

# Tse Wai Chun Paul

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By Fax 2525 4788 & By Post

Mr. Edwin Lau  
Vice President, Hong Kong & China  
Emirates Airline  
11/F Henley Building  
5 Queen's Road Central  
Hong Kong

Date : 30 June 2008

Dear Sir,

Re : Reduction on Agency Commission from 7% to 5%

I have been asked by members of the Travel Industry to write to you concerning Emirates' announcement to reduce agency commission from 7% to 5% for all EK market fares and IATA published fares effective from 1 July 2008. Members would implore you to further reconsider ~~on~~ the following :-

- (a) As a very senior airline executive in Hong Kong, you would be well aware that the air ticketing practice in Hong Kong is still predominately dependent on booking via travel agents. Direct on-line booking still constitutes a very small percentage. In this regard, Hong Kong is vastly different from other markets.
- (b) Further, whilst Emirates' sales is less than 1% of the total HKG BSP sales, and that the absolute impact on the revenues of travel agents may not be phenomenal, you would well appreciate that Emirates' lead in reducing the agency commission would quite likely bring about a domino effect encouraging other airlines to follow suit. A slight, apparently insignificant and inconsequential reduction in Emirates' agency costs would likely bring about an avalanche of commission reduction by other airlines. This could be catastrophic to the bulk of the travel agents in Hong Kong. Surely, this is not the kind of market leader you or your head office intended to become.

In the premises, whilst appreciate of the increasing difficult economic conditions airlines face, we trust you would seriously reconsider the matter and refrain from actions which will bring only marginal benefit to Emirates but dire consequences to the travel industry in Hong Kong. We look forward to your favourable response by return.

Yours faithfully,

Tse Wai Chun Paul