Industry Monitor

The EUROCONTROL bulletin on air transport trends

EUROCONTROL

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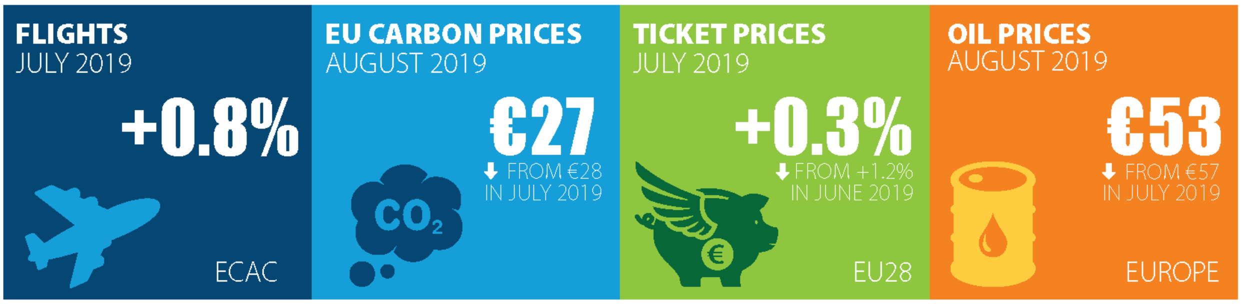
- **European flight growth fell to 0.8% in July and remained at the low end of the forecast for the sixth consecutive month. The year to date flight growth was 1.6%. Preliminary data for August show average daily flights up 0.4% on August 2018.**
- **EU carbon prices averaged €27 per tonne in August 2019 from €19 per tonne in August 2018.**
- **Airline tickets were barely more expensive in July 2019 (+0.3%) than in July 2018.**
- **Oil prices, at their lowest since February, dropped to €53 per barrel in August.**



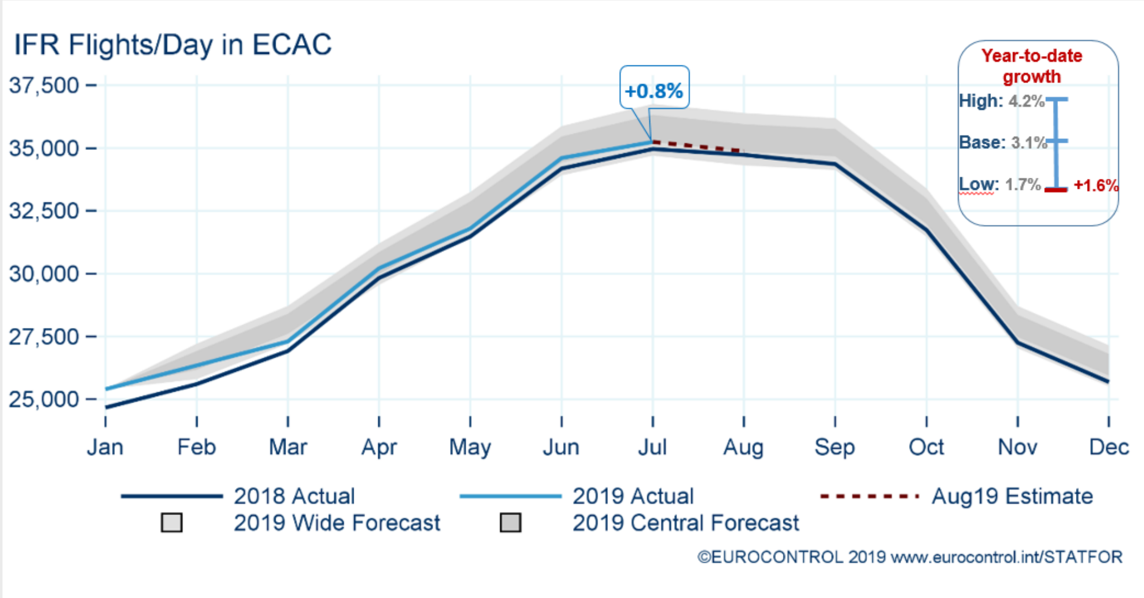


Figure 1: Monthly European Traffic and Forecast (based on the 7-year forecast Feb 2019).

EUROCONTROL Statistics and Forecasts

European flights (ECAC – European Civil Aviation Conference area) remained at the low end of the forecast for the sixth consecutive month and recorded a growth rate of 0.8% in July 2019 (vs. July 2018). The year to date flight growth was 1.6%. Preliminary data for August show average daily flights up 0.4% on August 2018 (Figure 1) (EUROCONTROL/STATFOR).

Main contributors to flight growth in Europe

In July 2019, eight states contributed more than 50 flights per day (vs July 2018) to European local traffic growth (excluding overflights): Italy (+136 flights/day), Spain (+94 flights/day), France (+94 flights/day), Austria (+88 flights/day), Turkey (+83 flights/day), Morocco (+71 flights/day), Ukraine (+58 flights/day), Portugal (excl. Azores) (+53 flights/day).

At the other end of the scale, Iceland continued to record fewer flights (-63 flights/day) due mainly to its flow to and from North America which saw 29 fewer daily flights. Bulgaria saw 48 fewer flights owing to its flow to and from Germany (-17 flights/day) and the Russian Federation (-11 flights/day). Germany saw 42 fewer flights owing mainly to its flows to and from Spain and Canary Islands (-58 flights/day) (Figure 2) (EUROCONTROL/STATFOR).

Outside Europe (ECAC) partners

In July 2019, the top five external partners (in average daily flights on flow in both directions) were the Russian Federation (1,205 flights, down 6.5% on July 2018), the United States (1,204 flights, down 2.6%), the United Arab Emirates (354 flights, down 4.0%), Egypt (309 flights, up 13.8%) and Canada (253 flights, down 5.7%) (EUROCONTROL/STATFOR).

Top aircraft operators

The aircraft operators which added the most flights to the network in July 2019 (vs July 2018) on a daily basis were Ryanair (+167 flights), Vueling (+33 flights), Jet2.com (+30 flights), Air Baltic (+29 flights) SWISS (+28 flights) and Air Europa (+26 flights) (EUROCONTROL/STATFOR).

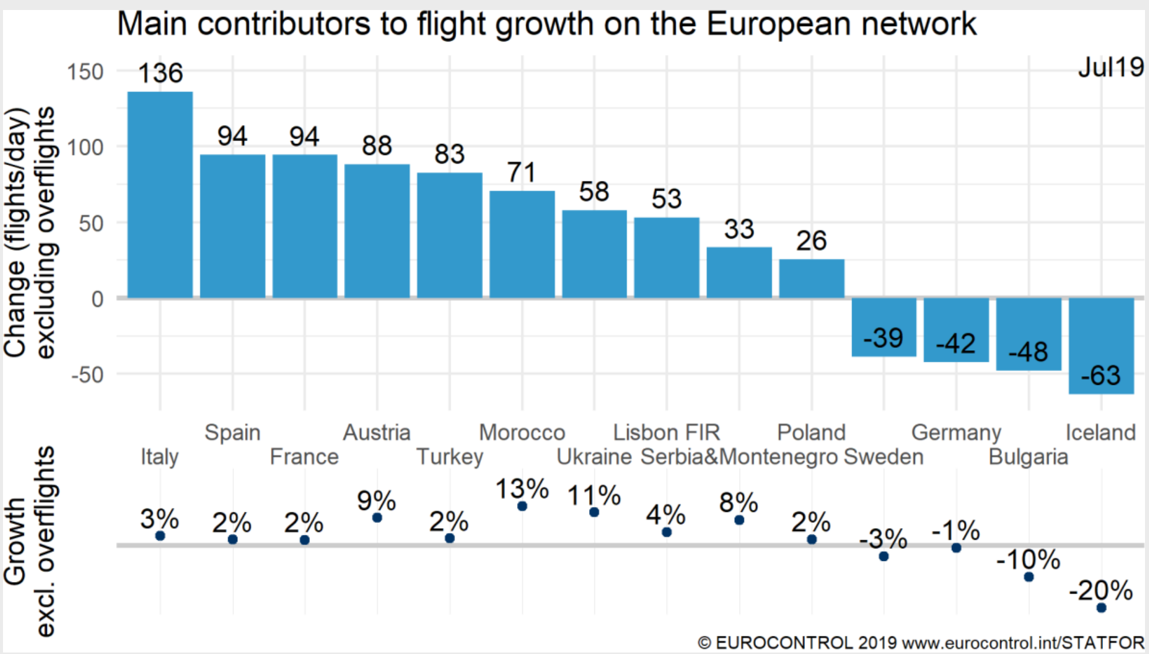


Figure 2: Main changes to traffic on the European network in July.

All-causes airline delays

Based on data from airlines for delays from all-causes, the average delay per flight on departure in July 2019 was 17.3 minutes per flight, this was a decrease of 3.7 minutes per flight when compared with July 2018 where the average delay per flight was 21.0 minutes. Analysis of the delay causes shows that reactionary delay contributed 8.1 minutes to the average delay per flight in July 2019. Regarding arrivals, the average delay per flight on arrival was 16.0 minutes per flight, a decrease of 3.2 minutes per flight (vs. July 2018). In July 2019, 21.9% of the flights arrived within the 5 minutes threshold before or after the scheduled arrival time, an increase of 0.8 points from 21.1% compared to previous year (EUROCONTROL/CODA).

Other Statistics and Forecasts

IATA reported that European scheduled passenger traffic (RPK) increased by 6.1% during the first half of 2019 (vs. 2018 first half=2018H1). Capacity rose by 5.8% whereas the total passenger load factor was 83.8% compared with 83.5% in 2018H1 (IATA, 8 August).

IATA reported decline for third consecutive month in European freight demand, marking -3.6% for June 2019 compared to June 2018. For the same period the capacity rose by 2.8% (IATA, 7 August).

ACI Europe reported overall passenger counts at European airports increased by 4.3% during 2019H1, which marks a significantly slower rate than 2018H1 (+6.7%). Overall aircraft movements rose by 2.4% compared with 3.5% for the year-ago period (ACI Europe, 8 August).

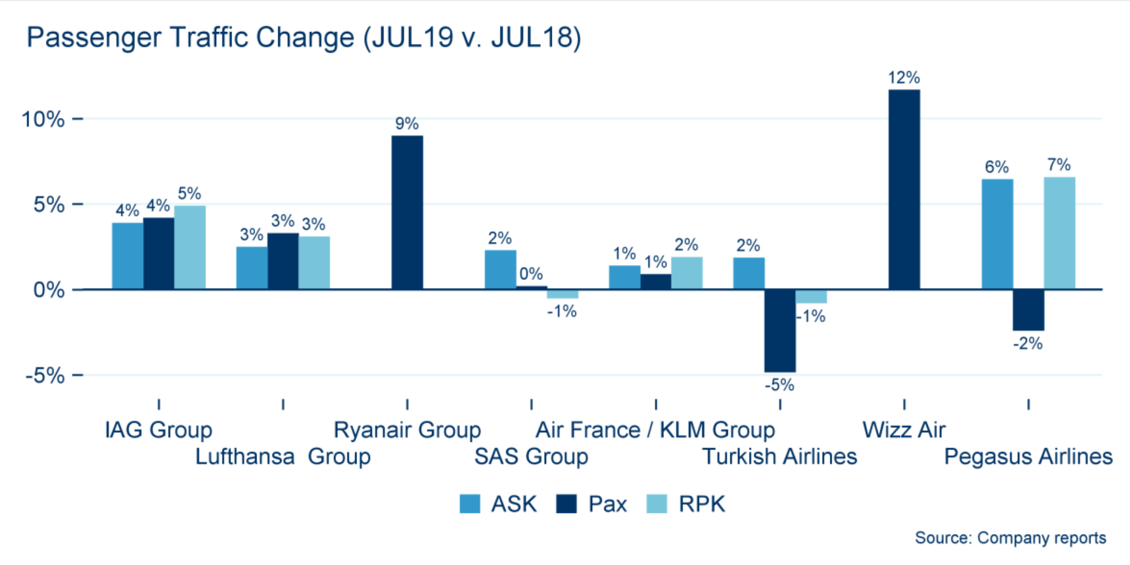


Figure 3: Main carriers' traffic statistics.

Passenger airlines

Traffic Statistics for July

Figure 3 and Figure 4 compare July 2019 figures with July 2018 figures for the main European carriers (with the exception of easyJet which now only reports passenger statistics within its quarterly reports). In addition to the number of passengers (PAX), passenger capacity is measured in available seat kilometers (ASK), traffic is measured in revenue passenger kilometers (RPK) and load factor as a percentage (%).

Capacity, routes, alliances, cost, jobs

Air France announced commitment to Airbus for a firm order of 60 A220-300 aircraft, with an additional 30 purchase options and 30 acquisition rights. The first aircraft are expected for delivery in September 2021 and this will gradually replace Air France's A318 and A319 fleet (Air France-KLM Group, 30 July).

Air France will retire the 10 A380s from its fleet due to the current competitive environment which limits the profitable operation of A380. The remaining seven A380s will be retired by 2022 and as already notified, the leases on three other aircraft will not be renewed on their expiration in 2020 (Air France-KLM Group, 30 July).

Air France pilots union SNPL ALPA voted in favour of Transavia's development. Transavia France will not have any restrictions on the number of aircraft for the Air France Group: the agreement from 2014, which capped Transavia's fleet to 40, will be overruled (Air France-KLM Group, 31 July).

Starting in 2019-2020 winter season, SAS will introduce new services as follows: Copenhagen, Aalborg and London to Sälen/Trysil; Stavanger to Manchester (SAS, 12 & 15 August).

Norwegian announced that from the 15th September, it will cease operations on all six routes from Dublin, Cork and Shannon to the US and Canada (Norwegian, 13 August).

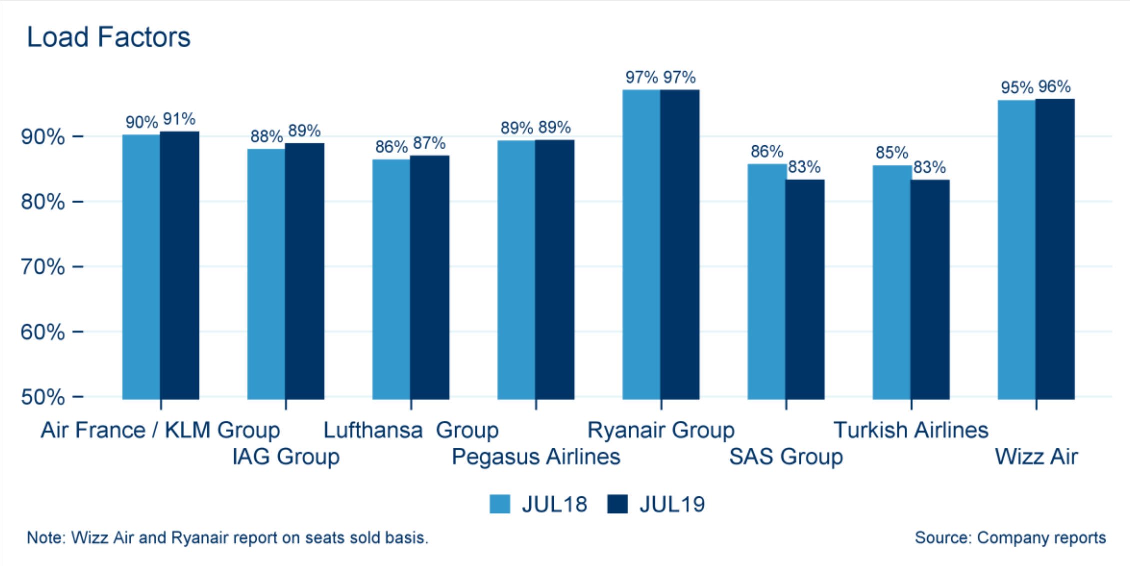


Figure 4: Main carriers' load factors.

Both Wizz Air and Ryanair announced the beginning of new operations from London Southend Airport to Bucharest and Vilnius; Edinburgh to Bucharest, and Kutaisi (GE) to Bologna, effective November 2019 (Wizz Air & Ryanair, 22 August).

Wizz Air announced the inclusion of the fifth Airbus A320 at Skopje base and launched three new routes - Skopje to Turku and Larnaca, and Ohrid to Memmingen/Munich West (Wizz Air, 31 July).

Wizz Air will launch several new routes for this coming winter as follows: Edinburgh to Warsaw, Budapest and Gdansk; Odessa to Budapest, Berlin, Gdansk, Katowice and Bratislava; Lviv to Larnaca; London Luton to Castellon (Wizz Air, 6 August & 22 August).

Wizz Air will increase its current fleet by two additional Airbus A321 at its Vienna base. Joining on 18 December 2019 and 1 July 2020, the two aircraft will start operating on six new routes from Vienna to Athens, Castellon, Cologne, London-Luton, Pristina and Tirana (Wizz Air, 22 August).

Ryanair will launch four new routes for this winter 2019/2020 as follows: Bristol to Turin; Tbilisi to Milan Bergamo; Kutaisi to Marseille. Ryanair will also start flying from Tbilisi to Cologne in April 2020 (Ryanair, 30 July & 21 August).

Ryanair Holdings plc (Ryanair DAC, Ryanair UK, Lauda, Buzz and Malta Air) reported a 21% decrease in Q1 (Apr-Jun) profits adjusted after tax to €243M. A 6% decline in average fare was offset by ancillary revenues and 11% traffic growth to 41.9M guests (Ryanair, 29 July).

Ryanair CEO Michael O'Leary reportedly announced that, due to delay in Boeing 737 MAX deliveries, there will be cutting or closures of staff and bases. Instead of 58 aircraft expected for summer 2020, Ryanair will receive in best scenario 30 aircraft, leading to significant decrease of the needed for pilots and cabin crew (Skynews, 31 July).

Ryanair will stop operating the German domestic route between Cologne and Berlin Schönefeld from the start of the winter 2019/2020 schedule (Ryanair, August).

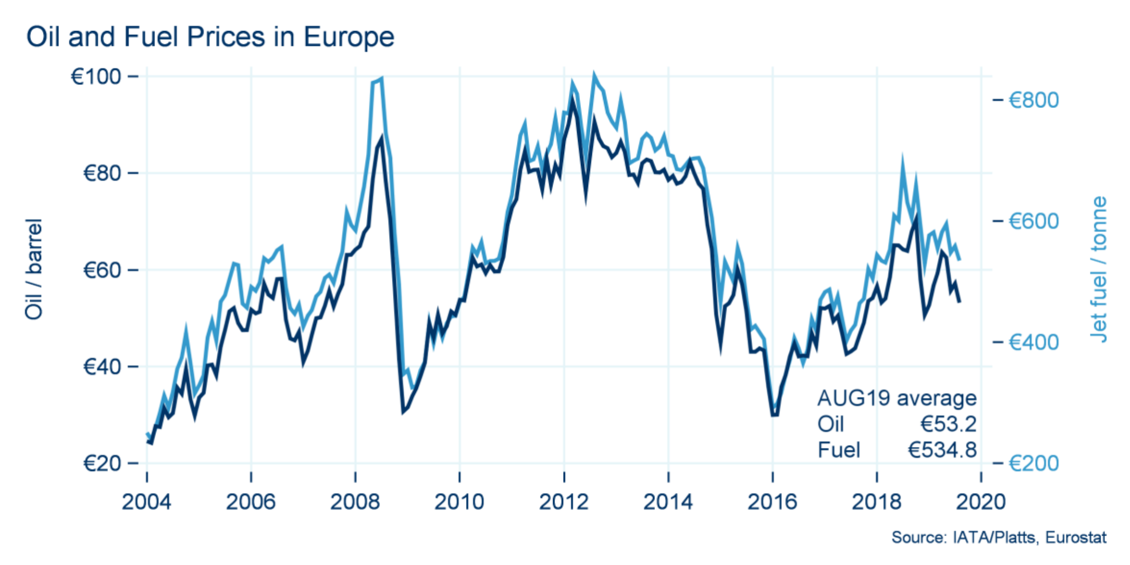


Figure 5: Oil and jet fuel prices.

LOT Polish Airlines will launch non-stop long-haul flights between Budapest and Seoul from the 22nd of September 2019. LOT's network will expand further by including six new routes – Sofia, Prague, Belgrade, Stuttgart, Bucharest and Brussels, thereby operating a total of 12 destinations from Budapest (Budapest Airport, 31 July).

Air Antwerp will start operation to London City airport from 9 September. The carrier was created to fill the space left by the collapse of VLM, and is a joint venture between CityJet and KLM (Air Antwerp, August).

Aeroflot indicates the initial routes on which it is planning to use the A350-900 – to New York JFK (29 March 2020), Beijing (1 May) and Seoul and Miami (1 June) (Aeroflot, August).

Airports

On 27 July, Milan Linate airport closed for runway repairs and airport restyling. The re-opening is scheduled for 27 October 2019 but some constructions will continue up to 2021. All flights to Milan Linate are transferred to Milan Malpensa during the three months of closure (SEA Milan Airports, 10 July).

Oil

Oil prices dropped to €53 per barrel in August, their lowest since February. Converted indices for oil and jet fuel prices are shown in Figure 5.

Aircraft Manufacturing

Boeing deliveries decreased by 38% for the period Jan – July 2019 compared to the previous year. For the first seven months of the year, Boeing delivered 258 (vs 417 in 2018) which is significantly lower than Airbus which handled over 458 for the same period (Boeing & Airbus, August).

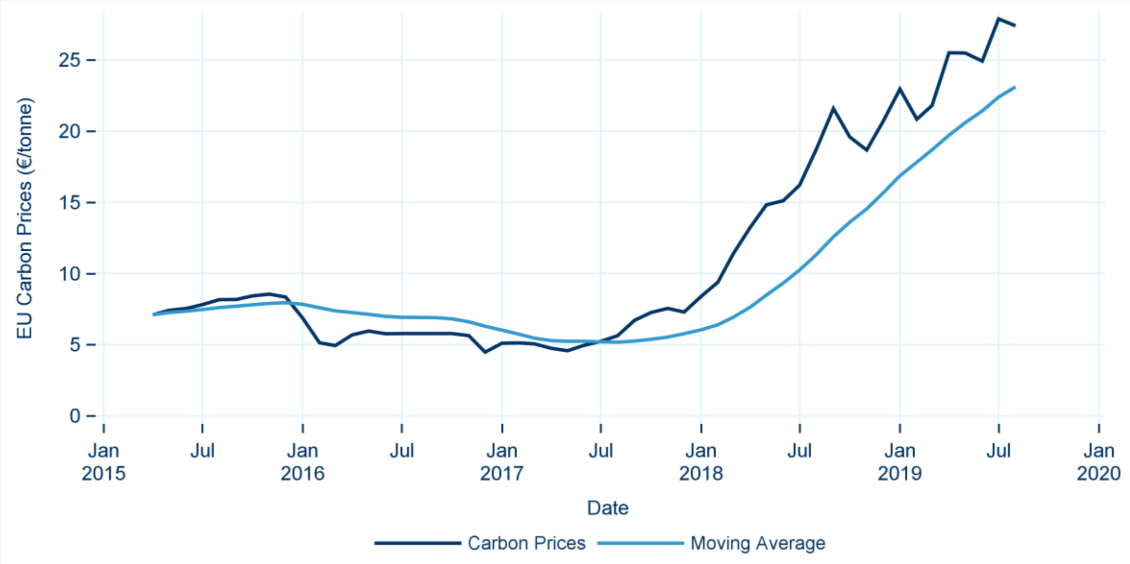


Figure 6: EU carbon prices (European CO_2 Emissions Allowances).

Airbus developed a small-scale plane with flapping wing-tips which account for up to a third of the length of the wing and mimic the movement of an albatross. First tests of “AlbatrossOne’’ were conducted in February 2019, examining the demonstrator’s stability with the wing-tips locked and completely unlocked. The next stage will include test flights, combining the two flight modes in order to study the transition as the wingtips unlock during flight (Airbus, 31 July).

Environment

Delta, Air France-KLM and Virgin Atlantic announced that they will carbon-offset more than 1,800 metric tons of emissions from more than 15,000 of their customer flight segments to and from Chicago surrounding the 2019 Global Business Travel Association convention (Delta, 5 August).

EU carbon prices (European CO_2 Emissions Allowances) averaged €27.4 in August 2019 compared with €18.7 in August 2018. This remained well above the trend (12-month trailing average) shown in Figure 6. (Insider Inc., August).

British Airways submitted plans for the development of the UK and Europe’s first commercial waste to jet fuel plant. The plant will be able to reduce the net greenhouse gases by 70% compared to the conventional fossil fuel. The project is expected to start construction in 2021 and to begin the production of commercial volumes of sustainable aviation fuel in 2024 (British Airways, 20 August).

Unmanned Aircraft Systems

ENAIRE announced that it managed 255 drone flights in 2019, of which 63 took place in controlled airspace. The number of drone operations in controlled airspace almost tripled in comparison to the same period previous year. Since the entry of the Royal Decree 1036/2017 dated December 2017, ENAIRE managed more than 1,000 drone operations (ENAIRE, 19 August).

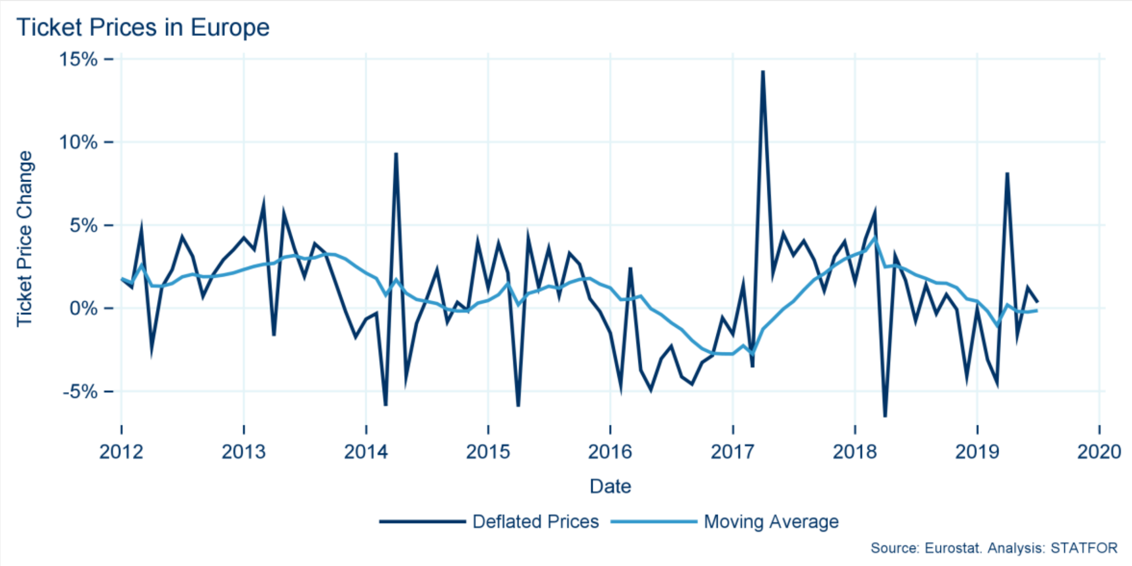


Figure 7: Deflated ticket prices in Europe.

SESAR Horizon 2020 PODIUM (Providing Operations of Drones with Initial UTM) project used five European airports for the U-space demonstration activities for the period May – August 2019. The five sites include Hans Christian Airport; the Drones Paris Region; Rodez-Aveyron airport; the Netherlands RPAS Test Centre, Marknesse; and Groningen Airport Eelde (UnmannedAirspace, 29 August).

On 13 August, AirMap and SESAR JU Gulf of Finland U-space (GOF USPACE) partners successfully demonstrated the ability to dynamically modify a drone flight plan in-flight within a UTM system during simulation exercise of a marine search and rescue operation (AirMap, 15 August).

Skyguide and AirMap in partnership with the Swiss Federal Office of Civil Aviation (FOCA), announced the deployment of the Swiss U-space flight information management system for drones (FIMS). FIMS is an open and interoperable platform that enables multiple UAS Service Providers (USPs) to connect to safety-critical airspace information in order to deliver nationwide U-space services to UAS operators. In early 2020, skyguide and AirMap are planning to make market trials, which will move toward full U-space system deployment (skyguide, 6 August).

Fares

Ticket prices in Europe increased by 0.3% in July 2019 (vs. July 2018). This was slightly above the trend (12-month trailing average) which reports stable ticket prices (see Figure 7). (Eurostat, 19 August).

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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Supporting European Aviation