<u>Statement to parliament: Air services</u> <u>to the EU</u>

Leaving the EU with a deal remains the government's top priority. This has not changed.

However, a responsible government must plan for every eventuality, including a no deal scenario.

In December, Cabinet agreed to proceed with the government's next phase of no deal planning. This means we are setting in motion our remaining no deal plans.

Both the EU and the UK have been clear that they are committed to maintaining air services in any scenario. Aviation links are a key priority for the Department for Transport. The UK has the third largest aviation network in the world, and the biggest in Europe. Air travel is vital for both the UK and the EU in connecting people and businesses, facilitating tourism and trade. The UK and EU have a mutual interest in maintaining well-functioning aviation markets.

The government has made preparations to deliver continuity of air services between the UK and the EU in the event that the UK leaves the EU without a withdrawal agreement. We set out in our technical notices in September 2018 that the UK would take a pragmatic approach to any no deal scenario, and provide EU airlines with permission to operate. We expected EU countries to reciprocate and provide permissions to UK airlines.

Following this, the European Commission proposed a regulation to ensure air connectivity in the event that the UK leaves without a withdrawal agreement. A final version of the draft regulation has been provisionally agreed by the EU. This is expected to be confirmed by the Council and the European Parliament shortly.

The provisionally agreed EU regulation is intended to apply after the UK leaves the EU, and would entitle UK airlines to continue operating air services from the UK to the EU until March 2020.

Accordingly, I am today publishing a <u>policy statement</u> to set out how the UK intends to provide the necessary permissions to member state airlines in order for them to operate to the UK. We have made all decisions in relation to how the UK will reciprocate based on 3 key principles.

First, we want to provide certainty and reassurance to industry and consumers.

Second, we want to minimise the potential for disruption.

Finally, we want to maintain a level playing field for UK industry, ahead of future negotiations.

Full details on how the UK will reciprocate are set out in the policy statement. In short, for the 12 month duration of the EU regulation, the UK intends to reciprocate the rights provided in the EU's regulation, and grant EU air carriers a level of access to the UK at least equivalent to the rights that would be granted to UK airlines under the regulation. This includes traffic rights, ownership and control, leasing of aircraft, cooperative marketing arrangements and fair competition.

As an exceptional measure to ensure the continuity of regional services and to minimise disruption, we will for a short period go further and allow member state airlines to operate wholly within the UK for the IATA summer season 2019, which ends on 27 October 2019, ensuring continued regional connectivity and providing time for EU businesses to adjust to new arrangements. We will also allow code sharing on existing services to continue.

While continuing to plan for all eventualities, we also believe that it is right to underline the fact that the UK is taking a positive and pragmatic approach. Overall, we continue to believe that liberal, reciprocal market access is in the best interest of the EU countries and the UK, and we will move swiftly to propose negotiations on this basis in the event that the UK leaves without a withdrawal agreement.