



HM Government

Framework for the UK-EU partnership

Transport

JUNE 2018

Introduction

This presentation is **part of a series produced by the UK negotiating team** for discussion with the EU, in order to inform the development of the future framework.

It **focuses on an element of the vision for our future relationship** set out by the Prime Minister in her speeches in Munich and at Mansion House.

The **future framework will set out the terms of our future relationship**, to be translated into legally binding agreements after the UK's withdrawal.

The **UK and the EU will conclude the future framework alongside the Withdrawal Agreement** later this year.

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Our vision for the future partnership

The United Kingdom wants to build a **new, deep and special partnership** with the European Union.

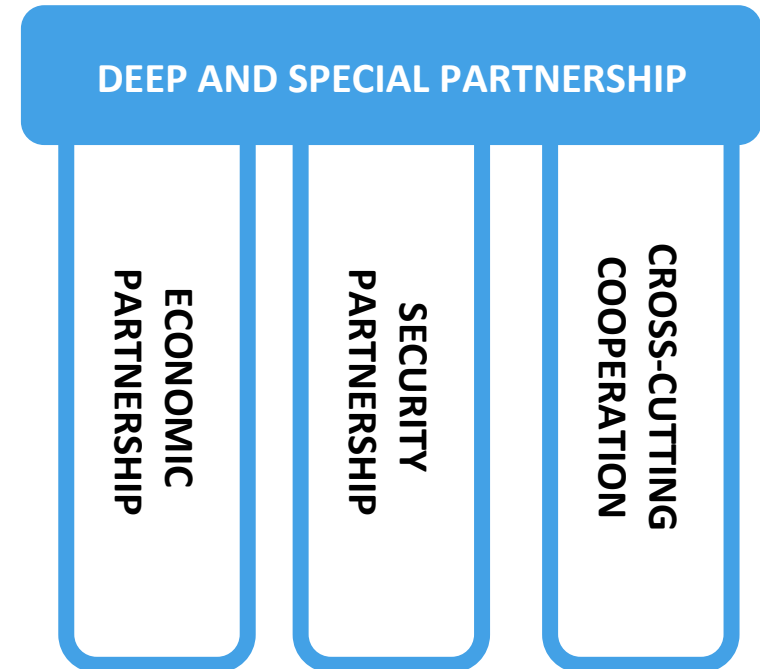
It should be a partnership that **protects our shared interests and values**, ensuring we act together for our mutual benefit.

With an approach that delivers for **the whole United Kingdom** and its Overseas Territories and Crown Dependencies, as well as for the EU.

This partnership should have **two core parts**:

- An **economic partnership**, that goes beyond any existing FTA, covering more sectors and with deeper cooperation.
- And a **security partnership**, maintaining and strengthening our ability to meet the ever evolving threats we both face.

These will sit alongside **cross-cutting areas** such as data protection.



Structure of discussions on the future framework

The UK and EU negotiating teams have jointly agreed the **structure for discussions on the future framework**, reflecting the breadth of the partnership both sides want to build.

BASIS FOR COOPERATION

Structure, governance, interpretation and application, dispute settlement, non-compliance and participation and cooperation with EU bodies

ECONOMIC PARTNERSHIP

Aims of the economic partnership, goods, agricultural, food and fisheries products, customs, services and investment, financial services, digital and broadcasting, transport, energy, horizontal measures and mobility framework

SECURITY PARTNERSHIP

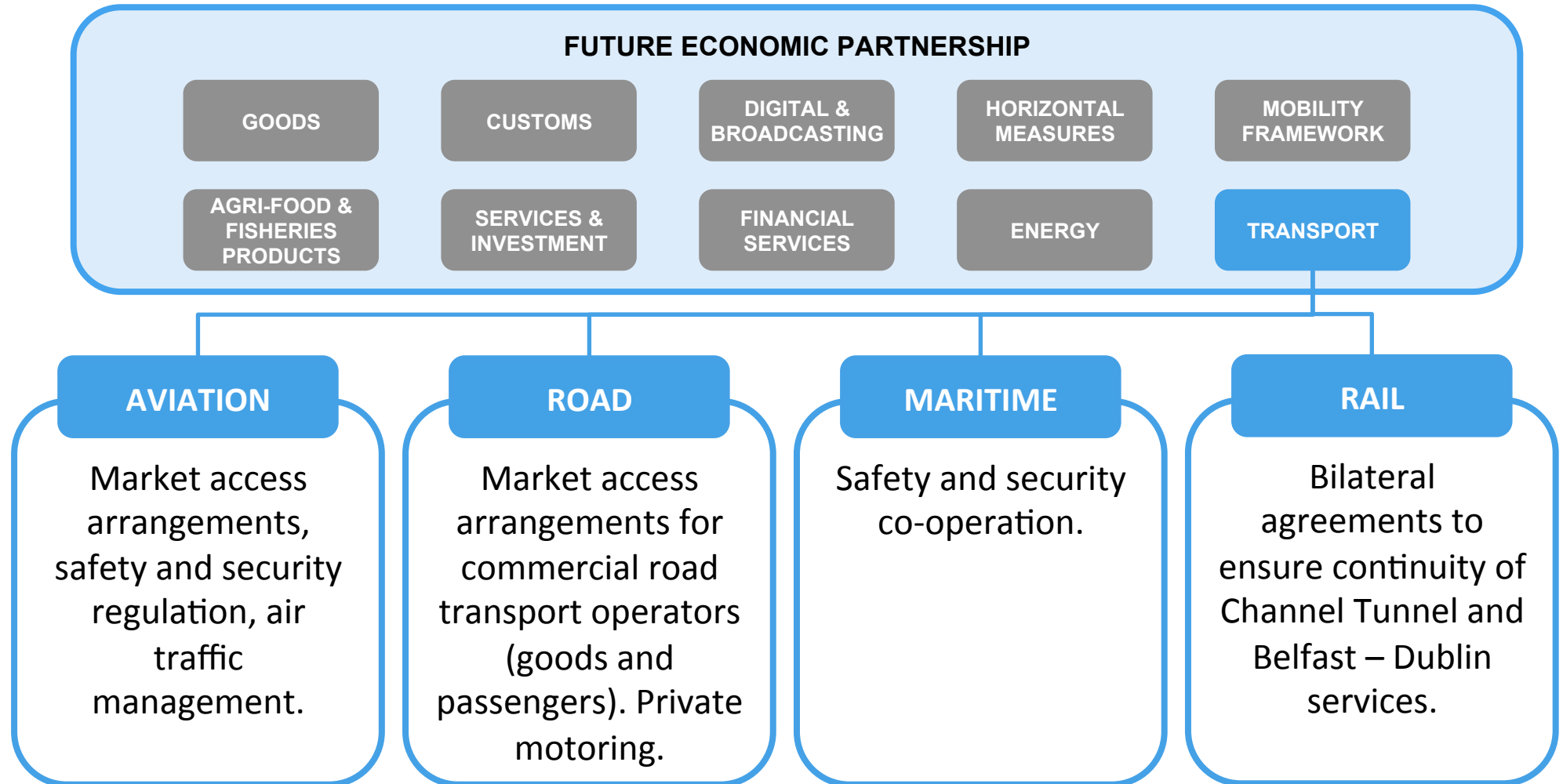
Aims of the security partnership, law enforcement and criminal justice, foreign, security and defence and wider security issues

CROSS-CUTTING/ STANDALONE

Data protection, cooperative accords (science and innovation/culture and education) and fishing opportunities

The role of transport

Efficient transport networks support successful economies, and perform an essential social function.



The UK and EU positions

The UK and EU positions are set out in the Prime Minister's Mansion House speech and the EU Guidelines, which both show the importance of continued connectivity to both sides.

UK Prime Minister

Mansion House March 2018

- “We will want to ensure the continuity of air, maritime and rail services; and we will want to protect the rights of road hauliers to access the EU market and vice versa.”
- “We will also want to explore with the EU, the terms on which the UK could remain part of EU agencies such as those that are critical for the...aerospace industries: ...the European Aviation Safety Agency.”
- “If we agree that the UK should continue to participate in an EU agency, the UK would have to respect the remit of the ECJ in that regard.”

European Council Guidelines

March 2018

“aim should be to ensure continued connectivity...
...This could be achieved, inter alia, through an air transport agreement, combined with aviation safety and security agreements, as well as agreements on other modes of transport, while ensuring a strong level playing field in highly competitive sectors”.

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Aviation: context

Air travel is a vital and growing means for connecting people and businesses, and for facilitating tourism and trade, between the UK and the EU.

COMPETITION

Liberalisation of aviation in the EU has **enhanced competition**, leading to significant benefits for European consumers.

ROUTE EXPANSION

Intra-EU routes between EU Member States grew **303%** 1992-2015, while extra-EU routes grew by **165%** in the same period.

CONSUMER DEMAND

In 2015 for example, **almost 920 million passengers passed through 450 EU Airports**, which is nearly three times more than in 1992.

UK ROLE

UK has the largest aviation network in Europe and the **third largest in the world**, handling 250 million passengers every year.

UK-EU TRAVEL

In 2017 **164 million passengers travelled by air between the UK and the EU**, with 185+ airports in the EU having at least a weekly UK service.

Aviation: stakeholder views

A liberal arrangement for aviation is in the mutual interest of **the EU and the UK**, as demonstrated by voices across Europe making the case for continued cooperation.

ACI Europe and the AOA

“ACI EUROPE and the UK Airport Operators Association urge negotiators to put the passenger at the heart of a future deal to ensure they continue to benefit from this excellent air connectivity, whether they live and work in the EU, or in the UK. That is why we call both on EU27 and UK negotiators to seek a future agreement that mirrors as closely as possible today’s arrangements.”

IAG (Iberia, Aer Lingus, Vueling LEVEL and BA)

“Securing what exists today, which has been hugely beneficial to consumers, should be the focus. [...]Certainly from my experience of talking to other airline CEOs around Europe, with a few exceptions, most of them want to see what is in place today continue.”

Aviation agreements: precedents

We can be informed by, and take inspiration from established precedents, but need not be constrained by them. All agreements are tailored to their circumstances.

SAFETY AGREEMENTS

- The EU has aviation safety agreements with, for example, US, Canada and Brazil.
- They provide for regulatory cooperation, but each party maintains their own regulatory frameworks which may diverge.
- Requirements for certification are reduced, but automatic mutual recognition is not possible.
- The parties have a dialogue but do not work in partnership to prepare identical regulations.

AIR SERVICES

- The EU has aviation agreements with several countries which are each tailored to their particular circumstances.
- Provisions on fair competition are included in agreements, but are proportionate to the access granted in the agreement.
- The EU-US Agreement liberalises services to and from the EU/US with some additional rights. Both parties commit to allow airlines to compete fairly and equally.
- The EU-Switzerland Agreement goes further, providing rights for services between any countries within the agreement. Consequently, the parties have aligned regulations.

Fair and open competition

Commitments on fair and open competition in FTAs are commensurate with the level of market access provided for. This also applies in Air Service Agreements (ASAs).

The TF50 slides on the framework for the Future Partnership indicated that ‘level playing field’ commitments would be important for socio-economic cooperation, including transport.

The Guidelines indicate that the EU believe broad ranging commitments are needed, including on issues as diverse as tax, competition and the environment.

Precedent shows that stronger commitments in FTAs to fair and open competition are normally associated with deeper levels of market access. Where market access is limited, fair and open competition provisions are also limited.

This is also true for ASAs. Where access is limited to services between the parties, commitments on fair and open competition are less extensive. Where further freedoms are granted, more stringent commitments are entered into. In both cases, the commitments are not as broad as the commitments envisaged in the Guidelines.

The UK wants access to each others markets on fair terms. Any commitments on fair and open competition, must be proportionate to the level of market access.

UK proposal for aviation

We seek a comprehensive agreement on air transport, providing continuity of services and opportunities, supporting growth and innovation in the future.

MARKET ACCESS

- A future partnership deal that maintains connectivity, and allows services to evolve, providing choice at affordable prices for citizens and businesses across Europe.
- Maintain arrangements for UK and EU licensed air carriers to operate air services to, from, and wholly within the territory of both the UK and EU on an equal basis (i.e. including 7th and 9th freedoms).

AIR TRAFFIC MANAGEMENT AND SECURITY

- Cooperation on Air Traffic Management to maintain interoperability, particularly given our geographical proximity and the volume of air traffic involved.
- Cooperation on security to address common threats.
- Cooperation to shape International standards and recommended practices at ICAO.

EASA PARTICIPATION

- Regulatory burdens for businesses would be minimised across Europe, supporting continuous improved safety outcomes for all. We would continue to provide our technical expertise.
- If we agree that the UK should continue to participate in an EU agency, the UK would have to respect the remit of the ECJ in that regard, and make an appropriate financial contribution.
- The Commission has said that the UK will not have automatic membership, but there is an established legal mechanism for third country EASA participation.

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Road transport - goods and passenger: context

EU and UK businesses rely on a highly integrated cross-border road haulage market to support imports and exports, and the maintenance of integrated supply chains.

GOODS VEHICLES

In the year ending March 2018, 3.5 million road goods vehicles travelled from Great Britain (GB) to Europe; and in 2017 UK Heavy Goods Vehicles (HGVs) made 261,000 trips from GB to Mainland Europe and 83,000 trips from GB to the Irish Republic.

FREIGHT

Over 80% of the freight transported by HGVs between the UK and continental Europe are operated by EU hauliers.

COACH TRAVEL

In 2016, 1.4m visitors from the EU arrived in the UK by coach and 1.5m UK residents travelled by coach to the EU.

PRIVATE MOTORISTS

In 2016, there were 5.8 million UK to EU car journeys (excluding cross-border car journeys on the island of Ireland).

Road transport: stakeholder views

There is widespread industry support for continued liberalised flow of road haulage, in both UK and EU27.

International Road Transport Union (IRU)

“Frictionless trade and road transport movements between the UK and the EU in a post-Brexit scenario will be absolutely key”

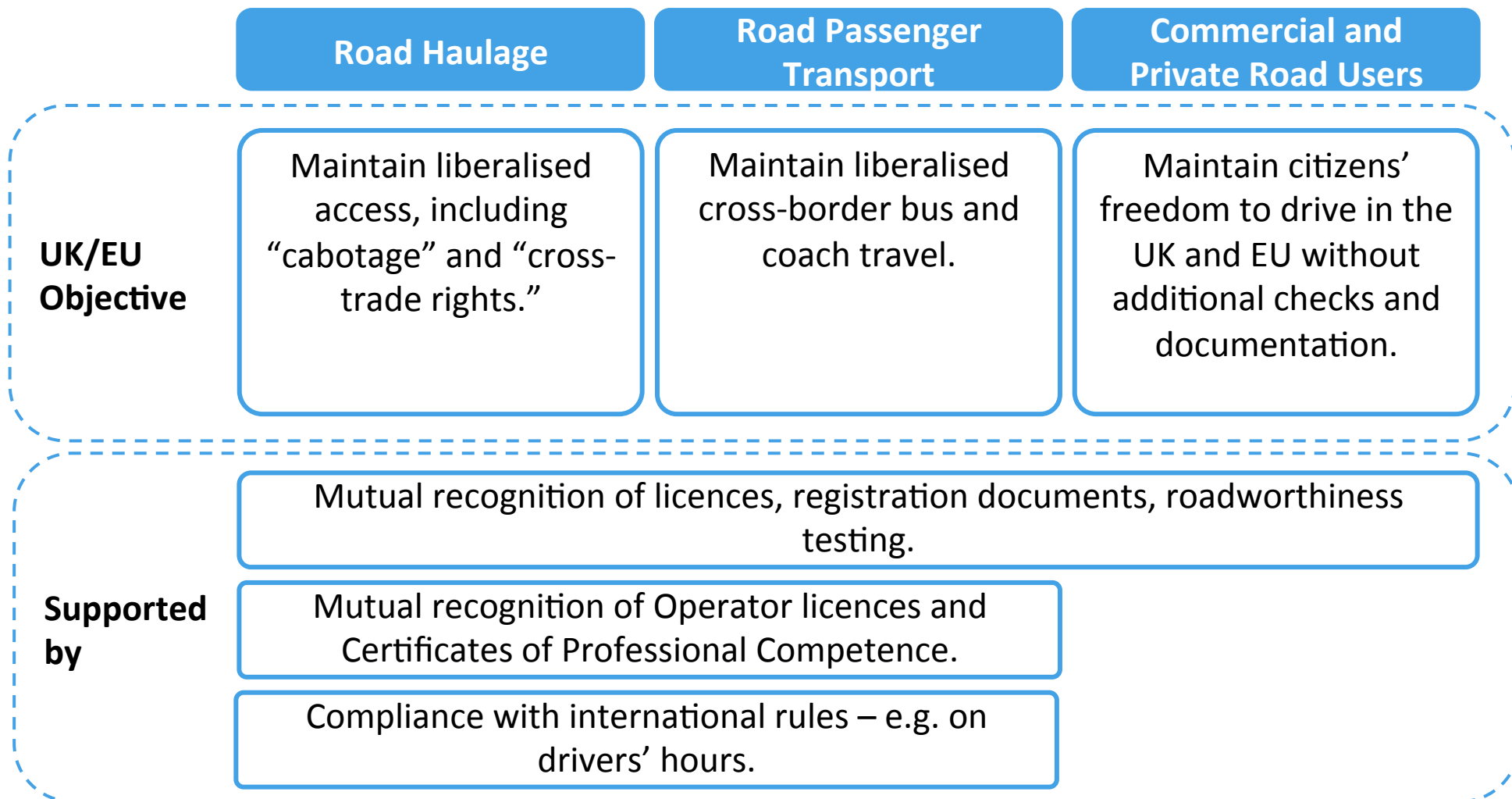
“... low administrative burden including red tape will be paramount in a post-Brexit world in order to sustain competitiveness and efficiency in the carrier and logistics industry in the EU and UK.”

Road Haulage Association (RHA)

“The effectiveness of the road haulage industry in enabling the efficient working of the UK/ European supply chain is built on the ability of goods vehicles to move freely through borders without the need for permits or limited by quota. It is essential that these conditions be maintained.”

UK proposal for road transport

The UK wants an enduring solution that negates the need for permits, additional documents, and systematic document checks for all road users.



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Conclusion

This presentation has set out the **UK's objectives for the relationship on transport**, and the principles that should guide our approach to securing an enduring solution in the interests of the UK and EU.

It is clear that **no single existing precedent meets the UK's or EU's ambitions** but there are practical examples from which we can build.

The UK considers that any **commitments to fair and open competition should be commensurate with the level of market access** provided for.

Taken together, our proposed approach would **make the most of our unprecedented situation**, and this unique opportunity to work together to support our shared prosperity.

The UK and EU will continue to be important partners, both for trade, and for citizens, whether travelling for tourism, or visiting family and friends. We should encourage **connectivity and innovation**, and avoid barriers whether through discrimination or process.

We only have a short amount of time to negotiate a partnership that benefits both the UK and the EU. It is therefore **in our mutual interest to agree a negotiating process** that makes the best use of the time available.