



## 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: Peak Travel Season Ended on High Note in August.

Passenger data for August shows continued momentum in air travel recovery, reports International Air Transport Association (IATA). Total traffic (revenue passenger kilometers or RPKs) was up 67.7% compared to August 2021. Globally, traffic reached 73.7% of pre-crisis levels. Domestic traffic was up 26.5% compared to the year-ago period; total August 2022 domestic traffic was at 85.4% of August 2019 level. International traffic rose 115.6% versus August 2021 with airlines in Asia delivering the strongest year-over-year growth rates. August 2022 international RPKs reached 67.4% of August 2019 levels. “The Northern Hemisphere peak summer travel season finished on a high note. Considering the prevailing economic uncertainties, travel demand is progressing well. And the removal or easing of travel restrictions at some key Asian destinations, including Japan, will certainly accelerate the recovery in Asia. The mainland of China is the last major market retaining severe COVID-19 entry restrictions,” said IATA Director General Willie Walsh.

### 2. DOT Approves Delta-LATAM Joint Venture.

The U.S. Department of Transportation (DOT) approved the Delta-LATAM Joint Venture, which will allow passengers to access more than 300 destinations between the U.S./Canada and South America (Brazil, Chile, Colombia, Paraguay, Peru and Uruguay). Delta and LATAM already codeshare on 20 U.S.-South America routes and beyond, have reciprocal mileage and lounge benefits, and share terminals at airports including New York Kennedy, São Paulo and Santiago. . . . LATAM Group plans to exit its Chapter 11 proceeding in the United States on November 3.

### 3. DOT Authorizes Norse Atlantic UK to Operate UK-U.S. Flights.

DOT granted Norse Atlantic UK a foreign air carrier permit, after the UK Civil Aviation Authority licensed the carrier to begin direct flights from the UK. Norse Atlantic partners with easyJet, Norwegian and Spirit in a virtual interline agreement for connections to Norse’s transatlantic services. Norse has taken delivery of 13 of 15 Boeing 787s, on long-term flexible lease terms. Bjorn Tore Larsen is CEO.

### 4. FAA Extends Rest Periods for Flight Attendants.

The Federal Aviation Administration (FAA) issued a final rule that increases the rest period for flight attendants from nine to 10 consecutive hours between shifts. The rule fulfills requirements of the FAA Reauthorization Act of 2018,

which directed FAA to increase the minimum rest period for flight attendants with scheduled duty of 14 hours or less and eliminate the provision that permitted rest to be reduced in certain circumstances.

**5. U.S. Airlines Vow to Improve Passenger Accessibility.**

Airlines for America (A4A) members vowed to improve services for passengers with disabilities and establish an advisory group within each airline, improve transfer of passengers and mobility aids, enhance employee training and support development of improved aircraft accessibility features. “Passengers with disabilities represent one of the fastest growing traveler segments,” said A4A, noting support for rights set forth in DOT’s Airline Passengers with Disabilities Bill of Rights, “especially the right to be treated with dignity and respect.”

**6. FAA Upgrades Malaysia’s Safety Assessment Rating.**

Malaysia achieved an International Aviation Safety Assessment (IASA) Category 1 rating and is in compliance with International Civil Aviation Organization (ICAO) standards, announced FAA, following a thorough review of Malaysia’s progress in improving its safety oversight processes. Under a Category 1 rating, properly authorized Malaysian air carriers are permitted to serve the United States and enter into codeshare agreements with U.S. carriers without limitation.

**7. Judge Finds Passengers Killed in MAX Crashes are Crime Victims.**

A federal judge ruled that passengers killed in the two Boeing 737 MAX flights were crime victims, thus families can challenge the January 2021 settlement between Boeing and the Justice Department. “The tragic loss of life that resulted from the two airplane crashes was a reasonably foreseeable consequence of Boeing’s conspiracy to defraud the United States,” wrote U.S. District Judge Reed O’Connor.

**8. FAA Ends Broad Slot Relief.**

The FAA ended the waiver on minimum slot-use requirements as of October 29. The standard 80% slot utilization rule will apply at DCA, JFK, and LGA. In addition to relying on existing standards to determine whether relief is granted on a case-by-case basis, carriers will be able to petition the FAA for targeted relief “in consideration of reciprocal treatment of air carriers and foreign air carriers with various alleviation policies at foreign airports related to restrictions and recovery from COVID–19 impacts.”

## II. AIRPORTS

### 1. ACI World: Industry Moves Closer to Full Recovery.

“Air travel should see a continued uptick overall in the second half of 2022, moving the industry closer to its full recovery, still forecast for 2024,” said Airports Council International (ACI) World, in its latest assessment analyzing the impact of the COVID-19 pandemic on airports. However, the war in Ukraine, bottlenecks in global supply chains, and a tightening of global monetary policy, with central banks increasing interest rates to tame inflation, “will inevitably cause a decrease in economic activity and potentially impact consumer confidence.” Despite these risks, global passenger traffic in 2022 is expected to be 6.8 billion. Global domestic passenger traffic is still expected to reach its 2019 level in late 2023. Global international passenger traffic will reach its 2019 high in second half 2024. ACI World’s 2022 World Airport Traffic Report is “the authoritative source and industry reference for airport traffic data, rankings, and trends for over 2,600 airports in more than 180 countries and territories worldwide.”

### 2. Delta Moves O'Hare Operations to Terminal 5.

Delta moved its O'Hare operations to newly renovated gates in Terminal 5, in what the Chicago Department of Aviation termed “the next big step in the \$1 billion expansion and renovation project.” Delta’s eight gates in Concourse E at Terminal 2 will be reallocated to United and Alaska. Terminal 5 renovation and expansion work will continue to open in phases through 2023.

### 3. Delta, LAX Complete T3 Facility.

Los Angeles World Airports, in partnership with Delta, opened the T3 facility, a major phase of the Delta Sky Way at LAX project, which includes nine new gates. A centralized check-in lobby, expanded security checkpoint, baggage claim area and Delta Sky Club opened in April; restaurant and retail options in Terminal 3 will open over coming months. When the joint \$2.3 billion project is finished in 2023, Terminals 2 and 3 will be a consolidated, 1.2-million-square-foot, 27-gate complex, with airside connector to Tom Bradley International Terminal, eliminating the need to bus between terminals. Delta operates 135 daily flights at LAX.

### 4. Major Upgrades for BWI Thurgood Marshall Approved.

A \$332.5 million contract was approved for upgrades to the center of operations for Southwest Airlines at BWI Thurgood Marshall, which will include a new baggage handling system, a direct connection between concourses A and B, expanded hold room areas at passenger gates, new restrooms and added food

and retail concessions space. The A/B Connector and Baggage Handling System improvements are the largest terminal enhancement ever for the airport, which is also collaborating with Southwest on a \$135 million maintenance facility, the airline's first in the northeastern United States. The 27-acre site will include a hangar to accommodate up to three Boeing 737s and apron space to accommodate up to eight Southwest jets, along with associated office and workshop space. The A/B Connector and Baggage Handling System project is set to begin this year, with completion of the new baggage handling system and the connector in late 2025, and final program completion in summer 2026. Southwest serves about 70% of the airport's passenger traffic with more than 4,000 employees. "BWI Marshall is a top economic driver for Maryland and the entire National Capital Region," said Executive Director Ricky Smith.

**5. Two Major Projects Advance to Upgrade Seattle.**

Port of Seattle Commission authorized more than \$250 million to advance the SEA Gateway Project at Seattle-Tacoma International, a partnership with Alaska Airlines to modernize ticketing, security and bag claim areas in the terminal's north end; and to proceed with advanced work and design on the S Concourse Evolution, a major remodel to restructure, repurpose and renovate existing spaces.

**6. FAA Awards \$31 Million for Airport Cargo Projects.**

FAA has awarded more than \$31 million in grants to expand cargo infrastructure at nine U.S. airports and "help expedite the movement of goods throughout the country." Grant recipients include Ted Stevens Anchorage (\$8,169,544), Chicago Rockford (\$6,799,210), Huntsville (\$5,614,732) and Greenville-Spartanburg (\$4,524,530). Funding comes from the Airport Improvement Program during FY2022, which pays for projects including construction of new and improved airport facilities, repairs to runways and taxiways, maintenance of airfield elements like lighting or signage, and purchase of equipment needed to operate and maintain airports.

**7. EU Extends Slot Relief.**

The European Union (EU) temporarily waived slot-use requirements, "to move towards normality while continuing to provide certain flexibility." General slot relief at 75% would still apply during the winter season, through March 25, 2023. In case of urgent need stemming from an epidemiological crisis or the war in Ukraine, the rule would be modified. In addition, air carriers will be allowed to benefit from justified unused slots and count them as operated. On the other hand, air carriers prohibited to fly into EU airspace will lose their slots immediately. The new regulation will apply to the coming winter season and until

the end of the summer season of next year, for which the standard 80% slot utilization rule will apply.

**8. Heathrow Removes Capacity Cap.**

London Heathrow removed the cap on capacity, which had been initiated in July to curb disruption. Resource levels across the airport, airlines and their ground handlers have been increasing, said the airport and “we are working with our airline partners to develop a more targeted mechanism, which protects passenger service during peak periods.” Close to 5.8 million passengers travelled through Heathrow in September, 15% below 2019 levels.

**9. Schiphol Limits Capacity Through March.**

Amid security staff shortages, Schiphol capped the number of travelers that can depart the airport until end of March and plans to review this decision near end of this year. Schiphol, trade unions and security companies negotiated an agreement “that will structurally improve working conditions at the airport in the short term. . .wages for security guards at Schiphol could rise by about 40%.” . . . Ruud Sondag was appointed interim CEO of Royal Schiphol Group, from November 1, 2022 until August 31, 2023. He succeeds Dick Benschop, who resigned amid Schiphol’s operational challenges. . . . Royal Schiphol Group signed an agreement in principle to acquire a 40% interest in Maastricht Aachen (MAA) for €4.2 million and will contribute €800,000 to an environmental fund. MAA offers regional passenger flights and is the second largest cargo airport in the Netherlands.

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

1. **TSA Responds to Cyberattacks on Airports.**

The Transportation Security Administration (TSA) said it plans to issue additional performance-based cybersecurity requirements for critical aviation systems, following apparently coordinated cyberattacks on several U.S. airport websites. TSA said the attacks, allegedly organized by pro-Russian hackers, did not disrupt flight operations. TSA has asked airport and airline operators to designate a cybersecurity coordinator and report cybersecurity incidents, conduct a cybersecurity assessment, and develop remediation measures and incident response plans. FAA in September told airports to address physical and cyber security risks, in order to receive construction grants.

2. **New Compact Baggage Screener for Smaller Airports.**

A new, compact version of an advanced carry-on baggage screening system is in use at Harry Reid International in Las Vegas. The Reduced Form Factor-Computed Tomography (RFF-CT) system shows detailed three-dimensional images of objects inside carry-on bags allowing transportation security officers to identify most textures and materials, reducing the number of bag checks. The RFF-CT system can be used in airports with size or layout limitations.

## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. American Signs New Agreements with Amadeus, Sabre, Travelport.**

American Airlines signed new long-term agreements with the three major global distribution systems (GDS), Amadeus, Sabre and Travelport. With American's New Distribution Capability (NDC) technology, the new agreements "provide customers more opportunities to experience modern retailing with access to American's content, including elevated offers and ancillary products in more channels." American's NDC-enabled content is already available with Amadeus and Travelport and will be available with Sabre in early 2023.

### **2. United, Sabre Renew Global Distribution Agreement.**

United renewed its multi-year distribution agreement with Sabre, under which the airline will continue distributing its content to Sabre's GDS. United and Sabre will continue to collaborate to deliver NDC supporting the airline's retailing vision.

### **3. Delta, Joby to Pioneer Home-to-Airport eVTOL Service.**

Delta is partnering with Joby Aviation to deliver home-to-airport service to Delta customers, beginning in New York and Los Angeles, using all-electric, vertical takeoff and landing (eVTOL) aircraft. Delta is making an upfront equity investment in Joby of \$60 million, with total investment of up to \$200 million as further milestones are achieved. The partnership will be mutually exclusive across the U.S. and UK for five years following commercial launch, with potential to extend that period. Joby's eVTOL has flown more than 1,000 test flights, demonstrating range, speed, altitude and low noise profile. The company was granted a G-1 (Stage 4) Certification Basis for its aircraft by FAA and recently received Part 135 Air Carrier Certification.

### **4. Wisk Unveils its Newest Self-Flying eVTOL Air Taxi.**

Wisk Aero unveiled its Generation 6 autonomous eVTOL air taxi, which features detect and avoid capabilities; logic-driven, procedural-based, decision-making software that provides reliable, deterministic outcomes; and multi-vehicle supervisors that provide human oversight of every flight and can intervene when needed. The four-seat aircraft has a cruising speed of 120 knots and range of 90 miles with reserves. California-based Wisk launched in 2010, later merged with Kitty Hawk Corp., and is backed by Boeing.

### **5. Transavia Invests in Electric Airliner FlyWithLucy.**

Transavia Ventures has invested in electric airliner FlyWithLucy (Lucy), which will fly from Eindhoven "from 2025 with a comfortable door-to-door experience

for the business traveler.” Transavia is a unit of Air France-KLM Group, operating scheduled and charter flights from the Netherlands.

**6. U.S. Unit Formed for China’s Prosperity eVTOL Aircraft.**

Shanghai-based AutoFlight is forming a U.S. subsidiary and flight center for its four-seat Prosperity I eVTOL air taxi. The company named Eviation co-founder and CEO Omer Bar-Yohay as President; and former Joby executive Chad Cashin as Chief Commercial Officer. AutoFlight has an engineering and certification center in Germany and manufacturing centers in China. European Managing Director is former Airbus executive Mark Henning, based in Augsburg, Germany. Lukasz Gadowski is partnering with AutoFlight, with a \$100 million investment from his Berlin-based Team Global. Tian Yu is Chairman and CEO of AutoFlight.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on October 14 was \$144.45/barrel, up 18.8% on the month and up 47.3% compared to a year ago, reports IATA. Jet fuel price average for 2022 (year to date) was \$142.1/barrel.

### **2. ICAO Adopts Net-Zero 2050 Goal for International Operations.**

ICAO adopted an aspirational goal of net-zero carbon emissions by 2050, at the 41st ICAO Assembly. Achievement “will rely on the combined effect of multiple CO<sub>2</sub> emission reduction measures, including the accelerated adoption of new and innovative aircraft technologies, streamlined flight operations, and the increased production and deployment of sustainable aviation fuels (SAF),” said ICAO. Air Transport Action Group and others termed the agreement a milestone and said it will prevent a patchwork of global measures. States underscored importance of viable financing and investment support to achieve the goal, and supported a new ICAO Assistance, Capacity-building and Training for SAF program. The Assembly moved to amend the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) baseline to 85% of emissions produced in 2019.

### **3. FAA Supports Research to Achieve Aviation Environmental Goals.**

FAA issued more than \$16 million in grants to 14 universities for research projects that focus on SAF, alternative jet fuel supply chains, electrification, noise reduction, noise exposure, hydrogen propulsion, engine technology, supersonic operations, and environmental measurement to reduce aviation emissions and noise. The university teams are members of the Aviation Sustainability Center (ASCENT), part of FAA Air Transportation Center of Excellence for Alternative Jet Fuels and Environment.

### **4. American Airlines Invests in Universal Hydrogen.**

American Airlines announced a strategic equity investment in Universal Hydrogen, which is building a green hydrogen distribution and logistics network for aviation using modular hydrogen capsules that are handled like cargo, eliminating the need for new fueling infrastructure at airports and speeding up fuel loading operations. The company anticipates starting hydrogen deliveries for regional aircraft in 2025, and plans to expand services to larger, single aisle aircraft, first for auxiliary power in the late-2020s and then as a primary fuel by the mid-2030s. Other strategic investors in Universal Hydrogen include Airbus Ventures, GE Aviation, Toyota Ventures and major hydrogen producers and aircraft lessors.

**5. Singapore, U.S. Collaborate to Advance Sustainable Aviation Efforts.**

Singapore and the United States agreed to collaborate and exchange information to advance sustainable aviation, in areas including policy and regulation, industry development, future infrastructure planning and provision, and workforce transformation. Signed by Singapore’s Minister for Transport and Minister-in-charge of Trade Relations, and U.S. Secretary of Transportation Pete Buttigieg, the Memorandum of Cooperation will drive the research and development, test bedding and trial of SAF; facilitate development of secure sustainable fuel supply chains; study the scale, costs and technical and commercial viabilities of developing “green lanes” between Singapore and the United State; and encourage the gradual uptake of SAF-operated flights by consumers. . . . A new update to Singapore’s pre-Brexit Open Skies Agreement with the UK includes collaboration to promote the sustainable development of aviation, in line with the environmental standards, initiatives, and goals adopted by ICAO. Singapore and the UK earlier set up a Bilateral Aviation Steering Committee to exchange information and foster collaboration on emerging green technology and decarbonization initiatives.

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

### **1. House Members Urge Airlines to Invest in Improved Service.**

House Members sent a letter to aviation leaders urging them “to refrain from initiating stock buybacks as the Payroll Support Program’s (PSP) ban on them expires on September 30, 2022, at least until air carriers are able to publish and fulfill schedules that meet demand; staff flights and key personnel positions appropriately; and return service to every community—big or small.” Airlines must continue to address operational challenges, such as flight delays and disruptions that affect millions of passengers, before pursuing stock buybacks, wrote the 70 lawmakers to Nicholas Calio, Airlines for America President and CEO; Faye Malarkey Black, Regional Airlines Association President and CEO; and George Novak, National Air Carrier Association President. As the pandemic struck in 2020, Congress passed the PSP, as part of the CARES Act and subsequent relief bills, to provide \$50 billion in aid to airlines for employee wages and benefits, which protected the industry from collapsing. Airlines that took these funds agreed to refrain from issuing involuntary terminations or furloughs as well as engaging in stock buybacks and dividends, and capped executive compensation for a specified amount of time.

### **2. House Passes Bill to Improve Foreign Repair Station Safety.**

The House passed the Global Aircraft Maintenance Safety Improvement Act (H.R. 7321), which “addresses weaknesses in FAA’s application of safety rules to foreign repair stations” by requiring annual unannounced inspections, mandating reporting of mechanical issues and problems attributable to foreign repairs and compelling the agency to conduct required background checks of foreign repair station employees. Also passed was the National Center for the Advancement of Aviation Act of 2022 (H.R. 3482), a bipartisan, bicameral investment in a federally chartered, independent entity to support and promote the civil aviation workforce. The bill would fund scholarships, apprenticeships, aviation curriculum development, and other outreach efforts; serve as an educational repository for sharing information on workforce development and skills training; and provide a national independent forum to support collaboration among aviation stakeholders. A bill that would temporarily allow FAA to cover all costs for airports to purchase and deploy equipment to test fire suppression systems that contain perfluoroalkyl and polyfluoroalkyl substances (PFAS) without discharging such substances was passed (S. 3662), as was a bill that increases to \$1 million the threshold for small projects, allowing more recovery projects to proceed under simplified procedures (H.R. 5461).

**3. “Visitor Visa Wait Time Reduction Act” Introduced.**

The “Visitor Visa Wait Time Reduction Act,” introduced in the House, addresses “extreme, years-long wait times for visitor (nonimmigrant) visa appointments.” The bipartisan bill requires the State Department to outline specific steps to address this problem at each diplomatic post where the wait time for a visitor visa appointment exceeds 100 days. It also temporarily reassigns staff from other State Department offices to diplomatic posts where the wait time for a nonimmigrant visa appointment exceeds 300 days. Currently, the average wait time for nonimmigrant visa appointments is about 250 days, but in some embassies, it is much longer. For example, in Bogota, Colombia, the wait time is over 850 days. For comparison, the average waiting time for a tourist visa appointment in the United Kingdom is less than seven weeks. In Australia, 90% of tourist visa appointments are conducted in six weeks or less. U.S. Travel Association said low prioritization of visitor visa (B-1/B-2) processing is severely hindering the U.S. economic recovery, keeping an estimated 6.6 million potential visitors from traveling to the United States in 2023 at a loss of \$11.6 billion in projected spending.

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

### **1. FAA, Japan to Partner on AAM Certification, Operations.**

FAA and the Japan Civil Aviation Bureau signed a Declaration of Cooperation to support future Advanced Air Mobility (AAM) aircraft development and operation. The declaration continues their “long partnership and formalizes ongoing discussions on certifying and validating new AAM aircraft, production, continued airworthiness, operations, and personnel licensing.” FAA has also partnered with the UK, Canada, Australia and New Zealand in the National Aviation Authorities Network to harmonize certification criteria and integration plans.

### **2. EU, ASEAN Sign First ‘Bloc-To-Bloc’ Air Transport Agreement.**

The European Union and Association of Southeast Asian Nations (ASEAN) signed the first-ever ‘bloc-to-bloc’ air transport agreement, which replaces more than 140 bilateral air services agreements; EU Member States without bilateral agreements with ASEAN States are covered by the pact. All EU airlines will be able to operate direct flights from any airport in the EU to all airports in ASEAN States, and vice versa for ASEAN airlines. Airlines will be able to fly up to 14 weekly passenger services to or from each EU Member State, and any number of cargo services via and beyond the two regions, to any third country. Provisions to address market distortions are included. Both parties agreed to cooperate on environmental and social matters and improve their respective social and labor laws and policies. Negotiations were finalized in June 2021 and the agreement applies immediately; parties will launch the ratification process to bring the agreement in force. ASEAN members are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. ASEAN was the EU's ninth largest market for freight and the 16th largest for passengers in 2019.

## VIII. EUROPE AND AFRICA

### 1. Patrick Roux to Head SkyTeam; oneworld Moves to Texas.

Air France-KLM executive Patrick Roux was named SkyTeam CEO and Managing Director, effective October 1, 2022. He replaces Kristin Colvile, who will be returning to Delta after four years of navigating “the challenges of the pandemic to lead SkyTeam’s transformation into a more agile, digitally focused, value-oriented organization,” said Chairman Walter Cho. SkyTeam is welcoming Virgin Atlantic as its first new member in eight years. . . . In other news, oneworld will relocate its global headquarters from New York City to founding member American Airlines’ Robert L. Crandall Campus adjacent to Dallas Fort Worth International Airport. Rob Gurney is oneworld CEO; Qatar Airways Group CEO Akbar Al Baker is Chairman.

### 2. Lufthansa Group Third Quarter Revenue Almost Doubled.

Lufthansa Group almost doubled revenue year-on-year to €10.1 billion in third quarter and raised its forecast for full year based on current bookings and expectation of another record result from Lufthansa Cargo. . . . Lufthansa will begin flying the Boeing 787-9 from Frankfurt to New York Newark on December 1 and between 2022 and 2027 will receive 32 Dreamliners. Lufthansa is introducing premium service, Allegris, on long-haul aircraft, and by 2025 will invest €2.5 billion to “improve the customer experience at every stage of the journey – from initial booking, throughout the airport, lounge and border experience, to customer requests even after the flight.”

### 3. Ryanair to Add 200 New Routes.

Speaking at Routes World 2022 in Las Vegas, a Ryanair official said the low-cost carrier expects to grow winter 2022/23 capacity by 8% compared with pre-pandemic levels despite concern over rising inflation. Ryanair intends to operate its largest-ever winter schedule, with 200 new routes, following its largest-ever summer schedule, offering 117 million seats. The airline has achieved load factors of more than 90% since April. . . . Ryanair signed an agreement with Unite, which delivers accelerated pay restoration, pay increases, and benefit improvements for UK-based cabin crew until 2026.

### 4. EU, ASEAN Sign First ‘Bloc-To-Bloc’ Air Transport Agreement.

See Section VII, item 2.

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

### **1. Etihad's Tony Douglas Steps Down.**

Ownership of Etihad Aviation Group (EAG) was transferred to Abu Dhabi-based investment and holding company ADQ, and CEO Tony Douglas was replaced by Antonoaldo Neves. A former CEO of TAP Portugal and President of Azul Airlines in Brazil, Neves also was a partner at McKinsey, where he developed a long-term plan for aviation sector development in Brazil. Earlier this year, EAG's ancillary businesses were transitioned into ADQ to create a new integrated aviation support services company.

### **2. AACO 55th AGM Held in Abu Dhabi.**

The 55th Annual General Meeting (AGM) of the Arab Air Carriers' Organization (AACO) was held in Abu Dhabi. Among resolutions adopted, AACO will encourage governments to (1) revive the international health certificate in a digital format under the umbrella of the World Health Organization (WHO), to be ready for governments to use when the need arises; (2) work under the umbrella of WHO and ICAO to deploy recommendations developed by ICAO's Aviation Recovery Task Force and transform them into standards that include guiding actions to be taken when a health crisis occurs; (3) adopt these standards in their national policies; and (4) work under ICAO to develop guiding material specific for safeguarding the integrity of air services agreements in times of crises.

### **3. ACCC May Deny Extension of Virgin Australia-Alliance Partnership.**

The Australian Competition and Consumer Commission (ACCC) is proposing to deny the application of Virgin Australia Regional Airlines (VARA) and Alliance Airlines to extend their partnership, under which they cooperate, coordinate and jointly bid for, and provide, fly-in fly-out (FIFO) and value-added services to corporate customers. "The proposed extension of the Charter Alliance Agreement would continue to eliminate competition between VARA and Alliance Airlines in providing FIFO services to corporate customers," said ACCC, which authorized the agreement in 2017 for a period of five years.

### **4. Qantas Group Marks Accelerated Recovery.**

Qantas will spend an additional \$40 million a year on permanent pay increases, "on top of the \$200 million in cash and share bonuses we've announced for our people," said Group CEO Alan Joyce. "Since August, we've seen a big improvement in our operational performance and an acceleration in our financial performance." Based on forward bookings, current fuel prices and latest assumptions about second quarter FY2023, the Group expects profit of

between \$1.2 billion and \$1.3 billion for first half. This follows five consecutive halves of heavy losses due to the pandemic and cumulative statutory losses of \$7 billion. FY2023 planning involves rostering additional crew, training of new recruits and overtime in key areas such as contact centers. A conservative approach to scheduling means around 20% of flying capacity will be left in reserve and can be called upon to reduce delays and cancellations. This includes up to 10 narrow-body, six wide-body and four regional aircraft on standby across Qantas and Jetstar. This capacity can be added back gradually as certainty improves. Qantas and Jetstar announced a sale of more than a million fares across 67 domestic destinations starting at \$35 one-way.

**5. China's C919 Receives Type Certification.**

Commercial Aircraft Corporation of China (Comac) received type certification for its C919 narrowbody jet from Civil Aviation Administration of China (CAAC). China Eastern will receive the first C919 in December as launch operator, reported Shanghai Daily. Comac has 28 customers for the C919, with orders totaling 815 planes, reported Xinhua. Vice Premier Liu He said "the country's massive domestic market needs to be well utilized [and] developing large jetliners is a long-term undertaking China must stick to."

**6. Boeing: China's Commercial Fleet to Double in Next 20 Years.**

Despite the impact of the pandemic on China's near-term growth, Boeing predicts demand for air travel and air freight will trend upward through 2041, with the country's commercial fleet growing from around 3,900 airplanes to more than 9,600. Boeing's Commercial Market Outlook (2022-2041) for China projects that passenger traffic will grow at 4.9% annually; 1,570 widebody airplanes and 6,370 single-aisle airplanes will be needed; demand for commercial services will be worth \$545 billion; freighter segment will see 205 deliveries; and 412,000 new aviation personnel will be required, including 126,000 pilots, 124,000 technicians and 162,000 cabin crew.

**7. EU, ASEAN Sign First 'Bloc-To-Bloc' Air Transport Agreement.**

See Section VII, item 2.

**8. Patrick Roux to Head SkyTeam; oneworld Moves to Texas.**

See Section VIII, item 1.

## **X. AMERICAS**

### **1. Delta Reports Q3 Revenue of \$14 Billion.**

Delta reported third quarter operating revenue of \$14 billion and operating income of \$1.5 billion with an operating margin of 10.4%. “We’re working towards full network restoration by summer of 2023, which supports a meaningful step up in profitability and cash flow next year,” said CEO Ed Bastian. Delta begins nonstops from Los Angeles to Haneda, Honolulu to Haneda, Atlanta to Cape Town, and Los Angeles to Tahiti, in December, and Atlanta to Tel Aviv, in March.

### **2. American Reports Record Q3 Revenue of \$13.5 Billion.**

American Airlines Group reported Q3 revenue of \$13.5 billion, up 13% over same period 2019 despite flying 9.6% less capacity, and a record for any quarter in company history. American expects fourth-quarter total revenue to be 11% to 13% higher versus fourth quarter 2019 on 5% to 7% lower capacity. . . . After Allied Pilots Association’s board voted to prepare an application for National Mediation Board intervention in contract talks with American, the parties reached a tentative agreement. . . . American is partnering with Aviation Institute of Maintenance (AIM) to provide aspiring aviation maintenance technicians with a direct career path to American. Top candidates from AIM’s Chicago campus will have access to American’s maintenance facilities and aircraft maintenance professionals.

### **3. United Reports Q3 Revenue of \$12.9 Billion.**

United reported Q3 operating revenue of \$12.9 billion and a 9.8% drop in capacity, compared to Q3 2019. Fourth quarter adjusted operating margin is expected to be above 2019 for the first time. . . . United added service from San Francisco to Brisbane, Melbourne and Sydney; from Los Angeles to Melbourne and Sydney; and from Houston to Sydney, at end of October. For 2023 summer schedule, United will add Malaga, Stockholm and Dubai, and increase service to Rome, Paris, Barcelona, London, Berlin and Shannon. Flights subject to government approval. . . . United suspended service at New York Kennedy, given its “current, too-small-to-be-competitive schedule,” according to press reports. The carrier has been unable to obtain additional slots there.

### **4. Alaska Airlines Pilots Ratify New Three-Year Contract.**

Alaska Airlines pilots, represented by Air Line Pilots Association (ALPA), voted to ratify a new three-year contract, which includes wage increases up to 23%, schedule flexibility, retirement contribution increases and no increase to health care costs. . . . Alaska is exercising options to purchase 52 Boeing 737 MAX

aircraft for delivery between 2024 and 2027, bringing its confirmed MAX fleet from 94 to 146. Alaska also secured rights for 105 more planes through 2030.

5. **Hawaiian to Operate Freighter Aircraft for Amazon.**

Hawaiian Airlines will maintain and fly 10 Amazon Airbus A330-300 freighters starting in fall 2023. Hawaiian intends to establish a pilot base on the continental U.S., grow existing maintenance bases, and expand the hiring of pilots, mechanics, dispatchers, supply chain employees and others who will help support the new cargo operation. Hawaiian in 1942 became the first commercial airline to transport scheduled U.S. air cargo with the nation's first cargo certificate. . . . Hawaiian signed an interline agreement with Mokulele, a subsidiary of Palm Beach-based Southern Airways, for connections between Molokai, Lanai, Kapalua and all Hawaiian Airlines destinations. Hawaiian offers 130 flights within the islands and nonstops to 24 destinations in North America, Asia, Australia, New Zealand, Tahiti and American Samoa. Southern/Mokulele operates 150 daily Hawaiian Island departures.

6. **Southwest Reaches Agreements with Unions.**

Southwest reached a five-year tentative agreement with customer service employees that would include a 16% and 25% general wage increase over four years and other improvements over an earlier failed tentative agreement, said International Association of Machinists and Aerospace Workers. . . . Southwest Aircraft Appearance Technicians, represented by Aircraft Mechanics Fraternal Association, voted in favor of a new five-year agreement.

7. **JetBlue Announces Third Quarter 2022 Profit.**

"For the third quarter, we reached an important milestone in our recovery as we generated our first quarterly adjusted profit since the start of the pandemic," said JetBlue CEO Robin Hayes. "For the fourth quarter we expect capacity to be up 1% to 4%," said Joanna Geraghty, President and COO, "a modest sequential step-up versus the third quarter."

8. **Spirit Stockholders Approve Merger Agreement with JetBlue.**

Spirit Airlines stockholders approved the merger agreement with JetBlue. Spirit and JetBlue expect to conclude the regulatory process and close no later than first half 2024. The combination would "create the most compelling national low-fare challenger to the dominant U.S. carriers," said Spirit President and CEO Ted Christie. . . . Spirit and CAE launched Spirit Wings Pilot Pathway, a training program that will put graduates on the fast track to a career as a Spirit pilot. Spirit plans to accept 24 new planes in 2022, bringing fleet total to 197, with 33 more planned for delivery in 2023.

**9. Allegiant-Viva Aerobus Pact Gains Mexico's Regulatory Approval.**

Mexico's Antitrust Commission unconditionally authorized the Commercial Alliance Agreement between Allegiant and Viva Aerobus announced in December 2021. The alliance includes a strategic equity investment by Allegiant in the Mexican airline. A DOT decision on approval is pending. The agreement, a first between two ultra-low-cost carriers, will enable them "to have cross-functionality between their respective loyalty programs, codesharing, sales systems and route networks to operate flights together with all the benefits and advantages of both airlines. Through this alliance, Allegiant, which currently does not serve Mexico, will be able to rapidly enter and expand in the market, while Viva will be able to grow its presence in multiple U.S. markets."

**10. FedEx Pilots File for Federal Mediation**

FedEx Express and its pilots, represented by ALPA, jointly filed for federal mediation with the National Mediation Board for assistance with contract negotiations that began in May 2021.

**11. UPS Aircraft Maintenance Workers Approve Three-Year Contract.**

UPS aircraft maintenance and related workers approved a new three-year contract that will provide a 3.3% increase in wages annually, in November 2023, and will increase pension contributions in November 2025. . . . UPS announced Q3 consolidated revenues of \$24.2 billion, up 4.2% over Q3 2021; consolidated operating profit was \$3.1 billion, up 7.5%; and revenue target of around \$102 billion for full year 2022.

**12. Breeze Adding New Routes Coast to Coast.**

Breeze Airways is adding new routes from 15 cities, with introductory fares from \$29. David Neeleman's Utah-based airline now offers 99 nonstop routes between 33 cities in 19 states, on Embraer 195s and Airbus A220s.

**13. Avelo to Open New East Coast Base.**

Avelo Airlines will open a fourth base at Wilmington Airport in February, with flights to Fort Lauderdale, Fort Myers, Orlando, Tampa and West Palm Beach, at introductory one-way fares starting at \$49. Other bases are at Los Angeles' Hollywood Burbank, Southern Connecticut's Tweed-New Haven and Orlando International. Plans to open a base at Fort Myers' Southwest Florida International were postponed due to a significant reduction in demand resulting from Hurricane Ian. Launched "to Inspire Travel" in April 2021, Avelo operates Boeing NG 737s to 32 U.S. destinations.

**14. Republic Pilots Ratify New Agreement.**

Republic Airways pilots ratified a new agreement that includes wage increases and significant improvements to the retirement program. First Officers will see pay increases of 70% to 90%, with new First Officers receiving a 94% increase. Captains will see a 54% increase. Indianapolis-based Republic operates as American Eagle, Delta Connection and United Express.

**15. Patrick Roux to Head SkyTeam; oneworld Moves to Texas.**

See Section VIII, item 1.