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IMPLEMENTING SES - STATUS QUO

SES I Package (2004)

- European Commission's Mid Term Status Report (2007)
 - No significant move forward
 - Strategic rethinking of the organization of ANS required
- EUROCONTROL PRC's FAB Initiatives Evaluation (2008)
 - Uncertain benefits and objectives
 - Adoption of quantified targets required
- SES II Package (2009)



NO COUNTRY FOR SINGLE DWARFS

Even the big EU Member States turn out to be global dwarfs in terms of size of controlled airspace.

EC Mid Term Status Report (2007), p.3



DEFRAGMENTATION

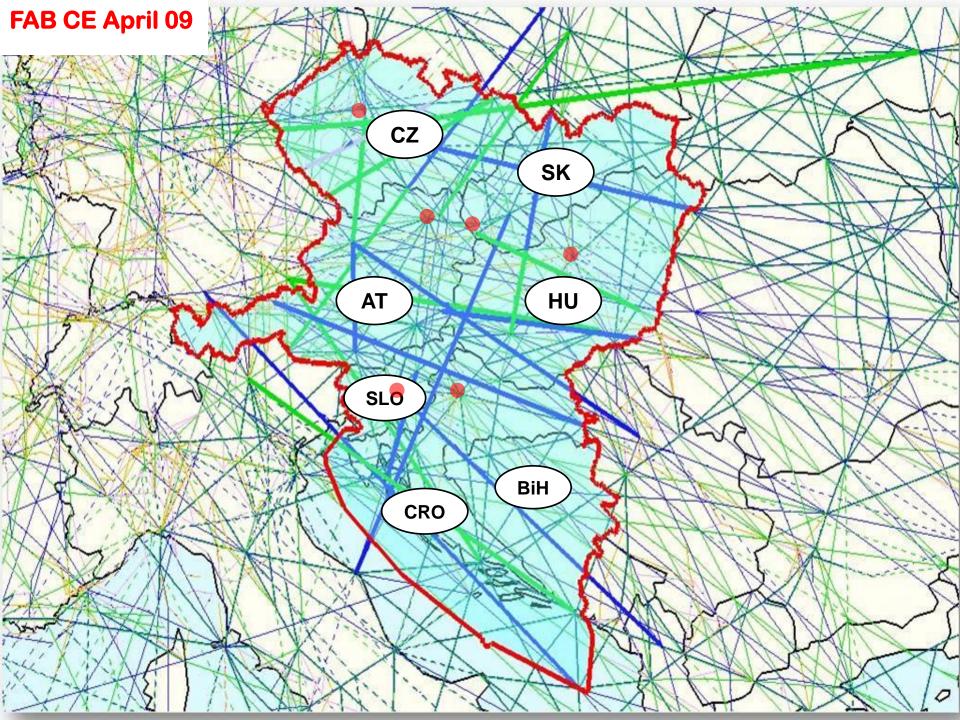


Grumpy: She's a female! And all females is poison! They're full of wicked wiles!

Bashful: What are "wicked wiles"?

Grumpy: I don't know, but I'm "agin" 'em.

Walt Disney's Snow White and the Seven Dwarfs, 1937





FAB CENTRAL EUROPE

- Third largest FAB Initiative in terms of flight hours controlled
- Covering the territory of 436,000 km²
- Where airspace is divided into 43 sectors
- Being served by 6 ACCs
- With almost 4,000 staff



EMERGING ISSUES

Level of Commitment to Change Status Quo

- Political maturity required
- There is a Grumpy everywhere



Bashful: Do ya have to wash where it doesn't show?

Sovereignty

A magic formula to challenge almost everything



EMERGING ISSUES

- ANSPs Corporatization / Commercionalization
 - ANSPs better equipped for cooperation with other ANSPs
 - National bottom-up approach might become a necessity
 - States lack qualified staff to carry out oversight and other State level tasks
 - This might eventually result in a friction between the ANSP and State level!



EMERGING ISSUES

HARMONIZATION OF VARIOUS ELEMENTS

- Type of ANSP's legal entity
- Third party liability and ultimate liability
- Insurance requirements
- Procurement
- Taxation



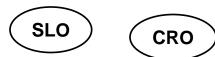
EMERGING ISSUES - LIABILITY

Direct Government Liability



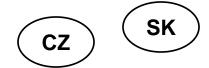
 ANSP provides ATS, but Government takes over the liability from the very beginning

Ultimate Government Liability



- ANSP provides ATS and is also liable towards third parties
- Government acts as a guarantor for ANSP's obligations

No Government Liability



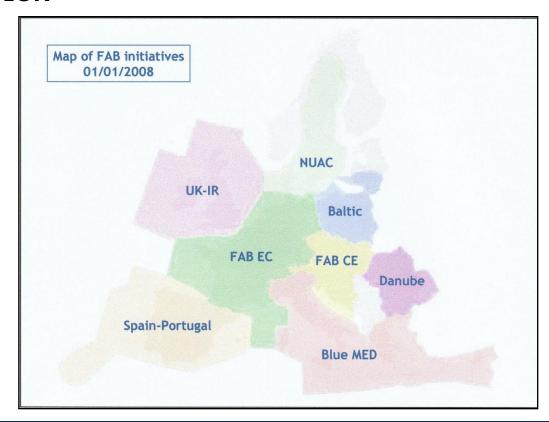
- ANSP provides ATS and is also liable towards third parties
- No guarantee available for damages in excess of the insurance



EMERGING ISSUES

INTER-FAB COORDINATION

- No coordination, no common approach
- Risk of mutual incompatibility





UNESCAPABLE CHALLENGE

- SES II package sets forth 2012 as a firm deadline for implementation of the Single European Sky
- The States seem to have the last chance to take the advantage of the bottom-up approach



Doc: It'll please the Princess.

Grumpy: Hah! Her wiles are beginnin' to work. But I'm warnin' ya, you give 'em an inch, and they'll walk all over ya.



Thank you for your attention

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SLIDE 1

Ladies and gentlemen, good afternoon!

We are running out of the time, therefore I'm going to tell you the originally quite long Snow White fairy-tale in a Tom 'n Jerry footage. My intention is to draw certain parallels between real life and fairy-tales and draw your attention to a number of questions you might be facing if you are going to optimize the provision of air navigation services.

As certain parallels might be sensitive, I should not forget to add that I am speaking here in my personal capacity only.

SLIDE 2

There is no need to explain what FAB is, as it was already covered by Francis Schubert. It is also clear that since 2004 no real progress has been achieved. The SES II package is, to some extent, a response to the slow implementation speed.

SLIDE 3

Through the SES II package the European airspace is supposed to become truly defragmented, which means, in the Commission's terminology, that the "dwarfs" must team up and start close cooperation.

So, we have the dwarfs on the scene. Who then is missing? Snow White – a beautiful young princess that comes to the old-fashioned cottage occupied by the dwarfs. She cleans it up from the floor to the roof and then makes the dwarfs do things they usually do not do. Who would fit this role better than the European Commission?

SLIDE 4

The dwarfs are, in this case, seven Central European countries whose cottage bears the name "FAB Central Europe".

SLIDE 5

And this is a short description of how the dwarfs' cottage looks like. It seems they could live in harmony forever. HoweverSnow White is behind the door....

SLIDE 6

and a few changes in the dwarfs' lives are going to occur. Are the dwarfs ready to accept the changes? Do they want to change themselves? Or, will they rather try to appear changed while maintaining the status quo – so-called Bashful's approach? Experience also shows that there is always somebody like Grumpy – an incredibly pessimistic and old-fashioned dwarf who can ruin the effort of others. One of the weapons used for that purpose is the sovereignty issue. Is it really the case? No way! Let's discuss it in our panel.

SLIDE 7

Do the dwarfs have to change clothes to make the changes happen? Not at all! However, it may bring certain benefits.

In this respect, it is important to point out that the ANSPs have a dual personality to some extent. Here, I must admit, my parallel to the fairy-tale fails, as none of the dwarfs are schizophrenic as far as I know. The functional separation of service provision from regulatory functions is the right step forward, but it may complicate the things. Though it formally creates two levels of implementation, ultimately there is a single one with the States being the non-avoidable decision-makers.

SLIDE 8

Snow White cooks a dinner for the dwarfs. She asks them to get washed before they start eating. There is one dwarf resisting – Grumpy. Eventually, the others make him wash as well. This is about harmonisation and unification. It does not matter how the hands are washed, but at the end of the day they must be clean.

SLIDE 9

From the legal perspective, liability is of prime importance. How would it work in practice if each dwarf were subject to a different liability regime? It would work, but this would definitely create tension among the dwarfs.... why one dwarf is liable, and the other one is not, why the scope of liability is different...and so on.

SLIDE 10

What if there is another cottage where there are a couple of other dwarfs? There must be such cottages, as without the cottages there would be no villages. Without the villages there would be no kingdom. And without the kingdom there would be no princess Snow White. this might also be a solution ... but there would not be a happy end then...

Therefore, the dwarfs' cottages must cooperate among themselves. Presently, this is not the case. Each cottage is more or less taking care of its own garden and is not really interested in what is going on in the neighbor's garden.

SLIDE 11

In conclusion, there is no way out. Snow White would like to be pleased and nobody

besides the dwarfs is capable of doing that these days. If they don't please her, it will be like a poisoned apple. She might have a bite, she might fall asleep for a while. However, a prince will eventually find his way to the cottage. By kissing her gently he will take over the dwarfs' role. And Snow White and the prince will live happily ever after! Will the dwarfs allow that? If so, it would mean that the States believe in fairy-tales.