

Position Paper

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AEA vision for the implementation of the Single European Sky II Package *SES II Roadmap High Level Conference (Madrid, 24-25 February 2010)*

Introduction:

The European air traffic management (ATM) system has suffered from fragmentation and inefficiencies for decades. The cost to the airlines of €9.5bn per year for European ATM could be cut by approximately one third (€3.3 billion per year lower) if the system were operated more efficiently. Safety would be enhanced. CO₂ emissions per flight and other environmental impacts could be substantially lowered and costs could be significantly decreased.

Furthermore, the current ATM system will be unable to cope with the traffic demands forecasted for the period between now and 2025.

The Single European Sky Second Package (SES II), which builds on the AEA ATM Strategy from 2007, has been published in the Official Journal of the European Union of 14th November 2009 and consequently has passed into EU law. It provides for the legal framework, building blocks and essential tools to implement a Single European Sky from 2012 onwards.

Substantial challenges, however, remain. To overcome these challenges major operational improvements are required along with continuous political action to ensure a swift implementation of the SES II Package based on ambitious performance targets and with the end goal to close the huge performance gap between the EU ATM System and non-EU ATM systems.

This paper aims to provide a high-level AEA vision for the implementation of the SES II package.

Summary

The following elements are addressed:

1. Implementation of SES II performance scheme with ambitious performance targets
2. Implementation of Functional Airspace Blocks (FABs) based on those ambitious performance targets
3. Reform of Eurocontrol in support of the SES and with a reduced cost base
4. Strengthening of ATM network functions based on a reformed Eurocontrol
5. SESAR as the technical/operational element of SES with public funding to support the implementation phase
6. EASA as the single safety regulator with safety rules based on safety priorities and building on the existing safety rules

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AEA priorities for SES II implementation

1. Implementation of SES II performance scheme with ambitious performance targets

The successful implementation of the Performance Scheme based on ambitious targets for safety, cost efficiency, capacity/delays and flight efficiency is the most important tool to realize the Single European Sky. This will require continuous political commitment to ensure a swift delivery of the benefits to the airlines.

In the short term, ATC charges (unit rates) should, as a minimum, be frozen to allow the airline industry to weather the current challenging economic climate. A clear roadmap should be developed to drastically reduce the direct and indirect costs of the EU ATM system in the longer term and as a consequence to drastically reduce ATC charges billed to the airlines and other airspace users. Such a roadmap should take into account the goal to halve the cost of air navigation service per average commercial flight from €800 to €400 and in consequence close the performance gap with the US ATM system).

The performance scheme should address both en-route and terminal charges and services as from 2012 onwards. This is essential to ensure meaningful benefits to the airlines based on the gate-to-gate concept.

The AEA believes that it is essential to ensure consistency between the Community-wide performance targets and the national/FAB targets. This will require the development of a system for resolution of inconsistencies between those targets and always keeping in mind the end goal to halve the ATC costs. In practice this also means that the worst performers will need more ambitious cost reduction targets than those who are better performers. The Eurocontrol Performance Review Commission ATM performance bench-marking (ACE) reports should be used for setting the detailed targets for individual ATM providers. Safety targets should be kept simple based on the Eurocontrol ATM safety maturity index. Environmental targets in ATM are closely linked to fuel burn and associated CO₂ emissions and therefore do not require separate targets from those needed for delays and flight efficiency.

The independence of the National Supervisory Authorities (NSAs) from the ANSPs, as well as from political interference, is essential to ensure a successful implementation. The European Commission should require and closely monitor a strict adherence to those principles, making use of the tools available within the SES II Package. Moreover, the NSAs should be consolidated within the context of FABs to ensure economies of scale and to prevent an increase of supervision costs.

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The SES II performance scheme should be linked to a well developed incentive scheme. The biggest incentive will be the abolishment of the full cost recovery system in ATM as already agreed through the SES II package and to replace it with a determined cost system. Penalties for failure to meet performance targets should be paid to those airlines/airspace users who face the economic damage related to performance deficiencies.

Risk sharing for traffic variations below planned traffic forecast, should be based on a proper allocation of risk between the ANSPs and airlines rather than current outdated system where the airlines bear all risks, which has resulted in ATC charges unit rate increases during economic downturns. ANSPs should, however, bear 100% of the risk of cost variations (e.g. in the case that they fail to keep their own cost levels under control).

Network functions (CFMU, CRCO etc) should also be based on clear performance targets but should include safeguards to ensure the strict independence of the EU Performance Review Body (PRB) from those network functions.

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2. Implementation of FABs based on those ambitious performance targets

A true SES should consist of a minimum number of FABs not orientated on national borders but on traffic flow requirements, capacity and cost efficiency, each managed by one authority. The same safety measures and procedures should apply to all FABs. The FABs are an essential tool for individual ANS Providers to meet the ambitious performance targets from 2012 onwards.

FABs need to be developed based on operational needs bearing in mind safety, airspace capacity, cost reduction objectives and environmental improvements through increased flight efficiency. Achievement of this objective requires political commitment and monitoring at the highest level. The European Commission should set and closely monitor performance parameters to be achieved by the various FAB initiatives by making use of the SES II performance framework.

FABs need to ensure a gradual integration of the fragmented European ATM system based on a roadmap with clear targets to reduce both direct costs and indirect costs through economies of scale. The model used by successful airline mergers could be used as benchmark for FABs to ensure the gradual delivery of more benefits over time while keeping in mind the need for early benefits.

Under SES regulation, ANSPs are required to have contingency plans in place for all the services they provide in the case of events which result in significant degradation or interruption of their services. At present all ANSPs duplicate their current ACC infrastructure. ANSPs must focus on solutions which are more efficient and cost effective by first looking for fallback options within the existing national infrastructure (other ACCs or military facilities) and anticipate provisions in FAB developments for such contingencies.

Interoperability of the ATC centres needs to be ensured, in particular to allow the closure of some centres during night-time when traffic levels are lower and to ensure a reduction in cost of the ATC service.

Cooperation between civil and military service providers is crucial in the further development of SES and for the elimination of the most important capacity bottlenecks in core Europe. It must be recognized that the military will continue to require airspace sufficient to meet their operational and training requirements which demand flexibility of dimensions and allocation. Member States and the Commission must look for cooperation between civil and military in the context of FABs by which the requirements of the civil and military needs are reconciled in a pragmatic, non-political manner. In view of the fact that non-EU States and the USA are also involved, closer coordination with NATO is essential. The reallocation of some military training areas, away from main civil traffic streams, as envisaged by some FABs, is welcomed by AEA and should be actively pursued by all FAB initiatives. In addition, the implementation of an ATM night route network, as envisage by some FABs, should also be pursued by all FABs as a means to improve flight efficiency during night-time when military training areas are not used.

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3. Reform of Eurocontrol in support of the SES and with a reduced cost base

The restructuring of Eurocontrol as proposed by the Eurocontrol Director General should be accelerated and will require full commitment from all Eurocontrol Member States.

The AEA supports the need to establish a Single European Sky (SES) pillar within Eurocontrol as technical support to the SES. There is a need for full transparency on the different Eurocontrol functions, their required resourcing and the way they should be financed. Clearly airlines should not pay for governmental functions (such as support to regulation etc) which should be financed from public funds.

Eurocontrol should not remain immune to market pressures to become more cost efficient. This requires a sound business plan for the Eurocontrol Agency with clear top-down developed objectives and with continuous measurement of the achievements and required resources.

The current level of Eurocontrol activities and budget (€700 million per year or around 8% of ATC charges) is unsustainable when compared with the services delivered. There should be clear yearly targets and a programme to continuously reduce Eurocontrol's budget and resources in agreement with the key stakeholders such as the airlines, other airspace users and ANSPs.

Outsourcing and/or privatization of some Eurocontrol functions (e.g. training institute) should be envisaged as a means to achieve greater cost efficiency.

ATM R&D activities should remain limited to SESAR to ensure one central European coordinated R&D programme. Eurocontrol could continue to play a role in support of the implementation of the SESAR first implementation package (IP1) but this will require clear transparency on required resources and budget which should be defined at EU level, outside the Eurocontrol governance structures.

4. Strengthening of ATM network functions based on a reformed Eurocontrol

The strengthening of European ATM network functions -such as route network design, central flow management and the management of scarce resources (frequencies and transponder codes)- is an essential element of the Single European Sky II package.

Eurocontrol could play a role for those functions but only on the condition that the Eurocontrol Agency reform, as proposed by the Eurocontrol Director General, is completed successfully and on the condition that Eurocontrol's unsustainable cost base is reduced. This will require full political commitment from all Eurocontrol Member States to push through the essential restructuring of the Eurocontrol Agency.

The European Commission should therefore ensure strict adherence to those principles before granting the mandate to Eurocontrol.

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5. SESAR as the technical/operational element of SES with public funding to support the implementation phase

The SESAR programme has been established as the technical/operational complement to SES II. The European Commission’s expectation for SESAR is that it “will deliver a future European Air Traffic Management (ATM) System for 2020 and beyond which can, relative to today’s performance,

- enable up to a 3-fold increase in air traffic movements whilst reducing delays,
- improve the safety performance by a factor of 10,
- enable a 10% reduction in the effects aircraft have on the environment and
- provide ATM services at a cost to the airspace users, which is at least 50% less”

These objectives as well as the interoperability with non-EU ATM systems (such as the US Nextgen initiative) should be the driving force for the SESAR programme. SESAR is not to be used as a financing vehicle for European supply industries through user charges paid by the airlines.

SESAR alone is not sufficient, airlines need improvements in ATM now as result of the SES II Performance Scheme. Moreover SESAR should ensure quick wins before 2020. Political action is required now to realize the full benefits of SES II, which go beyond the expected technological improvements envisaged by SESAR and its US counterpart NextGen.

SESAR implementation should be seen as an infrastructure project for Europe. Therefore it should receive substantial EU public funding as Public-Private Partnership (rather than the currently envisaged funding for R&D only) similar to EU public funding provided to pan-European transport projects in other transport modes (rail & shipping). If no such public funding is made available, both for ground and airborne infrastructure (aircraft avionics), to support the implementation phase then SESAR will fail. The US Nextgen initiative faces similar funding problems.

SESAR will only be able to deliver if the political/institutional problems referred to in previous paragraphs are solved without further delay and if the required public funding is made available for implementation.

6. EASA as the single safety regulator

The Single European Sky II package has extended the scope of the European Aviation Safety Agency (EASA) to include ATM safety regulation thereby ensuring an integrated approach for ATM safety regulation in the EU.

While supporting this concept, the AEA feels it essential to closely monitor the practical implementation of those new EASA competences. It is essential that EASA ATM safety rules are built on the existing SES rules rather than EASA trying to reinvent the wheel through burdensome rules which have no safety justification. It is essential that any changes to the existing rules are based on a clear EASA safety policy and safety priorities, including an acceptable regulatory impact assessment, rather than EASA proposing changes driven by other agendas.

In the short-term, Eurocontrol resources could be used as technical support to EASA ATM safety regulation activities. However, it is essential to ensure that those Eurocontrol resources are paid from public funds as required by EU law (as per EASA basic regulation).