

In Brief

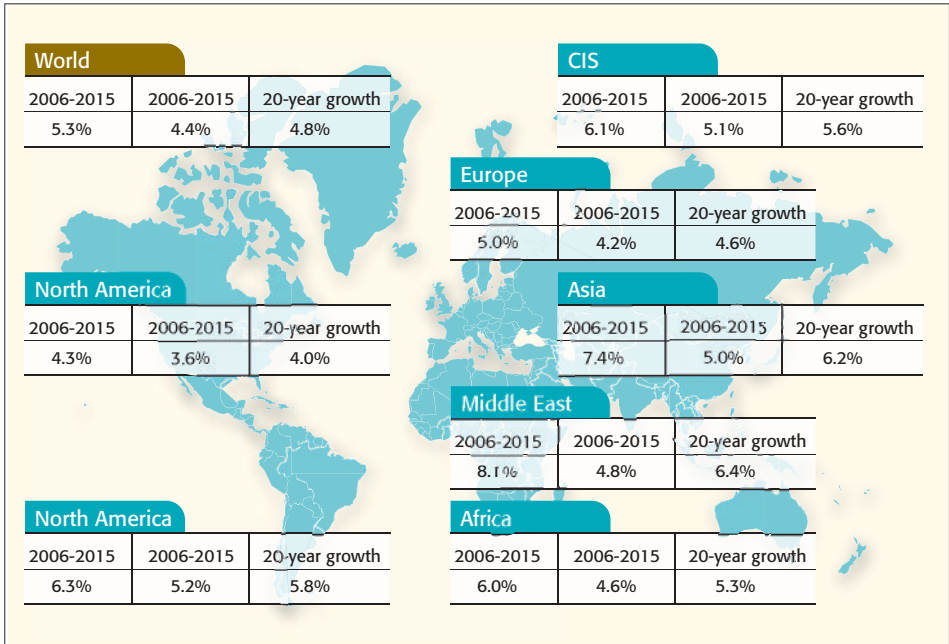
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SNAPSHOT

Traffic Growth by Airline Domicile

Growth of revenue passenger kilometers



Source: Airbus Market Outlook for 2006–2025

Traffic growth, through the addition of traffic on existing routes or new routes, is expected to be fastest for airlines based in the Middle East and Asia over 2006-2025 (6.4 percent and 6.2 percent respectively). Airbus attributes this growth to the aspirations of airlines and their home countries, as well as access to markets that are expanding through liberalization and increasing travel.

Above-average growth is also forecast for airlines based in Latin America, the Commonwealth of Independent States and Africa (5.8 percent, 5.6 percent and 5.3 percent respectively). In Europe and North America, growth will continue, although more slowly (4.6 percent and 4.0 percent).

Worldwide, growth is expected to reach 4.8 percent by 2025.

 SOUNDBITE

“ *Emissions trading schemes are only one piece in the environmental puzzle. Efficiency must be our common vision in limiting the 2 percent of CO₂ emissions attributed to aviation. The Intergovernmental Panel on Climate Change estimates that there is 12 percent inefficiency in air traffic management globally. This means we produce up to 73 million tons of carbon emissions each year by aircraft flying inefficiently due to air traffic management limitations. This is not acceptable. [...] Government commitment to environmental issues must go beyond emissions trading to investments in infrastructure and technology. And we must put an end to tax grabs made in the name of the environment. The environment is a serious issue, not an excuse to fill the cash register.* **”**

—Giovanni Bisignani, director general and chief executive officer of the International Air Transport Association (IATA), in a statement on February 17, 2007, following a two-week meeting of the International Civil Aviation Organization's Committee on Aviation Environmental Protection.

Emissions trading schemes

Under emissions trading schemes, national governments provide a financial incentive for companies to reduce pollution by setting annual CO₂ emission allowances. Those that emit less CO₂ than their quota can sell surplus credits directly to companies that emit more or auction them on a carbon exchange.

The European Parliament and Council are currently debating a proposal to include aviation in the European trading scheme by 2011. The aim is to help Europe reach its targets under the Kyoto protocol on climate change.



INDUSTRY NEWS HIGHLIGHTS

Travel trends

■ According to the *Airports Council International Global Traffic Forecast 2006-2025*, the annual number of air travelers worldwide should double by 2025 from 4.2 billion to more than 9 billion, representing average annual growth of 4 percent. Growth is set to increase annually by 9 percent in Asia, led by India (10.4 percent) and China (8.1 percent). By 2025, Asia will challenge North America as the busiest global air passenger region.

■ Air travel will be shaped by four major groups of travelers—Cosmopolitan Commuters, Global Executives, Active Seniors and Global Clans—according to an Amadeus research report entitled *Future Traveller Tribes 2020*. Amadeus recommends that airlines study these consumers in order to improve their offering.

Regulation

■ In April, the European Commission postponed the implementation of new rules on maximum cabin baggage size until May 2008. Vice president Jacques Barrot said the commission needed more time to assess the impact to air security and passenger comfort of limiting bag size to 56cm x 45cm x 25cm.

■ The Commission also issued a six-month deadline to airlines and member states to respect rules on passenger compensation for delayed or cancelled flights. It said the number of complaints is increasing and blamed ineffective enforcement by nations, as well as unclear wording of the regulations.

■ In April, the Belgian government introduced a new plan, Limosa, requiring international business travelers working in Belgium for more than five consecutive days in a month to register before entering the country. The move is intended to reduce illegal employment.

■ In March, European transport ministers signed an “open skies” agreement with the United States aimed at opening up transatlantic flights to greater competition. Several U.K. and U.S. carriers immediately announced their intention to launch new services from London Heathrow to major U.S. cities, once the pact comes into effect in March 2008. The E.U. can, however, withdraw traffic rights from U.S. carriers if the U.S. government fails to open up its domestic market to E.U. carriers by 2010. In April, the U.S. Secretary of Transportation Mary Peters announced that the U.S.

would be seeking a similar deal with China.

Airlines

■ British Airways signed new three-year distribution agreements with Galileo, Sabre and Worldspan. Subscribers in the United Kingdom and Ireland have access to full content, provided they pay the new, higher opt-in fees. BA is also expected to sign a deal with Amadeus.

■ In Europe, OAG figures indicate that the Continent now accounts for a quarter of all low-cost flights worldwide after numbers rose by 15 percent to more than 2 million in January.

Hotels

■ According to data compiled by PricewaterhouseCoopers, room rates for Internet bookings increased 8.7 percent year on year in 2006, compared with an estimated 6.8 percent increase for room rates overall. Non-Internet bookings increased 6.5 percent. The largest increase (10 percent) was for rates booked directly with hotels through central reservation systems. Global distribution system (GDS) bookings had the lowest growth rate (3.7 percent). ■



NEWS FROM CWT

Carlson Wagonlit Travel Develops Carbon Calculator

CWT has launched a new carbon calculator which allows business travelers to calculate and compare the carbon cost of travel options—for example, air vs. rail—at the point of booking. Working closely with its client, the U.K. Department for Environment, Food and Rural Affairs (Defra), CWT has completed the first phase of the carbon calculator, which is being rolled out across Defra. Further development is now underway and a global launch for all clients is planned for Q2 2007. This will complement existing post-trip CO₂ reporting.



CWT Program Management Center

CWT has developed a one-stop, multilingual Web-based reporting tool, the *CWT Program Management Center*, to help clients easily access information and streamline the management of their travel program. Customized dashboards that monitor key performance metrics defined by the client, coupled with integrated data from a variety of sources—pre-trip bookings, post-trip data, and credit card expenses—help travel managers and procurement professionals track and optimize their travel programs on an ongoing basis. The functionalities will be rolled out in several phases, starting in Q2 2007.

Two CWT Leaders Among “The 25 Most Influential Executives of the Business Travel Industry, 2006”

Hubert Joly and Mike Koetting have been named among The 25 Most Influential Executives of the

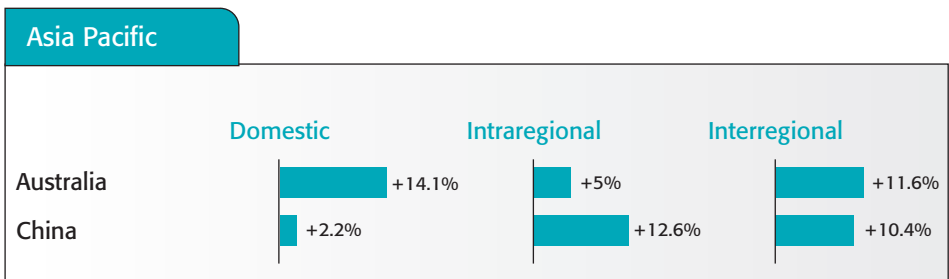
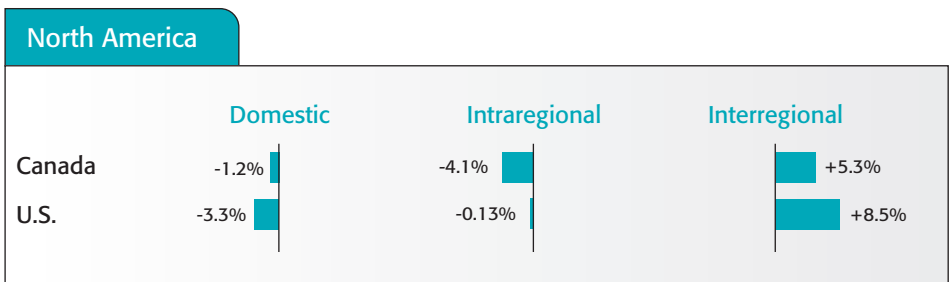
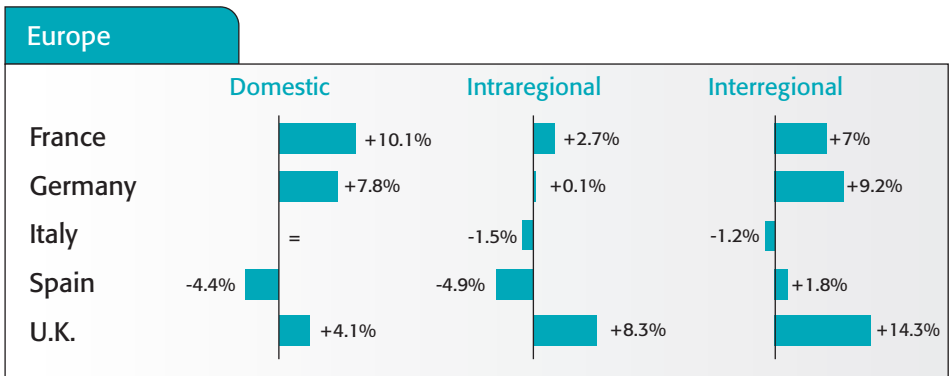
Business Travel Industry, 2006 by Business Travel News (BTN), a leading industry publication in North America. Hubert Joly, president and chief executive officer of CWT, is recognized for spearheading the acquisition of Navigant International, which, when finalized in August 2006, doubled the size of CWT in North America. Mike Koetting, executive vice president, Global Supplier Management, is acknowledged for the proactive, transparent way he led CWT through the introduction of the opt-in charge imposed by the global distribution systems (GDSs) in the United States. CWT established a new GDS distribution fee there which was widely followed by the rest of the industry. ■



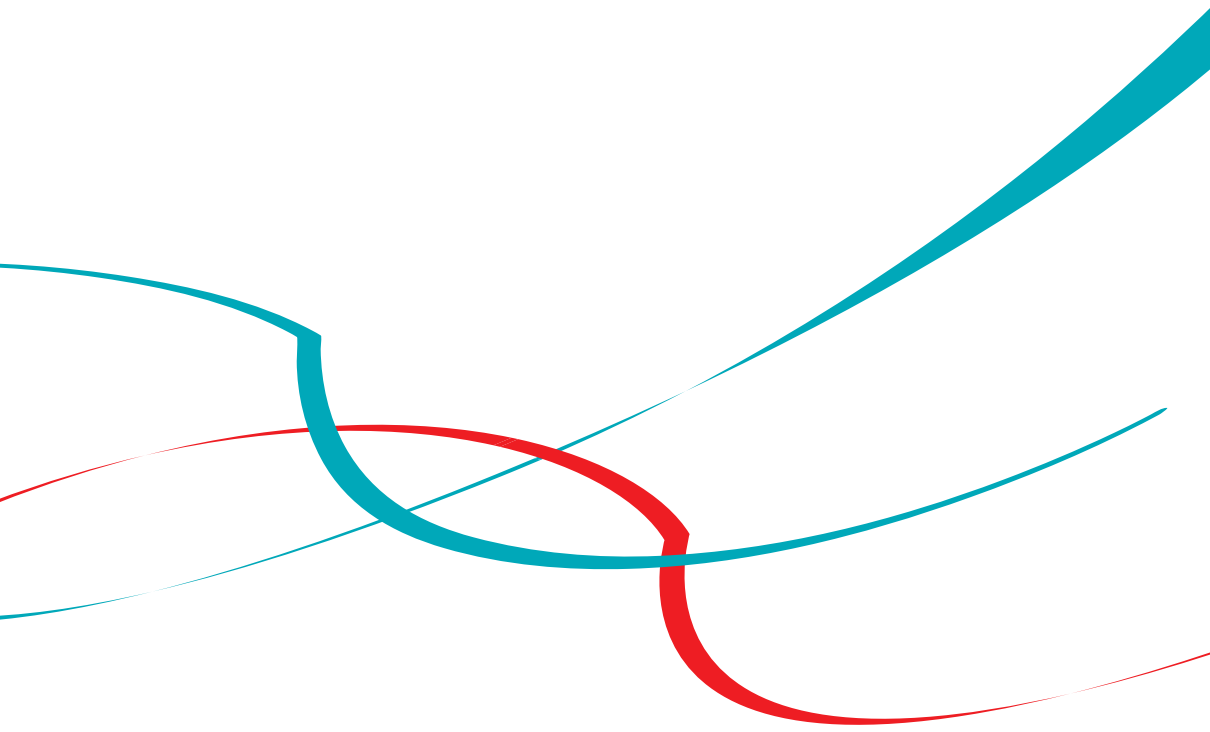
INDICATORS

Evolution of average ticket price (air)

Q1 2007 compared with Q1 2006.
Based on transaction data from CWT clients (%)



Source: CWT Travel Management Institute





Carlson
Wagonlit
Travel

A red, wavy graphic element located below the word "Travel" in the logo.