International Civil Aviation Organization

CROSS-BORDER TRANSFERABILITY (XBT)

Montréal, 8 to 9 June 2016

SUMMARY OF DISCUSSIONS

CROSS-BORDER TRANSFERABILITY

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1.   **HISTORICAL**

1.1   The meeting on cross-border transferability (XBT) was held at the International Civil Aviation Organization (ICAO) Headquarters in Montréal, Canada from 8 to 9 June 2016.

1.2   Mr. Stephen Creamer, Director of the Air Navigation Bureau (ANB), Mr. Catalin Radu, Deputy Director, Aviation Safety, ANB and Capt. Miguel Marin, Acting Chief, Operational Safety, ANB, co-hosted the meeting.

1.3   The meeting was attended by thirty-four participants from States and international organizations as contained in Appendix A.

2.   **AGENDA OF THE MEETING**

2.1   The agenda for the meeting is shown hereunder.

   Agenda Item 1: Opening of the meeting

   Agenda Item 2: Regulatory framework and current practices related to
                   cross-border transferability

   Agenda Item 3: Identify issues associated with cross-border transferability

   Agenda Item 4: Discuss possible mitigation strategies and their potential impact
                   on other areas

   Agenda Item 5: Develop a road map taking into consideration safe and efficient
                   operation of leased aircraft

   Agenda Item 6: Conclusions and recommendations

   Agenda Item 7: Any other business

3.   **WORKING ARRANGEMENTS**

3.1   The meeting was conducted in English and all documentation was presented in English.

4.   **DISCUSSIONS**

4.1   **Agenda Item 1: Opening of the meeting**

4.1.1   The meeting was opened by Mr. Creamer who welcomed the participants.

4.1.2.   Following personal introductions made by the participants, the meeting agreed to proceed based on the order of business circulated to them ahead of time.

4.2   **Agenda Item 2: Regulatory framework and current practices related to cross-border transferability**

4.2.1   The participants shared their experience and current practices related to XBT. Several participants provided the overview of existing regulations and guidance material of their respective States.

4.2.2   The Secretariat presented a working paper on the ICAO framework and gave a summary of the articles of the *Convention on International Civil Aviation* (Chicago Convention) and provisions of relevant Annexes and guidance materials that relate to XBT.

4.2.3   The European Aviation Safety Agency (EASA) provided a presentation on this subject from a European Regional Safety Oversight Organization perspective, highlighting that the current European Union (EU) regulatory system, as well as additional regulations that apply for all aircraft registered in the EU or operated by EU operators, rely on ICAO Standards and Recommended Practices (SARPs). Certificates issued by organizations approved under EU rules are mutually recognized within the EU. Currently, EASA was working toward providing additional guidance on acceptance of foreign records and import requirements to ensure that the level of scrutiny applied by EU Member States during import inspections was consistent. EASA was also developing new regulations on the operations of aircraft registered outside the EU and operated by EU Member State airlines.

4.2.4   The United States provided a presentation on the regulatory framework and current practices related to XBT from the perspective of North American regulators. An overview of some of the articles of the Chicago Convention and ICAO SARPs in relation to XBT was provided. Also highlighted were the regulations currently in place in relation to aircraft registered in the United States, as well as the requirements in relation to aircraft lease agreements.

4.2.5   Regulators from other regions shared their views and experiences with the XBT process, which to a great extent reflected the practices presented at the meeting.

4.2.6   The Aviation Working Group (AWG) presented a working paper discussing the existing regulatory framework and issues pertaining to XBT from the industry's perspective. They highlighted the changes that the aviation sector has seen in the last three decades and that, currently, where applicable States rely on bilateral aviation safety agreements (BASAs) to facilitate the increasing number of aircraft transfers. The participants recognized that some of the issues related to the complexity of the current XBT framework included increased probability of errors, duplication of work and decreased safety due to complexity. Real-life examples of XBT inefficiencies were provided, including a case study to illustrate the issues presented.

4.2.7   The International Air Transport Association (IATA) presented the activities of the IATA Aircraft Leasing Advisory Group (ALAG), which was working on minimizing the issues related to the aircraft-leasing process through the publication of guidelines, best practices and document templates. Participants were also briefed on the work of the ALAG to create standards on electronic transfer of

records and its work with manufacturers to harmonize the delivery documents. The participants were encouraged to comment on the current guidelines developed by the ALAG and to put them into practice.

4.2.8 The meeting agreed that the presentations accurately represented the current XBT regulatory framework.

4.3 Agenda Item 3: Identify issues associated with cross-border transferability

4.3.1 The participants discussed issues pertaining to the XBT process that included inconsistent regulations, lack of acceptance of prior determinations and lack of use and acceptance of e-records. Examples of country-to-country variations in regulations, requirements and practices were also provided.

4.3.2 The participants discussed the issues presented in turn, as well as other concerns associated with the current international regime for XBT. Solutions for information collection and a centralized database were considered and discussed. It was highlighted that the main constraint in XBT was the difference in type and consistency of regulations, including the XBT transfer process utilized by different States. The meeting agreed that this was a system problem. The group shared experiences on the methods used to improve efficiency such as spot check inspections, more reliance on leasing companies to conduct inspections as well as reliance on BASAs to offset responsibilities. The meeting agreed that, although the current XBT process had a good level of safety for the aviation industry, there were opportunities to improve the efficiency of the XBT process while retaining the highest level of safety.

4.3.3 The meeting agreed that the issues affecting the XBT process as presented at the meeting accurately represented the status quo.

4.4 Agenda Item 4: Discuss possible mitigation strategies and their potential impact on other areas

4.4.1 The Secretariat presented on the ICAO activities that could facilitate the XBT process, with IATA expanding on the air operator certificate (AOC) database initiative. Those activities included the aircraft registration system, the AOC database, online Circular 95, Universal Safety Oversight Audit Programme Continuous Monitoring Approach (USOAP CMA) Online Framework and the Article 83 *bis* agreements database. In addition, the Secretariat reported that ICAO was also developing provisions regarding a harmonized approach on the approval and global recognition of aircraft maintenance organizations (AMO) and electronic aircraft maintenance records (EAMR). It was highlighted that ICAO should consider further development of the current information system by making it more interactive and interconnected. On the issue of AMOs, it was suggested that a central repository be established where States could access information on recognized maintenance organizations to further facilitate the XBT process. Concerning EAMR, it was highlighted that it would be difficult to mandate the use of EAMR, however, considerations should be given to the development of provisions in a manner that if a State chose to use EAMR, it be based on an ICAO Standard.

4.4.2 The participants discussed maintaining acceptable asset records and issues around the practice of using mostly paper records and incompatible systems between air operators. Consideration was given to the issues and mitigation strategies related to record-keeping, record transfers and record presentation to civil aviation authorities. The participants highlighted the need to have information technology (IT) systems that were compatible to encourage and increase the use of electronic systems among operators and finding a solution that would work for both large and small operators.

4.4.3   The participants discussed mitigation strategies to address issues associated with the XBT process. Mitigation strategies that were discussed included:

a)   developing an ICAO electronic repository to record and track aircraft nationality registration, transfer of certain oversight responsibilities under Article 83 *bis* agreements, and Circular 95 data, including aircraft nationality requirements;

b)   developing standardized and simplified aircraft registry transfer procedures, practices and documentation through revising and supplementing ICAO guidance material;

c)   developing an internationally accepted set of forms for cross-border transfers based on ICAO SARPs;

d)   promoting the acceptance of maintenance, modification, and repair records in an electronic format;

e)   developing an ICAO-based system regarding acceptance of cross-border transfer forms;

f)   moving towards data-driven risk considerations; and

g)   establishing an ICAO working group to develop the above.

4.4.4   The participants discussed the need for better harmonization of processes and guidance material related to XBT and considered how best to implement various mitigation strategies within the current international framework, as well as integrating existing or planned initiatives related to XBT. The participants considered better use of resources and how to minimize duplication in the practice of transit registers. Consideration was given to delegating functions and activities to entities or individuals, recognized by ICAO that could assist States with the XBT process. The meeting agreed that the practice of delegating functions and activities could be helpful, in particular for standardizing the way in which XBT documentation was presented.

4.5   **Agenda Item 5: Develop a road map taking into consideration safe and efficient operation of leased aircraft**

4.5.1   The Secretariat presented on the development of future steps, highlighting harmonization of regulations, availability of necessary information and third-party participation. The participants discussed a framework for the delegation of functions and activities to a third party and technical assistance to help address some of the issues identified. The meeting supported the development of a global mechanism that would facilitate a State's ability to delegate functions and activities to entities or individuals with a view towards standardizing and enhancing the efficiency of the XBT process.

4.5.2   It was suggested to have a road map addressing each of the mitigation strategies identified on agenda item 4. The participants discussed each mitigation strategy in turn. Furthermore, it was proposed that a working group be established to work on the items identified below.

4.5.2.1   With respect to an IT repository, a suggestion was made that existing ICAO programmes should be evaluated and that a comprehensive plan be developed to combine these programmes. The Secretariat noted that there were resource constraints that must be considered and that there is a need for high levels of support.

4.5.2.2   With respect to revising and supplementing guidance material, it was suggested that the proposed working group review the current XBT-related materials and consider where gaps exist. The participants also considered the benefits of developing a separate manual that would make reference to existing XBT provisions as it was currently scattered.

4.5.2.3   With respect to acceptance of e-records, it was suggested that provisions be drafted that would endorse the acceptance of e-records. The participants noted that the Airworthiness Panel (AIRP) was already considering that task and agreed that the proposed working group could work with the Panel on that topic.

4.5.2.4   It was suggested that the proposed working group develop a global mechanism that could facilitate a State's ability to delegate functions and activities, 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.

4.5.2.5   The meeting agreed that a certified AMO system would simplify the current certification system, develop greater levels of trust in the work product and would not abrogate State responsibility. The meeting further agreed that having records and information presented in a consistent manner, and to a certain set standard, would greatly facilitate the current XBT process.

4.5.2.6   With respect to data-driven risk considerations for aircraft import, it was suggested that additional research be conducted on the issue of calendar age-based restrictions for aircraft import and more guidance for the removal of aircraft calendar age limits should be developed. This would allow regulators to make more informed decisions in this regard.

4.5.2.7   Lastly, the participants discussed and considered how best to promote, and bring visibility to, the conclusions and recommendations of this meeting to other members of the aviation community and what future steps should be taken.

4.6   Agenda Item 6: Conclusions and recommendations

4.6.1   In view of the deliberations, the meeting agreed on the conclusions and recommendations contained in Appendix B.

4.6.2   It was agreed that there is a need to generate exposure and raise awareness in the aviation community with respect to these conclusions and recommendations and to promote them in the international fora.

4.7   Closing

4.7.1   Mr. Creamer thanked the participants for the fruitful discussions and the meeting ended at 1445 hours on Thursday, 9 June 2016.

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APPENDIX A

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CONCLUSIONS AND RECOMMENDATIONS

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 intitiatives;

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.

— END —