

Major European merger

Virgin Blue expands to NZ

AUSTRALIA'S Virgin Blue airline is expanding internationally with the launch of Pacific Blue in February, which will have a base in Christchurch, New Zealand.

The low-cost model will initially fly between Christchurch and Brisbane in Australia, while domestic New Zealand services are promised later in the year, along with a wider range of international flights. □

Swiss hooks up with BA

SWISS, the airline born out of the failed Swissair, is forming an alliance with British Airways, which it hopes will revive its fortunes. It will also join the Oneworld alliance.

BA is injecting CHF50 million (US\$37.85 million) into the deal, which sees it gain access to some of Swiss's take-off and landing slots at London's Heathrow Airport. □

Air France and KLM are to join forces, and at the time of going to press, Italian carrier, Alitalia, was also likely to join the group. The merger - in effect, a buyout of KLM by Air France - will create the third largest airline company in terms of passenger volume, after American Airlines and Delta Air Lines.

Both airlines vaunted the creation of a European airline group and claimed the move secured their position in the industry for the future, given the difficult

operating conditions experienced by most carriers in the past few years. Events such as the terrorist acts in the USA in 2001, the Sars outbreak and economic problems in some countries have all had a negative effect on air travel worldwide. Jean-Cyril Spinetta, Chief Executive of Air France, said the deal marked a 'defining moment in the evolution of the European airline industry'.

Both carriers will continue to fly under their own identities and be run as separate companies, due

in part to rules about bilateral aviation agreements between the carriers' governments and other countries. The merger also means that the SkyTeam alliance will expand, to become the world's second-largest.

Leo Van Wijk, Chief Executive of the Dutch carrier KLM, said of the merger, 'Through this innovative partnership with Air France and our extended participation in the Skyteam alliance, we are confident we have secured a sustainable future.' □

United and Air China link up

UNITED AIRLINES and Air China formed a marketing alliance in October that means the two carriers now code-share and offer reciprocal frequent flyer miles to passengers.

A range of flights from Beijing and Shanghai to US cities, offered by each carrier, will now carry the other carrier's code. United will also codeshare on some domestic Air China flights.

'China's aviation market is growing rapidly, and... the new relationship with Air China will further expand United's worldwide network and access to China,' said Glenn Tilton, Chief Executive at United Airlines.

Air China's President, Li Jiaxiang, added, 'Air China aims to become one of the world's major airlines. To align with world-class airlines such as

United is a key component of Air China's globalisation strategy.'

Meanwhile, United has also signed a code-share deal with LOT Airways in Poland, which will see reciprocal codes on a range of flights between Poland and the USA. American Airlines and British Airways have also signed a code-share deal that will see a range of worldwide flights operating under dual codes. □

Travel Update ● Travel Update ● Travel Update ● Travel Update

● The USA decided earlier this year to delay the implementation of a rule that would require all visitors from Visa Waiver Program (VWP) countries to have a **machine-readable passport** to be able to enter the USA. While the rule still stands, many countries were granted a postponement until October next year, as long as they showed evidence that they were working towards this goal.

● Airline passengers in the UK may be hit by higher charges, if proposals from the UK government to issue a **congestion charge** on air travel are adopted. A government report stated, 'What we are proposing is nothing short of a radical reform to make operators and passengers confront the environmental consequences of their actions.'

● Greek airline, **Olympic Airways**, is being relaunched again

and changing its name to Olympic Airlines. The Greek government, which has previously tried to partially privatise the airline without success, is again looking for investors for a 51 per cent share of the airline.

● **United Airlines** asked the US administration earlier this year for another six months extension to its Chapter 11 protection, giving it until April next year to reorganise. At the time of going to press, a decision was being awaited.

● **British Airways (BA)** is flying to Pakistan again, after deciding that it was safe to resume operations to Islamabad on December 1. Geoff Want at BA said that a number of additional, robust and sustainable security measures were being introduced.

● **SAS Group**, which owns Scandinavian Airline Systems,

has bought a 49 per cent share of **Estonian Air**. SAS commented that the acquisition fits in with its plans to strengthen operations in the Baltic region.

● **Beijing** is to build a second **international airport** to cater for growth in air travel in and out of the country. The existing airport will also be expanded in readiness for the 2008 Olympic Games.

● A study of **European travel habits**, conducted by Esade Business School in Spain, has concluded that people are becoming increasingly complex consumers. The research identified eight different leisure types, including cyber seekers, who enjoy multimedia and educational activities; hedonists, who enjoy sports and relaxing activities in large groups; and culture vultures, who thrive on culture and social interaction with others.

● Low-cost carrier **Ryanair** has launched a route to Finland from London for the first time. Since October, it has offered a service from London Stansted to Tampere, which is situated 100 miles north of Helsinki. Lotta Lindquist at Ryanair said the airline expected 80,000 passengers a year on the route.

● **Australia and Singapore** have signed a new reciprocal air travel agreement but it stops short of the open skies deal that Singapore has reportedly been after for the last 10 years. Australian carrier, Qantas, blocked such a move, claiming competition on the lucrative Australia to Los Angeles route would be damaging, given the currently fragile state of the industry. However, both Qantas and Singapore Airlines can now operate unlimited services between destinations in Australia and Singapore.