



## INDUSTRY NEWS HIGHLIGHTS

### Regulation

■ In November, the European Commission (EC) revised its **Computer Reservation System (CRS) Code of Conduct**, introducing new rules designed to boost competition in airline distribution while safeguarding against abuse from dominant players (e.g., biased screen display or selective provision of content).

The new regulation, which next goes before the European Parliament, enables CRSs (global distribution systems or GDSs) and airlines to freely negotiate fees and the inventory provided. At the same time, specific rules apply to parent carriers or "any carrier or rail-transport operator which directly or indirectly, alone or jointly with others, owns or effectively controls a system vendor."

The Commission stated, however, that it no longer considers Air France-KLM, Lufthansa and Iberia as parent carriers, despite their joint ownership of 46.7 percent of Europe's largest CRS, Amadeus. Critics immediately expressed their concern at this legal loophole, claiming that it fails to protect the market adequately from anti-competitive behavior.

■ In October, the **United Kingdom and Singapore**

signed a groundbreaking Open Skies agreement that removes all restrictions on air traffic between the two countries, including flights to onward destinations. Airlines will also be able to use both countries as hubs, meaning that Singapore Airlines will be the first non-EU, non-U.S. carrier to have access to the London-U.S. market. The deal comes into effect on March 30, 2008, the same day as the EU-U.S. Open Skies deal.

### Airlines

■ In an effort to attract more business travelers, **easyJet** signed historic distribution agreements with Amadeus and Galileo last November. This marks the first time a major European low-cost carrier is providing inventory to **global distribution systems**. easyJet is applying a point-of-sale fee to airfares booked via a GDS, as it does for tickets sold offline (by phone or at airports).

■ The Airbus **A380** "superjumbo" made its first commercial flight in October, operated by Singapore Airlines on its Singapore-Sydney route. The carrier offers 12 luxury double suites at a 20 percent premium, thus reviving the "R" booking class that was last used for the Concorde. The airline also expects to operate the A380 on Singapore-London routes starting in February. Boeing, on the other hand,

announced it will not start delivering its **787** "Dreamliner," a direct competitor of the A380, until November or December 2008, at least six months later than planned.



■ The U.S. Department of Transportation (DOT) has authorized Delta Air Lines and United Airlines to operate **new non-stop services to China** in 2008 and 2009 respectively, made possible by an Open Skies agreement signed by the two countries last July. The DOT also issued tentative authorizations for American Airlines, Continental Airlines, Northwest Airlines and US Airways. All-business-class carrier MAXjet's application was refused.

■ The DOT granted anti-trust immunity to several **Star Alliance** partners, including United Airlines and British Midland Airways. The decision, which authorizes the airlines to jointly plan and coordinate services, will take effect with the EU-U.S. Open Skies agreement on March 30, 2008. Six **SkyTeam** partners were asked for further information regarding their antitrust application, submitted in June.

■ Numerous airlines unveiled plans for **new transatlantic services**, to start after March 30 when the EU-U.S. Open Skies agreement comes into effect. Announcements were made by Aer Lingus, Air France, British Airways, Continental Airlines, Delta Air Lines, Eos Airlines, KLM, Ryanair and Virgin Atlantic. (See Pages 30-31 for more details.)

■ The majority of airlines expect to unbundle services and favor **à la carte pricing** in the future, according to a survey conducted by the U.S. consulting firm IdeaWorks. Separate fees are likely for ancillary services such as booking through the airline's call center (expected by 80 percent of respondents, compared to the 52 percent who currently charge for this), onboard meals (58 percent vs. 19 percent) and pre-assigned premium seats (53 percent vs. 29 percent).

### Hotels

■ The French government announced plans to align its **hotel standards** with international practice, introducing common criteria for each level of accommodation. Through the reform, a five-star category would replace "four-star luxury" as the highest official rating.

### Ground transportation

■ In October, the U.S. Senate approved a bill to provide US\$11 billion in funds for **Amtrak**, America's loss-making inter-city rail

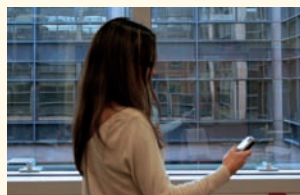
provider. The House of Representatives is expected to make a priority of the proposed legislation in January 2008. The move contrasts with previous opposition from the Bush administration, which has underlined the company's need to make fundamental changes, including eliminating unprofitable lines.

■ Last fall, **Avis Budget Group**, a leading vehicle rental company, acquired 45 percent of **Carey International**, the world's number one provider of chauffeured ground transportation services. Avis Budget Group said the deal would enable it to provide the most complete portfolio of local ground transportation services anywhere.

### Technology

■ The International Air Transport Association (IATA) announced a new global standard for airport **check-in via mobile phones**.

Passengers who register their mobile number with the airline when booking will receive a barcode that will serve as a boarding pass when displayed on the screen. This system should be in use by all airlines by 2010.



■ Airports are embracing new technology to tackle congestion and improve

security, according to the **4<sup>th</sup> Airport IT Trends Survey** carried out by SITA, the global provider of airport IT and communication services, in conjunction with *Airline Business* magazine and Airports Council International. The survey indicated that within the next two to five years, 81 percent of airports/operators will have introduced self-service kiosks, 70 percent remote passenger check-in and 37 percent self-service passenger boarding gates.

This move toward self-service features corresponds to traveler demand for greater control over the travel experience, as indicated in the **Annual Corporate Air Travel Survey** released by IATA in November. Fifty-four percent of respondents worldwide said they would welcome more self-service options both online and at the departure gate.

### Sustainable travel

■ Several companies announced new or expanded **carbon offsetting schemes**, including Enterprise Rent-A-Car, its National and Alamo brands, and Virgin Atlantic. The latter also conducted trials throughout December on "starting grids" designed to reduce fuel burn and carbon dioxide emissions. **Starting grids** are parking bays that enable aircraft to be towed closer to the runway and start their engines later (around 10 minutes before take-off). ■