

**Eighth Intergovernmental Group of Experts on  
Consumer Protection Law and Policy  
Room XIX, Palais des Nations, Geneva  
1-2 July 2024**

**Supplementary note to the Malaysian Aviation Commission submission  
entitled:**

**Aviation Consumer Protection in Malaysia**

**Contribution**

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## **UNCTAD IGE on Consumer Protection 8th Session 2-3 July 2024, Geneva**

Supplementary note to the Malaysian Aviation Commission submission entitled  
*Aviation Consumer Protection in Malaysia.*

The civil aviation industry involves more than 5,000 airlines, which in 2024, are forecasted to operate 40.1 million flights and transport almost 4.5 billion passengers. The industry is also set to reach a revenue of USD1 trillion before the end of the decade, with almost three-quarters of the amount from passengers.

The framework for consumer protection in the aviation industry differs significantly by country. The ICAO and IATA, and other international conventions have put in place a framework of rules. Unfortunately, not all airlines are signatories of the aviation conventions. Furthermore, not all those that are signatories comply with the requirements of the conventions.

For a long time, the focus of national civil aviation authorities was security and safety. Some jurisdictions have begun to focus on competition and consumer protection regulations. In a few jurisdictions, consumer protection is higher than that prescribed in the international framework, but again some of these higher standards are complied with and others are not.

Delays, cancellations and refunds are the banes of air travellers. A delayed flight could mean missed connections, loss of prebooked hotel charges, and disrupted internal travel bookings. There needs to be compensation, be it flight insurance or otherwise. Delays, cancellations and refunds have been the principal focus of consumer protection in the industry.

There needs to be a more comprehensive perspective that deals with all aspects of the consumer touch points, from airline advertising to the post-journey experience of baggage retrieval, claims processing and dispute resolution. The aviation services providers need to be subject to the consumer law provisions, including misleading and deceptive conduct, unfair contract terms, and implied guarantees in the supply of services. The dispute resolution mechanisms should be required to meet the ISO 10002 standard.

The airline industry business model involves the sale of tickets well before the journey is made, thereby availing itself of large amounts of capital in advance of the provision of the service. According to the aviation website AllPlane.tv, since 2020, no fewer than 70 airlines have ceased operations. Bankruptcies result in passengers left stranded and payments made in advance becoming unclaimable. The insolvency laws in most countries do not prioritise consumer repayment. Consumer payment needs to be ring-fenced and consumers not treated like other creditors.

There also needs to be a focus on protecting the levies paid by consumers for the carbon offset efforts of the industry. These too need to be ring-fenced, independently audited, and publicly reported to ensure they are used for the intended purpose.

It may be appropriate for the IGE to establish a working group on airline consumer protection to develop a charter of consumer rights to assist countries to put in place a comprehensive consumer protection framework for the aviation industry.

Submitted by **Dr Sothi Rachagan**

