



Industry Monitor

The EUROCONTROL bulletin on air transport trends

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- **European flights increased by 4.8% in October 2017 compared with October 2016 and were in line with the forecast updated in September 2017.**
- **Updated seven-year forecast is for 4.5% more flights for Europe in 2017 compared with 2.9% in the previous forecast, an upward revision owing to the recent trends of sustained growth of traffic in western Europe and a stronger than expected recovery of traffic in the Russian Federation.**
- **In its updated global passenger growth forecast, IATA expects 7.8 billion passengers in 2036 almost doubling the 4 billion projected in 2017.**
- **Oil prices increased and averaged €49 per barrel in October from €47 in September.**

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EUROCONTROL Statistics and Forecasts

European flights (ECAC – European Civil Aviation Conference area) increased by 4.8% in October 2017 compared with October 2016 and were in line with the forecast updated in September 2017 ([Figure 1](#)).

Fourteen countries added each more than 50 daily flights (excluding overflights) to the European network for a combined total of circa 1,400 additional daily flights in October 2017 (vs. October 2016). Spain (excl. Canary Islands) remained the main contributor with 220 extra daily flights thanks to its dynamic internal flow, mainly Barcelona-Bilbao (+8 daily flights) and Barcelona-Palma (+6 daily flights) routes. The following four countries added each more than 100 daily flights and were among the top 5 contributors: Italy owing to its strong internal flow, Germany, Poland which saw a 13% increase in its local growth and Greece ([Figure 2](#)).

With an increase of 18% on October 2016, the **charter** segment recorded the fastest growth rate owing primarily to the recovery of traffic between the Russian Federation and Turkey which already started in May. The **all-cargo** segment continued to record double-digit growth started in July and was up 11.8% in October 2017, a growth sustained by strong traffic flows within Europe. The **business aviation** segment grew by 8.8% and recorded a 6.7% average growth rate for the year to date. The **low-cost** segment decelerated and went up 4.5% (only) when it recorded an average growth rate of 7% from January to September. The **traditional scheduled** segment increased by 3.3%.

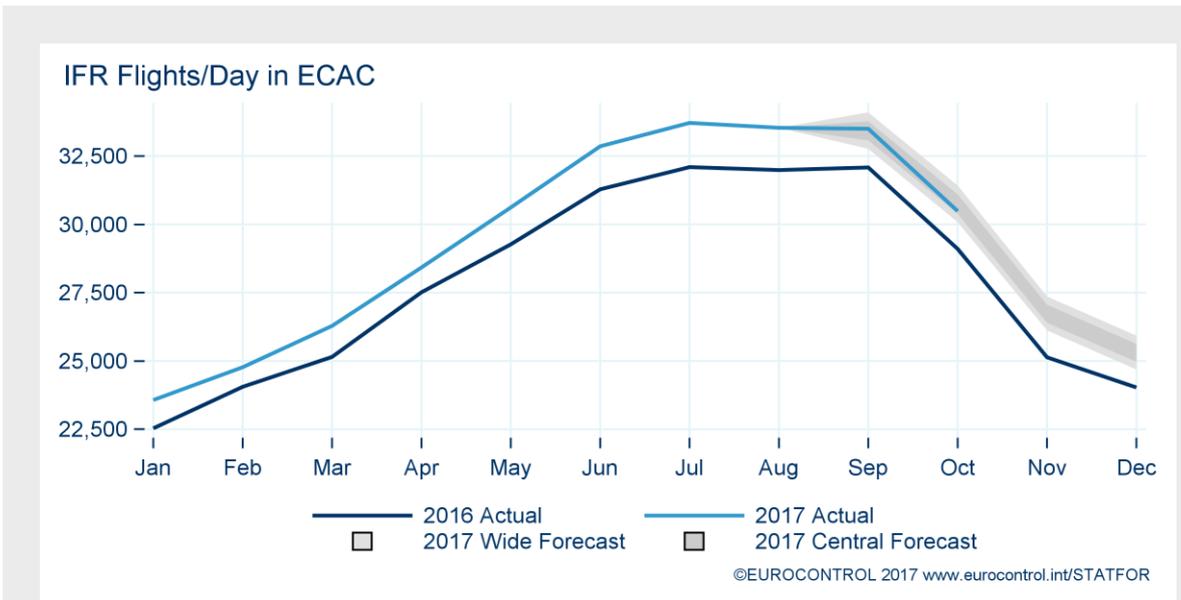


Figure 1: Monthly European Traffic and Forecast (based on the 7-year forecast Sep. 17).

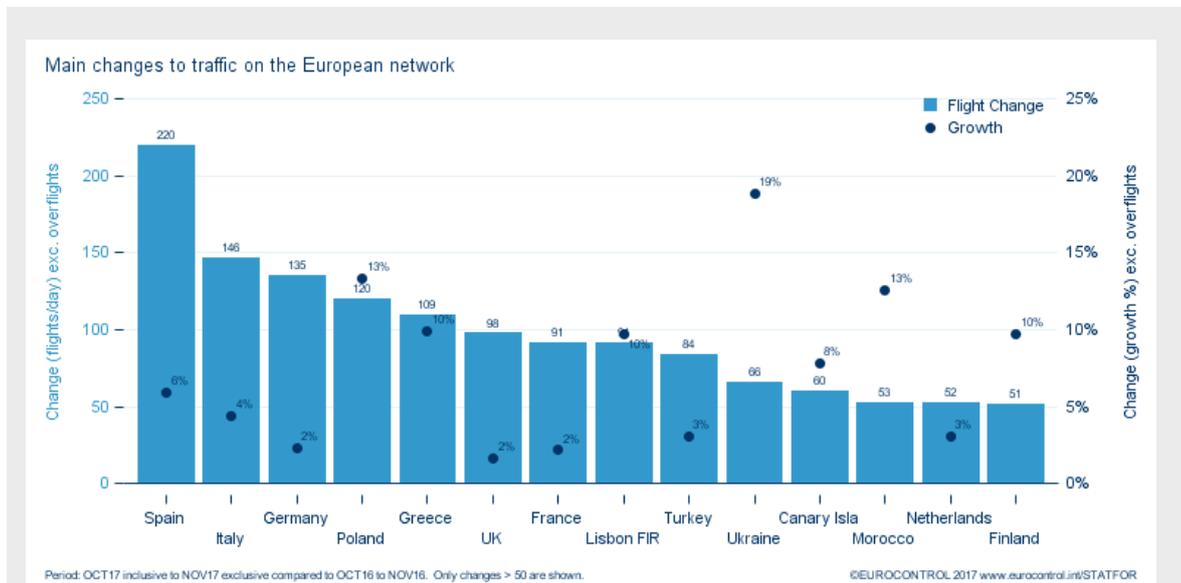


Figure 2: Main changes to traffic on the European network in October 2017.

The top three ex-European partners (for average daily flights on flows in both directions) in October 2017 (vs. October 2016) remained the United States (1,049 flights, +5.6%), the Russian Federation (909 flights, +22.2%) and the United Arab Emirates (321 flights, -1.3%).

Traffic flows between Europe and North African countries continued to recover in October 2017 (vs October 2016): Egypt was up 47.7% to 231 flights per day whereas Tunisia was up 10.4% to 131 flights per day. However, both states were respectively 30% and 6% below their highest levels of 2010 for Egypt and 2009 for Tunisia.

The aircraft operators which added the most flights to the network on a daily basis in October 2017 (vs. October 2016) were Ryanair (+137 flights), Wizz Air (+91 flights), LOT Polish Airlines (+83 flights), easyJet UK (+77 flights), Turkish Airlines (+51 flights) and Vueling (+50 flights) (EUROCONTROL, November).

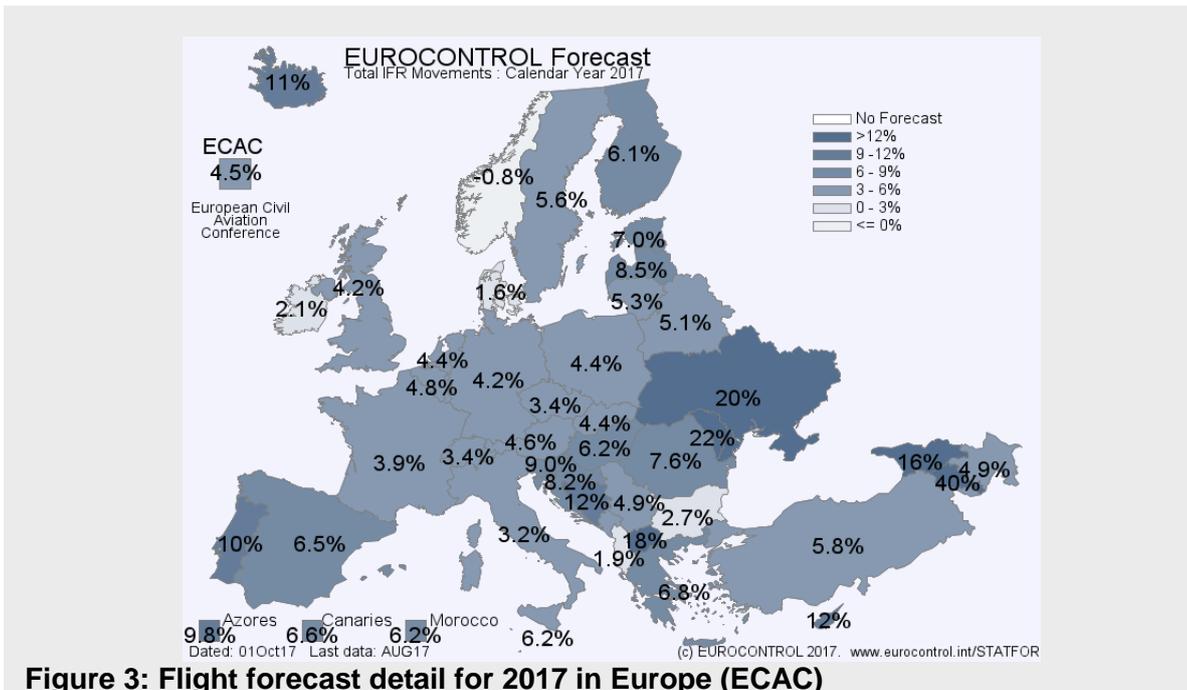


Figure 3: Flight forecast detail for 2017 in Europe (ECAC)

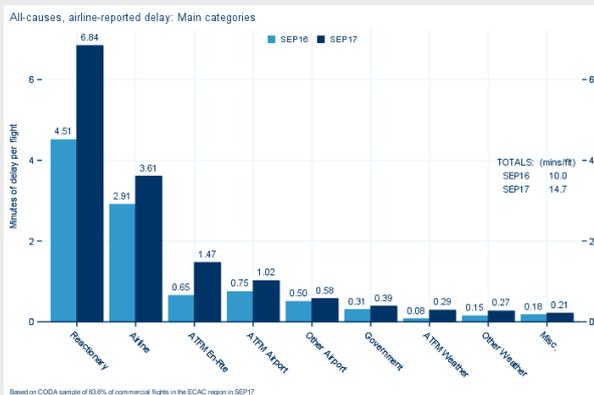
The updated [Seven-Year Forecast of Flight Movements 2017-2023 \(September 2017\)](#) is for 4.5% more flights for Europe (ECAC area) in terms of total IFR movements (detail per state in [Figure 3](#)) in 2017 compared with 2.9% in the forecast published in February, an upward revision owing to the recent trends of sustained growth of traffic in western Europe and a stronger than expected recovery of traffic from/to the Russian Federation.

The stronger than foreseen recovery of the economic outlook of the Russian Federation highly influenced the upward revision of this forecast. Macro stability and oil prices are the main drivers of this recovery, which enables the Russian Federation to grow now at the fastest pace in almost five years after a two-year-long recession. The Russian Federation was the biggest contributor of growth in Europe during the summer with flows increasing by 32%. The most noticeable change was the recovery of traffic with Turkey with an increase of 610%, which strongly affected overflights in Eastern Europe States. The growth of flows between north- and south-west Europe during the summer months was in line with the high scenario of the forecast published in February 2017. The expected dwindling effect foreseen as of the summer 2017 in the previous forecast did not happen. On the contrary, there was a very strong demand with growth rates averaging 5%, with airlines adapting their summer schedule accordingly.

For 2018, a growth of 2.8% is expected, ranging from 1% to 4.6%, covering the uncertainty surrounding the forecast (e.g. recent airline failures and capacity cuts represent a downside risk).

From 2019 onwards, European flight growth is expected to be at around 1.7% per year over the 2019-2023 period. The extra traffic growth in Europe in 2020 is due to the extra growth from the leap year effect. The forecast is for 12 million IFR flight movements (± 1.2 million) in Europe in 2023, 17% more than in 2016.

Breakdown of all-causes delay per flight



Percentage of flights delayed on departure

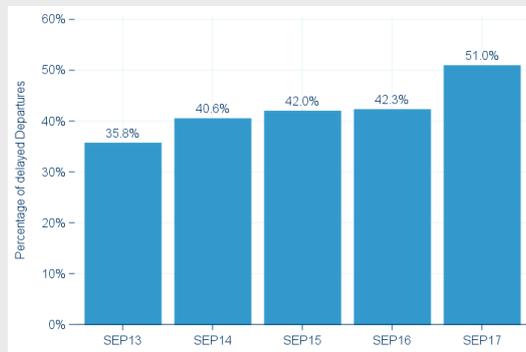


Figure 4: Delay statistics (all-causes, airline-reported delay – September 2017).

Based on [data from airlines for delays from all causes](#), the average departure delay per flight increased by 4.5 minutes to 14.7 minutes in September 2017 compared with September 2016 following an increase of ATFM en-route and airline delay. This in turn drove reactionary delays higher, increasing by 2.1 minutes to 6.8 minutes per flight, with the share of reactionary to the average delay per flight increasing to 46% compared to September 2016. The percentage of delayed flights on departure (≥ 5 minutes) was 51%, an increase of 9 percentage points when compared to the same month in 2016. In comparison to August 2017 delay remained at a similar level, highlighting a continuation of the higher delays observed in Summer 2017 (Figure 4). (EUROCONTROL, November).

Other Statistics and Forecasts

[IATA](#) reported that European scheduled passenger traffic (RPK) was up 7.1% in September 2017 (vs. September 2016). Capacity rose by 5.2% and the total passenger load factor was 86.8% (IATA, 2 November).

[ACI](#) reported that overall passenger counts at European airports increased by 9% during the 3Q2017 (vs. 10.6% during 2Q2017) with overall aircraft movements growing by 4.4% on 3Q2016 (ACI, 9 November).

In its updated [20-Year Air Passenger Forecast](#), [IATA](#) expects 7.8 billion passengers in 2036 almost doubling the 4 billion projected in 2017 with a 3.6% average annual growth rate. For Europe, IATA forecasts air passenger numbers to increase by 2.3% on average each year to reach 1.5 billion in 2036 (IATA, 24 October).

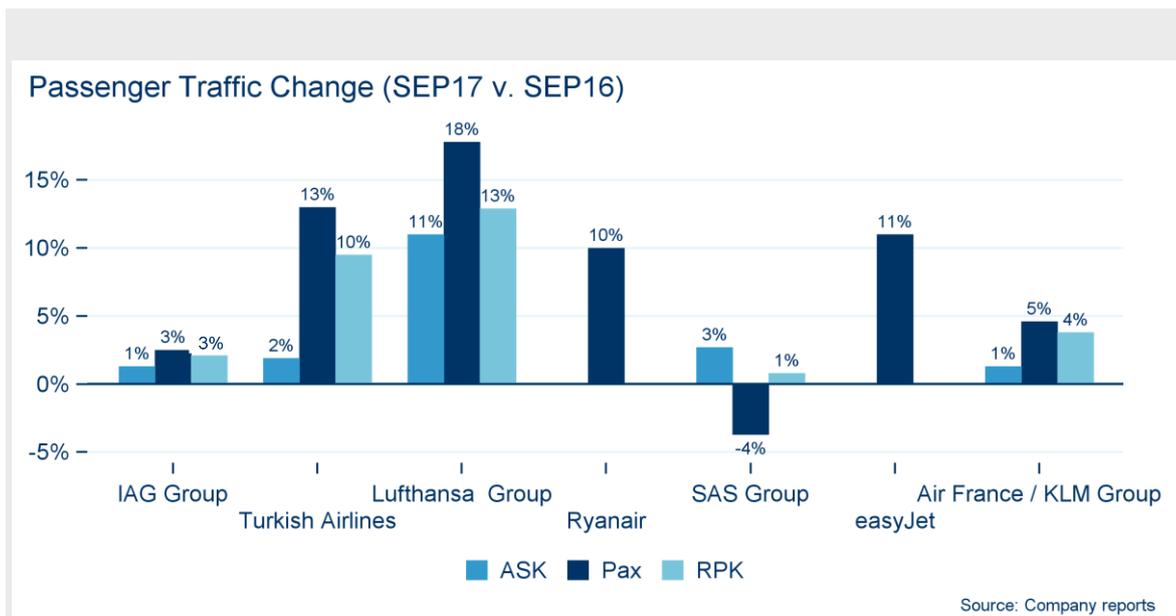


Figure 5: Main carriers' traffic statistics in September 2017.

Passenger airlines

Capacity, costs and jobs

[Thomas Cook Group Airlines](#) has applied for a new Airline Operator Certificate (AOC) to launch Thomas Cook Balearics based in Mallorca with the aim of starting operations in 2018 and providing flights to support seasonal demand from the Group's other airlines (Thomas Cook UK, Thomas Cook Scandinavia and Condor in Germany). Thomas Cook Balearics will use three Airbus A320 aircraft from former Thomas Cook Belgium (Thomas Cook Group, 18 October).

[Wizz Air](#) has established [Wizz Air UK Limited](#) and filed for a UK Air Operator's Certificate to be able to continue operating flights to and from the UK in the event that no aviation deal can be reached after the Brexit. Wizz Air currently operates 73 routes from nine airports in the UK (Wizz Air, 18 October).

[Alitalia](#) administrators have received seven binding offers to take over the struggling airline. Among them [Lufthansa](#) which submitted an offer for establishing a "NewAlitalia" whereby it would acquire parts of Alitalia's Global network traffic and European and domestic point-to-point operations. [easyJet UK](#) has reportedly also shown interest in buying parts of the bankrupt airline's assets. The deadline for bids is extended until 30 April 2018. The Italian government has loaned the airline a further €300 million on top of €600 million already granted in May (Alitalia, Lufthansa and Reuters, 16 October).

[Austrian Airlines](#) will hire circa 100 pilots from insolvent [airberlin](#) to work at [Lufthansa's](#) subsidiary in Vienna (Austrian Airlines, October).

[Ryanair Sun](#), new Ryanair's Polish Charter Airline is hiring staff for its ground operations at its four bases in Poland: Warsaw Modlin, Katowice, Poznan and Wraclaw. Ryanair Sun plans to launch operations in Summer 2018 with a fleet of five Boeing B737-800 aircraft (Ryanair, October).

[easyJet](#) will open a new base in Bordeaux in spring 2018; its sixth base in France. The carrier will base three Airbus A320 aircraft and launch at least five new routes (easyJet, 23 October).

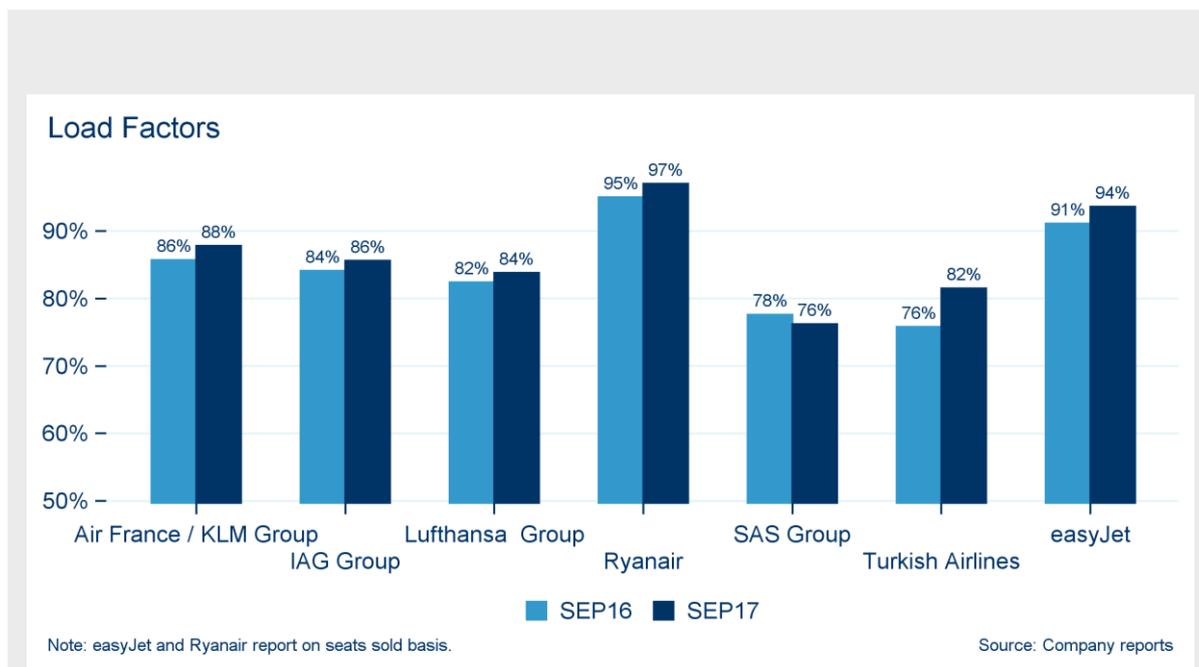


Figure 6: Main carriers' load factors in September 2017.

[easyJet](#) has signed an agreement with [airberlin](#) to acquire part of the bankrupt airline's operations at Berlin Tegel. easyJet will lease up to 25 Airbus A320 aircraft, take over slots and recruit around 1,000 airberlin pilots and cabin crew to be employed on German contracts. With its existing base at Berlin Schönefeld, easyJet will become the leading airline at Berlin. The acquisition is subject to regulatory approval by the end of 2017 (easyJet, 27 October).

[Lufthansa](#) has agreed with [airberlin](#) to buy the latter's two subsidiaries [NIKI](#) and regional airline [LGW](#). Both airlines will increase the capacity of Eurowings operations and fleet adding 1,700 employees and 50 aircraft (17 Bombardier Dash 8 Q400 aircraft and 33 Airbus A320 aircraft). The purchase is subject to approval by the EU competition authorities and should be finalised by the end of the year. In addition, Lufthansa will wet-lease 24 Airbus A320 aircraft along with 7 Boeing B737-800 aircraft from TUIfly (Lufthansa, 13 & 25 October).

[British Airways](#) mixed fleet cabin crew operating on long- and short-haul flights out of Heathrow have accepted a pay deal thereby ending a long running dispute with the airline that saw 85 days of industrial action in 2017 (Unite union, 31 October).

Failures

[airberlin](#) has officially ceased operations on 28 October 2017. airberlin started operations in 1979 and filed for bankruptcy on 15 August after [Etihad](#) which owns a 29% stake in the collapsed carrier decided to withdraw financial support (airberlin, 28 October).

Traffic Statistics: September 2017 Update

[Figure 5](#) and [Figure 6](#) compare September 2017 figures with September 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 (%).

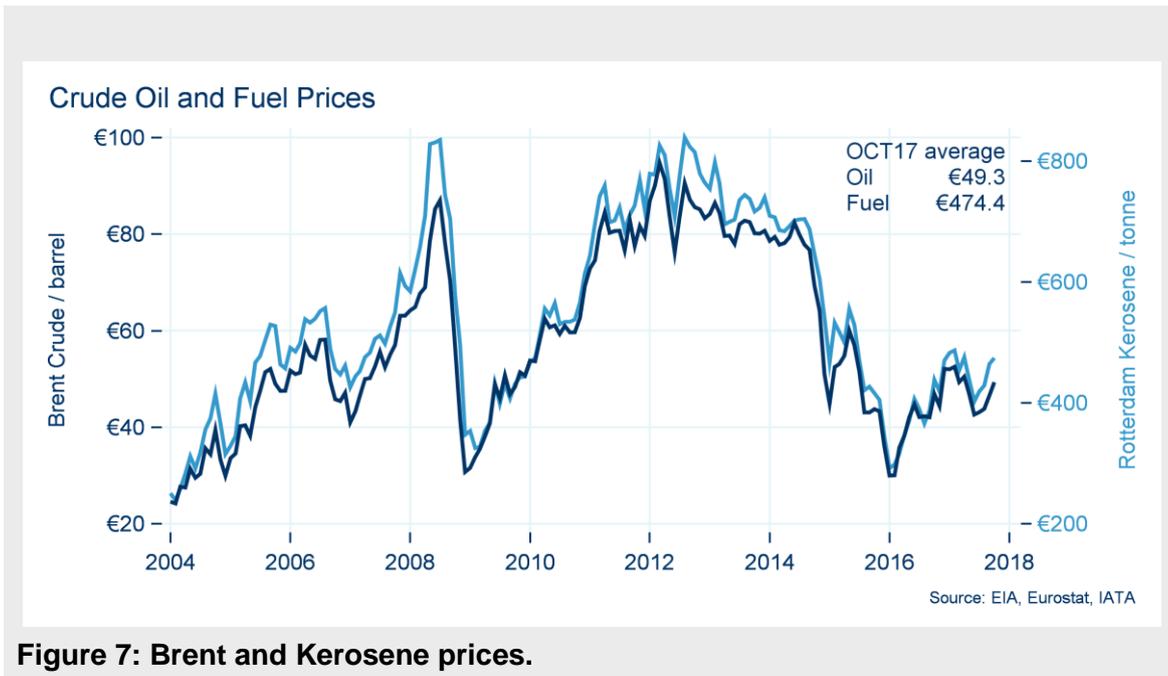


Figure 7: Brent and Kerosene prices.

Routes, Alliances, Codeshares

Berlin Schönefeld-based **Germania** will increase operations in Berlin and start flying again from Berlin Tegel this winter with six new destinations in Egypt, Israel and Spain and will add another seven destinations in summer 2018 (Germania, 1 November).

VLM Airlines has resumed flights from Antwerp to London City on 30 October with a Fokker 50 aircraft after a nine-year interruption. It is reported that VLM would start intercontinental flights from Antwerp to Shenzhen, China in spring 2018. A 40% stake of the airline is held by Chinese investors (VLM Airlines, 30 October and De Tijd, 31 October).

BMI regional and Scottish **Loganair** have signed a codeshare agreement whereby the latter will place its code on BMI's four routes from Aberdeen to Bristol, Esberg, Norwich and Oslo. BMI will place its codeshare on Loganair's flights from Aberdeen, Edinburgh and Manchester (Loganair, 1 November).

S7 Airlines will expand its European network from St Petersburg to four new destinations in Copenhagen, Pisa, Pula and Stockholm with the start of the summer 2018 schedule (S7, November).

Low-cost **Volotea** will establish a new base at Bilbao in 2018 and launch four new routes to Vienna, Malta, Palermo and Malaga (Volotea, November).

TAP Air and **EI Al** have entered into a codeshare agreement whereby the latter will place its code on 19 European destinations from Lisbon and Porto. In return TAP Air will place its code on 14 destinations in Europe operated by EI Al from Tel Aviv (routesonline, 10 November).

Wizz Air will launch eight new routes from Athens to Bucharest, Budapest, Chisinau, Cluj, Katowice, Kutaisi, Sofia and Vilnius in summer 2018 (Wizz Air, October).



Figure 8: Deflated ticket prices in Europe.

Airports

The Polish government has approved a plan to build a [new central Polish airport](#), located between Warsaw and Lodz. The new airport will be inaugurated in 2027 and will be able to accommodate up to 100 million passengers annually. Warsaw Chopin, the biggest airport in Poland handled 12.8 million passengers in 2016 with forecasts predicting maximum capacity reached in 2020 (Polish government, 8 November).

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

Rank	Airport	Passenger traffic	Aircraft movements
1	Amsterdam Schiphol	6.3 million (+ 7.9%)	45K* (+ 3.3%)
2	Frankfurt	6.1 million (+ 6.4%)	44K (+ 4.4%)
3	Paris CDG	6.0 million (+ 5.0%)	41K (- 0.1%)
4	London Heathrow	6.7 million (+ 2.8%)	41K (- 0.3%)
5	Istanbul Atatürk	5.8 million (+ 10.0%)	40K (+ 2.5%)

*excluding General Aviation
Source: airport reports, November

[Top five airport pairs adding the most flights](#) in October 2017 (vs. October 2016) were as follows:

Rank	Departure Airport	Arrival Airport	Average Daily Movements Oct 2017	Change on October 2016
1	Tenerife Norte	Las Palmas	50	+12 flights/day
2	Amsterdam Schiphol	Dublin	26	+10 flights/day
3	Manchester	Glasgow	15	+9 flights/day
4	Aberdeen	Sumburgh	35	+8 flights/day
5	Milan Malpensa	Catania	16	+8 flights/day

Source: EUROCONTROL/STATFOR

Top five airport pairs removing the most flights in October 2017 (vs. October 2016) were as follows:

Rank	Departure Airport	Arrival Airport	Average Daily Movements Oct 2017	Change on October 2016
1	London Luton	Copenhagen	2	-14 flights/day
2	Liverpool	Dublin	6	-9 flights/day
3	Rome Fiumicino	Milan Malpensa	4	-8 flights/day
4	Munich	Hamburg	30	-8 flights/day
5	Berlin Schönefeld	Brussels	5	-6 flights/day

The top 10 busiest airport pairs in October 2017 (vs. October 2016) were as follows:

Rank	Departure Airport	Arrival Airport	Average Daily Movements Oct 2017	Growth on Oct 2016
1	Oslo	Trondheim	58	-1.5%
2	Oslo	Bergen	58	3.8%
3	Paris Orly	Toulouse	53	-1.7%
4	Oslo	Stavanger	50	-1.0%
5	Tenerife Norte	Las Palmas	50	32.0%
6	Barcelona	Madrid	50	6.6%
7	Barcelona	Palma de Mallorca	44	17.9%
8	Berlin Tegel	Munich	44	1.2%
9	Paris Orly	Nice	42	-5.7%
10	Oslo	Copenhagen	42	8.1%

Cargo

FedEx Express has signed firm order with ATR for the purchase of 30 ATR 72-600F aircraft along with 20 options. FedEx Express will be the launch customer of the aircraft to be delivered in a cargo configuration. Deliveries will begin in 2020 (ATR, 8 November).

Russia-based Air Bridge Cargo has moved part of its operations to Liège following the loss of its slots at Amsterdam because it did not operate at least 80% of flights on time and as scheduled during the summer schedule. As Schiphol's air transport movements are capped at 500,000 per year and the airport is operating close to capacity, the Netherlands Trade Union Confederation (FNV) and Air Cargo Netherlands (ACN) expect 20% of freighter flights to/from the airport to be cancelled this winter. It is reported that Singapore Airlines will move some of its freighter traffic to Brussels Airport and Emirates SkyCargo will move its freight operations from Amsterdam to Brussels, Copenhagen and Frankfurt (Air Bridge Cargo, 11 October and ACN, October).

Aircraft Manufacturing

Embraer announced April 2018 as the delivery month of its first E190-E2 aircraft to Wideroe, its launch customer next year (Embraer, 18 October).

Airbus and Bombardier have signed a partnership on the latter's single-aisle jet C Series aircraft programme. Airbus will provide procurement, sales and marketing and customer support expertise and will acquire a 50% interest in the C Series Aircraft Limited Partnership. In addition, aircraft for the US market will be assembled at Airbus factory in Alabama (Airbus, 18 October).

[Boeing](#) and [China Aviation Suppliers Holding Company](#) (CASC) has signed an agreement for 300 single-aisle and twin-aisle aircraft reportedly split between 260 Boeing B-737 family aircraft and 40 B787 and B777 families aircraft (Boeing, 9 November).

[Airbus](#) and Indigo Partners' four portfolio airlines have signed a Memorandum of Understanding for the purchase of 430 Airbus A320neo family aircraft to be split between the ultra low-cost [Frontier Airlines](#) (US), [jetSMART](#) (Chile), [Volaris](#) (Mexico) and [Wizz Air](#) (Hungary) (Airbus, 15 November).

Oil

[Oil prices](#) increased and averaged €49 per barrel in October from €47 in September. Converted indices for Kerosene and Brent are shown in [Figure 7](#).

Despite the recent increase in Brent crude oil prices to more than \$60 per barrel, EIA forecasts Brent prices to ease in the coming months and to average \$53 per barrel in 2017 and \$56 per barrel in 2018 (EIA, short-term energy outlook, 5 November).

Fares

[Ticket prices](#) in Europe increased by 3.6% in September 2017 vs. September 2016. This is above the trend (12-month trailing average) shown in [Figure 8](#) (Eurostat, 31 October).

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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