

## Press Release

September 1, 2008

**FOR IMMEDIATE RELEASE**

### **Consumer Groups Urge MEPs to Decisively Reject “Decisive Influence” in Plenary Amendment #48**

Parliament must provide clarity and certainty regarding protections for 280 million airline and rail consumers

Ahead of the European Parliament’s plenary votes on amendments to the Computer Reservation System (CRS) Code of Conduct in Brussels on 4 September, the International Airline Passengers Association and Business Travel Coalition wrote to Parliamentarians urging them to continue to protect Europe’s 280 million consumers of air and rail services. “Consumers require complete access to and accurate information about all airline and rail travel choices in order to ensure they are not subject to or misled into paying higher fares,” said Jonathan French, IAPA Industry Affairs Spokesman. Anti-consumer language in plenary amendment #48 is dangerously ambiguous and would allow for an interpretation that the CRS consumer protections apply to absolutely no airline operating in Europe today.

The Code of Conduct has worked exceedingly well in protecting consumers for 20 years and current revisions to the “parent carrier” definition must ensure adequate consumer safeguards for decades to come. This is of paramount importance given the escalating and radical consolidation of the EU airline industry wherein a few major airlines and alliances are poised to become dominant. Without effective rules governing the relationship between CRSs and their airline owners, established and fledgling airline and rail competition could be snuffed out. “Parliament must be steadfast in exercising its leadership role of protecting consumers and provide ironclad, legal certainty regarding the identity of the parent carriers to which the consumer safeguards of the revised CRS rules will apply in practice,” said Kevin Mitchell, Chairman of BTC.

#### **CONSUMER GROUPS’ COMMUNICATION TO PARLIAMENT**

Plenary Vote on the Kirkhope Report

Put European Travelers First: Decisively Reject “Decisive Influence” in Amendment #48

The International Airline Passengers Association and Business Travel Coalition write on behalf of European air travel consumers regarding the forthcoming plenary vote on the Kirkhope report on the Computer Reservation System (CRS) Code of Conduct. CRSs are the vast interactive databases used by online and traditional travel agencies to view and book flights, and other travel

services. This vote will determine whether European consumers will have fair access to the best fares and route options in the years to come.

The sole plenary amendment tabled has been deliberately crafted to confuse the critical definition of “parent carrier”<sup>[1]</sup>: the ultimate, long-standing safeguard that protects consumers from anti-competitive behaviour between airlines and CRSs. Virtually all European stakeholders expect that any airline with a CRS board seat is a parent carrier, and subject to strict competition rules. The current amendment undermines this expectation and must be modified (as outlines below).

The confusion comes from the unwise and unnecessary addition of the reference to “decisive influence” in the definition of “participates in the capital of a system vendor” found at Article 2(ga). Decisive influence is a legally ambiguous term that provides a loophole for airlines that have CRS board membership rights. With a decisive influence test, every airline with board rights will argue to the Commission that it is exempt from parent carrier duties and the consumer obligations of parent carriers. And yet, every airline with board membership on a CRS has the full and clear opportunity to engage in abusive, anti-consumer practices that the Code is designed to deter – this is the only independent test necessary to protect European consumers. “Decisive influence” will leave European passengers at risk of paying higher prices for less service. This is the wrong path forward for a Parliament that has successfully delivered real benefits to European citizens in the area of passenger rights.

The International Airline Passengers Association and Business Travel Coalition urge Parliament to vote to delete the reference to “decisive influence” as outlined below so that this fatal loophole in the definition of parent carrier is eliminated. Board representation is clearly sufficient to establish parent carrier status. Parliament should put European travelers first and act decisively against “decisive influence” within Plenary Amendment #48.

We urge Members of the European Parliament to delete the following wording in Amendment #48: “and conferring the possibility of exercising, alone or jointly with others, decisive influence on the running of the business of the system vendor”

[1] The ‘Parent Carrier’ definition is intended to regulate airlines which are vertically integrated into Computerised Reservation Systems to ensure they do not abuse their ties to these systems.

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## **Notes to the Editor:**

### **About IAPA**

IAPA (The International Airline Passenger Association) has been at the forefront of travel issues for over 40 years. IAPA was set up to represent the interests of frequent air travelers by protecting and promoting their rights as airline passengers, as well as providing them with special group discounts on items such as hotel accommodation, car rental and insurance.

Since its inception IAPA has been campaigning on behalf of frequent travelers - on safety and security, improving passenger comfort and getting better value for money. We pride ourselves in informing our members about the wider travel community issues that affect them, and represent airline passenger interests to industry and government bodies.

We strive to meet the needs of the frequent flyer and continue to stand up for the rights of the individual passenger at all opportunities.

For further information, please contact: Michael Cintron, Director, Consumer & Industry Affairs at IAPA USA, or Jonathan French, IAPA Brand & PR Director at IAPA UK or go to [www.iapa.com](http://www.iapa.com)

### **About BTC**

Founded in 1994, the mission of the Business Travel Coalition is to bring transparency to industry and government policies and practices so that customers can influence issues of strategic importance to them.

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