



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING DOCUMENT

accompanying the

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulations (EC) No 549/2004, (EC) No 550/2004, (EC) No 551/2004 and (EC) No 552/2004 in order to improve the performance and sustainability of the European aviation system

SUMMARY OF THE IMPACT ASSESSMENT

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Executive summary of the impact assessment on the proposal for a revision of the Single European Sky legislation

The impact assessment on the revision of the Single European Sky (SES) legislation¹ (2008/TREN/030) follows the recommendations of two major preparatory reports: the High Level Group report on the future regulatory framework for aviation (July 2007) and the Performance Review Commission report on the ‘Evaluation of the impact of the Single European Sky initiative on ATM² performance’ (December 2006). The SES proposals will form an integral part of a wider package, with two other elements: (1) the extension of EASA competences to air traffic management (ATM) and air navigation services (ANS) (2) the endorsement of the SESAR³ master plan. Because of their specific nature, the SESAR and EASA proposals will be the subject of separate appraisals.

The proposals considered for SES II do not introduce new legislation as such, but rather **consolidate** the previous SES package (SES I) and **add** an overall performance-driving framework. This framework will strengthen the network approach and introduce environmental performance as a new area.

What is the problem?

Our current air traffic management (ATM) system is operating **close to its limits** and there is scope for improvement. There are inefficiencies in cost and capacity and ATM does not restrict the environmental impact of aviation. The system is still **fragmented** along national borders, lacks good network coordination and efficient use of airspace. These problems lead to total additional costs of over €3bn per year.

Sub-optimal routing (**flight inefficiency**) not only translates into loss of time and money, but also to unnecessary fuel burn and emissions. At the same time, traffic is expected to double or, in some regions, even triple by 2020, to a volume that current technology and organisation will struggle to handle safely. Increased congestion in turn leads to unmet demand, reduced competitiveness and unrealised economic potential both for aircraft operators and the economy at large.

¹ Regulation (EC) No 549/2004 of the European Parliament and of the Council laying down the framework for the creation of the Single European Sky,
Regulation (EC) No 550/2004 of the European Parliament and of the Council on the provision of air navigation services in the Single European Sky,
Regulation (EC) No 551/2004 of the European Parliament and of the Council on the organisation and use of airspace in the Single European Sky,
Regulation (EC) No 552/2004 of the European Parliament and of the Council on the interoperability of the European Air Traffic Management Network.

² For a list of all abbreviations used in the text, see **Annex 1**.

³ SESAR is the Single European Sky ATM Research project, which aims to modernise the ATM system both technologically and operationally. For more information see http://ec.europa.eu/transport/air_portal/sesame/index_en.htm and <http://www.sesar-consortium.aero/>.

What are the main causes of the problem?

1. **Lack of a network approach:** air routes were historically designed as a function of national air carrier needs or to reflect the network of traditional radio-navigation aids. While navigation technology and the needs of airspace users have changed significantly, the route network does not reflect these changes. As routes channel fee-paying traffic through predetermined territories, hence determining the income of service providers, the national approach has led to cross-country flight efficiency being a secondary concern in route network design. The situation is further complicated by sub-optimal civil-military cooperation.

2. **Insufficient oversight of natural monopolies:** air traffic management is mostly a natural monopoly (one service provider in each block of airspace due to technical constraints and sunk investment costs), which prevents efficiencies through competition. This system and the corresponding full-cost recovery mechanism do not incentivise service providers to improve their services to customers (i.e. airspace users). Instead, it contributes to a ‘live and let live’ attitude.

3. **Governance:** while the Single Sky legislation brought air traffic management under the Community umbrella, essential obligations were left to national discretion. Some elements of the system also remain the responsibility of intergovernmental structures with limited enforcement powers. The current institutional arrangements for ATM are not in line with industry developments (corporatisation, privatisation, etc.) and require a clear separation of policy- and law-making from oversight functions and service provision.

What are the main policy objectives?

The over-arching objective of the revision of the Single Sky legislation is to ensure that the ATM system effectively provides the infrastructure for the aviation industry and other users so that the Lisbon objectives can be fulfilled. Performance must focus on four key areas — cost-efficiency, flight efficiency, capacity/delays and safety. Environmental protection will be added in the revised package as an explicit objective, as a key area for service provision and a criterion for route network design.

What are the main tools for achieving the policy objectives?

The proposals aim to drive the performance of the ATM system. A **regulatory** framework with target setting will gradually ensure this. The **network approach** will be enhanced to solve local problems with system-wide effects. Wherever possible, the **unbundling** of services should be considered with a view to introducing competition. This performance framework should ensure more efficient integration of service provision within functional airspace blocks (FABs).