



## WASHINGTON AVIATION SUMMARY

### JANUARY 2023 EDITION

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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. Thousands of Flights Canceled Amid Winter Storm.**

Thousands of flights were canceled across the U.S. during the Christmas holiday, amid unprecedented snowfall and frigid temperatures. President Biden tweeted that airlines will be held accountable and urged stranded passengers to visit the Department of Transportation (DOT) website “to see if you’re entitled to compensation.”

Most airlines were back on schedule within a few days, but Southwest continued to cancel most flights into the next week. CEO Bob Jordan apologized to passengers and employees. The airline posted daily updates on its website, as it worked to “urgently address wide-scale disruption by rebalancing the airline and repositioning crews and fleet.” A site was available that enabled customers traveling through January 2 to rebook conditionally without additional charges.

“This has clearly crossed the line from what is an uncontrollable weather situation to something that is the airline’s direct responsibility,” Secretary of Transportation Pete Buttigieg told the press. He spoke with CEO Bob Jordan and union leaders “to convey the Department’s expectation that Southwest meet its obligations to passengers and workers and take steps to prevent a situation like this from happening again.” The customer service plan commits Southwest to provide meal vouchers and hotels where available to passengers who are experiencing significant delays and cancellations, tweeted DOT, which also referred stranded passengers to the DOT Office of Aviation Consumer Protection website “to learn more about your rights and file a complaint if needed.”

Southwest Airline Pilots Association said the airline’s “holiday meltdown” was unacceptable and preventable, and called for investing in “crew scheduling software that takes into account our point-to-point network,” and communication tools that would allow displaced crews to remain in constant contact with the company.

The Senate Commerce Committee will investigate “causes of the meltdown,” said Chair Maria Cantwell, adding that consumers deserve strong protections. In November, she and Senators Ed Markey and Richard Blumenthal filed a comment on a proposed rule on airline ticket refunds, urging DOT “to strengthen and expeditiously finalize the rule to ensure that consumers are fairly compensated when an airline cancels or significantly delays their flight,

including secondary costs incurred from hotels, meals and transportation in the event of a cancellation or significant delay due to a problem within the airline's control."

**2. U.S. to Require Negative Covid Tests for Travelers from China**

The People's Republic of China (PRC) abandoned its "zero COVID" strategy in December and, despite an ensuing surge in coronavirus infections and deaths, announced plans to relax travel restrictions in January. As a result, many countries announced restrictions for travelers from the PRC. The Centers for Disease Control and Prevention (CDC) said a negative COVID-19 test or documentation of recovery for passengers boarding flights to the United States originating from the PRC, Hong Kong and Macau will be required, effective January 5, "given the lack of adequate and transparent epidemiological and viral genomic sequence data being reported from the PRC." The requirement applies regardless of nationality and vaccination status, and to persons traveling from the PRC via third country transit and to passengers connecting through the United States onward to further destinations. Passengers transiting Seoul Incheon, Toronto Pearson and Vancouver International on their way to the United States will be required to provide a negative COVID-19 test if they have been in the PRC in the last 10 days; these hubs cover most passengers with travel originating in the PRC, Hong Kong and Macau. Airlines must confirm the negative COVID-19 test result or documentation of recovery for all passengers before they board, or deny boarding to the passenger.

CDC is also expanding Traveler-based Genomic Surveillance (TGS), a voluntary program that serves as an early warning system to detect and characterize new and rare variants of the virus that causes COVID-19. TGS collects anonymous nasal swabs from arriving international travelers on selected flights at major U.S. international airports. The program tests for presence of the COVID-19 virus and sequences the virus's genome to identify new variants. The program is adding Los Angeles and Seattle, bringing total number of airports to seven and number of weekly flights to approximately 500 from at least 30 countries across World Health Organization (WHO) regions. This includes approximately 290 weekly flights from PRC and surrounding areas.

**3. IATA: Airlines "Reach the Cusp of Profitability" in 2022.**

Net losses for the global airline industry are expected to be \$6.9 billion in 2022, significantly better than losses of \$42 billion and \$137.7 billion in 2021 and 2020 respectively, reports International Air Transport Association (IATA). Revenues are expected to grow by 43.6% compared to 2021, to an estimated \$727 billion. "That airlines were able to cut their losses in 2022, in the face of rising costs,

labor shortages, strikes, operational disruptions in many key hubs and growing economic uncertainty speaks volumes about peoples' desire and need for connectivity," said IATA Director General Willie Walsh. "With some key markets like China retaining restrictions longer than anticipated, passenger numbers fell somewhat short of expectation. We'll end the year at about 70% of 2019 passenger volumes. But with yield improvement in both cargo and passenger businesses, airlines will reach the cusp of profitability." IATA forecasts a small net profit of \$4.7 billion in 2023 (0.6% net profit margin), the first since 2019's \$26.4 billion (3.1% net profit margin).

**4. Airline Funds Blocked for Repatriation Nearly \$2 Billion.**

The amount of airline funds for repatriation being blocked by governments has risen by more than 25% (\$394 million) in the last six months, reports IATA. Total funds blocked are now at close to \$2 billion. IATA urged governments to remove all barriers to airlines repatriating their revenues from ticket sales and other activities, in line with international agreements and treaty obligations. IATA renewed calls on Venezuela to settle \$3.8 billion of airline funds that have been blocked from repatriation since 2016. The other top markets with blocked funds are Nigeria (\$551 million), Pakistan (\$225 million), Bangladesh (\$208 million), Lebanon (\$144 million), and Algeria (\$140 million).

**5. New Surge in Unruly Passengers.**

There were 2,359 reports of unruly passengers in 2022, as of December 15, according to the Federal Aviation Administration (FAA), which initiated 823 investigations and 553 enforcement action cases. Under the current zero-tolerance policy, passengers who engage in unruly behavior can be fined up to \$37,000 per violation. One incident can result in multiple violations. . . . Following several serious events in November, the Washington Post Editorial Board urged Congress to enact proposed bipartisan legislation that would require a federal no-fly list administered by the Transportation Security Administration (TSA) for passengers convicted of assaulting a crew member. The "Protection from Abusive Passengers Act" would replace a "hodgepodge of different rules and procedures at each airline," wrote the Editorial Board. "As many airlines have cut back on staff for flights and at the gate, there are fewer people to help subdue out-of-control passengers. But no one should have to put up with violent attacks. A no-fly list would be a strong tool to deter the worst offenders and create safe flying conditions for all."

## II. AIRPORTS

### 1. Atlanta Opens T-North Five-Gate Extension.

Hartsfield-Jackson Atlanta opened its \$341 million T-North Five Gate Extension, which includes 35,000 square feet of concourse and concession space. The gates will be used primarily by United.

### 2. Newark Terminal A Opening Delayed.

The opening of Newark Liberty's \$2.7 billion Terminal A was delayed until January, as fire alarm and security systems had yet to pass final tests by the planned December 8 start of passenger operations. United, Delta, JetBlue, Air Canada and American will use the new facility, said Port Authority of New York and New Jersey.

### 3. VINCI Holds Majority Share of Mexican Airport Operator.

VINCI Airports finalized acquisition of Fintech's 29.99% stake in OMA (Grupo Aeroportuario del Centro Norte) for a total amount of \$1.17 billion, becoming the Mexican airport operator's largest shareholder. OMA manages 13 airports in Mexico.

### 4. Avinor Will Build New Airport in Bodø.

Norwegian airport operator Avinor will build a new Bodø Airport, 900 meters south of the present airport. The NOK 7.2 billion facility is scheduled to be operational in 2029. Avinor will contribute NOK 2.6 billion to the project, with remainder financed by state and local funds. The current airport will remain operational until the day before the new airport opens. Avinor is a wholly-owned state company under the Norwegian Ministry of Transport and Communications, responsible for 43 state-owned airports.

### 5. Angela Gittens Named Global Ambassador for ACI-ICAO Program.

Angela Gittens, former Director General of Airports Council International (ACI) World, was named program ambassador for the Airport Management Professional Accreditation Program (AMPAP). A joint initiative of ACI World and International Civil Aviation Organization (ICAO), AMPAP aims to develop airport management professionals through a curriculum covering all functional areas of the airport business. Successful completion of the program leads to issuance of the International Airport Professional (IAP) designation or AMPAP Associate diploma award. Gittens was formerly airport CEO for Miami and Atlanta and Deputy at San Francisco International. She led HNTB Corporation's airport business and strategic planning practice, and at TBI Airport Management, she oversaw the transition to private ownership of London Luton and managed

operations contracts at several airports in the U.S. and Canada. She is Chair of the Schiphol USA board.

**6. IATA Calls for Transition to Enhanced GSE.**

IATA called for a transition to enhanced ground support equipment (GSE), which uses anti-collision and inching technology, improves vehicle control, and increases docking accuracy, all of which minimize the risk of personnel injuries and damaging aircraft. The newly published “IATA Ground Damage Report: The Case for Enhanced Ground Support Equipment,” estimates annual cost of ground damage could double to nearly \$10 billion by 2035 unless preventive action is taken. The forecast is based on direct costs (including labor and material, temporary leasing, logistical, administrative) and indirect costs (lost revenue, crew and passenger repositioning, compensation for delayed services). Among study findings: Most aircraft ground damage that occurs once the aircraft is stationary is caused by motorized GSE striking the fuselage of aircraft. The widebody aircraft ground damage rate is 10 times higher than narrowbody. Belt-loaders, cargo-loaders, passenger stairs and passenger boarding bridges cause 40% of total incidents; transitioning 75% of the global fleet of these devices to Enhanced GSE could reduce current expected ground damage cost per turn rate by 42%.

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

1. **REAL ID Enforcement Deadline Extended to 2025.**

The Department of Homeland Security (DHS) extended the REAL ID enforcement date by 24 months, from May 3, 2023 to May 7, 2025, allowing states to ensure residents have the new driver's licenses and identification cards amid backlogs created by the pandemic. Following the deadline, federal agencies, including TSA, will be prohibited from accepting IDs that do not meet security standards established by the REAL ID Act, such as incorporating anti-counterfeiting technology, preventing insider fraud, and using documentary evidence and record checks to ensure a person is who they claim to be. Travelers 18 years of age or older will need a REAL ID-compliant driver's license or identification card, state-issued enhanced driver's license, or another TSA-acceptable form of identification at airport security checkpoints for domestic air travel.

2. **Record Number of Firearms at Security Checkpoints.**

As of December 16, TSA officers intercepted a record 6,301 firearms at airport checkpoints—more than 88% were loaded—and anticipates it will prevent about 6,600 firearms in carry-on bags from entering the secure area of airports by the end of 2022, a nearly 10% increase over 2021's record level. TSA has increased the maximum civil penalty for a firearms violation to \$14,950 and revokes TSA PreCheck® eligibility for at least five years for passengers caught with a firearm in a carry-on bag. TSA may conduct enhanced screening for those passengers to ensure no other threats are present. Depending on state or local law in the airport's location, passengers who bring firearms to a checkpoint may be arrested by law enforcement. Firearms are never allowed in carry-on bags at any TSA security checkpoint, even if a passenger has a concealed weapon permit. Passengers traveling by air who wish to transport firearms must do so in checked baggage, follow proper packing guidance, and declare them to the airline at check-in. Airlines may have additional requirements for traveling with firearms and ammunition, so travelers must also contact their airline regarding policies prior to arriving at the airport.

3. **IATA Standards Bring 'Ready to Fly' Closer to Reality.**

IATA has developed industry standards to bring the 'Ready to Fly' option for passengers at airports closer to reality. The new 'Recommended Practice on Digitalization of Admissibility' will enable passengers to digitally obtain necessary authorizations directly from governments before a trip to an international destination. By sharing the "OK to Fly" status with their airline, travelers can avoid a stop at the airport for physical checks of paper

documentation (passports, visas, health credentials). Under the One ID initiative, airlines are working with IATA to digitalize the passenger experience at airports with contactless biometric-enabled processes. The new standards have been developed to protect passenger data. “Information is shared on a need-to-know basis,” said IATA. “And by keeping the passenger in control of their own data, no large databases are being built that need protecting.”



## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. IATA Establishes Modern Airline Retailing Program.**

IATA is establishing the Modern Airline Retailing program to “create additional value for travelers and reduce the hassles of increasingly complex passenger document checking requirements.” A consortium including American, Air France-KLM, British Airways, Emirates, Finnair, Iberia, Lufthansa Group, Oman Air, Singapore and Xiamen, will work through IATA on transforming airline distribution to a system of “Offers and Orders.” The program is built on three pillars. (1) Customer Identification: Industry standards, which build on the One ID standard, allow passengers to streamline their journey with advance information sharing and a contactless process at the airport based on biometric recognition. This program will allow airlines to offer a seamless experience across different channels and touchpoints and have greater visibility into third party travel sellers. (2) Retailing with Offers: More than one in 10 travel agent sales already come from New Distribution Capability (NDC) interfaces; some airlines already have over 30% of their indirect bookings coming through NDC. Industry standards will continue to evolve in the areas of personalization, dynamic pricing, bundles including third party content such as intermodal, and digital payment options. Travelers will have more choice and see the full value of what is on offer, regardless of whether they are buying via the airline website or through a travel agent. (3) Delivery with Orders: Travelers will no longer need to juggle different reference numbers and documents (PNRs, e-tickets and Electronic Miscellaneous Documents), particularly when dealing with travel disruptions or itinerary changes. Industry standards have already been developed as part of the ONE Order project. The next step is a full suite of standards that will allow airlines to overhaul dated infrastructure on which airline technology rests.

### **2. Alaska Begins Electronic Baggage Tag Program.**

Alaska Airlines is sending 2,500 electronic bag tags to frequent flyers, who can activate them through the airline’s mobile app, then drop off tagged luggage without visiting a counter or kiosk. The device is estimated to reduce time spent in airport lobbies by about 40% and does not require charging or batteries. It will be available for purchase by all passengers in 2023 and will operate on flights operated by Alaska, Horizon and SkyWest. Dutch company BAGTAG has also placed the device with Lufthansa units, KLM and China Southern.

### **3. VPorts to Create World’s First AAM Integrator Centre in Dubai**

VPorts announced a strategic agreement with the UAE General Civil Aviation Authority (GCAA) and the Mohammed bin Rashid Aerospace Hub (MBRAH) at

Dubai South to establish the world's first Advanced Air Mobility (AAM) integrator in Dubai. The project includes dedicated flight-testing airspace, assigned blocked airspace and new technologies that "will foster the global growth of the international AAM industry and accelerate the certification of electric vertical take-off and landing (eVTOL) aircraft." VPorts signed a 25-year exclusive lease agreement with MBRAH, renewable for another 25 years, to establish the AAM center on a 37,000-square-metre site within Dubai South. The project represents an initial investment of \$40 million over three years. Development and construction start in 2023, with first flight test in 2024. VPorts will partner with private investors to deliver advanced infrastructure, development and operations. NEXA Capital Partners of Washington, DC will lead the initial investment round, assembling a consortium of investors already active in the AAM sector. VPorts hopes to build and operate 1,500 vertiports around the world by 2045.

## **V. ENERGY AND ENVIRONMENT**

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

The average price of aviation jet fuel on December 9 was \$108.54/barrel, down 20.6% on the month and up 24.2% compared to a year ago, reports IATA. Jet fuel price average for 2022 (year to date) was \$140.1/barrel.

### **2. IRS Issues Guidance on New SAF Credit.**

The Treasury Department and the Internal Revenue Service (IRS) issued a notice regarding the Sustainable Aviation Fuel (SAF) credit, a new tax incentive created by the Inflation Reduction Act of 2022. It applies to a qualified fuel mixture containing SAF for certain sales or uses in calendar years 2023 and 2024. The notice explains requirements for the fuel to be eligible for the SAF credit, methods in which one may claim the credit, and which parties must be registered for different activities in the process. The notice also asks for public comment on aspects of the statute, which will help Treasury and IRS develop additional guidance. The credit is \$1.25 for each gallon of SAF in a qualified mixture. To qualify for the credit, the SAF must have a minimum reduction of 50% in lifecycle greenhouse gas emissions. There is a supplemental credit of one cent for each percent that the reduction exceeds 50%. The notice explains that a claimant may claim the SAF credit through the excise tax system, or as a general business credit that is nonrefundable and must be included in income.

### **3. JetBlue to Halve Per-Seat Emissions by 2035.**

JetBlue intends to cut per-seat emissions in half by 2035 from a 2019 base year, and, said CEO Robin Hayes, is “calling on governments, aircraft and engine manufacturers, and fuel producers to support the development of the products and solutions that airlines need to achieve our ambitious goals.” . . . JetBlue will not continue voluntary carbon offsetting of domestic flights into 2023 and instead will “support a curated list of primarily nature-based projects in and around the destinations the airline serves.” Since June 2020, JetBlue offset more than 11 million metric tons of CO2 emissions. . . . JetBlue and Fidelis New Energy signed a memorandum of understanding to provide the airline with at least 92 million gallons of blended SAF from Fidelis’ Grön Fuels GigaSystem™ at the Port of Greater Baton Rouge, over a five-year term from 2025. The SAF is “designed to achieve negative lifecycle carbon intensity by integrating carbon capture & sequestration (CCS) and biomass energy with CCS (BECCS). . . capturing waste process heat to generate power, producing biogas from byproducts and using its highly flexible processing capabilities to produce carbon negative SAF from a wide array of existing and emerging low carbon intensity feedstocks.”

4. **UK Funds Net Zero Virgin Atlantic Transatlantic Flight.**

The UK government is funding the first ever net zero transatlantic flight, planned for 2023 by a consortium that includes Virgin Atlantic, Boeing, Rolls-Royce, Imperial College London, University of Sheffield, Rocky Mountain Institute and ICF Sustainable Aviation Lead. The Boeing 787 London to New York flight will be powered by Rolls-Royce Trent 1000 engines using 100% SAF. The Trent 1000 already can be flown with a 50% blend of SAF on commercial flights and by end of 2023 will have proven that Trent family and business aviation engines are compatible with 100% SAF. “Research and results will be a huge step in fast-tracking SAF use across the aviation industry and supporting the investment, collaboration and urgency needed to produce SAF at scale,” said officials. . . . Virgin Atlantic agreed to purchase 10 million U.S. gallons of SAF per year for seven years, to be supplied by joint venture partner Delta and produced by Gevo, whose process separates sugars and proteins from non-edible industrial corn; the sugars are then used to make SAF and the proteins are fed to livestock, whose manure can be used in biogas digestors to produce renewable natural gas and agricultural fertilizer. The agreement represents 20% of Virgin Atlantic’s 2030 SAF target.

5. **SAF From Caribbean Seaweed Study Funded.**

The U.S. Department of Energy, Bioenergy Technologies Office awarded a team more than \$2 million to examine combining wood waste with sargassum (seaweed) to create SAF and graphite (used in batteries). In 2022, record seaweed levels in the Caribbean invaded beaches from Puerto Rico to the Florida coast, threatening tourism, clogging ports, and releasing noxious fumes, and hurricane wood waste is piled up because many landfills are at capacity, says the U.S. National Renewable Energy Laboratory (NREL), principal investigator for the team that includes University of Puerto Rico, North Carolina State University and Fearless Fund. Up to 1.24 million dry tons of sargassum could be harvested annually near populated coastlines. Fearless Fund has developed a process to harvest it at sea to ensure quality biomass and to protect the coastal environment. Blended with 75% wood waste, it could yield up to 78 million gallons of SAF every year. The University of Puerto Rico will conduct a siting study for a potential biorefinery on Puerto Rico.

6. **EU Approves France’s Flight Ban for Three Domestic Routes.**

The European Commission confirmed that a French ban on domestic flights when a rail connection of under two and a half hours is available is legal, if it is “non-discriminatory, does not distort competition between air carriers, is not more restrictive than necessary to relieve [a serious environmental] problem, and has a limited period of validity not exceeding three years, after which it should be reviewed.” Three routes are affected—Orly-Bordeaux, Orly-Lyon and

Orly-Nantes. . . . “The French ban on short-haul flights where quick train connections exist is a baby step, but it’s one in the right direction,” said Greenpeace, “but now it’s time to remove any outstanding ambiguity and make it clear to other EU countries that banning short haul flights is the way to go for the future. It’s high time for Europe to curtail the aviation industry’s skyrocketing emissions and invest in climate-friendly transport instead.” Greenpeace has calculated that banning the EU’s busiest short-haul flights and shifting to rail wherever a train connection under six hours exists “would save the equivalent of 3.5 million tonnes of CO2 per year. If countries add new daytime and night train connections and services, better wagons and tracks, improve accessibility for all and make tickets cheaper, Europe could replace almost all of the top 250 short-haul flights and save the equivalent of some 23.4 million tonnes of CO2 per year, or as much as the annual CO2 emissions of Croatia.”

**7. Swiss Invests in Solar Fuel Company Synhelion.**

Swiss International was among investors in a financing round for Synhelion, which will use the CHF 22 million raised to fund construction of the world’s first industrial plant to produce sustainable fuels using solar heat. SWISS will be the first airline to use solar kerosene; subsequently, Synhelion’s fuel will be made available across the industry. SWISS and parent Lufthansa Group are longtime strategic partners of Swiss-based Synhelion, which evolved from the Swiss Federal Institute of Technology. Industrial solar fuel production will start in Germany in 2023. The first commercial production facility is planned for commissioning in Spain by 2025.

**8. Lufthansa Aircraft Equipped with Aerodynamic Sharkskin Film.**

Lufthansa Group airplanes are being equipped with aerodynamic sharkskin film, which reduces aircraft drag and cuts kerosene consumption and thus CO2 emissions. Jointly developed by Lufthansa Technik and BASF, AeroSHARK consists of millions of ribs around 50 micrometers in size (riblets). They imitate properties of sharkskin and optimize aerodynamics at flow-relevant points of the aircraft such as the fuselage or engine nacelles. As a result, less fuel is required. By covering 950 square meters of a Boeing 777-300ER’s outer skin, for example, annual savings of around 400 tons of kerosene and more than 1,200 tons of CO2 can be achieved. European Union Aviation Safety Agency (EASA) granted Lufthansa Technik a Supplemental Type Certificate for the series application of the technology on two Boeing 777 models.

**9. Airbus, CERN Partner For Future Clean Aviation.**

Airbus UpNext and CERN will evaluate how superconductivity can contribute to the decarbonization of future aircraft systems. The Super-Conductor for Aviation with Low Emissions (SCALE) demonstrator aims to promote adaptation and

adoption of superconducting technologies in airborne electrical distribution systems; first results expected end of 2023. They are also developing ASCEND (Advanced superconducting and Cryogenic Experimental powertrain Demonstrator) to study feasibility of for electric and hybrid aircraft. . . . Airbus is developing a hydrogen-powered fuel cell engine, which it said may be able to power a 100-passenger aircraft with a range of 1,000 nautical miles. “We are giving ourselves additional options that will inform our decisions on the architecture of our future ZEROe aircraft, the development of which we intend to launch in the 2027-2028 timeframe.” Airbus says hydrogen is a promising alternative to power zero-emission aircraft, because it emits no CO<sub>2</sub> when generated from renewable energy; water is its most significant by-product. Meanwhile, during an Airbus Summit in Munich, the Environmental Defense Fund warned of hydrogen’s potential for small leaks that accumulate to worsen global warming.

**10. EU Council Adopts Decision on Notification of CORSIA.**

The Council of the EU adopted a decision enabling member states to notify operators of their CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) offsetting requirements, in line with ICAO commitments.

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

1. **Rick Larsen Named House Transportation Committee Ranking Member.**  
Chair of the House Transportation and Infrastructure Committee Peter DeFazio (D-OR) retired after serving 36 years in Congress. Rick Larsen (D-WA) was selected as Ranking Member of the Transportation Committee for the 118th Congress.
2. **“Emergency Vacating of Aircraft Cabin (EVAC) Act” Introduced.**  
The “Emergency Vacating of Aircraft Cabin (EVAC) Act” was introduced in the Senate by Tammy Baldwin (D-WI) and Tammy Duckworth (D-Ill.), a former helicopter pilot who lost both legs in 2004 when her Black Hawk was shot down in Iraq, and in the House by Steve Cohen (D-TN). Current FAA standards require that passengers be able to evacuate aircraft within 90 seconds, but recent simulation tests failed to adequately take into account whether a flight is full or mostly empty, has passengers with mobility issues, or many other real-life conditions, said bill sponsors. EVAC would ensure that FAA standards address the needs of all members of the flying public; i.e., passengers of different ages, heights and weights, with disabilities, who do not speak English, and who cannot speak, are non-vocal or non-verbal; the presence of carry-on luggage and personal items like purses, backpacks and briefcases; seat size and pitch; and seat configuration, location, and other obstacles in pathway to exit. The legislation is supported by a broad coalition of unions and medical and disability groups.
3. **“Preventing PFAS Runoff at Airports” Enacted.**  
The “Preventing PFAS Runoff at Airports Act” was signed into law by President Biden. The bipartisan legislation aims to reduce the spread of toxic per- and polyfluoroalkyl substances (PFAS) contamination at commercial airports. It makes more funding from FAA’s Airport Improvement Program available to purchase devices that avoid discharging PFAS chemicals when testing firefighting equipment and directs FAA to identify options for reimbursing airports that already acquired the devices without federal funding.
4. **“Aviation Workforce Development Enhancement Act” Introduced.**  
The “Aviation Workforce Development Enhancement Act” was introduced in the Senate by Tammy Duckworth (D-IL) and Jerry Moran (R-KS). The bill would help expand FAA’s current Aviation Workforce Development Grant program by increasing annual funding for pilot development and mechanic development grants, as well as provide grant funding for aviation manufacturing workforce development.

5. **TSA Pilot Program in “Defense Authorization Act.”**

The “Defense Authorization Act” contains language that allows TSA to conduct a pilot program at up to six foreign last point of departure airports to permit passengers and their property to bypass domestic security rescreening at a connecting airport in the United States.



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

### **1. Singapore and Japan to Collaborate on Civil Aviation.**

A strategic framework arrangement to collaborate on civil aviation was signed by the Civil Aviation Authority of Singapore (CAAS) and the Japan Civil Aviation Bureau (JCAB). They will work together and share expertise in the areas of air transport, sustainability, safety, air traffic management, airport innovation and technology and unmanned aircraft systems and advanced air mobility. Prior to the COVID-19 pandemic in 2019, passenger movements between Singapore and Japan reached a historic high of 3.4 million, with over 200 weekly passenger services between Singapore and seven Japanese cities. Passenger traffic between Singapore and Japan has recovered to about 50% of pre-COVID levels and is expected to further increase in 2023.

### **2. EU-Qatar Open Skies Ratification Halted Amid Corruption Charges.**

The European Parliament voted to suspend work on the ratification of a bilateral aviation agreement with Qatar, amid allegations that members of Parliament took bribes from the Gulf state, which denies wrongdoing. The Open Skies pact was signed in 2021 and is in effect, but it has been ratified by only six EU member countries and was opposed by some major airlines.

## VIII. EUROPE AND AFRICA

### 1. Delta Expands Cape Town Service.

Delta now operates seven weekly nonstops from both Atlanta and Cape Town, in addition to daily Atlanta to Johannesburg service, on Airbus A350 aircraft.

### 2. SAS Opens New Routes to U.S.

SAS will launch three weekly Airbus A321LR services from Aalborg and Gothenburg to Newark Liberty in April, amid “a demand from secondary cities.” The flights will operate during the summer 2023 season and return for summer 2024. The A321LR, part of SAS’ ongoing fleet renewal, will give travelers access to more intercontinental routes with fewer stops, and shorter travel times to and from Scandinavia; 22 business class seats are fully flat beds.

### 3. TAP Adds Summer Season Flights to U.S.

TAP is adding summer season flights from Lisbon to the United States, including 14 per week to Boston, five to Chicago, 10 to Miami, five to San Francisco and 10 to Washington. TAP operates direct flights to New York Kennedy and Newark from Lisbon.

### 4. Ryanair Reaches Four-Year Agreement with Irish Pilots.

Ryanair signed a four-year agreement with the Fórsa union, under which its Irish pilots “will receive an accelerated restoration of pay cuts previously agreed during the COVID pandemic.” The agreement “brings our Irish pilots into line with similar pay restoration deals concluded with our other pilot unions across Europe over the past nine month,” said the company.

### 5. LOT President & CEO Replaced.

LOT Polish Airlines dismissed President & CEO Rafal Milczarski. Katarzyna Lewandowska was named Interim CEO.

### 6. EU-Qatar Open Skies Ratification Halted Amid Corruption Charges.

See Section VII, item 2.

### 7. Star Alliance CEO Goh to Head Gulf Air Holding.

See Section IX, item 1.

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

1. **Star Alliance CEO Goh to Head Gulf Air Holding.**

Star Alliance CEO Jeffrey Goh was named Group CEO of Gulf Air Group Holding, which includes Gulf Air, Bahrain Airport Company and Gulf Aviation Academy. Charlotta Wieland, SAS Vice President for Alliances & Industry Affairs, was named Interim CEO of the alliance, effective January 1.

2. **Atlas Air to Build Maintenance Facility at Incheon.**

Atlas Air Worldwide (AAWW) will build a maintenance, repair and overhaul facility at Seoul Incheon to handle its planes in the Asia-Pacific region. A joint venture with Sharp Technics K will operate the facility, which will be capable of simultaneously handling multiple wide-body aircraft.

3. **Etihad to Increase New York Service, Reintroduce A380s.**

Etihad will increase frequency to twice a day between Abu Dhabi and New York Kennedy in April. The 14 weekly nonstops will be operated with Airbus A350 and Boeing 787-9 Dreamliner aircraft. With daily services to Chicago and Washington, Etihad will offer a total of 28 weekly services this summer between Abu Dhabi and the United States. In other news, Etihad will reintroduce four of its A380s from summer of 2023 “to satisfy the demand which has made them financially viable once more.” The aircraft features three cabin classes, including nine First Apartments, 70 Business Studios and 405 Economy Smart Seats, including 80 Economy Space seats with seat pitch of up to 36 inches. Etihad plans to offer The Residence as an option to enhance their First-class experience.

4. **Air India Increases U.S. Service, Merges with Vistara.**

Air India resumed service from Bengaluru to San Francisco. The three weekly Boeing 777-200LR nonstops “will connect the world’s two tech hubs—the original Silicon Valley and the Silicon Valley of India.” The Star Alliance carrier also operates nonstops from Delhi to New York Newark, Washington DC, San Francisco and Chicago, and from Mumbai to Newark, and will begin daily B777-200LR Mumbai to New York Kennedy service on February 14. . . . Tata announced a merger of Vistara and Air India, in which Singapore Airlines will acquire a 25.1% stake in Air India; close is expected by March 2024, subject to regulatory approvals. Vistara is a 51:49 joint venture between Tata and Singapore Airlines. Launched in 2015, Vistara is India’s leading full-service carrier with a fleet of 53 aircraft, including 41 Airbus A320, five Airbus A321neo, five Boeing 737-800NG and two Boeing 787-9 Dreamliner aircraft, and international operations in Middle East, Asia and Europe. . . . Air India plans a

\$400 million refurbishment of its wide body fleet, comprising 27 Boeing B787-8 and 13 B777 aircraft, to include cabin interior complete overhauls, with “latest generation seats and best in-class inflight entertainment across all classes [and] the introduction of a Premium Economy cabin on both fleets. The first-class cabin will also be retained on the 777s.” After 69 years as a government-owned enterprise, Air India and Air India Express in January 2022 were re-acquired by Tata group, which is driving a five-year transformation roadmap to establish “a world-class global airline with an Indian heart.”

5. **U.S. to Require Negative Covid Tests for Travelers from China**  
See Section I, item 2.
6. **Singapore and Japan to Collaborate on Civil Aviation.**  
See Section VII, item 1.
7. **EU-Qatar Open Skies Ratification Halted Amid Corruption Charges.**  
See Section VII, item 2.

## **X. AMERICAS**

### **1. United Places Large Aircraft Orders.**

United placed the largest widebody order by a U.S. carrier in commercial aviation history: 100 Boeing 787 Dreamliners with options to purchase 100 more. United expects to take delivery of the new widebody planes between 2024 and 2032. United also exercised options to purchase 44 B737 MAX aircraft for delivery between 2024 and 2026, and ordered 56 more MAX aircraft for delivery between 2027 and 2028. . . . United hired about 2,400 pilots in 2022 and plans to add more than 2,500 pilots in 2023, with a goal to add 10,000 pilots this decade. More than 4,000 new flight attendants, 2,000 maintenance technicians, and 7,000 customer service, ramp, and gate agents will be hired in 2023. . . . The United Airlines Union Coalition was formed to coordinate closely on bargaining and other issues. Groups involved include Association of Flight Attendants, International Association of Machinists and Aerospace Workers, Air Line Pilots Association, Professional Airline Flight Control Association (aircraft dispatchers), and International Brotherhood of Teamsters (technicians).

### **2. Delta Resumes Cuba, Brazil Service.**

Delta will resume service to Havana with two daily Airbus A320 nonstops from Miami International on April 10. Delta resumed seasonal Boeing 767-300 service between Atlanta and Rio de Janeiro Galeão and a second seasonal Airbus A330 daily flight between Atlanta and São Paulo, in December. New York Kennedy to São Paulo Airbus A330-300 flights are now operating daily. With the expanded service, Delta is offering 28 weekly flights between the U.S. and Brazil, providing connections to destinations worldwide through Atlanta and Kennedy and through its partnership with LATAM. The partners begin service between São Paulo and Los Angeles as their first joint market, on July 1. . . . Delta offered a 34% cumulative pay increase to pilots over three years in a new contract. . . . Delta has hired 4,300 new flight attendants since the fall of 2021 and expects to hire another 4,000 to 6,000 in 2023. . . . “Demand for air travel remains robust as we exit the year and Delta’s momentum is building,” said CEO Ed Bastian, forecasting 15 to 20% revenue growth over 2022 in 2023.

### **3. American, JetBlue Expand Northeast Alliance.**

American and JetBlue are expanding their Northeast Alliance (NEA), adding new nonstop destinations from New York LaGuardia and Newark and Boston Logan in 2023. The Justice Department, six states and the District of Columbia have sued to dissolve the alliance, charging it is anti-competitive. Separately, a proposed class action suit on behalf of consumers who purchased tickets from American and JetBlue “to the tune of \$700 million annually,” seeks “actual

damages, treble damages, declaratory and injunctive relief, costs of suit, pre- and post-judgment interest, and other relief.”

**4. JetBlue Pilots to Vote on Two-Year Contract Extension.**

JetBlue pilots will vote on a proposed two-year contract extension that would include 21.5% in cumulative average pay raises over the course of the agreement, plus supplemental one-time payments, reported Bloomberg. Air Line Pilots Association had approved a \$5 million grant to JetBlue pilots to use as a “war chest,” saying, “negotiations won’t be put on hold while JetBlue navigates a merger . . . we also find it debatable whether it’s even possible for JetBlue to complete its merger [with Spirit Airlines] without having a fairly compensated pilot group onboard.” . . . JetBlue extended term of employment for CEO Robin Hayes for an additional two years, through September 1, 2025.

**5. Spirit and Pilots Reach Tentative Agreement.**

Spirit Airlines reached a tentative agreement with pilots on new terms for their collective bargaining agreement. If ratified by the membership, the two-year agreement, which represents “an economic gain of \$463 million or 27% over the next two years, with zero concessions,” will become effective January 1, 2023.

**6. Southwest Reinstates Quarterly Cash Dividend.**

Southwest reinstated a quarterly cash dividend of \$.18 per share to shareholders of record at close of business on January 10, 2023. The dividend was suspended from early 2020 through third quarter 2022 amid uncertainties due to the pandemic and requirements of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). . . . Southwest Customer Service Employees voted in favor of a new, five-year contract that becomes amendable on December 15, 2027. Southwest reached a tentative agreement with Flight Instructors, who provide flight operations classroom and simulator training to current and new hire pilots. . . . Southwest reportedly signed a land lease that would support construction of a hangar for aircraft maintenance at Harry Reid International Airport in Las Vegas.

**7. Mesa Ends American Contract, Expands United Ops.**

Mesa will cease flying for American, effective April 3, 2023. Under a new-five-year agreement with United, Mesa will continue to utilize all crew and maintenance locations currently operated for American in Phoenix, Dallas, El Paso and Louisville, and open a CRJ-900 crew base in Houston and a new pilot base in Denver. The expanded agreement with United is expected to “significantly improve our financial position,” said Mesa Chairman and CEO Jonathan Ornstein, and, after years of reduction in service to smaller and rural

communities “will help turn the tide and is expected to add over 100 regional jet flights into the United network.”

8. **U.S. to Require Negative Covid Tests for Travelers from China**  
See Section I, item 2.
9. **Delta Expands Cape Town Service.**  
See Section VIII, item 1.
10. **SAS Opens New Routes to U.S.**  
See Section VIII, item 2.
11. **TAP Adds Summer Season Flights to U.S.**  
See Section VIII, item 3.
12. **Star Alliance CEO Goh to Head Gulf Air Holding.**  
See Section IX, item 1.
13. **Atlas Air to Build Maintenance Facility at Incheon.**  
See Section IX, item 2.
14. **Etihad to Increase New York Service, Reintroduce A380s.**  
See Section IX, item 3.
15. **Air India Increases U.S. Service, Merges with Vistara.**  
See Section IX, item 4.