Supporting European Aviation

EUROCONTROL

EUROCONTROL Forecast Update 2021-2024

European Flight Movements and Service Units

Three Scenarios for Recovery from COVID-19

STATFOR - May 2021

FOUNDING MEMBER SESAR JOINT UNDERTAKING

NETWORK MANAGER

The May 2021 forecast is a 4-year forecast that covers the horizon 2021-2024

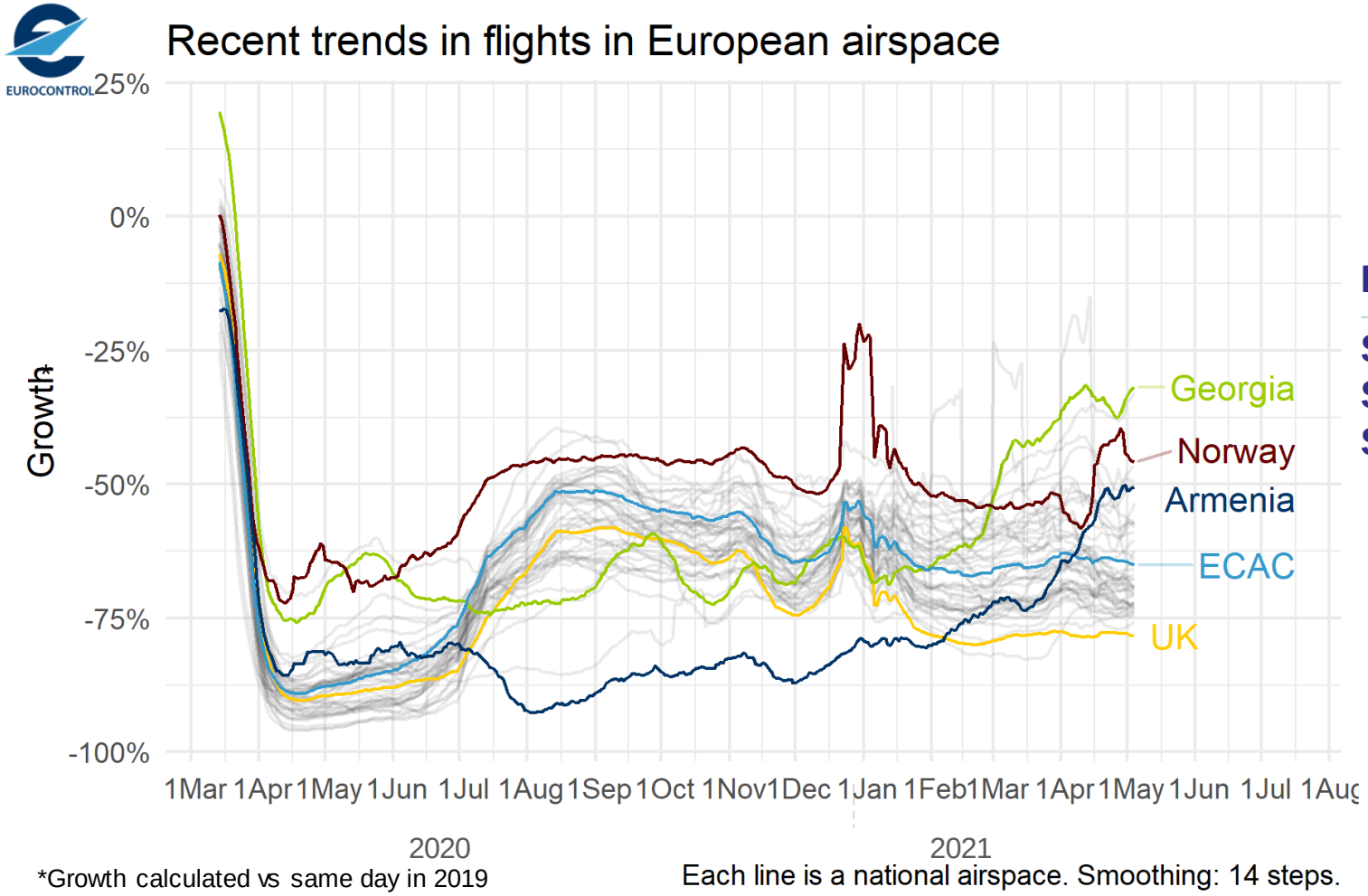
The May 2021 forecast takes into account the following updated inputs:

- Traffic trends: Current traffic flows still strongly impacted by **COVID-19**.
- Economic growth: Latest revision of the economic forecast (Oxford Economics March 2021 release).
- Update of the existing three scenarios accounting for COVID-19 impact and timing of recovery.

This forecast replaces the November 2020 forecast.

Traffic Trends

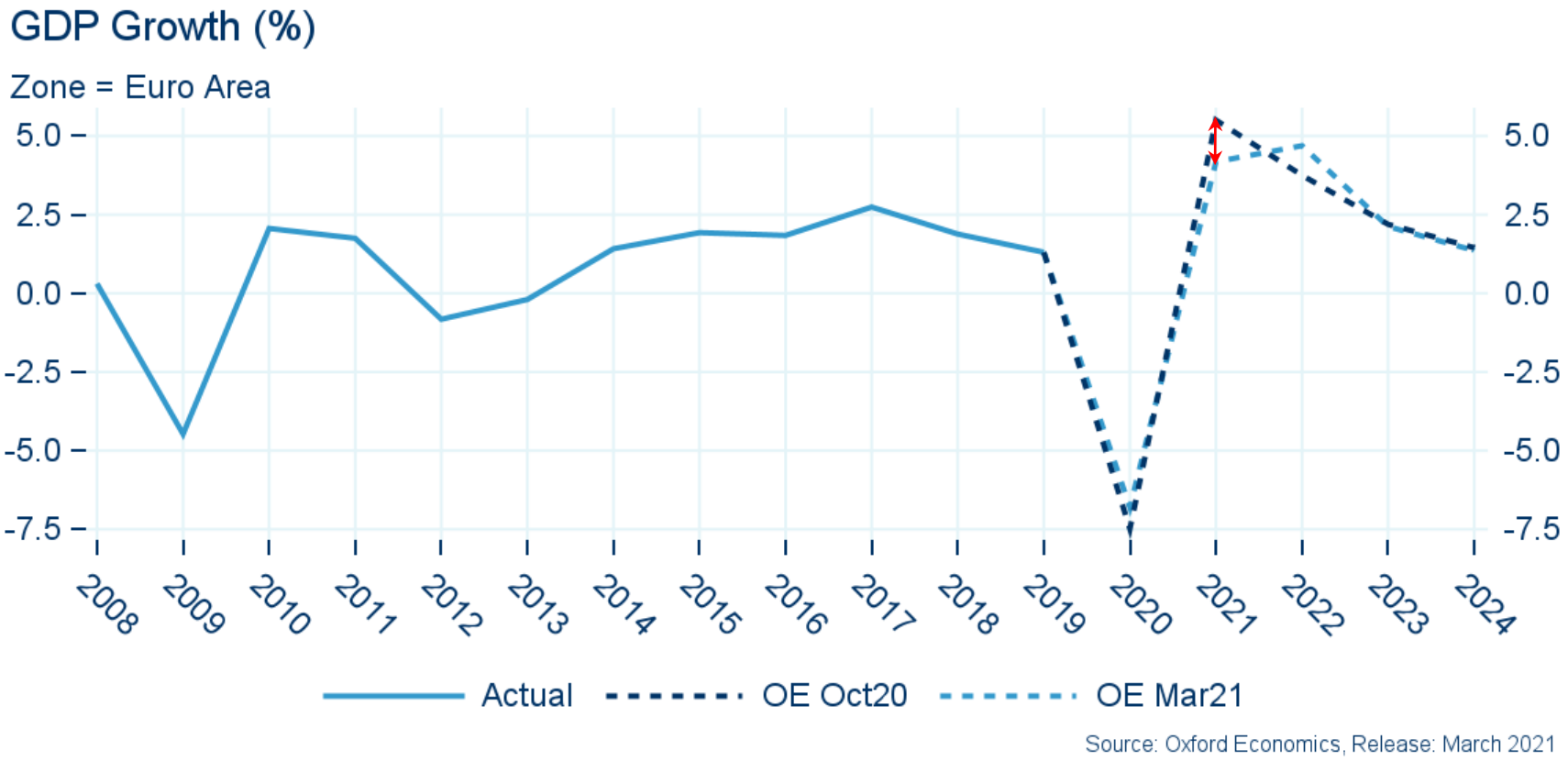
There were 65% fewer flights in January-April 2021 than in the same period of 2019, between Sc2 and Sc3 of the latest forecast (Nov20)



Forecast assumptions Nov20	Jan-Apr 2021
Sc1. Vaccine summer 2021	-59%
Sc2. Vaccine summer 2022	-60%
Sc3. Vaccine not effective	-66%

Economic Growth in Europe

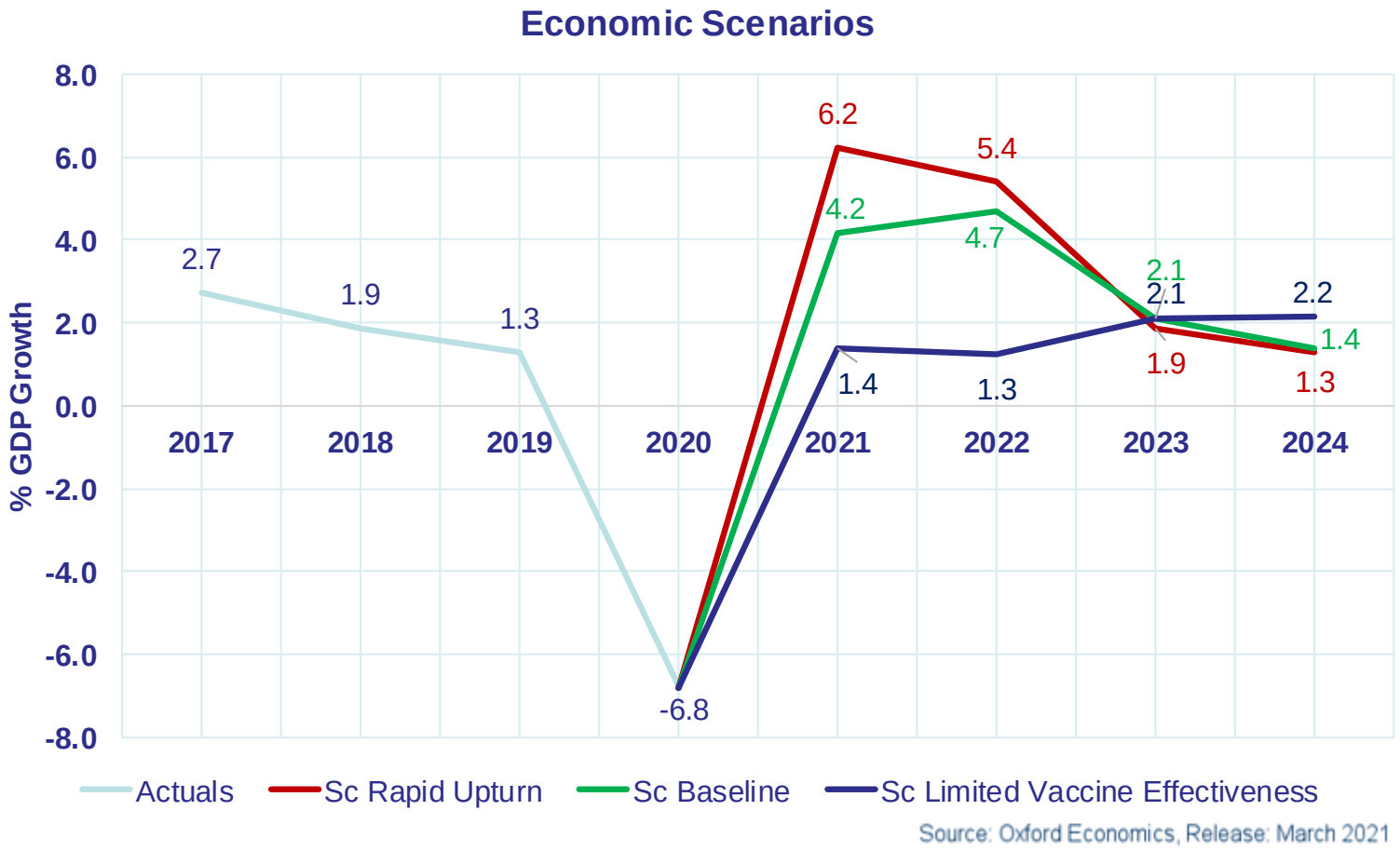
The GDP baseline forecast for 2021 has been revised downward



Downward revision following weakness in the early part of 2021 against a backdrop of a **slow start of the vaccination roll-out** and the **extension of public health restrictions**.

Economic Growth in Europe

Various scenarios are considered with greater or lesser long-term economic damage



Source: Oxford Economics, Release: March 2021

Rapid upturn: Longer-term economic scars are avoided as the successful roll-out of vaccine programmes and additional fiscal stimulus cement recovery.

Baseline: Output remains subdued in the early part of 2021, before accelerating from Q2 as restrictions ease.

Limited vaccine effectiveness: The global economy stagnates, accompanied by market falls.

Scenario COVID-19 recovery

We reviewed the scenarios from Nov20 forecast to consider all possible risks and their relative impacts

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

- Effectiveness of vaccine against new virus variants
- Speed of deployment of vaccine amongst population, reaching herd immunity (±70%)
- Strength of domestic aviation markets
- Coordinated European approach facilitating a safe free movement inside EU (Digital green certificate)
- Possible differences in state aid and risks of bankruptcies in aviation industry
- Savings glut and pent-up demand effect, particularly the VFR (Visiting Friends and Relatives) market
- Reduction in demand to fly for business travellers (i.e. increased uptake of video conference,…) but also of leisure travelers (e.g. Effect of travel shaming and achievement of the global climate ambitions)
- Variation of long-haul recovery: e.g. North-Atlantic flows recovering faster

Scenario Update COVID-19 recovery

Optimistic and pessimistic scenarios are explored

Scenario 1

Vaccine Summer 2021

Easing of travel constraints as of Summer 2021

Recovery to 2019 level in 2024

From mid-2021:

Vaccine roll-out progressing within Europe and globally.
Effective test & trace programme.
Relatively good passenger confidence.
Coordinated interregional approach.
Savings glut/Pent-up demand.
Lingering hit to business travel.

Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns.

Some long-haul flows restarting quicker than others (e.g. North Atlantic, Oceania and Asia).

Scenario 2

Vaccine Summer 2022

Easing of travel constraints as of Q1 2022

Recovery to 2019 level in ~2025

From late-2021:

Vaccine roll-out reaching herd immunity levels within Europe.
Effective test & trace programme.
Relatively good passenger confidence.
Coordinated European approach.
Savings glut/Pent-up demand.
Permanent lingering hit to business travel.

Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns.

A few long-haul flows restarting quicker than others (e.g. North-Atlantic first).

Scenario 3

Lingering infection

Lingering infection and low passenger confidence

Recovery to 2019 level in ~2029

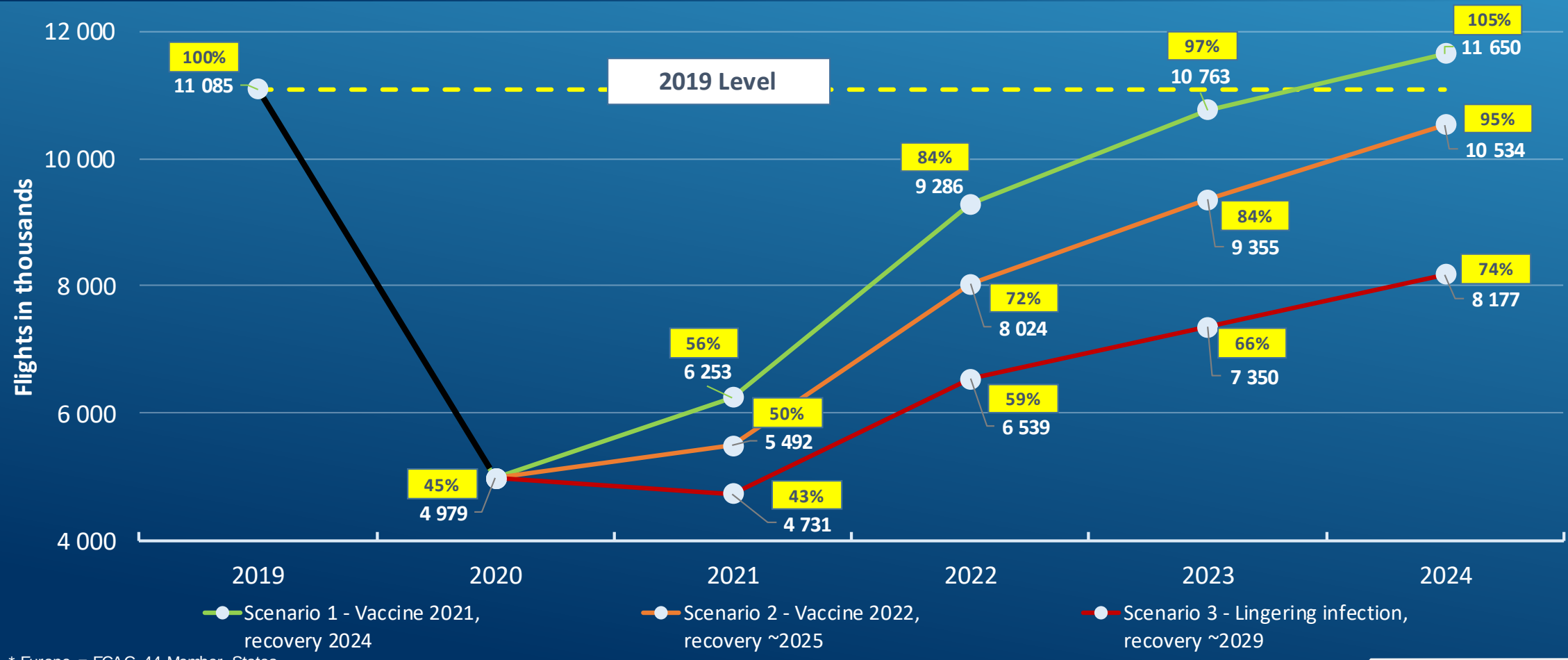
Persistent restrictions due to vaccine not effective against new and more transmissible coronavirus variants.
Patchy uptake of vaccine.

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 travelers but reluctance to fly for rest (fear and/or alternatives); permanent drop in propensity to fly.

EUROCONTROL STATFOR 4-year forecast for *Europe 2021-2024

Actual and future IFR movements, % traffic compared to 2019

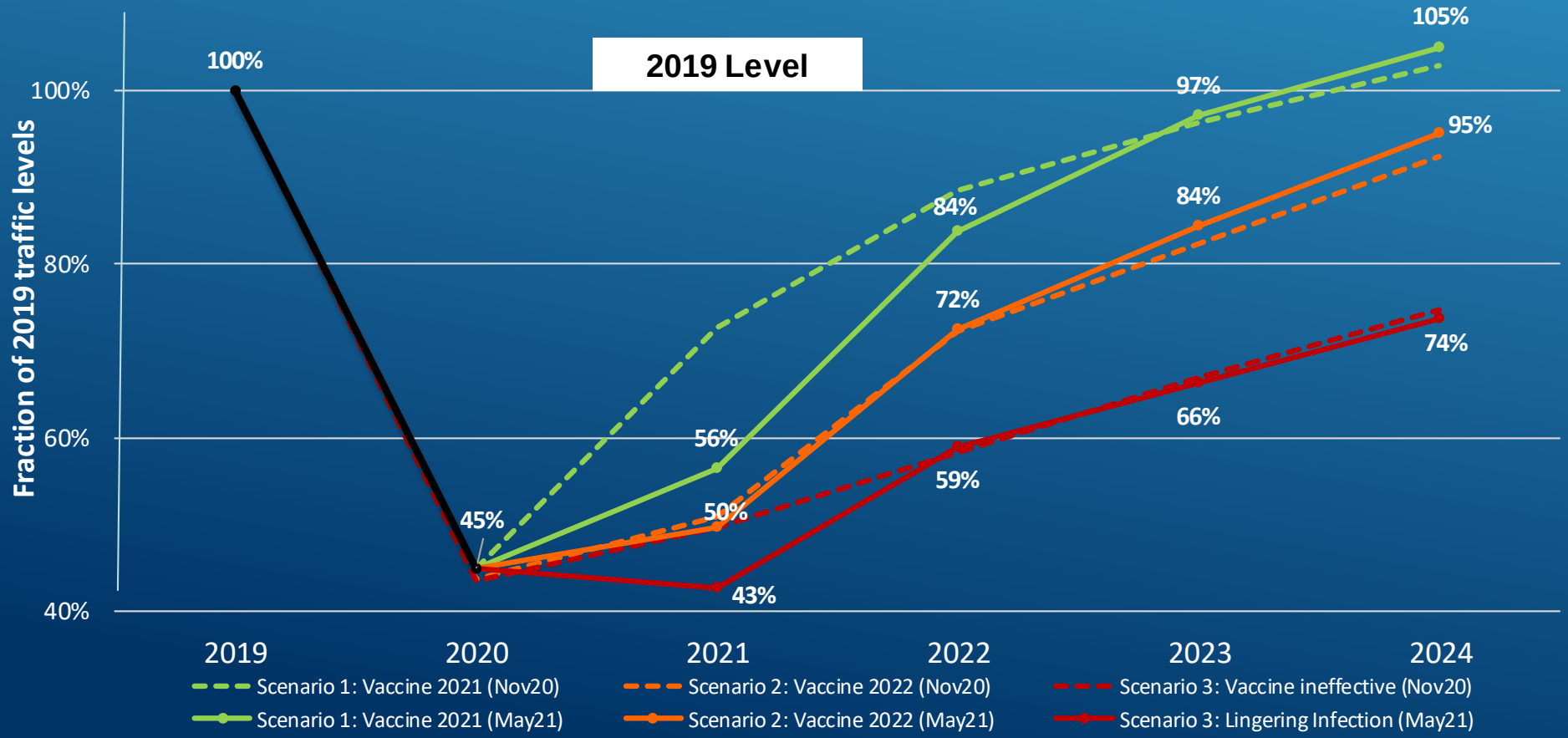


* Europe = ECAC 44 Member States

Source: EUROCONTROL

EUROCONTROL STATFOR 4-year forecast for *Europe 2021-2024

IFR movements, comparison with Nov20 forecast



Update in 2024 Forecast May21 vs Forecast Nov20	
Sc1.	+2pp
Sc2.	+3pp
Sc3.	-1pp

* Europe = ECAC 44 Member States

Source: EUROCONTROL

Flight Forecast

Summary of flight forecast for Europe (ECAC)

ECAC*		2014	2015	2016	2017	2018	2019	2020**	2021	2022	2023	2024**
IFR Flight Movements (Thousands)	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	6,253	9,286	10,763	11,650
	Scenario 2: Vaccine 2022	9,770	9,923	10,197	10,604	11,002	11,085	4,979	5,492	8,024	9,355	10,534
	Scenario 3: Lingering infection	.	.	.	.	.	.	.	4,731	6,539	7,350	8,177
Annual Growth	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	26%	49%	16%	8%
	Scenario 2: Vaccine 2022	1.7%	1.6%	2.8%	4.0%	3.8%	0.8%	-55%	10%	46%	17%	13%
	Scenario 3: Lingering infection	.	.	.	.	.	.	.	-5%	38%	12%	11%

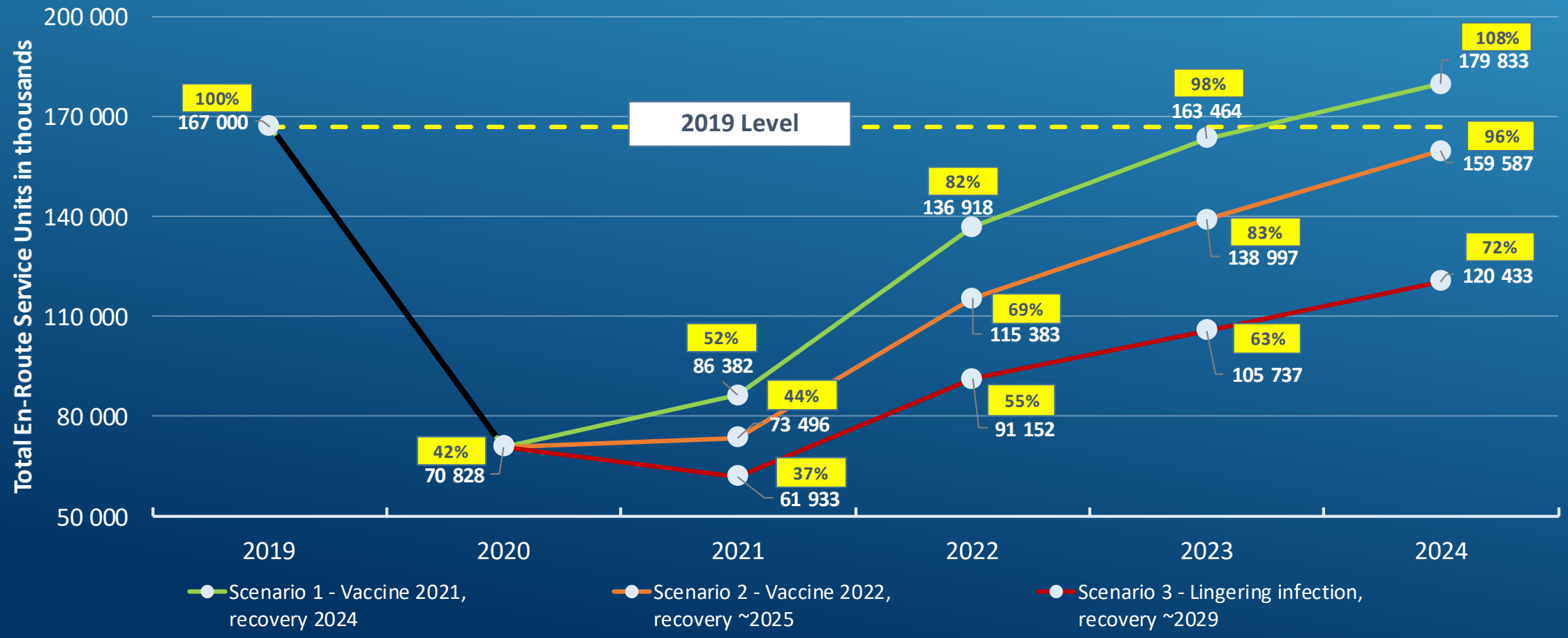
* ECAC is the European Civil Aviation Conference

** Leap year

Source: EUROCONTROL

EUROCONTROL STATFOR 4-year forecast for *Europe 2021-2024

Actual and future total en-route service units

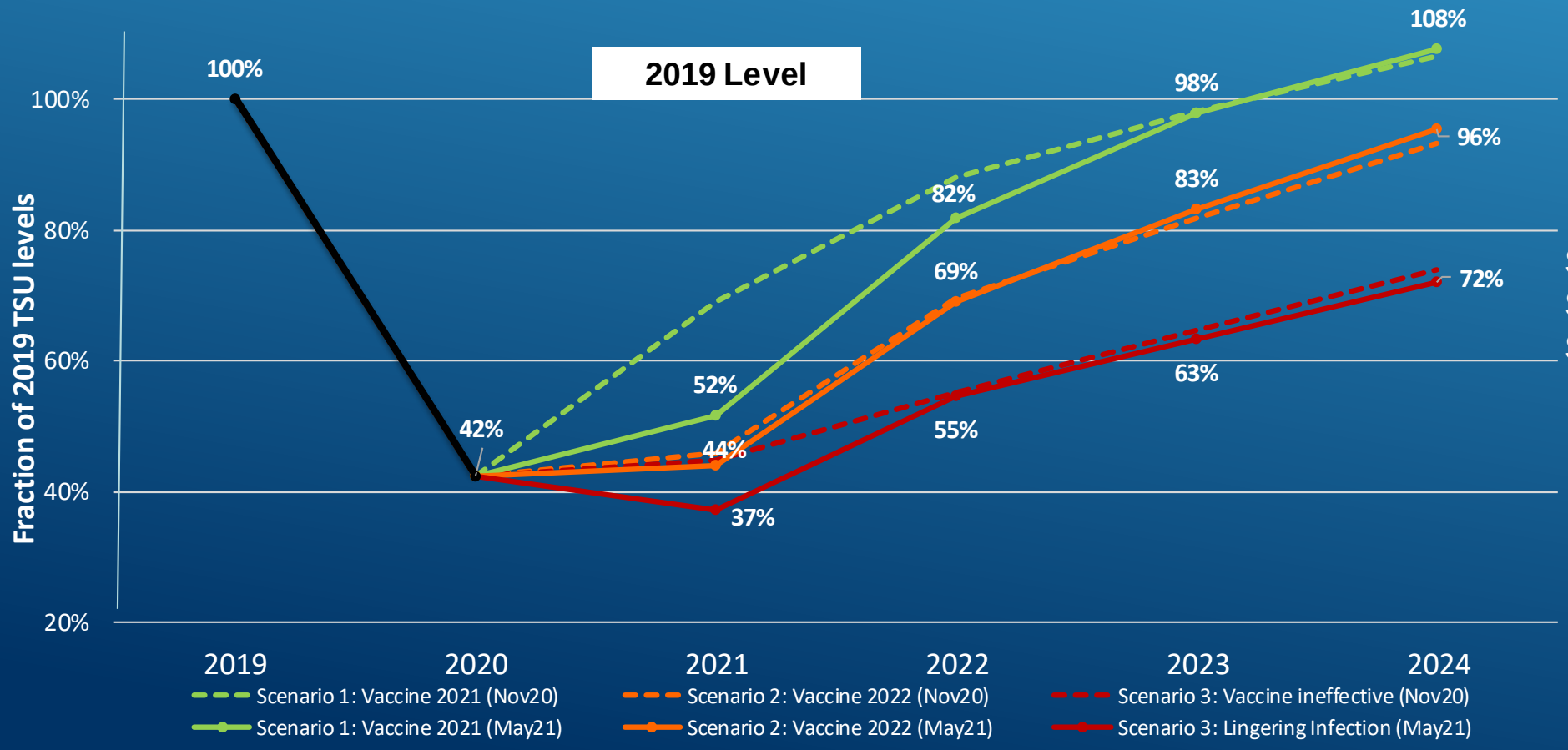


* Europe = CRCO Members (39 States)

Source: EUROCONTROL

EUROCONTROL STATFOR 4-year forecast for *Europe 2021-2024

Total en-route service units, comparison with Nov20 forecast



Update in 2024 Forecast May21 vs Forecast Nov20

Sc1.	+1pp
Sc2.	+3pp
Sc3.	-2pp

* Europe = CRCO Members (39 States)

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***
CRCO States*	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	86,382	136,918	163,464	179,833
	Scenario 2: Vaccine 2022	132,920	138,505	144,274	153,194	162,512	167,000	70,828	73,496	115,383	138,997	159,587
	Scenario 3: Lingering Infection	.	.	.	.	.	.	.	61,933	91,152	105,737	120,433
RP2 Region **	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	70,147	114,100	135,710	148,941
	Scenario 2: Vaccine 2022	111,670	115,063	120,208	126,928	134,016	137,800	57,694	59,558	95,605	115,244	132,256
	Scenario 3: Lingering Infection	.	.	.	.	.	.	.	49,991	74,978	86,833	98,651
Annual Growth (compared to previous year)		**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020*** **	**2021**	**2022**	**2023**	**2024*** **
CRCO States*	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	22%	59%	19%	10%
	Scenario 2: Vaccine 2022	5.8%	4.2%	4.2%	6.2%	6.1%	2.8%	-58%	4%	57%	21%	15%
	Scenario 3: Lingering Infection	.	.	.	.	.	.	.	-13%	47%	16%	14%
RP2 Region **	Scenario 1: Vaccine 2021	.	.	.	.	.	.	.	22%	63%	19%	10%
	Scenario 2: Vaccine 2022	4.4%	3.0%	4.5%	5.6%	5.6%	2.8%	-58%	3%	61%	21%	15%
	Scenario 3: Lingering Infection	.	.	.	.	.	.	.	-13%	50%	16%	14%

* CRCO States 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: 27 EU Member States plus Norway plus Switzerland plus UK.

*** 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. Current forecast includes different economic forecasts (Sc1: Rapid upturn, Sc2: Baseline, Sc3: Limited Vaccine Effectiveness) but a further deterioration of the economic situation (eg financial crisis) is a downside risk.

The **volatility in oil and fuel prices**: A surge in oil prices could lead in an increase of fuel cost, hence an increase of the ticket prices which is a downside risk.

Terrorist attacks, **bans of one country on another one**, **wars and natural disasters**. These are impossible to predict. Their impact on air traffic could however be a temporary one, or more significant.

* Overflights are calculated from routes used over the Sep19 to Aug20 period; this is more significant for individual countries than for all ECAC.

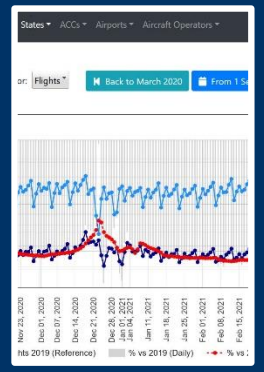
Useful links

A presentation of the geographical definitions can be found in

Annex - Traffic Region Definitions

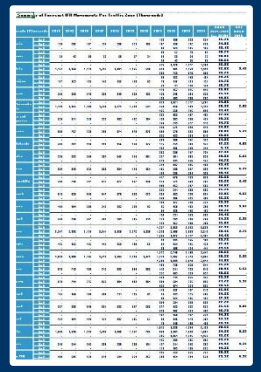
Connect to the

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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