Overall European flights increased by 4.6% in January 2017 compared with January 2016 and were above the high forecast range. Preliminary data for February show average daily flights up 3% on February last year.

IATA reported that European scheduled passenger traffic (RPK) increased by 4.8% in 2016 (vs. 2015). Capacity was up 5% and the total passenger load factor was 82.8%.

Oil prices increased to €53 per barrel in February from €52 per barrel in January.

**EUROCONTROL Statistics and Forecasts**

European flights (ECAC – European Civil Aviation Conference area) increased by 4.6% in January 2017 compared with January 2016. Preliminary data for February 2017 show average daily flights up 3% on February 2016 (Figure 1).

The all-cargo segment was the biggest driver of growth in January and climbed to a 12% growth rate, boosted by a strong performance recorded in the last months of 2016. The low-cost segment grew 9.8% and was followed by business aviation up 6.7% and traditional scheduled up 2.7%. The charter segment was down 4.9% in January although it continued to show signs of recovery since December 2016 owing partly to the resumption of flights between Ukraine and Egypt and between Turkey and the Russian Federation.

Twelve states contributed the most to the growth of local traffic in Europe in January and saw UK as the top contributor adding some 300 daily flights due to strong increases in its flow to/from Spain and to/from the Canary Islands (+90 flights/day) along with its flows to/from Germany (+35 flights/day) and to/from France (+30 flights/day). Germany was the second contributor with 210 extra daily flights and Spain the third one with 180 extra daily flights. France and the Netherlands added 140 and 90 flights per day respectively and completed the top five contributors to the network. Poland, Ukraine, Lisbon FIR and Italy added a combined total of 310 flights. The last three contributors, Canary Islands, Romania and Sweden added altogether circa 200 flights to the network (Figure 2).
Turkey continued to see a reduction in its local traffic and recorded 160 fewer daily flights in January. Norway’s internal traffic improved which reduced the decline to 20 fewer daily flights in January from 40 fewer daily flights in December 2016 (Figure 2).

The aircraft operators which added the most flights to the network in January 2017 were Ryanair (+208 flights/day), easyJet (+84 flights/day), LOT (+61 flights/day) and Flybe (+55 flights/day).

The top five extra-European partners in average daily flights on flows in both directions were the United States (735 flights, up 2%), the Russian Federation (610 flights, up 4.5%) which continued to improve and was back to the positive since December 2016 and the United Arab Emirates (335 flights, up 2.6%). Morocco ranked fourth (271 flights, up 7.5%) and Israel ranked fifth (222 flights, up 16%) with the highest monthly growth rate of the five.
Based on data from airlines for delays from all causes, the average departure delay per flight in January 2017 increased by 1.8 minutes to 12.4 minutes. Further analysis of the delay reasons shows that reactionary delay increased by 1 minute per flight. Airline-related delay increased to 3.2 minutes per flight. ATFCM weather increased to 0.4 minutes per flight from 0.2 minutes in January 2017. The percentage of delayed flights on departure (>=5 minutes) was 43%, an increase of 5 percentage points when compared to the same month in 2016 (Figure 3). Seasonal weather impacted several airports throughout January, especially Amsterdam Schiphol, Istanbul Ataturk, London Gatwick and London Heathrow. Istanbul Sabiha Gökçen and Istanbul Ataturk airports continue to generate delays due to airport capacity.

**Other Statistics and Forecasts**

ACI reported that overall passenger counts at European airports saw an increase of 6.7% in 2016 (compared with 2015) and hit a record-breaking 2 billion passengers (total of arrival and departure). Total aircraft movements climbed 3.2%. Cargo tonnage was up 4.1% and recorded the best performance since 2010 (ACI Europe, 17 February).

IATA reported that European scheduled passenger traffic (RPK) increased by 4.8% in 2016 as a whole (vs. 2015) with an increase of 15% during the second half of 2016 (vs. 2S15) which compensated for the slight decline during the first half of 2016. Capacity was up 5% and the total passenger load factor reached 82.8% and was the highest among the regions (IATA, 2 February).

IATA estimates that jet fuel price will average $65 per barrel in 2017 with an impact of $27 billion on the airlines fuel bill (IATA, February).
Passenger airlines

Capacity, costs and jobs

Norwegian regional Wideroe will be the launch operator of Embraer’s E190-E2 regional jet when it is delivered in the first half of 2018. The carrier has three firm orders and purchase rights for 12 E2 family aircraft (Wideroe, 14 February).

Eurowings has phased out its last Bombardier CRJ-900 aircraft to operate a fleet of 26 Airbus A320 family aircraft as part of its move from a regional into a low-cost airline. Eurowings will also add 33 wet-leased Airbus A319/320 aircraft from airberlin by the end of April (Eurowings, 15 February).

Lufthansa has reached a new wage agreement for its 5,400 pilots thereby ending a five-year dispute which cost the airline circa €500 million and 14 strikes. Lufthansa has estimated the deal to cost around €85 million a year and said that 40 aircraft will operate outside the agreement to fund it. The new agreement will be in place until the end of 2019 (Lufthansa, 15 February).

Lufthansa will base its first ten Airbus A350-900 aircraft in Munich and start services to Delhi and Boston. The airline has 25 A350-900 aircraft on order to be delivered until 2023. The A350 aircraft will gradually replace Lufthansa’s fleet of 23 A340-600 aircraft (Lufthansa, February).

Alitalia cancelled 60% of its operations (circa 340 flights) on both domestic and international routes in the wake of industrial action by trade unions on 23 February and resulting from unsuccessful negotiations regarding cost-cutting measures that the loss-making airline outlined in its business plan (IM190) (Alitalia, 18 February).

Start-up regional FlyViking has completed its Air Operators Certificate (AOC) with the Norwegian Civil Aviation and will launch domestic flights in March (FlyViking, February).
British Airways mixed fleet cabin crew went into four waves of industrial action over a long-running pay dispute in February (5-7, 9-11, 17-20, 22-25) although the strikes did not result in major disruption of the airline’s flight schedule. Cabin crew walked out for five days in January already (IM190) (Unite trade union, February).

Cabin crew union (SNPNC) and pilots union (SNPL) have finally rejected Boost, Air France’s plan for the creation of a new low-cost long-haul airline to face fierce airline competition (IM188). Boost proposal as it stands would cut pilot costs by 15% and cabin crew costs by 40% (SNPNC & SNPL, 23 February).

Traffic Statistics: January Update

Figure 4 and Figure 5 compare January 2017 figures with January 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 (%). Following airberlin restructuring, we have stopped including them in the traffic statistics.

Routes, Alliances, Codeshares

Lufthansa and Etihad have entered into a codeshare agreement whereby Lufthansa will place its code on Etihad’s flights from Abu Dhabi to Frankfurt and Munich and Etihad will put its code on Lufthansa’s long-haul services from Frankfurt to Rio de Janeiro and Bogota (Lufthansa, 1 February).

airberlin will add three A330-200 aircraft bringing to 17 its A330 fleet to meet its long-haul flight expansion from May onwards. The airline will launch flights from Berlin to San Francisco and Los Angeles among the eight destinations from Germany to the USA. In the meantime, airberlin will have ended its codeshare agreement with American Airlines (airberlin, 16 February).

Dutch Transavia will close its Munich base in November as it plans to focus on expansion in its domestic market. The Munich base was opened in March 2016 with four B737 aircraft and routes within Europe, North-Africa and Israel. Transavia has also announced 18 new summer destinations from Rotterdam, The Hague, Eindhoven and Amsterdam (Transavia, 2 & 13 February).
Alitalia will add 15 new routes to its summer schedule split between 7 domestic services and 8 international destinations (from Rome to Kiev, Split, Dubrovnik), (Milan Linate-Athens), (Catania-St Petersburg), (from Bologna, Venice, Verona to Ibiza) (Alitalia, 3 February).

Wizz Air will launch operations from Frankfurt to Sofia (in May) and to Budapest (in December) and will be the second low-cost airline – with Ryanair – to fly from Lufthansa’s main hub in Frankfurt (Wizz Air, 14 February).

Ryanair opened a base at Frankfurt with two aircraft and four new routes to Alicante, Faro, Malaga and Palma de Mallorca. The carrier will base another five aircraft and launch 20 new routes with the start of the next winter schedule (Ryanair, 28 February).

Wizz Air will open its first UK base at London Luton in June with one Airbus A320 aircraft and three new routes to Kutaisi (Georgia), Tel Aviv and Pristina (Kosovo) bringing to 42 the number of destinations served from Luton (Wizz Air, 16 February).

Cobalt Air based in Larnaca started operations in July 2016 and launched 9 routes to Greece, France, Ireland and UK since then. The airline which intends to be Cyprus’ new flag carrier since Cyprus Airways collapsed in 2015 will also serve Brussels, Tel Aviv and Madrid with the start of its summer schedule (Cobalt Air, February).

Norwegian will launch 10 new transatlantic flights from Edinburgh, Belfast, Cork, Shannon and Dublin to three smaller airports on the US east coast: Stewart International (New York state), Providence (New England) and Bradley (Connecticut) using Boeing 737 MAX aircraft from June onwards (Norwegian, 23 February).

Cargo

EuroAtlantic Airways based at Lisbon has ceased its freighter operations and retired its sole B767-300F aircraft (EuroAtlantic Airways, February).

UPS has tested an octocopter drone (UAV) that launches from the top of UPS package car, delivers a package to a home and returns to the car while the driver continues its route to make a separate delivery. The UAV can fly up to 30 minutes and carry a parcel up to 4.5kg (UPS, 21 February).
Financial results of airlines

Five of the main airlines have posted their financial results for 2016 (Figure 6). Ryanair, airberlin, Lufthansa, Turkish Airlines, Alitalia results were not available at the time of publication and will be reported in the March issue of the bulletin.

Only easyJet reported a drop in annual profit; the first since 2009 and blamed it on numerous terrorist attacks, industrial action and the decrease in the value of the British pound.

Norwegian saw its profit more than quintuple in 2016 compared with 2015; this was mainly driven by the airline’s international growth on intercontinental routes and increased capacity in Spain and the UK. In total the carrier launched 34 new routes in 2016 and added 24 new aircraft to its fleet.

Air France-KLM Group owed its good performance - up 35% on 2015- to lower fuel costs. KLM has contributed to more than half of the profit as Air France has been impacted by terrorist attacks and industrial action in 2016.

SAS Group posted operating profit of € 157 million equal to 2015 due to the deterioration of market conditions (unfavourable currency trend and the introduction of the passenger tax in Norway) which had a negative impact on the Group’s results.
Airports

Passenger traffic and aircraft movements in January 2017 at top five European airports (based on the number of flights) were as follows (growth on January 2016):

<table>
<thead>
<tr>
<th></th>
<th>Passenger traffic</th>
<th>Aircraft movements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. London Heathrow</td>
<td>5.7 million (+ 4.2%)</td>
<td>37K (+ 0.4%)</td>
</tr>
<tr>
<td>2. Paris CDG</td>
<td>5.0 million (+ 6.1%)</td>
<td>36K (+ 2.4%)</td>
</tr>
<tr>
<td>3. Amsterdam Schiphol</td>
<td>4.6 million (+ 11.2%)</td>
<td>36K (+ 7.6%)</td>
</tr>
<tr>
<td>4. Frankfurt</td>
<td>4.2 million (+ 1.8%)</td>
<td>34K (- 1.0%)</td>
</tr>
<tr>
<td>5. Istanbul Atatürk</td>
<td>4.0 million (- 12.4%)</td>
<td>31K (- 11.3%)</td>
</tr>
</tbody>
</table>

* excluding general aviation
(source: airport reports, February)

A Federal Administrative Court in Austria has rejected the construction of a third runway at Vienna as it would result in increasing by 2% greenhouse gas emissions when Austria has committed to reducing emissions by 2.25% by 2020. Vienna handled over 23 million passengers in 2016, a 2.5% increase on 2015 (Vienna Airport, 9 February).

St Etienne (France, Rhône-Alpes) has reportedly decided to cancel subsidies granted to low-cost carriers operating at the airport. This decision could result in Ryanair and Pegasus Airlines cancelling all services by 2018. Ryanair flies to Porto and Fes whereas Pegasus serves Istanbul Sabiha Gökcen from the airport and together carry circa 140,000 passengers per year (Air Journal, 13 February & Aéroport St Etienne).

The Polish government will reportedly decide this year on the construction of a new central airport in the vicinity of Warsaw to compete with Vienna and Prague which have a larger network of connections than the main airport in Poland. The new airport would be able to handle circa 50 million passengers a year. In 2016, Warsaw handled over 12 million passengers and reported passenger traffic growth up 14.5% (vs. 2015) (The National Law Review, 28 February).
Oil

Oil prices increased to €53 per barrel in February from €52 per barrel in January. Converted indices for Kerosene and Brent are shown in Figure 7.

Economy

Eurostat estimated that GDP increased by 1.9% in the EU28 in 2016 as a whole. The European economic recovery is expected to continue in the next two years so that in its Winter 2017 Economic Forecast, the European Commission predicts EU28 GDP growth of 1.8% in 2017 (revised upwards from 1.6% in its Autumn 2016 Forecast) and 1.8% in 2018 (EUROPA, 13 February).

Fares

Ticket prices in Europe decreased by 1.6% in January 2017 vs. January 2016. This is above the trend (12-month trailing average) shown in Figure 8 (Eurostat, 22 February).

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.