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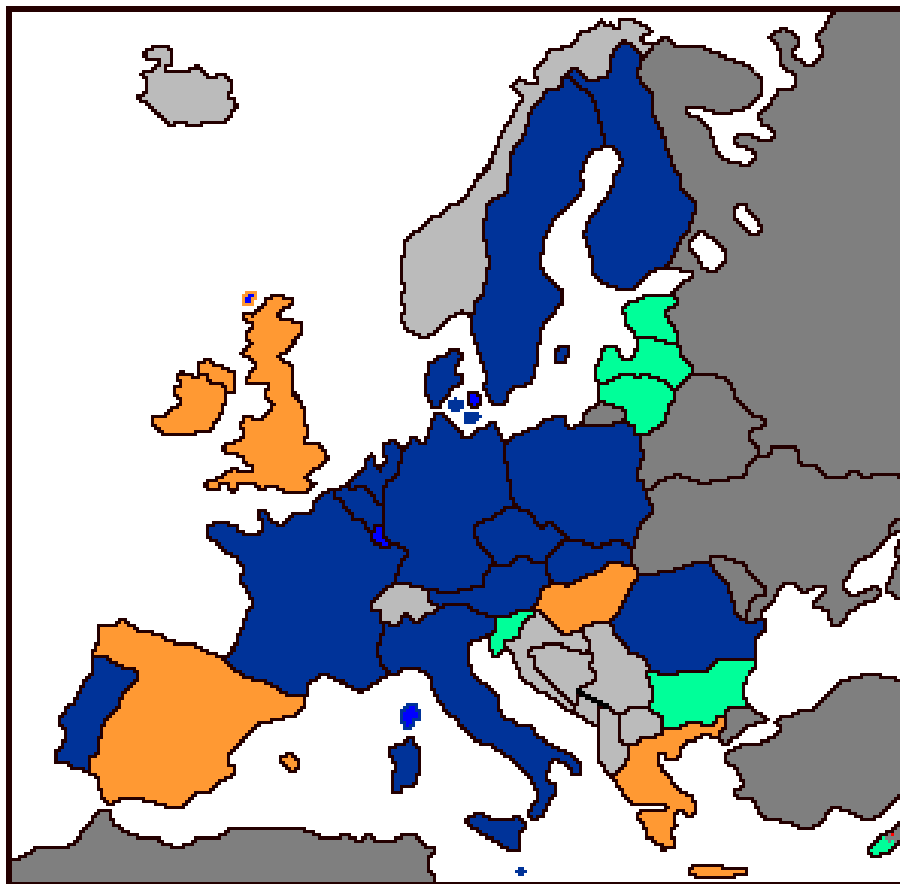
COMMISSION  
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# EU-US Aviation Agreement – what does it mean for Business Aviation?

Dan Edwards  
Directorate General for Energy and Transport  
Directorate Air Transport  
Unit Internal market, air transport agreements & multilateral relations

# ● EU-US first stage: reforms overview

**From 30 March 2008: a single EU-US agreement for 27 countries**



- 16 Open Skies
- 5 Restrictive bilateral agreements
- 6 EU Member states without any agreement



# ● EU-US first stage: basic overview

## “Open Skies +”

### *“Open skies” elements:*

- 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> freedoms without limitations for both sides.
- Liberal agreement on code-share.
- Full cargo 7ths for European side.

### *“+” elements:*

- Rights for EU investors in the ownership and control of other EU, US and certain third party airlines.
- Rights in areas of franchising and branding.
- Deepened regulatory cooperation

## ● EU-US first stage: basic overview

### Not all-encompassing

*It is not an OAA.*

- 7<sup>th</sup> freedom services (e.g. Paris – London)
- Cabotage services (e.g. London – Manchester)

*It does not include full mutual recognition*

- Therefore dependent on the US TSA and FAA for security and safety clearance, as well as DoT for economic regulation.

# ● EU-US first stage: major advances in regulatory cooperation

## Enhanced cooperation leading to mutual benefit

### *Security*

- Joint inspections of airports.
- Commitment to work towards «one-stop» security.

### *Environment*

- Laid the foundation for Atlantic Interoperability Initiative to Reduce Emissions (AIRE) project.

### *Competition*

- Enhanced cooperation between DG COMP and the US DOT to achieve compatible regulatory approaches in competition analysis.

### *State aid*

- Creates forum for discussion of state aid.

### *Joint Committee*

- Forum for discussion of issues of concern



# ● EU-US first stage: the issues for business aviation

## NO 1 - Access to the market

Under US rules, operators need either:

*Part 129 / Foreign operator's permit*

*Part 375 permit for "occasional planeload charters"*

- No sales to general public
- Single charterers
- Valid for up to 12 flights a year

Europe's concerns:

- notice needed
- delays in processing applications
- disproportionate bureaucratic burden re.129 permit



## ● EU-US first stage: the issues for business aviation

### NO 2 – Security requirements

- European operators must apply for security clearance in advance of operation
- TSA - Multiple security requirements. Advanced Passenger Information System (e-APIS) and SecureFlight systems in operation
- DHS - ESTA (Visa Waiver programme) being introduced
- Requirements do not apply to US carriers



# ● Solutions: action in the Joint Committee

## Reassurance obtained from US in Joint Committee

- At the request of the EBAA, concerns raised by EU side in JC in Sept.
- US side provided certain reassurances
  - Pt 129 holders have same rights as US craft
  - commitment to process applications expeditiously
  - Ability to undertake private flights (“flip-flop”) when holding permissions
  - Agreed to provide further details on security issues

# ● Solutions: action in the Joint Committee

## Progress on regulatory convergence in Joint Committee

- Confirmation of agreement reached on mutual recognition of determinations on fitness and citizenship (CFR 211)
  - Referencing approvals by home reg. authority v. proof from first principles
  - No detail needed on:
    - US points to be served, service schedule
    - Nature of organisation (individual, partnership, etc.) ownership, interest in other carriers, maintenance, intercarrier agreements, traffic estimates, safety and tariff violations, etc, etc...

# Solutions: EU-US second stage

## We are only half way there

- **The priorities as set out in the agreement:**
  - » Further liberalisation of traffic rights.
  - » Additional foreign investment opportunities.
  - » Effects of environmental measures and infrastructure constraints on the exercise of traffic rights.
  - » Further access to Government-financed air transportation.
  - » Provision of aircraft with crew.

Type of Agreement	Freedom to Set Fares	Freedom of the Air				Foreign Ownership & Control	Regulatory Convergence
		3/4ths	5ths	7ths	Cabotage (8/9ths)		
Traditional Bilaterals	X	X	X	X	X	X	X
"Open Skies"	✓	✓	✓	✓ Cargo	X	X	X
				X Pax			
Open Aviation Area (OAA)	✓	✓	✓	✓	✓	✓	✓

## ● Conclusions

- US and European systems very different
- Certain aspects such as security sovereign rights outside the scope of the agreement
- Dialogue initiated and some reassurances obtained
- Europe remains willing to pursue issues through the EBAA
- Second stage process should provide better opportunities; regulatory convergence key