

EC wants unilateral power in Europe

The European Commission (EC) has launched legal action against another seven member states that have signed bilateral air deals with the USA. The EC wants to have the power to undertake sole negotiations with the USA on behalf of all European member states. It claims the current bilateral deals limit competition as they only guarantee national airlines' rights.

If the countries – Spain, Ireland, Hungary, Poland, the Czech Republic, Slovakia and

Malta – do not comply, they may eventually face a fine. Another 13 countries in the European Union have already been warned. Talks between the EU and the USA have been ongoing since 2003, but no agreement on an 'open-skies' deal has been reached, which would give European airlines access to the US domestic air market.

Meanwhile, the EC has also requested the 25-member strong European Union (EU) give it a mandate to negotiate new air deals with China and Russia. Seventy-five per cent of all passenger air traffic coming out of Russia is currently bound for Europe, while China is gaining a reputation worldwide as the most promising tourism market of the next decade. "With the Chinese market opening up, the EU can't be absent," commented EU Transport Commissioner, Jacques Barrot.

Barrot added that New Zealand had expressed interest in starting negotiations with the EU about a single aviation pact, while Chile is also due to be targeted, according to press reports. ●

United looks to China

AMERICAN CARRIER United Airlines, which is still under Chapter 11 bankruptcy protection, is hoping that increased services to Asia will help heal its financial wounds. "As the middle class and their disposable income continue to grow in Asia, more and more people in this market are travelling to the United States," said Glenn F Tilton, Chief Executive of the airline.

Visitor numbers to the USA from China alone are expected to rise by 10 per cent this year, according to Mark Schwab at United. The carrier has four daily flights to China and is hoping to add more in the near future. ●

WTTC forecast good year ahead

INVESTMENT, GOVERNMENT spending and exports in the travel and tourism sector are expected to rise by 5.4 per cent in 2005, according to the World Travel & Tourism Council, which held its annual summit in India earlier this year. It predicts up to 2.1 million new jobs are likely to be created in the sector, with the continued strength of the pound and euro against the dollar meaning visitor exports may be worth up to US\$820 billion in 2005.

"We turned the corner in 2004 and it's full steam ahead for travel and tourism in many countries and regions around the world," said WTTC President, Jean-Claude Baumgarten, who added that the effects of the December 26 tsunami on tourism was limited on a global scale.

Montenegro was named fastest growing tourism economy in the world for the second time, followed by China and India. ●

Travel Update

- **AirAsia** is emulating EasyJet in Europe by branching into the budget car rental market. Under the brand name, GoCar, AirAsia will offer vehicle hire at around one-third of the price of current car hire out of Kuala Lumpur International Airport in Malaysia. "The service will later be expanded to other AirAsia destinations," said Shah Hakim of GoCar.

- **Singapore Airlines** and **Air New Zealand** have expanded their code-share agreement which will mean more options for onward travel from Auckland for Singapore Airlines' customers. "The expansion of our code-share cooperation represents our ever growing relationship with Air New Zealand and the continuous endeavours by both airlines to maximise opportunities offered by our combined network," said Huang Cheng Eng at Singapore Airlines.

- **London** and **Paris** have joined forces to focus attention on Europe as a destination for corporate meetings and events and to highlight how close central London and central Paris are by Eurostar train. Delphine Benbassa at the Paris Convention Bureau said, "We feel that the time is right to make organisers aware that you can combine two world famous capitals in one event."

- **Air China** added two new services to Australia in April, bringing its total weekly services to the country to nine, with flights available to Sydney and Melbourne via Shanghai or Guangzhou via Beijing.

- **EasyJet** has announced three new routes from its base in Bristol in the UK to Inverness in Scotland, Murcia in Spain and Pisa in Italy. Bristol is now the airline's largest base in the UK outside of London.

- Air passenger traffic is growing fast in **Hungary** and reports indicate that the country could soon be operating at capacity out of Budapest Airport. Traffic is forecast to increase to 11 million per year by 2010, up from around the 6.5 million annual passengers in 2004. The airport operator has announced its intention to build a new terminal by 2009. One of the reasons for the jump in air travel is the expected performance of the no-frills sector in the country, which could account for up to four million passengers by 2010.

- A number of airlines have further increased their prices by adding a fuel surcharge to the overall cost of flights, to combat the **rising price of oil**. Many airlines made such a move last year (see *Language Travel Magazine*, November 2004, page 8). Qantas, British Airways, Swiss and Air New Zealand all raised their prices in April. At Air New Zealand, Norm Thompson, Group General Manager, Marketing, said, "This revised fuel surcharge does not fully recover recent fuel price rises and if current fuel prices persist or increase for an extended period, we will need to review our current levels."

Capacity boost on South America-Australia route

THE NUMBER of flights between South America and Australia has increased this year, with Aerolineas Argentinas adding two weekly flights to Sydney since January and Chile's LAN planning to boost capacity from July onwards. Language travel agents in Argentina have complained in the past that there was not enough capacity out of South America to Australia on passenger flights.

In fact, the additional services from Argentina were added since Australian travellers have become more regular visitors to the region. "South America has really shifted into the mainstream [tourism] market," commented Australian tour operator, Emi Weir, at Adventure World. "People across the board want to go there, and when they've been there they want to go back."

Carlos Fiore at Aerolineas Argentinas added, "South America has become a more mainstream destination for Australians and there's now a possibility of repeat business." ●