

Resetting Air Service Agreements post BREXIT

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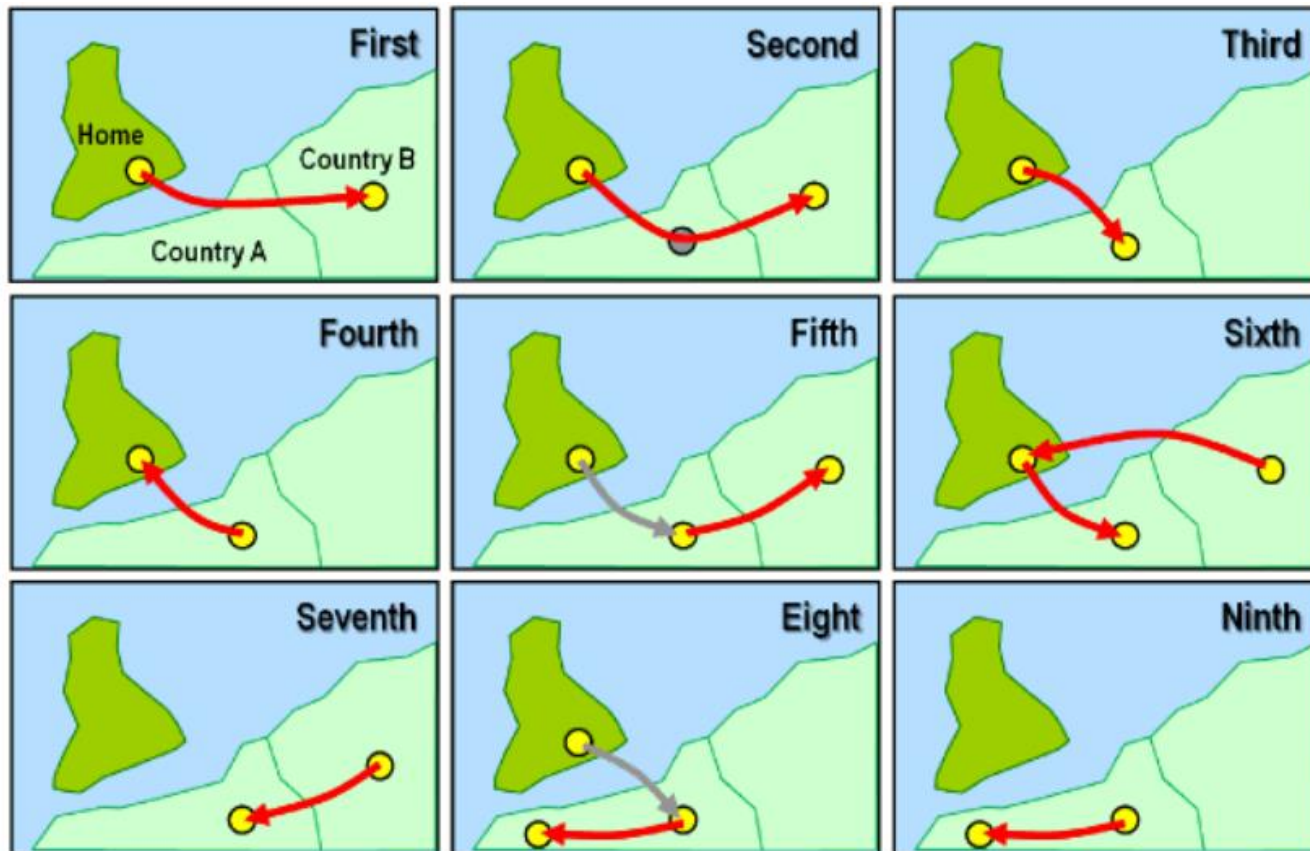
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BREXIT and Air Service Agreements

- **Air Service Agreements (ASAs)** govern who can fly where. They typically only cover flights between the countries signing the agreement and also typically only cover flights by the airlines *owned and controlled* by those countries.
- The choices available to airlines in terms of which routes they can fly are determined by which of the 9 Freedoms of the Air are covered by the ASAs that their home country has in place with other countries.
- Most ASAs cover the first 4 Freedoms. More complex freedoms are less likely to be covered, especially flying between points within another country (sometimes known as cabotage), or flying between countries without a home country leg.
- **When the UK leaves the EU it will need to renegotiate its ASAs not just with the EU but also with third countries.** Most UK ASAs now have EU (not UK) ownership clauses, which will not be valid.
- **The EU may also need to renegotiates some of its ASAs.**

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9 Freedoms of the Air – options for potential coverage of Home and Country A Agreement



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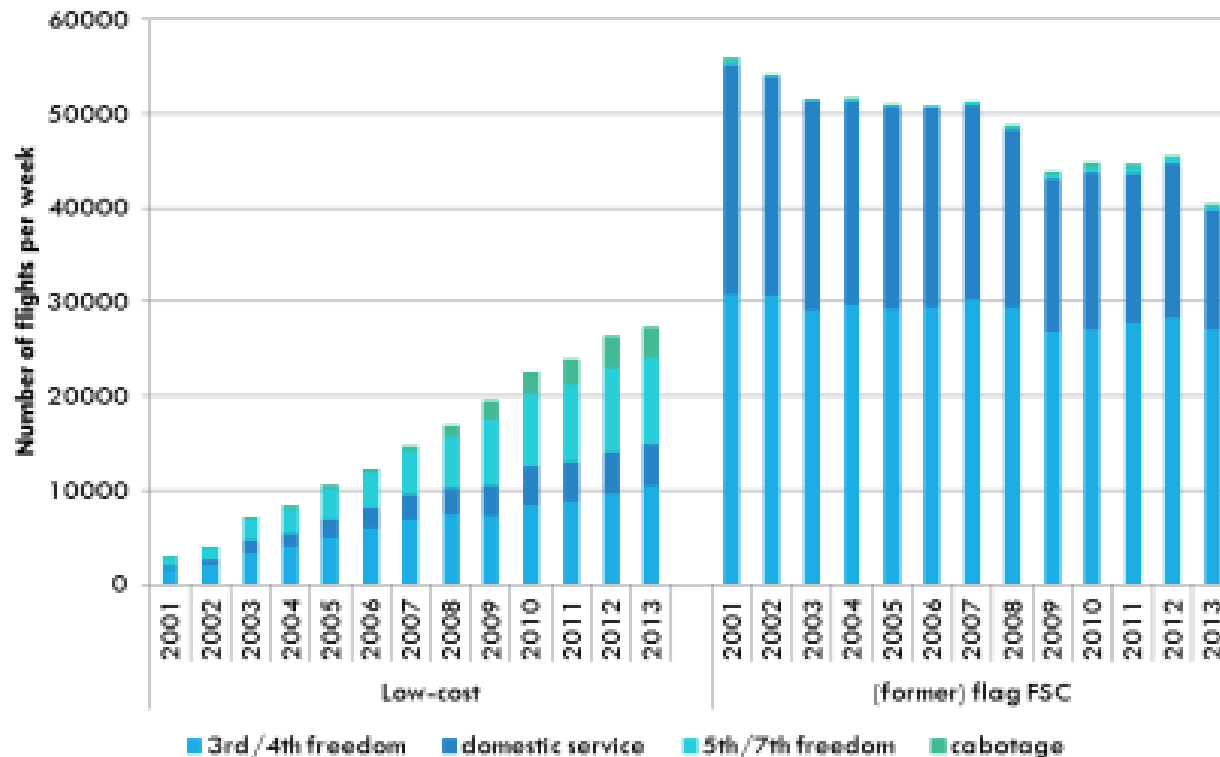
Changes to Freedoms required for fights between	For UK airlines	For EU airlines	For 3rd country airlines
2 points in UK	-	UK-EU ASA: 9 th Freedom	UK-third country ASA: 9 th Freedom
UK and EU country	UK-EU ASA: 3 rd and 4 th Freedoms	UK-EU ASA: 3 rd and 4 th Freedoms	UK-third country 7 th Freedom plus EU-third country ASA: 7th Freedom
2 EU countries	UK-EU ASA: 7 th Freedom	-	-
2 points within an EU country	UK-EU ASA: 9 th Freedom	-	-
UK to EU country to another EU country	UK-EU ASA: 5 th Freedom	UK-EU ASA: 3 rd and 4 th Freedoms	UK-third country 7 th Freedom plus EU-third country ASA: 7th Freedom
UK to EU country to another point within that EU country	UK-EU ASA: 8 th Freedom	UK-EU ASA: 3 rd and 4 th Freedoms	UK-third country ASA: 7 th Freedom plus EU-third country ASA: 7th and 9th Freedoms
UK and 3 rd country	UK-third country ASA: 3 rd and 4 th Freedoms	EU-third country ASA: 7th Freedom from outside EU	UK-third country ASA: 3 rd and 4 th Freedoms
EU and 3 rd country	UK-third country ASA: 7 th Freedom	-	-

Existing intra-EU arrangements

- **In aviation the EU's Single Market takes the form of the European Common Aviation Area (ECAA).** This gives airlines *owned and controlled* by EU members the right to choose intra-EU routes using all 9 Freedoms of the Air.
- Third countries can be part of the ECAA, but they have to apply all EU aviation law fully. Norway, Iceland, Albania, Bosnia and Herzegovina, Serbia, Montenegro and the UN Mission in Kosovo have all signed up to the ECAA.
- To preserve the level playing field within the Single Market, EU rules mean that the ability of EU airlines to fly from within the EU to third countries outside the EU should be the same for any EU airline, even if they are not a national airline of the EU starting point. Achieving this has involved either:
 - EU members' individual ASAs being renegotiated to replace national ownership clauses with EU ownership clauses (Pillar 1 agreements); or
 - The EU negotiating a comprehensive EU wide ASA with third countries. (Pillar 2 or Pillar 3, depending on adoption of EU rules by third countries.)

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Intra-EU+2 market: Existing use of different freedoms of air within EU market varies by type of carrier



Source: OAG; analysis by authors⁹