

TRANS•ATLANTIC®

THE U.S. MARKET FOR TRAVEL TO EUROPE • DEC. 3, 2013

A STRONGER PEAK-SEASON FOR U.S. TRAVEL TO EUROPE

1. **U.S. traffic to Europe increased in September**, completing a peak season of steady growth. Visits by Americans in September totaled 1,161,706, up 2.7 percent from a year ago, according to the latest figures from the Dept. of Commerce.

For the full peak season, May-September, U.S. visits were up a modest 142,503 or 2.3 percent compared to a year ago. Tight airline capacity—the overall North Atlantic load factor was 88.4—may have limited traffic growth. In 2012, peak-season traffic was up 3.8 percent compared to peak-season 2011.

For the first nine months of this year, U.S. visits are up 0.8 percent compared to a year ago. See the **Volume of U.S. Travel to Europe** chart.

LAST FREE ISSUE: *Trans-Atlantic will be distributed on a subscription basis beginning with the mid-December issue. \$150 for 24 issues over 12 months. See No. 18.*

OBAMACARE DO-OVER TRUMPS ECONOMIC NEWS

2. **Will the website work? Will people sign up?** The clock started again today on Pres. Obama's health-insurance expansion program and its re-engineered and re-coded federal website. The outcome is likely to set the stage for political warfare leading up to the 2014 Congressional elections.

3. Meanwhile, **the Dow set another record, 16,113**, at closing last Tuesday.

Oil was less than \$93 per barrel, near the six-month low, with U.S. crude supplies up for a 10th consecutive week. **Gasoline was at \$3.27** per gallon, up from its recent low of \$3.18 (nationwide average).

Sales of existing homes fell for a second consecutive month in October after touching a 6½-year high in August. They were still up 6.0 percent over October of last year. Inventory is tightening quickly and the national median price was \$199,500, 12.8 percent more than a year ago, the 20th consecutive month of such price increases. The median number of days on the market was 54; that number has been rising.

4. **Consumer confidence dropped again**, but not so sharply. The Conference Board index declined to 70.4 in late November from a revised 72.4 in late October.

Previously, the Thomson Reuters/Univ. of Michigan index reported an even smaller drop in early November to 72.0 from a revised 73.2 in early October.

5. **The dollar continued to bounce, mainly lower, between €0.73 and €0.74**, where it has been for the past 10 days.

6. **Ups and downs in Europe:** Silvio Berlusconi was removed from the Italian Senate; Angela Merkel won Socialist agreement to a "grand coalition" by promising to institute Germany's first minimum wage; Britain edged closer to a referendum on whether to remain part of the European Union, with only 26 percent of Britons regarding the EU as a "good thing," according to a new *Observer* poll.

ALITALIA FALLING SHORT ON CASH CALL

7. **Winter fares are on the rise**, especially compared to a year ago. Here are low fares quoted Friday on Expedia for roundtrip, non-stop, midweek flights on major carriers; taxes, fees and surcharges included:

Travel dates:	Dec. 11-18 (compared to late-Oct. quote)	Jan. 15-22 (compared to late-Oct. quote)	Feb. 12-19 (compared to Nov. '12 quote)	March 12-19 (compared to Nov. '12 quote)
New York–London	\$880 (\$871)	\$864 (\$871)	\$864 (\$773)	\$864 (\$773)
Chicago–Paris	1,168 (1,004)	1,003 (1,004)	1,003 (875)	969 (875)
San Fran.–Frank.	1,373 (1,141)	1,142 (1,043)	1,142 (1,034)	1,142 (1,084)

8. U.S. airlines reported an increase in trans-Atlantic yields for October of 3.1 percent.

Combined yield has thus been up for 12 consecutive months (a 0.1-percent decline in May has been revised to a 0.4-percent increase) **and for 43 of the past 47 months** (declining by less than 1 percent over the period July-October 2012).

9. **Alitalia shareholders have not yet delivered the extra cash deemed necessary to keep flying.** So far, only €173 million has been raised toward the €300 million target, according to Reuters. That includes €100 million in bank guarantees, but not €75 million promised by the postal service.

With daily losses at €700,000 and a debt of €813 million, Alitalia is running out of time. Air France-KLM, its largest shareholder, could still come to the rescue despite its own losses, but indicated it would not make a move if creditors don't agree to eat more

of the debt. Alitalia set a deadline of Dec. 10 to raise the rest of its target.

10. **US Airways will launch peak-season service from Philadelphia to Edinburgh** in May; that will be in addition to its Philadelphia-Glasgow service. The new service will presumably be incorporated into the merged American schedule.

BUYING THE 777X, DEFENDING AGAINST VOLCANO ASH

11. The Boeing 777 entered service with United in 1995 and won immediate success as the largest two-engine airliner, with seating for 314. Several versions have followed, with two extended-range models the best selling, by far, and assigned to many trans-Atlantic routes.

But the 777X will be a new plane in many respects, with a new composite-material wing (which may fold to fit standard taxiways) and other innovations first developed for the 787 Dreamliner (like bigger windows). The 777-8X will have 350 seats; the 777-9X, 400. The aircraft was officially "launched" at the Dubai Air Show last month, Boeing receiving a record 259 orders, 150 from Emirates alone. That airline is already the largest operator of 777s with 247.

First deliveries: Not before mid-2020. Right now, Boeing is considering where to build the plane; failure to reach an agreement with union workers in Washington opened up possibilities for other states.

12. **Pilots may soon be able to track and avoid volcanic ash clouds**, such as those generated by an Icelandic volcano in 2010 that shut down most European air space and forced cancellation of more than 100,000 flights. This thanks to infrared technology under development.

In a test this month, the new AVOID system aboard an EasyJet A340 was able to detect an artificial cloud of ash from a distance of nearly 40 miles. The detector was developed by Dr. Fred Prata and Nicarnica Aviation of Kjeller, Norway.

The cloud was created by a second aircraft, which dispersed a ton of ash from the 2010 Eyjafjallajökull eruption. A third, smaller, prop plane actually flew into the cloud to take direct measurements confirming ash characteristics.

The ability to see and avoid volcanic ash could greatly shrink the air space closed by the next eruption. Icelandic scientists say that's coming, with the Hekla and Katla volcanoes, both larger than Eyjafjallajökull, "due" to erupt in coming years.

While the ash clouds of eight of Iceland's nine explosive eruptions taking place between 1970 and 2011 were blown away from busy European routes by southerly winds, Eyjafjallajökull's ash was carried across northern Europe.

See a video on the test flight: <http://videos.airbus.com/video/083304f97c9s.html>.

13. **Both French TGVs and Spain's AVEs will begin operating between Paris** (Gare de Lyon) **and Barcelona** (Sants) **on Dec. 15**, without train changes on the Spanish side of the border. Running time will be six hours and 17 minutes. The high-speed networks were connected late last year, but a 20-minute train switch was required while the two systems were made compatible.

In addition to two Paris-Barcelona roundtrips daily (with one-way fares starting at €59 and two more trips to be added in March), there will be one return Lyon-Barcelona and one return Toulouse-Barcelona daily.

The Paris-Barcelona running time will be reduced to five hours 45 minutes in 2017, when a 37-mile bypass is scheduled to open between Nîmes and Montpellier. The final high-speed link, between Montpellier and Perpignan, is not expected to open before 2020. The *Financial Times* estimated that flying from Paris to Barcelona takes five hours, city center to city center.

HEROICS RECALLED: A NEW BRIDGE IN HOLLAND, 'SACRED SOIL' FROM FLANDERS

14. **The Netherlands last week opened the graceful Oversteek bridge** at Nijmegen across the river Waal, the main Rhine channel to the sea. The bridge relieves auto and truck traffic on the old Waalbrugge to the east, which was a target of the Allies' Operation Market-Garden in 1944. The bridge was captured, but the bid to speed the end of World War II in Europe failed. Relatives of American soldiers who died in the fighting took part in the dedication ceremonies.

The main span, at 935 feet, is the longest single-arch bridge in Europe.

15. **Seventy sandbags of soil from the World War I cemeteries of Flanders have been laid into the new Flanders Field Memorial Garden**, created adjacent to The Guards Museum at Wellington Barracks near Buckingham Palace.

It was among the first of hundreds of commemorations and exhibitions scheduled in many countries over the next 12 months to mark the 100th year since the beginning of World War I.

The garden is dedicated to the tens of thousands of British soldiers who died on the western end of the Western Front, held by the British Expeditionary Force from the outbreak of war in August 1914 to the armistice in November 1918.

The soil, gathered in September by Belgian and British schoolchildren, was transported by the Belgian frigate *Louisa Marie* to London and by the King's Troop Gun Carriage to the museum.

The garden is a modest circle whose short wall is inscribed with verses from "In Flanders Fields," written by John McCrae, a Canadian officer, after the Second Battle of Ypres. The museum and the Flemish government are leading sponsors.

16. **Visitors to the 2nd-century Catacomb of Priscilla in Rome** can now see restored Bible-scene frescoes in the 4th-century Cubicle of Lazzaro. The catacomb, one of several long open to visitors, runs for some eight miles below ground and is famous for its stacked crypts and a small 3rd-century fresco that is the earliest known image of the Madonna and Child. <http://www.catacombepiscilla.com/inglese/>.
17. **Innovation Norway is glad that *Frozen* is such a hot ticket.** The animated movie from Disney, inspired by Hans Christian Andersen's *Snow Queen*, has been set in the Norwegian fjords and mountains with plenty of stave churches, folk attire and trolls. Walt Disney and his successors have been cheerfully appropriating European legends, fairy tales and literature for decades. The Norwegian office is counting on the latest film—No. 2 in the U.S. when it opened this past weekend—to draw more Americans to the real thing.

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18. **This newsletter will be distributed on a subscription basis beginning with the mid-December issue.** The cost is \$150 for 24 issues over 12 months. To continue, send an e-mail with your name, company and receiving email address to **TransAtlantic@dnmartinco.com**. We'll send an invoice.

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VOLUME OF TRAVEL TO EUROPE BY U.S. CITIZENS SEPTEMBER 2013

From monthly air-travel reports issued by the U.S. Dept. of Commerce, Office of Travel and Tourism Industries. Totals are for U.S. citizens departing U.S. gateways on flights with first arrival in Europe (including the Russian federation).

Since July 2010, data has been collected from airlines before departure by the Dept. of Homeland Security via the Advance Passenger Information System (APIS). This more-accurate system has revealed that U.S.-citizen departures were previously overcounted, by as much as 20 percent per month. Thus the significant minus figures reported for July 2010 through June 2011 do not reflect actual decreases of that magnitude. Indeed, independent data indicates that traffic increased through much of that period.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% change from 2012
January	671,177	713,703	748,042	734,184	739,893	753,241	668,221	664,807	568,471	580,304	563,169	- 2.9
February	591,131	655,434	649,274	638,319	626,434	668,385	568,968	544,768	414,958	493,931	480,637 *	- 2.7/ + 0.8
March	808,794	982,275	992,917	1,025,478	1,041,834	982,679	847,090	852,371	773,308	823,312	797,405	- 3.1
April	679,570	929,359	944,616	990,345	998,978	968,486	940,279	761,418	806,302	832,117	815,393	- 2.0
May	979,655	1,229,897	1,280,025	1,368,704	1,386,300	1,318,802	1,241,375	1,232,279	1,157,885	1,213,377	1,206,206	- 0.6
June	1,205,280	1,432,810	1,463,636	1,585,248	1,607,434	1,521,619	1,397,017	1,545,950	1,431,960	1,498,656	1,549,743	+ 3.4
July	1,209,944	1,293,447	1,383,904	1,450,854	1,467,596	1,334,096	1,383,704	1,239,156	1,288,805	1,299,502	1,331,766	+ 2.5
August	1,049,258	1,106,643	1,096,385	1,159,246	1,235,953	1,122,497	1,204,945	969,046	1,047,001	1,126,098	1,161,706	+ 3.2
September	1,055,536	1,169,280	1,208,755	1,245,357	1,297,046	1,180,564	1,163,697	1,122,203	1,119,104	1,138,691	1,169,406	+ 2.7
										9,005,988	9,075,431	+0.8
October	872,409	897,683	941,909	980,856	1,038,804	916,328	920,191	831,219	844,142	852,344		
November	785,206	821,219	811,118	816,098	856,815	765,079	748,994	640,639	644,948	646,447		
December	888,149	900,717	902,504	913,995	954,698	888,886	845,496	688,213	729,039	739,858		
Final **	10,796,109	12,132,467	12,423,085	12,908,684	13,251,785	12,420,662	11,929,977	11,092,069	10,825,923	11,244,637		
	10,992,891	12,243,834	12,552,629	12,995,893	13,329,777	12,505,627	11,979,018	11,103,708	10,825,923	11,244,637		

** Final totals through 2010 adjusted upward by the U.S. Dept. of Commerce, National Travel and Tourism Office, in annual report as late filings were received from carriers. Beginning with 2011, December total is final.

* Because February '12 had 29 days, average DAILY increase for February '13 was 0.8 percent.