

WEEKLY BRIEFING

8 November 2024



ECONOMIC, POLITICAL AND SOCIAL UPDATE

U.K. Chancellor Rachel Reeves insists she will not be increasing tax

Reeves said on Wednesday she will not “be coming back with more tax increases or more borrowing” before the end of the current parliament, arguing that no further topping up of spending on public services would be needed. Reeves told MPs that last week’s £40bn tax-raising Budget, which also included £28bn-a-year of new borrowing, was a one-off “reset” and insisted: “We will never need to do a Budget like this again”.

The comments appeared to be an explicit assurance from Reeves that she would not raise taxes or borrow further. But when pressed by MPs, the chancellor softened her remarks and said it would be “naive” to “write five years’ worth of Budgets” given uncertainties in the global economy. Reeves’ comments follow warnings from both the Office for Budget Responsibility, the fiscal watchdog for the U.K., and the Institute for Fiscal Studies think-tank, that many areas of public services could come under renewed strain after 2026 because the chancellor has front-loaded her new spending. In addition, the extra £100bn of capital spending over five years that she announced will only keep public investment flat as a share of GDP.

Interest rates cut, but Bank of England hints fewer falls to come

U.K. interest rates could take longer to fall, after the Bank of England (BoE) forecast that inflation will creep higher after last week’s Budget. The BoE has cut interest rates from 5% to 4.75% in a move that has been widely expected. BoE governor Andrew Bailey said rates were likely to “continue to fall gradually from here”, but cautioned they could not be cut too quickly or by too much. Capital Economics economist Paul Dales said he now expected rates to fall more slowly to 3.5% in early 2026, rather than to 3%. Inflation fell below the 2% target in the year to September, but has now been expected to rise again. It was forecast to drop back to 2% by 2026, but this is now expected to happen in the following year.

U.K. will legislate against AI risks

The U.K. will bring in legislation to safeguard against the risks of artificial intelligence in the next year, technology secretary Peter Kyle has said, as he pledged to invest in the infrastructure that will underpin the sector's growth. Kyle told the Financial Times' Future of AI summit on Wednesday that Britain's voluntary agreement on AI testing was "working, it's a good code", but that the long-awaited AI bill would be focused on making such accords with leading developers legally binding. The legislation, which Kyle said would be presented to MPs in the current parliament, will also turn the U.K.'s AI Safety Institute into an arms-length government body, giving it "the independence to act fully in the interests of British citizens". At present, the body is a directorate of the Department for Science, Innovation and Technology.

At the U.K. organised AI safety summit last November, companies including OpenAI, Google DeepMind and Anthropic signed a "landmark" but non-binding agreement allowing partner governments to test their forthcoming large language models for risks and vulnerabilities before they were released to consumers. Kyle said that while he was "not fatalistic" about advancements in AI, "people need to know that we are mitigating the potential risks". The legislation will focus exclusively on ChatGPT-style "frontier" models: the most-advanced systems, made by just a small cluster of companies, which are capable of generating text, images, and video.

TRADE UPDATE

World Travel Market (WTM) 2024 hailed a huge success

World Travel Market (WTM) 2024 is one of the travel industry's most highly anticipated events. Hosted annually in London, the show brings together some of the world's leading travel and tourism brands, providing attendees with the latest insights, innovations, and trends that will shape the future of travel. This year the show took place from 5 - 7 November, with over 40,000 professionals from 184 countries in attendance over the three days, and over 3,800 exhibitors from around the world.

U.K. summer flight capacity has surpassed pre-pandemic levels

New data shows flight capacity from the U.K. hit record levels in the summer peak period, and surpassed the same period in 2019. More than 51.24 million seats were on offer on 282,775 flights departing from U.K. airports in the three months to the end of September, compared to 270,000 flights in 2019. The growth was attributed to airlines continuing to introduce larger aircraft to their fleets, including on U.K. routes, and also "densifying" their aircraft to fit more seats, according to aviation analytics firm Cirium.

Tourism minister pledges to amplify outbound sector's voice at government level

The government will invite more representatives from the outbound travel sector to join The Tourism Industry Council, the minister overseeing it has confirmed. Current members include Advantage Travel Partnership and Airlines UK, but it is otherwise slanted towards the inbound sector with no representation from the outbound tour operating community. Bryant told TTG he would invite members of the U.K. outbound industry to participate: "We are thinking about reconstituting that," he said. "It would be illogical not to include them."

'Notable shift' towards value-driven experiences in Europe reported over summer

A "notable shift" towards value-driven travel experiences in Europe has been identified, as travellers become increasingly price-conscious. The European tourism sector surpassed pre-pandemic figures in the summer quarter, "showcasing resilience despite economic headwinds and geopolitical challenges", according to latest research from the European Travel Commission (ETC). The data showed a 6% rise in foreign arrivals over 2019 levels and a 7% increase in year-on-year growth.

Overnight stays have also grown by five per cent year-on-year, an upward trend driven by major events, improved air connectivity – especially from China – and "lingering" pent-up demand.

AIRLINE UPDATE

British Airways - British Airways has seen a significant rise in profits, largely driven by strong demand on transatlantic routes. British Airways owner International Airlines Group reported strong demand over the summer quarter with operating profits up by 15%. Total revenue in the three months to September rose by 7.9% to €9.3 billion, giving an operating profit of more than €2 billion. The company, which also includes Aer Lingus, Iberia, Vueling and Level, expects the "strong financial performance" to continue for the rest of the year. The North Atlantic region "continues to be a major area of strength" with capacity up by 3.9% in the quarter and passenger unit revenue rising by 3.5%.

Norse Atlantic - Norse Atlantic Airways achieved a record monthly load factor of 90% in October. The low cost long-haul carrier reported a 15 percentage point rise over the same month last year. This came as monthly carryings rose by 16% year-on-year to 118,502 passengers across 410 flights, including 50 charters. Norse Atlantic completed 99% of scheduled flights in the month, while 74% of flights arrived within 15 minutes of their scheduled arrival time.

Wizz Air - Wizz Air profits fell by 21% in the six months to September in the face of engine-related aircraft groundings and air traffic control disruption. The eastern and central European budget carrier reported a half year net profit of €315.2 million against €400.7 million in the same period last year. Passenger carryings were almost static at 33.3 million as more than 40 Airbus aircraft remained out of service by September 30, down from 46 at the end of June due to Pratt & Whitney GTF engine inspections. The airline expects 40 to 45 aircraft to be grounded over the next 18 months against a previous assumption of 50 and a new compensation scheme is being negotiated with the engine manufacturer.

TOUR OPERATORS, TRAVEL AGENCIES & OTA UPDATE

Elegant Resorts - Trade sales for Elegant Resorts are up 10% year on year according to the luxury operator's managing director. Lisa Fitzell praised national account manager Katie Daniels, who joined the brand last November, for doing a "phenomenal job" with agent partnerships in 2024. "We're up 10% on last year for agents and going into next year, [agent sales are] worth 25% for 2025," Fitzell said. It comes after Elegant Resorts unveiled a new loyalty programme for top-performing agents last week. The Connoisseurs Club features two tiers – Connoisseur Gold and Connoisseur Platinum – with qualifying agents receiving a range of benefits including guaranteed places on Elegant Resorts fam trips, dedicated dual-branded marketing brochures and priority access to the operator's team of specialists.

TUI - TUI U.K. and Ireland was among the winners of this year's Global Responsible Tourism Awards announced on Monday. The operator won the tourism inclusivity award, one of six awards announced at the launch of the International Centre for Responsible Tourism (ICRT) Global in London. The awards, now in their 20th year, have previously been announced on the opening day of World Travel Market. TUI's accessible holidays strategy team won the award after partnering with AccessAble to develop hotel access guides for guests and with Sign Live to provide interpreting services for sign language users.

Travel Counsellors - Travel Counsellors is enhancing its in-house Phenix booking platform with direct connectivity to hotels. The integration builds on the company's tour operating business as it will provide agents with instant access to live hotel offers including special offers and live rates. They will also be able to view availability in real-time and continue to support bespoke travel itineraries for leisure customers. The latest development in Phenix includes a direct connection with Palace Resorts in Mexico and Jamaica.

SOCIAL UPDATE

Instagram introduces DM filters for content creators

Instagram has introduced messaging filters which make sorting through direct messages easier for creator accounts. Creators can now filter their DMs by verified accounts, brand profiles and from other creators, and DMs can be reorganised based on the follower count of the senders. A new 'Story replies' tab has also been introduced, which will better allow creators to read through their messages, rather than Story replies.

TikTok adds new “Share to TikTok” music integration

TikTok has introduced an easy music-sharing feature allowing users to share songs from Spotify and Apple Music directly to TikTok, with a number of sticker options to showcase the music track. TikTok users will also be able to use DM's to share music, with the track opening in Spotify or Apple Music when the sticker is tapped.

MICE UPDATE

Destinations International and CityDNA unveil Global Accessibility Report

Destinations International (DI), convention and visitors bureaux (CVBs), and City Destinations Alliance (CityDNA), have issued the 'Global Accessibility Report', a collaborative research effort offering a foundational understanding of the global initiatives around accessibility. With a global disabled population of 16% (1.85 billion people), investing in accessibility, they say, is not just a moral imperative but a strategic necessity for destinations and a source of economic impact. The Global Accessibility Report shares insights from a survey fielded in early 2024 of 92 destinations. 65% of respondents represent DMOs; 63% were in Europe and 25% in North America. The report has three primary objectives: to understand the challenges and opportunities in creating inclusive environments that benefit everyone; to assess the state of destination accessibility; to identify gaps and highlight innovative practices that foster more welcoming and inclusive spaces; and to inspire and motivate organisations to improve accessibility for residents and visitors of all ages, backgrounds and abilities.

LIGHTER NOTE

Meet **Haggis**, the 'incredibly' rare baby Pygmy Hippo born on 30 October at Edinburgh Zoo. Pygmy hippos, otherwise known as dwarf hippos, are native to West Africa and experts believe there are only about 2,500 left in the wild worldwide. See more [HERE](#)