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To: John Morrall@EOP

cc:

Subject: FW: Travel Agency Commissions

> I was at the conference in Washington (March 18) when the President
> reinforced his commitment to small businesses. He said that his
> goal was to " provide an environment in which small business can
> flourish." Prior to the President one of the speakers said if he was in
> travel he would be getting out. If the President is committed to small
> business, then why is he permitting the Airlines to destroy the Travel
> Agency Community.

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> April 1, 200

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> Some of my thoughts on the decision of the Airlines to
> eliminate commissions to the Travel Agency Community

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> 1. Travel Agencies have always been regulated by the
> Airline Industry and their wholly owned subsidiary
> (ARC) Airline Reporting Corporation.
>
> 2. After 911 the Government provided 15 Billion dollars to the
> Airline Industry. They took the **FREE** money and put it in their
> pockets. None of these dollars were shared with the other
> industries tied directly to the Airlines and small companies such


> as

- > Food Supplies, Travel Agencies, Hotels, Car Rentals etc. who
- > received NO compensation.
- >
- > **3** Travel Agencies employ approximately 112,000 people at 37,317
- > independent ARC appointed Travel Agencies throughout the U.S.
- >
- > **4** There is an indirect impact on the employees of the small
- > companies
- > that support the travel agency community such as insurance
- > agents,
- > printing companies, accountants, computer personnel etc.
- >
- > **5.** Agencies are left with long term leases, Office space, Telephone
- > Systems,
- > computers etc.
- >
- > **6.** Airlines became Anti-competitive and broke Anti Trust Laws
- > by underselling in the direct market against their distributors
- > with which they had written agreements, and total control.
- >
- > **7.** Airlines zeroed out commissions to ONLY U.S. and Canadian
- > Agencies.
- > They took the 15 Billion Free money but left some 7.5 Billion on
- > the table
- > in the form of low interest or Government guaranteed loans.
- >
- > **8.** The Airlines encouraged deregulation but never relinquished their
- > total
- > control of the Travel Agency Community. They continued to
- > regulate the Travel Agency Community.
- >
- > **9.** The business traveler pays for the aviation system in our country
- >
- > **10.** By cutting commissions rather than raising fares the airlines have
- >
- > put the cost on the agencies, who must raise their service fee
- > for agent assisted bookings and pass the cost to the business
- > traveler.
- > (this is a fare increase in disguise)
- >
- > **11.** The Airlines want to ensure that only selected Travel Agencies
- > survive
- > with NO regard to the 82% of the agencies owned by Minorities
- > and Women.
- > These small agencies are being discriminated against by the
- > Airlines. The
- > Airlines took away the commissions but are continuing to pay
- > overrides
- > to the large agencies such as American Express, World Travel
- > Partners etc.
- >
- > **12.** We are asking for relief and review of the airlines and the
- > Airlines Reporting
- > Corporation and their predatory Anti-Competitive Actions in
- > relation to the

> Travel Agency Community. We would like to have at least a minimum
> of one
> year to transition our businesses and get relief from some of our
> many
> leases and other obligations as small business owners. We also
> need
> the same monetary consideration from the government that was
> given to
> the Airlines.

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