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**COMMUNICATION FROM THE COMMISSION**

**First Report on the implementation of the Single Sky Legislation:  
achievements and the way forward**

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### First Report on the implementation of the Single Sky Legislation: achievements and the way forward

#### 1. INTRODUCTION

The Single Sky initiative was launched in 2000 following severe delays during 1999. A High Level Group was established and, building on the recommendations in its report, the Commission tabled a legislative package at the end of 2001 which was adopted by the European Parliament and Council in March 2004 and entered into force one month later.

This legislative package comprised four elements: a regulation laying down the framework for the creation of the Single European sky (the 'Framework regulation')<sup>1</sup>; a regulation laying down common requirements for the provision of air navigation services (the 'Service provision' regulation)<sup>2</sup>; a regulation on the organisation and use of airspace in the Single European sky (the 'airspace regulation')<sup>3</sup>; and a regulation on the interoperability of the European Air Traffic Management network (the 'Interoperability regulation')<sup>4</sup>.

Article 12§2 of the Framework regulation requires the Commission to review the application of the Single Sky legislation and report periodically to the European Parliament and Council. The reports should contain an evaluation of the results achieved in implementing the legislation, including information about developments in the sector, in the light of the original objectives and with a view to future needs.

This is the first report on the progress of implementation and lays down the Commission's views on the need for future development of the Single Sky.

It also takes up many of the recommendations made by a second High Level Group (HLG) which was convened by Vice-President Barrot to look at the future European Aviation Regulatory Framework and which reported in July 2007.

#### 2. THE NEED FOR A COMMUNITY ROLE IN AIR TRAFFIC MANAGEMENT (ATM)

##### 2.1. Background

Community policy in aviation is a success story. Liberalisation has reduced ticket prices and increased consumer choice. The enlargement of the European Union and the active neighbourhood policy extend the European aviation market to thirty seven countries with

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<sup>1</sup> Regulation (EC) No 549/2004 of the European Parliament and of the Council of 10 March 2004 laying down the framework for the creation of the Single European sky, OJ L 96 of 31.3.2004, p 1

<sup>2</sup> Regulation (EC) No 550/2004 of the European Parliament and of the Council of 10 March 2004 on the provision of air navigation services in the Single European Sky, OJ L 96 of 31.3.2004, p 10

<sup>3</sup> Regulation (EC) No 551/2004 of the European Parliament and of the Council of 10 March 2004 on the organisation and use of airspace in the Single European sky, OJ L 96 of 31.3.2004, p 20

<sup>4</sup> Regulation (EC) No 552/2004 of the European Parliament and of the Council of 10 March 2004 on the interoperability of the European Air Traffic Management Network, OJ L 96 of 31.3.2004, p 26

500 million citizens. But aviation must also meet growing pressure from changing societal needs and respond to growing concern over its effect on the environment. A competitive and sustainable air transport industry needs a high performance Air Traffic Management (ATM) system.

ATM provides, together with airports, the infrastructure for aviation. This infrastructure will be faced with a very considerable increase in traffic by 2020. Ageing technologies and systems will inevitably lead to a capacity crunch and an exacerbation of aviation's environmental impact if the industry is not able to take a technological quantum leap. Already, disruption such as aircraft delay, incident caused by bad weather conditions or accident has significant 'knock-on' effects on the whole system and underlines the 'interconnected' nature of air transport in Europe.

The projected growth of air traffic demands a structural and technological modernisation of which the whole European ATM sector must be a part. The dynamics of this process coupled with the continued growth in air traffic will maintain ATM as a large and attractive employer.

## **2.2. The current limitations of ATM**

Only air traffic management can ensure the safe separation at all times between fast flying aircraft and grant access to the ATM network. The air traffic controller knows the choke points and dangerous crossings in Europe's airspace and the corresponding mitigating procedures that are needed in a complex route network.

ATM is a natural monopoly and is, in general, entitled to recover all costs from airspace users, whatever the quality of service rendered. This cost recovery principle does not provide sufficient incentives to improve the quality and cost-effectiveness of service and to modernize the system.

Air transport 'came of age' and grew rapidly during the 1950's and 60's in an environment that was purely State controlled and regarded as a symbol of national sovereignty. As a general trend, from the seventies onwards, States started to delegate non-governmental aviation functions to industry, but they left the regulatory structures of air traffic management under intergovernmental arrangements.

According to the 2007 High Level Group and the Performance Review Commission (PRC) of Eurocontrol, an intergovernmental approach cannot produce a level playing field where the implementation of rules depends on the will of States and is not uniformly enforced. Allocation of responsibilities between States, authorities, airlines and air navigation service providers is blurred. Intergovernmental decision making can be slow and inefficient and has difficulties addressing the fragmentation of the system along national borders. There is consequently a need for the Community to be the driving force in ATM.

ATM in Europe is characterised by a high degree of fragmentation which results in a significant additional cost for airspace users; adds unnecessary flight length with a resulting environmental impact; slows down the introduction of new technologies and procedures; and reduces the ensuing efficiency improvements. It also prevents the ATM industry from developing economies of scale, leads to suboptimal size of en route centres and unnecessary duplication of non-standardised systems with their associated maintenance costs. It estimated

that significant cost savings can be achieved by reducing fragmentation in the order of €2bn per year<sup>5</sup>.

The current European route network is still the amalgamation of national routes which makes the route network for intra-European flights some 15% less efficient than for domestic flights and it is not always well aligned with Europe's traffic needs. Shortest available routes are underused due to lack of real time and precise information<sup>6</sup>. This leads to an unnecessary additional financial burden on the airlines of around €1.4bn and an environmental burden of 4.8 million tons of CO<sub>2</sub> per annum.

The €8bn air navigation service market is clearly split along borders. While barriers are falling in other industries, twenty seven national service providers imply an equal number of different procedures, equipments, operational approaches and overheads. Operationally speaking, ten area control centres could take over from the current fifty.<sup>7</sup> Integration of service provision into bigger entities in the framework of functional airspace blocks would be a significant contributor to better cost-efficiency.

Despite technological progress of aviation in general, air traffic control (ATC) remains primarily craftsmanship. While cockpits have become automated, ATC systems have not evolved and controller working methods are fundamentally unchanged. Increase in traffic is met mainly by opening new 'sectors' with a proportional increase in staffing and hence cost. As this approach is reaching its limits, it will lead in the coming 5 to 10 years to a capacity wall unless radical action is taken to speed up technological innovation.

### **3. AN ASSESSMENT OF THE SINGLE EUROPEAN SKY**

The adoption of the Single European Sky (SES) legislation brought air traffic management under Community competence and established a firm legal basis covering a large range of activities. In the three years since its entry into force, a number of these activities have been achieved, some are still in progress and some have shown little improvement. In addition, during the implementation process and as a result of a changing environment, a number of weaknesses with the current legislation have been identified.

#### **3.1. Achievements**

##### **a) A legal and institutional framework for the Single Sky**

The first priority for SES was the establishment of the institutional framework for Community action. The framework provides a structure for the partnership with all interested parties:

- the Single Sky Committee provides strategic views from States and assists the Commission in adopting the enabling legislation (Implementing rules) through comitology;
- the Industry Consultation Body enables all industry stakeholders to give their views on implementation;

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<sup>5</sup> Performance Review Commission (PRC), December 2006, Evaluation of the impact of the SES on ATM Performance, p. 24

<sup>6</sup> PRC, 2007, An Assessment of Air Traffic Management in Europe in 2006, Eurocontrol, p. 51 on.

<sup>7</sup> The US is managing double of traffic with 20 en route centres, which they are planning to reduce.

- exploitation of the synergy with Eurocontrol on technical support and development of implementing rules for the Community.

The Ministries of Defence are also represented in the Community decision making process.

### **b) Separation of service provision from regulation**

As a fundamental cornerstone of safety, separation of air navigation service provision from regulation has been achieved, and each State has established a National Supervisory Authority (NSA)<sup>8</sup>. Since 20 June 2007, the air navigation service providers have become subject to certification by the NSAs against Commission Regulation (EC) No 2096/2005 laying down Common Requirements for the provision of air navigation services<sup>9</sup>.

### **c) Progress on safety issues**

Safety has not been neglected, with the adoption of a Regulation<sup>10</sup> establishing a safety oversight function to be exercised by NSAs to complement the Common Requirements.

### **d) Harmonisation in licensing of controllers**

A harmonised level of competence and an improved mobility of workers will be achieved through adoption of Directive 2006/23/EC on a Community air traffic controller license<sup>11</sup>, which establishes common requirements and training.

### **e) Transparency of charges**

Full transparency in the establishment of air navigation service charges, has been ensured through Commission Regulation (EC) No 1794/2006 laying down a common charging scheme for air navigation services,<sup>12</sup> which requires disclosure of the cost base of the service provider and consultation of airspace users.

### **f) Advances in the efficient use of airspace**

To facilitate efficient use of the airspace, Commission Regulations have been adopted on the flexible use of airspace to improve the access to military airspace (2150/2005)<sup>13</sup> and airspace classification in the upper airspace (730/2006)<sup>14</sup>.

### **g) Speeding up innovation**

Meanwhile, the first steps have been taken to speed up technological innovation to guarantee capacity. The SESAR definition phase has been established and is progressing, while the

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<sup>8</sup> One member state is completing the putting in place of its NSA.

<sup>9</sup> OJ L 335, 21.12.2005, p 13

<sup>10</sup> OJ L 291, 9.11.2007, p 16

<sup>11</sup> OJ L 114, 27.4.2006, p 22

<sup>12</sup> OJ L 341, 7.12.2006, p.3

<sup>13</sup> OJ L 342, 24.12.2005, p 20

<sup>14</sup> OJ L 128, 16.5.2006, p 3

SESAR Joint Undertaking development phase<sup>15</sup> is ready to implement the Master plan, due in Spring 2008.

## **h) Towards interoperable equipment**

An effective Interoperability mechanism has been established to adopt implementing rules and to develop Community specifications concerning technical systems and their operational use. This mechanism will be indispensable for the efficient implementation of SESAR outputs.

### **3.2. Under development**

#### **a) Performance review of service providers**

The Framework Regulation foresees Performance review of Air Navigation Service Providers (ANSP). Data gathering will commence and benchmarking established in 2008. This will form a solid basis for future development of the Single Sky initiative.

#### **b) Peer review of supervisory authorities**

To ensure a uniform level of safety and even application of the Common Requirements, a Peer review of the National Supervisory Authorities is foreseen. With the completion of the first Certification exercise by the NSAs in July 2007, the peer review will be established with first visits in early 2008.

#### **c) Transparency of charging**

The first review under the Common Charging Scheme Regulation to guarantee a greater transparency for the determination, imposition and enforcement of charges for air navigation services will take place following the delivery of the first financial data in November 2007. This transparency fits with the overall commitment of the Commission to fair charging principles in aviation demonstrated by the proposed Directive on Airport Charges<sup>16</sup>

#### **d) Airspace design**

The mandate process to Eurocontrol has been initiated on a number of draft Regulations related to airspace: the establishment of a European Upper Flight Information Region (EUIR); airspace classification in the lower airspace; common principles for route and sector design; progress in all three areas is slow and the Commission is studying alternative mechanisms.

#### **e) Functional Airspace Blocks**

A key element of SES is the establishment of Functional Airspace Blocks (FAB), which were foreseen as the mechanisms for ensuring maximum capacity and efficiency of the air traffic management network. A number of FAB initiatives are underway but are progressing slowly with varying levels of ambition, varying levels of maturity and varying benefits. Most

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<sup>15</sup> Council Regulation (EC) No 219/2007 on the establishment of a joint undertaking to develop the new generation European air traffic management system (SESAR) OJ L 64, 2.3.2007, p 1

<sup>16</sup> COM(2006) 820 final of 24.01.2007.

initiatives are still at the 'feasibility stage' with only one preparing to move to the implementation phase<sup>17</sup>.

### 3.3. Insufficient progress in key areas

SES has not delivered the expected results in some important areas. In general, the FAB approach is not producing the benefits hoped for in terms of improved flight efficiency, cost reduction and 'defragmentation'.

Whilst it is recognised that the creation of FABs is a new challenge and suffers from significant technical and organisational difficulties, sovereignty, particularly concerning Member States responsibilities and associated liability for their airspace and the involvement of the military remains an issue. Instead of framing innovative mechanisms to exercise sovereignty, it has been used as a showstopper by those who wish to resist enhanced cross-border cooperation and integration.

Whilst the current legislation has powerful tools to improve performance through: designation of service providers; unbundling of services; use of economic incentives; setting of user charges; changes in route structure; establishment of FABs; rationalisation of infrastructure<sup>18</sup> etc, Member States have not made sufficient use of them to improve cost or operational efficiency of service provision.

Little progress is noted in the overall efficiency of the design and use of the European route structure, with consequently no improvement in flight efficiency or environmental impact.

### 3.4. New challenges

**Environment:** Present science points to human activity as the main source of climate change. While aviation is, with 3%, a modest contributor to the EU's total, greenhouse gas emissions, its share is growing. The current Single Sky legislation virtually ignores the contribution that ATM can make to this end. An improvement of the network architecture, the more efficient use of routes and new operational procedures should significantly reduce flight times, fuel use and costs, with the consequent reduction in impact on the environment and climate change. This reduction is estimated at 4.8M tonnes of CO<sub>2</sub> annually. Apart from direct emissions, aircraft also affect cirrus cloud coverage and ATM mitigation measures might need to be considered.

**Delays** have receded as the major driver for change, following a slowing of growth post 11 September 2001 and the increase in 'en-route' airspace capacity by the introduction of reduced vertical separations, the level of delays in Europe is currently low and despite record traffic in recent years has remained low. However, with sustained growth the delay problem will resurface, as already suggested by the delay forecast for 2008.

**Economics:** The impact of global instability on the energy market has resulted in a huge increase in fuel costs; this has led the airline industry in particular to concentrate on increased control over their costs and improved economic and flight efficiency. Consequently the

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<sup>17</sup> Building the SES through functional airspace blocks: A mid-term status report COM(2007) 101 final  
<sup>18</sup> PRC, 2006, *Evaluation of the Impact of the SES initiative on air traffic management performance*, Brussels, p. iii

economic inefficiency of air navigation service provision and flight inefficiency have become the major drivers for change.

#### 4. ACCELERATING THE IMPLEMENTATION STRATEGY

Fragmentation is the major bottleneck in improving performance of the European air traffic management system. It can only be overcome if the performance framework, the regulatory structures and the timely introduction of new technologies, are addressed at Community level (Cf. HLG 1\*).

The strategy to move forward is focusing on a performance driven approach to address the annual €3bn inefficiencies and the external environmental cost of the current system.

##### 4.1. Focus on improved performance

###### 4.1.1. *A framework inducing performance*

To achieve the required improvements in safety, efficiency, capacity and cost effectiveness, it is considered necessary to introduce a **performance driven** approach (Cf. HLG 4\*) with the appropriate incentives and disincentives to drive the change process. Such an approach could be based on the setting of SES convergence criteria at the European level and empowering the NSAs to agree and oversee implementation of specific performance targets. The setting of high level convergence criteria, the assessment of the specific performance targets and oversight of implementation by NSAs would require an independent 'Performance Review Body' at Community level.

The HLG report suggests that performance of service provision could be improved by using market mechanisms for non monopoly services. The business case for such services and the associated regulatory oversight measures should be analysed.

When services are offered under a natural monopoly situation, the Commission is suggesting full use of the performance driven approach with oversight at the Community level.

###### 4.1.2. *A European architecture leads to gain in efficiency*

Performance of the 'Trans European air traffic management Network' depends on how well scarce resources are managed: runways, airspace and frequency spectrum. The challenge is to establish the most efficient network and to allow efficient flows of information to improve its operation.

The adoption of a true network approach would give potential gains of at least 6% or about 50km per flight. To bring about these gains, network efficiency should come under performance monitoring and high level target setting from an independent performance review body at Community level.

A **network manager**, representing all aviation stakeholders, including the military, should be responsible for improving route and sector design from a network perspective and be the backbone for reinforcing central capacity planning and traffic flow management services and optimising the use of airport capacity by providing clear rules on network access and efficient use of routes. Charges based on the shortest distance create strong incentives to meet the

efficiency, cost effectiveness and environmental objectives (Cf. HLG 9\*). The potential reduction in harmful emissions through optimised routing is estimated at 6 to 12% of total aviation emissions.

#### 4.1.3. *Functional airspace blocks*

A performance driven approach to reduce fragmentation and increase system efficiency should accelerate integration of air navigation services into FABs, where appropriate and beneficial. Whilst the complexity of such integration is recognised, the real hurdle is political. The Commission will reflect on the idea of the HLG of an Aviation System Coordinator (Cf. HLG 5\*) whose mission would be to promote a stronger political commitment among Member States and stakeholders. States should **politically commit to the creation of FABs** in 2010 with implementation by the end of 2012. The proposed network management and performance regulation functions could also assist in assessing the functionality and value added of FAB initiatives from a network perspective. The possibility of exploiting existing bodies to carry out these two functions will be studied.

#### 4.1.4. *SESAR - Tackling the capacity crunch*

The capacity crunch can only be addressed through technological innovation from the SESAR programme, closely coupled with measures to improve airport capacity (Cf. HLG 7\*). Technological innovation can only achieve its full potential if there is an end to system fragmentation. Therefore, the synchronisation of **deployment** and avoidance of overlaps for the future system is essential. The rationalisation effects of SESAR in the field of research & development and should extend to the whole process. Short term initiatives to improve capacity may require Community co-ordination to ensure effective implementation

### 4.2. **A clear regulatory environment**

The single market policy implies a single legislation. Overlaps with regulations stemming from other structures must be eliminated. Fragmentation in regulation blurs the allocation of responsibilities and translates into an unnecessary cost for national administrations.

The effective use of the **Community approach** to provide **better regulation** (Cf. HLG 3\*) depends on the close co-operation between the Community and Member States and the commitment of the States (Cf. HLG 10\*), who are responsible for airspace, to the change process, together with a greater responsibility for Industry (Cf. HLG 2\*). This partnership also covers the military community<sup>19</sup> and the participation of non-EU States through appropriate mechanisms. A smoothly functioning aviation area requires that non EU Member States are appropriately involved in the framing of EU legislation

The Commission is preparing the **extension of the EASA competence** to airports, air navigation services and air traffic management to cover all links in the aviation safety chain (Cf. HLG 8\*). This competence will include the development and support of safety legislation as well as monitoring of its application by the Member States. It will also become the natural platform for certification and safety oversight of European wide services (for example EGNOS/Galileo).

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<sup>19</sup> The Single Sky committee comprises two representatives per MS, 1 civil, 1 military.

**Economic and Performance Regulation:** Performance would be expected to increase if the price setting mechanism has a direct involvement of airspace users. Natural monopolies should become subject to a more thorough procedure to justify their investment policy and cost base. Such a governance structure, initially set up at the regional level, would contribute to fair charging. Where there is opportunity for more than one provider of a service, governance structures should allow for fair competition.

The regulation of a performance driven approach will be assured at the Community level. This function would consist of: setting the SES convergence targets; monitoring that the **specific performance targets** agreed between the service providers and the NSA are consistent with the SES convergence targets; and that they are properly implemented. In the event that the specific performance targets are not considered to be consistent, or are not achieved, there would be the need to foresee enforcement measures at EC level.

**Technology:** With regard to stepping up technological innovation, it is expected that in 2008 the SESAR Master Plan will be endorsed and the SESAR Joint Undertaking will become fully operational. However, the deployment of the SESAR system will require a different organisation (Cf. HLG 5\*). If the current fragmented air traffic management system is allowed to continue it could choke the potential of new technologies to improve system performance and would unnecessarily increase the financial burden. The benefits of separating infrastructure from service provision will also be analysed.

**Eurocontrol:** The Commission supports the HLG report recommendations concerning the reform of Eurocontrol (Cf. HLG 6\*) with respect to: separation of selected functions; the transfer of safety regulation to EASA; greater transparency and performance review of all Eurocontrol functions and a reinforced role for industry in the governance. The ratification of the revised Eurocontrol Convention should only take place after the necessary internal reforms of Eurocontrol are achieved and an appropriate institutional framework is established which clarifies its role in the SES architecture, including the possibility for Eurocontrol to carry out certain tasks for the Community in the achievement of the SES.

## 5. CONCLUSIONS

Air transport is confronted with significant challenges and success in addressing them will only be achieved with collective efforts of Industry, the Member States, the military, third countries and the social partners, through full use of the existing SES consultation mechanisms. The Commission will play its role fully in this process.

On the basis of this review of the implementation of the SES and in line with the conclusions of the Performance Review Commission and the HLG, the Commission will come forward, in the second quarter of 2008, with concrete proposals for a second Single Sky package, the extension of EASA competencies and the SESAR Master plan.

\* See Annex

## ANNEX

### **High Level Group Report**

To facilitate cross-reference between the Commission recommendations in Section 4 (Accelerating the Implementation Strategy) and the High Level Group recommendations, the corresponding HLG Recommendation (HLG 1, 2 .. etc) has been identified in the Communication

HLG Recommendation	Subject
HLG 1	EU as driving force in aviation regulation in Europe
HLG 2	Greater responsibilities for industry
HLG 3	Better regulation
HLG4	Drive improved performance
HLG5	Deliver the Single European Sky
HLG 6	Empower and focus Eurocontrol
HLG 7	Address airport capacity
HLG 8	Deliver continuously improving safety
HLG 9	Deliver environmental benefits
HLG 10	Commit member states to deliver

The Executive Summary (below) of the High Level Group Report gives more information

#### **Executive Summary**

Vice President Barrot appointed the High Level Group for the Future European Aviation Regulatory Framework in November 2006 in response to strong demand from industry, EU member states and other stakeholders to simplify and increase the effectiveness of the regulatory framework for aviation in Europe. Vice President Barrot asked the High Level Group to present a vision for the development of the aviation regulatory framework - with a particular focus on Air Traffic Management - and to provide a roadmap with practical next steps.

The High Level Group underlines the need for, and indeed urgency of, change in the regulatory framework for aviation in Europe. This is necessary to ensure alignment across the aviation system towards achieving shared objectives.

The High Level Group has faced a set of complex and occasionally conflicting objectives when considering the performance improvement objectives:

- Aviation has a key role to play in achieving the objectives of the Lisbon agenda, in terms of reducing the internal and external cost of mobility within Europe and between Europe

and the rest of the world. Like other transport modes, aviation is an important enabler of economic growth. The aviation sector itself is also a significant source of employment and technological innovation.

- At the same time capacity in the air and on the ground is increasingly scarce, the environmental impact a growing source of concern at the local and international levels, while improving safety becomes ever more challenging with increasing traffic levels.
- Additionally, aviation in Europe faces growing competition from other parts of the world for the market in Europe and the global aviation market. This emphasises the importance of finding cost-effective solutions.

To determine the priorities for change, the High Level Group has reviewed ongoing initiatives to improve the European aviation system such as the Single European Sky (SES) initiative, the inclusion of aviation in the emissions trading scheme, and the Clean Sky programme. It has concluded that **the challenge for Europe is not to embark on new system changes but to focus on accelerating the effective delivery of the existing initiatives and to strengthen the capabilities of the key players to deliver them**. The High Level Group has focused on the **SES initiative in particular**. Improved ATM can play a vital role in increasing capacity and reducing the environmental impact of aviation.

The High Level Group has therefore concentrated on two main themes: **performance** and **governance**. This leads to proposals for clear roles for the European Commission, the member states and the Eurocontrol and EASA organisations, and proposals for concrete actions to address the current and expected bottlenecks in performance. It also leads to proposals to rebalance the governance of the aviation system in Europe to enable industry (airlines, air navigation services providers (ANSPPs), airports and manufacturers) to play an appropriate role in influencing decisions that affect them. This focus has been validated by a process of stakeholder (industry, the military, professional staff associations and non-EU member states) consultation.

The High Level Group has followed the European Commission in taking 2020 as the target date for completing the major changes already initiated within Europe, in particular the Single European Sky. However, the High Level Group has targeted 2014 as the date by which its proposals must be implemented to ensure that the European aviation system remains safe, competitive and environmentally responsible. 2013 is the date when the SESAR deployment phase is due to start.

To facilitate the next steps, the High Level Group has outlined a roadmap for change. The roadmap provides for actions that can be started immediately and for putting in place a process of continuous change to respond to market developments. Because 2013 is a critical date, the High Level Group proposes a timely evaluation of its recommendations in 2011 to ensure that the necessary additional actions are taken.

The High Level Group recognises that its proposals represent a major change process challenge. This challenge can only be met if it fully involves the people working in the organisations involved in the change process. The High Level Group therefore urges the European Commission to continue the process of extensive consultation with stakeholders during the decision-making process following on from the High Level Group work. In particular, the High Level Group points to the valuable contribution that can be made by

representatives from professional staff organisations and the need for inclusive social dialogue.

The proposals of the High Level Group can be summarised in the following 10 recommendations:

**HLG 1 EU as driving force in aviation regulation in Europe:** Fragmentation is a major bottleneck in improving the performance of the European aviation system. As this can only be addressed at the European level, strengthen the role of the European Community and the Community method as the sole vehicle to set the regulation agenda for European aviation by eliminating overlaps between EU and other regulatory processes, ensuring independent structures for regulation and service provision, and ensuring that safety regulatory activities are conducted independently from other forms of regulation. Drive change forward at the strategic level through regular meetings of the European Directors General of Civil Aviation working together with the European Commission, coordinating across the governing bodies of Eurocontrol, EASA and ECAC and creating a more structured dialogue between the EU and non-EU member states. Appoint a senior figure as an ‘Aviation System Coordinator’ to drive forward the necessary actions.

**HLG 2 Greater responsibilities for industry:** Give more responsibility to industry in line with the liberalisation of the internal market. Involve industry more systematically in the rulemaking process for the aviation system. Realign the governance of service provision functions to give industry greater responsibilities within a harmonised regulatory framework. Make possible competition for contestable activities which can be executed by industry.

**HLG 3 Better regulation:** Apply the principles of Better Regulation, avoiding over-regulation, and undertaking full impact assessments and consultation. Apply consistent definitions and rationalise existing legislation.

**HLG 4 Drive improved performance:** Every regulatory intervention should target improving performance within overriding safety objectives. As general principles, set performance improvement objectives, maximise the use of performance incentives and require independent performance reporting. For ATM, adapt the regulatory framework and governance structures to stimulate management to deliver improved performance. Where possible, facilitate the application of market principles by the unbundling and liberalisation of ANSP services. Introduce economic regulation to drive performance improvement in the monopoly elements of ANSP activities.

**HLG 5 Deliver the Single European Sky:** Accelerate the delivery of the Single European Sky (SES) and SESAR through proactive management and annual progress monitoring and reporting by the European Commission. Translate the SES ambitions into an implementation strategy and plan. Introduce economic regulation for ATM services to ensure that ANSPs are incentivised to achieve converging objectives in Europe and to regulate the monopoly elements of ANSP activities. Address the hurdles to implementing FABs and task the Aviation System Coordinator to facilitate their progress. Strengthen the orientation of the SESAR programme on results, including quick wins, and develop proposals for the pan-European ATM governance structure post the SESAR JU in 2013. Increase the political support for SES and SESAR, including the military stakeholders in European ATM.

**HLG 6 Empower and focus Eurocontrol:** Empower Eurocontrol to play a key role in delivering the Single European Sky and SESAR objectives within the strategic and regulatory framework set by the EU. Focus its activities on excellent pan European functions and ATM network design, and support to regulation as requested by the European Commission and member states. Transfer the responsibility for safety regulatory activities to EASA. Invite the Eurocontrol governing bodies to give industry an appropriate role in the governance of the pan-European functions and facilitate the unbundling of activities through corporate structures or undertakings where appropriate to allow the Eurocontrol organisation to evolve in line with industry developments while ensuring that the interests of employees are considered. Prepare for the appropriate pan-European ATM governance and operational structures for the post 2013 SESAR deployment phase.

**HLG 7 Address airport capacity:** Address the forthcoming airport capacity crunch by asking the European Commission to raise the profile of this emerging bottleneck in the European aviation system and point the way forward in terms of reconciling growth and environment goals. Request member states to provide strategies for addressing the airport capacity issue while demanding that airports themselves take greater responsibility for securing the local 'licence to grow'. Enable the European Commission to facilitate progress through the 'Aviation System Coordinator'. Integrate airports more systematically into the total system approach.

**HLG 8 Deliver continuously improving safety:** Require states to apply safety management principles consistently and, in particular, facilitate the uniform application of 'just culture' principles. Empower EASA as the single EU instrument for aviation safety regulation including airports and ATM, and ensure that EASA is funded and resourced accordingly. Prepare for the SESAR challenge by timely certification processes. Ensure that states' safety oversight is harmonised and that cooperation between national authorities is stimulated to achieve overall higher levels of performance.

**HLG 9 Deliver environmental benefits:** Building on the three pillars of improved gate-to-gate ATM, cleaner and quieter aircraft, and market oriented solutions, ask the European Commission to develop an integrated environment strategy. Incorporate ambitions from the transport and environment perspectives, enabling Europe to play a leading role in balancing economic, environmental, safety and social impacts.

**HLG 10 Commit member states to deliver:** Require more systematic implementation of existing commitments by EU member states, in particular the defragmentation targeted by the Single European Sky initiative. States should address inconsistent guidelines for ANSPs, performance shortfalls in oversight, bottlenecks in airport capacity and safety management, and the new challenges of mitigating and adapting to climate change. Encourage regulatory authorities to exchange best practices and develop common approaches.

The High Level Group thanks Vice President Barrot for the opportunity to develop these recommendations and hopes that they will be acted upon without delay.

The High Level Group commends its report to the Vice President, to the European Parliament, to Eurocontrol's Provisional Council and to the member states.