

# TRANS•ATLANTIC®

THE U.S. MARKET FOR TRAVEL TO EUROPE • SEPT. 17, 2013

## OVERALL TRAFFIC JUMPS IN AUGUST, U.S. VISITS ROSE IN JULY

1. **Trans-Atlantic traffic increased 4.4 percent in August**, as reported by the leading carriers. It was the fourth consecutive month of peak-season growth.

Combined capacity grew for the fifth consecutive month, by 2.4 percent. The combined load factor for July was 90.0, up from July's 89.6 and from 88.2 in August 2012.

For the third consecutive month, only American reported a decrease in capacity and traffic, although its Oneworld partner, British Airways/Iberia (IAG), reported zero traffic growth. See the **Trans-Atlantic Traffic Trends** chart.

2. **U.S. traffic to Europe increased again in July**, for a second consecutive month. Visits by Americans totaled 1,331,766, up 2.5 percent from July 2012, according to the Dept. of Commerce. That brought U.S. visits for the year to 6.7 million, equal to the

### NEXT ISSUE: Rebuilding Off-Peak Traffic

total for the first seven months of 2012. The trend is expected to continue into the early fall. See the **Volume of U.S. Travel to Europe** chart.

**Portugal was the latest country reporting improved results from the U.S.** Spain is holding even while Britain is still having difficulties. See Nos. 13-17 below.

## JOBS RISE SLOWLY, CONSUMER CONFIDENCE DROPS

3. **The stock markets were working their way up** from a late August dip, with the Dow jumping Monday to 15,495.

The price of **oil remained high at \$108** per barrel. But **gasoline dropped back to \$3.52** a gallon, national average.

4. **Jobs increased at a slow rate in August** for the second consecutive month. The month saw 169,000 jobs added to U.S. payrolls while totals for June and July were revised downward by a combined 74,000 or 21 percent. The unemployment rate did

tick down from 7.4 to 7.3 percent, but that was again attributed to a decline in the number of people searching for work.

5. **Consumer confidence slumped.** The Thomson Reuters/Univ. of Michigan index dropped to 76.8 in early September (a five-month low) from a revised 82.1 in early August.

Previously, the Conference Board index rose slightly, to 81.5 in late August from a revised 81.0 in late July.

6. **Republicans in the House are threatening to block both a budget for the federal government's new fiscal year and an increase in the debt ceiling.** They want the Democrats to agree to defund or delay implementation of the Obamacare health-insurance expansion.

7. **The dollar was at €0.75,** continuing to trade in a narrow range against the euro as it has for the past two months.

8. **And in Europe:** Italy's coalition government (and debt financing) teetered as a Senate panel considered voting Silvio Berlusconi out of office... Angela Merkel wasn't sure the Free Democrats would win enough votes in Sunday's election to provide the margin of control with her Christian Democrats; an anti-euro party was also threatening.

### AUSTIN GETS LONDON FLIGHTS, PRECHECK TO EXPAND

9. **The American-US Airways merger was accepted by a judge** as a plan for American's emergence from bankruptcy protection. But if the merger fails to survive the antitrust suit brought by the U.S. Dept. of Justice, American will have to start all over again, said Judge Sean H. Lane of the U.S. Bankruptcy Court in Manhattan.

The antitrust trial is to begin Nov. 25 before Judge Colleen Kollar-Kotelly in U.S. District Court in Washington. There is some hope that the airlines might negotiate a settlement that would meet the government's concern that the merger would eliminate competition on too many routes.

10. **New trans-Atlantic gateway in Texas:** British Airways will begin flying from Austin to Heathrow next March, the first non-stop trans-Atlantic service from the Texas state capital. The initial five Dreamliner flights weekly will expand to daily service in May.

Austin, with 840,000 people, is the fourth-largest city in Texas, noted for the sprawling University of Texas campus and a growing high-tech sector.

Meanwhile, **United will inaugurate the first non-stop service from Chicago to Edinburgh,** also in May. The summer service will supplement United's year-round flights from Newark to both Edinburgh and Glasgow.

11. **Many more Americans will soon qualify for faster PreCheck security checks at U.S. airports.** Those enrolled in the program are not required to remove shoes and belts, doff light outerwear, take laptops out of cases or present liquids in mini bottles.

New enrollees will receive boarding passes with bar codes alerting Transportation Security Administration inspectors to send them to the reduced-hassle PreCheck lines, which have been established at 40 airports.

**Who qualifies:** U.S. citizens enrolled in frequent-flyer programs who are invited to apply by the participating airlines (including all the U.S. trans-Atlantic carriers). They then fill out an application online (the website is to be launched by TSA by year's end) and provide fingerprints. The \$85 fee buys a five-year enrollment.

12. **Eero Saarinen's winged TWA terminal at JFK will be transformed into a hotel, conference center and flight museum** under a contract awarded to hotelier André Balazs by the Port Authority of New York and New Jersey. Balazs, whose properties include the Standard Hotels, entered the hotel business in 1990 when he bought Hollywood's Chateau Marmont.

The Saarinen building has been unused since late 2001 when TWA was absorbed by American Airlines. A new, surrounding Terminal 5 was opened in 2008 by JetBlue.

### U.S. ARRIVALS: PORTUGAL'S UP AGAIN; BRITAIN STILL LAGS

13. **In Portugal, hotels report more Americans and longer stays by same.** U.S. guests totaled 156,100 through June (+16.8 percent), while U.S. overnights totaled 354,800 (+21.8 percent). Vitality for Portugal's economy, Americans spent €227 million through June (+26.7 percent); 2013 is now expected to be the sixth consecutive year of growth in U.S. spending in Portugal.

Hotel stays from all international markets were up 8.1 percent to 3.7 million; overnights were up 8.6 percent to 12.7 million.

14. Meanwhile, **Spain is holding its own, with U.S. visits totaling 782,200** through July, about the same as in 2012. That compares to 34.0 million for all international markets through July, an increase of 3.9 percent

15. **In hard-pressed Greece, tourism has finally generated desperately needed additional revenue.** International visits are up 10 percent through June, according to industry sources; that reversed a long decline. Most of the increased traffic is from Russia, Turkey and northern Europe; there was no breakdown for U.S. arrivals.

The government said increased tourism revenue was the main factor in limiting the decline in 2nd Q GDP to 3.8 percent (compared to a year ago). GDP was down 5.6 percent in the 1st Q.

16. Although North American visits to Britain finally began to rise in July, by 2 percent, **U.S. traffic is still lagging**, according to preliminary figures from VisitBritain. For the first seven months of the year, traffic from the U.S. remained down 8 percent, the same as in June. A 9-percent increase in Canadian traffic to Britain pushed up the North American numbers.

Visits from all international markets were up 4 percent to 18.5 million through July, and spending was up 13 percent to £11.2 billion, VisitBritain said.

17. **For France, 2012 may not have been as strong a year as originally estimated.**

Back in February, Atout France estimated that U.S. visits totaled 3.5 million in 2012, which would have been a 6-percent increase over 2011.

But provisional figures posted in July by the government (generated by its EVE survey) put total U.S. visits in 2012 at 3.0 million, for a *decrease* of 9.6 percent from the previous year.

However, that result still confirmed France to be the leading European destination for Americans in 2012, well ahead of Britain's 2.84 million.

### **CONCORDIA GETS STRAIGHT, VEMEX DRAWS NEW MEDIA**

18. **The wreck of the *Costa Concordia* won't be floated and towed to a breakup yard before spring.** That was the word from the salvagers who successfully "parbuckled" the 114,000-ton hulk into an upright position on the Giglio reef early today. A team of 500 worked 19 hours with cables, cranes and huge tanks pumped with tons of water.

At \$800 million, the *Costa Concordia* salvage is the most expensive ever undertaken; Carnival Corp., Costa's parent, said insurers will pick up most of that.

The ship foundered Jan. 13, 2012, when Capt. Francesco Schettino ordered a sail-by "salute;" 32 of the 4,200 passengers and crew died. Schettino's trial, on charges of manslaughter and abandoning ship, is to resume Monday in Grosseto on the Tuscan mainland.

19. **Viking can't stop.** The river cruise line has ordered yet two more 195-passenger Longships for the coming year, bringing the total to be inaugurated next March to 14 ships. And that's on top of the 16 Longships launched since 2011.

Demand for European river cruises continues to explode, says Viking mastermind Torstein Hagen, and most of the new business is going to Viking. According to Hagen, Viking's expanding fleet has increased traffic at an average of 22 percent a year, compared to just 4 percent for the combined competition.

20. **Istanbul and Madrid were defeated by Tokyo in their bids for the 2020 Summer Olympics.** Madrid and Istanbul tied last week for second in the first round of

voting by the 104 members of the International Olympic Committee, meeting in Buenos Aires. Madrid was then eliminated by a 49-45 vote.

In the second round, Tokyo won with 60 votes to 36 for Istanbul. Turkey's prime minister, Recep Tayyip Erdoğan, flew to Argentina to present the case for Istanbul, which would have been the first Muslim country to host the Summer Games. Tokyo had been the front runner from the beginning, concerns over the Fukushima nuclear catastrophe notwithstanding.

21. More strains in Spain: **Catalans mounted a spectacular 250-mile human-chain for independence.** More than a million people held hands from the Perthus tunnel in the Pyrenees, to Barcelona on the coast, to the border with Valencia to the south.
22. **It all started with the War of Spanish Succession?** Catalans date their desire for more independence to the siege of Barcelona in 1714; the war ended when the city fell, and a new Bourbon dynasty tied Catalonia more directly into Spain.  
**Another relic of that war is British control of Gibraltar;** a feud has been going on ever since. Most recently, Gibraltar created a concrete reef that is annoying Spanish fishermen. In retaliation, Prime Minister Mariano Rajoy ordered much tougher border controls, ostensibly to reduce a tide of low-taxed cigarettes flowing into Spain. British Prime Minister David Cameron has vowed to defend Gibraltar rights.
23. **Visit Europe Media Exchange organizers will introduce many new media reps** to the shows in November. Nearly half the media outlets registered for **New York** (Monday, Nov. 18) will be participating for the first time, including TV's "Every Day with Rachel Ray," *Saveur*, SmarterTravel.com and AOL Travel.  
 Exhibitors who have not yet signed on should register soon to ensure a full day of appointments with editors and contributors who reach major travel audiences.  
 The show will open in **Toronto** Friday, Nov. 15, go to New York, and close in **San Francisco** Wednesday, Nov. 20. See **VisitEuropeMediaExchange.com** for information and registration.

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## THE U.S. MARKET FOR TRAVEL TO EUROPE

### Trans-Atlantic Traffic Trends, August '13

Compared to previous year, +/- percent

RPMs	Sept. '12	Oct. '12 **	Nov. '12 **	Dec. '12	Jan. '13	Feb. '13 ***	March '13	April '13	May '13	June '13	July '13	Aug. '13	ASMs (Aua. '13)	load factor
Delta (Sky)	- 0.3	- 3.0	- 3.1	- 4.3	- 6.4	- 8.8	- 5.7	- 3.2	+ 2.0	+ 4.8	+ 5.2	+ 6.0	+ 3.6	91.5
Air France/ KLM (Sky)	+ 1.1	- 3.3	+ 1.0	- 0.1	- 0.7	- 1.8	+ 0.5	+ 3.2	+ 4.5	+ 2.4	+ 2.4	+ 5.3	+ 3.3	90.4
United (Star)	- 5.3	- 9.6	- 7.2	- 4.6	- 4.7	- 9.1	- 6.8	- 4.1	- 1.3	+ 1.0	+ 2.5	+ 7.2	+ 2.4	88.7
Lufthansa/ Swiss/ Aus. (Star)	+ 0.4	- 1.0	+ 3.4	- 0.8	+ 2.2	+ 4.6	+ 9.8	+ 4.3	+ 8.4	+ 7.7	+ 4.2	+ 5.1	+ 3.9	90.0
American (One)	- 0.7	- 8.5	- 7.8	- 4.9	- 6.8	- 11.0	+ 5.0	- 4.8	- 0.1	- 0.8	- 3.1	- 1.1	- 2.3	88.5
British Airways/ Iberia (One)	+ 6.9	+ 2.4	+ 3.1	- 1.9	+ 1.2	- 1.4	- 1.0	- 0.4	+ 3.5	+ 4.8	+ 0.1	0.0	+ 0.6	89.1
Leading-carriers combined *	+ 0.4	- 3.8	- 1.8	- 2.8	- 2.5	- 3.7/-0.2	0.0	- 0.3	+ 3.2	+ 3.6	+ 2.7	+ 4.4	+ 2.4	90.0
All carriers (Airlines for America + Association of European Airlines)	+ 1.4	- 3.5	- 1.1	- 1.5	- 1.0	- 3.0/+0.4	+ 0.3	- 0.2	+ 4.1	+ 4.1	+ 3.0			
U.S.-citizen departures to Europe, Dept. of Commerce	+ 1.8	+ 1.0	+ 0.2	+ 1.5	- 2.9	- 2.7/+0.8	- 3.1	- 2.0	- 0.6	+ 3.4	+ 2.5			

\* Beginning with February '13, "Leading-carriers combined" gives percent +/- in combined total RPMs. Previously given is an average of the percent +/- reported by each of the six carriers. \*\* Hurricane Sandy reduced flights and traffic to and from U.S. Northeast Oct. 29-Nov. 3. \*\*\* February '13 had one day less than February '12, thus average DAILY combined RPMs were down only 0.2 percent.

Note: Figures include traffic (Revenue-Passenger Miles) generated on both sides of the ocean. Lufthansa figures include traffic between Europe, and Canada, Mexico, the Caribbean and South America; Air France/ KLM figures include the same, minus the Caribbean; British Airways/ Iberia figures are for North America only. U.S.-carrier figures include trans-Atlantic traffic beyond Europe. Despite these caveats, they remain our best immediate trend indicators. Capacity is measured in Available-Seat Miles.

### VOLUME OF TRAVEL TO EUROPE BY U.S. CITIZENS

JULY 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 new 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
<b>January</b>	671,177	713,703	748,042	734,184	739,893	753,241	668,221	664,807	568,471	580,304	563,169	- 2.9
<b>February</b>	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
<b>March</b>	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
<b>April</b>	679,570	929,359	944,616	990,345	998,978	968,486	940,279	761,418	806,302	832,117	815,393	- 2.0
<b>May</b>	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
<b>June</b>	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
<b>July</b>	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
										6,741,199	6,744,319	+ 0.0
<b>August</b>	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		
<b>September</b>	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		
<b>October</b>	872,409	897,683	941,909	980,856	1,038,804	916,328	920,191	831,219	844,142	852,344		
<b>November</b>	785,206	821,219	811,118	816,098	856,815	765,079	748,994	640,639	644,948	646,447		
<b>December</b>	888,149	900,717	902,504	913,995	954,698	888,886	845,496	688,213	729,039	739,858		
<b>Final **</b>	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, Travel and Tourism Industries, 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.