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EUROCONTROL

# Industry Monitor

## The EUROCONTROL bulletin on air transport trends

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- **European flights increased by 4.4% in September 2017 compared with September 2016 and were above the high forecast published in February. Since the beginning of 2017 (January-September), traffic remained on average 4.4% above the 2016 traffic levels and surpassed record-high 2008 levels.**
- **Boeing surpassed Airbus on aircraft orders and deliveries during the first nine months of 2017.**
- **IATA reported that European airlines carried 26% of the world's passengers or circa one billion in 2016, an increase of 6% on 2015.**
- **Oil prices in September were up to €47 per barrel from €44 per barrel in August and averaged out at €48 per barrel during the first nine months of 2017.**



## EUROCONTROL Statistics and Forecasts

European flights (ECAC – European Civil Aviation Conference area) increased by 4.4% in September 2017 compared with September 2016 and were above the high forecast (Figure 1). Since the beginning of 2017 (January-September), European traffic remained on average 4.4% above the 2016 traffic levels and surpassed the 2008 previous record high. Average daily flights for the period reached 29,719 and exceeded by 3.3% the January-September 2008 numbers, the last busiest period at European level.

Twelve states added each more than 50 daily flights (excluding overflights) to the network for a combined total of 1,515 additional daily flights in September 2017 compared with September 2016. With 240 extra daily flights, Spain (excl. Canary Islands) was the top contributor owing primarily to its flows to/from Northern Europe (UK Germany and the Netherlands). Turkey was next with 233 additional flights per day owing to the continuing recovery of its flows to/from Eastern Europe, namely the Russian Federation (+169 flights/day) and Ukraine (+16 flights/day), and also Turkey's flow to/from the Middle-East (+36 flights/day). UK was the third contributor and added 174 daily flights (Figure 2).

The aircraft operators which added the most flights to the network on a daily basis in September 2017 (vs. September 2016) were Ryanair (+159 flights), easyJet UK (+90 flights), Wizz Air (+86 flights), LOT Polish Airlines (+80 flights) and Turkish Airlines (+72 flights).

 

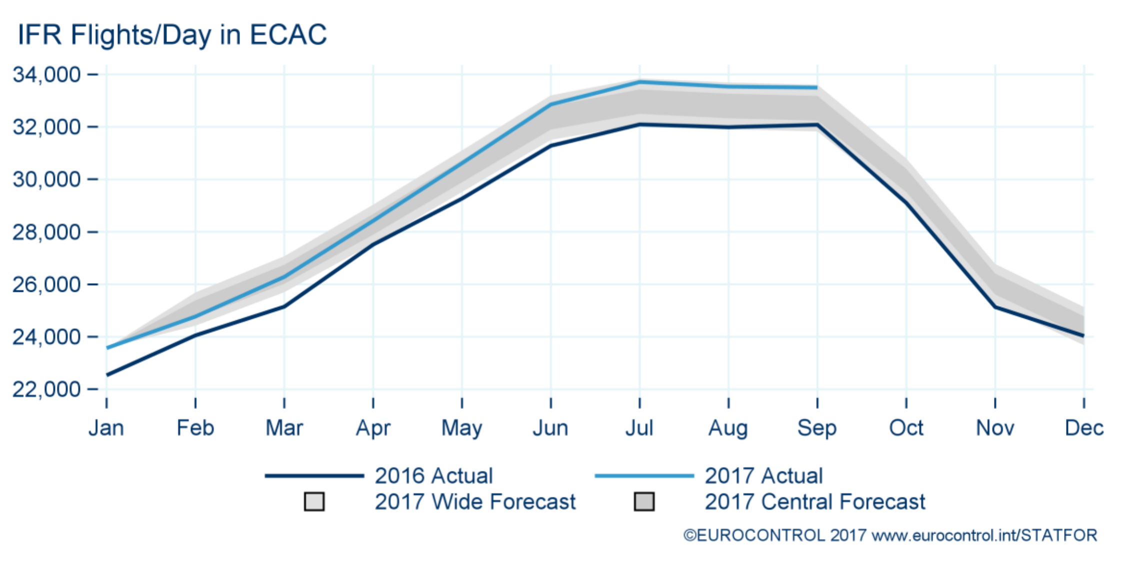


**Figure 1: Monthly European Traffic and Forecast** **(based on the 7-year forecast Feb 17).**

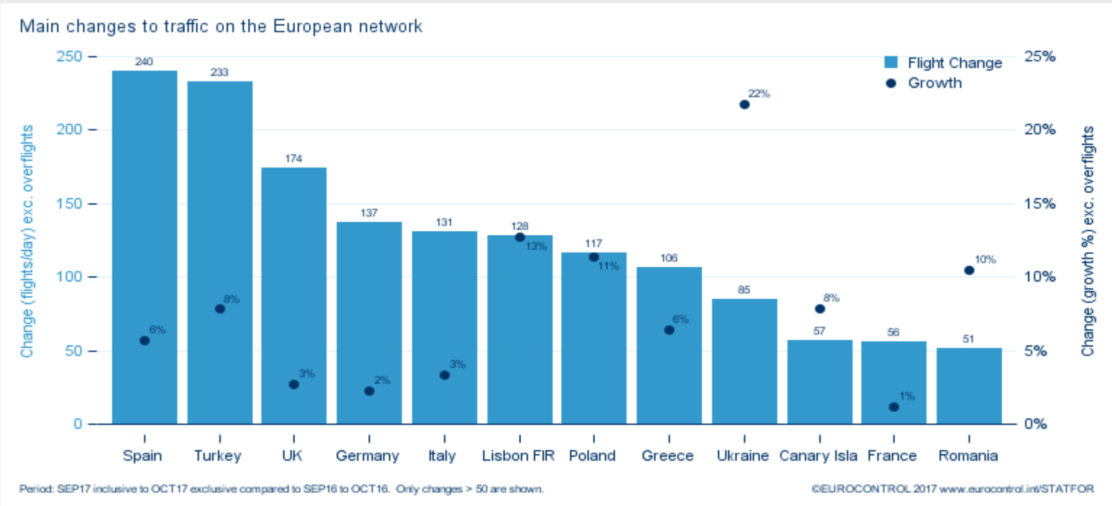


**Figure 2: Main changes to traffic on the European network in September 2017.**

The charter and all-cargo segments continued to be the fastest contributors to growth with an increase of 15.3% and 10.1% respectively in September 2017 (vs. September 2016). The charter segment recorded an overall increase of 10% during the summer months (May-September) when it saw a 15.8% decrease during the same period last year. The charter traffic recovery was due mainly to the resumption of flights between Turkey and the Russian Federation (ban on charter flights lifted in August 2016). With a growth rate of 6%, the low-cost segment remained the main driver of growth and was followed by the business aviation and traditional scheduled segment which grew 5.9% and 2.4% respectively.

The top five extra European partners (for average daily flights on flows in both directions) were the United States with 1,137 flights (+5%), the Russian Federation with 1,089 flights (+28%), Israel with 386 flights (+11%), Morocco with 343 flights (+10%) and the United Arab Emirates with 329 flights (+1%).

Traffic flows between Europe and North African countries in September 2017 (vs. Sep 2016) were up 50.4% to 210 flights per day for Egypt and up 18.8% to 161 flights per day for Tunisia but were still not back to 2010 traffic levels (EUROCONTROL, October).

Breakdown of all-causes delay per flight

Percentage of flights delayed on departure

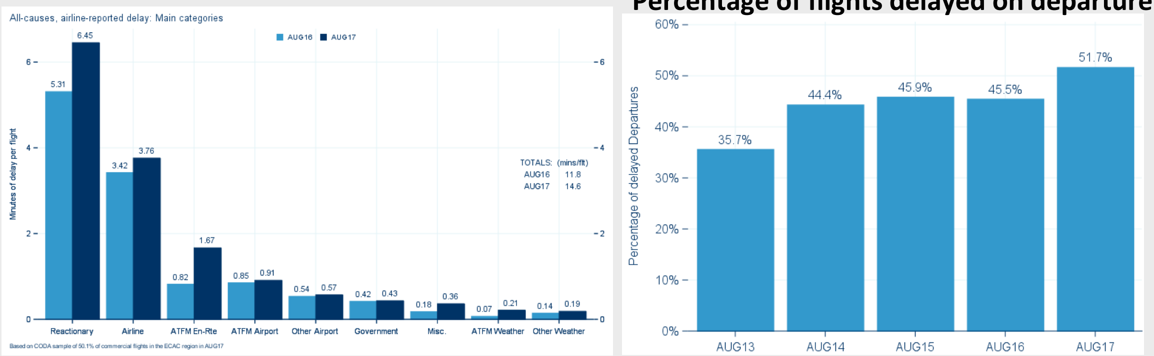


**Figure 3: Delay statistics (all-causes, airline-reported delay – August 2017).**

Based on data from airlines for delays from all causes, the average departure delay per flight increased by 2.8 minutes to 14.6 minutes in August 2017 compared with August 2016 following an increase of ATFM en-route and airline delay. This in turn drove reactionary delays higher, increasing by 1.1 minutes to 6.5 minutes per flight, with the share of reactionary to the average delay per flight remaining at 44% compared to August 2016. The percentage of delayed flights on departure (>= 5 minutes) was 51.7%, an increase of 6.2 percentage points on August 2016 (Figure 3). (EUROCONTROL, September).

## Other Statistics and Forecasts

In its 2017 World Air Transport Statistics report, IATA reported that European airlines carried 26% of the world's passengers which, in 2016, amounted to circa one billion passengers: an increase of 6% on 2015. Global passengers flew mostly on full service carriers (70%) followed by low-cost carriers (28%) and charter carriers (2%). Ryanair was the only European airline in the top five worldwide airlines with 112 million passengers in 2016. Worldwide airlines carried 3.8 billion passengers in 2016, an increase of 7% on 2015 (IATA, 9 October).

IATA reported that European scheduled passenger traffic (RPK) increased by 6.9% in August 2017 (vs. August 2016). Capacity rose by 5.5% and the passenger load factor was 88.3% (up 1.2 percentage point on August 2016), the highest among the regions (IATA, 5 October).

ACI reported that overall passenger counts at European airports in August 2017 (vs. August 2016) were up by 8.7% from 9.6% in July (vs. July 2016). Overall aircraft movements were up 4.1% (ACI Europe, 10 October).

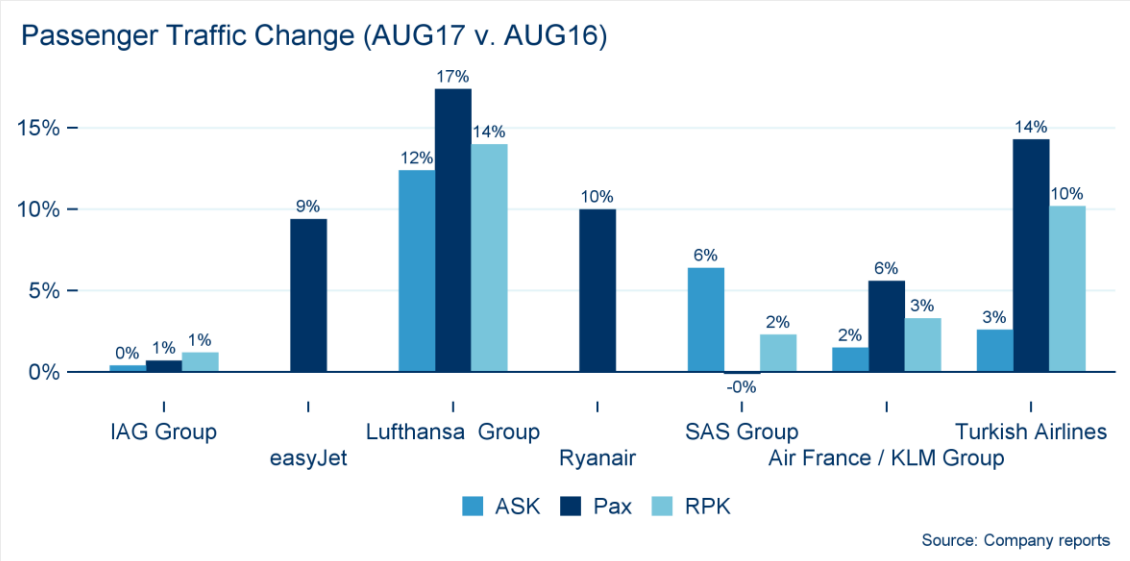


**Figure 4: Main carriers' traffic statistics in August 2017.**

# Passenger airlines

## Capacity, costs and jobs

Ryanair was forced to cut capacity for the winter season (Nov. 17 to Mar. 18) following a roster failure which led to over allocated months of pilot annual leave from September to December. As a result, the carrier had to cancel 2,100 flights in September-October and decided to ground 25 of its 400 aircraft from November and 10 of its 445 aircraft from April 2018. This slower rate of growth will result in reducing monthly passenger traffic growth to 4% from 9% during the winter (Ryanair, September-October).

Wizz Air will recruit circa 1,300 staff in 2018 to meet the delivery of its 21 new Airbus A320 and A321 aircraft by the end of 2018 along with the 11 aircraft already delivered this year The airline also plans to double its fleet to more than 160 aircraft by the end of 2024 (Wizz Air, 28 September).

Lufthansa's Supervisory Board has approved the acquisition of circa 61 aircraft (41 Airbus A320 family aircraft and 20 Bombardier Dash8 Q400 aircraft) to meet the expansion of its low-cost subsidiary Eurowings since Lufthansa has concluded a deal with airberlin to acquire NIKI and LGW. The plan is to grow Eurowings by up to 81 aircraft in the future and to recruit up to 3,000 pilots and cabin attendants (Lufthansa, 26 September & 13 October).

Brussels Airlines will phase out its last Avro RJ100 aircraft on 28 October with a flight from Geneva to Brussels. When the airline was created in 2002 the fleet comprised exclusively 32 Avro aircraft (12 RJ100, 14 RJ85 and 6 Bae146) acquired from Sabena subsidiary DAT (Brussels Airlines, 3 October).

easyJet has launched "Worldwide by easyJet" a new booking platform to connect to other airlines' long-haul flights through London Gatwick and has already formed a partnership with Norwegian, Westjet, Loganair, Neos, Aurigny, La Compagnie and Corsair. The new platform also allows easyJet passengers to connect with other easyJet flights through Gatwick. easyJet plans to expand to other airports including Milan Malpensa, Geneva, Amsterdam, Paris CDG and Barcelona (easyJet, September & October).

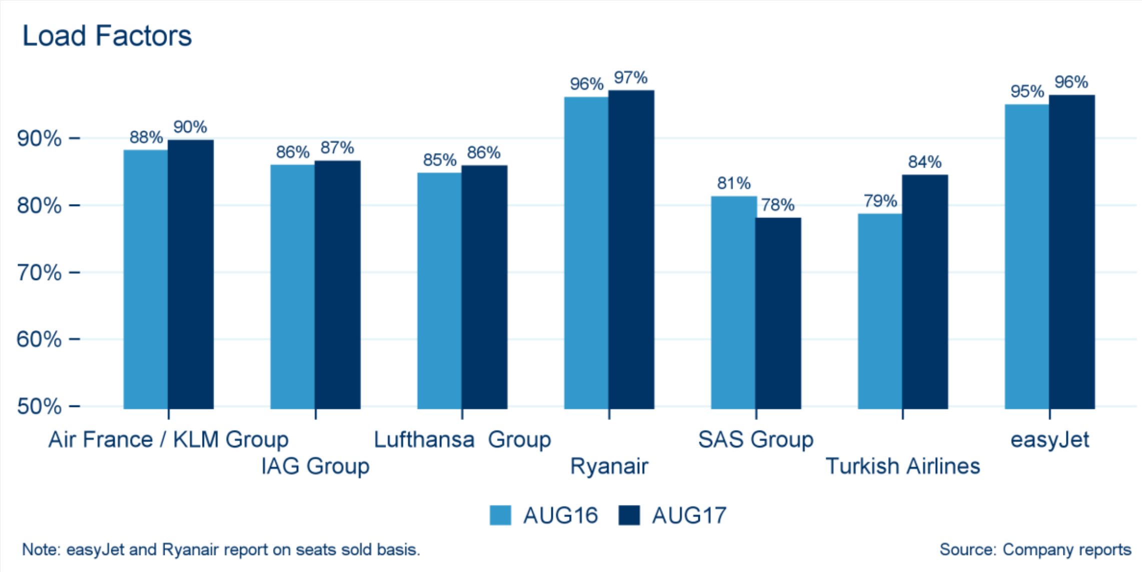


**Figure 5: Main carriers' load factors in August 2017.**

Qatar Airways has received EC approval for the acquisition of a 49% stake in the second-largest Italian carrier Meridiana based in Sardinia. Qatar currently serves Rome, Venice, Pisa and Milan from Doha while Meridiana connects the main Italian airports with Sardinia and provides connectivity with hubs in Europe, the US and Africa. The airline will use 20 Boeing 737 MAX aircraft ordered by Qatar end to be delivered from 2Q18 (Meridiana, 28 September).

With regard to the sale process of Alitalia, the Italian government has postponed the deadline for binding offers from 2 to 16 October to allow more time for submitting proposals. Alitalia filed for extraordinary administration in May and was granted a bridge loan to keep operations until November (Alitalia, 21 September).

IAG long-haul low-cost carrier LEVEL could reportedly expand its fleet to 30 aircraft by 2022 to meet strong demand from passengers. The Barcelona-based airline began operations on 1 June with a fleet of two Airbus A330 aircraft from Iberia (routesonline, 22 September).

Norwegian has been granted a US foreign carrier permit by the US Department of Transportation (DOT) for its UK subsidiary to operate flights between the UK, Europe and the United States. Norwegian said it will now be able to utilize its long-haul fleet more effectively i.e. use the same aircraft across all long-haul routes including the US, Singapore (launched in September), Argentina (from February 2018) and its future long-haul markets (Norwegian, 22 September).

Norwegian plans to open a new pilot base at Dublin airport to support the expansion of its international operations among which the new transatlantic routes from Dublin, Cork, Shannon and Belfast launched in summer with Boeing B737 MAX aircraft. The carrier is recruiting pilots to fulfill the initially planned 40 pilot posts at Dublin (Norwegian, 12 September).

All-business class airline La Compagnie has ordered two Airbus A321neo aircraft to complement its current fleet of two Boeing 757 aircraft. The airline operates a unique transatlantic route from Paris CDG to New York (Newark) since 2014. The new aircraft are due for delivery in 2019 (La Compagnie, 21 September).

| Rank 2016 | Rank 2017 | Departure Airport | Average Daily Departures Jan-Sep 2017 | Growth on Jan-Sep 2016 |
|---|---|---|---|---|
| 1 | 1 | Amsterdam Schiphol | 707 | 4.2% |
| 2 | 2 | Paris CDG | 670 | 1.1% |
| 3 | 3 | London Heathrow | 656 | 0.2% |
| 4 | 4 | Frankfurt | 655 | 1.5% |
| 5 | 5 | Istanbul Atatürk | 620 | -2.1% |
| 6 | 6 | Munich | 559 | 3.7% |
| 7 | 7 | Madrid | 533 | 2.5% |
| 9 | 8 ↑ | Barcelona | 454 | 4.9% |
| 8 | 9 ↓ | Rome Fiumicino | 418 | -4.8% |
| 10 | 10 | London Gatwick | 406 | 3.5% |

**Top 10 Departure Airports' share of total departures in Jan to Sep 2017 = 19%**

Source: www.eurocontrol.int/statfor/sid

**Figure 6: Main departure airports during the first nine months of 2017.**

KLM Cityhopper will retire its last Fokker 70 on 28 October, ending 20 years of service. The entire Fokker fleet is being replaced with Embraer E190 and E175 aircraft (KLM, 15 September).

The Belgian Competition Authority has approved the acquisition of assets of Thomas Cook Airlines Belgium by Brussels Airlines. Under the agreement, Brussels Airlines will absorb 160 pilots and cabin crew of Thomas Cook Belgium along with two of the latter's five Airbus A320 aircraft. Brussels Airlines becomes the leading airline partner of the tour operators Neckermann, Thomas Cook and Pegase (Brussels Airlines, 12 September)

## Failures

It is reported that airberlin will cease operations on 28 October which will result in axing at least 1,400 ground and administration staff. Negotiations are in place with potential bidders including Lufthansa and easyJet. airberlin filed for insolvency proceedings on 15 August after Etihad which owns a 29% stake in the carrier decided to withdraw its financial support (IM195) (Reuters, 9 October).

Monarch Airlines ceased operations on 2 October 2017 and went into administration. The British charter and low-cost carrier was based at Luton and served 40 leisure destinations (Mediterranean, Canary Islands, Greece, Cyprus, Turkey, Egypt) from five UK airports with a fleet of 35 aircraft. Monarch blamed its failure to terrorist attacks in Tunisia, Egypt and Turkey, increased competition from low-cost carriers and the depreciation of the pound after the Brexit referendum. (Monarch & UK CAA, 2 October).

## Traffic Statistics: August 2017 Update

Figure 4 and Figure 5 compare August 2017 figures with August 2016 figures for the European carriers. In addition to the number of passengers (PAX), passenger capacity is measured in available seat kilometres (ASK), traffic is measured in revenue passenger kilometres (RPK) and load factor as a percentage (%).

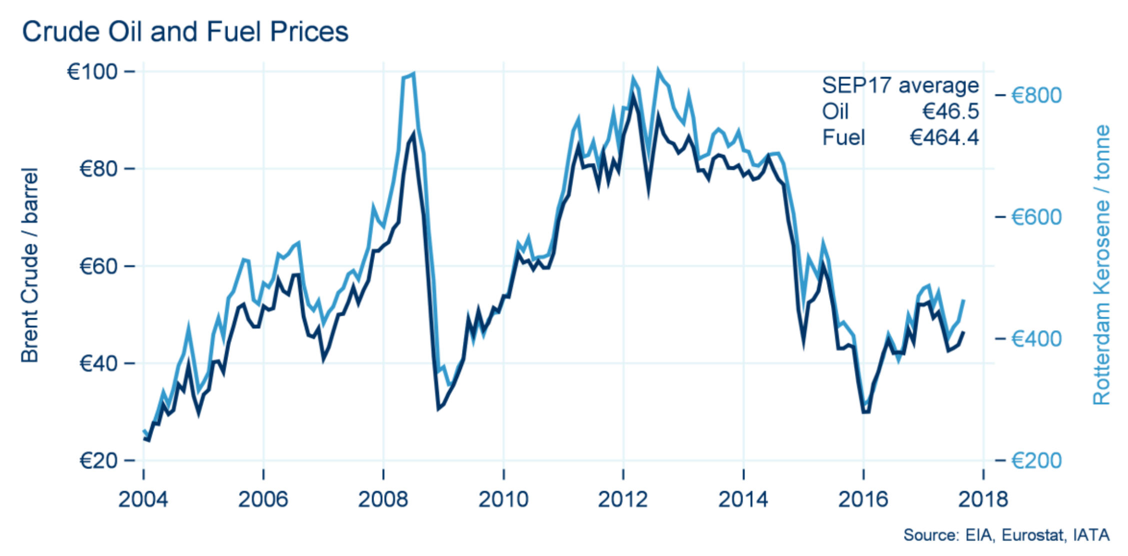


**Figure 7: Brent and Kerosene prices.**

## Routes, Alliances, Codeshares

Lufthansa point-to-point subsidiary, Brussels Airlines will launch 10 new destinations from Brussels to Spain (Almeria, Palma de Mallorca, Lanzarote, Fuerteventura), Morocco (Agadir), Tunisia (Enfidha), Cabo Verde (Boa Vista, Sal) and Egypt (Hurghada, Marsa Alam), effective 29 October (Brussels Airlines, 9 October).

Eurowings has launched a campaign "You vote, we fly" whereby it gives passengers a choice of 10 short-haul routes in Europe (Northern Ireland, Norway, France, Spain, Croatia, Bosnia & Herzegovina, Montenegro and Italy). The winning route will be added to the summer 2018 schedule (Eurowings, 4 October).

Finnair will launch new routes from Helsinki to Bergen and Tromso in Norway in May 2018. The routes will be operated by Norwegian regional Wideroe with the schedule connecting to Finnair's flights to Asia and Europe. Finnair will also increase by 24% capacity to its six German destinations and by 14% capacity to most popular European and Asian routes (Finnair, September & October).

Thomas Cook Airlines and Canadian charter Air Transat have signed a seven-year agreement for the exchange of aircraft on a seasonal basis with the aim of managing the fleet more efficiently since the seasonality differs for the two airlines. Thomas Cook will make available every winter to Air Transat a number of Airbus A321 aircraft for the latter's destinations in the Caribbean, Mexico and Florida and will receive in return at least one Airbus A330-200 aircraft for its long-haul destinations (Air Transat, 2 October).

Lufthansa will base one Airbus A330-300 aircraft at Berlin Tegel and launch five weekly flights to New York JFK and will also start three weekly Dusseldorf-Miami flights as from November. These two routes will be transferred to Eurowings in summer 2018 (Lufthansa, 27 September).

Air France's new subsidiary Joon will begin operations on 1 December with 4 destinations from Paris CDG to Barcelona, Berlin, Lisbon and Porto using Air France Airbus A320/A321 aircraft. From summer 2018, Joon will launch two long-haul routes to Fortaleza (Brazil) and Mahé (Seychelles) with Airbus A340/A350 aircraft.

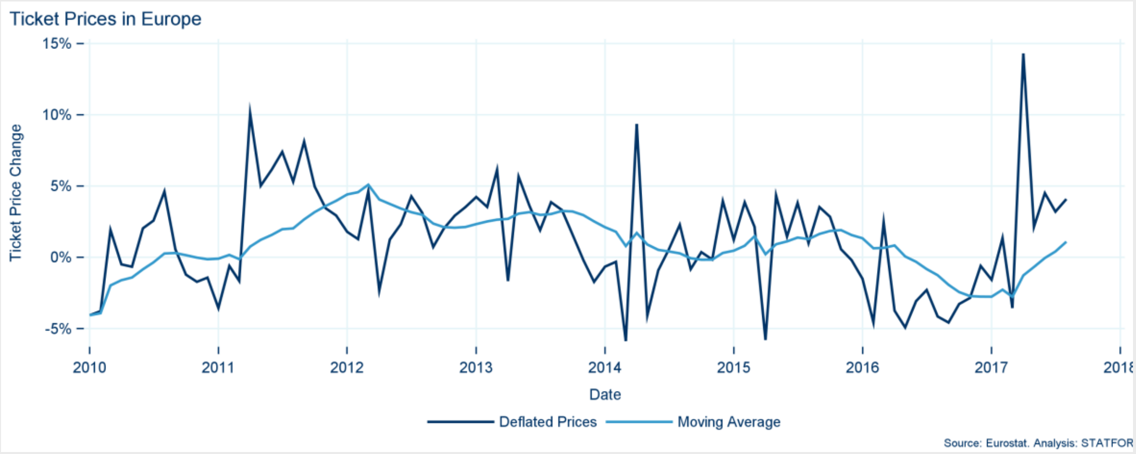


**Figure 8: Deflated ticket prices in Europe.**

Air France-KLM and Brazilian low-cost partner GOL will open a third hub in Brazil with flights to Fortaleza operated by KLM from Schiphol and by Air France's new airline Joon from Paris CDG with the start of the summer 2018 schedule (Air France-KLM, 25 September).

Ryanair has been in talk with the Maltese Government to increase flight connections from Malta to 12 new routes including Aberdeen, Belfast, Gothenburg, Porto, Pescara, Seville, Barcelona, Tallinn, Naples, Bratislava, Paris Beauvais and Charleroi from April 2018. This will bring to 54 the number of routes served from Malta (Government of Malta, 10 September).

Condor will start service from Dusseldorf to the Caribbean and take over from defunct airberlin long-haul routes to the Dominican Republic, Jamaica, Barbados and Mexico with one Airbus A330-200 aircraft, effective November (Condor, September).

Eurowings will set up a base at Dusseldorf and launch long-haul flights to the Caribbean (Punta Cana, Varadero, Puerto Plata and Cancun) thereby taking over from airberlin routes to the region (Eurowings, October).

## Airports

Amsterdam Schiphol was the busiest European airport in terms of flight movements during the first nine months of 2017, a position it has been holding since 2016 owing to the continuing strong record of low cost airlines which grew 6% on the same period last year. Within the top 10; only two airports were in decline compared with the first nine months of 2016: Rome Fiumicino (-4.8%) and Istanbul Atatürk (-2.1%). See Figure 6 (EUROCONTROL, October).

Passenger traffic and aircraft movements in August 2017 at top five European airports (based on the number of flights) compared with the same period last year were as follows (growth on August 2016):

| Rank | Airport | Passenger traffic | Aircraft movements |
|---|---|---|---|
| 1 | Amsterdam Schiphol | 6.8 million (+ 6.0%) | 47K* (+2.5%) |
| 2 | Paris CDG | 6.9 million (+ 5.0%) | 44K (-0.4%) |
| 3 | Frankfurt | 6.3 million (+ 5.0%) | 43K (+2.7%) |
| 4 | Istanbul Atatürk | 6.6 million (+ 9.8%) | 43K (+3.8%) |
| 5 | London Heathrow | 7.5 million (+ 1.9%) | 42K (-0.1%) |

* excluding general aviation

Source: airport reports, August

The busiest airport pairs during the first nine months of 2017 (average daily flights in both directions) were as follows (growth on Jan. to. Sep 2016):

| Rank | Departure Airport | Arrival Airport | Average Daily Movements | Growth on 2016 |
|---|---|---|---|---|
| 1 | Istanbul Atatürk | Izmir | 56 | 0.5% |
| 2 | Oslo | Trondheim | 52 | -0.2% |
| 3 | Oslo | Bergen | 48 | 0.3% |
| 4 | Istanbul Sabiha Gökcen | Ankara | 48 | -6.2% |
| 5 | Istanbul Sabiha Gökcen | Izmir | 47 | -4.2% |
| 6 | Paris Orly | Toulouse | 46 | -1.3% |
| 7 | Madrid | Barcelona | 44 | -1.1% |
| 8 | Barcelona | Palma de Mallorca | 44 | 13.7% |
| 9 | Lisbon | Porto | 43 | 12.0% |
| 10 | Istanbul Atatürk | Ankara | 43 | 4.7% |

Source: EUROCONTROL/SID

## Cargo

IATA has published its 2017 World Air Transport Statistics (WATS) and reported that the top five airlines worldwide ranked by total freight tonnes carried on scheduled services in 2016 were as follows (IATA, 9 October):

| Rank | Carrier | Freight tonnes (in million) |
|---|---|---|
| 1 | Federal Express (USA) | 7.1 |
| 2 | United Parcel Service (USA) | 4.7 |
| 3 | Emirates Airlines (UAE) | 2.5 |
| 4 | Qatar Airways (Qatar) | 1.8 |
| 5 | Cathay Pacific (Hong Kong) | 1.6 |

## Aircraft Manufacturing

During the first nine months of 2017, Boeing delivered 554 aircraft (including 41 B737-800 aircraft to Ryanair) and reported 498 firm orders and surpassed Airbus which delivered 454 aircraft and recorded 271 firm orders (Boeing and Airbus, October).

Airbus has begun production of its A330-800 aircraft for final assembly by the end of 2017 and first flight in 2018. The new upgraded aircraft will burn 14% less fuel per seat compared with the current A330-200 aircraft (Airbus, 6 October).

CRAIC (China-Russia Commercial Aircraft International Co), the joint-venture between COMAC (Commercial Aircraft Corporation of China) and UAC (United Aircraft Corporation) has officially named “CR929” the first wide-body aircraft it will develop by 2021 for a first flight in 2023 and an entry into service in 2025. The CR929 aircraft will compete with the Boeing B787 and Airbus A350 XWB aircraft (COMAC, 29 September).

## Oil

Oil prices were up to €47 per barrel in September 2017 from €44 per barrel in August and averaged out at €48 per barrel during the first nine months of 2017. Converted indices for Kerosene and Brent are shown in Figure 7.

## Fares

Ticket prices in Europe increased by 4.1% in August 2017 vs. August 2016. This is above the trend (12-month trailing average) shown in Figure 8 (Eurostat, 29 September).

Note: to eliminate the influence of inflation on euro figures, the ticket price is deflated with a price index. The STATFOR deflated ticket prices are estimated in 2015 constant euros. A detailed explanation of the mechanism can be found here.

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