6.6% air traffic slump in Europe in 2009; the biggest annual fall on record
Global freight demand returned to growth in Q409, moving out of recession
Ryanair will stop fleet expansion from 2013; potential impact on future traffic growth in Europe
European airlines total loss forecast to reach $2.5 billion in 2010
EU members still divided about airport body scanners
Euro-zone unemployment reached record 10% last November

EUROCONTROL statistics and forecasts

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European traffic declined in 2009 down 6.6% on 2008, the biggest fall on record. The traffic saw a more severe decline during H109 (-8.6%) than H209 (-4.8%), although this change was largely due to the declining traffic in late 2008 rather than returning growth in 2009. In December, overall traffic fell by 1.1% (vs December 2008), with more than half of the States back to growth in traffic. See Figure 1.

EUROCONTROL forecasts an increase of 1.7% (±4.5%) in the number of flights in 2010 (EUROCONTROL, 23 December).

In 2009 the three top airports in terms of the number of departures were Paris Charles de Gaulle, London Heathrow and Frankfurt. The 10 top airports’ share of the total traffic remained unchanged at 20% from 2008 to 2009 as shown in Figure 5 (EUROCONTROL).

Based on preliminary figures, the average delay per delayed flight (for departures) was up 31% in December at 41 min (compared to December 2008). Weather was mostly responsible for this increase, accounting for 27% of primary departure delay minutes (vs. 16% in December 08) as shown in Figure 2 (EUROCONTROL, January).
Other statistics and forecasts

IATA reported that passenger demand rose by 4.5% (in RPK) and freight rose by 24.4% (in FTK) in December 2009 (year-on-year), positive results which can be explained by the specific low points reached at the end of last year (December 2008). These positive figures do not yet suggest recovery in yields for airlines as 2010 will be another tough year for the industry (IATA, 27 January).

Passenger airlines

Several major European carriers observed continuing improvements in long-haul premium traffic.

Capacity, costs and jobs

Finnair’s business class passenger numbers increased by 16% in December 09 (vs. same month last year), with a noticeable growth in business travel between Europe and Asia (Finnair, 8 January).

After failed negotiations concerning its fleet-expansion plans, Ryanair confirmed that its annual capital expenditure will decline from €1.2 billion currently to €100 million by March 2013. See more immediate Ryanair network changes in the Routes section (Ryanair, 7 January).

As part of its cost-reduction plan, SAS signed an agreement to sell 18 MD-80s, to be delivered during the first three quarters of 2010 (SAS, 4 January).

Aer Lingus will remove 2 of its 5 aircraft based in London Gatwick from April 2010 and will also franchise 12 routes to Aer Arann from Dublin and Cork. Aer Lingus launched a cost-reduction programme aimed at saving €97 million by 2012, out of which €74 million is to come from a reduction in workforce costs (170 job cuts). A pay-freeze measure has also been put in place until 2012/2013 (Aer Lingus, 8 and 26 January).
Failures

German carrier Blue Wings ceased operations owing to financial problems after the German civil aviation regulator withdrew its license on 13 January (Blue Wings, 13 January).

Japan Airlines finally filed for bankruptcy on 19 January. However, it is business as usual for the national carrier (commercially and operationally) as a government-sponsored company (ETIC) has been mandated to restructure the airline’s corporate activities (JAL, 19 January).

Routes and codeshares

SAS expands in 2010, launching four new routes from Swedish capital to Lyon, Vilnius, Bardufoss and Visby. The carrier will also add one daily flight on routes from Copenhagen to Oslo and Stockholm as of February, and to Brussels and Bologna as of April (SAS, 23 December).

Emirates will launch daily services from Dubaï to Amsterdam, Prague and Madrid later in 2010 (Emirates, 23 December and 5 January).

Qatar Airways will start services from Doha to Copenhagen and Barcelona as part its summer programme (Qatar Airways, 27 December).

easyJet will launch 21 new services (including flights from the UK to south-eastern destinations like Turkey, Greece and Croatia) to be introduced from summer timetable, totalling 70 new routes opening in 2010. The UK budget airline will also add 3 more aircraft to the 40 already based in Gatwick from summer onwards to fill Aer Lingus’ void (easyJet, 4, 8 and 21 January).
Germanwings will open its 6th base in Hannover and launch 15 new European services from the German city from May 2010 (Germanwings, 11 January).

As part of its summer schedule, Lufthansa will increase its offer from Dusseldorf with new services to Athens, Dubrovnik, Gdansk, and Naples and will resume flights to Toronto (from May). The German carrier will also expand its services from Munich to eastern destinations with new long-haul routes to Tashkent and Teheran and new short-haul routes to Tallinn, Zadar and Rostock (Lufthansa, 20 and 26 January).

Alitalia will add nonstop flights between the United States and Italy from June with services to Miami from Rome and Milan and to Los Angeles from Rome (Alitalia, January).

Air Europa is reportedly increasing the frequency of its flights between Madrid and Lima from end of February as Air Comet collapsed (routesonline, 24 January).

Ryanair will remove three aircraft and reduce its traffic at Dublin airport this summer with cuts up to 20% (compared to last summer) because of the airport's high operating costs and the UK tourism tax (Ryanair, 21 January).

Brussels Airlines and Spanair announced a codeshare agreement enabling the Belgian carrier to extend its offer in Spain through additional connections (main land and Islands) via Madrid and Barcelona (Brussels Airlines, 14 January).

Aer Lingus and United Airlines signed a code-share agreement to operate jointly the daily service between Washington Dulles and Madrid from March (Aer Lingus, 7 January).
Traffic statistics: December update

The following figures compare December 09 figures with December 08 ones, unless otherwise mentioned. Passenger capacity is measured in Available Seats Kilometres and traffic is measured in Revenue Passenger Kilometres. Cargo capacity is measured in Available Tonne Kilometres and traffic in Cargo Tonne Kilometres. See Figure 3 and Figure 4.

British Airways recorded 4% decreases in both capacity and traffic. The load factor remained stable at 76.8%. Traffic recorded a 0.7% decrease in premium traffic and a 4.6% decrease in economy traffic. Cargo traffic improved by 7.2% whereas capacity was cut by 3.8%. The cargo load factor increased by 2 pp to 73.6% (BA, 6 January).

Air France-KLM’s traffic decreased by 4.6% in December and capacity was reduced by 5.5%. Load factor subsequently improved by almost 1 pp to 79.7%. Cargo traffic and capacity decreased by 8.5% and 19% respectively. Cargo load factor passed the 70% mark, increasing by more than 8 pp (AF-KLM, 11 January).

Turkish Airlines recorded increases of 22% in capacity and 17% in traffic for 2009. Load factor decreased by 3 pp to 70.9% compared to 2008 (Turkish Airlines, 14 January).

Lufthansa Group recorded improvements in both traffic and capacity (still distorted owing to the effect of consolidation) with 19% and 18% respectively. Load factor also increased to 76.6%. Cargo’s traffic and capacity also increased by 27% and 7%. Cargo load factor jumped 11 pp to 67.2% (Lufthansa, 11 January).

easyJet recorded a 9.3% rise in passengers. Load factor increased by 3.1 pp to 85.4% (easyJet, January).

Ryanair’s number of passenger grew 12% with a load factor improving by 2 pp to 82% (Ryanair, 7 January).
Iberia recorded falls in traffic (-2.7%) and capacity (-6.4%). Load factor reached a record level for December (for the company) of 79%, improving by 3 pp (Iberia, 14 January).

SAS Group’s traffic fell by 10.9%. Capacity was cut by 16%. Load factor improved 4.3 pp to 69.7% (SAS, 12 January).

Air Berlin’s traffic capacity remained unchanged on a like-for-like comparison, including TUIfly routes. The German budget airline recorded slight improvements in the number of passengers transported (+0.8%) and load factor (+0.5 pp) to 73.1% (Air Berlin, 11 January).

**Aircraft manufacturing**

Boeing reported 142 net commercial orders for new aircraft in 2009 (a 79% fall compared to 2008) and delivered 481 aircraft, 28% more than in 2008 (Boeing, 7 January).

Airbus reported 271 net commercial orders for new aircraft in 2009 and delivered 498 aircraft, 3% more than in 2008 (Airbus, 12 January).

Embraer reported 244 deliveries (122 for commercial aviation, 115 for executive aviation and 7 for the defence market) in 2009, up from 204 in 2008 (Embraer, 12 January).

ATR reported 40 net orders for new turboprops in 2009 and delivered 54 aircraft in 2009 (1 less than in 2008). The French manufacturer signed a 10-year global maintenance agreement ($25 million) with Air Nostrum for 10 new ATR ‘-600 series’ aircraft which the Spanish carrier will introduce in 2011 (ATR, 15 and 18 January).

**Cargo**

IATA reported consistent signs of improvement for international freight during Q409, with economic recovery stimulating the cargo demand. Recovery is nevertheless uneven across the regions, with European and North American freight flows remaining very weak. International freight load factors, back to pre-recession levels, nevertheless remain weak at levels below 60% (IATA, 14 December and 11 January).

**Airport**

Despite adverse weather conditions, Heathrow airport recorded a 1.2% increase in passenger traffic for December (year-on-year). BAA’s London airports (Heathrow and Stansted) recorded a 3.8% drop in 2009 (vs 2008) to nearly 86 million passengers. Out of the six BAA British airports, Edinburgh is the only one to record a slight growth with 9 million passengers (+0.6%) whereas Stansted and Glasgow recorded the biggest decreases (nearly -11%) down to 20 and 7.2 million passengers respectively (BAA, 11 January).

After 20 consecutive months decrease, Frankfurt airport recorded a 2.3% rise in passenger traffic and a 27% jump in cargo traffic in December (compared to same month last year). Fraport major airports (Frankfurt, Antalya, Lima, Burgas and Varna) also recorded positive growth in December 09 but saw an overall passenger eduction of 2.6% in passengers and a 10% reduction in cargo traffic in 2009 (vs 2008) (Fraport, 15 January).

ADP recorded a 2.5% fall in December compared to the same month last year with -2.2% in Paris-CDG and -3.2% in Paris-Orly, notably due to bad weather conditions. In 2009, the French airport group recorded a 4.7% fall compared to 2008 to 83 million passengers (ADP, 18 January).
The European Commission agreed to State aid for financing the development of facilities for cargo handling in Finnish regional airport Vaasa (Europa, 13 January).

**Regulation**

After the failed terrorist attack on the 25 December flight to Detroit, European regulators are looking for a Pan-European approach to airport body scanners (European Parliament, 28 January).

**Environment**

ICAO intends to take the initiative to reach a global solution on aviation emissions management after the vacuum left by the Copenhagen Accord on the subject. Last autumn, the organisation agreed on a global framework with States (representing 93% of global air traffic) to set an initial goal for a global annual average fuel efficiency improvement of 2% by 2020, and to aspire to a further yearly 2% average improvement between 2021 and 2050 (ICAO, 21 December).

**Financial results of airlines**

IATA still believes in global airlines net losses of $11 billion for 2009, with the Europe region being most affected ($3.5 billion) compared to other continents. The association forecasts that European airlines will lose $2.5 billion in 2010 (IATA, 11 January).

**Fares**

Deflated ticket prices in Europe decreased by 5.9% in December (based on preliminary data), compared to the same month last year (Eurostat, January).

### Figure 5: Busiest European airports in number of departures (2009 vs. 2008).

<table>
<thead>
<tr>
<th>Rank 2008</th>
<th>Rank 2009</th>
<th>Airport Name</th>
<th>Deps/Day 2009</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>PARIS CH DE GAULLE</td>
<td>720</td>
<td>-6.1%</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>LONDON/HEATHROW</td>
<td>639</td>
<td>-2.5%</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>FRANKFURT MAIN</td>
<td>634</td>
<td>-4.6%</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>MADRID BARAJAS</td>
<td>596</td>
<td>-7.3%</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>SCHIPHOL AMSTERDAM</td>
<td>550</td>
<td>-9.0%</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>MUENCHEN 2</td>
<td>539</td>
<td>-8.3%</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>ROME Fiumicino</td>
<td>444</td>
<td>-6.4%</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>BARCELONA</td>
<td>382</td>
<td>-13.3%</td>
</tr>
<tr>
<td>13</td>
<td>9</td>
<td>ISTANBUL ATATURK</td>
<td>371</td>
<td>4.1%</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td>WIEN SCHWECHAT</td>
<td>357</td>
<td>-10.0%</td>
</tr>
</tbody>
</table>

20% Top airports’ share of total departures in 2009

Source: STATFOR Interactive Dashboard
Economy

Euro zone economy indicator updates:

- annual inflation is expected to be 0.9% in December 2009 according to a flash estimate,
- GDP contracted by 4% during Q309 (compared to Q308) but increased by 0.4% compared to Q209,
- unemployment reached 10% in November 09, the highest rate since the currency was introduced 10 years ago (Eurostat, 5 and 8 January)

Oil

Oil prices ended 2009 at around $75/b, more than twice the lowest 2009 prices (around $34/b) reached at the very beginning of the year as shown in Figure 6 (Brent).
Figure 7

Source: Point Carbon