

Submission by Aviation New Zealand

1 Executive Summary

- 1.1 This submission is made by industry association Aviation New Zealand. At the big picture level, we believe it essential that the UK remains part of the European Aviation Safety Agency (EASA). If this is not possible, we ideally would see a UK CAA/EASA relationship with mutual recognition.
- 1.2 We give six examples of current commercial UK/New Zealand relationships that could be affected if Britain leaves EASA or BREXIT fails to give mutual recognition. These commercial relationships must be able to continue under a UK/NZ FTA.
- 1.3 European Data Privacy, Government tenders, Government contracts, intellectual property and Company/financial/banking/legal structures/visas are other areas that need to be considered in future UK/New Zealand relationships.

2 Introduction

- 2.1 Aviation New Zealand is an aviation industry body with over 300 members and 1360 stakeholders. Founded in 1950, we exist to support the safe growth of aviation in New Zealand.
- 2.2 Members range from large companies such as Air New Zealand, medium sized companies (The Airwork Group, Oceania/Salus Aviation Group, Fieldair) to tertiary training institutions and a diverse range of small owner operated businesses.
- 2.3 Members include agricultural companies, air operators (fixed wing and rotary), aircraft designers and manufacturers, the UAV industry, airports, aviation trainers, emergency and medical services companies, helicopter companies, and parts manufacturers.
- 2.4 Companies operate internationally, sell to over 100 countries on all continents including Antarctica.
- 2.5 The UK/NZ Aviation market is very important. A Bilateral Air Service Agreement was negotiated in 1982 and renegotiated in 2005. Of significance to this organisation and our members however, are the close UK/NZ bilateral relationships encompassing the supply of goods and services, the collaborative work some companies undertake in third country markets and two-way investment. We need to preserve and grow these beneficial aviation relationships, to mutual economic advantage.

3 Comments

- 3.1 **UKCAA and EASA.** We believe that UK membership of EASA is essential. UKCAA contributes strongly to EASA, has and can continue to influence the direction of aviation legislation in Europe. If UK membership of EASA is not continued, then the UK CAA regulations must be as closely aligned to EASA as possible (i.e. mutual recognition).
- 3.2 EASA regulations are increasingly the norm in Asia. Changing global supply chains, the development of UK supply chains into Asia and the growth occurring in Asia can all be accessed through a strong UK/EASA relationship. Six practical examples follow of how UK/New Zealand business relationships are accessing and developing commercial opportunities, to mutual advantage.
- 3.3 Aspeq works in partnership with UKCAAi for the provision of aviation assessment services in the UK and around the World. It is important for Aspeq business with UKCAA that Britain maintains a strong relationship with EASA. If the UK/EASA relationship is not maintained it could compromise the international competitiveness of the UKCAA and Aspeq relationship. The UKCAA/Aspeq relationship allows both to target opportunities in third markets.
- 3.4 Company 1 has been exporting precision engineered components to Rolls Royce in the UK since 2009 and now participates in Rolls Royce supply chains in the Middle East and Singapore. Other New Zealand companies participate in this work from time to time. This UK/New Zealand relationship improves competitiveness and allows us both to access third country markets.
- 3.5 Generation Global is an approved supplier of aircraft interiors to BAe Systems and several other EU aircraft manufacturers. The company designs and manufactures in New Zealand, manufactures in Malaysia and supplies the UK and global markets. The New Zealand operation is EASA certificated.
- 3.6 Company 2 was set up from the UK to provide airworthiness and design assistance through to production organisation approval for New Zealand companies wishing to access the EU market. Company 3 in particular has benefited from this relationship in securing work with AIRBUS. Company 2 is helping other New Zealand companies access opportunities in the UK and EU.
- 3.7 CTC Aviation Training (UK), now L3 CTS Aviation Academy, has a major investment in pilot training in New Zealand and generally trains to EASA. Most

cadets learn to fly in New Zealand, are type rated in the UK and are then employed by EU airlines, especially British airlines.

- 3.8 AIM Aviation from the UK bought Altitude from Air New Zealand in 2014 to create AIM Altitude, an aircraft interiors company. This gave the group design, engineering and manufacturing capability in both countries. While now owned by AVIC International in China, AIM Altitude continues to function as an independent company, supplies the major aircraft manufacturers and is EASA certificated in both the UK and New Zealand.
- 3.9 The ability for UK civil aviation regulations to align with EASA post BREXIT, and for NZ aviation regulations to be aligned with EASA (as happened with the new NZ CAR Part 147 and the professional pilot training programme) are critically important for us to access growth markets in Asia/Pacific. We also believe there are opportunities for closer NZCAA/EASA alignment.
- 3.10 The UK leaving EASA and creating different regulations would create a new level of difficulty, complexity and cost for UK and NZ aviation companies. It would not be in the best commercial interest of either UK or New Zealand aviation companies, especially as we jointly access opportunities in third markets.
- 3.11 *We believe that the UK should remain part of EASA. If the EU determines that this will not happen, then we need UK civil aviation regulations to be closely aligned with EASA (i.e. mutual recognition).*
- 3.12 **European Data Privacy.** At present data privacy is harmonised throughout the EU. If there were major changes between the UK and EU for data privacy or restrictions on the UK this could affect the reach of UKCAA and Aspeq into European markets. *We recommend that trade deals between the EU and the UK become identical in this regard and that mutual recognition of data protection laws be included in the Britain/NZ FTA and the EU/NZ FTA.*
- 3.13 **Government tenders.** At present there is a harmonised process for government tendering in the EU. Changes to tendering processes could increase tendering costs and/or impact on competitiveness. *We recommend continued harmonisation in the EU and UK trade agreements.*
- 3.14 **Government contracts.** The contracting conditions in the EU are generally consistent, with standardised contract requirements. Changes to contract condition could increase costs and could affect competitiveness. *We recommend continued harmonisation in the EU and UK trade agreements.*

3.15 **Intellectual property (IP).** IP protection in the EU is well defined and consistent across EU countries. Changes to the IP legislation between the UK and EU could have an impact on our ability to have consistent IP protection in the region. *We recommend continued harmonisation in the EU and UK IP arrangements.*

3.16 **Company/financial/banking/legal structures/visas.** Much New Zealand law has its origins in UK law. This makes it easier for our companies to do business together. But the existing framework allows New Zealand companies based in Britain to work in the EU and vice versa. We currently have New Zealand aviation companies with representation in the UK and in Europe. *We recommend that the current flexibility be retained but that thought be given as to how the UK/New Zealand relationship could be strengthened.*

4 Conclusion

4.1 We see real merit in the UK remaining part of EASA so that the types of commercial relationships that already exist between UK and New Zealand companies can be developed further. If this is not possible, then the British aviation system should be as closely aligned to EASA as possible, desirably to mutual recognition. The system of business between the UK and EU should also be maintained but there are areas that could be looked at in terms of strengthening the bilateral UK/New Zealand relationship.

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