**Minutes of the Third Meeting of the Specialised Committee on Air Transport (SCAT)
established by the UK-EU Trade and Cooperation Agreement (TCA)**

Brussels and online, 1 June 2023

1. Opening statements

The two sides welcomed participants present in the room and those joining virtually. Both sides considered that the implementation of the air transport chapter of the TCA had been relatively smooth and without any major difficulty.

2. Adoption of the Agenda

The agenda of the SCAT was adopted, without any changes (attached as Annex B).

During the meeting, the following items were discussed:

3. Market developments

The parties exchanged information on the EU-UK air transport market, highlighting the increase in demand observed in 2022, confirmed by available information for 2023, and the efforts undertaken in advance to prevent any disruption during summer 2023.

The UK elaborated on their overall levels of recovery, still slightly below 2019 levels (86-87% concerning passengers and 82-92% concerning freight) but with certain routes exceeding 2019 figures, which pointed to their air transport market being on track to full recovery.

The European Union (EU) reported total traffic of 126 million passengers with the UK in 2022 with a high load factor, but still around 40 million less passengers and about 10% fewer routes compared to pre-COVID-19 levels. In terms of cargo, there was a slight drop in 2022 compared to 2021 levels but cargo traffic had remained relatively stable over the past few years. Overall, recovery of the EU-UK bilateral market was ongoing compared to other international markets to/from the EU which had already fully recovered.

4. Exchange of information on legislative and policy developments

On **Slots Policy**, the UK was considering similar issues to those identified by the EU. Recently, a stakeholder consultation was launched to assess whether there was a further need for slots alleviation during the forthcoming IATA winter season 2023. In addition, the UK was considering a new arrangement to facilitate slot access for new airlines which could potentially be adopted in 2024.

On **Aviation Decarbonisation**, the UK advised that it will implement a Sustainable Air Fuels (SAF) mandate from 2025, requiring at least 10% (c1.5bn litres) of jet fuel to be made from sustainable sources by 2030. For the period beyond 2030, the UK published a second SAF mandate consultation on 30 March 2023 (to close on 22 June 2023). In addition, the UK is promoting the establishment of a UK SAF industry through Advanced Fuels Funds. Lastly, the

UK underlined its commitment to the target of zero emission airport operations by 2040 as stated in the UK Jet Zero Strategy.

In response to a question on developments regarding the UK's **Passenger Rights and Ground-handling** policies, the UK explained that the report of the consultation on these matters was still in preparation and will be shared once available. In addition, the EU requested information about the potential impact of the **Retained EU Law bill** on aviation, which was provided after the meeting via-mail. The two sides also exchanged views on a third parties' recent mandate for **radio altimeter upgrade** in response to potential 5G interference and it was noted that both sides are monitoring such developments closely, with a view to avoiding any discrimination against EU or UK stakeholders.

On **Fit for 55**, the EU updated on the state of play of the various legislative proposals, such as ReFuelEU Aviation, EU Emissions Trading System (ETS) and the Energy Taxation Directive (ETD).

On the revision of **Regulation 1008/2008, as well as EU rules on slots and airport charges**, the EU explained that work is still ongoing due to the complexity of the files and that more time is needed in order to further assess the different policy options.

On the **Code of Conduct for Computerised Reservation Systems (CRS),** the EU informed that an evaluation of the existing rules led to the decision of merging the CRS of all modes of transport into a new initiative called Multimodal Digital Mobility Services (MDMS). An impact assessment concerning this initiative is currently ongoing.

On the **EU Entry/Exit System (EES)**, the EU explained that this automated IT system will register – in full respect of fundamental rights and data protection – certain information on the passenger and the date and place of entry and exit into the EU. The EES is expected to be operational end of 2023.

5. Issues arising from implementation of the Title on Air Transport

5.1. Bilateral arrangements between the United Kingdom and Member States (Art. 419)

In the context of the **bilateral arrangements** negotiated between the UK and the EU Member States, the UK confirmed that agreement on additional all-cargo services had been reached with 21 Member States. The UK will continue to reach out to the remaining EU Member States.

The EU updated that such arrangements with two additional Member States (Croatia and Slovenia) were in the process of being approved (subsequently adopted after the SCAT meeting on 5 June 2023).

5.2. Airline Ownership & Control

The UK reiterated its position that regulatory control and not the nationality of an airline's owners should be the relevant factor in permitting air services, with the aim of moving towards a system based on the criterion of "principal place of business". Asked about its views on the matter, the EU confirmed that its position had not changed since the previous SCAT meeting.

5.3. Wet-leasing approvals

The UK highlighted the potential benefits of a more flexible approach towards the approval of wet-leasing arrangements given the experience of coping with high demand in the summer of 2022. The TCA requires that carriers on either side obtain approval prior to using aircraft wet leased from a third country, so it is in both sides' interests that, when UK and EU carriers wet lease from one another, the necessary approval procedures should be as swift and flexible as possible.

With the intention to make the approval procedures for wet-leasing as smooth as possible, the UK suggested a "white-listing" approach that would allow airlines on such a list to step in quickly in case of disruptions.

The EU informed that while it is a reality that UK air airlines have to deal with 27 different Member States' civil authorities, it is not aware of any issues with obtaining such approvals. The EU therefore invited the UK to provide more detailed information in writing.

5.4. Ad-hoc higher-freedom operations

Concerning higher freedom operations, the TCA allows the UK and EU Member States the discretion to authorise non-scheduled services so long as they are not a disguised form of scheduled service. The UK had adopted a liberal, flexible approach here, but was concerned about resulting imbalances in favour of some EU air transport airlines. The UK noted that it might decide to limit the number of permits for non-scheduled services that it considers that airlines from a particular EU Member State are benefitting disproportionately compared to the reciprocal benefit potentially available to UK airlines.

The EU recalled that, under the TCA, it is at the UK and EU Member States' discretion to authorise non-scheduled services. The EU also recalled that in this area it is not possible for them to exchange traffic rights on a bilateral basis or to impose obligations on each other to approve non-scheduled flights.

On the subject of ad-hoc higher freedom operations, the UK also raised the heavy administrative burden associated with the handling of Third Country Airline (TCO) authorisations. The UK explained that it had granted 425 TCO authorisations to EU airlines but that it nevertheless continued to experience issues with EU airlines not securing the necessary TCO permits. The UK mentioned they have raised this with the European Union Aviation Safety Agency (EASA) and requested suggestions from the EU on how to handle this issue. The EU requested more information on TCO compliance.

The UK also commented on the largely successful implementation of 'block permits' arrangements for ad-hoc 3rd/4th Freedom operations by UK and EU airlines. However, several EU airlines did not have access to UK block permits due to their licensing authority declining to provide a block permit option for UK airlines. The UK remains ready to continue discussions with all EU Member States to assist the operation of all 3rd and 4th freedom services.

6. Any other business

6.1. Amsterdam Schiphol Airport Restrictions

The UK raised its concern about the Netherland (NL) government's plans to restrict capacity at Schiphol Airport – to the detriment of UK airlines. The UK asked for more information and highlighted the need for NL to respect the principle of non-discrimination.

The EU explained that the TCA, as any other air transport agreement, grants traffic rights but does not guarantee access to slots at slot-coordinated airports. So far as the EU was concerned, capacity restrictions at Schiphol were not incompatible with the TCA and the EU Slot Regulation will be applied in a transparent and non-discriminatory basis. The EU also provided more detailed information about the different steps and the rationale of the NL process concerning the balance approached.

6.2. ATC Strikes

The UK presented figures illustrating the significant operational and economic impact that the ATC strikes in the EU have on UK airlines and the overall aviation market.

The EU took note of UK's concerns but recalled that the right to strike is a fundamental right. The European Commission and EUROCONTROL are monitoring the situation closely.

7. Closing session

Courteous closing remarks were exchanged.

Approved by the Joint Secretary of the
Specialised Committee on Air Transport

Annex – Participation of the Third Meeting of the Specialised Committee on Air Transport

EU delegation (32)

- EU Co-chair of the Specialised Committee on Air Transport
- European Commission Officials
- Delegation of the European Union to the UK Official
- Representatives of the EU Member States

UK delegation (16)

- UK Co-chair of the Specialised Committee on Air Transport
- UK Department for Transport Officials
- UK Civil Aviation Authority
- UK Foreign, Commonwealth & Development Office Officials
- UK Mission to the European Union Official
- Northern Ireland Government Officials
- Scotland Government Officials