



# Illegal Charter or Grey Market?



**Marc Bailey CEO  
BBGA**



# Topics for the session

- What does Illegal charter mean to you
- Permit process
- Consequences for those concerned
- Safety





# Topics for the session

- Prosecutions
- Illegal charter Task Force
- What can you do
- Summary





# So Illegal Charter

- What does the term IC mean to you
- A European perspective
- A US perspective
- Emerging markets
- IBAC







# Illegal Foreign

- Cabotage is not an issue for Ops holding a European licence.
- Non EU Ops with an AOC require a permit. Without a permit it is illegal.
- US regs allow Ops under Part 91 (Private) to charge operational cost (fuel, oil apt), no permit required.
- US Part 135 permit is required.
- Quite often Part 135 activities migrate to Part 91 to remove obstacles.



# Permit Process

- DfT controlled small department
- DfT request made and enquiry made to prime operators for objection.
- If objection raised like for like offer will be upheld
- Legislation is currently being amended to pass process to CAA 2013. Charge by ICAO costs only
- This segment even with late switching tends to be the legitimate end of the market.
- Rates of request in other member states vary



# Clear Consequences

- Illegal operations are not insured and the C of A is invalidated.
- NAA's are allowing aircraft to fly in sovereign airspace
- Think of the media consequences
- Personal impact on estate 'Follow the Money'



# Safety

- AOC oversight versus private requirements
- Limitations
  - FTL flexibility
  - Runway performance
  - Permits outside of the EU
- Human Factors and client pressure





# Prosecutions in the UK

- Statement at previous BBGA conference – no prosecutions
- One prosecution from 2010.
- Is that going to stop illegal charters £5.6K?



# Illegal Charter Task Force

- UK initiative following a meeting with the CAA Board
- At BBGA 2012 conference DfT admitted to no prosecutions from their activity in five years
- The decision was made to create a multi-agency task force.
- Previous focus was one dimensional with standard inspection questions.
- If crew and passengers are briefed and prepared to respond appropriately then what else are they doing?



# Illegal Charter Task Force

- New Questions
  - What Tax avoidance is taking place
  - What illegal activities are taking place
  - Are all the passengers entitled to be in the country
  - Are your choices impacting your corporate responsibility
- With these questions then you can include HMRC, Border Agency, SOCA as well as the normal participants



# Next Steps for the ICTF

- Working to get an agreed definition of IC
- Looking to provide research to substantiate volumes
- Generate a clear message and ensure customers are making a conscious choice
- Target clear examples of illegal activity and formulate intervention plan
- Encourage industry to provide examples of illegal activity





# What Can You Do

- No more passive acceptance
- If you know of or suspect illegal charter operations, report them.
- Looking for cumulative cases so that we can consider more than one approach.
- Report to the BBGA
  - [Lindsey.Oliver@bbga.aero](mailto:Lindsey.Oliver@bbga.aero)
  - Phone me on 07801 867227

# Spot the illegal charter?



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# Questions





# Prosecution

On various dates between January 2010 and March 2010, Mr X acted as pilot in command of passenger-carrying flights in Nregistered and G-registered aircraft . He did not hold the appropriate pilot's licence to do so and had neither an Air Operator's Certificate nor permission from the DfT. On 8 June 2011, at Darlington Magistrates' Court, he pleaded guilty to one offence of flying a ~~UK~~registered aircraft on a public transport flight without an AOC (Article 12 Air Navigation Order 2009), one offence of acting as flight crew of UK-registered aircraft without holding an appropriate licence (Article 50 ANO), two offences of acting as flight crew of ~~N~~registered aircraft without holding an appropriate licence (Article 61(a) ANO) and two offences of taking passengers on board a foreign registered aircraft in the UK for valuable consideration (Article 223(1) ANO). Twelve other offences were taken into consideration. On 6 July 2011, he was fined £4,500 and ordered to pay costs of £1,100.



# AVINODE

## Avinode Jumps into the Illegal Charter Discussion at EBACE 2012

Posted on May 24, 2012 by Oliver King



The problem of illegal charter took the spotlight at EBACE 2012. This was, of course, not terribly surprising, as the EBAA has already put its full weight behind the campaign to curtail illegal charter in Europe, a move that is further supported by a number of the regional trade associations such as BACA.

As part of its effort to highlight this issue, the EBAA held a session to discuss the problem and its possible solutions, with Avinode represented on the panel by MD Oliver King. While the debate was very interesting across the board there were some clear take-outs.

First and foremost, no one has a clear idea as to the size of this problem. There are a wide range of numbers that get trotted out today as to the relative size (between 0 and 70%), but as we have seen, from Avinode Business Intelligence data on overall

movements from the beginning of 2012, we simply do not know. This is strange as the safety regulatory environment has evolved to ensure that firm data underlies all decision-making. Even so, all we have to go on, right now, are anecdotal views and partial data and addressing a problem when we have no idea as to its magnitude is fraught with peril.

This takes me to my second major take-away from the debate. Are we talking about a safety issue here? Let me step back and explain.

According to discussion host, Aoife O'Sullivan from Gates & Partners, illegal charter arises from 3 main instances in Europe.

- (a) Third country operators operating commercially within the EU without the necessary permits
- (b) Private aircraft being used for commercial air transport without the necessary Air Operators Certificate
- (c) Licensed operators operating the aircraft outside the remit of the license, including Cabotage restrictions

In light of this, the panel was asked whether we are regarding illegal flights as less safe than legal flights. This is an interesting question. Is a P135 licensed operator from the US less safe than its equivalent UK AOC holder? If the FAA and CAA are doing their jobs, then the answer to this should be no. There should be no difference in the level of safety being pursued. This prompted a counter-query about why this issue exists if safety is not the problem and the answer there is that there are

Illegal-flights\_operat...pdf

Clothes and chains.jpg