

Chile's LAN on the ascendancy

Chilean carrier, LAN, has ambitious expansion plans in Argentina and is also reporting good profits, signalling that it will become a stronger player in the South American market in the future. In March, the carrier posted a 35 per cent jump in quarterly net profit, citing higher passenger numbers and other factors.

The carrier has made moves to acquire Argentina's state-owned airline, Lafsa, and is also in talks to form an alliance with another Argentinian airline, Southern Winds. Ricardo Jaime, Argentina's Transport Secretary, said that LAN was signing a "cooperation accord". "This is a preliminary accord, that basically allows LAN to create LAN Argentina with the purchase of a domestic company and

from there, begin both cargo and international operations," he said.

LAN Chile has expressed an interest in expanding its operations in Argentina. The airline currently has affiliates in the Dominican Republic, Ecuador and Peru and flies to Europe, Australia and throughout the Americas. ●

Key carriers showing better fortunes

SOME of the established airlines have posted interim profit announcements that indicate they may be closing the door on the troubled times of the last year. Thai Airways International posted a 35 per cent increase in quarterly profit in March, citing steady passenger traffic offsetting the high cost of fuel. The carrier is hoping for double-digit growth by the year end.

Meanwhile, Qantas in Australia has seen its profits rise by 28 per cent for a half-year to reach a record level of

AU\$458.4 million (US\$362 million). But it warned that the outlook remained competitive. "Our costs must be further improved if we are to compete successfully against the myriad carriers that are either subsidised or owned by their national governments," said Chief Executive, Geoff Dixon.

The airline achieved its successful profit rating due to cost cutting and offsetting increased jet fuel prices. Further job cuts at the company have since been announced. ●

Lufthansa to take over Swiss

GERMAN carrier Lufthansa is to take over Swiss International Air Lines, in a deal worth up to US\$405 million. The Swiss carrier rejected a previous link-up attempt by Lufthansa in 2003, but it has not fared well since it emerged from the ashes of Swissair, which folded in 2001.

Swiss's routes will be integrated in the Lufthansa net-

work for the 2005/2006 winter timetable, while Lufthansa will only take full control of the airline in 2006 or 2007.

Lufthansa Chief Executive, Wolfgang Mayrhuber, said, "The merger is not only good for Switzerland and Germany; it is also beneficial for our Star Alliance partners and strengthens the European aviation sector." ●

Travel Update

- In the USA, **Delta Air Lines** has sparked a price war on domestic air travel with the announcement that domestic fares will drop by up to 50 per cent with its new "SimpliFares" structure. Delta's Chief Executive, Jerry Grinstein, said, "Taking SimpliFares nationwide is part of Delta's commitment to produce significant savings through simpler, more efficient ways of doing business – and there's more to come." However, the carrier is still expecting to make a "substantial" loss in 2005.

- German discount carrier, **DBA**, (previously Deutsche BA) plans to take over rival **Germania Express** to become a significant player in the German aviation market. The move will mean the carrier can offer up to 180 flights per day and add destinations such as Athens, Florence, Rome and Moscow to its network.

- **Continental Airlines** and **American Airlines** have won tentative government approval to introduce new flights to China. Continental should start seven extra weekly services to China this spring, while American Airlines will begin new flights in 2006. Meanwhile, fellow US carrier, Northwest Airlines, has filed for permission to launch more flights to India.

- **Malaysia** and **Singapore** have agreed to strengthen their aviation ties, with code-share deals being agreed between Malaysia Airlines and Singapore Airlines. And in Malaysia, a terminal is being built especially for low-cost carriers at Kuala Lumpur International Airport. "It's a very strategic move to help Malaysia, AirAsia and other low-cost carriers in the country," said Malaysia's Transport Minister, Chan Kong Choy.

- **SkyEurope**, the low-cost carrier based in Slovakia, is adding four planes to its fleet and expanding its route network, launching flights to Athens, Barcelona, Copenhagen, Manchester and Nice from Bratislava. These destinations will also be served from Budapest and Krakow in due course, announced the carrier.

- Growth in the **global travel and tourism market** is expected to slow this year to 5.1 per cent, compared with the growth of 6.8 per cent last year, according to the World Travel & Tourism Council (WTTTC). President of the council, Jean-Claude Baumgarten, said that Asia was a particular growth area, given the rapidly growing numbers of Chinese and Indian tourists. "The pendulum is definitely swinging to Asia," he commented.

- In Mexico, the government's state-owned airline holding company has decided to relaunch **Aerocaribe** as a low-cost carrier. Fares will be up to 30 per cent cheaper from May onwards.

- The European standards body based in Germany, **DIN**, is developing a new standard job description for tourist guides throughout Europe. The new European standard is aiming to simplify reciprocal recognition of professional qualifications.

United's Asia operations increase

THE USA'S United Airlines is looking to expand its services in Asia, with new flights on the cards between Nagoya and Taipei, and an expanded service planned between Chicago and Hong Kong. Mark Schwab, Vice President Pacific, said, "We are thrilled that our customers continue to encourage United's expansion in international markets, particularly throughout Asia." He said increased passenger demand on these routes had led to "more convenient travel options".

Meanwhile, United Airlines' low-cost subsidiary, Ted, is to expand its own operations by increasing its fleet by 20 per cent. More flights to Florida, Mexico and the Caribbean are expected as a result. "Ted has met or exceeded all of our expectations, as customers respond to low fares [and] a high quality experience," said a spokesperson for the airline. ●