

Wet-leasing deal is a win-win

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European pilots welcome the changes to the rules on wet-leasing arrangements between EU airlines and 3rd country carriers agreed upon by the EU Institutions at a 'Trilogue' meeting yesterday evening. The revised article 13 of EU Reg. 1008/2008 will allow the EU to lift the existing time restriction on wet-leasing (i.e. leasing aircraft with crew) and solve a dispute between the EU and the US. At the same time, the amendment will prevent the ever-increasing creative airline set-ups in the EU that include wet-leasing such as empty shell companies, owning only one or two aircraft, while all others are wet-leased from 3rd countries. Without this amendment the effect on both EU quality employment and safety standards would have been potentially devastating.

"We'd like to praise the efforts of the European Parliament's Transport Committee, the S&D Group Rapporteur on this file – Ms Tapardel – and the Member States' authorities," says ECA President Dirk Polloczek. "Their input was crucial for preventing the risk of a gradual, but severe replacement of European production and quality aircrew jobs by 3rd country aircraft & crew. The Commission's original proposal had the potential to 'convert' 3rd country wet-lease into a regular – and highly problematic – feature of European airlines' business models. The risk has now been averted."

Throughout the revision process, ECA had cautioned against introducing unlimited and unrestricted wet-leasing, without sufficient guarantees that it will not be abused. But under the new Trilogue agreement, the more flexible wet-lease provisions would only by applicable to 3rd countries that have a sufficiently mature aviation relationship with the EU. Notably those that have an Air Transport Agreement with the EU in place since 2008 – such as the US – would qualify for this wet-leasing opportunity.

The EU Ministers backed this change and strengthened further the text by adding the principle of reciprocity. A new recital now mentions 'Reciprocal rights and obligations' for the parties, i.e. the EU and the 3rd country. This requirement is particularly important. Some countries have national legislation in place that protect their domestic markets and jobs and would make it potentially impossible for EU airlines to benefit from unlimited wet-leasing opportunities in those markets, even if an Agreement would allow to.

"The bottom line is the EU Ministers & Parliament made a wise decision. The Trilogue agreement on the new Article 13 will allow the EU and US to resolve their outstanding issues and to wet-lease aircraft from each other. At the same time, the EU market growth and crew employment will not be exported abroad. It is a win-win," says Dirk Polloczek.

Further reading: <u>EU to liberalise wet-leasing</u> | <u>EU wet-leasing rules opening Pandora's box</u>

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<u>Note to editors:</u> ECA is the representative body of European pilot associations, representing over 38.000 pilots from across Europe, striving for the highest levels of aviation safety and fostering social rights and quality employment for pilots in Europe. Website: <u>www.eurocockpit.be</u> & twitter <u>@eu_cockpit</u>

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