PRESS RELEASE

ECTAA files antitrust complaint against IATA

On Friday 24 May 2019, the European Travel Agents' and Tour Operators' Association filed a complaint against the airline trade association IATA with the European competition authority for breach of articles 101 and 102 of the EU Treaty. This follows years of failed negotiations with IATA to modernize the distribution programme and make it more balanced.

The commercial relationship between travel agents and airlines has evolved and has nothing to do anymore with the former agent-principal relationship. Airlines have entered into direct competition with travel agents on the distribution of air tickets while the classical commission-based remuneration schemes have been abandoned. Unchanged however is that airlines impose very strict, unilateral and disproportionate contractual constraints on travel agents for the distribution of tickets, namely through the IATA Passenger Agency Programme (PAP). The PAP is still entirely construed around traditional agent-principal principles. The Passenger Sales Agency Agreement, which every IATA accredited agent has to sign, was drafted 40 years ago and is no longer in line with the economic reality.

ECTAA has always strived for a level-playing field between all distribution channels to preserve the interest of consumers and businesses. All attempts made by ECTAA to modernize the PAP and achieve meaningful changes have systematically been rejected.

A number of key issues have been identified with regard to the PAP which, in ECTAA's opinion, restrict competition in the market for air ticket distribution. These may not only be seen as stand-alone issues. It is rather the PAP organised as a dominant system that restricts competition.

While the PAP has a direct and costly impact on travel agents' commercial practices and financial situation and indirect distribution as a whole, travel agents have no say in the decision-making whatsoever and are powerless when it comes to setting the rules. This is due to the fact that the governance body of the PAP – the IATA Passenger Agency Conference – consists of airlines only, which unilaterally decide the programme rules.

Major changes have recently been made to the programme, the so-called New Generation ISS. Amongst other, a cap on agents' sales was introduced forcing agents to pre-finance sales once a certain threshold has been reached as well as providing higher and more frequent financial guarantees.

"Indirect distribution of air tickets is dangerously hurt by the abuse of IATA's dominant position while it is needed more than ever to help consumers navigate through a jungle of complex ticket offers including a growing number of ancillary services" said Pawel Niewiadomski, President of ECTAA.

ECTAA requests the Commission to start an investigation into infringements to competition rules caused by IATA's Passenger Agency Programme and to put these infringements to an end.

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About ECTAA

ECTAA represents some 70,000 travel agents and tour operators in Europe, which provide consultancy and sell transport, accommodation, leisure and other tourism services as well as combined products to leisure and business customers.

About IATA

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines or 82% of total air traffic.

About the Passenger Agency Programme

The Passenger Agency Programme has been set up by IATA as a global system to facilitate airline ticket distribution between (accredited) travel agents and (IATA) airlines and to regulate their relations in that context. In order to participate, travel agents need to sign a Passenger Sales Agent Agreement that forms the contractual basis of the system.

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