

# Disruptive Technologies in ATC: The role of the 'regulatory technology'

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## SES goals (KPIs) and expected outcomes

Performance indicators	2020 goal	Progress expected
ATC unit costs	Reduce by 50%	“marginal”
Safety	Improve 10-fold	“satisfactory”
Capacity	Triple	“limited”
Flight efficiency	Improve by 10%	“limited”

Source: Assessment, p.10

# ATC - options to improve efficiency

What is best ownership for aviation assets?

What is the best way to make regulation effective?

a) a standard 'price cap' (see telecoms, energy, other transport modes, even financial services and safety regulation)

b) tendering for services.

# SES: 'Little in practice has been achieved'

The goal of an efficient ATC system in Europe dates to 1965 when Eurocontrol was established.

ATC is a natural monopoly but to this day is shared between 29 providers.

In 2004, the first 'package' of Single European Sky (SES) measures was introduced but in 2013 the EU Commission said "little in practice has been achieved" (COM(2013) 408 final)

The SES has now passed through 3 iterations (1,2,2+), still to no effect on the cost KPI.

# Main reason for failure to make progress?

“[E]xperience shows that Member States, which are either sole or majority owners of service providers, ... focus on steady revenue streams ... currently, the decision-making processes [are] blocked by national vested interests.”

(COM SWD SES2+, my emphasis)

Regulatory capture of a particularly thorough-going kind.

The reference to steady revenue streams shows action not taken lest it be successful; in intermediate industries, users' costs are providers' revenues. 'Steady' revenues = 'steady' costs.

# Given ownership, need single EU independent regulator, not a “Performance Scheme”

Current price regulation is completely ineffective since

- The SES regime remains de facto one of ‘cost plus’
- In some jurisdictions, including Ireland, self-regulation applies; IAA charges are regulated by a division of the IAA, no longer by the Commission for Aviation Regulator.
- In 29 states, there are 37 ‘National Supervisory Authorities’ (NSAs), too small to do a proper job but too costly in the aggregate - the worst of both worlds. (Akin to a single currency without an ECB.)

# The ATC cost problem in a nutshell:

There is no single European sky.

Standing in its path is

the Single European Sky.

# Selected references

European Commission , 2013, Staff Working Paper to accompany legislative proposals to accelerate implementation of the Single European Sky', (COM SWD SES2+)

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