

# Buzz lands in Bournemouth

## EC gives green light for alliances

The European Commission (EC) has given the all clear to an alliance between Lufthansa, Scandinavia's SAS and US carrier, United Airlines, which forms part of the Star Alliance, and also closed investigations into the tie-up between Dutch carrier KLM and the USA's Northwest Airlines – a facet of the Wings alliance.

"Airline alliances generally present benefits for the consumer, but regulators must ensure that they do not result in the elimination of competition on specific routes and we have achieved that," said European Competition Commissioner, Mario Monti.

Lufthansa and United are required to give up some take-off and landing slots for flights from Frankfurt to Chicago, Los Angeles, San Francisco and Washington, under certain conditions. "These conditions will not create any disadvantages for our customers or jeopardise our financial success," said Jurgen Weber at Lufthansa. □

In significant news for the language travel industry, Bournemouth in the UK has been revealed as the first of three new airport bases for the no-frills airline Buzz, owned by KLM. Low-cost flights begin in March, opening up new travel possibilities for the many language travel students who study in the south coast each year.

Flights to Amsterdam, Belfast, Bergerac, Glasgow, Malaga, Murcia and Paris are already on sale with fares as low as UK£19 (US\$30) each way. Tony Camacho at Buzz, said, "This is just the start of our plans. We will

continue to expand and develop our destination portfolio that will position Bournemouth as one of the UK's leading low-cost bases."

Andrew Hardy, Principal of Scanbrit School of English in Bournemouth, said that he was positive overall about the new Buzz services. France is quite a small market for his school, he pointed out, while summer prices for Spain – a seasonal market – weren't always very "low-cost". However, he added, "Amsterdam in itself is not interesting but maybe it will attract Asians flying to Amsterdam with KLM and connecting to Bournemouth."

KLM's expansion plans are part of its strategy to maintain Buzz's position as the number-three low-cost carrier in Europe, behind EasyJet and Ryanair. Ownership of Buzz is also being transferred from KLM's UK subsidiary to the main KLM business as part of the new plans.

Elsewhere in the UK, Glasgow and Edinburgh are to benefit from no-frills flights from April to November. Flyglobespan is to operate between Glasgow and Majorca, Nice, Rome and Malaga. Services will also run from Edinburgh to Majorca, Nice, Rome and Barcelona. □

## Australian Airlines not cheaper than Qantas

AUSTRALIAN Airlines, the new international carrier owned by Qantas, is now flying between Cairns and Nagoya, Osaka, Fukuoka, Singapore, Hong Kong and Taipei. The international no-frills airline is taking over routes deemed unprofitable by Qantas.

However, a full in-flight service is offered and the prices are

not significantly cheaper than Qantas. Japanese agent, Akiko Oishi, of JTB Global Club, in Osaka, said, "The air fare is the same as Qantas. Both of them are neither cheap or expensive, although prices are sometimes cheaper than Asian airlines."

Australian Airlines is hoping to cut costs by reducing its cost

base instead of cutting ticket prices and reducing services. "In terms of our model of operation and service, we believe Australian Airlines is a world first," said Chief Executive, Denis Adams. "Our lower operating costs will allow us to serve markets from which Qantas and other airlines have had to withdraw." □

## Travel Update ● Travel Update ● Travel Update ● Travel Update

● **Air France** and **Alitalia** have signed a code-share deal, following on from the marketing pact signed in 2001. Meanwhile, Alitalia has announced that it is cutting commission for UK travel agents from seven to four per cent, following Air France's example. There is speculation that other members of the Skyteam alliance may also follow suit.

● **Swiss**, the European carrier that took over the operations of Swissair in March last year, has had to cut 300 jobs and reduce its fleet in order to stay competitive. The airline hopes to save US\$276 million this year from its cost-cutting moves.

● **Air Canada** has struck a deal with the Quebec government to provide low-cost fares throughout the province of Quebec using its Jazz operation. The agreement

means that travellers in Quebec will be able to access cut-price Internet fares for travel throughout the province and between Quebec City and Montreal.

● **Ryanair** has confirmed that Bergamo in Italy, which will be marketed as Milan Orio, is to be its third airport hub in mainland Europe, adding to its bases in Frankfurt-Hahn and Belgium. The no-frills carrier also launches flights to Gerona (near Barcelona) in Spain this month, and is likely to launch more Spanish flights from the UK by the summer.

● **Garuda Indonesia** has scaled back its services amid security concerns since the Bali bombing last year. Flights to Frankfurt and Fukuoka have been axed while the number of flights to London has been reduced. The launch of a new service between

Perth and Jakarta has also been put on hold, and a direct Adelaide-to-Denpasar service suspended. The airline said it hoped to restore some services once the security situation had eased.

● US carrier **Delta** announced last year that it is creating a low-fare subsidiary "to appeal to the growing number of price-driven travellers". The carrier will serve the US domestic market, focusing on the northeast to Florida, including Boston, Fort Lauderdale, New York and Orlando.

● **Air New Zealand**, which was bailed out by the government in 2001, has now struck a deal with Australia's **Qantas** that will result in Qantas acquiring a 22.5 per cent stake in the carrier, subject to approval of governments and competition authorities in both countries. Qantas' Chief Execu-

tive, Geoff Dixon, claimed the partnership would help both airlines retain their independence in the face of difficulties currently afflicting the industry and improve tourism in both countries. If the deal goes ahead, the airlines will code-share on various domestic and international flights.

● The **European Court of Justice** ruled last year that existing "open skies" agreements in place between a number of European Union (EU) countries and the USA are illegal, because they discriminate against other EU member states which do not have equal rights of access to the USA. No immediate change in current operations is expected, but European Transport Commissioner, Loyola de Palacio, said, "From now on, any EU company can ask a member state to grant it the right to fly to the US."