



# WASHINGTON AVIATION SUMMARY

## JANUARY 2024 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. Congress Passes Another Short-Term FAA Extension.

The House and Senate extended Federal Aviation Administration (FAA) funding authority to March 8, the second extension in recent months. In July, the House passed a long-term bipartisan bill, the “Securing Growth and Robust Leadership in American Aviation Act,” but the Senate has yet to pass its version of a reauthorization bill.

### 2. DOT Fines Southwest \$140 Million for 2022 Holiday Disruption.

The U.S. Department of Transportation (DOT) announced a \$140 million civil penalty against Southwest for violations of consumer protection laws during and after operational failures that cancelled 16,900 flights and stranded two million passengers over the 2022 yearend holiday period. DOT closed its “unrealistic scheduling investigation,” which under federal law is considered an unfair and deceptive practice, without making a finding as its goal is to obtain quick relief for the public. DOT said the penalty will deter airlines from engaging in unfair and deceptive practices against consumers. Of the penalty, Southwest is required to pay \$35 million to the U.S. Treasury over 3 years. Southwest will receive a \$72 million offset toward the penalty for establishing a DOT-ordered \$90 million compensation system. Also, DOT will credit Southwest \$33 million against the penalty for issuing loyalty points to affected passengers. The penalty is in addition to \$600 million already refunded by the airline. . . . Southwest acknowledged it reached a settlement relating to DOT's investigation into the “Winter Storm Elliot disruption,” and announced the new policy that provides additional compensation (voucher of \$75 or greater), upon request, during controllable cancellations and delays that cause customers to reach final destinations three or more hours after their scheduled arrival. This policy is to be implemented by April 30, 2024.

### 3. Alaska Air Group to Acquire Hawaiian.

Alaska Air Group and Hawaiian Holdings entered into a definitive agreement under which Alaska will acquire Hawaiian for \$18 per share in cash, for \$1.9 billion, inclusive of \$0.9 billion of Hawaiian Airlines net debt. The transaction has been approved by both boards and is conditioned on regulatory and shareholder approvals. The combined organization will be based in Seattle under the leadership of Alaska CEO Ben Minicucci. Both brands will be maintained, supported by a single loyalty offering.

**4. FAA Administrator Strengthens Safety Oversight Authority.**

FAA Administrator Mike Whitaker directed the Executive Director of Air Traffic Safety Oversight (AOV) to directly report to him and to the Associate Administrator of Aviation Safety (AVS). The move was recommended by the independent Safety Review Team, which was commissioned following several serious near-misses, and seeks to strengthen the connection between the Air Traffic Organization (ATO) and AVS. New AOV Executive Director is Nick Fuller, who was Deputy Vice President of ATO Safety and Technical Training and has managed air traffic operations at multiple levels.

**5. Mental Health Reporting Addressed by FAA, NTSB.**

FAA established a Mental Health and Aviation Medical Clearances Rulemaking Committee (ARC) comprised of experts from the aviation and medical communities to recommend ways to identify and break down barriers that discourage pilots and air traffic controllers from reporting and seeking care for mental health issues. . . . National Transportation Safety Board (NTSB) hosted a summit to examine the current system in which workers underreport mental health issues and medication use for fear of losing their jobs, with potential safety risks. Air Line Pilots Association, Int'l (ALPA) called for developing a worker education campaign to destigmatize mental health. This would explain the process from diagnosis through recovery, encourage workers to seek help early, break down barriers that discourage workers from seeking help, and, for those who do seek treatment, improve the process to safely and expeditiously return to work when able, and establish an FAA-funded national peer-support training program to train peers to confidentially discuss concerns and connect with resources. ALPA urged that FAA's new Mental Health ARC be charged with "making recommendations for reporting, testing, and treatment of mental health conditions such as anxiety and depression; and make all counseling without a diagnosis nonreportable to encourage pilots to seek help early without fear of risking their medical certificate and livelihood, while advancing a just safety culture."

**6. FAA Addresses Air Traffic Controller Fatigue.**

FAA appointed fatigue experts to identify new ways to address air traffic controller fatigue. The three-member panel will review previous controller fatigue research, examine how the latest science on sleep needs and fatigue considerations could be applied to controller work requirements and scheduling, and identify ways FAA could better address controller fatigue. Mark Rosekind, a safety and sleep/fatigue professional and former NTSB member, will chair the panel. Other members are Charles Czeisler, chief and senior physician, Division of Sleep and Circadian Disorders, Departments of Medicine and Neurology,

Brigham and Women's Hospital, and Dr. Erin Flynn-Evans, head of NASA Ames Research Center Fatigue Countermeasures Laboratory.

7. **FAA Proposes 25-Hour Cockpit Voice Recorders.**

FAA is proposing to extend the cockpit voice recording requirement to 25 hours for all future manufactured aircraft. The current two-hour recording duration requirement does not meet investigative needs of NTSB, nor does it align with regulations set by the International Civil Aviation Organization (ICAO) and European Union Aviation Safety Agency (EASA).

8. **FAA Proposes Drug, Alcohol Testing at Foreign Repair Stations.**

FAA proposes to require certificated repair stations located outside the United States, whose employees perform safety-sensitive maintenance functions on certain air carrier aircraft, to obtain and implement a drug and alcohol testing program that aligns with FAA and DOT drug and alcohol standards. The repair stations would ensure employees receive all necessary anti-drug and alcohol training and send testing data electronically to DOT. The rule would affect about 977 repair stations in 65 countries.

9. **NTSB Retires Most Wanted List of Safety Improvements.**

NTSB retired its Most Wanted List of Transportation Safety Improvements, after 35 years. "Freed from the structure of a formal list, the NTSB can more nimbly advocate for our recommendations and emerging safety issues," said Chair Jennifer Homendy.

10. **DOT IG: Secretary's Use of DOT Aircraft Complied with Rules.**

The Office of the Secretary of Transportation (OST) complied with federal regulations, policies, and procedures for travel on DOT aircraft from January 2017 to June 2023, said the DOT Inspector General (IG), following an audit requested by Senator Marco Rubio and other Republicans. The request was for records of current Secretary Pete Buttigieg, but the review also covered flights of previous Secretary, Elaine Chao. Records for each trip contained required authorizations, justifications, and approvals for use of the aircraft, including documentation such as trip memos and cost comparisons, as appropriate. However, said the IG, "in evaluating OST's cost comparisons, we determined that FAA did not consistently update the DOT aircraft flight hour cost rates OST uses to determine cost effectiveness of Secretarial transportation." DOT concurred with two recommendations to improve FAA's aircraft rate update process and provided documentation of actions taken in response. "We consider both recommendations resolved but open pending OIG review of FAA's documentation," said the IG.

**11. U.S. Airlines See Net Gain of \$1.6 Billion in 3Q 2023.**

U.S. scheduled passenger airlines reported a third quarter 2023 after-tax net gain of \$1.6 billion, compared to \$5.5 billion gain in 2Q 2023 and \$2.4 billion in 3Q 2022, according to the DOT Bureau of Transportation Statistics, and a pre-tax operating gain of \$3.3 billion in 3Q 2023, compared to \$7.7 billion gain in 2Q 2023 and \$4.7 billion gain in 3Q 2022. . . . Globally, airline industry net profits are expected to reach \$25.7 billion in 2024 (2.7% net profit margin), said International Air Transport Association (IATA), compared to 2023's \$23.3 billion net profit (2.6% net profit margin). Operating profits are expected to reach \$49.3 billion in 2024 from \$40.7 billion in 2023. Total revenues in 2024 are expected to grow 7.6% year over year to a record \$964 billion. Expense growth is expected to be slightly lower at 6.9% for a total of \$914 billion. Some 4.7 billion people are expected to travel in 2024, an historic high that exceeds the pre-pandemic level of 4.5 billion recorded in 2019. Cargo volumes are expected to be 58 and 61 million tons in 2023 and 2024, respectively. "While the recovery is impressive, a net profit margin of 2.7% is far below what investors in almost any other industry would accept," said IATA Director General Willie Walsh. "On average airlines will retain just \$5.45 for every passenger carried. That's about enough to buy a basic 'grande latte' at a London Starbucks."

## II. AIRPORTS

### 1. FAA Awards \$66 Million for Airport Improvements.

FAA will award \$66.2 million to airports in 23 states and Puerto Rico for 66 projects funded exclusively by the Bipartisan Infrastructure Law Airport Infrastructure Grant (AIG) program. In total the infrastructure law invests \$25 billion over five years in U.S. airports; to date, nearly \$9 billion in AIG funding has been made available.

### 2. American Receives Grant to Expand Tulsa Maintenance Facility.

American Airlines was awarded \$22 million from the State of Oklahoma's Business Expansion Incentive Program to expand and improve its maintenance base and engine repair and overhaul facility at Tulsa International Airport. Located on 246 acres of land, with 3.3 million square feet of building space, six hangars with 24 aircraft bays and 22 support buildings, the facility is the largest commercial aviation maintenance base in the world.

### 3. San Francisco Announces Five-Month Runway Closure.

San Francisco International will close Runway 28 Left for five months during a realignment of two taxiways, which will allow aircraft to exit runways more easily and safely after landing. The closure is scheduled to begin January 16, with reopening by July 1, in advance of Independence Day weekend and peak summer travel season. The airport is working with airlines and FAA to adjust flight schedules to minimize delays. About one-third of flights may experience delays from 30-60 minutes, particularly during peak demand periods. Both domestic and international flights may be affected. The project is federally funded, with an estimated construction cost of \$55 million.

### 4. Mexico's Tulum Opens with Domestic Service.

Tulum Airport, also known as Felipe Carrillo Puerto International (TQO), is officially open, with service by Mexican domestic carriers. American, Delta, JetBlue, Spirit and United are among international airlines set to begin flights in 2024. The new Caribbean gateway can handle 32,000 flights and 5.5 million passengers annually.

### 5. Amsterdam Schiphol Withdraws Plans to Limit Flights.

"At the request of the Minister, we reviewed what was operationally possible after the experimental scheme was taken off the table," said Amsterdam Schiphol, announcing that 483,000 aircraft movements are possible in 2024. The airport plans to provide summer season capacity for 293,000 flights, on condition that peak times are relieved. Amsterdam residents and environmental

activists oppose the decision. . . . “We now have scarcely three months to make the necessary arrangements instead of the usual six,” said KLM, and “will do everything possible to operate the number of flights allocated.”

**6. UK Launches Airport Slot Reform Consultation.**

The UK Department for Transport launched a consultation on airport slot reforms to consider such proposals as limiting leasing to enable newer or smaller airlines “to receive favorable slots and make the process more dynamic,” and “to give more powers to respond to crises.” For decades the UK aviation industry was subject to European rules that didn’t have the UK’s interest at heart, said Aviation Minister Anthony Browne. “This consultation will [help] end monopolies within the slot regime, drive healthy competition between airlines and make the aviation sector more dynamic for the future while also benefitting millions of passengers.”

**7. Ferrovial Sells Heathrow Stake.**

Ferrovial agreed to sell its entire 25% stake in FGP Topco, parent company of Heathrow Airport Holdings, for £2,368 million. Entities acquiring the shares are Ardian (15%) and Saudi Arabia’s Public Investment Fund (10%). Ferrovial “remains fully committed to advancing its airport business and investing in the sector, in which it holds a 50% share in Aberdeen, Glasgow and Southampton airports in the United Kingdom, 60% in Dalaman Airport in Turkey and 49% in JFK Airport New Terminal One in New York.” The transaction is subject to shareholder and regulatory approvals.

**8. Decree Removes Control of St. Petersburg from Foreign Investors.**

Vladimir Putin signed an order transferring ownership of St. Petersburg Pulkovo from foreign shareholders to a new Russian public-private partnership, reported RT and others. Existing shareholders, which include Fraport and Qatar, will retain stakes but have no voting rights. Implementation of the decree will not lead to economic benefits for the new managing entity and its participants, said the decree, and they do not need to obtain additional permits or approvals from Russian authorities.

**9. Dublin Airport Announces Plan for 40 Million Passengers.**

Dublin Airport operator daa submitted an Infrastructure Application to local government that would allow an increase in capacity from 32 million passengers to 40 million per year. An expansion of north and south aprons, improvements to Terminal 1 security, new aircraft stands on West end of airfield, enhanced drainage infrastructure, and improved airport access and parking facilities are among plans noted in the application. “All new buildings will meet or exceed NZEB (Nearly Zero-Emission Building) requirements and all new aircraft stands

will have Fixed Electrical Ground Power (FEGP) instead of diesel run generators, "said CEO Kenny Jacobs.

**10. Ethiopia Plans New Addis Ababa Airport.**

Ethiopia is planning a 5.6 billion airport that will increase passenger capacity from 25 million to 100 million annually. The New Addis Ababa Airport will be located 24 miles south of the capital, and, said Ethiopian CEO Mesfin Tasew, pave the way for the airline's growth strategy.



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

1. **TSA PreCheck Program Adds Four New Airlines.**

Transportation Security Administration (TSA) added Norse Atlantic, Lynx Air, Starlux and Fiji Airways to its PreCheck program, bringing the number of participating domestic and international carriers to 94. . . . In other news, in collaboration with the State of Arizona and Samsung, TSA is accepting, for limited testing and evaluation purposes, Arizona-issued mobile driver's licenses and identification cards in Samsung Wallet on Samsung mobile devices at select TSA airport security checkpoints.

2. **Self-Service Screening Pilot at Las Vegas Harry Reid Airport.**

A pilot of a new self-service screening system from Vanderlande will begin in January at Harry Reid Las Vegas. The program allows PreCheck passengers to complete the screening process with minimal to no assistance from Transportation Security Officers (TSOs). The system reduces pat downs and bag inspections so TSOs can be freed for other screening operations, and will keep travelers and TSOs safer by minimizing person to person contact and reducing the number of bags TSOs pick up and move around.

3. **TSA Tests AI Technology for Screening Aviation Workers.**

Liberty Defense delivered a HEXWAVE™ system to TSA, completing a contract under TSA's On-Person Screening Capability Program for screening aviation workers. The next generation, high throughput, contactless threat detection system for concealed metallic and non-metallic objects uses artificial intelligence (AI) to provide automated decisions to security operators to process people at speed. TSA is testing the technology at major airports.

4. **Delta Expands Digital ID Program.**

Delta has implemented its Digital ID Program at New York LaGuardia and Kennedy and Los Angeles International and in January will expand it to Atlanta's international terminal. Delta Digital ID, which debuted in 2021 at Detroit and Atlanta, uses biometric facial matching to eliminate the need for an agent-facilitated document check, allowing customers to move through bag drop and security checkpoints. The optional technology is available to members of TSA PreCheck and SkyMiles who have the Fly Delta app.

## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. Sabre Activates Lufthansa Group's NDC Content in GDS.**

Sabre announced the rollout of New Distribution Capability (NDC) offers from Lufthansa Group airlines (Austrian, Brussels, Lufthansa, SWISS, Air Dolomiti) for Sabre-connected travel agents.

### **2. Ryanair Signs Corporate Travel Agreement with Sap Concur.**

Ryanair announced an agreement with SAP Concur to integrate fares and routes with the Concur Travel online booking tool, as well as a dedicated Concur TripLink booking flow on Ryanair's website/app. Corporate customers who book Ryanair flights directly through Concur "will benefit from significant efficiencies, including automated expense management."

### **3. Joby and ANA Partner on Vertiport Development in Japan.**

California-based Joby Aviation, which is developing an all-electric vertical take-off and landing (eVTOL) aircraft for commercial passenger service, has partnered with ANA Holdings and Nomura Real Estate Development Co. (NRE) to jointly explore the design, location and financing of vertiports across Japan. They will primarily focus on locations in metropolitan areas such as Tokyo, and later expand to urban areas across greater Japan. Joby is a technical advisor to the Tokyo Bay eSG Project, led by NRE and sponsored by the Tokyo Metropolitan Government, which will demonstrate multi-modal mobility solutions including a floating landing port in the Tokyo Bay. Joby has applied for validation of its FAA type certification, once received, with the Japan Civil Aviation Bureau (JCAB) and is working closely with JCAB to prepare for commercial operations in the country. Joby's air taxi can carry a pilot and four passengers at speeds of up to 200 mph, with a fraction of the noise produced by helicopters and no in-flight emissions. . . . Joby completed simulations with NASA's Ames Research Center that evaluated how air taxi operations can be integrated into today's airspace using existing air traffic control (ATC) tools and procedures. Controllers virtually tested the ability to integrate up to 120 eVTOL operations per hour from the Dallas-Fort Worth Central Terminal Area, alongside the airport's existing traffic. Up to 45 simulated eVTOL aircraft were simultaneously aloft in DFW's Class B airspace during the activity. They employed highly-structured routes and procedures used today in busy low-altitude airspace regions, including Letters of Agreement and dedicated controller positions, to scale air taxi operations without impacting existing traffic.

**4. EASA Setting Standards, Limits for Air Taxi Noise.**

The European Union Aviation Safety Agency (EASA) issued new publications setting limits on noise emitted by different designs of VTOL aircraft (powered by non-tilting or tilting rotors). A 2021 study showed that noise disturbance from Urban Air Mobility is a top societal concern. The documents build on international noise standards for conventional aircraft. In addition to measuring noise at approach, take-off and overflight (ATOO), they contain a hover noise assessment to help evaluate impact of operations close to vertiports. . . . In other EASA news, Florian Guillermet was selected as the future Executive Director, replacing Luc Tytgat, who has served as Acting Executive Director since Patrick Ky left when his 10-year mandate expired. Guillermet currently is Director at DSNA, France's Air Navigation Services Provider, and previously was Executive Director at SESAR Joint Undertaking and earlier was with EUROCONTROL, the French Civil Aviation Authority (DGAC) and Air France.

**5. Lufthansa and Lilium Partner to Explore eVTOL Opportunities.**

Lufthansa Group and Lilium signed a Memorandum of Understanding (MoU) to explore a strategic partnership on electric VTOL aircraft operation in Europe. They will discuss areas such as ground and flight operations, maintenance, and crewing and flight training, and analyze opportunities for collaboration with third parties like airports and regional partners, on advancement of infrastructure such as vertiports, airspace integration and the definition of required operation processes. A demand of 9,200 eVTOL aircraft is expected in the European market through 2035, said Lilium, which has begun production of the Lilium Jet in its Wessling, Germany facility.

**6. Honeywell-Led Project to Bring AAM Autonomous Flight to Europe.**

Honeywell launched project OperA to develop and validate solutions for safe accommodation of Advanced Air Mobility (AAM) vehicles in flight. The project will build solutions for complex operations of AAM-piloted air taxi and uncrewed cargo in real-life ATC conditions in Europe. It will specifically address air-ground integration and the critical transition from piloted flights toward automated flights. It will use several key autonomy-enabling technologies, and help optimize flight routing for minimum noise footprint and aircraft energy utilization. Funded by the European Union's SESAR 3 Joint Undertaking, the work will take place at Honeywell's international development center in Brno, Czech Republic.

**7. UK ATC Simulations Pave Way for eVTOL Operations.**

The UK Advanced Mobility Ecosystem Consortium conducted ATC simulations for AAM, demonstrating how eVTOL aircraft or flying taxis could be safely integrated with conventional air traffic. The consortium is a Future Flight Challenge program jointly funded by UK Research and Innovation and includes

Vertical Aerospace, Virgin Atlantic, AtkinsRéalis, Skyports, NATS, Heathrow, Bristol and London City airports, Connected Places Catapult, Cranfield University and WMG – University of Warwick. A real-world demonstration flight is planned for late 2024. Under NATS’ proposed concept of operations, eVTOL operators would file flight plans via an application that would be approved or amended as required. The flight “would then be entirely deconflicted from other aircraft before even taking off, with the ‘Airspace Manager’ function monitoring the airspace from a digital ‘master control room.’ Direct voice communication between eVTOL pilots and air traffic control would only be required by exception.”

## **V. ENERGY AND ENVIRONMENT**

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

Average price of aviation jet fuel for week ending December 15 was \$102.04 per barrel, down 12.1% on prior month's average, and down 26.4% on prior year's average, reports IATA; data from S&P Global Platts.

### **2. U.S. Treasury Releases SAF Tax Credit Guidance.**

The U.S. Treasury Department released guidance regarding implementation of the Inflation Reduction Act's sustainable aviation fuel (SAF) tax credit. Fuels that achieve a 50% or greater reduction in lifecycle greenhouse gas (GHG) emissions under the most recent Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) standard will continue to qualify. The Energy Department's Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) model, to be updated by March 1, 2024, will provide another methodology for SAF producers to determine lifecycle GHG emissions rates of their production for purposes of qualifying for the credit for SAF sold or used during 2023 and 2024.

### **3. ICAO Shares Emissions Plans at COP28.**

ICAO informed the COP28 Presidency Roundtable on Energy transition of plans to reduce international aviation CO<sub>2</sub> emissions by 5% by 2030, through use of aviation cleaner energies, such as sustainable aviation fuels (SAF) and Lower Carbon Aviation Fuels (LCAF).

### **4. oneworld First Airline Alliance to Join IATA CO<sub>2</sub> Connect.**

The 13 oneworld member airlines committed to contributing operational data to IATA's CO<sub>2</sub> Connect emissions calculator. This will improve quality and accuracy of the tool, as percentage of airline-specific fuel burn data used by the calculator will substantially increase. IATA launched CO<sub>2</sub> Connect in June 2022, with the objective of using member airline data, such as fuel burn, belly cargo and load factors, to provide high-quality per flight passenger carbon dioxide (CO<sub>2</sub>) emission calculations.

### **5. IATA: SAF Volumes Growing.**

In 2023, SAF volumes reached over 600 million liters (0.5Mt), double the 300 million liters (0.25Mt) produced in 2022, reports IATA. SAF accounted for 3% of all renewable fuels produced, with 97% of renewable fuel production going to other sectors. In 2024, SAF production is expected to reach 1.875 billion liters (1.5Mt), accounting for 0.53% of aviation's fuel need, and 6% of renewable fuel capacity. "Every drop of SAF produced has been bought and used," said IATA.

“In fact, SAF added \$756 million to a record high fuel bill in 2023.” At least 43 airlines have committed to use 16.25 billion liters (13Mt) of SAF in 2030. Projections are for over 78 billion liters (63Mt) of renewable fuels to be produced in 2029.

**6. ICAO and Google Work on Calculating Flight Carbon Emissions.**

ICAO and Google are sharing expertise around methodologies for calculating carbon emissions and broader decarbonization of aviation. Both offer emission assessment tools. The ICAO Carbon Emissions Calculator is the only calculator of its type to be approved by aviation regulators, and is presently used extensively by consumers, business, governments, international organizations, non-profit organizations, and UN system organizations. Google’s Travel Impact Model, a publicly accessible methodology for estimating flight emissions at the individual passenger level, helps choose lower emitting flights by providing carbon emission estimates on Google Flights and other travel platforms, through collaboration with Travalyst.

**7. Dimensional Energy Raises \$20 Million for SAF Projects.**

Dimensional Energy raised \$20 million to accelerate SAF production. United Airlines Ventures was among investors, after an initial investment and 300-million-gallon offtake agreement in 2023. Dimensional Energy transforms CO<sub>2</sub> emissions into SAF, renewable diesel, and a base synthetic paraffin that can be refined into over 6,000 everyday products.

**8. American Airlines Supports Infinium’s eFuels Facility.**

Breakthrough Energy Catalyst, founded by Bill Gates, announced its first project equity investment, a \$75 million commitment to Infinium’s Project Roadrunner, which will convert waste CO<sub>2</sub> and renewable power into SAF and other low-carbon fuels. The “first-of-a-kind commercial-scale Power-to-Liquids (PtL) eFuels facility is expected to be the largest PtL eFuels project in North America once operational.” American Airlines and Infinium agreed to a long-term, firm fuel offtake agreement that will enable further investment in Project Roadrunner. American and Citi agreed to transfer associated emission reductions to Citi “to support the scaling of this innovative technology and help reduce a portion of Citi’s Scope 3 emissions from employee travel. These agreements provide one model for how airlines can use offtake agreements to help promising new SAF technologies attract investment dollars.”

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

### **1. House Hearing on “Consequences of Delaying a Long-Term FAA Bill.”**

The House Aviation Subcommittee held a hearing to reinforce the need for a long-term, comprehensive FAA reauthorization. The House passed its bipartisan FAA bill, the “Securing Growth and Robust Leadership in American Aviation Act” (H.R. 3935) in July, but the Senate has not yet approved its version. Witnesses highlighted the harmful nature of passing a lengthy series of short-term extensions and urged the Senate to act swiftly.

### **2. Democrats Request Progress Report on Mishandled Wheelchairs.**

Following a viral video of airline employees mishandling a passenger’s wheelchair at Miami International, House Transportation & Infrastructure Democrats requested, in a letter to Airlines for America (A4A) President and CEO Nicholas Calio, details of the latest actions taken to fulfill a commitment to improve safety and accessibility of passengers with disabilities. In 2022, airlines pledged “to improve safe, accessible air travel to all passengers with disabilities including those with mobility, cognitive and social disabilities [and] agreed to: (1) establish a passenger accessibility advisory group; (2) improve passenger transfers and the handling of personal mobility aids; (3) enhance accessibility services training for frontline employees; and (4) support continuing study and development of safe and feasible aircraft accessibility features.” An estimated 13% increase in incidents of mishandled wheelchairs and scooters occurred in September 2023 compared to September 2022. Provisions in the House-passed FAA reauthorization direct DOT to develop minimum training standards for airline personnel and contractors on assisting passengers with disabilities, and to require a roadmap for airlines to reduce damage to wheelchairs and mobility aids and better accommodate passengers in wheelchairs onboard aircraft. Congress enshrined in the Air Carrier Access Act and Americans with Disabilities Act federal protections to prevent discrimination against people with disabilities in air travel and all other areas of public life, they wrote. “We urge you to take decisive action to ensure accessibility for passengers with disabilities and look forward to working with you and your member airlines on this shared commitment.” Copies of the letter were sent to DOT Secretary Pete Buttigieg and American Airlines CEO Robert Isom.

### **3. Cruz Probes MWAA “Attempts to Extort Millions from Airlines.”**

Senate Commerce Committee Ranking Member Ted Cruz (R-Texas), in a letter to John Potter, President and CEO of Metropolitan Washington Airports Authority (MWAA), charged MWAA with “attempting to extort millions of dollars in fees from airlines that might obtain new flights at Ronald Reagan Washington

National Airport (DCA) should Congress change existing slot and perimeter rules, and effectively transfer such proceeds to United Airlines.” Cruz said his office received nonpublic documents confirming that, at United’s request, MWAA is insisting that soon-to-be renewed lease agreements include provisions forcing airlines to pay \$1 million annually for each additional DCA flight, in the event Congress does change the rules. Moreover, MWAA will direct any penalties collected under this provision to Washington Dulles International Airport (IAD), “meaning MWAA would be taxing patrons who fly to DCA to help enrich IAD’s most important tenant: United Airlines.” Cruz requested information to allow the Committee to evaluate MWAA’s administration of DCA and IAD, noting that the “lobbying campaign to limit flights at DCA is concerning because, unlike other airport operators, MWAA is not a private entity: it is a public corporation that is accountable to Congress.” The letter sent on December 19, 2023, did not show a copy being sent to the Committee Chair and requested MWAA to provide a lengthy list of documents and responses to questions by January 4, 2024.



## VII. BILATERAL AND STATE DEPARTMENT NEWS

### 1. U.S. Mozambique Finalize Open Skies Agreement.

The United States finalized the text of an Open Skies agreement with Republic of Mozambique, the first Air Transport Agreement negotiated with this country. Pending signature and entry into force, it will enable expansion of passenger and cargo flights between the countries. . . The meeting was held during the ICAO Air Services Negotiation Event (ICAN 2023), in Riyadh. The U.S. delegation met with international counterparts to ensure fair competition for U.S. carriers and to explore possibilities for new Open Skies agreements.

### 2. Passport Processing Times Return to Pre-Pandemic Norm.

Passport processing times have returned to a pre-pandemic norm, announced the State Department, within 6-8 weeks of receipt of application for routine service. In 1990, only 5% of Americans had a passport; today, that number is 48%. There are now over 160 million valid U.S. passports in circulation (nearly double the amount from 2007). Between October 2022 and September 2023, over 24 million passport books and cards were issued, the highest amount ever in U.S. history. The State Department is “aggressively recruiting and hiring across our passport agencies and centers.”

### 3. Visa Waiver Authority for Low-Risk Applicants Extended.

The U.S. Departments of State and Homeland Security extended the visa interview waiver authority for low-risk applicants, which was set to expire on December 31. “Even nearly four years after the pandemic began, the United States is welcoming 13 million fewer visitors than it did in 2019,” said U.S. Travel Association. “Much of that decline is the direct result of stubbornly high visa interview wait times—currently averaging more than 400 days in top source markets. By extending the visa waiver authority, the Biden Administration prevented a loss of 64 million visitors and \$215 billion in spending over the next 10 years. In 2024 alone, the U.S. will retain an additional 2.2 million visitors and \$5.9 billion in traveler spending that would have been lost without the extension.”

## **VIII. EUROPE AND AFRICA**

### **1. Virgin Atlantic Adds New York and Boston Summer Service.**

Virgin Atlantic plans to add frequencies from London Heathrow to New York Kennedy and Boston for summer 2024, using the Airbus A330-900neo and A350-1000. The airline also announced increased Miami services to twice daily year-round and a new summer service from Manchester to Las Vegas.

### **2. Air France Adds U.S. Service.**

Air France will resume flights to Minneapolis on May 13, operated in summer 2023 via Delta, a partner in its transatlantic joint venture which also includes KLM and Virgin Atlantic. The daily flight will be operated with the Boeing 787-9. Air France will extend Paris de Gaulle to Raleigh Durham service, begun in winter 2023, to summer 2024, with up to seven Airbus A350-900 flights weekly.

### **3. EU Proposes Updates to Passenger Rights Legislation.**

The European Commission proposed updates to passenger rights legislation that would, among other things, allow individuals accompanying persons with disabilities to travel free of charge; provide more clarity on reimbursements for air tickets bought through intermediaries (like travel agencies); and provide automatic refunds if vouchers are not used before end of validity period. If the new suggested rules are enacted, the Commission would be able to ask EU countries to investigate and take action where necessary.

### **4. IAG Seeks EU Antitrust Approval for Air Europa Acquisition.**

International Airlines Group (IAG) notified the European Commission of its proposed acquisition of Air Europa and is seeking antitrust approval from the EU. IAG CEO Luis Gallego said the transaction will deliver benefits for consumers and the Spanish economy, and improve Madrid's competitiveness with other European hubs. IAG has agreed to pay €400 million to Spain's Globalia for the 80% of Air Europa it does not already own.

### **5. Lufthansa Group orders 80 Aircraft.**

Lufthansa Group is purchasing 40 Airbus A220-300s with 20 options, and 40 Boeing 737-8 MAX, with 60 options, and announced purchasing options for 40 additional aircraft of the A320 family, as well. . . . Lufthansa Group decided not to sell a minority stake in Lufthansa Technik and remains the sole shareholder of the MRO leader (maintenance, repair, overhaul). Around 4,500 commercially operated aircraft are currently under contract, accounting for around one in five in the world. . . . Lufthansa and the Italian government notified the European Commission of the German group's plan to acquire a 41% stake in state-owned

ITA Airways for €325 million, announced in May 2023 the Italian government will contribute €250 million. Lufthansa will assume responsibility for joint operational management of ITA upon closing and appoint a CEO and a member of the Board of Directors. Close of transaction is subject to regulatory approvals, including the European competition authority.

**6. Germany Drops Proposed Domestic Fuel Tax.**

Germany dropped plans to raise a jet fuel tax, to which IATA objected. “German consumers already struggle with impacts of expensive infrastructure, a EUR 13-56 ticket tax, and face rising security charges. If the government needs to increase its overall tax revenue it should look to aviation as an economic catalyst to be nourished rather than as a cash cow,” said IATA.

**7. Dutch Gov’t and Airlines Address Increased Unruly Passenger Numbers.**

The Dutch government and airline industry signed a letter of intent to cooperate more closely “to tackle unacceptable passenger behavior.” Among other things, they will examine whether no-fly lists of unruly passengers should be shared among all Dutch airlines, subject to privacy legislation, as they are within the KLM Group (KLM, Transavia).

**8. Norwegian Cleared to Acquire Widerøe.**

Norwegian Competition Authority approved Norwegian's purchase of Widerøe, the largest regional airline in Scandinavia. Widerøe carries 2.8 million passengers annually and flies to 40 domestic and international destinations. Widerøe CEO Stein Nilsen said “the acquisition ensures Norwegian jobs with Norwegian wages and working conditions, that critical public transport remains in Norwegian hands, and that Widerøe continues as its own airline and brand, with headquarters in Bodø.” Norwegian CEO is Geir Karlsen.

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

### **1. American, Philippine Airlines Launch Code Share Partnership.**

American and Philippine Airlines launched a code share partnership that introduces the first marketed flights by a Philippine carrier to several U.S. destinations. It allows American's customers to book tickets for code share flights operated by Philippine to Manila and Cebu via Tokyo. Additionally, customers can fly to Manila from Honolulu and Guam. Philippine will place its code on American's flights between Los Angeles and Atlanta, Denver, Houston, Las Vegas, Miami, Orlando and Washington, D.C. Philippine Airlines operates twice-daily nonstops to Los Angeles, daily to San Francisco and multiple weekly flights to New York, Honolulu and Guam.

### **2. Delta, EL AL Launch Long-Term Code Share Agreement.**

Delta and EL AL Israel Airlines implemented a long-term code share agreement. Delta customers can fly on EL AL nonstops to Tel Aviv from New York Kennedy and Newark, Boston, Los Angeles, Miami and Fort Lauderdale. EL AL's code will be added to Delta's non-stop Tel Aviv flights (once restored), and up to 280 connections via New York Kennedy, Boston, and Los Angeles to Atlanta, Washington DC, San Francisco, Las Vegas, Seattle, Dallas and Toronto. . . . Delta will begin daily nonstop Airbus A330-900neo service from Seattle to Taipei on June 6, subject to government approval.

### **3. UPS to Build New Hong Kong Hub.**

Under an agreement with Hong Kong Airport Authority, UPS will build a new hub on a land parcel of 20,000 square meters, with direct access to aircraft. Expected to be completed by 2028, it will serve as UPS Hong Kong's main facility for processing and sorting imports, exports, and transshipments, to and from Europe, the U.S., and other parts of Asia. The facility will be able to handle close to one million tons of annual capacity.

## **X. AMERICAS**

### **1. Southwest Pilots Reach Tentative Five-Year Agreement.**

Southwest and Southwest Airlines Pilots Association (SWAPA) reached a Tentative Agreement after three-and-a-half years of negotiating, which will be voted on by 11,000-plus union members until January 22. The agreement runs through December 2028 and provides significant gains in compensation, with pay rate increases over the next four years, improvements to work rules and flying schedules, better disability coverage, and increases to retirement benefits. . . . Southwest flight attendants rejected a contract offer following five years of negotiations. The offer reportedly included an initial 20% pay raise and a 3% annual raise thereafter.

### **2. American Adds Cancun Service.**

American launched nonstops to Cancun from Cincinnati, Nashville, and Pittsburgh. The airline will also operate six peak-day flights to Cozumel and two daily flights to Merida this winter, and, starting March 28, will launch four daily nonstops to Tulum.

### **3. Delta, LATAM Expand Network in South America**

Delta is operating year-round Boeing 767-300ER service from Rio de Janeiro to Atlanta and New York Kennedy, both of these operations are associated with the Joint Venture Agreement with LATAM. Delta introduced a second daily flight between Atlanta and Bogotá and Atlanta to Cartagena. . . . The Teamsters, Association of Flight Attendants (AFA), and International Association of Machinists and Aerospace Workers (IAM) formed a coalition to aid unaffiliated Delta workers.

### **4. JetBlue to Fly to Mexico's New Tulum Airport.**

JetBlue will begin flights to Tulum, its fourth destination in Mexico, starting June 13, with daily Airbus A320 nonstops from New York Kennedy. Felipe Carrillo Puerto Tulum International Airport (TQO) is on the Caribbean coast in the Riviera Maya. . . . JetBlue is offering Airbus A320 service between New York Kennedy and Belize, on Mondays, Wednesdays, and Saturdays. JetBlue flies to 26 countries in Latin America and the Caribbean. Spirit, Delta, American and United have also announced flights beginning at the end of March 2024. Mexican carriers VivaAerobus, Aeromexico and Volaris are also serving the airport which opened on December 1, 2023.

5. **Allegiant Opens New Resort in Southwest Florida.**

Allegiant Travel Company added Sunseeker Resort Charlotte Harbor, located on the Gulf Coast in Southwest Florida, near Punta Gorda Airport, to its portfolio of ancillary products. The airline flies nearly eight million leisure travelers in and out of Florida every year, operating flights from St. Pete-Clearwater, Orlando and Sarasota-Bradenton, all within a two-hour drive of Charlotte Harbor.

6. **Mexico Launches Military-Run Mexicana.**

The Mexicana name has been resurrected for a new military-led airline, Mexicana de Aviacion, which initially intends to serve 14 domestic destinations from Mexico City's new Felipe Angeles airport. A new company, Olmeca-Maya-Mexica, has been created to manage Mexicana and other state-owned travel entities.

7. **Fabián Lombardo is New President of Aerolíneas Argentinas.**

Fabián Lombardo was named President of Aerolíneas Argentinas, succeeding Pablo Ceriani. Lombardo held executive positions at several Latin American carriers before joining state-owned Aerolíneas. . . . Argentina's new President, Javier Milei, wants to privatize Aerolíneas Argentinas and other state-controlled firms. He also proposed an open skies policy.

8. **Virgin Atlantic Adds New York, Boston Summer Service.**

See Section VIII, item 1.

9. **Air France Adds U.S. Service.**

See Section VIII, item 2.

10. **EU Proposes Updates to Passenger Rights Legislation.**

See Section VIII, item 3.

11. **American, Philippine Airlines Launch Code Share Partnership.**

See Section IX, item 1.

12. **Delta, EL AL Launch Long-Term Code Share Agreement.**

See Section IX, item 2.

13. **UPS to Build New Hong Kong Hub.**

See Section IX, item 3.