EPISODE 305

[EPISODE]

[0:00:07] IP: Hello and welcome to episode 305 of AvTalk. I am Ian Petchenik, here, as always with –

[0:00:15] JR: Jason Rabinowitz. Hello, Ian. How's it going?

[0:00:18] IP: Hello Jason. It's going well. How are you, sir?

[0:00:21] JR: I'm all right, I guess, if you ignore all the externalities to the airline industry and everything terrible that's going on. Just focus on the airplane news, unless you're Air Busan, things are pretty good right now.

[0:00:34] IP: Things are pretty good, unless you're Air Busan, and a few other airlines, we'll get to them in a moment. I will note that we're recording slightly early today, because I have to take it off to a Girl Scout investiture ceremony, but I hope that it doesn't –

[0:00:51] JR: I don't know what that means. But if there are cookies involved –

[0:00:54] IP: There are cookies involved.

[0:00:55] JR: You're doing okay. All right.

[0:00:55] IP: There are a 100% cookies involved.

[0:00:58] JR: That's great.

[0:00:59] IP: At least I hope there's cookies involved.

[0:01:01] JR: If there aren't, I think you're being scammed.

[0:01:03] IP: Well, I'll bring my own cookies. I'm definitely being scammed. I have a daughter who's selling me cookies. I'm definitely being scammed. But it's okay. It's all for –

[0:01:12] JR: The good cookies, Ian. So, it's okay.

[0:01:14] IP: They're so good. It's just the scout selling popcorn, like the popcorn versus cookies thing, they just don't stand a chance.

[0:01:21] JR: No. Come on.

[0:01:23] IP: Anyway, so I say all that to say that who knows what will happen after we hit stop on the recording this week? But there has been some news that broke before we recorded. We'll get to that in just a few moments. But we will start the weeks show with a big boom. Well, actually a little boom.

[0:01:41] JR: A very little boom.

[0:01:41] IP: A mini boom. A baby boom.

[0:01:44] JR: Not breaking news, but they broke the sound barrier, which is something.

[0:01:49] IP: It's something. Yeah, it's a step in the Boom aerospace ladder to supersonic passenger flight. A remarkable achievement in its own right. Now, this podcast has discussed in the past the reality, shall we say, of bringing a commercial supersonic transport to the world, a revival of supersonic passenger transport? We've discussed the economics of that. We've discussed the technical feasibility of that. We have a great episode of the podcast with Jon Ostrower that we did, well, a few years ago now, discussing all of that and it still holds. But I think we let them take their lap here and say, congratulations to Boom on their achievement of the breaking the sound barrier once again and see where it takes them from here.

[0:02:45] JR: Sure. I don't want to say it's all for nothing, an achievement is an achievement. It's the first non-military flight to break the sound barrier since Concorde. Don't know if this ever pivots to actually become a commercial, viable, economical, ecologically sound thing. Probably

not. Right now, we can simply be happy that they did a thing, that they livestreamed it from an air-to-air aircraft, which is cool. I bet they're kicking themselves over the choice for using an iPhone to record air-to-air, because it went out of focus at the critical moment when the aircraft went supersonic, because of course, it did, you were using an iPhone.

[0:03:25] IP: We've talked about the issues with iPhone autofocus through airplane plastic before.

[0:03:32] JR: Any window. Yeah, it ruined my video on the Loganair Twin Otter out of Barra. It decided when we were taking off, instead of focusing on the nice tire and the sand and all the water being kicked up, no. It was only concerned with the grain of sand on the window. That is what we did focusing. That is exactly what happened to Boom. During the moment they broke the sound barrier, the iPhone said, “You know what? I really like this window. I'm going to focus on that.” You can't tell it not to do that, because they didn't use a real camera. Whoops. In there, man. I feel you.

[0:04:05] IP: Yup. The NTSB is investigating an accident involving a United Airlines 787 that occurred over the Ivory Coast earlier this week. The aircraft experienced unexpected movement climbing a few hundred feet before falling several hundred feet and then having a rather unstable altitude for a few minutes before regaining its altitude. It started at 36,000 feet, went up to 36,150 feet before falling down to 35,000, just slightly over 35,600 feet and then had inconsistent altitude and high rates of change in the vertical speed before reestablishing itself at 36,000 feet. Multiple passenger and crew experienced non-serious injuries, though there were, I believe, four people taken to the hospital and checked out.

The aircraft remains in Lagos where the flight diverted, and the NTSB has been delegated the investigation by the Ivory Coast authorities, so they have taken up understanding what happened on this particular 787. I will note that the same aircraft on the same flight diverted the previous flight. That was an unrelated diversion for a passenger medical issue when the aircraft returned to [inaudible 0:05:28]. That was unrelated.

[0:05:30] JR: The 787 doing weird things in regards to sudden altitude shifts really feels like we heard this story recently, at least a couple times before.

[0:05:42] IP: Yeah, I would agree with that initially if it were not for the initial climb in altitude. What Jason's referring to is the LATAM 787, and I think another incident –

[0:05:53] JR: The Qantas, I think?

[0:05:55] IP: Maybe. Where the seat switch on the captain's seat, there's a switch on the back of the seat that allows you to move the seat, so that you can get in and out and when you're not in the seat itself, but that can move the pilot sitting there forward if the seat switch has not been covered properly and forced the rather dramatic and sudden descent of the LATAM 787. That was the result of an investigation, then they issued a, hey, cover your seat switches bulletin. But this began with a climb.

[0:06:34] JR: Yeah. If you're pushing the seat forward into the column, it's not likely to make the aircraft climb, since that's the opposite movement. But the story is very similar, but I guess, we will wait for the NTSB to do its thing. Nice of the Ivory Coast to hand this off to the NTSB and say, “Hey.”

[0:06:51] IP: “We don't want any part of that.”

[0:06:51] JR: “We’re in over our head here. Why don't you take it over?” That was probably a good call.

[0:06:56] IP: Yeah. Preliminary reports expected within 30 days. Then I assume we'll eventually get a final report, though.

[0:07:03] JR: Check back at episode 505.

[0:07:05] IP: Pretty straightforward. Speaking of reports, the Jeju Air preliminary report was released on Monday, and the preliminary report, like all good preliminary reports, raised more questions than it answered. What is notable and what I want to bring up here is that the investigators confirm two things. One, that there was evidence of bird strikes in both engines.

We don't know anything beyond that. They just say that there was evidence of bird strikes in both engines. They sent the DNA out, the residue, I don't know the –

[0:07:48] JR: Birds remains.

[0:07:49] IP: Bird remains. Thank you. For DNA. That came back to Baikal teals was the species of bird.

[0:07:59] JR: Here, I was thinking Canadian goose again.

[0:08:01] IP: No, no. Not. Smaller, but apparently, more numerous in their migration patterns. Bird strikes in both engines. When I said, raises more questions than answers, there's evidence of bird strikes in both engines, but there's no word on the effect of those bird strikes on either engine. We know from video evidence taken at the time that at least one of the engines was not operating properly, given the multiple concussive sounds and the flame shooting out the back. We know that’s not supposed to happen, but we don't know to what extent the capabilities of either engine was degraded. That's an unanswered question there.

Then, we also have the recorder stopped, both recorders, the flight data recorder and the cockpit voice recorder stopped four minutes and seven seconds before the end of the flight. The preliminary report releases a precise second at 58 minutes past the hour and 50 seconds. That is the same exact time that we stopped receiving ADS-B data. That tells us that both of those things happened at the same time. We're not exactly sure why both of those things happened at the exact same time. that's something that dovetails in with the, we don't know to what extent the engines were degraded. Because the aircraft did continue to fly and make a turn and line up with the runway four minutes and seven seconds later.

[0:09:27] JR: Yeah. The Korean report, which is in English, thankfully, so we will link to it, if you would like to read it. Unfortunately, doesn't really give us any information. Doesn't even mention the status of the flaps or the status of the landing gear or anything that, both of which famously were not deployed to any degree. Doesn't mention it. They're leaving all of that to the final report, which is going to take, I suspect quite a long time. It sure seems like, we're probably

never going to have those answers, especially now that it is absolutely 100% confirmed that the recorders both stopped four-plus minutes before the end of the fight, which is really unfortunate.

At least now, the one piece of information I feel like we've learned about this aircraft is now we know for a fact there was a bird strike in not one, but both engines. That's not nothing, but it doesn't give us anywhere near the full story of what happened up there.

[0:10:20] IP: Exactly. For their part, South Korean investigators say, the next phase of the investigation will “Tear down the engines, examine components in depth, analyze the CVR and FDR and ATC data and investigate the embankment, localizers and bird strike evidence.” All of it. It will investigate all of it. South Korean investigators also have their hands full now with an Air Busan A321, which was mostly destroyed, severely damaged.

[0:10:50] JR: Crispy.

[0:10:51] IP: Crispy. Crispified during a pre-departure fire, 169 passengers, six crew and a maintenance engineer were onboard, all were evacuated safely with just a few of them suffering minor injuries during the evacuation. It is basing this information on initial reports. It is believed that an unknown object in one of the overhead compartments may have sparked the blaze, so cue your standard lithium-ion battery warning. Of course, an investigation is underway already. The initial investigation performed by Korean officials to ascertain whether or not this was a criminal act doesn't seem to have turned anything up. Now, it has been turned over to the transportation investigators from South Korea, as well as the French BEA, which is sending four investigators to South Korea to assist with the investigation. As this was an Airbus A321, the French are the investigators for the state of manufacture, so they'll be involved in figuring out what happened here and why.

[0:11:54] JR: Yeah. Not sure how old this aircraft was. I don't have the registration in front of me, Ian. Just so you know, the one you have in the show notes is a Korean 747-8i. Don't post that one in the show notes, you'll get someone very angry replying to us. They are, in fact, different aircraft. Yeah, Air Busan’s 321s –

[0:12:12] IP: Are you sure?

[0:12:13] JR: - range anywhere from seven-years-old to 21-years-old, so it could be not such a great loss too. It's a little new for an aircraft to be burned down. As a reminder, and we don't have to tell you this, you're all smart people listening, but lithium-ion batteries are stupidly dangerous. It's crazy that we all just walk around with one in our pocket all day, because if you puncture it, it will burn excessively in a way that you cannot stop. If you are traveling with a battery bank, or anything with a lithium-ion battery that even looks suspicious, if your screen is popping out of your phone, or the battery is expanded, or anything, please do not take it onboard an aircraft because this can happen.

If it happens at altitude, you're going to have a much worse day than the passengers onboard this aircraft had, because it could get out of hand really quickly. This is the thing that it's up to every one of us to not be stupid, which I know is really tough for society right now. If you even suspect that a device you have has a bad lithium-ion battery, please don't take it onboard an aircraft.

[0:13:21] IP: Yeah, absolutely. I mean, we've seen, I mean, report after report after report of good luck, where people have caught things ahead of time, or noticed something. But yeah, be super vigilant about these things. That's why they can't go in the hold with a passenger aircraft.

Let's go to Russia and talk about a couple of things. One is, we'll get this out of the way real quick. I'm playing fast and loose with the show notes today. I apologize, Jason.

[0:13:49] JR: You're moving stuff all around. You're getting registrations wrong. We'll talk about this at our next performance review.

[0:13:56] IP: The Ural A320 that landed in the field, because the pilots forgot that they had the gear down and ran out of fuel is almost completely parted out.

[0:14:07] JR: Oh, put it back together. Buy it out.

[0:14:10] IP: I know. I know there were plans to, I don't know –

[0:14:14] JR: Maybe hopes, aspirations. I don't know if there were plans. Yeah.

[0:14:17] IP: Dreams, something, to fly it out of there when the ground froze and they were going to build a runway in a field and that would have been awesome. Instead, they dismantled it and the engines have been moved. The Radome has been taken off. Anything useful has been carted away and now it's down to basically, the fuselage and the actual wings themselves. That's supposed to be done in the next couple of weeks. You can tell that Jason and I are sad about this, because it would have been awesome to see flying.

[0:14:46] JR: Not just an aircraft dying, but we wanted to see it.

[0:14:50] IP: I know. I know. Now, for the more in-depth conversation about Russian aviation. This is from a preliminary report from the Interstate Aviation Committee, which investigates accidents in Russia regarding the Gazpromavia Superjet crash. The aircraft is being ferried after maintenance back to Moscow and crashed into a forest. In our initial conversation about the preliminary report, which came out a while ago, we talked about how there are a lot of similarities to the 737 MAX MCAS software here, where the aircraft systems were pushing the nose of the aircraft down continuously and against an overriding input of the pilots who were trying to pull it up. We also mentioned that the similarities to the mechanisms are quite different.

Whereas, with the Gazpromavia Superjet, what was happening was bad information from a pair of angle of attack sensors. The problem with the 737 MAX was a design in software issue, where it was only taking data from one angle of attack sensor. In this case, it was feeding bad data to the Superjet through both angle of attack sensors. The manufacturer of the Superjet put out a bulletin that said, this is how you should deal with these situations, following this crash. What we're learning now is that the pilots understood that they had a problem. The problem seemed to be resolved. As they were climbing, they cleaned up the airplane, they put the flaps up, they raised slats, everything into a clean configuration. That's really where they ran into more trouble, because the angle of attack sensors assumed that the angle of attack was too high, the angle of attack protection kicked in and it pushed the nose down.

This eventually led to them disengaging the autopilot, which allowed manual thrust, which allowed the aircraft's speed to accelerate. When the speed accelerated, the aircraft wants to

push up. That made the angle of attack protection get more aggressive in pushing the nose down. The angle of attack protection was more dominant than the ability of the pilots to pull back on the side stick. That drove the aircraft into the ground.

[0:17:11] JR: Very similar to the MAX. Crazy that the issue with the MAX was that it was a really bad system relying on one single point of failure. Here you have the Superjet relying on twin sourced information from two angle of attack sensors that were feeding bad information. I can't help but wonder if the Superjet doesn't also have a simple stabilizer trim cutout switch just as the MAX does and a simple switch that the flight crews on MAXs have been trained to hit if MCAS runs away with the aircraft. Was that not a part of the training for the Superjet? I'm sure it must have that capability, right? Feels like that's what they probably should have done, but really hard to second guess that, since I don't think anyone here is anywhere near an expert on SSJ Superjet systems, unfortunately.

[0:18:04] IP: Yeah. One of the issues the IAC is looking into is how and when the crew used the quick reference procedures regarding invalid airspeed, and that their use of it or not use of it is what the committee is looking into. It'll be interesting to see what comes out of the final report and what recommendations they make for the aircraft moving forward. It's once again time to talk about ultra-low-cost carriers and their continuing effort to try and become one ultra-low-cost carrier. Frontier has made another bid for Spirit airlines, while they are still in chapter 11 bankruptcy protection. Spirit says, “No. No, thanks,” and calls the offer woefully insufficient. Is this negotiation?

[0:18:57] JR: Here we go again, I guess. Jeez. Go on.

[0:19:01] IP: What's interesting here is that Frontier says, “Hey, we still think this is a good idea, until we don't think it's a good idea.” Frontier is saying that their plan to purchase Spirit is better for Spirit, better for the business, better for the stakeholders and quote generates meaningful value for your stakeholders in excess of that generated by the plan you currently have on file with the bankruptcy court. That's interesting. Then they end the letter that they sent to Spirit saying, “We continue to believe that under the current standalone plan, Spirit will emerge highly levered, losing money at the operating level, and this would not be a transaction we would pursue. As a result, time is of the essence.”

[0:19:47] JR: Yes. It is. I guess, it's no surprise this is happening with Spirit going through bankruptcy proceedings, all their dirty laundry is on the table. Everything that is Spirit and its business is now basically, public knowledge. There are no secrets at this point. I haven't really looked at the numbers since this just happened earlier today, but I would have to imagine the deal for Spirit and its shareholders is a whole lot worse than it was the last time we went around this merry-go-round.

[0:20:12] IP: I mean, how much money have lawyers made since the beginning?

[0:20:16] JR: That's the only thing that matters, Ian. The only thing, between this failed merger and the JetBlue failed merger and the –

[0:20:25] IP: And the bankruptcy. Oh, man.

[0:20:27] JR: Alliance thing with JetBlue, the lawyers are killing it in the low-cost carrier sector in the US. The airlines themselves are tanking. But let's say, given the grim future for Spirit and the shifting political climate in the US, it does seem like the ultimate result will be Spirit and Frontier merging in some hostile fashion, I'd imagine. I don't foresee JetBlue doing something stupid again and injecting itself. They've got enough of their own problems, which we'll get to. But who else would possibly interject themselves here? Allegiant? I don't see that happening now. There's really nobody left to throw their hat in the ring. It's for spirit to play its cards and see what hand it's dealt.

[0:21:14] IP: Good luck, everybody.

[0:21:15] JR: Sure.

[0:21:18] IP: Speaking of things that will need a whole lot of luck to ever see the light of day, the government of the United Kingdom is once again in favor of a third runway at Heathrow.

[0:21:29] JR: Sure. Is it that time of year already?

[0:21:33] IP: Who? What? Ah. It's all I had to say about that. What are we doing? Either get out some shovels and start digging, or just leave it alone.

[0:21:44] JR: Yeah. This one is tricky. Heathrow is one of the most constrained airports in the world. What is it? It's got two runways and it's a massive hub for multiple airlines. London's busiest airport, I assume it's London's busiest airport. I should probably look that up. Sorry for Gatwick lovers.

[0:22:02] IP: It's London's busiest airport.

[0:22:04] JR: London's busiest airport. I love how they're pitching this as a third runway. It may seem bad for the environment, but actually, it's environmentally positive, because if anyone listening has flown to Heathrow, you have probably done a couple of circles somewhere over the UK, because there's just not enough runway capacity. A third runway could potentially smooth that out, so you don't have to do circles over the United Kingdom before you land. But let's be realistic, I'm sure they will saturate the capacity of that third runway real quick and we probably will end up back in this situation in however long it takes to get there.

[0:22:43] IP: Instead of having four holds, we'll have six holds.

[0:22:46] JR: Amazing. We did it. Didn't the original plan for the third runway at Heathrow involve running it literally right through BA's headquarters in Waterside? Is that still a thing? Because that's just funny.

[0:22:58] IP: I honestly don't know what the plan is at this point, but I'm sure we'll see some revival and everyone will forget about it again.

[0:23:06] JR: If a shovel hits dirt for this project, we will bring it to you.

[0:23:11] IP: Yes. The dirt and the shovel.

[0:23:12] JR: Yes.

[0:23:12] IP: Individually. Everyone who listens to this episode will get a dirt and a shovel.

[0:23:17] JR: A dirt. One dirt.

[0:23:18] IP: A dirt. One dirt. Oh. Things that are actually happening. Lufthansa is taking a 10% stake in airBaltic. This is part of the run up to airBaltics' expected IPO. Lufthansa Group will also get a seat on the board and the stake will be convertible into shares in a public airBaltic. This is good for airBaltic, because it gives them money. And, I guess, it's good for Lufthansa Group, because their stated goal is to own at least a part of every airline in Europe.

[0:23:51] JR: At least half. Whatever IAG isn't allowed to have, Lufthansa Group will have.

[0:23:57] IP: There you go.

[0:23:58] JR: Every airline in the UK, back in 2019, I tweeted out at the time that by 2025, there will only be five airlines left in the world, all belonging somehow to IAG, or Lufthansa Group. We're not quite there yet, but we're making progress.

[0:24:12] IP: We're working on it.

[0:24:13] JR: It's trending that way. It does seem like a low amount. What is it? 14 million dollars for 10% of airBaltic, giving it a valuation of what is that? 140 million dollars. That seems quite low for airBaltic, considering their fleet size. It really feels like Lufthansa got a pretty good deal here.

[0:24:34] IP: Yeah, and perhaps a discount here. airBaltic, I mean, they're continuing to execute on the plan that they charted and that includes wet leasing their capacity to various airlines. In this case, they are planning on wet leasing up to five A220s with a new Uruguayan airline. Uruguay has been without an airline for a few years now. A new startup is trying to get off the ground. SUA, Líneas Aéreas, is trying to begin service to Argentina, Brazil, and Chile from Montevideo. airBaltics says, “Yeah, we'll give you up to five aircraft and teach you how to run an airline.” Good for them.

[0:25:22] JR: Yeah, if there's nothing airBaltic loves doing more than operating its own airline, it's operating somebody else's airline.

[0:25:30] IP: Yeah. That'll be fun to see, airBaltic aircraft flying around in South America.

[0:25:35] JR: I'd have to imagine, they'd get repainted or something if they're going to be dedicated to a Uruguayan airline. But maybe not. I don't know.

[0:25:43] IP: Maybe. I don't know. Well, I guess, we'll find out. Let's go much bigger than the A220 and we'll talk about Boeing, which confirmed once again, I think for the third time, maybe, that Lufthansa is the launch operator of the 777X as part of their full year financial review. Boeing stated that the 777X is now slated for delivery for the first time in 2026. Editor's note, sure. Lufthansa has 27 777-9 passenger variants on order, as well as seven 777-8Fs. The issue as far as the 777X as Lufthansa is concerned is they're having difficulty certifying the seats, which has been an issue with the 787 as well. Because Lufthansa came up with these intricate, allegorous seats and it's been challenging to have them certified.

[0:26:46] JR: Yes, if only they had a decade to prepare for this moment.

[0:26:49] IP: If only.

[0:26:50] JR: If only. It's a good thing Boeing isn't able to deliver airplanes, because Lufthansa doesn't have seats for them.

[0:26:56] IP: Oh, everything old is new again. Sticking with Boeing, Boeing delivered to United Airlines, United's 1,000th mainline aircraft this week, a 737-9 MAX.

[0:27:12] JR: Making it the largest airline by even yet another metric.

[0:27:17] IP: This is N77584, which was in the past week, flown from Seattle to Seattle, to Seattle to Seattle, to Seattle to Seattle.

[0:27:29] JR: Somehow this is almost different airports.

[0:27:31] IP: Four airports.

[0:27:32] JR: Yeah. Okay. It flew from Renton to Boeing Field and then Boeing Field to Boeing Field, and then Boeing Field to Sea-Tac via Eastern Washington. But no, via Idaho. Because of course.

[0:27:46] IP: Via Idaho. They went all the way to Idaho.

[0:27:48] JR: That's a long way to get cross town.

[0:27:52] IP: Potato overview.

[0:27:52] JR: We love the Seattle airport shuffle. For anyone wondering, why would a United aircraft go to Seattle after being delivered, even though it's not a United hub? Well, it's a hub for maintenance for United. It's where they induct a lot of aircraft. That, in Portland, I think, they get a lot of United –

[0:28:09] IP: Portland, Rockford.

[0:28:11] JR: Kind of all over the place.

[0:28:13] IP: Illinois. And there's one in the southeast that I can't remember right now.

[0:28:18] JR: Let's say, Atlanta, I'm going to make up. But whatever. United actually already has had its 1,001th aircraft delivered that goes to Airbus with an A321neo, and it expects to take its 1,002nd aircraft, a MAX-8 tomorrow, or yesterday, if you're listening to the day the podcast comes out.

[0:28:38] IP: There you go.

[0:28:40] JR: That's a lot of aircraft, considering every airline in the world is yelling about how it can't get any aircraft delivered.

[0:28:47] IP: Well, remember, United would have already had its 1,000th aircraft, probably sometime early last year, if Airbus and Boeing could deliver on time.

[0:28:57] JR: Yeah. I don't think we have this anywhere in the show, but American had announced just a couple of days ago that it is also exceptionally upset at not just Boeing, but Airbus for not being able to deliver aircraft and it's actually cutting, or reducing some routes this coming summer, because of its delays with the 787-9 and probably, also, let's be realistic with the A321XLR, or LR, whatever they're taking. Nobody is able to deliver aircraft on time. But it is acutely an issue with Boeing. What else is new?

[0:29:30] IP: Let's note that this is 1,000th main line aircraft.

[0:29:35] JR: Yes.

[0:29:36] IP: This isn't 1,000 aircraft operating for United Airlines, because that number stands at near 1,500.

[0:29:43] JR: We love regional jets here in this country.

[0:29:46] IP: We sure do. We sure do.

[0:29:47] JR: For better or worse, we got a whole lot of them.

[0:29:50] IP: Let's stick with Boeing for just a minute, because we've got a note here. We talked about their financial performance last week with regards to Q4. But this week in their discussion of the 2024 full-year financial performance, they confirmed that they've lost 11.8 billion dollars in 2024, taking their total losses since the first 737 MAX crash close to 40 billion dollars.

[0:30:15] JR: That's a lot of money.

[0:30:17] IP: That's a lot of money.

[0:30:18] JR: It went somewhere, but not to me and not to Boeing.

[0:30:22] IP: No. Pratt & Whitney also reported their financial performance. As part of that, we got some information about how the geared turbo fan situation is shaking out. JetBlue also giving us a bit of information there. JetBlue specifically saying that it will be, “Hitting peak AOG in about one to two years, leaving mid to high teens numbers of aircraft grounded in 2025 with that number set to increase in 2026, early 2027. Overall, 17% of the A320neo family is grounded, 25% of A220s are grounded, and 25% of Embraer E2s are grounded.”

Now, we can't say for sure that these are all grounded due to geared turbo fan engines. Some could be down for extended maintenance. Some could have been hit by a series of golf balls, or something. But –

[0:31:26] JR: Wait, what?

[0:31:27] IP: I don't know. I’m just making –

[0:31:27] JR: Was that just the first thing that came off the top of your head, a series of golf balls?

[0:31:31] IP: I don't know. It's like a guy, like a caddy shack re-enactor playing next to the hangar. I don't know.

[0:31:38] JR: Sure.

[0:31:40] IP: The moral of the story is that these are huge numbers.

[0:31:44] JR: I feel like, we're in a Groundhog Day situation here where I keep hearing, we keep hearing. It's going to peak this situation in one to two years, and we've been hearing that since 2019. For JetBlue to say they're not even going to hit peak broken Airbus or, I guess, yeah, just Airbus aircraft for one to two years from now. We're looking to 2027 at this point with this issue. That's wild.

[0:32:10] IP: We're looking at 2030 before this is cleared up.

[0:32:13] JR: Peak. We won't even be on the decline until then. This issue, just it won't stop. I don't feel like it gets enough acknowledgement in the industry for how much damage this has done. But wow, I just can't believe it's still this bad and will still be this bad for years to come.

[0:32:31] IP: Pratt & Whitney for its part, because it is still this bad, paid 1.1 billion dollars in compensation to airlines in 2024, and expects a similar level of payments to airlines this year as well.

[0:32:44] JR: Seems low. It seems much lower than it should be.

[0:32:47] IP: Somehow they still managed a profit of 2.2 billion dollars.

[0:32:51] JR: Yeah. Well, is RTX as a whole, or just Pratt & Whitney?

[0:32:54] IP: No, that's Pratt & Whitney.

[0:32:56] JR: Yeah, that 1.1 billion number, that's got to come up. That's crazy. This is literally putting entire airlines out of business. It's putting people out of work, because if airlines don't have enough airplanes, they have to lay people off, because nobody to fly, and nobody to operate those aircraft. You don't need them. 1.1 seems just woefully inadequate. I hope there's some very heavy negotiating on the side of airlines to pump up those numbers, because it doesn't seem right that Pratt & Whitney would be able to turn such high profit figures when they are half a decade into completely screwing over this industry.

[0:33:37] IP: I can't argue with that.

[0:33:37] JR: Okay.

[0:33:38] IP: Let's go talk about Airbus.

[0:33:40] JR: Okay.

[0:33:43] IP: In 2021, Airbus unveiled the City Airbus NextGen, which was a multi-rotor urban air mobility thingy that was going to carry four passengers, be completely battery operated, and frankly, looked pretty cool. I got to see the thing when we were there. It was one of them better looking and seemingly more functional versions of whatever this new segment of aircraft are. They say, “No, we're not doing that. The batteries just aren't good enough. We don't have enough power to operate these things.” They're going to continue test flying it and use everything they learn to feed future endeavors, but they are not going to officially launch this program and bring it to market at this time.

[0:34:32] JR: You really can't help but wonder, what is going to happen to the multitude of other eVTOL, not operators, but prospective manufacturers who are doing what Airbus looked at doing here and said, no, it can't be done efficiently or economically. We've got a lot of airlines, especially here in the US, chomping at the bit to launch exactly this thing with exactly this aircraft. If you have someone like Airbus saying, “It's not going to work,” it raises the level of skepticism towards all these others quite a bit. But man, I don't know what to make of this.

[0:35:10] IP: I think you just made it. I think that's what I take away from it.

[0:35:13] JR: Okay.

[0:35:14] IP: Is what you just mentioned.

[0:35:15] JR: Yeah. Airbus has got other things cooking. They are doing things with hydrogen as well. What are we getting that A380 modified with a hydrogen-powered rotor engine thingy on the sidelines here?

[0:35:25] IP: A couple years from now.

[0:35:26] JR: Is that this year, or next year?

[0:35:28] IP: No. It's not this year.

[0:35:30] JR: Oh. Oh, well.

[0:35:30] IP: Sorry.

[0:35:31] JR: Oh, well.

[0:35:32] IP: It'll be eventually. What Airbus is also doing is closing up the Beluga shop.

[0:35:37] JR: No.

[0:35:38] IP: Yes.

[0:35:39] JR: Why? That was so quick.

[0:35:40] IP: Well, because it didn't work.

[0:35:42] JR: It was so quick. They only started last year.

[0:35:45] IP: Yeah. I know. To their credit, they figured out really fast that it didn't work, and they're done with it. What happened was is Airbus used the Beluga, which is based on the A300 to move around aircraft components as they were building their aircraft. As they started building larger aircraft and designing them a bit differently, they said, “Oh, we need bigger Belugas.” That's where the Beluga XL fleet comes in. That's based on the A330. Now, they say, “We have this fleet of regular old Belugas. What do we do with them? Oh, we can use them for cargo transport.” Think Airbus helicopter deliveries to Japan, carrying loads of golf balls to where grounded –

[0:36:28] JR: I knew you were going somewhere with that.

[0:36:31] IP: - A220s are located. They said, “This would be good.” In theory, that was a good idea. The problem is is that the Beluga is such a specialized aircraft and it's designed to carry Airbus aircraft components that are from an Airbus manufacturing facility to an Airbus final assembly line, where they have all the special tooling and jigs to offload and load the aircraft

available. It turns out that if you have to carry all that stuff with you, it's not operationally efficient. It costs too much money and it's just too hard to do. They said, “Yeah, we're done.”

[0:37:13] JR: What is Airbus going to do with the fleet of Belugas?

[0:37:16] IP: They've moved the Beluga, or moving the Belugas back to the Airbus transport AOC. Out of it, they're closing up the airline. They're going to move them back, so they can operate them for Airbus stuff if they need to. Well, they figure out what to do with them. I'm petitioning for one in my backyard.

[0:37:36] JR: Okay.

[0:37:37] IP: As a retirement museum piece, where I can just have that. I think that would be cool. Beyond that, I don't know what their plans are for the five aircraft.

[0:37:47] JR: I'd imagine, one of them is going to find their way to a museum at some point and that's a mighty big get to have a Beluga in your aviation museum. That would be pretty cool.

[0:37:57] IP: I hope one comes to a museum near me. London City wants a new approach for A320neos. Right now, the London City airport operates with a steep 5.5 degree glide slope, which requires special certification for the aircraft, special certification for the cruise and is very specialized. The airport says, “Okay, but what if you allowed us to operate A320neos in? Because they won't let us expand the airport. They don't want to have more flights. But if we have A320neos, those hold more passengers, same number of flights, more people.” So, the application is for an RMPAR. Our required navigation performance authorization required. that's basically the ability to fly a non-standard glide slope. Less than five and a half degrees, but greater than three, so somewhere around four, maybe, who knows? You also get a better continuous descent and you can operate around terrain. It's a super interesting, very precise approach. We'll see if the UK government goes for it.

[0:39:17] JR: Yes. Remember, the largest aircraft to have operated scheduled flights out of London City, I believe, was the Airbus A318, which is no longer really a thing for anyone, especially anyone operating to London City. A 320neo would be a big bump since the 319neo

doesn't really exist in Europe, or Americas, really anywhere outside of China, I think. That's a big aircraft. I'm trying to picture a 186-passenger load at a gate at London City. I'm failing in my head to see how that's going to work. Because most aircraft at London City, they are, your 76, maybe 100-seat aircraft. I don't even know if they have those. A BA A320 rolling in with 186 seats, that's wild. I don't see how that's going to work. Presumably, they'll figure it out.

[0:40:10] IP: The interesting thing here is that this is geared towards low-cost carriers.

[0:40:16] JR: Oh, that'll be even worse.

[0:40:18] IP: You think about low-cost carriers operating in the A320. Basically, this is a pitch to get easyJet to fly to London City.

[0:40:24] JR: Oh, please, no, no. That's chaos. No. I mean, realistically, it's not just you're going to have a bigger aircraft. It means, everything the airport does has to be supersized from bag claim, to check in, to security, to the gates, which are not physically big enough for that kind of thing. It's not just, certify the aircraft and send therein. It's, can this airport actually handle passenger loads that high? If you've ever been to London City, you're probably struggling to figure how that could work.

[0:40:58] IP: Where are they going to put all those strokes?

[0:40:59] JR: I am struggling to figure out how that's going to work. How's that going to work?

[0:41:04] IP: Well, we'll find out if we get to find out.

[0:41:07] JR: Okay.

[0:41:08] IP: In a follow-up from a 2020 story, India and China have once again agreed to resume direct flights between the two countries. Following a border clash in 2020 that killed soldiers on both sides, China and India suspended all manner of cooperation, including direct flights between the two countries. Flights between India and Hong Kong eventually resumed, but not mainland China. Now the two countries have agreed in principle to resume flights at

either country's earliest convenience. Nothing on the schedule yet, but things moving in the right direction as far as direct flights between those two countries are concerned.

[0:41:52] JR: Hey, that's great. I think I remember reading about this. What was that? Cranky Flier, I think, put out something about the demand between India and China and how there's so much demand and there were so many flights before this. There's literally zero right now. There are no flights between India and China, which is crazy. It is really good to see that this is finally coming to some beginning of an end.

[0:42:22] IP: Yeah. Yeah. We'll see how many and which airlines begin operating as quickly as possible. This is a follow-up to a story that we talked about last year, I think, at this point, but there has been some court activity and now it just gets even better.

[0:42:40] JR: Oh, it's good. We got a good ending to a really good story.

[0:42:45] IP: This is, I don't know if we'll call it an ending, but it's definitely close to the final chapter. I'm trying to find the exact date here. 24 million dollars in gold bars and cash were stolen from an Air Canada warehouse a few years ago. That in and of itself was a crazy event, because the thieves used a reused way bill for shrimp to claim the palette full of gold.

[0:43:19] JR: Then they just walked out the loading dock with it.

[0:43:22] IP: They drove off it. Well, Brinks, the company that was transporting the cash and gold, said, “Hey, Air Canada. You should have done a better job not letting this happen. We paid you to keep our stuff safe. You owe us the full amount.”

[0:43:42] JR: 21,528,000 dollars. That's a lot of money.

[0:43:48] IP: Air Canada said, “Whoa, whoa, whoa. We owe you for the inconvenience. But our payments are limited by air convention. We only owe you a few teens of thousands of dollars. We are not paying you tens of millions.”

[0:44:10] JR: Explain how? Because I heard that there's something about Brinks putting something on a shipping form. What do they put on that shipping form? Can you read that to me?

[0:44:20] IP: Do you want me to read it verbatim?

[0:44:22] JR: I do.

[0:44:23] IP: Okay. What they put on the shipping label was “Gold, gold, gold, gold, gold, gold, gold, gold, gold, gold, gold, gold, gold.”

[0:44:33] JR: There's one more gold. You forgot a gold.

[0:44:35] IP: Did I miss a gold?

[0:44:36] JR: You missed a gold, because without that gold, it’s meaningless. Yeah. Where did they put gold, gold, gold, gold, gold, gold, gold, gold, gold, gold, gold?

[0:44:44] IP: The gold, gold, gold doesn't matter. What matters is they declared a value on how much the shipment was to the customs officials. What a judge found was that because Brinks failed to note the value of the shipment on the form where Air Canada says, “How much is your shipment worth? Do we need to do anything special?” They didn't put a number in there. The judge ruled that Air Canada is basically only liable for losing their luggage.

[0:45:20] JR: Oof. That's bad. Should have put an air tag in it.

[0:45:27] IP: The crux of the matter here is basically, they didn't complete the form and say – What happened was Brinks said, “Hey, please pay special attention to this.” Air Canada said, “What do you want us to pay special attention to? These are your rights. These are our responsibilities. If you want us to do something else, you have to pay more money and will take different care of your stuff.” They didn't do that. The judge said, “No, they only have to pay 9,998 special drawing rights.” The special drawing rights are basically, the average of a basket of currencies. It works out to about 13,000 US dollars.

[0:46:11] JR: Oh, that's like, one business class upgrade round trip. Ouch. Correct me if I'm wrong, but they have not recovered the gold and bank notes, or found out who did this, right?

[0:46:23] IP: They have made some arrests and they have persons of interest that they are looking for, but not everyone has been apprehended. They sold the gold. They melted down the gold at the Toronto jewelry store and sold it.

[0:46:39] JR: Nice.

[0:46:39] IP: So, it’s gone.

[0:46:40] JR: There's got to be a movie coming about this at some –

[0:46:43] IP: There better be. There better be.

[0:46:45] JR: This is like one of the major subplots from the old movie Goodfellas, which part of it documents the Lufthansa heist.

[0:46:51] IP: The Lufthansa heist, yeah.

[0:46:53] JR: The Lufthansa heist. It's very similar where the Lufthansa heist, they just paid off a guy at JFK and then they walked out the front door with the gold, or what was it? Money or the gold? I think it was money. In this case, they just forged from shrimp documents and literally loaded it on a truck with a forklift and drove away. Stealing very valuable items from airports seemingly hasn't gotten any more complicated in the decades since the Lufthansa heist.

[0:47:20] IP: Looking at the label, it's just like, how could anybody read this? I mean, it's like, none of this looks legit. All of this looks like somebody found a dry-cleaning receipt in somebody's pocket and decided to go claim their pallet of gold.

[0:47:35] JR: I wonder if I can cross out the word shrimp and write gold instead. Apparently, you can.

[0:47:41] IP: You can, yeah. You can. Thanks dot matrix printers. We'll see if that's the end of that story, but I want to find out what happens to everybody who took part in the heist, because that rounds out the movie. This next story is almost as equally strange. A Saudia aircraft was delayed, because they seized the aircraft's fuel and charts over an unpaid EU 261 compensation claim.

[0:48:09] JR: Yes. Apparently, a company called EU Claim, which I believe is a firm that handles EU 261 compensation claims on behalf of passengers who believe they are owed, apparently, I assume, they went through the court system and they didn't just walk on board the aircraft and allegedly, it went through, they went, they got an order, but they seized the fuel and the nav charts from a Saudia, I think it was a 777-300 ER, because Saudia just was not paying out what passengers were apparently legally owed. Apparently, it was over 50,000 euros still owed. That's not chump change, but this is not the first time this happened. It is not the last time it will probably happen. Crazy that it gets to this level. A company has to literally seize the fuel from an aircraft to get a major airline like Saudia to pay up what's rightfully owed. What's most important is that the aircraft was under one hour delayed and did not trigger yet another EU 261 claim.

[0:49:14] IP: That would have been the icing on the cake right there.

[0:49:16] JR: I'd have to imagine, they would claim it was outside of the airline's control.

[0:49:21] IP: I don't know.

[0:49:22] JR: I don't know. But that's for a company like EU claim to figure out.

[0:49:28] IP: Round and round we go.

[0:49:30] JR: This is not an endorsement of EU claim. I've never heard of them before, but bravo to them doing what they got to do to get their customers paid and get their probably 40% to 60% cut.

[0:49:41] IP: Yeah. Well, that's a whole other story. Good news for Jason. Porter Airlines is coming to LaGuardia. And you get to ride a raccoon, right? That's how it works.

[0:49:51] JR: That's exactly how it works. At least get to pet one sitting next to me on the flight. We wouldn't ordinarily talk about this, but it's a new airline at LaGuardia. That doesn't happen all too often. Up to 3X daily from Toronto, the real airport, YYZ, down to LaGuardia on E-195 E2s, which again, not an aircraft we've probably ever gotten at LaGuardia, or at all here really in the US. We don't have those. We're not allowed to have those. Nice to have Porter. Literally not allowed to have those. But it's nice to have another option. In the very same week, that'll be the third Canadian airline to start services at LaGuardia, because I hear WestJet is coming back for some reason. Not sure why, but excited for Porter. It's always been a Newark airline, flying to Toronto City Airport. Different airports. It's still a thing over at Newark, but I'm excited for the raccoon to come to New York.

[0:50:50] IP: There you go. Then last thing is a follow up on a story that we talked about last week, where JetBlue is now accepting Venmo. The marketing rationale is that you can now split your travels on JetBlue with an entire group more easily, and it's good for everybody. Sure, why not? It didn't really make sense to Jason or I. But someone who works in the payments industry got in touch with us and mentioned that it could be because if you also accept Venmo, you get much less, I mean, relatively speaking, you have to pay the transaction fees you are charged by the payment process are much less, if you're dealing with PayPal.

0.1% or 0.2% on a few million dollars every year, it adds up. At that point, why not accept Venmo as well? Somebody else wrote in and gave their two cents saying, well, perhaps it's because some people can't get a credit card, or bank card. I'm less swayed by that, because it seems more virtuous than the, we just want to save money and we can spin it in a marketing way to also accept Venmo. I'm leaning more towards that one, but I'm keen to hear what you think, Jason.

[0:52:04] JR: Yeah, I agree with that. I don't see much weight to the yes, there are plenty of people who can't get a credit card, but getting a bank account with a debit card is pretty non-trivial. But hey, if you've got balance in your Venmo account, go for it. Pay that way. Whatever. If

it saved JetBlue a percentage of a point on processing fees, trust us, they need it more than you do.

[0:52:27] IP: They will spend some money on a press release to get that money back in their pocket. All right. Episode 305 of AvTalk has come to an end. Wow, it was a full episode.

[0:52:39] JR: Very. We talked about golf balls and golf balls twice, I think.

[0:52:44] IP: Racoons, and all sorts of good stuff. All right. This has been episode 305 of AvTalk. I am Ian Petchenik, here, as always with –

[0:52:54] JR: Jason Rabinowitz. Thanks for listening.

[END]