Background of cross-border transferability

The nature and structure of the global aviation industry has fundamentally changed over the past four decades for reasons such as deregulation and reduced levels of governmental financial support. Operators have also adopted more outsourcing of aircraft flight operations and ground handling across international borders and are using code-sharing, alliances and leasing to gain operational flexibility and reduce capital outlays.

Due to these changes, an aircraft is increasingly likely to have multiple transfers of nationality over the course of its useful life, yet many regulations and related processes continue to implicitly assume that operators own and retain an aircraft for most or all of its useful life. AWG refers to such changes in nationality as a 'cross-border transfer' or "an XBT" of an aircraft and the related field of regulation and practice as 'cross-border transferability' or simply 'XBT'.

The overriding objective of AWG work on XBT is to seek alignment of international regulation, national law, and best practices with the realities of cross-border transfers while at all times maintaining or improving the highest standards of safety through processes that reduce regulatory overlap and duplication and promote consistency, accuracy and simplicity. That entails working with all impacted constituencies to significantly accelerate current efforts (mainly undertaken through regional efforts and bi-lateral agreements) to develop harmonized regulations and procedures that streamline aircraft importations and re-registrations, confirmations of airworthiness and issuance of applicable certifications.

A side benefit of such alignment is a reduction of the significant costs and operational burdens currently imposed on regulators, owners and operators which do not enhance aviation safety. AWG commissioned an **economic impact assessment** in the field of regulatory requirements impacting XBTs. The study, carried out by SGI Aviation, concludes that, over a 20-year period, the cost of dissimilar but not safety-related regulatory requirements impacting XBTs could exceed as much as USD 7 billion. The study includes several recommendations designed to reduce such costs without compromising, and in some respects even enhancing, safety.

Antiquated and inconsistent XBT regulations and processes have been addressed by certain jurisdictions through bi-lateral agreements on aviation safety (**BASAs**). AWG notes with approval the 2008 EU - US bilateral agreement on aviation safety (Agreement between the United States of America

and the European Community on cooperation in the regulation of civil aviation safety). AWG has contributed to implementation of this landmark agreement through work in the technical bodies created under that agreement. Moreover, this BASA has provided a useful framework for much of the work being done by the International Civil Aviation Organization (**ICAO**) and the ICAO XBT Task Force discussed below.

