

Creating a real SINGLE EUROPEAN SKY

Address to the High-level Group

A Single European Sky ?

- The need for a single European sky is evident, the urgency is demonstrated, there is a wide agreement on this concept.
- But... a formidable obstacle has to be overcome :

fragmentation

Fragmentation

- Fragmentation is an operational risk :
 - the Überlingen accident is partly due to fragmentation (bad communication between service providers)
 - the complex environment (proliferation of rules, standards, equipments...) is **in itself** a **safety risk**
- Fragmentation is detrimental to the development of European air transport and to the European aviation industry as a whole.

Fragmentation

- Fragmentation explains why the European ATM is not cost effective
- The PRC report shows huge productivity reserves that can only be tapped if we are serious in reducing fragmentation

The cost of routing inefficiencies and fragmentation of services (estimated at 2.8 billion of € per annum by the independent PRC) is hampering the competitiveness of the European Business and is an undue deduction on the citizen

Fragmentation

- Fragmentation creates environmental inefficiencies : sub-optimal routes, delays... hence useless fuel burn

The cost of inefficiencies (estimated at 12 million tonnes of CO² per annum by IATA) is no longer acceptable by the citizen

Corrective actions

- The EU has proposed several initiatives for solving this issue (SES, SESAR)
- However, political constraints created the need for an oblique approach :
 - FAB to reduce fragmentation, but this objective is implicit
 - Bottom up approach to built them, but no coordination, no validation of initiatives

States / ANSPs don't deliver

- ANSPs are at the origin of the problem. Although they want to address it, they probably cannot :
 - ❑ because privatization/corporatisation worsens the fragmentation, as ANSPs promote their corporate business interests
 - ❑ Current initiatives for FABs will NOT reduce the number of facilities, even at long term. ANSPs continue their own investments in parallel, bypassing coordination at European level
 - ❑ States no longer exercise their responsibility vis a vis ANSPs developments

Political principles

- Art 28 of the Chicago Convention :
 - States cannot wash their hands and delegate/outsource their responsibilities to others
 - States can cooperate within international bodies of which they are owner to deliver at European level a better service

Subsidiarity

- The correct application of the subsidiarity principle means that we need MORE EUROPE in the Single Sky, as most of the problems can only be addressed at European level
- We need a radical simplification ...
- with a soft transition process

The best in class

- US FAA, NAVCANADA, New Zealand and Australian ANSPs are all **sole** service providers, each giving service to a **very large area**, and are vertically **integrated**.
- Economies of scale, seamless service and total interoperability between ACCs create the conditions for a **safe** and **efficient** service
- Europe should learn this lesson. Worsening fragmentation, weakening European integration and promoting artificial competition is a move in the wrong direction.
- PRC evidence shows that privatisation of ATM services does not *in itself* improve their performance.
- We need only one Safety Authority to cope with the proliferation of rules and standards

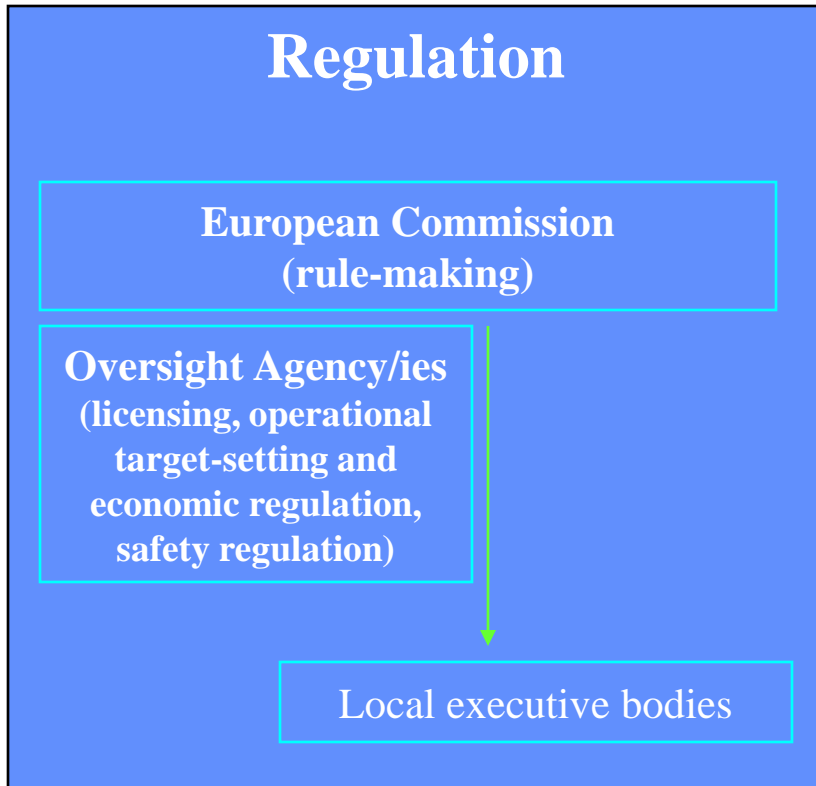
Regulation

- Today, the landscape is chaotic : too many players
- We need to address four issues :
 - ❑ A single regulator within the Community framework, with strong Military co-operation
 - ❑ A regulator focusing on regulation but leaving free the operators to implement the regulation
 - ❑ A regulator able to grant certifications based on indisputable competencies and processes
 - ❑ A regulator able to perform strong inspections and to take sanctions

A single regulator for ATM ?

- The Commission should be this single regulator, assisted by specialized Agencies
- National bodies (NSA) should be the executive arms of this regulator for certification / inspections but should be stripped from rule-making authority
- Of course, the regulator should also rely on expertise on the ground when elaborating the rules

Tomorrow...



One of the weaknesses of the current situation is that national authorities are under-staffed for performing regular and in-depth inspections.

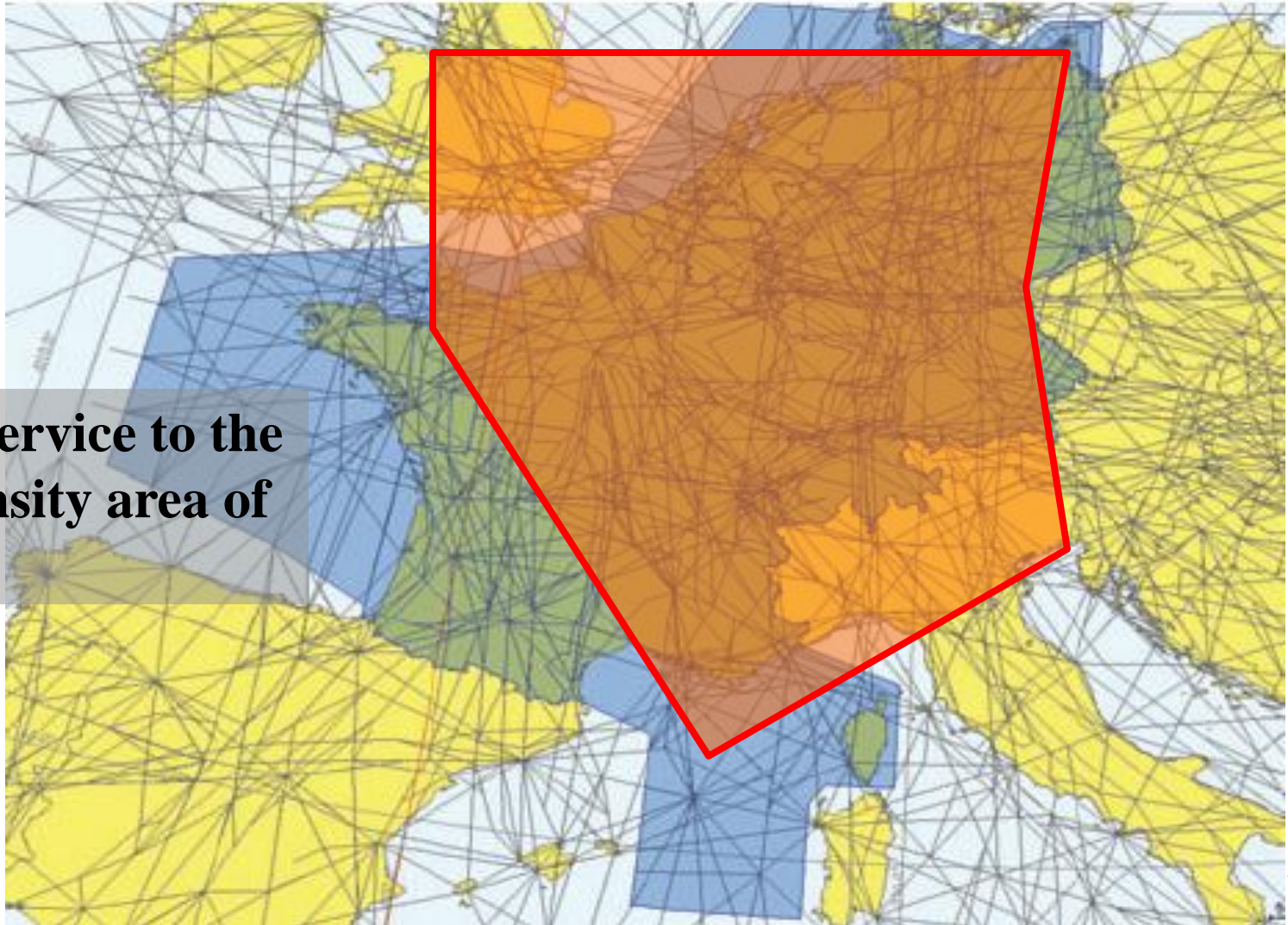
This became evident with the numerous incidents in summer 2005 (which led to the publication of a European blacklist of carriers)

Service provision

- Today, the landscape is chaotic : too many players
- FABs will not solve the fragmentation problem, at least at foreseeable horizon :
 - ❑ Current initiatives are mainly bilateral and based on make-believe, cosmetic measures, with long unreasonable timescales
 - ❑ They do not address the real operational and financial challenges, most already are at sub-optimal size
 - ❑ They do not address the overall ATM problem in Europe
 - ❑ ANSP want to protect their business
 - ❑ ... but FABs are nevertheless a step in the right direction
- Service provision should be separated from regulation – ANSPs should not interfere with regulatory activities

FAB Europe Central

What it is ... what it should be, if designed on operational grounds



**Giving service to the
high-density area of
Europe**

Sources of economies

	Cause of fragmentation	Annualised costs	% of cost of fragmentation
Common issues	Piecemeal procurement (mainly ATM systems)	€30m - €70m	14%
	Sub-optimal scale in maintenance and in-service development (mainly CNS)	€10m - €15m	
	Fragmented planning	€60m - €120m	
ACCs	Economies of scale in ACCs (operating costs)	€370m - €460m	53%
	Economies of scale in ACCs (capital cost)	€105m - €140m	
	Constrained sector design (flight efficiency benefits)	€50m - €100m	
ATM systems	Lack of common systems (operating costs)	€150m - €215m	23%
	Lack of common systems (capital costs)	€30m - €90m	
	Increased coordination at interfaces	€10m - €20m	
CNS infrastructure	Optimum location of en-route nav aids	€3m - €7m	4%
	Overprovision of secondary radar	€15m - €60m	
Associated support	Economies of scale in training, administrative costs and R&D	€40m - €100m	6%
Total costs of fragmentation		€880m - €1400m	100%

The short term view : an Agency for SES

- EUROCONTROL, with its 47 years of experience, is the natural European coordinator for assisting States in:
 - **designing FABs** that are answering to **true operational needs** (and not simply an aggregation of national territories)
 - proposing a **single** European framework for **safety improvements and cost-efficiency** (and not simply interfaces between heterogeneous systems and procedures)

‘Despite the positive aspects, the SES lacks overall impetus and incentive to performance improvement’
(PRC report Dec 2006)

EUROCONTROL, the SES Agency

- EUROCONTROL should be integrated under the Community umbrella :
 - Win-Win : securing its undisputed expertise, introducing the ‘*méthode communautaire*’ in its decision-making processes
 - Roadmap for this integration to be defined, safeguarding staff interests and continuity of operations.

EUROCONTROL, the SES Agency

○ A strong Agency in charge of SES implementation will :

- ❑ give a **new impetus** to European projects and missions (SESAR, DMEAN, FABs and other important projects)

Harmonizing within FABs is not enough : we should do it across Europe

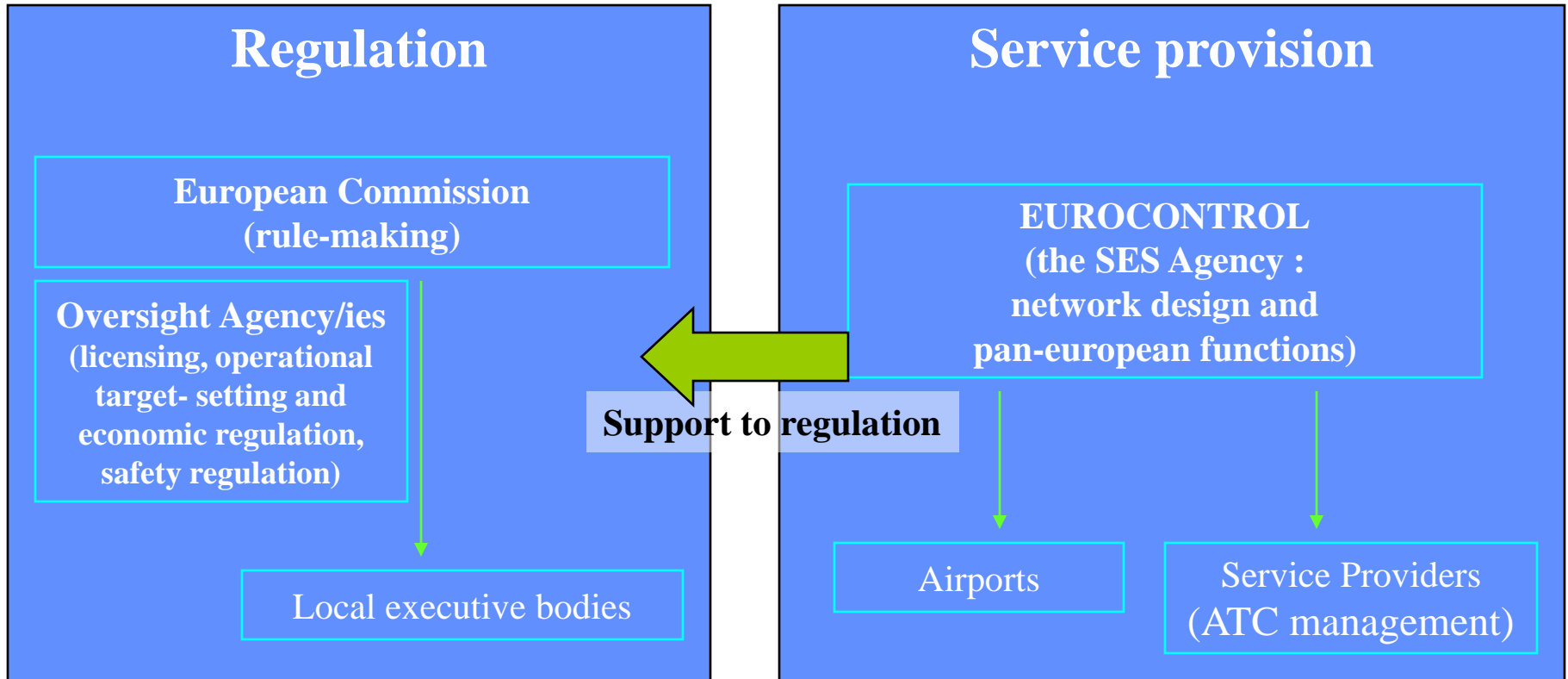
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of ICAO Universal Safety Oversight Audit Programme

The need of a strong SES executive agency is demonstrated a contrario by the difficulties met by GALILEO or other initiatives where there is no efficient executive relay between the political initiatives (European decisions) and the industry

- ❑ be a step stone for future evolutions
- ❑ **harmonise** all initiatives related to **safety improvement**
- ❑ be the hub for providing validated data to the EU regulator

Tomorrow... The short-term view



Quick wins : An Agency to focus FAB initiatives on their essential objectives, promote real operational coordination, involve the Industry into decision-making processes, manage large common projects. **EUROCONTROL is the solution to fragmentation.**

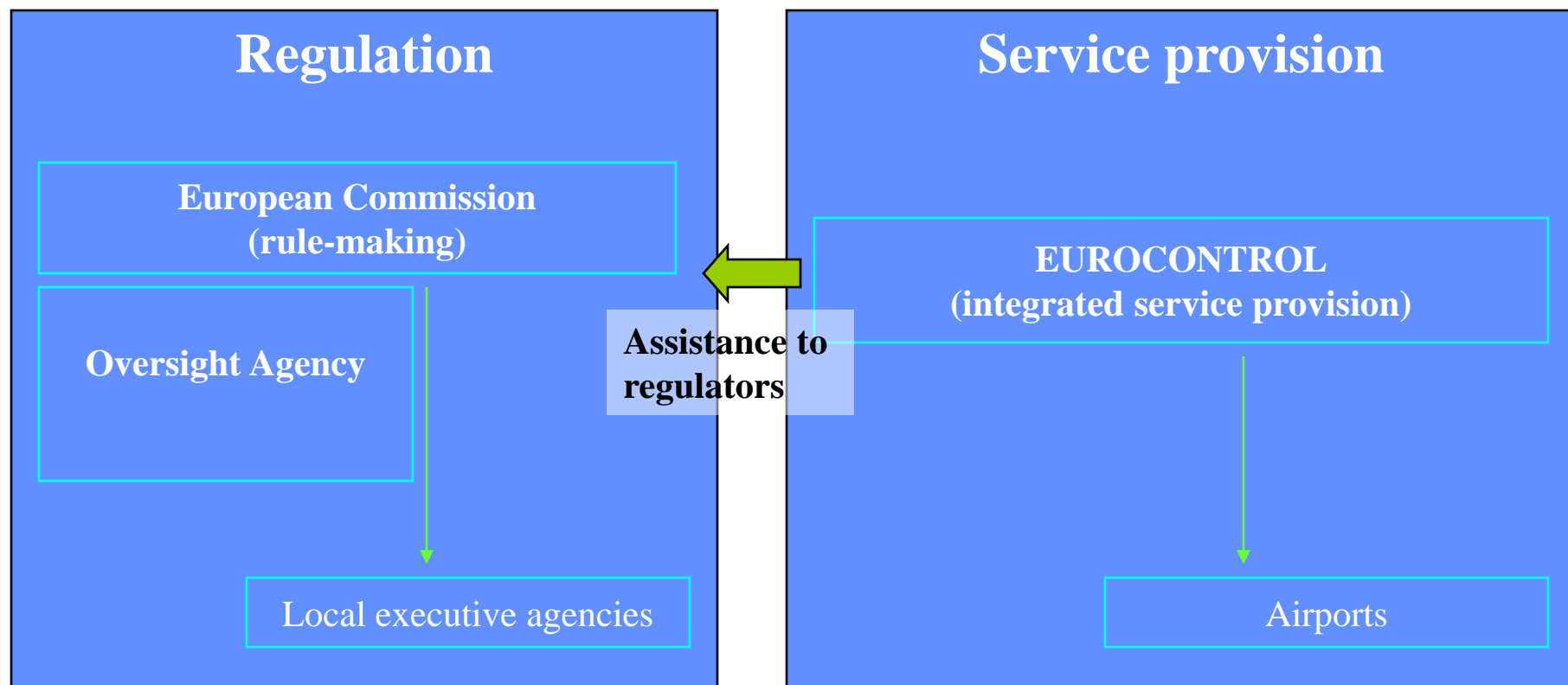
A single service provider ?

The long term view

- Service provision is not a competitive market but a natural monopoly
- The service provision should be consolidated into one entity (e.g. US FAA), using the precedent of the five FMU consolidated into one CFMU
- EUROCONTROL was originally built for this purpose
- This single service provider should be within the Community framework

Paris, London,
Frankfurt, Roma
and Madrid

Tomorrow... (long term view)



Seamless, safe, interoperable, customer-oriented, cost-efficient, simple, accountable with clear separation between regulation and service provision, providing for a true flexible use of airspace

A transition period

- A transition plan should be defined, but some quick-wins could materialize :
 - in network and access/capacity management,
 - and from day one in procurement plans.

- The interests of staff should be fully safeguarded, their buy-in is essential.

ATM Systems and common issues

- 37% of the potential savings, maybe the easiest
- Common procurement, immediately
- Delegation of the architecture design, planning, operation, incl maintenance, to the Single civil & military European Service provider, with the aim to consolidate all services and to integrate all staff needed for operating the European ATM infrastructure, progressively

Area Control Centres

- 53 % of the potential savings
- Delegation of the network architecture, sector design, operation of ACCs, to the Single European Service provider, progressively, with the aim to reduce the number of ACCs to the optimal level (around 40 sectors per ACC) and to integrate all support staff needed for operating the European ATC services

Timescale

- This migration may take up to 10 years
- but a precise plan should be decided at the beginning
- this may well alleviate the foreseen shortage of specialists.
- It will provide for a common status for staff, increasing mobility and polyvalence

SESAR

- Our proposal will help the SESAR Project to reach the objective of halving the costs of ATM in Europe
- During the **deployment** phase, only one common European Service provider, EUROCONTROL, will be responsible and accountable for the outcome
- Radical simplification is a building block for the success of the SESAR Project

A vision for the Single European Sky

○ We know these views are difficult to accept by the ANSPs but they are in line with the expectations of the airlines, for cost and safety reasons

○ It is the only path that will lead us to the objective :

A safe and efficient **single ATM system for
Europe**

for the benefit of the European citizen.