Tariff Consultations
The explanations and questions raised in the a.m. paper are not new and do not bring new perspectives to our understanding of the subject.

One of the key questions raised is whether the antitrust immunity may limit competition. From our point of view the answer is no, because

- the alliance systems offer parallel interline schemes besides the existing IATA regulations, but they are not able to replace them completely;

- only carriers which belong to at least one of the systems (IATA or alliance) might survive competition;

- in case of discontinuation of IATA-interlining, carriers not being at least involved within one alliance might be excluded from interlining and possibly threatened in their existence;

- whereas alliance carriers may be able to compensate the lack of interlining possibility within their part of the system;

- the discontinuation of IATA-Interlining could possibly speed up the concentration in air transport and restrict competition.

In case of discontinuation of antitrust immunity, the gap needed to be closed through bilateral agreements:

- Here again the carriers with the highest revenue would have the best priority and would possibly place smaller carriers at risk;

- in case no interlineable throughfares were available without any further alternative, carrier fares would needed to be built by fare construction;

- this would reduce transparency and competition, and shift competition away from the producers to the marketing systems (competition between airline pricing versus distribution channel functionalities, CRSs/internet);

- major customer benefits, i.e. such as through check-in, would be lost;
- a differentiation between EU and Non-EU would not be beneficial as in the worst case two competing systems had to be enforced parallel at extra cost (current distribution of interline pricing and future fare construction functionality with modified “concurrence procedure” to be developed).

Alternatives to IATA-interlining should not be predetermined by the regulatory bodies.

- IATA-Studies have been undertaken including carriers' participation to develop automated and system driven models;

- to be acceptable as alternative procedures for the future, agreement is needed by member carriers;

- in case of defeat of a preferred model, the same concentration effects would take place as by discontinuation of the antitrust immunity.

Lufthansa has grave doubts concerning the Posted Price System as described in annex 2 as an alternative concept for interlining. We do not consider this to be a realistic option:

- In our opinion throughfares on the basis of the posted price system would be higher than the current IATA fares and would not be competitive with available direct fares.

- If there were no longer a general interlineability for all carriers, then in all probability interline sectors would be opened selectively for specific carriers and thus be detrimental to competition.

- The handling of this concept would be disproportionately expensive und due to the large data volume be of high complexity

- In all likelihood there would probably be no consensus in the industry on this concept as carriers have already commented it highly critically.

LH supports the continuation of multilateral IATA-Interlining and all efforts made by IATA to retain antitrust immunity:

- We participated in studies to develop automated alternatives.

- Twice a year we provide interline data to the EU to back-up the relevance of interline fares.

- We participate in all IATA tariff conferences where we have voting rights depending on our flight operations.

- We also participate in working groups to improve the interface between the Multilateral Interline Traffic Agreement MITA), prorate procedures and tariffs and to
strengthen the IATA interline process.

- Within the European Economic Area (EEA) 10.9% of our revenue are based on IATA fares (excluding domestic traffic), for traffic between EEA and intercontinental destinations they account for 11.7%.

**Slot Coordination**
Concerning the block exemption for slot allocation questions 28, 36 and 116 can in principle all be answered with no. In particular we agree with the Commission that so far no grave problems exist for EU carriers in third countries with the slot allocation procedures. On the other hand the new regulation 793/2004 will give rise to deviations from the current internationally uniform standards. This could be seen negatively by third countries and result in retaliation measures. Therefore it would appear to be advisable to gain some experience with third countries on the application of the new directive before additional changes are envisaged.