

What no deal Brexit would mean for UK aviation?

This briefing aims to show the implications of ‘no deal’ Brexit*, or Extreme Brexit, on aviation. It looks at our current terms with the EU and what a no deal Brexit could mean for the industry.

UK aviation stands to be one of the biggest losers of ‘no deal’ Brexit : higher prices, restricted travel and possibly flights grounded.

- **EU rules are simple:** any EU airline is able to fly between any two points in the EU. Agreements with non-EU countries allow EU airlines to fly to many destinations in the world.
- This has contributed to **fares dropping by 40%** since 1990. In the case of no deal, UK customers would likely see ticket prices surging again.
- EU rules have facilitated the **advent of budget airlines** making travelling much more accessible to people with a smaller budget.¹ Ryanair announced that, in the case of no deal, flights would be cancelled.² Easyjet has already announced that they are opening offices in Austria.³
- It could take **a decade to create a sufficient UK equivalent** to the agency that regulates safety and environmental protection in civil aviation in Europe.
- Theoretically this could mean that in March 2019 **planes will be grounded.**

What is the importance of aviation to the UK economy?

- It contributes **£60 billion** to the economy annually, mostly through flights to and from Europe.⁴
- It employs nearly **a million people.**⁵
- It carries more than **250 million passengers** annually, **135 million of which travel to the EU27.**⁶

How does it currently work?

Currently the UK is part of the European Common Aviation Area (ECAA), deemed by many as **‘the world’s most liberal skies regime’**⁷, and of the European Aviation Safety Agency (EASA), which regulates safety and environmental protection in civil aviation in Europe. Under these rules, any airline owned by an EU national, which is fit and regulatory abiding, can fly anywhere in the EU, as frequently as it likes and charge as much as it likes.⁸ Regarding travel to non-EU countries, the UK currently benefits from EU agreements with these countries. For example the EU-USA Open Skies Agreement allows any American or EU airline to fly to and from the EU and America. **These agreements currently represent the UK’s flying privileges in 44 countries and 85% of UK air travel.**⁹

European integration of the aviation sector put an end to strict rules on routes, prices and passenger allowances. In the last two decades, **flight routes within the EU have increased by 303%**¹⁰ and **fares are down by 40%.**¹¹ The advent of budget airlines made travelling more affordable and accessible.¹²

Implications of ‘no deal’ Brexit

‘No deal’ would be disastrous for the industry and for consumers. With plane schedules written roughly a year ahead of time, there would be ambiguity as early as March 2018 about when flights would stop running and whether airlines could still sell advance tickets.¹³ Ryanair announced that they would “start moving aircraft away from September 2018”.¹⁴ In the words of Philip Hammond, the UK Chancellor, it is not inconceivable that in March 2019 there will be “no air traffic moving between the UK and the European Union”.¹⁵

*By no deal, Best for Britain means both a *complete* no deal - the UK and the EU failing to reach any agreement - as well as a *virtual* no deal - a few piecemeal agreements reached in some key areas but no overall deal. We acknowledge that ‘no deal’ is a worst case scenario. It is currently being presented by the government alongside ‘soft Brexit’, and ‘hard Brexit’ as a credible path for the UK.

Leaving the EASA would unleash legal, regulatory and operational chaos as the UK currently has no domestic body to replace it. The Civil Aviation Authority (CAA), which oversees civil aviation in the UK, would be the most likely candidate to take over but is currently not equipped to do so. Transforming the CAA into EASA-like institution would require mass restructuring and increased staff numbers, all of which would require time (up to a decade¹⁶) and a large cash injection.¹⁷

Losing access to the ECCA would significantly affect air travel. Unlike in the case of trade, there is no World Trade Organisation-like safety-blanket for aviation. Until a deal is struck with EU countries, the UK would have to take a piecemeal approach to ensure that UK aviation can continue to function. The UK would have to rely on the International Civil Aviation Authority's 'Nine Freedoms of the Air'¹⁸ which were established in 1944.¹⁹ In the event of 'no deal' we may lose four of these. For example, as per freedom four 'fly from a foreign country and land in the home country', if you want to fly from Manchester to Milan you will have to use an Italian airline.²⁰ Since EU agreements with non-EU countries will also cease to apply, the UK would have to strike numerous new bilateral agreements. These agreements would likely be more rigid than what the UK is used to.²¹ In the first instance the UK could fall back onto outdated bilateral agreements predating the ECCA. In the case of flying to the USA, the UK could fall back onto the Bermuda Agreements I & II from the 1940s and 1970s. However, these routes are very restrictive, so restrictive that you can only fly from London airports.²²

In Conclusion, in the words of the General Secretary of the British Airline Pilots' Association (BALPA), **"the entire UK aviation sector which employs nearly a million people and carries more than 250 million passengers per annum would be devastated by a Brexit 'no deal'."**

¹Alex Barker and Paul McClean, 'Will Brexit complicate landing rights for UK flights?', *FT*, February 12th, 2017, <https://www.ft.com/content/57c0c01c-ef9c-11e6-930f-061b01e23655>

² Simon Calder, 'Ryanair threatens to cancel flights between UK and EU after Brexit', *Independent*, July 12th, 2017, <http://www.independent.co.uk/travel/news-and-advice/ryanair-brex-it-michael-oleary-open-skies-eu-european-parliament-a7836511.html>

³ Simon Calder, 'Easyjet is setting up a separate airline in Vienna ready for Brexit', *Independent*, July 14th, 2017, <http://www.independent.co.uk/travel/news-and-advice/easyjet-europe-headquarters-vienna-brex-it-luton-london-stelios-budget-airline-uk-leave-eu-a7840461.html>

⁴Ibid

⁵BALPA, "BALPA says a Brexit 'no deal' would spell disaster for UK aviation", October 10th, 2017, <http://www.balpa.org/Media-Centre/Press-Releases/BALPA-says-a-Brexit-'no-deal'-would-spell-disaster>

⁶BALPA, "BALPA says a Brexit 'no deal' would spell disaster for UK aviation", *op.cit.* & David M. Herszenhorn, 'What happens at the Brexit cliff-edge', *Politico*, October 19th, 2017, <http://www.politico.eu/article/brexit-what-happens-at-brexit-cliff-edge/>

⁷Alex Barker and Paul McClean, 'Will Brexit complicate landing rights for UK flights?', *op.cit.*

⁸The UK in a changing Europe, 'Cost of No Deal', *op. cit.*

⁹Institute for Government, 'Aviation and European Common Aviation Area', August 14th, 2017, <https://www.instituteforgovernment.org.uk/explainers/european-common-aviation-area-ecaa-brex-it-explained>

¹⁰Institute for Government, 'Aviation and European Common Aviation Area', *op.cit.*

¹¹Alex Barker and Paul McClean, 'Will Brexit complicate landing rights for UK flights?', *op.cit.*

¹²Ibid

¹³BALPA, "BALPA says a Brexit 'no deal' would spell disaster for UK aviation", *op.cit.*

¹⁴ Simon Calder, 'Ryanair threatens to cancel flights between UK and EU after Brexit', *op. cit.*

¹⁵ Jack Maidment and Steven Swinford, 'Flights between EU and UK could be suspended on day of Brexit, Philip Hammond claims', *Daily Telegraph*, October 11th, 2017,

<http://www.telegraph.co.uk/news/2017/10/11/philip-hammond-refuses-spend-money-now-prepare-britain-no-deal/>

¹⁶ Alex Derber, 'EASA After Brexit', *MRO Network*, August 11th, 2016, <http://www.mro-network.com/safety-regulatory/easa-after-brex-it>

¹⁷Institute for Government, 'Aviation and European Common Aviation Area', *op.cit.*

¹⁸ICAO, 'Freedoms of the Air', *ICAO* - <https://www.icao.int/Pages/freedomsAir.aspx>

¹⁹ These freedoms were established to define commercial aviation rights. There are very few instances where all nine freedoms are adopted, which would be the most liberal approach to aviation, one example is the European Single Market.

²⁰Institute for Government, 'Aviation and European Common Aviation Area', *op.cit.*

²¹The UK in a changing Europe, 'Cost of No Deal', *op.cit.*

²² Richard Corbett, 'Brexit and Aviation', *Richard Corbett*, <http://www.richardcorbett.org.uk/brexit-and-aviation/>