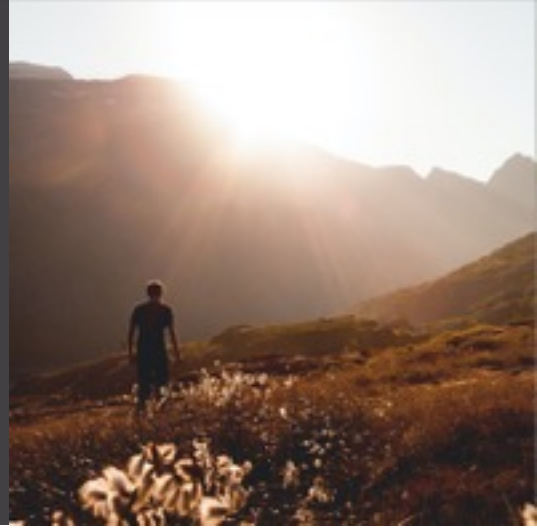


WEEKLY BRIEFING

2 August 2024



ECONOMIC, POLITICAL AND SOCIAL UPDATE

Bank of England cuts interest rates to 5% in first reduction since March 2020

The Bank of England has cut interest rates for the first time in four and a half years, easing pressure on households after it raised borrowing costs to the highest level since the 2008 financial crisis in response to soaring inflation. In a finely balanced decision after the worst inflation shock in decades, the Bank's monetary policy committee (MPC) voted by a narrow majority to cut its base rate by a quarter of a percentage point to 5%. With inflation holding at the Bank's 2% target for a second consecutive month in June 2024, financial markets had expected rates would be cut, although City economists predicted it would be a close call. The pound fell against the US dollar and euro after the decision.

European Union reveals its eight demands for a better relationship with Britain

The European Union (EU) has warned Sir Keir Starmer that his attempt to repair relations with the bloc may fail if he does not meet a list of eight demands. The prime minister has made rebuilding ties with Brussels a top priority since the general election, after years of mistrust between the two sides over Brexit. And the European Commission has welcomed Sir Keir's positive approach, but issued a list of tests through which the UK can "demonstrate real government commitment" to its withdrawal agreement with the EU.

Government shelves £1.3 billion UK tech and AI plans

The new Labour government has shelved £1.3 billion of funding promised by the Conservatives for tech and Artificial Intelligence (AI) projects, according to the BBC. It includes £800 million for the creation of an exascale supercomputer at Edinburgh University and a further £500 million for AI Research Resource, which funds computing power for AI. Both funds were unveiled less than 12 months ago. The Department for Science, Innovation and Technology (DSIT) said the money was promised by the previous administration but was never allocated in its budget.

Trade body techUK said the government now needed to make "new proposals quickly" or the UK risked "losing out" to other countries in what are crucial industries of the future.

TRADE UPDATE

Blanket 100ml liquids restrictions to return to EU airports

The European Union has followed the UK government in restricting use of the latest security scanners at airports and reimposed 100ml limits on liquids in cabin baggage from September 2024. An EU Aviation Security Regulation issued on Monday 29 July 2024 extended the existing 100ml limit on liquid, gel and aerosol containers in cabin bags to the latest high-tech scanners from 1 September 2024. The 100ml restrictions had been relaxed at a minority of airports which have installed C3 scanners which use computer tomography (CT) technology to detect dangerous substances. Where these are deployed, passengers have been allowed to carry liquids through security without a restriction and to keep liquids and large electronic devices in their cabin bags. The UK government had sought to compel larger airports to install the CT scanners, setting a deadline of 1 June this year. However, the government abruptly imposed restrictions on their use from 9 June 2024. European airports association ACI Europe denounced the new restrictions on the scanners' use as "a blow to major investments by airports" and "a setback" to passengers and questioned how much trust the industry can place in the certification system. It warned the restrictions "will reduce passenger throughput" at airports where the scanners have been deployed and "result in significant operational strain" requiring deployment of additional security staff.

Corporate travel spending to hit record level this year

Corporate travel spending worldwide is forecast to hit a record \$1.48 trillion this year, surpassing 2019 levels, and should reach \$2 trillion by 2028, according to the Global Business Travel Association (GBTA). However, the spending forecasts, contained in the latest GBTA Business Travel Index Report, make no allowance for inflation since 2019 and GBTA notes that while overall business travel has increased, international and group travel remain below 2019 levels. A survey of 4,100 business travellers for the GBTA Index Report found almost two-thirds (64%) reported increased spending on business travel this year compared to 2023. Yet more than one-third (37%) said their company travel policies were more restrictive than pre-pandemic. Three quarters (76%) said they travelled as much or more for business as pre-Covid, with 28% travelling more and 20% less.

The report, launched at the GBTA conference in Atlanta, notes the “relative stability” of the world economy following the post-pandemic recovery is driving growth in the sector, with many corporate travel markets “returned to or nearing pre-pandemic levels”. However, it notes spending forecasts continue to lag pre-Covid highs when adjusted for inflation, suggesting “business travel volumes will remain below pre-pandemic levels”, and it warns of “downside risks” to the sector. These include “persistent inflation, China’s slower recovery, geopolitical tensions, industry workforce challenges and the incidence of natural disasters” as well as an increased focus on corporate sustainability. By contrast, continuing economic stability, technology advances such as in artificial intelligence, and “stronger-than-expected economic growth in key markets” could positively impact the sector.

Newport Beach to host eighth California Luxury Forum

The eighth California Luxury Forum will take place in Newport Beach from 15-18 September 2024. The forum will again be run by Travel Weekly sister brand Connections Luxury in partnership with Visit California and Visit Newport Beach and will form part of Visit California’s Golden State of Luxury Initiative. The event will showcase the state’s luxury product and facilitate meetings between global buyers and local suppliers, with each meeting based around authentic shared experiences. The agenda includes a welcome reception at the five-star Resort at Pelican Hill, followed by two full days of curated one-to-one meetings and networking opportunities across Newport Beach venues including The Resort at Pelican Hill, Lido House, Autograph Collection, Pendry Newport Beach and VEA Newport Beach, A Marriott Resort & Spa. On 18 September 2024, luxury travel buyers will be hosted on a VIP Day to preview the Crown Collection by Disneyland Resort.

AIRLINE UPDATE

Air New Zealand - Air New Zealand has dropped its 2030 carbon reduction targets, citing poor availability of new, more efficient aircrafts, the cost of alternative fuels and a lack of support for the transition. The carrier has confirmed that after careful consideration, it will withdraw from the Science-Based Targets initiative (SBTi), two years after targeting a near-30% reduction in carbon intensity by 2030.

JetBlue - JetBlue is deferring the delivery of 44 Airbus A321 aircraft until at least 2030 in a \$3 billion cut in planned expenditure to secure the carrier’s financial future. The New York-based low fares carrier is also withdrawing more than 50 loss-making US services. The disclosure came as the airline, which operates a string of transatlantic routes in addition to its US network, reported a second quarter profit of \$25 million, a figure which exceeded previous guidance despite being down almost 82% year-on-year.

Lufthansa - Lufthansa Group reported a loss of €265 million for the first half of the year despite revenue in the three months to June rising 7% year on year to €10 billion. The group of airlines which includes Lufthansa and Swiss carried more than 60 million passengers in the six months to June, up 10% on last year, but confirmed plans for a “comprehensive” turnaround programme.

Virgin Atlantic - Virgin Atlantic is set to suspend operations to The Bahamas and Turks and Caicos following a network review. The final flight to Turks and Caicos will depart on 21 February 2025, with the carrier’s last flight to The Bahamas operating on 23 February 2025.

WizzAir - Wizz Air expects to return to capacity growth next year after suffering a plunge in quarterly profits amid ongoing aircraft engine problems. The Bulgarian budget carrier was forced to ground 46 of its Airbus fleet in the last quarter due to the need to carry out inspections on Pratt & Whitney GTF engines. Net profits for the three months to June dropped by 98% year-on-year to just €1.2 million despite passenger carryings remaining static year-on-year at 15.3 million.

TOUR OPERATORS, TRAVEL AGENCIES & OTA UPDATE

Audley Travel - Audley Travel has established a cruise division to increase the range of cruising holidays it offers to clients in the UK and US. The operator will launch its new cruise division in September 2024, supported by a marketing push to clients – and then it will work with the trade.

G Adventures - Trips in Tibet have been reinstated by G Adventures for next year as it also expands itineraries in China and South Korea as demand in Asia continues to grow. Value-for-money safaris in Africa and multi-country trips in Central America that were only previously available to travellers aged up to 39 have also been added. ‘Classic’ trip in Africa will feature G Adventures’ fully refurbished fleet of overland vehicles and new camping equipment including upgraded tents, chairs and mattresses.

Newmarket Holidays - Agents urged to ‘Go for Gold’ in Newmarket Olympics-themed incentive. The ‘Going For Gold’ August sales campaign consists of a prize draw that rewards agents with the chance to win gold, silver and bronze prizes for selling tours that tie into a different weekly theme. Prizes on offer include high street shopping vouchers, team nights out, fam trips to the US and Italy, plus an African safari holiday for two.

Scott Dunn - Luxury tour operator Scott Dunn has partnered with family-run agency Savvi Travel. The tie-up will see the agency promote Scott Dunn's portfolio of tailor-made holidays to its clients. Savvi Travel was launched in 2011 by Dave and Kay Batley, and now operates four branches across the UK.

SOCIAL UPDATE

Instagram testing new Reels filter

Instagram is trialling a new Notes filter in the Reels tab. Select users now have 'Notes' as an additional feed filter option when in the Reels tab, which will show all Reels that have Notes attached. Notes is a recently introduced feature which allows mutual followers to post comments on Reels and feed posts, which last for three days. This new filter provides yet another way to create discussions between users.

Meta introduces AI bot creation platform in the US

Meta is introducing its new AI bot creation platform in the US, which allows users to make AI bots. As part of the creation process, users can create character profiles using their own descriptions or from Meta's templates. The bot can then be asked questions in users' own Instagram DMs and can give feedback on a range of tasks. In addition to this, Meta is also introducing a further type of AI character to be used as an extension of creators, which can answer questions from fans. Responses can be personalised based on facts about the creator, their content, and subjects to stay away from.

MICE UPDATE

Shift to informality sees thirst for outdoor events

Employees now crave a relaxed event that is in keeping with the flexible and comfortable approach they have towards the working environment post Covid-19. This shift towards informality suits using an outdoor event space, and this informal approach should be incorporated into every aspect of outdoor event planning, from the way food is served to the delegate activities. Outdoor events are preferred by companies who are conscious of the health and wellbeing of their teams; with a newfound emphasis on holistic wellbeing, event menus have been reimagined to accommodate a diverse range of dietary preferences and nutritional needs, whilst still being as sustainable as possible. Delegates want to choose food they can eat at their leisure over the course of the event without having to keep to a strict timetable. With most outdoor events, there will be an element of team building incorporated into the day.

LIGHTER NOTE

Lost Dog Finds Way Home Across 150 Miles of Neighbouring State, Villages Hold Feast in His Honor. Full story [HERE](#).