



Annex III

SINGLE EUROPEAN SKY II

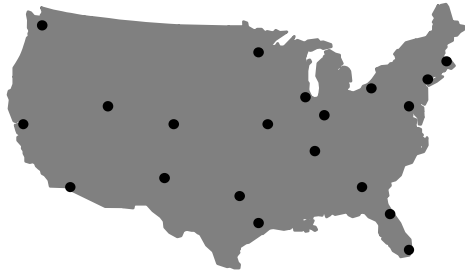
A STRATEGIC INFRASTRUCTURE PROJECT FOR THE EUROPEAN
AIR TRAFFIC MANAGEMENT SYSTEM

- 1. The European Air Traffic Management (ATM) Framework – a comparison with the US**
- 2. What are the challenges to the European ATM system?**
- 3. How to enhance the performance of the European ATM system?**
- 4. Who will benefit from an efficient air transport system?**

1. The European Air Traffic Management (ATM) Framework – a comparison with the US

USA

ATM Airspace: 13,8 million km²



1 Air Navigation Service Provider (civil + military) + **21** En-Route centres

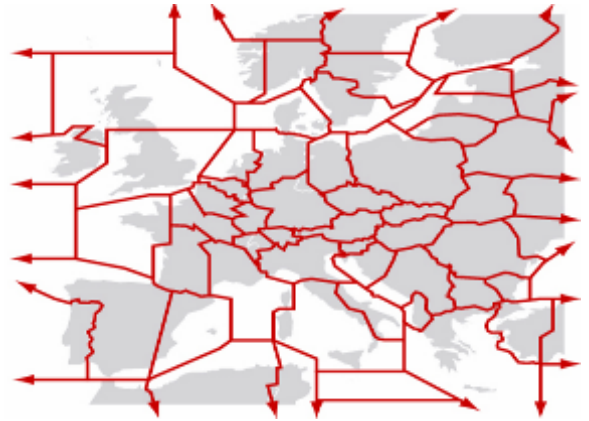
18.3 million Controlled flights

€440 ATM Cost / Flight

Source: EUROCONTROL PRC 2006

EUROPE

ATM Airspace: 10,8 million km²



47 Air Navigation Service Providers (civil + military) + **58** En-Route Centres

9.6 million Controlled flights

€771 ATM Cost / Flight

→ **European Air Traffic Management (ATM) needs:**

- **a network rather than a national approach**
- **a performance based approach**

2. What are the challenges to the European ATM system?

<p style="text-align: center;">INCREASING TRAFFIC</p> <ul style="list-style-type: none"> Traffic growth showed wide variations across Europe (-2% to +25%). On average, growth of air traffic (5.3%) continued notwithstanding high fuel prices. <p style="text-align: center;">▼</p> <p>By 2025, demand is expected to be 2.4 times higher than today. HIGH RISK OF CONGESTION.</p>	<p style="text-align: center;">DELAYS</p> <ul style="list-style-type: none"> In 2007 ATFM delays represent approximately 24% of primary delays (>15 minutes), with continuous deterioration between 2003 and 2007. Air Traffic Flow Management delays were 21.7 million minutes in 2007 resulting in an additional 1.3 Billion € costs for airlines. <p style="text-align: center;">▼</p> <p>The en-route ATFM delay target (1 min./flight) until 2010 was not met for the second consecutive year (1.6 min./flight in 2007). This will also be the case for 2008.</p>
<p style="text-align: center;">FLIGHT INEFFICIENCY</p> <ul style="list-style-type: none"> Flight inefficiencies, which account for detours of 468 Million km in 2007 <u>resulting in between 1.6 and 2.5 Billion € unnecessary fuel costs for the airlines.</u> These costs to airlines mainly arise from crew costs, passenger compensation and loss of passenger loyalty. <p style="text-align: center;">▼</p> <p>Eurocontrol target to reduce the European average route extension per flight by -2 km per annum until 2010 has not been met so far. THERE WAS NO IMPROVEMENT IN AVERAGE ROUTE EXTENSION PER FLIGHT FROM 2005 TO 2007.</p>	<p style="text-align: center;">UNNECESSARY POLLUTION AS A CONSEQUENCE OF INEFFICIENCY</p> <ul style="list-style-type: none"> Improved ATM and airport operations together could reduce emissions by some 7 to 12% per flight, or 16m tonnes of CO₂ (2008). 4 km shorter route per flight could save 0,4m tonnes of CO₂ per year (2008). <p style="text-align: center;">▼</p> <p>The aviation industry can accept ETS subject to certain conditions, including not buying permits to waste fuel in circuitous routings.</p>
<p style="text-align: center;">SAFETY RISKS</p> <ul style="list-style-type: none"> Safety has been and remains the overriding consideration in all aviation activities. 0.29 aircraft losses per 1 million departures testify the success of the aviation industry in achieving the highest safety levels in any transport mode is well known. Nevertheless, safety risks quadruple when traffic doubles, which is most likely going to happen within the next 15 years. All industry stakeholders are involved in the continuous effort to ensure that these safety levels do not deteriorate. <p style="text-align: center;">▼</p> <p>There is a need to increase safety levels in parallel with increasing traffic.</p>	<p style="text-align: center;">FRAGMENTATION</p> <ul style="list-style-type: none"> Fragmentation costs in ATM service provision amount to 2 Billion € per year Unit costs were nearly 2 times higher in Europe than in the US (2005) <p style="text-align: center;">▼</p> <p>National infrastructures have low levels of interoperability.</p>

→ Business as usual is not an option: European ATM performance must improve

3. How to enhance the performance of the European ATM system?

URGENT NEED FOR:

- I.** Performance Target Scheme
- II.** Functional Airspace Blocks
- III.** Harmonised Safety (EASA)
- IV.** SESAR – looking ahead

I. Performance Target Scheme

Introducing *binding* Community-wide and national performance targets in key performance areas (safety, environment, capacity and cost efficiency) in line with ICAO policies

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Relevant incentives and disincentives to encourage achievements of the targets

Performance Process – Roles and Responsibilities

(IATA interpretation of the EC proposal)

1. European Commission to establish a **top-down performance framework** supported by an Independent Performance Review Body
2. Member States assist the European Commission with the adoption of **Community wide network targets**
3. National Supervisory Authorities to agree **targets at national/regional level** in compliance with Community wide targets
4. Industry Partners, e.g. air space users, air navigation service providers and airports, are **consulted** on the target setting process and agreement to the performance improvement plans
5. National Supervisory Authorities and Independent Performance Review Body **monitor** the implementation of the performance improvement plans on an annual basis
6. Member States apply corrective measures, including **incentives and disincentives**, when binding performance targets are not met

The performance scheme should drive, *inter alia*, the charging scheme for air navigation services, which should contribute to greater transparency (Art. 14) Art 15 p.2

II. Functional Airspace Blocks

Accelerating the creation and integration of air navigation services in functional blocks of airspace (FABs) by 2012.

Functional Airspace Blocks could be one of the principle tools to improve the efficiency of Europe Air Traffic Management. They provide a vehicle for reducing fragmentation of service provision. However progress is slow and no significant benefits will be available in the short term.

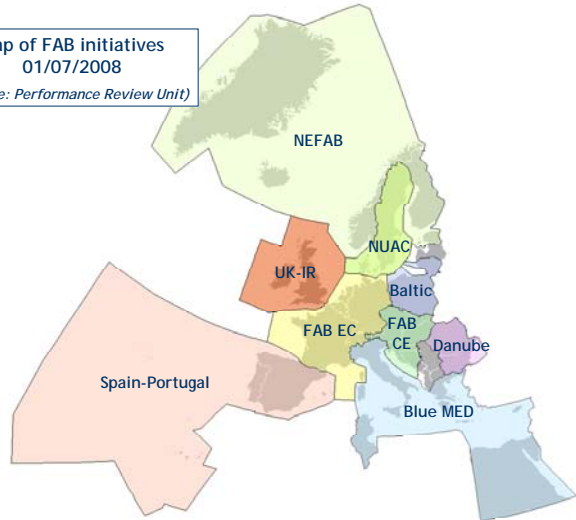
Key elements to improve the situation are:

1) Performance requirements will drive the benefits which users expect from Functional Airspace Blocks (FABs).

2) The establishment of a European network manager to optimise the design and management of the network and to ensure the convergence of national ATM systems

3) The European Commission may, under its own control and responsibility, entrust EUROCONTROL with the above-mentioned role. In this respect, as recommended by the 2007 High Level Group Report ("A Framework for Driving Performance Improvement"), IATA strongly favours an organisational model for EUROCONTROL, which ensures a full functional separation between any regulatory activities and the management of service provision functions.

Map of FAB initiatives
01/07/2008
(Source: Performance Review Unit)



WILL THE STATE LOSE SOVEREIGNTY? NO

- SES DOES NOT prejudice Member States' sovereignty over their airspace and Member States obligations relating to public order, public security and defense matters and to their rights and duties under 1944.
- Each Member State nominates a National Supervisory Authority (NSA) at least functionally independent from other public or private entity.
- The NSA ensures the safe and efficient operation of ANSPs, which must be majority owned by the State or its nationals.
- The Member States concerned shall endeavour to conclude an agreement mutually recognising the supervision tasks undertaken by the ANSPs within the FABs.

WILL PEOPLE LOSE THEIR JOBS? NO

Major job opportunities are expected since:

- There is currently scarcity of human resources for the provision of air traffic control. The deployment of new technology will increase the productivity of air traffic controllers who will be able to handle a significantly higher number of aircraft movements.
- In the long term, initial estimates indicate that some 200,000 highly skilled jobs will be created in Europe as a result of the SESAR project.

III. EASA

Making EASA the *Single Safety Regulator for all aspects of the aviation system, including ATM and airports.*

- Need for Europe to continue the development towards a total systems approach to aviation safety regulation for the sake of ensuring an increased level of efficiency.
- One entity to deal with the various aspects of aviation safety regulation and the interaction between them to improve the consistency and coherence in these activities, which the current system is lacking.
- The political commitment to extend EASA's scope to the field of safety regulation of Air Traffic Management and Air Navigation Service Provision needs to be accompanied by a similar commitment to allocate sufficient resources to enable EASA to carry out these functions in an efficient manner.

IV. SESAR

SESAR is a performance-driven programme designed to ensure sustainable air transport system development in Europe. By 2020, the aim is to bring about a 3-fold increase in capacity, to improve safety by a factor of 10 and to reduce by 10% the environmental impact per flight and cut ATM-related costs by 50%.

- The industry has so far injected considerable resources during the SESAR Project Definition Phase and requests a robust implementation plan driven by a sound business plan.

BUT WHO PAYS FOR THE TRANSITION AND THE IMPLEMENTATION PHASES?

- Implementation of the ATM Master Plan will require significant resources to develop and implement the new airborne and ground based equipment required (29 billion €).
- Overall, airlines are already paying 7.8 billion €/per year (2006 figure) for air navigation services (including infrastructure cost).
- Unlike ANSPs and airports, airlines operate in a highly competitive environment, which reduces the margin for profits. High fixed and operational cost contributes to heavy airline industry losses in recent years, significantly worsened by soaring fuel costs.
- In compliance with the "user pays" principle costs for the financing of common projects should be spread throughout their life cycle and any pre-financing cost from user charges should be rejected. Financing should therefore come from public fund, such as TEN-T funds, or public private partnerships.
- The performance scheme should drive the charging scheme for air navigation services, which should contribute to greater transparency and to the cost efficiency of providing ANS and flight efficiency, while maintaining an optimum safety level.
- Cross subsidies should not be allowed between en-route and terminal services within the same airport but also neither between different airports

4. Who will benefit from an efficient air transport system?

The CITIZENS and PASSENGERS	<ul style="list-style-type: none"> • Lower fares • Shorter travel times • Better service/performance, including reliability and predictability of the schedule • Lower personal carbon footprint • Higher safety levels • More employment in Europe as European manufacturing industry will benefit from being at the forefront of a technological revolution that will provide it with a competitive edge on global markets
The ENVIRONMENT	<p>Sustainable growth:</p> <ul style="list-style-type: none"> • Maximum level of CO2 emission for each flight • Reduction by 12% of fuel each year • Reduction by 16 million CO2 emissions each year
The ECONOMY	<ul style="list-style-type: none"> • Sustainable growth of the economy in line with the objectives of the Lisbon Agenda • Air transport has the potential to contribute in 2020 by €470 Billion (source: Eurocontrol) • Mobility to Europe citizens and companies • Access to isolated regions • Essential to integration of Europe
The AIRSPACE USERS	<ul style="list-style-type: none"> • Higher quality of service avoiding inefficiencies of 5.7 billion €/year • Fairer and more transparent charges and enhanced accountability from suppliers • Lower cost originating from liberalization of support services meeting users requirements
The SERVICE PROVIDERS	<ul style="list-style-type: none"> • Performance driven management • Rational approach to future planning • Centralized network management • Necessary framework for incentives and penalties to comply with performance targets • Air traffic controllers will have access to more information from a single network • More automated assistance to controllers • More focus on enhancing safety in a Just-Culture environment
The AIRPORTS	<ul style="list-style-type: none"> • Closer integration with service providers and airspace users which will ensure better management of capacity, operations and cost performance

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