

canso POLICY

CANSO comments on the PRU interim report on Functional Airspace Blocks

28.03.2008

CANSO European Regional Office



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FEEDBACK SHEET

Interim Report “Evaluation of Functional Airspace Block (FAB) Initiatives and their contribution to performance improvement”

Background

By letter dated 23 May 2007, the European Commission invited EUROCONTROL, and specifically the Performance Review Commission (PRC), to evaluate the Functional Airspace Block (FAB) initiatives and their added-value to performance improvements.

The PRC’s report will be considered by the European Commission when preparing its own review on experience in implementing Article 5 of Regulation (EC) No 551/2004 (the airspace Regulation) related to the creation of FABs, according to the European Commission’s statement attached to the SES regulations.

The PRC’s evaluation comprises five key tasks:

- Task 1: Documentation of the status on current FAB initiatives.
- Task 2: Determination of the baseline framework and associated set of performance indicators.
- Task 3: Description of expected performance improvements and sharing of best practices.
- Task 4: Identification of any difficulties encountered in the various FAB initiatives in relation to the creation of FABs and any suggested further improvements.
- Task 5: Identification of any limitations and proposition of remedial actions to the current requirements for the creation of FABs.

The Interim Report covers tasks 1, 2 and 4, although these will be updated later in the study, taking into account the progress that FABs have made. This Interim Report also provides initial views on task 3. All tasks, including task 5, will be covered in the Final Report.

As part of the consultation process the PRC would now like to consult interested parties and received comments on the different Chapters of this Interim Report. In particular, the PRC welcomes comments on the emerging issues and questions that have been identified in Chapter 8 in order to prepare the draft Final Report (planned to be released at the end of June 2008). This Feedback Sheet invites you to provide your comments in a structured way.

Please e-mail the completed Feedback Sheet to denis.huet@eurocontrol.int, no later than 17h00 on **Friday 28 March 2008 please**.

Thank you.

Please note for your diaries that a Stakeholders Consultation Meeting, to review the draft Final report will be held at EUROCONTROL HQ, Brussels on Wednesday 9 July 2008.

CANSO FEEDBACK SHEET

Interim Report “Evaluation of Functional Airspace Block (FAB) Initiatives and their contribution to performance improvement”

28.03.2008

CANSO general comments

1 ANSPs and their staff are going through an unprecedented period of change.

SES is about restructuring of the ATM industry. Society at large is requesting improved performance in terms of safety, capacity, cost effectiveness and environment (flight efficiency). ANSPs and their staff are committed to deliver results in these areas.

2 ANSPs are committed to achieve benefits in FABs and quick wins.

ANSPs will only propose and implement projects that are beneficial for the airspace users and enhances the overall performance of the network.

ANSP's will seek possibilities for quick wins through their FAB work.

3 The study is mainly focused on ANSPs.

The study does not sufficiently take into consideration that the fundamental role Member States have to play in the FAB work. It would be appropriate that the final report addresses also the vital role and actions of Member States in FAB developments.

4 The interim report is published before the finalisation of most feasibility studies.

Conclusions are drawn for FABs where the feasibility studies are not completed. It is suggested that the PRU clearly indicates this in the introduction of the report. Benefits can only be shown when the CBAs are available, therefore some of the presented conclusions are premature.

5 The future performance improvements of FABs are not yet available.

The report presents the expected cost effectiveness based on the reference baseline and not on the future FAB results. This is because the figures do not exist yet. In some areas the FABs results are not available. Even, agreed common key performance indicators for safety and environment do not exist. CANSO at global level is working on proposals in terms of safety metrics.

6 The study is taking a broader approach than a study on FABs

Although the objective of the study is to give a status on current FAB initiatives and on their contribution to performance improvement, the study has taken a broader scope by integrating other initiatives and international cooperation activities between ANSPs.

Consequently the report is not a factual FAB assessment only; it seems to go beyond the tasks described in the EC letter dated 23 May 2007.

7 FAB criteria are well known

The criteria's to be respected in a FAB are well described in article 5 of the Airspace Regulation. Having different types of cooperation such as for example a common training is not a specific parameter for defining and evaluating a FAB.

8 FABs are necessarily different

Situations are different all over Europe. Different cooperation models will exist and the "one size does not fit all" principle is applicable to FABs. It is a pragmatic principle that will deliver performance. ANSPs do not share the impression given in the report that differences are a problem.

9 The final report should include further elaboration on the complexity and the hurdles that have been experienced at this stage.

It would be positive to have a detailed report on the reality of the challenges in terms of institutional issues (such as liability or sovereignty issues), in terms of civil-military cooperation, or on the difficult political situation in some European regions in particular with neighbouring countries which are not EU Member States. CANSO suggests that the final report includes further elaboration on these important aspects.

10 Cost effectiveness and the quality of service will increase through FABs

Through the establishment of FAB's the future service to customers will include less delay and better flight efficiency. The benefits for airspace users and community at large will include economical savings due to less delay and savings in fuel consumption and CO2 emissions.

In terms of the cost base, it is expected that increased productivity and new synergies will have a favourable impact on cost effectiveness. FABs also present some risk for higher costs due to the convergence of the cost base.

All these elements will be included in the CBA's from the FAB projects.

11 The target of all initiatives is to increase performance

The main focus should be the overall performance improvement of the system, it should not be isolated to the FAB discussions. There are numerous initiatives ongoing in the ANSP community in order to seek performance improvements; whereof many are related to FAB discussions, but others are to be seen in an other context.

12 There is a need for common understanding and interpretation for FABs

The FAB definition is given in the Framework Regulation article 2 (25) and the 7 criteria for FAB evaluation are included in the Airspace regulation article 5. These are considered as sufficient. There is no need for further definition.

A common understanding of FABs and interpretation of the regulatory framework can of course contribute to a better exchange of views between all partners in a FAB.

The organisation of a discussion forum for National Supervisory Authorities at European and regional levels would be very positive.

13 The description of the implementation process of FABs could be improved.

The start of FAB implementation is not defined. It is an ongoing process and not a big bang at a certain date. The report does not sufficiently take this into consideration.

14 The criticism that FABs are limited to national borders is not justified

The report presents the conclusion that the ongoing FABs are based on national borders and not on traffic flows. This is not true. Traffic flows are considered in the specific FAB area that all are of a cross border nature but Of course the FABs have external borders that at some point are equivalent to national borders.

But despite that, there are ongoing initiatives that are not based on national borders and there will probably be States participating in various FABs.

Chapter 4	Your comments
The framework for evaluation of the FAB initiatives	<p><u>Figure 4-5 page 23 - “FAB Definition framework”</u> <u>CANSO comment:</u> The table does not present different definition frameworks but rather different arrangements. The table should therefore be renamed as “FAB arrangements framework”.</p> <p><u>4.7.2 page 27 - Implementing rules on FABs</u> <u>CANSO comment:</u> The FAB process is still on-going. There is no need to have at this stage Implementing Rules for the creation and modification of FABs.</p> <p><u>4.9 page 29 – use of KPIs</u> <u>CANSO comment:</u> CANSO asks to keep the KPIs as simple as possible. Complex KPIs should be used with caution. Assessment should be based on mature KPIs. For safety, the number of reported incidents depends on the national legal framework. If a large amount of incidents reported in an ANSP is noted, this does not necessary mean that there are more incidents in this country. Various ways exist to qualify an incident. Sometime, national law ensures a better protection to workers when they report and it is of importance to see this in the context of the Just Culture Initiative.</p>

Chapter 5	Your comments
The current FAB Initiatives	<p><u>5.3.5 page 44 - Improvement to airspace design</u> <u>CANSO comment:</u> Airspace design is a very fundamental part of FABs. Via the delegation of airspace, ANSPs already some years ago put in place cross border arrangements to improve airspace design. Today, the possibility to provide direct routing is more linked to improved cooperation with military.</p>

Also, the trade offs between direct routes and capacity plays an important role.

5.3.19 page 47 - Integration of service provision

The report deals here with the integration of service provision as the best way to achieve the objective of cross-border rationalisation and consolidation.

CANSO comment:

FAB is a dynamic structure evolving over time. Fragmentation can be reduced through various ways of co-operation or convergence. Performance should be the target. Flexibility should be left to ANSP management to achieve the required performance.

The requirements of the military might slow down the progress of FABs. CANSO would support any EC initiatives for an increased common understanding between civil and military partners.

5.3.28-31 page 49-50 Ancillary services-training/support functions

CANSO comment:

This comment applies to the whole chapter 5.

All FABs are different. The 7 criteria of a FAB are given in the Airspace Regulation Article 5 (2).

Some ANSPs defined the need to cooperate in their FAB on common ancillary services and support functions. Both are cooperation areas which are of course positive and will enhance the overall performance but they are not specific FAB conditions and therefore not necessary parameters for a FAB assessment.

5.4. page 51 Arrangements for FABs

CANSO comment on various arrangements for FABs:

Regional supervision

ANSPs need to get consistent regulatory framework and homogeneous interpretation from the various States in the FAB project. It could include measures that are already possible in the present framework but that have not been really put into practice today, such as promoting exchange of views between States.

Target setting

The Commission is working on target setting principles to be included in SES II. There should be a process to link the European targets with the national target setting. With the developments of FABs and regional cooperation, the target setting could be done at regional/FAB level.

Sovereignty and liability

ANSPs need States' involvement on particular sensitive issues such as how to deal with sovereignty and

	<p>liability. States should ensure that national legislation is not an impediment to the implementation of FABs. There are situations where the ANSPs do not have the legal or institutional possibility to implement the best formula for international cooperation, partnership, joint ventures or consolidated services.</p> <p><u>Civil-military co-operation</u> ANSPs strongly support any initiative at European Commission or State level that will improve civil/military cooperation or even integration.</p> <p><u>5.4.5 page 53 - Co-operation with other FABs</u> <u>CANSO comment:</u> Co-operation with other FABs is an essential element of the FAB process. ANSPs are committed to check the impact of their FAB on the European network and to ensure that FAB establishment will have no negative impact on the overall network.</p> <p>Establishment of FABs is a step-by-step process and the network impact can only be studied once the FAB concept is mature.</p> <p><u>5.4.7 page 53 - Decision-making process</u> <u>CANSO comment:</u> The decision-making process on FABs is very complex. ANSPs neither States can decide alone. From a CANSO perspective, an appropriate governance of ANSPs should be guaranteed.</p> <p>National legislation should not be an impediment to SES implementation.</p>
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Chapter 7	Your comments
Monitoring Performance improvements expected from FABs	<p><u>7.8.2 page 69 - Cost effectiveness</u> <u>CANSO comment:</u> It is expected that there will be convergence of the cost bases. There will be synergies and increased productivity and it is expected that there will be an increase in the service quality (less delays, better flight efficiency).</p> <p><u>Figure 7.3 page 70 – Map of trend of en-route unit costs per FAB (2002-2011)</u> <u>CANSO comment:</u></p>

The table gives the improved cost effectiveness of the reference baseline. It does not reflect the positive influence of FAB developments.

Page 72-73-74 Improvement of ATFM delay per flight and on horizontal route expansion

CANSO comment:

The benefits for the airspace users will go beyond the impact on ATM costs. With more direct routes, the reduction of delays and the benefits of savings in number of miles flown and the reduction in emissions will be of higher importance.

7.14.3. page 80 – Risk of difficulty to isolate the benefits gained from FABs from benefits of beside on-going projects

CANSO comment:

The target of SES is to improve performance. FABs are a major tool to increase performance but it is not the only way.

Any other initiative such as international cooperation projects can only improve the overall performance.

The benefits of FABs should be analyzed to the reference baseline.

Chapter 8

“Summary of factual assessment and emerging issues and questions”

Factual assessment 1:

There are eight FAB initiatives (see Figure 1-2) with wide variations in their characteristics. FAB initiatives range from 4% to 26% in terms of geographical area, 2% to 37% in terms of flight-hours and 1% to 37% in terms of costs of aggregated European ANSPs (see Figure 1-3).

FAB EC is the largest initiative and groups 6 States. Five initiatives out of eight comprise two States, usually one large and one smaller in terms of total flight-hours. This often results in a limited increase in size as compared to the largest ANSP in the FAB as measured by the ratio (FAB size/max ANSP size), which ranges from 1.1 to 3 in terms of flight-hours.

Several States which are committed to developing FABs (Norway, Estonia, Latvia and Finland) are not participating in any FAB initiative. In addition, Serbia, Montenegro, FYROM and Albania are participating in SEE FABA, which is no longer proceeding as a FAB initiative (at least in the short term).

(A) Emerging issues and questions for final report:

- (A1) Which benefits can be expected from a FAB comprising one large and one smaller State/ANSP? Can these benefits be significant?
- (A2) The PRC will monitor the progress of States not yet part of any FAB initiative, in particular some Nordic States involved in the NEFAB pre-feasibility study and its interaction with NUAC.

Chapter 8	Your comments
Comments on Factual assessment 1 and emerging issues and questions A	No comment



Factual assessment 2:

The current FAB initiatives follow existing national boundaries. In most cases, they have been built around like-minded States joining together. There are no examples of FABs cutting across State boundaries to “enable optimum use of airspace, taking account air traffic flows regardless of existing boundaries” (Article 2(25) of the airspace Regulation) so as to “achieve maximum capacity and efficiency of the European ATM network within the Single European Sky” (Article 5(1) of the airspace Regulation). In general, ANSPs are not involved in more than one FAB initiative.

(B) Emerging issues and questions for final report:

- (B1) The high density European core area (red ellipse on the left-hand-side of Figure 8-2) requires highly coordinated airspace design and operational practices to satisfy current and future safety and capacity requirements.
- (B2) As the core area spans parts of nine States (Austria, Benelux, France, Germany, Italy, Switzerland, UK) and four FAB initiatives (FAB-EC, UK-IRL, FAB-CE, Blue Med), how will the current FAB initiatives lead to the most efficient restructuring of airspace and provision of ATC capacity in core European area?
- (B3) Will existing cooperation, such as the current participation of UK NATS as observer to the FAB EC initiative or the Periodic Information Meetings (PIM) of FABs’ project managers, be enough to ensure the most efficient restructuring of airspace in the core area?
- (B4) Is there a need for an impartial and competent body to ensure optimal reconfiguration of pan-European airspace?

Comments on Factual assessment 2 and emerging issues and questions B

CANSO comment on B2:

Even though a FAB is of a cross border nature the existing national boundaries must be taken into consideration since this touches upon the State sovereignty over airspace.
ANSPs look for cross border solutions through specific arrangements of co-operation with other FABs and the FAB impact on the European network.

A State can be part of several FAB initiatives.

CANSO comment on B4:

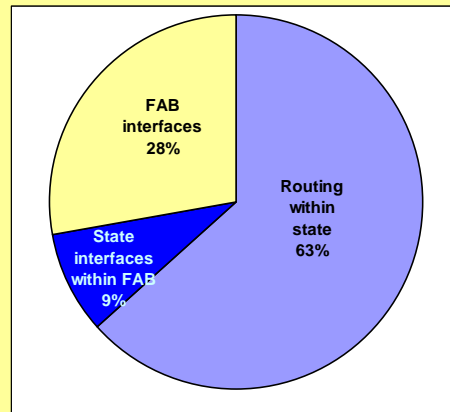
CANSO supports the proposal of the High Level Group to introduce an Aviation System Co-ordinator to promote the political commitment related to FAB implementation.

CANSO considers that there could be a facilitating role of the SES unit in DG TREN. This unit could help ANSPs that have to address specific difficulties encountered in the practical implementation. It is expected that more challenges will evolve once the implementation of international projects takes place.

A network manager function for airspace design is supported by CANSO. This function should be industry steered. It should not necessarily be a body.

**Factual assessment 3:**

Horizontal route extension (a component of flight-efficiency) is a major performance issue, with significant economic and environmental impact (see PRR 2007). The PRC analysis indicates that FABs have the potential to reduce route extension by improving the interfaces between their participating States (maximum 10%). Moreover, FAB initiatives often create a momentum to address flight-efficiency issues (including civil-military) within participating States, which has a much greater potential for improvement (maximum 70%). There remains however a significant proportion of route extension issues (maximum 30%) that can only be resolved across FABs or Europe-wide.



Chapter 8	Your comments
Comments on Factual assessment 3 and emerging issues and questions C	<p><u>CANSO comment:</u></p> <p>One of the major issues of a FAB is to improve flight efficiency. It is therefore evident that ANSPs have been trying to find the most direct routes. ANSPs already discussed in the past to improve the flight efficiency to the extent they could at that time. The crucial issue which remains today is the existence of large military areas that are not under ANSP control. CANSO would welcome any initiative of the European Commission to enhance the civil military cooperation.</p>



Factual assessment 4:

The objectives of the FAB initiatives are often wider than the explicit requirements for FABs in the SES Regulations. Most FABs are seeking to address not only upper airspace, but also one or several other aspects such as lower airspace, service provision, charging, systems, human resources or training. This results in significant differences in the characteristics of the FAB initiatives. For two FAB initiatives, three options are being considered as part of the feasibility study.

(D) Emerging issues and questions for final report:

- (D1) Some FAB initiatives are planning to present only one option in their feasibility study. Does this provide sufficient basis for informed decision making?
- (D2) Should States request FAB initiatives to consider and present several options during the feasibility phase?

Chapter 8	Your comments
Comments on Factual assessment 4 and emerging issues and questions D	<p><u>CANSO comment:</u></p> <p>There should be no automatic number of options. Flexibility is needed for States and ANSPs to study all possible options. No further regulation is required.</p>





Factual assessment 5:

There are also significant differences in the FAB initiatives' arrangements during the development phase, covering aspects such as regional cooperation and social dialogue, which may be critical for the success of the project.

Chapter 8	Your comments
Comments on Factual assessment 5	<p><u>This CANSO comment applied to Factual assessments 5 and 6.</u></p> <p>The differences in the FAB initiatives arrangements will not hamper the success of the overall project. ANSPs have been working on the analysis of the real needs in the FAB region they are involved in. The focus of each FAB is dictated by the particular needs. ANSPs and States are the best placed to identify those needs. All FABs address key SES issues. ANSPs do not wish any prescriptive solution.</p>



Factual assessment 6:

The variety of objectives pursued by the FAB initiatives at the end of 2007 appear to have resulted from an absence of European Commission guidelines, a lack of clear direction from the States and from significant differences in stakeholders' expectations of FABs. There is therefore a risk that a lack of focus and a lack of direction slows down the creation of FABs and prevents effective performance improvements.

(E) Emerging issues and questions for final report:

- (E1) Most FABs have reported difficulties in the creation of FABs. Would development of common general principles for the establishment and modification of FABs, as required in Article 5(3) of the airspace Regulation, alleviate those difficulties?
- (E2) Consequently, what would be the most appropriate level of detail in these common general principles?
- (E3) Should States provide more guidance to ANSPs in the development of FAB initiatives?

Chapter 8	Your comments
Comments on Factual assessment 6 and emerging issues and questions E	<p><u>CANSO comment on E1:</u> There is a need of common understanding between all parties involved in a FAB. No additional regulation is needed.</p> <p><u>CANSO comment on E2:</u> This should be done without creating additional constraints that would hamper the flexibility needed to find the most appropriate solution in each case.</p> <p><u>CANSO comment on E3:</u> A level playing field is necessary to obtain a common understanding and interpretation of all regulations. This can be best achieved by co-operation between state authorities and by making arrangements where necessary.</p>



Factual assessment 7:

FABs are providing a genuine momentum for closer regional co-operation and a lot of effort and resources are being devoted to the development of feasibility studies and potential implementation of most FAB initiatives.

Chapter 8	Your comments
Comments on Factual assessment 7	No comment



Factual assessment 8:

A number of FAB initiatives plan to introduce regional functions such as regional airspace management and regional flow management.

(F) Emerging issues and questions for final report:

- (F1) Is there a risk that FABs result in the creation of additional administrative and decision making layers, if corresponding functions are not taken out at national level?
- (F2) Is there also a risk that functions that would be more effectively performed at European level are sub-optimally provided by FABs at regional level?

Chapter 8	Your comments
Comments on Factual assessment 8 and emerging issues and questions F	<u>CANSO comment:</u> There should be no duplication functions. Some functions could be dispatched between European/ regional / local level.

**Factual assessment 9:**

For a variety of reasons, the process for establishment of FABs is slower than initially expected by the European Parliament and the European Commission. It is likely that only one initiative will be notified when the European Commission drafts its report on experience in the creation of FABs before 2009.

The process involves five distinct steps.



Full implementation requires: (1) organisation/systems change being established, (2) the National Supervisory Authority granting permission to operate and (3) start of operations, leading to a change from status quo.

Chapter 8	Your comments
Comments on Factual assessment 9	<u>CANSO comment:</u> The final report must elaborate in more details the complexity of the process and all the various reasons, bearing in mind that never before have a sector as a whole been facing so massive changes with regards to foundation, structure and business

models: historical background, complexity of the FAB issue, sovereignty, political situation in some European regions in particular with neighbouring non EU Member States.

According to ICAO framework, there is a national responsibility for airspace and the deliverance of Air Navigation Services. State involvement is therefore key to success.

The establishment of FABs is a complex institutional process that needs time to be completed and ANSPs have shown their willingness and ability to manage such an important change process since a couple of years.

FABs are dynamic projects that might evolve over years of implementation (as shortly explained in the paragraph 4.5.7 page 24). Cooperation and synergies will be increased.



Factual assessment 10:

The UK-Ireland FAB is likely to be the first and only FAB to be notified to the European Commission before 2009. It will involve the creation of a FAB Management Board, with representatives from IAA, NATS and its airspace users.

(G) Emerging issues and questions for final report:

- (G1) Does the model proposed by UK-Ireland (creation of a FAB management board) fulfil all FAB requirements as set out in Article 5 of the airspace Regulation?
- (G2) Will this model bring about significant structural and operational changes compared to existing arrangements and, in particular, does this model ensure that the FAB will bring significant added value?
- (G3) Is there a risk that the application of this type of model by other States which do not have an equivalent track record of co-operation and performance improvement might limit the added value of the creation of FABs?

Chapter 8	Your comments
Comments on Factual assessment 10 and emerging issues and questions G	No comment

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Factual assessment 11:

There are a number of other cross-border initiatives which are not FABs per se (NEFAB, SEE-FABA, MOSAIC), but which may also produce benefits in terms of improving ATC capacity and efficiency.

(H) Emerging issues and questions for final report:

- (H1) What benefits in terms of improved performance will the NEFAB, SEE FABA and MOSAIC initiatives bring? In particular, how far will the significant short-term increase in employment costs foreseen by MOSAIC be offset by operational benefits, given rigidities in working operations and conditions?
- (H2) Do FABs bring substantial benefits beyond traditional delegation of ATM services between States?

Chapter 8	Your comments
Comments on Factual assessment 11 and emerging issues and questions H	<p><u>CANSO comment on H1:</u> CANSO does not believe that a single ANSP would be a better solution (e.g a safer and more cost effective solution) for Europe. The NEFAB was announced at the ATC Global in Amsterdam on 12 March 2008 as a FAB initiative.</p> <p><u>CANSO comment on H2:</u> FABs involve many areas of the organisation such as systems and processes, HR, and financial issues, legal implications. Potential synergies in other areas such CNS, training, procedures, development etc. etc.</p>



Factual assessment 12:

Most FAB initiatives are looking for ‘quick wins’ which have explicitly been requested by airspace users.

(I) Emerging issues and questions for final report:

- (I1) To what extent are these quick wins specifically FAB-related or could they have arisen from existing programmes or existing arrangements for cross-border service provision delegation?
- (I2) What is the maximum time length acceptable to airspace users for the real/substantial benefits to materialise after a FAB initiative is agreed?
- (I3) Is there a risk that the search for short-term quick wins limits the ambition of the FAB initiatives in the medium/long term (and hence the total benefits)?

Chapter 8	Your comments
Comments on Factual assessment 12 and emerging issues and questions I	<p><u>CANSO comment:</u></p> <p>ANSPs have already identified quick wins in the FAB discussions. Some quick wins can be applied before the full FAB implementation is reached.</p>

**Factual assessment 13:**

In some initiatives, there appears to be a mutual dependency between SESAR and FAB developments. While it is constructive that the FAB initiatives take SESAR developments into account, there is a risk that the uncertainty associated with future SESAR developments might slow down the establishment of the FABs.

(J) Emerging issues and questions for final report:

- (J1) Which elements of SESAR could delay the development of FABs given that it seems that some benefits can be achieved with existing technology and systems?
- (J2) Some FAB initiatives foresee an implementation in several stages. Could this fact allow focus to be placed on existing technology in the short term while including future SESAR developments in the next stage of implementation?

(J3) Should the European Commission and EUROCONTROL provide clear guidance to ensure that FABs will develop in line with the SESAR roadmap?

Chapter 8	Your comments
Comments on Factual assessment 13 and emerging issues and questions J	<p><u>CANSO comment:</u> The objectives of SESAR and FABs are built towards the establishment of a performance framework. The timetables of the SESAR and FABs implementation have to be somewhat aligned and ANSP's will ensure such necessary alignment to seek an interconnected roadmap.</p> <p>Regarding the provision of guidance, the process of FAB establishment is still on-going. There is so no need to have any regulatory intervention at this stage.</p>



Factual assessment 14:

Initial conclusions from the NUAC Cost Benefit Analysis (CBA) indicate that the highest benefits arise from full integration of services (merger scenario), with annual cost savings in the order of 10%. In the NUAC case, consolidation of training and of ATM systems is already undertaken under separate projects (EPN and COOPANS, respectively) and expected savings are actually higher if these activities are taken into account.

Chapter 8	Your comments
Comments on Factual assessment 14	No comment



Factual assessment 15:

CBA for initiatives other than NUAC have not yet reached such maturity as to be used at this stage, but it is expected that most CBAs will be completed and available by mid-2008, and can be reflected in the final report.

(K) Emerging issues and questions for final report:

(K1) CBAs should be based on detailed and sound business cases specifying which improvements the FAB is expected to produce on top of what can be achieved by States/ANSPs acting individually.

Chapter 8	Your comments
Comments on Factual assessment 15 and emerging issues and questions K	<p><u>This CANSO comment applies to Factual assessments 15 & 16:</u></p> <p>CBAs are still on-going in many FABs. CBAs have to be mature before any real assessment can be made.</p>



Factual assessment 16:

As of 1 January 2008, there is no evidence of substantial economic benefits that could be derived from the FAB initiatives besides NUAC. In the absence of clear quantified objectives in the SES regulations, there was little evidence of consolidation of ANSPs, ACCs or rationalisation of infrastructure being addressed in feasibility studies of the FAB initiatives. This may limit the potential for restructuring and associated benefits.

(L) Emerging issues and questions for final report:

- (L1) To what extent will the CBAs made available before June 2008 provide evidence of the safety, economic, environmental, operational and social benefits of FAB initiatives, beyond what can be achieved by States/ANSPs acting individually?
- (L2) The FAB EC initiative has indicated a strategic objective to provide 50% more capacity at 25% higher costs in 2018. This is equivalent to a reduction of the unit cost of -1.7% in real terms per year over the period. Is this objective compatible with the long-term objective of the European Commission's Vice-President and SESAR to halve European unit costs in 2020?
- (L3) Considering that the effective implementation of SESAR could be the means to reduce the fragmentation of ATM systems, will the fragmentation of service provision be effectively addressed by FABs as currently defined in the existing SES Regulations? Should a specific tool based on economic targets and robust economic oversight, as advocated by the High Level Group, be foreseen in the SES II package?

Chapter 8	Your comments
Comments on Factual assessment 16 and emerging issues and questions L	<p><u>CANSO comment on L3:</u> Fragmentation can be reduced through various ways of co-operation or convergence. ANSPs believe that the complex interrelated problems can and will be solved in a pragmatic, cost effective way and that the benefits will come progressively, taking into account the life cycle of the investments.</p> <p>CANSO supports target setting in a clear framework. Target setting at EU level can be agreed provided that there is a process that permits a link between the European targets and the national targets.</p> <p>Target setting at national level should remain with national authorities. With the developments of FABs and regional cooperation, the target setting could be done at regional/FAB level.</p> <p>It would not be appropriate to develop a European economic regulation system that sets identical goals for all ANSPs in terms of price caps, cost-effectiveness and service delivery. European ANSPs operate within very different ANS environments, facing differing demand growth and variances in their infrastructure investment cycles.</p>



Factual assessment 17:

At this early stage, most FAB initiatives are considering a single unit rate in order to genuinely optimise the route network and airspace use within the FAB. This would require sensitive financial arrangements such as revenue sharing and “convergence criteria”.

(M) Emerging issues and questions for final report:

(M1) What real economic and operational benefits can be expected from a single unit rate per FAB?

Chapter 8	Your comments
Comments on Factual assessment 17 and emerging issues and questions M	<p><u>CANSO comment:</u> ANSPs support the establishment of a single unit rate for FABs in the long term.</p>