

# Rules on Fare Advertising and Displaying in Korea

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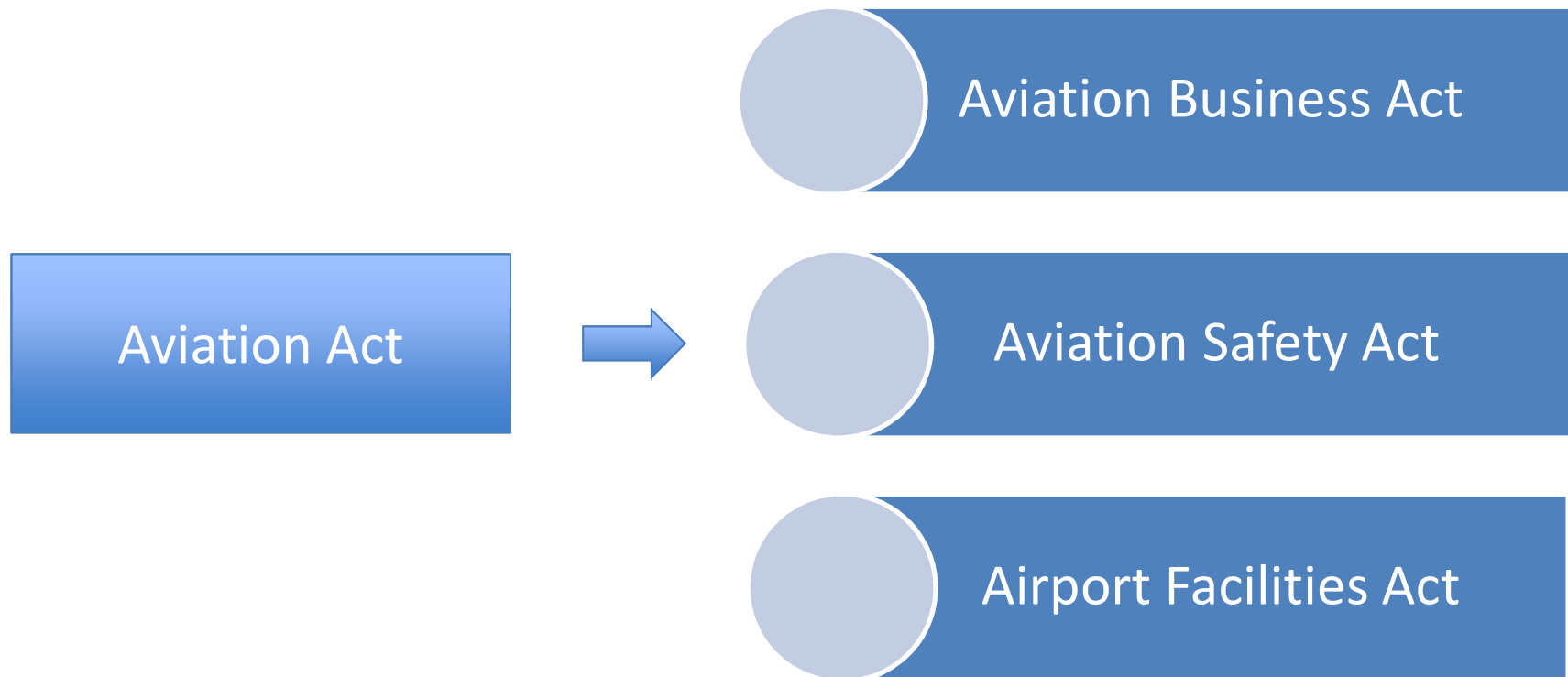
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# Overview

- Korean Aviation Market
- Applicable Law: Aviation Business Act and Enforcement Decree
- Consumer Council Report
- Remaining Problems



# Legislative Change



## Applicable Law: Aviation Business Act Art.62

*“An air transport service provider, general sale agent and travel agent shall provide information to users of air transportation so that they may easily understand the total amount they should actually bear, including airfares and airfreight fees.”*

# Enforcement Decree of the Aviation Business Act

(1) the total amount of airfare and etc which an air carrier shall provide to air transportation users shall be the sum of the following amounts:

1. [Airport Facility Law] Fees pursuant to Article 32(1)
2. Fares and fees pursuant to Article 14(1) and (2)
3. Facility usage fees at overseas airports
4. [Tourism Promotion and Development Fund Act] Departure payment pursuant
5. [International Disease Control Fund Act] Departure payment
6. Other amounts payable by air transportation users to use air transport services provided by an air carrier

## Enforcement Decree of the Aviation Business Act

(2) An air carrier must provide disclosure of the total amount of airfare when flight tickets are displayed, advertised or provided to air transportation users.

(3) In the event of displaying, advertising or providing an air ticket or a travel product that includes an air ticket, the total amount of airfare and etc. must be provided by an air transport or a travel agent.

However, if the total amount of airfare and etc. is included in the total cost of the travel product, it is deemed that the total amount of airfare and etc. has been provided.

# Enforcement Decree of the Aviation Business Act

(4) When displaying, advertising or providing an air ticket or travel product that includes an air ticket, the criteria for providing such information on the total amount of airfare, shall be as follows:

1. Specify whether the total amount of airfare is for a one-way trip or a round trip
2. Specify the items that can be changed according to the ticketing date, exchange rate, etc., such as the cost of fuel surcharges and facility charges at overseas airports included in the total amount of airfare and etc.



# Enforcement Decree of the Aviation Business Act

(4) When displaying, advertising or providing an air ticket or travel product that includes an air ticket, the criteria for providing such information on the total amount of airfare, shall be as follows:

3. When displaying, advertising or providing a ticket or a travel product that includes a ticket, the letter size, shape, and color of the “total amount of airfare,” etc., shall be distinguishable so that the air transportation user may easily identify the total amount of the airfare. It must be emphasized in a different way than those of the first paragraph.

# Enforcement Decree of the Aviation Business Act

(4) When displaying, advertising or providing an air ticket or travel product that includes an air ticket, the criteria for providing such information on the total amount of airfare, shall be as follows:

4. Specify the amount of fuel surcharges for tickets that specify the departure and arrival cities and dates, and types of tickets or for travel products containing such tickets (exchange rates for fuel surcharges as estimated by air carriers or foreign international air carriers)



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- 여행사

# Can airlines set their fare freely?

## Article 14 (Approval, etc. of Airfare and Airfreight Fees for Air Transport Services)

Each air transport service provider and small-scale air transport service provider shall determine airfares for passengers or airfreight fees of cargo on international routes, as stipulated in an air services agreement related to the relevant international routes, and obtain **approval** from **or** make a **report** to the MOLIT. The foregoing shall also apply where he/she intends to change the airfare or airfreight fees.



# Survey by the Consumer Council

- 2019. 3.26 – 2019. 4. 5 / Incheon – Osaka route (2019.5.3-5.6)
- LCC as opposed to FSC
- Exponential growth 14.3 M (2016) / 20.3 M (2017) / 25.0 M (2019)
- The number of complaints increased

# Survey by the Consumer Council

Total 60 (34 compliance , 26 non-compliance) / non-compliance 43 %

	Total Fare	One way/ Return	Fuel Surcharge	Possibility of change	Emphasis on total fare
Compliance	36	49	42	41	45
Non- Compliance	24	11	18	19	15
Total	60	60	60	60	60

# Survey by the Consumer Council

		Number of advertisement	%
Notice	Free	34	56.7%
	Not Free	7	11.7%
	Ambiguous	4	6.7%
No Notice (No information or simply state “check with airline”)		15	25%
Total		60	100%

# Summary

- Total Fare rules started in 2014
- The rules have significantly changed the improper practice
- Consumer Council <-> MOLIT
- Airlines vs. On-line travel agencies
- Related Questions
  - Can/should airlines set the fare freely?
  - Information on amount of cancellation fee and fee for reservation change (not just yes or no but *how much*)



Thank you!

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