

Low-cost Tango takes to the air

Cutbacks beset the industry

MANY airlines have responded to the uncertain operating climate in the aviation industry by cutting back their services. As the weeks following September 11 confirmed that public confidence in air travel remained low, airlines reacted accordingly and scaled down services.

Singapore Airlines announced, "Following further reviews of operating patterns, Singapore is suspending its services from Singapore to Kota Kinabalu and Kuching [in Malaysia] and Macau. The decision to suspend services... is part of [the airline's] continuing effort to fine-tune its capacity requirements and contain costs."

In Australia, Qantas' Chief Executive, Geoff Dixon, warned of job losses and flight cuts. "While the impact [of September 11] is not yet as severe for Qantas as other overseas carriers... it is prudent that we act now," he said last year. Plans included cutting 10 per cent of Qantas' executive staff, scaling down many international services and dropping two routes to the USA completely.

In the USA, Delta said it would trim its schedule and axed three unprofitable routes to Japan in December, leaving the Atlanta to Tokyo route as its only remaining Japan service.

"September 11 had a dramatic effect everywhere, but it was most pronounced in Asia," said Doug Blissit, Delta's Vice President of Network Analysis. Flights from Los Angeles to Nagoya and Tokyo and its service from New York to Tokyo – this latter service had previously been suspended until March 2002 – were discontinued.

Meanwhile, Lufthansa in Germany announced it was cutting passenger seat capacity and raising ticket prices by 10 per cent, and Italian carrier, Alitalia, said it was planning flight cuts to 34 of its destinations, 11 of which were domestic. At the time of going to press, no further details were available. □

Air Canada has launched a new low-cost carrier, named Tango, which it hopes will revitalise its fortunes. Set up in November last year, Tango operates mainly domestic routes, as well as some services to Florida in the USA.

Robert Milton, Chief Executive at Air Canada, said, "In the post-September 11 world of depressed demand, a move in this direction is all the more necessary as we need to aggressively promote all consumer incentives that encourage and stimulate travel."

Air Canada itself reported losses of CAN\$276 million (US\$175 million) for the first half of 2001, and like many other carriers, the events of September 11 have impacted on its business. It is seeking financial help from the government as it aims to restructure the company.

However, interest in Tango on its launch day was "overwhelming", according to Bill Bredt at Air Canada. "There is clearly a demand in the market for this service," he said.

The routes offered by Tango are between Toronto and Vancouver,



PHOTOGRAPH: TANGO

Air Canada hopes that new subsidiary, Tango, will boost its fortunes

Halifax, Montreal, Ottawa, Calgary, Winnipeg and Edmonton in Canada; from Toronto to Fort Lauderdale, Orlando and Tampa in Florida, USA; and from Montreal to Fort Lauderdale and Orlando. Prices start at CAN\$79 (US\$50) for a Toronto-to-Ottawa single journey.

The launch was originally announced in August last year, according to Milton. He added that a west coast-based carrier was also envisaged for the future. "Tango is one of the many initiatives that Air Canada has in the pipeline," he said. "It is targeted

at those customers, who, instead of a full service, mainline product, would like to buy simply a seat, and then add on, on a fee basis, the extras that appeal to them."

Gayle Forler, Vice President at LSC in Canada, predicted that students were likely to use Tango's services as they travelled across the country. "Quite a number of our students take advantage of the fact that they can travel across our large and diverse country using LSC as a stopping point," she explained. A CAN\$5 (US\$3) discount is available for Tango bookings made online. □

Hopes kept alive for Ansett and Swissair

FOLLOWING the troubles at Swissair (see *Language Travel Magazine*, December 2001, pages 10-11), the Swiss government has waded in with a rescue package for the beleaguered airline.

President Moritz Leuenberger announced government and industry financing totally CHF4.24 billion (US\$2.57 billion). However, he warned that jobs would be lost. "We don't have cause for great euphoria," he said.

The package will see CHF600 million (US\$364 million) invested in a new Swissair company – which is to be headed by the regional carrier, Crossair – and a substantial bridging loan.

According to Leuenberger, about two-thirds of the rescue package will be borne by Swiss banks and industry. "The situation of Swissair was worse than we

thought for a long time and it deteriorated dramatically after the events of September 11," added the government's Finance Minister, Kaspar Villiger.

Meanwhile, in Australia, Ansett is flying again, under a new guise since its collapse last year (see *Language Travel Magazine*, December 2001, page 10). Ansett Mark II took to the skies soon after all flights were suspended as administrators took control of the airline.

The company's website explains, "Ansett Mark II is a value-based airline flying to capital cities including Melbourne, Sydney, Brisbane and Perth. Together with our regional airlines, we fly to more than 30 destinations around Australia."

The airline is expected to operate until early 2002 while

administrators continue to finalise a long-term deal to secure Ansett's future.

Spokesperson, Mark Mentha, said that the services would generate up to AUS\$7 million (US\$3.5 million) a week for the carrier, adding, "Ansett Mark II offers a 'back to basics' service, including a single-class cabin and no on-board catering."

The new airline was reported to be doing well at the end of last year, with cheap ticket deals attracting the Australian public. "[Ansett Mark II] staff believe in the future of the new-look airline," said Mentha. "[They] are working extremely hard to build a sustainable operation as quickly as possible. We started from scratch with no cash reserves and it is gratifying to see Australia supporting these efforts." □

Open skies for the USA and France

DESPITE many route cuts from various airlines and concerns about market growth, there have been announcements that have brought welcome news to some in the aviation industry. The USA and France signed an open skies deal last year which will mean unlimited access for French and US carriers to each other's airspace.

"The accord, which has been negotiated, will speed up the pace of Franco-American air transport development, with changes that were previously not envisaged before 2003," commented France's Transport Ministry.

President of the United States Air Travelers Association, David S Stempler, added, "Open skies agreements provide enormous benefits to airline passengers, especially [for] price, schedule and frequent flyer relationships."

As a result of the announcement, US carrier, Delta, said it intended to link its hub in Atlanta, GA, with Air France's Paris hub. Delta also hopes to increase cooperation with other fellow SkyTeam members, Alitalia and CSA Czech Airlines. An application for closer integration of services has been lodged in the USA.

Chief Executive of Delta, Leo F Mullin, said, "[We plan to] produce savings through the integration and coordination of services, which can be passed to consumers [via] improved service and access to lower fares." □

Safety efforts for US air passengers

AIR SAFETY efforts have continued in the USA. Secretary of Transportation, Norman Mineta, released details last year of the recommendations put forward by two rapid response teams on airport and aircraft security.

The federal management of airport security services has already been implemented, as has a major expansion of the Federal Air Marshal programme and the deployment of the National Guard to improve security procedures at airport checkpoints.

A programme to secure the cockpit doors of all commercial aircraft in the USA, as well as a US\$20-million grant for new technology to improve flight deck security, has also been agreed.

Many airlines operating in and out of the USA have already installed security devices on cockpit doors. American Airlines and United Airlines announced last year that they were putting steel bars on the cockpit doors of all planes. Continental Airlines said it had completed the installation of secondary door restraints in October, ahead of schedule, while Virgin Atlantic announced new security bars would be added to flight deck doors.

Richard Branson at Virgin Atlantic added that new doors would also be introduced this year. "These will be bullet, heat and shock proof with digital locks and CCTV monitors," he said. □

China defies predictions

CHINA is proving to be one of the most resilient countries in the aviation market, defying predictions of a worldwide slump in air traffic, according to analysts.

The China Aviation Industry Corporation predicts that over the next 20 years, China's air passenger volume will increase at an average annual rate of 8.3 per cent. It claims that China's entry into the World Trade Organisation, the policy to develop western China, the restructuring of domes-

tic airlines and Beijing's preparations for the 2008 Olympic Games will promote the market.

At the China 2001 Aviation Expo last year, China confirmed purchases of planes and its plans to expand the domestic market. An official of the State Development Planning Commission said that it would not cancel plans to buy 30 Boeing 737 planes, despite the fact that September 11 had delayed the signing of the purchase agreement. □

● **Go** has applied to begin its first international routes from Scotland. It wants permission to start services from Glasgow and Edinburgh to Prague in the Czech Republic. It also wants to fly to Prague from its Bristol hub. The city has proved to be one of Go's best-selling destinations.

● Meanwhile, Irish low-cost carrier, **Ryanair**, has announced that it is removing travel agents from its distribution system, effectively barring them from being able to sell Ryanair tickets. The proportion of tickets sold via agents dropped to five per cent last year, according to the carrier. The airline has also been involved in a legal battle over backdated commission payments to travel agents in the UK.

● **Belgium** grew significantly in popularity in the United Arab Emirates in 2000. Dubai, in particular, witnessed a 53 per cent rise in passenger traffic travelling to Belgium. Sixty per cent of all passengers flying to Brussels travelled during July and August, testifying to the country's popularity as a holiday destination.

● According to the **Airports Council International**, some airports in the European Union (EU) face "inevitable closure" if the EU does not face up to the insurance problems besetting the airport industry. Previously, airports were able to obtain insurance for up to US\$1 billion, whereas now, coverage is available for between US\$5 million and US\$50 million only.

● **China Southern Airlines** and Japanese carrier, **Japan Air System**, began a code-share service in October last year between Guangzhou in China and Tokyo in Japan. The service is the only non-stop service between Tokyo and China's largest southern city.

● **Air France** has launched a new service between Dublin in Ireland and Bordeaux in France. The six-times-weekly service began in October last year.

● **Concorde** resumed transatlantic flights last year. Air France Chairman, Jean-Cyril Spinetta, hailed its first flight from Paris to New York as "symbolic of Air France's tribute to the people of [New York] and their strong resolve to rebuild".

● **Thai Airways International** has responded to the cutbacks in services occurring across the industry by increasing its flights to

Europe and Asia. In its winter timetable, it announced that it would increase services to Paris, Rome, Zurich, Munich and Copenhagen in Europe and to Osaka, Guangzhou, Jakarta and Hanoi in Asia. A new service to Mumbai in India was also launched in October last year, while this month, a Bangkok to Chengdu in China service begins. A spokesperson for the carrier said that it intended to reduce flights with low passenger demand, "compensating with those of high passenger demand".

● A new **rail link** has opened between Newark International airport and central New York in the USA, giving the airport its first fast connection with Manhattan in New York City.

● The **Internet** may account for one in every four travel purchases in the main tourism generating markets within the next five years, according to a report published by the World Tourism Organisation Business Council (WTOBC). WTOBC Chief Executive, Jose Antonio Ferreiro, warned, "Those who choose to ignore e-business, or regard it as a peripheral activity, do so at their peril." He added that while North America was home to the largest number of Internet users, the Asia-Pacific region could become the largest Internet-using region by 2003.

● The **Mexican government** complained last year about the state aid offered to US carriers, which enabled them to drop prices by almost 50 per cent for round-trip flights from the USA to Mexico. Cintra, which owns Mexicana de Aviacion and Aeromexico, added that these two carriers relied on the route for a significant portion of their revenue, and they were unable to compete with the fare cuts offered by United Airlines, American Airlines and Delta.

● **Travel and tourism industry associations** from around the world have issued a joint statement asking governments to work together to harmonise security initiatives. "No single government or private sector can provide all the answers," said Jean-Claude Baumgarten, President of the World Travel & Tourism Council (WTTTC). "Let us share our experience with others to ensure the whole world benefits from enhanced security measures." WTTTC has a number of coalition partners, such as Airports Council International and the Pacific Asia Travel Association.