



WASHINGTON AVIATION SUMMARY

MAY 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. Acting Administrator Billy Nolen Leaving FAA.

Acting Administrator Billy Nolen announced he will leave the Federal Aviation Administration (FAA) this summer. An industry safety executive and former commercial airline pilot, Nolen was appointed Acting Administrator in April 2022, when Steve Dickson resigned. Nolen “has kept safety as the FAA’s north star through one of the most complex periods in modern aviation,” said Secretary of Transportation Pete Buttigieg. “The FAA Administrator position is an important one,” said Rick Larsen, Ranking Member of the House Transportation Committee, “and we need a Senate confirmed leader in place as soon as possible.” An attempt to confirm White House nominee Phil Washington stalled in the Senate in March.

2. DOJ Joins DOT Probe into Southwest Cancellations.

The Department of Justice (DOJ) has joined a probe of Southwest operations conducted by the Department of Transportation (DOT) to determine if Southwest set unrealistic schedules, which caused over 16,000 cancellations during the December 2022 holiday season. In a statement to Politico, DOT said it “intends to leverage the full extent of its investigative and enforcement power to ensure consumers are protected and to hold Southwest accountable for any violations of the law.”

3. Additional States Join DOJ Suit to Block JetBlue Acquisition of Spirit.

The Attorneys General of California, Maryland, New Jersey and North Carolina joined a civil antitrust lawsuit filed by DOJ, the Commonwealth of Massachusetts, the State of New York, and the District of Columbia to block JetBlue’s proposed \$3.8 billion acquisition of Spirit Airlines.

4. Executives Charged with \$52 Million Fraud Against Polar Air Cargo.

Ten individuals were charged with allegedly conducting a scheme to defraud Polar Air Cargo Worldwide, said DOJ officials. The defendants, Polar senior executives and vendors, face prison time. Polar suffered at least \$52 million in losses from 2009 to July 2021, when it discovered documentary evidence of conflicted ownership arrangements and kickback agreements.

5. FAA Refers More Unruly Passenger Cases to FBI in 2023.

The rate of unruly passenger incidents has dropped by over 80% since record highs in early 2021, said FAA, but unacceptable behavior continues. Recent referrals to the Federal Bureau of Investigation (FBI) for criminal prosecution

include violent assaults on flight attendants and passengers, sexual assault, deploying an evacuation slide, and attempting to enter the flight deck. FAA has referred more than 250 of the most serious cases to the FBI since 2021 and can propose civil penalties of up to \$37,000 per violation.

6. FAA Creates Office of Investigations & Professional Responsibility.

FAA created the Office of Investigations and Professional Responsibility to provide independent reviews and decisions on allegations of manager misconduct, and protect whistleblowers and others raising safety concerns, per a provision of the Aircraft Safety and Certification Reform Act. The Voluntary Safety Reporting Program enables workers in FAA's aviation safety organization to report confidentially safety concerns without fear of punitive action. Information shared and submitted via the system is used to validate or verify a safety concern, identify root cause, and determine corrective action.

7. FAA Establishes Independent Aviation Safety Review Team.

FAA named an independent safety review team to present recommendations on how the agency can advance air traffic safety. The group will begin its review in May, with completion by October 2023. Team members include former NASA Administrator and astronaut Charles Bolden Jr.; former Air Line Pilots Association President Captain Tim Canoll; former National Air Traffic Controllers Association Executive Vice President Patricia Gilbert; former FAA COO David Grizzle; former FAA Administrator Michael Huerta; and former National Transportation Safety Board Chair Robert Sumwalt.

8. Aviation Provides Critical Relief in Crises.

"When crises strike, aviation is there," said Willie Walsh, International Air Transport Association (IATA) Director General, in a speech before the IATA World Cargo Symposium in Istanbul. In response to the recent earthquake in Southern Türkiye and Syria, 29 carriers serving the Türkiye market delivered 3,500 tons of aid from 90 countries; operated 350 relief and repatriation flights; and provided transport for 130,000 global responders. Critical supplies delivered included blankets, toilets, food, fire guards' equipment, power generators, tents, water distribution ramps, sleeping bags, and medical supplies. Non-profit Airlink worked with organizations and airlines to coordinate transport of more than 1,000 tons of aid supplies.

II. AIRPORTS

1. Atlanta Remains World's Busiest Airport.

Hartsfield-Jackson Atlanta remained the world's busiest airport for passenger traffic in 2022 (93.7 million), reports ACI World, followed by Dallas-Fort Worth (73.4 million), Denver (69.3 million), Chicago O'Hare (68.3 million) and Los Angeles (65.9 million). Also in top 10 were Dubai, London Heathrow, Paris, Istanbul and Delhi, with Heathrow rising from 54th position in the rankings in 2021 to eighth following post-Covid re-opening of borders. "The re-opening of China, the second largest aviation market after the U.S., is now expected to bring an overall gain, both domestically and for international travel," said ACI World Director General, Luis Felipe de Oliveira. Cargo volumes decreased by 6.7% over 2021 (-1.7% vs 2019), due to geopolitical tensions and disruptions to global trade and supply chains. Hong Kong remained top ranked airport for cargo, followed by Memphis, Anchorage and Shanghai Pudong.

2. Dutch Court Halts Schiphol Flight Cuts; Gov't to Appeal.

The Dutch court upheld legal challenges lodged by IATA, KLM and other airlines against the government's decision to cut Amsterdam Schiphol's flight limit to 460,000 from November 2023 to October 2024, because the state had not followed proper European Union procedure for the reduction. The Dutch government is appealing the court ruling, saying it is not in the interest of local residents who are concerned about noise.

3. FAA to Award \$20 Million to Modernize Airport-Owned Towers.

FAA will award \$20 million from the Bipartisan Infrastructure Law to 29 airport-owned traffic control towers. The 33 grants "will sustain, construct, repair, improve, modernize, replace or relocate towers and install communications equipment" in small towns and at regional airports.

4. Construction Begins on \$73 Million Sarasota Terminal Expansion.

Construction began on the Sarasota Bradenton terminal expansion. The 75,300 square foot, five-gate facility will include a four-lane security checkpoint and five boarding hold rooms with 970 seats. The \$73 million project will be paid for with federal, state and Airport Authority funds. The airport has seen an unprecedented increase in passenger traffic and demand over the last 5 years, said President and CEO Rick Piccolo, growing from six airlines and 12 nonstop destinations to 11 airlines serving 55 nonstop destinations.

5. **Seattle Central Terminal Renovation Complete.**

Seattle-Tacoma International reopened its newly renovated Central Terminal. The \$21.8 million renovation added 11,000 square feet of dining and seating and restored the 350-foot-long, 60-foot-high window wall, adding new rocking chairs so passengers can enjoy the airfield view.

6. **Airlines, Heathrow Appeal CAA Fee Modifications.**

Britain's Competition and Markets Authority (CMA) is considering whether to grant permission to Delta Air Lines, British Airways, Virgin Atlantic and London Heathrow to appeal against the Civil Aviation Authority's (CAA) H7 Final Decision of March 8, 2023, which sets the price control and associated regulatory framework that applies to Heathrow Airport during the January 1, 2022 to December 31, 2026 period. The statutory deadline for CMA to decide whether to grant permissions to appeal is May 16.

III. SECURITY AND DATA PRIVACY

1. TSA Update.

The Transportation Security Administration (TSA) awarded three orders with combined value of up to \$1.3 billion for Computed Tomography (CT) scanners for checkpoint deployment starting this summer. The scanners create 3-D rotatable images to help operators detect explosives and prohibited items in carry-on baggage. . . . TSA awarded up to \$128 million to Idemia Identity and Security USA to manufacture, procure and maintain second generation Credential Authentication Technology (CAT-2) systems for airport checkpoints. The 1,500 systems will “validate the authenticity of a passenger’s identification credential, confirm pre-screening status and validate flight reservations [with] an integrated camera for biometric and self-service capabilities.” . . . TSA PreCheck enrollment services will soon be offered by CLEAR and Telos Identity Management Solutions, following test enrollments in select locations. . . . TSA officers intercepted 1,508 firearms at airport security checkpoints during first quarter 2023, averaging 16.8 per day. More than 93% were loaded. Firearms are prohibited in carry-on bags, at TSA security checkpoints and on aircraft, even if the passenger has a concealed carry permit. For passengers found with firearms at the checkpoint, the maximum civil penalty is \$14,950, and TSA suspends TSA PreCheck eligibility for five years. Passengers with firearms in a carry-on bag at a TSA checkpoint are also subject to the airport’s city or state laws, which may include citation or arrest. Firearms must be properly packed in checked baggage and declared with the airline at check-in.

2. JetBlue Ventures Invests in Shift5.

JetBlue Ventures has partnered with military supplier Shift5 to bring cybersecurity and data observability of onboard avionics to commercial aviation. The Northern Virginia company’s technology will be geared to detect and prevent cyberattacks on the reservation system, scheduling software, and business applications used in finance, accounting, and human resources.

IV. TECHNOLOGY AND EQUIPMENT

1. **Expedia: Flight Searches for Summer Travel Up 25%.**

Flight searches are up 25% for June through August, compared to the same time last year, according to Expedia data. The top five domestic destinations are New York, Los Angeles, Seattle, Orlando and Las Vegas; international are Cancun, London, Rome, Punta Cana and Paris. Trending are Auckland, New Zealand, Hong Kong, Osaka, Da Nang and Hanoi.

2. **Sabre Launches American, United NDC Offers.**

Sabre launched new distribution capability (NDC) content of American and United, bringing to 10 the number of airlines that have completed integration and made content available through the global distribution system (GDS). Sabre-connected travel buyers, agencies and developer partners can shop, book and service the NDC content through Sabre's Offer and Order APIs, the agency point-of-sale tool, Sabre Red 360, and the online booking tool, GetThere. . . . Virgin Atlantic renewed its agreement with Sabre, offering enhanced content through its GDS marketplace, as well as future ability to retail NDC offers.

3. **Air Canada, Amadeus Expand Strategic Partnership.**

Air Canada and Amadeus expanded their partnership, signing a multi-year distribution agreement that enables access to the airline's full range of NDC-sourced content. Additionally, the airline's traditionally sourced content (EDIFACT) will be available worldwide to travel sellers and corporations that utilize the Amadeus Travel Platform. "Agencies and travel buyers will have access to our most complete range of content and be well-equipped for the introduction of new products and capabilities," said Air Canada.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

Average price of aviation jet fuel on April 14 was \$101.54/barrel, down 0.4% on the month and down 36.7% compared to a year ago, reports IATA; data from S&P Global Platts.

2. GAO: Agencies Should Track Progress of Federal SAF Goals.

To reduce aviation greenhouse gas emissions, the White House issued a Grand Challenge in 2021 that aims to increase production of sustainable aviation fuel (SAF) to 3 billion gallons by 2030 and 35 billion gallons by 2050. In 2022, the Departments of Transportation, Energy, and Agriculture published a roadmap outlining actions to support those goals. In a review of the federal role in SAF, the Government Accountability Office (GAO) found that the roadmap does not establish performance measures to monitor, evaluate, and report results of these actions. Establishing and using such measures can identify progress. U.S. production of SAF reached 15.8 million gallons in 2022, but accounted for less than 0.1% of total jet fuel used by major U.S. airlines, said GAO.

3. SAF Certificates Purchased Collectively.

Through the Sustainable Aviation Buyers Alliance (SABA), major corporations will purchase SAF certificates for 850,000 gallons of SAF produced by World Energy and help fuel JetBlue flights, reducing an estimated 8,500 tons of CO₂ on a lifecycle basis. SABA is launching its second competitive procurement process, for certificates across a five-year timeframe and open to all airlines and fuel providers. SABA members will pilot a new registry to bring more transparency, consistency and integrity to the SAF certificate market. SABA is a joint initiative of clean energy nonprofit RMI and the Environmental Defense Fund “focused on accelerating the path to net-zero aviation by driving investment in, and adoption of, high-integrity SAF and supporting companies, airlines, and freight customers in achieving their climate goals.”

4. United Invests \$15 Million in Carbon Capture Company.

United announced a \$15 million investment to fund and support Svante's commercial-scale filter manufacturing facility in Vancouver. Svante technology employs structured absorbent beds, or filters, which can capture 95% of CO₂ emissions from industrial sites, and CO₂ that is already in the air. Once the CO₂ is captured, it is concentrated and can be used in the creation of SAF or other products. It can also be safely transported and stored underground. The manufacturing facility is anticipated to produce enough filter modules to capture millions of tons of carbon dioxide per year across hundreds of large-scale

carbon capture facilities. Svante is working with such organizations as Dimensional Energy, a carbon utilization company that United Airlines Ventures invested in last year.

5. **Delta and Shell Aviation Sign SAF Agreement to Fuel LAX.**

Delta will purchase up to 10 million gallons of neat SAF from Shell Aviation over a two-year period for use at its Los Angeles International hub. Neat SAF can be blended with conventional jet fuel and used in today's aircraft engines without modification, at a ratio of up to 50%. Delta has been proving the technology with SAF engine tests at its engine test cell in Atlanta. California provides incentives for producers to provide SAF to the state. Other states are exploring similar SAF programs and tax incentives to complement federal policies that encourage investment in and scaling of SAF.

6. **San Diego Using Renewable Diesel for Airside Equipment.**

San Diego International is using renewable diesel in airside vehicles and equipment, such as baggage tugs, belt loaders and firefighting vehicles, "to reduce the airport's carbon footprint, improve local air quality, and help meet our sustainability goals." Renewable diesel is made from vegetable oil, animal fats and agricultural waste. It is chemically identical to fossil fuel-derived diesel, and considered a drop-in fuel, meaning no modifications are needed for its storage or to use it in diesel engines.

7. **Sea-Tac, Alaska Air, Delta Sued for Jet Contamination.**

Properties owners near Seattle-Tacoma International launched a class action lawsuit charging Port of Seattle, Alaska Air Group and Delta with contaminating the area with dangerously high levels of pollutants, including benzene and lead, from jets taking off and landing. The plaintiffs cite an increase in cancer and heart disease rates and seek injunctive relief and damages "for harm caused by the emissions in violation of their rights under Washington negligence, nuisance, trespass, and inverse condemnation laws."

8. **Sustainable Engine Alliance Launched.**

Kuehne+Nagel, Atlas Air, and SR Technics Group established the Sustainable Engine Alliance "to set new industry standards for low-carbon aircraft engine supply chains." Alliance members aim to reduce their collective environmental impact by building networks for sustainable engine supply and offering sustainable services. "Initial modules include global digital backbone for emission transparency, reduction and avoidance, deployment of sustainable fuels and engine stand management solutions. The initiative is expected to reduce engine supply chain related scope 3 emissions in line with aviation's 2050 sustainability targets."

9. EC Approves French Ban on Some Short-Haul Domestic Flights.

The European Commission approved France's proposal to ban domestic flights between cities that are linked by train travel of less than 2.5 hours. Initially, the ban will affect routes between Paris Orly and Nantes, Lyon and Bordeaux. The ban will come into effect after public consultation and state review, and be valid for three years, then reassessed by the Commission. French Transport Minister Clément Beaune suggested that travel by private jets may be limited by EU-wide action; the European federation for clean transport found they are up to 14 times more polluting than commercial flights per passenger mile, and 50 times worse than trains.

10. Schiphol Plans “Night Closure, Ban on Private Jets, People First.”

Royal Schiphol Group announced plans for “a system that focuses on the structural reduction of noise and CO2 emissions in line with the Paris climate agreement, and not on the number of air transport movements, no later than 2025-2026.” Due to such measures as fewer night flights, a ban on private jets and small business aviation, and no new runways, the number of people around Schiphol experiencing severe nuisance will fall by 17,500 (16%) and the number of local residents experiencing severe sleep disturbance will fall by 13,000 (54%). “The government should enshrine this system in law,” said the airport operator, adding that Schiphol will consult measures with airlines. In response, KLM said it “would prefer to work with the rest of the aviation industry on developing further measures to reduce CO2 emissions and noise pollution.”

11. FAA Awards Funds to Reduce Aviation Noise.

FAA awarded \$19 million to 14 U.S. universities as part of the Aviation Sustainability Center (ASCENT), with a goal to “reduce noise and fly with net-zero emissions by 2050. Projects studied include: noise reduction benefits of an over-wing jet engine design concept (\$300,000, Georgia Tech); simulate sonic booms in realistic environments to inform development of noise certification standards for future low-boom supersonic aircraft (\$220,000, Penn State); develop improved supersonic aircraft noise prediction methods (\$850,000, Georgia Tech, University of Illinois, Penn State, Stanford); develop noise models for Advanced Air Mobility vehicles (\$315,000, MIT); develop acoustic modeling for Urban Air Mobility vehicles with low noise operations (\$280,000, Penn State); evaluate noise exposure that could result from large numbers of commercial and private UAS vehicles (\$300,000, Georgia Tech); develop noise abatement procedures for helicopters in various phases of flight through computer modeling (\$170,000, Penn State); assess and quantify correlation between aircraft noise, sleep, cardiovascular health and mental health (\$1,999,608, Boston University); investigate effects of aviation noise on sleep disturbance (\$1,077,621, University of Pennsylvania); estimate housing value

loss due to aircraft noise exposure (\$300,000, MIT). Other projects focus on SAF, alternative jet fuel supply chains, engine technology, commercial space and environmental measurement. Also working on ASCENT projects are teams from Missouri University of Science and Technology, Purdue, University of Dayton, University of Hawaii, University of North Carolina, University of Tennessee and Washington State University. FAA has invested more than \$130 million since the ASCENT program began in 2014. FAA has awarded \$100 million to research and scale fuel-saving technologies and noise reductions; is deploying software allowing airplanes to roll right to the runway and take off; has awarded \$327 million to electrify airport gate equipment and vehicles; and has invested \$35 million for universities to help build SAF fuel supply chains.

12. Travelers Find Sustainable Options with New Initiative.

U.S. Travel Association launched JourneyToClean.com to help travelers make informed decisions about sustainable travel. The website shows progress made by airlines and other organizations in lowering carbon emissions, conserving resources, reducing waste, protecting natural attractions, and upholding rigorous environmental standards. Developed with the group's Sustainable Travel Coalition, the initiative also highlights federal policy priorities to strengthen sustainable travel and includes focus areas for advocacy, such as grant programs, tax incentives, free trade agreements and public-private partnerships. Most travelers say they want sustainable travel options and most executives want to increase sustainable corporate travel choices, even if such options are costlier, says U.S. Travel, and "studies also found that climate change and environmental sustainability are particularly important to younger Americans—a strong indicator that the need for sustainable travel options will only grow over time."

VI. U.S. CONGRESS

1. “Protection from Abusive Passengers Act” Introduced.

The bipartisan and bicameral “Protection from Abusive Passengers Act” was introduced by Senators Jack Reed (D-RI) and Dick Durbin (D-IL) and Representatives Eric Swalwell (D-CA) and Brian Fitzpatrick (R-PA). The legislation would require TSA to develop a banned fliers list (BFL) for individuals who engage in dangerous behavior on a plane or at a security checkpoint. Mandates include a process for receiving abusive passenger referrals from FAA or DOJ, guidelines and considerations for removing an individual from the BFL, as well as expeditious removal of erroneous additions, appeal and removal for non-erroneous additions, and providing advanced written notice of individual rights and program requirements, rules, and procedures for individuals referred to the BFL, within five days. The bill directs the Department of Homeland Security Inspector General to report to Congress every three years on disparities based on race or ethnicity in the treatment of appeals for removal. FAA investigated 831 unruly-passenger incidents in 2022, up from 146 four years ago. FAA, TSA and DOJ are working to deter and punish violent incidents, said bill sponsors, “but clearly the existing range of civil and criminal penalties have not stymied the recent spike.”

2. FAA Reauthorization Hearing on Evolution of Flight, New Entrants.

A hearing titled, “FAA Reauthorization: Harnessing the Evolution of Flight to Deliver for the American People” was held in the House.” Integration of new systems such as drones and electric vertical takeoff and landing (eVTOL) aircraft into the national airspace was discussed. “Congress must robustly invest in critical research to leverage the environmental benefits of technologies, especially for communities disproportionately affected by the carbon and noise emissions of traditional aircraft,” said Rick Larsen (D-WA), Ranking Member of the Transportation and Infrastructure Committee. Aviation Subcommittee Ranking Member Steve Cohen (D-TN) noted the need “to ensure that FAA’s regulatory framework adequately supports this evolving aviation sector,” and for the Subcommittee to support “the evolving advanced air mobility sector, which has the potential to move people and cargo between places previously not served or underserved by traditional aviation or emergency vehicles.”

3. FAA Oversight and Budget Hearing.

FAA Acting Administrator Billy Nolen testified at a hearing held by the House Appropriations Subcommittee on Transportation on the Fiscal Year 2024 Budget Request for FAA. “Budget cuts that have been considered by some would be raw, they would be deep, and they would be impactful to the flying

public,” said Nolen. “Cuts will slow modernization of old systems, hobble our effort to train more controllers, and jeopardize our work to usher in the next era of aviation.” Among his remarks, Nolen said the President’s budget request of \$19.8 billion, combined with \$5 billion the Bipartisan Infrastructure Law provides to reduce the backlog of airport and air traffic projects, is critical to maintain our safety record, especially in the “operation of the air traffic system and our oversight of airlines, manufacturers, and crews.” An additional request of \$26.2 million over this year’s budget includes funding for 53 new positions to complete implementation of the Aircraft Certification, Safety, and Accountability Act, and addresses recommendations from recent investigations and independent reviews following the Boeing 737 MAX accidents. Additional funding for 72 positions will supplement existing core safety programs. Remaining funding will strengthen aviation and hazardous materials safety oversight. The budget seeks \$117 million to increase hiring of air traffic controllers and to reduce the controller training backlog created during COVID. FAA plans to hire 1,800 trainees in FY 2024, an increase of 300 above the 1,500 hired this fiscal year. Equipment requests include \$19.6 million to retire aging databases and applications and move to a more reliable, modern system. The budget asks for \$510.8 million in the Facilities & Equipment account to improve air traffic control facilities. “Our backlog of uncompleted renovations and repairs for facilities that directly support operations is \$5.3 billion,” said Nolen. “The average en route traffic center or combined control building is 61 years old. More than 50% of the terminal radar control facilities are more than 40 years old.”

4. “Aviation Workforce Development Act” Introduced.

The bipartisan “Aviation Workforce Development Act” was introduced in the House. The bill would make training at FAA-certified commercial pilot and aircraft maintenance technician schools a qualified expense for 529 education savings plans. Aviation is facing a shortage of qualified pilots and aircraft maintenance technicians, said bill supporters, but cost is a barrier to entry for many. Flight training to become a commercial pilot at a private institution can exceed \$100,000. The bill is endorsed by airlines, manufacturers, flight training education associations, and pilot and mechanic unions.

VII. **BILATERAL AND STATE DEPARTMENT NEWS**

1. **US Citizens Told to Leave Russia ‘Immediately.’**

The Biden Administration reinforced its warning about travel to Russia, upon the arrest of Wall Street Journal correspondent Evan Gershkovich on false espionage charges. “We reiterate our strong warnings about the danger posed to U.S. citizens inside the Russian Federation,” said a State Department official. “U.S. citizens residing or traveling in Russia should depart immediately.” The White House advised Americans to heed the State Department warning to avoid travel to Russia or depart immediately if they are in Russia.

2. **Mexico’s Cabotage Plans on Hold.**

Proposals to permit foreign carriers to operate domestic routes in Mexico have been put on hold. The National Chamber of Air Transport (CANADERO) applauded an announcement by President López Obrador that cabotage will not be included in civil aviation law reforms. “The airline industry will remain attentive to the legislative process and reiterates its commitment to work for the development of aviation for the benefit of Mexicans,” said CANADERO.

3. **Canada, UAE Expand Air Transport Agreement.**

Canada and the United Arab Emirates (UAE) concluded an expanded air transport agreement, effective immediately, which allows 21 flights per week for each country, 50% more than the maximum number previously possible, facilitate new routes, and give airlines greater flexibility to accommodate changes in market demand. The new agreement is aligned with Canada’s Indo-Pacific Strategy since the UAE serves as a hub for many flights to Asia.

VIII. EUROPE AND AFRICA

1. United Adds New Summer Services.

United will begin flights from Newark to Malaga and Stockholm; San Francisco to Rome; Chicago O'Hare to Shannon and Barcelona; and Washington Dulles to Berlin, among increased summer services. United launched daily Boeing 777-200ER service between New York Newark and Dubai in March, part of a commercial agreement with Emirates "that will enhance each airline's network and give their customers easier access to hundreds of destinations within the United States and around the world."

2. Delta Resumes London Gatwick Service.

Delta returned to London Gatwick after 15 years absence, with daily Boeing 767-300 nonstops to New York Kennedy; all flights operated in cooperation with joint venture partners Virgin Atlantic, Air France and KLM.

3. Virgin Atlantic Flies Airbus A330neo to New York.

Virgin Atlantic began flying its Airbus A330neo between New York Kennedy and London Heathrow. A tie-in with newly-opened Virgin Hotels New York City was hosted by founder and President Sir Richard Branson. Virgin Atlantic offers six daily flights on the route and with joint venture partner Delta operates nine daily. Virgin Atlantic became SkyTeam's first UK member in March. . . . In other news, Branson's Virgin Orbit began a voluntary proceeding under Chapter 11 of the U.S. Bankruptcy Code. The company received a commitment from Virgin Investments for \$31.6 million to provide liquidity to continue operating as it seeks "a value-maximizing transaction for the business and its assets." Virgin Orbit has delivered satellites into orbit since 2021. LauncherOne rockets are manufactured in California and air-launched from a modified Boeing 747-400.

4. JetBlue to Launch Flights to Amsterdam.

JetBlue begins Airbus A321 Long Range (LR) nonstops to Amsterdam Schiphol from New York Kennedy on August 29 and from Boston on September 20. Introductory roundtrip fares started at \$479 for U.S.-originating, and €399 for Netherlands-originating travelers. "Entrenched legacy carriers have dominated this route for decades," said CEO Robin Hayes. "Our transatlantic service demonstrates how JetBlue's entrance into a new market lowers fares and benefits customers." JetBlue also flies to London Heathrow and Gatwick and will begin service to Paris in June.

5. Alitalia Must Refund €400 Million of Illegal State Aid

The European Commission determined that the €400 million loan Italy granted to Alitalia in 2019 was illegal aid and told Italy to recover the funds. The loan will be repaid from revenue obtained from the sale of assets in the former flag carrier's ongoing insolvency proceedings. Alitalia successor ITA Airways is not liable for repayment of the loan. . . . In other news, Italy's exclusive talks with Lufthansa regarding a 40% stake in state-owned ITA were extended until May 12 from previous deadline of April 24.

6. Lufthansa to Divest LSG Group.

Lufthansa agreed to sell catering segment LSG Group to European private equity group AURELIUS, with close expected by third quarter. Part of a strategy to focus more on the airline business; the divestment includes all classic catering, onboard retail and food commerce activities and brands of the LSG Group, with all 131 LSG Sky Chefs Customer Service Centers (CSCs) in the Americas (U.S. and Latin America), EMMA (Emerging Markets) and Asia-Pacific regions, plus onboard retail expert Retail InMotion (RiM), based in Europe, and SCIS Air Security Services in the U.S. It combines 19,000 employees worldwide and 36 joint ventures across the globe. European LSG Sky Chefs were sold in 2019 to gategroup.

7. IATA to Launch "Focus Africa."

IATA plans to launch "Focus Africa" in June to strengthen aviation's contribution to Africa's economic and social development. The initiative will align private and public stakeholders to deliver measurable progress in the areas of safety, infrastructure, connectivity, finance and distribution, sustainability, and future skills. Africa accounts for 18% of the global population, but just 2.1% of air transport activities (combined cargo and passenger). The continent's carriers suffered cumulative losses of \$3.5 billion for 2020-2022 and IATA estimates further losses of \$213 million in 2023.

8. Airbus Signs New Agreements with Chinese Industry.

See Section IX, item 4 below.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. United Adds Australia, New Zealand Service.

United will add Australia and New Zealand service next northern winter, including the first nonstop between San Francisco and Christchurch, starting December 1, to be flown three times weekly on the Boeing 787-8 Dreamliner. Added flights include four weekly Los Angeles-Auckland as of October 28; three weekly Los Angeles-Brisbane as of November 29; daily San Francisco-Brisbane as of October 28; all on Dreamliners. United will also fly twice daily San Francisco-Sydney on Boeing 777-300ERs starting October 28, and a switch to the 777-300ER for daily San Francisco-Melbourne flights, adding nearly 100 daily seats to each departure. Some flights are subject to government approval. Partnerships with Air New Zealand and Virgin Australia enable connections to more than 50 destinations in the region, said the airline.

2. Alaska Airlines Partners with Taipei-based STARLUX.

STARLUX launched transpacific service with flights between Los Angeles and Taipei, in partnership with Alaska Airlines. “The partnership will enable seamless connections for STARLUX Airlines customers traveling to destinations across the U.S.,” said STARLUX CEO Glenn Chai. Connections to 16 Asian destinations include Bangkok, Hanoi, Penang, Manila, Singapore, Macau and Sapporo. The Taipei-based premium carrier operates the transpacific route with new-generation Airbus A350-900 aircraft.

3. ACCC Opposes Qantas' Acquisition of Alliance.

Australian Competition and Consumer Commission (ACCC) opposes Qantas Airways' proposed acquisition of Alliance Aviation Services. As both supply air services to mining and resource companies that need to transport ‘fly-in fly-out’ workers in Western Australia and Queensland, competition in these markets would be lessened substantially, ACCC concluded. ACCC also found that Alliance is “a particularly vigorous and effective competitor [and] the preferred supplier due to its large fleet capacity, customer-centric approach and high-quality service offerings, including having the highest on-time-performance in the industry and demonstrated flexibility and willingness to meet customer needs.” Other airlines would be unable to compete effectively, because they “lack the right aircraft, fleet size, or capabilities.” Alliance specializes in private charter flights to corporate customers and aircraft leasing and associated services. Qantas currently wet-leases 18 Embraer E190s from Alliance with the option another 30. Qantas acquired a 19.9% holding in Alliance in 2019 and in 2022 reached an agreement to acquire the remaining shares. . . . ACCC granted reauthorization for five years to Qantas and Jetstar, instead of the 10 years

sought, for continued coordination of two Jetstar Asian-based joint ventures and, in certain circumstances, between Jetstar Japan and Japan Airlines, continuing authorizations made in 2013 and 2018. The reauthorization does not allow coordination between Qantas and Japan Airlines.

4. Airbus Signs New Agreements with Chinese Industry.

Airbus signed new cooperation agreements with Chinese partners, Tianjin Free Trade Zone Investment Company and Aviation Industry Corporation of China. A second A320 Family final assembly line will be built at its Tianjin site. Airbus also signed General Terms of Agreement (GTA) with the China Aviation Supplies Holding Company (CAS) covering purchase of 160 commercial aircraft announced earlier. Over the next 20 years, China's air traffic is forecast to grow at 5.3% annually, compared to world average of 3.6%. This will lead to a demand for 8,420 passenger and freighter aircraft between now and 2041, representing more than 20% of world total demand for around 39,500 new aircraft in the next 20 years. Airbus entered the Chinese market in 1985; by end of first quarter 2023, the Airbus in-service fleet was over 2,100 aircraft, representing more than 50% of the market. . . . Airbus and China National Aviation Fuel Group (CNAF) signed a Memorandum of Understanding (MoU) to intensify Chinese-European cooperation on the production, competitive application and common standards formulation for SAF. In 2022, Airbus and CNAF contracted to support commercial and delivery flights in China to be operated with SAF; 17 delivery flights and a first commercial flight were facilitated by the two partners as of end of March. This new agreement aims at optimizing SAF supply chain by diversifying sources and enhancing SAF production with a goal to use 10% SAF by 2030. . . . Airbus opened a Research Centre in Suzhou, which "will take advantage of the highly skilled aviation and hydrogen know-how already established in the Yangtze River Delta region."

X. AMERICAS

1. United Reaches Tentative Agreements with IAMAW.

United reached two-year tentative agreements with International Association of Machinists and Aerospace Workers (IAMAW), covering fleet and passenger service workers, storekeepers, central load planners, maintenance and fleet technical instructors and security officers. IAMAW said terms include industry-best wage rates, insourcing of five previously outsourced locations, protection of full-time employment, and permanent prohibition of outsourcing for 17 additional U.S. locations.

2. American Airlines Pilots Vote on Strike Authorization.

Allied Pilots Association (APA) is conducting a strike authorization vote on behalf of American Airlines pilots, to conclude on April 30. “APA remains committed to negotiating in good faith with American Airlines management to secure the industry-leading contract that our pilots have rightfully earned,” said the union, adding, “You need to demonstrate the same level of commitment to meaningful bargaining that other airline management groups have shown in recent months.”

3. Delta Resumes Cuba Flights.

Delta resumed service between Miami and Havana, with two daily Airbus A320 nonstops. Delta returned to the Cuban market in 2016 after a 55-year hiatus, but suspended service in March 2020 in response to COVID-19. . . Delta March quarter revenue was 16% more than same period 2019. “With record advance bookings for the summer,” said President Glen Hauenstein, “we expect June quarter revenue to be 15 to 17% higher on capacity growth of 17% year over year.”

4. Spirit Flight Attendants Approve New Contract.

Spirit flight attendants ratified a new collective bargaining agreement. The contract “increases base wages 10-27% immediately for 6,000 flight attendants, with most seeing in excess of a 40% pay increase in under two years,” said Association of Flight Attendants-CWA (AFA). The contract expires in two years and eight months.

5. FedEx to Consolidate Operating Companies.

FedEx Corp. will consolidate its operating companies, including FedEx Express, FedEx Ground and FedEx Services, into a fully integrated air-ground network under the FedEx brand. FedEx Freight will continue to provide less-than-truckload services as a stand-alone company under FedEx Corp. Full

implementation of a phased transition is expected in June 2024, with Raj Subramaniam as President and CEO of the combined organization. To aid in a smooth transition, John A. Smith became President and CEO of U.S. and Canada Ground Operations at FedEx Express and assumed leadership of surface operations, effective April 16, and Richard W. Smith became President and CEO, Airline and International at FedEx Express, overseeing all other regions and FedEx Logistics. FedEx expects the transformation to generate \$4 billion of permanent cost reductions in fiscal 2025, \$1.3 billion of which will be in Air Network & International.

6. WestJet Pilots Approve Possible Strike Action.

WestJet pilots voted for possible strike action as early as May 16, said Air Line Pilots Association (ALPA). “A strike authorization vote is a common step by unions in context of the overall labor negotiation process and does not mean a strike will occur,” stated the airline. “We remain unwaveringly committed to achieving an agreement that is competitive within Canada's airline industry and ensures we have a long-term sustainable future.”

7. United Adds New Summer Services.

See Section VIII, item 1.

8. Delta Resumes London Gatwick Service.

See Section VIII, item 2.

9. Virgin Atlantic Flies Airbus A330neo to New York.

See Section VIII, item 3.

10. JetBlue to Launch Flights to Amsterdam.

See Section VIII, item 4.

11. United Adds Australia, New Zealand Service.

See Section IX, item 1.

12. Alaska Airlines Partners with Taipei-based STARLUX.

See Section IX, item 2.