

**BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

International Air Transport Association  
Tariff Conference Proceeding

Docket OST-2006-25307

**MOTION FOR LEAVE TO FILE AND ANSWER OF  
BRITISH AIRWAYS PLC**

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November 22, 2006

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Pursuant to the procedures established by Order 2006-7-3, British Airways hereby submits this answer to the initial comments submitted by the International Air Transport Association (IATA) on October 20, 2006.<sup>1</sup>

British Airways comments are limited to the proposal to withdraw antitrust immunity from all IATA Composite Conference activity. British Airways urges the Department to reconsider that proposal. As stated in the affidavit of Rodney Gill (attached to the initial IATA comments):

It is important at the outset to understand that the Composite meetings, unlike the individual Passenger Tariff Coordinating Conferences, do not agree on the price to be paid for online or interline journey. The same is true for cargo. Rather, as is clear from the terms of reference set forth in Section IV, paragraph 6 and 8 of the Provisions, the Composite meetings confine their work to the setting of standards and procedures that are to be used by both members of the Tariff Coordination and, by tradition, the industry as a whole, in developing interline fares and rates and, as a practical matter, in assuring that all airlines speak a common, global

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<sup>1</sup> British Airways hereby moves for leave to file this answer two days late. British Airways was not able to submit this answer by the November 20 deadline due to difficulties coordinating it with all involved departments and personnel. Acceptance of this answer will provide the Department with a more complete record upon which to base its decision in this proceeding and will not prejudice any party. Accordingly, good cause exists for the Department to accept and consider this answer.

commercial language when addressing both online and interline sales and remittances, and the handling of passengers and cargo, whether this is undertaken directly by the airlines or through the GDSs or the tens of thousands of passenger and cargo agents worldwide. In short, if the hundreds of airlines around the world and all their sales engines and intermediaries are to function smoothly, there must be a global set of basic terms, standards and rules that each and all understand, particularly with respect to the handling of each other's passengers or shipments in the interline process, no matter the "form" of the interlining, i.e., whether developed by bilateral agreement between carriers, or within alliances, or by publishing combinable fares or rates accepted by another carrier, or the IATA Products agreed by the Passenger and Cargo Tariff Coordinating Conferences. (Affidavit of Rodney Gill ¶6.) (emphasis added.)

Since the Composite Conferences do not establish fares or rates, they are not directly linked to the primary competition concerns raised by Order 2006-7-3. Instead the Composite Conferences provide an essential mechanism for enhancing passenger convenience by promoting international interline transportation and by facilitating product standardization.

For example, the Composite Conferences determine common definitions for terms which require clarity in interline journeys. The definitions established by the conferences enable passengers, carriers, and global distribution systems to speak in a common language when referring to aviation terms such as "stopover", "round trip", and "direct flight". The common definitions established by the conferences make it possible for these terms to be coded or programmed in airline and global distribution systems thereby facilitating automated delivery of prices and product.

The Composite Conferences also establish a framework for fare construction. They provide the consistency and uniformity necessary for carriers to participate in global distribution systems ("GDS") on a comparable basis and facilitate product

differentiation and competition. It should be noted that having a single framework for fare construction does not result in uniform products or fares. Carriers can and do select which of many construction rules will be applied to their fare products and there is significant variation between carriers on which fare rules apply. Absent the Composite Conferences, GDSs would be faced with a large number of individual carrier requirements. The cost and complexity of dealing with each carrier in that scenario means that GDSs would be more likely to tailor product coding to large carrier requirements thereby reducing product choices and diminishing competition. The lack of a common fare construction framework would also diminish passenger ability to compare and evaluate competing air transportation products.

The Composite Conferences administer mechanisms for calculating uniform distances between city pairs thereby facilitating automated pricing systems. The conferences also contribute to currency coordination mechanisms thereby avoiding the need for consumers to purchase tickets in differing currencies. This increases consistency and enhances price transparency.

As noted above, the record in this proceeding demonstrates that the Composite Conferences provide significant benefits to the traveling public. The record provides no support for the position that the Composite Conferences are anticompetitive. Nonetheless, and especially given the threat of private antitrust litigation, many carriers would hesitate risking any collective activities, no matter how worthwhile, absent

continued immunity. Under those circumstances, the Department should reconsider its tentative decision to withdraw immunity from the Composite Conferences.

Respectfully submitted,

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