

- European flights recorded their lowest growth rate since 2013 with a fractional increase of 0.8% in 2019 compared with 2018. Deteriorating conditions across the months in 2019 (airline bankruptcies, economic slowdown, B737 MAX grounding, environmental awareness) explained. Preliminary data for January 2020 show flights declining by 1.0% on January 2019.
- Boeing recorded a net negative order of 87 commercial aircraft in 2019 (vs. 893 in 2018) and 380 aircraft deliveries, down 53% on 2018 because of the B737 MAX grounding in mid-March 2019.
- EU carbon prices averaged €24.7/tonne in 2019 and were up 57% from €15.7/tonne in 2018.
- Ticket prices in Europe were on average 1.1% more expensive in 2019 compared with 2018.
- Oil prices were relatively stable in 2019 compared with other volatile years and averaged €57 per barrel.

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FLIGHTS 2019

+0.8%



ECAC

TOP AIRLINES 2019



RYANAIR
+6.2%
LUFTHANSA
+0.3%
Turkish Airlines
-1.4%

TICKET PRICES 2019



+1.1%

EU28

OIL PRICES 2019



€57
↓ down from €61
in 2018

EUROPE

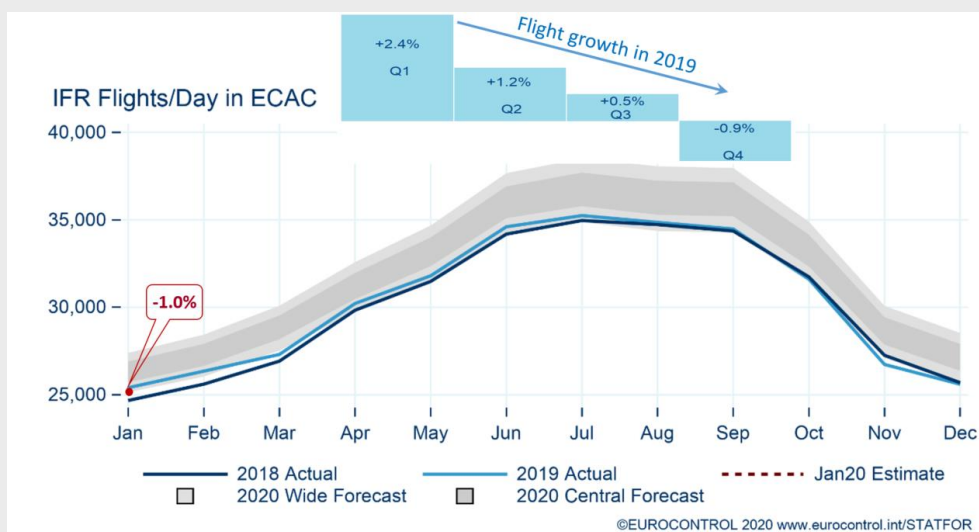


Figure 1: Monthly European Traffic and Forecast (based on the 7-year forecast Autumn 2019)

EUROCONTROL Statistics and Forecasts

European flights (ECAC – European Civil Aviation Conference area) recorded their lowest growth rate since 2013 with a fractional growth of 0.8% in 2019 compared with 2018. Deteriorating conditions across the months in 2019 - eight airline bankruptcies, trade tensions, slow economic growth, B737 MAX grounding and environmental concerns - explained. A slowing growth across the months was in line with the low forecast published in February 2019 until September and below the low scenario in the last quarter.

There was **moderate growth during January and February (+3%)** until the bankruptcy of Germania and Flybmi paved the way to a weaker growth in March (+1.5%), which moreover saw the grounding of the B737 MAX aircraft and the bankruptcy of WOW. Trade tensions, a downward revision of GDP growth in major European economies along with the bankruptcy of Jet Airways led to a **weak second quarter which recorded a 1.2% growth**. Environmental concerns created the “flying shame” movement and contributed to the decline of short-haul flights (affecting domestic traffic in Sweden drastically, -9%), extra stand-by aircraft were amongst other influential factors responsible for a **marginal summer growth rate (+0.5%)**. The bankruptcy of four airlines (Aigle Azur, XL Airways, Thomas Cook and Adria Airways) in September and the growing B737 MAX effect resulted in a **decline of 0.9% for the last quarter of 2019**.

Preliminary data for January 2020 show a decline of 1.0% on January 2019 (**Figure1**) (EUROCONTROL/STATFOR).

The **coronavirus outbreak** is a risk to flight growth in 2020 as an increasing number of airlines including British Airways, Lufthansa, KLM-France, Turkish Airlines have announced reducing or temporarily halting flights to and from mainland China for the coming weeks. We observed a decrease of 19% on European flights to and from China during the last week of January while the flow grew circa 6% in the beginning of the month, a net change of 44 fewer daily flights (Airlines & EUROCONTROL, January).

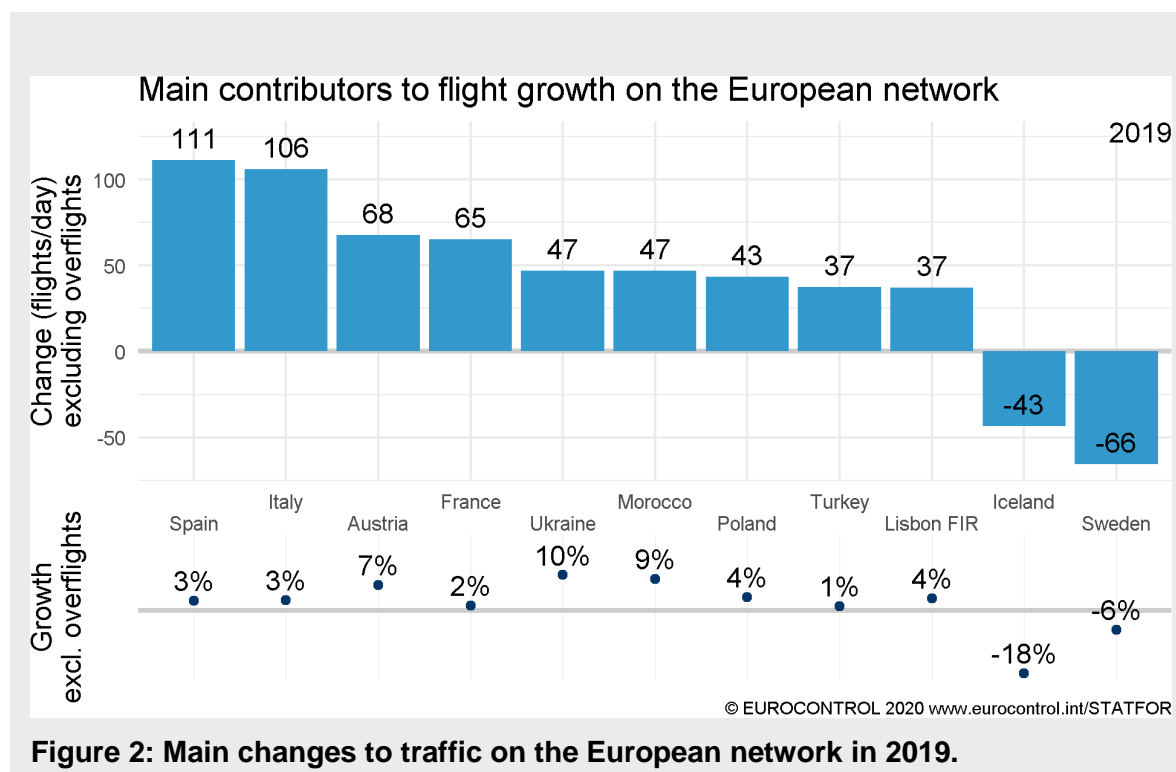


Figure 2: Main changes to traffic on the European network in 2019.

Top aircraft operators in 2019

[Ryanair](#) was by far the airline adding the most flights (on a daily basis) to the European network in 2019 (+128 flights/day) and was followed by [Wizz Air Hungary](#) (+32 flights/day), [Jet2.com](#) (+27 flights/day), [LOT](#) (+25 flights/day), [Logan Air](#) (+24 flights/day) and [Vueling](#) (+21 flights/day) (EUROCONTROL/STATFOR).

The [top five airlines](#) (with average daily flights and percentage growth year-on-year) in 2019 were [Ryanair](#) (2,212 flights, up 6.2%), [Lufthansa](#) (1,470 flights, up 0.3%), [Turkish Airlines](#) (1,331 flights, down 1.4%), [Air France](#) (946 flights, up 8.2%) and [SAS](#) (812 flights, down 2.0%) (EUROCONTROL/STATFOR, January).

Main contributors to flight growth in Europe in 2019

In 2019, [only four states contributed to more than 50 flights per day](#) to the European local traffic growth (excluding overflights), they were 10 in 2018. Moreover, 16 states saw declines in their local traffic in 2019 compared with only 2 states in 2018 ([Figure 2](#)) (EUROCONTROL/STATFOR).

The main contributors to flight growth (excluding overflights) in 2019 owing to their flows to and from were as follows:

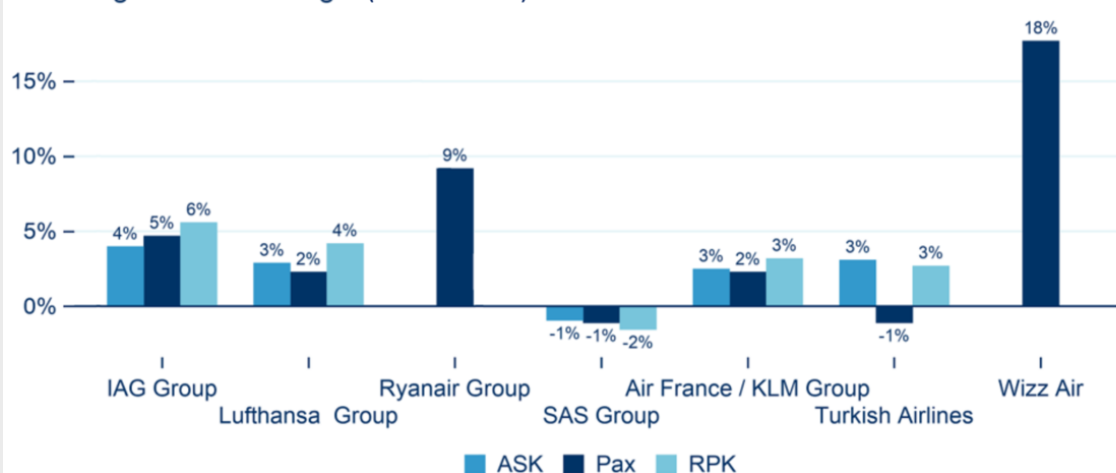
- [Spain](#): Spain domestic, Italy, Austria, UK;
- [Italy](#): Germany, Spain, Italy domestic;
- [Austria](#): Spain, Germany, Italy;
- [France](#): Morocco, Italy, Spain.

Conversely, the [main contributors to the flight decline](#) owing to their flows to and from were the following:

- [Sweden](#): Sweden domestic, North and South Western Europe;
- [Iceland](#): North America, Western Europe;
- [Germany](#): UK, Canary Islands, Switzerland, Germany (not shown on the graph).

Note: Germany was the top contributor in 2018 (+226 flights/day)

Passenger Traffic Change (2019 v. 2018)



Source: Company reports

Figure 3: Main carriers' traffic statistics.

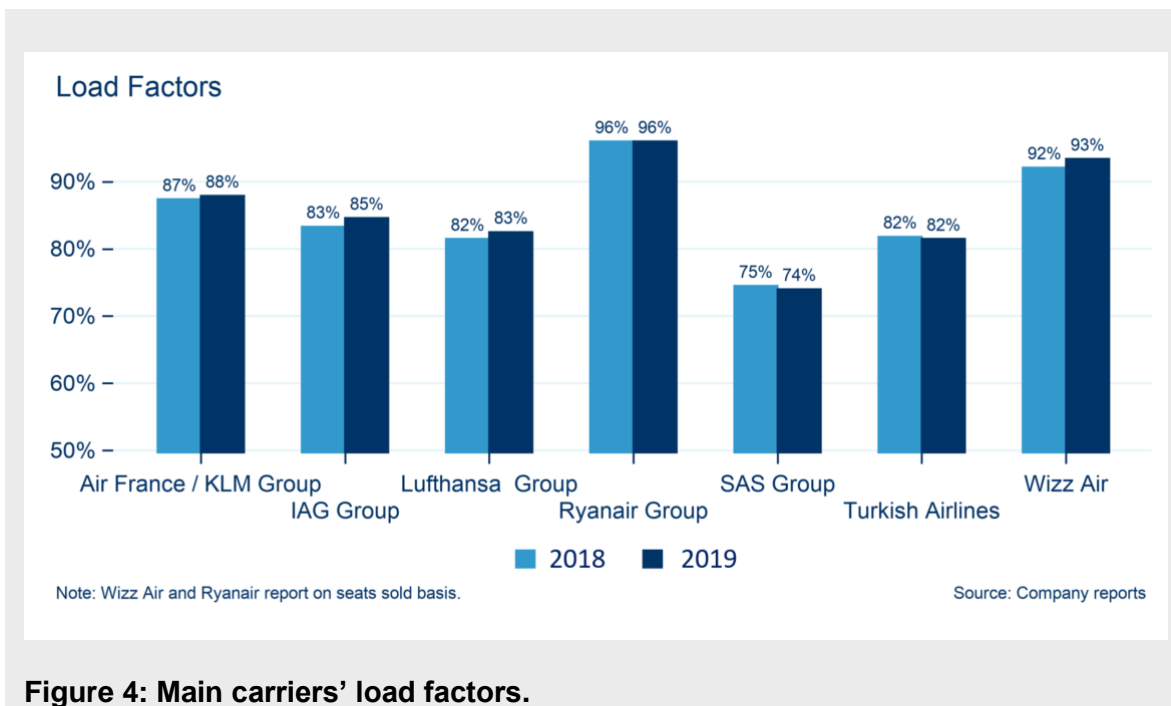
All-causes airline delays

Based on data from airlines for delays from all-causes, [the average delay per flight on departure in December 2019 was 12.3 minutes per flight](#), a decrease of 1.2 minutes per flight when compared with December 2018 when the average delay per flight was 13.5 minutes. Analysis of the delay causes shows that reactionary delay contributed 5.4 minutes to the average delay per flight. In December 2019, 39.1% of the flights departed within the 5 minutes threshold before or after the scheduled departure time; an increase of 1.8 percentage points from 37.3% compared to previous year (EUROCONTROL/CODA).

Other Statistics and Forecasts

[IATA](#) reported that European scheduled passenger traffic (RPK) growth continued to slow down and increased by just 1.3% in November 2019 (vs. November 2018) owing partly to industrial action. Total capacity declined by 0.7% so the load factor at 83.3% was up 1.6 percentage points from 81.7% in November 2018 (IATA, 9 January).

[ACI Europe](#) overall passenger counts at European airports increased by 1.7% in November 2019 (vs. November 2018) while aircraft movements decreased for the second month in a row, at -2.3% in November from -0.5% in October, owing to airline bankruptcies, the continued grounding of the B737 Max along with airlines limiting capacity and focusing on protecting their yields (ACI Europe, 22 January).



Traffic Statistics for 2019

Figure 3 and Figure 4 compare 2019 figures with 2018 figures for the main European carrier groups (with the exception of easyJet which now only reports passenger statistics within its quarterly reports). Traffic results from Pegasus Airlines were not available at the time of publication. 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-KLM has placed an order for 60 Airbus A220-300 single-aisle aircraft to join Air France's operations (Airbus, 18 December).

Air France will launch five new routes during the summer from Paris CDG to Thessaloniki, Djerba, Santorini, Mykonos and from Brest to Calvi (Air France, 22 January).

As part of its summer schedule, Wizz Air is planning as follows:

- launch five new routes from Tirana to Italy (Milan, Bergamo, Bologna, Verona, Treviso, Pisa);
- base a ninth A321 aircraft at Vienna to launch five new routes to Alghero, Corfu, Faro, Podgorica and Suceava (Romania);
- launch four new routes from Saint Petersburg to Bucharest, Sofia, Vilnius and Bratislava (Wizz Air, 13, 17 & 20 January).

Wizz Air will increase its presence on the Russian market with the launch of four new routes from St Petersburg to Bucharest Otopeni, Sofia, Vilnius and Bratislava in June-July, bringing to 10 the number of routes the carriers serve from the Russian Federation. This expansion came after the Russian Government approved the seventh-freedom traffic rights for foreign carriers to fly to St Petersburg (Wizz Air, 20 January).

[Qatar Airways](#) concluded a codeshare agreement with German railways operator (Deutsche Bahn) whereby Qatar passengers will benefit from rail connections from Frankfurt airport to eight destinations in Germany including Stuttgart, Nuremberg, Hannover, Leipzig, Cologne, Dusseldorf, Munich and Hamburg (Qatar Airways, 13 January).

Charter Romanian airline [Animawings](#) is set to launch operations in 2020Q2 from 10 airports in Romania to destinations in Turkey, Canary Islands, Greece, Tunisia and Egypt with two Airbus A320-200 aircraft (Animawings, January).

[LOT Polish Airlines](#) will take over [Condor Airlines](#), the German subsidiary of defunct Thomas Cook. The deal should be finalised in April 2020 once regulatory approval is granted by the European Commission. Last September, Condor received a bridge loan from the German government to continue operations (LOT, 24 January).

[Etihad](#) has partnered with [EasyJet](#) to join the latter's "Worldwide" connecting programme thereby increasing connectivity between the route networks of both airlines. Flights can be booked through the EasyJet website for connecting flights between 68 cities and Abu Dhabi via the 10 European airports operated by Etihad. easyJet launched "Worldwide" in 2017 and counts 12 airlines on its platform (EasyJet & Etihad, 14 January).

[Turkish Airlines](#) reportedly plans to transfer its international routes from Istanbul Sabiha Gokcen to its low-cost subsidiary [Anadolujet](#). The latter, which operates mostly domestic flights will start 26 international routes in 16 countries with a fleet of 57 aircraft, effective 29 March (Anadolujet and Anadolu News Agency, 14 January).

The [European Union Aviation Safety Agency \(EASA\)](#) has lifted temporary recommendations against European airlines overflying Iran and Iraq although with some restrictions (avoid Iranian airspace below 25,000 feet and use only two corridors in Iraq). The ban was put in place on 8 January (for overflights of Iraq) and on 11 January (for overflights of Iran) following political unrest in the region and the unintentional shooting down of a [Ukraine Airlines](#) passenger aircraft (EASA, 29 January).

Failures

Due to financial problems, Turkish regional airline [AtlasGlobal](#) has suspended scheduled flights from 26 November until 16 December 2019 in order to revise its business plan to focus more on charter flights. The carrier has again ceased operations from 16 January to 9 February 2020. AtlasGlobal operates scheduled and charter flights across Turkey, the Middle-East, the Russian Federation along with European routes to Armenia, France, UK, the Netherlands and Germany with a fleet of three Airbus A330-200 and two A321-200 aircraft. It recorded a total flight decrease of 26% in 2019 (vs. 2018) (AtlasGlobal, January).

[Alitalia](#) has again received a state aid loan in another attempt to find an investor by the end of May 2020. When Alitalia filed for administration on 2 May 2017, it was granted a six-month bridge loan by the Italian government to continue operations until it finds a buyer. Several airlines including Delta, EasyJet and Lufthansa were interested but have since withdrawn. In the meantime, the European Commission opened an in-depth investigation to assess whether the loan was in line with state-aid rule guidelines (Governo Italiano, 3 December).

British regional [Flybe](#) whose operating assets were taken over by Connect Airways last February is again in financial difficulties and could reportedly count on the UK government reviewing air passenger duty (APD) on domestic flights with a view to ensure regional connectivity in the UK and thereby save the airline from bankruptcy. In 2019 Flybe was the major operator of UK domestic flights with a total share of 25% and was largely ahead of EasyJet (16%) and Loganair (12%) (BBC, 14 January).

Rank 2019	Airport Name	Average Daily Movements 2019	Growth on 2018
1	Frankfurt	1,408	0.3%
2	Amsterdam	1,395	-0.4%
3	Paris CDG	1,383	3.4%
4	London Heathrow	1,310	0.1%
5	Madrid	1,168	4.0%
6	Munich	1,135	0.9%
7	Barcelona	944	2.6%
8	Istanbul	893	-
9	Rome Fiumicino	849	0.7%
10	London Gatwick	781	0.3%

Top 10 Airports' share of total flights in 2019 = 18.4%

Source: www.eurocontrol.int/statfor/sid

Figure 5: Busiest airports in Europe in 2019

Airports

For the second year in a row, [Frankfurt](#) was the busiest European airport in 2019 in terms of flight movements (departures + arrivals) and went up by 0.3% compared with 2018. [Madrid](#) recorded the strongest progression with an increase of 4% followed by [Paris CDG](#) which grew by 3.4% and [Barcelona](#) by 2.6%. [Amsterdam](#) was the second busiest airport in 2019 although it recorded a minor decrease of 0.4% as it reached full capacity (maximum of 500K movements until 2020) ([Figure 5](#)) (EUROCONTROL/STATFOR, January).

[Passenger traffic](#) and [commercial aircraft movements](#) at the top five European airports (based on the numbers of flights) in 2019 (growth on 2018) were as follows:

Rank	Airport	Passenger traffic	Commercial aircraft mvmts
1	Frankfurt	70.6 million (+ 1.5%)	514K (+ 0.4%)
2	Amsterdam	71.7 million (+ 0.9%)	499K (- 0.5%)
3	Paris CDG	76.2 million (+ 5.4%)	498K (+ 3.6%)
4	London Heathrow	80.9 million (+ 1.0%)	476K (+ 0.0%)
5	Madrid	61.7 million (+ 6.6%)	426K (+ 4.0%)

Source: airport reports, January 2020

The five European airports adding the most flights –excl. the new Istanbul airport– (departures + arrivals) in 2019 (vs. 2018) were the following:

Rank	Airport Name	Average Daily Movements 2019	Change vs. 2018:
1	Vienna	772	+69 flights/day
2	Antalya	556	+46 flights/day
3	Paris CDG	1,383	+46 flights/day
4	Madrid	1,168	+45 flights/day
5	Kiev Borispol	304	+38 flights/day

source: EUROCONTROL/STATFOR

The increase at Vienna was due to the strong performance of the low-cost carriers, namely [Wizz Air Hungary](#) and [Lauda](#) which broadly increased their fleet, frequencies and destinations in 2019. The low-cost segment also recorded significant growth at Kiev and Paris CDG airports.

The five European airports removing the most flights (departures + arrivals) in 2019 (vs. 2018) were the following:

Rank	Airport Name	Average Daily Movements 2019	Change vs. 2018
1	Ankara	256	-57 flights/day
2	Keflavik	148	-40 flights/day
3	Berlin Schonefeld	247	-30 flights/day
4	Stockholm Arlanda	638	-30 flights/day
5	Izmir	211	-19 flights/day

source: EUROCONTROL/STATFOR

The decreases at [Ankara](#) and [Stockholm Arlanda](#) were partly due to the decline of domestic traffic in Europe which accelerated in 2019 (-133 flights/day in Turkey and -36 flights/day in Sweden) along with an environmental awareness which created the “flying shame” movement. The declines at [Keflavik](#) and [Berlin Schoenefeld](#) were due mainly to the bankruptcies of low-cost airlines WOW and Germania respectively.

[St Petersburg Pulkovo](#) became the first airport in the Russian Federation to receive seventh freedom traffic rights, which entitle airlines from 30 countries to operate passenger flights between two countries outside the airline’s home country. Wizz Air is the first airline to benefit from this new regime (St Petersburg Airport, 24 December and Wizz Air, 20 January).

[Heathrow](#)’s expansion plan for a third runway has been delayed until 2020, pushing its completion between 2028 and end 2029 after the UK Civil Aviation Authority rejected the airport’s request to increase spending on early construction costs to meet its initial target year of 2026 for opening of the third runway (Heathrow 19 December & 7 January).

Flughafen Wien Group has announced that higher level of capacity utilisation at [Vienna](#) in 2019 will result in limited growth from 2020 onwards owing to a lack of slots during peak times. In 2019, Vienna handled a record-high of 31.7 million passengers (+17.1% on 2018) and forecast a growth rate ranging between 3% to 5% in 2020 (Vienna Airport, 21 January).

The long-delayed opening of [Berlin Brandenburg](#) airport is now scheduled for 31 October 2020, 9 years after its projected opening date (BER, 29 November).

It is reported that Icelandair requests the construction of a new airport closer to [Reykavik](#) that would operate both international and domestic flights. Currently [Keflavik](#) is used for international flights whereas Reykjavik, 50 km away is used for domestic ones. Icelandair argues that shifting domestic flights to congested Keflavik is not feasible and that a second airport could be built allowing Reykjavik to be closed. Icelandair is the biggest airline at Keflavik and also the owner of Air Iceland, the biggest domestic airline. The Icelandic government currently investigates weather and flight conditions in Hvassahraun, the site chosen for the new airport (ch-aviation, 17 January).

[Budapest](#) and Kiwi.com, an online travel agency have developed “bud:connects” a seamless self-connection service to facilitate smooth and efficient travel for passengers flying with two or more unconnected airlines (Kiwi.com, 4 February).

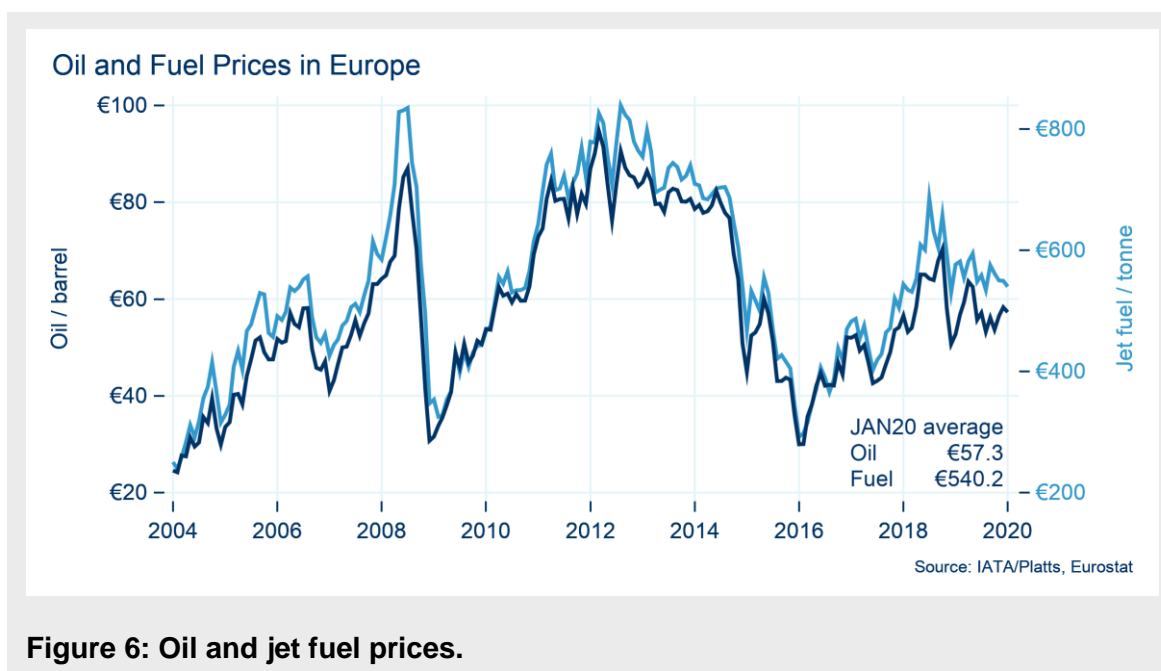


Figure 6: Oil and jet fuel prices.

Oil

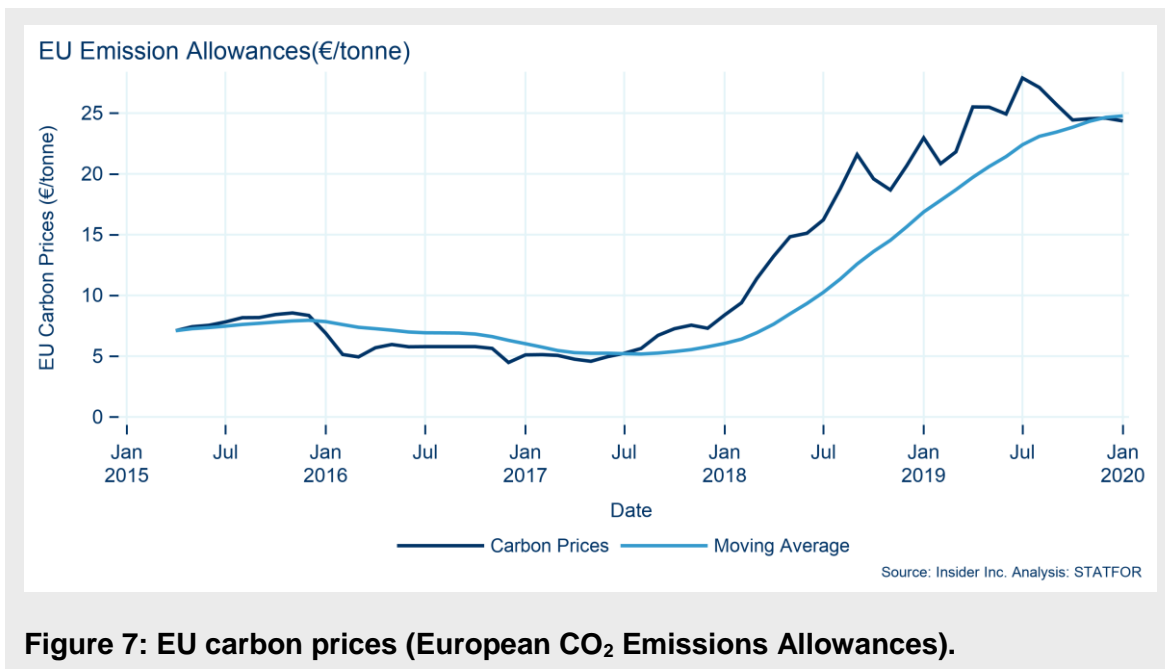
Oil prices were more stable in 2019 and averaged €57 per barrel compared with €61 per barrel in 2018. Apart from the months of April and May during which prices surged to €63.5 on average per barrel –on concerns that US tightening restrictions on Iran would cut oil supplies- prices slumped and oscillated between €53 and €58 per barrel in the following months as producers including Saudi Arabia raised oil production. Converted indices for oil and jet fuel prices are shown in [Figure 6](#).

Aircraft Manufacturing

Boeing reported its worst performance in decades owing to the grounding of the Boeing B737 MAX aircraft since March 2019. As a result, the manufacturer recorded a net negative order of 87 commercial aircraft compared with 893 units in 2018 whereas deliveries amounted to 380 aircraft, a decrease of 53% compared with 2018. Boeing had circa 400 B737 MAX aircraft awaiting authorization to be delivered and has announced having suspended production of the B737 MAX in January (Boeing, January).

The [grounding of the Boeing B737 MAX](#) aircraft was an unexpected disruptive factor putting pressure on the aviation industry from mid-March 2019 onwards. A further analysis by EUROCONTROL has suggested that airlines managed to find alternative aircraft to provide 85% of the 400 daily B737 MAX flights that were originally planned for summer 2019 in Europe. The remaining 15% gap resulted in a decrease of circa 0.2% on flight growth in Europe, this reduction widened to a 0.3%-0.4% impact at the end of 2019, as more deliveries were postponed. More information can be found here: [EUROCONTROL Think Paper #5](#) In its latest news, Boeing estimated that the ungrounding of the B737 MAX would begin during mid-2020 (EUROCONTROL, 25 October and Boeing, 21 January).

Airbus reported net commercial orders of 768 aircraft compared to 747 aircraft in 2018 and delivered 863 units, an increase of 8% compared with 2018. For Europe, Airbus delivered 238 aircraft (195 single-aisle among which 109 A320neo aircraft, 21 A330 family aircraft and 22 A350 family aircraft) (Airbus, January).



Environment

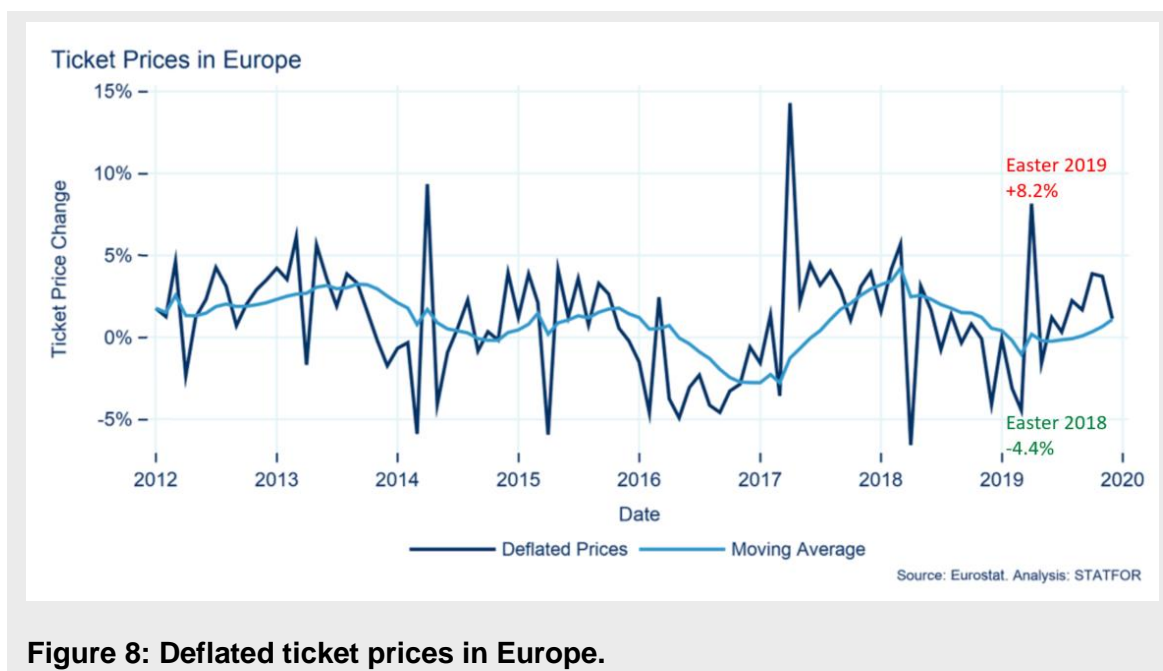
EU carbon prices (European CO₂ Emissions Allowances) averaged €24.7/tonne in 2019 from €15.7/tonne in 2018 and remained above the trend (12-month trailing average) for all months of the year. In January 2019, EU carbon prices averaged €24.4/tonne and were below the trend (Figure 7) (Insider Inc, January).

As part of its climate package to reduce transport-related emissions by circa 42% by 2030, the German government plans to significantly increase aviation taxes from April 2020 onwards with a view to encourage travellers to switch to the rail transport, charging a reduced VAT rate of 7% (vs. currently 19%) on tickets for journeys of over 50kms thereby reducing prices by about 10%. The train fare reductions are in force since 1 January (Die Bundesregierung, 20 September and Deutsche Bahn, January).

The French government has introduced an eco-tax on all flights from France (outbound), effective 1 January 2020. Revenue raised by the tax will be used to develop other forms of transport including trains (Légifrance, 29 December).

Cargo

Trade tensions, slower economic activity for major European countries, the weakness of European manufacturers' export order books, notably in Germany were as many drivers influencing the decline of all-cargo flights across the months in 2019, except in December which showed signs of recovery and a growth rate of 2.7%. The overall flight decrease of the all-cargo segment in Europe was -2.8% in 2019 (EUROCONTROL/STATFOR, January).



Fares

Ticket prices in Europe were on average 1.1% more expensive in 2019 compared with 2018. They were cheaper (-3%) in January and February and May (-1.6%) then fluctuated between +0.3% in July to +3.9% in October 2019. The monthly peaks (March and April) were driven by the shift of Easter. Ticket prices were above the trend (12-month trailing average) from June onwards ([Figure 8](#)) (Eurostat, 31 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 2015 constant euros. A detailed explanation of the mechanism can be found [here](#).



Supporting European Aviation

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