

Fuel prices spiral upwards

Aer Lingus axes business class

IRELAND'S national air carrier Aer Lingus has announced plans to scrap business class seats on European flights as part of its re-branding as a low-fares carrier.

Aer Lingus's board has also approved a three-year business strategy that includes 1,300 job cuts. It plans to expand its European network by offering new routes between Cork and Rome, Munich, Nice and Faro. Seamus Kearney at the airline said, "This announcement forms part of our strategy of expanding our European network and providing low fares... to popular destinations." □

Branson eyes China and India

RICHARD Branson, the British entrepreneur behind the Virgin Express, Virgin Atlantic and Virgin Blue brands, is said to be considering investing in low-cost brands in China and India.

A Virgin Group spokesperson said plans were at early stages. □

A number of air carriers announced temporary fare increases in response to rising fuel costs earlier this year (see *Language Travel Magazine*, August 2004, page 8) and continued increases in fuel costs are causing many others to follow suit.

Cathay Pacific, British Airways, Virgin Atlantic, BMI British Midland, Air New Zealand, Austrian Airways and Singapore Airlines all announced that they would be increasing their existing fuel surcharges, which were introduced earlier in the year, on some or all of their

flights until fuel prices start decreasing. Lufthansa, Air France, KLM, Swiss International Air Lines, SN Brussels, Qantas, Israel's El Al and three airlines in Portugal – Tap-Air Portugal, Portugalia and Air Luxor – have also announced the introduction of fuel surcharges or increased fare prices for passengers in the last few months.

American Airlines announced that most fare prices would rise by US\$5 one-way and US\$10 round-trip, as the price of crude oil topped US\$40 a barrel. The International Air Traffic Association

said that there had been a "nightmare" surge in fuel costs. "Every dollar rise in the average price of oil over the year added US\$1 billion to the industry's costs," said a spokesperson.

However, a bullish Michael O'Leary, Chief Executive of Ryanair, reassured customers that his airline would not be introducing a fuel surcharge. While predicting that the price of fuel would soon start to fall, O'Leary claimed that Ryanair would still be profitable even if oil prices doubled to US\$80, while competitors would collapse. □

Global air travel returns to pre-2001 levels

ACCORDING to figures produced by the International Air Transport Association (Iata) in July this year, world air traffic increased by 20 per cent in the first half of this year compared with the same period in 2003. This represents an eight per cent increase on the same period in 2000, before an economic slowdown, terrorist activities in

the USA and the outbreak of Sars all caused a downturn in air traffic worldwide.

Giovanni Bisignani, Director General of Iata, said, "If current growth trends prevail, and barring any unforeseen event, we could end the year with double digit growth, surpassing our March expectation of 7.5 per cent [growth] for the year."

In an area by area breakdown of figures, passenger traffic in the six month period was up by 35 per cent in the Asia-Pacific region, 20 per cent in North America, 12.8 per cent in Europe and 44 per cent in the Middle East compared with the previous year.

For the month of June alone, global passenger traffic was up by 25.5 per cent on 2003 figures. □

Travel Update ● Travel Update ● Travel Update ● Travel Update

● Irish based no-frills carrier **EUjet** commenced flights from Manston airport in Kent, England earlier this year, flying to destinations such as Amsterdam, Copenhagen, Dublin, Prague, Faro and Murcia. The airport currently has just 10,000 passengers each year but hopes this will rise to 800,000 within 12 months.

● A new bilateral agreement between **Australia** and **Hong Kong** could double air traffic between the two countries within two years as weekly services are scheduled to increase from 35 to 70 by 2006. Hong Kong airline, Dragonair, Virgin Atlantic and Qantas have all expressed an interest in increasing their services or developing the route as a stop-over point to other destinations.

● **Virgin Atlantic** and **America West Airlines** have signed a

code-sharing agreement that will enable passengers to take advantage of connections between Virgin Atlantic services from Los Angeles, San Francisco, Las Vegas and Washington Dulles and America West services from Phoenix, Las Vegas and San Diego. "The [deal] offers passengers greater flexibility and connections to more destinations in the USA," said Willy Boulter, Virgin Atlantic's Commercial Director.

● A new terminal for low-cost US carrier **JetBlue Airways** is to be built at John F Kennedy International Airport in New York after the Port Authority of New York and New Jersey approved the US\$875 million plan. Construction is expected to begin in 2005.

● **China Southern Airlines** has signed a memorandum of understanding to join the Sky Team

Alliance, a move that will see it become the first Chinese airline to join a global alliance. The airline recently announced profits of over US\$32 million in the first half of 2004. Other members of the SkyTeam include Air France, Delta Airlines and Korean Air.

● Singapore's **Tiger Airways**, a low-cost venture started by Singapore Airlines and Ryanair, launched last month, three months ahead of schedule. The airline plans to offer flights to 10 destinations in the first year, rising to 15 in the second.

● **Berlin** is to get a new major airport after German authorities approved the redevelopment plans for the existing airport at Schoenefeld earlier this year. The airport will be renamed Berlin Brandenburg International and is due to open in 2010.

● **Air India** plans to double its fleet in the next two years in an attempt to become one of the top five Asian airlines, according to Vasudevan Thullasides, Air India's Chairperson. The carrier plans to lease 20 planes between January and December 2006 and include new routes that would include a non-stop service from India to New York.

● **Virgin Atlantic** has teamed up with Linguaphone to offer language lessons as part of its inflight entertainment system. The first courses, which have been available since August, are for Spanish to English and English to Spanish tuition. "We are very excited to offer this first in the world of inflight entertainment," said Rebecca Smith at the airline. "We hope to expand the selection in the future to include Chinese and Japanese."