

# JOHN F. BROWN COMPANY EMAIL NEWSLETTER

*Consultants to the Airport Industry*

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## ✈ FINANCIAL STATE OF AVIATION INDUSTRY

### WHITE HOUSE PLANS TO COVER REINSURANCE

Summarized from the New York Times, 10-13-01:

The White House intends to propose that the federal government cover 80 percent of the first \$20 billion of claims for damages resulting from terror attacks for the next year. After the first \$20 billion, the government would cover 90 percent of costs. A formal announcement to this effect is expected some time this week. Experts are predicting that reinsurers (companies that provide insurance to insurance companies) will drop terrorism coverage for insurance companies when current contracts expire, with an estimated 70 percent expiring at the end of this year. This would predictably lead to insurance companies dropping such coverage for their insured as well.

### HOUSE AVIATION SECURITY BILL UNDERWAY

Summarized from the New York Times, 10-13-01:

The House began work on a bill similar to the aviation security bill passed by the Senate last week. President Bush has threatened to use an executive order to enhance aviation security if the House and Senate cannot reach a quick consensus on the subject. The Senate bill and the House bill, which is working its way through the Transportation and Infrastructure Committee, call for the federalization of airport security, while the President opposes an expansion of the federal work force by an estimated 28,000. The House and Senate versions of the bill differ on how to manage and finance aviation security. The House version wants the DOT to oversee airport security, while the Senate bill places the Department of Justice in charge. Unlike the Senate bill, the House bill does not allow airports to temporarily use Airport Improvement Program funds and Passenger Facility Charges for law enforcement officials and other new security costs. The bill does authorize new charges amounting to \$3.50 in one-way fess to pay for increased security costs.

### US SUBSIDY ENCOURAGING PREDATORY PRICING?

Summarized from the Wall Street Journal, 10-15-01:

European Union Transport Commissioner Loyola de Palacio will look into European airline complaints that U.S. carriers have engaged in predatory pricing on North Atlantic routes, alleging that the recent U.S. airline subsidy has allowed them to cut fares. She has written to Secretary of Transportation Mineta, asking him to investigate the situation, indicating that, if true, the situation would be "unacceptable."

### RYANAIR TO FIGHT EU AID TO CARRIERS

Summarized from the Irish Times, 10-15-01:

Ryanair CEO, Michael O'Leary, has voiced his intention to use all possible means to prevent European state-run airlines from receiving any state aid. "Competition works, regulation is a far inferior substitute," he said. Specifically mentioned avenues he might use were the Competition Authority, the EU, and the European courts.

## **AMERICA WEST SELLS AIRCRAFT, RAISES CASH**

Summarized from Aviation Daily, 10-12-01:

In order to quickly raise cash, America West has sold and leased back eight Airbus A319s, three flight simulators, and two spare engines. The airline was able to raise \$70 million to add to the \$30 million first installment of its federal grant. Three weeks ago, America West CEO Doug Parker had stated that the company had been losing approximately \$5 million per day.

## **AER LINGUS TO CUT 40% OF STAFF**

Summarized from Aviation Daily, 10-12-01:

Aer Lingus has announced plans to lay off 2,500 of its 6,300 employees in an effort to cut costs. The airline had previously announced plans to cut 25 percent of its capacity, after the September 11<sup>th</sup> attacks exacerbated preexisting economic problems.

## **DELTA REAFFIRMS ITS SUPPORT FOR ATLANTA'S 5<sup>TH</sup> RUNWAY**

Summarized from Delta press release, 10-12-01:

Debate over the fifth runway at Atlanta caused Delta Air Lines to show its support for the airport. In a prepared statement, Delta said, "...Delta wishes to reaffirm its support of Aviation General Manager DeCosta. He is an outstanding leader of the airport and Atlanta is fortunate to have him in this capacity. Further, Delta restates its unequivocal commitment to the fifth runway, which, we believe, is in the best long-term interests of the people of Atlanta, the region and the nation."

## **✈ AIRPORT SECURITY**

### **A NEW CHINESE SECURITY TACTIC**

Summarized from AVweb, 10-15-01:

China's Ministry of Foreign Affairs and Civil Aviation Department have taken a distinctive step in the realm of aviation security. Nationals of 20 Middle Eastern and North African states are no longer allowed to purchase tickets for China's state-owned air carriers (China Southern Airlines, China Eastern Airlines and Air China). Tickets already issued will be cancelled and refunded.

### **NEW POSITION AT SOUTHWEST**

Summarized from Aviation Daily, 10-12-01:

Southwest has named Greg Wells to the newly created position of "VP-Safety, Security, and Flight Dispatch." The new position is a part of Southwest's senior management committee, and was created in response to a recent Department of Transportation recommendation.

## **✈ AIR TRAFFIC**

### **FEAR OF FLYING**

Summarized from the Associated Press, 10-12-01:

An Associated Press poll suggests that women are roughly three times as likely as men to express a fear of flying. Approximately three of ten women polled were afraid to fly, while only one in ten men responded in kind. These levels are only slightly higher than levels prior to the September 11<sup>th</sup> attacks, down from a pronounced peak in the immediate aftermath.

## **FAA SLOWLY RELEASING VFR AIRCRAFT/OPS**

Summarized from AVweb, 10-15-01:

Some airports within enhanced class B airspace will begin seeing more general aviation activity this week. In a NOTAM released this week, the FAA permitted VFR operations with the following restrictions:

- No aerobatics
- No circling
- No loitering
- No unpredictable flight paths

Additionally, restrictions against banner towing, news and traffic reporting, sightseeing and blimps remain in effect within enhanced class B airspace. VFR operations will be permitted within the enhanced class B airspace of the following cities starting on these days:

Monday, October 15: Houston; Kansas City, MO; New Orleans, and St. Louis

Tuesday, October 15: Cleveland; Dallas/Ft. Worth; Honolulu; Minneapolis; and Phoenix

Wednesday, October 15: Charlotte, NC; Cincinnati, OH; Salt Lake City; Seattle; and Tampa

VFR flight restrictions remain in effect within the enhanced class B airspace around Atlanta, Boston, Chicago, Denver, Detroit, Las Vegas, Los Angeles, Memphis, Miami, New York, Philadelphia, Pittsburgh, San Diego, San Francisco, and Washington DC.