



中華人民共和國香港特別行政區
Hong Kong Special Administrative Region of the People's Republic of China

立法會 LEGISLATIVE COUNCIL

謝偉俊 *Paul W. To*

Ref.: 20100317-LC

Hon Jeffrey LAM Kin-fung
Chairman of Economic Development Panel

March 17, 2010

Dear *Jeffrey*,

Re: Zero Commission for Travel Agents
as a Subject Matter to be canvassed in the ED Panel

As you may be aware, Air France and KLM are going to reduce travel agents' commission to 0% effective 1 April 2010. Travel agents strongly oppose the so-called zero commission policy of Air France and KLM ("the Policy"). However, despite patent objections and even a trade-wide demonstration and parade on 23 June 2009, Air France and KLM are still adamant on implementing the Policy as scheduled.

The Policy is in breach of the relevant Resolutions governing the payment of remuneration to agents for sale of air tickets on behalf of IATA member airlines. Such Policy may also be in contravention of the relevant rules and regulations under Hong Kong laws.

Quite apart from its adverse effect on travel agents, the Policy will have an impact on consumers' interest. Travel agents who cannot receive any commissions from the subject airlines will have to seek to recover their loss from consumers direct, in terms of a transaction or service fee to be collected from consumers. This transaction fee is over and above what consumers have to pay for the airfare.

Further, the Policy might open up opportunities for unscrupulous agents to charge exorbitant transaction fees from customers, unless otherwise regulated.



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Also, the Policy will likely give rise to market dominance by a small number of big agents who are paid hefty amounts by the airlines in the name of productivity. This phenomenon is likely to reduce competition amongst agents and is therefore not in the best interests of consumers.

In the premises, and in a view of the imminent implementation of the Policy, I trust you would see fit to include the matter in the agenda of the next earliest panel meeting.

Yours sincerely,

Paul W. Tse

CC: Mr. Francis Bagaman, Chairman of Society of IATA Passenger Agents



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