



IATA comments on airline ticket payment proposal of Government of Colombia

31 March 2023 (Bogota, Colombia) – The International Air Transport Association (IATA) wishes to point out the following in response to the Government of Colombia’s proposal to mandate payment for airline tickets only at flight departure, rather than at the time of booking.

Airline seats are a “perishable commodity” and hence airlines plan their operations based on projected demand and forward bookings. Deferring the payment of airline tickets to the time of flight departure goes against long-standing worldwide industry practices, which essentially allow airlines to operate a business model which offers a wide range of fare options to the traveling public.

Changing the current cash-flow of airlines would require a complete overhaul of the business model, not only negatively affecting the economic viability of airlines but also lowering the choice for passengers in terms of flights and fares. Replacing the current pre-payment system for airline tickets with on departure payments would lead to:

- The elimination of promotional or discounted fares which can be offered due to their advance purchase conditions, along with additional flexible services offered by airlines.
- A more expensive travel eco-system as the airlines would lose any capability of predicting actual future demand, limiting their options of managing demand through price.
- Making air travel less accessible to the most price-sensitive passengers, as the conditions under which airlines are able to offer promotional fares airlines would no longer exist.
- A decrease in demand which would affect the viability of some routes and lead to a reduction in connectivity, often affecting the more remote regions of the country.
- A decline in demand leading to reduced competition, leaving consumers with less choice.

Security and consumer protection are two issues of relevance to the industry. As IATA, we work permanently for the benefit of users and the economic viability of our member airlines. We have always been willing to work with authorities to seek mechanisms that allow them to carry out their surveillance functions in an efficient and preventive manner, in order to avoid situations like those which have recently occurred in the country.

Colombia already has consumer protection regulations in place that have been very efficient in terms of protecting the rights of users, being the fundamental basis to protect them today.

We also call on the authorities to urgently consider the reintroduction of some of the measures used to support the industry during the pandemic, such as the reduction of VAT on airline tickets and jet-

fuel, which would support the sector and strengthen tourism, connectivity and the democratization of this means of transportation in Colombia.

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Notes to editors:

- IATA (International Air Transport Association) represents around 300 airlines that make up 83% of global air traffic.
- Find all the latest information - releases, policy positions and other useful information - at <http://twitter.com/iata>