

Industry Monitor

The EUROCONTROL bulletin on air transport trends

- **European traffic decreased by 3.7% in November and was significantly lower than forecasted. Traffic level was the lowest since 2007.**
- **December update of two-year forecast of flights is for a 2.2% decline in 2012, ending the year lower than forecast. The outlook for 2013 remains around zero flight growth.**
- **IATA expects European airlines to break even in 2012, a €900 million upward revision from the October forecast.**
- **Oil prices down to €83 per barrel in December.**

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EUROCONTROL statistics and forecasts

European flights decreased by 3.7% in November on 12 months before and were significantly lower than forecasted (see [Figure 1](#)). Traffic growth was hindered by a general strike in EU on 14 November leading to cancellations estimated at 1,500 flights, a strike in Marseille on 15 November resulting in circa 250 flight cancellations, but also downward revisions in the economic outlook and stronger than expected capacity cuts in the Winter schedule. The charter segment was the only one to show some growth at 1.6%. Business aviation decreased by 5.3%, traditional scheduled by 4.6%, cargo by 3% and low-cost was down by 0.5% compared with November 2011 (EUROCONTROL, December).

Based on preliminary data from airlines for delay from all causes, **31% of flights were delayed on departure** in November; this was the lowest percentage of flights delayed for the last 5 years and a 4 percentage point decrease on the same month last year. Analysis of the causes of delay shows a decrease of 1.2 minutes per flight from reactionary delay. Airline-related delays also decreased, these were down to 2.5 minutes from 2.6 minutes per flight. Airline-reported ATFCM en-route delays fell slightly to 0.3 minutes per flight (see [Figure 2](#)) (EUROCONTROL, December).

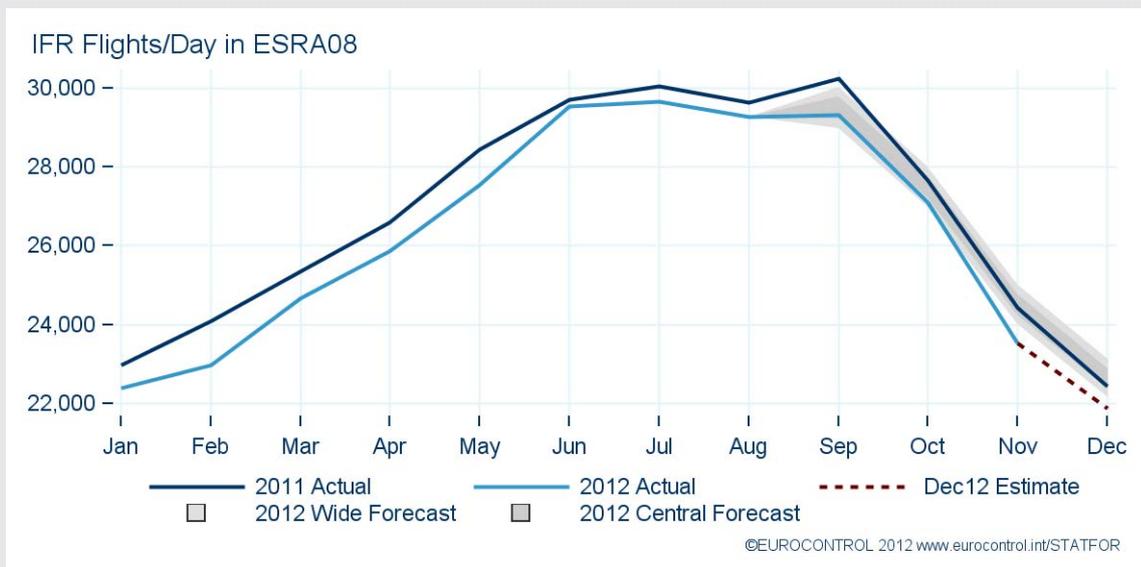


Figure 1: Monthly European Traffic and Forecast.

The update of the [two-year forecast of flight movements 2012 -2014](#)¹ is for a downward revision to a 2.2% decline in flights for 2012. With fuel prices remaining painfully high and the economic recovery delayed yet again, between September and November 2012, European flight counts remained at lower levels than in 2011 and Winter 2011-2012 saw heavy reductions in flights by a number of airlines. 2013 is forecasted for a 0.1% decline of flights across Europe, similar to last September forecast. 2014 is expected to show signs of modest recovery (2.4% growth, ±0.7%) (EUROCONTROL, December).

Other statistics and forecasts

IATA released an upward revision for European airlines' profit in 2012 which should break even thanks to large flag carriers' cost cutting programmes and stronger traffic growth improving results in the second and third quarters. Last October, IATA predicted European airlines to record a loss of €900 million; however due to the ongoing Euro-zone crisis, Europe stands with Africa as the only two regions not delivering profit. The outlook for 2013 will be largely unchanged from 2012 (IATA, 13 December).

ACI reported overall passenger traffic at European airports to be up 0.5% compared with October 2011 and taking into account the impact of hurricane Sandy which reduced passenger traffic by 0.15%. Total aircraft movements decreased by 1.5% (ACI, 5 December).

¹ The Two-Year Forecast of Flight Movements 2012 – 2014 is available [here](#).

Percentage of flights delayed on departure



Breakdown of average delay per flight

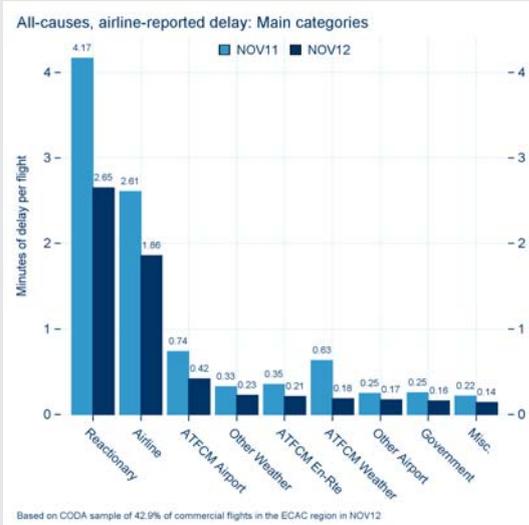


Figure 2: Delay Statistics (all causes, airline-reported delay – preliminary data for November 2012).

Passenger airlines

Capacity, costs and jobs

As part of its restructuring process, [Austrian Airlines](#) is to cut 150 jobs in 2013. [Tyrolean Airways](#)' flight operations will be merged with Austrian's. (Austrian Airlines, 11 December).

[Icelandair](#) agreed to place an order for 12 B737 MAX with purchase rights for 12 additional aircraft. The first delivery is scheduled for mid-2018 (Icelandair, 6 December).

[airberlin](#) will reportedly set up a regional subsidiary with a fleet of 10 Bombardier Dash-8s and 7 Embraer E-190s to be transferred from FlyNiki to airberlin in exchange for A320 family aircraft (ATW, 12 December).

It is reported that [LOT](#) requested urgent state-aid from the finance ministry to keep its aircraft flying through Christmas although the airline was supposed to post €13 million this year. The airline faces deep structural problems and is also blaming a fall in its business class sales due to the financial crisis (Financial Times, 16 December).

[Brussels Airlines](#) presented its restructuring plan 'Beyond 2012 – 2013' that aims to bring the company back to profitability by 2014. The airline agreed with union delegations on the following:

- productivity improvement on the European & long-haul network,
- adaptation of operations to the summer and winter season,
- competitive flight and duty times,
- temporary part-time working regime for the cockpit crew,
- temporary salary freeze (Brussels Airlines, 7 December).

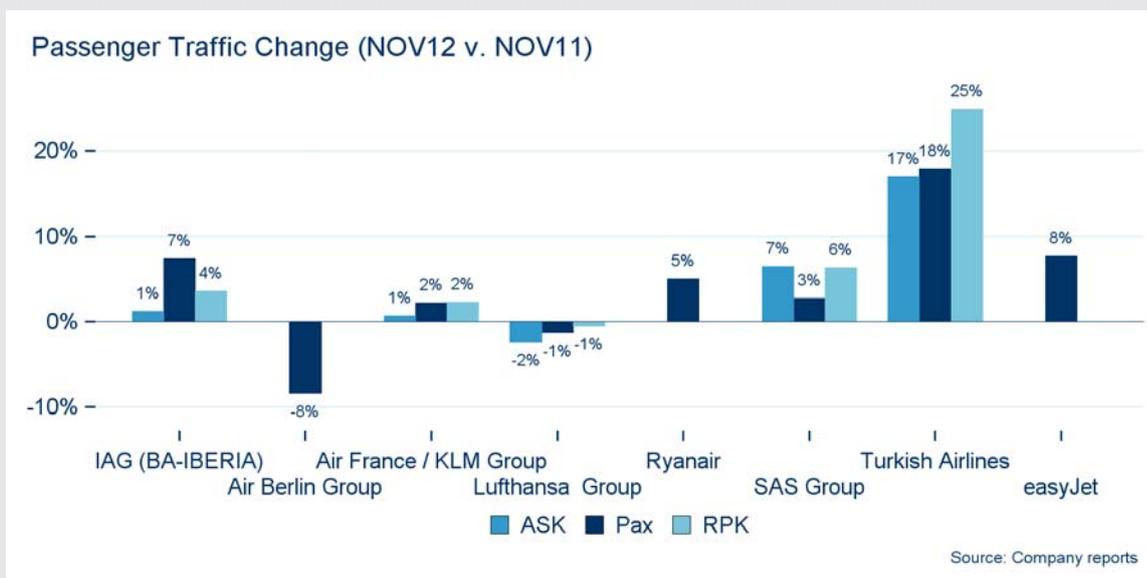


Figure 3: Main carriers' traffic statistics.

Turkish low-cost [Pegasus Airlines](#) signed a firm order to buy 75 A320neo Family aircraft with an option for 25 more to replace the carrier's B737-800 fleet. Deliveries will begin in 2015 and run until 2022 (Airbus, 18 December).

[Etihad Airways](#) purchased 70% of [airberlin's](#) topbonus frequent flyer program as the German carrier looks to cut costs ([IM146](#)). Etihad acquired 29% of airberlin in 2011 (Etihad, 18 December).

The Competition Authority in Ireland approved [Aer Arann's](#) acquisition by UK road haulage Stobart Group. Aer Arann operates under Aer Lingus Regional brand (The Competition Authority, 12 December).

[OLT Express Germany](#) reportedly plans to cut five of its 10 Fokker 100 fleet and cancel a number of routes as part of its restructuring programme (Flight Global, 14 December).

Routes, Alliances, Codeshares, Intermodality

[Turkish Airlines](#) and [Air Canada](#) signed a codeshare agreement thereby enabling the latter to place its code on Toronto-Istanbul route and destinations in Central Asia, the Middle-East and Africa. Turkish Airlines will place its code on Air Canada service between Toronto and Istanbul, effective 2Q13 (Turkish Airlines, 30 November).

[Ryanair](#) is to open 6 new bases in April 2013: Eindhoven (with 4 new routes), Krakow (with 4 new routes), Zadar in Croatia (with 7 new routes) along with 3 new Swedish airports, Angelholm, Jonkoping and Kalmar, each with 1 new route (Ryanair, 11, 12 and 18 December).

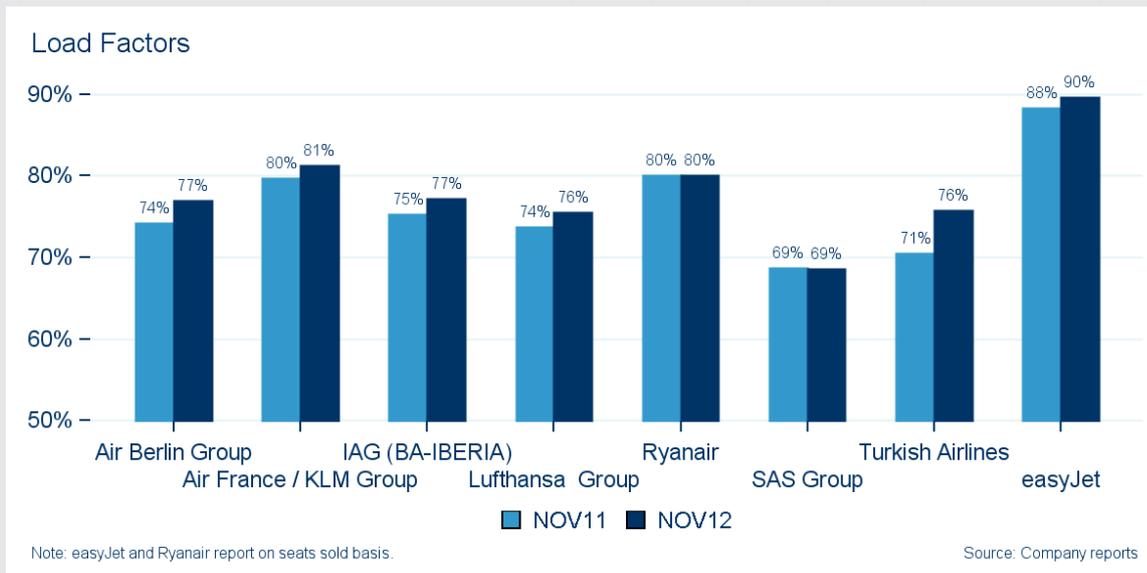


Figure 4: Main carriers' load factors.

Turkish Airlines continues to expand its network in Africa and gets closer its goal of 40 destinations in Africa from Istanbul. In December, the airline launched flights to Kilimanjaro-Mombasa, Niamey, Ouagadougou, Yaounde and Douala (Turkish Airlines, 5 & 15 December).

Air France is to close its 4-daily Paris – Strasbourg route on 2 April 2013, transferring passengers on the high-speed rail services with an Air France flight number, in collaboration with the French Railways (SNCF) (Air France, 11 December).

Iberia published route details of its Transformation Plan ([IM146](#)) which aims at creating a profitable route network in 2013. Short-haul services from Madrid to Athens, Cairo, Istanbul, Amsterdam, Berlin and Stockholm will be closed in January 2013 and long-haul flights to Havana, Montevideo, San Juan and Santo Domingo will also be cut (Iberia, 7 December).

Failures

Charter carrier **XL Airways Germany** suspended its air operator certificate for the winter season although it examines the possibility to continue flying in cooperation with its partner Hamburg Airways (XL Airways Germany, 17 December).

Flytouropa is to cancel all its remaining flights to the Canary Islands by 6 January 2013. The German carrier already cancelled its domestic routes to Hamburg and Berlin (Flytouropa, 17 December).

Cargo

Luxembourg's government is reportedly to buy back from **Qatar Airways** the 35% stake in **Cargolux** with the intention to sell it soon. Qatar Airways decided to pull out further to a dispute over strategy for the airline (Reuters, 19 December).

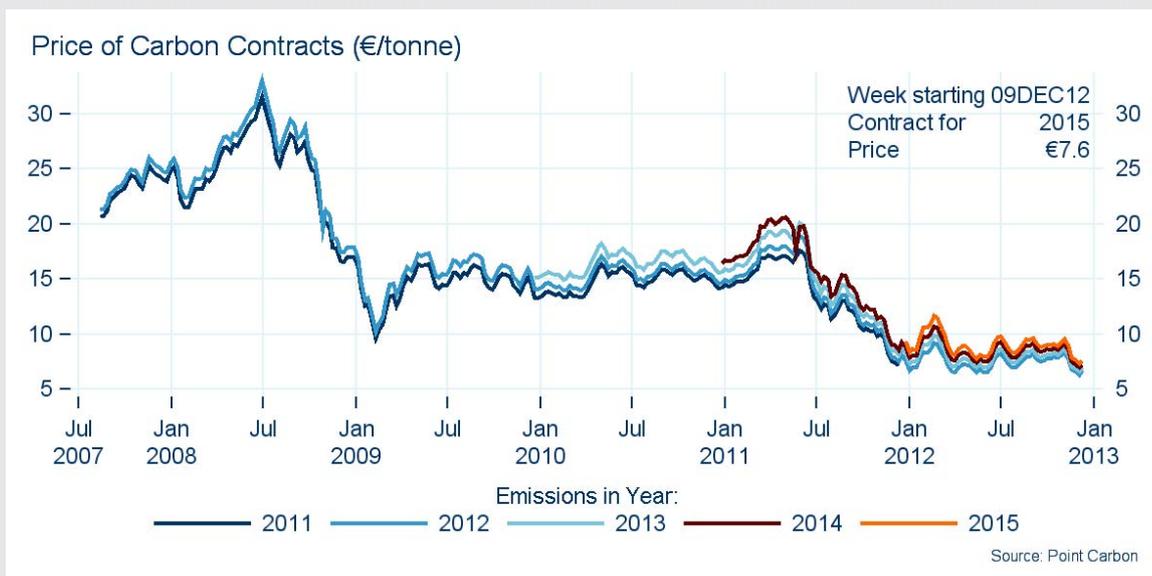


Figure 5: Carbon prices.

Traffic statistics: November update

[Figure 3](#) and [Figure 4](#) compare November 2012 figures with November 2011 figures. In addition to the number of passengers (PAX), passenger capacity is measured in available seat kilometres (ASK) and traffic is measured in revenue passenger kilometres (RPK).

Airports

It is reported that Dubai's new Al Maktoum airport is to open its passenger terminal by the end of 2013 (originally due to open in March 2011). With its five parallel runways, the airport is designed to handle 160 million passengers a year. Cargo operations began two years ago (Reuters, 11 December).

Portuguese government reportedly received 4 binding bids for ANA, its airport operator ([IM145](#)): Fraport, Zurich airport operator, French construction firm Vinci and Argentinean infrastructure group Corporacion America would put in final bids (Reuters, 16 December).

Environment

The price of carbon contracts for 2015 was down to €7.6/tonne in recent weeks ([Figure 5](#)).



Figure 6. Brent and kerosene prices.

Regulation

Members of the European Parliament (MEP) approved legislative measures aiming at protecting local residents against aircraft noise and allocating take-off and landing slots fairly and flexibly. The proposal put forward by European airline associations (AEA, ERA and IACA) to increase competition in the ground handling market was referred back to the Transport and Tourism committee for further discussion (European Parliament, 12 December).

Oil

Oil prices down to €83 per barrel in December. Converted indices for Kerosene and Brent are shown in [Figure 6](#).

Fares

Deflated² ticket prices in Europe increased by 3% in November year-on-year, based on preliminary values (EUROSTAT, 14 December).

² 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 2005 constant euros.



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