

WEEKLY BRIEFING

28 July 2023



ECONOMIC, POLITICAL AND SOCIAL UPDATE

ULEZ set to be spread across all 33 London boroughs

On 28 July a High Court judge ruled in favour of London Mayor Sadiq Khan's plan to extend the Ultra Low Emission Zone to the whole of London. This scheme aims at cutting air pollution by charging drivers of the most-polluting vehicles £12.50 a day.

This means by 29 August the ULEZ scheme will be across all 33 boroughs of the UK capital, all of which falls in line with the UK's commitment of reaching Net Zero by 2050. Sadiq Khan has described this "Landmark decision" as "good news as it means we can proceed with cleaning up the air in outer London".

The future of the Quantitative Easing Programme

The Bank of England's bond-selling programme aims to unwind the financial crisis-era quantitative easing programme, but it risks losses as interest rates rise and bond prices fall.

According to a report published on 25 July, the cost of winding down the Bank of England's bond-buying programme has risen by £50 billion. This further depresses bond prices, leaving the Bank vulnerable to losses, forcing the UK government to absorb £150 billion in losses from the Bank of England's quantitative easing programme over the next ten years.

UK interest rates need to stay higher for longer to beat inflation

Currently, the UK has an interest rate of 5% which is the highest level it has been since 2008, following this the International Monetary Fund has warned that interest rates in the UK will need to stay higher for longer than previously forecasted in order to tackle stubbornly high inflation. This is due to the Bank of England being singled out as one of the two central banks that will need to raise official borrowing costs more aggressively than it assumed only three months ago.

Following this the Washington based body has now suggested that it will take until the middle of 2025 for inflation to return to the British government's 2% target – six months later than its previous estimate. As a result, the expected peak in UK interest rates has now been projected to increase between 5-5.5% and believes that the Bank of England will need to keep policy tight until the end of 2024.

TRADE UPDATE

Tourism industry leaders slam government over hike in visa fees

Inbound tourism leaders have slammed government plans to hike visa fees from October to fund public sector pay settlements, denouncing the increases as “catastrophic” and demanding a reversal.

The UK inbound association, industry coalition the Tourism Alliance and the association of English language teaching centres, English UK, have issued an open letter calling on Chancellor Jeremy Hunt to reverse the government's decision to “significantly increase” visa fees. They warn it will have an “incredibly detrimental” impact on inbound visitor numbers by making the UK “uncompetitive compared with many other countries, including our nearest competitors across the EU”.

The government announced plans on July 13 to raise visitor and business visa fees by 15% and other visas by 20% to fund public sector pay increases. The increase takes effect from October and follows a 5% increase in visa fees last year.

TTG Travel Agent Tracker Report for Quarter 2 released

The report covers the Q2 trading period and compares results with the first three months of the year, including consumer booking trends, whether the cost of living crisis is impacting sales and identifies which issues are affecting travel agents. This quarter revealed that of those surveyed 78 % reported their business was in a better or stronger place than it was 12 months ago.

Gatwick flights disrupted due to bad weather and staff shortages

Thunderstorms across Europe and staff shortages have led to widespread flight delays at Gatwick at the start of the summer holiday peak travel period. At least 70 flights were reported to have been cancelled, with almost half by EasyJet, the largest airline at Gatwick. Vueling, Wizz Air and Norwegian Air flights were also affected.

Some passengers reportedly faced waiting up to 24 hours as restrictions were imposed on inbound flights due to bad weather on the continent. Staff shortages in

air traffic control staff also led to flights being spaced out for safety reasons.

Agents told to extend booking curve as flight prices rise

Agents have been told to book 2024 and 2025 holidays as soon as possible to ensure customers secure flights. Princess Cruises' UK and Europe vice-president Eithne Williamson encouraged the trade to extend the booking curve in response to rising flight prices and increased cancellations. "We know the prices [of flights] are going up and we are really keen to see an increase in supply as we know the demand is there and we don't want to let guests down," she told *Travel Weekly*.

AIRLINE UPDATE

Etihad Airways - Etihad Airways has brought an Airbus A380 superjumbo back on the route from Abu Dhabi to Heathrow. The double decker aircraft will operate multiple services on the London route for the first time since the pandemic. The aircraft is configured with 68 Economy Space seats, 337 Economy Smart seats, 70 Business Studios on the upper deck and nine First Apartments including a shower room.

Singapore Airlines Group - The Singapore Airlines Group achieved a record quarter profit amid robust demand for air travel through the mid-year school holidays and the start of the summer travel season. SIA Group posted a net profit of \$734 million in the first three months of the 2023-24 financial year against \$370 million in the same period last year. Passenger capacity expanded by more than 32% year-on-year as Covid restrictions on international air travel eased globally.

EasyJet - EasyJet has insisted it has no plans to cancel more flights this summer due to air traffic control delays but chief executive Johan Lundgren admitted "we can't anticipate what will happen". Lundgren was speaking before the explosion of wildfires which led easyJet to join Tui and Jet2 in cancelling package holidays to Rhodes this week as fires rage out of control and holidaymakers were evacuated from hotels. EasyJet has also operated repatriation flights although it continues to operate services to Rhodes while allowing passengers to change their travel dates

TOUR OPERATORS, TRAVEL AGENCIES, OTA UPDATE

Tui - Tui UK & Ireland has confirmed holidays to the north of Rhodes, unaffected by wildfires, will resume this weekend. Flights to the island have been suspended until

Friday, with its programme to the fire-hit south island available, but with the option for holidaymakers to rebook or amend their holiday, or cancel with a full refund.

Meanwhile, the operator issued a notice to reassure customers due to travel to Corfu that its hotels and resorts are currently operating normally following the containment of a wildfire in a small area in the northeast. Tui is continuing to run repatriation flights from Rhodes back to the UK to bring evacuating holidaymakers home.

Royal Caribbean Group - Royal Caribbean Group's second quarter earnings have "significantly exceeded" its expectations, as the cruising giant reported a record \$3.5 billion total revenue. The group, which operates Royal Caribbean International, Celebrity Cruises and Silversea Cruises, said strong ticket pricing from both Europe and North America itineraries combined with increased onboard spending led to "better than expected revenues" between April 1 and June 30, resulting in a record breaking quarter for total revenue.

Booking volumes in the second quarter were "significantly higher than the corresponding period in 2019" as the number of European consumers booking European cruises this summer accelerated, while demand from North American consumers have remained strong throughout the year, said the group.

Caribtours - Caribtours owner and chief executive Paul Cleary has revealed the luxury operator plans to merge with the US company that bought a stake in it last year. Cleary told a *Travel Weekly* webcast the ultimate aim is for his business and fellow luxury operator ID Travel Group to be brought together more closely. He said: "The grand plan will be to bring our two companies entirely into a merger when the time is right but not change anything whatsoever operationally."

SOCIAL UPDATE

Twitter will soon be renamed 'X'

As part of a larger concept for an 'everything app' that will enable a much wider variety of functions, 'X' is going to become the new 'Twitter', and the logo has already been updated. Tweets will be referred to as an 'x', and the app's default colour will change from blue to black. Elon Musk is confident that he can develop a disruptive app that uses payments as its foundation to facilitate all kinds of transactional activities, in addition to social media and entertainment elements.

TikTok adds text-based posts

In order to expand the content options available to users, TikTok has introduced text posts this week, which can be up to 1,000 characters long. This feature enables users to add a full screen of text, to which they can then add music, stickers, tags and more. The background colour, font and placement can also be edited. This provides another way to connect with audiences in the app and could be a more responsive format for word-based updates.

MICE UPDATE

Silesia, Poland's former COP host, joins ICCA

Silesia Convention Bureau (SCB) has become a member of the International Congress and Convention Association (ICCA), in a bid to boost the region's reputation as a place to hold international association meetings. Silesia sits in the southern corner of Poland, bordering Czechia (Czech Republic) and Germany. Home to eight million people, its biggest city is Katowice, which hosted the UN Climate Change Summit in 2018 (COP 24) and the World Urban Forum in 2022. Now the region's convention bureau has become the ninth in Poland to join ICCA, joining compatriot bureaux from Gdansk, Warsaw, Poznan, Krakow, Wroclaw, Lodz, and Lublin, alongside the Poland Convention Bureau itself as members. SCB is a consortium of suppliers to the meetings industry and operates within the structures of the Silesian Tourist Organization. Including venues and PCOs, there are now 18 Polish organisations in ICCA.

LIGHTER NOTE

Meet the Royal Family reimagined in a [VERY Barbie world](#) (with the help of a little AI...)