Supporting
European
Aviation

EUROCONTROL

EUROCONTROL
Five-Year Forecast 2020-2024
European Flight Movements and Service Units
Three Scenarios for Recovery from COVID-19

STATFOR - November 2020

FOUNDING MEMBER SESAR JOINT UNDERTAKING

NETWORK MANAGER

This forecast complements the short-term traffic scenarios

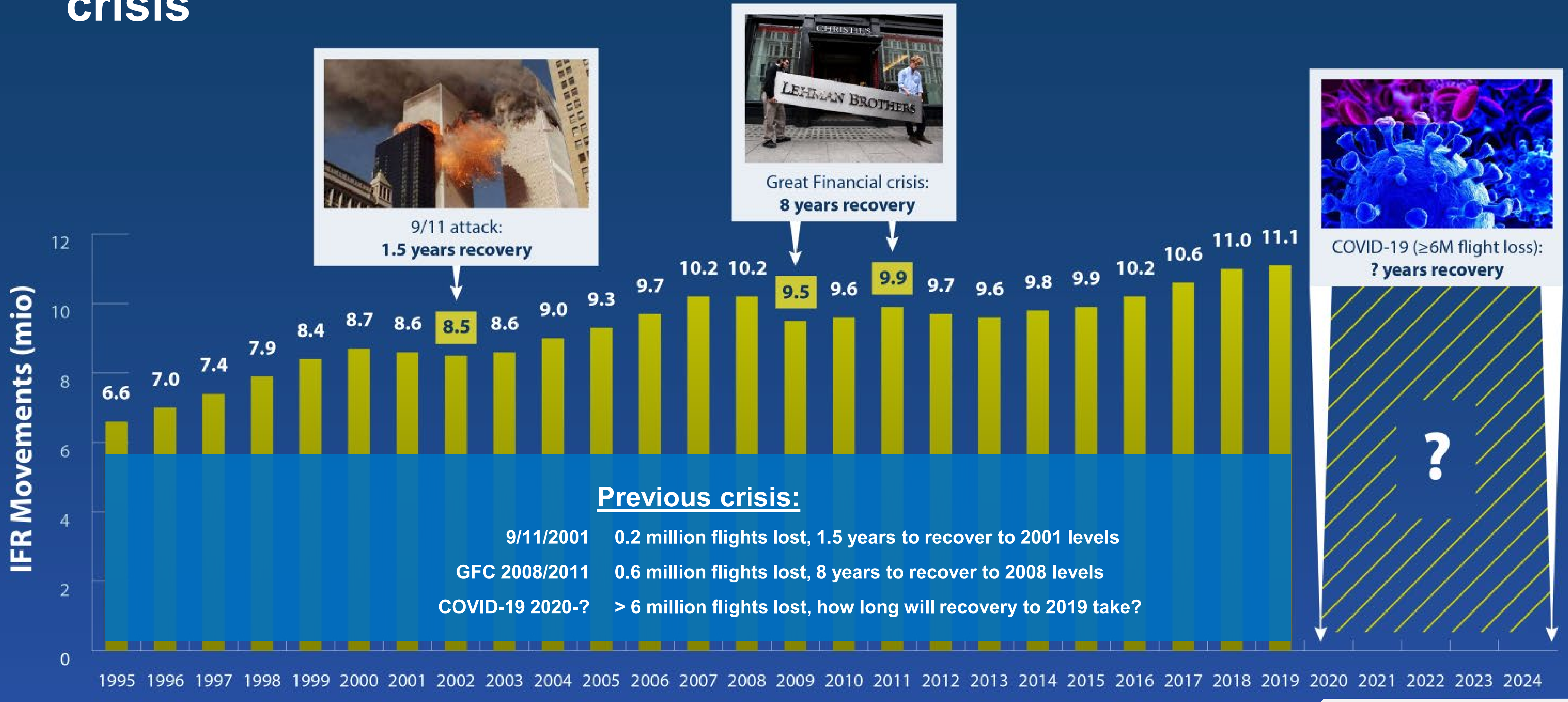
The traffic outlook for the future has been strongly impacted by **COVID-19**.

This forecast takes into account the following updated inputs:

- Traffic trends: 65% fewer flights in March-October 2020 than the same period 2019
- Economic growth: Strong downward revision of the economic forecast (Oxford Economics October 2020 release)
- Three separate scenarios to account for COVID-19 impact and timing of recovery

This forecast replaces the Autumn 2019 forecast.

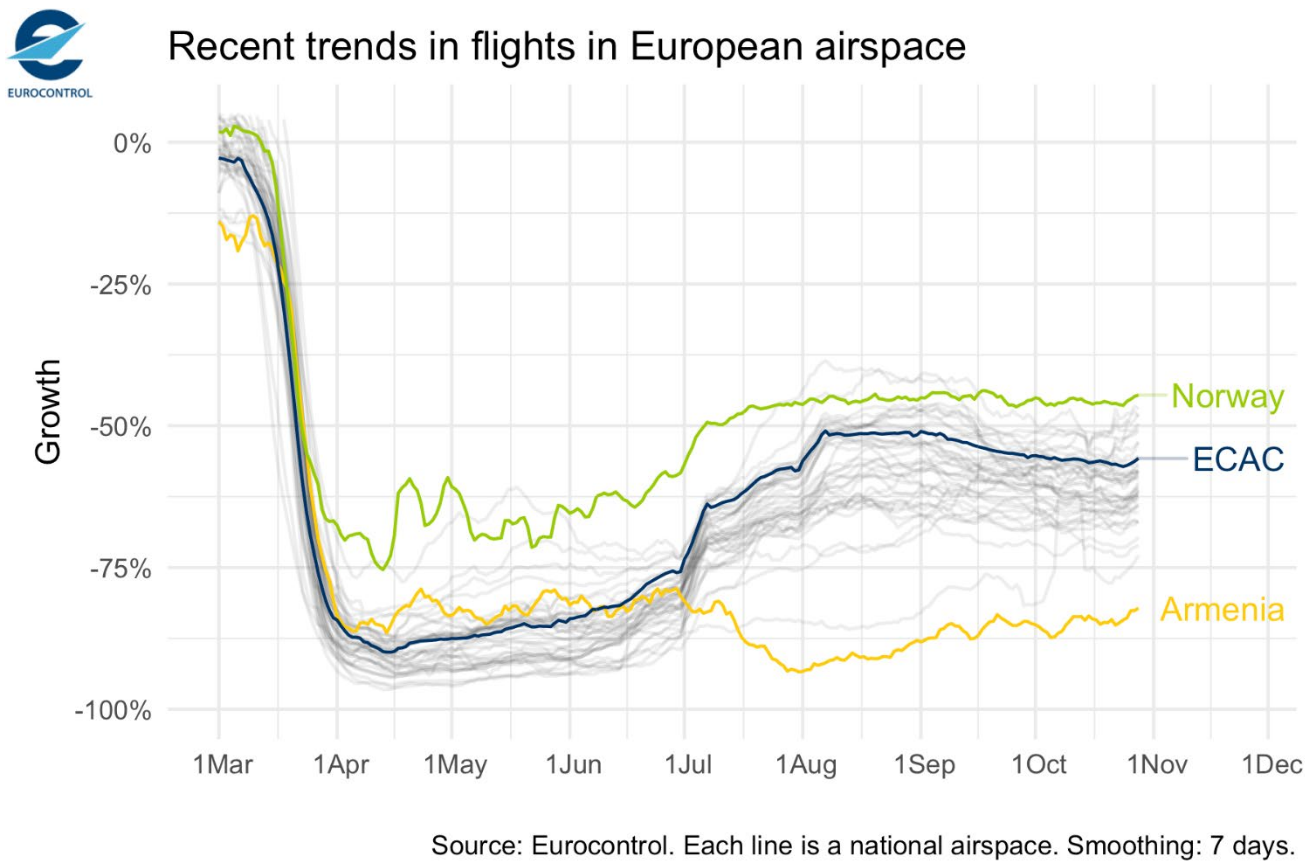
European traffic evolution and recovery from previous crisis



Source: EUROCONTROL; Coverage: ECAC area

Traffic Trends

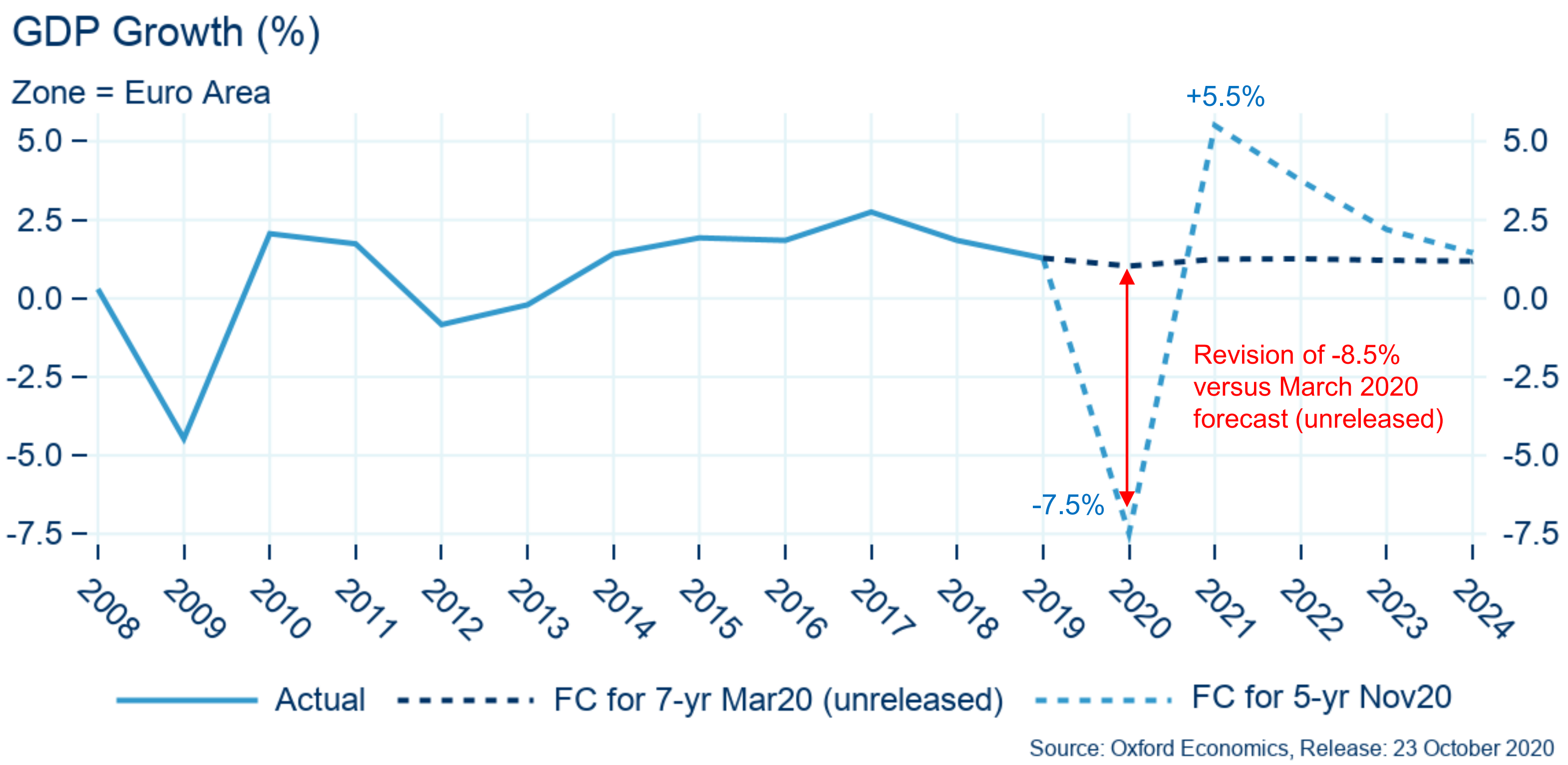
There were 65% fewer flights in March-October 2020 than in the same period of 2019, back to pre-1990 flight levels.



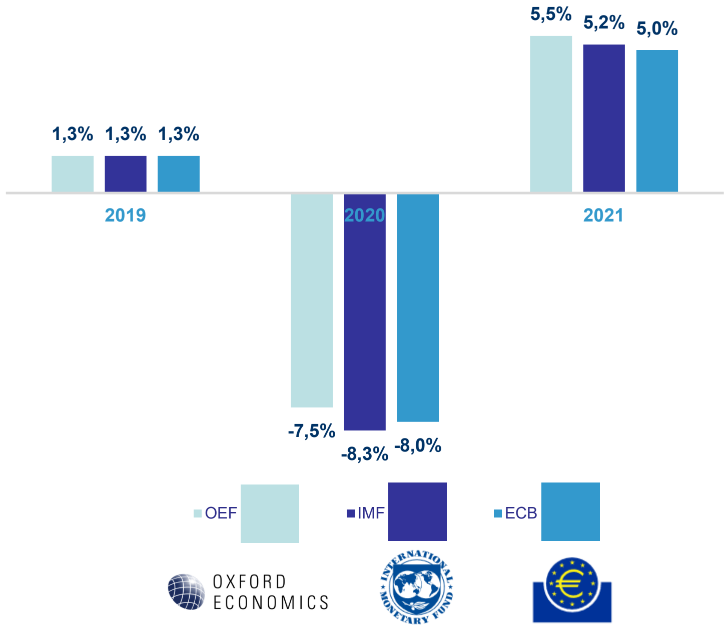
- Since the beginning of 2020 (January-October), average daily flights in Europe (ECAC area) remained 54% below the 2019 traffic levels (same period).
- ECAC flight growth is driven by larger States such as Germany, France and the Netherlands maintaining their traffic a little more strongly: a mix of repatriation, cargo and domestic flights.
- Norway is the State least affected thanks to its critical dependence on aviation connectivity and the strong recovery of domestic travel;
- Armenia and Israel, down by more than 80% since March, are the States most impacted.
- Latest news (lockdowns imposed by most European governments at the time of writing) result in traffic deteriorating at the start of winter.

Economic Growth in Europe

The GDP baseline forecast shows a 7.5% contraction in 2020

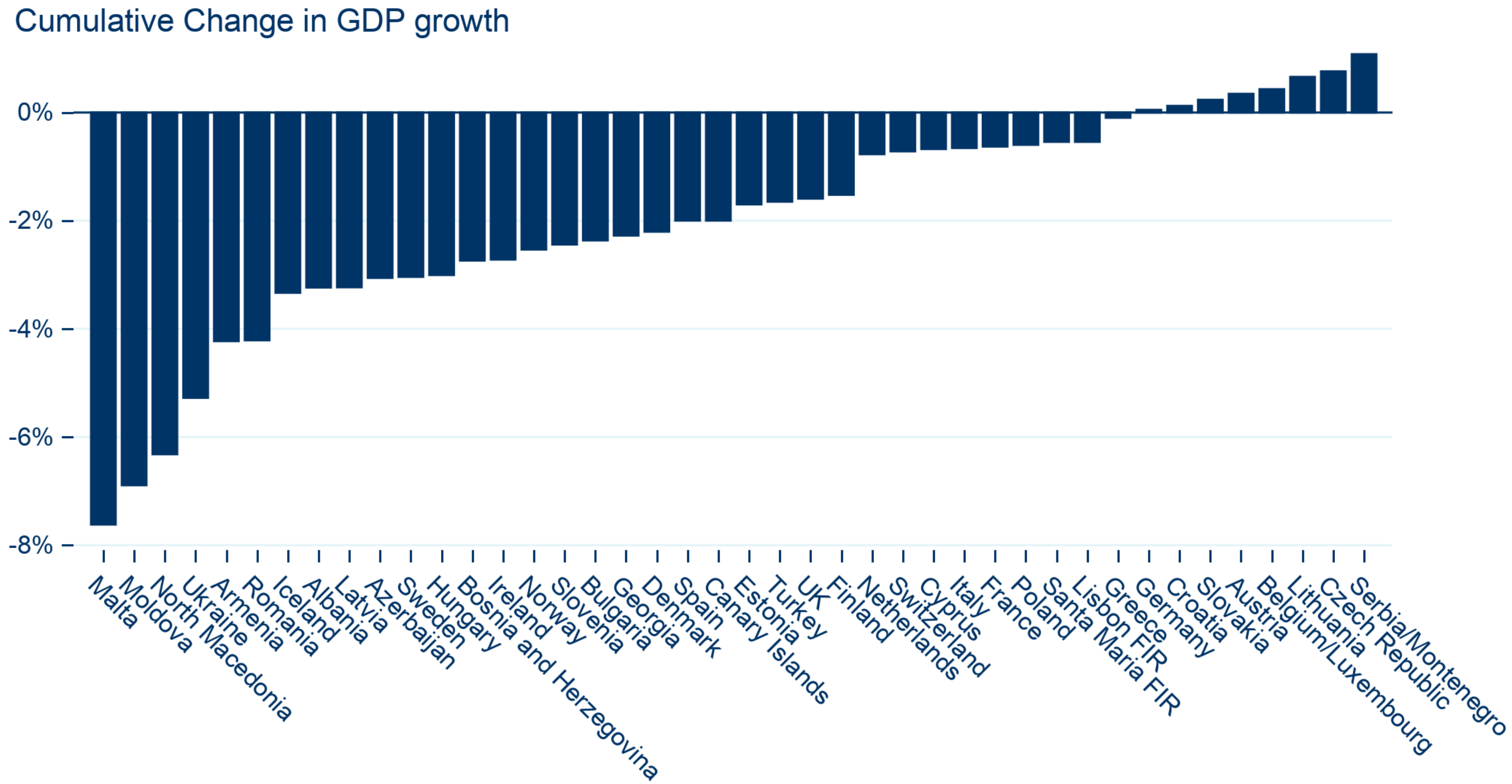


Comparison of 3 GDP forecasts for Euro Area



Economic Growth of States

Most countries have seen their economic forecast revised downward during the full forecast horizon (2020-2024)



Cumulative change = The total net percent change of the GDP growth by State between the GDP forecast used in this forecast and the one used to produce the forecast in March 2020 (unreleased).

Source: Oxford Economics, Release: 23 October 2020

Scenario COVID-19 recovery

We opted for 3 separate scenarios considering all possible risks and their relative impacts

In building the scenarios, we took into account the following dimensions:

- Strength of the worldwide second wave of COVID-19
- Strength and timing of the public health restrictions and social distancing
- Availability ‘and uptake’ of vaccine/therapies with proven success in treating COVID-19
- Impact on the global economy ranging from a fast strong rebound to a financial crisis
- Possible differences in state aid and risks of bankruptcies in the aviation industry
- Potential reductions in demand to fly not only of business travellers (i.e. increased uptake of video conference,…) but also of leisure travellers (e.g. more-vulnerable groups).

Scenario COVID-19 recovery

Optimistic and pessimistic scenarios were explored

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Scenario 1

Vaccine Summer 2021

Vaccine widely made available for travellers (or end of pandemic) by Summer 2021

Recovery to 2019 level in 2024

From mid-2021:

- Enough testing facilities for passengers. Relatively good passenger confidence. Some travelers still reluctant to fly (elder leisure, business class travelers).
- Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns.
- Some long-haul flows restarting quicker than others (eg. North-Atlantic first).

Scenario 2

Vaccine Summer 2022

Vaccine widely made available for travellers (or end of pandemic) by Summer 2022

Recovery to 2019 level in 2026?

From mid-2022:

- Enough testing facilities for passengers. Relatively good passenger confidence. Some travelers still reluctant to fly (elder leisure, business class travelers).
- Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns.
- Some long-haul flows restarting quicker than others (eg. North-Atlantic first).

Scenario 3

Vaccine not effective

Lingering infection and low passenger confidence

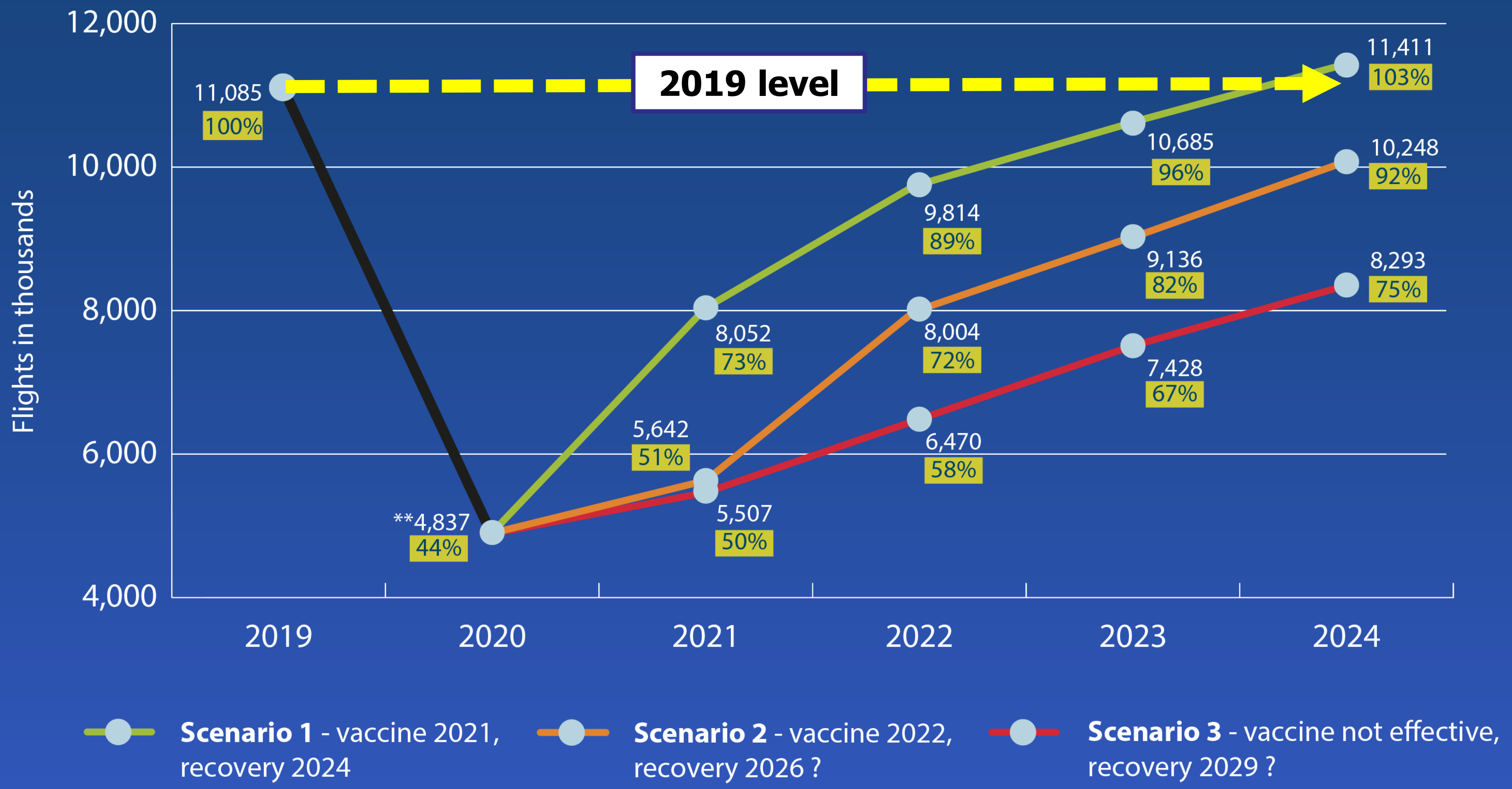
Recovery to 2019 level in 2029?

From mid-2022:

- Vaccine widely made available for travellers by Summer 2022, but uptake is patchy.
- Difficult for airlines to operate as pre-COVID-19: some regions are experiencing renewed outbreak phases, not at the same time, not with the same severity.
- Demand is bouncing back for 60%-70% of travellers but reluctance to fly for rest (fear and/or alternatives): permanent drop in propensity to fly.

EUROCONTROL STATFOR 5-year forecast for *Europe 2020-2024

Actual and future movements, % traffic compared to 2019



** Europe=ECAC 44 Member States*

*** Forecast 2020 based on scenario 2*

Flight Forecast

Summary of flight forecast for Europe (ECAC)

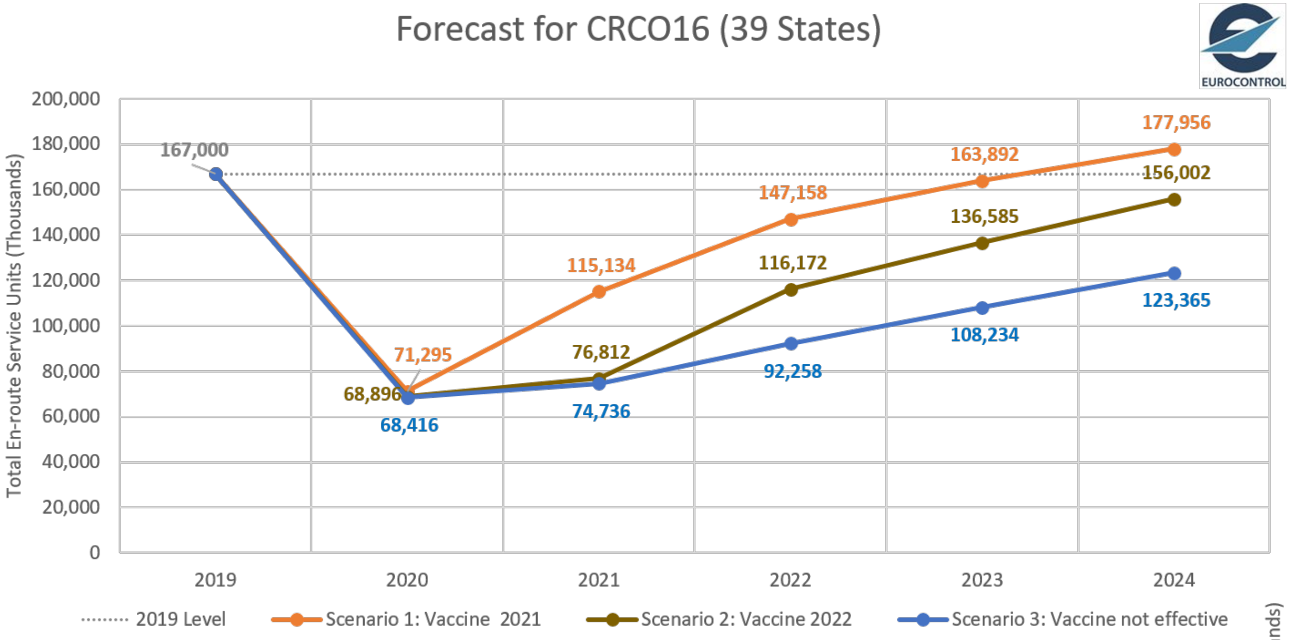
ECAC*		2015	2016	2017	2018	2019	2020**	2021	2022	2023	2024**	AAGR 2020-2024 (vs 2019)
IFR Flight Movements (Thousands)	Scenario 1: Vaccine 2021	.	.	.	.	.	4,973	8,052	9,814	10,685	11,411	**0.6%**
	Scenario 2: Vaccine 2022	9,923	10,197	10,604	11,002	11,085	4,837	5,642	8,004	9,136	10,248	**-1.6%**
	Scenario 3: Vaccine not effective	.	.	.	.	.	4,811	5,507	6,470	7,428	8,293	**-5.6%**
Annual Growth (compared to previous year unless otherwise mentioned)	Scenario 1: Vaccine 2021	.	.	.	.	.	-55%	62%	22%	8.9%	6.8%	**0.6%**
	Scenario 2: Vaccine 2022	1.6%	2.8%	4.0%	3.8%	0.8%	-56%	17%	42%	14%	12%	**-1.6%**
	Scenario 3: Vaccine not effective	.	.	.	.	.	-57%	14%	17%	15%	12%	**-5.6%**

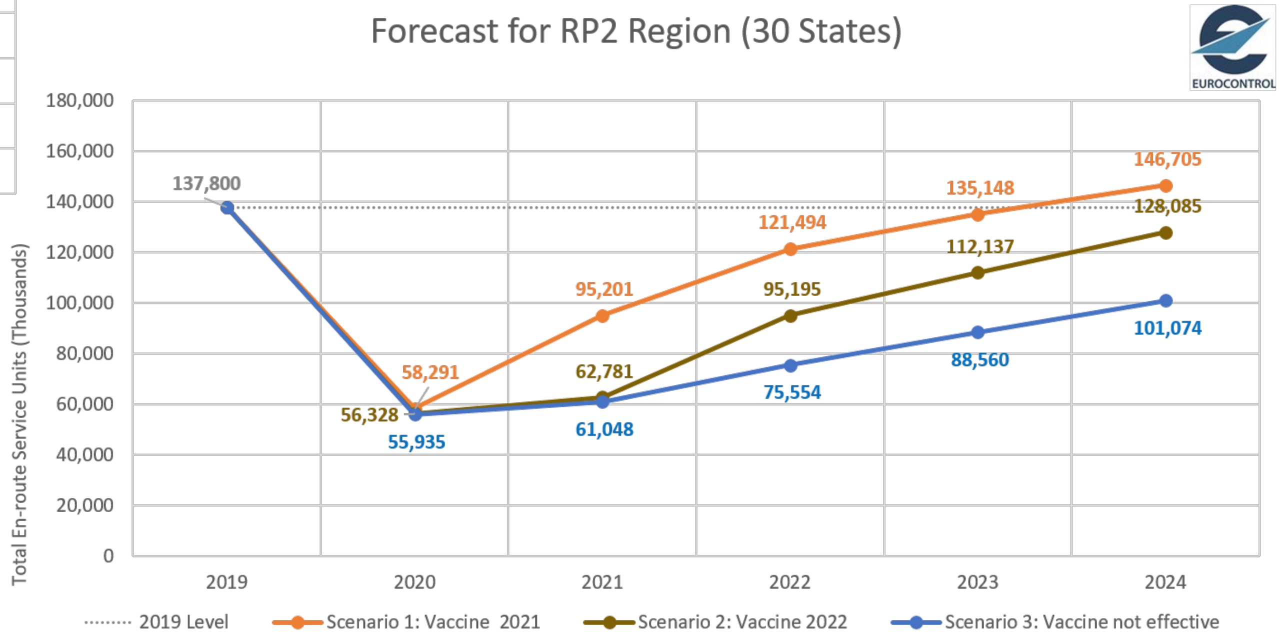
* ECAC is the European Civil Aviation Conference
** Leap year

Source: EUROCONTROL

EUROCONTROL 5-year forecast 2020-2024

Actual and future total en-route service units





Source: EUROCONTROL

Service Unit Forecast

Summary of total service units forecast

Total Service Units (thousands)		2014	2015	2016	2017	2018	2019	2020***	2021	2022	2023	2024***	AAGR 2020-2024 (vs 2019)
CRCO16 *	Scenario 1: Vaccine 2021	.	.	.	.	.	.	71,295	115,134	147,158	163,892	177,956	1.3%
	Scenario 2: Vaccine 2022	132,920	138,505	144,274	153,194	162,512	167,000	68,896	76,812	116,172	136,585	156,002	-1.4%
	Scenario 3: Vaccine not effective	.	.	.	.	.	.	68,416	74,736	92,258	108,234	123,365	-5.9%
RP2 Region **	Scenario 1: Vaccine 2021	.	.	.	.	.	.	58,291	95,201	121,494	135,148	146,705	1.3%
	Scenario 2: Vaccine 2022	111,670	115,063	120,208	126,928	134,016	137,800	56,328	62,781	95,195	112,137	128,085	-1.5%
	Scenario 3: Vaccine not effective	.	.	.	.	.	.	55,935	61,048	75,554	88,560	101,074	-6.0%

Total Service Units (Growth)		2014	2015	2016	2017	2018	2019	2020***	2021	2022	2023	2024***	AAGR 2020-2024 (vs 2019)
CRCO16 *	Scenario 1: Vaccine 2021	.	.	.	.	.	.	-57%	62%	28%	11%	8.6%	1.3%
	Scenario 2: Vaccine 2022	5.8%	4.2%	4.2%	6.2%	6.1%	2.8%	-59%	12%	51%	18%	14%	-1.4%
	Scenario 3: Vaccine not effective	.	.	.	.	.	.	-59%	9.2%	23%	17%	14%	-5.9%
RP2 Region **	Scenario 1: Vaccine 2021	.	.	.	.	.	.	-58%	63%	28%	11%	8.6%	1.3%
	Scenario 2: Vaccine 2022	4.4%	3.0%	4.5%	5.6%	5.6%	2.8%	-59%	12%	52%	18%	14%	-1.5%
	Scenario 3: Vaccine not effective	.	.	.	.	.	.	-59%	9.1%	24%	17%	14%	-6.0%

* CRCO16 refers to the EUROCONTROL Member States currently participating to the Multilateral Route Charges System.

** RP2 Region stands for the sum over all the 30 States that are involved in the EU-wide performance target setting for the second period, namely: 28 EU Member States plus Norway plus Switzerland.

*** Leap year

Source: EUROCONTROL

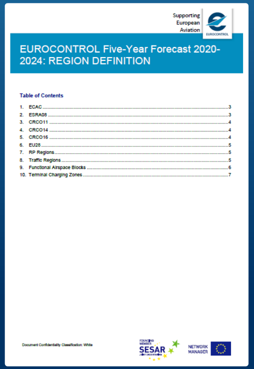
Additional Risks

⚠ The risk behind **Brexit**: We have assumed that continued transport connectivity will be ensured. Businesses and individuals operating in the UK should therefore see no change to existing conditions after the transition period.

⚠ Future **airspace and network changes** (e.g. unexpected closures, new routes) and **airlines' changing choice of routes** are not modelled by the forecast.

⚠ The **economic recovery** remains fragile.

Useful links

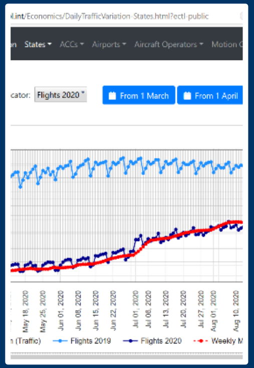


A presentation of the geographical definitions can be found in

[Annex - Traffic Region Definitions]

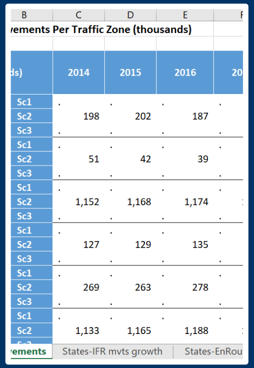
Connect to the

[STATFOR Interactive Dashboard]



Connect to the

[Aviation Intelligence Dashboard]



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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