



"[air navigation control, [...]] is a task involving the exercise of public authority and is not of an economic nature, since that activity constitutes a service in the public interest which is intended to protect both the users of air transport and the populations affected by aircraft flying over them".

(Extract of decision C.364/92 of the European Court of Justice).

www.atceuc.org

secretariat@atceuc.org

“Don't throw the baby out with the bathwater!”

The ATCEUC point of view on the “Snapshot on the costs of Air Traffic Management in Europe”

On 23 March 2021 EUROCONTROL issued a Data Snapshot with an analysis of the evolution of the ATM costs in Europe since 1998. Using those data ATCEUC offers its considered opinion on the EUROCONTROL analysis.

Since spring 2020 the COVID-19 pandemic has had a tremendous effect on the whole aviation sector showing that none of the stakeholders had foreseen these events nor had an emergency plan to handle a systemic crisis like this.

Therefore, in a late and unilateral response, in November (eight months after the breakout of the pandemic and the drop in air traffic) the European Commission issued Regulation IR 2020/1627 which aims to alleviate the impact of the pandemic, but on airspace users only.

Currently the EC is trying to force the States to enforce the ad-hoc recommendations issued by the PRB, but the figures they suggest, especially those on cost-efficiency, were not agreed by the Member States and the revised Union-wide performance targets for the ATM network for the third reference period (2020-2024) are now under appeal.

While the traffic drop was drastic and ATCEUC agrees with the principle that airspace users shouldn't be left to bear the consequences alone (and they haven't...), this crisis must not be used as a pretext to impose unjustifiable financial measures on ANSPs right at a crucial moment when they most need to invest on newer technologies in order to be ready for the recovery.

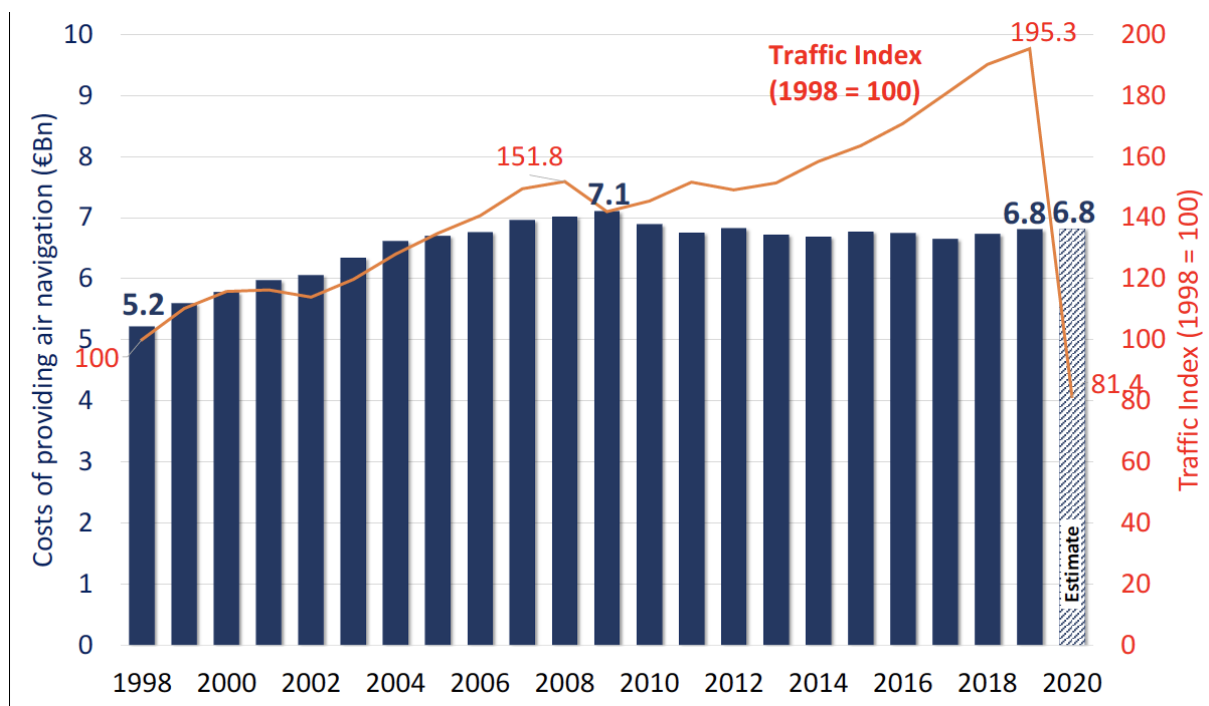
In fact, in 2020, ANSPs reported union-wide costs which would be 1% lower than 2019 and there is a reason for this. The EUROCONTROL data

ATCEUC ASBL C/O MERITIUS, 431, Avenue Georges Henri, 1200 Brussels, Belgium (judicial area of Brussels)
VAT number BE 0684.488.814

ACV TRANSCOM / CSC TRANSCOM (Belgium) - ATCTUA (Ukraine) - ATCU (Serbia & Montenegro) - ATSR (Romania) - BATCU (Bulgaria) - BHATCU (Bosnia and Herzegovina) - BGATC (Belgium) - CATCU (Croatia) - CYATCU (Cyprus) - DATCA (Denmark) - FATCA (Finland) - GATCA (Greece) - GdF (Germany) - GLCCA (Luxembourg) - HelvetiCA (Switzerland) - IATCA (Ireland) - ICEATCA (Iceland) - ITUATC (Serbia) - LATCA (Lithuania) - MATCA (Malta) - MATCU (Republic of North Macedonia) - NATCA (Norway) - SINCTA (Portugal) - SNCTA (France) - SPKTA (Albania) - SSKL (Slovenia) - TUEM (EUROCONTROL) - UniCA (Italy) - UNICON (Kosovo) - USCA (Spain) - VLNG (The Netherlands) - ZZKRL (Poland)

snapshot clearly states that since 2008 (actually earlier according to our data analysis) **the actual costs of the Air Traffic Management have become disconnected from traffic figures.**

The graph below, taken from the Snapshot, shows this quite clearly. If we consider that the index of 100 represents both the Cost and the Traffic in 1998, then the two indexes rose proportionally until 2004 (Cost= 126,85 and Traffic= 128,02) but then the increase of the traffic has been (with two notable exceptions in 2009 and 2012, both years of financial crisis) at least the double or more than that of cost increases.



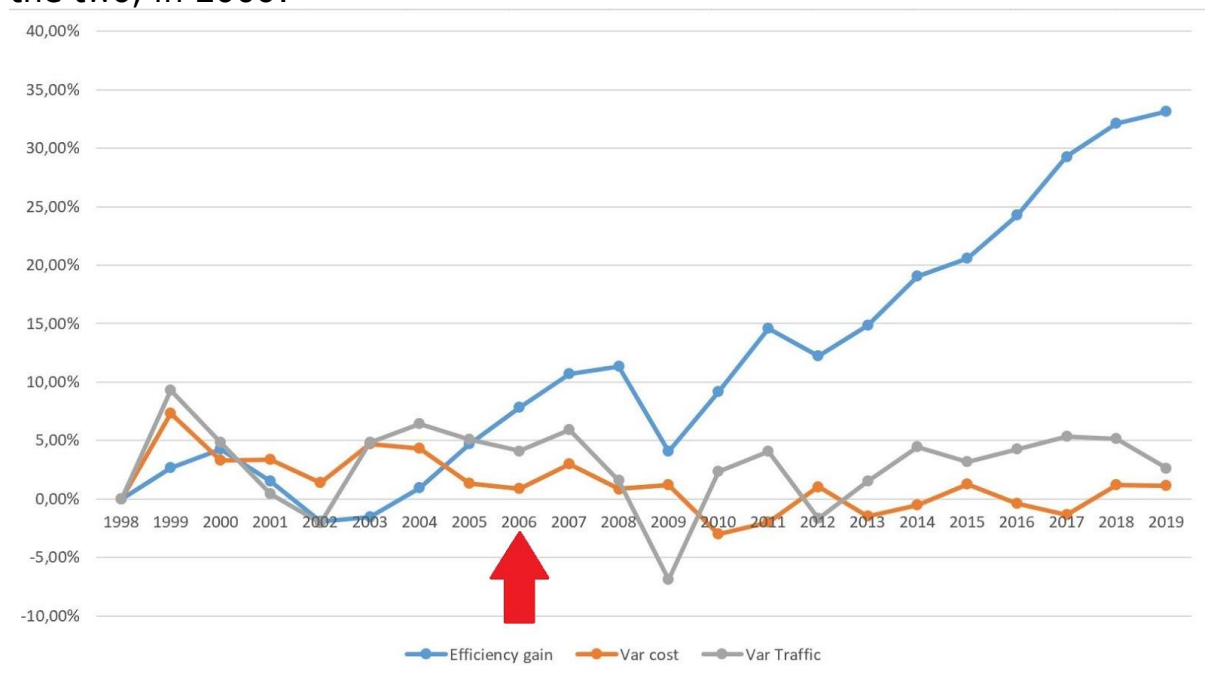
In order to provide a safe and continuous ATS service supplying the Airspace Users with the requested capacity, an ANSP in its role of essential infrastructure (as it is considered by ICAO) needs to maintain these overall costs especially those incurred for staff and infrastructure.

Data provided by EUROCONTROL shows that between 1998 and 2009, those costs grew by 36% while traffic went up by 52% and from 2009 to 2019 they remained almost steady while the traffic continued to increase by another 29%.

This shows that there isn't a direct link between the traffic figures and the total cost of the ATS service and that any possible gains in efficiency have already been exhausted.

This is evident by the next graphic which we have produced from data extrapolated from the EUROCONTROL snapshot showing the year-to-year variation of traffic and costs and the relationship among the two indexes

(Efficiency gain). The red arrow shows the “disconnection” point between the two, in 2006:



Since then, the European Commission together with all stakeholders have established mechanisms such as the “traffic risk sharing mechanism” which have almost set to zero the possibility for an ANSP to observe any economic surplus and the gap between the traffic increase and the cost increase has widely risen.

The previously mentioned exceptional measures, set up for the 3rd Reference Period (RP3) with Regulation IR 2020/1627, have frozen the ANSPs’ financial situation with the loss of revenues due to traffic drop. In this period ATS services have been regularly provided to the few flights crossing the European sky who have had a pivotal role in maintaining the connectivity among the States allowing the safe movement of people, goods, medical equipment and everything required to successfully fight the first wave of pandemic. To cover the incurred costs of the period, EUROCONTROL even granted a loan to the ANSPs who needed it.

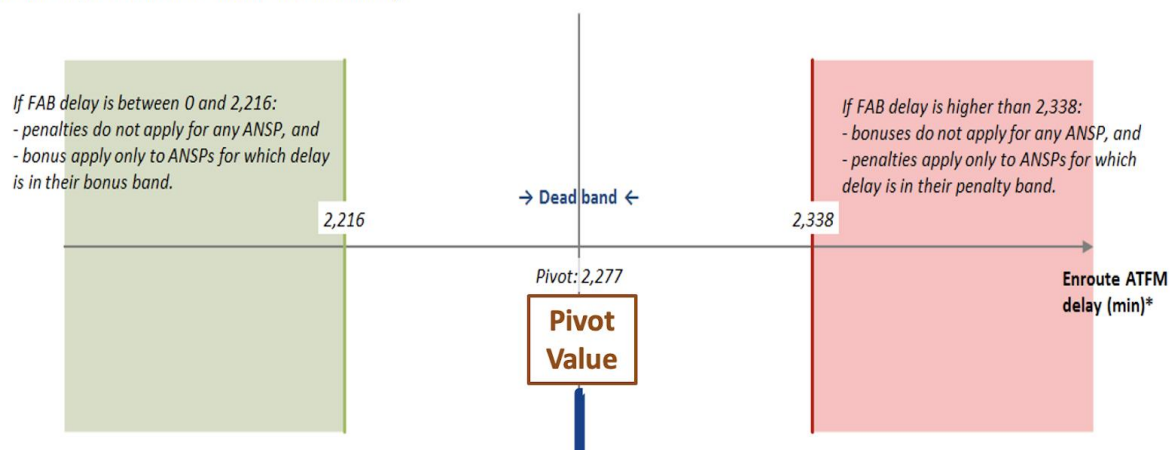
Those exceptional measures introduced in November ensured to have:

- The incentive schemes shall cover only 2022 to 2024 (Article 3);
- 2020 and 2021 are considered as a single value for the determined unit cost (Article 4-5);
- The adjustments will be spread equally over 5 to maximum 7 calendar years (Article 5),

while leaving on the States and the relative ANSPs the responsibility to provide the safe continuous ATS services to Airspace users.

The **incentive schemes**, intended to incentivize the ANSPs to overperform in terms of capacity and sustainability, are described in Regulation 2019/317, article 11. A pivot value is defined at a FAB level. A dead-band is defined as a symmetrical range around the pivot value. The maximum bonus and penalty is set at 0,5% of determined costs at ANSP level. The scope of incentives is limited to cover only **CRSTMP**¹ en-route ATFM delay causes. In case of a bonus at FAB level, only those ANSPs that have performed better than expected (i.e. pivot value beyond the dead-band) are awarded a bonus. And the same goes with penalties on the other way.

Application of the FAB incentive scheme in year 2020
(before any revision of the NOP reference values)



¹ ATM delays for which an ANSP is solely accountable for are known as CRSTMP in the following areas of concern:

ATC Capacity (C): delays due to traffic demand exceeding declared or expected ATC capacity.

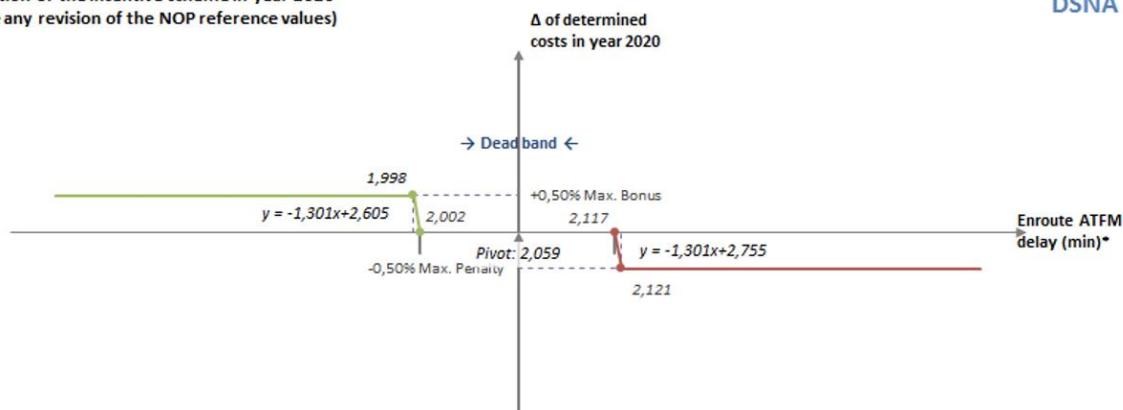
ATC Routeings (R): delays due to network solutions/scenarios used to balance traffic demand and capacity

ATC Staffing (S): delays due to unplanned staff shortage reducing expected capacity.

ATC Equipment (T): delays due to the non-availability or degradation of equipment used to provide an ATC service and reducing expected or declared capacity due

Airspace Management (M): delays following changes in airspace/route availability due to small scale military activity and reducing expected or declared capacity.

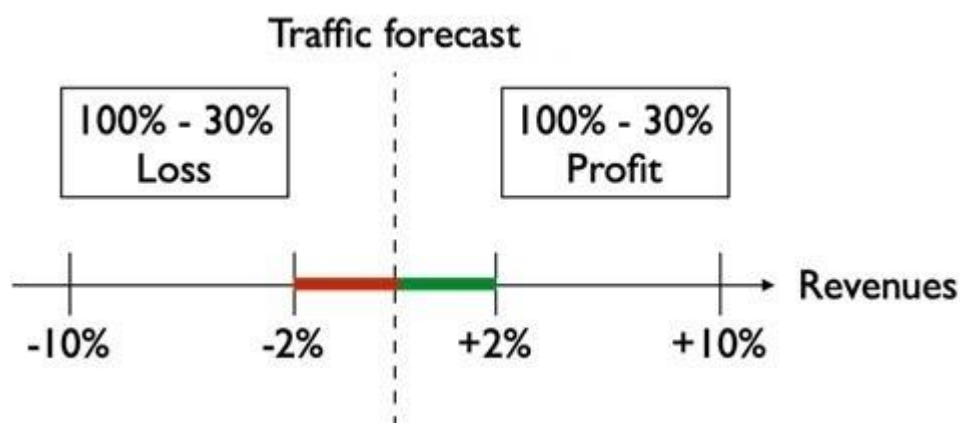
Special Event (P): delays due to major sporting, governmental or social events and reducing planned, declared or expected capacity. Special events induced delays may also concern ATM system upgrades and transitions. Large multi-national military exercises may also use this reason.



*Only C, R, S, T, M, P causes

Regarding the **traffic risk sharing mechanism**, intended to reduce the risk of revenue changes caused by differences in the actual service unit produced from those forecasted in the performance plan (Regulation 2019/317, article 27), till now it has been used mainly to reduce the actual unit rate since the traffic handled by the ANSP has been higher than the STATFOR forecasts used to establish the Unit-Rate most of the time.

Most of the exceeding revenues have been returned to the airspace users in year n+2 with no effect on the actual payers (because, as EUROCONTROL duly states. **"Airlines pick up the costs through 'en route' and airport charges, so that in the end the passenger, or the shipper of freight, pays"**) but on Airspace users' financial statements only.



The above mechanism prevented the ANSPs to save those funds which could have been helpful in a systemic crisis like the current one and consequently States have been forced, wherever it has been possible, to finance the ANSPs to maintain their infrastructural capability during the crisis.



Now that the wind has shifted and the airspace users are requested to ask passengers and shippers a slightly higher fare to continue to fly in the safe European sky, they are crying asking further cost-cuts and gain of efficiency which, if possible, will help them only in very short time but will leave ANSPs next to operational bankruptcy in the medium time.

As we saw earlier, in the recent past actual costs have not increased in the same way as the traffic and this was one of the causes who led to the "**Capacity crunch**" experienced in 2018 and 2019.

Now, for the same and specular reasons, costs cannot be reduced below a certain threshold. ATM Infrastructure has shown its fundamental role in maintaining cohesion among Member States even in case of lack of "commercial" traffic and now it has to be maintained and enhanced to avoid a "**Provision crunch**" as soon as the traffic returns to pre-covid level.

Both the gradual return of air traffic and the need for ANSPs to ensure the required capacity should be taken into account to avoid this "*crunch*" and our opinion is that the legal framework now under scrutiny in the Appeal Committee has to ensure that all aviation stakeholders have the necessary means to support the cohesion among European citizens, their safety and their lifestyle.

Considering the above points, ATCEUC requests those in charge of assessing and voting any proposal on the future of the ATM system, including its funding, to look very carefully at the medium- and long-term consequences of their decisions, both at national and at pan-European level.

Released in Brussels on 7 May 2021

ATCEUC President

Volker Dick

Air Traffic Controllers European Unions Coordination (ATCEUC) was created in 1989 and is currently composed of 32 professional and autonomous trade unions representing more than 14000 Air Traffic Controllers (ATCOs) and Air Traffic Safety Electronics Personnel (ATSEPs) throughout Europe. ATCEUC is part of the "European Union Sectoral Social Dialogue - Civil Aviation" in the air traffic management field and it is recognised as a full member of the ICB. ATCEUC with its experts participates in every work group where the voice of its Members can and have to be expressed: SESAR JU, TSG, EGHD, EASA STeB, EASC, ASPReT, ATM Partners and other workshops or programmes within the framework of EUROCONTROL and the European Commission.