



# WASHINGTON AVIATION SUMMARY

## August 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. Global Technology Outage Grounds Thousands of Flights.**

A global technology outage on Friday July 19, attributed to a flawed CrowdStrike cybersecurity software update, affected aviation, healthcare, banking, media and emergency services. In the United States, airlines initially canceled 3,400 flights and delayed 13,000, according to FlightAware, but most returned to normal operating levels through the weekend. Delta cancellations persisted, however, and as consumer complaints mounted Secretary Pete Buttigieg said the U.S. Department of Transportation (DOT) would investigate “to ensure the airline is following the law and taking care of its passengers during continued widespread disruptions. All airline passengers have the right to be treated fairly, and I will make sure that right is upheld.” Congressional reactions quickly followed. In a letter to CEO Ed Bastian, House Transportation Committee Democrats said Delta’s “insufficient customer response and ongoing operational failures—including more than 6,700 cancelled flights—are unacceptable,” and requested detailed written responses to several questions. And CrowdStrike CEO George Kurtz was asked to present testimony before the House Committee on Homeland Security. On July 25, Delta announced that operational reliability had returned to normal, with zero canceled mainline and Delta Connection flights, adding that “the majority of bags have been reunited with customers [and] the average call and messaging wait times with Reservations is consistently below 2 minutes.”

### **2. DOJ, Boeing Finalize Plea Agreement.**

The Department of Justice (DOJ) and Boeing filed a plea agreement in federal court, in which the manufacturer would plead guilty to conspiracy to defraud the United States and pay a fine of \$243.6 million. The agreement, subject to court approval, concludes an investigation into the MAX crashes in 2018 and 2019 that resulted in 346 deaths. It requires Boeing to serve a three-year probation term and invest \$455 million in compliance, quality and safety programs. It also requires the Board of Directors to meet with families of victims of the crashes, who registered “a strong objection to the preferential and sweetheart treatment Boeing is receiving.”

### **3. Boeing to Acquire Spirit AeroSystems.**

Boeing entered into a definitive agreement to acquire Spirit AeroSystems in an all-stock transaction valued at approximately \$8.3 billion. The acquisition will include all Boeing-related commercial operations, as well as additional commercial, defense and aftermarket operations. Airbus will acquire certain

commercial work packages that Spirit performs for Airbus concurrently with the close of the Boeing-Spirit merger. These include production of A350 fuselage sections in North Carolina and France, A220 wings and mid-fuselage in Belfast and Casablanca, and A220 pylons in Wichita. In addition, Spirit will sell its non-Airbus operations in Belfast, Prestwick and Subang.

4. **NTSB Sanctions Boeing for Briefing Media on Non-Public Information.**

The National Transportation Safety Board (NTSB) sanctioned Boeing for briefing the media on non-public investigative information and speculating about possible causes of the January 5 door-plug blowout on an Alaska Airlines 737 MAX 9. In the briefing, Boeing portrayed the NTSB investigation as a search to locate the individual responsible for the door plug work. NTSB is instead focused on probable cause of the accident, not placing blame on any individual or assessing liability. NTSB said Boeing will retain its party status, but no longer have access to investigative information NTSB produces as it develops the factual record of the accident. NTSB may subpoena relevant records it requires during the investigation, and will also subpoena the company to appear at an investigative hearing into the case scheduled for August 6 and 7 in Washington, DC. Unlike other parties in the hearing, Boeing will not be allowed to ask questions of other participants.

5. **FAA Launches Safety Review of Southwest.**

The Federal Aviation Administration (FAA) launched a safety review of Southwest, following recent events such as flying at very low altitudes while still far from an airport, and taking off from a closed runway. Southwest said it is working closely with FAA to strengthen its safety-management system. FAA and NTSB are also investigating an incident in which a Southwest plane that did a “Dutch roll” was found to have substantial damage possibly caused when it was parked during a severe thunderstorm. None of the events resulted in injuries.

6. **FAA-NATCA Agreement Addresses Controller Fatigue.**

FAA and the National Air Traffic Controllers Association (NATCA) reached an agreement that ensures air traffic controllers receive 10 hours off between shifts and 12 hours off before and after a midnight shift, and have limitations on the number of consecutive overtime assignments. There will be procedures for more effective use of current recuperative breaks. FAA and NATCA, in consultation with scientific experts, will establish a collaborative workgroup and develop recommendations addressing items in an April report from the Scientific Expert Panel on Air Traffic Controller Safety, Work Hours, and Health.

7. **Boeing Names New CEO**

Boeing has announced that Robert “Kelly” Ortberg, former CEO of Rockwell Collins will take over effective August 8, replacing retiring CEO David Calhoun. In a statement issued by Boeing, Ortberg said: “I’m extremely honored and humbled to join this iconic company.”

8. **Aviation Industry Calls for Strengthened ATC Investment.**

Airlines for America (A4A) and a coalition of industry stakeholders urged U.S. congressional aviation leaders and the Administration to consider changes to the management of the Aviation and Airways Trust Fund that would maintain the oversight role of appropriators and authorizers, while giving FAA the ability to more effectively utilize the Trust Fund balance for needed facility upgrades and system modernization.

9. **Global Business Travel Spending to Reach \$1.48 Trillion in 2024.**

Global business travel spending will reach \$1.48 trillion by yearend, an increase on 2019 pre-pandemic spending which was a previous record at \$1.43 trillion, and is projected to surpass \$2 trillion by 2028, according to the Global Business Travel Association (GBTA) in its latest Business Travel Index Report. Expenses include lodging, air travel, food and beverage, and ground transportation. The survey covered 4,100 business travelers across 28 countries and four regions (North America, Europe, Asia Pacific and Latin America).

10. **U.S. Federal Appeals Court Suspends DOT Ancillary Fee Rule.**

On July 29, 2024, the U.S. Court of Appeals for the Fifth Circuit stayed the U.S. Department of Transportation Rule on Ancillary services issued earlier this year which had imposed various new requirements on the industry related to the advertising and sale of ancillary fees with air travel. The Court found that the Rule overstepped DOT’s statutory authority to prohibit certain unfair or deceptive practices. Without a pause in implementation of the rule pending completion of legal challenges, the Court found that the airlines would be irreparably harmed. The Fifth Circuit is expediting its review of the two challenges to the DOT rule, one led by industry association Airlines for America, and another brought by Spirit Airlines and Frontier Airlines. The Fifth Circuit suspension of the DOT rule followed an emergency request for relief filed by Spirit and Frontier on July 26, 2024.

## II. AIRPORTS

### 1. ACI World: Atlanta Remains World's Busiest Airport.

According to Airports Council International (ACI), Hartsfield-Jackson Atlanta held its number one position among the top 20 busiest airports in the world in 2023 with 776,000 movements, representing a recovery of 85.8% from its 2019 results (904,000 movements in 2019). Dubai and Dallas Fort Worth followed. In the United States, Chicago O'Hare held second place. "The revival of Middle East and Asia-Pacific hubs is the standout takeaway from 2023 figures," said ACI World Director General and CEO Luis Felipe de Oliveira. "International passenger traffic has now almost fully recovered from the pandemic, and the regional disparities are gone. China's reopening fueled much of 2023's strong growth and has propelled Guangzhou Baiyun International Airport back into the Top 20." Shanghai Pudong moved from 83rd in 2022 to 18th in 2023. Seoul Incheon moved from 99th position to 20th. Total global passenger traffic for 2023 was 8.7 billion, up 30.5% from 2022 or a recovery of 94.2% from pre-pandemic results (2019). Hong Kong retains top spot in the air cargo sector, followed by Memphis and Shanghai Pudong. Air cargo volumes decreased 1.8% year over year, attributed to geopolitical tensions and disruptions to global trade and supply chains.

### 2. FAA Announces New Grants for Airports.

FAA announced a seventh round of Airport Infrastructure Grants (AIG) totaling \$289 million to 129 airports across 40 states. Projects are funded under the Bipartisan Infrastructure Law's AIG program, part of \$25 billion in total funding for airport improvements such as terminal expansions, baggage system upgrades, runway safety enhancements, and air traffic infrastructure improvements. Airports receiving new funding include: Phoenix Sky Harbor (\$66.7 million), Hartsfield-Jackson Atlanta (\$30.1 million), Philadelphia International (\$22.2 million), Indianapolis International (\$26.6 million), and Palm Beach International (\$17.2 million). . . . A further \$374 million was announced, the third round of grants from the Airport Improvement Program (AIP), including \$15.5 million to Boston Logan and \$10 million to Louisville Muhammad Ali. . . . FAA opened the application period for airports to submit projects for the Fiscal Year 2025 Airport Terminal Program (ATP), which provides approximately \$1 billion for safe, sustainable and accessible airport terminals, airport-owned air traffic control towers, and on-airport rail and bus projects that improve multimodal connections.

**3. Airlines Apply for 10 Slot Exemptions at DCA.**

Airlines filing applications with DOT for 10 slot exemptions at Reagan Washington National (DCA), provided by the 2024 FAA Reauthorization Act, include Alaska, which proposed a daily nonstop to San Diego. United proposed new daily service to San Francisco, and, as an alternate proposal, DCA-Los Angeles. JetBlue proposed a second daily nonstop to Luis Muñoz Marín in San Juan, Puerto Rico (SJU), and Frontier proposed daily flights to SJU. American proposed a daily nonstop to San Antonio. Delta proposed a new flight to Seattle-Tacoma. Southwest proposed daily nonstop service to Las Vegas and “the only one-stop, same-plane/no change service between DCA and Sacramento” via Las Vegas. Spirit proposed new, nonstop service to San José Mineta which “would introduce low-fare competition and create the only nonstop service between Silicon Valley and Washington, D.C.”

**4. Alaska Completes Transition to SFO’s Harvey Milk Terminal 1.**

Alaska Airlines opened an 11,000 square foot lounge at San Francisco International, completing its two-year, \$30 million relocation project to Harvey Milk Terminal 1. In other news, SITA completed delivery testing for its Swift Drop Self-Bag Drop units in Terminal 1 and said the project “represents the first agent-facing ADA-compliant self-bag drop in the United States, setting a new standard for accessibility in airport technology.” The 25 units use a 3D digital camera system to ensure a high first-time read rate of 95%, processing each bag in under 15 seconds.

**5. Memphis International Set to Begin \$653 Million Reconstruction Project.**

Memphis International’s Terminal Modernization and Seismic Program (TMSP) project is set to begin with demolition of Concourse A, originally constructed in 1974 and not used since all operations were consolidated into the modernized B Concourse in 2022. The demolition is expected to take 8-10 months. Modernization of Terminal B arrival and departure areas is expected to begin in 2026 with estimated completion in 2030. Current estimated cost for B terminal modernization and associated projects is \$653 million, which “is likely to increase as design and construction details are finalized. Project funding will include general airport revenue bonds, state and federal grants, passenger facility charges (PFCs) and other Authority capital funds. No city or county tax dollars will be used to fund the project.”

**6. \$400 Million Cargo Facility Approved for Miami-Dade County.**

The Miami-Dade Board of County Commissioners approved a minimum of \$400 million in private investment to construct a four-story cargo facility at Miami International. Scheduled for completion in 2029, the 800,000-square-foot

Vertically Integrated Cargo Community (VICC) will bring total capacity to potentially 5 million tons. The airport is on pace for more than 2.9 million tons of cargo this year. Nearly \$9 billion in capital improvements and upgrades are scheduled for completion over the next 10 years. . . . In other news, Envoy Air is using 10 new autonomous power wheelchairs to transport American Airlines passengers with limited mobility at Miami. An average of 120 American Airlines passengers per day use the self-driving mobility devices in concourses D and E.

**7. UK CAA Cuts Heathrow Landing Fees.**

The UK Civil Aviation Authority (CAA) cut Heathrow landing fees to address a Competition and Markets Authority's (CMA) determination. Charges will decrease by around 6% or £1.52 in 2025 and £1.57 in 2026, with price per passenger capped at an estimated £23.73 in 2025 and £23.71 in 2026.

**8. Dutch Supreme Court Upholds Balanced Approach for Schiphol.**

The Dutch Supreme Court upheld the original Amsterdam District Court decision that the 'experimental regulation' to reduce Schiphol capacity was not in compliance with the Balanced Approach to noise management, which protects the national and regional benefits of air connectivity while helping to mitigate noise impacts for local residents. The International Air Transport Association (IATA) called on the Dutch Government to "respect the decision and proceed to apply the Balanced Approach, which is also enshrined in EU law and international treaties, with the utmost care with regards to Schiphol." The Dutch government has suspended plans to reduce capacity and is following the EU balanced approach.

**9. François Berisot Appointed CEO of Budapest Airport.**

State-owned investment fund Corvinus has taken an 80% stake in Budapest Airport, with Vinci Airports owning the remaining 20%. François Berisot was named CEO of Budapest, succeeding Kam Jandu. Berisot formerly was CEO of Nikola Tesla Airport in Belgrade, also part of VINCI Airports, and served as Deputy Managing Director and CFO of TAV Construction in Turkey. Earlier, he supervised major airport projects at VINCI Airports, and was COO at Queen Alia International in Amman. Hungary has announced plans for a third terminal at Budapest.

**10. Incentive Program to Encourage More Flights at Hong Kong.**

Airport Authority Hong Kong (AAHK) introduced the Airport Network Development Program, which includes two schemes to encourage airlines to open more routes and increase frequencies to Hong Kong International. Under the New Route Scheme, passenger and cargo airlines that launch new

destinations will be eligible to receive financial incentives for two years. Under the Strategic Development Scheme, passenger and cargo airlines that launch new routes and/or increase frequencies will be granted financial incentives for three years. In addition, AAHK is sponsoring airlines on promotional activities for launching new routes. Applications are open through December 31, 2027. Acting CEO Vivian Cheung said the new program has received positive response from airlines since its June launch.

**11. Iraq Launches Tender to Modernize Baghdad Airport.**

World Bank member International Finance Corporation (IFC) is lead transaction advisor for a public-private partnership (PPP) to rehabilitate, expand, finance, operate and maintain Baghdad International and bring its facilities, safety, and services in line with international standards. Iraq is seeking a partner for the contract; deadline to submit bids is September 12.



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

1. **Record Three Million Passengers Screened on July 7.**

More than three million people were screened at airport checkpoints nationwide on July 7, surpassing the previous record set on June 23, said the Transportation Security Administration (TSA). . . . TSA intercepted 3,269 firearms at airport security checkpoints during the first half of 2024, an average 19 per day; more than 94% were loaded. . . . Aer Lingus, Air New Zealand, Ethiopian Airlines and Saudia were added to TSA PreCheck, bringing the number of participating airlines to nearly 100. The expedited screening program is in force at 200 U.S. state and territory airports, and one foreign preclearance airport in Nassau, Bahamas.

2. **Security Breaches at European Airports Disrupt Flights.**

Germany is considering tougher laws to protect airport security, as climate activists gained illegal access to Frankfurt Airport and disrupted air traffic. Elsewhere in Europe, protesters glued themselves to a taxiway at Cologne-Bonn halting flights for three hours; at Helsinki Airport, protesters blocked the main check-in area; and at Oslo Gardermoen, activists entered the runway area. London police prevented a planned protest at Heathrow.

## **IV. TECHNOLOGY AND EQUIPMENT**

### **1. Sabre Offers NDC Content from Etihad, Hawaiian, Air Canada.**

Etihad's New Distribution Capability (NDC) content will roll out through Sabre's global travel marketplace, initially to agencies in Oman and Bahrain. "By integrating and normalizing NDC offers, Sabre enables travel agencies and corporate buyers to shop, compare, book and service Etihad's NDC offers alongside the airline's traditional options by using application programming interfaces (APIs) and Sabre's booking tools." . . . Sabre also announced the availability of NDC content of Hawaiian Airlines and Air Canada. . . . Sabre and Aeromexico renewed an agreement for PRISM, which offers daily corporate booking trend data, enhanced user analytics, API connections, and user tools to streamline sales with partner airlines and commercial clients.

### **2. Ryanair Wins Case Against Booking.com.**

A Delaware court ruled in favor of Ryanair's claims that Booking.com violated the U.S. Computer Fraud and Abuse Act and dismissed Booking.com counterclaims that it had been defamed by Ryanair. "We expect that this ruling will end the internet piracy and overcharging perpetrated on both airlines and other travel companies and consumers," said Ryanair CEO Michael O'Leary, who urged "consumer agencies across the UK and Europe to finally take action to outlaw this illegal screen scraping and over charging of consumers for flights and ancillary services."

### **3. Travelport Launches AI-Powered Search Feature.**

Travelport launched the Content Curation Layer (CCL), a search feature that uses artificial intelligence (AI) and machine-learning (ML) "to quickly deliver the right range of accurate, highly intuitive search results." Used for all content sources (LCC, EDIFACT, NDC, hotel, car, etc.), "the CCL allows agents to compare apples to oranges in an apples-to-apples way." A Content Optimizer gives agencies the ability to tailor search options and results, enhance revenue optimization and mitigate content choice overload.

### **4. Southwest, Archer to Develop Concepts For Air Taxi Network.**

Southwest and Archer Aviation signed a Memorandum of Understanding to develop operational plans for air taxi networks utilizing Archer's electric vertical takeoff and landing (eVTOL) aircraft at California airports where Southwest operates (117 as of August 5). "Southwest customers could someday complete door-to-door trips like Santa Monica to Napa in less than three hours," said an Archer official. The governor's office applauded the initiative, saying it "is designed to help revolutionize clean transportation with zero-direct emission

and affordable options, enhancing the passenger experience, and supporting California's climate action goals.”

**5. Joby Conducts 523-Mile Hydrogen-Electric Flight.**

Joby Aviation flew a first-of-its-kind hydrogen-electric air taxi demonstrator 523 miles, with water as the only by-product. The aircraft, which takes off and lands vertically, builds on Joby’s battery-electric air taxi program, and “demonstrates the potential for hydrogen to unlock emissions-free, regional journeys that don’t require a runway.” The demonstrator is the result of collaboration with H2FLY, Joby’s wholly-owned subsidiary based in Stuttgart. The converted aircraft previously completed more than 25,000 miles of testing as a battery-electric aircraft at Joby’s base in Marina, CA. Joby plans to start commercial operations as soon as 2025, using its battery-electric air taxi. The company is listed on the New York Stock Exchange and has raised more than \$2 billion of funding, including investments from Toyota, Delta, SK Telecom, Uber and Baillie Gifford. . . . In other news, Joby recently acquired Xwing, which has been flying autonomous aircraft since 2020, with 250 fully autonomous flights and more than 500 auto-landings completed to date, using the Superpilot software it developed in-house.

## **V. ENERGY AND ENVIRONMENT**

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

Average price of aviation jet fuel for week ending July 12 was \$103.50 per barrel, down 3% on prior month's average, and down 7.8% on prior year's average, according to the Jet Fuel Price Monitor, a joint IATA-Platts initiative.

### **2. IATA, ASF Develop Standard Cabin Waste Composition Audit Program.**

IATA is collaborating with the Aviation Sustainability Forum (ASF) to help reduce levels of cabin waste generated and achieve higher levels of waste recovery and circularity. They will launch a standardized Cabin Waste Composition Audit (CWCA) platform in September. Preliminary results from trial CWCA audits at Singapore Changi indicate the sector is generating over 3.6 million metric tonnes of cabin and catering waste annually, with 65% being food and beverage waste. Untouched meals account for 18% of all waste. "Managing and reducing waste is an important component of aviation's overall sustainability," said IATA.

### **3. South Africa Urged to Accelerate SAF Development.**

South Africa was urged to mobilize its experience, resources and infrastructure to accelerate development of sustainable aviation fuel (SAF) production, during the IATA Wings of Change Focus Africa conference in Johannesburg. "Across agriculture, energy, and transportation, new jobs and industries are waiting to be created that would not only help fight poverty but also contribute to greater energy independence," said an IATA official. And "airlines are ready and waiting to purchase SAF as evidenced by the fact that every drop of SAF produced has been purchased and used. But the production volumes are a minute fraction of what aviation needs." The World Wildlife Fund estimates that South Africa has the potential to produce between 3.2 and 4.5 billion liters of SAF annually. This will more than meet domestic fuel demand (1.8 billion liters) and present an export opportunity. South Africa has existing refinery infrastructure which should be explored and has experience in synthetic fuel production, particularly the Fischer-Tropsch method.

### **4. U.S. Production Capacity for SAF to Increase.**

Production capacity of SAF in the United States could increase from around 2,000 barrels per day (b/d) to nearly 30,000 in 2024 if all announced capacity additions come on line, reports the U.S. Energy Information Administration. Developers expect Phillips 66's Rodeo Renewed project to produce up to about 10,000 b/d of SAF beginning this summer, and Diamond Green Diesel's Port Arthur SAF project to produce about 15,000 b/d of SAF by the end of the year.

5. **American Airlines to Purchase Hydrogen-Powered Engines.**

American Airlines entered into a conditional purchase agreement with ZeroAvia for 100 hydrogen-electric engines intended to power regional jet aircraft. ZeroAvia is developing the fuel cell-powered engines for commercial aircraft. It is flight testing a prototype for a 20-seat plane and designing an engine for larger aircraft such as the Bombardier CRJ700, which American operates on certain regional routes. American made its first investment in ZeroAvia in 2022 and has participated in the company's Series C financing round.

6. **Neste Commissions Capacity at ONEOK's Houston Terminal.**

Neste has commissioned capacity at ONEOK's terminal in Houston for blending and storing SAF, expanding availability to airlines operating from airports east of the Rocky Mountains to the East Coast. The new capacity provides Neste with storage capacity of up to 100,000 tons (around 33.5 million gallons) and is directly connected to the energy pipeline infrastructure in the eastern part of the U.S. In 2021, Neste demonstrated its ability to supply SAF to New York LaGuardia using existing fuel distribution infrastructure. In September 2023, Neste expanded its capability to supply renewable fuels to customers on the West Coast, commissioning terminal capacity in Los Angeles. Neste's SAF is made from sustainably sourced, 100% renewable waste and residue raw materials, such as used cooking oil and animal fat waste. SAF is blended with conventional jet fuel before use and works seamlessly with existing aircraft engines and fueling infrastructure.

7. **Airbus, Partners Invest in SAF Financing Alliance.**

Airbus, Air France-KLM Group, Associated Energy Group, BNP Paribas, Burnham Sterling, Mitsubishi HC Capital and Qantas Airways have established the Sustainable Aviation Fuel Financing Alliance (SAFFA) investment fund in which Airbus is the Anchor Investor. The commitment from the seven partners amounts to an aggregate of about \$200 million. They mean to accelerate availability of SAF by investing mainly in technologically mature SAF-producing projects using for instance waste-based feedstocks. Investments will be diversified across various SAF production pathways and also by region. Each partner may then enter into priority contracts to secure SAF offtakes from various projects for its allocated volumes. SAFFA is focusing on SAF that is eligible for RefuelEU Aviation or CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) certification. SAFFA made its first investment in Cralis Biosciences, a company dedicated to renewing U.S. chemical manufacturing infrastructure with innovative fuel and chemical production technologies, such as the recent acquisition and renovation of the Monarch facility, an ethanol plant located in Sauget, Illinois, which was shuttered in 2019. As of first quarter 2024, the plant has completed upgrades and received

necessary environmental authorizations to resume operations to produce low carbon intensity SAF and biochemicals.

**8. Airbus Hydrogen Hubs at Airports Program Expands.**

A collaboration between Airbus, London Gatwick, easyJet and hydrogen supplier Air Products will bring liquid hydrogen supply and storage, and refueling and ground handling of hydrogen aircraft to Gatwick, under Airbus' Hydrogen Hubs at Airports program. This partnership will add to work easyJet and Airbus are doing with Hydrogen South West, an infrastructure ecosystem that aims to bring the benefits of hydrogen to the South West of England. Airbus has also signed agreements with partners and airports in Canada, France, Germany, Italy, Japan, New Zealand, Norway, Singapore, Spain, South Korea, Sweden, the United Kingdom and the United States. London Gatwick, Lyon Saint Exupéry, and Kansai airports have formed Hydrogen Hubs in partnership with Airbus, as part of VINCI Airports' strategy to develop carbon-free hydrogen infrastructure. . . . Airbus, Aena, Air Nostrum, Iberia, Exolum and Repsol are partnering to study the creation of the first hydrogen airport hub located in Spain.

**9. Universal Hydrogen Ceases Operations.**

Universal Hydrogen has ceased operations, as it was unable to secure funding. The company intended to transport hydrogen in modular capsules over the existing freight network from green production sites directly to regional and narrowbody/single aisle airplanes, and was working to certify a powertrain conversion kit to retrofit existing regional aircraft to fly on hydrogen. Japan Airlines was among major global airlines interested in the kit.

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

### **1. Bill Would Reduce Delays and Cancellations.**

The “Ensuring Airline Resiliency to Reduce Delays and Cancellations Act” was introduced by House Transportation Committee Ranking Member Rick Larsen (D-WA) and Aviation Subcommittee Ranking Member Steve Cohen (D-TN). The bill requires airlines to develop operational resiliency plans that ensure adequate preparedness for future flight disruptions, like those stemming from the CrowdStrike global outage experienced in July, among other things, and calls for the Government Accountability Office (GAO) to initiate an audit of effectiveness of these plans within three years after the bill’s passage and report to Congress within a year after audit completion. It requires airlines to address cybersecurity risks and IT system deficiencies and vulnerabilities.

### **2. House Hearing: Recruit, Retain and Engage Aviation Talent.**

The House Aviation Subcommittee held a hearing entitled “Eliminating Bottlenecks: Examining Opportunities to Recruit, Retain, and Engage Aviation Talent.” Aviation workforce challenges span positions from airline pilots and air traffic controllers to aviation maintenance technicians, safety inspectors and designated pilot examiners, resulting in a subpar experience across the aviation ecosystem, said Ranking Member Steve Cohen (D-TN). The FAA reauthorization bill reauthorizes and increases funding for workforce development programs for pilots and maintenance technicians and creates new eligibility for aviation manufacturing workers. It includes provisions to maximize air traffic controller hiring, improve staffing models and expand FAA resources to meet evolving needs of the air traffic system. Cohen noted that better support is needed “for the mental health of our aviation workforce to ensure public safety in the air and on the ground.” The reauthorization bill requires establishment of an aeromedical innovation and modernization working group, which will review and make recommendations to the agency’s medical processes, including policies on mental health protocols, education and outreach. The law also creates a task group to monitor and evaluate FAA efforts to assist and provide more resources for the aviation workforce. Testimony was provided by representatives from the Louisiana Tech Department of Professional Aviation, the Association for Uncrewed Vehicle Systems International, National Business Aviation Association and Professional Aviation Safety Specialists, AFL-CIO.

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

### **1. U.S., Fiji Finalize Negotiations on Air Transport Agreement.**

The United States and Fiji signed a Memorandum of Consultations finalizing negotiations on an Air Transport Agreement that will establish a modern civil aviation relationship with Fiji consistent with U.S. Open Skies international aviation policy. It includes unrestricted capacity and frequency of services, open route rights, a liberal cargo and charter regime, and open code sharing opportunities.

### **2. U.S., Dominican Republic Agree On Text of Air Transport Agreement.**

The United States and the Dominican Republic reached agreement, ad referendum, on the text of a bilateral Air Transport Agreement and expressed intent to sign and bring the Agreement into force at the earliest possible date.



## VIII. EUROPE AND AFRICA

### 1. Commission Approves Lufthansa Acquisition of ITA Airways.

The European Commission approved Lufthansa Group's planned acquisition of 41% of ITA Airways and subsequent acquisition of the remaining shares. The transaction is expected to close in fourth quarter 2024, subject to certain conditions. Following the closing, ITA Airways will become the fifth network airline to be closely integrated with Lufthansa Group while keeping its brand name. Rome-based ITA, successor to Alitalia, began operations in 2021, and serves 69 destinations with a fleet of 96 Airbus aircraft.

### 2. Jens Fehlinger to Head Swiss International.

Jens Fehlinger will be the new CEO of Swiss International, effective October 1, succeeding Dieter Vranckx who is a member of the Lufthansa Group Executive Board. Fehlinger has held various management positions with Lufthansa Group since 2006. He has been Co-Managing Director of Lufthansa Cityline and established as Managing Director the new Lufthansa City Airlines. Swiss Chief Commercial Officer Heike Birlenbach is interim CEO until Fehlinger takes over.

### 3. Aer Lingus, Pilots Resolve Pay Dispute.

Following industrial action that caused 610 flight cancellations affecting 84,000 passengers, Aer Lingus agreed to a 17.75% pay increase for pilots over a four-year period. In addition, reported the Irish press, the Labor Court "recommended proposed structural changes to pay scales, the scrapping of a crewing agreement that allowed pilots to take more of their leave in the summer months, and the termination of a debt owed by pilots to the company as part of that agreement."

### 4. Commission Approves Pandemic-Era State Aid to Air France-KLM.

The European Commission re-assessed Dutch and French pandemic-era support measures of €10.4 billion in favor of Air France-KLM Group and concluded that they were compatible with the State aid COVID Temporary Framework. The measures were initially approved in 2020, but subsequently annulled by the General Court.

### 5. Air France-KLM, SAS Sign Code Share Partnership.

Air France-KLM and SAS signed code share and interline agreements that include reciprocal loyalty program benefits, to enter into force September 1, when SAS officially joins the SkyTeam alliance, of which Air France-KLM was a founding member. Air France and KLM customers will gain access to 33 destinations in Northern Europe beyond SAS's hubs in Copenhagen, Oslo and

Stockholm. SAS customers will gain access to 33 European destinations beyond Air France and KLM's hubs at Paris-Charles de Gaulle and Amsterdam Schiphol. The interline agreement covers the European network of Air France, KLM and SAS. Intercontinental destinations will be added to the agreement in the near future. With partners Delta and Virgin Atlantic, Air France-KLM operates a transatlantic joint venture with more than 340 daily flights. . . . In other news, SAS said Stockholm District Court approved its plan of reorganization. . . . The European Commission approved, under EU State aid rules, Denmark and Sweden's plans to grant SAS restructuring aid for up to €1.3 billion, enabling the company "to restore its long-term viability while minimizing competition distortions."

**6. Farnborough Airshow News.**

Airbus orders and commitments announced at the Farnborough Airshow included 75 A320neos and 15 A330-900s for Saudi Arabian carrier flynas. Japan Airlines finalized a commitment for 20 A350-900s and 11 A321neos. Virgin Atlantic placed a firm order for seven Airbus A330neos. Also: five A350-900s for Abra Group, the majority investor of Avianca and Gol; six A320neos for Libya's Berniq Airways; and three A320neo and two A321XLR aircraft for Royal Bhutan Airlines. . . . Boeing orders and commitments included 20 777-9s for Qatar Airways; 20 737-8s for Macquarie AirFinance; 20 777-9s and 20 787-10s with options for ten more for Korean Air; ten 787-9s for Japan Airlines, with options for ten more; four 777 Freighters for National Airlines; and two 737-10s for Luxair, with options for two more.

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

### **1. Delta, Riyadh Air Sign Strategic Agreement.**

Delta and Riyadh Air signed a Strategic Cooperation Memorandum of Understanding “with the goal of introducing a broad range of benefits for customers traveling between North America, the Kingdom of Saudi Arabia and destinations beyond.” Subject to regulatory approvals, this could include interline and codeshare connectivity; maintenance, repair and overhaul services; ground handling; and training. In the future, the airlines intend to explore an immunized joint venture. Riyadh Air, a Saudi Public Investment Fund subsidiary, will begin operations in 2025; CEO is industry veteran Tony Douglas. Delta will serve as Riyadh Air's exclusive partner in North America, while Riyadh Air will be Delta's exclusive partner in Riyadh and beyond.

### **2. Etihad Increases Boston Service to Daily; Brings A350 to Toronto.**

Etihad will increase nonstop Boeing 787-9 service between Boston and Abu Dhabi from four flights per week to daily from October 27. Etihad will also begin daily Airbus A350 flights to Toronto Pearson, beginning October 27.

### **3. China's Aviation Industry Continues Recovery.**

Civil Aviation Administration of China said the industry saw an improved first half, with an increase of 23.5% year-on-year and 9% over 2019, reports China Daily. “A total of 6,045 international passenger flights were operated by domestic and foreign airlines from July 1 to July 7, representing nearly 80% of the volume in 2019,” said officials. “Flights to Egypt, Saudi Arabia, Uzbekistan, Hungary, Greece, Kenya and Portugal have more than doubled compared to 2019, and six countries have been added to the list of accessible destinations: Bahrain, Kuwait, Serbia, Tanzania, Luxembourg and Papua New Guinea.” Flights to Canada and the United States have struggled, with a recovery rate of less than 20%.

### **4. Farnborough Airshow News.**

See Section VIII, item 6.

## **X. AMERICAS**

1. **Spirit Airlines Introduces Brand-New Premium Travel Options and Perks**

Spirit Airlines announced major enhancements to its guest experience with the introduction of premium offerings intended to deliver “an even friendlier, more comfortable, and cost-effective travel experience. The four new travel options include: Go, Go Savvy, Go Comfy, and Go Big. Perks included range from Wi-Fi and snacks, guaranteed blocked middle seats, priority boarding, “Big Front Seat®” access, among others depending on the package chosen. "We're unveiling a new era in Spirit's history and taking low-fare travel to new heights with enhanced options that are unlike anything we've offered before," said Ted Christie, Spirit's President and Chief Executive Officer. "We listened to our Guests and are excited to deliver what they want: choices for an elevated experience that are affordable and provide unparalleled value." Bookings for the new travel options will begin on August 16, and available by August 27, 2024.
2. **United Flight Attendants to Vote on Strike Authorization.**

United flight attendants, represented by the Association of Flight Attendants-CWA (AFA), will take a strike authorization vote from August 1 through August 28. They have been working under an amendable contract for nearly three years and are demanding a base pay increase, increased pay for time at work including on the ground, retroactive pay to the amendable date, schedule flexibility and work rule improvements, job security, retirement and more, said AFA.
3. **American, Flight Attendants Reach Tentative Agreement.**

American Airlines and Association of Professional Flight Attendants (APFA) reached a tentative contract agreement that includes wage increases of 18%-20.5% on date of signing, retroactive pay from 2020-2024, profit sharing and boarding pay. . . . American has developed an automated tag for wheelchair and mobility devices, which features customer- and device-specific data like itineraries, delivery points, device weight, battery type and number of items removed and taken on board. They currently are used in airports where American and its regional partners operate.
4. **Alaska, Flight Attendants Reach Tentative Agreement.**

Alaska Airlines and flight attendants reached a tentative three-year contract agreement that includes average pay scale increases of 24.3% at date of ratification and 32% over life of agreement, and boarding pay, said AFA. Voting closes August 14. . . . Alaska is adding 18 new nonstops this winter including

Liberia, Costa Rica from San Francisco and Seattle; Monterrey, Mexico from Los Angeles; and Los Cabos from Sacramento.

5. **Southwest Moving to Assigned Seating.**

Southwest plans to assign seats, offer premium seating options, redesign the boarding model and introduce redeye flying, “initiatives designed to elevate the customer experience, improve financial performance, and drive shareholder value.” Booking is available for first overnight flights on routes including Las Vegas to Baltimore and Orlando; Los Angeles to Baltimore and Nashville; and Phoenix to Baltimore. Other details to come in late September. Elliott Investment Management, one of Southwest's largest investors, said the initiatives come “more than a decade late, and after a 50% decline in its share price over the past three years,” and continued to call for new leadership. . . . Rakesh Gangwal was appointed to the Southwest Board, effective July 7. A co-founder of IndiGo, Gangwal also served as Chairman, President, and CEO of Worldspan Technologies; President and CEO of US Airways Group; and in executive roles at Air France and United.

6. **Allegiant Names Greg Anderson as Next CEO.**

Gregory Anderson was named CEO and President of Allegiant Travel Company. He will succeed company founder, largest individual shareholder and CEO for nearly 25 years, Maurice Gallagher, who will continue to serve as Executive Chairman of the Board. Anderson joined Allegiant in 2010 and earlier worked for U.S. Airways and Ernst and Young, where his primary focus was the commercial aviation sector.

7. **Avelo Adds Two International Destinations.**

Avelo announced its first scheduled international service, with flights from Hartford, Connecticut to Montego Bay and Cancun beginning this fall; one-way fares start at \$52. Avelo announced 18 new routes in all, “the most substantial expansion in our three-year history,” said Founder and CEO Andrew Levy. Avelo serves 52 destinations with a fleet of 18 Boeing Next-Generation 737s.

8. **Boeing Names New CEO**

See Section I, item 7.

9. **Farnborough Airshow News.**

See Section VIII, item 6.

10. **Delta, Riyadh Air Sign Strategic Agreement.**

See Section IX, item 1.

11. **Etihad Increases Boston Service to Daily; Brings A350 to Toronto.**  
See Section IX, item 2.