

# WTO hopeful about tourism future

## Commission rates drop further in UK

IN LINE with a number of cost-cutting exercises currently being adopted by airlines around the world, Aer Lingus and America West cut commission rates to agents in the UK on the same day in September this year.

Aer Lingus was the first major European carrier to cut commission rates in the UK to just one per cent, while America West cut commission from seven to four per cent.

A spokesperson from Aer Lingus said, "We are bringing ourselves in line with our competitors in the UK. We tend to look at what the major carrier in a country is doing – in the UK, British Airways cut commission some time ago."

The reaction from agents has been one of disappointment. One source at Advantage travel agency commented, "I don't think it was a case of 'if', but 'when' the first airline would break ranks. One day, when all the commission is cut, airlines will realise how much they need agents and will have to come back to us." □

Worldwide tourism figures for the second half of 2003 are expected to pick up noticeably, according to the World Tourism Organisation (WTO), which has published the first *WTO World Tourism Barometer*, a new regular report monitoring short-term trends in international tourism.

However, the data collected from 90 major travel destinations shows disappointing results for the first four months of 2003, as the conflict in Iraq and outbreak of Severe Acute Respiratory Syndrome (Sars) discouraged people from travelling overseas.

For airlines, the impact of Sars was more severe than the Iraq conflict on consumer confidence. Scheduled international passenger traffic worldwide decreased by 2.6 per cent overall during the first four months of 2003 – with March and April recording decreases of seven and 17 per cent respectively – according to figures compiled by the International Air Transport Association (Iata).

The Asia Pacific region was the worst affected, with decreases in air travel of 36 per cent recorded, while North America saw a drop of 22 per cent.

But in a survey of over 100 tourism experts from all over the world, expectations for the remaining months in 2003 were good, with the majority forecasting a better performance in tourism figures worldwide.

Francesco Frangialli, Secretary General of the WTO, said that the optimism expressed by the WTO Panel of Experts was based on the expectation of a gradual improvement of the economic conditions, the reduction of uncertainty as a result of the relaxation of international tensions and the waning of the negative effects of Sars. □

## New compensation rules for Europe

A NEW European Union (EU) law will give passengers the chance to claim large compensation pay-outs from airlines that cancel flights or "bump" passengers off flights because of overbooking.

The ruling is intended to stop low-cost airlines cancelling flights to maintain schedules, as passengers will be able to claim compensation at a higher level

than the cost of their seat. Compensation rates are expected to be introduced in autumn 2004 and will be set at €250 (US\$284) for flights of less than 1,500 kilometres, €400 (US\$455) for flights between 1,500 and 3,500 kilometres and €600 (US\$682) for those longer than 3,500 kilometres.

All carriers, including charter airlines, will also have to give two weeks notice of any flight cancel-

lations, unless they are due to technical reasons, as well as offer passengers a refund on their ticket price or another flight.

Peter North, Chief Executive of the Board of Airline Representatives in the UK, said, "A fine of €250 is a lot of money compared with some of the fares in the market. It is not just no-frills airlines – most airlines have a full range of fares." □

## Travel Update ● Travel Update ● Travel Update ● Travel Update

● From the start of 2004, **Lufthansa** will be offering passengers a broadband Internet service on all of its 80 long-haul aircraft, after signing a deal with Boeing. The agreement follows a trial that started in January this year during which the carrier offered the service free to passengers on selected flights.

● German low-cost carrier, **Germanwings**, is now flying from a second base in Stuttgart and has commenced new routes to Prague, Barcelona, Vienna, Budapest, Thessaloniki, Lisbon and Istanbul. Joachim Klein, Managing Director of the carrier, said, "The infrastructure in and around Stuttgart is outstanding and our new base will open up Germanwings flights to over 10 million potential customers."

● **Air China** has merged with two other Chinese carriers, **China Southwest** and **Zhejiang Airlines**, in a move that will boost its operations to nearly 3,000 flights a week. China's flag carrier now has a 26 per cent share of the Chinese aviation market.

● US carrier, **Atlantic Coast Airlines (ACA)**, has expressed intentions to operate as a low-cost operator in the future as it intends to break ties with United Airlines. ACA has been operating as a United Express carrier since 1989 but has been unable to reach a new agreement since United filed for bankruptcy protection.

● **Sydney Airport** in Australia has announced record pre-tax profits of AUS\$376.3million (US\$243.5 million) in the fiscal

year to June 2003, a 19 per cent increase on 2002. Earlier this month the airport announced it was cutting its workforce by 40 per cent over the next 12 months, with a loss of 160 jobs.

● Airlines are not responsible for **deep vein thrombosis (DVT)**, the UK Court of Appeal has ruled in a second hearing. A group of 24 claimants and their families were attempting to sue 18 airlines, including US, UK and Australian carriers, in a case that, had it been successful, would have had severe implications for all airlines.

● Europe's largest low-cost carrier, **EasyJet**, reported an increase of 82 per cent in its June passenger numbers compared with the previous year. Ray Webster, Chief Executive of EasyJet, said,

"These figures are in line with our own expectations."

● **Thai Airways** is to be privatised in November this year with the Thai government hoping to raise 15 billion baht (US\$300 million) from the sale of 300 million new shares. Proceeds from the sale will be spent on a new international airport in Bangkok as well as new aircraft for the Thai Airways fleet.

● Japanese carrier **ANA** is launching services from Hiroshima in southern Japan to London, Paris and Frankfurt.

● **Varig** in Brazil has joined the Star Alliance, opening up the South American continent to Star Alliance customers and becoming the sixth member of the group.