



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. DOT Ramps Up Consumer Protections.

Secretary of Transportation Pete Buttigieg announced a Department of Transportation (DOT) dashboard “to help passengers understand their rights and compare how different airlines will treat them when there is an issue.” The new tool rolls out September 2 on DOT’s Aviation Consumer Protection website. “Airlines should take this opportunity to clarify and raise their standards,” Buttigieg tweeted. He urged airline CEOs, in individual letters, to ensure their customer service plans guarantee “adequate services and amenities to help passengers with expenses and inconveniences due to delays and cancellations,” and, “at a minimum, provide meal vouchers for delays of three hours or more and lodging accommodations for passengers who must wait overnight at an airport because of disruptions within the carrier’s control.” . . . According to the latest DOT Air Travel Consumer Report, passenger complaints rose 34.9% from May to June, and were 270% above pre-pandemic levels. For first six months of 2022, complaints rose 27.8% from same period 2021. Of complaints received in June, 57.7% were against U.S. carriers, 34.5% against foreign carriers, and 7.8% against travel companies.

2. DOT Proposed Rule Strengthens Refund Language.

DOT proposed a rule that would strengthen protections for consumers seeking airline ticket refunds. DOT currently requires airlines and ticket agents to refund travelers if airlines cancel or significantly change flights. However, the terms ‘significant change’ and ‘cancellation’ have not been defined, resulting in inconsistency among carriers as to when passengers are entitled to refunds. Also, since the start of the COVID-19 pandemic, airlines have questioned DOT authority to require refunds for flights they cancel or significantly change. This proposal “would codify DOT’s longstanding interpretation that a failure to provide refunds when a carrier cancels or significantly changes a flight to, from, or within the United States is an unfair practice.” DOT proposes to define the terms ‘significant change’ and ‘cancellation.’ Significant changes to a flight would include: changes that affect departure and/or arrival times by three hours or more for a domestic flight or six hours or more for an international flight; changes to departure or arrival airport; changes that increase number of connections in itinerary; and changes to type of aircraft flown if it causes a significant downgrade in the air travel experience or amenities available onboard the flight. Under the proposal, a canceled flight would mean a flight that was published in a carrier’s computer reservation system at time of ticket sale, but was not operated by the carrier. The proposal would require that airlines and

ticket agents provide flight credits or vouchers that are valid indefinitely when passengers are unable to fly for certain pandemic-related reasons. Airlines and ticket agents that receive significant government assistance related to a pandemic would be required to issue refunds, in lieu of non-expiring travel credits or vouchers. . . . DOT submitted to the Office of Management and Budget for review a notice of proposed rulemaking on Transparency of Airline Ancillary Fees, which would amend DOT's consumer protection regulation to ensure that consumers have ancillary fee information at or before the time of ticket purchase, including seat fees that affect families traveling with young children.

3. A4A: Airlines Taking Steps to Improve Travel Experience.

"Airlines are navigating a dramatically changed workforce and learning that pre-pandemic staffing models simply no longer work. There are more employee absences due to COVID-19 and fewer employees are able to work overtime," wrote Airlines for America (A4A) President and CEO Nicholas Calio in *Fortune*. But airlines are hiring at a rapid pace, investing in flight academies and, as of June 2022, A4A passenger carriers were staffed with 10% more pilots per 1,000 block hours than in June 2019. He noted that airlines have adjusted schedules and reduced summer capacity by 16% to accommodate staffing realities; adjusted travel policies, such as eliminating change fees or waiving expiration dates on travel credits; and issued \$21 billion in cash refunds since the onset of the pandemic. Refund complaints to DOT have been steadily declining, he added.

4. FAA Moves Forward on Seat Size Rule.

The U.S. Federal Aviation Administration (FAA) is soliciting public comment regarding minimum seat dimensions necessary to ensure safety during airplane evacuation of a broad range of passengers, including children, people over 60, and individuals with disabilities. FAA was directed to develop minimum airline seat size standards in the FAA Reauthorization Act of 2018.

5. Awards to Help Small Communities Improve Air Service.

DOT will award \$16.9 million from the Small Community Air Service Development Program to help 25 communities in 20 states develop solutions to local air service needs. The grants are used to provide financial incentives to carriers, conduct studies on possibilities of expanded service, and carry out marketing programs to promote existing local service. They help communities establish first air services, restore lost service, and establish new routes. The selected communities contribute financial resources to supplement the federal support, and many have provided letters of support from interested air carriers.

6. **White House Summit on Advanced Air Mobility.**

Acting FAA Administrator Billy Nolen was among speakers at a White House meeting to discuss the evolution and safe integration of drones and Advanced Air Mobility (AAM) into the national airspace system. . . . Among Nolen's remarks: Just a short time ago, the idea of having prescription medication airlifted to your front door during a pandemic or taking a flying car to the airport was the stuff of science fiction. Today, there is a real chance that these technologies could become a daily reality. . . . More than 860,000 drones are registered today in the United States. That's more than three times as many crewed aircraft. By 2025, we could have 2.6 million commercial and recreational drones flying in our airspace. It's critical that we have a standard set of rules for operations beyond visual line of sight (BVLOS). This would enable operations for things like routine package deliveries, infrastructure inspections and agriculture spraying and inspection. FAA is reviewing recommendations from an aviation rulemaking committee on how to enable safe, routine, BVLOS operations. . . . AAM operations that carry people are going to require a higher level of performance and oversight. We could see electric powered air taxis transport you across town or to the airport in just minutes. AAM aircraft could also be used to transport large cargo, or help with firefighting, air ambulance and search & rescue operations. Two companies expect to earn FAA certification of their vehicles as early as 2024. We've received many proposals for AAM concepts. Some have pilots on board, some are remotely piloted, and sometimes the aircraft is autonomous. . . . FAA is reaching out globally, working with civil aviation authorities from other nations to explore how we can harmonize our integration strategies. Through the National Aviation Authorities Network, involving FAA, the UK, Canada, Australia and New Zealand, we're looking at how to align certification processes and standards for AAM aircraft.

II. AIRPORTS

1. Changi Unveils Post-COVID Redesign for Terminal 5.

Singapore has reopened to fully vaccinated travelers without a need to quarantine, and Changi Airport unveiled a Post-COVID Redesign for Terminal 5 (T5). Drawing on lessons learned from the pandemic, T5 will be designed with flexibility to operate as smaller sub-terminals when needed, with space that could be converted for use during contingencies, such as testing operations or segregation of high-risk passengers. Provisions to reduce disease transmission will also be deployed, including contactless systems at passenger touchpoints, and ventilation systems that can be activated to increase use of fresh air and minimize mixing of air. T5 will be able to handle 50 million passengers per year. Construction is expected to begin in about two years, and operations in the mid-2030s.

2. Delta Granted Temporary Slot Waivers in New York, Washington.

FAA waived minimum slot usage requirements for some Delta flights at New York Kennedy and LaGuardia and Washington Reagan National, from June 1 through September 5, to allow the airline to adjust schedules, resources and staff assignments. FAA told Delta to offer customers the choice of a refund or re-accommodation on comparable transportation, including service on another carrier as needed, during the waiver period.

3. Denver Breaks Ground on 14-Gate Facility.

Denver International broke ground on a 120,000-square-foot, 14-gate ground boarding facility, which, said Frontier President and CEO Barry Biffle, will cut boarding and deplaning times in half by allowing customers access to aircraft from front and rear. Frontier will have preferential use and scheduling rights for the gates, and exclusive branding rights throughout the facility. An 8,000-square-foot maintenance facility will permit centralization of personnel and parts in close proximity to gates. The facility will open by mid-2024.

4. Ontario to Build Dianne Feinstein International Terminal.

Southern California's Ontario International will name its new international terminal in honor of Senator Dianne Feinstein (D-Calif.) to recognize her efforts in returning ownership of the airport from Los Angeles World Airports to the local authority in 2016. The airport then became "one of the aviation industry's great success stories," said Ontario International Airport Authority. In the first three years, passenger volumes increased 33%, and over the past five months, have exceeded pre-pandemic levels. New destinations since 2016 include Tawain, El Salvador, Honolulu, Charlotte, Austin and Newark, and a return of non-stop

service to New York Kennedy. Ontario ranks among the Top 10 freight airports in North America.

5. **VINCI is Primary Shareholder of Mexican Airport Operator OMA.**

VINCI Airports agreed to purchase 29.99% of OMA, comprised of 13 airports in Northern and Central Mexico which handled 23 million passengers in 2019. Financial close expected by yearend. . . . In other news, airlines agreed to reduce operations at Mexico City Juarez during repairs.

6. **Spain's Aena Wins Rights to Operate 11 Airports in Brazil.**

Spain's Aena was awarded a 30-year concession for 11 airports in Brazil—in São Paulo, Mato Grosso do Sul, Minas Gerais and Pará. The busiest, São Paulo Congonhas, handled 22.8 million passengers in 2019. Price of concession was €468 million with the contract scheduled to be signed in February. Aena also operates six airports in northeastern Brazil.

7. **Heathrow Extends Capacity Limits Through October.**

Following consultation with airlines, London Heathrow announced it will extend the current capacity limit of 100,000 daily departing passengers to October 29, saying “passenger journeys have improved with fewer last-minute cancellations, better punctuality and shorter wait times for bags,” since the cap was introduced in July. . . . In other UK news, Department for Transport will invest up to £500 million to upgrade and reopen Manston Airport primarily as an air freight hub with some passenger service. Construction will begin next year, with first cargo operations in early 2025. Located in Kent, the site was an RAF base and then a civil facility until closing in 2014.

8. **Schiphol Restricts Flights Through October.**

Amsterdam Schiphol will continue to restrict number of passengers handled per day in September and October. After consultation with airlines, the airport decided on a maximum of 67,500 local departures per day in September, and 69,500 in October. Passengers who were at the airport on time between April 23 and August 11, but missed their flight “due to an exceptional waiting time at security control,” can apply for compensation.

III. SECURITY AND DATA PRIVACY

1. **IATA Launches Platform to Help Manage Business Security Risks.**

The International Air Transport Association (IATA) launched an online platform offering users “a comprehensive range of timely, open-source, information to aid in identifying potential security risks and threats to their operations and businesses.” AVSEC Insight gathers risk-related information from a variety of sources, including niche and local-language news media and NOTAMs (Notice to Air Missions) and other official sources. It enables users to manage and identify business risks at early stages, monitor them in real time, and conduct post-event analysis. The tool covers threats and continuity risks from natural disasters, civil unrest and protests, geopolitical developments, and transnational crime and cybersecurity. Information can be customized to risk profile and operational needs, by country, city, airport or flight information region (FIR). The subscription-based service incorporates advanced machine learning and natural language processing capabilities “to ensure the platform becomes more intelligent and robust as the dataset grows.”

2. **TSA: Most Firearms Caught At Checkpoints Are Loaded.**

Transportation Security Administration (TSA) officers detected 5,972 firearms on passengers or in their carry-on bags at checkpoints last year. Of guns caught by TSA as of mid-August this year, about 86% were loaded. Penalties for bringing a handgun into a checkpoint can range to thousands of dollars, “depending on mitigating circumstances,” as well as loss of TSA PreCheck privileges.

3. **Airports Provide On-Site TSA PreCheck Enrollment.**

Orlando and Austin-Bergstrom are among the first airports to offer on-site TSA PreCheck enrollment for ticketed passengers with no need for an appointment. The service is facilitated by IDEMIA, an authorized TSA PreCheck enrollment provider and “leader in identity verification and validation technologies.”

IV. TECHNOLOGY AND EQUIPMENT

1. American to Purchase Supersonic Aircraft.

American Airlines made a non-refundable deposit on an initial order of 20 Boom Supersonic Overture aircraft, and has an option for an additional 40. Serving both civil and government markets, Overture will fly at twice the speed of today's airliners and is designed to run on 100% sustainable aviation fuel (SAF). Overture's order book, including purchases and options from American, United and Japan Airlines, stands at 130 aircraft. Overture is being designed to carry 65 to 80 passengers at Mach 1.7 over water, with a range of 4,250 nautical miles. A Miami to London trip in just under five hours and Los Angeles to Honolulu in three hours are anticipated. Overture is slated to roll out in 2025 and carry its first passengers by 2029. Overture's founder and CEO is Blake Scholl.

2. United Makes \$10 Million Payment for eVTOL Aircraft.

United made a \$10 million pre-delivery payment to Archer Aviation for 100 electric vertical take-off and landing (eVTOL) aircraft which it agreed to purchase in 2021. Archer recently completed its production aircraft's Preliminary Design Review (PDR) and is advancing to the next stage of development and commercialization efforts. United formed a Joint eVTOL Advisory Committee with Archer, allowing the parties to work more closely on eVTOL maintenance and operational matters. Committee members include Archer's operations and maintenance leadership, as well as leadership from United's maintenance, materials, and engineering groups. Archer is based in Santa Clara, CA and its CEO is Adam Goldstein.

3. United to Launch New Platforms for Corporate Customers.

United for Business Blueprint, a new platform scheduled to launch in late 2022, will allow corporate customers to fully customize business travel program contracts with the airline. This could include higher status in United loyalty programs; options to make working while traveling easier, including reserving more spacious seats and wi-fi access; and incentives like discounts on leisure travel for employees. United will also launch a new website later this year for corporate customers that will include the ability to easily rebook and exchange travel and view and use future flight credits, and to view reports on travel activity based on money spent or trips taken, with the option to filter by date of travel, origin, destination and more.

4. Delta Rebrands Business Travel Tools, Products, Services.

Delta is rebranding its business travel tools, products and services under one travel solution, Delta Business, for a consolidated experience for corporate and

travel agency customers. New offerings under the brand, to be introduced to U.S.-based customers, include self-service capabilities to issue digital Delta Sky Club passes and Complimentary Medallion Status. A new interactive Sustainability On-Demand dashboard will let customers track CO2 emissions, progress and top travel markets based on emissions footprint.

5. Southwest Launches Business Assist Travel Portal.

Southwest Business Assist, a new travel portal, has been launched to enable corporate travel buyers, travel decision makers, and travel management companies to better manage business travel on Southwest using features such as dashboards, reports, and automated processing of contractual benefits.

6. New Study Explores Travel Technology Usage.

“The role of the corporate travel manager changed significantly as a result of the pandemic, elevating the position as companies navigated unprecedented challenges,” says Global Travel Business Association (GBTA). The group released a new study, “The Evolution of Travel Program Technology,” which explores the impact of technology on the travel manager’s role, the traveler experience, and the travel management company (TMC). Among findings, almost all travel managers (96%) use an online booking tool (OBT), while reporting dashboards, TMC mobile apps, re-shopping tools and single use virtual payments are used less frequently. Fewer than half say their OBT shows carbon emissions (44%) or displays lower emission flights higher in search results (10%), provides sustainability messaging (4%), or is configured to exclude less sustainable options from search results (2%). Travel Managers are widely interested in using artificial intelligence to enhance reporting (87%), data cleansing (82%), personalization of search results (78%), and auditing of expense reports (62%). Their understanding of the New Distribution Capability (NDC) is mixed, with many being largely uninitiated with the XML-based data transmission standard. The survey was conducted from February 14 to March 21 by GBTA with responses from 309 travel managers in the U.S., Canada, Europe and Asia Pacific. The report was released to GBTA Convention attendees in August.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

The average price of aviation jet fuel on August 12 was \$138.49/barrel, down 5.4% on the month and up 79.9% compared to a year ago, reports IATA. Jet fuel price average for 2022 (year to date) was \$142.80/barrel.

2. Tax Credits for SAF Production in “Inflation Reduction Act.”

The “Inflation Reduction Act,” newly passed by Congress and signed by President Biden, includes provisions that aim to reduce greenhouse gas emissions. Among them are tax credits of \$1.25 to \$1.75 per gallon for sustainable aviation fuel (SAF), and a competitive grant program for projects located in the U.S. that produce, transport, blend or store SAF.

3. American Invests in Hydrogen-Electric Engine Developer ZeroAvia.

American Airlines announced an investment in ZeroAvia and signed a memorandum of understanding for an order of up to 100 engines from ZeroAvia’s hydrogen-electric powertrain development program. The ZA2000-RJ powertrain “is anticipated to enable passengers to fly in zero-emission regional jets as early as the late 2020s.” ZeroAvia is targeting a 300-mile range in 9-19 seat aircraft by 2024, and up to 700-mile range in 40-80 seat aircraft by 2026, and has secured experimental certificates for its two-prototype aircraft from the CAA and FAA and passed flight test milestones.

4. Southwest Adds SAF at Oakland International.

Southwest is the first carrier to use SAF at Oakland International. The fuel, from Neste, is made from renewable and sustainably sourced raw materials, including used cooking oil and animal waste fat. After blending with conventional jet fuel in accordance with applicable industry standards, it is compatible with Southwest aircraft and the airport’s infrastructure. Southwest aims to replace 10% of its total jet fuel consumption with SAF by 2030.

5. Lufthansa Offers Green Fare.

Lufthansa Group is offering a fare that includes full CO2 compensation; 80% of offsetting is done through climate protection projects and 20% through use of SAF. In the pilot project, the Green Fare will be offered to guests booking flights to Denmark, Sweden and Norway on the airline’s website. Starting in autumn, travel agencies in Scandinavia will also offer the new Green Fare. . . . Lufthansa and Shell signed a memorandum of understanding for exploring supply of SAF at airports worldwide, and intend to sign a contract for total supply volume of up to 1.8 million metric tons of SAF starting in 2024, over a term of seven years.

6. Atlantic Biomass, Bionoid to Produce SAF from Hemp.

Maryland-based Atlantic Biomass and multinational hemp supply and service company Bionoid plan to produce commercial quantities of SAF from residual hemp biomass. First stage of project will be based on hemp from Ecuadorian farms that are part of the Cannabis Biomass Production Pilot Project that Bionoid has developed with the Ecuadorian Center for Environmental Biotechnology. Phase II prototype testing will take place in conjunction with the University of Maryland Eastern Shore Department of Agriculture, Food, and Resource Sciences, which has capacity in great hemp genetics, plant tissue culture systems, and pest management programs.

7. World Energy to Build Second SAF Facility in Houston.

World Energy will convert its existing assets in Houston to launch a facility that will produce another 250 million gallons of SAF annually by 2025. The company also plans to produce 250 million gallons of SAF annually by 2024 at its Paramount, Calif. site. "Houston is the logical choice for World Energy's Aviation Zero plant two," said CEO Gene Gebolys, as it "provides tremendous access to global feedstocks, emerging sources of low-carbon hydrogen, and even access to captured carbon to advance commercialization of innovative new processes for the production of SAF."

8. Aemetis to Supply SAF to Aer Lingus, British Airways at SFO.

Renewable fuels company Aemetis signed an agreement with International Airlines Group to supply SAF to help power British Airways and Aer Lingus flights from San Francisco International from 2025. IAG will purchase a total of 78,400 tons of SAF over seven years. It will be produced at the Aemetis Carbon Zero plant currently under development in Riverbank, California. Aemetis headquarters are in Cupertino, California.

VI. U.S. CONGRESS

1. “Cash Refunds for Flight Cancellations Act” Re-Introduced.

A bill that would provide consumers “an enforceable right to a full cash refund for flight and ticket cancellations” was introduced by members of the House and Senate. The “Cash Refunds for Flight Cancellations Act” codifies the DOT rule requiring major airlines to offer consumers a cash refund if the airline cancels or significantly delays a flight, and provides consumers a new right to a cash refund if they cancel their ticket up until 48 hours of the flight’s scheduled departure. It authorizes the Secretary of Transportation to impose a \$1,000 civil penalty on an airline for failing to provide a full cash refund to a passenger within 30 days. A similar bill introduced in 2020 required major airlines to offer full cash refunds for all cancelled tickets during the coronavirus pandemic; this bill would expand that right beyond the pandemic.

2. Bill Would Hold Airlines Accountable for Antitrust Violations.

A bill “to eliminate the exemption of air carriers from the authority of the Federal Trade Commission (FTC) and to prohibit certain unfair and deceptive acts and practices relating to air carrier delays” was introduced in the House by Jan Schakowsky (D-IL), Chair of the Consumer Protection and Commerce Subcommittee of the Energy and Commerce Committee, and David Cicilline (D-RI), Chair of the Antitrust, Commercial, and Administrative Law Subcommittee of the Judiciary Committee. Specifically, the “Ensuring Friendly Skies for Passengers Act” would make it unlawful to cancel a flight less than four hours prior to takeoff if the airline knew at least two days prior that it did not have enough staff. Domestic delays of four hours and international delays of six hours would face similar consequences if an airline knew in advance it did not have enough staff. The legislation authorizes 100 new employees at FTC to handle an increased workload of investigating these incidents. “After taking tens of billions of dollars in taxpayer money during COVID, it is completely inexcusable that the major airlines are short staffed and canceling thousands of flights a day,” said Cicilline. “This commonsense bill protects consumers by removing a longstanding exemption that has shielded airline carriers for their abusive practices—including breaking antitrust laws—and bans industry practices that leave consumers high and dry.”

3. Final Flight Attendant Duty, Rest Rule Nears Completion.

Democrats on the House Transportation Committee urged Office of Management and Budget (OMB) Director Shalanda Young, in a letter, to complete the final rule on flight attendant duty period limitations and rest requirements. The 2018 FAA Reauthorization Act gave the Secretary of

Transportation 30 days to modify its final rule on flight attendant duty period limitations and rest requirements to ensure a flight attendant scheduled to a duty period of 14 hours or less is given a scheduled rest period of at least 10 consecutive hours. “Almost four years after bipartisan passage of the law, the final rule is still not complete,” they wrote. “This significant, prolonged delay is unacceptable and presents continued risk to aviation safety.” The comment period on the notice of proposed rulemaking closed on January 3, 2022. DOT, FAA and OMB “have had ample time to review the 808 comments received and issue a final rule,” they wrote, and requested a weekly update until the final rule is issued.

VII. **BILATERAL AND STATE DEPARTMENT NEWS**

1. **U.S., China Continue to Suspend Flights in COVID-19 Dispute.**

The U.S. Department of Transportation will suspend 26 China-bound flights operated by Air China, China Eastern, China Southern and Xiamen, in response to the China's decision to suspend 26 China-bound flights operated by United, American and Delta. Under China's zero COVID strategy, airlines face "undue culpability" for passengers who present negative test results before boarding but test positive after arriving in China, said DOT, warning of additional action if China imposes further measures. The air services dispute has been ongoing since the start of the pandemic. . . . Separately, Civil Aviation Administration of China (CAAC) adjusted its so-called "circuit breaker" measures for scheduled international passenger flights, "in a bid to effectively coordinate COVID-19 prevention and control as well as social and economic development, facilitate cross-border personnel movements and international exchanges and cooperation, and contain the pandemic in a more scientific and precise way."

2. **China, UK Resume Direct Passenger Flights.**

Direct flights between the UK and mainland China resumed, as the ban on direct passenger services due to the pandemic was relaxed.

VIII. EUROPE AND AFRICA

1. JetBlue Expands Transatlantic Service.

JetBlue launched daily Airbus A321LR nonstops from Boston Logan to London Gatwick and will add Boston to London Heathrow in September and an additional Gatwick departure from New York in October. The airline began transatlantic service last year.

2. Norse Atlantic Begins Flights from Berlin Brandenburg to U.S.

Norse Atlantic began Boeing 787 flights from Berlin Brandenburg to New York Kennedy and Los Angeles, and will begin three weekly Berlin-Fort Lauderdale services in December, which, said CEO Bjorn Tore Larsen, will make it “the largest long-haul carrier operating out of Berlin.” A connectivity partnership with easyJet, Norwegian and Spirit Airlines was announced; “the virtual interline agreement will provide 600 weekly connections to Norse transatlantic services.” The company's first flight was Oslo-New York in June.

3. Icelandic Budget Carrier Play to Serve Washington Dulles.

PLAY begins daily flights to Washington Dulles on April 26, with Airbus A320neo and A321neo aircraft. The Reykjavík-based budget carrier, which also serves Baltimore, Boston and New York, carried 181 thousand passengers in second quarter and anticipates 800,000 for the year. CEO is Birgir Jonsson.

4. Talks Stall between Lufthansa and Pilots.

Negotiations between Lufthansa and German Cockpit Association stalled and the union said strikes were possible with immediate effect. . . . Lufthansa reached agreement with ground staff on significant salary increases. . . . “The Lufthansa Group is back in the black,” said CEO Carsten Spohr, reporting a profitable second quarter. “Despite the need for some flight cancellations to stabilize operations,” the company will expand capacity in line with demand and plans to offer around 80% of pre-crisis capacity in third quarter. For full year 2022, expected passenger capacity is around 75% on average. Lufthansa Group plans to hire 5,000 new employees in second half, and a similar number in 2023.

5. Apollo Closes €500 Million Investment in Air France Affiliate.

Apollo announced the close of an agreement for Apollo-managed funds and affiliated entities to make a €500 million investment into an ad hoc operating affiliate of Air France that will own a pool of spare engines dedicated to engineering and maintenance activities. Proceeds allow Air France-KLM and Air France to redeem bonds provided as French State pandemic aid.

6. **IAG Takes 20% Stake in Air Europa.**

International Airlines Group (IAG) exercised its option to exchange a €100 million seven-year unsecured loan to Spanish tourism group Globalia for a 20% equity interest in Air Europa. IAG airlines include British Airways, Aer Lingus, Iberia and Vueling. Air Europa, the third largest airline in Spain, after Iberia and Vueling, is a member of SkyTeam; British Airways and Iberia are members of oneworld.

7. **Ryanair Adds Over 1 Million Seats to UK Winter Schedule.**

Ryanair added over 1 million seats to its winter schedule from 20 UK airports, and expects full-year traffic growth from an original target of 165 million to over 166.5 million passengers. CEO Michael O’Leary quipped the sale was a response to British Airways plans to “cancel 8% of its winter schedule (over 10,000 flights) due to staff shortages and capacity cuts at ‘Hopeless Heathrow.’”

8. **Wizz Air, Ryanair Probed by Hungary.**

Hungary is imposing taxes on industries including airlines that “profit from soaring post-pandemic demand.” The government ordered an investigation of consumer complaints against Budapest-based Wizz Air and fined Ryanair around \$780,000; Ryanair is appealing.

9. **Nigeria Releases \$265 Million to Airlines.**

Central Bank of Nigeria released \$265 million to airlines to settle outstanding ticket sales, as airlines including Emirates threatened flight suspensions. “Airline money blocked from repatriation by the Nigerian government grew to \$464 million in July,” said the International Air Transport Association.

10. **China, UK Resume Direct Passenger Flights.**

See Section VII, item 2.

11. **Delta Resumes Tokyo Service, Adds Cape Town, Tel Aviv, Tahiti.**

See Section IX, item 2.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Asia Pacific Passenger Traffic Recovery Continues, Cargo Weakens.

Asia Pacific airlines flew a combined total of 11.3 million international passengers in July, surpassing 10 million for the first time since February 2020, reports Association of Asia Pacific Airlines (AAPA). For first seven months of year, total number of international passengers carried was 43 million. Air cargo markets weakened further in July, as international demand dropped by 11.6% year-on-year; average international freight load factor declined by 8.6% to 67.8% for the month. “Overall, 2022 looks to be a better year by far, although there will be bumps in the road to recovery,” said AAPA Director General Subhas Menon. “Immediate challenges include operational constraints resulting from manpower shortages, in addition to rising costs amid a distinct slowdown in global economic growth.”

2. Delta Resumes Tokyo Service, Adds Cape Town, Tel Aviv, Tahiti.

Delta will resume flights from Los Angeles to Tokyo Haneda on October 30, in anticipation of Japan’s easing travel restrictions, operating three weekly Airbus 330-900neo flights, then daily in December. Delta will begin new daily Boeing 767-300ER service between Honolulu and Haneda on December 1. . . . Delta will launch three weekly Airbus A350-900 nonstops from Atlanta to Cape Town in December; three weekly Airbus A350-900 nonstops from Atlanta to Tel Aviv in May; and three weekly Boeing 767-300ER nonstops from Los Angeles to Tahiti in December; all are subject to final government approval.

3. Qantas to Resume New York Flights Next June.

Qantas will resume service to New York in June 2023, “after a three-year COVID-induced hiatus.” The Sydney-Auckland-New York Dreamliner service will operate three days a week initially, subject to regulatory approval. The airline plans a multi-million-dollar investment in new lounges in Adelaide, Auckland, Port Hedland and Rockhampton. Qantas currently operates six daily services to Auckland from Sydney, Brisbane and Melbourne. . . . Qantas opened a Cabin Crew training facility at its Sydney headquarters. A recruitment drive is expected to hire 1,600 new cabin crew over next 10 months. . . . Qantas’ total losses since start of pandemic came to more than \$7 billion and lost revenue to more than \$25 billion, said Group CEO Alan Joyce, adding, “COVID cost us more money in the past three years than we made in the five years before that.” Current revenue intakes for leisure travel are around 125% of pre-COVID levels; for business travel, it’s 90%; and forward bookings are extremely strong. . . . The Australian Competition and Consumer Commission (ACCC) outlined concerns that Qantas’ proposed acquisition of Alliance Aviation Services “is likely to

substantially lessen competition for air transport services to and from regional and remote areas in Queensland and Western Australia for corporate customers.” Qantas said it will continue to work with ACCC to ensure that competition concerns are addressed. Qantas currently owns just under 20% of Alliance and is its largest customer, wet leasing up to 18 Embraer aircraft that Alliance operates on a number of routes.

4. **ANA to Increase Frequencies for Select Routes.**

To meet growing demand, All Nippon Airways (ANA) will increase frequencies for select routes to North America, Europe and Asia/Oceania from September 16 to October 29, including Tokyo Haneda-Los Angeles and Tokyo Narita-Seattle.

5. **Agility Completes £763 Million Acquisition of Menzies Aviation**

Agility finalized its £763 million acquisition of UK-based Menzies Aviation and will combine it with its National Aviation Services (NAS) business. The integrated company will operate as Menzies Aviation and provide air cargo, fuel and ground services at 254 airports in 58 countries, with approximately 35,000 employees. “Agility’s backing . . . means we are well-positioned to support our customers in tackling supply chain challenges and labor shortages,” said Menzies Aviation CEO Philipp Joeinig, who will be CEO of the combined company; NAS CEO Hassan El-Houry will be Chairman. Agility is a publicly listed company in Kuwait and Dubai.

6. **U.S., China Continue to Suspend Flights in COVID-19 Dispute.**

See Section VII, item 1.

7. **China, UK Resume Direct Passenger Flights.**

See Section VII, item 2.

X. AMERICAS

1. American to cut 31,000 flights from its November schedule

American Airlines is trimming 31,000 flights (16%) from its November schedule, with most cuts on the Boston to Philadelphia and Chicago O'Hare to Dallas-Fort Worth routes. "Preliminary schedules are published 331 days in advance and then adjustments are made closer in based on the schedule we intend to operate," the airline told CNN. "We are now loading schedule adjustments approximately 100 days in advance, which is in line with how we adjusted our schedule in 2019 prior to the pandemic."

2. Alaska's Ground Employees Ratify Contract Extension.

Alaska Airlines' airport customer service agents, stores, cargo, ground service and reservations agents, represented by International Association of Machinists and Aerospace Workers, ratified a two-year contract extension. The contract includes increased pay with market reviews to ensure wage rates stay competitive, as well as increases in longevity pay. "Job security has also been extended until September 27, 2028."

3. JetBlue Cuts 37 Routes.

JetBlue suspended 37 routes for the fall and into 2023, in an effort to ensure operational reliability. Newark, Fort Lauderdale and Los Angeles had the largest number of route cuts. . . . JetBlue will pay \$3.6 million to more than 500 flight attendants to settle a lawsuit filed in March 2015. The complaint alleged that the airline violated California law by failing to pay employees minimum wage for all hours worked, and usually paid only for hours after the plane left the departure gate until it arrived at destination gate. The settlement includes up to \$900,000 in attorney fees. JetBlue denies wrongdoing.

4. Unions: "No Stock Buybacks in Aviation until Problems are Fixed"

Noting the federal Payroll Support Program (PSP) barred airline executives "from utilizing stock manipulation tricks" through September 30, 2022, unions urged airline CEOs to extend the COVID relief ban on stock buybacks until "operational meltdowns are not the norm and staffing and flight schedules are aligned to support public demand; and labor contract negotiations are concluded." They launched website nostockbuybacks.org to accompany a public petition.

5. Spirit to Resume Florida-Nicaragua Nonstops.

Spirit will resume daily, nonstop service connecting Managua, Nicaragua and Fort Lauderdale on November 30, increasing international service to 29 markets

across Latin America and the Caribbean, including Central American destinations.

6. Frontier Adds International Destinations.

Frontier will launch service from Atlanta to international destinations in November and December, including San Jose and Liberia in Costa Rica; Nassau, Bahamas; San Salvador, El Salvador; and Kingston, Jamaica; introductory fares started at \$69. New Orlando to Guadalajara service begins in November, with fares from \$89. . . . Following termination of its proposal to acquire Spirit, Frontier offered a limited-time fare sale on 1 million seats from \$19, which, CEO Barry Biffle told Reuters, drove a 10 percentage-point jump in reservations from the first half of the year. “The company is putting rivals on notice that it will fight to take share on its own,” reported Reuters. “It will cut basic fares to fire-sale prices, seek to increase non-ticket revenue and take advantage of the retreat by some U.S. airlines, and Frontier’s own relatively deeper pool of pilots, to open new routes.” Bill Franke, who’s Indigo Partners is a major stakeholder in Frontier and holds stakes in Wizz Air, JetSMART of Chile and Mexico’s Volaris, said he does not rule out making a fresh bid for Spirit, where he once served as Chairman, if the JetBlue transaction fails to close.

7. Investor Group to Acquire Atlas Air Worldwide for \$5.2 Billion.

Atlas Air Worldwide agreed to be acquired by an investor group led by funds managed by affiliates of Apollo together with investment affiliates of J.F. Lehman and Hill City Capital, in an all-cash transaction valued at \$5.2 billion. Upon completion of the transaction, the global provider of outsourced aircraft and aviation operating services will become a privately held company no longer listed on the Nasdaq stock exchange, and will continue to operate under the Atlas Air Worldwide name and be led by John Dietrich and the current executive team. Transaction close is expected in fourth quarter 2022 or first quarter 2023, subject to closing conditions, including shareholder and regulatory approvals. Atlas Air Worldwide is parent to Atlas Air and Titan Aviation Holdings, and majority shareholder of Polar Air Cargo Worldwide.

8. UPS to Acquire Healthcare Logistics Provider Bomi Group.

UPS plans to acquire multinational healthcare logistics provider Bomi Group. The transaction will add temperature-controlled facilities in 14 countries and nearly 3,000 employees to the UPS Healthcare network in Europe and Latin America. “The acquisition will play a key role in the delivery of next-generation pharmaceutical and biologic treatments that increasingly require time-critical and temperature-sensitive logistics,” said the company. Close is expected by end of year, subject to regulatory review and approval.

9. Air Wisconsin to Fly for American Instead of United.

Air Wisconsin entered into a new five-year capacity purchase agreement with American Airlines, under which it will provide up to 60 CRJ-200s for regional airline services, and will terminate its agreement with United. Initially, Air Wisconsin will provide regional services for American primarily based at Chicago O'Hare, with possible future expansion to other hubs. Air Wisconsin's flights will be operated as American Eagle. Air Wisconsin is an indirect wholly owned subsidiary of Harbor Diversified.

10. ExpressJet's Aha! Ceases Operations.

Aha! ceased all flight operations, as parent ExpressJet filed for bankruptcy protection under Chapter 11. Aha! had been operating from Reno-Tahoe to 11 West Coast cities and providing ad-hoc charter services. Reasons cited include lack of availability of aircraft and inability to swiftly establish passenger servicing infrastructure in smaller airports; lower revenues from factors including the impact of COVID-19 variants; inability to implement hotel bundle offers, foundational to aha!'s "air hotel adventure" plans; and high fuel prices. ExpressJet ceased operations in 2020 and later introduced aha!

11. CommutAir Pilots Secure Improved Pay and Bonuses.

Pilots at CommutAir will earn an additional \$52.7 million in hourly rates, plus an additional \$57.1 million in retention bonus payments and other improvements over the next four years, said Air Line Pilots Association, Int'l (ALPA), under a new agreement meant to help the regional carrier attract and retain crew. CommutAir operates under the United Express brand.

12. Breeze Pilots Vote to Unionize.

Plots at David Neeleman's Breeze Airways have voted to unionize, announced ALPA. The National Mediation Board certified ALPA as the union representative for the Utah-based carrier, which plans to take legal action against the vote.

13. Canada Jetlines Receives Air Operating Certificate.

Canada Jetlines received its air operating certificate from Transport Canada and planned to begin Airbus A320 service from Toronto Pearson to Winnipeg and Moncton, New Brunswick, on August 29. The leisure airline intends to provide passengers with value-focused travel to preferred sun-destinations within the U.S., Caribbean, and Mexico.

14. CAPA: Latin America Air Travel Recovery "Well Under Way."

Latin America air travel recovery is well under way, but familiar challenges remain, said the Centre for Aviation at its CAPA Latin America Summit. Those challenges include high fuel prices; uncertainty with new governments in Peru,

Chile and Colombia; the upcoming election in Brazil; taxation; and currency fluctuations.

15. **U.S., China Continue to Suspend Flights in COVID-19 Dispute.**
See Section VII, item 1.
16. **JetBlue Expands Transatlantic Service.**
See Section VIII, item 1.
17. **Norse Atlantic Begins Flights from Berlin Brandenburg to U.S.**
See Section VIII, item 2.
18. **Icelandic Budget Carrier Play to Serve Washington Dulles.**
See Section VIII, item 3.
19. **Delta Resumes Tokyo Service, Adds Cape Town, Tel Aviv, Tahiti.**
See Section IX, item 2.
20. **Qantas to Resume New York Flights Next June.**
See Section IX, item 3.