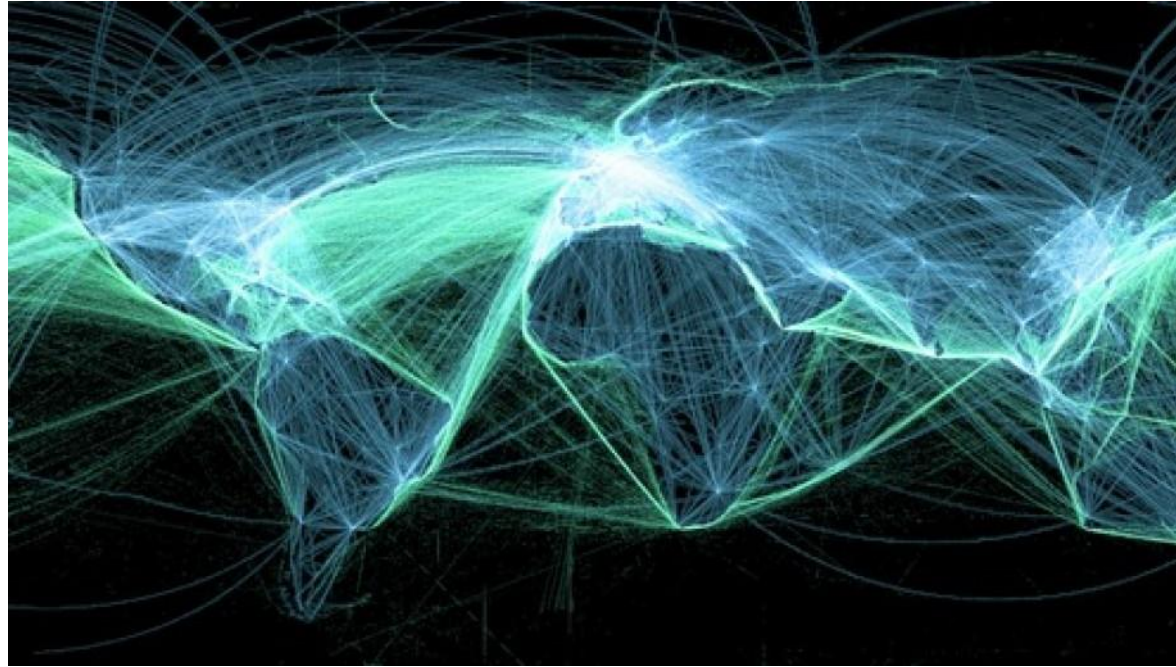


**(1) Status of cross-border transferability (XBT) project,
(2) Core issues going forward on XBT**



20 June 2018

**African regional event on the Cape Town Convention and its Aircraft Protocol
and cross-border transferability of aircraft**

Westin Hotel, Cape Town, South Africa

**Daniel da Silva, vice president strategic regulatory policy, Boeing and Donald Gray, partner, Blake Cassels & Graydon
and Jeffrey Wool, secretary general, AWG**

Historical, legal and economic background on XBT

- Existing XBT regulatory framework developed when commercial aircraft were purchased directly by their owner/operators and used for its useful life. At that time, there few cross border transfers (changes of nationality registration), and, thus, limited need for international harmonization, standards, and procedures
- Substantial increase in leasing (now over 40% of all transactions) has fundamentally changed that paradigm. As a result, highest safety standards and efficiency require a revised regulatory framework
- That framework should address, and reduce, complexity and inconsistency of state-to-state XBT process
- Some jurisdictions have resorted to actual or de facto limitations on importation and/or use of aircraft based on calendar age, which are not based on safety-related data and has substantial adverse impacts

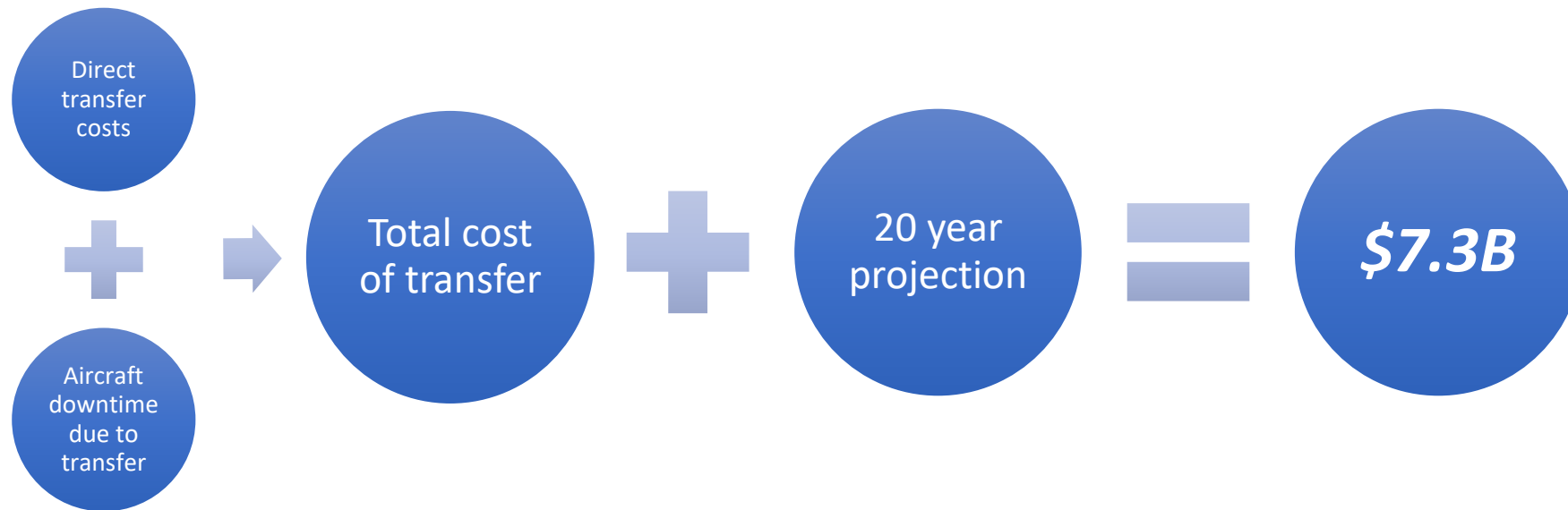


- The Chicago Convention implicitly encourages harmonization of applicable regulatory regimes, by setting universal standards for safety and security, including technical requirements [Art. 37]
- Similarly, Art. 22 of the Convention requires international recognition, without further action, of certificates and licenses issued with equal to or above the minimum standards
- The above contrasts with permissive, not mandatory, deference to prior determinations at the time of nationality transfer

Duplicative, inconsistent requirements add cost without safety benefit

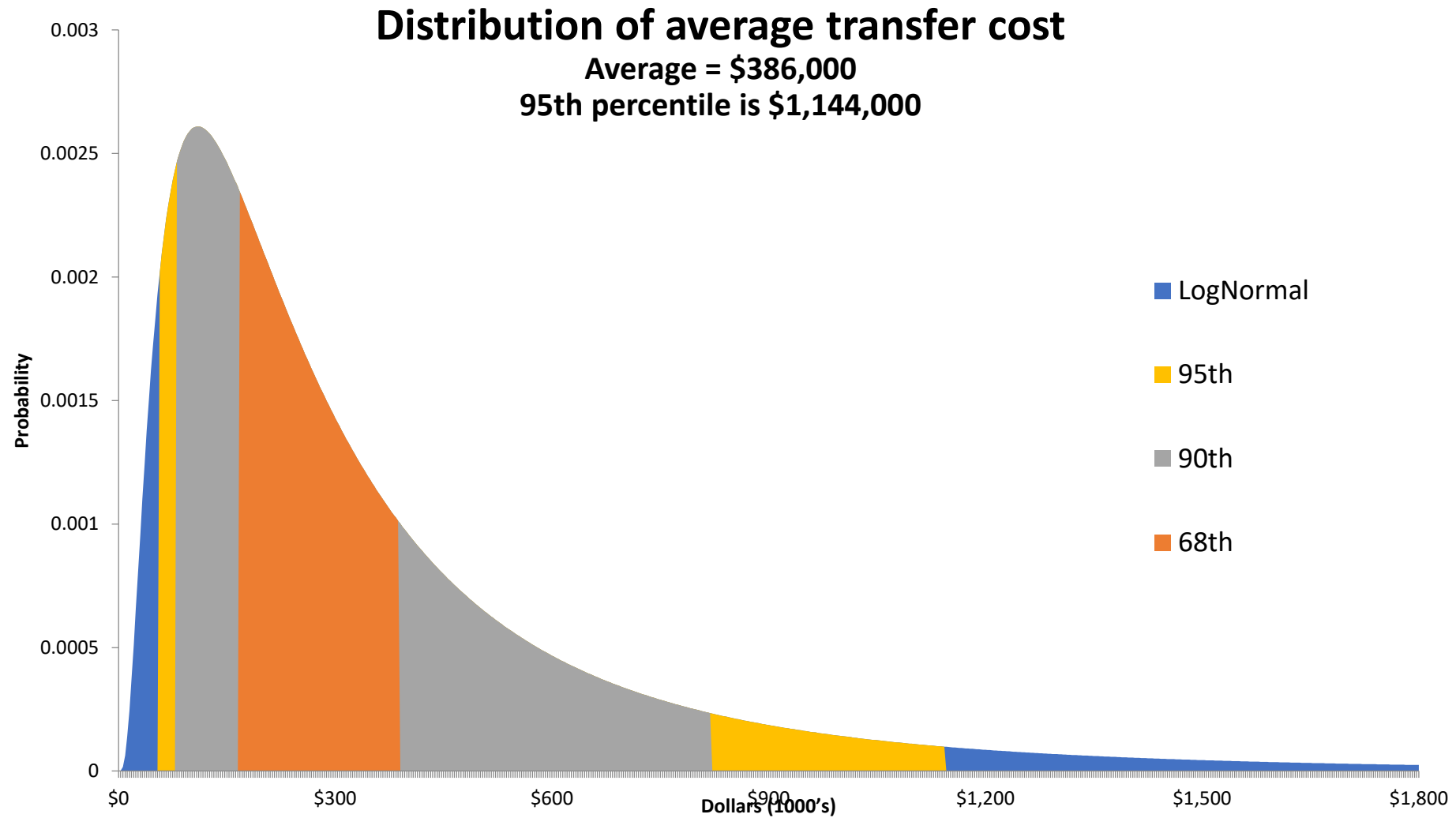
- Over \$7.3B dollars being spent on transfer costs over a 20 year horizon

Significant amount of non-value added spend

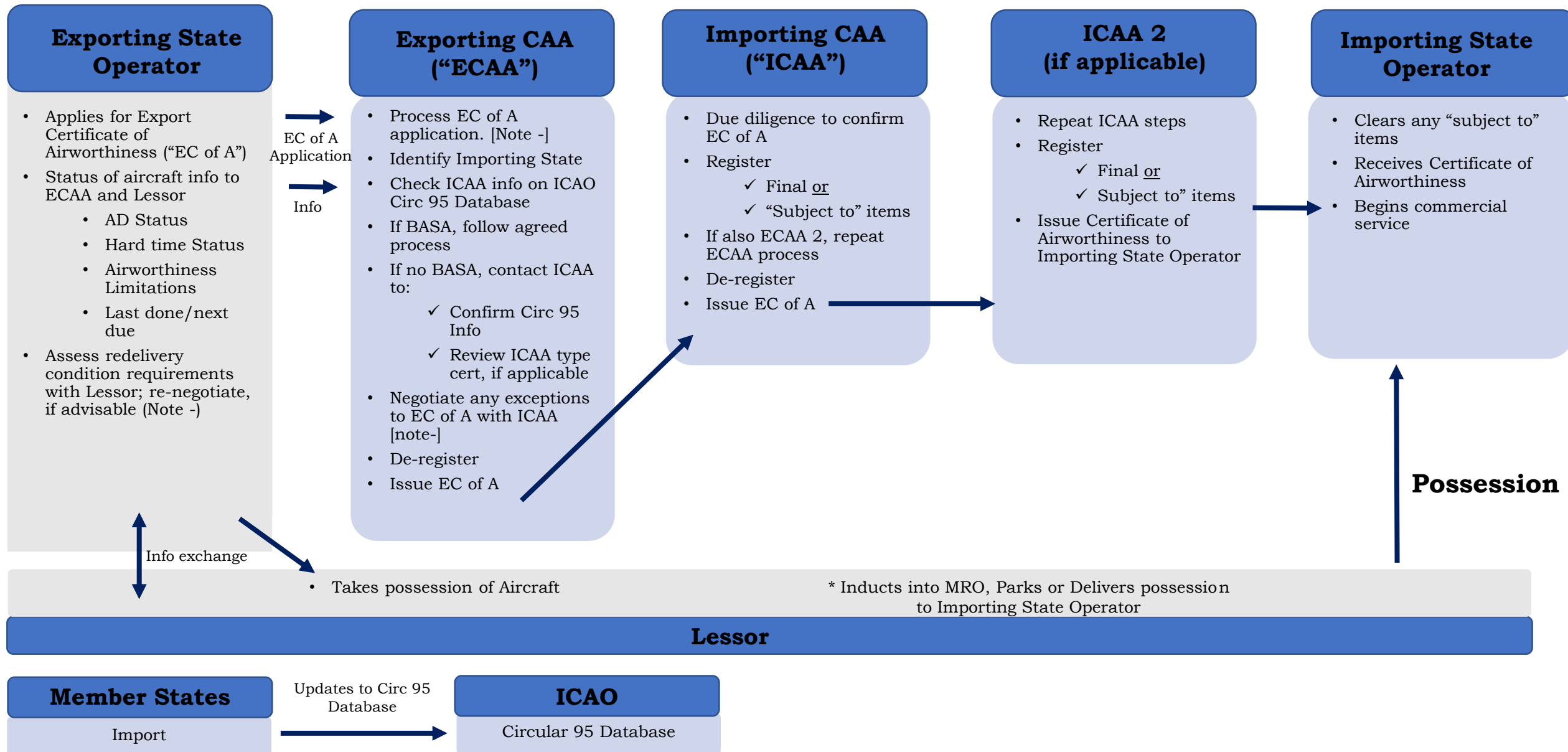


Plus = substantial costs, resource diversions incurred by CAAs

Transfer cost distribution



Mapping has revealed opportunities to simplify currently complex & variable XBT process



ICAO XBT Task Force Will Enhance Safety and Gain Efficiencies

The problem

Country to country variations in XBT processes create regulatory overlap and duplication, do not enhance safety and may even introduce risks

The aim:

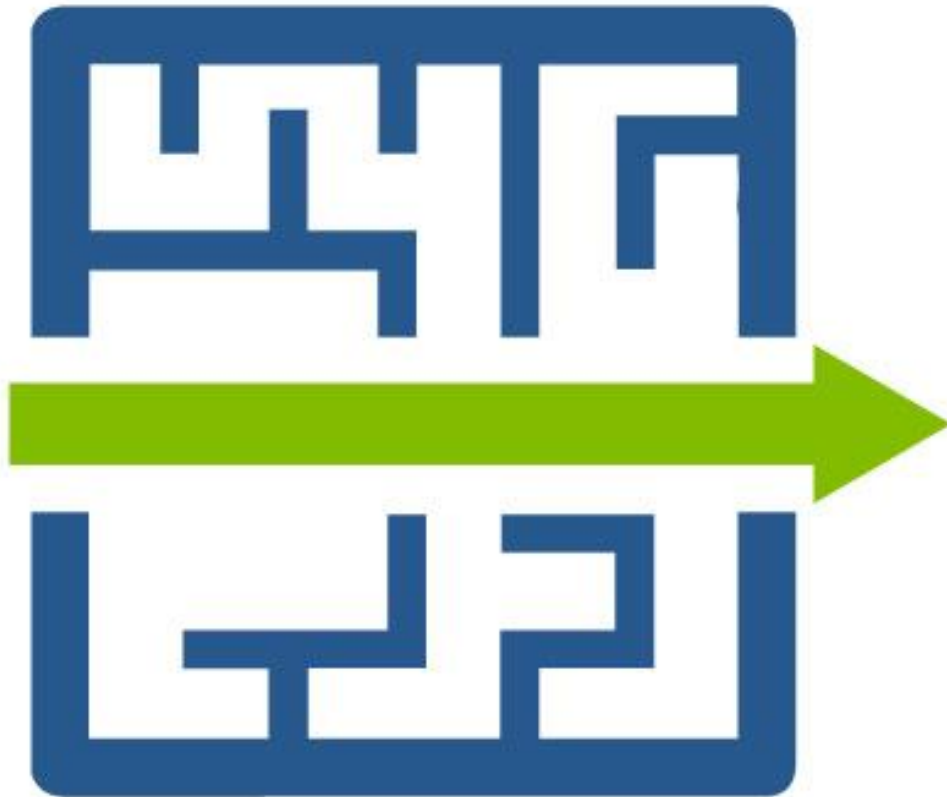
Enhance and proliferate highest safety standards through simplification, standardization and facilitation of delegation that align with modern global aviation industry and regulatory paradigm.

The benefits

Enhanced efficiency and safety with a reduction of significant costs and operational burdens currently imposed on regulators, owners and operators.



XBT Themes



Simplification

Develop global XBT process using common list of required documents supported with guidance materials; for example eliminate current practice in which exporting CAA certifies that the aircraft meets importing country airworthiness requirements

Standardization

Offer standardized templates for key documents, with guidance materials to drive consistent completion, facilitate use and acceptance of electronic records

Delegation

Establish mechanism giving States the option to meet Convention oversight responsibilities by delegating XBT-related tasks to ICAO-certifies and monitored individual entities

Simplification, Standardization and Delegation Enable Reconsideration of Calendar Age-based Restrictions

Give importing States confidence in the completeness and accuracy of submitted XBT documents and reduces resources necessary to complete due diligence

CAAs / Parties Will Enhance Safety and Gain Efficiencies by Simplifying . . . Delegation



Simplification

Standalone XBT Manual – consolidates all relevant XBT elements to reflect evolving best practices

Encouraging electronic records

Standardized checklists, forms, formats and guidance materials



Safety

Adoption of XBT themes will reduce miscommunication risks

Highest safety standard as universal objective for the regulation of air transport

Pooling of resources and expertise by Regional Safety Oversight Organizations



Efficiency

Mechanism allowing States to delegate XBT tasks and functions to ICAO-certified and monitored civil aviation safety inspectors

Avoid duplication of work by CAAs

Harmonize the dissimilar requirements intended to meet similar safety objectives

ICAO XBT Task Force workstreams

1. Review XBT Process and associated issues, responsibilities and impediments



Identify issues diminishing the effectiveness and efficiency of cross-border transfers

2. Development and enhancement of ICAO provisions related to XBT



Promoting standardization of regulation, aircraft transfer process, procedures, practices and documentation; and developing forms and formats, checklists and supporting documents for the applicable ICAO provisions; by promoting the acceptance of e-records

Development of guidance material on importation of aircraft based on airworthiness assessments



Encourage States to import used aircraft based on type certificate data and continuing airworthiness rather than non-risk based factors

3. Recommendations on Electronic Tools and Mechanisms



Recommendations on the development of an electronic information platform aligned with the XBT framework that would facilitate information sharing

4. Facilitate the delegation of functions and duties related to cross border transfer (XBT) of aircraft



Develop a globally acceptable process to undertake airworthiness related tasks required in the XBT process.

ICAO XBT Task Force workstreams **expected benefits**

1. Review XBT Process and associated issues, responsibilities and impediments



- To identify issues that diminish the effectiveness and efficiency of XBT

2. Development and enhancement of ICAO provisions related to XBT



- To improve and harmonize the regulatory framework for XBT
- To increase economic efficiency and better allocation of resources for both States and industry

Development of guidance material on importation of aircraft based on airworthiness assessments



- To facilitate the use of risk-based decision-making on importation of aircraft

3. Recommendations on Electronic Tools and Mechanisms



- To improve safety and economic efficiency of XBT through a standardized and integrated electronic process

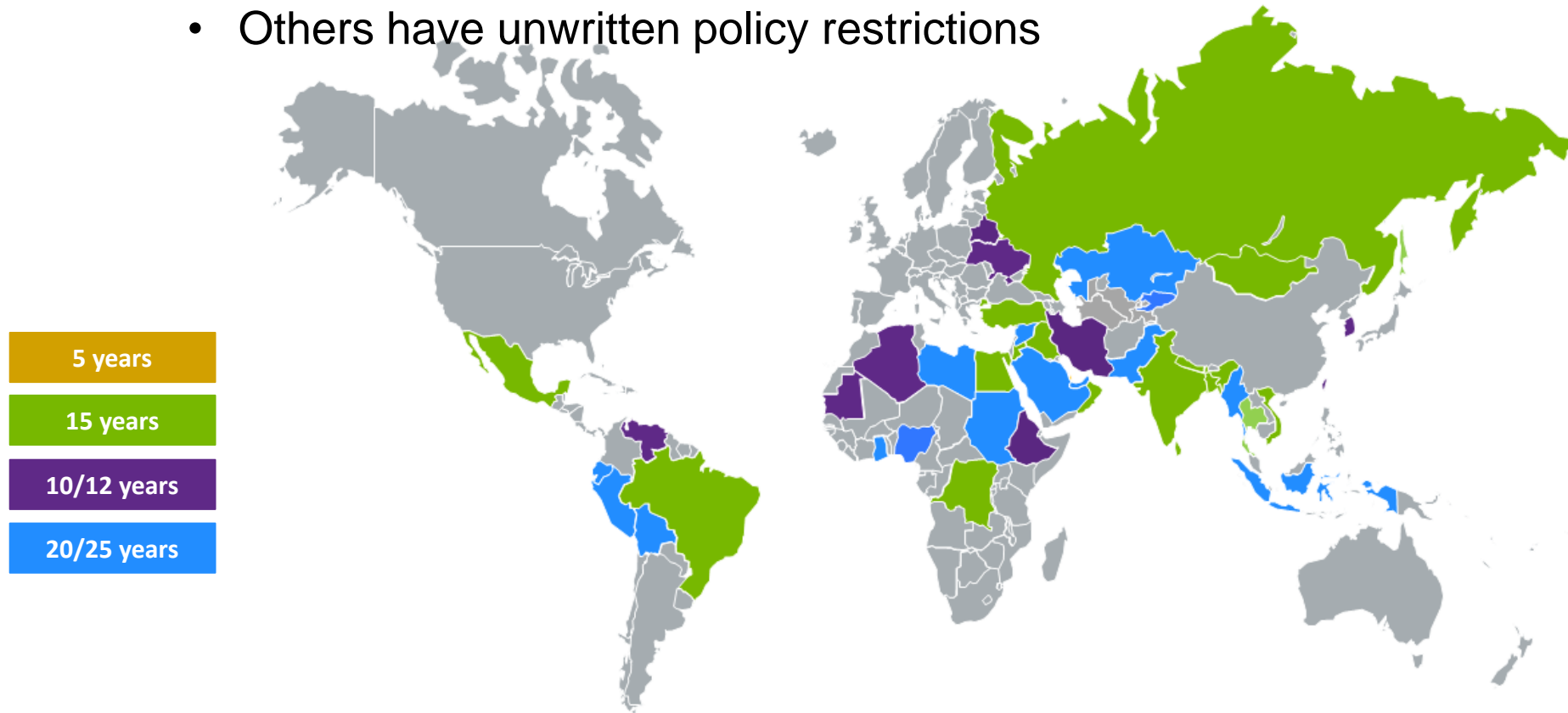
4. Facilitate the delegation of functions and duties related to cross border transfer (XBT) of aircraft



- To allow States who may not have the resources to effectively perform certification, monitoring and other activities
- To give States another way to meet their safety obligations under the Chicago Convention
- To standardize the XBT process while ensuring a high safety level

States Address XBT Complexity with Age-based Import Restrictions

- >40 countries have age-based import restrictions on the books
- Others have unwritten policy restrictions



Imposes cost on their operators, limits residual and collateral values = but no evidence of age/safety correlation

AWG-commissioned MIT Study Shows Little or No Age/Accident Correlation up to 27 Years . . . IF AIRWORTHINESS DILIGENTLY MAINTAINED

Stated safety-related rationales for import restrictions

Data does not support such rationales

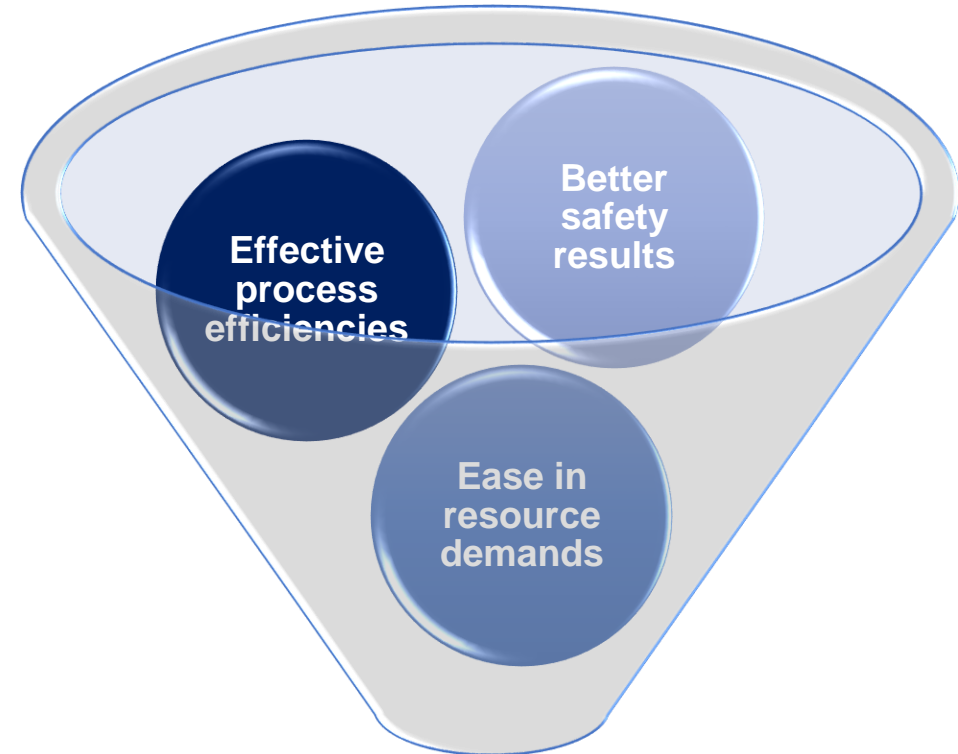
XBT's simplification, standardization & delegation address actual resource/expertise considerations



Conclusions

- **Fatal Accident Rate**
 - No Correlation with Age up to 27 Years
- **Total Accident Rate and Age Up to 18 Years**
 - No Correlation with Age up to 18 Years
 - Weak Trend of Increasing Rate with Age for AC > 20years
 - Increase Mainly Observed in Africa
 - No Correlation in North America or Europe
- **Accidents of 20 +Year Old Aircraft**
 - Most Accidents are Not Related to Aircraft Factors
 - All Accidents 67.5%, Fatal Accidents 73.1 %
 - Higher Non-Aircraft Percentages in Africa vs North America
- **Historical Analysis Does Not Support Age-Based Import Restrictions**

Industry-wide benefits



**Regulators, industry participants,
and travelling public are
beneficiaries**