

# European ATM economic regulation

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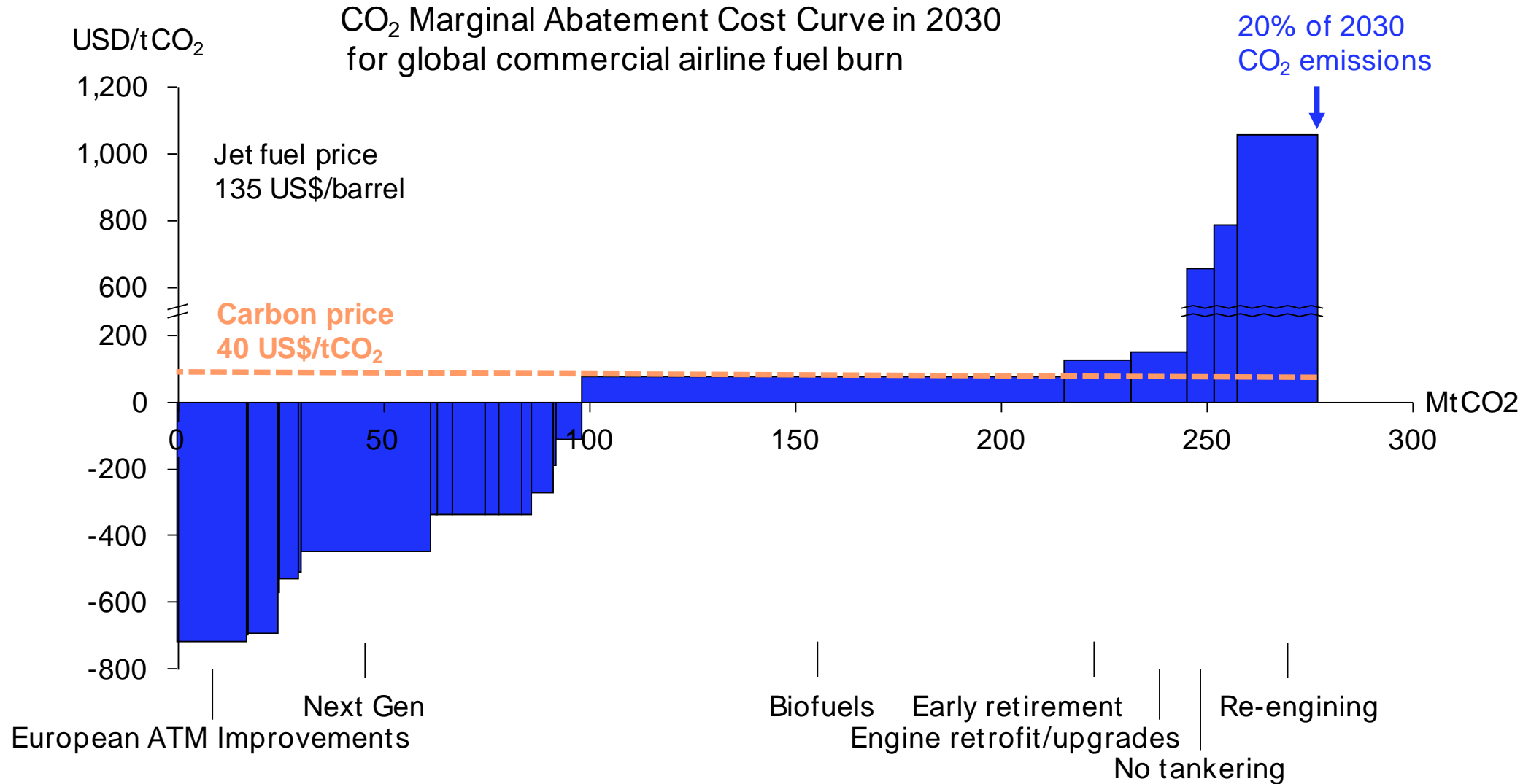
18<sup>th</sup> October 2019



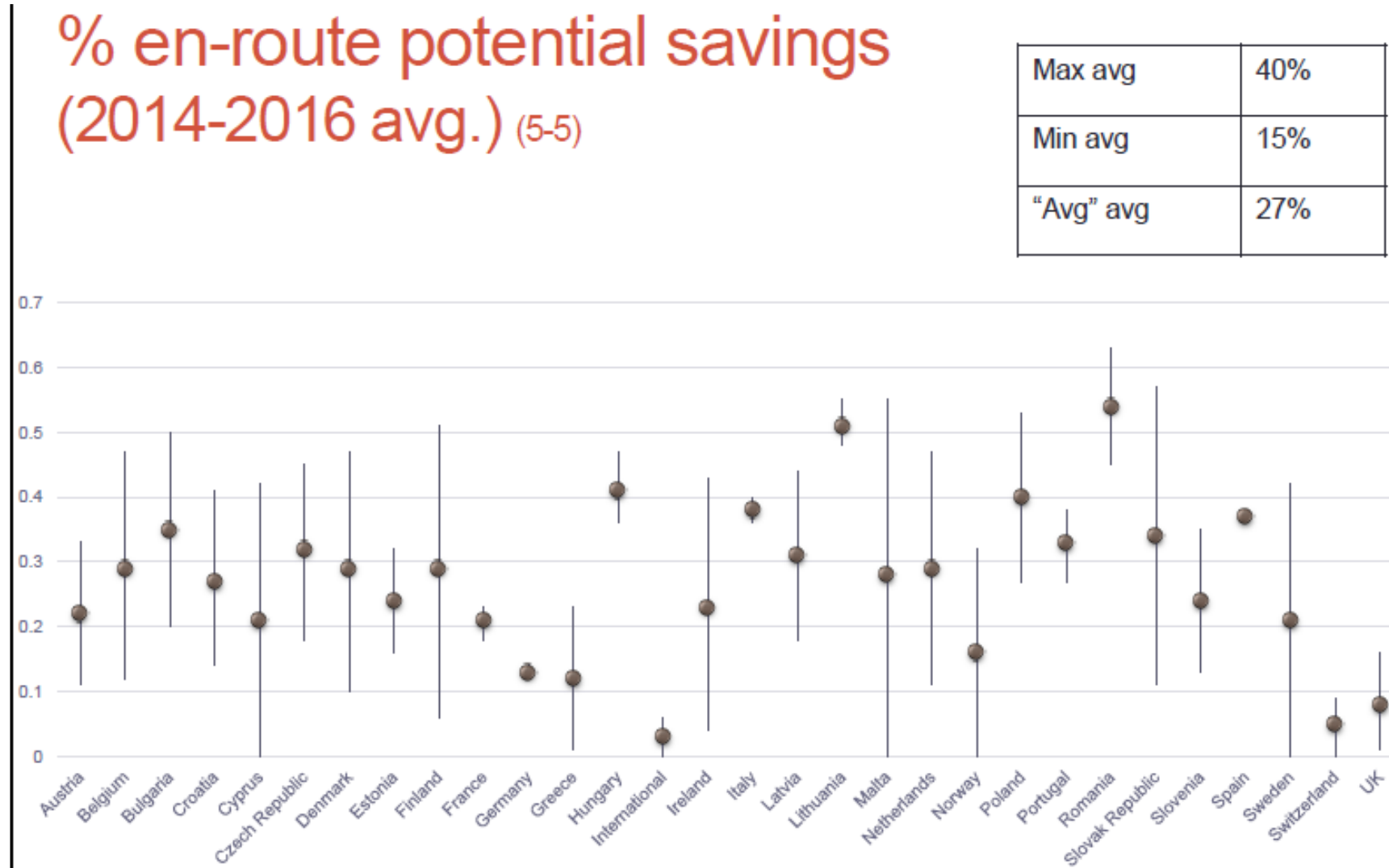
# Poor performance

- Delays getting worse
- CO<sub>2</sub> rising faster than traffic
- Cost inefficiency widespread

# ATM-related CO<sub>2</sub> should be first to be eliminated



# Widespread inefficiency points to weak targets



# No evidence that efficiency targets too tough

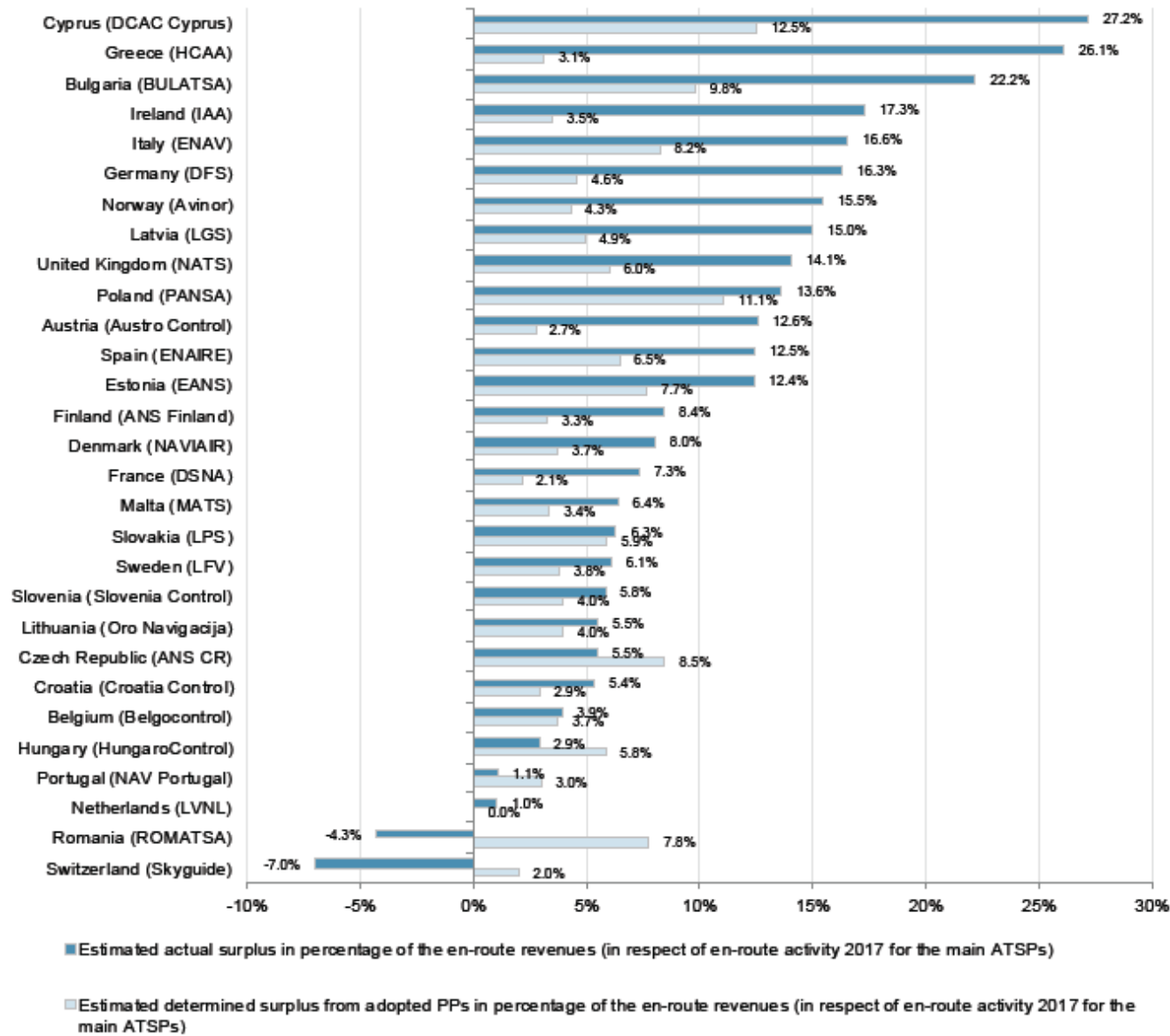


Figure 26: Estimated surplus for the 2017 en-route activity for the main ATSPs

# Why an independent economic regulator?

- Statutory or natural monopolies
- Regulator captured by the regulated
- Competition only slowly evolving force
- ATM user costs matter for economy as well as airlines
- CO<sub>2</sub> becoming existential issue

# What is needed from ATM economic regulation?

- Independence
- Complement to slowly evolving competition
- Effective incentives for efficiency, capacity, technology
- Simple price cap + SLAs on quality
- Cost benchmarking 'yardstick competition'
- No 'risk-sharing' distortion
- Meaningful penalties

# Thank you

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