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Ryanair grounds aircraft with winter cuts

Helen Nugent

Ryanair, Europe's biggest budget airline, yesterday said it would ground aircraft for the winter, and gave warning that it expects to carry almost one million fewer passengers during that season.

The low-cost carrier blamed a huge rise in the price of jet fuel, which has doubled in a year, and a reduction in passenger numbers. It also claimed the cost of using Stansted airport had forced the reduction.

Ryanair said that the number of weekly flights will be cut by 14 per cent from more than 1,850 to just under 1,600 this winter and the airline estimates that it will carry about 900,000 fewer passengers.

The company has 36 aircraft based at Stansted but this will be reduced to 28. On Tuesday Ryanair said it would ground four aircraft at Dublin. It added that it was closing operations at seven of its European bases from November 4 to December 19 this year.

Ryanair said that it would lose less money this winter by keeping eight aircraft on the ground rather than flying them from "an expensive airport like Stansted".

Michael O'Leary, chief executive of Ryanair, said: "These winter schedule cutbacks, which are significantly greater than those of last winter, show just how damaging the BAA airport monopoly has become to consumers and the best interests of London, UK tourism and the economy generally."

He added that the cutbacks reaffirmed the "abject failure" of the Civil Aviation Authority regulatory team which was running "a laughable regime".

He declined to forecast a loss for the year but Ryanair has forecast that its €481million (£381million) profit from 2008 could collapse to break-even in 2009 if oil stays at \$130 per barrel.

Previously Ryanair has responded to difficult conditions in the market by launching a ticket sale backed by a marketing campaign. As a low cost airline, ticket price rises are not a strategic option.

Mr O'Leary forecast that the cutbacks would mean about 900 job losses at Stansted, including about 150 Ryanair staff.

A spokesman for BAA at Stansted rejected Ryanair's criticisms, saying that it did not recognise the numbers and statistics put forward by the airline.

"Let's be clear; the aviation industry, like many others, is coping with the challenges of a global economic downturn. Everyone is feeling the pinch," the spokesman said.

"The dynamic nature of the budget airline industry means that routes and flight schedules change all the time - and at times like this, more so. Many airlines, including Ryanair, reduce services in the winter season. This year will be no exception - even BA is cutting back."

British Airways said at its annual meeting on Tuesday that it is cutting capacity by between 3 and 5 per cent this winter. A spokesman for the airline said: "We are still finalising our capacity reductions for the winter 2008 season but [the reduction in capacity] was consistent with our previous statements that capacity would be broadly flat for the year because there was a modest growth built into the summer schedule. We will announce details on August 1."

Ryanair said that it would be closing bases at Basle, Budapest, Palma in Majorca, Krakow and Rzeszow in Poland, Salzburg and Valencia.

EasyJet, the second-largest low-cost airline in Europe, said that it had no immediate plans to ground aircraft or cancel flights but would keep a close eye on air traffic. It intends to sell seven aircraft.

Peter Morris, chief economist at Ascend, an aerospace industry consultancy, said: "Ryanair is quite brutal about making money. They have made returns of about 20 per cent or so which is unheard of in the airline sector at the moment."

"There are other airlines which are in trouble. Demand does weaken seasonally anyway. Budget airlines with low-cost models and economies of scale will survive anything."

Cuts all round

- Qantas, Australia's biggest airline, is expected to cut 2,000 jobs next week. The airline, under pressure from soaring fuel costs and strikes over pay by its engineers, is also likely to cut routes to Asia and at home
- Spanair, the Spanish airline owned by SAS, said it would cut 900 jobs, about a quarter of its workforce, drop 15 of its 60 aircraft, and axe nine loss-making routes
- British Airways has said it is slowing recruitment and may freeze it. It will also cut up to 5per cent of winter capacity
- Midwest Airlines, the Milwaukee airline owned by TPG Group, has cut 1,200 employees, about 40 per cent of its workforce, this week
- Northwest Airlines said it would cut 2,500 jobs and bring in baggage charges
- Alitalia, the troubled Italian carrier, plans a relaunch by cutting 5,000 to 6,000 jobs
- American Airlines expects to cut 7,000 jobs by the year end

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