



THE EUROPEAN TRAVEL AGENTS'
AND TOUR OPERATORS' ASSOCIATIONS

PRESS RELEASE

ECTAA calls on the EU regulator to effectively protect EU passengers against airline insolvencies

Following the record number of airline failures in 2017, ECTAA calls on the EU Commission to introduce an efficient mechanism to protect EU passengers against airline insolvencies.

In the last three months 3 important European airlines, notably Air Berlin, Monarch Airlines and NIKI have ceased operations, leaving many passengers stranded abroad and with no real prospects of claiming refund of unused tickets.

The figures speak for themselves:

- Monarch Airlines: More than 110,000 of Monarch passengers were stranded abroad following the sudden announcement, while a further 750,000 people have paid for flights, which they were not able to take.
- Air Berlin: At least 180,000 customers who booked flights that have been cancelled won't get reimbursed.
- NIKI: In total 410,000 bookings (210,000 bookings from travel agents and 200,000 direct bookings) were cancelled.

In total, more than a million of bookings were affected by the bankruptcy of these 3 companies.

Reports of the European Commission in 2011 and 2013¹ acknowledge that the proportion of passengers impacted by airline bankruptcies is generally small, but the impact on these passengers can be quite significant. Yet, the Commission concluded that no legislation is required. Regulation 261/2004 already provides an appropriate legal framework for passenger assistance in cases of insolvency. Moreover, it recommended strengthening Member States' licensing oversight of EU air carriers under Regulation 1008/2008 in order to plan and put in place measures to protect passengers before an airline is suspended.

The 3 recent airline collapses have shown the opposite. Seat-only passengers of Monarch Airlines and NIKI have not been able to obtain a ticket refund under Regulation 261/2004. In the case of Air Berlin there was a progressive wind-down of the operations but with a lot of flight cancellation, for which passengers were not entitled to seek refund.

In this context, ECTAA calls on the EU decision-makers to introduce specific EU legislation establishing a mandatory mechanism borne by air carriers to protect passengers against airline failure, of which the cost would be included in the ticket price. This protection mechanism should apply to EU carriers and to the farthest extent possible to non-EU carriers, for all tickets sold within the EU.

Said President Merike Hallik: “*The recent collapse of several carriers, including Europe’s 10th biggest airline, is a sharp reminder that airlines are fragile. With further consolidation expected on the European aviation market, it is high time that airlines offer guarantees against their own financial failure, as is the case for travel agents and tour operators.*”

¹ Reports include:

Impact assessment of passenger protection in the event of airline insolvency, March 2011

https://ec.europa.eu/transport/sites/transport/files/themes/passengers/studies/doc/2011_03_passenger-rights-airline-insolvency.pdf

Commission Communication on passenger protection in the event of airline insolvency, 2013

<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2013:0129:FIN>

ECTAA regroups the national associations of travel agents and tour operators of 30 European countries, of which 27 are within the European Union, and represents 70.000 enterprises.

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