The impact of economic crisis on air transport

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ABSTRACT

During this economics crisis which has attract so much attention to the world lately, I watched with concern as it goes beyond the original affected sectors. Instability wave to spread from one sector to another, first in the real estate sector in banking and other financial markets, then in all areas of the real economy. The wave of crisis has exceeded the boundary between public and private sectors sice the coup recived financial statements required of private firms, currently, burdensome new requirements on public finances.

KEY WORDS: air transport, airport , passengers

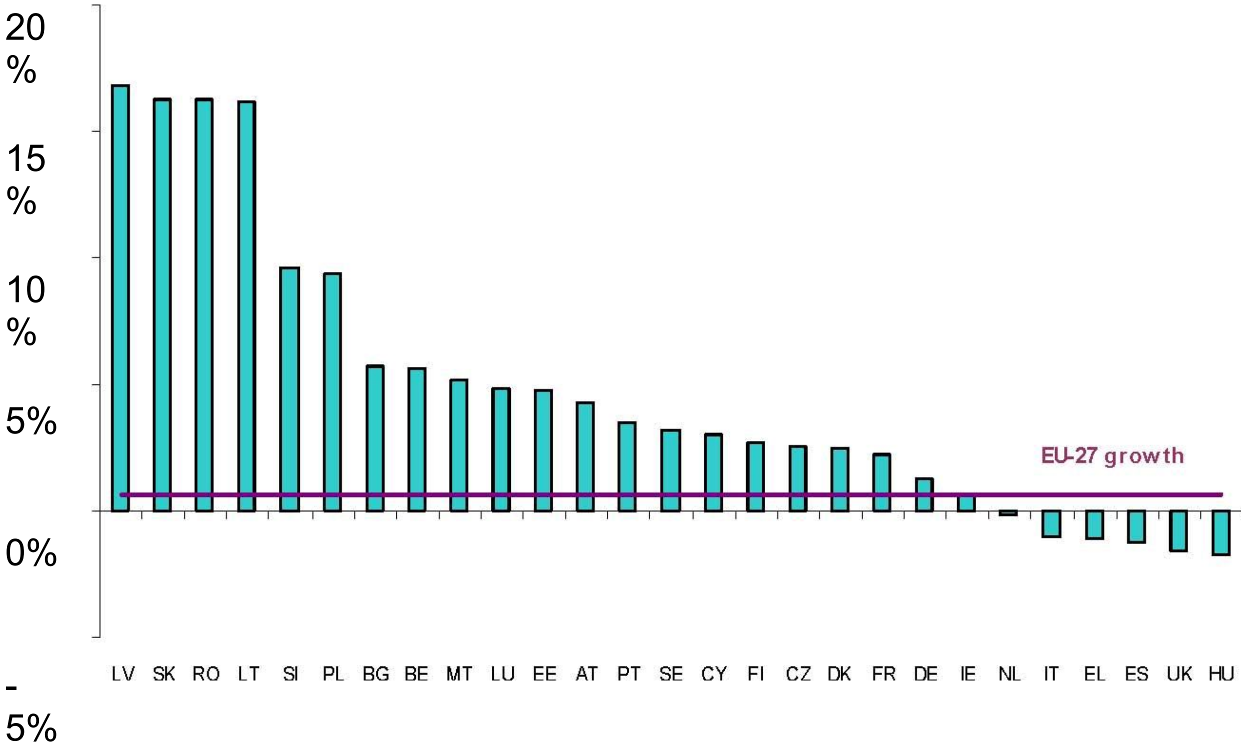
In 2008, 798 million passengers were transported by air to, from or within the EU-27. Although this represents a small annual growth of 0.6% compared to 2007, the effect of the economic crisis on the air transport industry of the EU-27 became apparent during the course of the year.

Indeed, while in the first two quarters of 2008, a comparison of air passengers with 2007 indicated a growth of 4.4%, by the last quarter, the data showed a fall of 5.6%. This brings to an end an uninterrupted period of six years of sustained growth in the air transport industry. As regards air transport of freight and mail, the picture is similar. In 2008, 12.9 million tonnes were loaded or unloaded in the EU-27, an annual increase of 3.3%. However, there was a declining trend over the year that ended with a 14% decrease by the month of December.

At airport level, London Heathrow and Frankfurt/Main continued to be the largest airports in the EU-27 in terms of passengers carried and freight and mail loaded/unloaded respectively.

Graph no 1:

2007/2008 growth in total air passenger transport by Member State (in %)

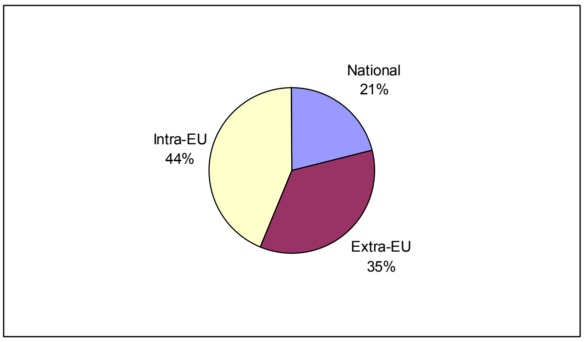


Source: Eurostat

Graph no 2

Evolution of air passenger transport at Member State and EU level

Overview of EU-27 air passenger transport in 2008



Source: Eurostat (AVIA_PAOC)

The impact of the economic crisis was greatest in November and December 2008 when a fall of 7% was recorded compared to the same months of 2007.

At Member State level the trend was similar in most instances. While in the first quarter of 2008, passengers carried, by the fourth quarter, only four of them recorded a positive growth.

However, the annual growth for the EU-27 was still positive (0.6%). This represents a better performance than the air transport sector of the USA. In this country, the Bureau of Transportation Statistics of the US Department of Transportation every Member State reported an increase in air has reported in 2008 a negative growth of 3.5% on scheduled domestic and international flights.

Table no 1

Overview of EU-27 air passenger transport by Member States in 2008: passengers carried (in 1000)

	Total transport		National transport		International intra-EU-27 transport		International extra-EU-27 transport	
	Passengers	Growth 2007-2008	Passengers	Growth 2007-2008	Passengers	Growth 2007-2008	Passengers	Growth 2007-2008
BELGIUM BE	21 982	5.7%	48	-20.0%	15 261	1.5%	6 672	16.9%
BULGARIA BG	6 418	5.7%	141	42.8%	5 040	2.3%	1 237	18.4%
CZECH REPUBLIC CZ	13 429	2.5%	271	1.1%	9 626	1.5%	3 532	5.6%
DENMARK DK	24 629	2.4%	2 004	2.7%	15 998	0.9%	6 627	6.3%
GERMANY DE	166 095	1.2%	25 183	2.4%	85 418	-0.3%	55 494	3.2%
ESTONIA EE	1 804	4.8%	21	5.2%	1 445	3.2%	339	11.8%
IRELAND IE	30 018	0.6%	845	-4.8%	25 911	0.8%	3 262	0.7%
GREECE EL	34 404	-1.1%	6 564	-1.8%	23 180	-2.5%	4 660	7.7%
SPAIN ES	161 401	-1.3%	40 792	-7.7%	100 568	-0.4%	20 041	9.3%
FRANCE FR	122 724	2.2%	26 934	-0.9%	52 100	2.2%	43 690	4.3%
ITALY IT	105 217	-1.0%	28 338	-1.3%	57 205	-2.0%	19 674	2.4%
CYPRUS CY	7 218	3.1%	-	-	5 928	1.9%	1 290	8.9%
LATVIA LV	3 687	6.8%	31	111.2%	2 770	14.6%	887	22.6%

LITHUANIA LT	2 552	16.2%	0.2	-42.7%	2 045	14.7%	507	23.0%
LUXEMBOURG LU	1 713	4.8%	0.3	152.1%	1 383	3.2%	329	12.0%
HUNGARY HU	8 429	-1.8%	-	-	6 392	-2.0%	2 037	-1.1%
MALTA MT	3 125	5.2%	-	-	2 849	5.6%	276	1.1%
NETHERLANDS NL	50 419	-0.2%	44	-21.9%	29 324	-2.3%	21 051	3.0%
AUSTRIA AT	23 900	4.2%	702	5.3%	16 015	4.2%	7 183	4.3%
POLAND PL	18 727	9.4%	957	-11.9%	13 836	6.6%	3 934	29.0%
PORTUGAL PT	25 180	3.5%	2 877	-2.6%	17 816	3.1%	4 488	9.8%
ROMANIA RO	8 031	16.3%	671	23.3%	6 236	17.2%	1 124	7.8%
SLOVENIA SI	1 649	9.6%	-	-	1 010	7.3%	639	13.5%
SLOVAKIA SK	2 596	16.3%	193	10.0%	2 018	14.7%	386	29.4%
FINLAND FI	14 851	2.7%	2 729	-5.5%	9 152	1.8%	2 970	15.0%
SWEDEN SE	27 818	3.2%	6 741	-2.2%	16 460	3.3%	4 617	11.6%
UNITED KINGDOM UK	213 888	-1.6%	24 889	-4.7%	123 598	-1.7%	65 402	-0.1%
EU-27 *	**798 325**	**-0.6%**	**170 974**	**-2.9%**	**345 004**	**-0.5%**	**282 347**	**4.2%**

Source: Eurostat

International intra-EU transport remains the largest of the three components of air transport in the EU-27 with a share of 44%.

Four of the top ten flows featured Spain, with its significant leisure market, as one of the partner states. However, Spain was the Member State recording the greatest fall in air passenger traffic during the fourth quarter with almost 11% fewer passengers than during the same quarter of the previous year.

The extra-EU market was affected by the economic crisis less rapidly than the intra-EU market. While the intra-EU market fell by 7% in the fourth quarter of 2008, the extra-EU market fell only 1% in the same period.

Table no 2

Air passenger transport at airport and route level

	Total air trans-port (in 1000	of which			Growth of to-tal	Total number of pas-	Growth of total num-ber
		National air	International	International			

	passengers)	transport	intra-EU-27 air transport	extra-EU-27 air transport	air transport 2007-2008	senger flights (in 1000)	of flights 2007-2008
1 UK LONDON/HEATHROW	66 907	5 563	22 324	39 021	-1,4 %	470	-0,5%
2 FR PARIS/CHARLES DE GAULLE	60 496	5 167	25 720	29 608	1,6 %	529	1,4%
3 DE FRANKFURT/MAIN	53 189	6 362	19 966	26 861	-1,2 %	452	-1,4%
4 ES MADRID/BARAJAS	50 366	20 551	18 001	11 814	-1,6 %	448	-2,2%
5 NL AMSTERDAM/SCHIPHOL	47 404	43	26 554	20 807	-0,7 %	419	-1,7%
6 IT ROMA/FIUMICINO	34 815	13 453	12 985	8 377	7,4 %	336	2,5%
7 DE MÜNCHEN	34 399	9 839	15 337	9 223	1,7 %	404	0,2%
8 UK LONDON/GATWICK	34 162	3 731	19 468	10 963	-2,9 %	256	-1,1%
9 ES BARCELONA	30 364	12 633	13 901	3 831	-7,3 %	304	-7,9%
10 FR PARIS/ORLY	26 188	14 603	5 806	5 778	-0,9 %	234	-2,0%
11 IE DUBLIN	23 379	828	19 936	2 616	0,8 %	197	0,9%
12 ES PALMA DE MALLORCA	22 807	6 313	15 602	892	-1,6 %	177	-0,7%
13 UK LONDON/STANSTED	22 338	2 343	18 595	1 400	-6,0 %	167	-8,0%
14 DK KØBENHAVN/KASTRUP	21 687	1 894	13 650	6 142	1,8 %	254	5,0%
15 UK MANCHESTER	21 062	2 944	11 847	6 272	-3,8 %	189	-7,4%
16 AT WIEN/SCHWECHAT	19 687	684	12 446	6 557	5,2 %	259	4,8%
17 IT MILANO/MALPENSA	19 012	3 086	9 655	6 272	-19,5	201	-19,5

					%		%
18 BE BRUX-ELLES/NATIONAL	18 369	2	12 047	6 320	3,5 %	219	1,6%
19 SE STOCK-HOLM/ARLANDA	18 126	4 849	9 352	3 925	1,2 %	204	2,8%
20 DE DÜSSELDORF	18 103	4 440	8 485	5 179	1,8 %	220	0,7%
21 EL ATHINAI	16 362	5 796	7 811	2 755	-1,0 %	183	-0,6%
22 DE BERLIN/TEGEL	14 454	6 983	5 275	2 195	8,4 %	153	6,2%
23 PT LISBOA	13 604	2 009	8 023	3 572	1,6 %	137	-2,3%
24 FI HEL-SINKI/VANTAA	13 435	2 701	7 844	2 889	2,2 %	174	2,9%
25 DE HAMBURG	12 782	5 534	5 069	2 179	0,7 %	149	-0,4%
26 ES MALAGA	12 754	2 794	9 298	662	-6,0 %	107	-6,6%
27 CZ PRAHA/RUZYNE	12 587	139	9 191	3 256	1,8 %	166	3,1%
28 FR NICE/CÔTE D'AZUR	10 365	4 370	4 546	1 449	-0,2 %	165	-3,8%
29 DE KÖLN/BONN	10 296	3 716	4 791	1 790	-1,0 %	104	-5,3%
30 UK LON-DON/LUTON	10 174	1 321	7 867	986	2,6 %	83	3,2%
35 PL WAR-SZAWA/OKECIE	9 480	943	6 134	2 404	2,7 %	139	-1,7%
38 HU BUDA-PEST/FERIHEGY	8 429	-	6 392	2 037	-1,8 %	105	-4,6%
54 CY LARNAKA	5 477	-	4 255	1 222	4,1 %	54	4,5%
60 RO BUCUR-EŞTI/OTOPENI	5 063	504	3 637	922	2,5 %	68	2,8%
76 LV RIGA	3 687	31	2 770	887	16,8 %	54	23,5 %
84 BG SOFIA	3 205	137	2 609	458	17,7 %	39	14,0 %
85 MT MALTA/LUQA	3 125	-2	849	276	5,2 %	27	-1,0%
103 SK BRATI-SLAVA/IVANKA	2 206	194	1 680	333	11,6 %	25	12,3 %
104 LT VILNIUS	2 042	0	1 566	476	19,1 %	35	19,7 %
118 EE TAL-	1 804	21	1 445	339	4,8	32	9,5%

LINN/ÜLEMISTE					%		
124 LU LUXEMBOURG	1 713	0	1 383	329	4,8 %	39	2,3%
127 SI LJUBL-JANA/JOŽE PUČNIK	1 649	-	1 010	639	9,6 %	37	9,1%

Source: Eurostat

Table 2 ranks the top 30 airports within the EU-27 Member States together with the most significant airport of Member States which do not appear in the top 30.

The top 5 rank does not show any change compared to 2007, but it is significant that only Paris/Charles de Gaulle recorded positive growth throughout the year.

The most significant variations in the ranking were recorded by Rome/Fiumicino (from 9 to 6) and Milano/Malpensa (from 12 to 17). The reason for this was the decision taken by Alitalia to abandon Milano/Malpensa as a hub, transferring part of their operations to Rome/Fiumicino in March 2008.

As regards the impact of the economic crisis, almost all airports featured in Table 2 reported a negative growth in the last quarter of 2008. Only three airports (Larnaka, Bucharest/Otopeni and Riga International) reported passenger growth in that quarter.

London Heathrow was the main European hub for extra-EU transport. Thirteen of the top 20 extra-EU air passenger routes include London Heathrow as one of the airport pairs, including the top five routes. This does not imply that the UK is the origin or destination for all of the passengers using these services, as a significant proportion of them are connecting passengers.

The largest extra-EU route in 2008 was London Heathrow-New York JFK, which reported 2.8 million passengers. Other significant extra- EU-27 routes not involving London Heathrow include those between Copenhagen and Oslo, with 1.3 million passengers, Paris-Charles de Gaulle – New York JFK with 1.2 million passengers and Paris Charles de Gaulle – Montreal with 1.1 million passengers.

At EU-27 level, 12.9 million tonnes of freight and mail were transported in 2008. This represents an increase of 3.3% compared to 2007. Looking at the underlying quarterly data, a positive growth was registered during the first three quarters of 2008.

The effect of the economic slowdown began to be observed during the last three months of the year when tonnage fell progressively by 1% in October, 7% in November and 14% in December.

Table no 3

Overview of EU-27 air freight and mail transport by Member States in 2008: freight and mail carried (in tonnes)

		Total transport	National transport	International intra-EU-27 transport	International extra-EU-27 transport
		Freight and mail Growth 2007-2008	**Freight and mail Growth 2007-2008**	**Freight and mail Growth 2007-2008**	**Freight and mail Growth 2007-2008**
BELGIUM	BE	1 071 346	595	317 212 -	753 539
BULGARIA	B	-11.0%	59.5%	33.8%	4.1%
CZECH	G	19 533	32	15 391	4 110
REPUBLIC	CZ	4.3%	56.8%	7.9%	-7.4%
DENMARK	D	55 906 -	1 893 -	30 600 -	23 413
GERMANY	K	6.7%	9.9%	18.9%	16.5%
ESTONIA	D	254 100	2 603	112 777	138 720
IRELAND	E	:	:	:	:
GREECE	EE	3 568 668	129 619	803 644	2 635 404
SPAIN	IE	4.4%	22.0%	18.1%	0.1%
FRANCE *	EL	41 744	- -	7 104	34 640
ITALY	ES	84.4%	7 748 -	20.3%	107.1%
CYPRUS	FR	126 855	28.3%	73 880	45 227
LATVIA	IT	-4.4%	14 174	5.5%	-12.9%
LITHUANIA	C	108 628	5.0%	59 376 -	35 078
LUXEMBO	Y	5.5%	101 545	1.7%	20.6%
URG	LV	539 803	-7.2%	164 489 -	273 769
HUNGARY	LT	5.7%	145 540	4.7%	19.8%
MALTA	LU	1 668 136	-9.9%	295 492 -	1 227 104
NETHERLA	H	-2.3%	68 301	3.0%	-1.1%
NDS	U	814 995 -	-8.4%	269 529 -	477 165
AUSTRIA	M	10.1%	- -	9.1%	-10.9%
POLAND	T	42 795	- -	34 072	8 723
PORTUGAL	NL	1.8%	1 :	1.8%	2.0%
ROMANIA	AT	6 884 -	- -	4 765 2.4%	2 119 -
SLOVENIA	PL	4.3%	- -	6 500 -5.2%	16.7%
SLOVAKIA	PT	9 049 -	- -	45 705 -	2 548 -
FINLAND	R	29.3%	0 -64.9%	32.6%	57.1%
SWEDEN	O	788 218	887	26 001 -	742 513
UNITED	SI	12.2%	5.7%	20.0%	17.0%
KINGDOM	SK	62 544 -	7 839	12 827 -	36 543
	FI	7.5%	9.1%	0.9%	4.1%
	SE	18 256	22 106 -	60 656	5 429
	U	1.5%	1.0%	11.6%	7.5%
	K	1 648 519	299 -	52 592 -	1 587 863
		-3.6%	38.4%	4.6%	-4.1%

		206 221 - 0.2% 58 148 30.0% 136 361 4.2% 24 431 27.1% 8 180 - 34.6% 7 432 225.7% 147 822 1.2% 206 217 : 2 411 459 -1.3%	2 -84.6% 1 0.0% 3 602 - 18.6% 21 864 : 125 319 4.4%	29 987 56.2% 60 934 - 1.6% 18 546 29.9% 5 883 -38.0% 6 760 18.4% 58 401 - 15.2% 98 831 : 411 209 - 6.1%	152 742 1.4% 20 323 10.7% 53 321 14.5% 5 586 25.1% 2 295 - 23.9% 671 - 53.9% 85 819 17.8% 85 522 : 1 874 930 -0.6%
EU-27 **		**12 909 824 3.3%**	**653 970 2.9%**	**1 940 739 5.3%**	**10 315 115 3.0%**

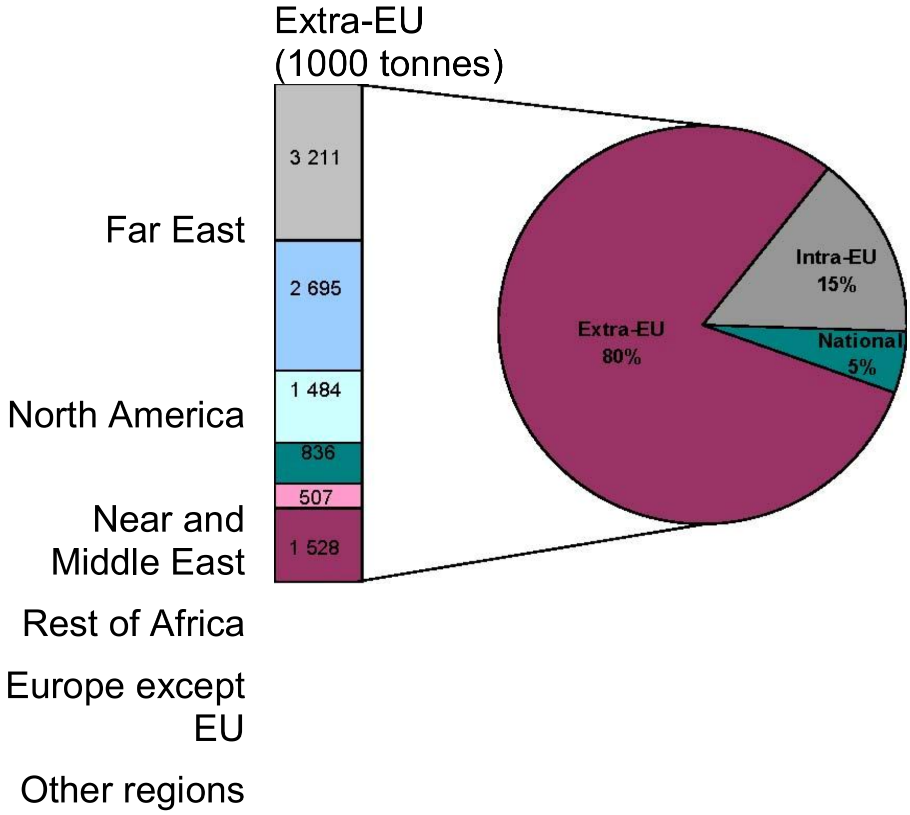
** Due to freight and mail data collection difficulties, the data for the two main airports in Paris (Charles de Gaulle and Orly) are underestimated.*
This also affects the aggregated freight data for France.
*** The EU growths are calculated by excluding the declarations from Sweden and from Copenhagen airport, as such data are not available in 2007. Also, double counting is excluded in the intra-EU-27 and total EU-27 aggregates by taking into consideration only departure declarations.*
Source: Eurostat (AVIA_GOOC)

The extra-EU air freight and mail market is by far most important segment representing 80% of the total. It indicates that within the intra-EU and national markets there are often alternatives for competition between modes of transport.

Graph 3 shows the breakdown of extra-EU transport by world region where the Far East is the main extra-EU partner region, accounting alone for more than 30% of this market.

Graph no 3

Overview of the EU-27 air freight and mail transport in 2008



Source: Eurostat

In March 2008, DHL Express, one of the main market actors, moved its main European hub from Brussels/National to Leipzig/Halle.

This is reflected in the statictics where Leipzig/Halle appears for the first time in the top 20 airports (8) with a spectacular growth of 400% compared to 2007. The side effect was a decline in the figures of Brussels/National and also of Köln/Bonn. Furthermore, DHL Express launched a new regular cargo service between Leipzig/Halle and Bratislava/Ivanka converting this last airport into a sub-hub for the company.

SUMMARY

International passenger traffic recorded in 2009, the largest decline after the Second World War, announces the International Air Transport Association (IATA). According to IATA, passenger traffic decreased by 3.5% in 2009 compared with 2008, and aircraft load factor stood at 75.6%. Air cargo traffic fell by 10.1% in 2009, and the degree of loading was 49.1%. By regions, North America and Asia-Pacific have decreased by 5.8% last year and Europe - 5%. Middle East has confirmed its dynamism with an annual increase of 11.3%. Latin American carriers recorded an increase of 0.3%, while those in Africa - a decline of 6.8%. "In terms of demand in 2009 will enter history books as the worst year that the airline known industrial sort. I lost the final two years and half the growth of passenger transport market and half to three years and increase the freight market, "he said IATA Director Giovanni Bisignani.

According to the official IATA airline indus-tria begin 2010 with tremendous challenges, even if "it was worst is over". In the last month of last year 2009, demand for passenger air traffic increased by 4.5% compared with December 2008. Also, demand for air cargo traffic increased by 24.4% in December 2009.

In the middle of february 2010, IATA has estimated that in 2009, airlines worldwide have recorded losses of 11 billion dollars, causing total losses reported in the period 2000-2009 to 49.1 billion dollars with an average of five billion dollars per year

For 2010, IATA expects losses of 5.6 billion dollars and we encourage all companies in the field to focus on adaptation capacity flight demand, respectively controlling costs.

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