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EMEA – 2017 Market Update – Q1

**Leisure Travel**

**Africa**

* At a media briefing in March, the Minister of Home Affairs announced that there would be no changes to South Africa’s strict immigration laws due to 15 cases of child trafficking at OR Tambo since January, the most recent being on March 29. The Minister confirmed that people travelling out of South Africa with a child under 18 would still have to produce an unabridged birth certificate for the child to prove the relationship between the minor and parents. If the child is travelling with a guardian, the guardian must produce a letter of consent written by the child’s parents no more than three months previously. This new law is impacting on inbound and outbound Family and Multi-Generational Travel.
* Global passenger traffic hit a five-year peak in January into South Africa. The results were positively affected by traffic associated with the Chinese New Year celebrations that occurred in January this year compared with February last year. Leading the field were Middle Eastern carriers, which had the strongest YOY growth in January at 14,4%. Asia Pacific carriers were a close second with an increase of 10,9% compared with January 2016, while European carriers’ international traffic increased by 8,3%. N0rth American airlines had the slowest demand growth, with traffic rising 3,2% in January compared with a year ago. Encouraging to see that South Africa is growing on inbound numbers which is also a result of the volatility of the rand.
* Following President Trump’s ban on travel to the US by nationals from Muslim-majority, PH&R are implementing a “South Africa Welcomes You” Campaign targeting the Middle Eastern Travellers focusing on passport holders from Syria, Iran, Libya, Somalia, Sudan and UAE.
* Visa-free travel between Russia and South Africa was introduced as part of an instruction signed by Russian Prime Minister, Dmitry Medvedev, on January 18 2017. The Department of Home Affairs has confirmed that it will apply to South African travellers visiting Russia. Russia is very much a new leisure destination for South Africa and is a “bucket” list destination for local South Africans. A recommendation is to offer rates to a DMC in South Africa called “Follow me to Russia”. With this said, there is also an opportunity now for inbound MICE business from Russia for the South Africa hotels.
* Statistics show a 2,49% year-on-year increase of South African travellers visiting Thailand. In 2016, 78 000 South African holidaymakers visited Thailand compared with 76 105 in 2015. Thailand continues to appeal to the South African holidaymaker, not simply for its beaches but also as the awareness of other provinces and attractions encourages more repeat business than previous. Koh Samui and Phuket are still two of the most popular islands for travellers.
* Air Seychelles has expanded its codeshare agreement with Etihad Airways to Nagoya and Narita, Japan. Travellers are able to connect to these services via the double-daily flights between the Seychelles and Abu Dhabi offered by Etihad and Air Seychelles.
* KLM will introduce a direct flight year-round from Amsterdam to Mauritius, in partnership with Air Mauritius in Q4 of 2017. As per the arrangement, KLM will operate Amsterdam-Mauritius-Amsterdam flights during Northern IATA Winter seasons and from March 26, 2018 Air Mauritius will operate Mauritius-Amsterdam-Mauritius flights during Northern IATA Summer seasons.  Each airline will codeshare on the other airline’s operated flights.
* Construction of the first-ever cruise ship terminal at the port of Mombasa, Kenya, began in December last year and is expected to be completed in August 2017.The construction of the cruise terminal will cost $35 million. The availability of a cruise terminal at the port of Mombasa will be a game changer to tourism for the country, as it will help attract more visitors to the country. Last season, the port received 10 cruise ships that brought in more than 6 000 tourists.

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**Central Europe**

* **TOP GERMAN TOUR OPERATOR (Results end of 2016)**

1, TUI DEUTSCHLAND (inlcuding airtours for high end) -2,2% | 2. Thomas Cook -0,6% | 3. DER Touristik (including DERTOUR DELUXE and KUONI) -3,8% | 4. FTI Group +2,8% | 5. Schauinsland Reisen +/-0% | 6. Studiosus, Marco Polo +2% | 7. Gebeco, Dr. Tigges +0,9%

The loss of the bid 3 is resulted by the dramatic fall down of the Turkey bookings in 2016.

* **Top short-haul destinations**: Germany, Spain, Italy, Austria, France, Croatia, Greece, Netherlands
* **Most popular cities are (outside of Germany)**: London, Paris, Amsterdam, Vienna, Barcelona, Prague
* **Top long-haul destinations**:

North America (USA, Canada), Asia Far East, Latin America & Caribic, Asia-Mid East, Rest of Africa, Oceania, South America

* **Top Destinations 2017 outbound Central Europe**

1, Croatia | 2, Mallorca | 3, Turkey (depends on further terroristic attacks) | 4, Greece | 5, Cuba | 6, Island |

7, Egypt (back in Top Ten again) | 8, Tenerife | 9, Maldives | 10, Crete

* **Most trendy & newcomer destinations 2017 outbound Central Europe:**

Canada | Columbia | Finland | Nepal | Bermuda | Mongolia | Oman | Myanmar | Ethiopia

* **Most trendy & newcomer cities 2017 outbound Central Europe:**

Bordeaux | Cape Town | Los Angeles | Pistoia | Seoul | Lisbon | Moscow | Portland

* **Cities with the highest growth (outside of Germany)**: Amsterdam, Madrid, Rom, Lisbon, Dublin
* **Target Groups Trends (clients with income of EUR 250,000 p.a. and more)**
* 28% of the clients are requesting their leisure trips through agencies
* 98% of the clients are looking for destinations with high activity levels
* 50% of the clients would like to get a direct access top executive lounges and additionally high end complimentary services (extra benefits such as discount or credit for Spa or F&B)
* 30% of the clients are looking for more typical regional styled hotels with regional atmosphere
* 19% of the clients are looking for Grandhotels

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**Eastern Europe**

* As a continuous trend to be followed in 2017 , a significant growth of demand is expected for “neighbor destinations”, the countries, which immediately border Russia or form part of the CIS or ex-USSR. The popular “neighbors” would be: Azerbaijan, Georgia, Estonia, Latvia, Uzbekistan, and Kazakhstan. As a result the travel agents and meetings planners are constantly searching new high-end venues and new hotels to offer to their clients in these destinations.
* Travel agents seem to continue to loose their influence and fail to gain new clients and are in struggle to keep the firm grip on the old and loyal ones. Many tourists prefer to go to an agency only when and if booking a complicated or long haul travel agenda (for example, combination tours to South America or South East Asia), when they travel in small groups or with families (6-8 pax, VIP incentive tour), or when they go for a particular purpose (attend an exhibition, visit some cultural event or complete any special interest agenda). Travel with big families is still the most common trend in Kazakhstan and Azerbaijan, the agents out of these countries highly praise the hotels with big family suites and multiple connection options available very similar to what is requested by the clients from the Middle East.
* A survey of Russian households by market research firm Ipsos Comcon, presented on the first day of the MITT 2017 travel exhibition in Moscow (March 2017), has shown that total spend by Russians holidaying abroad rose an incredible 40% over 2016 – even though the actual number of tourists declined over the same period. This is encouraging news for destinations offering premium or higher-end holidays to Russian customers, as it shows the top end of the market has survived the recent troubles. On the other hand, the real effect of the last couple of years has been at the bottom end, where Russian tourists on a lower budget have stayed at home. The study by Ipsos Comcon also looked into the sector split of Russian tourism in 2016. Resort, sightseeing and skiing travel all suffered falls in numbers in 2016 – although the relative fall in skiing holidays abroad is partly related to the fact that Russia is developing world-class ski resorts of its own, like Sochi. As Russia starts to emerge from its slump, the key drivers of tourism demand look promising. As of now the Russian rouble has recovered from the disastrous rate of 18 months ago to almost reach 60 to the euro. This in turn has boosted the economy; oil prices are back at the $50 mark; and the Russian economy is forecast to no longer be in recession in 2017. This improved situation has filtered down to the pocket of Russian tourists. 36% of Russians surveyed by Ipsos Comcon are now in the income bracket that usually travels. This is a 4% rise from 2015 – showing a slow and steady recovery in the base of Russian tourism. Even though budget travel numbers fell in 2016, the survey had good news for this segment too. The bottom of the Russian outbound travel market is falling away, therefore means many Russians are no longer travelling abroad. This means pent-up demand in the market, as those who have had to skip a holiday will be even keener to travel abroad now they have money in their pockets again. With premium travel in such a healthy state, and a wave of demand just waiting to be unleashed, the survey paints a rosy picture for the Russian outbound travel market in 2017.
* VIP tourism segment offering exotic and luxury tours has remained basically unaffected by any negative trends in the economy. The demand for such tours among wealthy Russians remains is stably high. The analysts noticed that the sales grow notably as soon as €1 goes below 70 RUB. The tourists try to pay the major part of expenses at the favourable rate anticipating the future growth of the currency value. When the currency falls in price by 5-7 %,the demand increases by 10-12%.

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**France**

* Medium-haul destinations:

The top destinations remain Spain and Portugal which keep registering increases in the number of departures (+7% and + 22%). Italy, Greece and Great Britain are still in the top 5 medium-haul destinations but have registered a slight decrease (-8%, -5% and -3%).

* Long-haul destinations:

The USA (-5%), Thailand (+9%), Dominic Republic (–20%), Mauritius (-5%), Canada (+6%), Cuba (+38%), China (+3%), Mexico (-10%), Vietnam (-4%) and Indonesia (+10%) remain the top 10 long haul destinations in number of departures.

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**Iberian Peninsula**

* While Spanish market has decreased the internal demand, this same market has increased outgoing travel during 1st quarter by 21% due to cheaper flight rates and increase of connections.
* Easter booking are up in comparison with 2016.
* Overall feedback from TOP Travel agencies is very positive. Europe (receive the 47% of the travelers) and long haul to Asia 14%, south America 18% and USA 10%., China grew 13%; Japan 16%; India 17% and Vietnam 32%. Part of this increase can be attributed to the fact that some airlines increased their offer from Spain.
* 2017 New flight connections from Spain:
* Air China: Bcn – Shanghai
* Cathay: Madrid – Hong Kong
* Cathay: BCN – Hong Kong
* AA: Bcn – Chicago (from June 2017)
* Air France Connects Spain – Maldives via Paris
* The tourist activity maintains its strength in the beginning of 2017; Tourism GDP, Grows 4.1% in the first quarter and improves business confidence
* This performance again places tourism as the main engine of the Spanish economy, with growth of 1.2 tenths above the estimated growth for the Spanish economy in these early months of 2017.
* The beginning of 2017 has continued to be marked by a strong increase in the influx of foreign tourists to Spain (+ 11.3% In January and February), which has been accompanied by a positive increase in income in a context of better economic behavior in our emitting markets and a geopolitical context, where Turkey continues to lose tourists (- 8% Jan-Feb), while Egypt registers growth around 25%, in months that are peak season in which compete with the Canary Islands.
* Brexit continues without affecting the British market towards Spain, increasing 14% on the first quarter, and show symptoms of clear recovery Russia (+14%) and long distance markets (US +30% and Japan +14%)

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**Italy**

* The recent international events have influenced the habits of travels of the Italians who choose safer destinations for their vacation. The positive news is that Italians do still travel a lot and the number of trips has increased of the 3% versus the previous year together with an increase of the average expense of 1.5%
* On short haul, destinations such as Turkey, Tunisia, Egypt and France are considered not secure and safe ; while Spain (with Baleares and Canarias Islands) and Greece are at the top of the most popular leisure destination for 2017 followed by Slovenia, Germany and United Kingdom
* Italy itself represents the first choice for Italian families when they are planning their 2017 vacation (+7% vs the previous year)
* Among long haul destinations Japan, Thailand, Polynesia and Brazil (Rio De Janeiro) represent the most attractive ones even for honeymoon.

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**Middle East**

* Emirates announces A380 service to the French Riviera, adds Monaco transfers by helicopter.

Emirates announced today the launch of a daily A380 service to Nice, gateway to the French Riviera and Provence. The daily A380 service will start on 1st July 2017, just in time for the beginning of the summer holiday season. After Paris, Nice becomes Emirates’ second destination in France to welcome the iconic double decker, further stimulating demand for travel to the region. Nice is currently served with a daily flight operated by a Boeing 777-300ER. The deployment of an A380 represents a capacity increase of 44% on the route. With 3633 weekly seats in each direction, Emirates will offer more seats to the Middle East and beyond than any other international airline, highlighting Nice’s importance as part of the airline‘s global network. Enabling an increase in passenger numbers will also result in additional tourism revenues for Nice and the wider region, which in turn will mean boosting the local economy and job creation. "Emirates started flying to Nice on 15th July 1994, almost 23 years ago. Since then, almost two million passengers have travelled with us on the route, with over 200,000 last year alone. We’re excited to see the city join the other 46 destinations Emirates currently serves with the A380 and look forward to being the first airline to fly this iconic aircraft to Nice," commented Thierry Antinori, Emirates’ Executive Vice President and Chief Commercial Officer. "We expect the A380 service to further grow the number of leisure and business travellers that visit the south of France throughout the year,” added Antinori. As of 1st July, EK77 will be operated by an A380, leaving Dubai at 0845hrs and arriving in Nice at 1340hrs, while EK78 will depart Nice at 1540hrs and arrive in Dubai at 0010hrs the next day (local times). Passengers travelling to or from the following cities will enjoy optimal A380 to A380 connections in Dubai: Aukland, Bangkok, Hong Kong, Mauritius, Seoul, Shanghai, Sydney, Taipei, Tokyo, and more. “I am thrilled to welcome the A380, a prestigious and iconic aircraft. Nice will be the only city in France, other than Paris, to boast a scheduled A380 service. The team at Nice Cote d’Azur Airport worked tirelessly to ensure a smooth arrival, from runway optimisation to boarding bridge modernisation. Emirates’ decision to upgrade its daily service to Nice confirms the appeal of our region, important enough to sustain a year-round long-haul flight,” commented Dominique Thillaud, President, Cote D’Azur Airports.

* Etihad pulls A380 off Mumbai route, deploys additional to Paris. Less than a year after deploying its top of the line A380 to Mumbai, Etihad has announced it is pulling the aircraft off the route from 1 July.

The airline has said the change is part of “seasonal adjustments.” However the Mumbai Mirror reported last month that the move came after poor demand for its premium cabin seats. Etihad’s A380 service to Paris, among the carrier’s busiest and best performing routes,” according to CEO Peter Baumgartner, also begins on July 1 until October 28.

* No Emirates-Etihad merger, says Clark. Emirates has no plans to form a super-sized airline with Etihad Airways, according to the Dubai carrier’s president, reported [Arabian Business](http://www.arabianbusiness.com/no-emirates-etihad-merger-says-clark-666698.html). German business publication Handelsblatt, quoting “several sources”, said the airlines’ owners have discussed the possibility of consolidating their operations, amid challenging conditions in the aviation sector. Emirates, the world’s largest international carrier, reported a 75 percent fall in first-half profit in November, buffeted by tough competition, currency moves and damper demand. Tim Clark, responding to  the report, dismissed the report as “nonsense”
* Qatar Airways' new business class packs double-bed onboard. Qatar Airways unveiled its new Business Class experience yesterday in what might come to rival Etihad's the Residence First Class Suites. At a packed world exclusive ceremony at ITB Berlin that drew more than 200 international media, travel industry representatives and VIP guests, the airline showcased its patented new Business Class QSuite, which features the industry’s first-ever double bed. In addition, the new seat design features privacy panels that stow away, allowing passengers in adjoining seats to create their own private room. Adjustable panels and movable TV monitors on the centre four seats allow colleagues, friends or families travelling together to transform their space into a private suite, giving them the opportunity to work, dine and socialise together. The reveal moment was live-streamed to thousands online via Facebook, ensuring that no one missed out on this historic occasion for the airline. Qatar Airways Group Chief Executive, His Excellency Mr. Akbar Al Baker said: “This new product offering – an unrivalled enhancement of our already award-winning Business Class cabin – will absolutely challenge industry norms and expectations. This is truly the future of Premium travel, and I am delighted at the reaction from our travellers, media and industry experts. In this, our 20th year, I am proud to still be leading the industry in terms of innovation and ambition to ensure we continue to offer our passengers the absolute best in both product and service. At the reveal ceremony, during which a replica cabin of the aircraft was unveiled to much applause, guests were able to see the new QSuite cabin first-hand, as Qatar Airways cabin crew greeted guests and showcased the many new and exciting features of the new Business Class cabin. In particular, the unique family-suite offering was a huge draw for guests who wanted to experience the option of travelling with loved ones in a social setting that has never before been offered to families. His Excellency Sheikh Saoud Bin Abdulrahman Al-Thani, Ambassador of the State of Qatar in Germany commented: “This is a world class reveal for a world class product and I am honoured to be present for this momentous occasion. The new first-class business class offering from Qatar Airways perfectly upholds the airline's award-winning reputation as the best business class in the world and offers a new level of comfort for premium travel and we are proud of this achievement.
* Emirates hails Auckland A380 route a success. Upgrading the aircraft type to the double-decker A380 on its daily non-stop service connecting Dubai and Auckland was one of the key reasons for a successful first year on the route, the world’s longest A380 flight, says Emirates. Emirates celebrated 12 months on the non-stop route, flown firstly with a 266-seat Boeing 777-200LR and then, since 30 October last year, with the A380, providing up to 491 seats. The upper deck on the A380s features 14 first class suites and 76 business class pods, as well as shower spas up front and an Onboard Lounge at the rear. The airline says the Boeing 777-200LR was an ideal aircraft to start with on the route and it has been able to build on that successful launch period with the upgrade in capacity provided by its flagship A380s. The versatility and popularity of the A380 has led to the expansion of the aircraft’s destinations, which now number 44 and which will include Sao Paulo in Brazil and Casablanca in Morocco from late March. The A380’s introduction on the Dubai-Auckland non-stop flight last October after only eight months’ of Boeing 777 operation at very high load factors, was a very successful move for Emirates, especially as it can now offer A380 service all the way between a number of destinations in Europe and New Zealand with only one stop, at the airline’s Dubai hub, and a simple six- to seven-hour journey beyond. In addition, from a customer’s point of view Emirates has been able to offer a total consistency of product on its New Zealand routes, with A380s also on its three daily services to Auckland and daily flight to Christchurch via Australia from Dubai and beyond. In its first year of operation on the non-stop route between Auckland and Dubai, Emirates enjoyed an overall load factor of more than 80%.
* Emirates says to resume A380 flights to Japan in March. Emirates will resume its flagship A380 service between Dubai and Narita in Japan from March 26, the Dubai-based airline has announced. This follows the airline’s recent A380 deployment to Moscow, and will take place after the upcoming launch of A380 services to Johannesburg. It will also coincide with the launch of A380 services between Dubai and Casablanca. Narita will join more than 40 destinations on Emirates’ extensive global network served by its highly popular A380 aircraft, including Paris, Rome, Milan, Madrid, London and Mauritius. Emirates currently operates a three-class Boeing 777-300ER aircraft on its daily flights between Narita and Dubai.
* Dubai: Chinese visitors to the UAE will now be granted visas on arrival, the Cabinet announced on Sunday. China, the world’s second-largest economy, has a burgeoning and increasingly prosperous middle class that is travelling abroad in numbers greater than ever before. We have approved a decision to grant visas on arrival at the country’s airports to visitors from the People's Republic of China,” said His Highness Shaikh Mohammad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and the Ruler of Dubai. Our relations with China are strategic and a priority,” he added in remarks published on his official Twitter account. Chinese tourists previously had to obtain visas before travelling to the UAE. The UAE has invested billions of dollars over more than a decade to put itself on the map as a regional business and tourism hub. Among the UAE’s seven emirates, Dubai is the most attractive for tourists. More than 14.2 million people visited Dubai in 2015, but the target is 25 million by 2020 when the Gulf emirate hosts the global trade fair Expo 2020. In February, officials said 450,000 Chinese visitors made the trip to Dubai in 2015, in a 29 per cent increase over the previous year. Apart from citizens of its five Gulf neighbours, nationals of 47 countries - most of them Westerners - can obtain a visa on arrival to the UAE.
* Dubai: Emirates airline announced on Wednesday it will introduce a second daily service to the island of Bali in Indonesia from July 2, 2017, to meet growing demand for travel to and from Bali.
* The service will be operated by Boeing 777-300ER aircraft in a two-class configuration, with 42 seats in Business Class and 386 seats in Economy. It will enable passengers to connect domestically to the nearby cities of Surabaya, Makassar, and Lombok.

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**United Kingdom**

* Effect post Brexit includes a substantial increase of leisure travelers coming into London. Agencies looking after the Russian and American market, in particular, have started to enquiry not only about London but also the UK and Ireland in general, including areas such as Scotland, Wales and Ireland in their itineraries

BAH Holidays recently seconded this trend by confirming that London is up 50% from STA, showing a boost for 4 and 5 star properties. They also shared a +120% of US inbound travel into London since the referendum

* Other popular areas for most of our buyers currently are: Canada, Mexico, Japan, Croatia, Southern Europe. Demand for USA has decreased by 43% since the elections. California is the least affected region by this decrease
* Travel Weekly reported that the terror attack which took place in London in March led to no discernible decline in occupancy in London’s hotels, unlike in Nice and Berlin which saw a drop from 95% down to 74% within a few days from the attacks which occurred there in 2016
* American Express UK is going through multiple Management changes. The Head of ICC (International Card Holders) has recently been made redundant and the ICC and UK team (in both the London and the Brighton offices) were assigned a new leader, Deborah Pasley, who is slowly but surely changing the dynamics in the team. Rumor has it – confidentially - that in the future the London travel office might be entirely relocated to Brighton, which could mean high level of turnover amongst the top producing Relationship Managers, who are currently mostly based in the London office. The team is also now no longer allowed to work remotely either

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**Corporate/Business Travel**

**Africa**

* South Africa and Chad signed a bilateral air services agreement in January.  The agreement will allow airlines registered in Chad and South Africa to apply for licences to commence flights between the two countries. Top Corporate Accounts from our Globally Managed accounts into Chad are: World Bank, Exxonmobil, Thales, FL Smith and AT Kearney.
* RwandAir has commenced flights to Mumbai, India. They will operate on Mondays, Wednesdays, Fridays and Saturdays, departing from Johannesburg at 16h45 and arriving in Kigali at 20h40. Connecting flight will depart from Kigali at 23h55 and arrive in Mumbai at 11h25 the following day. Return flight will depart from Mumbai at 01h45, arriving in Kigali at 05h15 and connecting flight will depart from Kigali at 09h15 and arrive in Johannesburg at 13h15. Both legs of the flight will be serviced by a Boeing 737-800. This is a very important flight routing for Corporate travel in and out of Rwanda given how fast the economy is growing and how many international conglomerates are investing in the country.
* The Federal Aviation Administration (FAA) has cleared Nairobi’s Jomo Kenyatta International Airport to operate direct flights to and from the US and has issued the airport category-one status. Kenya Airways first priority will be to pursue codeshare arrangements with their in the SkyTeam alliance as this enable them to sell tickets to and from any US state.
* Turkish Airlines will operate flights three times a week between Antalya, Turkey, and Algiers, Algeria. This is an easier flight routing for a Corporate travelling from Europe into Algiers than going via Johannesburg.
* Nigeria’s Arik Air announced that it has suspended its Johannesburg and London routes with immediate effect. This will impact on Corporate travel from London into South Africa especially give the SAA flight that has also been pulled.
* TAAG Angola Airlines will operate daily flights to and from Luanda and Cape Town from Q4 2017. The flights will also provide connections for travellers from South Africa flying via Luanda to Portugal, Brazil, Cuba and to other points in Africa. They decided to increase flights on this route because traffic between Angola and Cape Town has been on a positive track for the last five years.
* Ethiopian Airlines launched a thrice-weekly service between Addis Ababa and Antananarivo, Madagascar. This is a great opportunity for Madagascar from a Corporate perspective.
* South African Airways, British Airways, Lufthansa and Air France have suspended all flights to and from Abuja’s Nnamdi Azikiwe International Airport (ABV). ABV will be closed for six weeks from the 8th March due to runway repairs and upgrades.
* Ethiopian Airlines will fly double daily from Johannesburg. Currently the airline operates 11 flights a week from OR Tambo. This will offer the US, European and Asian Corporate more flight options into South Africa as well as outbound.
* Air Namibia and Turkish Airlines have signed a codeshare agreement, effective March 1. Being very much a Germanic Country this will be a better flight routing for inbound and outbound travel from Namibia being Corporate and Leisure travel.
* Sixteen local and international banks are facing fines of up to 10% of their annual turnover after the SA Competition Commission decided to prosecute them for colluding to fix prices and allocate markets while trading foreign currency from 2007.Among the local banks referred to the Competition Tribunal for prosecution are Investec, Standard Bank and Absa. The commission will also prosecute megabanks Bank of America Merrill Lynch, JP Morgan, HSBC, Standard Chartered, Credit Suisse and Nomura. The commission found the banks breached the Competition Act by generally agreeing to collude on the prices dealers at these banks quoted to customers to buy the rand or dollar (offers) and the prices these dealers paid for these currencies on the market (bids). The dealers also colluded on the difference between the two prices, called the bid-offer spread. This fine might impact on a cost cutting exercise with their travel spend going forward.
* The share prices of Shoprite and Steinhoff both jumped in February after they called off their proposal to merge into Retail Africa. Retail tycoon Christo Wiese, who owns 23% of Steinhoff and 16% of Shoprite via his holding company Titan, was the key proponent of the merger. He appears to have failed to convince minority shareholders of the merits of combining the two. This will then impact on the expectation of an increase in room nights from Steinhoff into Africa and London, however as the deal is off this will not occur.
* Barclays plc has pleasantly surprised the market by agreeing to pay a R12.8bn "divorce settlement" to subsidiary Barclays Africa, in which it is selling down its majority interest. The payout is expected to significantly reduce the financial pressure on the African subsidiary caused by the separation. They plan to spend some of the proceeds from the "divorce settlement" on rebranding the group and investing in its operations outside SA and into Africa. Africa properties to be prepared for a significant drop in production from Barclays but there will be an acquisition of room nights from Absa for the continent.

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**Central Europe**

* + **Corporate Online Booking Engine | HRS CHALLENGE**

Since many years HRS leading this segment. They are offering an online booking engine to corporate accounts, which is linked at the corporate intranet travel site. Travelers are booking the hotel reservations on their own. HRS are loading the negotiated rates directly into the extranet, but for this way, each hotel has to make a direct agreement with them.

The better option is to **reject the direct agreement with HRS** and to load the rates in SynXis, which will be mapped through Amadeus to HRS

* **Meta Search Engines**

Travel Managers are offering their travelers tools to shop the best rate in partner hotels from different areas:

Siemens: Siemens Travel Net (STN) is giving a travel agent or traveler directly the best rate through GDS, OTA’s and Tour Operators

Daimler: Trip Source by BCD, which is a tool for agents and travelers to get the best rate through GDS and selected OTA’s

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**Eastern Europe**

* The segmentation of local MICE service providers between different sectors of corporate accounts and industries. For example: cosmetic and direct marketing firms now tend to approach more often international event organizers rather than local Russian MICE providers for huge events for 1000 + participants. Automotive sector and F&B producers stay with local suppliers, but prefer to get PR or marketing companies for their events. Pharmaceutical, IT, financial sector meetings’ so far keep loyalty to Russian MICE agencies and business travel consortia’s who deal with congress and conference organization. This demands a diversification and of sales efforts since more time needs to be spent in the filed on sales calls targeting all the MICE players.
* It is more often now that an end client would approach directly an end supplier, primarily a hotel. This puts a new challenge mainly to DMCs and puts new pressure on hotels. Hotels are forced to negotiate the best rates with the direct corporate client and to pay the commission to the DMC as well.
* A demand and a condition of post payment for all or part of the services has become a real “epidemic” in Russian MICE, and many big MICE and BT agencies use only this “filter” to choose their preferred suppliers. This post payment syndrome has already resulted in a number of bankruptcies or merge/acquisitions among Russian MICE operators, and some more will come in 2017.
* The M&A and organizational structural changes still prevail in the travel market. Carlson Wagonlit Travel, the global travel management company, announced that Vipservice, the leading local travel company in Russia ( co-owned by Russian Railways), will be appointed to join CWT’s Global Partner Network due to the influx of some significant financial investments done in favor of CWT. It is expected that Vipservice will join the CWT Global Partner Network later this month, once the proposed sale of CWT’s wholly owned Russian subsidiary to Vipservice is complete. This transaction underlines CWT’s commitment to growing its presence in Russia. “We are delighted to have found such a well-established, respected international partner in Vipservice – a company that shares CWT’s commitment to providing outstanding customer service,” "This is certainly a historic event for both sides," said Dmitry Gorin, Vipservice’s General Director. "We have much in common – our client portfolio structures are similar, both companies have been doing business in Russia for more than twenty years and both are passionate about using advanced technological solutions in the field of business travel. Together with CWT, we will provide the best global business travel and MICE practices for our clients in Russia. The partnership deal with the leading global agency is yet a further step in the implementation of our five-year

*B2B relationship with travel and corporate partners.*

* Moscow – **Luxury Travel Mart and Preferred Hotels & Resorts dedicated working area, Thursday, March 2 – Friday, March 3, 2017**.Since its very first year, Luxury Travel Mart organized by Travel Media team has become the most successful event in the luxury travel segment in Russia and in the boarding countries. This is a B2B event for companies offering luxury products, and intending to establish new contacts and strengthen old ties on the Russian and CIS markets. A Preferred branded working zone for the Preferred hotels participating in LTM, combined with chill out area and space for private talks with travel agents was organized at the LTM 2017 for the first year in a row at no extra charge. The area was a big success and contributed both to the brand recognition as well as towards the increased flow of travel agents visiting the individual hotels residing within the Preferred Area. It was definitely the best location within the whole fair space and was very much liked by the hoteliers and agents alike. The show was held for 2 days and gathers the hosted buyers from different cities of Russia, Ukraine, Kazakhstan, Armenia, Belorus, Azerbaidjan, as well as from Estonia and Latvia.

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**France**

* Carlson Wagonlit Travel:
	+ 205 jobs will be abolished in France within the next 24 months. 2 BTCs will even close.
	+ Online bookings currently represent 60% of their bookings.
* American Express:
	+ After an increase by 1.1% in 2016, they forecast an increase by 2.5% in 2017.
	+ One of their 2 main BTCs in Belgium will close in May. Only one BTC will remain in Belgium, next to Brussels from where they will keep serving all their accounts (European Commission, Barclays, Coca Cola, Estee Lauder, McKinsey, Engie…).
* Servier and Lafarge which were historical clients of this TMC just left American Express GBT.
* BNP Paribas keep strengthening their 2020 plan which consists in making strong savings. They are going to reorganize their retail banking sector and downsize their teams.
* In regards to the 2018 Hotel Programs, cost rationalization and security will be the 2 main priorities.

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**Iberian Peninsula**

* Good start of 2017 according to CWT and AMEX.
* Increase of Bleisure travelers (business trip with extension for leisure)
* AMEX Spain keeps expanding gaining accounts like Disney or Volvo, only recently

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**Italy**

* The forecast for the Italian economy for 2017 is still positive: with a 1.1 % in value and a 1.3% in volume exports have grown in comparison to the previous year. The expansion is concentrated towards Japan, (+9.6%), China and Czech Republic (+ 6.4% each) , Spain (+6.1%) and Germany (+3.8%).
* Experts say that during the first months of 2017, the analysis registers an increase of business travels of the 12% vs the same period last year on the contrary, there is a reduction of the average expense of the 6% vs Jan-March 2016
	+ The 30% of the intercontinental business is towards North America, New York remains the most important destination globally.
	+ Asia ( +0.4%) and Central America (+0,7%) close the first quarter with positive numbers.
	+ On the contrary Middle East (-0,8%) , South America (-0.5%), North Africa (-0.2%) and Oceania (-0.2%) are suffering and close the period with numbers in decrease
	+ In Europe , France and Germany confirms their leadership as first outbound destinations. Paris registers the 12% of the total business trips done in Europe
* News from the Air Connections
* Aerolineas Argentinas has increased the number of flights from Roma to Buenos Aires
* Air Transat have reopen the no stop flights from Rome to Montreal, Rome to Toronto, Venice to Montreal, Venice to Toronto
* Meridiana has opened a new flight from Milan Malpensa to Moscow
* Singapore Airlines is operating a new flight from Milan to Singapore
* Easyjet enriches the offer from Milan Malpensa with a new flight to Stockholm

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**Middle East**

* Passengers through Qatar's 'five star airport' grew by 20% in 2016. Hamad International Airport (HIA) in Doha added over 6 million passengers to its figures from 2015, nearing a total of 100 million flown since it opened its doors in May 2014. HIA's handled 37.3 million passengers and 245,800 landings and take-offs during the year, an increase of 20.5 per cent and 15.8 per cent respectively. Airfreight [cargo and mail] also grew by 20.8 per cent reaching a new high of 1.7 million tonnes for the year.

Despite opening its doors only 32 months ago, HIA continues to add capacity.

Concourses D and E, commissioned in October 2015, became fully utilised in 2016, providing eight more contact gates, bringing the total to 41 gates and increasing the total number of flights departing from contact gates. Qatar Airways Group CEO, Akbar al Baker, has confirmed further expansions, as the airport gets ready to be managed under a new entity under the Qatar Airways Group.

* Dubai World Central (DWC), Dubai’s second international airport, achieved a new milestone on Wednesday when it welcomed its first scheduled A380 passenger flight. Korean Air’s flight KE9951 from Incheon International Airport in South Korea was given a traditional water salute on arrival earlier today. The flight is the first of series of scheduled charter flights the carrier will operate to DWC in addition to their existing scheduled operations at Dubai International. The scheduled charter operations serve seasonal demand for Dubai cruise. DWC welcomed a total of 850,633 passengers in 2016 and is currently served by 27 passenger carriers, operating an average of 108 flights weekly to 44 international destinations.
* The China National Petroleum Corporation (CNPC) has decided to set up its regional headquarters in the Jebel Ali Free Zone (JAFZA) of Dubai to oversee its regional investments, oil services and trading in the Middle East, Reuters reported quoting state media and a CNPC source. The new headquarters covers 55,000 square metres and includes a 10,000 sqm multi-storied office and warehouse facility for oil and gas equipment, according to China's official Xinhua news agency.All of CNPC's 16 companies operating in the region will have their offices at JAFZA, Zhu Junfeng, chief executive of CNPC Middle East was cited as saying. The announcement came shortly after CNPC – which was ranked #12 in Oil & Gas Middle East’s recently published annual Power 50 list – agreed to acquire 8% in Abu Dhabi's giant ADCO onshore oil and gas project. CNPC, parent of Asia's largest oil and gas company PetroChina, has since last year centralised its activities in the Middle East via an expanded Dubai operation that covers upstream investment, oilfield services as well as oil trading, a Dubai-based CNPC source told Reuters.

Apart from the UAE, CNPC invests heavily in Iraq and has recently stepped up oil and gas activities in Iran.

* Siemens has announced plans to set up its global logistics headquarters, including its portfolio for airports, cargo infrastructure and ports, in Dubai in the near future. The company will also target the site of Expo 2020 Dubai as the future location for this business after the exposition ends.

The move supports the legacy aspirations of Expo 2020 Dubai, as well as the industrial and logistics developments in the emirate. Siemens sees great growth potential in the Middle East region and in the logistics market globally. The company expects this development to support its Vision 2020 and related logistics businesses, creating new growth opportunities globally. This strategic decision highlights Dubai’s significance as a major player in global transport and logistics, with some of the world’s biggest airlines and ports operating in and around the emirate. Siemens wants to further expand its operations in order to be close to key customers and markets,” Roland Busch, Siemens’ Managing Board member and Chief Technology Officer, said in a statement on Wednesday. The global logistics market is growing at a compounded annual growth rate (CAGR) of 7.5 per cent, according to Transparency Market Research. In a recent report, Frost & Sullivan estimated the UAE’s logistics sector will grow at a CAGR of 5.7 per cent between 2015 and 2020. We are committed to contributing to Dubai’s economic development goals with the latest innovations in technology. By using digitalisation and leveraging MindSphere, our open, cloud-based IoT operating system, we support growth and boost efficiencies in logistics,” Busch said.

* ABU DHABI: Indonesia is targeting $10 billion (Dh36.7 billion) investments from the UAE in a wide range of sectors including oil and gas, hospitality and power generation, the country’s ambassador, Husin Bagis, told Gulf News in an interview on Thursday. Currently a number of UAE-based companies are investing in Indonesia including **Mubadala Petroleum**, Lulu Group, DP World and Dubai Islamic Bank. The total investments from the UAE are around $2 billion with Mubadala and Lulu Group investing about $500 million each in oil and gas and retail sectors respectively. **Mubadala Petroleum** is developing the Ruby gasfield in Makassar in partnership with Total and Inpex South Makassar Limited whereas Lulu group is setting up hypermarkets and cold storage facilities. There are also other investments from the UAE in agriculture, hospitality, transportation, telecommunication, food, mining and textile industries. Indonesia with a healthy growth rate of more than five per cent per annum offers plenty of opportunities for UAE-based companies to invest. We are in talks with large companies like Mubadala, Dubai Holdings, Masdar, Abu Dhabi Terminals, NMC group as well as small firms to boost investments from the UAE. Our target is $10 billion this year,” said Bagis. He said a high-level team from renewable energy company Masdar would be visiting Indonesia soon to look for potential opportunities to develop clean energy projects. According to the Indonesian Embassy in Abu Dhabi, the Indonesian government is targeting to increase the usage of renewable energy in the total energy mix from 19.6 per cent to 22.5 per cent by 2025. Qatar is investing quite heavily in Indonesia, and Saudi Arabia signed deals worth more than $9 billion recently. We would like to see investments from the UAE to grow to $10 billion from the present figure of $2 billion,” he said. The ambassador highlighted sectors like oil and gas, tourism and power generation for further investments from the UAE.The bilateral trade between Indonesia and the UAE is about $2.9 billion for the year 2016, down by about 10 per cent compared to the previous year, according to statistics provided by the embassy. Indonesia exports cars, textiles, jewellery among others things to the UAE, whereas it imports oil and gas and chemical products. The ambassador expects the trade figure to jump to about $4 billion in the coming years as the country seeks to strengthen its ties with the UAE.
* Riyadh: UK Prime Minister Theresa May pitched London as a listing destination for Saudi Aramco’s initial public offering during her trip to Saudi Arabia, a UK government official said, as she seeks to promote Britain as a financial centre after Brexit. May met Energy Minister Khalid Al Falih, who also heads state-owned Saudi Arabian Oil Co., said the official, who asked not to be named as the meeting was private. London Stock Exchange Group Plc Chief Executive Officer Xavier Rolet was also present at the meeting on Tuesday. Aramco is considering listing venues in the US, UK and Asia, in addition to Riyadh, and is planning to choose local banks to advise on the Saudi listing, people familiar with those plans said in February. The sale could value Aramco at more than $2 trillion, Deputy Crown Prince Mohammed bin Salman has said. An Aramco listing would be a boost to London, helping politicians make the case that the UK is open for business and remains a financial hub even as it leaves the European Union — and its single market. In her discussions in the Middle East, May spoke of the UK’s depth of expertise in financial services and the supporting ecosystem of accounting and legal services, the official said. The prime minister also pitched Britain’s investment opportunities. May and Rolet also met with the Saudi Public Investment Fund on Wednesday, according to the UK government official. The meeting covered a high-level overview of UK investment opportunities with PIF Managing Director Yasir Al Rumayyan

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**United Kingdom**

* 1 GBP = 1.24 USD
* Article 50 has been triggered by the UK Prime Minister which will officially start the process of leaving the EU.
* Currency fluctuations post Brexit have hit travel budgets
* UK market is facing uncertainty due to political, economical & terrorist threats
* Travel Managers report business as usual due to Brexit, however most feel this will affect cost of flights & hotels
* Key focus for most Travel Managers is still data consolidation and cost reduction, however an increased safety awareness & traveller tracking has become more important due to the current terrorist threats around the world
* AMEX GBT forecast subdued growth with flat to moderate rate increases following a similar 2016. Hotel prices should remain flat in most regions with UK rates expected to grow by 0.2%.
* AMEX GBT have finalised the purchase of SMT, one of Finland’s biggest TMC’s which will now be fully incorporated into the GBT network
* HRG have seen a rate increase of 14% in Dublin, 2% in Singapore, 11% in Buenos Aires and a decrease of -11% in Lagos, -2% in Dubai and -4% in New Delhi
* HRG have launched an SME program to be incorporated into their Consortia: Approx $300million spend currently coming from SME’s via consortia rate – will ask for value adds
* HRG have launched HRG Travel Online, a separate division to target SME clients in the city of London, their main competitor will be Reed & Mackay, the official launch date & announcement is due to be released Summer 2017.
* AP Moller have announced plans to consolidate their 5\* hotels in an effort to reduce costs. Generally no big volume changes but growth expected in Copenhagen (HQ). Maersk have purchased Hamburg Sued so increased volume via Germany may be expected once it has been fully incorporated. Currently only 50% compliance, big focus for 2018
* Stockholm hotels have seen a slow start to 2017 due to the reopening of many hotels and the return of most of the inventory or new builds to the market. 2016 was extremely strong due to many closures/refurbishments with limited inventory in the city and a stable demand
* Scandinavian hotels are opting for dynamic rate proposals to some of their corporate clients
* Bergen (Norway) has seen a drop of 8,000 RN into the city Q1 2017. Increase of travellers from Asia and the US expected due to better flight connections – Direct route from Boston
* The HRG Leicester (UK) office is due to relocate to another location in the city with only the Meetings & Events team remaining, the location for the transient team is due to be announced prior to the summer – currently all office visits are cancelled and will have to be rescheduled until after Summer 2017.
* Carlson Wagonlit Travel has shared its 2016 figures in Q1 2017 and reported a strong financial results for 2016 with US$2bn in new business sales and new clients won worth £163m in 2016. Some new key clients that CWT now manages in the UK include KPMG and Sky.
* Reed& Mackay UK has announced a new office in Chicago as they take over Greys Travel. They now have two wholly branded USA offices- Philadelphia and Chicago.
* The Reed&Mackay program GSM will be retired as of April 2017- this will undergo a rebranding and reappear as Reed& Mackay Travel partners – please look for updates on specifics PreferredNet

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