

Position Paper

April 2008

AEA Position Paper on “Computerised Reservation Systems (CRS)”

Introduction

The new Commission proposal on CRS was published in November 2007, and it seems that also on this issue the Slovenian Presidency would like to achieve a political agreement at the Transport Council in April. At the meeting of the AEA Presidents’ Committee in January 2008, Mr. Daniel Calleja indicated that the Commission would welcome a reaction from AEA. Therefore, it is important for AEA to try to achieve a common position on the proposal.

AEA member airlines:

- Welcome the European Commission’s efforts to take into account current market developments and review the Regulation on CRS, in particular adaptation to avoid impeding competition and contribute to fair distribution costs;
- Welcome that in further developing a mature and competitive aviation market in Europe another imbalance in the aviation value chain is being addressed and a next step in reaching a level playing field is being pursued;
- State that that the airlines’ main concern is and remains the increase in the CRS incentive payments to their subscribers, which in turn have led to higher booking fees for airlines, eventually negatively impacting European consumers;
- Are concerned that certain other provisions with regard to setting up fare displays will actually increase the costs for the airlines.

Marketing Information Data Tapes (MIDT):

- AEA strongly objects to the proposal to exclude the travel agents’ identification in the CRS. In AEA’s view, deleting the agents’ identification from MIDT in Europe would effectively reduce competition to the detriment of the consumer and weaken EU-based carriers in their competition with non-EU carriers. AEA insists that agents’ identities should continue to appear in the MIDT as this is an element of transparency and enhances competition;
- Deleting the agent identification from MIDT in the EU could effectively lead to distortions of competition as the EU-based carriers would lose transparency in their home markets and their competitors from outside the EU would be able to maintain unrestricted transparency in theirs.
- Furthermore, CRS booking data contains information that leads to a more efficient airline sales organization, which in turn benefits airlines and passengers through better services and route networks;

- Adria Airways
- Aer Lingus
- AeroSvit
- Air France
- Air Malta
- Air One
- Alitalia
- Austrian
- bmi
- British Airways
- Brussels Airlines
- Cargolux
- Croatia Airlines
- Cyprus Airways
- Czech Airlines
- Finnair
- Iberia
- Icelandair
- Jat Airways
- KLM
- LOT
- Lufthansa
- Luxair
- Malev
- Olympic Airlines
- SAS Scandinavian Airlines
- Spanair
- SWISS
- TAP Portugal
- TAROM
- Turkish Airlines
- Ukraine International Airlines
- Virgin Atlantic Airways

- Finally, the travel agents' market is generally more concentrated than the airline business and the lack of such sales information would reinforce the travel agents' position, with less transparency for airlines;
- In order to make MIDT affordable for all players, price restraints should be removed so that carriers can negotiate improved pricing. Allowing carriers to negotiate these costs will mean that market economics prevail;

Fares:

- AEA can not accept that the scope of the definition of fares in Article 2 (c) is broader than agreed under the revision of the Third Package on aviation. Especially the reference to remuneration and conditions offered to agency and other auxiliary services widens the scope significantly;
- In addition, the use of 'fares' in Annex 1 (1) in combination with Article 9 implies that participating carriers are responsible for providing the CRS with all relevant data on charges and fees which could even be charges and fees unrelated to the service provided by the carrier. It needs to be restricted to elements within the control of the party obliged to provide the data.

Own carrier website:

- AEA questions whether reference to carriers' own website is actually covered by the proposed Article 5(3) which states that the article shall not apply in a carrier's own office. To solve this problem AEA suggests referring to a more generic phrase such as "the carriers own sales outlets".

Audit provisions:

- AEA is concerned that the audit provision contained in the current code has been deleted, as it is in the interest of all stakeholders that the CRS providers demonstrates full transparency and compliance with key articles. An independent auditor's report will assist the Commission in its monitoring task and help ensure fair competition. It should target key areas of concern contained in articles 4, 7, 10 and 11 (distribution facilities, non-discrimination and the protection of personal data) and be issued in accordance with agreed guidelines to make end results comparable and easily accessible;
- Therefore, AEA would welcome audit provisions in order to ensure that the above concerns are addressed effectively.

Other transport modes:

- AEA strongly believes that in the Regulation a level playing field between the different transport modes should always be ensured e.g. in definitions and rules with regards to display.

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Personal data:

- Personal data is not part of CRS displays. Also, the data on travel agents' booking patterns do not interfere with the data protection rights of any individual. Therefore, in our view, any specific regulatory protection of such data would constitute a unique situation, as the regulation would protect the business of only one particular link in the value chain of travel distribution;
- However, AEA urges the Commission to make sure that any provisions with regard to personal data do not contradict the Regulation on Passengers with Reduced Mobility (PRM) and the various initiatives on Passenger Name Record (PNR);
- Also, a clear distinction between article 7 which concerns aggregated data and article 11 which lists the EU data protection provisions granted to personal data contained in individual bookings needs to be made.