



Association of European Airlines



19 November 2002

On 5 December 2002, the European Union Council of Transport Ministers intends to take an important decision on one of the most promising projects of European transport policy: a Political Agreement on the **Single European Sky**.

As you know the Association of European Airlines (AEA) and the International Air Transport Association (IATA) fully support the initiative to establish the Single European Sky. The airlines are convinced that the realisation of the Single European Sky will contribute significantly to the elimination of the deficiencies of the present air traffic management structure in Europe. From the airlines view, the guiding principles in the development of the Single European Sky should remain, **that capacity should meet demand so that airlines and passengers no longer suffer from air traffic delays, to warrant efficiency of flight operations and to significantly reduce costs, whilst increasing safety.**

In view of the forthcoming meeting of the Transport Council, the AEA and IATA wish to express their gratitude to all parties who have contributed to the development of the Single European Sky thus far.

However, we wish to draw your attention to several aspects that we consider essential and which should be fully covered in the final regulations:

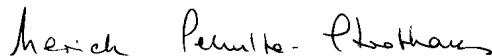
- Service Provision: The final text should:
  - unambiguously commit the air traffic service providers (ATSP) to increase efficiency and eliminate delays;
  - give the airspace users, as the 'paying party', a prominent role in the consultation process;
  - supplement the "full cost recovery-principle" with strong economic regulation to provide cost-efficiency;
  - avoid any provision which would increase costs for the airlines and further reduce transparency (such as inclusion of external costs, cross-subsidisation in charges, cost for supervisory authority);
- Civil/Military cooperation: we urge parties to find a pragmatic solution for inclusion of a provision for military cooperation in the proposals;

- Functional Blocks of Airspace: a clear obligation to design functional blocks so as to enable optimum use of airspace, taking into account air traffic flows irrespective of national borders, is required;
- Lower airspace: a guarantee for the extension of the Single Sky to lower airspace within 3 years should be included;
- Industry Consultation: airspace users must be involved in all decision and rulemaking on the Single European Sky.

The European Parliament has already adopted a very positive attitude on many of these matters and whilst we recognise the legal difficulties which may exist with regard to some of the above issues, we urge the parties concerned to find solutions for these issues in a pragmatic manner in a short time, to attain early benefits.

The AEA and IATA request recipients to take the above views and attached proposals into consideration, when taking decisions on the Single European Sky project.

With thanks and kind regards.



AEA Secretary General



IATA Director General

Sent to: - Members of COREPER, COREPER Attaché Transport  
 - Rapporteurs of the EU Parliament on the Single Sky (Fava, Sanders- ten Holte, Bedoya/Committee on Legal Affairs and Internal Market)  
 - EU Commission (Ayrat, van Houtte)

Copy: - AEA PPC/ATM Members

## **Promoting a True Single European Sky**

### **Position Paper submitted by AEA and IATA**

With regard to discussions on the Single European Sky at the European institutions and the intended decision-making by the Council of Transport Ministers in December 2002, the Association of European Airlines (AEA) and the International Air Transport Association (IATA) wish to draw attention to the following areas of concern, as seen by air carriers.

#### **A. Service Provision**

The final Regulation on the Provision of Air Navigation Services in the Single European Sky should impose upon the air navigation service providers, an explicit obligation to create sufficient capacity to eliminate ATC delays, as is already clearly spelt out in Article 4 of the Framework Regulation as amended by the Parliament and increase air traffic efficiency. This could best be achieved by a respective addition to the performance parameters in Annex III (Conditions Which May Be Attached to Authorisations) to the said Draft Regulation.

According to the preamble of the said Draft Regulation, the charging conditions for the use of air navigation services should be fair and transparent; the level of user charges should take into consideration the objective of economic efficiency. A considerable part of the air navigation services, however, will still be delivered to airspace users on a monopoly basis. This gives the service providers a dominating bargaining position over the airspace users that must be reconciled with the economic efficiency objective.

Therefore, a requirement for meaningful consultation between service providers and airspace users on charges and all matters that affect or may affect charges, such as investments must be established. The charges should be settled by independent supervisory authorities, taking into account best practices. Moreover, the Charging Schemes (Chapter III of the said Draft Regulation) must guarantee the participation of airspace users in the determination of capacity planning, investments and the establishment of charges. Airlines express a clear preference for the setting of charges by a supranational regulator. However, in cases where charges are set by a national regulator, airlines should have a right of recourse to the EC.

The European Parliament has rightfully adopted an amendment establishing a consultation obligation with regard to charges and conditions that go beyond the unsatisfactory requirement for service providers to just provide relevant information. In order to strive for more economic efficiency, the charging scheme to be developed should explicitly take into account the reports of the Performance Review Commission of Eurocontrol, make best possible use of performance indicators, benchmarking techniques and impose a strong independent and effective economic regulation. Without sound economic regulation, that enables a balance of interests among airspace users and monopoly service providers, a blanket authorisation to service providers to claim charges that allow for full cost recovery, cross-subsidy between different air navigation services, external and environmental costs, is even less acceptable. The European Parliament rightly confirmed in its amendment proposals that charges for air navigation services “shall” encourage the safe, efficient and effective provision of services at the lowest possible cost. If this requirement is to be dropped or weakened, the establishment of charges will be fully subject to arbitrary decision of the monopolistic service provider.

Airlines are strictly opposed to incentives and deterrents for airspace users as an element of air navigation charges calculation, which aim at a manipulation of traffic, neglect the existing operational environment, create distortions of competition and impose external costs. Incentives to the ANSPs for the provision of quality of service and cost-effectiveness are welcomed by the AEA and IATA in the context of Service Level Agreements (SLAs) to be concluded between service providers and airspace users. Such Service level Agreements aim at the promotion of a robust service partnership by clarifying the key operational targets and sharpening accountabilities within the air navigation services operations. IATA and the AEA are prepared to provide extensive input on this aspect. The final regulation should open the door to the conclusion of SLAs as part of, or as an alternative to, strong economic regulation.

Rather than focussing on procedural aspects, the performance regime laid down in the Draft Regulation on the Provisions of Air Navigation services in the Single European Sky should make mandatory, the compliance with state of the art standard management accounts developed on the basis of a Commission proposal and the production of a set of performance indicators by an independent body.

## **B. Civil/Military/Civil Cooperation**

The degree of present and future use of the Member States’ airspace by the military, creates an urgent need for close civil/military cooperation. Given the existing limits of Community competence for civil/military cooperation, the airlines urge the Member States to take the necessary steps to provide for an optimal civil/military coordination as an important and indispensable element of the Single European Sky.

In particular, the Member States should commit themselves to:

- provide for the participation of military representatives within the work of the Single Sky Committee;
- establish a civil/military interface within their national structures that allows for optimum allocation of airspace between civilian and military users;
- establish an appropriate framework for civil/military coordination by the conclusion of an intergovernmental instrument aiming at the creation of Community competence for the coordination of civil and military air transport within the Single European Sky;
- take action to enhance the cooperation of separate entities to provide air traffic services to civil and military air traffic (as was adopted by the European Parliament during its first Reading).

With regard to prevailing legal issues, a pragmatic solution has to be found to include provisions in the Single Sky Regulations to cover/enable civil/military cooperation.

### **C. Functional Blocks of Airspace**

It appears that the discussion among the Member States is approaching the conclusion that the definition of functional blocks of airspace is actually dependent on the approval of all Member States concerned. This is, in our view, a major departure from the initial vision of a true Single European Sky, giving decisive priority on the optimisation of airspace structures from an overall European point of view. This contains a considerable danger of watering down the perspectives for operational and efficiency improvements of air traffic management in Europe.

In this context, requiring the definition of “such” functional airspace blocks to ensure maximisation of the efficiency of European airspace as a whole, does not provide the necessary safeguard to really achieve best solutions from an operational and efficiency-oriented point of view.

During its first reading, the European Parliament adopted amendments that :

- do not give a single Member State any veto rights regarding the definition of functional blocks of airspace;
- give the European Commission, the right of final decision in cases of dispute between Member States regarding the definition of cross-border functional blocks of airspace;
- state that the structuring, definition and categorising of airspace together with the planning of routes ,shall be developed centrally.

The AEA and IATA fully support these amendments.

The Member States are urged to avoid a regulatory situation that allows individual countries to block the definition of airspace structures, taking into account traffic flows irrespective of national borders.

#### **D. Lower Airspace**

An element of the initial package of draft regulations, proposed by the European Commission on the Single European Sky and confirmed by the European Parliament during its First Reading without amendment, was the extension of the Single European Sky concept to include the creation of a European Flight Information Region in the lower airspace, within three years of the establishment of the European Upper Flight Information Region (EUIR). In order to speed up the realisation and extend the manifold benefits of the Single European Sky concept, the objective to realise the Single European Sky also in the lower airspace should, in no way, be weakened or delayed.

#### **E. Industry Consultation**

In order to achieve optimum practicability and efficiency, and because of the complexity of certain operational and technological issues, it is in the best interests of the Community that the airspace users should be closely involved in all decision- and rule-making on the Single European Sky.

The Single European Sky will thoroughly change the operational environment for the users of European airspace. Therefore, in order to safeguard the operational and economic viability of the Single European Sky, it is of vital importance to closely involve the airspace users in all levels of rule- and decision-making. The Single European Sky proposal should recognise the airlines as the primary customers paying for the services of the Air Traffic System. Therefore, explicit involvement of the airlines in matters such as capacity planning and financial planning by the ATS providers, should be guaranteed.

For all these reasons, this involvement should be separated from, and much more comprehensive than, the usual framework of consultations with social parties.

Currently existing consultative groups within the framework of Eurocontrol do not provide an appropriate basis for consulting the stakeholders in the development of regulations. In its first Reading on the Single European Sky, the European Parliament has adopted a number of amendments that foresee the involvement of the industry by the establishment of an “Industry Consultation Body”. The European Commission has indicated its positive attitude towards these amendments. The AEA and IATA urge the Member States to subscribe to the position of the Parliament and the Commission and support the formal involvement of the industry in the Comitology procedure regarding the Single European Sky by the establishment of an “Industry Consultation Body”. In this

context, reference is made to the proposal the AEA and others submitted to the Rapporteurs of the European Parliament on the Single European Sky, the COREPER Transport Attaches and the Commission on 28 June 2002.

19th November, 2002

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