

April 26, 2007

Directorate-General for Energy and Transport
European Commission
Office DM24 5/98
B-1049 Brussels
Belgium

Dear Directorate-General,

I am writing in response to the public solicitation for comments regarding the pending consideration of legislation governing Global Distribution Systems (GDSs) in the European Union.

As a global provider of travel management services, Carlson Wagonlit Travel wishes to ensure that the appropriate mechanisms exist to maintain a competitive market for travel trade. As such, CWT would like to provide the enclosed submission answering the questions proposed to the market involving Regulation 2299/89 on the Code of Conduct for GDS systems. CWT believes that GDS provisions within the Code of Conduct should be eliminated to reflect market changes, however, complete deregulation without any provisions would leave businesses and consumers open to risk.

Complete deregulation is a viable and quite acceptable approach when healthy competition already exists within a market place. This was the case in the U.S., where the absence of a single dominant airline or GDS assured a competitive market place post deregulation. However, under the large dominance of Amadeus and its airline owners within the EMEA travel market place, complete deregulation would leave the market open to competitive risks. As outlined in the commissioned Brattle Report, this "double dominance", invites abuses in both the air and GDS arenas and poses grave risks to consumers and competition in Europe. Of the three options outlined within the report, the third option does provide the best protection against anti-competitive action, as it would oblige the airline owners to participate equally in all GDSs within their respective home markets, yet deregulate as appropriate in all other competitive markets. Although, we would recommend carrying it further to require that this equal participation be mandatory for parent carriers across all of the EU. Lufthansa and Star Alliance, Air France especially after its merger with KLM, and Iberia have significant share of the European air market and, as such, consumers, travel agents and competing GDSs would still be harmed if these airlines pulled out of or dramatically reduced their participation in all other systems besides Amadeus. If this content fractionalization occurs, it will drive significant inefficiencies for agencies to appropriately service their customers – and inefficiency ultimately drive cost increases for the end consumer.

With regard to MIDT, Carlson Wagonlit Travel feels strongly that the sale of any relevant booking information to individual airlines is an infringement on the travelers, corporations, and booking agencies data privacy. The GDS's should not be able to sell this proprietary information in a manner that could be detrimental to the true data owners in the future. Removal of any specific data which could be used to identify a traveler, corporation or travel agency, in any manner, would be an acceptable alternative from our standpoint.

Carlson Wagonlit Travel believes that these are crucial, legitimate concerns which need to be addressed within the pending regulatory changes. We welcome deregulation within an industry when the appropriate protections are in place to insure fair and competitive practices. We look forward to seeing a ruling in support of the same by the European Commission.

Thank you for your consideration.

Sincerely,

Michael T. Koetting

Michael T. Koetting
EVP Global Supplier Management
Carlson Wagonlit Travel