NewsletterEAP December 2006 / January 2007

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A WHITE PAPER *was published by OAG examining the impact of* ***EUROPE's LOW-COST CARRIERS*** *(LCCs) on the European aviation market (year 2006). Following are some excerpts of this document and its relevance to the EAP.*

The most significant achievement of the LCCs, especially in the EU, is that they have brought air travel within easy reach of everyone across Europe. The enlargement of the EU in May 2004 to include ten more nations has given LCCs renewed impetus.

The UK is the largest and most mature market for LCCs in Europe, followed by Germany and Spain, which is now seeing the fastest growth. France has no major LCC of its own, for reasons which include the dominance of Air France, its high-speed TGV rail network and a relatively small market for Mediterranean flights.
LLCs operating to and from major European countries by frequency in November 2005 – United Kingdom: 33,977, Germany: 16,190, Spain: 15,123, Italy: 11,651, France: 8,987

Apart from Manchester, UK regional airports and many airfields in continental Europe had few services to Europe and within Europe before the LCC revolution.
Initially, full service airlines did not regard LCCs as much of a threat as the LCCs were based at secondary airports – Ryanair at London-Stansted and EasyJet at London-Luton. Failure to understand their business model meant, network airlines soon found LCCs were eating into their markets and creating new business.

LCCs are now targeting resorts and eating into tour operators' market shares – As legacy carriers have had to adopt new business models to cope with LCCs, the same happens to tour-operators in Germany and the UK, where they play a dominant role. The distinction between LCCs and charter services have become blurred, with predictions that tour operators will do something similar.
At the EAP destinations such as Alicante, Malaga and Palma are now served daily by EasyJet thus leaving little room for charter operators. Local holiday package providers FTI and Starter voyage focus their activities on resorts which are out of reach to EasyJet's business model of one-to-two hours of flying. TUI offers flights as scheduled services to places on the Canary Islands, and to Greek as well as Turkish resorts also adopting travel kits similar to those of LCCs' via internet with amenities such as car-hire, hotel reservation, excursion programmes.

Central and Eastern Europe has been a key growth area since many of its states joined the EU in 2004 – Full service airlines throughout Europe are forced to react to the growing power of LCCs by copying their approach. The latest to do is Swiss. At the EAP the airline has launched several services to destinations already served by LCCs, mainly to counter their phenomenal acceptance by the travel market.

LCCs have proved they can attract a totally new market while eating into the market share of network carriers – Their load factors and profitability are the envy of the industry. People on business are also flying LCCs in a big way, although the lack of flexibility in most fares means a high no-show factor. Surveys show that 71% of business travellers had flown on a LCC and that 96% were very satisfied and would use one again.

The year 2007 will test both EasyJet's and the EAP's market positions in German-speaking Switzerland at a time when Air Berlin is strengthening its Zurich platform with additional Boeing aircraft thus challenging markets out of the EAP.

-> A NEW CARGO STUDY is expected to produce insights about market opportunities, shortcomings and suggestions to strengthen the EAP's cargo position. **-> MISSING INFRASTRUCTURE** has repeatedly led to controversy between the airport and the cargo community voiced by its lobby group IG Cargo. At this time the EAP seems ready to muster resources needed to tackle some of the most obvious handicaps when competing with other cargo gateways. **-> PHARMACEUTICAL PRODUCTS** require special handling such as improved storage areas for temperature-sensitive goods. **-> KOREAN AIR CARGO** is evaluating the introduction of a third weekly freighter to Seoul departing on Wednesday thus completing its present full-service with Friday & Sunday departures to the industry.

"BASEL has benefited from the new completion market for widebodies. We have captured B747-400, 757 and A330. The facility could perform 10 A380 corporate conversions over the next 10-15 years", says Heinz Köhli from Jet Aviation. "Basel is also the only centre to which Dassault outsource its Jets for completion which accounts for 20 planes annually

-> The EAP is still tight-lipped when commenting questions around **RYANAIR** which seems interested in tapping the Swiss market with selected routes either originating at the EAP or at other gateways. **ONE SCENARIO** is being traded which foresees deployment of aircraft to potentially profitable routes such as EuroAirport – Dublin and the suspension of flights out of Friedrichshafen. According to a presentation held at the airport on 10 January new loyalty contracts are now available to airlines meeting the volume requirements. They are down to five years of duration as compared to those negotiated with EasyJet in 2004 which cover ten years altogether.

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THE EAP made further progress toward recovery from the setbacks after the collapse of Swissair. Three events may best illustrate the return to growth in 2006: **Topping four million passengers** marks a novum in the 60-year old history of the airport. **Nearly 5,500 jobs** are proving that business is on the upswing. **Investing in a new maintenance site** by the EAP and Jet Aviation is a promise that other projects will follow suite (expressfreight zone).
Optimal market access is the lifeline of any airport. Yet, at the EAP authorities face the challenge to get diverging regional interests in line to move infrastructure projects such as rail links to Basel and Mulhouse beyond planning. Opening the entire thru-way in Basel now connecting Switzerland with France and Germany has cut travel time from points east to the EAP by 10 minutes.
The arrival of high-speed trains from Paris via Strasbourg may cut into passenger volumes to and from Paris by 10% in 2007 and 20% in 2008. Still, more services from Strasbourg to Basel (43 trains daily) could widen the size of the northern market as travelers living around Strasbourg may get a taste of better air services out of the EAP, given that they can easily change from trains at nearby St. Louis station to frequent shuttle services to the airport. Such plans are presently in the pipeline.

DESTINATION STATISTICS 2006

From EuroAirport to	Carrier	Total	+/- %
Amsterdam	EasyJet/Swiss	117,458	+227%
Barcelona	EasyJet	111,971	+ 28%
Berlin-Schönefeld	EasyJet	261,538	+ 34%
Hamburg	EasyJet	143,422	+121%
London-City	Swiss	84,983	+ 45%
London-Heathrow	British Airways	140,608	+ 12%
London-Luton	EasyJet	169,214	- 4%
London-Stansted	EasyJet	89,765	- 1%
Madrid	EasyJet	93,653	+ 81%
Munich	Lufthansa	112,917	+ 22%
Paris-Charles de Gaulle	EasyJet	122,844	
	Air France	202,577	+ 0%
Paris-Orly	Air France	356,733	- 2%


Picture by Joel Vogt – First visit of a Boeing Triple Seven

EASYJET PASSENGERS TO BERLIN		**Winter 2006**
From EuroAirport	261,538	3x daily
Bristol	89,459	1x daily
Geneva	95,388	1x daily
Liverpool	86,323	1x daily
London-Gatwick	124,255	1x daily
London-Luton	196,566	3x daily

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TRAFFIC SHARE PASSENGERS	**2006**		**Change**	**2005**
EASYJET	1,764,358	44%	+89%	28%
AIR FRANCE	637,140	16%	0%	19%
LUFTHANSA	254,449	6%	+16%	7%
HAPAGFLY	194,116	5%	- 8%	6%
SWISS	175,064	4%	- 54%	12%
BRITISH AIRW.	140,608	4%	+12%	4%
AUA/SAS etc.	287,717	7%	+ 3%	7%

performance of other regional airports in 2006 (*2005 figures applied as updates for 2006 are not yet available)

Karlsruhe-Baden-Baden	Passengers	835,809	+17.4%	Movements	50,007	+3.7%
Metz-Nancy-Lorraine*		366,875	+ 9.3%		12,638	-10.2%
Strasbourg-International		2,032,957	+ 4.0%		39,645	+5.5%

TRAFFIC REPORT – EUROAIRPORT / passengers, movements and airfreight in 2006

December			Total Year 2006		
Scheduled Passengers	278,923	+20%	Scheduled Passengers	3,453,372	+27%
Charter Passengers	17,879	+ 2%	Charter Passengers	556,274	- 4%
Business Aviation	233		Business Aviation	6,768	+ 2%
Non-Commercial Aviation	172		Non-Commercial Aviation	3,882	+ 3%
Total Passengers	*297,207*	*+19%*	*Total Passengers*	*4,020,296*	*+21%*
General Airfreight in tons	1,065	+ 3%	General Airfreight in tons	9,338	+16%
Expressfreight in tons	2,250	+ 8%	Expressfreight in tons	26,653	+11%
Airfreight trucked in tons	4,500	- 6%	Airfreight trucked in tons	59,587	+16%
Total Airfreight handled	*7,816*	*- 1%*	*Total Aifreight handled*	*95,578*	*+14%*
Scheduled Movements	3,664	+ 6%	Scheduled Movements	47,026	- 3%
Charter Movements	257	+ 4%	Charter Movements	5,570	- 6%
Freighter Movements	267	- 7%	Freighter Movements	3,485	+ 1%
Total Aircraft Movements	*5,981*	*+12%*	*Total Aircraft Movements*	*81,865*	*- 0%*