



**WORKING PAPER**

**ASSEMBLY — 39TH SESSION**

**TECHNICAL COMMISSION**

**Agenda Item 35: Aviation safety and air navigation standardization**

**FACILITATION OF THE CROSS-BORDER TRANSFERABILITY PROCESS**

(Presented by the Aviation Working Group)

**EXECUTIVE SUMMARY**

Due to changes to the nature and structure of the air transport sector, cross-border transfers of aircraft have increased over the last three decades. A meeting of experts on cross-border transferability (XBT) was held at the International Civil Aviation Organization (ICAO) Headquarters, from 8 to 9 June 2016, to discuss how the increase in cross-border transfer of aircraft can be better facilitated within the existing ICAO and national regulatory frameworks. The meeting recognized that, although the current system for XBT has a good level of safety, there is a need for greater efficiency, harmonization and increased capacity within the global civil aviation system to deal with the increasing number of cross-border transfers of aircraft without distracting resources from activities that maintain or improve safety.

**Action:** The Assembly is invited to:

- a) recognize the increasing prevalence of XBT and the need to address the identified issues while maintaining current safety standards;
- b) recognize that integrating relevant existing or planned ICAO initiatives will facilitate the XBT process;
- c) endorse ICAO's continued work related to XBT and further development of such work based on the way forward identified in the conclusions and recommendation of the XBT meeting which are attached hereto; and  
request the Council to support the development of a global mechanism that could facilitate a State's ability to delegate functions and activities to entities or individuals, with a view towards enhancing the efficiency of the XBT process.

<i>Strategic Objectives:</i>	This working paper relates to the Safety and Air Navigation Capacity and Efficiency Strategic Objectives
<i>Financial implications:</i>	The activities referred to in this paper will be undertaken subject to the resources available in the 2017-2019 Regular Programme Budget and/or from extra budgetary contributions.
<i>References:</i>	<i>Summary of Discussions, Meeting on Cross-Border Transferability (XBT)</i>

<sup>1</sup> English, Arabic, Chinese, French, Russian and Spanish versions provided by AWG.

## 1. INTRODUCTION

1.1 The nature and structure of the air transport sector have undergone tremendous changes over the past three decades. These changes include the increased use of aircraft leasing, airline alliances and code-sharing by operators, as well as the outsourcing across international borders of aircraft maintenance, flight operations and ground handling to gain operational flexibility. This, in turn, has led to an increase in the cross-border transfer of aircraft.

1.2 A meeting of experts on cross-border transferability (XBT) was held at the International Civil Aviation Organization (ICAO) Headquarters, from 8 to 9 June 2016, to discuss how the increase in cross-border transfers of aircraft can be better facilitated within the existing ICAO and national regulatory frameworks. The objective was to maintain, and improve, safety as the global civil aviation system handles an increasing number of cross-border transfers of aircraft each year. The meeting identified a way forward in its conclusions and recommendations which are attached hereto. The full *Summary of Discussions* provides a complete overview of the agenda items and ensuing discussions and is available at: <http://www.icao.int/Meetings/a39/Pages/documentation-reference-documents.aspx>.

## 2. DISCUSSION

2.1 The existing regulatory framework and administrative processes pertaining to XBT were developed when virtually all commercial aircraft were purchased directly by their operators who then retained ownership of such aircraft for use during most or all of their useful lives. As such, changes of aircraft nationality were not common and the airworthiness oversight of any particular commercial aircraft tended to reside with one jurisdiction for most or all of its useful life. However, in the last three decades, aircraft operators have realized substantial capital and operational efficiencies by leasing, rather than owning, a portion of their fleets. The percentage of leased commercial aircraft has steadily increased to 40% of the global installed base. Furthermore, a substantial number of cross-border transfers now occur in connection with sales by airlines of owned aircraft due to changes in fleet requirements or ordinary course re-fleeting, and as a result of seasonal leases or subleases between air carriers. Coordinated fleet planning among airlines affiliated through alliances has further contributed to the growth of cross-border transfers of aircraft nationality.

2.2 This increase in XBT activities has highlighted certain inefficiencies in a global system that was developed when cross-border transfer of aircraft was relatively uncommon. Although States have a high implementation of International Standards and Recommended Practices (SARPs) related to XBT, there are significant differences in the associated process which have contributed to the inefficient use of resources, possibly distracting State resources away from safety-related activities. Furthermore, country-to-country variations in regulations, requirements and practices lead to duplications and inefficiencies for all aviation participants, which increase the likelihood of errors. As the number of cross-border transfers continues to rise, improvements in the XBT process are necessary to maintain, or improve, the existing safety level by ensuring that resources are not distracted from other safety-related activities of the State.

2.3 It is important for ICAO to continue working on XBT-related activities and facilitating the XBT process. By improving the accessibility, accuracy, completeness and transparency of information and data related to XBT, there can be greater prevention of errors and identification of risks associated with the process. Improving cross-border transfers of aircraft would also facilitate the balancing of resource requirements with an effective safety oversight, and increase economic efficiency, costs savings and harmonization of the global regulatory framework applicable to XBT. Current ICAO initiatives regarding the development of a globally harmonized approach to approved maintenance organizations, electronic aircraft maintenance records and other ICAO initiatives will significantly contribute to the

XBT process. There is also a need for better harmonization of processes and guidance material, as well as integrating existing or planned ICAO initiatives that relate to XBT and enhancing and developing tools and mechanisms that would facilitate cross-border transfers. The conclusions and recommendations from the XBT meeting support ICAO's continued work on XBT and identify a positive way forward in addressing the safety-related concerns.

2.4 The XBT meeting also supported the development of a global mechanism that could facilitate a State's ability to delegate functions and activities to entities or individuals, with a view towards enhancing the efficiency of the XBT process, as well as identify a form of technical assistance that would be useful to States. This delegation system would simplify the current certification system, develop greater levels of trust in the work product and would not abrogate State responsibility. Such practice could be helpful, in particular, for standardizing the way in which XBT documentation are presented.

### 3. CONCLUSIONS AND RECOMMENDATIONS

3.1 Cross-border transfers of aircraft are on the rise, and there are opportunities to improve the tools, materials, regulations and procedures used within the current system to help facilitate this change, while improving the current safety level. In view of the foregoing, the Assembly is invited to endorse ICAO's work related to XBT and the further development of such work based on the way forward identified in the conclusions and recommendation of the XBT meeting.

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## APPENDIX

### Way forward identified in the conclusions and recommendation of the Cross-border transferability (XBT) meeting Montréal, Canada – 8 to 9 June 2016

The meeting *recognized* and *concluded* that:

- a) the current XBT process has a good level of safety for the aviation industry;
- b) there is a need to ensure that future XBT activities, including the substantial increase of cross border aircraft transfers, do not compromise the current level of safety;
- c) there is a need to improve the efficiency of the XBT process while retaining the highest level of safety;
- d) the benefits of improving the XBT process include:
  - 1) increased accessibility, accuracy, completeness and transparency of information and data related to the XBT process which will assist in the prevention of errors and the identification of risks associated with the XBT process;
  - 2) balancing resource requirements with an effective safety oversight;
  - 3) increased economic efficiency and costs savings; and
  - 4) a harmonized global regulatory framework applicable to the XBT process;
- e) the ICAO initiatives regarding the development of a globally harmonized approach to approved maintenance organizations (AMOs), electronic aircraft maintenance records (EAMR) and other ICAO initiatives will significantly contribute to the XBT process;
- f) the practice of delegating functions and activities to entities or individuals, present in some regulatory frameworks, facilitates the XBT process; and
- g) there is a need to generate exposure and raise awareness in the aviation community with respect to the conclusions and recommendations of this meeting.

The meeting *recommended*:

- a) the enhancement of relevant guidance material, including standardizing transfer-related documents and forms;
- b) the identification of ICAO provisions that need to be enhanced to ensure harmonized regulations and processes to facilitate, simplify and otherwise improve the XBT process;
- c) development of guidance material for the removal of aircraft calendar age limits related to the XBT process, taking into account best practices;
- d) development of a global mechanism that would facilitate a State's ability to delegate functions and duties to entities or individuals with a view towards standardizing and enhancing the efficiency of the XBT process;
- e) that ICAO establish a working group to coordinate activities related to enhancing the XBT process;
- f) that ICAO continue to enhance and develop, together with its safety partners, tools and mechanisms that facilitate the XBT process;
- g) that ICAO develop an enhanced information system relating to the XBT process which integrates and further develops current initiatives;
- h) that ICAO progress the work on AMOs, EAMR and other initiatives, taking into account the facilitation of the XBT process; and
- i) that meeting participants promote the conclusions and recommendations of this meeting in international fora.