcontinental flights. New service will include nonstops from San Francisco. David Neeleman’s Utah-based airline offers “seamless booking, no change or cancellation fees and customized flight features delivered via a sleek and simple app.”

8. **Avelo Adds Third Base.**

Two-year-old Avelo will operate Boeing 737-700 nonstops to at least 10 destinations by yearend from a new base at Orlando, with introductory one-way fares as low as \$39. Avelo also has bases at Hollywood Burbank and Tweed-New Haven. Avelo is combining its airline-wide flight attendant and pilot training

in Orlando, to be facilitated by Avenger Flight Group and fully implemented by fourth quarter.

9. Boeing to Move Global Headquarters to DC Area.

Boeing will move its global headquarters from Chicago to its Arlington, Virginia campus just outside Washington, D.C., and plans to develop a research and technology hub in the area. President and CEO Dave Calhoun said the Northern Virginia site makes strategic sense “given its proximity to our customers and stakeholders, and its access to world-class engineering and technical talent.”

10. Delta, SKY Express Partner for Greek Travel.

See Section VIII, item 1.

11. Delta, Virgin Australia End Joint Venture.

See Section IX, item 1.

12. United to Partner with Virgin Australia.

See Section IX, item 2.