RESPONSE TO THE CONSULTATION
'DEVELOPMENT OF AN INTEGRATED TICKETING FOR AIR AND RAIL TRANSPORT'

ECTAA, the Group of National Travel Agents' and Tour Operators' Associations within the EU, counts among its membership the national associations of travel agents and tour operators of 26 Member States, of Croatia and Turkey, as well as of Norway and Switzerland.

Generally speaking, ECTAA supports the development of an integrated ticketing for air and rail transport, but would like to highlight some potential problems in the options outlined by the Commission, and more specifically the technical solutions proposed (see answer to question 5 of the consultation document).

Scope of air-rail integrated ticketing

Question 1: What is in your opinion the market potential for these services?

ECTAA Members believe that there is a great potential for integrated ticketing. The major advantages from the travel agents' and customers' perspective are:
- Optimizing the travel planning;
- Better and faster booking of combinations of rail and air travel;
- Greater transparency in pricing - also intermodal transport;
- One data flow for all sales that can then feed into travel agent back office business and financial systems thereby improving management information;
- Transfer of traffic flows - at least in the short haul transport- leads to improved environmental performance of travel.

However, at national level integrated ticketing may be very dependent on the local infrastructure and the accessibility to the airports by high speed trains or other trains. Therefore, it will be very difficult to obtain an integrated air-rail service network throughout Europe.

Question 2: What are your comments on the scope of integrated ticketing as proposed, as a first step, at point 5.1? Do you think that the scope should be extended to other modes of public transport?

ECTAA Members consider that integrated ticketing has great potential and should in the long-run include other modes of transport than air and rail. However, only a gradual implementation would be possible. A pilot phase - as pointed out under 5.1- is reasonable. The integration of other vendors and products can only be done gradually.

Nonetheless, some ECTAA Members have expressed reservations about the implementation of an integrated luggage handling throughout the journey, which would imply considerable infrastructure investments.

Question 3: What are, according to you, the connections on which air-rail services are possible, in particular in relation to the criterion of the quality of the airport/railway station interface?

Connections between high speed trains and airports have the highest potential (Eurostar, Thalys, TGV, ICE, etc.) for the reasons indicated in the Commission's consultation document.

However, to insure a high quality service, the time schedules of the air and rail services must be coordinated, so that the connecting times are sufficient to allow a smooth transfer from one mode of transport to another while ensuring that there are not too long waiting times.

Institutional framework

Question 4: What is your opinion on the feasibility and the contents of the voluntary agreement as proposed at point 5.2? Would you be ready to take part in it?

As indicated under point 1, travel agents see great merit in elaborating integrated air-rail services and would play an important part in the distribution of these services, but only under the condition that the GDSs develop the necessary technical solutions and that the air and rail companies provide their content (all fares, classes, etc.) into the GDSs (see technical aspects below).

Technical aspects of the integrated ticketing

Question 5: What are your comments on the technical solution proposed for the integrated air-rail ticketing and the operating mode of the system as described at point 5.3? Do you see any problems related to it and if so, which ones? Can you envisage any alternative solution which could be satisfactory as far as a swift and economical implementation is concerned?

ECTAA supports the idea of incorporating information on rail services in the GDS to allow the reservation and issuance of integrated air rail tickets. GDSs are indeed the only distribution channel guaranteeing neutral display, by virtue of the EC Regulation on a Code of Conduct for CRSs. The centralisation of information on various transport products in GDSs enables travel agents to make efficient and neutral comparisons between transport products and to centralise back office operations, which benefits to customers at the end of the day.

However, the benefits of such incorporation depend on its conditions. It is important to note that most travel agents subscribe to only one GDS for reasons of costs and efficiency. A very rough estimate of the proportion of travel agencies subscribing to only one GDS is around 90% (going from 80 to 90% in some Member States, to more than 95% in other). Thus, the incorporation of information on rail services in a limited number of GDS would restrict the possibility for travel agents that have subscribed to another GDS to effectively provide air rail services.

Furthermore, rail carriers, like airlines, have developed their own distribution channels through Internet. In the air transport sector, we observe that there is a growing trend of airlines to provide their most attractive products exclusively on their own website and not in GDSs. A variation of this trend is that some airlines apply extra charges to bookings made through GDSs compared to bookings made directly on the airline's website. We understand from an analysis carried out by DG Competition of the European Commission that airlines have developed this policy, because driving customers to their own website limits the possibility of customers to do comparison shopping, which leads to higher yields for the carrier[1]. The practice of discriminating against access to

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[1] See the EC decision COMP/M.4523 on the merger between Worldspan and Travelport.

transport products through GDSs could limit the development of integrated ticketing for air and rail, all the more if rail carriers follow this trend. **For the best use of GDSs and an effective development of integrated ticketing for air and rail, ECTAA recommends to prohibit discrimination against access to air and rail transport products through GDSs.**

Concerning the use of the IATA billing and settlement solution, ECTAA has strong reservations due to the fact that IATA holds a monopoly on billing and settlement of air tickets. IATA is indeed the only undertaking which provides a centralized system to collect monies from accredited agents and pay them to airlines. IATA counts 230 member airlines. A number of other airlines participate in IATA Billing and Settlement Plans. In this framework, IATA accreditation is essential for travel agents to accede to a major segment of the market for air transport distribution. This situation already raises concerns for travel agents, because they need commercially to take part in the IATA Agency Programme, but the conditions and rules to participate in this Programme are considered as onerous and unbalanced. In 2002, ECTAA filed a first complaint against IATA before the European Commission for infringement of Articles 81 and 82 of the EC Treaty, which led to a partial review of the Agency Programme and to the introduction of some elements of proportionality. Since then, onerous aspects have again developed in the IATA Programme, which is leading ECTAA to consider filing another complaint against IATA. **If the monopolistic position of IATA is extended to integrated ticketing for air and rail, the concerns of travel agents against the IATA Agency Programme will be aggravated**.

In regard of sectors where competition is insufficient, we draw your attention on the recent call of the European Union to increase competition in payment services. We understand that the European Commission has set up a dialogue with leading banks on how to establish a new payment scheme in Europe that would compete with Visa and Mastercard, because the current duopoly does not provide sufficient competition in this sector. Coming back to billing and settlement solutions for transport products, the actors in the market as well as the customers are suffering from the lack of competition. **ECTAA would strongly recommend that the market for billing and settlement be opened up to new entrants**.

Regarding alternative solutions to IATA, in 2004 ECTAA had carried out a feasibility study on the development of an alternative billing and settlement solution than the IATA BSP. The results of the study have shown that an alternative is possible and was also supported by agents and certain airlines as it would capitalize on technological developments and thus be able to reduce considerably costs.

In the meantime there are already billing and settlement solutions on the market for certain travel products. For example, the GDSs Amadeus and Sabre have created a joint venture, 'Moneydirect', which provide automated payment processing, clearing and reconciliation solutions for the travel industry, excluding air transport for the moment.

Project management

Question 6: Which is the most appropriate management structure for the first phase of this project?

Operational aspects

Question 7: Are the problems involved in air-rail integration mainly of an operational nature or are they rather related to the distribution of the product? In the first case, please specify.

From the perspective of the distribution, we see no major problems if there are appropriate technical solutions and if agents have access to the air rail services through the GDSs.

Question 8: How important is it to travel with registered luggage on the entirety of the intermodal journey? Which solutions do you envisage?

As stated in our answer to question 2, the integrated luggage handling throughout the journey would imply major infrastructure changes. We do not see a solution for this in the short term.

Your suggestions

Question 9. Do you have further comments on the text of the document? Do you have suggestions regarding action at Community level which was not mentioned in this document?