

## **A4E's POSITION ON THE CODE OF CONDUCT FOR COMPUTERISED RESERVATION SYSTEMS**

### **SUMMARY**

This paper sets out a position concerning Regulation (EC) No 80/2009 of the European Parliament and of the Council of 14 January 2009 on a Code of Conduct for computerised reservation systems.

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Launched in 2016, Airlines for Europe (A4E) is Europe's largest airline association, based in Brussels. The organisation advocates on behalf of its members to help shape EU aviation policy to the benefit of consumers, ensuring a continued safe and competitive air transport market. With more than 635 million passengers carried each year, A4E members account for more than 70 per cent of the continent's journeys, operating more than 2,900 aircraft and generating more than EUR 110 billion in annual turnover. Current members include: Aegean, airBaltic, Air France-KLM, Cargolux, easyJet, Finnair, Icelandair, International Airlines Group (IAG), Jet2.com, Lufthansa Group, Norwegian, Ryanair, TAP Portugal, Travel Service and Volotea, with plans to grow further.

- A4E recognizes that **there is a need for a review of the Code of Conduct for computerized reservation systems (CRS)**. The scope of this review needs to be broadened as the CRS Code no longer reflects the market place. Its disconnect with current market developments is creating uncertainty that is impeding product innovation by airlines and new technology providers. As a result of these market changes, new distribution models are emerging, which don't rely on CRSs as they may have in the past.
- The European Commission's focus in reviewing the CRS Code should be on the regulation of **bottlenecks in airline distribution**. As a result, it is important to recognize that **there is no effective competition between CRSs**, while there is healthy competition between airline. The CRSs are actively taking steps to exclude potential competing technology providers, maintaining the **high barriers to entry**. Today, effective competition between EDIFACT-based CRSs is still lacking. Moreover, CRSs are actively taking steps to exclude potential competing technology providers, maintaining the high barriers to entry.
- At the same time, the Code of Conduct should be **strictly limited to standalone CRSs**. It should be clear that the application of the rules should does not apply to an airline group's proprietary booking system.
- The airlines' right to determine their own distribution model **must be preserved and it must be voluntary** as to whether an individual airline chooses to provide its offers or inventory to another undertaking in the marketplace. As a result of these market changes, new distribution models are emerging, like booking solutions based on API (Application Programmable Interface) distribution based on the IATA NDC (New Distribution Capability) standard. These innovations are foreseen to change the traditional role of CRSs.
- Despite the fact that it was originally intended to constrain the monopolistic market powers of CRSs, the current Code is implemented in a manner that is CRS-friendly. CRSs are seeking to compound this by limiting the ability of airlines to determine their distribution models. In this context, it would be wholly inappropriate to expand the scope of the non-discrimination obligations currently imposed on so-called "parent carriers", to require that CRSs be provided with the same data on schedules, fares, availability and offers as airlines make available through their direct channels. **This obsolete "parent carriers" concept should therefore be abandoned**. It would also be wholly inappropriate for the CRS Code to allow CRSs to impose anti-competitive contractual clauses, such as parity, non-discrimination and most favoured nation, on airlines.
- **There are a number of key principles that must be maintained in the CRS Code** to enable airlines to pass through the benefits of their expanded distribution options to consumers:
  - Ensure that airlines are able to reflect the varying costs of distribution in their offers.

- Ensure that airlines continue to be free to choose the technology providers and other intermediaries with whom they work.
  - Ensure that incentives for airlines to innovate are not undermined by the definition of CRSs being extended to include airlines' (and airline groups', including Joint Ventures) own websites and other aggregators operating as technology service providers.
  - Maintain the protection for airlines against discrimination, biasing and delisting by CRSs.
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- **Finally, a regular fitness check of the Code of Conduct is required to reflect the disruptive developments and dynamic changing market technologies.** Whether competition among technologies will suffice to regulate the role of the CRSs in the benefit of consumers and all stakeholders or whether further EU regulation is necessary, has to be closely monitored and regularly assessed.