

- European flights recorded their lowest growth rate since February 2015, marking a marginal increase of 0.4% in August 2019 compared with August 2018. Traffic within Europe declined by 0.3%. Preliminary data for September show 0.4% growth on September 2018.
- Four of eight main airline groups achieved 90% or higher load factor in August 2019.
- EU carbon prices averaged €25.9 per tonne in September 2019 from €21.6 per tonne in September 2018.
- Oil prices averaged €56.3 per barrel in September and rose temporarily to €69 following attacks on Saudi Arabia's oil infrastructure on 16 September.
- Ticket prices were up by 1.1% in August 2019 from 0.3% in July. For the year to date ticket prices were on average 0.2% more expensive than 2018.

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FLIGHTS AUGUST 2019

+0.4%



ECAC

EU CARBON PRICES SEPTEMBER 2019

€26

↓ FROM €27
IN AUG. 2019



OIL PRICES SEPTEMBER 2019

€56

↑ FROM €53
IN AUG. 2019



EUROPE

TICKET PRICES AUGUST 2019

+1.1%

↑ FROM +0.3%
IN JUL. 2019



EU28

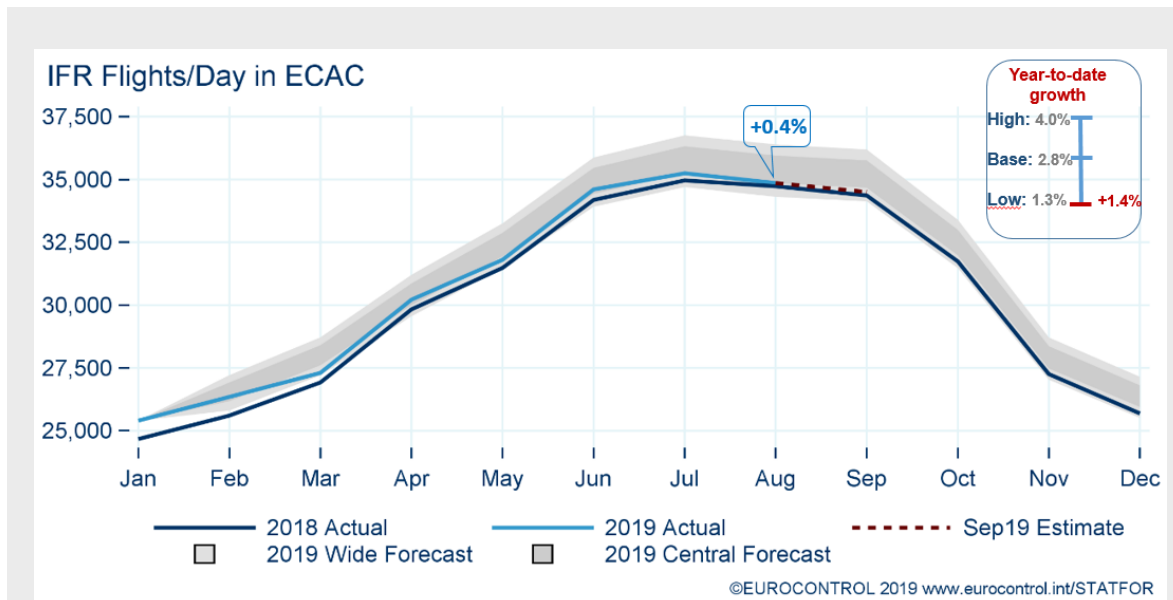


Figure 1: Monthly European Traffic and Forecast (based on the 7-year forecast Feb 2019).

EUROCONTROL Statistics and Forecasts

European flights (ECAC – European Civil Aviation Conference area) recorded their lowest growth rate since February 2015, marking a marginal increase of 0.4% in August 2019 compared with August 2018. Traffic within Europe declined by 0.3% (-0.8% YTD) and has paved the way to the long-term decline of the short-haul traffic. The year to date flight growth of 1.4% is at the low-end of the forecast (+1.3%). Preliminary data for September show average daily flights 0.4% on September 2018 (Figure 1) (EUROCONTROL/STATFOR).

Main contributors to flight growth in Europe

In August 2019, seven states contributed more than 50 flights per day (vs August 2018) to the European local traffic growth (excluding overflights) and they were Turkey (+152 flights/day) although its domestic traffic declined 14.7% due to the continuing contraction of economic growth, Italy (+103 flights/day), France (+94 flights/day), Spain (excl. Canary Islands) (+85 flights/day), Morocco (+71 flights/day), Austria (+65 flights/day) and Ukraine (+62 flights/day).

At the other end of the spectrum, Germany saw 137 fewer daily flights when it added 273 daily flights to the network in August 2018. Germany's internal flow saw a reduction of 31 flights per day whereas its flows to and from Spain and Canary Islands recorded 54 fewer daily flights. Iceland recorded 65 fewer flights owing mainly to its flows to and from the United States (-31 flights/day). Sweden recorded 55 fewer daily flights owing to its weak internal flow which was down 17 flights per day, impacted by the flying shame movement (Figure 2) (EUROCONTROL/STATFOR).

Outside Europe (ECAC) partners

In August 2019, the top five external partners (in average daily flights on flow in both directions and growth vs. August 2018) were the Russian Federation (1,215 flights, down 1.1%), the United States (1,175 flights, down 3.5%), Israel (474 flights, up 0.5%), Morocco (442 flights, up 11.6%) and the United Arab Emirates (356 flights, down 4.2%) (EUROCONTROL/STATFOR).

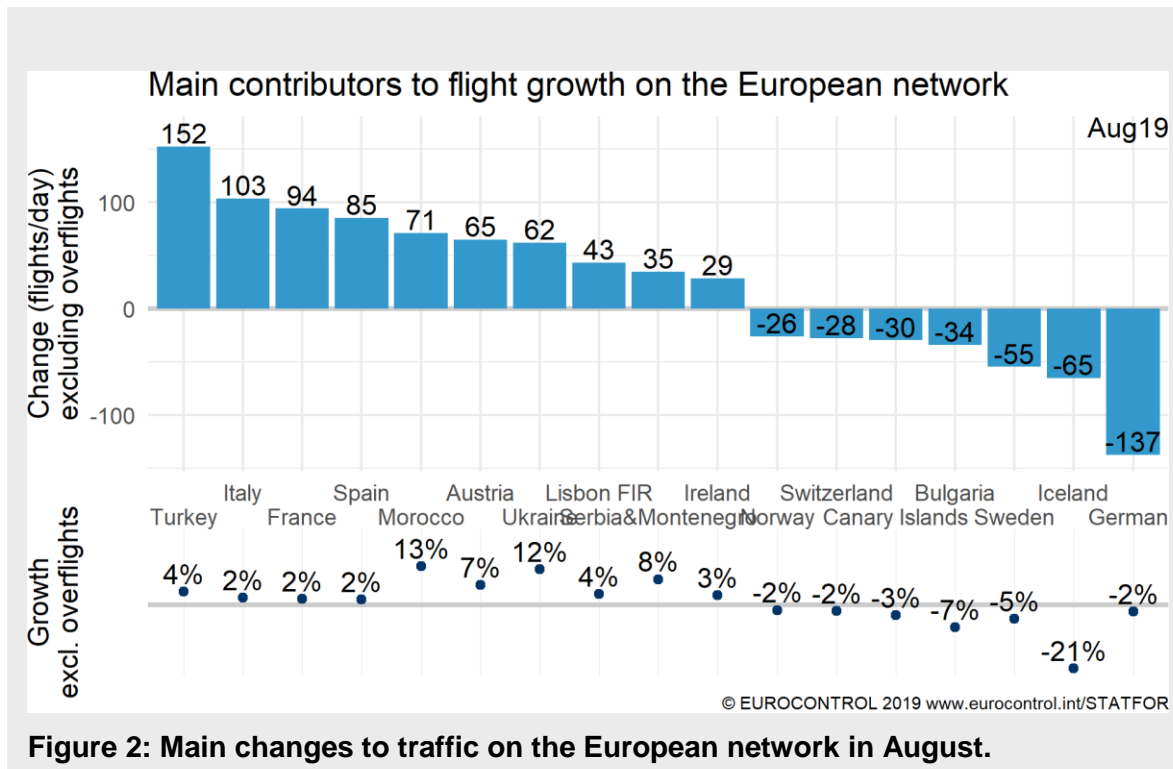


Figure 2: Main changes to traffic on the European network in August.

Top aircraft operators

The airlines which added the most flights to the European network on a daily basis in August 2019 (vs. August 2018) were [Ryanair](#) (+147 flights), [Loganair](#) (+33 flights), [Jet2.com](#) (+31 flights), [TUI UK](#) (+28 flights), [Swiss](#) (+28 flights), [Air Baltic](#) (+26 flights) and [Vueling](#) (+25 flights) (EUROCONTROL/STATFOR).

All-causes airline delays

Based on data from airlines for delays from all-causes, [the average delay per flight on departure in August 2019](#) was 14.1 minutes per flight, this was a decrease of 3.8 minutes compared with August 2018 when the average delay per flight was 17.9 minutes. Analysis of the delay causes shows that reactionary delay contributed 6.2 minutes to the average delay per flight in August 2019. Regarding arrivals, the average delay per flight on arrival was 12.7 minutes per flight, a decrease of 3.5 minutes per flight (vs. August 2018). In August 2019, 24.3% of the flights arrived within the 5 minutes threshold before or after the scheduled arrival time, an increase of 1.7 points from 22.7% compared to previous year (EUROCONTROL/CODA).

Other Statistics and Forecasts

[IATA](#) reported that European scheduled passenger traffic (RPK) recorded its slowest growth rate since mid-2016, up by 3.3% in July 2019 (vs. July 2018). The slowdown is attributable to continuing Brexit concerns along with Germany's decline in exports and manufacturing activity. Capacity rose by 3.1% whereas the total passenger load factor was 89.0% (+0.2 pp vs. July 2018) (IATA, 6 and 30 September).

[ACI Europe](#) reported overall passenger counts at European airports increased by a modest 2.2% in July 2019 (vs. July 2018) compared with a 4.7% growth in June, this was the weakest monthly record to date in 2019 and in more than 5 years. Overall aircraft movements were up by 1.2%. The slowdown came primarily from a decline in domestic passenger traffic (-1.5%) (ACI Europe, 16 September).

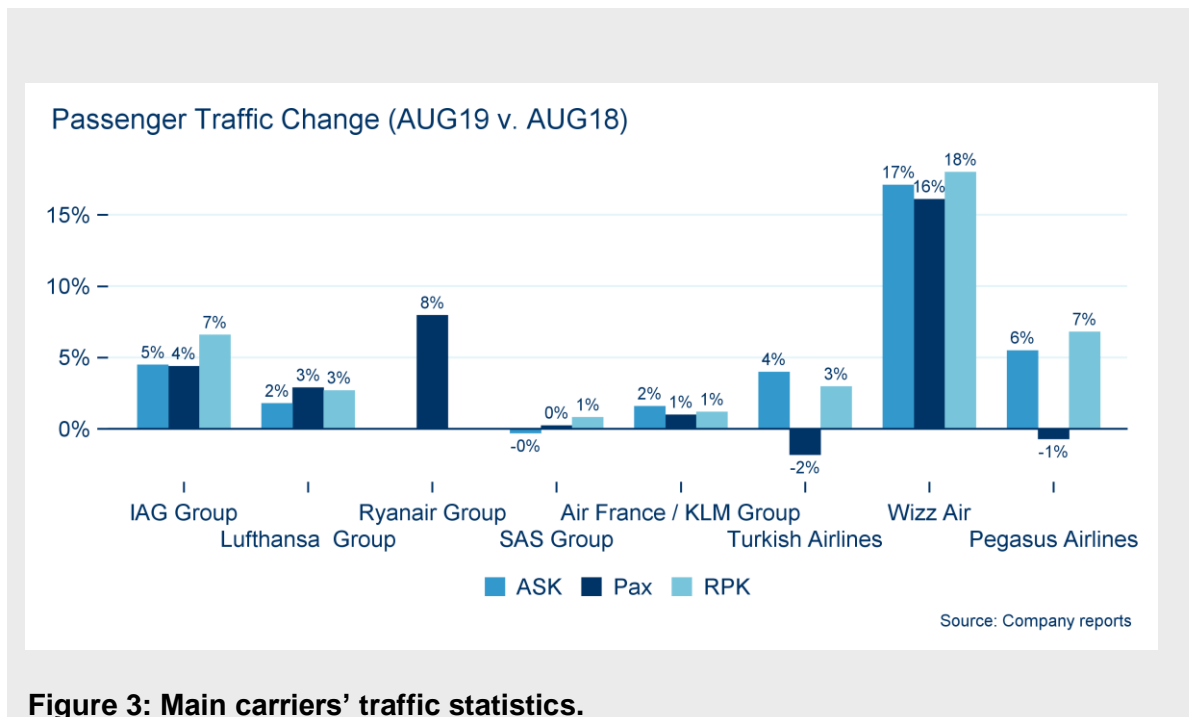


Figure 3: Main carriers' traffic statistics.

Passenger airlines

Traffic Statistics for August

Figure 3 and Figure 4 compare August 2019 figures with August 2018 figures for the main European carrier groups (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 (%).

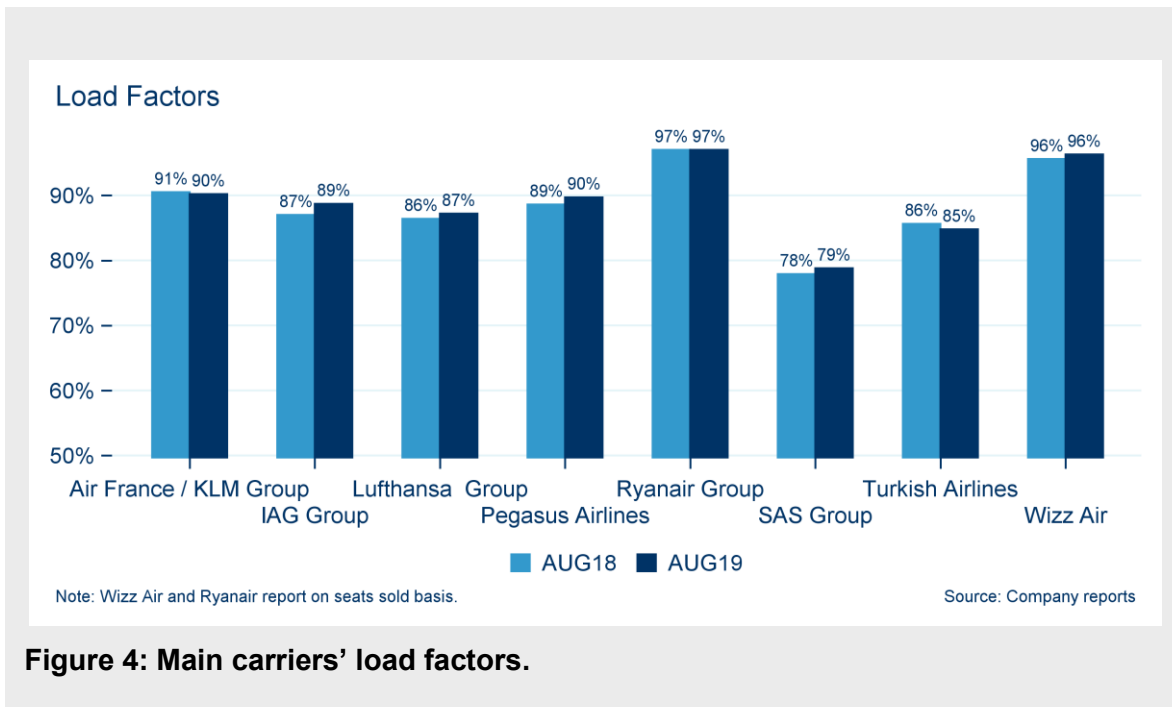
Capacity, routes, alliances, cost, jobs

Wizz Air announced expansion of its network by basing 4 new aircraft in Poland from summer 2020. The carrier will launch 15 new routes as follows: Gdansk to Bari; Warsaw to Bologna, Tenerife, Madrid, Turku; Krakow to Trondheim, Verona, Barcelona, Bergen, Milan, Bologna, Haugesund (NO), Stavanger (NO), London Gatwick and Tromso. In addition, the low-cost carrier will add 24 incremental weekly flights to its Polish schedule (Wizz Air, 3 September).

Wizz Air announced the inclusion of new Airbus A321neo aircraft at Budapest and Bucharest from June 2020. The airline will launch new routes as follows: from Budapest to Brussels, Kharkiv and Lviv (UA); from Bucharest to Lyon and will increase the weekly frequency on several services (Wizz Air, 10 & 19 September).

Cyprus Airways will expand to Greece from summer 2020, opening the following routes: Bratislava to Corfu and Rhodes; Koice to Corfu (Cyprus Airways, September).

Loganair announced expansion of its network with six new routes, effective summer 2020: Glasgow to Cardiff; Aberdeen to Brussels, East Midlands and Haugesund (NO); Newcastle to Bergen and Guernsey. Starting from 27 October, the carrier will take over Flybe's route from Glasgow and Edinburgh to East Midlands (Loganair, 9 & 19 September).



Ryanair will stop operating from Belfast to Lanzarote, Manchester and Berlin, effective beginning of November (Ryanair, September).

Starting from summer 2020, **Ryanair** will launch 4 new routes from Dublin to Marseille, Palanga, Podgorica and Verona and 3 new summer services Cork (IE) to Katowice; Dublin to Billund (DK) and Toulouse (Ryanair, 25 September).

SWISS will recruit around 700 new personnel in the period September 2019 and March 2020, opening 300 new job positions directly involved in the two new Boeing 777-300ERs aircraft operations. In May 2019, SWISS announced the expansion of their long-haul fleet to a total of 31 aircraft with two additional Boeing 777-300ERs (SWISS, 11 September).

Norwegian Air Shuttle is requesting extension of the maturity dates of its two unsecured bonds to November 2021 and February 2022 respectively. In exchange, the airline is offering a security package backed by take-off and landing slots at London Gatwick Airport. On 16 September, bondholders voted in favour of the proposed amendments (Norwegian, 2 & 16 September).

WOW Air is reportedly expected to relaunch from October 2019 with service between Iceland and Washington Dulles. Michelle Roosevelt Edwards, the chair of US Aerospace Associates, reportedly announced at a press conference the relaunching of the airline with two aircraft, which potentially will increase up to 12 by 2020. Though the reborn airline will run under a US Federal Aviation Administration operating certificate, 51% of the company shares will be held by Iceland investors (Visir, 6 September).

IAG reported early estimates from the September's BALPA (British Airways main pilots' union) industrial action initially scheduled for the 9, 10 and 27, which led to 2,325 flight cancellations and net financial impact of around €137 million. Further disruption events in the quarter had financial impact of €33 million. On 23 September, BALPA called off the industrial action scheduled for 27 September (IAG & British Airways, 26 September).

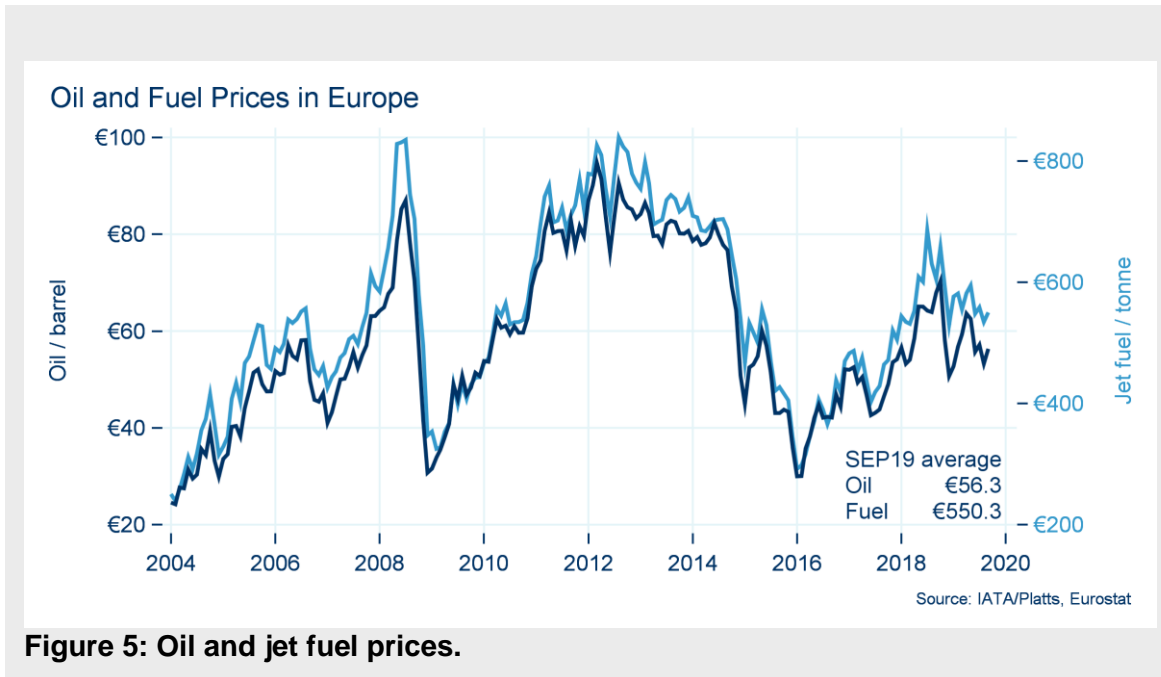


Figure 5: Oil and jet fuel prices.

Failures

Aigle Azur, France's second largest airline, ceased operations effective 7 September. Most of the carrier's routes were within Europe and between France and Algeria, but it also provided services to China, Russia, Brazil, Guinea, Senegal etc. (Aigle Azur, 6 September).

Thomas Cook Group plc announced that all the UK companies in its group have ceased operations, including Thomas Cook Airlines on 23 September. Vinggruppen (Ving Group), a former Thomas Cook Group subsidiary, confirmed **Thomas Cook Airlines Scandinavia** will continue to operate services as an independent entity, effective 24 September. **Condor Flugdienst GmbH**, operating division of Thomas Cook Group plc since 2013, stated its flight operations will continue despite Groups compulsory liquidation. **Thomas Cook Airlines Balearics** will continue to operation under the German carrier (Thomas Cook Group plc & CAPA, September).

XL Airways announced that it is stopping selling tickets effective 19 September and is suspending operations from 30 September to 3 October including (XL Airways, 19 & 30 September).

Adria Airways announced that it is temporarily ceasing most of its flight operations from the evening of 23 September, while maintaining a connection to its hub in Frankfurt. However, the carrier filed for bankruptcy on 30 September (Adria Airways, 23 & 30 September).

Oil

Oil prices averaged €56.3 per barrel in September and rose to €69, but quickly fell back, following attacks on Saudi Arabia's oil infrastructure on 16 September. Converted indices for oil and jet fuel prices are shown in **Figure 5**.

In its latest short-term energy outlook, **EIA** forecasts Brent crude oil prices will average €54.5 (\$60) per barrel in 2019Q4 and €56.3 (\$62) per barrel in 2020 (EIA, 10 September).

Airports

[Amsterdam Schiphol Airport](#) reported a 10% decrease in the number of cargo movements in the period Jan-Aug 2019 compared to same period 2018 and decline of circa 12% during Jun-Aug 2019 (Schiphol, September).

[IATA](#) reported decline for fourth consecutive month in European freight demand, marking -2.0% in July 2019 compared to same period in 2018. Capacity (AFTK) rose by 4.2% whereas the total freight load factor declined by 3.1% year-on-year (IATA, 5 September).

Aircraft Manufacturing

In its [Global Market Forecast \(GMF\)](#), [Airbus](#) predicts a demand for 39,210 passenger and freight aircraft between 2019 and 2038 (vs. 37,389 between 2018 and 2037) of which 19% are for Europe. Airbus foresees that European passenger airlines will see 3.4% annual growth in RPK between 2018 and 2038. The passenger aircraft deliveries are broken down as follows:

- Small: 29,724 (+1,172 aircraft compared with GMF2018) of which 5,760 (+248 aircraft) are for Europe;
- Medium: 4,874 (-138 aircraft) of which 1,035 (-7 aircraft) are for Europe;
- Large: 3,760 (+315 aircraft) of which 639 (+104 aircraft) are for Europe;
- Freighter: 855 (+29 aircraft) of which 105 (+2 aircraft) are for Europe.

As reported earlier, Airbus announced that it is stopping the production of the superjumbo passenger jet A380 after failing to secure orders.

(Airbus, September).

In its [Current Market Outlook \(CMO\)](#), [Boeing](#) forecasts a demand for 44,040 passenger and freight aircraft for the period 2019-2038 of which 20% are for Europe. Boeing foresees that European passenger airlines will see a 3.6% annual growth in RPK between 2019 and 2038. The aircraft deliveries are as follows:

- Regional Jets: 2,240 (-80 aircraft compared with CMO 2018) of which 80 (-40 aircraft) are for Europe;
- Single-Aisles: 32,420 (+1,060 aircraft) of which 7,260 (+400 aircraft) are for Europe;
- Wide-body: 8,340 (+270 aircraft) of which 1,540 (+140 aircraft) are for Europe;
- Freighter: 1,040 (+60 aircraft) of which 110 (=) are for Europe.

(Boeing, June).

[Lufthansa Technik AG](#) and [Aerocircular NV](#) signed a framework agreement to dismantle 15 aircraft from Lufthansa Group in Ostend in the next years. The first Airbus A320 landed at Ostend airport in July and a second is expected in October (Aerocircular NV, 5 September).

[Embraer](#) delivered its first E195-E2 aircraft, which is expected to deliver 25% less fuel per seat compared to the current-generation E195 and to reduce the levels of external noise (Embraer, 12 September).

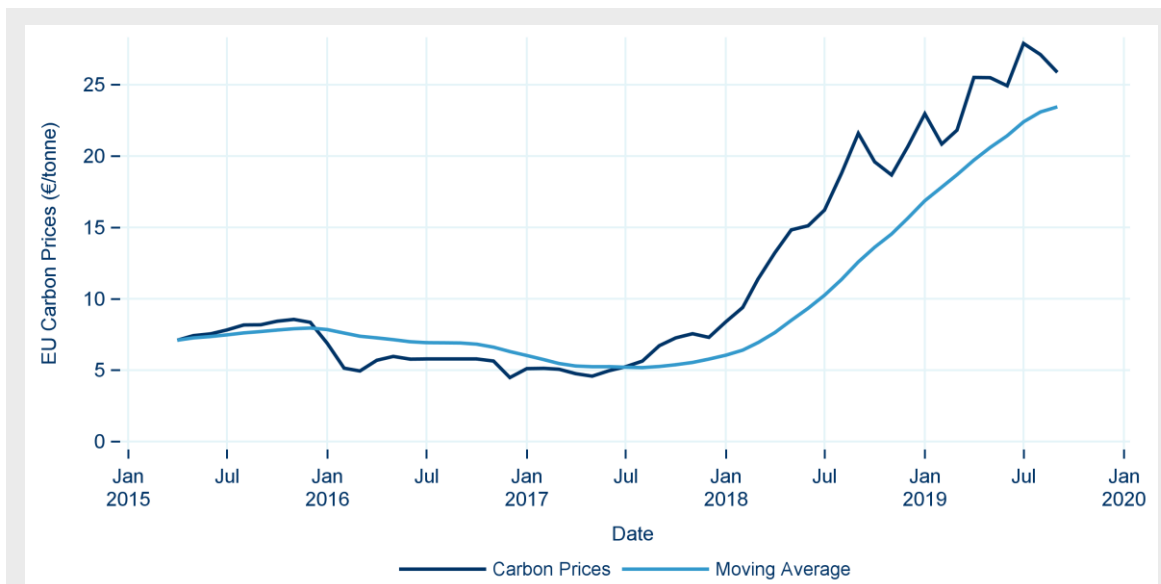


Figure 6: EU carbon prices (European CO₂ Emissions Allowances).

Environment

EU carbon prices (European CO₂ Emissions Allowances) averaged €25.9 in September 2019 compared with €21.6 in September 2018. This remained well above the trend (12-month trailing average) shown in [Figure 6](#) (Insider Inc., August).

Rolls-Royce and Norwegian airline **Widerøe** launched joint research programme on zero-emissions aviation, which aims to develop an electrical aircraft concept that is going to replace Widerøe's legacy fleet of regional aircraft world-wide by 2030 (Rolls-Royce, 28 August).

KLM announced the replacement of one of its daily services between Brussels and Amsterdam Schiphol Airport with Thalys high-speed train, effective 29 March 2020 (KLM, 13 September).

Volotea announced an agreement for collaboration with Dante Aeronautical for the development of a hybrid-electric aircraft for transportation of passengers. The new aircraft will focus on providing services to small and mid-size communities, where traditional aircraft are not profitable (Volotea, 4 September).

Lufthansa Innovation Hub launched 'Compensaid' sustainability platform through which passengers can track their flights and take action to reduce their carbon footprint. Passengers can offset their emissions with Sustainable Aviation Fuel and decrease their CO₂ emissions by up to 80% compared to fossil kerosene (Lufthansa, 19 August).

Scottish Government announced the plans for Highlands region becoming the world's first net zero aviation area by 2040, including actions for decarbonisation of airport operations in Highland and Islands Airports Limited. Trials of low or zero emission flights will begin in 2021 (GOV.SCOT, 3 September).

At the **National Aviation Conference in Germany**, the German Transport Minister said there will be increase in German aviation taxes and committed the revenue from them to be used for research and innovations in the sphere of climate-friendly aviation technologies (DW, 21 August).

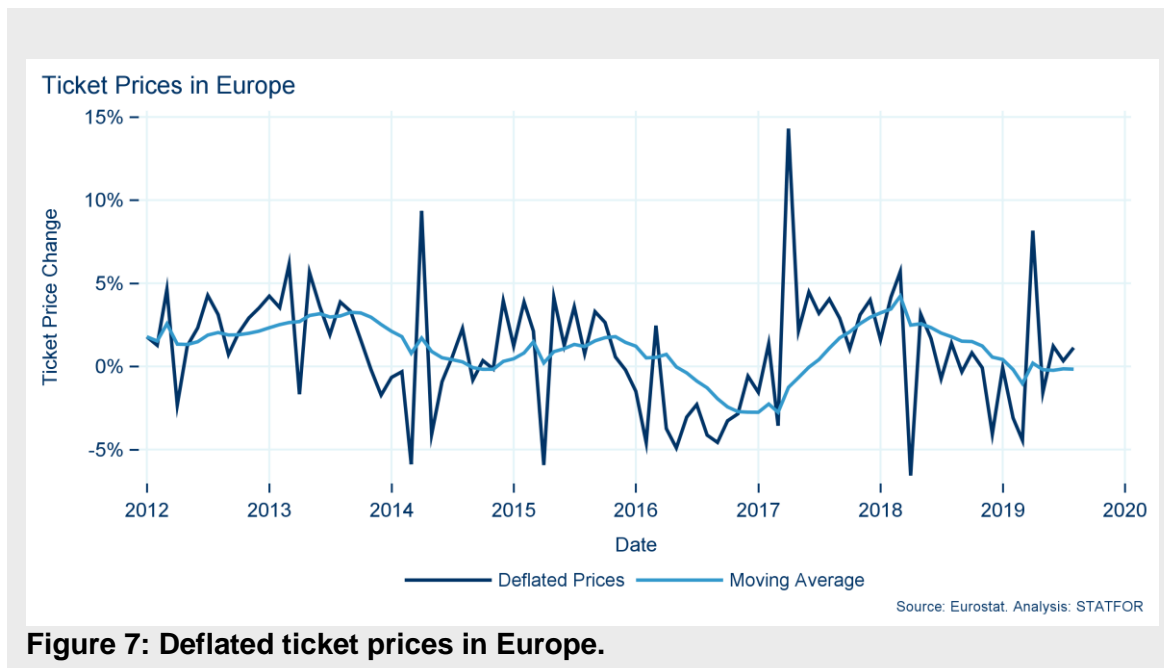


Figure 7: Deflated ticket prices in Europe.

Fares

Ticket prices in Europe increased by 1.1% in August 2019 (vs. August 2018) from 0.3% in July, based on preliminary values. This was above the trend (12-month trailing average) which reports stable ticket prices (see [Figure 7](#)) (Eurostat, 18 September).

Note₁: 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](#).

Note₂: The project SESAR Gulf of Finland (GOF) U-space quoted in IM211 consists of a broad consortium with 19 members, including three Unmanned Traffic Management providers and two Air Navigation Service Providers (SJU).



Supporting European Aviation

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