

From: - Secretary General AACO
Sent: Wednesday, May 29, 2013 12:39 PM
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Subject: Commission's Proposal for the revision of Regulation 261/2004

Dear Mr. BACH,

Allow me to introduce to you the Arab Air Carriers Organization (AACO), the regional association for the Arab airlines. We represent 30 member airlines which are based in Arab states. Operations of our airlines to Europe constitute a large portion of their total operations and of their expansion plans. In 2012, around 31% of AACO carriers' passenger traffic was between the Arab world and Europe. Accordingly, the EC proposal for the revision of Regulation 261/2004 is very high on our list of important regulations around the world as our airlines are incurring costs and would incur more costs if the revision of the regulation does not remove earlier ambiguities and does not prove to be fair and balanced as to the extent of airlines' liabilities. We see the revision of Regulation 261/2004 and future discussions in this regard as a great opportunity to share our concerns with you.

First we wish to relay our support to the position and proposed amendments by IATA and the other European airlines' associations with regards to the revision of Regulation 261/2004. The positive elements that our fellow associations highlighted in their position are welcomed by us as they clarify a number of ambiguous issues in the old regulation and provide improvements for consumers with a balance as to the impact on carriers.

However, we as well share our fellow associations' concerns regarding portions of the proposed legislation. In particular, we see that defining a delay when arriving at final destination is going to be:

1. difficult to implement
2. opens room for ambiguity
3. would hold an on time carrier liability it is not responsible for
4. could have a negative impact on interlining, and
5. could have extra-territorial application in some cases.

To cite some examples, if the first part of the journey starts with a carrier and the second part is operated by another carrier and the delay happens in the second part of the journey, the first carrier is liable and should compensate the passenger for the whole journey although it is not fair to the first carrier.

Another example, if the first part of the journey is a short haul segment and the flight arrives with a short delay, and the passenger misses his connection on the long-haul flight and accordingly arrives late to his final destination, the first carrier would have to pay the compensation for the whole journey which is very high. This would potentially destroy the appetite for interlining as no airline would accept such liability.

On the other hand, we totally disagree with the partial ban of the no-show policy for many reasons. The no-show policy is linked to the ability of airlines to price differently depending on the direction of a flight. For example, if an airline is not anymore allowed to condition the use of their round-trip tickets, they would be forced to adjust their promotional prices of round-trip tickets to the higher prices of trips in the other direction. Moreover, this policy could have extra-territorial application, whereby for non-EU carriers, the regulation applies only to flights departing the EU i.e. on a return flight of a roundtrip starting in a non-EU country. However that roundtrip is most probably sold under a contract established according to the rules of that country where the law allows airlines and passengers to enter contracts requiring the passenger to use the onward flight before the return.

We thank you for taking the time to go through our comments and hope that this position and IATA's position will be taken into consideration in future discussions between the Council and the Parliament.

**Best Regards,
Abdul Wahab Teffaha**