

TRANS-ATLANTIC

THE U.S. MARKET FOR TRAVEL TO EUROPE • DEC. 29, 2011

1. The number of Americans with passports continues to rise: 11.4 million first-time and renewal passports were issued in FY 2011 (which ended Sept. 30), according to the State Dept. That increased the total passport-holding population in the U.S. to 102.6 million (this estimate takes into account upwardly revised numbers for U.S. citizens living overseas). **That would still be a record 35 percent of the resident citizen population...**

...Since 2003, the number of passport-holding Americans has surged by more than 74 percent. The surge peaked in 2007 with 18.4 million original and renewal passports issued. The boost was provided by post-9/11 concerns over documentation, which led to the requirement that Americans returning from Canada, Mexico and the Caribbean show passports (or, in the case of land crossings, less-expensive passport cards or enhanced state driver's licenses).

This great expansion of passport holders has yet to translate into similar increases in U.S. travel to Europe, but can provide a foundation for future growth.

2. VisitBritain is projecting that inbound travel will total from 29.5 million to 31.3 million visits in 2012. That is a range of -4 percent to +2 percent over its estimated total for this year of 30.7 million (with perhaps 9 percent from the U.S.). VisitBritain said the Summer Olympics could actually dissuade many people from visiting London this summer for fear of crowds and high prices, and that some key markets are experiencing economic doldrums that would curb business travel especially. There was no breakdown of the projection for the U.S., North America or any other specific region. Britain is the No. 2 destination, after France, for U.S. travelers to Europe.

3. Trans-Atlantic airfares are inching upward compared to a month ago, and are well ahead of last winter's quotes for the same period. The lowest New York-London fare on major-carrier non-stops this week was \$727 for January and February mid-week departures. A month ago, the same trip was quoted at \$678; last year, it was \$597...

...Here are low fares quoted this week by Travelocity for non-stop flights on major carriers, taxes and surcharges included.

travel dates:	Jan. 18-25 (compared to late Nov. quote)	Feb. 15-22	Feb. 16-23, 2011 (late Dec. '10 quote)
New York-London	\$727 (678)	\$727	\$597
Chicago-Paris	742 (706)	742	644
San Francisco-Frankfurt	948 (922)	948	856

4. International Airlines Group bid a winning £172 million for BMI, which Lufthansa wants to sell after losing €223 million in three years. Auction runner-up Virgin Atlantic is urging the government to stop the sale on anti-competition grounds. The IAG (British Airways and Iberia) share of Heathrow slots would rise from 44.5 percent to 53 percent. Possible outcome: IAG will be limited to no more than 50 percent of the Heathrow slots.

5. Iceland is closing its tourist office in New York, covering North America, despite a 52-percent increase in traffic in 2011. Beginning Jan. 1, promotions in the U.S. and Canada will be directed by the Promote Iceland office in Reykjavik. Other offices are downsizing dramatically, including the **Netherlands Board of Tourism & Conventions**, whose New York staff has been reduced 50 percent. Membership in the **European Travel Commission** has also been shrinking...

...The closing of Iceland's office in New York follows last year's shutdown of Luxembourg's office after five decades. In previous years, Slovenia, Malta and Bulgaria closed U.S. offices. A number of nations born of the breakup of the Soviet Union and Yugoslavia have never opened North American offices, including Russia, Ukraine, Latvia, Lithuania, Estonia, Serbia and Macedonia.

Also shedding weight has been the European Travel Commission. Longtime ETC leaders France and Britain, the No. 1 and 2 overseas destinations for Americans, withdrew last year and the Netherlands departs as of Jan. 1. Pan-European organizations are hurting in all sectors as deficit-challenged European governments have ordered big cutbacks in contributions. Macedonia, Ukraine and Georgia, which had signed up with ETC in recent years, are no longer members.

6. AirBerlin will begin flying twice weekly from Las Vegas to Düsseldorf on May 10, in addition to serving New York (JFK), Miami, Fort Myers, Los Angeles, San Francisco and Vancouver (and New York, Miami and LA to Berlin as well as to Düsseldorf). The German carrier also said Etihad Airways has expanded its share of the airline to 29.2 percent, making the Abu Dhabi-based carrier AirBerlin's largest shareholder.

7. The European Travel Commission said that, under a new strategy, China will be regarded as the group's "most important" target market. The announcement came at the Beijing inauguration of a Chinese-language version of VisitEurope.com by ETC and the European Union.

**—Neil S. Martin
Donald N. Martin & Company**