

ERA Regulatory Affairs

Webinar Update

15 March 2012

Current and future regulatory threats

Purpose

To provide a “High level” brief on the regulatory issues that will have a tactical and strategic impact on members on which ERA is currently working.

Notes:

- Regulatory Affairs activities deal with both future regulation and the impact of existing regulations on the industry
- The presentation will provide **limited** detail on issues being worked on –detailed discussion is dealt with by ERA’s advisory Groups

Contents

- ERA's Regulatory Working Structure
- The process of regulation
- Current issues
- Conclusion
- Questions

ERA's Regulatory Affairs work



- A Regulatory Affairs team within the ERA Directorate
- Technical Affairs, Industry Affairs and Communications advisory Groups to enable interaction and guidance with members on regulatory issues
- The ERA Board for endorsement of overall strategy
- Direct topic specific lobbying but also coordination with other airline trade associations to ensure, wherever possible, a consistent and harmonised message
- Lobbying and communication by members and Directorate staff and increased use of the media
- Use of webinars in 2012 to increase the effectiveness of communication to members

The process of regulation ...

- An initiative started today by the European Commission, EASA or Eurocontrol may not actually impact your business for as much as 3-4 years
- The process of consultation, debate and decision making is slow and involves different stakeholders with diverse interests including airlines, airports, politicians, national governments, unions, regulators, lobby groups and the general public
- Although the effects of legislative initiatives have a long “lead time” to your business, it is essential for the industry to influence the decision-making process from the very first steps taken in Brussels, in Strasbourg or in Koln.

The process of regulation...

- Compromise is inevitable owing to the diverse interests of the spectrum of stakeholders
- Protecting members' interests in this process requires proactive and informed actions at every step of the process
- The effect of current regulation on the industry also requires proactive and informed action on behalf of members

On-going issues in 2012 and beyond

- The effect of existing regulation on the industry
- Proactive lobbying and promotion of the industry
- Funding and implementation of SESAR
- Implementation of the Single European Sky
- New and existing environmental regulations
- New operations and safety regulations
- EC White paper on the future of air transport
- Crisis planning and corporate liability

On-going issues in 2012 and beyond

- European Commission's 'Airports package'
- Emissions trading implementation
- Passenger rights
- Carriage of PRMs
- European Aviation Safety Agency (EASA) activities
 - Implementing Rules Commercial Air Transport
 - Flight and Duty Limitations
- Passenger protection against airline bankruptcy

Current issues

On-going issues in 2012 and beyond

- Anti-terrorist security developments
- Removing the VAT exemption on international air travel
- Advanced passenger data requirements
- National and European taxation developments
- Another industry crisis...

When will it impact you?

2012	2013	2014	→ 2050	20??
National and European taxation developments	European Commission's 'Airports package'	Passengers' rights	EC White Paper	Another industry crisis
IR OPS	Passenger protection against airline bankruptcy	VAT exemption on international air travel		
Flight and Duty Rest Time Limitations (FTL)	SESAR implementation and funding			
European Aviation Safety Agency (EASA) activities	Single European Sky ATM improvements			
Emissions Trading implementation				
Carriage of PRM guidelines				

Some issues in detail

- EC Airports Package
- EASA Activities
 - IR OPS
 - FTL
- Carriage of PRMs
- Passenger Rights
- Emissions Trading
- Bankruptcy protection
- EC White Paper

EC airports package

Issues

- Review of the EU Slot Allocation Regulation
- Review of the EU Ground Handling Directive
- Review of existing regulations on aircraft noise restrictions

Risks

- Loss of regional services from slot coordinated airports
- Greatly increased regulatory burden on the industry
- Introduction of compulsory quality standard for ground handling
- Regulatory intervention to shift regional air services to high speed rail
- Further and non ICAO-compliant noise related operating restrictions at EU airports (new disputes with non-EU countries?)

Timescale/action

- Airport package was released by the EC in Q4 2011
- Clear ERA position defined by the Industry Affairs Work Group Feb12
- Proactive and reactive lobbying campaign to EC, EP and States

EASA activities

Issues

- Implementation of Part Operations IR's, new Flight Time Limitations rules and implementation of Safety Management Systems
- General lack of future 'vision' by EASA

Risks

- New operational regulatory obligations on operators
- New restrictive FTL rules increase cost and limit flexibility
- Requirements to introduce FRMS systems
- Introduction of 'Certification specifications'
- Operators unable to meet regulatory obligations on SMS
- EASA does not deliver genuine improvements in safety

Timescale/action

- ERA Directorate and representatives are active in the development of the rules and supporting members through implementation
- April 2012 EASA Part Ops replaces EU-OPS 1: States can apply a maximum 2 year 'transition' implementation
- EASA to deliver an opinion to the EC and EP on FTL by Q2 2012, it will then be subject to co-decision process with no further Industry input
- Adoption of FRMS techniques for 'soft law'
- Operators must have a formal implementation plan on SMS by April 2012

Carriage of PRMs

Issues

- The EC is drafting interpretative guidelines on the carriage of PRMs that will be ready for use by airports and airline before the 2012 Olympic and para-Olympic Games

Risks

- The guidelines go beyond the scope of the law
- Definitions of PRMs are extended to include, for example, children
- The “safety” versus “right to travel” balance is wrong

Timescale/action

- EC produced first draft in Feb 2012 followed by workshop
- ERA has submitted detailed comments after consultation with members
- A final draft is currently being circulated ahead of a planned publication date and the end of May 2012

Passenger rights

Issues

- The EC is working towards a revision of EU regulation 261/2004 by the end of 2012

Risks

- A revision to 261/2004 increases costs and risk to airlines for passenger care, assistance and compensation
- Limits to care and assistance in the event of force majeure are not agreed

Timescale/action

- ERA responded to the various EC consultations on this subject and further formal consultations are planned
- The Directorate maintains a good relationship with the EC on pax rights issues
- ERA has a clear, published, position on pax rights which allows a consistent position to be maintained

Emissions trading

Issues

- Full implementation of Emission Trading for aviation started on 01 Jan 2012

Risks

- Continued international opposition to EU ETS is undermining the credibility of the scheme and bringing a real risk of an intra EU scheme only

Timescale/action

- ETS is now in full force
- ERA continues to lobby strongly for suspension of the scheme until all international disputes have been resolved or ICAO has been able to develop an international scheme

Bankruptcy protection

Issues

- Initiative launched by the EC in 2010 looking at regulatory options to protect passengers in the event of airline insolvency
- A politically motivated action

Risks

- Regulatory “overkill” for a non-existent problem
- All airlines required to pay into a fund used to deal with affected passengers
- Airlines singled out again for regulatory action

Timescale/action

- Initiative launched in 2010, EC study released and stakeholder hearing in March 2011. Regulatory proposal possible 2012
- Clear ERA position defined by the Industry Affairs advisory Group
- Active presentation and lobbying of the position to the EC & EP

EC White Paper

Issues

- The EC publishes a White Paper on transport roughly every 10 years
- It sets out the EC's vision for transport and provides a framework for future regulatory and political action on transport

Risks

- Aviation is marginalised against other modes of transport
- The value of air transport is diminished and Europe becomes less competitive
- Regulatory plans add complexity, cost and threaten regional services

Timescale/action

- Latest EC White Paper published on 28 March 2011
- ERA Board and Industry Affairs advisory Group undertook a detailed review and comment process
- Proactive follow up campaign to promote positive aspects and counter negative aspects of the White Paper: ERA's Rail Air Study

Conclusion

- ERA continues to
 - represent regional specific interests on a wide range of regulatory issues that will impact your business
 - communicate developments, actions and requests for member input via the weekly News Update, our monthly publication Regional International, ERA's advisory Groups and the ERA Board
- Whilst many issues have a long “lead time” for implementation the process of regulatory development mean they are being worked on now
- The Directorate's aim in this work is to minimise the medium and long term strategic effect of regulation on the industry : WE NEED YOUR CONTINUED SUPPORT

Questions....