

Commission

I would like to make the following comments regarding the regulation of the CRS's

I think the consultation paper reflects that the CRSs still remain the largest channel to bring travel information to customers in Europe. In the case of Business Travellers over personal travel this proportion would be nominally higher as for business travel the needs of corporations to be able to track travellers due to security issues is critical e.t.c. Travel is therefore normally booked and mandated to be via an Agency or an online booking tool. (Though for many companies OBT's are still in their relative infancy and not the main channel for bookings). I disagree with the conclusions that direct bookings are gaining share over CRS's in all my experience with countless other Travel Managers across Europe within ABB and with Travel Managers from other countries we see the CRS's still as the main driver and the direct booking will be eclipsed when you look at the expected growth of the OBT's over the next 5 Yrs. My real concern lies in the fact whilst the CRS's and this covers those used by either travel agencies or the OBT's are often owned by and/or powered by CRSs are in turn owned partly by the airlines. It is this ownership of a distribution channel if not tightly regulated will lead to the abuse of it. As in every business, Airlines will try to increase profits and maximise revenue in any way they can, by controlling the route to market via ownership of the GDS / CRS's /OBT's you can't fail to ignore the potential for abuse if the systems are NOT tightly regulated.

In Europe we do have a multitude of low cost carriers (lcc's) but regarding corporate travellers again the need to be able to track where employees are for security reasons plays a key part and yet again means you have to control the booking channels and in the mainstay for corporates this is done via a mandate that corporate travel is booked via a nominated Agency that will inevitably used a GDS's or a OBT that uses the CRS's. (The agency's provide the traveller tracking reports /MI required in times of emergency) So LCC's by providing competition / benefits to direct booking do not really in any way impact the use of the CRS's by businesses

The consultation paper dose ignore the fact that CRSs and travel agencies and websites which use them save my travellers and other people valuable time searching for the best fares. If time is money, the fact that biased screen displays would result in people having to spend much more time looking for the best fares in some cases would partially or even completely offset the fact that they eventually found a marginally lower fare.

The paper also minimises the extent of the market power of Amadeus and its airline owners in Europe. It is the combination of the market power of the dominant CRS and the market power of its owning airlines in these markets that creates a particular potential for market abuse. The paper also minimises the extent to which airlines are able to exert control over Amadeus. Is extremely concerning to me as by the competition's own definitions of control, the ownership arrangements that the three airlines have in Amadeus - veto over budget decisions and nominations to the board, which mysteriously aren't mentioned in the consultation paper at all constitute control or joint control.

As long as major airlines maintain significant ownership and indirect control over a CRS the underlying economic incentives that motivate airline

owners of CRSs to misbehave remain and then in alongside so should the rules that prevent such anti-competitive abuse. I do not believe that deregulation is appropriate whilst Airlines have this "behind the scenes Controll and influence" There is a serious potential for anti-competitive behaviour that will damage the marketplace and increase costs significantly for businesses in an unfair manner.

(EU market conditions differ from the US where US deregulation only took place after US airlines had completely divested their interests in Galileo, Sabre and Worldspan. Moreover. I believe that has was completely the right thing to do and I would emphasise that the EU should "Take a leaf" out of the American model as this is the correct way to go to ensure the market place is fair and competitive marketplace. The EU still needs to maintain a set of provisions that will tightly constrain or limit the ability of the airlines to engage in any sort of anti-competitive behaviour, that everyone knows is inevitable for as long as there is airline ownership of CRSs.

I support the removal of some of the provisions of the Code, including those that relate to the regulation of pricing of CRS services to airlines but I believe the key protections should be maintained for so long as there as large airlines in Europe remain owners of a large CRS.

The Code dose provides consumer protection but we still should have some sort of ex-ante rules to deter anti-competitive behaviour. Deregulation with existing rules in place would not , if the airlines still own the CR'S's, act as a sufficient deterrent to stop anti competitive behaviour. This is due to the fact that the airlines know there would be lengthy delays once an anti-competitive situation / action by the airlines via the CRS's were discovered, and that the anti-competitive behaviour may have taken several forms of which some will be very difficult to detect due to the complex nature, structure, volatility and volume of information on pricing that is contained within the CRS's. It still would be in the Airlines best interest to develop anti-competitive schemes.

A clear set of rules and an simple complaint procedures are needed. Competition law is in my opinion currently insufficient and under any deregulation would continue to be even less effective than it is today. All this will lead to is consumers not getting access to the best fares or route option and would in effect quickly drive up prices.

Regards
Eira Davies
ABB Ltd
Supply Chain Management - Travel Manager UK
Phone: +44 (0)1925 741 303
Fax: +44 (0)1925 741 342
Mobile: +44 (0) 7718149140
email: eira.davies@gb.abb.com