

Price hikes looming?

Finnair plans Asian strategy

FINNAIR has bucked the trend by announcing a profit last year of €8.9 million (US\$7.83 million) and the carrier is now planning to increase services to Asian destinations by one third. "There are already signs of spring in the air," said Finnair Chief Executive, Keijo Suila, in March this year when announcing the new plans. "There was more than 40 per cent growth in our Asian traffic in February and there has been a 50 per cent rise in advance bookings against an increase in capacity of 35 per cent."

Finnair currently flies to Bangkok, Beijing, Hong Kong, Singapore and Tokyo. The carrier has also reinstated its daily service to New York since March this year, citing a return to passenger levels of previous years, after demand dropped by a quarter in September last year. Estonia-based Aero Airlines AS, owned by Finnair, has also begun operations, flying between Tallinn in Estonia and Helsinki. □

Travellers in Europe may soon be forced to pay higher air fares, if European governments stop acting as airlines' insurers for war and terrorism risks. Many governments stepped in after September 11 to provide this insurance cover for airlines when commercial insurers threatened price increases of 400 per cent. But European transport ministers are expected to withdraw their financial support, following the example of the UK government, which could herald added insurance costs being passed on to the public.

Travel operators in the UK are already forecasting that consumer travel prices will rise as a result of the extra costs. Dermot Blastland, of mainstream travel operator First Choice, told *Travel Trade Gazette*, "The costs to the consumer will go even higher."

In a further move that could send prices spiralling for those outside Europe, the European Commission is considering a plan to penalise carriers outside the European Union (EU) that receive state funds, in a bid to ensure Eu-

ropean airlines are able to compete fairly with other carriers. Non-EU airlines could be forced to pay tariffs or find their landing rights restricted, and US carriers in particular – who received US\$15 billion in state aid after September 11 – are expected to be affected if the motion, put forward by EU Transport Commissioner, Loyola de Palacio, is approved.

De Palacio denied that the move was in response to tariffs of up to 30 per cent set on steel im-

ports into the USA. Other carriers that receive state backing include Swiss and Air New Zealand.

Airlines flying into the UK may find further reason to increase their prices, as the Civil Aviation Authority in the country has proposed raising landing fees at London's main airports. A spokesperson commented, "Charges have dropped in real terms over the past 10 years and charges in Europe are 30 to 50 per cent higher than in the UK." □

Commission axed in USA

DELTA Air Lines in the USA scrapped commission on all air tickets for its agents in the USA and Canada in March, and was immediately followed by all other major carriers in the USA. The news is further testimony to the weakening position that travel agents have in the air ticket distribution system within North America. A spokesperson for Delta commented, "The new market reality is forcing both Delta and travel agents to adapt."

The National Business Travel Association in the USA immediately expressed concerns about the impact of the move on the cost of travel for businesses. "The decision will have an immediate financial impact [on] corporations," it said. "Many... may have to re-evaluate their agency operations as a result." The likelihood of service fees being charged to passengers by travel agents also means there could be additional travel costs for the US public. □

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● **Delta Air Transport**, which was launched following Sabena's demise in Belgium, has been rebranded as **SN Brussels Airlines**. The carrier has signed a code-share deal with VLM Airlines covering the London City Airport to Brussels route.

● **Korean Air and Asiana Airlines** in Korea are equipping their flight crews with electric stun guns or gas-based weapons as part of new security procedures. Crew members are also receiving intensive security training.

● US-based carrier, **Continental Airlines**, has reinstated its daily non-stop service between New York and Tokyo's Narita International Airport, after reducing services to five-times-a-week last summer. "As the only US airline with a New York hub, we're very happy to resume our regularly

scheduled daily service as a second Narita runway becomes operational," said Tim Nara at Continental Airlines.

● Fellow US airline, **Northwest Airlines**, has launched new services from select US cities to Pusan in Korea and Taipei and Kaohsiung in Taiwan. The flights to Pusan and Kaohsiung operate via Tokyo while the service to Taipei flies via Osaka.

● **Virgin Blue** has sold a 50 per cent stake to transport group, Patrick Corp, and expansion plans are thought to be likely. The carrier is already rumoured to have captured 15 per cent of the Australian domestic market.

● There are positive predictions for the future of the travel and tourism industries, as the **World Travel and Tourism Council**

(WTTC) forecasts record growth for 2003. "During [the rebound] we will see the creation of 6.8 million jobs, replacing most of the business and jobs lost in the extended wake of September 11," predicted WTTC President, Jean-Claude Baumgarten.

● **Singapore Airlines** has increased flights between Singapore and Frankfurt in Germany, bringing services to a total of twice daily. From May, the Singapore to Chicago service, via Amsterdam, has been reinstated and the New York service, via Frankfurt, has also resumed daily operations. In August this year, a new service to Las Vegas is being launched, flying from Singapore via Hong Kong.

● Low-cost operator **Go** has been granted permission to fly from London Stansted to Istanbul

in Turkey and Warsaw and Krakow in Poland. The airline plans to increase its fleet to 80 aircraft by 2008.

● **Air New Zealand** has admitted it faces a "long hard road" in rebuilding the confidence of consumers and the industry since its problems last year, which led to the sale of Ansett, but it has launched a "New Zeal" campaign and appointed a new Chief Executive. Following a review of the airline's current schedule, it has launched daily flights between Auckland and Singapore.

● Sweden has a new discount airline, **Goodjet**, which offers flights from Gothenburg to Paris and Nice in France. More routes from Malmo to Paris and Nice and between Stockholm and Oslo in Norway are also to be launched this month.