



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. House and Senate Leaders Strike Deal on FAA Reauthorization Bill.

House and Senate lawmakers have reached an agreement on the terms of a five-year FAA reauthorization bill ahead of the May 10 expiration of the latest extension. The 1,069-page bill is wide-ranging, covering safety, consumers, cybersecurity, workforce, airport, advanced technology measures, among many others, and also reauthorizes the National Transportation Safety Board. The massive bill also includes a title dedicated to facilitating the development of the advanced air mobility sector but in a safe manner. “Now more than ever, the FAA needs strong and decisive direction from Congress to ensure America’s aviation system maintains its gold standard, and we have reached a bipartisan, bicameral, comprehensive agreement to do just that,” said Senate Commerce Committee Chair Maria Cantwell (D-Washington), Ranking Member Ted Cruz (R-Texas), and House Transportation and Infrastructure Committee Chair Sam Graves (R-Missouri) and Ranking Member Rick Larsen (D-Washington) in a joint statement.

2. DOT Final Rule Requires Automatic Ticket, Ancillary Fee Refunds.

The U.S. Department of Transportation (DOT) issued a final rule that requires prompt, automatic cash refunds to passengers when airlines cancel or significantly change their flights, significantly delay checked bags, or fail to provide extra services purchased. Airlines and ticket agents must issue refunds within seven days for purchases made by credit card due date and 20 days for other payment methods. Refunds must be in cash or original payment method, such as credit card or airline miles. Airlines may not substitute vouchers, travel credits, or other forms of compensation unless passenger chooses to accept alternative compensation. Full refunds must be provided, minus value of transportation already used. Refunds must include government-imposed taxes and fees and airline-imposed fees, regardless of whether they are refundable to airlines. The final rule also requires airlines to provide prompt notifications to consumers affected by a cancelled or significantly changed flight of their right to a refund of the ticket and extra service fees, as well as any related policies. When consumers cannot travel due to serious communicable disease, airlines must provide credits or vouchers that are transferrable and valid for at least five years from issue date. Implementation of the rule will range from six to 12 months. . . . In response, Airlines for America said “the 11 largest U.S. passenger airlines issued \$43 billion in customer refunds, \$900 million per month, between January 2020 and December 2023, in addition to issuing other forms of compensation.”

3. New Rule Requires Disclosure of Ancillary Fees with Fare.

DOT issued a final rule requiring airlines and ticket agents to display critical extra service fees when fare and schedule information initially appear on their online platforms, and not through a hyperlink. Such fees would be for a first or second checked bag, a carry-on bag, and canceling or changing a reservation. For offline inquiries, fees must be disclosed when they provide a fare quote. Among other things, the rule prohibits “tactics that disguise the true cost of discounted flights [and] advertising a promotional discount off a low base fare that does not include all mandatory carrier-imposed fees.” DOT Secretary Pete Buttigieg said the rule “will save passengers over half a billion dollars a year.” Implementation will range from six months to two years.

4. DOT Partners with State AGs to Enforce Consumer Complaints.

DOT launched the bipartisan Airline Passenger Protection Partnership with 18 state attorneys general “to investigate airlines and ticket agents and hold them accountable when they violate aviation consumer protection laws.” The Memoranda of Understanding call for state attorneys general and the DOT Office of Aviation Consumer Protection to collaborate on complaints involving unfair or deceptive practices by airlines. Federal law places responsibility for addressing airline consumer protection matters with DOT. While state attorneys general receive consumer complaints regarding airline practices, airlines are not legally required to respond to their inquiries.

5. FAA Mandates Increased Rest Times for Air Traffic Controllers.

The Federal Aviation Administration (FAA) is increasing rest time for air traffic controllers to 10 hours between shifts, and 12 hours before a midnight shift, effective in 90 days. Administrator Mike Whitaker ordered the Air Traffic Safety Oversight Service to ensure the agency has a “robust methodology to ensure compliance with this direction.” The mandate followed release of an FAA-commissioned study by an independent panel of scientific fatigue experts who assessed risks introduced by controller fatigue and provided a roadmap to mitigate them. FAA also plans longer term systemic changes. Whitaker said FAA hired 1,500 controllers last year and is on track to hire 1,800 this year. “I understand this lengthened rest period will be an adjustment for thousands of our air traffic controllers,” said Whitaker. “We are committed to engaging the workforce and our partners at the National Air Traffic Controllers Association (NATCA) to prioritize health and well-being as operations adapt.” . . . NATCA said it is “disappointed” it was not asked to collaborate in advance of the decision. “FAA has not modeled these changes to determine what unintended consequences they may have to the already strained air traffic control staffing coverage . . . immediate application of the new rules may lead to coverage holes in air traffic facilities’ schedules [which] may affect National Airspace System capacity. Requiring controllers to work mandatory overtime to fill those

holes would increase fatigue and make the new policy nothing more than window dressing.” NATCA said it expects that FAA “will meet its bargaining obligations before implementing any changes.” . . . FAA’s move was praised by the National Transportation Safety Board (NTSB), which has long called for action on controller fatigue.

6. FAA Reviews ARC Recommendations on Mental Health Reporting.

FAA is reviewing recommendations to help break down barriers that prevent pilots and air traffic controllers from reporting mental health issues, provided by the Mental Health and Aviation Medical Clearances Rulemaking Committee. FAA assembled the Committee in December 2023, in response to a report from the DOT Office of the Inspector General (OIG), which found that although FAA has procedures to evaluate pilots’ psychological health, its ability to mitigate safety risks is limited by pilots’ reluctance to disclose mental health conditions. Committee members are trade associations, pilot and air traffic controller organizations, academia, and medical professionals.

7. FAA Requires SMS for Charter, Commuter, Air Tour Operators.

FAA is requiring charter and commuter airlines, air tour operators, and certain aircraft manufacturers to implement a Safety Management System (SMS) within one to three years. U.S. airlines have been required to have SMS since 2018, and some manufacturers already have developed and implemented SMS. The rule also requires those with an SMS to share hazard information with other aviation organizations so they can work collaboratively to identify and address potential safety issues. The final rule addresses recommendations from NTSB and independent review panels.

8. Administration Hearing on Airline Loyalty Programs.

DOT and the Consumer Financial Protection Bureau (CFPB) will hold a public hearing on May 9 to examine airline loyalty programs; participants to include regulators, airline executives, consumer advocates and banking officials. CFPB Director Rohit Chopra and DOT Secretary Pete Buttigieg will moderate.

9. NTSB Adds Two Board Members.

Alvin Brown and J. Todd Inman were sworn in as members of the National Transportation Safety Board, which has been functioning with three board members since the departure of Vice Chairman Bruce Landsburg in December.

10. DOT Modernizes Disadvantaged Business Regulations.

DOT issued a final rule that modernizes Disadvantaged Business Enterprise (DBE) and Airport Concessions DBE regulations, which were Congressionally mandated over 40 years ago to address and remedy effects of discrimination

against small businesses owned and controlled by minorities, women, and other socially and economically disadvantaged individuals. Changes include streamlining the certification and eligibility process; adjusting the personal net worth cap for inflation for small business owners; and strengthening monitoring and prompt payment requirements.

II. AIRPORTS

1. FAA Awards \$148.3 Million to Airports in 28 States, Guam.

FAA is awarding \$148.3 million for 73 airport projects in 28 states and Guam. Projects include \$61.9 million to Orlando International to expand Terminal C apron; \$22.1 million to Boston Logan to rehabilitate taxiway pavement, lighting systems; and \$13.6 million to Dallas Love Field to construct an aircraft rescue and firefighting building. The funding is from the Airport Infrastructure Grant (AIG) program, one of three aviation programs created by the Bipartisan Infrastructure Law. The law provides \$15 billion over five years for this program. To date, nearly \$9 billion in AIG funding has been made available. . . . FAA announced awards of another \$76.1 million from the previously allocated \$9 billion, for 45 projects in 22 states.

2. FAA to Install New Runway Safety Technology.

Austin-Bergstrom, Indianapolis, Nashville and Dallas Love Field will be the first U.S. airports to receive new airfield surveillance systems that reduce runway incursions by improving air traffic controllers' situational awareness. FAA plans to implement the Surface Awareness Initiative (SAI) system at first four airports by July, and other airports by end of 2025.

3. ACI World: Atlanta Remained World's Busiest Airport in 2023.

Hartsfield-Jackson Atlanta remained the world's busiest airport in 2023, according to Airports Council International (ACI), with Dubai International moving to second place, Dallas-Fort Worth dropping to third, and London Heathrow at fourth. Tokyo Haneda rose from 16th in 2022 to fifth in 2023, Denver dropped from third to sixth. Istanbul remained at seventh; Los Angeles was eighth; Chicago O'Hare fell from fourth to ninth; and New Delhi Indira Gandhi was tenth. ACI said preliminary figures show the world's airports handled 8.5 billion passengers in 2023, 93.8% of 2019 levels. International traffic recovery drew nearer to that of domestic traffic. Air cargo volumes decreased by 3.1% year-over-year (-4.6% versus 2019), with Hong Kong maintaining top position, followed by Memphis and Shanghai Pudong; Doha rejoined the top 10, at number 8. Rankings are based on data gathered from 2,600 airports across 180 countries and territories.

4. MWAA Approves Terms of 15-Year Airline Use, Lease Agreement.

The Metropolitan Washington Airports Authority (MWAA) approved terms of a new Airport Use Agreement and Premises Lease for airlines at Reagan National and Dulles airports. The 15-year pact, which includes a new \$9 billion capital construction program, must be signed by airlines representing a

majority of the airports' flights, before taking effect on January 1, 2025. Provisions include: Continued ability to recover all major costs of operating the airports. A \$7 billion capital construction program for Dulles, including a 14-gate concourse and design for a fifth runway. A \$2.39 billion capital construction program for National, which includes eventual replacement of Terminal 1 main concourse. Airline-funded debt service coverage to ensure at least a 140% target ratio. Expansions and improvements of airfield, terminals, concourses, baggage equipment, roadways and other infrastructure necessary in future years to accommodate projected growth at Dulles, and increase in passengers at both airports. . . . Oakland Plans Name Change to 'San Francisco Bay Oakland.'

The Oakland Board of Port Commissioners voted to modify the name of 'Oakland International' to 'San Francisco Bay Oakland International,' saying the change "will boost inbound travelers' geographic awareness of the airport by highlighting the airport's location on the San Francisco Bay." After final approval, scheduled for May 9, staff plans to work with air carriers, other airports and local agencies to reflect the modification in airport and airline systems. The airport code OAK and visual brand will not change. . . . "We are deeply concerned about the potential for customer confusion and disservice that could result from this proposed renaming," said San Francisco International (SFO) Airport Director Ivar Satero. The city of San Francisco has filed a lawsuit to prevent the name change.

5. Austin-Bergstrom Plans \$1 Billion Expansion.

Austin-Bergstrom will build an underground tunnel connecting the Barbara Jordan Terminal to a new concourse that will have at least 20 gates, reports the Austin Monitor. The 635,000-square-foot Concourse B will open in 2030, with total project cost of \$1 billion. An overall \$4 billion airport expansion plan includes a new arrivals and departures hall, midfield cross taxiways, outbound baggage handling system, a central utility plant, and a new terminal roadway.

6. Alaska Offers Airlines Incentive Program.

Alaska's Department of Transportation and Public Facilities relaunched an airport incentive program, reducing fees to stimulate increased passenger and cargo activity. Routes added for the 2024 summer schedule from Anchorage include Alaska to New York Kennedy and San Diego, United to Washington Dulles, and Delta to Detroit.

7. Toronto Pearson Plans Major Investment.

Toronto Pearson launched the first phase of a long-term procurement process that will cost billions of dollars. Initial focus will be on high speed taxi lanes, airfield electric lighting and control system, interim terminal facilities, and power generation to advance towards net-zero targets, said Deborah Flint,

President of the Greater Toronto Airports Authority. The airport handled 45 million passengers in 2023, with 65 million annually expected by early 2030s.

8. VINCI to Acquire Majority Stake in Edinburgh Airport.

VINCI Airports agreed to acquire a 50.01% stake in Edinburgh Airport for around £1.27 billion, with remaining stake to be managed by Global Infrastructure Partners (GIP), which has owned the airport since 2012. VINCI is majority shareholder of Belfast International and London Gatwick.

9. Manchester Airports Raises £300 Million.

Manchester Airports Group (MAG) raised £300 million through a new 18-year bond. Proceeds will support completion of the Manchester Airport Transformation Program by 2025 and plans to extend the London Stansted terminal. MAG owns Manchester, Stansted and East Midlands. A September 2023 transaction raised £360 million. . . . Annual passenger numbers across MAG, in 12 months to end of March 2024, increased by 13.4%. Stansted recorded its busiest 12 months ever, with 28.5 million passengers.

10. Schiphol to Increase Airport Charges.

Amsterdam Schiphol's plan for a 14.8% increase in fees for 2024 was approved by regulators. The increase is essential for maintaining service quality and financial health. . . . Schiphol plans to phase out all flights between midnight and 5 a.m., ban private jets and the noisiest planes, and abandon plans for an additional runway, by the 2025-2026 season.

11. Air India, BIAL to Develop Bengaluru.

Air India, with other Tata Group airlines, AIX and Vistara, and Bangalore International Airport Limited (BIAL) agreed to develop Bengaluru "as a premier aviation hub for southern India, with an aim to boost air travel connectivity to and from India over the next few years." This includes strengthening the group's presence at Kempegowda International through an enhanced network and establishing a dedicated domestic lounge for premium and frequent travelers of Tata Group airlines Air India and Vistara.

III. **SECURITY AND DATA PRIVACY**

1. **TSA Update.**

The Transportation Security Administration (TSA) added eight new airlines: Air Premia, Air Tahiti Nui, Air Transat, Bahamasair, BermudAir, Iberia, La Compagnie and New Pacific Airlines to PreCheck. . . . TSA intercepted more than 1,500 firearms at airport checkpoints nationwide during first quarter 2024, which ended March 31, an average of 16.5 per day. More than 93% were loaded.

2. **U.S. Trusted Traveler Programs Fees to Increase.**

Fees for Trusted Traveler Programs—NEXUS, Global Entry and SENTRI—will rise to a uniform \$120 on October 1. They have not been updated in over 15 years, said U.S. Customs and Border Protection.

3. **NPRM for Cross-Sector Data Breach Reporting System.**

The Cybersecurity and Infrastructure Security Agency (CISA) issued a Notice of Proposed Rulemaking (NPRM) to establish the first cross-sectoral federal cybersecurity incident and ransomware payment reporting system. The 2022 Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) requires organizations in certain critical infrastructure sectors, including airlines, to report substantial cybersecurity incidents to the Department of Homeland Security within 72 hours and ransom payments within 24 hours.

IV. TECHNOLOGY AND EQUIPMENT

1. FAA Clears XB-1 Supersonic Test Flights.

FAA issued the first-ever Special Flight Authorization (SFA) to Exceed Mach 1 authorization to Boom Supersonic for XB-1 test flights, planned for later this year in the Black Mountain Supersonic Corridor in Mojave, CA. The SFA follows a review and Environmental Assessment, and extends to specified chase plane aircraft, which will trail XB-1 to observe, monitor and record safety of flight. In March, the XB-1 flew at the Mojave Air & Space Port, location of such historic first flights as the Bell X-1, the North American X-15, and the Lockheed SR-71 Blackbird. Next step for the XB-1 is confirming performance and handling qualities through and beyond Mach 1; 10 to 20 flights are planned before reaching supersonic speeds. Blake Scholl is Boom founder and CEO.

2. Delta Partners with Accelya for NDC Provision.

Delta signed an agreement with Accelya, which says its New Distribution Capability (NDC) platform “links airlines with over 50,000 travel agents including the world’s largest online travel agents (OTAs) and travel management companies (TMCs).”

3. Expedia Group Adopting Amadeus NDC Technology.

Expedia Group is adopting Amadeus NDC technology, a “significant endorsement for industry-wide rollout.” NDC allows airlines to tailor offers “using the latest merchandising techniques, and to efficiently present and distribute them in a way that enriches and enhances the shopping experience for travel sellers.”

V. **ENERGY AND ENVIRONMENT**

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

Average price of aviation jet fuel for week ending April 12 was \$111.01 per barrel, up 3.2% on prior month's average, and down 1.2% on prior year's average, according to the Jet Fuel Price Monitor, a joint IATA-Platts initiative.

2. **IATA Report on Single Use Plastics Focuses on Mitigation.**

The International Air Transport Association (IATA) released a report to assist airlines, regulators and the airline supply chain to mitigate environmental impacts of single use plastic products (SUPP). SUPP are widely used in aviation due to their strength, lightness and ability to meet safety and security regulations. However, the airline sector faces challenges associated with improved cabin waste performance and the replacement of SUPP with sustainable alternatives. "Reassessing Single Use Plastics Products in the Airline Sector" was prepared by IATA with support from Travel Without Plastic and WRAP. It addresses alternatives to SUPP, creating a harmonized regulatory framework, and promoting sector-wide collaboration. An IATA survey conducted in November 2023 showed that more than three quarters of passengers would feel better about flying if it did not involve any SUPP, and that they would be happy to support fewer food and beverage options so that airlines could achieve this. A 2022 study showed that 50% of cargo customers include waste reduction along the supply chain among their top priorities, and cargo operators are receiving requests from end customers to reduce the associated plastic packaging and wrapping.

VI. U.S. CONGRESS

1. Hearing with Expert Panel on Boeing Safety Culture.

The Senate Commerce Committee held a hearing to review findings and recommendations in FAA's Organization Designation Authorization (ODA) Expert Review Panel's final report, which focused on Safety Management Systems (SMS). "While Boeing was required to adopt an SMS in 2015 as part of an FAA settlement agreement, and while the FAA later adopted standards for voluntary SMS programs, the expert panel's report makes it clear now that we need a real SMS with teeth," said Committee Chair Maria Cantwell (D-Wash.). "Both Boeing and the FAA need strong and effective Safety Management Systems—not in name—but in reality." Cantwell said the 53 recommendations serve as an important catalyst for future aviation safety legislation.

2. Boeing's "Broken Safety Culture" Examined in Hearing.

A hearing, "Examining Boeing's Broken Safety Culture: Firsthand Accounts," was convened by the Senate Committee on Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations. In his testimony, Boeing Quality Engineer Sam Salehpour said that while Boeing claims to take its commitment to safety and quality seriously, "I have observed a culture that prioritizes speed of production over safety and quality and incentivizes management to overlook significant defects in Boeing's airplanes. Despite what Boeing officials state publicly, there is no safety culture at Boeing and employees like me who speak up about defects with its production activities and lack of quality control are ignored, marginalized, threatened, sidelined, and worse." Salehpour contacted the Committee about his concerns, "because I genuinely believe that the safety problems I have observed at Boeing, if not addressed, could result in a catastrophic failure of a commercial airplane that would lead to the loss of hundreds of lives. I am determined to avoid such a result, regardless of the cost to my career." He has spoken to several Boeing engineers who said they share his concerns, since his whistleblower complaint became public, "but no one is willing to voice them because they fear reprisals from Boeing." Other witnesses were Ed Pierson, Executive Director of the Foundation for Aviation Safety and a former Boeing engineer; Joe Jacobsen, Aerospace Engineer and Technical Advisor to the Foundation for Aviation Safety and a former FAA engineer; and Shawn Pruchnicki, PH.D, a Professional Practice Assistant Professor, Integrated Systems Engineering, Ohio State University. Boeing CEO David Calhoun was invited to the hearing, but did not attend.

3. **Criminal Exploitation of FAA Loopholes Exposed.**

A report examining how loopholes in the FAA registration process “are abused by drug cartels and other bad actors to enhance the global drug trade and threaten our national security” was released by Chuck Grassley (R-Iowa), Co-Chair of the Senate Caucus on International Narcotics Control. Grassley said criminals disguised by shell companies and noncitizen trusts register U.S. planes, which cartels use to transport and deliver illicit drugs. A 2020 Government Accountability Office (GAO) report recommended that FAA take 15 actions to resolve vulnerabilities; to date, FAA has implemented only three.

4. **“American Privacy Rights Act” Introduced.**

The “American Privacy Rights Act” was unveiled by House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA) and Senate Commerce Committee Chair Maria Cantwell (D-WA). The draft legislation sets clear, national data privacy rights and protections, eliminates a patchwork of state data privacy laws, and establishes enforcement mechanisms to hold violators accountable. It gives Americans the right to control where their information goes and who can sell it, and prohibits Big Tech from tracking, predicting, and manipulating behaviors for profit without knowledge and consent. . . . “Most travel companies by their very nature—from hotels to airlines to online travel agents and travel management companies—manage consumer data and could be impacted by such a law. We look forward to working with Members of Congress who are engaged in pushing forward a national standard,” said Travel Technology Association.

5. **“Future of AI Innovation Act” Introduced.**

The bipartisan “Future of AI Innovation Act” was introduced by members of the Senate Commerce Committee. It authorizes the AI Safety Institute at the National Institute of Standards and Technology to promote development of voluntary standards, and creates testbeds with national labs to accelerate AI innovation for the benefit of future economic growth and national security.

VII. BILATERAL AND STATE DEPARTMENT NEWS

1. Airlines, Unions Urge Pause in New Flights Between U.S., PRC.

Airlines for America and aviation unions wrote to Secretary of State Anthony Blinken and Transportation Secretary Buttigieg, urging a pause in additional passenger flights between the United States and the People’s Republic of China (PRC) “until U.S. workers and businesses are guaranteed equality of access in the marketplace, free from the existing harmful anti-competitive policies of the Chinese government.” . . . In a similar letter to Secretaries Blinken and Buttigieg, leaders of the House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party wrote that PRC carriers operate air routes without reciprocal parity in the number of U.S. carrier operated routes to the PRC. Additionally, while U.S. carriers stopped flying through Russian airspace at the start of Russia’s unprovoked invasion of Ukraine in March 2022, PRC airlines continue to use Russian airspace, providing them an artificial competitive, cost, and operational advantage, and presenting a grave security risk to passengers. “The U.S. must continue to give China the opportunity to follow the terms of the previous bilateral agreement, but the current conditions should also allow negotiating leverage that has not existed historically,” wrote Committee Chairman Mike Gallagher (R-WI) and Ranking Member Raja Krishnamoorthi (D-IL). “Taking the appropriate time to establish the safety, operational integrity, and passenger demand for flights between the two countries is of the utmost importance.”

VIII. EUROPE AND AFRICA

1. Robin Hayes to Lead Airbus Americas.

Former JetBlue CEO Robin Hayes will succeed C. Jeffrey Knittel as Chairman and CEO of Airbus Americas, effective June 3. Knittel is retiring and will remain with Airbus through a transition period. In addition to his nine years at JetBlue, Hayes held senior executive roles at British Airways for 19 years, including CEO, and served as Chair of IATA's Board of Governors from 2020 to 2022.

2. JetBlue Launches Daily Boston-Paris Nonstop.

JetBlue launched daily Airbus A321 Long Range (LR) service between Boston and Paris Charles de Gaulle and plans to add a second daily flight to Paris from New York Kennedy on June 20.

3. Lufthansa Reports Losses Due to Strikes.

Lufthansa Group reported a first quarter adjusted operating loss of €849 million, due to strikes. . . . Following successful arbitration, Lufthansa and Verdi agreed on ground staff average salary increases of around 12.5% and flexible working hours of up to 40 hours, among other things. Lufthansa and UFO agreed on substantial wage increases for cabin crew over the next three years, inflation compensation and a holiday pay supplement. . . . Lufthansa is rolling out its long-planned Allegris cabin on May 1, on Airbus A350 service from Munich to Vancouver, followed by Toronto, Montreal and Chicago. . . . Lufthansa City Airlines started ticket sales in April and initially will fly from Munich to Birmingham, Hanover and Düsseldorf.

IX. ASIA/PACIFIC AND MIDDLE EAST

1. Air New Zealand Chicago Route Still on Hold.

Air New Zealand said ongoing challenges with the availability of Rolls Royce Trent 1000 engines on its Boeing 787-9 aircraft will prevent a return to the Chicago route in October as expected. “We anticipate returning to Chicago when we receive our new 787 aircraft from Boeing, currently expected in the second half of 2025,” said the airline.

2. Emirates Cancels 400 Flights During Record Rainfall.

Emirates diverted dozens of flights on April 16, as the United Arab Emirates experienced its highest level of rainfall in 75 years, and over the next three days had to cancel nearly 400 flights and delay many more. “Our 24/7 hub in Dubai remained open, with flight movements reduced for safety, but flooded roads impeded the ability of our customers, pilots, cabin crew, and airport employees to reach the airport, and also the movement of essential supplies like meals and other flight amenities,” Emirates President Sir Tim Clark wrote in an open letter to customers. He enumerated myriad steps the airline took to help stranded passengers: 12,000 hotel rooms secured, 250,000 meal vouchers issued, drinking water, blankets and other amenities distributed. On April 20 regular flight schedules had been restored, passengers rebooked and enroute to their destinations, and a taskforce formed to sort, reconcile, and deliver 30,000 pieces of baggage to their owners. “We know our response has been far from perfect,” said Clark, and “have taken learnings from the last few days to make things right and improve our processes.”

3. Etihad Launches Boston Flights.

Etihad launched four times weekly Boeing 787-9 service from Abu Dhabi to Boston, its fourth U.S. destination (Chicago, New York, Washington). Via a partnership with JetBlue, customers can connect to cities throughout North America. . . . Etihad introduced Airbus A380 double-decker service featuring The Residence on one of its two daily flights to New York Kennedy. The Residence is a three-room suite with shower, dedicated cabin crew and gourmet meals.

X. AMERICAS

1. American Airlines Pilots Note Spike in Safety Issues.

The union that represents American Airlines pilots, Allied Pilots Association (APA) said it has been tracking “a significant spike in safety- and maintenance-related problems” in the carrier’s operation and brought them to the attention of airline management. “Problematic trends” include tools left in wheel wells; increasing number of collisions between aircraft being tugged or towed; and pressure to return aircraft to service to maintain on-time performance amid a lack of spares. . . . American reported record first-quarter revenue of \$12.6 billion, and a net loss of \$312 million.

2. Delta Delivers Record March Quarter Revenue.

Delta delivered record revenue of \$13.7 billion on outstanding operational performance for March quarter, said CEO Ed Bastian, and recognized employee efforts with \$1.4 billion in profit sharing payouts. Managed corporate sales grew 14% year-over-year, led by return of large accounts. International passenger revenue was 12% higher versus March quarter 2023, with transatlantic passenger unit revenue up 2%. International passenger unit revenues were down 3% on 16% higher capacity amid rebuilding of Latin and Pacific networks. For June quarter, Delta expects total revenue growth of 5% to 7% compared to June quarter 2023. All geographic entities “are expected to achieve unit revenue approximately flat to last year, except Latin, where we expect a double-digit decline.” . . . The Delta-Aeromexico Joint Cooperation Agreement (JCA) expanded with new service between Boston and Mexico City, operated by Aeromexico. Writing in *The Atlanta Journal-Constitution*, Ed Bastian and Andrés Conesa, Delta and Aeromexico CEOs respectively, warned that the seven-year partnership is under threat of cancellation due to a diplomatic dispute between Mexico and the U.S. Citing economic benefits that would be lost, they urged DOT to “swiftly reverse course and renew its approval of this strategic partnership.”

3. United First-Quarter 2024 Revenue Exceeds Expectations.

United reported a first-quarter pre-tax loss over same quarter last year, reflecting “the approximately \$200 million impact from the Boeing 737 MAX 9 grounding, without which the company would have reported a quarterly profit.” Atlantic and domestic markets saw large passenger revenue per available seat mile increases year over year, with 11% and 6% growth respectively. “We’ve adjusted our fleet plan to better reflect the reality of what the manufacturers are able to deliver,” said CEO Scott Kirby. The company now anticipates 61 narrowbody aircraft and five widebody to be delivered in 2024. .

. . . United postponed the launch of service between Newark and Faro, Portugal, and between Tokyo Narita and Cebu, amid increased oversight by FAA due to recent serious safety incidents. An investor meeting scheduled for May 1 was also postponed, as “it would simply send the wrong message to our team to have an exciting investor day focused primarily on financial results.” . . . Among initiatives to help people with disabilities, United, in collaboration with the United Spinal Association and Numotion, launched a digital tool that enables wheelchair users to filter aircraft that can accommodate their device, and to request a refund of the fare difference when the accommodating trip would be more expensive. In 2023, United and United Express together carried more than 200,000 checked wheelchairs.

4. Southwest Flight Attendants Ratify New Four-Year Contract.

Southwest flight attendants will be the highest paid in the industry, said Transport Workers Union of America (TWU), after ratification of a new four-year contract that includes a 22.3% raise on May 1, 3% raises in 2025, 2026 and 2027, and \$364 million in retroactive wages paid out based on how much they flew during years of negotiations. The contract also includes an industry-first paid maternal and parental leave and healthcare coverage while caring for a newborn child; additional compensation for extra time spent on the ground while on duty; higher pay for irregular operations; premium pay for an extended duty day; pay protections following on-the-job injury; and holiday pay for July 4th, Memorial Day and Labor Day. In response to the 2022 meltdown, a revised reserve system ends the 24-hour on call system to give flight attendants more rest. The contract covering nearly 20,000 Southwest flight attendants becomes amendable in 2028. Southwest has ratified agreements with 11 labor groups in the past 18 months. . . . Southwest reported a first quarter net loss of \$231 million, with record first quarter operating revenues of \$6.3 billion. President and CEO Bob Jordan said Boeing aircraft delivery delays present significant challenges for 2024 and 2025; 20 new 737 Max 8s will be delivered this year, compared to 46 initially expected. Southwest will stop flying to four airports—Cozumel, Syracuse, Bellingham and Houston George Bush—and employee layoffs are planned.

5. Alaska Reports Record First Quarter Revenues.

Alaska Air Group reported record first quarter revenues totaling \$2.2 billion, up 1.6% year-over-year, and an adjusted net loss of \$116 million. “The most significant event,” said CEO Ben Minicucci, “was the accident involving Flight 1282 and the subsequent four-week grounding of a third of our fleet. This event had a substantial financial impact, totaling \$162 million, which Boeing has fully compensated us for.” During the quarter, “we also received a second request for information from the DOJ [Department of Justice], regarding our proposed acquisition of Hawaiian Airlines . . . we have granted the government

an additional 60 days to review our responses [and] still believe strongly in the pro-consumer and pro-competitive merits of this deal.” . . . “Our long-standing partnership with Boeing is important to us and to our success,” said Minicucci. “But we will hold Boeing to the highest bar for quality out of the factory. And to that end, we have enhanced our in-person oversight of our 737 production line and are regularly engaging with Boeing leadership on quality and schedule. Alaska needs Boeing. Our industry needs Boeing, and our country needs Boeing to be a leader in airplane manufacturing.”

6. JetBlue Pilots Open Negotiations for a New Contract

JetBlue pilots served the airline with written notice of intent to open negotiations for a successor collective bargaining agreement. During merger talks with Spirit, JetBlue pilots negotiated a contract extension that provided immediate economic improvements to keep pay in line with the market throughout a potentially lengthy merger process, said Air Line Pilots Association. “However, over the past two years, the industry standard for pilots has been raised, not only in compensation, but also in work rules, quality of life, and benefits. JetBlue pilots put our full contract on hold while the company pursued the merger. We now expect the company to come to the bargaining table prepared to negotiate terms on pay and working conditions in line with the standards and direction of the industry.”

7. Spirit Defers Airbus Aircraft Deliveries.

Spirit reached an agreement with Airbus to defer aircraft on order that are scheduled to be delivered in second quarter 2025 through end of 2026 to 2030/31. These deferrals do not include direct-lease aircraft scheduled for delivery in that period. Spirit said the agreement will improve its liquidity position by approximately \$340 million over the next two years. There are no changes to aircraft on order with Airbus. . . . As a result of grounded aircraft due to Pratt & Whitney GTF engine availability issues, along with the 2025/26 aircraft deferrals, Spirit intends to furlough about 260 pilots, effective September 1, 2024. A recent compensation agreement with Pratt & Whitney regarding is estimated to improve Spirit's liquidity between \$150 million and \$200 million over term of agreement. “Enhancing our liquidity provides us additional financial stability as we position the company for a return to profitability,” said President and CEO Ted Christie.

8. Indigo Frontier Holdings Reaches End of 10-Year Term.

Indigo Frontier Holdings, the investment fund formed to buy Frontier from Republic Airways, which had a term of 10 years, has been dissolved. Shares of Frontier common stock were distributed to investors including William Franke, who will remain a Director and Chair of the Frontier Board. Franke's Phoenix-based Indigo Partners was a lead investor in Spirit Airlines and

Singapore-based Tiger Airways, and maintains lead investments in Wizz Air, Volaris, Cebu Pacific and JetSMART. . . . Frontier will launch nonstops from 12 U.S. airports in June and July, with fares starting at \$19. . . . Frontier flight attendants called for negotiations regarding management's plan "to shift operational scheduling to over 90% one-day turns which would drastically impact the compensation, out of pocket costs, and time at work without additional pay." Association of Flight Attendants-CWA (AFA) said the plan constitutes a major dispute under the Railway Labor Act, separate from normal contract negotiations.

9. **UPS Expands Partnership with U.S. Postal Service.**

FedEx's contract to provide domestic transportation services to the United States Postal Service (USPS) expires on September 29. . . . UPS was awarded "a significant USPS air cargo contract," effective immediately, and following a transition period, will become the USPS "primary air cargo provider and move the majority of USPS air cargo in the U.S."

10. **Robin Hayes to Lead Airbus Americas.**

See Section VIII, item 1.

11. **JetBlue Launches Daily Boston-Paris Nonstop.**

See Section VIII, item 2.

12. **Air New Zealand Chicago Route Still on Hold.**

See Section IX, item 1.

13. **Etihad Launches Boston Flights.**

See Section IX, item 3.