

The Airline Passenger Service Commitment : the way forward for a comprehensive air passenger rights policy

**Address by Mr Spinetta, Chairman of AEA
ECAC/EU dialogue on Air Passenger Rights - Lisbon 10 May 2001**

Ladies and Gentlemen,

It is a great pleasure to be here with you today to deal with an issue which we all regard as a priority - an issue for which we need to strive for a common perspective for the satisfaction of all interested parties. For this reason, I regard this dialogue as essential and I would like first of all to thank ECAC and the European Commission for having taken this initiative.

For all airlines member of the Association I am chairing, passenger rights and more generally passenger satisfaction is at the very core of our activity and is a daily concern.

Why ? For two very simple reasons.

First, because our success is conditioned by passenger satisfaction. Each time they fly, we want them to come back and fly more often.

Second, because flying is no ordinary business and the people delivering our product are no ordinary people. About 20 years ago, an expanding US airline used the following advertising slogan : "We love to fly, and it shows" This is for all of us a statement of truth. We do love - above all - to fly. Unfortunately, it seems that it does not always show.

Indeed, flying is no longer the glamorous, high profile experience it used to be. Rather, it has become an affordable way of traveling and quite a common habit for millions of European citizens. In itself, this is a major achievement and a significant contribution to economic and social progress.

However, at the same time, flying has become a less friendly experience : passengers need to proceed through large and congested airport facilities, no less congested skies and the constant challenge of running hundreds of flights daily often result in delays. Also, the complexity of our industry sometimes leads to a lack of transparency which can easily cause frustration and discontent.

We – the AEA airlines, have become aware of the need to improve the overall flying experience of our passengers. Hence, we very much welcomed the Commission initiative regarding passenger rights and the proposed way to go forward. We firmly believe that legislation is definitely not the way to deal with issues relating mainly to quality of service. This would be at odds with a liberalized regulatory environment. Therefore as evidenced by the US experience, voluntary commitment is the way forward. The airline industry is both mature and well organized and I am convinced that we can achieve a better deal for our customers. Our ability to structure and deliver a high quality product for the benefit of consumers is already well established. In this regard, the interlining system and our recently modified conditions of carriage speak for themselves.

AEA and its members actively participated in all sessions of the ECAC/EU Task Force on passenger rights. This is an exercise which has been taken very seriously by all of us and for which we have devoted significant resources and a lot of our time. Following closely the progress of the work, I am aware it has not always been an easy process. But, those difficulties made this exercise very interesting for all participants. Airlines, consumers and disabled passenger organizations, tour operators and travel agents have learnt from each other and made it possible to reach a consensus.

Together with my colleagues from ERA and IACA, I am very happy to present our Airline Passenger Service Commitment. I believe this Commitment will ensure a substantial improvement of our customer service, as it will allow the air travel experience to become more transparent and more consumer friendly. It covers 14 areas before, during and after travel and describes the level of service passengers may expect consistently from signatory airlines.

Many of the commitments relate to providing adequate and timely information : we will give full information regarding our commercial and operational conditions, inform passengers about the lowest fare available and notify them of known delays and cancellations.

Some are about giving more flexibility and better service to the passenger : we will allow telephone reservations to be held for 24 hours, take measures to speed up check-in, systematically call for volunteers in case there are more passengers than seats

available on a given flight and quickly issue refunds for unused tickets, as well as quickly provide an answer to written complaints.

Others relate to improved assistance in specific circumstances : we will do so in case of delays beyond two hours, in case of mishandled baggage and more generally to passengers with reduced mobility and special needs.

Overall, these commitments will enable consumers to make more informed choices of airline when planning their travel arrangements.

It is worth noting that on certain issues, our Passenger Service Commitment goes beyond the Commitment that was adopted by US member carriers of ATA. More generally, while the benefits of the US airlines' Commitment is limited to domestic operations, the European one is not necessarily limited to intra-Community services and many EEA members intend to apply it to their worldwide network. This makes quite a difference.

The Commitment does not extend to contractual obligations. The reason for that is simple : the industry has recently conducted a thorough revision of the IATA Recommended Practice which is the basis for our individual Conditions of Carriage. This revision aimed at ensuring their compatibility with the EC Directive on Unfair Contractual Terms. It has already been backed by the UK Office of Fair Trading. This is why we regard this revised version of the Recommended Practice as the adequate complement to our Airline Passenger Service Commitment.

On this basis, I think it is fair to recognize that European airlines have responded positively and constructively to the Community policy initiative on passenger rights.

This does not mean, however, that our work is completed. In a way, we have so far only done the easiest part of the job. Now the implementation phase will start. This will require a significant review of our operational procedures as well as communication, coordination and training at various levels of our corporate structures. We definitely need some time before our individual Airline Passenger Service Commitments become fully applicable. This is essential if we want to do the job properly and efficiently.

Once fully applicable, we understand that the Airline Passenger Service Commitment will have to be monitored. At some point, it was suggested each airline should put in place its own monitoring system. For obvious reasons of neutrality and objectivity, this is acceptable only to the extent that this monitoring is actually carried out by an independent body on behalf of the airline concerned - this could be the case with a certification agency for example. However, I find that ultimately it should be up to the

Community to take that responsibility since it will have to take a position on whether the industry respects the Commitment.

In any case, I can assure you that AEA carriers will do their best to live up to the principles of the Commitment.

However, it is important to realize that the Commitment will only solve those problems which are under full control and the sole responsibility of the airlines. As you know, the air transport product is highly complex from an operational point of view as it relies on the performance of various service providers. We have no possible choice when it comes to choosing the entities that provide essential infrastructure facilities - namely airports and ATC. On this basis, it is only fair that we do not accept full responsibility for entities which are beyond our control and which I hope will come with detailed commitments or actions to improve the situation of passengers. Yet, we will provide assistance for routine occurrences which are beyond our control - for example in the case of mishandled baggage and those unacceptable and unfortunately routine ATC delays.

Besides, this is not just a matter of fairness but also a matter of economic reality. As it stands, the Airline Passenger Service Commitment will imply a substantial increase of our costs. I can tell you that although AEA carriers have not yet done a collective assessment of those costs, the effect on our competitive position will be far from neutral. Just to give you an idea - US signatory airlines spent around 3 billion dollars on implementing a Commitment limited to domestic operations.

As you know, from an economic and financial perspective, our industry is structurally fragile. Anything that would go further than the already substantial and far reaching efforts undertaken through our Airline Passenger Service Commitment would most probably be unacceptable. This should be taken into account in the context of the revision of the existing rules on denied boarding.

I am convinced that our Commitment will be the cornerstone of the Community air passenger rights policy. I do hope that it will set an example for other modes of transport and that other players in the air transport chain will also seek to improve their performance. I also hope that it will be supplemented by a definition of the duties of air passengers. This particularly applies to disruptive passengers who can jeopardize safety.

In the meantime, airlines will continue to love to fly and will do everything they can to show it.

I thank you for your attention.