



Brexit: ready for take-off?

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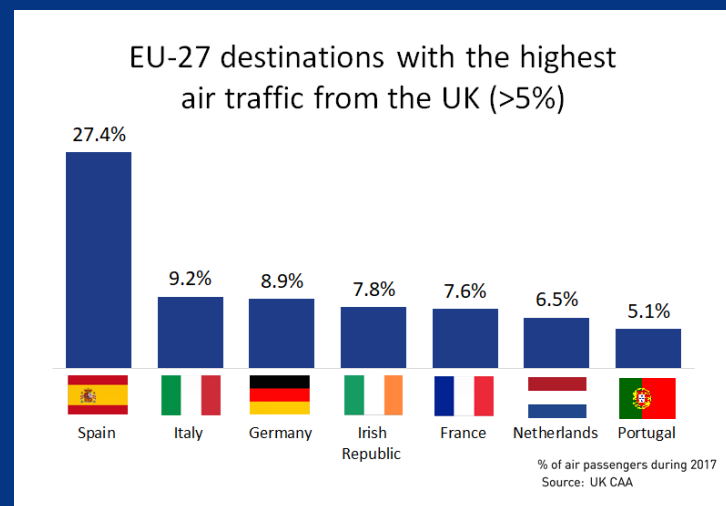
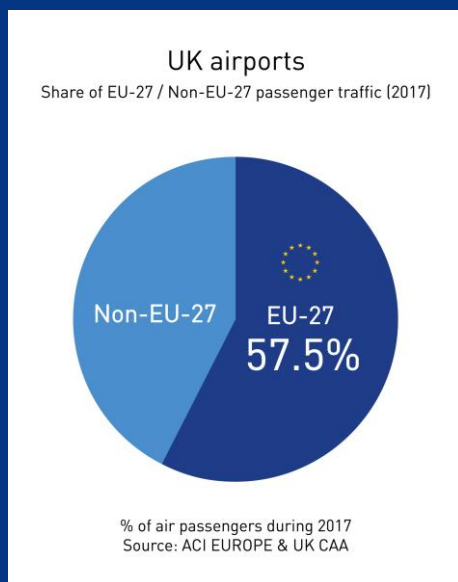
Airport Operators Association

Tuesday 31 October 2019 – ETOA Brexit Seminar

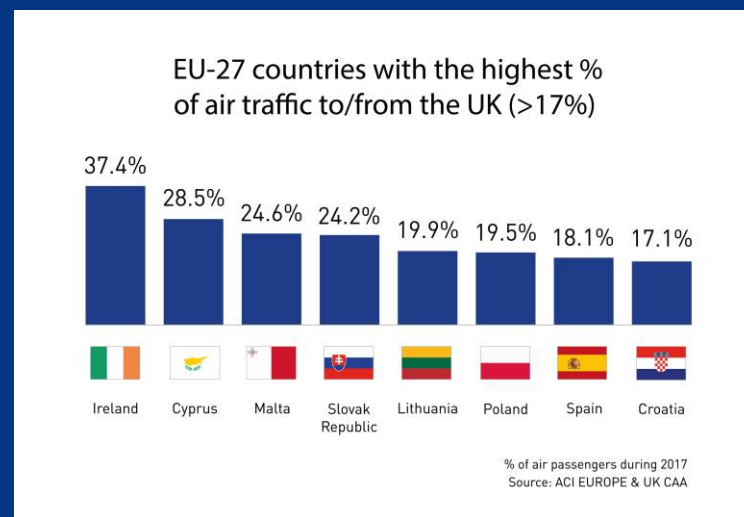
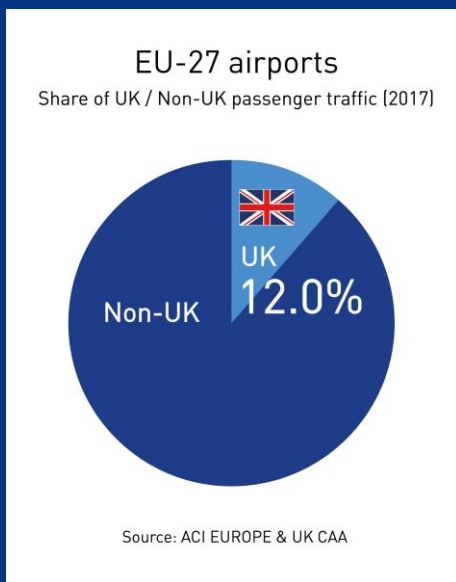
Brexit and its impacts

- UK-EU aviation links
- Brexit with a deal
- Brexit without a deal
- Future aviation relationship

The picture from the UK



The picture from the EU



UK traffic at EU-27 airports

EU-27 AIRPORTS	Share of UK traffic at EU-27 airports		2017 vs. 2010	
	2010	2017	EU-UK traffic growth	Overall EU traffic growth
TOP 5 (CDG, AMS, FRA, MAD, BCN)	7.1%	8.6%	55.2%	28.8%
TOP 25	8.8%	10.0%	52.2%	34.0%
GROUP 1 (OVER 25MPPA)	8.2%	9.7%	55.3%	32.4%
GROUP 2 (10 TO 25MPPA)	10.7%	11.9%	59.3%	43.3%
GROUP 3 (5 TO 10MPPA)	13.8%	14.9%	59.5%	47.4%
GROUP 4 (BELOW 5MPPA)	15.1%	15.4%	35.1%	33.1%
GROUP 4 WITHOUT CAPITAL CITIES	15.5%	15.6%	29.5%	28.8%
BELOW 1MPPA	19.8%	20.3%	18.1%	15.1%

Source: ACI EUROPE & UK CAA

UK-EU aviation: jobs & GDP

- ACI EUROPE estimates that currently, EU27-UK air traffic:
 - Supports **285.000 jobs** and is associated with **€13.7 billion GDP** in the EU27.
 - Supports **270.000 jobs** and is associated with **€15.4 billion GDP** in the UK.

Brexit with a deal



Status quo during transition



THE Sun THE PEOPLE'S PAPER FROM 1822

STILL TIME TO JOIN IN
KIDS £9.50
333

BIGGEST GOVT DEFEAT IN HISTORY

FOR 202 **AGAINST 432**

May's Brexit deal dead as a dodo

BREXTINCT

- PM CRUSHED IN COMMONS BY 230 VOTES
- CORBYN'S NO-CONFIDENCE MOTION TODAY

The Economist

The long arm of American law
Betting on China's bad debts
Chickenomics: ducking profitable
Restraining killer robots

JANUARY 19TH 2020 £5.00

The mother of all messes

DAILY EXPRESS

WE'RE BACKING BREXIT

SCHUMACHER Family tribute to stricken F1 ace on 50th birthday

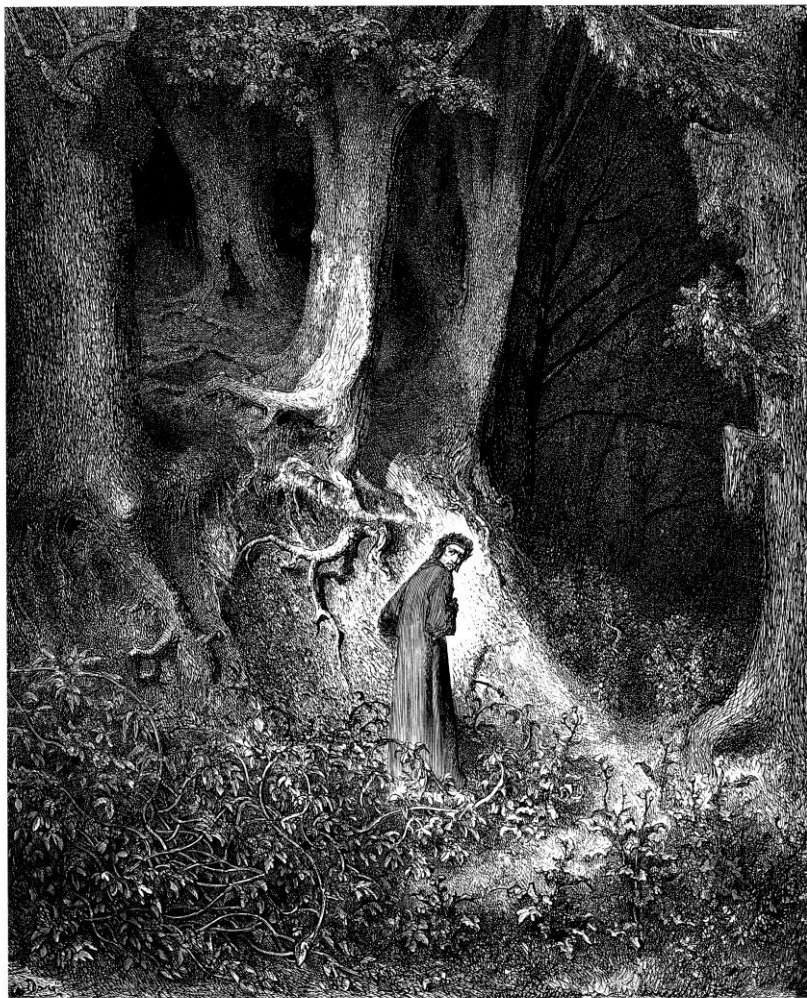
JAVID ASKS: ARE CHANNEL MIGRANTS GENUINE?

EXCLUSIVE: MINISTER REVEALS EU EXIT PLAN

BRACE YOURSELF FOR A NO DEAL BREXIT

Publicity blitz will advise on health care and travel

Cold Feet star on marriage, passionate affairs and loving life at 51



Midway upon the journey of our life / I found myself within a forest dark, /
For the straightforward pathway had been lost.

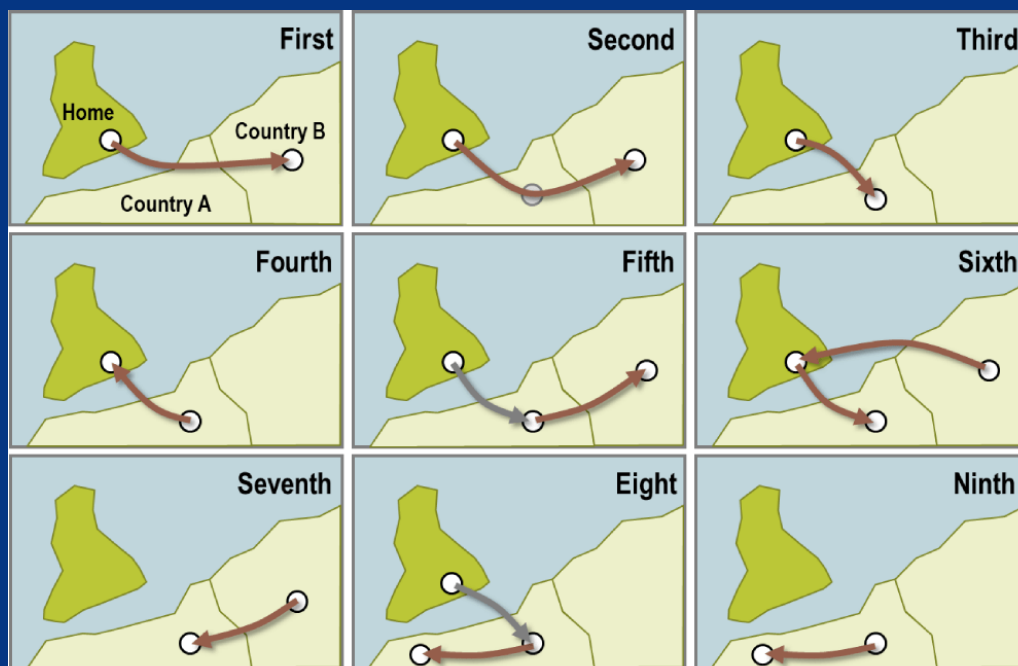
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Brexit without a deal

- Traffic
- Safety
- Security
- Borders

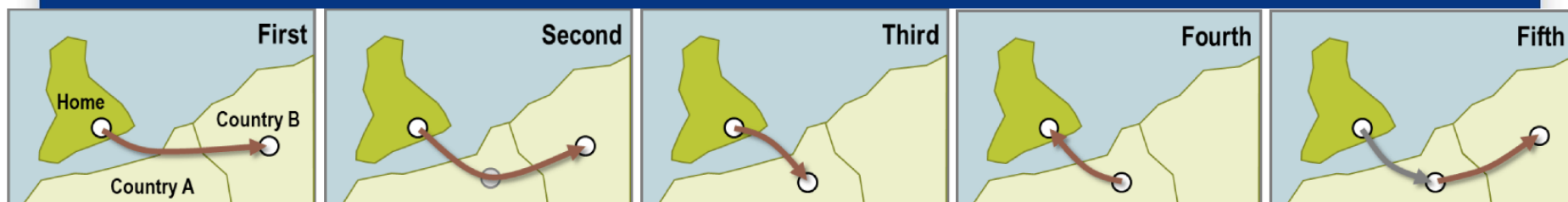
How does air traffic work?

- Aviation freedoms agreed in air services agreements



No-deal traffic rights: EU

- Regulation (EU) 2019/502:
 - Unlimited 3rd & 4th freedoms until 24 Oct 2020, incl liberal code sharing & marketing
 - 5th freedoms for cargo (for 5 months), with capacity freeze



No-deal traffic rights: EU

- Regulation (EU) 2019/502:
 - Unlimited 3rd & 4th freedoms until 24 Oct 2020, incl liberal code sharing & marketing
 - 5th freedoms for cargo (for 5 months), with capacity freeze
 - Temporary ownership & control exemption (6 months) and PSO exemption (7 months)
 - Provisions allowing both dry & wet leasing

No-deal traffic rights: UK

- UK Department for Transport announcement:
 - Reciprocation of EU unilateral measures
 - UK cabotage by EU airlines permissible during upcoming season



No-deal: safety

- Regulation (EU) 2019/494:
 - Transitional arrangements for certain certificates but, for example, not pilot licences due to existing routes
- UK CAA will take over EASA functions

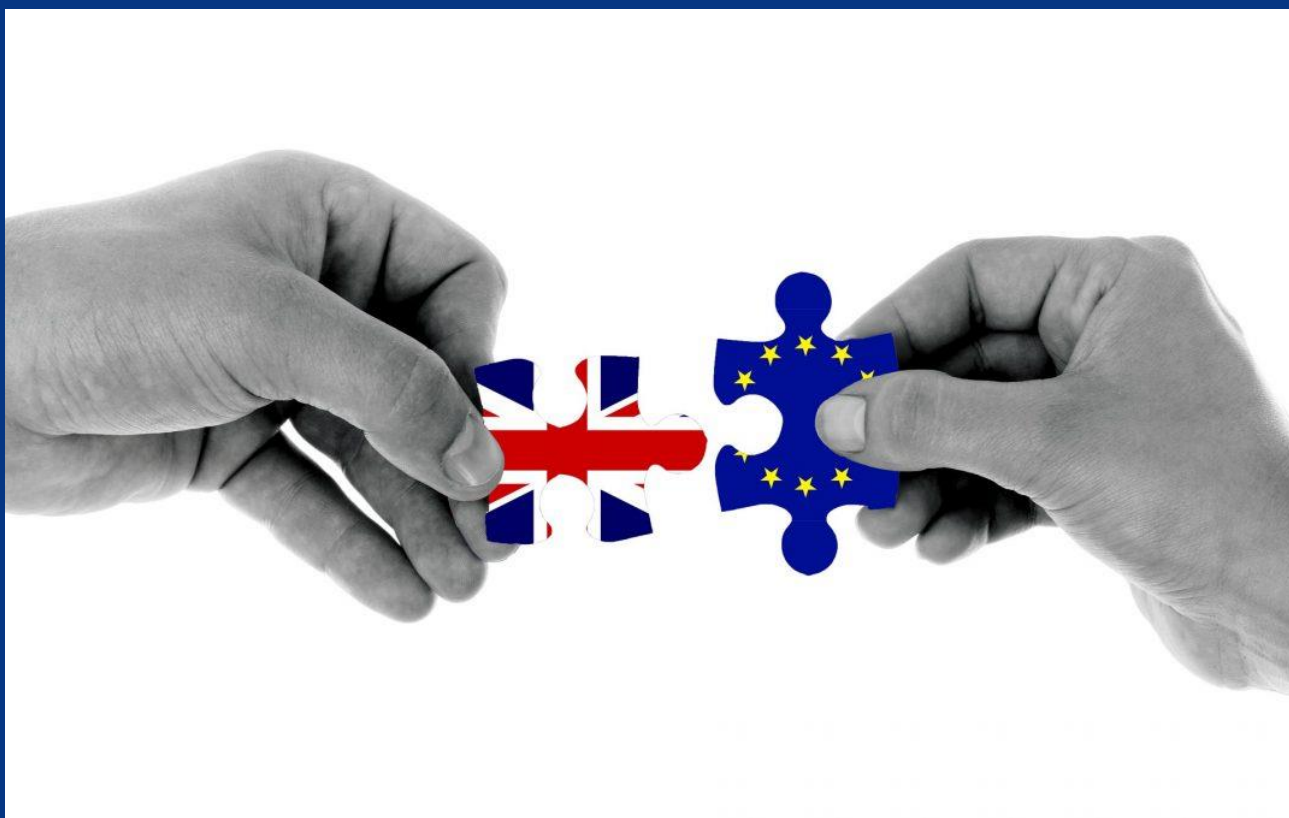
No-deal: security

- EU would include UK in the One-Stop Security regime, including cargo
- UK security screening requirements for all direct passenger flights to and from the UK will remain as they are
- UK intention to recognise EU cargo security
 - No requirement for new cargo security designations for carriers from EU airports

No-deal: borders

- EU: UK is a third country – but implementation could vary
- UK prioritising flow of passengers and goods
 - No change for passengers at UK airports
- New rules on VAT-free & duty-free sales, meaning some declarations necessary

Future UK-EU relationship



UK proposals (June 2018)

- Market access:
 - An air services agreement that includes up to 9th freedoms
- Safety
 - Third-country EASA membership, respecting ECJ remit and respecting need for financial contribution
- Air traffic management and security
 - Continued close cooperation on ATM & security arrangements

The EU's proposals

- EU's third country approach:
 - Unrestricted 3rd & 4th freedoms
 - Restrictions on operation within the EU market (5th possible, 7th only for cargo – no 8/9th freedoms)



Thank you

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