All change for low-cost sector

UK – China traffic on the up

AIR China has announced that it is increasing its services to the UK during the peak September and October season this year, in response to increased demand. Richard Burgess, Sales and Marketing Manager at Air China, commented, "Although the addition of a new fifth flight eased some of the availability problems for the spring and summer period, traffic continues to rise to unexpected levels and we have therefore added a sixth [Wednesday] flight for the peak months."

The increased six-times-weekly service is also expected to continue running throughout the summer season in 2003.

Meanwhile, Taiwan-based carrier, Eva Air, has announced an extra weekly flight from London to Taipei, operating via Bangkok. Simon Rickman at Eva said, "We have seen significant growth in demand for travel to both Bangkok and Taipei. We are confident of achieving a high load factor on the new service very quickly." □

EasyJet has bought its rival low-cost carrier, Go, which means it is now Europe's largest no-frills airline. The buy-out underlines the buoyancy of the low-cost sector in Europe, which has gained in strength since the events of September 11. EasyJet also plans to establish a low-cost carrier in Germany.

Stelios Haji-Ioannou, Chairperson at the airline, said, "This is one of the most exciting developments in EasyJet's history." He promised that fare prices would remain low in order to stimulate the market and increase market share for the carrier. EasyJet is predicting increased competition from national flag carriers, such as British Airways and Air France.

At present, EasyJet operates a 31-strong fleet of aircraft flying to 45 destinations, while Go has a fleet of 22 aircraft and flies to 38 destinations. Eventually, Go's livery will disappear as its carriers become part of the EasyJet fleet.

In May, EasyJet also agreed to buy Deutsche BA from British Airways in March next year. Ray Webster, Chief Executive at EasyJet, commented, "This gives us the opportunity to establish EasyJet as the largest low-cost airline in Germany."

Meanwhile, Virgin Blue owner, Richard Branson, has outlined expansion plans for his own low-cost enterprise in Australia. He plans to add up to 40 planes to his fleet at a cost of AUS$3.6 billion (US$1.92 billion), as well as acquire four terminals previously owned by Ansett in Adelaide, Melbourne, Brisbane and Cairns.

Branson has also expressed interest in adding new services to Asia and setting up a separate low-cost airline in the USA. Provisionally called Virgin America or Virgin Red, the US low-cost service is only possible once open skies negotiations between the UK and the USA are successfully realised. The European Commission is said to be taking over these negotiations with the USA, on behalf of all European Union member states, later this year. □

Eastern European code-shares

MORE flights and routes are opening up for air travellers in Eastern Europe, thanks to a number of new code-share agreements in the region. A new deal between LOT in Poland and Lufthansa in Germany has ushered in increased air services between the two countries, with extra weekly services between Warsaw and Frankfurt and Munich and Düsseldorf. New direct services for LOT customers will also run from Warsaw to Stuttgart and from Katowice to Frankfurt and Düsseldorf.

In Hungary, Malev Hungarian Airlines has started code-share services with Spanish Air Europa between Budapest and Madrid. For Malev, this has effectively meant the relaunch of its Madrid service, which was temporarily suspended during the winter. The carrier has also started code-share services with Russian carrier, Aeroflot, between the cities of Budapest and Moscow. □

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● Global agency chain, **STA Travel**, has bought a majority share of rival UK company Usit Campus, which collapsed earlier this year (see *Language Travel Magazine*, April 2002, page 6). It has also agreed to purchase American company, **Council Travel**, which Usit Campus had bought shortly before running into financial problems.

● **Cathay Pacific Airways** has reinstated some flights to the USA, Canada and Indonesia this summer because of rising passenger volumes. Services from Hong Kong to Los Angeles and Vancouver are being increased to 10 per week and 14 per week respectively, while the twice-weekly service to Jakarta in Indonesia begins again this month.

● Global alliance, **Skyteam**, is reported to be looking for a Chinese partner as it seeks to gain a foothold in the lucrative Asian region, which has potential for strong growth. Meanwhile, Polish national airline, LOT, is rumoured to be in negotiations regarding memberhip of the Star Alliance.

● **A new alliance** has been formed by three of Colombia's main airlines, in a bid to see off foreign competition. Known as Alianza Summa, the alliance will enable Avianca, Sam and Aces to share both domestic and international routes.

● A new airline in Africa has been launched. **AfricaOne,** based in Uganda, is the first privately owned airline to operate across Africa. Services will run between Entebbe in Uganda, Lagos in Nigeria, Freetown in Sierra Leone and Banjul in the Gambia, with onward connections to the UK.

● **Air France** is increasing services to and from China. It will add two more weekly flights to its three-times-weekly service between Paris and Shanghai, which it code-shares with China Eastern Airlines. The airline also reinstated its non-stop daily service between Paris Charles de Gaulle and Cincinnati in April this year.

● **Lufthansa** has followed the example of many US carriers by eliminating base commissions for travel agents in the USA (see *Language Travel Magazine*, June 2002, page 6). The new rule also applies to travel agents in Canada, and was effective immediately in May this year. Instead, a performance-based compensation is offered. "We decided to implement this change in order to remain competitive in the market," said Thomas Winkelmann at the carrier.

● **Brazil's main carriers** are all experiencing financial problems, citing Brazil's economic situation and the aftermath of September 11 as factors hindering their performance. Transbrasil remains grounded with the threat of bankruptcy looming. At the time of going to press, the decision to bankrupt the carrier was in the hands of the court. TAM posted its first losses in 10 years earlier this year while Varig posted losses of US$209.6 million for 2001, which represents a 169 per cent increase on its losses in 2000.

● **Delta Air Lines** has announced a new code-share service with Aeromexico between New York and Monterrey and with Aerolitoral between Ontario, CA and Hermosillo. "With these two additional routes, we continue to increase our presence in Mexico," said Arnaldo Ruiz at Delta.