

NEWSLETTER **EAP** OCTOBER 2008

TGV/ICE NETWORKS AND THE FUTURE FOR REGIONAL AIRPORTS

Where is the business for both players ?

The EU anticipates that by 2020 more high-speed services will replace trips by air over a distance of 500 km or four hours of travel time. Furthermore, airlines such as Air France, Lufthansa and Iberia are expected to continue their search to give the train option a chance mostly as a measure to cut costs. Given the advantages trains offer on city-to-city-services and further advances in terms of technical innovation and alliances among European train companies, they will offer Air France and Lufthansa new options regarding their short-haul feeder services. A complete stop to flights from regional airports in France and Germany to Paris or Frankfurt could become feasible with dedicated trains to the sky connections feeding and de-feeding their waves of arriving and departing flights. Additionally ICE trains to Berlin, Düsseldorf and Hamburg will find a market as complementary product to air services attractive to those customers wanting to benefit from both transport systems. The new TGV Rhin-Rhone expected to open in 2011 will bring Mulhouse and Basel closer to Lyon and to places further south. Further track and service improvements will require an overhaul of pan-European transportation concepts.

Train pairs can however not be introduced randomly. Track congestion, circulation constraints, critical mass on particular routes is putting a limit to the expansion course and will make flying still necessary on certain hours of the day. Also, fares and seat availability on high-speed trains will something to be factored in.

In any case a drop of passengers must be anticipated. The question is how to compensate losses inflicted by the TGV/ICE with new business. Statistics on routes exposed to competition by trains show that passengers to Paris, Frankfurt or Lyon combined accounted for 25% of annual traffic (745,800) in 2007. Hence, reshaping networks to include medium or longer range flights will require a sense for business opportunities. Marrakech (ethnic, leisure) Istanbul (leisure,

ethnic, business) Berlin (leisure, transfer, business) are show-cases for a strategy which helped to expand particular markets.

The EAP sees business in Scandinavia beyond Copenhagen (Helsinki, Stockholm), in Eastern Europe, (Moscow) and in the UK beyond London (Dublin, Edinburgh, Manchester) where economic as well as cultural relations exist with Greater Basel Area. The fact that the catchment area shows considerable strength (high added-value, buying power, economic diversity, innovative environment) may support this assessment. In order to capture critical mass for flights to destinations further away carriers and tour operators are needing bigger catchment areas, thus more business from Karlsruhe, Strasbourg, the Lorraine and Switzerland must be generated. Carrier and tour operator support is critical to spread the wings in all market directions. Taking the example of Moscow, such services find a bigger target audience also residing further away.

Western consumers are living relatively close to any airport thanks to the dense network of roads and trains. Thus, they can choose from a broad range of flights in any direction. In the case of the Greater Freiburg Area its residents have five gateways at their doorsteps (EuroAirport, Frankfurt, Karlsruhe, Stuttgart, Zurich). The preference of point-to-point flights is clearly articulated by a number of factors such as convenience and time savings. This limits the range of choices to a few airports which can generate the critical mass for point-to-point flights. Frankfurt and Zurich enjoy a market edge with their direct train access at a first glance. Lufthansa and Swiss are experiencing a drop in business in the German market for flights originating at the EAP. They reason that Freiburg's proximity particularly to Frankfurt contributes to a passenger drain in favor of Frankfurt-Main because of ICE-connections every hour.



Railcity Basel



EuroAirport Basel

Some Facts and Figures - Rail vs Air

TRAFFIC DEVELOPMENT 2004 (full year)-2008 (*six months) on routes exposed to high-speed train competition

Year	2008*	2007*	2007	2006	2005	2004
Berlin Schönefeld	146,125	134,000	268,594	262,506	195,148	151,632
Brussels	14,928	16,898	31,456	27,074	39,572	41,862
Düsseldorf	11,564	10,214	19,974	23,582	26,290	29,810
Frankfurt	56,002	66,352	133,934	141,646	143,870	131,296
Hamburg	75,960	76,592	146,084	145,230	65,628	34,586
Lyon-Satolas	22,826	24,664	46,794	44,852	44,408	52,476
Paris-CDG	86,190	143,970	236,842	330,248	207,650	185,314
Paris-ORY	147,640	156,074	328,264	351,250	365,284	375,366

AIR SERVICES FROM EUROAIRPORT AND HIGH SPEED TRAINS FROM BASEL MAIN STATION best connection

Point-to-Point to	Travel Times		Daily Services		Time Budgets by Air (minutes)			By Highspeed-Train from			
	by air	by brain	by air	by train	Basel	Mulhouse	Freiburg	to	Mulhouse	Freiburg	
Amsterdam	1.35	6.45	3	1	Ckeck-In	40	40	40	Amsterdam	8.00	6.10
Berlin	1.25	7.10	4	5	Security	20	20	20	Berlin	8.00	6.30
Brussels	1.10	via Paris	2	via Paris	Coach to	20	30	55	Brussels	5.20	6.00
Düsseldorf	1.30	5.10	2	3	airport				Düsseldorf	5.00	4.30
Frankfurt	1.10	2.50	4	12	Check-Out	30	30	30	Frankfurt	3.30	2.10
Hamburg	1.25	6.50	2	4	Coach from	variable	dependig on		Hamburg	7.30	6.10
Lyon	0.50	5.00	3		airport	final	destination		Lyon	3.20	6.00
Nice	1.10	10.00	2	via Lyon					Paris-Est	3.10	4.30
Paris	1.10	3.30	11	4	way to main station, to gate, train boarding, way to final destination						

LUFTHANSA TECHNIK OPENS A NEW LINE OF MAINTENANCE & COMPLETION

Lufthansa Technik Switzerland took over former activities of Swiss Technics at the EAP as a Lufthansa Group aircraft maintenance and completion subsidiary. The company joins AMAC Aerospace, Air Service Basel (ASB), Jet Aviation on the Basel platform with their focus on the lucrative aircraft completion market. The new facilities include 13,000 sqm. of hangar space, test cells for engine overhauls, technical shops and shops to perform work on composites which are applied on modern airframes. According to Lufthansa Technik, Basel is about to match Dallas and Hamburg in terms of importance. Both are holding top positions in the aircraft completion field. Airbus and Boeing jets have been sent to Basel for repair and completion works. The staff will get new contracts and opportunities as work is sought from third-party customers and due to better facility utilization between Basel and Hamburg.

Lufthansa Technik Switzerland's market entry has some positive aspects: For one it is a new life line for the staff and the site. Aging Avro aircraft within the Lufthansa Group will ultimately have to be replaced soon.

Therefore Lufthansa started negotiations to seek new aircraft with bigger capacity (Embraer, Bombardier jets). The move will secure jobs on site. Also, new aircraft completion contracts generated by the parent company in Hamburg are expected to fill the order books.

Jobs at...

JET AVIATION

- in the completion sector
- draft-man cabinet shop
- electrician VIP-aircraft
- planer completion projects
- leader CAD-project
- modification planer
- refurbishment planer
- cabinet maker VIP-aircraft
- upholsterer
- senior interior designer
- sheet metal worker
- subcontracting planer
- production coordinator
- project leader

AMAC AEROSPACE

- licensed aircraft technicians
- unlicensed/training positions
- electric/avionics technicians
- unlicensed/training positions
- mechanical design engineers
- mechanical system engineers
- stress engineers
- electric/avionics systems
- design engineers
- verification engineer
- electric/avionics mechanics
- upholstery specialists
- sheet metal technicians
- cleaners and helpers



Lufthansa Technik Switzerland: Wartung für Swiss Regionalflugzeuge und VIP-Flugzeuge
Lufthansa Technik Switzerland: Maintenance for regional jets and VIP aircraft
Photo: Gregor Schlaeger / Lufthansa Technik AG
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TRAFFIC REPORT JANUARY – SEPTEMBER 2008

Scheduled Passengers	2,982,868	2,855,079	+ 4%
Charter Passengers	363,290	460,139	- 21%
Total Passengers	3,354,706	3,323,664	+ 1%
General Airfreight in tons	7,939	12,136	- 35%
Express Airfreight in tons	21,394	21,004	+ 2%
Total Airfreight flown	29,333	33,140	-11%
Total Airfreight trucked	49,294	46,448	+ 6%
Total Airfreight handled	76,627	79,588	+ 1%
Scheduled Movements	37,384	36,408	+ 3%
Charter Movements	3,508	4,206	- 17%
Freighter Movements	2,994	2,687	+ 11%
Total Aircraft Movements	63,386	62,885	+ 1%

Six Months of	2008	2007
Alicante 8/10**	53,850	38,178
Barcelona 12/12	63,122	63,416
Budapest 3/4	14,224	13,113
Dublin 3/3	14,224	0
Gerona 4/4	20,280	0
Istanbul-IST 3/4	25,046	22,096
Istanbul-SAW 4/6	33,794	27,468
Lisbon 4/4	32,720	46,868
Madrid 7/7	45,998	46,214
Malaga 3/5	37,642	38,376
Manchester 4/3	14,062	8,233
Marrakech 3/3	25,360	14,488
Naples 6/6	32,316	30,004
Oporto 3/3	22,074	0
Prague 6/7	25,510	39,256
Rome 6/6	38,896	39,856
Stockholm 3/3	21,180	0
Valencia 3/4	23,432	0
Vienna 19/19	32,452	27,212
Warsaw 3/3	10,136	10,434
Antalya 3/4	35,254	33,830
Bari 2/2	12,336	0
Constantine 3/3	15,620	14,288
Djerba*	24,922	22,102
Heraklion*	18,150	21,740
Hurghada*	30,344	20,150
Monastir *	15,878	16,204

For years the charter sector has been in a decline at the EAP. Hapag Lloyd's decision to operate as scheduled carrier saw other carriers switching their operations to a scheduled status for reasons such as better slot treatments at European airports.

Scheduled services to Corfu, Heraklion, Hurghada, Kos and Rhodos distort figures of this traffic segment as flights of Air Berlin and Hapag Lloyd are seasonal except those to the Canary Islands.

In the case of Air Berlin business has been taken away from charter carriers Hello, Iberworld and LTE. As a result of the presence of EasyJet, SunExpress and Ryanair passengers to Antalya, Alicante and Marrakech have seen more services rather than once a week only.

*There are only some charter destinations which generate five-digit volumes (see statistics) as a result of all-year services. Charter flights dropped from an all-time high of close to 900,000 passengers in 1999 to the present level.

**flights per week