

Transport and tour operator news

- The West Coast Main Line through Cumbria reopened on 12 March following the 23 February derailment
- Final approval given for construction of the Edinburgh Airport Rail Link which should be operational by 2011
- First Choice and TUI set to merge, becoming Europe's largest tour operator
- From 2nd April Norwich Airport is to impose a £3 per passenger 'Airport Development Fee'
- BA passenger figures in February were down 6.2% compared with 2006
- Jet Airways to introduce three flights per week from Ahmedabad to Heathrow from April
- Zoom Airlines to offer direct flights from Halifax (Nova Scotia) to Belfast from June
- It now looks unlikely that Air Asia X flights from Malaysia to the UK will begin before 2008
- easyJet announces a new double-daily route from Zurich to Luton from September
- Low-cost carrier Sterling to operate twice weekly flights from Stockholm to Edinburgh from June
- From May to October Continental Airlines will increase flights to Edinburgh from Newark to double daily, with those to Glasgow increasing to 11 per week
- Air South West will offer three flights per week from Cork to Newquay from early May

EU/US 'Open Skies' deal agreed by EU Transport Ministers

- The deal will come into effect in March 2008, allowing any EU or US airline to fly between any US and any EU airport – US airlines will be able to enter the internal EU market, but as yet there is no reciprocal deal
- If a second stage agreement opening the US domestic market to EU airlines and tacking the 25% overseas ownership limit for US airlines has not been reached by 2010 individual EU states can revoke the deal
- Any airline will be able to operate flights between the US and Heathrow, but the four airlines currently allowed to operate these routes do not have to give up any of their Heathrow landing slots
- There will be no additional landing slots at Heathrow, any extra flights from the US will be at the expense of flights from other destinations
- bmi welcomes the opportunity that the deal offers in terms of operating Trans-Atlantic flights to Heathrow but may review its domestic/short-haul network from the airport
- BA will move US to Gatwick routes with the most connecting traffic to Heathrow once the deal is operational
- Continental Airlines announces plans to operate Houston to Heathrow flights once the agreement is in force
- The UK may lose some US visitors who spend time in the UK due to its excellent connectivity as more direct routes open between EU airports and the US – for example Aer Lingus announces flights to Dublin from San Francisco, Orlando and Washington

Domestic Economic News

- UK inflation edges up in February to 2.8%, again raising the prospect of higher base rates
- Strong UK retail sales figures for February further increase the likelihood of interest rate hikes

European Economic News

- Eurozone employment increased at an annual rate of 1.6% in the fourth quarter of 2006

US Economic News

- US unemployment falls slightly in February, and now stands at 4.5% of the workforce
- The US trade deficit fell by more than \$2bn in January to stand at \$59bn
- The US Federal Reserve again leaves base rates unchanged at 5.25%

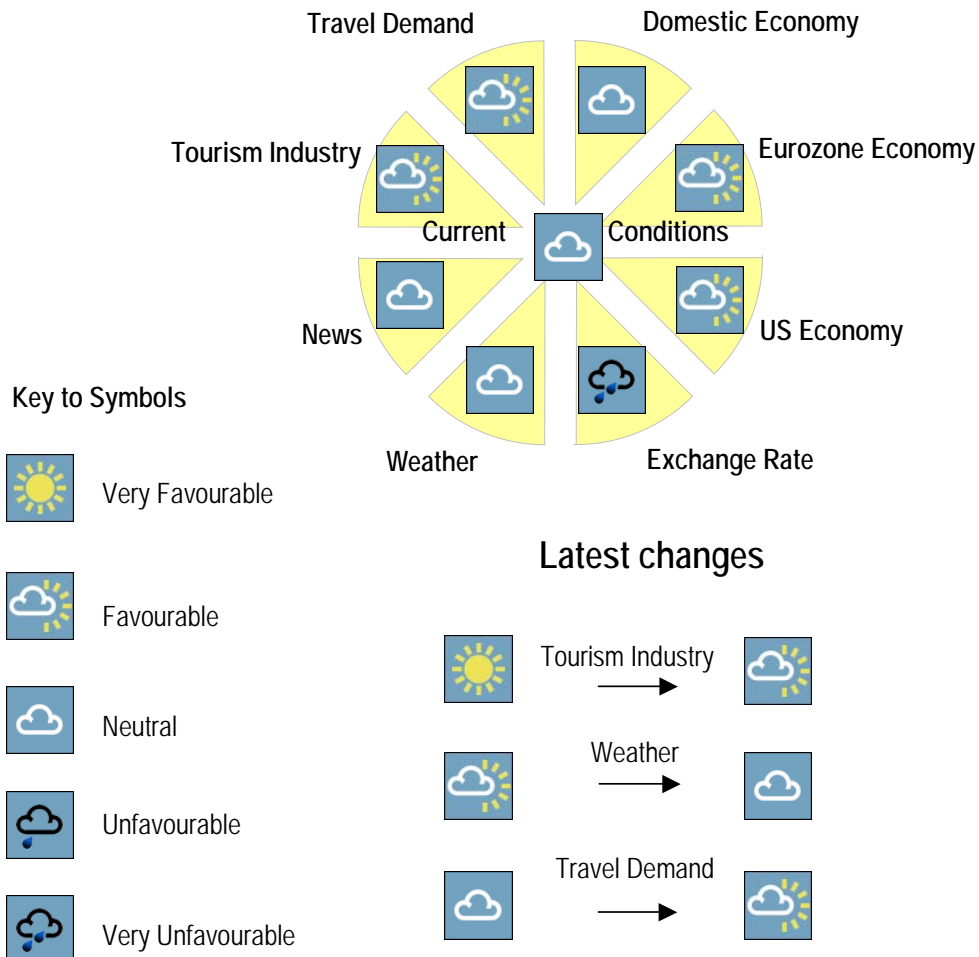
Global Economic News

- The Japanese economy expanded at an annual rate of 5.5% in the final three months of 2006, the strongest growth for three years

Tourism News

- In response to the Lyons Report the Government says that it has no intention of introducing a tourism tax
- Figures from Global Refund show a modest 5% annual rise in sales to overseas visitors to the UK who reclaimed tax during February

Factors Contributing to Current Tourism Trends in Britain March 2007



- Overall conditions are assessed as Neutral
- Exceptionally above average temperatures in February were counterbalanced by exceptionally above average rainfall
- Sterling regains much of the value it lost in early March as stock markets also rebound
- The UK economy segment has slipped into the Neutral range following a dip in consumer confidence
- Growth in VisitBritain enquiries is one factor that has ensured the Tourism Industry segment remains in the 'Favourable' zone
- The EU/US 'Open Skies' agreement is broadly good news, but remains counterbalanced by government plans to increase visa fees the overall 'News' segment is still assessed as 'Neutral'