



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. American/JetBlue Northeast Alliance Halted.

The U.S. District Court for the District of Massachusetts ruled in favor of a civil antitrust lawsuit to stop the American Airlines/JetBlue Northeast Alliance (NEA), brought by the Justice Department and Attorneys General of six states and the District of Columbia. Judge Leo Sorokin found that the NEA substantially diminishes competition by combining the Boston and New York operations of two airlines that are among the most significant competitors in that region, and plainly violates Section 1 of the Sherman Act. The defendants “are permanently enjoined from continuing, and restrained from further implementing, the Northeast Alliance,” effective thirty days after the May 19 date of the order. Attorney General Merrick Garland said the Justice Department “will continue to protect competition and enforce our antitrust laws in the heavily consolidated airline industry and across every industry.” JetBlue and American are considering legal options and maintain that the partnership is a win for customers.

2. DOT Fines LATAM Airlines \$1 Million.

The U.S. Department of Transportation (DOT) fined LATAM Airlines Group \$1 million for routinely failing to provide timely refunds to passengers for flights it canceled to and from the United States, and ordered the carrier to provide refunds to consumers regardless of when requests are submitted. In response, LATAM said it had to cancel more than 1,100 flights daily at the onset of the pandemic due to government restrictions on travel and entry requirements and was forced to file for bankruptcy protection. LATAM agreed to a settlement solely in the interest of avoiding litigation. The order pertains also to affiliates in Argentina, Brazil, Chile, Colombia, Ecuador and Peru. Affiliates in Colombia, Ecuador, Chile, Brazil and Peru also filed for bankruptcy in 2020; LATAM Airlines Argentina ceased operations in 2020.

3. DOT to Propose Passenger Compensation Rule.

DOT will launch a rulemaking requiring airlines to compensate passengers for meals, overnight accommodations, ground transportation to and from the hotel, and rebooking for controllable delays or cancellations, as well as timely customer service, during and after periods of widespread flight irregularities. DOT expanded its Airline Customer Service Dashboard (FlightRights.Gov) to show which airlines currently offer cash compensation, provide travel credits or vouchers, or award frequent flyer miles when they cause flight delays or cancellations.

4. DOT Headquarters Name Honors Coleman, Mineta.

DOT headquarters in Washington was renamed in honor of William T. Coleman, Jr. and Norman Y. Mineta. Coleman was the first African American Secretary of Transportation (1975-1977). A military veteran and lawyer, he had worked on civil rights cases alongside Supreme Court Justice Thurgood Marshall. Mineta was the first Asian American and longest-serving DOT Secretary (2001-2006). He oversaw the Department's response to the September 11th attacks, including making the decision to ground all flights in the National Airspace System and quickly establishing the Transportation Security Administration (TSA). Mineta served in the U.S. Army and as Congressman from California, where he helped spearhead the fight for marriage equality and championed legislation that led to the Americans with Disabilities Act, the Voting Rights Act, and the Civil Liberties Act. He also served as Commerce Secretary under President Clinton, making him the first Asian American to hold a cabinet post.

5. FAA Invests \$100 Million to Reduce Runway Incursions.

The Federal Aviation Administration (FAA) awarded more than \$100 million to 12 U.S. airports to reduce runway incursions. Projects will reconfigure taxiways that may cause confusion, install airfield lighting or construct new taxiways. Airports receiving grants include Tucson Intl (\$33.1 million), San Diego Intl (\$24 million), Harry Reid Intl (\$13.4 million), Mineta San Jose Intl (\$10.8 million), Prescott Regional (\$7.4 million) and Miami Intl (\$6 million). Funding sources include FAA's Airport Improvement Program and the Bipartisan Infrastructure Law. . . . At a National Transportation Safety Board (NTSB) roundtable on runway incursions, Chair Jennifer Homendy said the most dangerous incursions seem to be increasing. "This year alone, there've been a total of 365 runway incursions, six of which the NTSB is investigating." She called for more funding for FAA, "if we want to upgrade existing technologies to prevent runway incursions, implement new technologies, invest in projects to reconfigure or construct new taxiways, install new lighting, modernize systems so that we are better able to use data in decision making, and build upon an already highly skilled workforce."

6. FAA Activates Faster Routes Along East Coast.

To prepare for the busy summer travel season, FAA activated 169 new routes that operate primarily above 18,000 feet in altitude along the East Coast, as well as offshore over the Atlantic and Gulf of Mexico. FAA has sunset legacy routes built when aircraft largely relied on ground-based radar, limiting the directness of routes, instead of GPS. The direct routes will shave off 40,000 miles and 6,000 minutes of travel time annually. FAA worked with industry to develop and implement the "high-altitude highways in the sky."

7. FAA Releases Airspace Blueprint for Air Taxis.

FAA released an updated blueprint for airspace and procedure changes to accommodate future air taxis and other Advanced Air Mobility (AAM) operations. AAM operations will begin at a low rate with air taxis flying much as helicopters do today. They'll use existing routes and infrastructure such as helipads and early vertiports. Pilots will communicate with air traffic controllers where required. As operations increase, air taxis are expected to fly in corridors between major airports and vertiports in city centers. FAA developed the blueprint with NASA and industry stakeholders.

8. GAO Report Examines Flight Delays and Cancellations.

A Government Accountability Office (GAO) audit examined trends in and causes of flight disruptions before and after the pandemic; challenges that airlines faced in managing and responding to flight disruptions; and FAA and DOT actions to help address them. When demand for air travel dropped during the COVID-19 pandemic, commercial airlines took steps to cut costs, such as suspending hiring and reducing staff. While the industry has largely recovered, cancellations and delays have persisted, and in late 2021 increasingly were due to factors within an airline's control, such as maintenance or lack of crew. DOT has improved public information about passengers' rights and stepped-up oversight, said GAO.

9. DOT OIG Audits FAA Training Processes for Maintenance Technicians.

The DOT Office of Inspector General (OIG) was directed by the House Committee on Appropriations to assess FAA plans for hiring, training and placing technicians who install, maintain, repair and certify equipment in the National Airspace System. Among findings, travel funding and other factors have hindered FAA's ability to increase the number of technicians who can receive training in a given year. Although the Agency is using e-learning options, it has not documented lessons learned or formally analyzed student feedback to determine course formats. Lack of a strategic approach hinders FAA's ability to develop a sustainable workforce model. FAA concurred with OIG recommendations to improve its approach to prioritizing and providing technical training to maintenance technicians.

10. DOT IG Audits FAA's MAX 8 Certification Processes.

In its third report related to certification of the Boeing 737 MAX 8 and safety oversight, the DOT IG focused on FAA's risk assessments following the two fatal accidents in 2018 and 2019, as well as recertification and return to service efforts. FAA's steps following the accidents were in line with its overall post-event risk assessment processes; however, some areas that may impact future

response were identified. First, FAA's processes, by design, allow for significant flexibility in order to factor in the judgment of engineers. Second, FAA has not updated the underlying order and related guidance for its post-event risk assessment processes in over a decade. Third, the Agency lacks quantifiable human factors data, such as pilot reactions to non-normal situations. Finally, FAA's engineers are not all following or receiving the same guidance or training. As a result, FAA may not be able to ensure it consistently follows the most effective risk assessment processes following a safety event. FAA completed recertification of the 737 MAX on November 18, 2020. During that process, FAA retained regulatory compliance findings for design changes instead of delegating them to Boeing's Organization Designation Authorization (ODA) program. Numerous complex issues from multiple safety reviews prompted FAA to require Boeing to submit a document demonstrating effects of Boeing's proposed changes on the speed trim system and how those changes affected the safe operation of the MAX. FAA is incorporating many lessons learned from MAX recertification efforts for future projects, concurred with all OIG recommendations, and provided appropriate actions and planned completion dates.

II. AIRPORTS

1. Coalition Aims to Change DCA Perimeter Rule.

A coalition of transportation and business leaders, including Delta Air Lines, aims to change the perimeter rule at Reagan Washington National Airport (DCA). The Capital Access Alliance (CAA) asked Senate Commerce Committee leaders, in a letter, to authorize 20 to 25 additional flights at DCA. “Currently, only seven airlines are authorized to operate just 20 daily roundtrips to 10 beyond-perimeter destinations – less than 6% of daily scheduled flights from DCA,” wrote CAA. A recent Boston Consulting Group study conducted for CAA proposed that 95% of beyond-perimeter markets are underserved. . . . In related news, the “Direct Capital Access (DCA) Act” was introduced by House Transportation members Burgess Owens (R-UT) and Hank Johnson (D-GA). The bill would add 28 in- and beyond-perimeter flights at DCA in the FAA Reauthorization bill. . . . And, several Senate Democrats, in a letter to Commerce Committee leaders, expressed strong opposition to changes in the perimeter rule. Traffic at DCA has risen sharply for over a decade, they noted, while Dulles traffic has declined or stagnated as a direct result of legislative loosening of the slot and perimeter rules, combined with airline mergers and commercial transactions. In 2010, annual enplanements at Dulles exceeded those at DCA by more than 5 million, they wrote. At end of 2019, pre-pandemic, Dulles outpaced DCA by less than a million passengers annually. This has led to significant stress on DCA’s facilities, from strained roadways and limited parking availability to overburdened baggage systems.

2. American, DFW Sign Long-Term Use and Lease Agreement.

American Airlines and Dallas Fort Worth (DFW) signed a new 10-year Use and Lease Agreement, with \$4.8 billion in pre-approved capital investments, including \$1.63 billion for construction of a new Terminal F, featuring a 15-gate concourse; and \$2.72 billion for expansion of the Central Terminal Area, with “a major reimagining” of Terminal C, gate expansions extending from Terminal A and Terminal C, and significant upgrades to roadways and terminal access.

3. Delta Opens Five New Gates at Salt Lake City.

Delta opened five additional gates at Salt Lake City International, in the 900,000-square-foot Concourse A launched in 2020. More gates will open later this summer, with all operational by October 31; all are leased and operated by Delta. Earlier this year, Delta finalized a new agreement with Salt Lake City that extends the current lease to 2044 and increases Delta’s gate count from 55 to 66, with an anticipated completion in 2027.

4. United Expands Denver Presence.

United continues to expand at Denver International, adding 35 flights and doubling total number of early morning departures and late evening arrivals. The airline plans to open 12 new gates in 2024, for a total of 90, as part of a \$1 billion infrastructure investment, and is the largest private employer in the city of Denver.

5. ACI Asia-Pacific Resolves to Restore, Develop Air Connectivity.

Based on preliminary findings of the Airports Council International (ACI) Asia-Pacific study on Airport Connectivity, medium/large airports in Asia-Pacific region, more dependent on international traffic, faced a 42% reduction in the connectivity index by August 2022, compared to a 17% reduction reported at small airports which benefited from more resilient domestic traffic. Middle East airports, on the other hand, have recovered much faster, with a 19% increase in connectivity at large/medium airports and 5% increase at small airports. ACI Asia-Pacific resolved to promote, restore and develop air connectivity in Asia-Pacific and the Middle East, at its 18th Regional Assembly in Kobe, Japan. “Following the model of the first bloc-to-bloc air transport agreement between the EU and the ASEAN states and the recent Summit between India and the EU, we call upon states to implement a more liberalized market and strengthen cooperation and harmonization on safety, security, environmental protection and ATM optimization,” said Stefano Baronci, Director General of ACI Asia-Pacific.

III. SECURITY AND DATA PRIVACY

1. TSA Update.

The Transportation Security Administration (TSA) screened an estimated 2,719,075 individuals at airports on Friday, May 26, the busiest day of the long Memorial Day weekend, the highest checkpoint volume of the year, and said it is prepared to screen high volumes of passengers this summer travel season. Recruiting and retention rates have improved, said Administrator David Pekoske, as new pay rates will come into effect on July 1, using the same pay scale that applies to other federal employees. . . . Teenagers aged 13-17 may now accompany enrolled parents or guardians through TSA PreCheck screening when traveling on the same reservation and when an indicator appears on the teen's boarding pass. Children 12 and under may still accompany an enrolled parent or guardian without restriction. . . . TSA is deploying new technology nationwide. Credential Authentication Technology (CAT) units confirm authenticity of a passenger's identification credentials, along with flight details and pre-screening status (such as TSA PreCheck) all without a boarding pass. Travelers can opt out of the facial matching process in favor of an alternative identity verification process without losing their place in line. TSA has deployed 2,054 CAT units to 223 airports. . . . New Computed Tomography (CT) units significantly improve scanning and threat detection capabilities for carry-on bags. CT units give TSA officers the ability to review a 3D image of passengers' bags and reduce the need to physically search the contents of the bag. . . . Georgia is the latest state to launch a mobile driver's license (mDL). TSA is able to read the following digital IDs: Arizona, Colorado, Georgia and Maryland mDLs provisioned to Apple Wallet; Utah mDLs stored in the GET Mobile ID app; and American Airlines digital ID stored in the Airside Digital Identity app.

IV. TECHNOLOGY AND EQUIPMENT

1. 5G Mitigations Extended to January 1, 2028.

AT&T Services, T-Mobile, UScellular, and Verizon agreed to extend until January 1, 2028 voluntary mitigation measures for 5G C-band transmissions at 188 U.S. airports. They had been set to expire July 1, 2023, but many airlines were unable to meet that deadline due to supply chain issues. The International Air Transport Association (IATA) welcomed the “stop-gap development,” but called for “a more rational approach that does not place the entire burden for addressing this unfortunate situation on aviation.”

2. oneworld: Booking Tool Transforms Online Experience.

Initial trials for a booking tool that uses artificial intelligence (AI) to help customers navigate the process of planning a “Round the World” ticket were completed by oneworld Alliance and AI company Elemental Cognition (EC). “Leveraging EC’s breakthrough reasoning, natural language understanding, and dialog capabilities, the solution understands customer needs, and helps them weigh options and trade-offs while proactively warning them of potential issues,” said oneworld, “all while navigating the complex product rules and ever-changing flight availability.” Customers using the new tool were four times more likely to create bookable itineraries that meet their requirements than those using the standard interface.

3. SITA’s 2023 Baggage IT Insights Report.

The number of mishandled bags almost doubled from 2021 to 2022 to 7.6 bags per thousand passengers, according to SITA’s 2023 Baggage IT Insights, attributable to “a shortage of skilled staff, resumption of international travel, and congestion at airports.” Delayed bags accounted for 80% of all mishandled bags in 2022, lost and stolen bags increased to 7%. The surge comes after more than a decade of reduction in mishandled baggage, when significant process improvements helped the rate fall by 59.7% between 2007 and 2021. Technology solutions include real-time baggage status information and SITA’s WorldTracer Auto Reflight system, which identifies bags unlikely to make their planned connecting flight and rebooks them on the next possible flight using the existing bag tag, while keeping the passenger informed.

V. ENERGY AND ENVIRONMENT

1. Fuel Bill for Global Airline Industry.

Average price of aviation jet fuel on May 12 was \$90.31/barrel, down 13.9% on the month and down 45.2% compared to a year ago, reports IATA; data from S&P Global Platts.

2. International Summit on SAF Investment Held in Detroit.

The U.S., UK and Canada co-hosted a summit to discuss how to unlock private sector capital investment necessary to scale the Sustainable Aviation Fuels (SAF) market, grow the economy, and achieve a net zero aviation sector. Participants representing investors, major financial institutions, aircraft manufacturers, airlines, non-governmental organizations, fuel producers, and national transportation agencies emphasized the need for cooperation among public and private sectors globally to send a consistent market signal and ensure a healthy supply of SAF to meet increasing demand from aviation stakeholders. Themes that emerged included the need for a diversity of technology and feedstocks; how to manage (not eliminate) the risk of investment in SAF; importance of incentive design, especially to create a level playing field for all market participants; and implementing measures that support demand and supply.

3. SkyNRG to Construct SAF Production Facility in Washington.

Amsterdam-based SkyNRG will construct a major SAF production facility in the state of Washington. CEO Philippe Lacamp said producing about 90,000 metric tons of SAF per year will require an investment of \$600 million to \$800 million, reported the Seattle Times. Lacamp expects the plant to be operational by 2028 or 2029, and said new state legislation that provides SAF subsidies and speeds permits for plant construction positions Washington as the most attractive, most supportive state for SAF. SkyNRG's U.S. office is in Bend, Oregon.

4. Honeywell Introduces New Class of SAF.

Honeywell introduced its new UOP eFinishing™ technology, a ready-now solution for producing low-carbon SAF, which “can reduce greenhouse gas (GHG) emissions by 88% compared to conventional jet fuel.” HIF Global, the first customer to sign a commercial agreement for production of eSAF using Honeywell UOP eFinishing, expects to deploy the solution at its second commercial-scale eFuels facility in the U.S. The HIF eSAF project is expected to be the world's largest eSAF facility, recycling approximately 2 million tons of captured CO₂ to make about 11,000 barrels per day by 2030.

5. **ACT Gives \$400,000 Research Grant to Susteon.**

The Aviation Climate Taskforce (ACT) awarded its first research grant to Susteon for development of a Direct Air Capture (DAC)-to-Jet approach to producing SAF. Susteon will use the \$400,000 grant to develop a process for capturing and converting CO₂ into methanol and ethanol, which can serve as feedstock to produce SAF. The blend of SAF with traditional fuel can be used to replace fossil-based aviation fuel with limited change to engines or infrastructure. ACT is a non-profit supported by several of the world's largest airlines.

6. **FAA Opens Public Comment Period on Noise Policy Review.**

FAA asked for public comment (May 1-July 31) on its Noise Policy Review (NPR) and held virtual webinars. Items to be reviewed include current use of Day-Night Average Sound Level as the primary noise metric for assessing cumulative aircraft noise exposure; if and how alternative noise metrics may be used to better inform decisions and improve FAA disclosure of noise impact; community understanding of noise impact and how to better manage and respond; ways to improve communication on proposed noise-related agency actions; and findings from ongoing noise research related to health, speech interference, sleep disturbance and economic impact.

7. **MSP Airport Noise Classification System Receives U.S. Patent.**

Metropolitan Airports Commission (MAC) earned a U.S. patent for new sound imaging classification technology developed to support the Minneapolis-St. Paul International Airport (MSP) noise program. Using machine learning, the Airport Noise Classification Method and System identifies sounds captured via 40 sound-monitoring devices located around MSP and under common flight paths. The program classifies which sound events are aircraft, filtering out other noise common in an urban environment.

VI. U.S. CONGRESS

1. Congress Urged to Codify FAA as Sole Regulator of NAS.

Concerned about drones and other new entrants, industry groups urged Congress to explicitly codify, in upcoming FAA reauthorization, that FAA is the sole regulator on all matters pertaining to aviation safety and operations in the U.S. National Airspace System (NAS); and clarify and strengthen FAA's express regulatory authority with respect to air traffic management. "Non-federal entities are haphazardly building a state-by-state patchwork of laws attempting to regulate aviation operations, which has proven confusing for the industry and detrimental to safety," they wrote in a letter to transportation leaders in Congress. "This potential patchwork also undermines and unravels Congress' constitutional power to regulate the instrumentalities of interstate commerce to the detriment of all users of the aviation system."

2. FAA Letter to Congress on Controller Workforce Plan.

Acting FAA Administrator Billy Nolen submitted an annual Controller Workforce Plan update to congressional appropriators, providing analysis and projections for building and maintaining staffing levels necessary to ensure safe and efficient operations. "Last year, we were at 99% of our hiring goal, and we are on track to meet our goal of hiring 1,500 controllers this year," he wrote, with plans to hire another 1,800 in 2024; about 3,000 controllers are in training. He warned that spending cuts proposed by House Republicans would "wreak havoc on summer air travel."

3. Rubio Tells Airlines to Address Safety Concerns, Customer Complaints.

Senator Marco Rubio (R-FL) sent letters to Southwest, American, Delta, United, Alaska, Spirit and JetBlue, asking how each intends to modify future service to ensure fewer cancellations and delays, and what steps they are taking to guarantee safety. He requested responses to such questions as: Is your airline intentionally scheduling flights knowing that delays and cancellations are likely? How do you intend to modify your future service to ensure that fewer flights are cancelled or delayed? What do you identify as core contributing factors to the recent surge in close calls? How is your airline ensuring passenger safety from aircraft collisions and what updates to your safety procedures are you pursuing to prevent close calls? Why does your airline have consistent systematic problems and how are you addressing these issues? Can you commit to your airline not having any more meltdowns for the rest of 2023? DOT received 77,656 consumer complaints in 2022.

4. **Unions Protect State, Municipal Labor Policy for Airline Workers.**

Aviation labor unions wrote to Senate Commerce Committee leaders to oppose efforts to amend the Airline Deregulation Act (ADA) or otherwise statutorily preempt state and municipal labor and related policy for airline workers, in pending FAA reauthorization or any other legislation. Any “effort to confuse the FAA’s safety authority in order to broadly envelop the clear rights of the state to set labor policy under our federalized political system is without merit, fanciful, and will invite our unwavering opposition,” they wrote.

5. **Congress Passes “NOTAM Improvement Act.”**

The House and Senate passed the “NOTAM Improvement Act.” The bipartisan legislation requires FAA to strengthen resiliency and cybersecurity of the Notice to Air Mission (NOTAM) system, which alerts pilots of safety and location hazards on flight routes. President Biden is expected to sign the bill.

6. **Bicameral “MOBILE Act” Would Aid Disabled Passengers.**

The bipartisan, bicameral “Mobility Aids on Board Improve Lives and Empower All (MOBILE) Act” was introduced to improve air travel for passengers with disabilities, notably passengers who use wheelchairs and other mobility aids. The bill would require the Secretary of Transportation to issue a notice of proposed rulemaking requiring U.S. and foreign air carriers to publish dimensions of cargo holds; evaluate frequency and types of damage to wheelchairs and scooters; develop and submit to Congress a plan to research technical feasibility of accommodating passengers in wheelchairs in the main cabin. According to DOT, carriers reported checking 61,972 wheelchairs and scooters and mishandling 909, in March 2023, a rate of 1.47%, compared to 1.54% in February 2023 and 1.43% in March 2022.

7. **“Aviation Workforce Development Act” Introduced.**

The “Aviation Workforce Development Act,” a bipartisan bill meant to expand the aviation workforce and lower cost barriers to enter pilot and maintenance careers, was introduced in the Senate by Maria Cantwell (D-WA) and Tim Scott (R-SC). Mike Collins (R-GA) introduced companion legislation in the House. The bill extends eligible expenses for tax-advantaged 529 plans, allowing them to be used to pay for FAA-certified flight and aviation maintenance programs. . . . Boeing’s 20-year outlook forecasts demand for 602,000 new pilots, 610,000 new maintenance technicians and 899,000 new cabin crew members.

8. **“Flight Education Access Act” Introduced in House, Senate.**

A bill that would increase the limit for individuals taking out student loans to pay for flight training was introduced in the House and Senate. The “Flight Education Access Act” increases total maximum amount of Federal Direct Unsubsidized

Stafford Loans an eligible dependent may borrow to \$111,000, increases maximum amount for independent students to \$137,500, and it increases maximum amount of Federal Direct Stafford Loans to total of \$65,000. It requires the GAO to report on the bill's implementation, the number of flight education and training programs and enrolled students, and demographic data on students' participation in the loan program. It authorizes a grant program to increase diversity in the pilot workforce pipeline through partnerships between industry and educational institutions, including scholarships, outreach and development and startup grants for higher education institutions to create aviation programs, and targeting students from low-income and underrepresented backgrounds.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. DOT Allows Chinese Airlines to Increase U.S. Service.

DOT issued an order allowing Chinese airlines to increase U.S. scheduled passenger services from the current eight weekly round-trips to 12, equal to the number permitted by Civil Aviation Authority of China (CAAC) for U.S. carriers. Chinese airlines named in the DOT order are Air China, Beijing Capital, China Eastern, China Southern, Hainan, Sichuan and Xiamen. American, Delta and United operate direct flights to China. “Our overriding goal is an improved environment wherein the carriers of both parties are able to exercise fully their bilateral rights to maintain a competitive balance and fair and equal opportunity among U.S. and Chinese air carriers,” said DOT. “We hope to maintain an ongoing and productive dialogue with CAAC with the goal of a gradual, broader reopening of the U.S.-China air services market.”

2. EU Issues Preliminary Objections to Korean Air-Asiana Merger.

The European Commission issued preliminary objections to Korean Air’s proposed acquisition of Asiana, as it may restrict passenger and cargo competition between the European Economic Area and South Korea. The airlines operate domestic and short-haul routes in Asia and long-haul routes between South Korea and rest of world. The U.S. Justice Department reportedly is considering action against the acquisition, due to concerns about competition on routes between South Korea and the United States. The Korean Fair Trade Commission conditionally approved Korean Air’s acquisition of a 63.88% stake in Asiana in February 2022.

VIII. EUROPE AND AFRICA

1. Lufthansa to Acquire 41% Stake in ITA Airways.

Lufthansa will acquire a 41% stake in ITA Airways, the successor airline to Alitalia, through a capital increase of €325 million, under an agreement with the Italian Ministry of Economy and Finance which also committed to a capital increase, of €250 million, and agreed to options for acquiring remaining shares. Subject to approval by authorities, upon transaction close ITA and Lufthansa plan to immediately start cooperation. ITA will be the fifth network carrier in Lufthansa Group's multi-brand, multi-hub system, remaining a standalone airline with its own management and brand identity. "A stronger ITA will invigorate competition in the Italian market," said Lufthansa CEO Carsten Spohr. "As a young company with a modern fleet, and with its efficient and expanding hub in Rome, ITA is a perfect fit for Lufthansa Group. In Milan, ITA serves a strong catchment area which also offers potential for growth. As part of the Lufthansa Group family, ITA can develop into a sustainable and profitable airline, connecting Italy with Europe and the world. At the same time, this investment will enable us to continue our growth in one of our most important markets."

2. Ryanair Orders Up To 300 Boeing 737-10s.

Ryanair placed an order for up to 300 Boeing MAX 10s, including 150 firm orders and 150 options, the largest purchase agreement in the airline's history. The 737-10 variant offers Ryanair 228 seats, compared to its 197-seat 737-8-200s. "We expect half of this order will replace older NGs while the remaining 150 aircraft will facilitate controlled, sustainable growth to just over 300 million guests per annum by 2034," said Ryanair CEO Michael O'Leary.

3. New President for Iberia.

Fernando Candela will become President of Iberia in July, replacing Javier Sánchez-Prieto who "will undertake new professional projects in another sector." Candela was CEO of Iberia Express and LEVEL and Director of Transformation for Iberia parent IAG.

4. EU Court Annuls EC Approval of Pandemic Aid to Carriers.

The European Union (EU) General Court ruled that the European Commission erred when approving state rescue funding for Lufthansa, SAS, and Italian airlines, Neos, Blue Panorama and Air Dolomiti, during COVID-19 travel restrictions. The aid was challenged by Ryanair, which termed the Court's judgments "damning of the European Commission's head-in-the-sand approach

to massive and discriminatory bailouts of ailing flag carriers by EU Member states with deep pockets.”

5. **EASA Artificial Intelligence Roadmap 2.0 Published.**

The European Union Aviation Safety Agency (EASA) released its Artificial Intelligence (AI) Roadmap 2.0, which “provides a comprehensive plan for the safe and trustworthy integration of AI in aviation, with a focus on safety, security, AI assurance, human-factors and ethical considerations.” The document updates a proposal published in February 2020, drawing upon experience gained from AI use cases involving stakeholders from the aviation industry, academia, and research centers.

6. **SAA Fleet Expansion Enables Relaunch of Long-Haul Routes.**

South African Airways (SAA) said the government approved its plan to lease six new Airbus aircraft, one of which is a widebody. The aircraft will be delivered by year-end. “We are excited to lay the groundwork for the relaunch of our first international route since coming out of business rescue and since the impact of the COVID-19 pandemic,” said Interim CEO John Lamola. SAA emerged from bankruptcy in September 2021.

7. **IATA’s Focus Africa Conference to be Held in June.**

IATA’s Focus Africa Conference, to be held in Addis Ababa in June, will examine priorities to strengthen aviation’s contribution to the continent’s economic and social development and improve connectivity, safety and reliability for passengers and shippers. Ethiopian Airlines is the host airline. “Over the next 15 years, Africa’s passenger traffic is expected to double,” said IATA Director General Willie Walsh. “The continent stands out as the region with the greatest potential and opportunity for aviation. But this potential is limited by infrastructure constraints, high costs, lack of connectivity, regulatory impediments, slow adoption of global standards, and skills shortages, among other factors. The Focus Africa Conference will bring together the continent’s key stakeholders to address these challenges.”

8. **EU Issues Preliminary Objections to Korean Air-Asiana Merger.**

See Section VII, item 2.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Vanessa Hudson to Succeed Alan Joyce at Qantas.

Vanessa Hudson will be the next CEO and Managing Director of Qantas, succeeding Alan Joyce when he retires in November. She currently is Group Chief Financial Officer. . . . Doug Parker will join the Qantas Board, replacing Director Michael L'Estrange who will retire in November. Parker is a former CEO of American Airlines, US Airways and America West. . . . Qantas will expand its international network as it restores capacity in line with strong travel demand and the broader recovery of the aviation industry. From October 29, flights from Melbourne to Los Angeles will increase from daily to nine per week, increasing capacity by 60% with more Airbus A380 flying; Sydney to New York via Auckland flights will increase from three to four weekly. San Francisco flights resumed in May. . . . Australian Competition and Consumer Commission (ACCC) opposed Qantas' proposed acquisition of Alliance Aviation Services, as both are key suppliers of services to mining and resource companies who need to transport fly-in fly-out (FIFO) workers in Western Australia and Queensland. Qantas holds a 19.9% stake in Alliance.

2. ACCC Denies Reauthorization of Virgin Australia Alliance.

ACCC denied an application by Virgin Australia and Alliance Aviation Services for reauthorization of their agreement to coordinate and jointly tender for and supply services to corporate customers, mainly for FIFO employees. They are the second and third largest providers of such services, and ACCC is concerned that continuing the alliance could reduce the number of bidders in tender processes for charter services.

3. Air Canada, flydubai Partnership Announced.

Air Canada and flydubai announced a new code share partnership, in which Air Canada's code would be placed on nine routes operated from Dubai by flydubai, pending final regulatory approval. Through an interline arrangement, customers can connect in Dubai to 60 destinations in the Middle East, East Africa and Southern Asia. Air Canada flies nonstops to Dubai from Toronto and Vancouver, and code shares with flydubai partner Emirates. . . . Separately, under an enhanced interline agreement Air Canada Cargo customers can book shipments on Emirates SkyCargo.

4. Emirates and Etihad Announce Interline Expansion.

Emirates and Etihad signed a Memorandum of Understanding (MoU) to expand their interline agreement and provide travelers additional itinerary options when visiting the United Arab Emirates (UAE). The goal is to boost tourism to the UAE

from key source markets by enabling visitors to experience more than one destination in a single itinerary. Initially, each carrier will focus on attracting visitors to the UAE by developing inbound interline traffic from select points in Europe and China. The MoU was signed at the Arabian Travel Market (ATM), held at the Dubai World Trade Centre. ATM organizers said a new show record was set with 40,000 attendees, a 5% increase over 2019.

5. Jet Airways' AOC Expires.

Jet Airways' Air Operator's Certificate (AOC) has expired. After flying for 25 years, the Mumbai-based airline ceased operations in April 2019 and declared bankruptcy; a resolution plan submitted by Jalan-Kalrock Consortium in June 2021 was not implemented. CEO-designate Sanjiv Kapoor and other executives have resigned. . . . In other news from India, Mumbai-based Go First was granted bankruptcy protection, after 25 of its 53 Airbus A320neo planes were grounded due to Pratt & Whitney engine failures. The budget carrier is owned by the Wadia Group; CEO is Kaushik Khona. . . And Air India, a unit of Tata, announced an interline partnership with Vistara, a joint venture of Tata and Singapore Airlines.

6. DOT Allows Chinese Airlines to Increase U.S. Service.

See Section VII, item 1.

7. EU Issues Preliminary Objections to Korean Air-Asiana Merger.

See Section VII, item 2.

X. AMERICAS

1. American Airlines, Pilots Reach Tentative Agreement.

American Airlines reached a tentative agreement with Allied Pilots Association, following a strike authorization vote. The new four-year contract provides pay and profit sharing that match the top of the industry with improved quality-of-life provisions, said the airline. . . . Derek Kerr, American's Vice Chair, President of American Eagle and Strategic Advisor, will retire on September 30; he earlier held executive positions with America West and US Airways. Heather Garboden was named Senior Vice President of Regionals and Cargo.

2. Southwest Pilots Vote to Authorize Strike.

Southwest Airlines Pilots Association (SWAPA) voted to authorize a strike, citing "operational disasters and the lack of progress after three-plus years of stagnant negotiations."

3. FedEx Pilots Vote to Authorize Strike.

FedEx Express pilots voted to authorize a strike, if needed, to achieve a new contractual agreement. "FedEx pilots are working under contractual provisions and benefits negotiated in 2015," said Air Line Pilots Association, Int'l (ALPA). FedEx said it "is focused on reaching a comprehensive agreement and remains committed to bargaining in good faith with our pilots to achieve an agreement that is fair. ALPA's strike authorization has no impact on our service as we continue delivering for our customers around the world."

4. Spirit Expands Puerto Rico Service.

Spirit Airlines expanded its Puerto Rico service with daily nonstops to San Juan from Atlanta, Chicago, Dallas and Detroit; Hartford begins in June. Increased frequencies include five daily from Orlando and two daily from Baltimore, Fort Lauderdale and Newark.

5. Allegiant, Dispatchers Ratify New Contract.

Allegiant and the International Brotherhood of Teamsters (IBT), representing Allegiant dispatchers, ratified a new contract agreement on a two-year extension to the union's initial collective bargaining agreement.

6. Air Canada Pilots Join ALPA.

Air Canada Pilots Association has merged with Air Line Pilots Association, Int'l with immediate effect.

7. United and Azul Expand Code Share.

Under an expanded code share agreement, travelers can connect between Azul and United at Fort Lauderdale and Orlando to six new U.S. destinations: Chicago, Cleveland, Denver, San Francisco, Washington and Los Angeles. From Brazil, Azul operates 16 direct flights connecting Fort Lauderdale to Recife, Manaus, Viracopos, Belém and Belo Horizonte, and from Orlando to Viracopos. The expanded agreement builds on United and Azul's existing code share routes from Houston and Newark.

8. American/JetBlue Northeast Alliance Halted.

See Section I, item 1.

9. DOT Allows Chinese Airlines to Increase U.S. Service.

See Section VII, item 1.

10. Air Canada, flydubai Partnership Announced.

See Section IX, item 3.