

Supporting
European
Aviation



EUROCONTROL Seven-Year Forecast: Autumn 2019 Update Flight Movements and Service Units 2019-2025

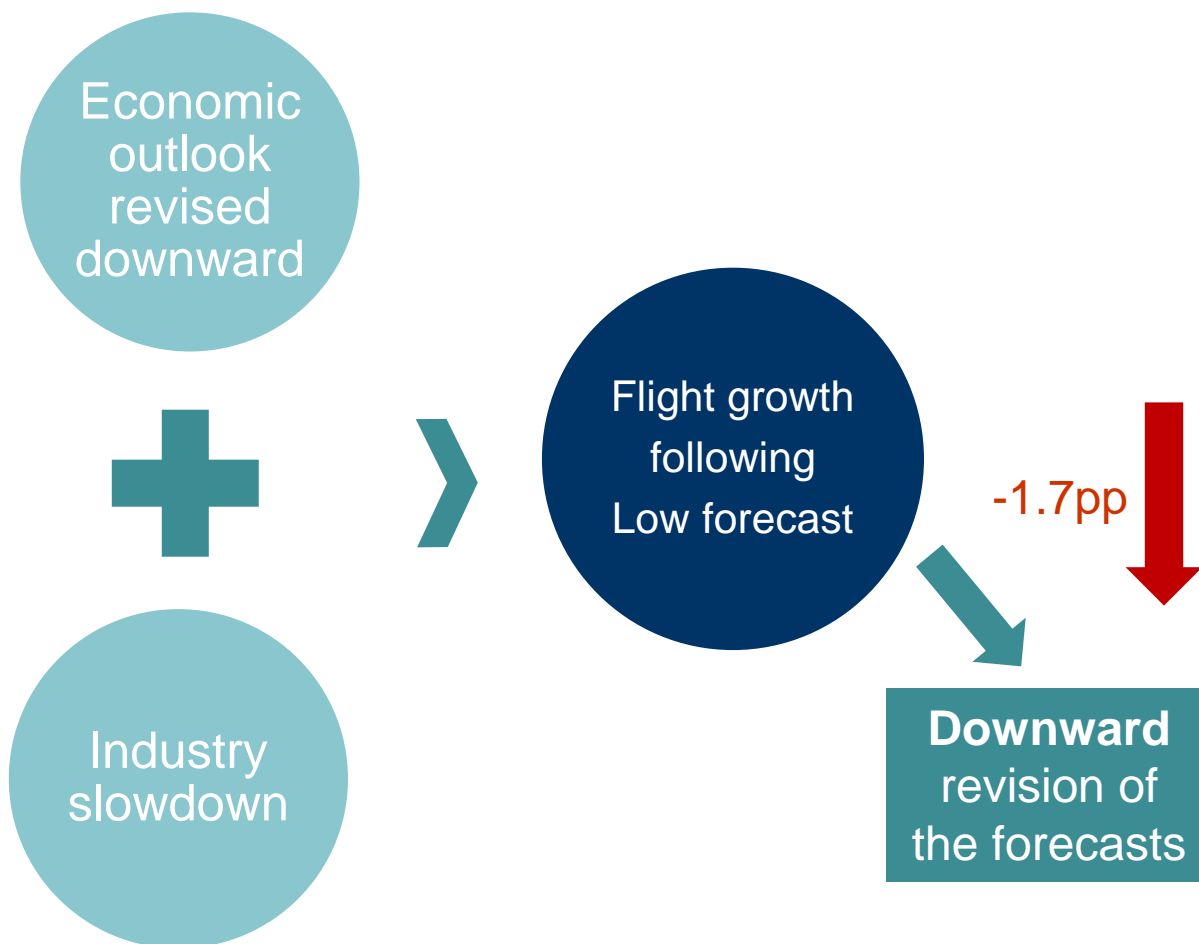
STATFOR
October 2019



NETWORK
MANAGER



SUMMARY



FEB 19 FORECAST		Thousands			Growth (compared to previous year)			AAGR 2019-2025	RP2 2015-2019 AAGR	RP3 2020-2024 AAGR
		2018	2019	2020	2018	2019	2020			
IFR Flight Movements (ECAC)	H	.	11,448	11,922	.	4.1%	4.1%	3.1%	3.2%	3.1%
	B	11,002	11,308	11,646	3.8%	2.8%	3.0%	2.0%	3.0%	2.0%
	L	.	11,132	11,329	.	1.2%	1.8%	0.7%	2.6%	0.7%
Total Service Units (CRCO16)	H	.	171,490	179,875	.	5.5%	4.9%	3.9%	5.2%	3.8%
	B	162,512	169,302	175,616	6.1%	4.2%	3.7%	2.7%	5.0%	2.6%
	L	.	166,944	171,099	.	2.7%	2.5%	1.3%	4.7%	1.2%

Δ M2 data

OCT 19 FORECAST		Thousands			Growth (compared to previous year)			AAGR 2019-2025	RP2 2015-2019 AAGR	RP3 2020-2024 AAGR
		2018	2019	2020	2018	2019	2020			
IFR Flight Movements (ECAC)	H	.	11,158	11,591	.	1.4%	3.9%	2.8%	2.7%	3.2%
	B	11,002	11,118	11,373	3.8%	1.1%	2.3%	1.8%	2.6%	2.0%
	L	.	11,071	11,124	.	0.6%	0.5%	0.5%	2.5%	0.5%
Total Service Units (CRCO16)	H	.	167,599	174,707	.	3.1%	4.2%	3.7%	4.7%	3.9%
	B	162,512	167,085	171,766	6.1%	2.8%	2.8%	2.6%	4.7%	2.6%
	L	.	166,490	168,652	.	2.4%	1.3%	1.2%	4.6%	1.1%

Δ M2 data

THIS UPDATE REPLACES THE FEBRUARY 2019 FORECAST

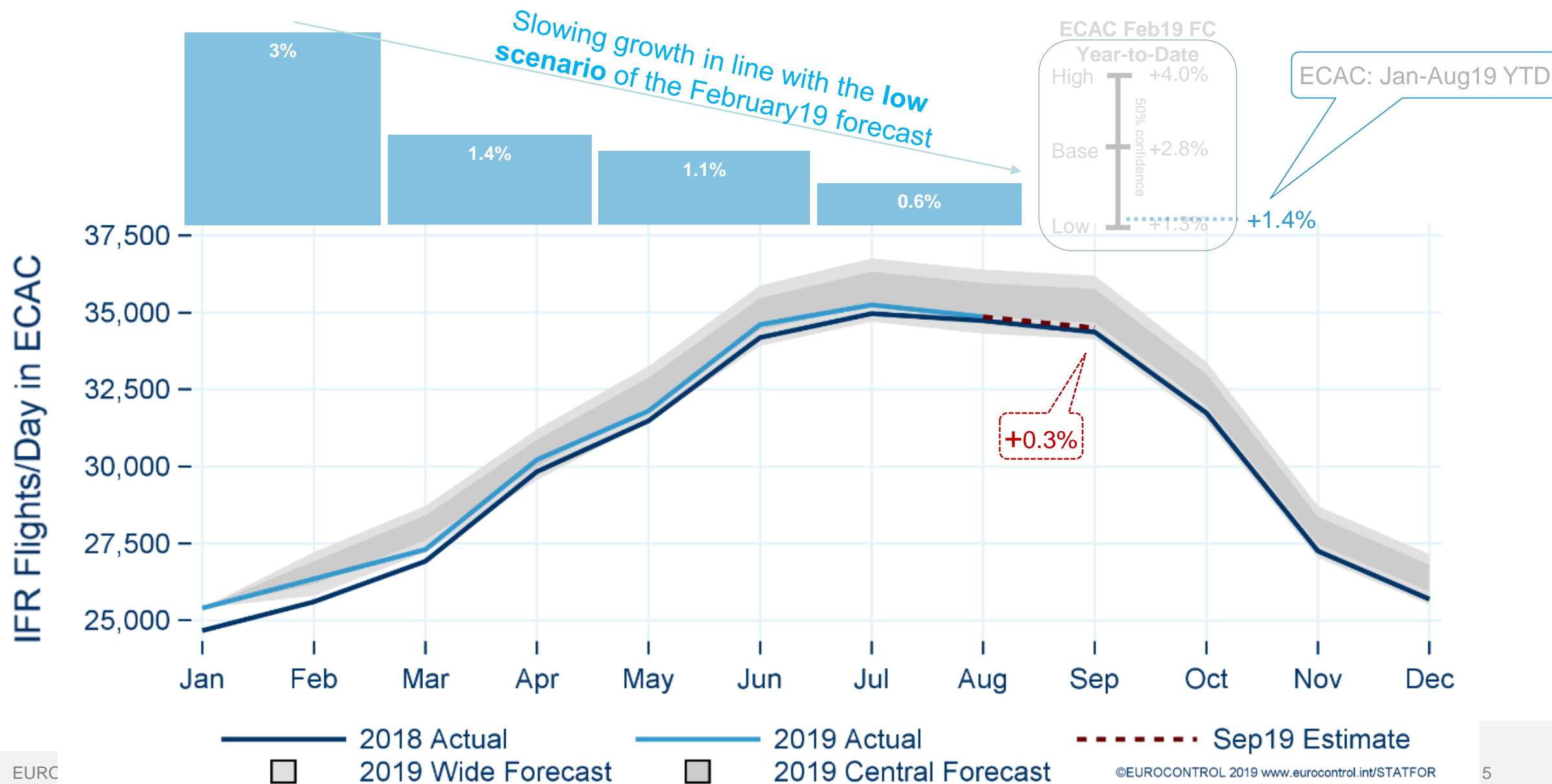
- Forecast mainly relying on the inputs and assumptions detailed in the [seven-year forecast published in February 2019](#).
- Some updated inputs:
 - Eroding flight growth trends (Actual data up to August 2019)
 - Downward revision of the economic forecast (Oxford Economics August 2019 release)
 - Forecast assumptions to account for recent/future events
- Next update will be issued in Spring 2020.

TRAFFIC TRENDS

- During Winter:
 - IFR movements, recorded dynamic growth rates (3%) but, first glimpse of slowdown (eg Germania's failure)
 - Suggestions that 2019 economic outlook would deteriorate in Europe
- From March 2019:
 - Trade wars and Brexit have had increasing impact → suggestions have become real
 - Economic forecasts have been revised downwards (-0.3pp for EU28)
 - Unexpected events such as the grounding of the B737 MAX, operational initiatives from airlines (additional standby aircraft)
- Summer traffic growth rates plummeted (+0.8%):
 - Accelerated decline of some domestic flows in Nordic States, Central Europe and Turkey
 - Recovery of tourist flows to Turkey, Tunisia and Egypt, at the expense of "classical" tourist flows towards South-West Europe resulted

→ Supporting a **slowdown in European flight growth across 2019**

TRAFFIC TRENDS

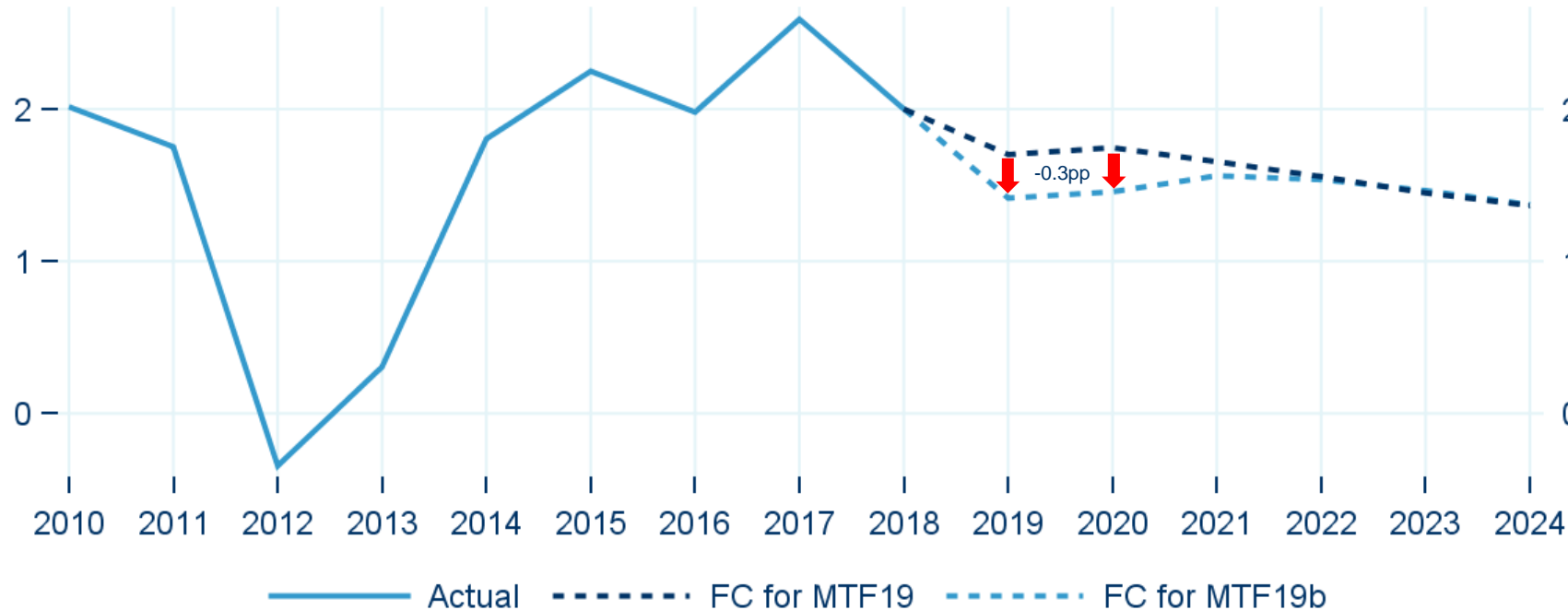


FORECAST INPUTS

European economy will grow less than initially expected this year

GDP Growth (%)

Zone=EU28



Source: Oxford Economics

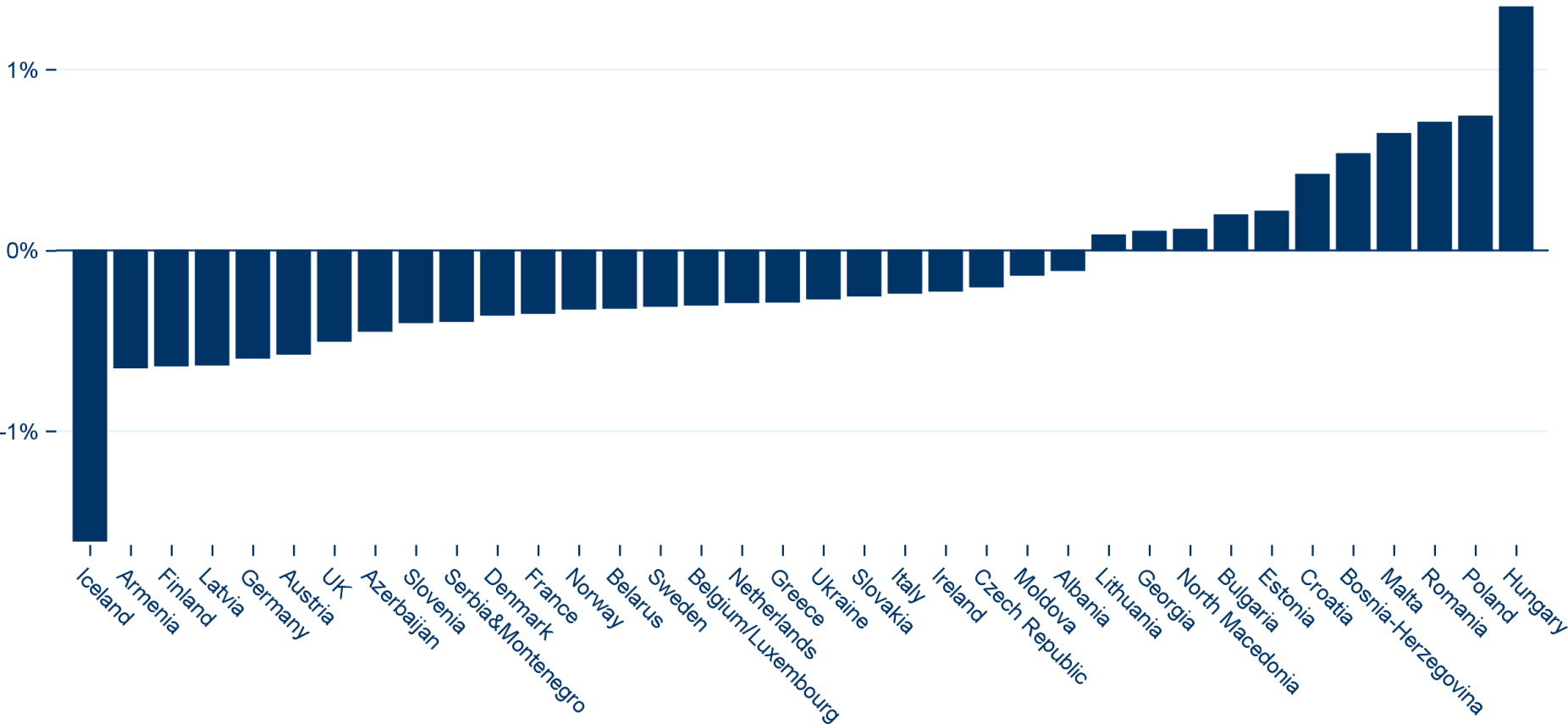
Downward revision until 2022 due to:

- significant slowdown of Germany
- possibility of 'no-deal Brexit'
- political uncertainty
- continuous trade tensions with the U.S.

FORECAST INPUTS

The economic outlook for 2019 is revised downward for most of the States

Change in GDP growth



Note: Absolute GDP changes lower than 0.05pp are not shown in the graph

Source: Oxford Economics

FORECAST INPUTS

Forecast assumptions updated for recent and future events

- **Recent airline failures:** Assume progressive recovery of empty slots by other airlines as of Summer 2020.
 - Aigle Azur and XL Airways: Adjustment of Arrivals/Departures of France
 - Thomas Cook UK: Adjustment of Arrivals/Departures of UK, Canary Islands, Egypt and Tunisia
 - Adria Airways: Adjustment of Arrivals/Departures of Slovenia, Albania, North Macedonia and Bosnia-Herzegovina
- **eNM/ANSPs initiatives till end of October 2019:** Based on traffic since start of 'eNM/ANSPs RAD measures'. Similar initiatives assumed for 2020.
- **Solidarity Tax increase in France as of 2020:** Based on information received from France.
- Other adjustments already included in the [February 2019 Forecast](#): **Sport events** (EURO2020, EURO2024 and OLYMPICS2024)

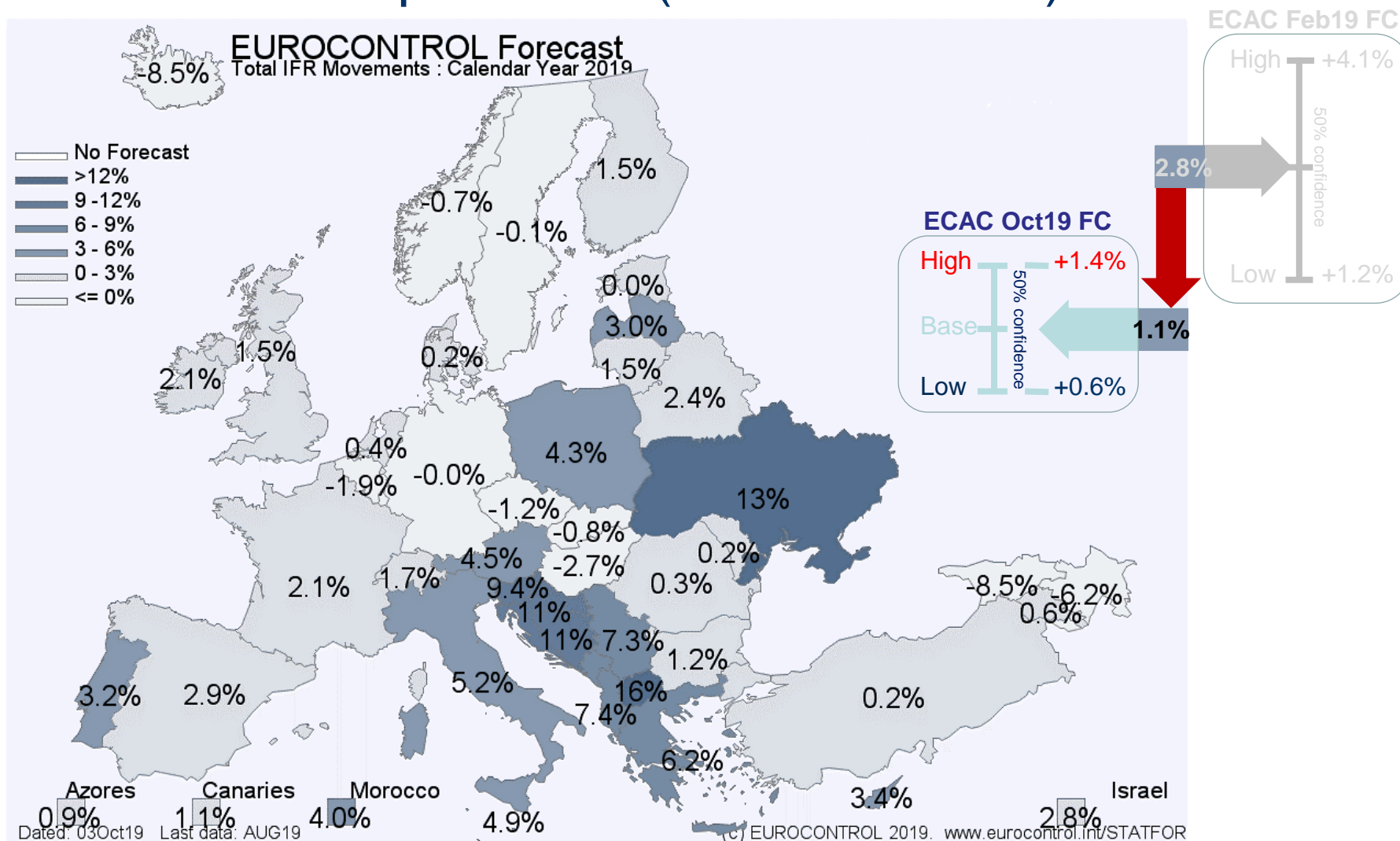
FORECAST RISKS

The uncertainty of this forecast is enlarged up to 2022 (wider low-to-high ranges) due to the increased number of risk factors:

- The risk of a no-deal **Brexit** is included in the Low scenario not only for UK, but also for other states: Ireland, Poland and the Czech Republic that have tight economic relationships with the UK
- The **economic outlook** remains fragile → risk of a further downward revision of the economic forecast
- The recovery of the empty slots of the **bankrupt airlines** could either be faster or slower than assumed, representing both an upside and downside risk. Moreover, some airlines are showing signs of weakening.
- For **other risks**, please see the [report of February 2019 forecast](#)

FLIGHT FORECAST

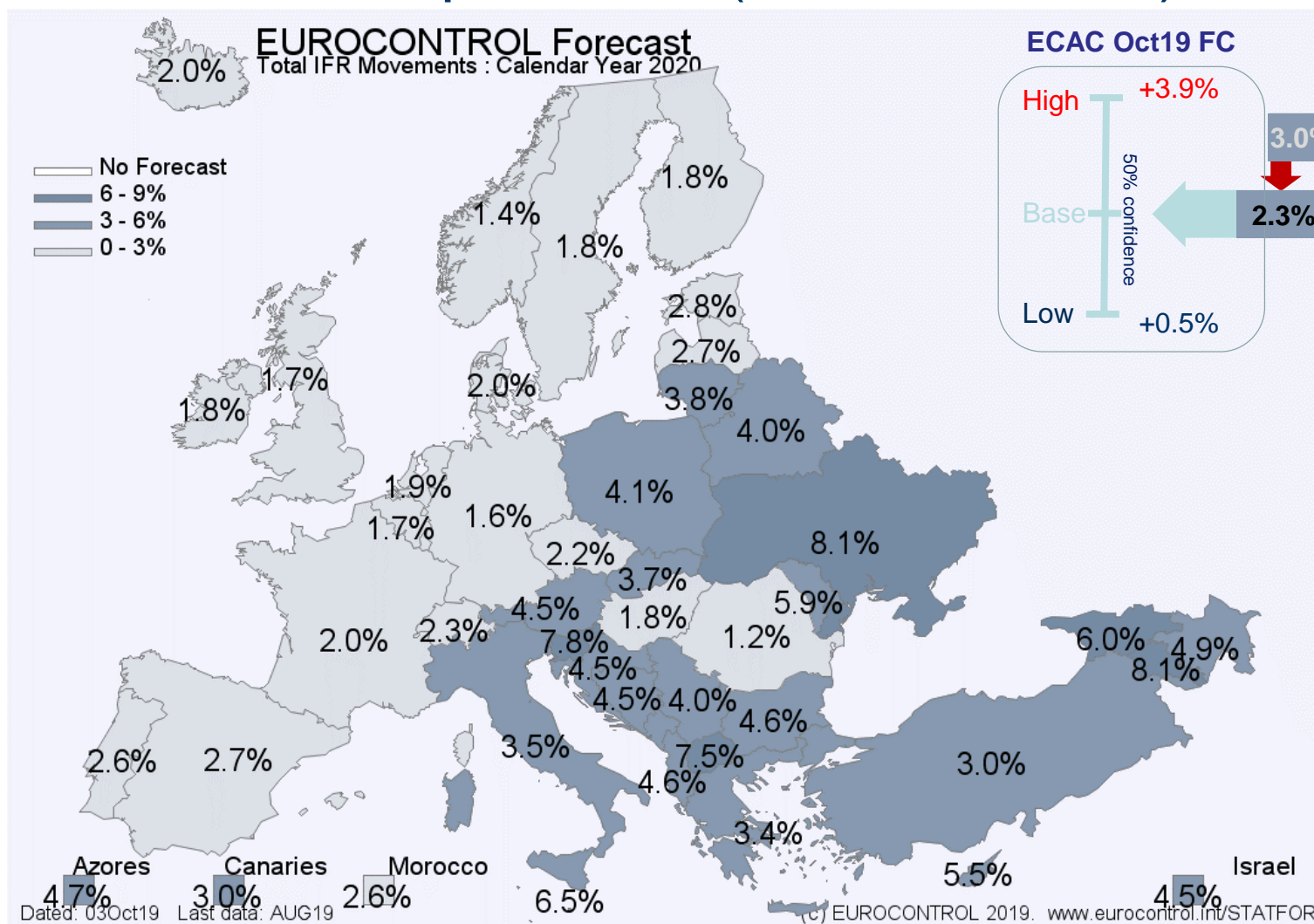
2019 Forecast per State (Base scenario)



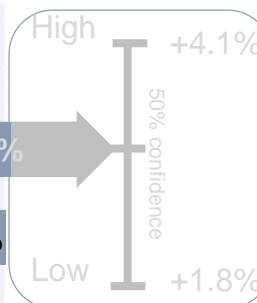
- Base scenario: downward revision of **-1.7pp** compared to February 2019 forecast
- Significant downward revision of main contributors of traffic (Germany, Spain, France and Turkey) as well as Scandinavian States
- Upward revision of States in the Adriatic area

FLIGHT FORECAST

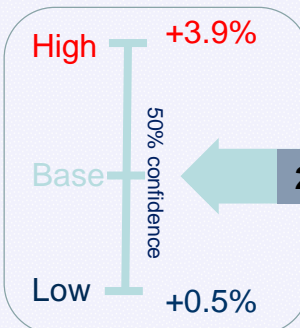
2020 Forecast per State (Base scenario)



ECAC Feb19 FC



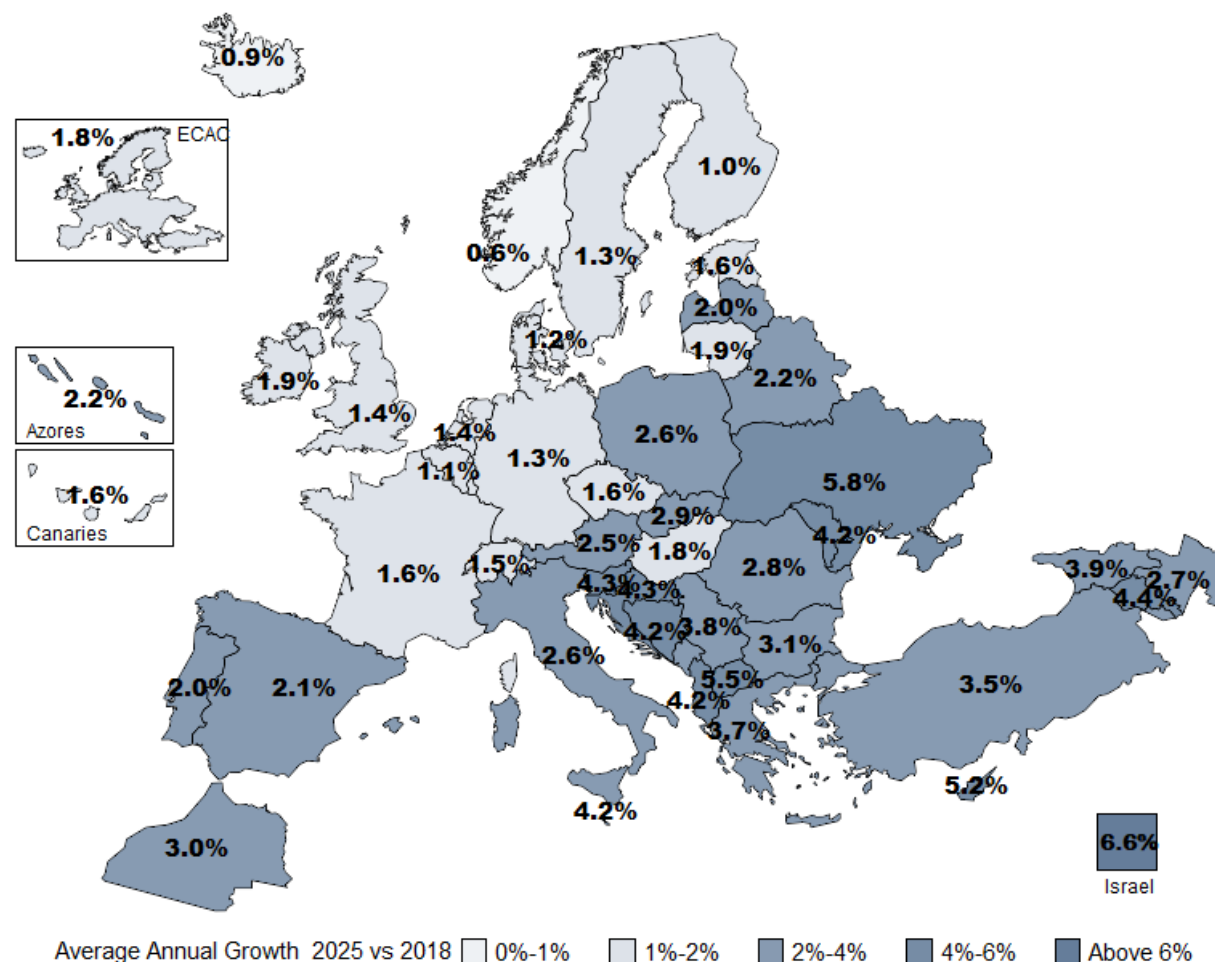
ECAC Oct19 FC



- Downward revision of **-0.7pp** compared to February 2019 base forecast
- Same States revised downward than in 2019
- Uncertainty for 2020 wider than in the February forecast




FLIGHT FORECAST

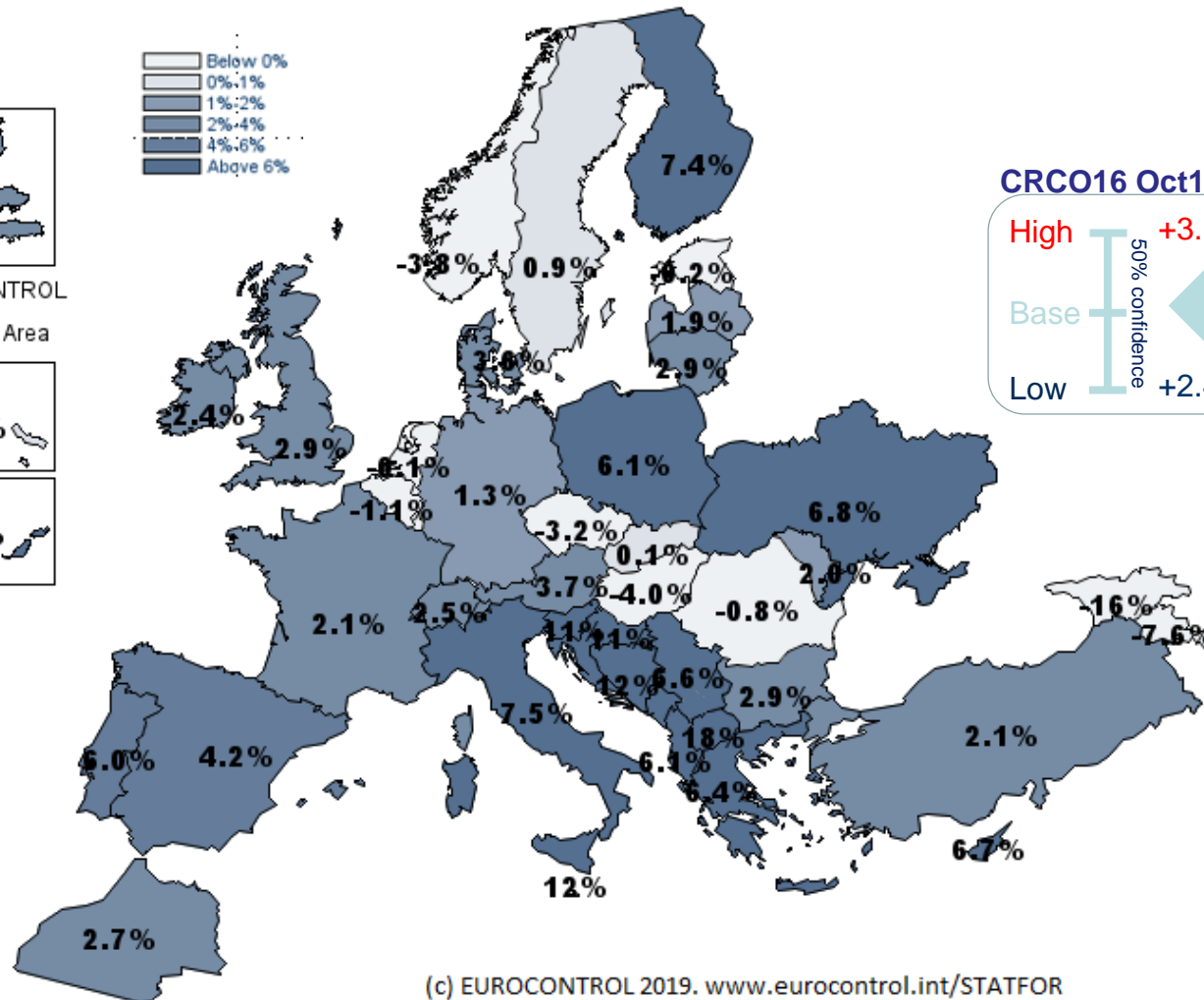
Average annual growth (AAGR) per State between 2018 and 2025



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- Base scenario: downward revision of **-0.2pp** compared to February 2019 forecast
- During RP3 (2020-2024), the AAGR is expected to stand at 2%: same growth as February forecast but with a slightly wider uncertainty ($\pm 0.1pp$)

 <p>2.8% CRCQ16</p>	<p>EUROCONTROL Statistical Reference Area</p>
 <p>0.4% Azores</p>	
 <p>1.0% Canaries</p>	



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High +3.1%

Base

Low +2.4%

50% confidence

- Base scenario: downward revision of **-1.4pp** compared to February 2019 forecast
- Revision in line with that of the flights
- Increased average weights due to lower short-haul traffic limit the revision

EN-ROUTE SERVICE UNIT FORECAST

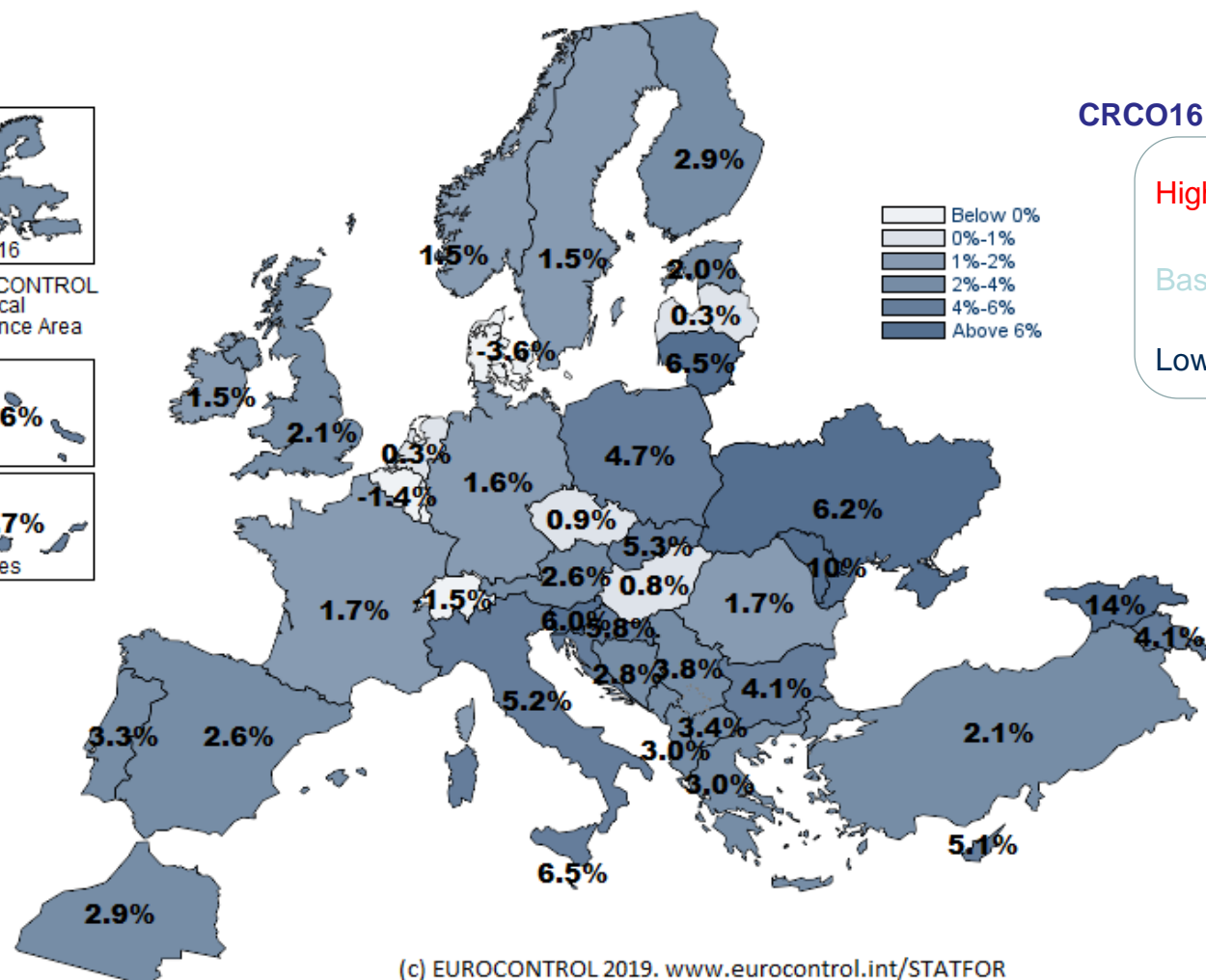
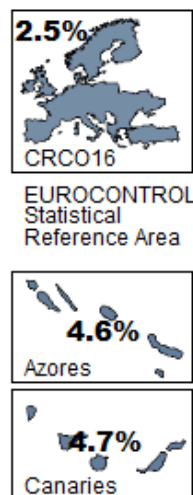
Calculation change to use Model 3 from 2020

- This publication includes a forecast with the usual Model 2 (M2) en-route service units AND a forecast of en-route service units calculated with Model 3 (M3)
- The M3 forecast is independent from the usual M2 forecast: it uses a similar approach with a different history
 - The M3 forecast is based on estimated monthly M3 en-route service unit per state from January 2013 to August 2019,
 - It takes into consideration [CRCO ratios](#) M3/M2 published between November 2017 and May 2019,
 - The M3 forecast is available from 2019 (an estimation of what the service units would be if Model 3 data were used) to 2025.
 - For 2019, the ratios between the M3 forecast and the usual forecast per state are in line with the average ratios published by the CRCO
- **Combining M2 forecast in 2019 and M3 forecast from 2020 enables to take into account the impact of the change in method (M2→M3)**

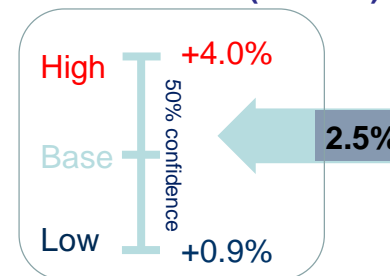
EN-ROUTE SERVICE UNIT FORECAST

2020 Forecast per State (Base Scenario)

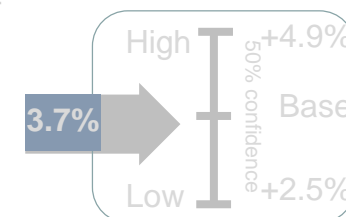
⚠ Growth based on
M2 data for 2019
M3 data for 2020



CRCO16 Oct19 FC (M2&M3)



CRCO16 Feb19 FC (M2)



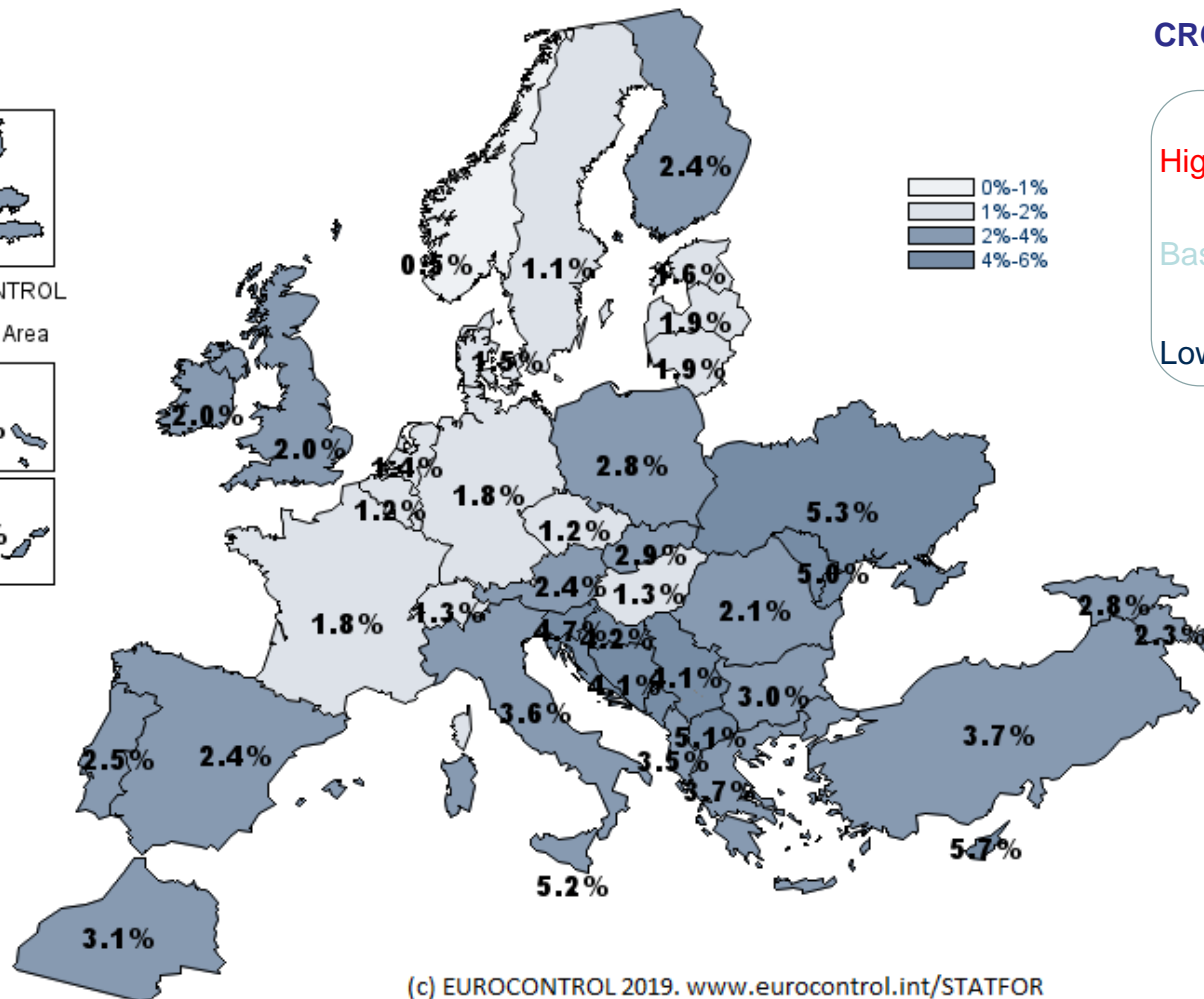
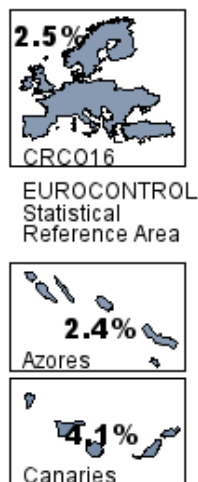
- Figures account for the change of method to calculate the en-route service units from January 2020
- The uncertainty for 2020 is **0.7pp** wider than that of February 2019
- A pure M2 forecast shows a downwards revision of **-0.9pp** compared to February 2019 forecast (base)

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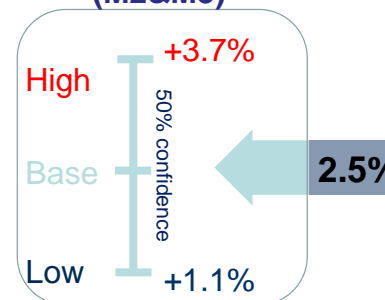
EN-ROUTE SERVICE UNIT FORECAST

Average Annual Growth (AAGR) 2019-2025

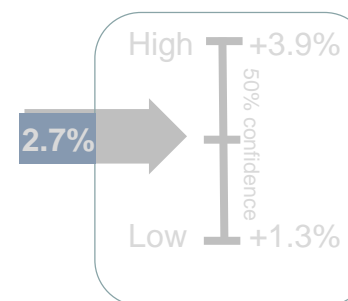
⚠ Growth based on
M2 data for 2019
M3 data for 2020



CRCO16 Oct19 FC
(M2&M3)



CRCO16 Feb19 FC (M2)



- Accounts for the change of method to calculate the en-route service units from January 2020
- The AAGR is expected to stand at **2.5%**
- Despite the change in calculation, CRCO16 AAGR is similar to what was published in February 2019 forecast
- Statement not valid at individual state level

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USEFUL LINKS

- **Current traffic statistics**

Connect to the STATFOR Interactive Dashboard [SID](#)

- **Traffic Region Definition**

A presentation of the geographical definitions can be found in [Annex - Traffic Region Definitions](#)

- **Forecast per State**

The forecast per state can be found in [Annex - Detailed Traffic Forecast](#)

- **For further info, please contact the forecasting team statfor.info@eurocontrol.int**

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