

Mr David FROST CMG
Europe Adviser and UK Chief Negotiator
10 Downing Street
LONDON SW1A 2AA
UNITED KINGDOM

Brussels, 3rd July 2020

Subject: Aerospace and defence industry call for an EU/UK agreement

Dear Mr Frost,

The association of Aerospace and Defence industries of Europe (ASD) represents more than 3000 companies of all sizes from across Europe, including from the UK. EU and UK industry are important and significantly integrated parts of the overall European aerospace and defence industry. This also provides important capabilities that are relevant for the security of both the European Union and the United Kingdom.

ASD is closely monitoring the ongoing process of negotiations between the European Union and the United Kingdom on their future relations. At the outset, we wish to make clear that the members of ASD are fully aware that, starting from January 2021, things will not be as they were before. However, we feel it is important to make the negotiating teams aware that the ties of cooperation developed between the EU industry and the British industry, over almost 70 years, in the industrial and innovation fields, have enabled the formation of a genuine win-win partnership.

Aerospace and defence companies across Europe have worked closely together on many important civil and military projects over this period. They have developed complex supply chains that span across all EU Member States - and the UK, and these have led to many interconnections in terms of ownership, products, workforce, research and technology.

Brexit and its ramifications will put these industries under enormous pressure. We know that Brexit concerns all industrial sectors, but aerospace and defence are not like any other sector. They are essential for the security of our citizens and the sovereignty of our countries. The stakes are not only economic, they are strategic. We are therefore convinced that it is a common interest of the EU and the UK to try to limit the negative effects of Brexit on our industry.

This is particularly important as Brexit coincides with COVID-19. What was a problem for global competitiveness six months ago, could now become an existential threat to many of our companies. Given the exceptional challenges we face, our industry, with its very long product cycles, needs as much visibility and certainty as possible. In this situation, we must try to avoid a second economic shock.

What we need are Brexit solutions that cause as little additional burden as possible in order to avoid permanently damaging the already hard-hit aerospace and defence industry. We therefore urge leaders on both sides to reach an agreement before the end of the transition period.



As the negotiations have recently taken a new pace, and as their outcome is still uncertain we have set out the key points that we believe should be incorporated in a free trade agreement so that our strategically important industries are not disadvantaged in the intensely competitive international A&D marketplace:

- **Mitigating additional costs and delays at the border** is critical to maintain global competitiveness; in particular, our industry needs a trade agreement which allows for the absence of customs duties for civil aeronautics, space and defence products, and for all the supplies and tools used in their manufacturing processes.
- **Maintaining personnel mobility and rights**; cross-border aerospace and defence companies depend on being able to deploy highly qualified staff across borders rapidly, flexibly and with little administrative formalities and costs. It is essential to ensure maximum fluidity of movement and work for employees of the same company.
- **Maintaining aviation safety and avoiding diverging standards, diverging regulatory regimes and duplication of certification** is critical for our industry. These objectives should be reflected in a comprehensive bilateral air safety agreement between the EU and the UK.
- **Upholding fair competition and common standards**; the EU and UK should seek a mutually acceptable deal on state aids that supports a level playing field and avoids unfair competition over the long term. It is likewise essential that industry continues to operate on common environmental standards.
- **Maintaining UK compliance with EU REACH is vital for our industries**, which make extensive use of such chemicals in manufacturing processes and the supply chains. Operating two divergent chemical safety regulatory regimes would make doing business significantly more complicated and costly.
- **Continuing cooperation in civil aeronautics research** is important for the overall sector. Subject to the UK making an appropriate financial contribution to European programmes, such cooperation could be put in place, as currently exists for other third countries.

Our industry is dual in nature. Its future success depends on the defence side as well on the commercial side. Therefore, besides the negotiation for a free trade agreement, the negotiation of an **ambitious defence and security partnership** should be initiated as soon as possible. In an increasingly unsecure environment, such a partnership should allow for continued cross-border cooperation on defence capability development programmes where there is mutual interest and common goals.

Sustaining an innovative and competitive aerospace and defence industry is a common interest. The failure to reach an agreement, in the midst of the COVID-crisis, could seriously undermine this interest.

In case of no deal, it would therefore be critical to reapply temporary measures in similar terms than the ones envisaged or adopted in 2019 to protect, in particular, air transport, some airworthiness certificates, road haulage and movement of workers.

Eric TRAPPIER
ASD President
President & CEO of DASSAULT AVIATION

Yours sincerely,

Note: The same letter is addressed to Mr Michel BARNIER, Négociateur en chef UE Brexit.