

Trends Update – Issue 97 (29 January 2009)

Transport and tour operator news

- Eurostar says that following the fire in the Channel Tunnel in September it plans to resume a full service on 23rd February
- LD Lines will introduce a double-daily service from Boulogne to Dover from 12th February
- Figures from the Civil Aviation Authority for November reveal a 7.3% annual decline in the number of air passengers travelling to and from the UK on scheduled air services
- FlyLAL, a Lithuanian based airline that flew from Vilnius to Gatwick has ceased operations
- Sun Air to operate double daily flights from Billund (Denmark) and London City
- From end March Ryanair to fly to Bournemouth from Faro and Reus
- Iran Air to increase the number of flights it offers from Tehran to Heathrow from 3 to 4 per week between March and October in addition to using larger aircraft on the route
- Cimber Sterling to operate two flights per week from Copenhagen to Edinburgh, increasing to three during the summer
- JAL to operate 14 flights per week between Tokyo and Heathrow during the summer season
- Bmibaby will fly four times a week from Birmingham to Newquay throughout the summer

Domestic Economic News

- UK consumer price inflation fell to 3.1% in December from 4.1% in November
- In the three months to November UK unemployment increased by 131,000 to 1.92 million
- The UK economy contracted by 1.5% in the final three months of 2008 compared with the three months to September, making it the sharpest slowdown since 1980
- The IMF says global economic growth will be just 0.5% in 2009, with the UK worst hit among developed economies as the economy shrinks by 2.8%

European Economic News

- The European Commission forecast that the Eurozone economy will contract by 1.9% in 2009 and grow by only 0.4% in 2010
- The German government forecast that the country's economy will contract by 2.25% in 2009
- VDR, a German travel management association poll indicates that 32% of corporate members in Germany had now banned non-essential business travel in reaction to the global economic slowdown
- Unemployment in Spain increased to 13.9% in the final three months of 2008, the highest rate of any Eurozone country
- Industrial action in Greece and France in late January disrupts travel to Britain
- IMF forecast the Eurozone economy will contract by 2% in 2009

US Economic News

- US consumer confidence continued to slide in January, and is now lower than at any time since the Conference Board survey began back in 1967
- IMF forecast that the US economy will contract by 1.6% in 2009

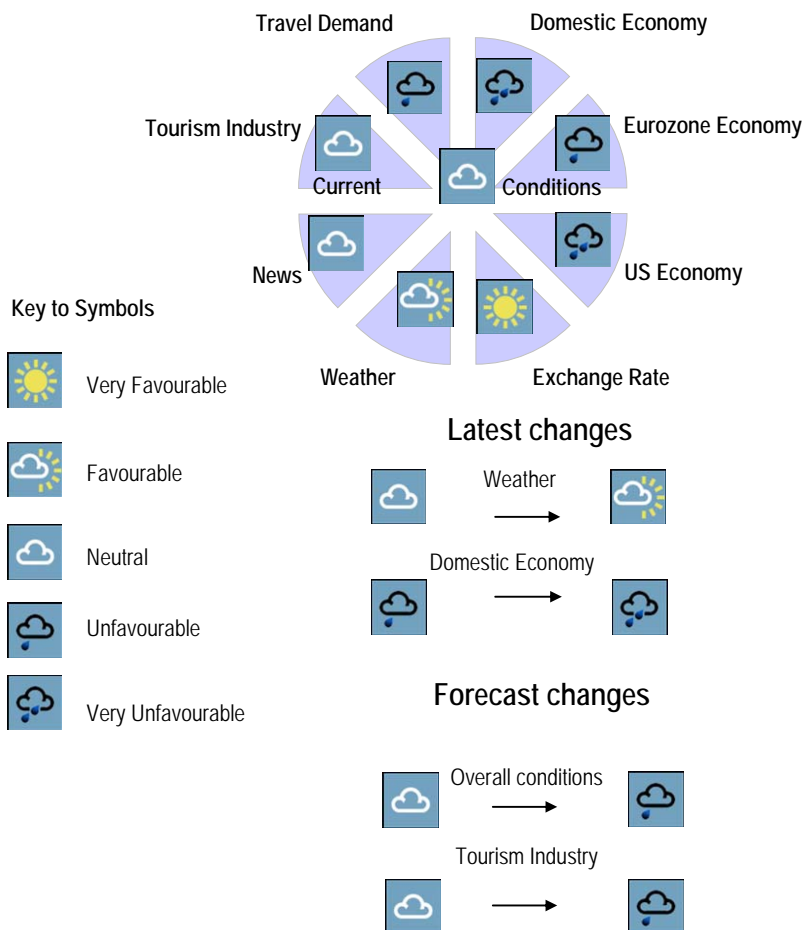
Global Economic News

- The Chinese economy grew by 9% in 2008, its slowest rate for seven years

Tourism News

- IATA forecast that global air passenger volumes will decline by 3% in 2009
- A German court gives the go ahead for construction of a fourth runway and third terminal at Frankfurt airport
- Global Refund report a 55% annual increase in sales to overseas visitors reclaiming tax during December; the month was especially positive for Middle East markets and Japan
- The Real Hotel Company goes into administration; the group ran hotels under brand names including Purple Hotels and Stop Inns, along with the New Connaught Rooms conference venue in London
- Figures from PKF indicate a sharp fall in hotel room occupancy in the UK regions in December, down from 62.2% in 2007 to 56.3% in 2008; London hotel room occupancy stood at 72.4%, slightly down on 2007
- A further sign that global international travel is being hit by the downturn comes from the US Department of Commerce in data signalling a 2% drop in visits to the US in October

Factors contributing to tourism trends in Britain, January 2009



- Overall conditions remain in the Neutral range but appear to be heading towards the Unfavourable range
- December weather though cold brought generally favourable conditions
- The exchange rate remains very favourable
- The UK officially enters recessions with fears that the downturn will be deeper and more prolonged than first thought
- Airline announcements continue to be dominated by route suspensions rather than improved frequencies or connectivity, but Eurostar services set to return to normal
- Travel demand continues to fluctuate between the Unfavourable and Neutral range with demand for air travel continuing to be weak
- The Tourism Industry segment continues to be influenced by worsening hotel occupancy figures