

# Mounting international impact of European air traffic crisis

Stefan Steinberg  
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The impact of the European air traffic crisis resulting from the eruption of an Icelandic volcano is spreading around the globe. It is now estimated that up to 7 million passengers have been stranded at 313 airports all over the world as a result of the spewing of ash from the Eyjafjallajökull volcano in Iceland.

Media reports have highlighted the plight of young people, senior citizens and entire families, including the ill and infirm, who have been unable to travel home due to the closure of air space across wide stretches of Europe.

Many travelers on all five continents have run out of money waiting in vain in airports for alternate flights or other means of returning home. In many large cities, the cost of overnight accommodation has become prohibitive because of price-gouging by hoteliers.

The father of a French family stranded at an Asian airport reported that he had phoned a local hotel in the morning to ask for overnight accommodation. He was informed that a room was available for one night for 200 euros. He rang the hotel again at midday to discover that the price had increased to 400 euros. By mid-afternoon the hotel was demanding over 800 euros for the same room.

Price-gouging is likewise being carried out by car rental firms and other transportation companies.

Those attempting to find alternate forms of travel face overfilled trains and buses and extortionate rates for taxis. Ferries to and from European destinations are full, with some people taking desperate measures to get on board. The cross-channel Eurostar trains out of London are also full, with reports that ticket prices have doubled.

Non-EU passengers seeking to travel to Europe or across Europe face particular problems due to the limitations laid down by their visas, which are of

limited duration and restrict their ability to seek alternate forms of travel by land or by sea.

As the air traffic crisis enters its sixth day, the economic repercussions are also becoming ever more evident. Faced with losses of up to \$200 million per day, airlines and travel firms registered further falls in share value yesterday. Aer Lingus, Air France-KLM and Finnair were down between 2.7 percent and 7.7 percent.

The travel firm Thomas Cook was the biggest loser on Britain's FTSE 100 stock index, down 3.9 percent, while Channel Tunnel operator Eurotunnel enjoyed a 2.7 percent rise in its share value as travelers flocked to take the train.

Lower demand for jet fuel has depressed crude oil prices to a three-week low, with oil firms such as BP and Royal Dutch Shell down almost 1 percent, while food producers Nestle, Parmalat and Damisca have lost between 1.4 percent and 2.8 percent due to the disruption of their air supply lines.

The ban on flights had immediate consequences for the ailing Greek economy. Representatives of the International Monetary Fund and the European Union were unable to travel to Athens for scheduled meetings with representatives of the Greek government to discuss the country's debt crisis. The spread between Greek bonds and German debt rose sharply after the shutdown of flights, amid worries that a prolonged air traffic crisis in Europe could have negative consequences for Greece's vital tourism industry.

Royal Bank of Scotland analyst Tim Ash noted: "Presumably economies in Europe dependent on tourism will be disproportionately hit, depending on how long this all pans out. Unfortunately... the likes of Portugal, Greece and Spain look vulnerable...."

The Turkish lira hit a 10-day low yesterday, while

stocks fell to a two-and-a-half-week low point, reflecting fears that the country's tourist industry could suffer.

Airlines are demanding government compensation for their heavy losses, which will only increase the debt burden for European governments struggling to cope with the billions they paid to bail out the banks. Royal Bank of Scotland analyst Ash said, "Talk of the need for government bailouts for airlines will surely just add to concerns over the state of public finances in Europe."

Major manufacturers have also been hit. BMW Motors said it was exploring alternatives to air cargo for transmissions and other components to supply its factories. A company spokesman declared that assembly lines could come to a halt "in the worst case" if logistics disruptions persisted for more than another two days. According to market analyst Jürgen Pieper in Frankfurt, "The same issues are likely to affect all manufacturers."

Transport ministers agreed to allow parts of European air space to be reopened on Tuesday, following intense lobbying from airline executives and business interests.

Following a four-hour video conference on Monday, all 27 European transport ministers agreed to establish three safety zones and only ban planes from flying directly through the ash cloud itself. The supposedly pollution-free zones are to be opened up without any restrictions.

Explaining the decision, Bo Redeborn of Eurocontrol said that the definition of zones fit to fly involved coordinating the work of no less than 38 national air traffic control systems. Redeborn described the initial reaction to close down airspace as exaggerated and pointed to the difficulties involved in decision-making involving so many different governments and interest groups.

German pilots have warned against any hasty resumption of flights. A spokesman for the Cockpit pilots union, Jörg Handweg, told German television on Monday: "In our opinion, it cannot be completely ruled out that there could be incidents. The pilots feel under pressure because they also feel an obligation toward their employers."

Handweg accused the German transport minister of buckling under pressure from the airlines. It was the pilots who would now be held responsible if there was

an accident, Handweg said.

While airline CEOs and business leaders are pressing for a rapid lifting of the ban on air traffic, there appears to be no immediate end to the crisis, with reports that the volcano is continuing to send fresh plumes of ash into the atmosphere.

Frustrated passengers across the globe are asking why the European governments were so unprepared for such a crisis, and why it has taken so long for them to respond. European transport ministers did not even meet to discuss the situation until the fifth day of the crisis.

European governments are responding to lobbying by the airlines and corporate interests, but no effective assistance is being provided to the millions of ordinary citizens stranded abroad or unable to travel. The crisis has exposed the indifference of the European ruling elites to the well-being of the people.



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