

T&E response to EU consultation

Public Consultation on Passenger Rights Multimodal Transport

May 2017

Summary

Interlining (through-ticketing) agreements between airlines in Europe are well established and have been fundamental to the success of the aviation industry. They are not offered by low fares airlines who focus on point-to-point low fares. In return, if passengers want to connect between two such carriers they do so at their own risk. But such connections should never be held out for sale as offering a guaranteed connection. Passengers need to be clearly warned.

Where strengthened inter-modal passenger rights legislation can help is in the dysfunctional European rail market, especially involving cross border services. The absence of “through-ticketing” in the rail sector between different operators is a formidable obstacle to expanding cross border rail services in Europe and to a large extent explains why aviation has expanded rapidly across the single market while rail continues to stagnate. Rail companies remain focused almost exclusively on defending their national dominance and – with just a few notable exceptions - effectively eschew any interest in growing their business outside borders. The result is that passenger rail traffic mobility continues to suffer enormously. In this respect the situation is very different to aviation and there are good arguments for passenger rights multi-modal legislation providing incentives for national operators to strengthen cross border and inter rail company collaboration.

Rail operators should be required by open data provisions to share data on schedules and fares and establish minimum connecting times. These connection times should then form the basis of liability under EU multi-modal passenger rights legislation.

1. Aviation

Interlining agreements between airlines in Europe are well established and have been for decades the foundation for network carriers to mutually build their business. They form a fundamental pillar behind the success of the aviation industry. Where two flights are held out for sale with a connecting service (this is evident in Global Distribution Systems) minimum connecting times have been agreed commercially between the carriers and liability under existing passenger rights legislation for delays/misconnections rests with the carriers concerned. The through-ticket is issued with separate flight coupons for boarding each flight.

Point-to-point low-cost airlines have expanded rapidly across Europe by providing cheap, no-frills travel where the airline has little to no interest in providing additional services on the ground delivered by third parties as they are unlikely to be profitable or free of complications. The service is “seat only” with all ancillary on-board services and hold luggage costing extra. Prices are low precisely because the offer is a basic bus service in the sky. “Pile them high and sell them cheap”.

Using multimodal passenger rights legislation to force such carriers to cooperate and interline with other carriers is likely to drive up costs significantly and erode the low price benefits that are so attractive to today’s travelers.

Today’s press nevertheless underlines the lengths that air carriers will themselves go to build their relationships and traffic with competing carriers:

— **One stop shop:** Europe's largest low-cost carrier has added a new feature on its website — selling other airlines' seats. A first agreement came into force Tuesday, allowing passengers to book flights on Air Europa's 20 long-haul routes from Madrid to 16 countries in North, Central and South America. Ryanair has a network of over 50 short-haul routes to the Spanish capital. "In a couple of hours, already 100 passengers had booked an Air Europa flights on our website," O'Leary said. The Air Europa deal, he said, is part of Ryanair's journey to "becoming the 'Amazon of travel.'"

— **Connecting flights:** For now, passengers will have to buy two separate tickets and self-connect if they want to travel, for instance, from Dublin to Madrid on Ryanair and onward to Caracas in Venezuela on Air Europa. But by year-end passengers will be able to buy just one ticket, according to O'Leary. Ryanair also has an agreement with Norwegian for connecting flights, but there are problems joining up Ryanair's booking system with Norwegian's, he said. "We run on Navitaire and Norwegian on Amadeus. Amadeus said they can link the systems, but it will cost way too much money. They want €25 million or so. We hope to do it cheaper," O'Leary said. **Politico** 24/05/2017

Some consolidators – and airlines - hold out for sale connections between low fares operators where no interlining agreements between the carriers exists. In this case, the legislation should require the seller to state very clearly that connections are not guaranteed and no liability will be entered into. The risks and possible costs entailed by flights being late or cancelled should be clearly stated for the passenger at the point of sale well before purchase. Where either flight is cancelled or delayed, passengers are already covered by existing legislation.

If third parties – airports – for example, provide services to guarantee the connection of such passengers and baggage between non-interlining carriers, then guarantees and liability should rest with the airport offering the product concerned and this be stated clearly when such airport products are sold.

2. Rail

Where strengthened inter-modal passenger rights legislation can help is in the dysfunctional European rail market, especially involving cross border services. The absence of "through-ticketing" in the rail sector between different operators is a formidable obstacle to expanding cross border rail services in Europe and to a large extent explains why aviation has expanded rapidly across the single market while rail continues to stagnate. Rail companies remain focussed almost exclusively on defending their national dominance and – with just a few notable exceptions - effectively eschew any interest in growing their business outside borders. The result is that passenger rail traffic mobility continues to suffer enormously. In this respect the situation is very different to aviation and there are good arguments for passenger rights multi-modal legislation providing incentives for national operators to strengthen cross border and inter rail company collaboration.

Legacy carriers and the International Air Transport Association (IATA) understood early on the benefits of using interlining agreements to generate feeder traffic and new traffic between vast numbers of city pairs over a connecting airport that would be impossible for one carrier to serve alone. Both carriers benefited by generating new traffic. Passenger mobility by air benefited enormously with a vast array of new destinations becoming available for the first time.

Decades of experience have shown – regrettably - that rail prefers to forego growth opportunities across borders rather than cooperate with competitors. Few rail operators have entered into through-ticketing agreements with competitors where connections are guaranteed.

Multi-modal passenger rights legislation can begin to change this situation by requiring rail operators to share schedules and prices via open data.

Open data (to the extent that it is available) has allowed for companies like B-Europe to develop ticketing services that combine tickets. You can now buy a Thalys ticket Brussels-Cologne and a DB ticket from Cologne-Dortmund in one booking. The problem is that the passenger isn't protected if Thalys is late to arrive in Cologne station. If the whole trip is ticketed with DB, then the DB train from Cologne would have waited for the train from Brussels to arrive – or proper compensation or alternative arrangements made at DB's expense. Data

sharing between operators is crucial for such connecting services to be offered for sale. And targeted legislation protecting the rights of passengers in these circumstances where a combined ticket offering a true connection (with agreed and standardised minimum connecting times – which have existed for decades in the airline industry - could be an effective and powerful way of forcing rail operators to share data and establish proper interlining agreements. The justification for legislating this for rail lies in the palpable and continued failure of rail operators to behave commercially and to develop their networks into a true single European market.

Through-ticketing is when two rail operators decide bilaterally that they will offer one single ticket for the whole journey regardless of the fact that it is two train operators. Just as interlining airlines do using the IATA clearing house. For rail, this would mean that the passenger is protected from A to B regardless of a train swap or problem en route. The European Commission has left it to operators to develop such through-ticket arrangements. The problem here is that the railway gentleman's club is left to decide itself who to get into bed with and who not to. And most of the time experience has shown that nothing happens. That rail operators - who are the beneficiaries every year of vast operating subsidies from governments approved by the European Commission - refuse to foster connecting and cross border services in a proven commercial fashion is simply scandalous. Placing the liability for misconnections on operators for through trains which properly connect in time when held out of sale, will quickly force the industry to think again.

Rail operators should be required by open data provisions to share data on schedules and fares and establish minimum connecting times. These connection times should then form the basis of liability under EU multi-modal passenger rights legislation.

Further information

Name Bill Hemmings

Title Director Shipping & Aviation

Transport & Environment

bill.hemmings@transportenvironment.org

Tel: +32(0)2 851 02 15