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INFORMATION NOTE

From: The Presidency
To: Council
Subject: Aviation Summit SES (Limassol, 11-12 October 2012)
- *Information from the Presidency*

Delegations will find annexed an information note from the Presidency on the above mentioned subject, which will be dealt with under "Any Other Business" at the meeting of the Council (**Transport**, Telecommunications and Energy) on 29 October 2012.



High Level Conference on the "Single European Sky: time for action"

Limassol, 11-12 October 2012

Limassol Conclusions

The latest High-Level Conference on the implementation of the Single European Sky (SES) took place at Limassol (Cyprus) on 11-12 October 2012 and was jointly organised by the Cyprus Presidency of the Council of the European Union and the European Commission.

The Conference followed the previous High Level Conferences held in Madrid, Bruges, Budapest and Warsaw, and was attended by a broad cross-section of the whole ATM community.

Opening speeches were made by Mr Efthemios Flourentzou, CY Minister of Communications and Works, Mr Siim Kallas, Vice-President of the European Commission in charge of Transport, and Mr Brian Simpson, Chairman of the Transport Committee of the European Parliament. Mr Flourentzou welcomed the participants, set the scene for the conference, identified the issues to be discussed, and stressed the importance of moving forward. This was taken up by Mr Kallas, who stressed the Commission's impatience that after ten years, the Single Sky was still not delivering. He outlined the Commission's plans for action in the coming year, and in particular on performance and FABs, and the intention to bring forward new legislation (SES 2+). Mr Simpson developed these themes and in particular made a strong attack on lacking FAB implementation, and the role of Member States in this.

This was followed by four sessions enabling in-depth discussion of progress towards the implementation of the Single European Sky and debate on the next steps to be taken.

The conference also saw the signing of the Blue Med state level agreement between Italy, Greece, Malta and Cyprus.

These conclusions were jointly drawn up at the end of the conference by Mr Demetriou, Director General of Civil Aviation, Government Of Cyprus and Mr Ruete, Director General of DG MOVE, European Commission.

Implementation of the Single European Sky

A theme which was heard repeatedly throughout the conference was that - ten years after its launch – the time is ripe to complete the work of implementing the Single European Sky. We are entering a particularly crucial phase of implementation for the SES. There were repeated

calls for a renewal of commitments from all the parties concerned, particularly the Member States, to deliver concrete and timely results on all the components of the SES. There was also a strong sense that *we are in this together*.

Performance Scheme: are we on the right track?

The first session was devoted to the Performance Scheme. We were reminded that the ATM performance has major impact on the airline cost structure and that airspace users were deeply frustrated that the targets for RP1, already a compromise at European level, were not going to be fully delivered by national plans. We also heard from ANSPs and NSAs who explained some of the difficulties involved. One ANSP pointed out candidly that they lacked incentives to optimise airspace either at the level of ANSPs or indeed FABs. Hence the view that was strongly held in the conference for tough economic regulation of the ATM sector through the performance scheme, and for the targets to be clearly understood as binding on Member States, not simply aspirational goals.

The conference discussed the targets for RP1, now in force. There was clear disappointment that the Member State plans fell short of the agreed targets at European level, and that close monitoring was necessary to ensure delivery of the plans, particularly on cost efficiency and capacity, although it was also noted that air traffic levels would continue to influence the performance results over the reference period. The Commission stated that it would use its enforcement powers (corrective measures) as appropriate but noted that it was reviewing whether crisper powers to sanction Member States for failure to deliver on performance were needed.

There was also a useful discussion of target-setting for RP2 where the discussions will begin. A number of participants voiced the opinion that the RP2 performance targets should be set well beyond RP1 levels, and that safety should now be brought more clearly into the RP2 process. It was also recalled that the social dimension would become a significant success factor in RP2. Furthermore such targets should now be set at FAB level, helping to steer FABs to concrete operational steps in consistency with the requirements of EU legislation. It was also recommended by one or other participant to better link the Performance Scheme with SESAR deployment, and to develop the role of the Network Manager.

Functional Airspace Blocks: 2012 make or break year?

The second panel discussed Functional Airspace Blocks. There was widespread agreement that major efforts have been made towards the establishment of all nine FABs by the deadline of December 2012. However, it was highly unlikely that FABs would meet the requirements set out in the legislation. In particular, the results in terms of defragmentation and optimising use of airspace were felt to be highly disappointing. But it was also felt that FABs had the potential to become major actors in the EU ATM landscape, because air space users need efficient and seamless ATC systems. FABs would play a crucial role in the performance, in the coordination of network functions and the deployment of the SESAR programme. In other words, FABs were central to implementing the SES.

We heard a report from the FAB Coordinator, Mr Jarzembowski, and there was lively discussion around the reasons the FAB project has run into such difficulties. In addition to

the absence of political willingness at Member State level, the need for a clearer FAB business model was highlighted to enable cross-border and cross-centre operations. It was also felt that FAB ministers should meet more often to develop a political esprit de corps, and that FABs should also develop their own individual roadmaps for implementation (once the establishment process is completed), working with regulators to minimize overlap and duplication (some said that NSAs and other regulators should be aligned to the FABs they oversee). It was also noted that FABs should work with airports to propagate efficiency improvements. Some felt that if necessary, a two-speed approach should be adopted to overcome the absence of unanimity among FAB partners. We were also reminded of the importance of a good social dialogue to address complex issues related to ANSP personnel, and we also agreed that forced mobility of ATCOs was not an option. But the strongest sense was that without the active, engaged support of Member States at the political level, there was a real risk that FABs would fail to deliver the potential benefits identified.

SESAR: steps towards its deployment and the ATM system modernisation

The state of preparation of SESAR deployment has made significant progress in the last year due to the wide consultation process at European level. There is a much clearer sense of the different structures involved, and it is now widely recognised that a three-level governance (political, deployment manager and common projects) is needed to achieve an effective deployment. But there was a strong need for leadership given the complexities involved. The military should get involved in all the three levels, and there is of course a need for manufacturing industry to play a clear role.

The role of the Deployment Manager is a critical aspect: the DM needs to be responsible for the definition, development, execution and maintenance of the deployment programme. The industry has confirmed its commitment to play a key role in the Deployment Manager. Both the role of Eurocontrol and of the Network Manager was stressed.

It is urgent for all the main actors (airlines, ANSPs and airports) to agree on a consolidated business case for SESAR deployment. Some speakers argued that this still requires more clarity as regards the real objectives of SESAR deployment and the contribution of deployment to the performance of the SES. It was agreed that deployment needs consistently to be linked with the performance scheme, FABs, and the Network Manager to develop synergies. The need for strong involvement of the manufacturing industry also came out clearly.

Standardisation was also addressed. There was a call for a single regulatory agency for setting standards. It is essential to get high level of compatibility between NEXTGEN and SESAR. ICAO will provide the global picture.

Finally the need for funding and incentives mechanisms was highlighted. Incentives will need to be used to promote network-wide benefits.

In conclusion, all actors agreed that the deployment phase now needs to happen. Based on a clear institutional framework, the timescale for deployment should be confirmed and even speeded up.

Should the SES regulatory framework be updated and how?

The last panel discussed in substance the ideas outlined by the Commission for a SES 2 + package. A strong plea was made for moving ahead and implementing the Single European Sky – including as a jobs and growth package.

It was recognised that implementation might require painful decisions to be made including at the level of industry. There was a need for proactivity on all sides. But regulation was a means to an end, not as an end in itself.

There were a number of elements of agreement – such as for the separation of markets from regulation, but also recognition of trade union concerns at possible changes ahead, with the Commission stressing the need for full consultation of all interested parties in the coming months.

Divergent views emerged on the ideas to allow for more competitive bidding eg for ancillary services (whether public or private, although the Commission made clear that its proposals will be silent on whether privatisation or simply unbundling is needed). It was made clear that institutional reform including in Eurocontrol needed a partnership approach involving both the EU and other states. It was argued that given the monopoly service situation for ANSPs, an efficient regulatory framework should be developed to ensure the public interest was protected.

And at all times, red tape had to be avoided, including at the European level, but national red tape that prevented the implementation of the SES needs to be got rid of !

Concluding remarks

Warm thanks for the hospitality of the Cyprus Presidency were recorded by all the participants, who provided a wonderful setting for a lively and stimulating discussion on the implementation of the Single European Sky.

Limassol, 12 October 2012
