

# EUROPEAN PARLIAMENT

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*Committee on the Internal Market and Consumer Protection*

**2007/0243(COD)**

27.5.2008

## **OPINION**

of the Committee on the Internal Market and Consumer Protection

for the Committee on Transport and Tourism

on the proposal for a regulation of the European Parliament and of the Council  
on a Code of Conduct for computerised reservation systems  
(COM(2007)0709 – C6-0418/2007 – 2007/0243(COD))

Draftsman: Wolfgang Bulfon

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## SHORT JUSTIFICATION

The Code of Conduct for Computerised Reservation Systems (CRS) relates to the reservation by travel agents via CRS of airline and rail tickets. Since the Regulation entered into force in 1989, it has been revised twice (1993 and 1999). This forthcoming third revision seeks to reinforce competition between CRSs by means of a partial liberalisation of the Code of Conduct.

Your draftsman acknowledges that a revision of the current CRS Code of Conduct could lead to greater flexibility and better service. However, there are also concerns that, owing to the present structure of the European airline market, in which national carriers enjoy a privileged position thanks to their dominance of their domestic markets, there could be a further expansion of dominant market positions.

The interconnection of airlines, CRSs and travel agencies where there are dominant market participants means that independent travel agencies will in future be forced to participate in a particular CRS to obtain information about the whole range of fares and availability on particular airlines.

The liberalisation of the Code of Conduct not only means heightened competition but also an increase in the trend towards fragmentation of the information on fares and availability which is already developing as a result of airlines' alternative distributions channels.

Your draftsman is mostly afraid that the competitive situation for small and medium-sized travel agents will deteriorate, since they do not have sufficient resources to enter into contracts with several CRSs, and would otherwise have to use the airlines' direct distribution channels in order to have access to all services. This could gradually lead to rising prices for end users.

Your draftsman supports the provisions of Article 10 seeking to ensure that parent carriers supply all CRS providers with the same information on fares and availability ('full content'), including those with which they do not have a contract.

The Commission's proposal to prevent the identification of travel agents in the Marketing Information Data Tapes (MIDTs) by deleting their IATA agency number meets with your draftsman's full approval.

He also calls for the pricing structure of each flight segment offered by a CRS to be made as transparent as possible, showing all taxes, costs and fees payable to the transport service provider. Supplements for a CRS booking, imposed after the event, are unacceptable.

On the definition of 'parent carriers', your draftsman urges that any direct or indirect participation of an airline or railway company in a CRS should lead to its classification as a 'parent carrier'. He considers that any type of ownership in a CRS involves a degree of influence. To create fair conditions for competition, all airlines should withdraw from their participation in CRSs.

Any airlines or railway companies which prefer to retain their participation in a CRS should be bound by the measures provided in Article 3a.

Your draftsman proposes, prompted by Article 17 of the Commission proposal, that a periodic review of the implementation of the regulation should take place three times within five years from its entry into force. This review will in particular focus on the effectiveness of the regulation in ensuring non-discrimination and fair competition on the market in CRS services, and evaluate their effects on the consumer's interests.

## AMENDMENTS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Transport and Tourism, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a regulation

#### Recital 9 a (new)

*Text proposed by the Commission*

*Amendment*

***(9a) According to Regulation (...) on common rules for the operation of air transport services in the Community, air carriers must publish their fares inclusive of all applicable taxes, and charges, surcharges and fees which are unavoidable and foreseeable. CRS displays should provide information on fares inclusive of the same price categories to ensure that travel agents can communicate this information to their clients.***

*Justification*

*Consumers need to have precise information on fares. Each of the actors (air carriers, CRS operators and travel agents) must therefore be obliged to provide transparent information on the elements making up the fares. This is in line with the recasting of the Regulation on common rules for the operation of air transport services (currently under examination).*

### Amendment 2

**Proposal for a regulation**  
**Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) The Commission should regularly monitor the application of this Regulation and in particular its effectiveness in preventing anti-competitive and discriminatory practices in the market for distribution of travel services via a CRS, notably in the presence of carriers with close links to system vendors.***

*Justification*

*Without calling into question the results of the impact assessment on parent carriers, the Commission must remain attentive and prevent anti-competitive practices.*

**Amendment 3**

**Proposal for a regulation**  
**Recital 12**

*Text proposed by the Commission*

*Amendment*

(12) This Regulation is without prejudice to the application of Articles 81 and 82 of the Treaty.

(12) This Regulation is without prejudice to the application of Articles 81 and 82 of the Treaty. ***It is complementary to general competition rules, which continue to apply in full to competitive abuses such as antitrust violations or abuse of a dominant position.***

*Justification*

*The aim of this code of conduct is to help ensure fair and unbiased conditions for air carriers in computerised reservation systems. However, the text does not stand in isolation but complements the provisions of Articles 81 and 82.*

**Amendment 4**

**Proposal for a regulation**  
**Article 2 – point g**

*Text proposed by the Commission*

(g) ‘parent carrier’ means any air carrier or rail-transport operator which directly or indirectly, alone or jointly with others, **owns or effectively controls** a system vendor, as well as any air carrier or rail-transport operator which it owns or effectively controls;

*Amendment*

(g) ‘parent carrier’ means any air carrier or rail-transport operator which directly or indirectly, alone or jointly with others:

**- holds one or more capital shares in or is entitled to appoint top executives or members of the board of directors, the supervisory board or any other governing body of a system vendor, and**

**- has been recognised by the Commission as effectively controlling** a system vendor as well as any air carrier or rail-transport operator which it owns or effectively controls.

**The Commission may at any time ask the air carrier or rail-transport operator holding one or more capital shares in a system vendor to provide it with all information considered necessary to determine its possible status as a parent carrier;**

*Justification*

*The Commission’s definition must be made more specific. There is no defined threshold beyond which capital holdings in a CRS clearly influence its commercial policy. It is therefore necessary to target all companies with CRS capital holdings and entrust the Commission competition authorities with the task of verifying whether they exercise any effective control over the CRS in question.*

*The second part of the amendment concerns transparency obligations.*

**Amendment 5**

**Proposal for a regulation**  
**Article 5 – paragraph 1**

*Text proposed by the Commission*

1. A system vendor shall provide a principal display or displays for each individual transaction through its CRS and shall include therein the data provided by participating carriers in a neutral and comprehensive manner and without discrimination or bias. Criteria to be used for ranking shall not be based on any factor directly or indirectly relating to carrier identity and shall be applied on a non-discriminatory basis to all participating carriers. The principal display(s) shall respect the rules set out in Annex 1.

*Amendment*

1. A system vendor shall provide a principal display or displays for each individual transaction through its CRS and shall include therein the data provided by participating carriers in a neutral, **transparent** and comprehensive manner and without discrimination or bias. Criteria to be used for ranking shall not be based on any factor directly or indirectly relating to carrier identity and shall be applied on a non-discriminatory basis to all participating carriers. The principal display(s) shall respect the rules set out in Annex 1.

**Amendment 6**

**Proposal for Regulation**  
**Article 5 - paragraph 3 a (new)**

*Text proposed by the Commission*

*Amendment*

***3a. When providing information from a CRS to the consumer, the subscriber shall inform the consumer of the final price to be paid for the transport service, including all additional costs and service fees charged by it.***

*Justification*

*The measure enhances price transparency for the consumer. It concerns both on-line and off-line travel agents. It complements the price transparency obligations of the recently adopted regulation on the operation of air transport services (revised 3<sup>rd</sup> package) which requires the same from the airlines.*

**Amendment 7**

**Proposal for a regulation**  
**Article 7 – point b**

*Text proposed by the Commission*

(b) *when* such data *result from the use of the distribution facilities of a CRS by a subscriber established in the territory of the European Union, it shall include no identification either directly nor indirectly of that* subscriber.

*Amendment*

(b) *participating carriers shall not use* such data *in order to unduly influence the choice of the* subscriber.

**Amendment 8**

**Proposal for a regulation**  
**Article 12**

*Text proposed by the Commission*

Where the Commission, acting on a complaint or on its own initiative, finds that there is an infringement of this Regulation it may by decision require the undertakings or associations of undertakings concerned to bring such infringement to an end.

*Amendment*

Where the Commission, acting on a complaint or on its own initiative, finds that there is an infringement of this Regulation it may by decision require the undertakings or associations of undertakings concerned to bring such infringement to an end. *Investigations regarding possible infringements of this Regulation shall fully take into account the results of any inquiry under Articles 81 and 82 of the Treaty.*

*Justification*

*The CRS code of conduct does not replace but complements existing competition rules, which remain fully applicable.*

**Amendment 9**

**Proposal for a regulation**  
**Article 13**

*Text proposed by the Commission*

In order to carry out the duties assigned to it by this Regulation the Commission may, by simple request or decision, require undertakings or associations of

*Amendment*

In order to carry out the duties assigned to it by this Regulation the Commission may, by simple request or decision, require undertakings or associations of



undertakings to provide all necessary information.

undertakings to provide all necessary information, ***including the provision of specific audits, in particular on issues covered by Articles 4, 7 and 11 of this Regulation.***

*Justification*

*The Commission needs extended powers to ensure that the code of conduct is properly applied.*

**Amendment 10**

**Proposal for a regulation  
Article 17 – paragraph -1 (new)**

*Text proposed by the Commission*

*Amendment*

***The Commission shall monitor the application of this Regulation on a regular basis, if necessary with the assistance of specific audits as provided for in Article 13. It shall in particular examine the effectiveness of the Regulation in ensuring non-discrimination and fair competition in the market for CRS services.***

**Amendment 11**

**Proposal for a regulation  
Annex I – point -1 (new)**

*Text proposed by the Commission*

*Amendment*

***-1. At the choice of the subscriber, travel options in the principal display shall be ranked either by fare or in the following order:***

***(a) direct travel options, ranked by departure time;***

***(b) all other travel options, ranked by total journey time.***

*Justification*

*Subscribers should be given several possible choices.*

**Amendment 12**

**Proposal for a regulation**  
**Annex I – point 4**

*Text proposed by the Commission*

*Amendment*

4. Flight involving stops en route must be clearly identified.

4. Flight involving stops en route must be clearly identified, ***and the length of the stops must be displayed.***

*Justification*

*So that the consumer can make the best choice corresponding to his interest.*

## PROCEDURE

<b>Title</b>	Code of Conduct for computerised reservation systems
<b>References</b>	COM(2007)0709 – C6-0418/2007 – 2007/0243(COD)
<b>Committee responsible</b>	TRAN
<b>Opinion by</b> Date announced in plenary	IMCO 29.11.2007
<b>Drafts(wo)man</b> Date appointed	Wolfgang Bulfon 31.1.2008
<b>Discussed in committee</b>	26.3.2008                  6.5.2008
<b>Date adopted</b>	27.5.2008
<b>Result of final vote</b>	+:                  36 –:                  0 0:                  1
<b>Members present for the final vote</b>	Cristian Silviu Buşoi, Charlotte Cederschiöld, Gabriela Creţu, Mia De Vits, Janelly Fourtou, Evelyne Gebhardt, Martí Grau i Segú, Małgorzata Handzlik, Malcolm Harbour, Iliana Malinova Iotova, Pierre Jonckheer, Graf Alexander Lambsdorff, Kurt Lechner, Toine Manders, Nickolay Mladenov, Catherine Neris, Zita Pleštinská, Zuzana Roithová, Heide Rühle, Leopold Józef Rutowicz, Salvador Domingo Sanz Palacio, Christel Schaldemose, Andreas Schwab, Marianne Thyssen, Bernadette Vergnaud, Barbara Weiler
<b>Substitute(s) present for the final vote</b>	Emmanouil Angelakas, Wolfgang Bulfon, Colm Burke, Giovanna Corda, Jan Cremers, Wolf Klinz, Manuel Medina Ortega, Gary Titley
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	Elisabeth Morin, Sirpa Pietikäinen, Nicolae Vlad Popa