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24th October 2008

Ms Catheryn Geraghty
Commission for Aviation Regulation
3rd Floor
Alexandra House
Earlsfort Terrace
Dublin 2

**RE: Review of Travel Trade Legislation in Ireland
Commission Paper 5/2008**

Dear Ms. Geraghty,

I refer to the above and the Commissions for Aviation Regulations' request for comments.

As an airline, Aer Lingus is not subject to the travel trade Licensing requirements and we will therefore restrict our comments to issues which concern Aer Lingus directly. As stated in our earlier response dated 13th June 2008, Aer Lingus believes that matters involving package travel and travel services generally should be dealt with at an EU level to ensure consistency across all member states.

Accordingly, we are strongly opposed to the suggestion set out in Option 1 that the current travel trade regime be extended to cover all trips out of the State. We believe that it is unnecessary to extend this regime to air carriers. It is our view that regulatory intervention is not necessary in this regard and that the decision on whether to obtain protection from bankruptcy of air carriers should be a voluntary one made by each individual passenger. By relying on voluntary action, each passenger will have the option to decide for himself/herself whether to obtain coverage against the risk of carrier bankruptcy. Clearly, this is a preferable approach to imposing a mandatory obligation on all carriers which would need to be passed on to all passengers in the form of an additional charge. This is particularly so since many passengers will have already protected themselves against this risk through other means and at no cost to themselves such as through the purchase of travel insurance and/or coverage provided by credit card schemes. In this regard, we would point out that credit cards are currently used in over 80% of the total number of bookings made with Aer Lingus.

Moreover, legislation in this area would operate to diminish the legitimate competitive advantage which credit-worthy carriers have. Such legislation would encourage risk-taking by less credit-worthy carriers that will not be in the interests of other carriers or consumers. There is no reason why the airline industry should be singled out for a regime whereby credit-worthy carriers and their customers are required to subsidise less credit-worthy competitors. In addition, in the absence of a common approach across the EU, any action to require carriers operating out of Ireland to provide such cover would serve to distort competition between carriers operating out of Ireland and other carriers who would not be subject to the same requirement.

I trust the above is of assistance.

Yours sincerely,



Laurence Gourley
Company Secretary and Head of Legal