

EUROPEAN AVIATION INDUSTRY TO GIVE WAY TO THE MIDDLE EAST



Growth of aviation industry is likely to be reported outside of Europe. According to the economic researcher Bernhard Felderer the market share of European air industry will be definitely smaller.

Aviation industry is suffering from the growing Middle East competition, increasingly stringent regulations, high fees, flight prohibitions and geopolitical crisis.

Syria, Iraq, Egypt conflicts and now the Ukraine crisis have had a considerable impact on the industry. Even if pilots remain on the ground, they still need to be paid. Food vendors are counting their losses due to the Russia / Ukraine crisis.

At a recent aviation symposium in Vienna, the president of the Austrian Aviation Association Mario Rehulka said: "Aviation is completely privatized and we don't want new financial subsidies".

Rehulka said that aviation industry in Europe is burdened by enormously slow process in infrastructure, emissions trading, ticket taxes, regulations, "escalating passenger rights", overregulation which can "bust" this industry. According to Chamber of Commerce Aviation Professionals Group representative Christian Domany, public opinion about aviation industry is raised only when some airline fails.

Rehulka stated that he didn't understand Lufthansa strike when 5,400 pilots terrorized half a million passengers with six days of strikes. Passengers had to look for solutions and went to the main competitors from the Middle East. Now the situation is the same with seven days Air France strike. Former AUA Board member pointed out: "Have you ever heard of strikes in Beijing, Abu Dhabi or Istanbul?" Middle East and Far East state owned airlines are being pushed with force to Europe and our businesses are suffering from that.

The economic researcher Felderer said that Europe would be lucky "if they can keep what they had before". The market share will be definitely smaller according to him.

More than a quarter (26.4 percent) of airline business at the end of 2013 was in European hands. The majority of the world aviation belongs to the Asia / Pacific region (32.3 percent), 26.2 percent to North America. The rest is divided in Latin America / Caribbean (7.7 percent), Middle East (5 percent) and Africa (2.4 percent).

The share of the market of North America and Europe is getting continuously smaller. The growth of aviation in the Middle East, Far East and the Pacific region is expected to "rise dramatically".

Since Europe passenger figures increased by 3.3 percent in the first half of 2014, the trend was clear. Emirates had 13.9 percent growth and Istanbul at least 11 percent.

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