

### **Position Paper concerning the Draft Regulation on Common Rules for the Operation of Air Transport Services in the European Community (COM(2006) 396**

The European Commission has proposed the above mentioned Regulation. The aim is to promote price transparency for passengers and fair price behaviour in the European Union.

We would like to seize the opportunity and express our support for this proposal, which stands for clear rules on price indications for air fares throughout Europe. Our comments focus on this aspect, especially on Art 2 (19) and Art. 24 of the proposed Regulation.

Our organisation, the Centre for Protection against Unfair Competition, is a neutral and independent institution in Germany for fair trading. We are judicially authorised to follow complaints from competitors as well as consumers concerning unfair marketing practices (i.e. misleading advertising, unsolicited direct marketing, misleading price indications) and also have the right according to § 8 UWG (Unfair Competition Act) to initiate court proceedings against companies in breach of competition and advertising law. Before taking a company to court we try to reach an out-of-court settlement by asking the company to sign a declaration of forbearance which includes a penalty clause in the case of recurrence. By this way of action, collective consumer interests as well as the interests of competitors are protected.

In addition to following complaints we also give legal advice to our members in matters of advertising law. A further major task is to draft position papers concerning legislative acts on a national and European level. We belong to the expert group initiated by the German Ministry of Justice, which is currently discussing the implementation of the Unfair Commercial Practices Directive (2005/29/EC).

From our point of view it is highly important that airlines give clear information on the final air fare, including all taxes, charges and fees. This does not only enable easy price comparisons for consumers but also means that same rules and fair competition exist for all airlines.

In this context we would like to mention that regulations are already in place in the European Union, demanding that the final price must be communicated in a transparent way. In Germany, the Decree on

Price Disclosure (Preisangabenverordnung) demands that a company must give the final price when offering a product or service (§ 1(1) PreisangabenVO).

Even though most airlines take these regulations into account, we receive occasional complaints that for example the service charge is not included in the price which was advertised in the Internet.

In January of this year we therefore directed a letter to BARIG (Board of Airline Representatives in Germany) reminding the airlines to give correct and complete information on the final air fare. At the same time we announced that if breaches were found after February 15, 2007 our institution would take formal action in order to achieve correct pricing.

In the meantime we have taken legal action against airlines that are in breach of the above mentioned regulation.

We believe that the proposal for the Regulation on Common Rules for the Operation of Air Transport Services in the Community will help enforce price transparency, which is in the interest of the consumer as well as trade and industry.

April 10, 2007

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