

**ASSOCIATION OF ASIA PACIFIC AIRLINES  
RESOLUTION NO. 5  
Series of 2002**

**A RESOLUTION CALLING ON THE EUROPEAN UNION TO MAINTAIN  
REASONABLE AND NON-PUNITIVE DENIED BOARDING COMPENSATION**

The AAPA ASSEMBLY OF PRESIDENTS, in its 46<sup>th</sup> meeting duly assembled,

RECOGNISING THAT:

- I. the European Commission has proposed to amend regulations on denied boarding;
- II. there is an imbalance in the airline-passenger obligations favouring passengers, who have an option of not ticketing or not even showing up for a flight after a booking is made;
- III. passenger “no-shows” leave airlines exposed to the risk of having flights depart with empty seats, depriving airlines of revenue and other passengers of seats to book;
- IV. to redress the imbalance in airline-passenger obligations, to maximise the number of passengers on each flight, and to keep fares reasonable, airlines resort to overbooking their flights;
- V. because of the stochastic nature of the overbooking models, occasionally there will be more passengers who show up for certain flights and this results in some passengers being denied boarding who are then compensated;
- VI. increasing compensation levels to “punitive” levels will make overbooking almost prohibitive for airlines and will thus severely affect airlines’ inventory and pricing policies, resulting in an unfavourable situation for both airlines and the travelling public;
- VII. passengers and airlines both suffer from higher compensation: airlines due to the steep denied boarding compensation on occasions where no-shows do not reach the level predicted and to a lower level of passenger boardings as a result of conservative overbooking policies; passengers due to the inevitable increase in fares to enable airlines to reach their optimized revenue level and due to the availability of a smaller number of seats at the time of booking and reservation;

VIII. AAPA member airlines' denied boarding rates in the EU are low and should not be subjected to punitive denied boarding compensation levels;

RESOLVES:

IX. TO CALL on the European Union to maintain denied boarding compensation at reasonable levels that do not adversely affect airlines' inventory and pricing policy, enabling more passengers to avail themselves of seats at reasonable fares.

APPROVED this day of 15<sup>th</sup> day of November 2002 in Cebu, Philippines.

Certified correct:

Attested by:

RICHARD T STIRLAND  
Director General

AVELINO L. ZAPANTA  
AAPA Chairman – 2002