

DAVID FIELD WASHINGTON

The transatlantic talks commence

The opening moves have been made in the negotiations between Europe and the USA on creating a comprehensive open skies pact between the two blocs.

Liberalisation negotiations between the USA and Europe begin in earnest in early December, although preliminary talks in Washington in September and October have already started a debate over just how ambitious the agenda should be.

While the European Commission (EC) insist that its side favours a comprehensive agreement, the USA is, at least on the strength of past indications, focused on an incremental approach that may exclude issues of cross-border ownership and access to the US domestic market.

These different agendas are likely to form the starting point for the more substantive talks in Brussels in December. These negotiations will take place against the looming spectre of US presidential elections, now just a year away. Campaigning is already well under way in a highly politicised Congress, which would need to give its approval to any radical changes.

In Brussels, the scheduled reshuffle of EC commissioners in summer 2004 may see a change of portfolio for such driving

forces as the strong-willed transport commissioner Loyola de Palacio.

The chief US negotiator, the State Department's John Byerly, insists that Washington is willing to address tough issues. "We'd like to move as quickly as we can to a comprehensive agreement," he says. "If we can do that through steps, great. If we can do it in one big agreement that both sides find meets their critical needs and desires, that's good too."

Addressing the widely held suspicion that the USA really only wants more access to London Heathrow, he says: "The goal is not to have a mini-deal that would allow one or two frequencies over three or four years and a marathon of talks to occur. We want to do something that significantly opens the markets, and that includes the UK." If an opening of Heathrow was to be offered as part of a so-called "early harvest" or interim pact, the USA would still "have to look at the slot restrictions at Heathrow and actual use of those rights".

But Byerly, a veteran negotiator who

holds the title of deputy assistant secretary of state for transportation affairs, adds: "I want to be clear we're not making commitments up front that we're going to pursue amendments of our long-standing legislation." That raises the question of how the USA will react to the European Union's most likely immediate demands: ownership changes and market access by means of cabotage.

Ownership needs a legislative solution, while market access is more contentious. "One reason that full-bore cabotage is problematic is that it would involve full access to the US domestic market, which is huge, by a foreign carrier that operates under foreign law, under foreign safety and security oversight, under foreign environmental law, foreign labour law, subject to foreign taxation," says Byerly. "That raises fundamental issues of the equality of the playing field."

However, Andrew Cahn, director of industry and government affairs at British Airways, was upbeat on the talks. "We're quite positive," he says, noting the progress made in establishing a number of working parties to look at some of the main issues of debate. □

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ICAO endorses cost focus for ATS

ICAO's first full Air Navigation Conference for more than a decade has endorsed an operational concept for air traffic services (ATS) over the next 25 years and beyond that stresses greater harmonisation of systems between regions and an awareness of the airline industry's financial constraints.

Held in Montreal in late September, this was the first full conference since a 1991 session endorsed the Future Air Navigation System (FANS) concept. This time the insistence on interoperability and cost-effectiveness presents a new dimension. Marinus Heijl, deputy director of ICAO's Air Navigation Bureau, says the last conference's goals and timetable "were very optimistic at the time, and we were all quite enthused", but by 1998 "it was a bit of an awakening, realising that you can't get there in one jump".

Since 1991, the industry's economics have changed significantly. Jack Howell, director of the navigation bureau, says: "We're well aware of the industry's financial state and the new business reality."

ICAO has called for greater harmonisation of systems between regions

The conference stressed that airlines cannot simply absorb the costs of new systems and technology and instead asked that nations and agencies to bear in mind that such costs would have an effect on the financial health of the world's airlines.

"The operational concept is a rallying point. We need a certain degree of modularity," adds Howell.

Increasing capacity is a central goal, and as a major step, the conference strongly endorsed Automatic Dependent Surveillance-Broadcast (ADS-B) technology. The satellite-based, datalink technology is "an important enabler" of key concepts, including traffic synchronisation and conflict management.

Vince Galotti, chief of ICAO's air traffic management section, said that with ADS-B, "you could see some immediate benefits in capacity enhancement, especially in areas where radar coverage is limited or where there is no radar. It would help in sequencing and in more efficient use of airspace and routes." □

Boeing axes 757

Boeing has taken the 757 twinjet out of production after 21 years and more than 1,000 sales to 55 airlines. Although prompted by the decision of Continental Airlines to scrub orders for the 757-300, Boeing Commercial Airplanes chief Alan Mulally says that advances in the Boeing 737 line, paralleled by its planned 7E7 model, narrowed the 757's niche. Mulally said: "It's really Boeing and technology that are replacing the 757." The company will take a pre-tax charge of \$184 million when it ends the production line in third-quarter 2004, although the effect on residual 757 values is uncertain.

Concorde bids farewell

The final British Airways Concorde revenue service took place on 24 October. The flight was from New York JFK to London Heathrow. Air France stopped its services with the supersonic jet on 31 May.

