



Judith Ross
NATS/CAA regulatory appeal
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ
United Kingdom

14 January 2020

Dear Mrs Ross,

I am writing you, following CAA's final decisions on the UK RP3 performance plan and particularly the introducing of ATS surveillance to oceanic operations and its financial impact on user charges. By means of this letter KLM Royal Dutch Airlines is supporting IATA's submissions and understands that the letter will be submitted to the CMA and be visible to the public.

While KLM acknowledges that the implementation of services using Space based ADS-B offers the potential for performance improvements, we do not subscribe to the indicated (fuel) benefits. KLM is opposed to the deployment of Space based ADS-B at this stage of RP3 (as planned by NERL) and to the development of oceanic charges associated with the use of those systems that would be charged to airspace users by respective Air Navigation Service Providers.

CAA has published notice of the Space Based ADS-B costs being charged by NERL as of 1 January 2020. These charges amount to £31.64 per flight, an amount which we consider to be disproportionate. Our financial assessments show that introduction of Space based ADS-B and associated data charges will lead to an approximate 75% increase in ATC cost for our North Atlantic operations. This increase, we believe, will in no way be offset by any net benefit.

Ultimately, our passengers will bear a portion of the costs for the additional charges levied on airlines

An analogous contract between Aireon and NAV CANADA is known to be 12 years long. From this, KLM is very concerned that NERL may have entered into a similarly lengthy contractual arrangement which we believe is inappropriate because the market for surveillance technologies is dynamic and Space based ADS-B is a new technology that is in its early stages of development. This means that the technology itself could be surpassed in a relatively short timeframe or alternatively that one (or several) provider(s) offering an equivalent service at far more competitive or economic rates could emerge. Lengthy contracts do not give incentives to be competitive and pass on savings from innovation or reduced costs to airspace users.

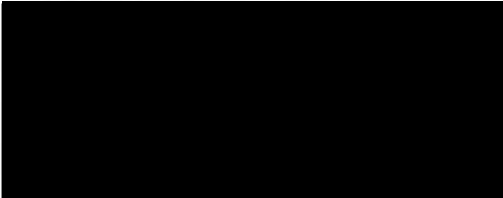


Concluding, KLM holds serious concerns with the proposals put forward by NERL for RP3 pertaining to the introduction of ADS-B technology.

Furthermore, KLM does not subscribe to the indicated financial benefits.

Therefore, we request to defer any decision to implement Space Based ADS-B at this stage.

Yours sincerely,



Robert Jan Meinderts

Director Procurement – ATC charges

AIR FRANCE KLM