

# European Regions Airline Association: Industry Affairs Group

Brussels, 21<sup>st</sup> June 2012

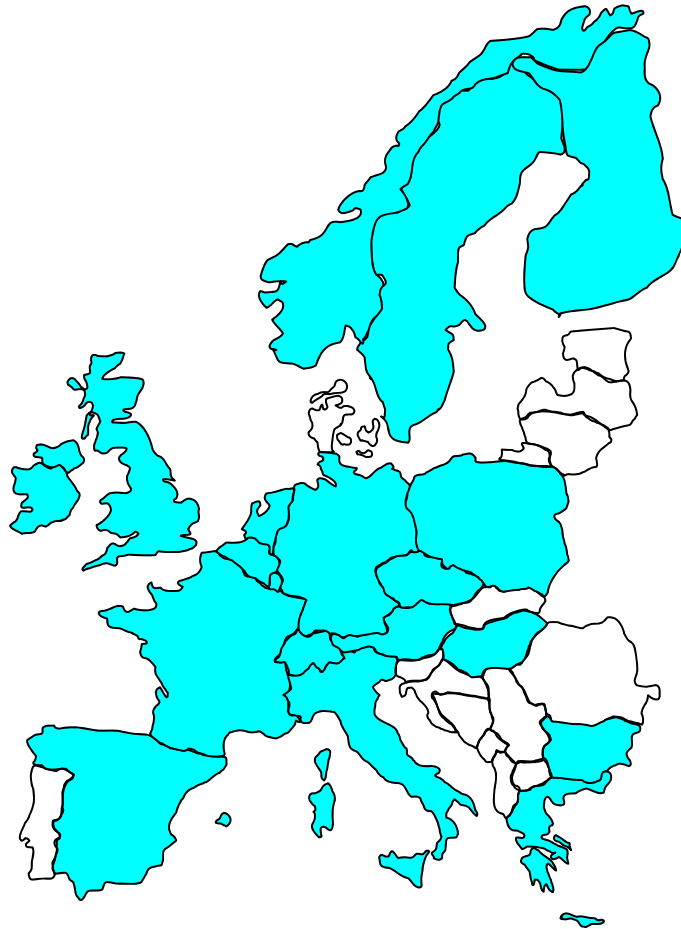
## Revision of EU Regulation 261/2004

### **A passenger perspective**

Christopher Irwin  
European Passengers' Federation

[www.epf.eu](http://www.epf.eu)

EPF  
members  
April 2012



33 member  
associations in 19  
states

# EPF's purposes

An international non-profit organisation :

- Promoting public transport users' interests at European level
- Committed to sustainable mobility and improved standards of service provision

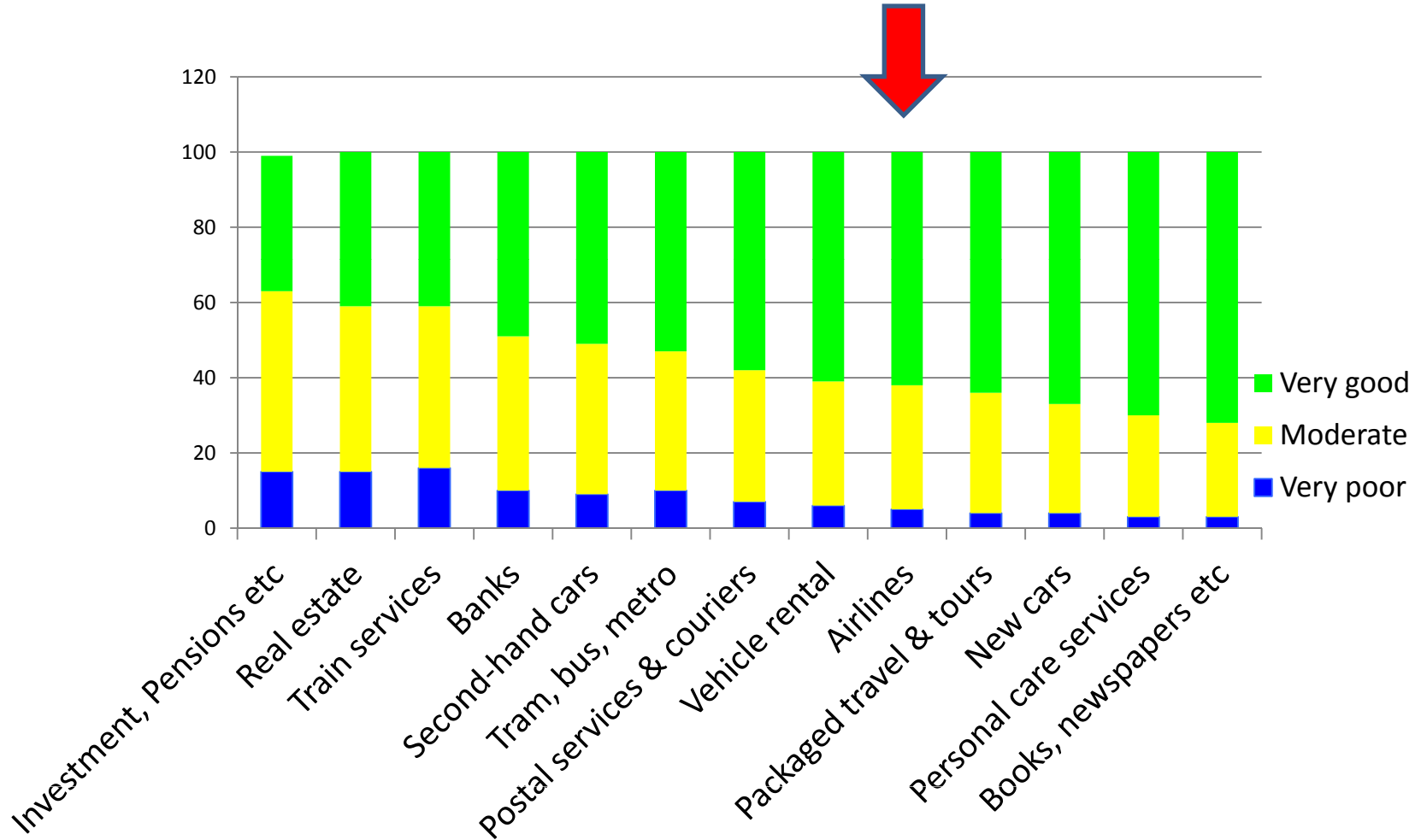
*“What’s best for passengers?”*

# *Championing passengers*

- **Consumer protection:** Passengers as the ‘weaker party to the transport contract’
- **Market failure:** Compensating for theoretical under-supply: substituting for the missing ‘invisible hand’
- **Passenger Empowerment:** Informed and active consumers strengthen markets – *European Consumer Agenda 2012*

# Not a bad score – the EU Consumer Markets' Scoreboard, 2011 : % overall satisfaction

Source: Consumer Markets Scoreboard – Making Markets Work For Consumers – SEC(2010)1257



## *So why do anything now?*

- Challenges in the courts: discredited by delay
- ECC-Net critique: *rights good, enforcement poor*
- Create level playing field for ‘Effective co-modality’
- New package of US passenger protection rules
- The new European Consumer Agenda
- The fall-out from Eyjafjallajökull

# *‘Bleeding hearts’ and ‘crocodile tears’*

- “Airlines haven’t been so profitable since 1978”  
-CNN Money & Fortune, 28.10.10
- IATA records \$18 bln. net airline profit in 2010 –IATA press release, 6.6.11



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# Europe's Top Ten in 2011

**+** : Lufthansa Group; Ryanair; IAG; Easyjet; TAP Portugal; Virgin Atlantic:  
*c. € 2.4 bln. operating result on revenue of c. €100 bln*

**-** : Air France-KLM Group; SAS; Air Berlin; Alitalia:  
*c.€ -0.8 bln. operating result on revenue of c. €46 bln*

# Hearing carriers' pain on 261/2004

- Compensation disproportionate to fare
- Open-ended assistance provision
- Unworkability of Article 13 re 3<sup>rd</sup> party recoveries
- Unreasonableness of 'Exceptional Circumstances'
- Delay > Cancellation > Safety pressures
- Weak drafting, eg:
  - 'flight' – section, leg, trip?
- Lack of level playing field with other modes

# The passenger's perspective

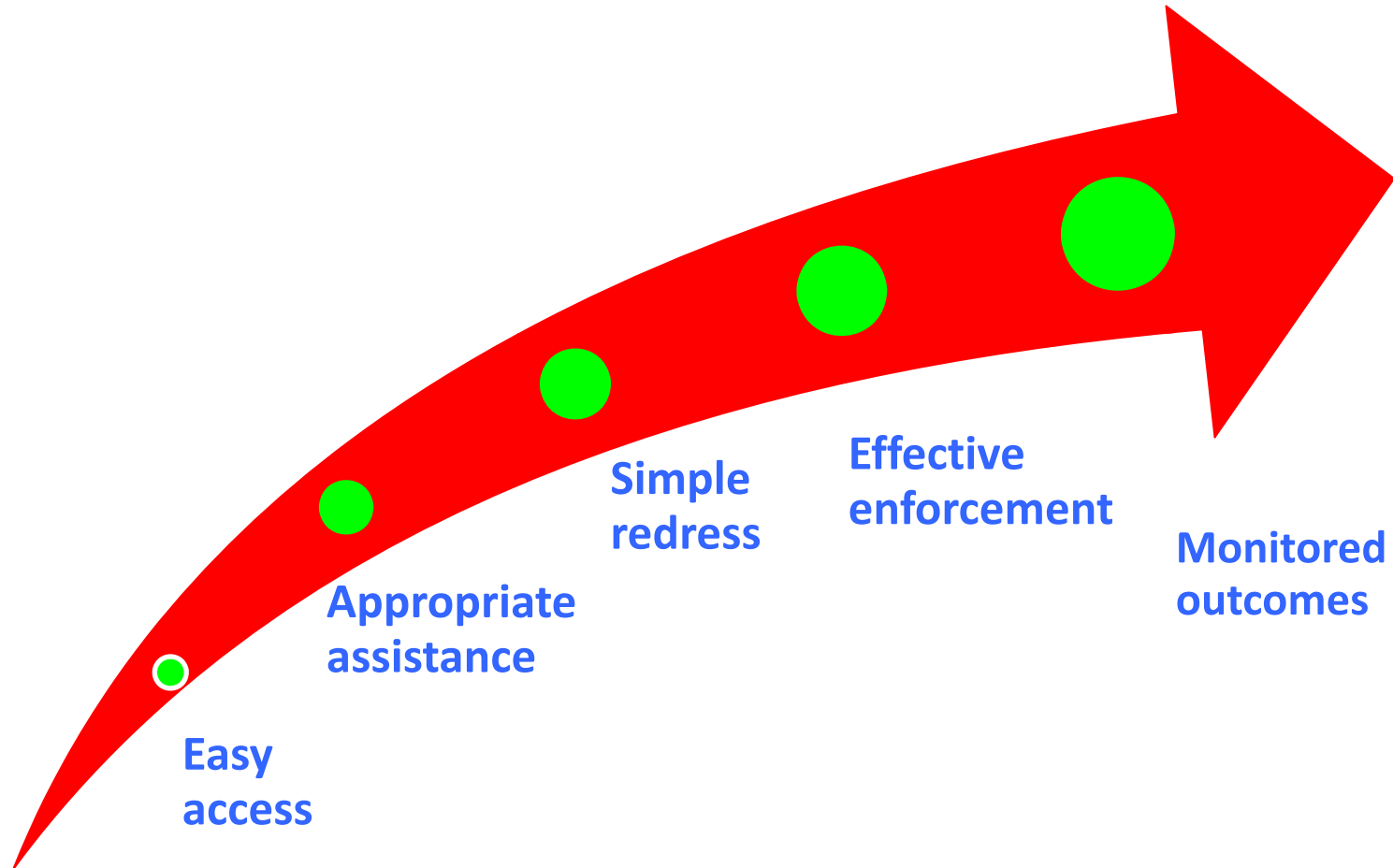
- The stress of travel
- The need for timely assistance when things go wrong
- Compensation that is proportionate to inconvenience
- Lack of familiarity with procedures and rights
- Difficulty in getting what's due
- Enforcement
- 'Fair play' and the carriers who weaken industry's reputation

# *The genius of airline accountants*

- Compensation costs pursuant to 261/2004 in y/e 31.03.11 = **€12.4**
- Ryanair passengers, y/e 31.03.11 = **72.1m**
- Ryanair 'EU261 levy' **€2/£2** per passenger
- Contribution to profits = **€150m +**



# From despair to satisfaction



# Clarifications needed

- ***‘Rights good; enforcement poor’***: 2-way empathy
- **Access to rights**: key facts document and 1-stop-shop
- **Assistance**: the circumstances, nature and timeliness
- **Non-compliance**: holding the enforcers to account?
- **Liability**: role of insurers; clarify Article 13
- **ADR**: independence, cost, transparent, consistent?
- **Adapting to co-modality**: a level playing field
- **Consumer satisfaction**: the transparent bench-mark?

# Thank you

[www.epf.eu](http://www.epf.eu)