

**ASSOCIATION OF ASIA PACIFIC AIRLINES
RESOLUTION NO. 11
Series of 2005**

**A RESOLUTION CALLING ON THE GLOBAL DISTRIBUTION SYSTEM INDUSTRY TO
WORK WITH THE AIRLINE INDUSTRY IN REDUCING DISTRIBUTION COSTS**

The AAPA ASSEMBLY OF PRESIDENTS, in its 49th meeting duly assembled:

RECOGNISING THAT:

- I. Global distribution systems (GDS) are the major distribution tool for airline tickets sold through travel agents to the travelling public;
- II. GDS booking fees, which constitute a substantial portion of an airline's distribution cost, have been rising significantly and consistently for many years, with no corresponding improvements in the quality of the services provided;
- III. The GDS industry has undergone extensive restructuring, commercial evolution and technological advancement while airlines are still bound by outdated Participating Carrier Agreements (PCAs), created when airlines were owners of GDSs and containing provisions that enable GDSs to exercise their market power over airlines;

BELIEVING THAT:

- IV. The escalation in booking fees is a direct consequence of the absence of competition in the GDS industry, exacerbated by unfair terms contained in PCAs to the detriment of airlines;
- V. The absence of competition in the GDS industry provides insufficient motivation to GDSs to improve the quality and reliability of their products and services, resulting in cost inefficiencies that are ultimately detrimental to consumer interests;

- VI. Generous incentives provided by GDSs to agents, funded through booking fees charged to airlines, actively promote the growth of unproductive and unnecessary bookings and transactions;

RESOLVES TO CALL ON THE GDS INDUSTRY:

- VII. TO WORK with airlines in alleviating the costs of distribution and improve the efficiency of the distribution process for the ultimate benefit of consumers;
- VIII. TO AMEND existing PCAs to reflect current market circumstances and allow flexibility and choice for airline users; and
- IX. TO ENSURE that booking fees and related distribution charges are fair, transparent and equitable.

APPROVED this 18th day of November 2005.

Certified correct:

Attested by:

ANDREW HERDMAN
Director General

PHILIP CHEN
AAPA Chairman – 2005