

GBTA's feedback to the European Commission's Call for evidence for an impact assessment on the Air Services Regulation

GBTA welcomes the opportunity to contribute to the European Commission's call for evidence through its feedback consultation on a potential **Revision of the Air Services Regulation (EC 1008/2008)** that organizes the internal EU aviation market and notably sets rules on price transparency in this market.

As part of this feedback consultation, GBTA would like to highlight three points that should be the guiding principles for a revision of the Air Service Regulations:

- **Price transparency**

Article 23 of the Air Service Regulation was established to ensure that information on air fares, taxes and related services is displayed transparently and in a non-discriminatory manner for consumers and business travelers to make a price comparison between different airlines. The purposes of Article 23 are still very relevant for business travelers and their companies; however, the provisions of the current regulation are outdated and need to be revised to address current and future issues.

Indeed, with the emergence of new technologies, and particularly through the evolution of the internet, the market has changed significantly. Fare unbundling, where services previously included in the ticket price are charged separately as ancillary services, has resulted in a decrease in airline reporting to global distribution systems (GDSs) because it does not always include data on ancillary services. Additionally, the increased use of loyalty programs to outreach directly to travelers as well as price discrimination on the basis of a traveler's residence have resulted in costs increases for business travelers and disruptions in corporate travel management. The emergence of new technologies has also led to the widespread use of misleading price display by some online booking tools or aggregators, resulting in travelers being misled by an attractive online fare, clicking on the link and being redirected to a fare that is not available or higher than the one presented.

The importance of transparency which results in greater competition and connectivity is not new and has been underlined in various European reports such as the [European Commission Evaluation Report of Regulation 1008/2008](#) (Air Service Regulation), the [European Parliament Resolution on an "Aviation Strategy for Europe"](#) and the [Commission's White Paper on a "Roadmap to a Single European Transport Area"](#). The latter notably refers to the CRS Code of Conduct and the need to include provisions regarding the display of travel options in CRS and price information for air travel services offered to consumers.

GBTA therefore calls on the European Commission to make price transparency of air fares and ancillary services more resilient in order to protect consumer interests, as well as to enhance competition and connectivity. Additionally, this framework for transparency should set guidelines or amendments which would require carriers to clearly display reimbursable and non-reimbursable price elements, to clarify for

consumers and for businesses what is covered by the concept of unavoidable and foreseeable price elements in air fares. Finally, GBTA believes that through this initiative, the European Union should tackle the issue of misleading price display which some online booking tools and aggregators use at the expense of travelers.

- **Sustainability transparency**

Business travel is fundamental to the world economy and brings many benefits in terms of international connections and wealth creation. However, climate change is a global threat and responsible governments, industries, and corporations must continue to work together to reduce carbon emissions and operate in a more sustainable manner.

GBTA calls on the EU institutions to consider the most cost-efficient policies to help towards the 2030 and 2050 decarbonization goals.

The Paris Agreement has set a goal of limiting global warming to 1.5C and countries across the globe are working towards the goal of reaching net zero by 2050. To achieve this and balance the demand for travel, future European transport system must provide consumers with sustainable alternatives, for them to make a sound environmental decision when choosing transport modes for any part of their itinerary.

However, the industry must also do its part. To that end, GBTA's membership representing both buyer and supplier organizations is striving to support environmentally sustainable travel. GBTA believes in the importance and contribution of every transport mode for a well-functioning, connected, and seamless transport system.

As part of this greater implication in sustainability, GBTA calls for the European Commission to establish guidance for airlines to provide transparent information regarding the carbon footprint of flights in order to enable travellers to make informed and sustainable choices when choosing a route and transport mode. Providing consumers with more information could, among other things, help them choose more direct routes to their final destination, which would produce fewer emissions than a route with a stopover. Additionally, where possible, more sustainable modes of transport should be displayed for similar routes.

Finally, enabling travelers to make informed choice about the carbon footprint of their journey will not only require more transparency but also to establish a harmonized standard CO2 emission calculation scale for all transport modes. Coupling transparency with a standard CO2 emission calculation tool which allows to compare all transport mode will allow for concrete emission reductions. For these reasons, GBTA supports the effort of the European Commission to establish this standardized tool through the CountEmissions EU initiative.

- **Flight restrictions in times of crisis**

The COVID-19 crisis has demonstrated the unreadiness of many countries and regions of the world to react to a sudden crisis and impose reasonable measures to tackle such crises. In 2020, blanket flight restrictions, lockdowns, and quarantines caused confusion throughout the international business travel

industry. The lasting effect of the pandemic and the restrictions linked to it have had a considerable impact on our industry that is still slowly recovering from a 2020 that saw business travel decline by 52% and post losses of \$737 billion USD in business travel spend. As we enter the winter of 2021, we are still fighting to regain our footing. Airlines have also taken note and have begun to cut capacity. We do not believe we will see a return to pre-pandemic travel levels until 2025.

As such, the approach to a revision of the Air Service Regulation should provide for a framework that creates strict and predictable conditions for the right to restrict flights in order to avoid a return to blanket bans. GBTA would like to point out that in the case of the COVID-19 crisis, business travelers have long been impacted by flight restrictions even though they represent a highly vaccinated segment of the population. Indeed, a GBTA July 2021 business travel stakeholder survey found that 88-92% of business travel buyer and supplier respondents say they have been fully or partially vaccinated.

GBTA therefore calls for caution and balance in the reform of the Air Services Regulation when it comes to providing more flexibility to European Member States or the European Commission to restrict flights to deal with a sudden crisis. A fragmentation of measures would be unsustainable and has the potential to significantly hamper the travel industry. Finally, any revision of the rules to provide more flexibility to allow flight restrictions should be subject to strict conditions.

Conclusion:

As a conclusion, a revision of the Air Service Regulation has the potential to increase price transparency for travelers and therefore to enhance competition. Additionally, the reviewed framework should take into account greater sustainability information to enable consumers to make well-informed choices about their travel routes without hindering mobility. Finally, GBTA reminds that flight restrictions should be weighted carefully and made conditioned to strict requirements.

GBTA stands ready to engage in constructive discussions with both decision-makers and the stakeholder community to ensure we move closer to transparent air travel pricing.

About us: The Global Business Travel Association (GBTA) represents over 9,000 business travel professionals from every continent and is considered the world's largest professional association representing the \$1.4 trillion business travel industry. Collectively, our members directly control more than \$345 billion of global business travel and meetings expenditures annually, and also represent every facet of the global travel industry marketplace.