



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. IATA Upgrades Outlook For 2022 Financial Performance.

Industry losses will be cut to \$9.7 billion this year, reports the International Air Transport Association (IATA), which improves from the October 2021 forecast for an \$11.6 billion loss, and from losses of \$137.7 billion in 2020 and \$42.1 billion in 2021. Industry-wide profitability in 2023 appears within reach with North America expected to deliver an \$8.8 billion profit in 2022. Industry revenues are expected to reach \$782 billion (+54.5% on 2021), 93.3% of 2019 levels. Flights operated in 2022 are expected to total 33.8 million, which is 86.9% of 2019 levels (38.9 million flights). Cargo revenues are expected to account for \$191 billion of industry revenues, down from \$204 billion in 2021, but nearly double the \$100 billion in 2019. The industry is expected to carry a record high of over 68 million tons of cargo in 2022. . . . Pegasus Airlines Managing Director Mehmet Tevfik Nane assumed duties as Chair of the IATA Board of Governors, as the 78th IATA Annual General Meeting (AGM) closed in Doha. He succeeds JetBlue CEO Robin Hayes, and will be succeeded by RwandAir CEO Yvonne Manzi Makolo next June; she will be the first woman in the position. . . . At the AGM, IATA called on governments to further support safe carriage of lithium batteries with global standards for screening, fire-testing and incident information sharing; the global market is growing 30% annually.

2. Buttigieg, Airline Leaders Discuss Rampant Flight Cancellations.

Following cancellation of about 2,800 flights on Memorial Day weekend, the U.S. Department of Transportation (DOT) invited airline leaders to a virtual meeting with Secretary Pete Buttigieg to discuss steps they are taking to prevent such disruptions. “The flying public deserves the same safety and reliability as before the pandemic, especially since American taxpayers invested \$48 billion to keep aviation workers employed so the nation could maintain its high standard of air service,” said the DOT invitation. In interviews, Buttigieg said DOT could take enforcement actions against airlines that fail to live up to consumer protection standards, which can result in fines. In a follow-up letter to the Secretary, Airlines for America President and CEO Nicholas Calio requested another meeting to discuss issues such as ensuring adequate qualified staffing at key Federal Aviation Administration (FAA) facilities, noting that Jacksonville Center “has been understaffed for 27 of the last 30 days, which is crippling to the entire east coast traffic flows.”

3. U.S. Ends Pre-Departure Testing for Inbound Travelers.

The order requiring persons to show a negative COVID-19 test result or documentation of recovery from COVID-19 before boarding a flight to the United States was rescinded on June 12. The pandemic has shifted to a new phase, due to vaccines, effective therapeutics, and high rates of vaccine- and infection-induced immunity, said Centers for Disease Control and Prevention.

4. Trial Date Set for Antitrust Lawsuit Against American, JetBlue.

U.S. District Judge Leo Sorokin in Massachusetts ruled that the antitrust suit challenging a pact between American Airlines and JetBlue, known as the Northeast Alliance, can move to trial. Plaintiffs are the United States, Arizona, California, the District of Columbia, Florida, Massachusetts, Pennsylvania and Virginia. A trial date was set for Sept. 26.

5. Sullenberger Steps Down as U.S Ambassador to ICAO.

C.B. “Sully” Sullenberger is leaving his post as U.S Ambassador to the International Civil Aviation Organization (ICAO) on July 1. He was sworn in on December 11, 2021, and assumed his duties in Montreal in February. Sullenberger became internationally known in 2009 when he and his crew safely guided US Airways Flight 1549 to an emergency water landing in New York City’s Hudson River, a feat known as the “Miracle on the Hudson”; the Airbus A320’s two engines had lost thrust following a bird strike.

6. Consumer Complaints About Airline Service Increase.

DOT received 5,079 consumer complaints about airline service in April, up 14.8% from 4,423 received in March and up 321.5% from 1,205 received in pre-pandemic April 2019. Of the complaints received in April 2022, 3,173 (62.5%) were against U.S. carriers, 1,409 (27.7%) against foreign air carriers, and 497 (9.8%) against travel companies. Also, of the 5,079 complaints received in April 2022, 1,641 (32.3%) concerned refunds; at this point, many passengers who initially had been denied refunds have received payment. Of the 5,079 complaints, 1,549 (30.5%) concerned cancellations, delays or other deviations from airline schedules.

7. NTSB Investigates Red Air Accident at Miami.

The National Transportation Safety Board (NTSB) is investigating the landing gear collapse and runway excursion of a Red Air MD-82 at Miami International. Fire crews brought a subsequent fire under control. Of 126 onboard, three were taken to a hospital for treatment of minor injuries. Red Air flies from Santo Domingo, Dominican Republic, to Miami.

II. AIRPORTS

1. United Temporarily Cuts Newark Schedule.

FAA granted a waiver allowing United to temporarily remove about 50 daily departures at Newark, effective July 1, in response to capacity constraints, including airport construction and air traffic control staffing shortfalls. The company said it has "the planes, pilots, crews and supporting staffing necessary to fly our current Newark schedule," and hopes to reinstate the frequencies as soon as possible.

2. FAA Awards \$518 Million to Airports.

FAA awarded the second round of 2022 Airport Improvement Program awards. They include 416 grants to fund projects such as construction of new and improved airport facilities, repairs to runways and taxiways, maintenance of airfield elements, and purchasing equipment needed to operate and maintain airports. A total of \$1.1 billion of the \$3.2 billion total funding available in Fiscal Year 2022 has been awarded.

3. Delta's New Terminal C at LaGuardia Opens.

Delta's new dedicated Terminal C opened for business at New York LaGuardia. At a cost of \$4 billion, including a \$500 million investment by the Port Authority for new roadways and supporting infrastructure, Terminal C represents Delta's largest ever investment in an airport facility. The 1.3 million square foot terminal consolidates access to 37 gates through a single arrivals and departures hall, which has 36 check-in counters, 49 kiosks and 16 bag-drop counters. Other features include a curbside check-in building for passengers who are already checked-in; and 80% more concession space than Delta's former terminals, with 95% located after security. A consolidated security area has 11 screening lanes with room for five additional lanes, along with dynamic signs in the TSA queue display passenger wait times. Delta's largest Sky Club—34,000 square feet—seats 600 guests. The \$8 billion transformation of LaGuardia, two-thirds of which was funded through private financing and existing passenger fees, is now completed; the project broke ground in 2016.

4. Phoenix Sky Harbor Opens Eighth Concourse at Terminal 4.

Phoenix Sky Harbor opened its eighth concourse. The 275,000 square foot space will be used by Southwest, providing eight additional gates. The \$310 million Terminal 4 concourse was paid for with airport revenue; no tax dollars were used.

5. Chattanooga Begins \$28 Million Terminal Expansion.

A \$28 million project has begun at Chattanooga Airport that will add 26,000 square feet to the terminal while renovating 36,000 square feet of existing concourse. It complements phase one of the master plan which included a \$25 million four-level parking garage that was completed last July. “Growth is necessary for us to expand the market for our customers and remain competitive with other regional airports,” said Jim Hall, Chairman of the Chattanooga Metropolitan Airport Authority. Hall is a former Chairman of the National Transportation Safety Board.

6. Heathrow Terminal 4 Resumes Operations.

Heathrow Terminal 4 resumed operations, phasing in up to 30 airlines this summer, as well as shops and restaurants. . . . A meeting was “urgently called” by UK Transport Secretary Grant Shapps and Aviation Minister Robert Courts to discuss “exceptional disruption seen across UK airports, after thousands of flights were cancelled due to staff shortages at airports and airlines.” Industry leaders from airports, airlines and ground handling companies attended. “We have been crystal clear, said the Ministers. “Run services properly and according to schedule or provide swift, appropriate compensation.” The government proposed a one-off “amnesty” on airport slot rules, “enabling airlines to plan ahead and deliver a realistic summer schedule that minimizes disruption at the airports. This is being provided as an exceptional measure while industry makes progress in recruiting necessary staff,” said Shapps.

III. SECURITY AND DATA PRIVACY

1. **Advanced Air, Eurowings Discover Join TSA PreCheck.**

Transportation Security Administration (TSA) announced the expansion of TSA PreCheck with the addition of Advanced Airlines and Eurowings Discover. Advanced Air is a privately-owned, regional airline that serves destinations in the Southwestern United States. Eurowings Discover, a new Lufthansa Group airline, flies worldwide from Frankfurt and Munich.

2. **American Airlines, TSA Test Mobile ID.**

American Airlines and TSA are testing technology at Dallas Fort Worth (DFW) in which passengers have their faces scanned and present a QR code on a mobile app rather than a document such as a passport. The option is open to members of American's AAdvantage loyalty program who are also enrolled in TSA PreCheck. The process at the airport takes less than five seconds, said TSA, which erases the encrypted digital ID from its checkpoint readers. Trials will be added at Miami International, Phoenix Sky Harbor and Washington Reagan National this year. American introduced digital ID trials in 2021 for touchless bag drop and Admirals Club entry at DFW.

3. **TSA Trials AI-Driven Solution for Airport Threat Detection.**

TSA selected Pangiam to demonstrate artificial intelligence (AI)-driven advanced screening. Project DARTMOUTH, a collaboration with Google Cloud, utilizes AI and pattern analysis “to digest and analyze vast amounts of data in real-time to identify potential prohibited items in carry-on baggage.” Trials begin at TSA’s System Integration Facility, a testing ground for technologies for possible implementation at airport security checkpoints. While TSA is the first to debut Project DARTMOUTH in North America, Pangiam is also working with AGS Airports Group on trials at Aberdeen, Glasgow and Southampton in the UK. Pangiam was founded by customs and security professionals and has acquired companies in the identity verification and access control space, including veriScan, Linkware, and Trueface.

IV. TECHNOLOGY AND EQUIPMENT

1. Wireless Companies to Extend 5G C-Band Mitigations,

“We believe we have identified a path that will continue to enable aviation and 5G C-band wireless to safely co-exist,” said Acting FAA Administrator Billy Nolen, as Verizon and AT&T agreed to a phased approach that requires operators of regional aircraft with radio altimeters most susceptible to interference to retrofit them with radio frequency filters by the end of this year. . . . IATA called FAA’s “unilateral decision” to require airlines to replace or upgrade radio altimeters by next July “deeply disappointing and unrealistic.” Timely availability of upgraded altimeters is a concern, as are their cost and lack of certainty regarding the future spectrum environment, said IATA; 19 additional telecommunications companies are scheduled to deploy 5G networks by December 2023.

2. Southwest to Close Reservation Centers for Remote Work.

Southwest Airlines is closing reservation centers and all Customer Support & Services representatives will transition to fully remote work as of Sept. 1. Most have been working remotely since the start of the COVID-19 pandemic. The airline expects increased flexibility in attracting and hiring new employees from across the country.

3. First Flight for Airbus A321XLR; China's C919 Completes Test Flights.

Airbus’ first A321XLR (Xtra Long Range) successfully accomplished its first flight. The test flight took off from Hamburg-Finkenwerder and lasted about four hours and 35 minutes, during which the crew tested flight controls, engines and main systems, including flight envelope protections, both at high and low speed. . . . In other equipment news, China's first self-developed large passenger aircraft, the C919, completed test flights and will soon receive its airworthiness certificate, reports the Chinese press. Commercial Aircraft Corporation of China (COMAC) has 815 orders worth CNY500 billion (USD74 billion) from 28 clients; 34 have been bought by overseas clients. “China has signed 204 bilateral airworthiness agreements with 27 countries and regions, including Canada, Brazil, Australia and Russia, which means that C919 flights can serve international as well as domestic routes.”

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on June 10 was \$176.56/barrel, up 6.1% on the month and up 128.1% compared to a year ago, reports IATA. Jet fuel price average for 2022 was \$140/barrel.

2. EU Parliament Expands Scope of EU ETS.

The EU Parliament is adopting amendments to the Fit for 55 revision of the European Union Emissions Trading Scheme (EU ETS) that would expand the scope of the initiative to include all flight departures from the European Economic Area (EEA) from 2024. IATA expressed surprise and concern, as the CORSIA agreement (Carbon Offsetting and Reduction Scheme for International Aviation) covers CO₂ emissions of international flights departing EU/EEA airspace, while the EU ETS covers flights within the EU. “A unilateral decision by the EU to expand the scope of ETS extra-territorially to non-EU destinations will threaten the prospects for major global decarbonization efforts,” said IATA. Airlines for America said the move “threatens efforts to reach a global consensus to set a Long-Term Aspirational Goal (LTAG) for aviation at ICAO’s 41st Assembly” later this year.

3. Netherlands to Limit Schiphol Flight Movements.

The Dutch government said flight movements at Amsterdam Schiphol will be limited to maximum 440,000 a year, effective November 2023, as local residents are exposed to aircraft noise and are concerned about the impact of the airport on their health, the natural environment and the climate. KLM urged the government to instead “take measures that will effectively improve sustainability, such as supporting the production of sustainable aviation fuel (SAF) and the realization of a Single European Sky that would reduce CO₂ emissions by 10%.” IATA said the 20% cut to Schiphol’s potential cap is “a shocking blow to aviation, jobs, and the economy of the Netherlands. It comes on top of a tripling of the passenger tax, and a 37% rise in airport charges. The government should reverse course and set out a meaningful pathway for the sustainable growth of aviation in the Netherlands, focused on delivering sustainable aviation fuels and helping the industry meet its commitment to achieve net-zero CO₂ by 2050.”

4. New Study Launched on Integration of SAF at Airports.

A new study, “The Integration of Sustainable Aviation Fuels into the Air Transport System,” was released by Airports Council International (ACI) World and Aerospace Technology Institute. An overview of infrastructure and

operational requirements of introducing SAF at airports, the work addresses practical challenges and solutions to deploy SAF, from one-off flights to fully integrated supply chains. Today, global production of SAF is dominated by two producers, with a few others producing SAF batches on demand, says ACI. Further work is required to make SAF fully compatible with existing distribution systems, storage infrastructure, and aircraft. The future SAF supply chain needs logistics and blending facilities that can scale to the hundreds of millions of tons that will be required as air traffic recovers.

5. **Hawaiian Airlines, Par Pacific to Explore SAF in Hawaii.**

Hawaiian Airlines plans to join forces with Par Pacific Holdings, Hawaii's largest supplier of fuel products, to study commercial viability of locally produced SAF to replace all or a percentage of traditional kerosene-based jet fuel. The companies will evaluate the potential to convert two processing units at Par Pacific's Hawaii refinery to produce renewable fuels, including SAF; support production of locally grown, oil-yielding crops; explore the feasibility of importing sustainable feedstocks to produce SAF and other renewable products; and convene stakeholders to identify federal and state policies to support Hawaii-based production of renewable fuels. Aviation fuel represents approximately 40% of Hawaii's fuel demand, said officials.

6. **Singapore Commits S\$5 Billion to Global Decarbonization.**

The Civil Aviation Authority of Singapore (CAAS), Singapore Airlines (SIA), and state investment company Temasek will launch the sale of 1,000 SAF credits in July that are generated from the 1,000 tons of neat SAF blended, delivered and uplifted from Singapore Changi Airport. Every credit purchased will help to reduce 2.5 tons of carbon dioxide emissions. The SAF credits will be registered as part of a pilot project within the global Roundtable on Sustainable Biomaterials (RSB) Book & Claim System to ensure that the transactions are conducted in a trusted and transparent manner. . . . Temasek committed an initial S\$5 billion to launch GenZero, an investment platform dedicated to accelerating decarbonization globally. Focus areas are solutions that deliver deep decarbonization impact through climate-driven technologies; nature-based solutions that help protect and restore the natural ecosystems to generate climate impact while benefiting local communities and biodiversity; and carbon ecosystem enablers which refer to companies and solutions that support development of an effective, efficient, and credible carbon ecosystem. GenZero CEO-designate is Frederick Teo, currently Managing Director of Sustainable Solutions at Temasek International.

7. Air Liquide, ADP to Facilitate Hydrogen Infrastructure at Airports.

Air Liquide and Groupe ADP formed a 50:50 joint venture “to provide airports in France and across the world with the engineering and services they will need in their transition to hydrogen.” As the first hydrogen-powered commercial aircraft are expected by 2035, airports “must look at how liquid hydrogen will be supplied and how it can also serve other ground mobility usages, notably heavy-duty mobility or light ground support equipment.” Air Liquide and Groupe ADP, collaborating with Airbus, studied configurations of 30 airports worldwide, with a focus on Paris Charles de Gaulle and Orly, and identified production and supply chain patterns that can be integrated in airport infrastructure. Air Liquide has expertise in hydrogen, from production through electrolysis, liquefaction, storage, to distribution of hydrogen to aircraft and Groupe ADP in airport engineering and operations. They expect to have the first ground-based hydrogen technology use cases in place at de Gaulle and Orly in 2023.

8. Delta Receives SAF at LaGuardia via Colonial Pipeline.

Delta received a one-time delivery of SAF at its LaGuardia hub via the Colonial Pipeline, which originates in Houston and ends at Port of New York and New Jersey. This effort between Delta, Neste, Colonial Pipeline and Buckeye Partners demonstrates viability of existing infrastructure to transport large volumes of SAF, said officials. The SAF, which was refined by Neste in Texas, was loaded into the Colonial Pipeline’s entry point in Baton Rouge and transported nearly 1,500 miles up the East Coast and across 11 states to New Jersey before entering the Buckeye Pipeline to be sent to LaGuardia.

9. Southwest Invests in Plan to Produce Ethanol From Corn.

Southwest is investing in SAFFiRE Renewables, a company formed by D3MAX, as part of a Department of Energy (DOE)-backed project to develop and produce scalable SAF. Funded with a DOE grant matched by Southwest's investment, SAFFiRE is expected to utilize technology developed by the DOE National Renewable Energy Laboratory (NREL) to convert corn stover, a widely available waste feedstock in the U.S., into renewable ethanol that would be upgraded into SAF. Southwest's match of DOE's grant supports phase one of the project, which is expected to include technology validation, preliminary design, and a business plan for a pilot plant. SAFFiRE is an acronym for Sustainable Aviation Fuel from Renewable Ethanol. Formed in 2022, SAFFiRE expects to exclusively license technology from the NREL and D3MAX that, when combined, will enable production of low-cost, low-carbon renewable ethanol, which would then be upgraded into fully certified SAF, utilizing alcohol-to-jet technology applied by prospective SAF producers.

10. Air Nostrum is Airlander 10 Launch Airline Customer.

Air Nostrum Group reserved 10 airships from Hybrid Air Vehicles (HAV) with a view to begin operations as launch airline in 2026. Production of the 100-seat Airlander 10 begins this year in South Yorkshire, UK. The reservation agreement follows “six months of rigorous studies and modelling carried out by Air Nostrum Group and HAV into the operation of Airlander 10 on Spanish domestic aviation routes and the associated economics.” The Airlander 10 is expected to cut flight emissions by up to 90% and “will be the world’s first large scale aircraft to achieve zero-emissions flight.”

11. Airbus, Kansai Airports Study Use of Hydrogen in Japan Aviation.

Airbus and Kansai Airports signed a Memorandum of Understanding (MoU) to explore use of hydrogen at Kansai International, Osaka International and Kobe, and will jointly prepare a roadmap to address challenges and define an advocacy plan for hydrogen needs. Airbus will provide aircraft characteristics, fleet energy usage, and insight on hydrogen-powered aircraft for ground operations. Kansai Airports will study infrastructure required for introduction of hydrogen-fueled aircraft. Airbus is working in partnership with airports around the world, including Kansai Airports shareholder VINCI Airports, to lead the scale-up of hydrogen use in the aviation industry.

VI. U.S. CONGRESS

1. Senators Demand Airlines, DOT Mitigate Travel Disruptions.

After nearly 2,800 flights were cancelled over Memorial Day weekend by multiple airlines, Senators Richard Blumenthal (D-CT) and Edward Markey (D-MA) wrote to Airlines for America seeking answers “for these serious disruptions and to urge the airlines to wholly and justly compensate impacted consumers.” Under federal law, airlines must fully refund consumers when the airline cancels or significantly delays their flight. The Senators called on airlines and DOT to take action to mitigate future delays and cancellations. . . . In a separate letter to DOT Secretary Pete Buttigieg, Blumenthal and Markey urged DOT action to ensure airlines are held accountable and asked what steps DOT is taking “to reduce the likelihood of sweeping delays and cancellations from reoccurring and to ensure impacted consumers receive full compensation, including refunds.”

2. House Passes New Aviation Technology Legislation.

The House passed the “Advanced Air Mobility [AAM] Coordination and Leadership Act” (S. 516), which instructs DOT to create an interagency working group to evaluate, plan, and coordinate efforts regarding the safety, infrastructure, and security of the developing AAM ecosystem in the United States. AAM designs include flying cars, passenger air vehicles or taxis, and electric aircraft. S. 516 is the result of a bipartisan, bicameral agreement. Also, Jay Obernolte (R-CA) and Jimmy Panetta (D-CA) launched the bipartisan Congressional Advanced Air Mobility Caucus to educate members and the public about AAM technologies, societal benefits and regulatory updates. . . . The House also passed the “Advanced Aviation Infrastructure Modernization Act” (H.R. 6270), which establishes a two-year pilot program that invests \$25 million in competitive comprehensive planning grants for state, local, territorial and tribal governments to prepare for development and deployment of AAM vertiports and related infrastructure. The pilot program would also provide limited funding for some related construction activities approved by FAA.

3. “Good Jobs for Good Airports Act” Introduced.

The “Good Jobs for Good Airports Act” was introduced by Senator Edward Markey (D-Mass.) and Congressman Jesús “Chuy” García (D-IL) to improve labor standards for service workers at airports that receive federal funding. The legislation would prevent small, medium, and large hub airports from accessing federal funds unless airport service workers are paid the prevailing wage and benefits as established by the Department of Labor. It would require airports to ensure that service workers employed by vendors (such as restaurants and retail stores) are paid prevailing wage and benefits.

4. **Bill to Enhance Safety of Foreign Repair Stations Advances.**

The “Safe Aircraft Maintenance Standards Act,” now known as the “Global Aircraft Maintenance Safety Improvement Act,” was approved by the House Transportation Committee. “We are one step closer to ensuring a uniform standard of safety, no matter where the aircraft is repaired and maintained,” said Committee Chair Peter DeFazio (D-OR).

5. **“Aviation Funding Stability Act of 2021” Reintroduced.**

The “Aviation Funding Stability Act of 2021” was reintroduced in the House Transportation Committee. The bipartisan legislation authorizes FAA to continue to draw from its Airport and Airway Trust Fund during a federal government shutdown or other lapse, with no General Fund contributions; and allows the agency to operate at current funding levels for up to 30 days, with no Congressional action required.

6. **Bill Addresses Risks to U.S. Aerospace Supply Chain.**

The “American Aerospace Supply Chain Resiliency, Innovation, and Advancement Act” was introduced by House Aviation Subcommittee Ranking Member Garret Graves. The legislation establishes an aerospace supply chain resiliency task force, which is directed to identify and assess risks to the U.S. aerospace supply chain.

7. **Hearing Examines State of International Travel to U.S.**

A hearing titled “Reviving Conventions & Tourism Through International Travel” was convened by Jacky Rosen (D-Nev.), Chair of the Senate Commerce Subcommittee on Tourism, Trade, and Export Promotion. The onset of COVID-19 caused the \$1.4 trillion global business travel industry to decline by 53.8% and post losses of \$737 billion in business travel spend, said Suzanne Neufang, CEO of Global Business Travel Association. Expenditures rebounded 14% to \$754 billion for 2021, and this year business travel spending will reach over \$1 trillion. . . . Tori Emerson Barnes of U.S. Travel Association urged swift enactment of the Omnibus Travel and Tourism Act, which “would significantly improve the way the government facilitates travel exports.” Pre-pandemic international travel spending generated \$239 billion in exports, which created a \$53 billion trade surplus. The pandemic led to a loss of \$315 billion in travel exports. By end of 2021, international inbound travel spending was down 78% and spending on meetings and events was down 70%. Visa processing also needs attention; across the top 10 inbound markets that require a visitor visa for entry, average wait-times for an appointment now exceed 400 days. “This is important because 43% of the 79 million international visitors that came to the U.S. in 2019 required a tourist or business travel visa,” said Barnes. She also noted the need to restore domestic business travel, and called for Congress to

“come together on a tax extenders package that includes an extension of full expensing for business meals and a temporary restoration of the entertainment business expense deduction.” . . . Ralph Cutié, Director and CEO of Miami International Airport, urged government to end “avoid travel” advisories and the use of travel bans; work with countries to normalize travel conditions and entry requirements; and modernize visitor visa processing, among other things.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. U.S. Denies Export Privileges for Belavia.

The United States issued an order temporarily denying all export privileges for Belavia Belarusian Airlines, due to violations of export controls imposed on Belarus by the Commerce Department. The state-owned airline has been providing passenger and cargo flights on U.S.-origin aircraft. This is the first enforcement action taken by the Bureau of Industry and Security (BIS) against an airline in Belarus under export controls imposed in response to Belarus's "steadfast support of Russia's unprovoked and brutal invasion of Ukraine." BIS issued a rule that removed license exception availability for any aircraft registered in, owned, or controlled by, or under charter or lease by Belarus or a national of Belarus.

2. FAA, EASA Host International Aviation Safety Conference.

FAA and EASA hosted the 2022 International Aviation Safety Conference in Washington, D.C. In his welcome statement, Acting FAA Administrator Billy Nolen addressed pilot mental health, among other things, noting a need to be open and transparent about such complex challenges. . . . In his keynote speech at the ALTA Pan American Safety Summit, Nolen, who also serves as FAA's Chief Safety Officer, called for a predictive approach. "The more we can collect, analyze, and share safety data, and discuss safety issues openly and transparently between stakeholders throughout the world, the better we can achieve a fully predictive aviation safety system," he said.

VIII. EUROPE AND AFRICA

1. Delta, Kenya Airways Expand Codeshare Partnership.

Delta and Kenya Airways expanded their codeshare partnership to include 19 cities in Africa and 25 across the U.S. and Canada. Kenya will place its code on Delta flights from New York Kennedy to Boston, Buffalo, Norfolk, Rochester and Syracuse for customers flying from Nairobi. Delta will add its code to Kenya Airways' additional frequencies between Accra, Ghana, and Freetown, Sierra Leone; Monrovia, Liberia; and Nairobi, Kenya. The airlines are SkyTeam members.

2. JetBlue Wins Permanent Heathrow Slots, Adds Gatwick Flights

JetBlue secured permanent slots at London Heathrow and is adding a new Gatwick departure. Daily service from New York Kennedy to Heathrow begins Oct. 29, as does a second daily flight between Kennedy and Gatwick. All flights will use the Airbus A321LR.

3. Air France-KLM Concludes €2.256 Billion Rights Issue.

Air France-KLM concluded a capital increase which generated €2.6 billion. The French and Dutch states participated to the full extent of their rights, to maintain their shareholdings unchanged: French State 28.6%; Dutch State 9.3%; CMA CGM 9%; China Eastern Airlines 4.7%; Delta 2.9%; Treasury stock 0.05%; and Others 45.5%. Net proceeds will be used to accelerate State aid repayment and reduce related financial costs and debt. CMA CGM and Air France-KLM earlier agreed to form a partnership for cargo.

4. British Airways Adds U.S. Cities.

British Airways added flights to Portland, Oregon; Pittsburgh; Newark; and San Jose, California. Codeshare connections to 15 destinations will be operated by oneworld partner Alaska Airlines from Portland. . . . Workers employed as check-in staff by British Airways at London Heathrow voted to strike in a dispute over pay, said UK union Unite.

5. Union Demands 9.5% Pay Rise for Lufthansa Ground Staff.

United Services Union (ver.di) demanded a 9.5% salary increase for 20,000 employees at Lufthansa units. "After three years of wage cuts to stabilize the company during the pandemic, the employees were hit particularly hard by the high inflation rate," said ver.di. Negotiations begin June 30.

6. easyJet to Purchase 56 Airbus A320neo Jets.

easyJet agreed to purchase 56 Airbus A320neo family aircraft for delivery between 2026 and 2029, and proposed to convert 18 A320neo aircraft planned for delivery between 2024 and 2027 to 18 A321neo deliveries. The new aircraft will deliver between a 15%- and 25%-unit cost fuel efficiency improvement, said the carrier, and are significantly quieter. “This will significantly reduce easyJet’s fuel costs and therefore improve our overall cost base. It will also reduce the costs of compliance with various environmental regulations. . . Additionally, some airports provide discounted fees for new generation aircraft, further enhancing the economic benefits.”

7. SAS Pilots Plan Strike.

SAS received a notice of conflict from pilot unions in Sweden, Norway and Denmark, with June 29 as the earliest possible start date for a potential strike. . . . Amid reports that investors were exploring a takeover of SAS, the Swedish government said it will support conversion of debt holdings into SAS equity to help full implementation of the airline’s transformation plan, SAS FORWARD, but will not inject additional new capital. The Danish government will support SAS by converting the debt and potentially investing new capital. . . . SAS began flying Airbus A321LR nonstops to Toronto from Copenhagen (three weekly) and Stockholm (four weekly).

8. Oman Air to Join oneworld.

See Section IX, item 5.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. **American Begins Service from New York Kennedy to Doha.**

American Airlines launched service from New York Kennedy to Doha, becoming the only U.S. carrier to serve the Gulf region. American and Qatar Airways are expanding their strategic alliance with a new codeshare agreement, enabling American's customers to book travel on Qatar flights via Doha to and from 16 new countries.

2. **American, IndiGo Launch Codeshare Partnership.**

American Airlines and IndiGo implemented a codeshare agreement announced last year. American's customers flying from New York to Delhi can travel on IndiGo via Delhi to and from Bangalore and Mumbai. The carriers plan more than a dozen additional destinations in India.

3. **United to Add San Francisco- Brisbane Nonstops.**

United will begin year-round San Francisco-Brisbane nonstops in October. The Boeing 787-9 Dreamliner service will operate three times weekly. From Brisbane, United customers can connect to 20 cities in Australia via a new partnership with Virgin Australia. United currently flies nonstop to Sydney and Melbourne from the U.S.

4. **Robust Passenger Growth for Asia Pacific Airlines in May.**

International air passenger demand strengthened markedly in May amidst the lifting of travel restrictions, reports Association of Asia Pacific Airlines (AAPA), rising to 23.6% of volumes recorded in May 2019. By contrast, prevailing supply chain disruptions and slowing demand further stymied global trade activity, leading to a 5.6% year-on-year decline in international air cargo demand. "Keeping a lid on costs remains vital, as escalating fuel expenditure, higher labor and maintenance costs, on top of substantially heavier debt burdens, threaten to undermine the already fragile financial recovery," said AAPA Director General Subhas Menon. "In addition, airlines face increasing operational constraints as the air transport eco-system strives to keep up with the ramp-up in demand."

5. **Oman Air to Join oneworld.**

Oman Air became an oneworld member designate, sponsored by Qatar Airways with entry expected in 2024. The national carrier of the Sultanate of Oman serves 41 destinations in 20 territories and already codeshares with oneworld members Malaysia Airlines, Qatar Airways, Royal Jordanian, and SriLankan. CEO is Eng Abdulaziz Al Raisi.

6. Air India Acquiring AirAsia India.

Competition Commission of India approved Air India's full acquisition of Air Asia India. A joint venture between TSPL (83.67%) and Air India Investment Limited (16.33%), Air Asia India operates as AirAsia, providing domestic scheduled passenger, cargo and charter services. . . Air India parent Tata Group intends to open several hubs across the country, with the ambition of becoming "the largest hub carrier in the region." Air India currently has hubs in Delhi and Mumbai.

7. Emirates Begins Tel Aviv Service.

Emirates started daily Boeing 777 service to Tel Aviv from Dubai, with "connections to popular holiday destinations like Australia, Philippines, the Maldives, Sri Lanka, Thailand, and Vietnam." Emirates will also offer access to Tel Aviv "from points across its network with multiple daily and weekly flights, many of which are home to thriving Jewish communities." . . . Emirates increased Boeing 777-200LR services to Mexico City via Barcelona (BCN) from six times weekly to daily. Travelers from Mexico can connect through Dubai to Emirates' global network of over 130 destinations.

X. AMERICAS

1. Spirit Board Presses for Merger with Frontier.

Bidding for Spirit Airlines by Frontier and JetBlue reached a crescendo as a June 30 shareholder vote approached. Spirit urged investors to adopt an amended offer from Frontier, which was soon topped by JetBlue. Frontier Chair Bill Franke and President and CEO Barry Biffle and others warned that JetBlue's offer "lacks any realistic likelihood of obtaining regulatory approval," and JetBlue returned with a promise of increased cash benefits to offset that possibility, including "a ticking fee" that would pay shareholders 10 cents a share each month through completion or termination of the transaction. Spirit moved the date of its shareholder vote on the Frontier merger to July 8 as it continues discussions with Frontier and JetBlue.

2. Delta-LATAM Joint Venture Wins Tentative DOT Approval.

A proposed joint venture between Delta and LATAM Airlines Group was tentatively approved by DOT, subject to conditions that include maintenance of current third-party interline agreements; removal of exclusivity provisions that prohibit or limit Delta or LATAM from engaging in a business relationship with another carrier; a 10-year expiration and reassessment requirement; and removal of a capacity constraint clause, which "artificially limits growth during the initial stages of the proposed relationship." The partnership already has approval from Brazil, Chile and other competition authorities. Delta holds a 20% stake in LATAM and they codeshare on flights between the U.S. and South America and beyond. . . . LATAM and its subsidiaries in Brazil, Chile, Colombia, Ecuador, Peru and the United States announced that the U.S. Bankruptcy Court for the Southern District of New York approved the group's reorganization plan, which will inject \$8 billion through a capital increase, issuance of convertible bonds and new debt. This includes \$5.4 billion of financing backed by major shareholders (Delta, Qatar Airways and Grupo Cueto) and creditors.

3. United Airlines Pilot Leaders Approve Tentative Agreement.

United Airlines pilots tentatively approved modified terms for their collective bargaining agreement, said Air Line Pilots Association, Int'l (ALPA); voting closes July 15. Highlights of the two-year agreement include: No changes to number of permitted 76-, 70-, or 50-seat regional aircraft or to job protections related to international flying; three pay rate increases totaling more than 14.5% within 18 months, retroactive to start of 2022; enhanced overtime compensation and premium pay; significant improvements to reserve scheduling and pay provisions; improved parameters to combat pilot fatigue; quality of life improvements to increase pilot schedule flexibility; creation of a tax-advantaged

retirement plan; a new 8-week paid maternity leave benefit; improvements to long term disability benefits; improved training compensation; and enhanced instructor, evaluator, and line check pilot compensation to increase training capacity to meet United's hiring and growth plans.

4. IAM Reaches Tentative Agreement with Alaska Airlines.

International Association of Machinists and Aerospace Workers (IAM) reached a tentative agreement with Alaska Airlines covering airport customer service, stores, cargo, ground service, and reservations agents. If ratified, the four-year contract would raise base wage rates by 8.9% to 17.4% on Aug. 10, 2022, and by 2.5% on Aug. 10, 2023, with additional increases in 2024 and 2025, subject to industry review. The airline is also in contract talks with pilots.

5. SkyWest Files for Part 135 Authorization.

SkyWest applied to DOT for Part 135 commuter air carrier authorization, proposing to serve smaller, underserved markets under a charter subsidiary using 30-seat Bombardier CRJ200s reconfigured from 50 seats. Under Part 135, pilots would need fewer flight hours than required with a Part 121 certificate. SkyWest Charter intends to begin operations in fourth quarter 2022 and anticipates it eventually will serve 25 markets with 18 aircraft. Each market will be served with two daily round trips to a larger city. SkyWest is parent of SkyWest Airlines and SkyWest Leasing. SkyWest Airlines has a fleet of 500 aircraft, flies to 250 destinations in North America and operates through partnerships with United, Delta, American and Alaska Airlines. President and CEO is Russell "Chip" Childs.

6. Envoy, Piedmont, PSA Pilots Secure Significant Pay Increases.

Pilots at Envoy Air, PSA Airlines, and Piedmont Airlines, wholly owned subsidiaries of American Airlines Group, "secured industry-leading contract enhancements as part of an effort by the regional carriers to attract and retain pilots as travel demand surges," said ALPA. Envoy pilots will receive pay rate increases of 6% for First Officers and 10% for Captains, and a Pilot Supply Premium of 50% added to the hourly rate for all compensable hours through Aug. 31, 2024. . . . Piedmont pilots will receive increased first year Captain pay from \$78 per hour to \$146 per hour and first year, first officer pay from \$51 per hour to \$90 per hour. . . . PSA pilots will be "the highest paid in the regional airline industry." For pilot instruction, Line Check Airmen will receive a 200% pay credit. Pilots have a path to transition to mainline American within five years. "To support this commitment, PSA will compensate any eligible pilot who is not offered a position at American by the end of their fifth year of service at the top of the captain pay scale."

7. **May U.S. Travel Agency Air Ticket Sales Top \$8 Billion.**

Ticket sales totaled \$8.4 billion in May, up 135% from May 2021, said Airlines Reporting Corp. (ARC), and the first time total monthly sales eclipsed \$8 billion since January 2020. “Now that the U.S. inbound international testing requirement has been dropped, we anticipate international passenger trips to continue their upward trajectory,” said ARC. Figures reflect data from 10,644 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. . . . Separately, airline fares rose 12.6% in May after rising 18.6% prior month, according to Consumer Price Index Summary.

8. **Delta, Kenya Airways Expand Codeshare Partnership.**

See Section VIII, item 1.

9. **JetBlue Wins Permanent Heathrow Slots, Adds Gatwick Flights**

See Section VIII, item 2.

10. **American Begins Service from New York Kennedy to Doha.**

See Section IX, item 1.

11. **American, IndiGo Launch Codeshare Partnership.**

See Section IX, item 2.

12. **United to Add San Francisco- Brisbane Nonstops.**

See Section IX, item 3.

13. **Oman Air to Join oneworld.**

See Section IX, item 5.