

COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE

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OTTAWA, ONT.

0003

COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

IN THE MATTER OF an application by the Canadian Standard Travel Agent Registry, doing business as **CSTAR**, for an order pursuant to section 103.1 granting leave to make application under section 75 of the *Competition Act*;

AND IN THE MATTER OF an application by the Canadian Standard Travel Agent Registry, doing business as **CSTAR** for an interim order pursuant to section 104 of the *Competition Act*.

BETWEEN:

CANADIAN STANDARD TRAVEL AGENT REGISTRY
doing business as CSTAR

Applicant

and

INTERNATIONAL AIR TRANSPORT ASSOCIATION
doing business as IATA

Respondent

NOTICE OF APPLICATION PURSUANT TO SECTION 75
OF THE *COMPETITION ACT*

TAKE NOTICE THAT:

1. The Applicant, the Canadian Standard Travel Agent Registry, doing business as CSTAR, will make an application to the Competition Tribunal (the "**Tribunal**") pursuant to section 75 of the *Competition Act*, R.S.C. 1985, c. C-34, as amended (the "**Act**") for:

(a) designation of CSTAR by the Tribunal as a valid representative of 146 IATA-accredited travel agencies in Canada which have authorized CSTAR to represent them in this matter; in this regard CSTAR will rely on Rule 34 of the *Competition Tribunal Rules* and on Rule 114 of the *Federal Court Rules* ("Representative proceedings").

and

(b) an order under subsection 75(1) of the *Act* directing the Respondent, International Air Transport Association (hereinafter referred to as "IATA"), to supply tickets (ticket stock) and facilitate complete ticketing services, including, without limitation, provisioning of, access to, processing of, and settlement of paper tickets wherever required, on usual trade terms; and

AND TAKE NOTICE THAT:

2. The person against whom the orders are sought is the Respondent, IATA. The address of IATA is:

International Air Transport Association
800 Place Victoria
Montreal, Quebec
H4Z 1M1

3. CSTAR will rely on the Statement of Grounds and Material Facts attached hereto and on the Affidavit of Bruce Bishins duly sworn May 20, 2008.

4. If leave is granted, CSTAR will seek an interim order from the Competition Tribunal for the relief sought in this Application and directions from the Tribunal for an expedited hearing of this Application.

5. The Applicant requests that this application proceed in English.

6. The Applicant requests that documents be filed in electronic form.

DATED at Toronto, Ontario, this 20th day of May, 2008.



CSTAR

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AND TO:

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I. STATEMENT OF GROUNDS AND MATERIAL FACTS

A. THE PARTIES

CANADIAN STANDARD TRAVEL AGENT REGISTRY doing business as CSTAR

1. The Applicant is a Society organized in 1998 under the *Society Act*, (RSBC 1996 Chapter 33) of the Province of British Columbia and carries on business throughout Canada, with management offices located in Toronto, Ontario. The Applicant's members are travel agencies which use tickets and services supplied by IATA in their business dealings with the public.
2. The business of the Applicant is a non-profit trade association representing travel agencies across Canada, the majority of which are accredited by the International Air Transport Association (IATA).
3. The Applicant seeks designation by the Tribunal as a representative of 146 IATA-accredited travel agencies, and the Applicant applies for leave to proceed in this matter as a representative proceeding. The Applicant meets the criteria of a representative proceeding in accordance with the Federal Courts Rules 114 (1) as the issues asserted in this matter are common issues of law and fact; that there are no issues affecting only some persons and all issues are collective issues shared by those persons; that the Applicant is authorized to act on behalf of the represented persons; that the representative can fairly and adequately represent the interests of the represented persons; and that the use of a representative proceeding is the just, most efficient and least costly manner of proceeding.

4. The Applicant asserts that 146 IATA-accredited travel agencies have duly authorized the Applicant to represent them in the present application and that these travel agencies are in the business of selling air transportation in Canada and rely on IATA to furnish ticket stock, among other services, so as to provide full and complete facilitation for the issuance of airline tickets.

International Air Transport Association doing business as IATA

5. The Respondent, International Air Transport Association, is an international trade association, created some 60 years ago by a group of airlines. Today, IATA represents some 240 airlines comprising 94% of scheduled international air traffic. The organization represents, leads and serves the airline industry in general.

6. The Respondent also carries on business under the name "IATA".

B. REFUSAL TO DEAL BY IATA

7. Travel agencies in Canada have issued IATA neutral tickets since 1978. A copy of the current paper ticket is attached herewith. (Please see *Attachment "A"*) Travel agencies in Canada and all other countries, except the United States, must be accredited by IATA to issue tickets on industry-standard neutral paper ticket stock and electronic tickets. IATA-accreditation provides travel agencies access to the IATA Billing and Settlement Plan ("BSP" and "BSP Canada") which facilitates the paper and electronic ticket programs and agent/airline sales reporting and settlement system.

8. It would be impossible for any travel agency engaged in the routine sale and servicing of the full complement of domestic, transborder (between the United States and Canada), or international air transportation to operate an efficient travel agency without accreditation by IATA and participation in the IATA BSP.

9. Access to the widest array of airline inventory, fares, pricing, and ticketing services is provided by IATA-certified and authorized Global Distribution Systems (“GDS”) to which travel agencies must subscribe in order to issue tickets via the IATA BSP. The four GDSs authorized by IATA to automate travel agencies in Canada are Amadeus, Galileo/Apollo, Sabre, and Worldspan. All travel agencies in Canada which are IATA-accredited and participate in the IATA BSP must be automated by at least one GDS.

10. There are nearly 3,000 IATA-accredited travel agencies in Canada which participate in the BSP Canada.

11. In November 2004, IATA announced a multi-prong initiative changing a number of airline services and functions. The initiative was called “Simplifying the Business” (“StB”). Key among the StB enhancements was the plan to completely eliminate paper airline tickets through a requirement for all airlines to adopt a 100% electronic ticketing (“ET”) infrastructure and platform.

12. IATA established a deadline of December 31, 2007 for all airlines to be 100% ET capable. After this date, airlines would not be authorized by IATA to issue new paper tickets and only ET would be acceptable in the marketplace. The plan to eliminate paper tickets on December 31, 2007 applied to all travel agencies worldwide and airlines as well. In fact, as of the date of this application, airlines are not 100% ET capable.

13. The approval by IATA to remove paper tickets, including paper tickets from travel agencies, was authorized by the IATA Board of Governors, and not by the IATA Passenger Agency Conference (“PACConf”), where all matters affecting travel agencies must first be approved. IATA improperly bypassed the correct mechanism to make changes to its travel agency program because items up for approval at PACConf must first

be discussed with travel agency representatives in each country, and then, at PAConf, all IATA member airlines voting must agree unanimously on any proposed change. It is the assertion of the Applicant that IATA knew that some airlines would object to removing paper tickets and that the plan would thus not be approved. By taking the matter outside of the prescribed PAConf mechanism, IATA prevented travel agencies from due process to discuss a matter which directly affect them and enabled approval by the IATA Board of Governors where only a simply majority of a much smaller group leads to passage of any proposal.

14. On June 05, 2007, at its 63rd Annual General Meeting in Vancouver, IATA decided that airlines had not sufficiently progressed to meet the 100% ET deadline of December 31, 2007. A new deadline for 100% ET implementation was set for May 31, 2008.

15. Among the issues reported by IATA, and on information and belief, leading to the new implementation date of May 31, 2008 were the slow pace of airlines to fully adopt ET platforms, the lack of progress in achieving a satisfactory level of interline ET agreements (agreements necessary when more than one ET carrier participates in a given itinerary's routing), the lack of ET capability for infant travel, the lack of ET capability for irregular operations (delayed or cancelled flights), the lack of ET capability for passive bookings (bookings input into an airline's computer system when booked at an external source), the lack of ET capability for certain code-share flights (flights marketed by more than one carrier via their two-character airline code, but operated by another carrier), the lack of ET capability for group travel, the lack of ET capability for certain extensive routings including around the world journeys or journeys involving more than 16 air segments, the lack of ET capability at airports where check-in facilities and handling cannot accommodate ET, and the lack of ET capability at destinations where local authorities do not allow ET for security or other operational reasons.

16. Those transactions in paragraph (15) above which cannot be issued as an ET for such reasons can be issued by travel agents as a paper ticket. The Applicant asserts that travel agencies rarely issue paper tickets unless, as in paragraph (15) above, conditions and transaction types could not otherwise be issued as an ET. In addition, airlines routinely charge a penalty fee if a paper ticket is issued where an ET would otherwise be issuable.

17. The reasons cited by IATA for elimination of paper tickets, and as agreed by IATA at its June 05, 2007 Annual General Meeting was the first public indication that the StB program to move to a 100% ET environment was in disarray, and all stakeholders were now on alert to monitor progress in this regard.

18. In its 2007 Annual Report, IATA indicated that the removal of paper tickets was now targeted at BSPs, where only travel agents remit and report their ticket sales. This meant that there would be different rules regarding paper tickets apply to travel agencies and airlines. The effect of this would be to put travel agencies at a competition disadvantage.

19. In October 2007, the Airlines Reporting Corporation (“ARC”), the airline-body counterpart to the IATA BSP in the United States, confirmed that paper tickets will not be eliminated for ARC-accredited in the United States. ARC is an airline-owned company serving the U.S. travel industry with financial services, data products and services, ticket distribution, and settlement in the United States, Puerto Rico and the U.S. Virgin Islands. It should be noted that 10 of the 12 airline shareholders which own ARC are IATA member airlines, including Air Canada. The effect of this would be that Canadian travel agencies would be at a competitive disadvantage compared to U.S. travel agencies.

20. In April 2008, IATA’s Senior Vice President of Industry Distribution and Financial Services, Tom Murphy, posted a letter to travel agencies on an IATA web site

in a section where travel agencies were not likely to visit. The letter was never distributed to travel agencies using the traditional mechanisms which IATA uses to communicate with travel agencies, and even BSP officials in Canada were unaware of the document's existence. IATA's letter was intentionally not distributed by IATA to travel agents to prevent both concern about and criticism of the seriously flawed plan to remove paper tickets from travel agencies. (Mr. Murphy's letter is attached herewith as "*Attachment B*".)

21. The letter is a warning to travel agencies as to what might be expected when paper tickets are eliminated on 01 June 2008. The letter is best described as a "cover our backs" or "we warned you so" communiqué, attempting to put the onus of any marketplace disruption in the elimination of paper tickets on travel agents themselves. Yet, IATA took no steps to bring this communication to the attention of travel agencies.

22. In its letter, IATA states that each BSP participating airline should have communicated its procedures to travel agencies for itineraries where ET is not possible. Other than a communication from Air Canada on May 16, 2008, no other carrier of the nearly 120 carriers which participate in BSP Canada has done so to date. (Air Canada's communication to travel agents of May 16, 2008 is attached herewith as "*Attachment C*".)

23. In its letter, IATA states that travel agencies should consider making local arrangements for airlines to issue such non-ET transactions for travel agencies on the airlines' own paper ticket stock. The Applicant states that such a procedure would be costly to agencies and completely impractical, not only for agencies where there would be a local ticketing facility, but especially impractical for agencies located outside larger cities.

24. In its letter, IATA states that travel agencies should consider asking airlines to place the airlines' own paper ticket stock in the agency. The Applicant states that such a procedure totally defeats the purpose and benefits of a BSP, and also would dramatically

raise the handling, controlling, tracking, and settlement costs for each such transaction. Travel agents' GDS usage would be useless as there would be no automation facilitation between the GDS and the airlines' own ticket stock. The Applicant also states that, contrary to IATA's suggestion, Air Canada has notified travel agencies that it will not place Air Canada's own paper ticket stock in any travel agency.

25. When queried by the Applicant, not a single airline had a back-up plan for travel agencies when an itinerary would not be ET eligible on/after 01 June 2008. Moreover, when asked directly, IATA itself had no suggestions as to how agencies should handle the lack of such alternative ticketing when airlines had not implemented any.

26. Air Canada's solution for travel agencies for a transaction where ET is not possible, as outlined in its communication of 16 May 2008, is for agencies to issue a Virtual Multiple Purpose Document ("V-MPD") prepaid ticket and that Air Canada will issue a paper ticket for the travel agency. Air Canada has advised that travel agencies must allow ten (10) business days for the ticket to be issued and mailed to the traveller. Air Canada has not clarified whether it will charge the agency the standard V-MPD prepaid ticket fee which is currently CAD 125.00 per transaction.

27. The Applicant states that Air Canada's solution is neither realistic, nor practical, as travel agencies, particularly agencies which service corporate and government travellers, are not likely to have the ten (10) business days advance lead time necessary to comply with Air Canada's ticketing procedures, not to mention the additional days necessary to accommodate actual delivery of the tickets by the postal or delivery service. In addition, there are no procedures communicated by Air Canada to handle post-sale exchanges (ticket reissues) and refunds.

28. IATA has additionally stated that airlines without ET capability will simply not be allowed to participate in a BSP. They will be removed, with no further access to facilities and services of travel agency ticketing and sales settlement. The act of IATA's removing an airline from the BSP is a severe inhibiting of that carrier's ability to efficiently and

successfully market its products and services via GDSs through to the travel agency sales channel.

29. On April 10, 2008, the Applicant, along with the Association of Canadian Travel Agencies (“ACTA”), submitted a joint request for review of IATA’s elimination of paper tickets to Canada’s Competition Bureau. The Competition Bureau declined to act on the submission and no determination was made in the matter.

30. On April 17, 2008, the Applicant and ACTA authored a petition to persuade IATA to delay the elimination of paper tickets until such time that all tickets could be issued as ET. The petition was signed by 1,256 travel agents in Canada.

31. On April 23, 2008, several worldwide travel agency associations and agency association umbrella organizations (UFTAA and WTAAA), including ACTA, met with IATA and IATA member airlines in Geneva, Switzerland to discuss, among other things, a request by travel agents to delay the elimination of paper tickets until such time as the industry is prepared to be fully ET capable. The agency groups wanted to make it clear to IATA that the promises made by IATA that carriers would be fully prepared for a 100% ET sales environment have not been realized and that there are too many loose ends and too many transactions which will not be able to be managed. The petition signed by 1,256 travel agents in Canada was presented to IATA.

32. On April 23, 2008, IATA refused to discuss the paper ticket matter with ACTA, or any of the many international travel agency organizations which attend in Geneva. IATA and the IATA-member airlines present at the meeting cited reasons of *sub judice* with respect to the Applicant’s and ACTA’s Competition Bureau submission of April 10, 2008.

33. The Applicant states that IATA’s refusal to even discuss the matter on April 23, 2008, and its citing of *sub judice* was without merit or basis of law and was a clear

attempt by IATA to further frustrate the agents' rights to due process and a fair airing of the agents' concerns.

34. IATA asserts in its public statements and communications that paper ticketing increases processing and handling costs for airlines, however, the reality is that all sales and transactional data for paper tickets are, to the contrary, automatically transmitted electronically by the GDSs. For many years, GDSs have uploaded all necessary sales and transaction data via a Hand-Off Tape ("HOT") and a Reporting Tape ("RET"), used by the IATA to administer, process, and collect such sales from agencies. Furthermore, literally all types of post-sale transactions including ticket exchanges and refunds are fully-automated with virtually no manual processing required at IATA.

35. Travel agencies do not submit any paper ticket components, when issuing standard airline tickets, for IATA's purposes, with only the passenger receiving the actual paper coupons for use while traveling. There is virtually no difference, for IATA's processing purposes, between a standard paper ticket and an ET. No paper of any kind is processed by IATA for these originally issued transactions.

36. The cost to IATA for manufacturing and distributing paper tickets for and to travel agencies is acknowledged, however, while IATA itself may seek to justify a reduction in its own direct costs for paper ticket manufacturing/distribution, such minimal savings cannot be reconciled against the huge disruption to and the complete lack of alternatives for the travel agency sector.

37. If the cost savings which IATA alleges would be so significant and such an overriding benefit to airlines in the elimination of paper tickets, why then are airlines not doing the same for themselves? Why then are travel agencies in the USA, the largest agency marketplace in the world, not forced to do the same either? The Applicant asserts that cost saving is not the issue.

38. IATA's actions are an attempt to consolidate the marketplace in Canada, and to remove essential tools and services necessary for travel agencies in Canada to effectively compete.

39. In Section 2(d) of the *Competition Act* (R.S., 1985, c. C-34), the *Act* defines an "article" or "product", as including:

tickets or like evidence of right to be in attendance at a particular place at a particular time or times or of a right to transportation. (emphasis added)

40. Section 75 of the *Act* (Refusal to Deal) specifies:

75. (1) Where, on application by the Commissioner or a person granted leave under section 103.1, the Tribunal finds that

(a) a person is substantially affected in his business or is precluded from carrying on business due to his inability to obtain adequate supplies of a product anywhere in a market on usual trade terms,

(b) the person referred to in paragraph (a) is unable to obtain adequate supplies of the product because of insufficient competition among suppliers of the product in the market,

(c) the person referred to in paragraph (a) is willing and able to meet the usual trade terms of the supplier or suppliers of the product,

(d) the product is in ample supply, and

(e) the refusal to deal is having or is likely to have an adverse effect on competition in a market.

C. THE EFFECT OF IATA'S REFUSAL TO DEAL ON TRAVEL AGENCIES

41. The Applicant asserts that IATA's removal of paper tickets from Canadian travel agencies, while at the same time not imposing the same constraints on its own member airlines, nor on U.S. ARC-accredited travel agencies over which IATA-member airlines have dominant control, puts Canadian travel agencies at a competitive disadvantage.

IATA's action is an attempt to restrain competition in the Canadian marketplace and to prevent Canadian travel agencies from access to products which are widely available and in ample supply.

42. The Applicant states that the principal marketplace in question is the consumer air travel market for travel within Canada and to/from Canada. The marketplace has effectively two main competitor constituencies; airlines and travel agents. To be clear, both competitors are remunerated by the air travel consumer. The consumer pays airlines for air transportation, and alternatively, the consumer pays a travel agent a consulting fee to procure and arrange air transportation. The vast majority of airlines no longer pay a base commission to travel agencies. Thus, as travel agencies are largely unremunerated for the sale of air transportation, and where airlines expect agents to act gratuitously in the sale of air transportation, the agency relationship is such that the travel agency is an agent for the consumer and not the air carrier.

43. The merits of using a travel agent are that the travel agent becomes a consultant to and advocate for the consumer's best interests, lowest possible fares, and most appropriate service levels. With most all airlines being at zero base commission, travel agents serve the interests of the consumer in satisfying the needs of the traveller.

44. Airlines, while deriving a sizeable volume of business from travel agencies, would sooner repatriate that business directly to the airline, and away from the travel agent. Consumers which are handled and served directly by the air carriers are insulated from comparative fare and service information which would otherwise be made available through an impartial travel agent.

45. The airlines have a vested interest in bringing the consumer to their own direct sales tools, and by removing those tools which facilitate booking and ticketing by a travel agent, the repatriation is better enabled. The marketplace is thus skewed, concentrated, and made uncompetitive by one group of competitors (airlines), which are in control of the industry's necessary systems and work tools, removing those essential and necessary

tools solely from another group of competitors (travel agents) so as to unlevel the playing field and adversely affect competition in the marketplace. The situation is made even worse by the fact that it is not the individual airlines themselves which are directly removing these necessary and essential tools and services from travel agents, but rather, the airlines through their trade association, IATA.

46. On June 01, 2008, IATA will cease accepting and electronically processing paper tickets from Canadian travel agencies.

47. On June 01, 2008, the four GDSs in Canada, following a directive from IATA, will cease enabling the issuance and printing of paper tickets in all travel agency GDS ticketing systems.

48. During June 2008, IATA will physically remove all paper tickets from all travel agency locations. IATA has engaged a third-party logistics company, SAFLOG, to visit every travel agency in Canada to directly remove the paper ticket stock.

49. On May 09, 2008, IATA wrote to every travel agency reminding agencies that they must register with the SAFLOG system to account for the paper tickets, and that any failure by an agency to register or resist returning the ticket stock to IATA will result in IATA commencing default proceedings against the agency, leading to the termination of the agency's accreditation. Such termination of accreditation would also terminate the agency's ability to issue ET. (A copy of IATA's May 09 letter to agencies is attached herewith as "*Attachment D*".)

50. Of the nearly 120 carriers which participate in IATA's BSP Canada, only one airline, Air Canada, has provided instructions how to handle the many transactions which will no longer be ticketable by travel agencies when only a paper ticket must be issued. The Applicant emphasizes that Air Canada's ten (10) business day advance notice for Air Canada to issue the paper ticket on the agency's behalf is an unsatisfactory, impractical, and an unrealistic solution. The remaining BSP carriers, nearly 120, have not advised

travel agencies as to any solution or workaround for those transactions still requiring paper tickets on June 01, 2008.

51. IATA's refusal to supply paper tickets to Canadian travel agencies as of June 01, 2008 will have an adverse effect on competition in the market for the sale and servicing of air transportation because:

- a) travel agencies will not be able to sell and service a wide array of air transportation including interline travel, group travel, infant travel, extensive routing travel, and other forms of air travel where a paper ticket will still be required after June 01, 2008;
- b) travel agencies have no reasonable nor practical alternative to issuing a paper where required;
- c) travel agencies are willing to meet the usual trade terms for the issuance of paper tickets;
- d) the supply of paper tickets is controlled by IATA.

D. TRAVEL AGENCIES WILL SUFFER IRREPARABLE HARM FROM IATA'S ACTIONS

52. With no other available alternatives to accommodate transactions requiring paper tickets as of June 01, 2008, IATA's removal of paper tickets will cause travel agencies substantial and irreparable harm to the agencies' businesses and have a dire effect on travel agencies which rely, for many reasons, on the ability to service all routine air transportation requests from the travelling public. Significant business will be lost, and there will be an adverse effect on competition in the marketplace.

53. Travel agencies would be irreparably harmed if consumers perceived agencies as being limited in the services they can provide. Suddenly removing the ability for travel agencies to sell and service air transportation which had been routinely sold and serviced

by agencies in the past would cause consumers to speculate that their local travel agent was somehow no longer authorized to sell key air transportation services, or was in trouble with air carriers, or was under sanctions by the air carriers. The reputation of the travel agency would be irreparably harmed and consumer confidence in the agency's competencies lost forever.

54. The reputation of travel agencies and their ability to conduct business in a manner expected and experienced by consumers for decades will be irreparably harmed if consumers are advised that their local travel agent could only sell and service certain types of air travel requests, and could no longer provide full service.

55. It would be devastating to the business of the travel agency sector and irreparably harm travel agencies if they were not to be able to sell and service air transportation for families traveling with infants.

56. It would be devastating to the business of the travel agency sector and irreparably harm travel agencies if they were not to be able to sell and service air transportation for groups travelling together. In fact, most all travel agencies have group business, with many agencies specializing in group travel.

57. It would be devastating to the business of the travel agency sector and irreparably harm travel agencies if they were not to be able to sell and service complex international itineraries, particularly at the many travel agencies which specialize in corporate and government travel, where itineraries including the services of more than one airline are only ticketable on a paper ticket as no ET interline agreement is available.

58. The substantial and irreparable harm to agencies would be further exacerbated when consumers would be informed that the routine air travel purchase they sought would only be obtainable from the airline directly or from a U.S. travel agent. With so many IATA-accredited travel agencies in relative close proximity to the United States,

many Canadian travel agencies would easily and forever lose this air travel business to U.S. travel agencies or the airlines themselves.

59. By way of typical example, Travel Masters, Vancouver, BC, is a travel agency represented in the present matter and which has been in business for ten (10) years and is part of the Travel Masters family of eleven (11) agencies throughout Western Canada and the Territories. The agency issues fifty (50) paper tickets each month due to a contract with Air Pacific which does not accept ET on its direct service from Vancouver to Nandi.

60. In February of this year, Travel Masters issued one hundred fifty (150) paper tickets due to the fact that British Airways still requires paper tickets for groups. Travel Masters tickets many groups in its office, and Lufthansa German Airlines is another airline that still requires paper tickets for its group transactions.

61. The remainder of Travel Masters' paper tickets are issued because certain small carriers and around the world itineraries are not eligible for ET, or because their clients have multi-segment itineraries where the fare calculation is too long to fit on an ET, but is acceptable on a paper ticket.

62. If Travel Masters were no longer able to issue paper tickets where required, the agency would lose the ability to sell and service air transportation on many carriers key to Travel Masters' operations and would not only lose credibility with its customers, but also forever lose substantial amounts of business. The agency would be irreparably harmed.

63. By way of another typical example, Carlson Wagonlit Mokami Travel, Happy Valley-Goose Bay, Labrador is a travel agency represented in the present matter and has been in business for more than thirty (30) years. Ninety-three percent (93%) of the agency's business is selling scheduled air transportation, with more than fifty percent (50%) of the agency's business concentrated on two local Canadian carriers, Provincial

Airlines and Air Labrador. Both carriers participate in the IATA BSP, and neither carrier accepts ET.

64. Carlson Wagonlit Mokami Travel currently issues more than two hundred (200) paper tickets and MPDs each week. The removal of paper ticketing ability by IATA from Carlson Wagonlit Mokami Travel would be devastating to the agency, forever causing the agency to lose substantial amounts of business and would damage its long-standing reputation with consumers. The agency would be irreparably harmed.

65. The dire impact of IATA's mandate is already being felt. On April 07, 2008, Harbour Air, a Canadian regional carrier operating seaplane service between various points in BC to and from the BC Islands, Vancouver and Victoria harbours, and the BC mainland, announced that it will withdraw from BSP Canada effective June 01, 2008 and will also withdraw from all GDSs. As of June 01, 2008, bookings from travel agents will be accepted via the Harbour Air web site.

66. It is Applicant's position that this decision by Harbour Air is one based solely on the small carrier's unwillingness to endure the excessive costs of developing and deploying an ET platform via each of the four GDSs and linking same to IATA BSP Canada. The effect of Harbour Air's decision will limit its presence in GDSs, terminate ticketing facilities in BSP Canada, and result in travel agencies having to use exceedingly cumbersome and costly web-based, non-standard alternative facilities to handle bookings, control, accounting, and post-sale treatment of agency customers traveling on Harbour Air.

67. It can be expected that between now and June 01, 2008, other carriers around the world will also be forced out of BSP Canada (and other worldwide BSPs), interline ticketing, and GDS presence, making access to these airlines' services nearly impossible for travel agencies and substantially harming the agencies' business. In addition, consumer choice will be limited and the services of larger airlines will be concentrated and much more visible in the marketplace.

II. BASIS FOR APPLICATION PURSUANT TO SECTION 75

68. In this application, the Applicant seeks an order pursuant to subsection 75(1) of the Act which provides:

Where, on application by the Commissioner or a person granted leave under section 103.1, the Tribunal finds that

(a) a person is substantially affected in his business or is precluded from carrying on business due

to his inability to obtain adequate supplies of a product anywhere in a market on usual trade terms,

(b) the person referred to in paragraph (a) is unable to obtain adequate supplies of the product because of insufficient competition among suppliers of the product in the market,

(c) the person referred to in paragraph (a) is willing and able to meet the usual trade terms of the supplier or suppliers of the product,

(d) the product is in ample supply, and

(e) the refusal to deal is having or is likely to have an adverse effect on competition in a market, the Tribunal may order that one or more suppliers of the product in the market accept the person as a customer within a specified time on usual trade terms unless, within the specified time, in the case of an article, any customs duties on the article are removed, reduced or remitted and the effect of the removal, reduction or remission is to place the person on an equal footing with other persons who are able to obtain adequate supplies of the article in Canada.

69. It is submitted that the elements required to satisfy an order pursuant to subsection 75(1) are clearly satisfied. The evidence now before the Tribunal demonstrates:

a) as of June 01, 2008, IATA will refuse to supply neutral standard paper tickets to Canadian travel agencies while airlines and U.S. travel agencies will be allowed to continue using their respective paper tickets.

b) travel agencies will not be able to sell and service a wide array of air transportation including interline travel, group travel, infant travel, extensive routing travel, and other forms of air travel where a paper ticket will still be required after June 01, 2008;

- c) travel agencies have no reasonable nor practical alternative to issuing a paper where required;
- d) travel agencies are willing to meet the usual trade terms for the issuance of paper tickets;
- e) the supply of paper tickets is controlled by IATA.
- f) paper tickets are essential to the business of IATA-accredited travel agencies in Canada, and that without paper tickets, travel agencies would not be able otherwise sell or service a wide variety of air transportation;
- g) neither IATA nor the airlines (with the exception of Air Canada) have provided any alternative procedures for travel agents to issue tickets when a paper ticket is required and an ET is not possible;
- h) Air Canada's workaround solution for the issuance of a paper ticket when required is impractical, unrealistic, and does not conform with the way travel agencies conduct their business and the expectation and needs of customers;
- i) without paper tickets, travel agencies would be irreparably harmed in the loss of business, reputation, and the loss of confidence which consumers have in their local travel agent;
- j) IATA's communications that removing paper tickets from the industry is a cost-savings related matter is unsubstantiated as neither the airlines, nor U.S. travel agencies (the largest travel agency marketplace) are being forced to give up their respective access to paper tickets;
- k) Canadian travel agencies would not be able to effectively compete in the marketplace if consumers had to be told that Canadian travel agencies could no longer issue various type of air transportation, and that the only alternative consumers would have would be to buy from the airline directly or to purchase their travel through a U.S. travel agent;
- l) IATA's actions in removing paper tickets from Canadian travel agencies and threats to Canadian travel agencies which do not relinquish their paper tickets to place them in default and terminate their accreditation amounts to a refusal

to deal with Canadian travel agencies, while at the same time, allowing airlines themselves and U.S. travel agencies to continue to maintain access to those same products and services. This will have the effect of restricting competition in the marketplace.

70. The action of the Respondent in refusing to deal with the Applicant falls within the scope of activity prescribed by section 75 of the *Act*, and amounts to a practice which is subject to an order of that section in that the Competition Tribunal may order the Respondent to continue to supply paper tickets and related paper ticket services to the Applicants on the usual trade terms.

71. It is submitted that the refusal to deal by the Respondent requires the Competition Tribunal to make an order under Section 75(1) of the *Act*.

72. In support of the foregoing, the Applicant relies on the Affidavit of Bruce Bishins sworn May 20, 2008.

DATED at Toronto, Ontario, this 20th day of May 2008.



CSTAR

by Bruce Bishins, President
61 Hayden Street
Toronto, Ontario M4Y 2P2
Direct Tel: 416-922-8911
Direct Fax: 416-922-9351
E-mail: bbishins@Cstar.ca

Attachments: A, B, C, D

IATA NEUTRAL PAPER TICKET (CANADA)

ISSUED BY / ÉMIS PAR QANTAS AIRWAYS		CONJUNCTION TICKETS / BILLET COMPLÉMENTAIRE		ORIGINE / DESTINATION YYZYYZ							
ENDORSEMENTS / RESTRICTIONS / CONDITIONS / ENDS / RESTRICTIONS / CONDITIONS		PASSENGER TICKET / BILLET VOYAGEUR		DATE OF ISSUE / DATE D'ÉMISSION							
NONENDORSTABLE / NONREROUTE / NONR		18 MAY 05		1P-2N6BRW							
EF/SPCL COND APPLY / NONEND / NON		IATA-BSP		LE TICKETING EAST							
TRAVEL / SANDY. MRS				TORONTO ON							
				67 950-0/VL/ VGK							
XO - GOOD FOR PASSAGE FROM / VALABLE POUR TRANSPORT DE		CARRIER /	FLIGHT / VOL	CL	DATE	TIME / HEURE	STATUS /	FARE BASIS /	LANGUE	CLASS OF SERVICE /	REMARKS /
TORONTO/LBPEARSON		QF	3246V		01JUN	615P	OKVQFCAP23			01JUN	01JUNPC
X LOS ANGELES		QF	12V		01JUN	1030P	OKVQFCAP23			01JUN	01JUNPC
O SYDNEY		QF	107V		14JUN	1050A	OKVQFCAP23			14JUN	14JUNPC
X LOS ANGELES		QF	3245V		14JUN	920A	OKVQFCAP23			14JUN	14JUNPC
TORONTO/LBPEARSON											
CAD 1828.00 YTO QF X/LAX QF SYD Q12.26		735.15 QF X/LAX Q12.26 QF YTO									
735.14 NUC 1494.81 END ROE 1.22288 QF XT 15.00 SQ 6.24 AY 6.18 XA											
CA 17.00 17.50 XY 6.25 YC 36.34 AU 3.25 QK		35.84 WY 139.98 YQ 5.62 XF LAX 4.5									
XG 1.05											
XT 272.20 AGENT / NONREF											
CAD 2118.25											
5235/											
13852692173											
1		081		5116783691		2					



Electronic Ticketing and Other Documents in BSPs on/after 1 June 2008

Dear IATA Agent,

The 2007 IATA Annual General Meeting reconfirmed the goal of eliminating paper tickets from the BSPs. At the same time, the AGM recognised that some airlines are experiencing difficulty in meeting the deadline of 31 December 2007. In recognition of this fact, and to assist airlines to complete their work to eliminate paper tickets, the deadline was extended to 31 May 2008. This is the final deadline and no further extension will be made.

What does this mean for you as an Agent and BSP user? Very simply that after 1 June 2008, you will not be able to issue a BSP supplied neutral paper ticket. We will be issuing separate instructions with respect to the destruction and/or recovery of our paper ticket stock next month.

We are working closely with the Global Distribution System providers (GDSs) to ensure a smooth transition to ET and you can expect to receive instructions directly from individual airlines on their own plans beyond 1 June 2008.

We are conscious of the fact that the BSPs also handle 3rd Party users such as railways and we are working on solutions to handle this business.

We are receiving many questions on the transition to ET and have therefore developed the attached summary sheet of key issues that you may find useful. It covers topics such as:

- **Specific actions required**
- **Use of the Virtual Miscellaneous Document (V-MPD) and Electronic Miscellaneous Document (EMD)**
- **Consequences if a neutral paper ticket is issued on/after 1 June 2008**
- **Impact of the elimination of neutral paper tickets on 3rd parties in the BSP**
- **ET eligible itineraries on/after 1 June 2008**

Should you have any questions or comments please forward these by email to: eticket@iata.org.

Yours Sincerely,

Tom Murphy, IATA Senior Vice President, IDFS

Summary Sheet of Key Issues for Travel Agents ATTACHMENT "B"
Electronic Ticketing and Other Documents in BSP on/after 1 June 2008

1. Specific actions required

Each BSP participating airline should be communicating to you their procedures for itineraries that are not eligible for ticketing on an electronic ticket. These options include, but are not limited to the following:

1. Issuance of another document (e.g. Virtual MPD (V-MPD)) that could be used as a Prepaid Ticket Advice (PTA). Airlines will advise you if they will accept the use of the V-MPD as a PTA for this purpose.
2. Airlines may wish to enter into local arrangements with you whereby you may request the ticket to be issued by the airline on its own paper ticket stock. Agents should inform themselves of specific airline policy on this procedure.
3. Subject to agreement with you, a BSP participating airline may place its own paper ticket stock in an agency location and ticketing may be done on that stock. It should be noted however that in this instance the entire transaction is subject to the bilateral agreement between you and the airline since these transactions will be outside the IATA Agency Programme and the BSP administrative rules including default procedures and reporting and remittance schedules.
4. You should ensure that during the remaining time until 1 June 2008 that you become informed of each individual airline's policy for the issuance of tickets that you are unable to issue directly as electronic tickets on/after 1 June 2008 because individual carrier policy may vary.

2. Use of the V-MPD and EMD.

IATA's Member airlines have already adopted standards for an Electronic Miscellaneous Document (EMD) that will replace all other non-ticket documents and which works in a similar manner to an electronic ticket. However, it is not anticipated that this will be fully available for use until 2009 at the earliest. In those BSPs where the automated coupon-by-coupon MCO (known as the MD50) is in use it should be noted that on/after 1 June 2008 the value coupon will no longer be available for the issuance of MCOs. IATA will monitor and evaluate the use of all other paper documents in those remaining BSPs where paper "other documents" including the manual paper carbonised MPD, the automated neutral carbonised MPD and the neutral carbonised excess baggage ticket are still distributed. As soon as is practicable, IATA will migrate these remaining BSPs to the already well established BSP "best practice" of removing all other paper documents. During the interim period all other documents can be issued by means of a virtual version of the MPD known as the V-MPD.

You should therefore ensure that all of your offices are familiar with the V-MPD process and the actions they will need to follow for issuance.

Overview of the V-MPD

The V-MPD is: -

- ↗ A virtual representation of the paper MPD/auto MCO;
- ↗ An instrument of exchange;
- ↗ A record of a transaction of payment for a service or collection of a fee;
- ↗ Issued in *BSPlink*;
- ↗ Drop down menu boxes look like a manual document;
- ↗ Email message upon completion to the airline service point;
- ↗ Airlines see their copy and act in accordance with their standard internal procedures for processing Prepaid Ticket Advices (PTAs).

It should be noted that IATA is continuing to examine additional functionality that meets your needs in order to minimise disruptions to your operations and welcomes feedback and comment.

The V-MPD is a viable alternative to paper MPDs and is available globally for BSP participating airlines to deploy market by market.

IATA has prepared presentation material, user guides and a list of Frequently Asked Questions (FAQs) that are available for download in the "Download Centre" of the *BSPlink* Portal at <https://www.bsplink.iata.org> (refer to "BSPlink Customer Manuals")

Effect on Travel Agents – Ticket Issuance

It is expected that PTAs and tickets on departure will continue to decrease rapidly and airlines will continue to expand their electronic ticketing capabilities. However, there may be some tickets that you will be unable to issue as electronic tickets and, on/after 1 June 2008, you will no longer have the fallback of issuing a paper ticket. Some of the reasons for this could be identified as follows (depending on individual airline policy):

- ↗ Interline journeys where the particular mix of Marketing/Operating Carriers does not allow one carrier to be selected as the Validating Carrier because no one carrier has IET with all other carriers;
- ↗ Passive bookings;
- ↗ Groups;
- ↗ Journeys over 16 segments;
- ↗ Infants;
- ↗ Open segments;
- ↗ Ineligible sectors because the ground-handling infrastructure at some airports is not capable of processing electronic tickets.

Should an airline choose to maintain its own paper tickets they can still be issued for these journeys at their own offices. Each airline should advise you whether they allow this and what their procedures are.

IATA anticipates that the main reasons for agents to issue other documents will relate to the receipt for amendment fees and for issuance of non-air services (e.g. tours, hotel, car hire) where an interline electronic ticket agreement is not in place.

The EMD will be the ideal solution to support the issuance of other documents. However there will be an interim period during which no EMD solution will be available and as such it will be necessary to maintain alternative methods of issuing other documents. IATA has deployed the V-MPD but, acknowledging that there will not be a value coupon produced, this will add an additional burden to industry resources where a value coupon is required. It should be noted that the V-MPD should only be seen as an interim measure until such time as the EMD is fully deployed.

IATA is aware that some travel agents receive data supplied by their GDS from these transactions to manage back office functions. In addition some GDSs, but not all, have a certain level of interactivity into the Passenger Name Record (PNR). The problem however is that, looking at the V-MPD, there is a deficiency since a value or exchange coupon is not produced and there are no automatic updates into the PNR.

It is therefore important that you liaise closely with your airlines because procedures for advising the airline of the issuance of another document may vary. For example an airline may request you to ensure that the information pertaining to the issuance of the other document is entered through a Special Service Request (SSR) or Other Services Information (OSI) placed into the PNR and 'queued' to the airline for servicing following the standard procedures that applied for paper documents.

Any interim solutions developed by the GDSs (e.g. suppressing the printing of a value coupon on OPATB2 markets) would be based on the fact that the GDSs have been approached by their airline/travel agency customers directly.

Until such time as the remaining paper "other documents" in some BSPs have been withdrawn, airlines may allow you to continue to issue them beyond 31 May 2008 where it is practical. In those markets where these documents (manual MPD and MCO) are presently in place, and where the local market has agreed to continue the issuance of these documents, IATA will continue to provide stock and processing.

Effect on Travel Agents – remote ticketing facilities

With the withdrawal of paper ticket stocks, travel agent use of Satellite Ticket Printers (STPs) will no longer be supported. As a consequence of the electronic ticketing deadline, all related standards and resolutions providing for Satellite Ticket Delivery Offices (STDOs), Special Event Locations (SELs), European Union Satellite Ticket Printers (EUSTPs) and STPs will no longer be applicable on/after 1 June 2008.

If you are operating an approved STP, EUSTP, SEL or STDO and in possession of a valid IATA numeric code for such operation, you will be entitled to retain such IATA code for 2008. At the end of 2008 IATA will not process any renewal application for any of these ticketing facilities as an STP, EUSTP, STDO or SEL. Should you wish to convert any of these locations to another category of IATA sales location this can be done at any time. Any conversion will be assessed in accordance with applicable IATA resolution requirements and against the fees paid.

3. Consequences if you issue a neutral paper ticket on/after 1 June 2008

Inevitably some of you may hold residual paper ticket stock on/after 1 June 2008 if not yet destroyed. It is possible that a GDS may not yet have inhibited the use of that stock to produce a paper ticket after that date. If a neutral paper ticket is erroneously issued on/after 1 June it will not be accepted for normal sales reporting and travel. It is therefore vital that at the close of business on 31 May 2008 all remaining paper tickets be removed from the ticket imprinter machines.

The following should also be noted: -

1. The IATA systems will be adjusted to reject a BSP reported sales where a paper ticket has been erroneously issued on/after 1 June 2008. This will result in the transaction not being reported to the issuing airline in the standard reporting process and will be classified in the BSP as an "unreported sale".
2. As this erroneous sale will be unreported in the BSP, the ticket will not be shown on the BSP Billing Statement and as a result, the airline will not be paid for the ticket through the BSP.
3. A passenger holding such a ticket may be stopped at check-in by an airline agent noting the issuance date of the ticket. The airline may request the passenger to purchase a new ticket and seek a refund from the agent, which issued the neutral paper ticket.
4. Should an airline transport the passenger on the paper BSP ticket in error, the airline will not be able to account for this document in its revenue accounting system and this will result in an ADM being issue to you for the unreported sale. Should you continue to issue paper tickets on/after 1 June 2008 this may lead to bilateral action by the BSP participating airline regarding your appointment.

4. Impact of the elimination of neutral paper tickets on 3rd parties in the BSP:

1. In some BSPs, non-airline companies are participating as a "BSP Participant". In these instances the companies are using the IATA neutral Standard Traffic Document in OPATB2 or OPTAT format.
2. The elimination of neutral paper tickets will impact on these operations as no physical neutral paper tickets will be available for issuance by agents for these 3rd party services.
3. In some instances, these 3rd party participants have adapted their business models to address this, for example, a rail company has effectively ceased participation in the BSP and is now operating a Web based "low cost" ticketless model.
4. Should you sell transportation on these 3rd party BSP participants you should ensure that they have communicated to you their plans.

5. ET eligible itineraries on/after 1 June 2008

Travel agents should enquire with their system provider(s) to determine if at time of pricing and any subsequent modification(s) to the reservation when re-pricing may be required, there is a feature to alert you when the itinerary cannot be issued on a single electronic ticket. This is in recognition of the fact that whilst each flight segment individually may be ET eligible, the particular mix of marketing/operating carriers in the itinerary would not allow you to issue the electronic ticket on any of those carriers with whom you have been granted the ticketing authority because interline ET does not exist with all participants in the itinerary.



USE AND ISSUANCE OF AIR CANADA E-TICKETS

Effective June 1st, 2008, tickets can no longer be issued using BSP neutral paper ticket stock. The following processes will assist you in issuing e-tickets on/after June 1st, 2008.

For V-MPD policy, please refer to the FLASH dated May 13, 2008.

1. E-TICKETS, EFFECTIVE JUNE 1ST, 2008

For tickets issued on or after June 1st, 2008, tickets can no longer be issued on neutral paper ticket stock using Air Canada airline accounting code (AC 014).

The IATA 100% ET mandate is a worldwide initiative to be followed by all countries, with the exception of the U.S., who uses ARC as their clearing house.

If a neutral paper ticket is erroneously issued on/after June 1, 2008, it will not be accepted for normal sales reporting and travel. You must record the paper ticket as *VOID* and issue them as ET.

If a carrier chooses to settle directly with an agency, the agency will be able to issue paper using that particular carrier's plate and their ticket stock. Air Canada will not provide agencies with its own ticket stock.

2. CARRIER IDENTIFICATION PLATES (CIPs)

Starting the week of May 26th, 2008, Air Canada will send a letter to all agencies with procedures to return the 014 CIPs.

3. GDS PROVIDERS AND PAPER TICKETS

Amadeus, Sabre, Worldspan, Galileo and Apollo will be inhibiting paper ticketing for all BSP countries. Effective midnight, May 31st, 2008, all tickets must be issued electronically.

Abacus, Axess, Infini, Topas and Travelsky will also be inhibiting paper for international points of sale.

If the GDS ET link is down for an extended period of time, you can either:

- Wait until the link is restored, or
- Book at www.aircanada.com/agents.



USE AND ISSUANCE OF AIR CANADA E-TICKETS

4. AIR CANADA ET ELIGIBLE DESTINATIONS

All Air Canada destinations, online and code-share, are ET eligible with the exception of AC* code-share on Air Jamaica (JM) between Toronto-Kingston.

If you need to issue a ticket for travel between Toronto – Kingston, a V-MPD (PTA, option #1 in BS*link*) must be issued.

The PNR associated to the V-MPD prepaid must be queued to the Air Canada PTA desk, for the prepaid to be set up. Air Canada will issue and mail the ticket. Include in the PNR the address where the ticket is to be mailed and allow 10 business days for mailing the paper ticket.

5. INTERLINE E-TICKET AGREEMENTS (IET) ON AIR CANADA

Air Canada has interline agreements with 86 carriers.

LAPSA (PZ) is the only carrier with whom AC does not have an IET, as this carrier is not yet ET eligible. To issue a ticket to a PZ destination, you need to issue a V-MPD (PTA, option #1 in BS*link*) as the itinerary is not ET eligible.

The PNR associated to the V-MPD prepaid must be queued to the Air Canada PTA desk, for the prepaid to be set up. Air Canada will issue and mail the ticket. Include in the PNR the address where the ticket is to be mailed and allow 10 business days for mailing the paper ticket.

For a complete list of interline partners, refer to CIC*26/8/XX (XX is the airline code). Refer to the grid at the end of this document for the list of carriers where IET is possible (subject to change).

If the itinerary is not covered by an interline agreement, two separate tickets must be issued, similar to the current procedure.

6. INFANT TICKETING ON INTERLINE JOURNEYS

Although Air Canada has enabled the IET infant functionality for infants with interline partners, it does not mean that each individual carrier has developed the same abilities. As soon as they develop the functionality, they will become an eligible IET infant partner.

Effective June 1st, 2008, Air Canada has IET functionality with the following STAR Alliance partners:

AI*, JK, KF, LX, MS*, NH, NZ, OS, OZ, SA, SK, SQ, TG, TK, TP, US (* future member)

For a complete list of infant IET partners, refer to CIC*26/8/XX (XX is the airline code). Refer to the grid at the end of this document for the list of carriers where infant IET is possible (this grid will change as more infant interline partners are implemented).



USE AND ISSUANCE OF AIR CANADA E-TICKETS

Where infant IET is not functional, you should first issue the adults tickets in the normal way. Then issue a V-MPD (PTA, option #1 in *BSPlink*) in order for Air Canada to issue the infant's ticket on your behalf.

The PNR associated to the V-MPD prepaid must be queued to the Air Canada PTA desk, for the prepaid to be set up. Air Canada will issue and mail the ticket. Include in the PNR the address where the ticket is to be mailed and allow 10 business days for mailing the paper ticket.

7. INTERLINE TICKETING TO NON-ET ELIGIBLE STATIONS

There may be destinations served by our interline partners where we don't code-share, and have yet to be turned up as ET. For travel originating Canada, you need to issue a V-MPD (PTA, option #1 in *BSPlink*) for the non-ET eligible itinerary and queue to Air Canada to issuance.

The PNR associated to the V-MPD prepaid must be queued to the Air Canada PTA desk in, for the prepaid to be set up. Air Canada will issue and mail the ticket. Include in the PNR the address where the ticket is to be mailed and allow 10 business days for mailing the paper ticket.

8. ADDITIONAL COLLECTIONS

The original ticket has to be exchanged for a new ticket, showing the ADCOL amount. If any change fee applies, enter the amount as a CP tax field on the reissued ticket.

9. PREVIOUSLY ISSUED PAPER TICKETS

With passengers holding paper tickets for travel after May 31st, 2008, Air Canada has a contractual obligation to accept those customers. This applies to both 014 and OAL issued paper tickets, regardless of point of sale.

Passengers holding an MPD/MCO issued by Air Canada Airports or Customer Relations, can have it exchanged for a ticket issued by a travel agent. Any additional collection requires credit card or cash form of payment. Mark paper MPD/MCO coupon as exchanged with notation of new ET number and retain on file.

10. EXCHANGE OF PAPER TICKETS

Paper tickets requiring an exchange, must be exchanged for ETs starting June 1, 2008.

If the paper ticket is for a non-ET eligible itinerary, update the booking in your GDS and queue it to Air Canada for a revised fare quote, before your customers get to the Air Canada ticket counter for re-issue.



USE AND ISSUANCE OF AIR CANADA E-TICKETS

11. FUTURE PAPER TICKETS

Air Canada supports the 100% ET mandate for all itineraries where ET is possible, and will not issue any paper tickets.

Paper tickets will be issued only for non ET eligible routes, in exchange for an agency issued V-MPDs, and customer direct sales. All paper tickets issued against a V-MPD will be sent by mail to the requested address. Any V-MPDs used for issuance of non ET eligible itineraries must be sent to Air Canada at least 10 business days prior to travel.

If Air Canada is issuing the ticket against a V-MPD issued by an agency, the agency will receive revenue credit.

12. REFUNDS

Currently and after May 31st, 2008, agencies can refund tickets using the GDS automated refund functionality, and retain the refunded passenger coupons in their office. Galileo is currently working on expanding this functionality.

13. ISSUANCE OF OPEN SEGMENTS

An agency may issue IET open segments, if eligible, however, Air Canada will not issue tickets on your behalf for interline itineraries where open segments are not permitted. It is recommended that you book a segment in order for an ET to be issued.

14. SPLIT PAYMENTS (EXAMPLE: CREDIT CARD AND CASH) AND ET

Air Canada does not allow split form of payment (FOP) using the Air Canada vendor number. You could process the credit card through your agency vendor account and report the ticket to AC as a cash sale.

15. GROUPS AND IET

A solution is currently being developed and we will communicate this once it is finalized.

16. ROUND THE WORLD FARES

Star Alliance RTW (Round the World) fares will be ET eligible by June 1st, 2008. Since May 1, 2008, they have been limited to a maximum of 16 segments; re-issues need to have the same number of segments or less.



AIR CANADA

USE AND ISSUANCE OF AIR CANADA E-TICKETS

Airlines with Interline Ticket Agreements (IET) on Air Canada and Infant IETs

Subject to changes as more interline partners are implemented. For up-to-date list, refer to CIC*26/8/XX (XX = airline code)

Airline	Code	Infant ET	Airline	Code	Infant ET
Adria Airways	JP		Japan Airlines	JL	Yes
Aeroflot	SU		Jet Airways	9W	
AEROMÉXICO	AM		Kenya Airways	KQ	
Air China Limited	CA		KLM	KL	
Air Creebec	YN		Korean Air	KE	Yes
Air France	AF	Yes	Kuwait Airways	KU	
Air Jamaica Limited	JM		LACSA	LR	
Air Mauritius	MK	Yes	Lan Airline	LA	
Air New Zealand	NZ	Yes	Lan Argentina	4M	
Air One	AP		Lan Perú	LP	
Air India	AI	Yes	LanEcuador	XL	
Alaska Airlines	AS		LOT Polish Airlines	LO	
Alitalia	AZ	Yes	Lufthansa Cargo	LH	
All Nippon Airways	NH	Yes	Luxair	LG	
America West Airlines	HP		Malaysia Airlines	MH	Yes
American Airlines	AA		Malev	MA	Yes
Asiana	OZ	Yes	MEA	ME	Yes
Austrian	OS	Yes	Mexicana	MX	
Avianca (June 1 st /08)	AV		Northwest Airlines	NW	
Bearskin	JV		Philippine	PR	Yes
Biman	BG	Yes	Qantas	QF	
Blue1	KF	Yes	Qatar Airways	QR	Yes
BMI	BD		Royal Jordanian	RJ	Yes
British Airways	BA	Yes	SAA	SA	Yes
Canadian North	5T		SAS	SK	Yes
Cathay Pacific	CX	Yes	Saudi Arabian Airlines	SV	Yes
Cayman Airways	KX	Yes	Shanghai Airlines	FM	
Central Mountain Air	9M		SIA	SQ	Yes
China Southern Airlines	CZ		Skywest (UA)	OO	
Continental Airlines	CO	Yes	Spanair	JK	Yes
Croatia Airlines	OU		SriLankan	UL	Yes
Czech Airlines	OK		SWISS	LX	Yes
Delta Air Lines	DL		Lapsa	PZ	
Dragonair	KA	Yes	TAM Linhas Aereas	JJ	Yes
Egyptair	MS	Yes	TAP - Air Portugal	TP	Yes
Emirates	EK	Yes	Thai Airways	TG	Yes
Ethiopian Airlines	ET	Yes	THY	TK	Yes
EVA Air	BR		United Airlines	UA	
First Air	7F		US Airways, Inc.	US	Yes
Gulf Air	GF	Yes	Vietnam Airlines	VN	
Iberia	IB	Yes	Virgin Atlantic	VS	
Icelandair	FI		Wideroe	WF	
Iran Air	IR	Yes	Yemenia	IY	



Geneva, 9 May 2008

Recovery of Paper Tickets by SAFLOG

Dear IATA Agent,

I refer to my letter of 28 April 2008 concerning the move to full electronic ticketing and the recovery of IATA paper tickets in your possession after 31 May.

I am pleased to report that the vast majority of you have followed our instructions to register using the SAFLOG system. I want to thank you for taking the time to complete this process.

SAFLOG will contact you after 20 May with instructions on how to prepare the "Packing List" for the pick up of the paper ticket stock. Please note that we are only asking you to return the paper tickets. Other documents and administrative forms are not being recovered as part of this process.

On your first business day after 31 May you will need to record in the SAFLOG system the final count of our remaining paper tickets as the final "Packing List". Once SAFLOG has this information in their system they will confirm the date they will visit you to pick up the tickets.

We will be in direct contact with those Agents who have failed to register in the SAFLOG system. We are aware that, in some instances, this failure is the result of technical or procedural problems and our Country Managers will work with you to resolve these problems. We are confident that those of you facing these difficulties will be able to complete the registration before the 15 May, which is when we will close the registering system.

However, I am also aware that a small number of Agents are deliberately not cooperating with our instructions to register in the system. This may be in the mistaken belief that, if they do not register, and they hold on to our ticket stock after 31 May, they will be able to continue to issue paper tickets. I want to stress that we have taken steps with the GDSs to prevent IATA paper tickets from being issued on or after 1 June 2008. It will also not be possible to report these sales through the BSP. Further, IATA and our BSP airlines will treat any IATA BSP paper ticket issued on or after 1 June as fraudulent and you will be held financially liable.

In my letter of 28 April I referred to specific sanctions that would be applied if an Agent deliberately refused to return our tickets. Please note, that failure to cooperate fully with IATA in the recovery of paper tickets will result in IATA initiating default action against the Agent concerned. The implications of default action are very serious as it will result in the Agent being removed from the Agent List and GDSs will be instructed by IATA to suspend the ability to issue tickets. Reinstatement as an IATA Agent after default action will take time and may result in the Agent having to provide an increased financial security. I would strongly urge these few Agents to cooperate with us and register in the SAFLOG system before it is too late.

I thank you in advance for your cooperation and remind you that you can send any questions or comments to: bspsupport@iata.org.

Yours Sincerely,

Tom Murphy
IATA Agency Administrator

CANADIAN STANDARD TRAVEL AGENT REGISTRY
Applicant

and **INTERNATIONAL AIR TRANSPORT ASSOCIATION**
Respondent

File No.: CT-
Registry Document No. :

COMPETITION TRIBUNAL

**NOTICE OF APPLICATION PURSUANT TO SECTION 75
OF THE *COMPETITION ACT***

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