

## **Subject: Justification for Cost Increases in RP4 and Challenges in Implementing Cost-Containment Measures**

Dear EU Commission,

We appreciate the opportunity to address the recent concerns regarding Fintraffic's projected cost increases in RP4 and our limited capacity to introduce additional cost-containment measures. We have conducted a thorough review of our operational and financial framework and respectfully submit the following rationale to explain our position.

### **1. Increased Traffic and Operational Workload:**

The latest forecast from STATFOR in October indicates a significant rise in air traffic for RP4. This increase in traffic directly impacts our workforce needs. To ensure safe and efficient handling of this growth, we are obligated to hire additional Air Traffic Control Officers (ATCOs). The temporary layoffs and other labor cost-saving measures that were possible from 2020 to 2023 are no longer feasible under current conditions, given the substantial uptick in operational workload.

Furthermore, the Kaliningrad flight traffic has increased both in volume and complexity, imposing additional demands on our air traffic control resources. Additionally, persistent GNSS jamming, especially in eastern Finland, has created a need for extra radar services at procedural airports. The recent closure of OLDI (On-Line Data Interchange) connections between Russia and Finland, effective since February 25, 2022, has also increased manual workload, as all estimates and coordination must now be conducted via phone.

### **2. Rising Staff Costs:**

Fintraffic has seen an increase in staff costs, largely driven by recent developments. In 2024, a new labor agreement was reached with ATCOs, resulting in higher salaries. In addition, to facilitate the new FINEST cross-border service, a dedicated Flight Information Service (FIS) unit must be established. This expansion necessitates hiring new staff, including technical personnel to bolster our cybersecurity framework—an area of increased priority.

### **3. Increases in Operating Costs:**

External operating costs have also been impacted by inflation and other market forces. Payments to the airport operator, Finavia, are rising in line with traffic volumes. Additionally, Fintraffic's recent investments, such as the renewal of our Air Traffic Management (ATM) systems, have resulted in increased leasing fees. As business travel resumes, we are experiencing a significant increase in travel-related costs compared to the COVID-19 period.

#### **4. Investment and Depreciation Considerations:**

Fintraffic's investment strategy aligns with EU legislative requirements, which mandate certain levels of investment in infrastructure and technology. At present, our depreciation levels are notably low due to the end of the lifecycle of major previous investments and recent cost-saving measures in capital expenditures. Nevertheless, essential future investments, including critical updates and replacements of aging infrastructure, will inevitably impact our financial planning and increase our capital expenditures moving forward.

#### **5. Increased Military Activity and Training Requirements:**

Due to increased military activities and training at various airports and within our airspace, we face heightened demands on our ATCO resources. The complexity and frequency of these activities necessitate a larger and more agile controller workforce to ensure the safety and efficiency of both civilian and military operations.

Given these factors, we respectfully request that the EU Commission consider the constraints under which Fintraffic operates. Our cost increases are largely due to uncontrollable external factors, legislative requirements, and essential infrastructure needs, making it challenging to identify further cost-containment measures. We remain committed to efficiency, safety, and compliance with regulatory standards, and we assure the Commission that we will continue to explore all feasible avenues for cost optimization within these constraints.

Thank you for your understanding and support.

Kind regards,  
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