

ERA POSITION PAPER - BREXIT

September 2017

1 Introduction and background to the paper

This paper puts forward the position of the European Regions Airline Association on the future air transport relationship between the EU and the UK. It is designed to assist policy makers and those involved in the negotiations of the future arrangements between the EU and UK.

Founded in 1980, ERA is a non-profit trade association representing 52 airlines and 140 companies involved in European air transport and is the only association representing the entire spectrum of companies involved in European aviation. The association promotes the interests of European airlines by lobbying the European Commission and other European regulatory bodies on policy matters, promoting the social and economic importance of air transport and its environmental commitments. www.eraa.org

2 Our proposal for the future relationship between the EU and UK on air transport matters

ERA believes it is essential a wide-reaching agreement on aviation is reached between the EU and UK at least twelve months before the deadline for negotiation ends in March 2019. As a minimum, we would recommend that the agreement should include the following:

- a) *An EU–UK bilateral agreement comprehensively guided by and in the spirit of EU Regulation 1008/2008. This would allow minimum disruption to services currently operating within the European region to and from the UK.*
- b) *In the bilateral agreement, particular attention should be given to protecting the following principles included in EU Regulation 1008/2008:*
 - *Article 4 (a); (b); (f) – The conditions for granting an operating license*
 - *Article 6 (1) – The requirements to obtain an air operator certificate*
 - *Article 13 (1) – The provisions on leasing*
 - *Article 15 (1) – The provisions on intra-Community air services*
- c) *Continued application of EASA regulatory standards to UK operators and undertakings to support common safety compliance and a competitive, harmonised supply chain (for aircraft parts and materials) across the wider European region.*

3 The case for ERA's position – Europe's legacy of integrated aviation goes beyond the political domain and should be preserved

3.1 Introduction

Europe has one of the most liberal and effective air transport markets in the world, facilitated by the de-regulation of the industry. As a direct result, increased connectivity, higher frequency and lower fares are available to consumers, communities and businesses. The returns of this now mature, integrated aviation sector has become wider than the EU.



There is clear evidence that improved air connectivity is a precondition for sustainable economic growth, as has been highlighted by the Commissioner for Regional Policy, Corina Crețu in February 2016 *“Sustainable transport is a priority in regional policy. Without connectivity there can be no economic development.”*

Excluding the UK from an integrated aviation sector for political reasons would hurt EU consumers and businesses and, we would argue, is not in the interests of the wider European region.

It is essential that there is trustful stakeholder dialogue at European, national and regional levels throughout the Brexit process and it is crucial that negotiations are conducted with the good of the wider European regions’ society at the forefront of negotiator agendas.

The principles embodied in the recently published ‘An Open and Connected Europe’ proposal would seem a good starting point for negotiations, namely with the intent *“to safeguard competition and connectivity in aviation, facilitate investments in European airlines and enhance the efficiency and connectivity of European skies. This will reinforce the competitiveness of European aviation, which is a strong driver of job creation, economic growth and trade. Open and connected aviation markets offer better value flights to a greater choice of travel destinations worldwide.”*

3.2 The achievements of an integrated aviation market

An integrated aviation market in Europe has yielded significant benefits to the EU and wider European market. These include, but are not limited, to the following:

The aviation economic footprint

The Air Transport Action Group (ATAG) estimates that the aviation economic footprint generated by integrated aviation markets across the EU stood at some 11.9 million jobs and \$860 billion in GDP (direct, indirect, induced and catalytic) in 2014, an increase on 2013. <http://aviationbenefits.org/around-the-world/europe/>

The single air transport market and Single European Sky (SES)

Decades of restrictions that limited aviation markets in Europe and prevented cross-border investment by European airlines have been removed through gradual liberalisation measures covering air carrier licensing, market access and fares through the internal market. The Single European Sky project tackles limits to growth, addresses efficiency of airport services, the capacity crunch and improved connectivity, with visible results.

EU External Aviation Policy

Such is the success of the internal market, it has extended beyond the EU to allow comprehensive agreements on air services and EU level agreements with market openings and common rules.

The European Aviation Safety Agency (EASA)

The European Aviation Safety Agency develops and maintains high EU standards in safety, whilst setting benchmarks for global industry best practice. The agency is well established with reputable regulatory expertise from across the European region including the UK, whose regulator, certified organisations and aviation safety specialists have been highly influential in the EASA rule making process.



4 The risks of not reaching an agreement for regional air transport

The risks posed to regional aviation should an agreement not be reached forthwith are significant for the wider European market. These include:

- Negative impact on demand, competitiveness, pricing, choice, consumer protection and connectivity.
- All traffic rights between the EU and UK would lapse leaving uncertainty for businesses, consumers and aviation on the future of air services between the EU and the UK.
- If there is no legal foundation established to underpin traffic rights by the EU and the UK by March 2018, European flight operations will face paralysis. This would have deleterious effects for many European Regions Airline Association members; particularly should there be trade-off for one freedom over another. Disrupted networks will negatively affect the region's society and its ability to connect both within Europe and globally. Strategic vulnerability will plague the European network until such time an agreement is reached.

These fundamental implications form the core of complicated offshoot issues which could lead to the disassembly of carefully negotiated agreements aimed at creating jobs, growth and prosperity for the region.

ERA would reiterate its position regarding the aviation negotiating teams' focus on publishing a framework for the industry, with the above implications in mind, to avoid inevitable services disruption and fallout for consumers and business operators on a global scale.

5 Our choices, our opportunities – conclusions and recommendations

Integration into air traffic networks globally brings a multitude of potential prospects. This includes increased labour supply flexibility, new business practice and innovation as a means of competing effectively in global markets. Coupled with an increase in businesses who seek investment opportunities, these prospects further support the strengths of the economy.

These possibilities are achieved through opening foreign markets to exports, lower transport costs through increased economies of scale, as a result of reaching larger and broader markets, and improvement of the economy's long run supply capacity through raised productivity. Increased household finances and new home sales are offset by this prosperity as benefits are absorbed through a trickle-down effect. As such negotiating parties must safeguard the air traffic network in the European region in order to drive sustainable economies of the future.

6 Conclusion

Although the EU and UK may not be linked politically in the future, a linkage will exist through commerce, science, business and family; aspects of society whose foundations and stability depend on a healthy, harmonised aviation industry which ERA believe is achievable through its recommendations:

- a) An EU–UK bilateral agreement comprehensively guided by and in the spirit of EU Regulation 1008/2008. This would allow minimum disruption to services currently operating within the European region to and from the UK.*
- b) In the bilateral agreement, particular attention should be given to protecting the following principles included in EU Regulation 1008/2008:*



- *Article 4 (a); (b); (f) – The conditions for granting an operating license*
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ERA is ready to support the work of negotiators in order a favourable deal be struck for European aviation that benefits the citizens of the EU and the UK alike, whilst protecting the crucial contributions air transport connectivity affords.

