

EPISODE 170

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[00:00:07] IP: Hello and welcome to Episode 170 of AvTalk. I am Ian Petchenik, here, as always with –

[00:00:16] JR: Jason Rabinowitz. Hello, Ian. How are you doing?

[00:00:19] IP: Hello, Jason. I am doing well, sir. How are you?

[00:00:22] JR: Fine, just fine. Thank you.

[00:00:26] IP: That was believable, I think.

[00:00:29] JR: Yeah. I think, you'll mirror the sentiment that it's been a pretty uneventful week, personally, at least. Not much –

[00:00:35] IP: Yes. It's been very busy professionally, and we have much, much to talk about. Yes, personally, it has been a rather uneventful week, thankfully, considering the week I had last week. I'm glad to be smooth sailing once again.

[00:00:50] JR: Yes, nothing to report.

[00:00:52] IP: No. On we go. That was, I think, possibly the shortest introduction ever.

[00:00:58] JR: Fantastic.

[00:00:59] IP: To any episode that we've recorded.

[00:01:00] JR: On with it.

[00:01:01] IP: On with it. We've divided the show into three sections this week. We've got the good news section of it, the top, although some of these, it depends on which audience you're talking about, whether it's good news, or bad news. Then, we mix in the middle half and half good news, bad news. Then, there's some bad news down near the end. We'll find a way to end this show, I guess, on a happy note somewhere. We'll find something to do it. But we'll do it.

Let's start with, I guess, good news all around. Except for the people who, for whatever reason, really hate the A380. For them, I guess it'd be bad news. For everyone else, this week was the week of A380s either returning to service with airlines, or being announced that they will return to service with airlines. Let's start with the will return to service. Lufthansa announced earlier in the week that they would return an undetermined number of A380s to an undetermined collection of routes by summer 2023.

A lot of ambiguity there. They've since clarified today that they'll start, possibly expand, but start with four to five A380s being based in Munich. Routes still undetermined, but at least we know a little bit more. The airline has 14 A380s in its fleet. All are currently parked either in Spain, or the south of France. Four to five will come back for the summer season 2023. Jason, the summer, EATA had a schedule goes into effect in what, is it the beginning of April usually?

[00:02:47] JR: I think, it's beginning of April. Yeah. Sooner rather than later, yet not soon enough, if you ask, I'm sure, anyone working at Lufthansa right now.

[00:02:55] IP: Yeah. I mean, it would be amazing for them to operate basically, half the number of flights on certain routes and carry the same amount of passengers, dealing with everything that they've been dealing with. The super jumbo will come back for Lufthansa.

[00:03:11] JR: Good news.

[00:03:13] IP: It is in fact back this week for well, to Korean Airlines, Asiana and Korean Air both reinaugurated A380 service on routes this week. That is, for Asiana, it's the first time since the pandemic. Korean Air has worked it into the schedule a little bit more gently, I guess you could say, but they are back. Korean Air has two in service. They are scheduled to have three by the

end of the year. Asiana has to in service and I'm not exactly sure on how many they fully intended to bring back. But they are back.

Qantas continues to bring theirs back. They've got four in service now. They've got two in maintenance in Abu Dhabi, so that'll bring it up to six and they're going to go up to 10. ANA will bring theirs back next week for summer service from July to October, for flights between Tokyo and Honolulu. Let's see. Who am I missing? Oh, China's southern still has theirs at three of their five active. Two are already in the desert.

[00:04:25] JR: Theirs never stopped running.

[00:04:26] IP: Yeah. Those were some of the only ones to never be fully grounded by the airline throughout. As of this week, more than 50% of the airline A380 fleet is back in passenger service.

[00:04:42] JR: That's pretty great. Of course, especially happy is that the Lufthansa and Korean both – I know Korean already started sending their A380 back to New York. I'm sure Lufthansa will as well. That's a no brainer. Asiana probably as well. I will be very happy to see these aircraft back and it really seems like the death of the A380 was greatly exaggerated. Though at a point, it really felt like it was going to be a foregone conclusion that they would be gone and retired and no airline would want it. Now they need them. They need them bad. They need that capacity. They needed as soon as possible, which, unfortunately for Lufthansa is not until almost a year from now.

It's good news, nonetheless. Unless, you don't like the A380, or think it represents everything that was wrong with the airline industry pre-COVID. Maybe not great news for you if you think that way, but more capacity, more better.

[00:05:35] IP: I think from one perspective, being the looking at the A380 flying, I happen to enjoy that. I don't think it's the most attractive plane. There's a certain grace about watching it fly. It's like watching a large ship make its way through the water, the way it flies. There's something about that I enjoy. On the more practical side, airlines need capacity. They need so

much capacity. If you can fly 550 people with three or four pilots, instead of eight pilots, that's a great thing.

[00:06:12] JR: That is a great thing. It's almost too bad that we never got the crazy A380s in service, like the ones that were destined for Transaero, which I think were supposed to have upwards of 800 passengers onboard. Some airlines, I'm sure, would really like to have those in service right now. Some of these actually aren't even all that much high density. Korean Air and a couple of the others, they're actually very low density compared to some of the other aircraft. I think, Korean Air's A380 isn't all that much more capacity bearing than some of their 777s, but all adds up in the end.

[00:06:46] IP: Yeah. I mean, it'll be interesting to see how long they stick around once they roll back. How deep into the schedule do these aircraft go? Do they become summer aircraft, where there's a huge capacity lift needed? Do we see more A380s hit the secondary market? With what lease operators? Does Hi Fly take another crack at this and say, "Well, this is the perfect time." I don't know.

[00:07:12] JR: I hope not.

[00:07:13] IP: I don't know.

[00:07:15] JR: Correction to myself just now there. The Asiana and Korean Air A380s are actually quite a bit higher density than any of the 777s, or A350s in their fleet. That's a significant capacity boost. Not the same for all airlines out there. I cannot imagine, we will see the return of a wet lease A380 operation like Hi Fly attempted back in the day. That did not go well for anybody.

[00:07:39] IP: Especially Hi Fly.

[00:07:41] JR: At the end of the day, it's still an aircraft that you can't just pop into any airport in the world with even airports that are ready to accept an A380 couldn't handle it on short, or no notice, or wasn't expected.

[00:07:52] IP: Right. You need to have reservations.

[00:07:53] JR: Yes, reservations required.

[00:07:55] IP: It's not a walk-in aircraft.

[00:07:57] JR: No. That's good news, if you like the A380, which I do. I'm keeping this in the good news section of this episode.

[00:08:03] IP: All right. This is one of those stories where it's good news for somebody, we're not sure who. By the time the podcast comes out, we will know who it is good news for.

[00:08:14] JR: We think we will know.

[00:08:16] IP: We think we'd be delayed – That's true. That's true. Since last we met, last week when we talked about the ongoing saga of Jet Blue, Spirit and Frontier, I believe Frontier had leapt back into the – Or no. JetBlue was in the lead. Frontier later in the week after we recorded, or early this week, came back and re-upped its offer for Spirit Airlines saying, that they would pay an increased amount of cash and they would up their offering of a reverse breakup fee to match Spirit's. Or to match JetBlue's for Spirit.

JetBlue then came back and modified their offer after going directly to Spirit's shareholders. JetBlue's contention, one of their contentions to all of this has been that Spirit's board is too cushy with Frontier's board. They've engineered this merger as a benefit for themselves. That's been JetBlue's contention. JetBlue is continuing to make its argument to Spirit shareholders directly and they increased their offer for Spirit by accelerating a prepayment of cash per share in addition to the stock that Spirit shareholders will get.

They enhanced their breakup fee, the reverse breakup fee if the transaction is not consummated for anti-trust reasons, which is such a phrase. They added a ticking fee mechanism. Basically, they will start paying a dividend to Spirit shareholders before the deal is finalized. Basically, we think it's going to work out, so here's some cash along the way. Here's some walking around money.

[00:10:13] JR: Okay. I just want it to stop. I'm happy that hopefully by the time this episode comes out, we'll know the answer. Then we will start the arduous process of DOJ scrutinization, and all that good stuff. I just want the emails to stop. Enough. I think I've gotten three from JetBlue today. I don't care anymore. Someone buy Spirit. Make the yellow planes white and blue, or white and green, whatever Frontier is. Just do something already.

[00:10:43] IP: Just to no more emails. Just stop. We're recording the 29th of June, Wednesday. The vote is scheduled for tomorrow. As of now, it is scheduled for tomorrow. Regular listeners will know that we tend to record at the middle of the week. Then something usually happens to upset our perfectly organized appletart. My money is if anything is going to move to a point of this show this week, it's going to be the merger vote that's scheduled to take place tomorrow. We will either know by the time the podcast comes out who – well, we won't know who won, but we'll know whether Frontier's agreement with Spirit was approved or not. Then from there, we'll go on.

[00:11:32] JR: Three emails today. Three press releases, by the way. One highlighting the third-party recognition of superiority of JetBlue's transactions. Another, a message to the crew members in which JetBlue highlights the benefits to travelers from a combined JetBlue-Spirit. A third, JetBlue issued a letter to Spirit shareholders on top of yesterday's three press releases and the one from the day before. What's the title of this now? Support for superior offer modified with – I can't even keep track of their offers at this point.

[00:12:05] IP: Long story short, we might know something by the time the podcast comes out on Friday. In which case, you will have listened to us complain about how much it has taken to get here. Or you could be listening to us next week complaining about the further delays. Or if the Frontier proposal is rejected by Spirit shareholders, we'll see what happens next.

[00:12:25] JR: As long as JetBlue has the money in its back pocket to actually pay for whatever it's offering for Spirit, fine. This seems like an arms race that just nobody's going to win with.

[00:12:38] IP: I mean, this goes back to when JetBlue made Alaska well overpay for Virgin America. I mean, this is a similar run up. A bit different this time, because I think JetBlue actually wants this. Building a competitor into overpaying either way.

[00:12:58] JR: Someone's going to get stuck with the bill in the end.

[00:13:01] IP: Yeah. Speaking of getting stuck with the bill, this is an interesting one. Delta Airlines has preemptively issued waivers, basically, for any reason whatsoever. You don't have to have a reason to change your flight. They have issued waivers for the July 4th holiday. I believe, they go into effect the 1st of July through the 4th of July. You can change your travel, if you have a ticket booked on Delta for any time in between those periods, you can change your ticket without penalty and without a fare difference.

[00:13:33] JR: That's nice. That basically means you can extend your vacation by a few days, or you can come home early, or you can try – This the best-case use of this, I think, is to try to avoid a connecting flight. If you are booked, let's say if you're going New York to LA via Atlanta, this gives passengers the opportunity to try to get that one last available seat in one of the non-stops. Probably not going to happen, but a few people are going to get lucky. Delta is not doing this out of the goodness of their hearts. They're doing it because their operation is bad. Not to single out Delta here, because the operation for all US airlines pretty much, at least the major airlines is trash across the board.

Cranky Flyer put together a good post scrutinizing the operations of all the major carriers over the last month, and it's bad. It's really, really, really bad, unless you're flying Alaska, which it's been better. I think, it was Allegiant actually. No, it's Frontier, I think. We'll link that in the show notes. This is mainly because Delta, American, United that they are not running a good operation. At this point, they've pretty much thrown in the towel and said, “Hey, if you want to change your flight, if you can find an open seat, good for you. Have at it.”

[00:14:46] IP: Yeah. I think, this is something that does not lend confidence that I'm going to get where I'm going on time, or even at all over the July 4th weekend. That said, I don't have any travel plans. Very purposefully, I do not have any travel plans over the July 4th weekend. I'm firmly in the don't particularly want to travel, until at least fall camp here. Because things are just

not great. There are so many moving parts that are slowing down. Some that are not moving already, that my gut feeling and a big fear that I have right now is that we're going to see a lot of "operational resets" in the next month or two.

[00:15:38] JR: We saw a lot of those in summer 2021. The impacts were quite dramatic even then. But now, airlines are running at the brink and they are completely 100% full on most flights. If an airline decides, if Delta, or American, or United has to hit the reset button, that's going to last a really long time. That's not good for anybody.

[00:15:59] IP: The problem now is that they beating the airlines have no – There's no flex. There's no ability to put you on the next flight. Because the next flight is full, and the flight after that is full. The flight after that is full. It was Niki, our co-founder today was trying to fly on a Eurowings flight, and they tried to rebook him 12 days from now.

[00:16:23] JR: Yes, I was going to mention that example. That is not great. That's almost a two-week duration delay. That is not a route that he was flying that has a non-stop every day and there weren't very many connecting options. The flights that were in between when he was supposed to fly and when they were offering to fly, they're so full that the fare bucket relisted is closed and not even accepting people on the waitlist or anything, which I've never even seen that before. Things are bad. Things are not good.

If you can avoid air travel now, it would be a good time to maybe not do that. I think that's another part of the Delta waiver. You're able to cancel if you want. Just take a refund. Stay home.

[00:17:02] IP: Yeah, just don't go.

[00:17:04] JR: I can't believe here we are, advocating for people to not travel. Stay home.

[00:17:09] IP: Well, I don't want people to have a bad experience. I mean, that's the thing and it's not just people traveling. I mean, in this discussion, that's the biggest part. It's also people who work for airlines. I mean, this is not something that flight attendants control. This is not something that gate agents control. This is not something that pilots control. I mean, they can

make your journey a little bit better, and they're all doing the best they can. The gate agent is not scheduling capacity. The gate agents not doing revenue management. The flight attendants are not deciding what the fare buckets are and what the schedule for the flights will be, and making it so that your connecting flights are too close together. All of the people, that's the biggest problem with air travel is all of the people that you interact with have no control over any of the things that are negatively impacting your journey.

[00:17:59] JR: I thought this was the good news section of the podcast.

[00:18:04] IP: Yeah. Well.

[00:18:03] JR: It is mediocre news.

[00:18:05] IP: This is a mediocre – We've transitioned into the mediocre news. Okay. Suffice it to say is, continue to pack your patience, perhaps in a very large carry-on, a rollaboard, if you will, to give yourself some extra heft for your patience. Now, we get to what I think is only good news remains to be seen.

[00:18:29] JR: Yes, it is.

[00:18:30] IP: I think this is 100% good news. In 2017, Air New Zealand began work on refreshing its ultra-long-haul cabins. These are the aircraft that will fly first to New York and Chicago. I really want to get on one of these. They have officially launched their new top-to-tail cabin. They've got what they're calling Business Premier Luxe Suites at the very front of the aircraft. Then there's the Business Premier seats, which are generally speaking, just very, very nice, well-appointed business class seats. There will be a premium economy and then there will be an economy, but –

[00:19:26] JR: There's something in between those two cabins, isn't there?

[00:19:30] IP: At the front of the economy cabin will be a bunk area, including six full bunks for economy class passengers to enjoy a snooze.

[00:19:48] JR: Snoozes are great. Here's the deal with this. None of the other cabins are particularly exciting, or anything new, or unique. Business class is business class. Their business plus seat is just the seat at the front of the cabin. It has a little more space that can otherwise be utilized. Premium economy is premium economy and economy is economy. You can't really do much all that different these days. I think, they're calling it sky nest, was it?

[00:20:13] IP: Yes.

[00:20:13] JR: Sky nest. This won an award that the crystal cabin award years ago in Hamburg during Aircraft Interiors Expo, which is great. Now they've actually decided to roll it out, which is great. It's unique. I'm not going to say it's something new, because I'm pretty sure there have been bunk beds in the bottom of DC3s, or whatever way back in the day. Maybe not DC3s, but the early iteration of air travel did have luxuries like this.

[00:20:40] IP: You're not wrong. Early models of the DC3 did have beds.

[00:20:45] JR: Hey, okay. I know what I'm talking about sometimes. But we're bringing it back, it seems like. Sure, there's only six of these spots onboard, and they're in a part of the aircraft that would otherwise probably not be utilized, because these are going to operate very long-haul flights, where they would need to otherwise restrict the payload probably. It's a unique, or an interesting reuse of space and weight they otherwise couldn't use. It raises a whole host of questions that we don't have answers to, like how long is each passenger going to be able to use that bunk for? An hour, two hours, four hours? How much will you have to pay? It's certainly not going to be a free thing.

How are passengers going to sign up? Is it first come first serve? Do you have to do it through the IFP system and whoever swiped a credit card first gets it? If I'm in premium economy, do I get to go back and lie down? I don't know any of the answers to that. They're probably still working it out. On 18-hour-ish long flights, I know, on shorter flights, and that even flying in premium economy, I thought to myself, there's nothing I want more in the world right now than to lie down. This is very exciting to bring that – I'm not going to call it a bunk bed, but somewhere to actually lie down, bringing that back from the old days of airline flying is unique and new. I hope Air New Zealand didn't patent this and other airlines can roll it out as well.

[00:22:08] IP: I mean, it is a bunk bed, though. It's a bunk bed.

[00:22:10] JR: It's a bunk-bunk bed. It's three stacked on top of each other, right?

[00:22:14] IP: Yeah. What it is, is it's basically, it looks like a V, where there's the entrance is in the center, and then there's three bunks on either side. It's unclear to me exactly how you'll get up. Although, it looks like, judging from the photo, it looks like that there's a center pillar that doubles as a ladder.

[00:22:35] JR: Yeah, you'll have to be very graceful getting into that upper bunk without waking everyone else up.

[00:22:42] IP: Yeah. I mean, who knows? By hour 14, they'll be fine. While they're still working out all the details, there will be a pillow, bedding, earplugs, a reading light, USB port, and this is what I'm most excited about, an air nozzle.

[00:23:00] JR: Yes. That sounds stupid. But as someone who –

[00:23:05] IP: It's so important.

[00:23:06] JR: As someone who just flew on multiple long-haul flights on aircraft, new and old that did not have it, what the hell? Stop doing that. I was on an A330, a six-year-old A330 and an ancient 25-year-old 777 200ER, both of them did not have air nozzles, and it makes the experience appreciably worse. Good on there New Zealand for having an air vent.

[00:23:30] IP: Yes. Each bed will contain that. That will all be encompassed in what the airline says is a four-hour session in one of the pods. They haven't said how you'll book that. Like Jason said, they haven't said how you'll get that four hours, whether you have to book it before, or book on the plane, or flag down flight crew or something like that. You'll get four hours to hang out in there, fall asleep, wake up and be done. That'll be interesting to see how that works. I 100% want to try that.

[00:24:06] JR: Yeah. It's interesting that it'll be four-hour periods, I guess. Because if you have six bunks and you have four-hour sessions, that's 24 passengers at any given time. I guess, you might get three uses on a flight of this duration. That's 24 times three equals 72. That's actually a good number of passengers, theoretically, would be able to get to use this thing.

[00:24:30] IP: Yeah. I mean, I think that there's really an option, because you can get that many people into it. I suppose, it's probably actually fewer, because the beginning to end, I would say what, probably two hours at the beginning is probably not going to work out, because you're going to have some meal service, and then at least two hours of the end. It's really a 16-hour thing. Even still, I mean, so you can get 60 people in it.

[00:24:59] JR: Wait. I think my math was way is off. It's more a couple dozen, isn't it?

[00:25:03] IP: Probably. This is why we shouldn't do math live.

[00:25:06] JR: We don't do math. That's why I do what I do. It's more like, maybe if you get four sessions out of it, it's more 24 people, which is still better than zero. But not exactly, everyone's going to get the chance to use this. I think that's fine. If they price it accordingly, you'll probably – they will get what they want out of it. We don't know what the price will be.

There's also unanswered questions. You mentioned it a little bit, like meals. What happens if the meal service falls during that four-hour window when you're in the bed? Do they hold your meal on the side and re-reheat it when it's your turn?

[00:25:38] IP: Re-reheat it.

[00:25:39] JR: I mean, all airplane meals are reheated. That's how it works. I guess, they'll re-reheat that. I don't know. I don't know. Lots of questions.

[00:25:47] IP: Yeah, I don't know. The one question I do have, and this is the interesting thing that I've been pondering since the announcement is what is the pricing have to be? I am by no means an airline – a revenue person. It's the one part of the industry that that I've just never

really gotten. The thing I've been pondering is, at what price point does economy plus four hours in a bunk, what point is that better or worse than premium economy?

[00:26:16] JR: Premium economy is fine, but you still don't get the ability to lie down and take a proper nap.

[00:26:22] IP: Right, right. Is the economy seat plus the bunk going to cost more than premium economy?

[00:26:27] JR: Maybe. I can certainly see a use case for that, or a rationale for charging more for economy plus time in the bed, than an economy plus seats, or premium economy seat without the bed. I don't know. Maybe we'll get to the point in the future where there is no premium economy onboard these Air New Zealand aircraft and they expand the bunk area. I don't know.

[00:26:50] IP: Now you're talking.

[00:26:52] JR: It's totally possible. This seems like a pilot use case. If it's successful, maybe it's something that they do indeed license out, and some airline out there takes over their premium economy cabin with this.

[00:27:04] IP: I would be interested to see what happens. We should also mention that there are two other features to the upcoming 787 fleet that Air New Zealand is running. One is they will have extra space economy seats. Think exit row legroom without the exit row. You also have the Skycouch.

[00:27:26] JR: Yeah. Neither of those are new. Air New Zealand's, I think, they rolled out the Skycouch a decade ago, at least. Neither of those are new, but they're, well, extra legroom seats. They're just bulkhead rows, or exit rows. They're there by nature. The Skycouch, I'm a little surprised that they're actually keeping Skycouch when they have sky nest at the same time. But to each their own, and we'll see which is more successful.

[00:27:50] IP: In any case, I want to try it all.

[00:27:52] JR: I want to try it. I think, I've seen a lot of ads around New York for Air New Zealand's upcoming service starting in September, I think. They're pushing hard here.

[00:28:01] IP: Yeah. September for JFK. Then Chicago is not long after, or right around the same time. I will have to double check that. Then start booking some flights. Jason?

[00:28:15] JR: Yes.

[00:28:16] IP: You are our resident rollingstock, I guess.

[00:28:21] JR: Okay. Thank you.

[00:28:22] IP: Tell me what's going on with a new entrant into the Star Alliance.

[00:28:28] JR: Okay, I'm going to modify that to our resident multi-modal expert. Sounds nice. Star Alliance has its first, I believe, non-airline alliance member. This is been alluded to for a little bit, and an invitation went out today. It's not officially official. We don't have many details. Star Alliance is going to admit Deutsche Bahn, the German railway operator into the alliance, which is very, very interesting and raises all sorts of interesting questions like, what does that mean? What are the benefits? What will the integration be like? If I'm a Star Alliance, I don't even know what the levels of status are. If you have the highest level of status on Star Alliance airlines, what does that get you on Deutsche Bahn? Do you get free upgrades to first class on the –

[00:29:18] IP: You get to drive the train.

[00:29:19] JR: You get to drive the train. You get to be the conductor and blow the horn. That would be fun. I would like that.

[00:29:25] IP: I would actually go for that.

[00:29:26] JR: I would like that. This is really interesting, because it comes at a time where the European Union is really – and especially countries like France and Germany, they're really pushing rail connections, as opposed to domestic airline connections. To have a tighter integration with one of Europe's largest rail operators is very, very, very, very fun and interesting. Overdue, I think. I wish we had something like that here in the US. United stopped working with Amtrak back in 2020. That would be fun. But very exciting. I think we get more details about that on July 4th. If there's anything particularly noteworthy, we'll repeat it here.

[00:30:03] IP: That leads me, I guess, to my next question. Does SNCF join Sky team? Does Eurostar join Oneworld? Do you think we'll see more of this? Or is this just the, because of the placement of Deutsche Bahn and the Lufthansa connections? Do you think this is a more unique situation? You can't have a more unique situation. A unique situation.

[00:30:26] JR: I think you're probably on the right path here. Deutsche Bahn is going to end up in Star Alliance, because the Lufthansa is in Star Alliance. They have, of course, multiple hubs in Germany. I don't think it would be unreasonable to think SNCF and France would join Sky Team. Sky Team needs more members and it needs now. It's sad there. I don't really know what major rail operator would there be for Oneworld. I guess, any of the ones in the UK, like Southwest Rail. That'd be fun to have an airline called Southwest in Oneworld. What other major Oneworld hubs are there in Europe outside of London?

[00:31:01] IP: I mean, I suppose you could do Brightline in the US.

[00:31:04] JR: Yeah, that is something I hope to see next year. That feels like a JetBlue thing. Since I know, or maybe Brightline could be a Oneworld member. In Miami, though Brightline has no connection to Miami International Airport, of course. There's lots of opportunity for closer operation between airlines and rail operators. This is a very interesting first step.

[00:31:29] IP: Yeah. I think it's fascinating. I can't wait to see how well they actually integrate. Because, I think, the biggest step, or the biggest hurdle to making all these things work has been the – and when we talked with Ned about this, making all of these connections as seamless as possible. To make it so that travelers don't think twice about booking a plane to a train to a bus, that it's just how they get there. Because that's the most efficient way for them.

[00:31:59] JR: Yeah, yeah. Already today, Lufthansa already and many of the other major European airlines already have flight connections to trains, and they're protected. If your flight is delayed, they'll put you on another train, as what happened almost happened to Ned. This would bring the integration much tighter. Maybe they'd be able to issue tickets for Deutsche Bahn inside the United app, or the Lufthansa app, and it would make it that much more seamless. Lots of possibilities. I'm quite jealous that Europe is getting in on this, while the US seems to always be going in the opposite direction with rail. Maybe you're onto something with Brightline. That could be fun.

[00:32:34] IP: You got to start somewhere. Let's go to, we were calling this a bad news section, but there's a lot of bad news in it. But there's also a lot of solutions being presented. I don't know if the bad news section was the way to go. We'll see what we think when we get to the end of it. Let's start with the fact that the Inspector General for the US Department of Transportation is launching an audit into the FAA's oversight of the Boeing 737 and 78 production programs. I'm quoting from the DOTOIG memo that went out announcing the oversight investigations.

“Since 2019, a number of concerns have been raised regarding production of the Boeing 737 and 78 aircraft. The two production lines with the largest number of aircraft on order. Boeing has not delivered any 787 aircraft in over a year due to production quality issues. In December 2021, FAA mandated inspections on certain previously delivered 787 aircraft, due to reports of missed requirements during assembly. In addition, a number of complaints to Congress FAA in our office have alleged ongoing production deficiencies and undue pressure on Boeing staff in the 737 and 78 production lines.” This is back where we were roughly two years ago.

[00:33:58] JR: Yeah, a couple years ago. The OIG goes on to say, in light of these concerns, blah, blah, blah, they're going to take the following precautions, I guess. They're looking to identify and resolve production issues. Yeah, I'm sure Boeing has been trying to do that as well. Secondly, addressing allegations of undue pressure within the production environment. This is not something new. This isn't something shocking, or we haven't heard before, but it is interesting to see that the DOTOIG is now taking an enhanced level of interest into something that the FAA and Boeing have already been going back and forth on for quite some time now.

[00:34:34] IP: Yeah. This is, I think, a really interesting thing beyond having the FAA look at this, beyond having the DOT look at this.

[00:34:44] JR: I'll never know what Ian thinks.

[00:34:46] IP: This is something where –

[00:34:49] JR: I wonder what he's saying.

[00:34:50] IP: The OIG, the Inspector General is getting into what's happening.

[00:34:53] JR: Well, I'm sure whatever Ian was going to be really interesting.

[00:34:56] IP: And what's going on. They're going to issue a report that I think will be a much more interesting read than anything we've seen so far.

[00:35:06] JR: Well said, Ian. I agree.

[00:35:08] IP: Thank you. Thank you, Jason. Let's move on to the Netherlands. The Dutch government has told Schiphol Airport in Amsterdam, that it must cut the number of flights 12% from its 2019 level next year, so that will limit the airport to 440,000 total operations.

[00:35:33] JR: Why are they asking?

[00:35:36] IP: The flight cuts aim to restore “the balance between a well-operating international airport, the business climate, and the interests of a better and healthier living environment.” So said Transport Minister, Mark Harbers in the statement issuing the cuts. Basically, the government, one big part of this is an environmental issue. The other part of it is the airport's been a mess, and they want to prevent that from happening.

[00:36:07] JR: Does cutting flights back 12% from 2019 numbers really fix that though? Because it's not really a – There are too many flights problem. Isn't that there's not enough

people to operate the flights and not enough people to operate security and all that? Is this really the answer?

[00:36:22] IP: I mean, this is more of a climate-centered thing.

[00:36:25] JR: Okay. They should just say that.

[00:36:26] IP: Yeah. No. They did. They did. A majority of the statement was focused on the climate to logical aspects of the proposal. However, one of the things that KLM is upset about is that this will disproportionately affect KLM, and make it they say, it does not tally with the desire to retain a strong hub function for Schiphol. This will be interesting to see how much pushback KLM manages, and whether the government looks at it and says, "Okay, maybe we need to adjust." Or whether they say, "You know what? No, we're not adjusting anything. This is how it's going to be."

The whole point is that the cuts will curb local emissions, which is something that the government says is extremely important. Also, they're pushing the aviation industry to curb emissions generally, and they say this makes a big step to do so. It'll be interesting to see how these cuts are implemented and where those cuts fall on which airlines. Obviously, it's going to disproportionately impact KLM. It remains to be seen how that breakdown occurs.

[00:37:44] JR: Yeah, maybe some rail operator in the Netherlands needs to join Sky Team.

[00:37:48] IP: I'd be all for that.

[00:37:49] JR: Yeah, take some of the pressure off KLM. 12% off of 2019 numbers sounds like a big number. 2019 was also probably an absolute historic high number of flights, so bringing that down to reality probably isn't the worst-case scenario.

[00:38:05] IP: It'll be interesting to see how they manage that. I'm sure they'll manage just fine.

[00:38:09] JR: They'll negotiate.

[00:38:10] IP: It'll be interesting to see how.

[00:38:11] JR: It'll probably come down a little bit.

[00:38:14] IP: Speaking of airports that have not had that great of a time lately, what is going on in Dublin?

[00:38:20] JR: Nothing good. If you really enjoy security lines that take hours off your life, Dublin's the place for you. To the point where they might be calling in the military to smooth out operations there. This report comes from Seth Miller at paxex.aero. He pulled from a statement from the Minister of Defense that they might actually bring in defense forces to assist in some of the security screening functions, not passenger facing. Going through security checkpoints at Dublin, you're not going to interact with a member of the military, but they'll do more back of house work, potentially operating the check bags screeners, so that people who are operating that now might be able to go to the frontlines and operate checkpoints. It has gotten that bad at Dublin that they are possibly going to have to call in the military to help.

[00:39:06] IP: That seems very bad.

[00:39:09] JR: Yeah. It's not great. It sounds like it's been better recently at Dublin, but still quite bad if you hit it at the wrong time. At least, they're trying to do something.

[00:39:20] IP: Yeah. No, at this point, do whatever you need to do. Whatever is going to work, whatever is going to make things better, whatever is going to make things easier for the people traveling through the airport and the people that work at the airport, do it. I don't care what it is. Just do it.

[00:39:34] JR: It's for a limited time. They say only six weeks, though. Six weeks might become

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[00:39:37] IP: Limited time only.

[00:39:39] JR: Yeah. Six weeks might become six months. Who knows? Hopefully, they can sort that mess out in Dublin, because I know people who have actually turned down opportunities to go to Dublin, or have changed around plans to avoid it entirely, because they just don't want to put up with that mess.

[00:39:53] IP: One of my son's friends in his class, their family's Irish, and they go back every year to Dublin to visit family. I was talking with his friend's dad. He's like, "We have to do it, but I don't want –" It's like, "I'm just dreading the trip, just to deal with coming back." Good luck to them. I hope they have fun. I'll share their experience, either way, in a few weeks.

You mentioned Seth. Seth Miller, who we had on the show a couple of weeks ago, does some very good work, looking at some various flight operation stuff as well, similar to what Brett Snyder does over at Cranky Flyer sometimes. Seth reached out to me a couple days ago and said, "Hey, can you pull data on the Breeze Airways A220s?" I said, "Sure." I pulled it. I was looking through it just to do sanity check, just to make sure that everything looked okay to send over to him, and it did not look okay at all.

He's put together an even more in depth play by play, day by day where things have gone bad. In processing the data to send to him, I had to look it over multiple times, because none of it made sense. I was very confused on these flights don't – certain flights weren't lining up. I was like, "Is our data wrong?" The way we do scheduled data is we list aircraft operations in scheduled order, because, and Jason tell me if this is something that you think is out of order, or out of line. We generally assume that airlines will operate the flights in the order in which they scheduled them.

[00:41:40] JR: Yeah. There are some cases where that does not happen. Southwest I know is known to skip segments on particular days if there's bad weather, or airport issues. Generally, yeah. Aircraft follow a schedule and they're supposed to go from A to B to C to D to E, and then end up back at A.

[00:41:55] IP: Generally, if that happens, like you mentioned, Southwest sometimes with the weather, because they do a lot of point-to-point flying, if they're supposed to go Chicago, Louisville, Tampa, and Louisville has terrible storms, they'll just fly Chicago, Tampa. That was

not the case with the Breeze data. Pulling it, there's no rhyme or reason. Some of the flights operate, some don't, some operate out of order, some operate the following day, some are canceled and then reinstated and then canceled again. All of this stuff is very difficult.

We'll link to Seth's post about Breeze, because he goes into more depth beyond their A220s, which is just some of the data that I was looking at, but also some of their wet lease experiences –

[00:42:39] JR: Oh, boy.

[00:42:39] IP: - that they've got going on now.

[00:42:41] JR: That's not great to wet lease already.

[00:42:44] IP: Yeah. It's just not good.

[00:42:45] JR: Beyond flights also being cancelled and delayed, they're also canceling routes at this point. They made a big splash. They were going to start some transcon service and operating flights into LA, those are gone entirely, in some cases until 2023. Passengers are being given a pittance in about a \$100, or frequent flyer points, which is not great if you've seen the price of fares to book alternative travel right now. Breeze is making a lot of very bad first impressions right now.

Some of me wants to say, yeah, this is teething issues with a new aircraft. On the other hand, some of the analysis that Seth has here is really quite damning, in that one of the main points is that for 60 aircraft days of operation shows that fewer than 15% of the trips managed to full out and back with less than a one-hour delay at the end of the day. That's really bad.

[00:43:36] IP: Yeah. This goes beyond teething issues. I mean, this is full root canal. I mean, it's just not good. When I'm looking at flight data, and I'm so confused, I don't know what to make of it, I know it's not good.

[00:43:50] JR: Yeah. If you're booked on Breeze, make sure you've got notifications turned on, or they have your email address or something, because you might not like what the new schedule has in store for you. Keep an eye on your flights pretty closely.

[00:44:03] IP: Yeah. Some interesting things to wrap up the show. One, it's the 29th of June, which means today was supposed to be the first day of the SAS pilot strike. That is currently postponed for 72 hours, because the mediator said, "Let's give it a little more time." And everyone said, "Okay." We'll see what happens into the weekend. We might be talking about that more next week.

One interesting thing to note on the SAS Forward program that we've talked about over the past couple of weeks, where part of the big push by the airline to reconfigure its obligations is to convert debt into equity. Norway is now onboard with that saying, "Yes, they'll do that, but we're not going to give you any more cash." Similar to what Sweden said last month. That'll be something to continue to watch.

What else do we have? Oh, Russia wants to invest 14 and a half billion dollars, so nearly a trillion rubles to get to 80% domestic aircraft in the fleet by 2030. They want to increase the domestic aircraft production, so that they're only flying 20% foreign-built aircraft by 2030. They've got eight years.

[00:45:16] JR: That seems unlikely.

[00:45:17] IP: To go from almost nil domestic aircraft. Well, not nil.

[00:45:22] JR: Not nil. There are some really terrible super jets flying around.

[00:45:26] IP: A very small percentage of domestic produced aircraft to 80%. That'll be an interesting and very, very, very, very, very [inaudible 00:45:35] uphill climb.

[00:45:36] JR: This doesn't really seem like the issue you can just throw money at and solve. You need to certify the aircraft and then build them and then put them into service. It's not really a question of money, but actually the competency to build the aircraft and get it certified. I'm

sure they can. To do it in quite those numbers seems, I mean, not really possible, but I guess, we'll find out. What happens to those 80% for an aircraft? Will they be finally returning it to lessors by 2030?

[00:46:06] IP: I mean, yeah. Who knows?

[00:46:07] JR: Here. We're done with this. Take it back.

[00:46:09] IP: Who knows? They fly them to Turkey and just leave them there.

[00:46:14] JR: We're done with this. The lessors are going to be, "I don't want this thing anymore."

[00:46:19] IP: Yeah, 10 years later. Oh, yeah. The whole thing strikes me as bluster. I'm not sure there's much beyond that at this point. It'll be interesting to see. They're definitely going to be ramping up production. They're definitely going to be ramping up domestic aircraft usage, whether or not that reaches 80%.

[00:46:39] JR: It's hundreds upon hundreds of aircraft. Unless, of course, they're contracting the number of aircraft and to get to 80%, if you only have 10 aircraft, that's pretty easy.

[00:46:50] IP: I mean, that's one way to do it. Didn't think about that.

[00:46:53] JR: Addition by subtraction. It's a thing.

[00:46:55] IP: Look at you thinking outside the box. I'm impressed. Finally, cargo carrier Silk Way, based on Azerbaijan, current all-Boeing operator has picked up a pair of A350 freighters, plus an option for two more.

[00:47:11] JR: Good old tow dip.

[00:47:13] IP: That'd be interesting to see where they put those into service. I'm hoping Chicago is one of the places, because that'll be interesting to see. To see what other all cargo operators develop an appetite for the A350 freighter.

[00:47:26] JR: Yeah. Nice to see Airbus really get back into the freighter space after the A330 freighter was a market failure. I don't think you can describe it any other way.

[00:47:37] IP: Yeah, that's a very good description.

[00:47:38] JR: It was a failure to have an airline like Silk Way pick up a few A350 fighters. That's very interesting. It's only two plus two, maybe. But still very interesting. I'm really holding out, hope to see the old Beluga fleet get picked up by somebody, or somebody to wet least those on a permanent basis. That'll be fun.

[00:47:57] IP: I don't know if that'll happen, but Airbus has had quite a bit of success with their outsized cargo operation using the Beluga fleet. Not the Beluga XL fleet, which obviously is still flying parts around for Airbus. The cargo operation for the original Beluga fleet, that's actually been quite successful.

[00:48:15] JR: Yeah. Maybe we'll even see that move transatlantic one day. That would be fun.

[00:48:19] IP: I really hope. I mean, that would be fantastic. What we need to do is figure out something that only the Beluga can handle and then convince someone.

[00:48:28] JR: How ketchup packets will it take?

[00:48:31] IP: That's too heavy.

[00:48:32] JR: Oh, damn.

[00:48:34] IP: We need something like a trillion ping pong balls, or something.

[00:48:37] JR: Andrew, if you're listening, what do we need to put on a Beluga to get it out here to the US?

[00:48:44] IP: We'll figure that out in between this week and next and report back. In the meantime, this has been Episode 170 of AvTalk. I am Ian Petchenik, here, as always with –

[00:48:57] JR: Jason Rabinowitz. Thanks for listening.

[END]