



## REVIEW OF EU CODE OF CONDUCT FOR CRSs

EPF Position January 2019

### **Introduction**

The European Passengers' Federation (EPF) welcomes the opportunity to submit its views in connection with the review of the Code of Conduct for Computerised Reservation Systems (CRS) being conducted by DG MOVE.

EPF is the association of passenger organisations from throughout Europe. EPF is an international non-profit organisation under Belgian law and has currently more than 30 member associations covering 20 European countries. EPF's mission is to campaign for comprehensive passenger rights throughout Europe, to improve multi-modal transport and passengers' experience by conducting research and working constructively with the transport industry and decision-makers.

Accordingly, EPF represents and advocates the perspectives of consumers of air and other types of travel across Europe. EPF believes that, in considering whether any changes need to be made to the existing CRS Code of Conduct, the principal goal of the European Commission should be to safeguard and indeed advance the interests of consumers.

### **Comments**

Since its adoption in its original form in 1989, the Code of Conduct has played a vital role in ensuring that consumers have access to comprehensive information on the flights and fares of airlines serving any route where a passenger might wish to travel. We take note of the fact that in the most recent modification of the Code of Conduct in 2009, the Commission emphasised that preserving that comprehensive access to information was one of its fundamental goals. In particular, the preamble of the Code states as some of its core aims the following at recitals 9 and 10:

(9) In order to protect consumers' interests, it is necessary to present unbiased information to users of a Computerised Reservation System (a CRS) and to ensure that information on all participating carriers is equally accessible in order not to favour one participating carrier over another.

(10) Non-discriminatory display increases the transparency of transport products and services offered by participating carriers and enhances consumer confidence.

The European Passengers' Federation fully endorses the continuation of these sound policies and we urge the Commission to redouble its efforts to ensure that its regulations and its enforcement activities safeguard consumer access to unbiased information in a way that enables consumers to make meaningful comparisons between the offers of competing providers.

As the Commission will no doubt know, many consumers rely on the services of independent distributors of air travel, as opposed to the airlines themselves, to make sure they are getting an objective picture of their flight and fare options. For example, many consumers will want to check their travel options for themselves, using one or more of the on-line travel agencies, such as eDreams or Expedia, or "metasearch" sites, like Kayak, Momondo and Skyscanner. Consumers rely on these agencies: they assume that they offer fair price comparisons because they are not owned or controlled by an airline; they have no incentive to sell consumers high fares as opposed to low fares, or a seat on one airline as opposed to on a different airline. EPF understands that on-line travel agencies, metasearch sites, as well as traditional travel agencies, rely heavily on one or more of the global distribution systems ("GDSs") for the air travel services content they require, because the GDSs have provided them so far with the comprehensive, multi-carrier content they need.

Unfortunately, EPF has observed an ever-worsening assault on the independent, unbiased distribution channels over the last few years by mega-carriers.

Specifically, EPF has learned that some of the largest carriers in Europe have taken a series of actions that appear to undermine the ability of the independent neutral distribution channels to offer consumers the "transparency of transport products and services" that is a central objective of the Code - and especially the ability of neutral channels to provide consumers with ready access to the most attractive fares on all carriers serving a route.

**We are aware for example that some large airlines are reserving their lowest fares for their direct sales channels, such as their own websites. These can be misleading for consumers. For example, typically, they show only the flights and fares of their airline owners and their airline alliance partners.**

We also know that some air carriers are imposing financial penalties, such as surcharges and higher fees for services now treated by carriers as "extras". Examples include additional charges on consumers buying from third-party agents in the expectation of unbiased advice for baggage that is checked in, or for hand luggage and advance seat reservations. We are also aware that certain large airlines are offering their booking systems for use by travel agencies and are providing various incentives to travel agencies to use those systems instead of the neutral independent ones. Consumers look to travel agencies as unbiased providers of information on travel choices: we are troubled that these neutral sellers are being compelled by some airlines to use booking systems that are the antithesis of neutral.

Finally, EPF has been informed that some EU airlines have taken steps to block or restrict access of metasearch sites to their publicly available schedules and fares, thereby impeding

the ability of those metasearch sites to provide fully-functional fare comparison capabilities to consumers.

While these restrictive measures by certain carriers may be in the commercial interests of those airlines, they are decidedly anti-consumer. EPF takes note of the sharp decline in recent years of the number of competing carriers across Europe due to mergers between historic competitors and the failures of other carriers. It considers that industry consolidation is likely the root cause of growing appetite by airlines to dictate to consumers how they must shop for and book their air travel.

The Commission, as the EU's guardian of European consumers, must stop these efforts by some mega-carriers to roll back the very transparency that the Code successfully fostered. In the wake of this substantial loss of competition in the airline industry, with airlines as a result becoming even more emboldened to impose their will onto consumers, the Commission must take forceful and meaningful action by amending the Code to reintroduce and then protect the transparency that has been lost.

To that end, EPF urges the Commission to do the following:

- Modify the present Code to reinstate and to strengthen fare transparency by requiring that any airline that has chosen to participate in a GDS must provide that GDS with access to its full range of fares. This will help protect consumers from being misled into buying a more expensive ticket when a less expensive ticket is in fact available on that same airline.
- Maintain the “parent carrier obligations” of airlines that offer systems to travel agencies for the booking of their flights to not discriminate by way of content or financial incentives or disincentives (such as surcharges) against consumers who purchase their tickets via competing GDSs. This is an indispensable step to assure that travel agencies can de facto remain the unbiased source of flight information consumers believe them to be.
- The cross-modal potential of CRSs has to be fully exploited. Currently the CRS Regulation applies only to air (and air-rail) travel, but not to rail-only or coach services. The Code of Conduct should serve as a model for multimodal Computerised Reservation Systems (and other online channels that enable passengers to compare and book their travel).
- Lastly, but most importantly, the Commission must take effective enforcement action whenever a well-founded complaint about an infraction of the Code has been presented to it. For that purpose, the enforcement provisions of the Code should set appropriately short time lines for determining a complaint. We are aware that in some cases the Commission's decision-making in response to complaints has been protracted, denying clarity for consumers and other stakeholders about what the law does and does not require.

We appreciate being able to inform the Commission of the consumer perspectives in this important exercise.