

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION
97 DEC -9 PM 3:55
DOCKET SECTION

QA29470

IN THE MATTER OF)

Part 255,)

Computer Reservations Systems)

DOCKET NO. OST-97-2881-33

COMMENTS OF AMERICAN EXPRESS
TRAVEL RELATED SERVICES COMPANY, INC.

Communications with respect to
the above should be addressed
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DATED: December 9, 1997

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**COMMENTS OF AMERICAN EXPRESS
TRAVEL RELATED SERVICES COMPANY, INC.**

American Express Travel Related Services Company, Inc. (“AMEX”) hereby submits its comments in the above Computer Reservations Systems (CRS) Regulations proceeding. AMEX supports the continued regulation of the CRS industry to prevent “unfair deceptive, predatory and anti-competitive practices in air transportation.” Part 255.1. AMEX also urges that further regulations be adopted to eliminate certain anti-competitive conduct which does not seem to be specifically covered by the present Regulations.

1) Part 255.8 provides that no system owner may require use of its system by a travel agent in the sale of air transportation services. Airline system owners have circumvented this rule by going directly to a travel agency’s corporate accounts, negotiating airfare discounts with the corporations and conditioning such discounts on the use of an affiliated CRS for bookings. This practice forces the corporation’s travel agency to subscribe to the affiliated CRS, eliminating competition between CRSs for the agent’s business and escalating travel agency costs. This practice in effect violates Part 255.8(c) and is harmful in that it precludes competition among CRSs based on the relative merits of each. Airlines should be prohibited

from requiring corporations to book through an affiliated CRS as a condition of receiving discounted airfares.

2) Airlines also condition the receipt of corporate airfare discounts on corporations booking through an airline's propriety electronic reservation system. This practice results in gross inefficiencies as the agent must use multiple incompatible systems to accomplish what is possible on one CRS and drives up agency back-office costs. To the extent that such electronic reservations systems are owned by an airline or an airline-owned CRS, this practice also circumvents the intent of Part 255.8.

3) If the carrier is to offer a fare, discounted or otherwise, to the public, the fare should be the same regardless of the reservation system used. This was one of the underlying policy considerations for the concept of filed tariffs -- to deter discriminatory offerings to various segments of the public. Thus, to the extent carriers offer discounted special fares on their proprietary websites which are not available to the public through the CRS, the practice seems violative of DOT law and policy.

Airlines have gone to great lengths to prevent internet travel reservation systems from being developed by non-airline owned companies (they have imposed severe commission reductions for online bookings; ATA, ARC and IATA have attempted to impose severely restrictive guidelines on electronic reservations systems). We view the practice of offering specially discounted airfare solely through proprietary websites and not through the CRS system as one more attempt by airlines to monopolize the internet distribution outlet.

4) CRS companies should be prohibited from disseminating marketing, booking and sales data to any carrier. Far from using this information to foster competition, carriers often use

this information to advance the carrier's market share and the market share of carrier-owned CRSs by identifying the corporate accounts of agents. The disturbing trend in the airline industry is to cut distribution costs at the travel agency level which is the source of 70% to 80% of airline bookings. The current regime, permitting dissemination of travel agents' trade information in effect forces travel agents to hand over to the carriers the knife with which the agencies are to be cut out.

Wherefore, for the foregoing reasons, AMEX respectfully requests that the Department adopt the changes suggested herein.

Respectfully submitted,



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