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Warszawa, 23.08.2018

Dear Sirs and Madams,

It is with great respect that we have been following the achievements of the German market of organized tourism for many years. It is a valuable example for us and a signpost, telling us in which direction a healthy and competitive market can go - for the benefit of customers, but also for the benefit of market participants who have equal access to customers and equal opportunities to compete. One can say that, from our point of view, this is a model market.

The still huge potential of the Polish market is evidenced by its dynamic development in the recent years (+61% increase in the last 5 years), as well as the still relatively low level of saturation with organized tourism services in the society - in Germany it amounts to 54%, while in Poland - 15%, which is shown by the data of, among others, Eurostat, our common statistical institution. Therefore, it is with great joy, ambition and commitment that we observe the achievements of the German market, following or sometimes even imitating the leading tour operators from your country.

Unfortunately, in the last season of Summer 2018 we have been observing a range of phenomena in the Polish market which disturb the normal, healthy competition and distort the image of the tour operator market. This is because TUI Poland, a member of the German TUI group, in its ambition to win the market, has deliberately and purposefully adopted a policy of dumping prices to the extent and scale that we have never seen in any civilized market in Europe.

We have reasons to believe that this phenomenon has its roots, among others, in the close cooperation between German and Polish entities inside the TUI group.

One may presume that the above-mentioned TUI Deutschland, headed by its new boss, has a lot to prove in the Polish market. Originally, having been unsuccessful in building product, sales and distribution advantages in the conditions of normal market competition, TUI fell in 2014 from the 2nd to the 3rd position in this market. At the moment we are witnessing an attempt at reversing this situation by flooding the Polish market with a huge number of dumped offers in cooperation with TUI Deutschland. This is one of the reasons why we have decided to write to you, because the problem concerns equally TUI Poland and TUI Deutschland.

To illustrate this phenomenon, below we are listing several examples of TUI's price policies in the Summer 2018 and Winter 18/19 seasons:

- Egypt, 3\* All Incl. hotel, 7 nights, direct charter flight WAW-SSH, price EUR 250,
- Turkey, 3\* All Incl. hotel, 7 nights, direct charter flight WAW-BJV, price EUR 297,
- Kenya, 4\* HB hotel, 7 nights, direct flight with a Boeing 787 Dreamliner WAW-MBA, price EUR 663,
- Sri Lanka, 3\* HB hotel, 7 nights, direct charter flight WAW-CMB, price EUR 805,
- Mauritius, 3\* HB hotel, 7 nights, direct charter flight WAW-MRU, price EUR 930.

It should be emphasized here that it is not our intention to point to individual and short-term cases - we all operate in a dynamic price environment and we know that there are situations which require lowering rates for selected range of products for short periods of time and sometimes even below the costs. However, the situation here is different, because this case pertains to a long-term phenomenon that has been present since the beginning of the season, i.e. it started in the last months of 2017 and has been continuing until now. The prices quoted above are the prices permanently and invariably offered by TUI Poland throughout the season and on a massive scale.

Moreover, what is very disturbing is the fact that the situation described above relates not to individual cases, but to most offers of TUI Poland, hence, the sales generated in this way already sums up to nearly half a million passengers. Because the average price of TUI Poland's products in 2018, in relation to 2017, is lower by approx. EUR 100 (which is confirmed by the independent data of research institutes, for example wczasopedia<sup>1</sup>), and the expected sales level of TUI Poland in the current season is approx. 600-630 thousand pax, the estimated level of extra funding for TUI Poland's business amounts to over 60 million euro in the scale of one season only. In our opinion this amount is noticeable, both in the Polish market, and in the much larger German market, and it significantly affects the German market.

Because the phenomenon described above has occurred in more than one season and is already clearly visible in the TUI pricing policy for Winter 18/19, it seems to be a planned, deliberate action of favouring Polish customers at the expense of, among others, German customers, using non-transparent and secret transfer pricing mechanisms between different markets, which is prohibited by law.

For us it is simply obvious that German customers pay extra for the benefit of Polish customers. Given the TUI Poland's price level lowered by several dozen million euros throughout the season, and the absence of the same millions of financial losses on any financial reports of TUI Poland, it is obvious that the German company is deeply involved in this process. This is a very disturbing situation, both from the ethical point of view, and due to the huge scale of this undertaking.

A question arises therefore, whether this fact is known to and accepted by the Executive Board of TUI AG. Therefore, appropriate measures have been taken to clarify and curb these practices, by engaging the Polish Office of Competition and Consumer Protection, and the relevant EU offices operating in Brussels for the common and transparent market as well as polish tax authorities.

However, we do hope to reach more amicable solutions, hence our intention is to draw your attention to this issue and to effectively call TUI Deutschland, with your help, to explain their practices and to refrain from them. Our letter on behalf of the Polish Tour Operators Association is addressed to DRV, as our closest organization, because despite the tense situation, it seems that this path is a more appropriate one - it will result in settling the matter within the industry, without involving the Polish or European institutions dedicated to the protection of competition and domestic markets.

We believe that the issue of anti-competitive behaviour of TUI in the Polish market can be quickly resolved. We trust that, as an organization associating the largest tour operators of the German market, you are able to quickly respond and discipline one of your members, who not only uses practices prohibited by the international law in the manner described above, but also acts to the obvious detriment of the German customers.

Should you have any questions, please do not hesitate to contact us.

Sincerely Yours

On behalf of the Board of  
Polish Tour Operators Association

Krzysztof Piątek



President

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i “/.../In the current ranking, among large and medium-sized tour operators once again the biggest reduction of average prices in relation to the previous season is observed in TUI Poland, whose offer is cheaper by PLN 480 on average. Also, average prices of the offers of Grecos Holiday and Rainbow have dropped significantly – by approx. PLN 215 and PLN 180 on average, and to a smaller extent in Itaka and Prima Holiday – by approx. PLN 80. The prices of trips offered by Net Holiday and Coral Travel Wezyr, however, have decreased within the limits of the market average (amounting to PLN 40) - by an average of approx. PLN 50 and PLN 30. Offers of other operators are more expensive than one year ago, by PLN 25 to PLN 243./.../”

<http://wczasopedia.pl/180702analiza-cen-lato.html>

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