eu travel tech

COMMUNICATION FROM THE COMMISSION ON THE EU STRATEGY FOR A SUSTAINABLE AND SMART MOBILITY

CONTRIBUTION OF EU TRAVEL TECH TO THE INCEPTION IMPACT ASSESSMENT ROADMAP

Almost ten years after the White Paper "Roadmap to a Single European Transport Area – Towards a competitive and Resource efficient transport system", the European Commission is now preparing its future "European Strategy for a Sustainable and Smart Mobility". In this document, eu travel tech is providing its input to feed the preparation of this new strategy.

Our members[1] are providing the technology that is helping to power Europe's travel sector, adding value for travel services suppliers in Europe but also for European consumers. Thanks to their position at the centre of the travel and tourism sector, they are key players to achieve sustainable, efficient, seamless, smart mobility across the transport modes.

The impact of the COVID-19 pandemic on the European Transport sector is unprecedented and shall be fully taken into account by this new strategy. It shall be an opportunity for the European Commission to repair the short-term damage but also to address the long-term challenges faced by the sector by building a more competitive, more resilient travel industry. To this aim, this strategy shall envisage bold steps and reshape the existing regulatory framework in order to build a fully integrated Single European Transport Area, leveraging on digital technologies to enable all travelers to opt whenever possible for the most efficient and most sustainable travel option.

The European transport system is unique in the world in the variety of transport mode it offers to European travellers. Most European cities offer well-developed urban public transport systems which are increasingly complemented with a wide array of micro-mobility schemes (bike-sharing, e-scooters, to name a few). The rail transport network connects the whole continent, with the European Union pushing for more than 20 years for the set-up of a European single railway area allowing travellers to move seamlessly from one country to the other. The European Union has also spent 23.7 billion € since 2000[2] in the development of a European high-speed rail network, connecting all parts

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[1] Our members include Amadeus, Booking.com, eDreams ODIGEO, Expedia Group, Travelport, and Skyscanner. Associate members include American Express GBT. Strategic Partners include Lastminute.com, etraveli, Trainline, Travix, Travelgenio, Hitrail, OAG and CWT.
[2] https://www.eca.europa.eu/Lists/ECADocuments/SR18_19/SR_HIGH_SPEED_RAIL_EN.pdf

of Europe to major cities and hubs. The EU's internal market for aviation, born back in 1992, has been a revolution in air travel, making it cheaper, safer and open to more people than ever before and connecting all parts of Europe.

The EU should therefore be leading multimodal offerings globally: its transport system provides unique possibilities for the combination of all modes of transport, making travel more efficient but also more sustainable, allowing travellers to adopt the less polluting modes of transport whenever possible.

However, the European transport sector accounts for a quarter of CO_2 emissions in Europe. And while travel and interconnectivity between European countries and regions remain pivotal for the social and economic success of Europe, transport emissions continue to grow. The key objective of this new Strategy will be to reduce the transport sector CO_2 emissions by 90% by 2050, while providing more affordable, accessible, healthier and cleaner transport alternatives to European citizens.

Reconciling the need for seamless mobility with Europe's decarbonisation objectives calls for a rethink of European mobility. Further developing a multimodal framework is a clear solution to this issue as it would facilitate the shift towards low-emission transport modes by moving passengers to more sustainable alternatives.

In 2016, the total multimodal market was estimated at approximately 65.7 million passengers of the total 10.6 billion passengers, representing 0,6% of travels. And only 5% of these 65.7 million passengers used a single contract for their travel[3]. In order to shift the dial towards a fully integrated, sustainable and multimodal travel sector, we need to create favourable conditions for users. Developing an EU- wide multimodal ticketing and payments system in Europe is a precursor for increased multimodal uptake.

Europe has the technology for this. GDSs, OTAs and other content aggregators have been offering multimodal solutions for many years. The European Commission has also worked with a consortium of companies on a number of projects[4] which have repeatedly proven that Europe has the technological infrastructure to overcome fragmentation. **However, to truly unleash the potential of multimodality, <u>access to fare data from all travel services providers must be ensured. Pooling data from all transport modes into a single system – and allowing travel agencies and consumers to benefit from the vast transport network Europe has to offer - is the only solution to overcome what has, up to now, been a fragmented transport ecosystem.</u>** Such access to data can only be ensured through regulatory intervention at EU level, in order to take full advantage of the opportunities digitalisation and automation present.

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[3] Source: Source: "[Remaining challenges for EU-wide integrated ticketing and payment systems](#)", 2018

[4] See project All Ways Traveling, funded by the European Commission: https://www.youtube.com/watch?v=hWtyrVKFQl0&feature=youtu.be

THE DEVELOPMENT OF AN INTEGRATED MULTIMODAL TICKETING SYSTEM HAS BEEN A POLICY OBJECTIVE OF THE EUROPEAN COMMISSION FOR OVER A DECADE.

The European Commission has put a number of legislative and policy initiatives forward to support the growth of multimodality. In 2017, the Commission enacted the Delegated Regulation 2017/1926 on the provision of EU-wide multimodal travel information services. It provides for the setting up by all Members States of national access points for ITS users to static travel and traffic data (schedules) for all modes of transport. Such an obligation is partially applied since December 1, 2019.

This is a very positive first step and its results will still need to be evaluated. However, this Regulation has failed to address a key precondition to multimodality: access to all travel data from all transport modes. By not imposing obligations on travel suppliers to share all data including dynamic data (fares, real-time information) from all travel services suppliers, whatever the mode, ticketing and payments system will remain fragmented.

ENSURING A NON-DISCRIMINATORY ACCESS TO TRANSPORT DATA, STATIC AND DYNAMIC, FOR ALL DISTRIBUTION CHANNELS SHOULD BE THE CORNERSTONE OF A SEAMLESS MULTIMODAL TRANSPORT SYSTEM.

Indirect distribution platforms are uniquely positioned to provide travellers with a seamless intermodal mobility experience across Member States. As stressed by the Florence School of Regulation (FSR)[5], they "*can build a network of networks, a frictionless coordination of fragmented services across Member States, empowering citizens and companies to use transport services across the continent*"[6]. But as concluded jointly with the European Commission after a workshop on "EU-Wide Multimodal Ticketing and Payment Systems": "*for digitalisation to improve intermodal transport – i.e. for ticketing and payment to become multimodal – data will have to flow across transport operators and across transport modes*"[7].

However, what is currently seen across Europe is a strong reluctance from transport operators to share their data with other industry players. As rightly identified by the FSR, it "*often alludes to the strategies of players hoping to protect their market powers*"[8]:

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[5] In their Manifesto for the next five years of EU regulation of Transport

[6] https://fsr.eui.eu/manifesto-for-the-next-five-years-of-eu-regulation-of-transport/ .The study "Remaining Challenges for EU-wide integrated Ticketing and Payment Systems", commissioned by the Commission as part of the "year of Multimodality" in 2018 also clearly identified the lack of access to fare data as the main obstacle to develop a seamless multimodal system.

[7] https://cadmus.eui.eu/bitstream/handle/1814/64664/FSR-PB-2019-19.pdf?sequence=1&isAllowed=y

[8] FSR "Manifesto for a Post-COVID-19 Recovery Towards Smarter and More Sustainable Transport", June 2020.

- In the air travel market, dominant airlines are adopting anticompetitive practices to limit transparency on the market (GDS surcharges, withdrawal of content, marketing restrictions)[9].
- In the rail travel market, legacy players are also discriminating between their own direct distribution channels and indirect distribution channels, preventing them from providing the same quality of services to their customers (see below).

The situation is also a concern for consumers who are currently being deprived of access to a wide array of travel options which could allow them to choose based on their needs and wishes, such as the most sustainable option. In a recent report[10], the European consumers' association, BEUC, calls for "*Transport operators [to] better cooperate through an obligation to share data about their tariffs and real time timetables with third parties for the purpose of providing innovative services to consumers (e.g. booking platforms and comparison tools)*".

To achieve a significant upscaling of multimodal travel in Europe, access to data cannot rely merely on the conclusion of commercial agreements between travel services suppliers for the combination and distribution of their products. Such agreements will always be limited by the geographical and modal scope of action of its parties. **Regulation to share data has to be adopted and enforced without any discrimination to all distribution channels, direct and indirect.**

As players of indirect travel distribution, eu travel tech members have the expertise and scale to design adapted ticketing and payments solutions for their customers, combining services from all modes of transport and from all European countries. Indirect distribution channels can be the real enablers of multimodal transport as they master the technology, know the needs of their customers and have already developed solutions for each mode of transport (air, rail, road, seaborne…) separately.

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[9] See for more detailed examples eu travel tech position paper on the review of the Computerized Reservation Systems Code of Conduct.

[10] BREAKING OUT OF FOSSIL-FUELLED MOBILITY. How consumer policy can help clean up transport in Europe. BEUC, July 2020. Beyond access to data, BEUC also states regarding rail the need to ensure effective competition in the ticketing sector: *"However, while innovation and digital can certainly help in making single ticketing easier, this is not the only criteria to consider, and regulatory changes are needed. Indeed, some legislatives and commercial barriers currently in place prevent third parties from selling single tickets, to have real competition between railway operators and, therefore an increase the quality of services for passengers, which is essential to make the train more attractive and affordable. In a nutshell, actions are needed in the areas of licensing, distribution agreements and booking systems. Indeed, very often where interoperable and integrated system exist, the technology of these systems is proprietary and cannot be accessed by third party providers, which of course limit the deployment of single ticketing."*

The need of an overarching EU framework is clearly established: it is at EU level that a regulation needs to be adopted, as most long-distance travel is cross-border. Furthermore, recent legislations adopted in Finland[11] or in France[12], while going in the right direction regarding access to data, also show that lack of EU-wide regulation will only lead to more fragmentation and therefore hinder EU-wide multimodal ticketing.

Without regulatory intervention, dominant players on national markets will not provide access to their content. On the contrary, they are most likely to continue to deny access to their data, as witnessed recently in the rail sector in Germany[13], Sweden[14] and in the air sector [15].

Today, European Commission has many opportunities to enshrine data sharing as a cornerstone of the Single European Transport Area through the many regulatory files being reviewed:

- Review of the Commission Regulation 2017/1926 on the provision of EU-wide multimodal travel information services: the obligation to share data for travel services providers shall be extended to dynamic data.
- Review of Regulation 1008/2008 (price transparency part): to ensure that customers are able to effectively compare options, the regulation shall ensure that information on fares and core optional services are available and bookable on all distribution channels.
- Review of Regulation 80/2009 (CRSs Code of Conduct): the new regulatory framework shall allow consumers to compare offers and services in one place, in order to ensure fair competition and transparency in the air travel market. Airlines participating in a CRS or alternative distribution systems must be required to provide "essential" air fare content, including basic fares and core ancillary services to all distribution channels, thus preventing discriminatory practices.
- Review of Directive 2012/34/EU establishing a single European railway area: a horizontal initiative regulating the asymmetric power of legacy railways undertakings vis a vis indirect distribution channel is necessary to ensure fair and loyal competition in the rail distribution internal market

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[11] https://valtioneuvosto.fi/en/article/-/asset_publisher/koko-liikennejarjestelma-mukaan-liikennepalvelulakiin

[12] https://www.ecologique-solidaire.gouv.fr/loi-mobilites#e32

[13] Press release by the German Competition Authority (BkartA) of 28.11.2019 stating it is examining possible anticompetitive impediment by Deutsche Bahn of mobility platforms, including the fact that mobility platforms are not receiving real-time information about departures and delays.

[14] Complaints had been lodged by operators in front of the Swedish competition authority against the dominant Railway undertaking for not giving access to its online portal; http://www.konkurrensverket.se/nyheter/konsumenter-kan-vinna-pa-reglering-av-forsaljning-av-tagbiljetter/

[15] See complaint lodged by eu travel tech against withdrawal of content by Lufthansa Group.

Furthermore, as public funding is currently being provided to major transport operators in Europe to mitigate the impact of the COVID-19 crisis, it is fully legitimate to impose an obligation to share data as part of these state aids. This will favour more affordable, accessible, healthier and cleaner transport alternatives being provided to European citizens and could lead to an accelerated recovery of the industry.

THE ADOPTION OF AN EX ANTE REGULATION FOR LARGE ONLINE PLATFORMS ACTING AS GATEKEEPERS WILL ALSO PLAY A KEY ROLE IN MAINTAINING A COMPETITIVE TRAVEL INDUSTRY IN EUROPE.

Online distribution has made internet and search engines the natural entry point for any consumer looking at their travel options. The European Commission has shown to be concerned with the increasing importance a limited number of online platforms have in the digital economy[16].

The European Commission has now a unique opportunity to level the playing field amongst all actors, to the benefit of consumers, small businesses and a strengthened EU Single Market. The Commission could preserve effective competition through a combination of *ex post* enforcement of EU competition rules and *ex ante* rules. These rules should only target Systemic Digital Platforms whose conduct threatens the fairness and openness of EU markets, without imposing unnecessary regulatory burdens on other market participants. Those platforms shall be subject to specific disciplines such as a prohibition of self-preferencing practices, enforced at European level.

By actively preserving a competitive marketplace, the European Commission would be taking yet another step towards a truly integrated and seamless multimodal framework, making sure European citizens will be able to access a wide range of options for their online travel shopping.

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eu travel tech represents the interests of travel technology companies. eu travel tech uses its position at the centre of the travel and tourism sector to promote a consumer-driven, innovative and competitive industry that is transparent and sustainable. Our membership spans Global Distribution Systems (GDSs), Online Travel Agencies (OTA), Travel Management Companies in business travel (TMCs) and metasearch sites.

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[16] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12418-Digital-Services-Act-package-ex-ante-regulatory-instrument-of-very-large-online-platforms-acting-as-gatekeepers