EUROCONTROL

Industry Monitor
The EUROCONTROL bulletin on air transport trends

- **Overall European traffic decreased by 2.4% in 2012. Preliminary data for January show a 5.5% decrease in traffic on January 2012.**

- **IATA reported an increase of 5.1% in demand in 2012 as a whole for scheduled passenger traffic in Europe. Total load factors for the year stood at 79.6%. Freight traffic was down 2.9% in 2012 compared with 2011.**

- **AEA figures for 2012, traffic (RPK) increased by 4.3%, an additional 8.7 million passengers on 2011. The average load factor was up 1.7 percentage point to 79.1% and capacity growth (ASK) increased by 2%.**

- **Oil prices remain near €84 per barrel in January.**

EUROCONTROL statistics and forecasts

Traffic in Europe in 2012 as a whole decreased by 2.7%. Because of the leap day, this is a 2.4% decline in annual terms, giving 9.55 million flights in Europe (see Figure 1). For 2012 as a whole, low-cost and charter segments grew by 1.4% and 2.6% respectively, while traditional scheduled, business aviation and all-cargo declined by 4% to 5%. Between them Turkey, Norway, Poland, Ukraine and Estonia added 240 flights (excluding overflights) per day on the network. This growth was cancelled out by Spain alone removing 290 flights per day, followed by Italy and Germany with reductions of circa 140 flights per day. In December traffic decreased significantly by 5.6% compared with the same month in 2011 and was the lowest of the last five years. The extended Christmas–week shut-down period was the main factor for the drop in December traffic (EUROCONTROL, January).

The December update of the forecast was for 2013 flights to be similar to 2012 volumes and for a 2.4% increase in flights in 2014 (see Figure 1). The forecast will next be updated in February and a downward revision is expected (EUROCONTROL, January).
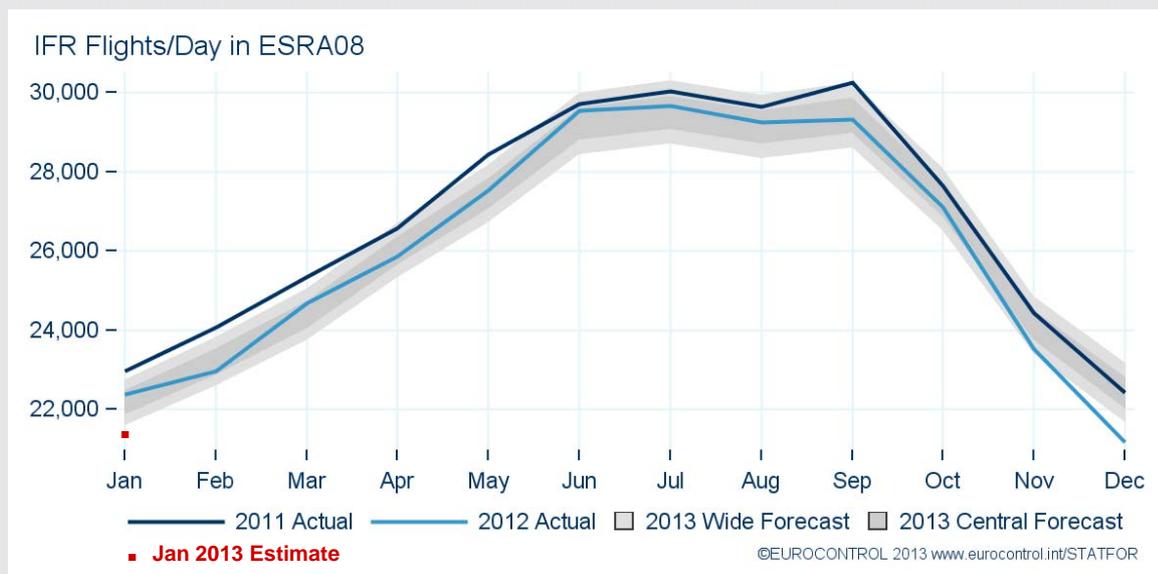
Figure 1: Monthly European Traffic and Forecast.

In 2012 only two of the top 10 departure airports saw an increase in traffic: Amsterdam Schiphol (+0.3%) and Istanbul Atatürk (+12%). Madrid Barajas saw the biggest decline, with 13% fewer flights (see Figure 2) (EUROCONTROL, January).

Based on preliminary data from airlines for delay from all causes, 47% of flights were delayed on departure in December; this was an 8 percentage point increase on December 2011. However, delays remained below the record highs of 2009 and 2010. December 2012 was more strongly affected by weather delays, 'other weather' delays increased from 0.7 minute to 1.6 minutes per flight during the month. Consequently reactionary delays increased by 2.1 minutes per flight to 6.9 minutes per fight. Airline-related delays also increased, these up to 3.7 minutes from 3.2 minutes per flight. ATFCM en-route delays remained stable at 0.3 minute per flight (see Figure 3) (EUROCONTROL, January).

Other statistics and forecasts

IATA reported an increase of 5.1% in demand in 2012 as a whole for scheduled passenger traffic (RPK) in Europe. Total load factors for the year stood at 79.6%. Freight traffic was down 2.9% in 2012 compared with 2011(IATA, 31 January).

According to AEA figures for 2012, traffic (RPK) increased by 4.3%, an additional 8.7 million passengers on 2011. The average load factor was up 1.7 percentage point to 79.1% and capacity growth (ASK) increased by 2% (AEA, 16 January).

ACI reported overall passenger traffic at European airports to be up 0.6% in November 2012. Total aircraft movements decreased by 3.6% on November 2011 (ACI, 8 January).

Rank 2011	Rank 2012	Departure Airport	Average Daily Departures 2012	Growth in %
1	1	Paris Charles De Gaulle	680	-3,4%
2	2	Frankfurt	659	-1,3%
3	3	London Heathrow	649	-1,5%
4	4	Amsterdam	593	0,3%
6	5	München	540	-3,2%
5	6	Madrid	510	-13,3%
8	7	Istanbul Atatürk	482	12,2%
7	8	Rome Fiumicino	429	-4,7%
9	9	Barcelona	396	-4,6%
10	10	Zürich	357	-2,8%
Top 10 Departure Airports' share of total departures in 2012 = 23%				

Source: www.eurocontrol.int/statfor/sid

Figure 2: Busiest European airports in number of daily departures (2012 vs. 2011).

In its updated UK Aviation Forecasts, the Department for Transport (DfT) predicts circa 315 million passengers/year at UK airports by 2030, which is 7% fewer than forecasted in 2011. Overall, DfT expects demand for air travel to grow within the range 1%-3% a year up to 2050, below the historical growth rates of 5% experienced in the last 40 years (UK Department for Transport, 29 January).

Passenger airlines

Capacity, costs and jobs

Air France launched its New Economy Offer available to 58 destinations on the short- and medium-haul network. This new fare range enables customers to choose between the all-inclusive Classic product or the Mini product which does not include checked baggage or earning miles. The carrier thereby aims to attract passengers from low-cost airlines and other modes of transport (Air France, 7 January).

Air France-KLM Group is to launch Hop!, its new regional airline merging three existing regional airlines, Brit Air, Regional and Airlinair. The Group aims at responding to low-cost competition and returning its short and medium-haul operations to profitability. Hop will operate 530 daily flights to 136 destinations in France and Europe with a fleet of 98 aircraft (Air France, 28 January).

LOT is reportedly to reduce its fleet from 40 to 25 aircraft and to cut staff numbers by 30%. The flag carrier received a state loan last December to keep operating (IM147), but would be forced to file for bankruptcy if EU rules that the loan distorts competition
(The Wall Street Journal, 4 January).

Percentage of flights delayed on departure

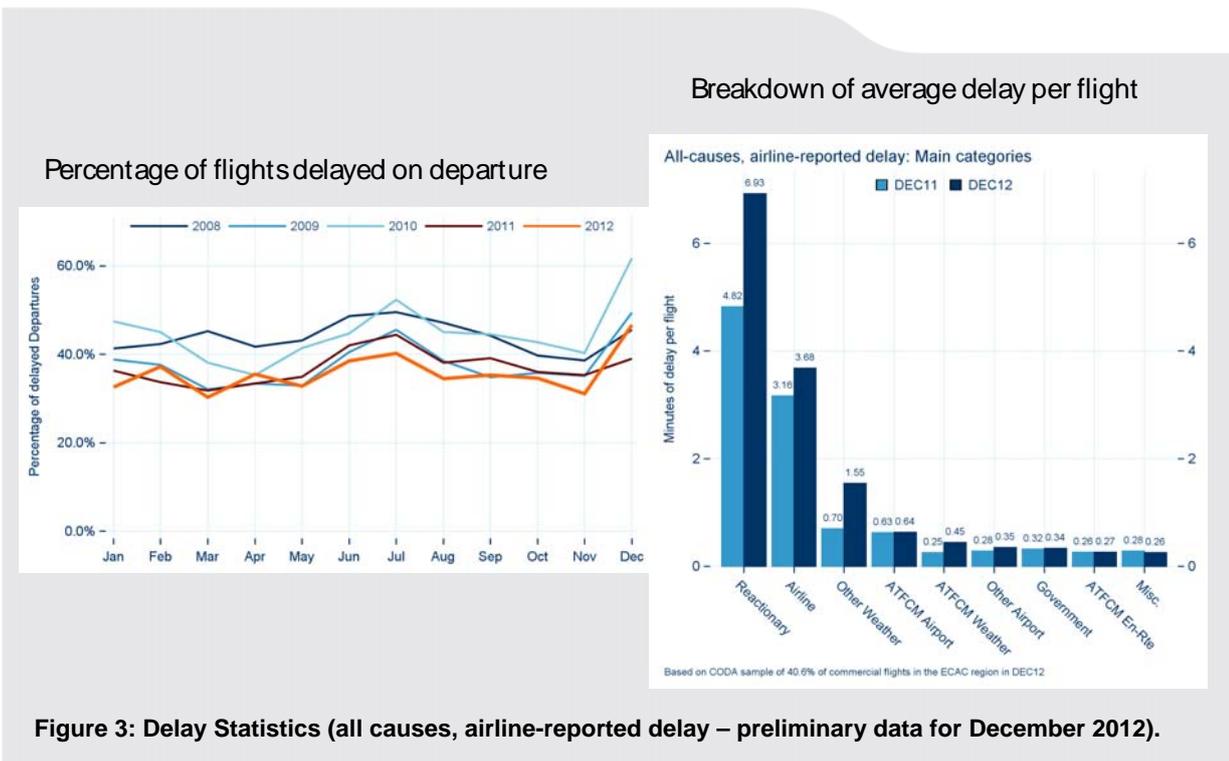Breakdown of average delay per flight

Figure 3: Delay Statistics (all causes, airline-reported delay – preliminary data for December 2012).

Ryanair is reportedly in talks to purchase up to 200 Boeing B737 current generation aircraft rather than the Max upgrade, which would allow the airline to secure a significant discount. However, the deal is not expected until end 2013 or early 2014 (Reuters, 23 January).

Italy's civil aviation authority (ENAC) replaced Meridiana Fly's Air Operator's Certificate with a provisional licence, with no impact on its operations, due to the airline's financial difficulties. Meridiana adopted a restructuring plan including a significant reduction in network capacity and fleet cut (Meridiana, 15 January).

airberlin continues to implement its 'Turbine' program and confirmed it will reduce its fleet from 158 to 142 aircraft in 2013, more than previously planned. The airline is also to cut 900 jobs (10% of its workforce) by the end of 2014 (IM146) (airberlin, 15 January).

Flybe announced that it will cut 300 jobs (10% of its workforce) and reduce its fleet by 7 aircraft out of 69 in an attempt to return to profit. The airline also considers outsourcing catering, ground services and line maintenance (Flybe, 23 January).

Air Baltic is to introduce a 10€ fee for economy class passengers choosing to check in at the airport, effective 1 February (Air Baltic, 24 January).

Routes, Alliances, Codeshares, Intermodality

Ryanair will launch new bases in Fez and Marrakech, being thereby the first low-cost European airline to operate bases outside of Europe. The carrier will base one aircraft in Fez with 15 routes and two aircraft in Marrakech with 22 routes. Ryanair also announced two new airports, at Essaouira and Rabat, growing its operations in Morocco to 60 routes and eight airports in 2013 (Ryanair, 16 January).
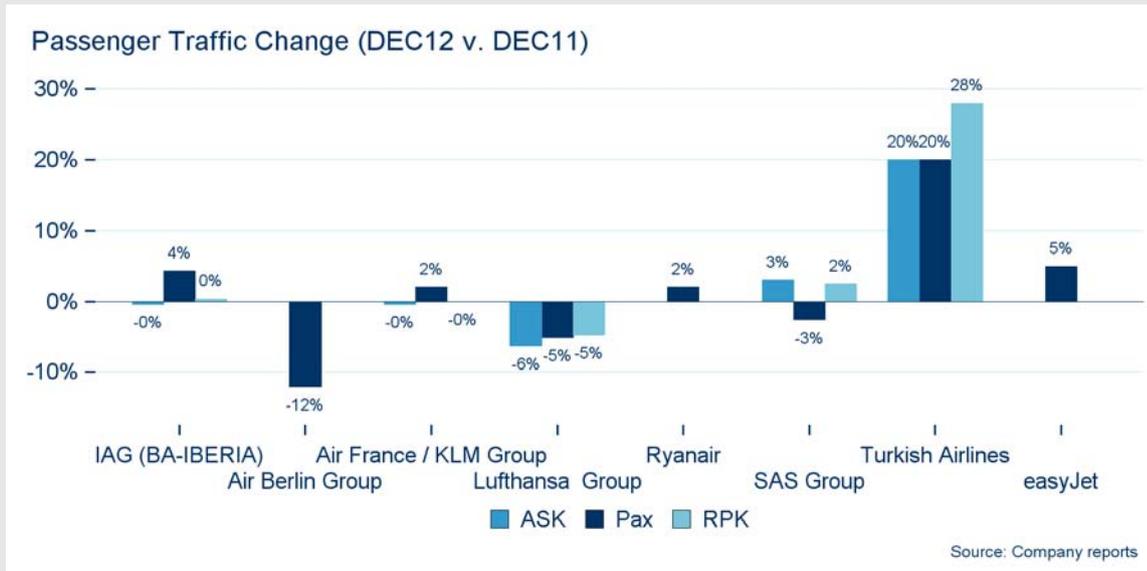
Figure 4: Main carriers' traffic statistics.

Etihad Airways is to launch daily flights from Abu Dhabi to Amsterdam, effective 15 May 2013 and expands its codeshare with KLM. Etihad will place its code on KLM flights to Stockholm, Aberdeen, Barcelona, Bergen, Birmingham, Copenhagen, Edinburgh, Glasgow, Gothenburg, Helsinki, Leeds/Bradford, Madrid, Nice and Toronto whereas KLM will place its code on Etihad flights to Baghdad, Basra, Calicut, Cochin, Dhaka, Erbil, Hyderabad, Kathmandu, Chennai, Male, Peshawar, Seychelles and Trivandrum (Etihad, 15 January).

Failures

Ukrainian airline, AeroSvit ceased operations and entered into a reorganisation plan to restore solvency. The carrier grounded most of its flights in January. Ukrainian sister airlines, Dniproavia and Donbassaero reportedly ceased all operations on 8 and 14 January respectively (AeroSvit, 4 & 10 January and Kiev Post, January).

OLT Express Germany was forced to cease operations following the airline's owner decision not to support the proposed restructuring programme (IM147) (OLT Express, 27 January).

Cargo

The European Commission indicated that it would block UPS' acquisition of TNT Express due to antitrust competition concerns in the area of international express services. UPS reached an agreement to buy TNT Express in March last year and is now withdrawing its offer (UPS, 14 January).
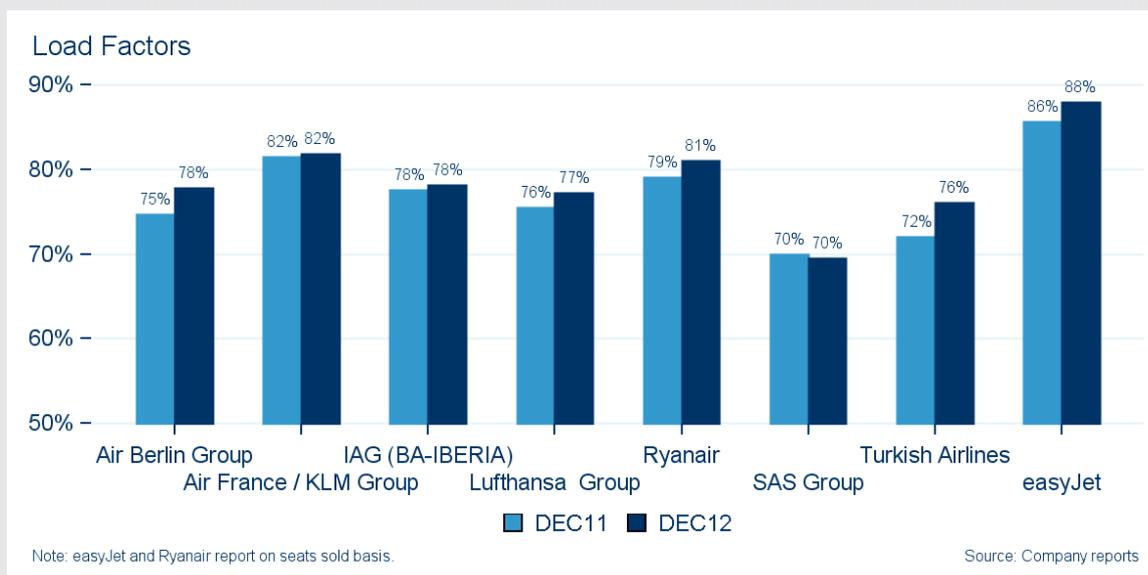
Figure 5: Main carriers' load factors.

Traffic statistics: December update

Figure 4 and Figure 5 compare December 2012 figures with December 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).

Aircraft Manufacturing

All airlines operating Boeing 787 Dreamliners grounded their aircraft to comply with the US Federal Aviation's Authority's (FAA) emergency airworthiness directive following an emergency landing due to a battery malfunction. The European Aviation Safety Agency (EASA) adopted the FAA directive to ensure the continuing airworthiness of the European fleet. Currently, LOT is the only European airline to operate two B787s (Boeing, 16 January).

Airbus reported 833 net commercial orders for new aircraft of which 478 A320NEO in 2012 compared to 1,419 net orders in 2011 and delivered 588 aircraft, 10% more than in 2011 (Airbus, 17 January).

Boeing reported 1,203 net commercial orders for new aircraft in 2012 compared to 805 net orders in 2011 and delivered 601 aircraft, 26% more than in 2011 (Boeing, 3 January).

ATR reported 74 net orders for new turboprops in 2012 compared to 157 in 2011 and delivered 64 aircraft in 2012, 18% more than in 2011 (ATR, 23 January).

Embraer reported 205 deliveries in 2012 split between 106 for commercial aviation and 99 for executive aviation. Total deliveries for 2012 were similar to 2011 numbers (Embraer, 14 January).

Figure 6: Carbon prices.

Airports

The opening of Berlin Brandenburg airport was further delayed with at present no precise date set for its opening. Brandenburg was originally meant to open on 3 June 2012 then postponed until 27 October 2013 (IM144) due to fire safety issues (BER, 17 January).

Chinese State Council reportedly approved plans for Daxing airport, Beijing's second airport to face China's rapid growth in demand. Construction of the new airport is scheduled to start in 2014 for opening in 2018. Daxing airport will have 6 commercial runways and one military runway and will handle up to 70 million passengers a year by 2025 (China Daily, 14 January).

Heathrow Airport Holdings (formerly BAA) announced the sale of Stansted to Manchester Airports Group which owns Manchester, East Midlands and Bornemouth airports. The sale will be completed by the end of February. BAA was forced to sell Stansted by the Competition Commission due to competition concerns (IM145) (Heathrow Airport Holdings Ltd., 18 January)

Frankfurt reported a decrease of 6.3% in passengers numbers in December 2012 compared with December 2011. For 2012 as a whole, Frankfurt recorded a passenger growth of 1.9% compared with 2011. Fraport airports (Frankfurt, Lima, Burgas, Varna and Antalya) were up 2.9% year-on-year (Fraport, 15 January).

Paris CDG recorded a decrease of 1.4% in passenger numbers in December 2012 compared with the same month in 2011. For 2012 as a whole, Charles De Gaulle recorded an increase of 1.1%. For 2012 as a whole, the French airports group (ADP) recorded an increase of 0.8% compared with the previous year (ADP, 15 January).

Figure 7. Brent and kerosene prices

Heathrow posted a record growth for December 2012 with passengers up 2% on December 2011. For 2012 as a whole, Heathrow recorded an increase of 0.9% in passenger numbers compared with 2011 (BAA, 14 January).

Fraport reportedly signalled its interest in securing an operating concession for Istanbul's new and third airport to be opened in 2017 with an annual capacity of 90 million passengers (IM145). Turkish government is to start accepting bids and hold an auction meeting in May. Fraport already operates Antalya. (Handelsblatt, 25 January).

Environment

The price of carbon contracts for 2016 slumped to record-low €5.3/tonne in recent weeks (Figure 5).

Air Baltic is to launch the first green flights for turboprop aircraft in Europe under the Atlantic Interoperability Initiative to Reduce Emissions (AIRE). The AMBER (Arrival Modernization for Better Efficiency in Riga) project will introduce new arrival procedures at Riga airport that will shorten the distance flown, improve flight trajectories and reduce noise levels at the airport and vicinity, effective 1 February (Air Baltic, 22 January).

Oil

Oil prices remain near €84 per barrel in January. Converted indices for Kerosene and Brent are shown in Figure 6.

Regulation

EC opened an in-depth investigation to see whether an Italian scheme giving financial support to airlines operating in Sardinian airports is in line with EU state aid rules. The state funding scheme was initiated by Italy in 2011 to improve transportation connection between Sardinia and the rest of Europe (EUROPA, 23 January).

Flight and cabin crew unions demonstrated across EU calling for better protection against in-flight fatigue and the harmonised Flight Time Limitation (FTL) rules drafted by the European Aviation Safety Agency (EASA). EASA along with airline associations (AEA, ERA, IACA) reacted emphasising that harmonised FTL rules ensure utmost safety in the air. The new rules are expected to be adopted into EU law after mid-2013 and fully implemented by the end of 2015 (EASA, 22 January, AEA, 21 January).

Fares

Deflated ticket prices in Europe increased by 5.9% in December year-on-year, based on preliminary values (EUROSTAT,16 January). 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 2005 constant euros.