IATA

A N N U A L
R E P O R T
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PASSPORT

IATA'S VALUES

We place our customers first

We provide quality products and expertise

Teamwork is key to our success

We encourage initiative and recognise performance

We enjoy and take pride in our work

ANNUAL REPORT
2 0 0 0

by
Pierre J. Jeanniot, O.C.

Director General,
International Air Transport Association
for the 56th
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Sydney, Australia
4 - 6 June 2000

IATA

IATA'S MISSION AND GOALS

MISSION

To represent and to serve the airline industry.

GOALS

SAFETY AND SECURITY

To promote safe, reliable and secure air services.

INDUSTRY RECOGNITION

To achieve recognition of the importance of a healthy air transport industry to world-wide social and economic development.

FINANCIAL VIABILITY

To assist the industry to achieve adequate levels of profitability.

PRODUCTS AND SERVICES

To provide high quality, value for money, industry-required products and services that meet the needs of the customer.

STANDARDS AND PROCEDURES

To develop cost-effective, environmentally-friendly standards and procedures to facilitate the operation of international air transport.

INDUSTRY SUPPORT

To identify and articulate common industry positions and support the resolution of key industry issues.

GOOD EMPLOYER

To provide a working environment which attracts, retains and develops committed employees.

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INDUSTRY ISSUES

The aviation industry can be credited with numerous solid achievements over the past year, but those have to be set against current and future challenges and even threats.

A sixth successive year of net profitability by the IATA Members is very welcome and we hope it has become a habit! But, collectively, the net profit should be about three times as high as what was achieved in the two most recent years, if airlines are to continue to invest in the latest fuel efficient, environmentally friendly technology and continue with service innovations. The twin pressures of fuel cost increases and yield erosion have squeezed airlines rather hard.

In our previous Annual Report, we saw the effect of volatile capital flows across national borders. In this past year, the volatility has been felt in terms of flight from the "old" economy - represented by indices such as Dow Jones - to the "new"

represented by the NASDAQ and then, to some extent, back again. Airlines are seen to be part of the "old" economy, which has not helped their capital-raising ability.

If the greatest challenge is to reach the "undiscovered country" of permanent and adequate profitability, the greatest threat facing the industry in the immediate future is back-door re-regulation. The threat can be seen from three directions simultaneously: shortcomings in aviation infrastructure, which amount to *de facto* rationing of capacity; suggested restrictions on aircraft use, in the name of environmental protection; and the notion that governments need to legislate consumer "bills of rights," rather than allowing the free market to operate.

The following represents a typical cross-section of many IATA accomplishments during the past year:

• Safety is being enhanced by our efforts, to increase digital flight data recorder analysis and expanded confidential non-punitive reporting systems.
• The unprecedented degree of cooperation between airlines, airports, ATS providers and government authorities, involved in the incident-free transition to Y2K - *and* the investments in new infrastructure brought forward.
• The work on coordinating an industry response to the threat to radio spectrum availability, culminating in the start of the ITU allocation conference, in May.
• The savings of USD 443 million made in 1999 through joint airline and IATA efforts in relation to user charges, taxation and fuel trade.
• Standards developed to address the one-stop security concept, airline security template and unruly passengers – presented to ICAO in April.

• The development - and growing acceptance of - a Five Point Action Plan for the future growth and governance of Europe's airspace, requesting the creation of a Single European Sky.
• Studies on Operational Measures for reducing gas emissions and a Strategy on Noise Stringency and Fleet Transition – as airline contributions to coordinated, progressive, environmental improvement.
• Development of a "Global Customer Service Framework" - providing guidelines for Members' own customer relations.
• A detailed analysis of air transport in relation to GATS, asserting the primacy of ICAO on inter-governmental air transport relations, but recognising the reality of today's market place and regulatory evolution.
• The outcome of the Montreal diplomatic conference on airline liability. IATA worked successfully to ensure that the Montreal Convention of 1999 reflected the principles of the IATA Intercarrier Agreements of 1995 and 1996.
• The breakthrough in adopting a single frequency worldwide - 13.56 MHz - as the industry standard for radio frequency identification baggage tags.

IATA

I welcome the following carriers* who have joined since the last annual report: MAT - Macedonian Airlines, Iran Aseman Airlines, Hemus Air, Atlas Air Inc., Avant Airlines, Lan Perú, Zambian Airways Limited, Southern Winds S.A., Volare Airlines S.p.A., Turkmenistan Airlines, Red Sea Air PLC, Corse Air International, Antinea Airlines.

The solid foundations laid in 1999 for the re-engineering of IATA Settlement Systems are proving to be a sure base to accomplish significant cost savings.

All airlines seeking IATA Membership are now required to demonstrate acceptability through an Operational Quality Standards assessment. This process started in April 2000, with the support of existing IATA Members.

We express our gratitude to Karel Ledeboer, Senior Director – O&I, and John Meredith, Senior Director – Corporate Policy, who both retired having served the industry well over the years. We welcome Guenther Matschnigg, VP – O&I, who joined IATA in September.

List complete at time of going to press

Pierre J. Jeanniot

FINANCIAL RESULTS
& TRAFFIC FORECASTS

FINANCIAL RESULTS 1999

International Scheduled Services
The result after interest charges in 1999, of USD 1.9 billion, was only 1.3 percent of revenue, on international scheduled services. The IATA Members, collectively, have achieved a sixth successive year of profitability – but it has become tenuous. During 1999, overall unit costs fell by 2.1 percent, but average yields fell 4.1 percent, driving up the break-even load factor.

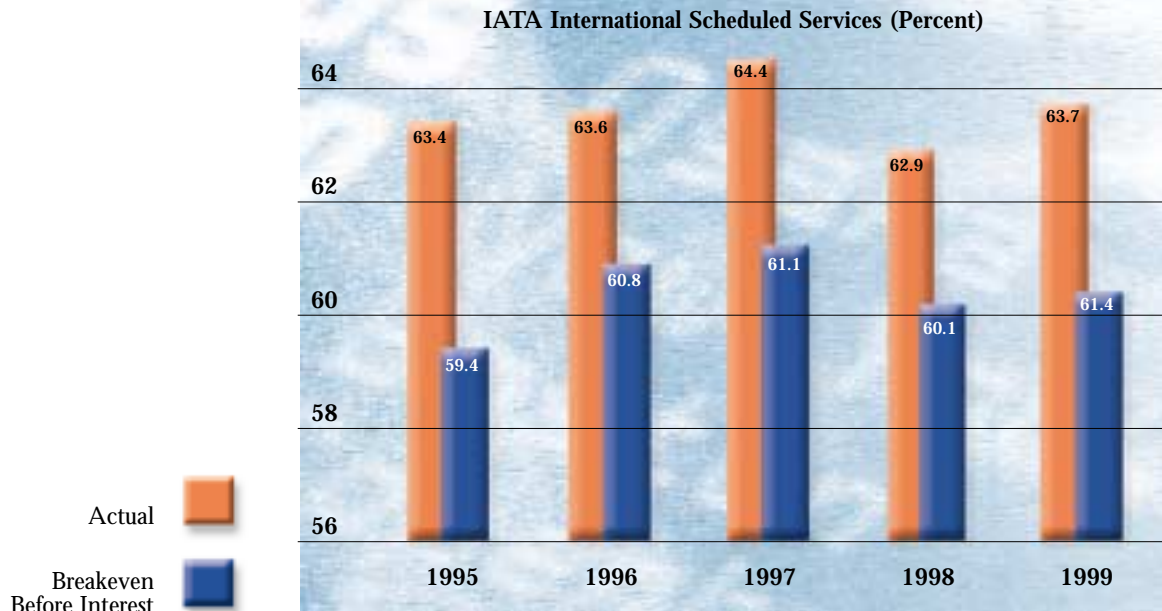### IATA International Scheduled Services 1995-1999

USD Billions	1995	1996	1997	1998	1999
Operating Revenues	128.8	137.1	145.7	142.7	146.3
Operating Expenses	119.9	131.1	137.5	136.4	140.9
Result before interest	8.9	6.0	8.2	6.3	5.4
Net interest payable	3.7	3.0	3.2	3.2	3.5
Result after interest	5.2	3.0	5.0	3.1	1.9

Source: IATA Aviation Information & Research
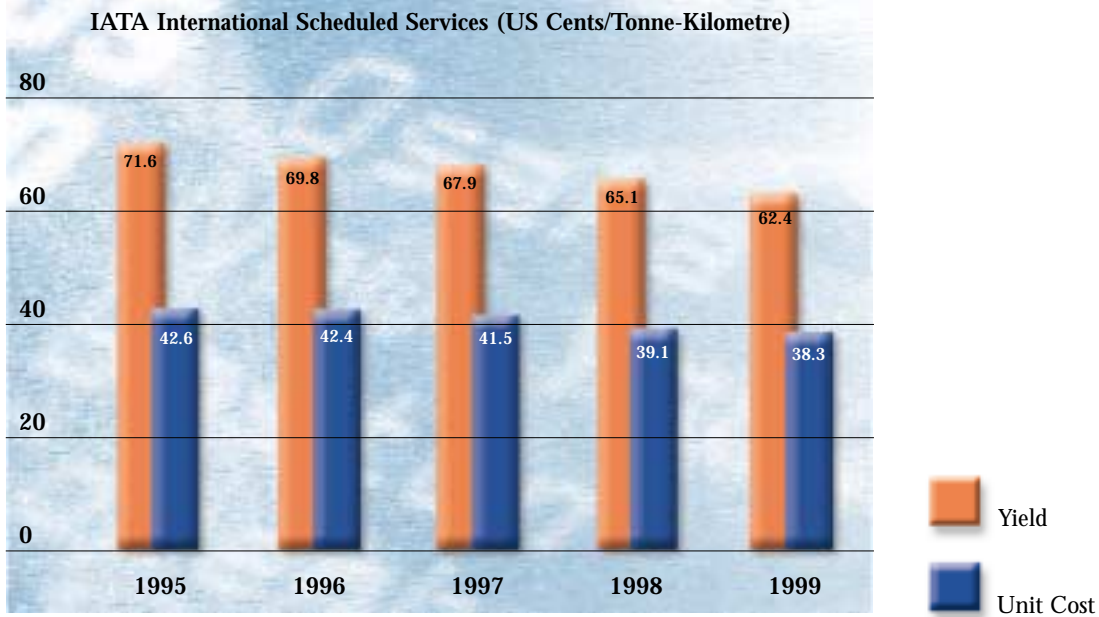*Note:* Data based on IATA Membership as of 31 December of relevant year

WEIGHT LOAD FACTORS, YIELDS & UNIT COSTS

Actual and Breakeven Load Factors 1995-99

IATA International Scheduled Services (Percent)

Year	Actual	Breakeven Before Interest
1995	63.4	59.4
1996	63.6	60.8
1997	64.4	61.1
1998	62.9	60.1
1999	63.7	61.4

Yields and Unit Cost 1995-99

IATA International Scheduled Services (US Cents/Tonne-Kilometre)

| Year	Yield	Unit Cost
1995	71.6	42.6
1996	69.8	42.4
1997	67.9	41.5
1998	65.1	39.1
1999	62.4	38.3

■ Yield
■ Unit Cost

INTERNATIONAL TRAFFIC FORECAST, 1999-2003

Passenger Traffic: overall growth is expected to average 5 percent between 1999 and 2003 – a slightly more conservative expectation than in recent years. The highest inter-regional growth is currently forecast for Europe-Africa, and the lowest on routes involving N.E. Asia and South America.
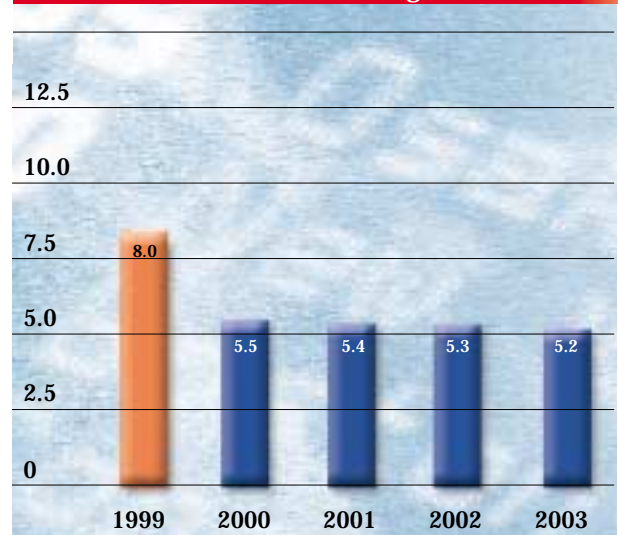
Freight Traffic: the effect of the 1999 "bounce-back" in freight growth is reflected in the forecast of average growth of 5.5 percent between 1999 and 2003. Highest inter-regional growth is predicted on Trans-Pacific routes and the lowest on routes within South America.

Historic/Forecast Passenger Traffic

Year	Value
1999	6.7 (Actual)
2000	5.1
2001	5.1
2002	5.1
2003	4.9
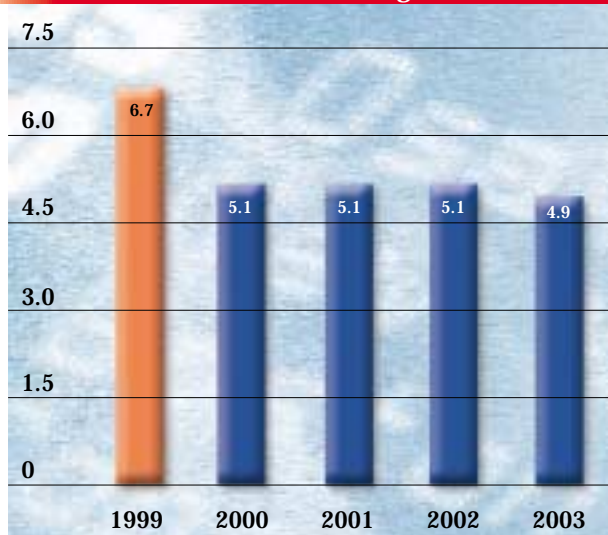
■ Actual   ■ Forecast

Historic/Forecast Air Freight Traffic

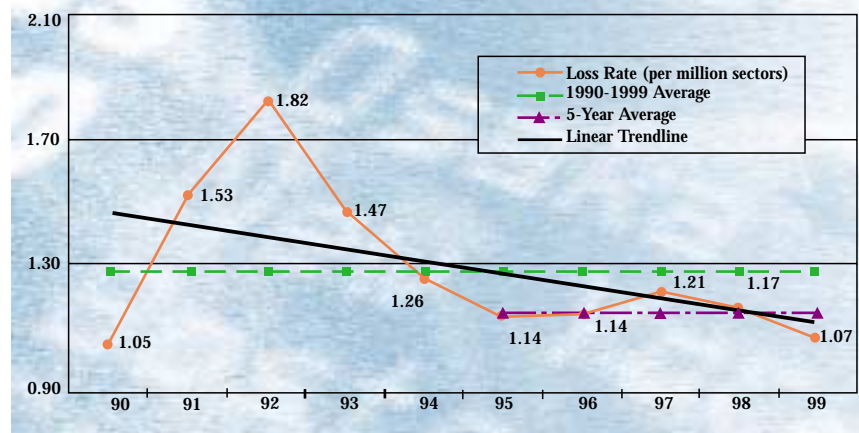| Year	Value
1999	8.0 (Actual)
2000	5.5
2001	5.4
2002	5.3
2003	5.2

■ Actual   ■ Forecast

SAFETY & SECURITY

IATA aims to promote safe, reliable and secure air services. These are also the *shared* responsibilities of airlines, manufacturers and governments. IATA fosters work programmes which involve all three groups.

SAFETY

Enhanced safety remains IATA's first strategic objective. Some types of accidents seem especially resistant to improvement and may require changed safety strategies. In 1999, the number of jet aircraft operational total loss accidents remained constant but the number of Controlled Flight into Terrain (CFIT) accidents *decreased* significantly. The number of fatal accidents increased slightly from last year but the number of *fatalities* was *more than halved.* The trend for turboprop aircraft differed dramatically, with significant increases in operational total loss, fatal and CFIT accidents, and fatalities.

LOSS RATE (per million sectors)
1990-1999

Legend:
- Loss Rate (per million sectors)
- 1990-1999 Average
- 5-Year Average
- Linear Trendline

Data points: 90: 1.05, 91: 1.53, 92: 1.82, 93: 1.47, 94: 1.26, 95: 1.14, 96: 1.14, 97: 1.21, 98: 1.17, 99: 1.07

IATA strongly supports activities which lead to a reduction in total loss accidents.
The main strategies being pursued involve the analysis of **Digital Flight Data Recorder** data as well as encouraging **confidential/non-punitive reporting** systems, no-fault go-around policies and the application of the **Operational Quality Standards** assessment process.

Against the background of its existing seven-point programme, aimed at halving the accident rate by 2004, compared to the base year 1995, IATA is developing an improved safety strategy, based around technology enhancements, human resource development and infrastructure.
There will be wide consultation within IATA, other industry organisations and integration of efforts and resources, where possible. The establishment of revised safety objectives will then lead to the formulation of an enhanced safety strategy.

The establishment of a **Pan American Aviation Safety Team** led by IATA, remained a top 1999 priority for Latin America.
This initiative seeks to integrate all of the regional flight safety activities into a consolidated programme that avoids duplication and expedites safety assistance programmes. Close coordination was maintained with the US **Commercial Aviation Safety Team** (CAST) and the **Flight Safety Foundation**. Continued pledges of participation from ICAO, IFALPA, AITAL, IFATCA, Boeing, and Airbus have been expressed.

A package of **airside safety improvements** were developed in 1999 and can be found in the 2000 edition of the **IATA Airport Handling Manual**.

Security

The number of hijacking incidents has remained low. However, towards the latter half of 1999, a number of incidents occurred where by passengers obtained access to the cockpit and assaulted flight crew members. One of the incidents resulted in the death of the senior pilot, seriously jeopardising the safety of the flight. IATA's Security Committee is studying preventive measures against such incidents.

IATA continues to work closely with international and regional aviation and airline authorities as well as law enforcement agencies to address acts of unlawful interference and to enhance aviation security measures at international airports. During 1999, papers were developed to address the one stop security concept, standard security airline template and unruly passengers. These were submitted to the ICAO Aviation Security Panel of Experts in Montreal in April 2000.

The ongoing problem of unruly or disruptive passengers is being actively pursued.
Guidance material has been developed and states are being urged to implement legislation to address offences committed on *all* aircraft which land in their area of jurisdiction.

See also "Inflight Services"

INDUSTRY VIABILITY
& RECOGNITION

Two of IATA's goals are to assist the industry to achieve adequate levels of profitability and to achieve recognition of the importance of a healthy air transport industry to world-wide social and economic development.

An important test of the achievement of these goals, is provided by government attitudes to the industry in relation to user charges, taxation, fuel and currency - and IATA's success in minimising any adverse financial impact of these four factors.

User Charges

In 1999, IATA Member airlines paid USD 7.4 billion in airport landing and related charges and USD 6.6 billion in air navigation charges for their scheduled international operations. Total airport charges were unchanged, but air navigation charges increased by USD 0.3 billion, compared with 1998. Together, they represented 9.9 percent of the airlines' international operating costs, compared with 10 percent in 1998.

The Secretariat and Member airlines' charges experts took part in **195 missions and charges-related meetings during 1999**. **Costs saved or avoided** for the airlines were **USD 366 million**, of which USD 197 million in the year 1999 itself and USD 169 million for subsequent years.

Consultations varied in scope. In Europe, efforts were concentrated on the **EUROCONTROL** Agency and member states to ensure value for money for the USD 4.4 billion cost base for charges. IATA has ensured that airline interests are protected on: the Performance Review System, future GNSS cost allocation, and possible pricing mechanisms.

The UK has proposed a **Public Private Partnership** (PPP) for the ATC provider NATS. Support was provided for the Airline Group which is considering a bid to become a strategic partner in the process. IATA, with AEA, launched an initiative with the European Commission to eliminate discrimination and abuse of dominant position, with respect to charges, by a number of airports.

In Africa, IATA consulted with Botswana, D.R. Congo, Kenya, Namibia, Roberts FIR, Somalia and South Africa. User charges activities helped

some states with essential airport/ATC infrastructure project development.

In Asia/Pacific, following a down-turn in many traffic flows, IATA negotiated some **reduced charges levels**: Hong Kong airport reduced its charges by 15 percent; Singapore reduced its aeronautical and other airport charges by 10 percent. Successful consultations were also held with charging authorities in India, Japan, Philippines, Myanmar and Papua New Guinea. User charges in these countries either were kept at current levels, or proposed increases substantially reduced.

In North America, NAV Canada, the not-for-profit ANS entity announced a CAD 107 million fee reduction over a one-year period, effective 1 September 1999. The US FAA intends to re-establish overflight fees under the same Interim Final Rule procedure it used last time; they claim to have identified the costs of en-route and oceanic services.

Disagreement in the US Congress on the long-term funding for FAA has delayed plans to turn the ATC part of the operation into a performance-based organisation. The US Court of Appeals ruled last year that the FAA must review its decision allowing the Port Authority of New York & New Jersey to use Passenger Facility Charges funds to pay for a rail link between the New York subway system and JFK. Funding sources remain unclear, but the New York City Council approved the USD 1.5 billion AirTrain project for construction.

In Latin America, consultations on airport privatisation were held with Guatemala, Honduras, Panama and the Dominican Republic. Charges were discussed with the airport concessionaire in Chile, the MET Authority of El Salvador, and the

CAAs of Costa Rica and Colombia. IATA continues to press for transparency and proper consultation in the region – particularly in relation to **airport privatisation**.
In March, following an IATA Colloquium on the subject, the **"Santiago Statement"** affirming those principles, was developed by AITAL and IATA, in collaboration with ICAO and LACAC. A Project Manager for Argentina now defends the interests of the airlines at Argentine airports, negotiating with the government, the regulator and the airport concessionaire.

ICAO – At the ICAO Conference on the Economics of Airports and Air Navigation Services (ANSConf 2000), a number of charges principles are under threat; all efforts are being made to safeguard the interests of the IATA Membership.

The second annual **Eagle Awards** were made at the IATA 1999 AGM - to Dallas/Fort Worth

International Airport and Airservices Australia in recognition of their efforts to offer value-for-money to the airlines. Eagle Award winners are selected by an independent panel.

IATA continues to publish the **"Airport and En Route Aviation Charges Manual"**, the *only* authoritative compilation of up-to-date information available on airport and air navigation charges world-wide. Historical airport charges are available in **electronic format**.

Taxation

Steady and unwelcome growth in the number and cost of taxes and fees collected through passenger tickets continues. IATA's electronic **Ticket Tax Box Service** (TTBS) has become the main industry reference source for taxes, charges and fees shown separately on passenger tickets by two-letter codes. The quarterly **IATA List of Ticket & Airport Taxes and Fees** currently contains more than 1,600 entries – up by 300 over 1999.

Income Taxes: The OECD Model Tax Convention and virtually all double taxation treaties *exclude* revenues from the carriage of passengers and cargo from taxation in the source country. But a number of states and the OECD itself have taxed - or are seeking to tax - revenues earned in related activities. IATA obtained a delay and ultimately changes to, a proposed OECD amendment to the Commentary dealing with Article 8 of the Model Convention (Shipping and Air Transport). As a result, revenues from such activities as ground handling, security screening, maintenance, etc. continue to be excluded.
A recent Notice of Proposed Rulemaking in the United States also seeks to tax such income; carriers are opposing it through IATA.

Impact of Sub-National Entities: The state of Michigan in the US amended its Single Business Tax (SBT) to include *foreign persons.* Although IATA was successful in obtaining an exemption from the retroactive components of this amendment, airlines continue to face taxation exposure from 1 January 2000. Massachusetts is considering the application of its sales and use tax to aircraft used by non-US based airlines serving the state. In Canada and India, airlines face state or provincial taxes on fuel used in international air transportation. IATA continues to press to have international agreements between countries applicable at the sub-national level.
The established regime of exemption from tax based on reciprocity could collapse if sub-national entities unilaterally seek to tax international airlines.

CIS and Eastern Europe: Many of the states of the CIS and Eastern Europe see aviation as a ready source of tax revenue. For example, VAT refunds, to which airlines are entitled under *domestic* law, are not being paid. IATA led successful missions to Azerbaijan, and Croatia, securing

refunds or exemptions. IATA efforts led officials in St. Petersburg to cease their efforts to impose a regional sales tax on international airlines.

Environmental Taxes: A recent document of the European Commission recommends that EU member states be permitted to impose an environmental tax on aviation fuel used in *domestic* flights and on flights *between* consenting member states. Last November, the Commission said that such measures would reduce CO_2 emissions only *marginally* but the adverse effects on airlines through job losses, market distortions and reduced operating revenues would be very *substantial*.

Fuel Trade

Efforts during 1999 resulted in reduced fuel costs of USD 60 million for Member airlines.

Following pressure from IATA and the petroleum industry, the **Norwegian** government withdrew its levy on international fuel uplift – saving USD 26 million p.a. in present and future tax. Following intense discussions at **Narita** airport, Tokyo, the authority reduced the fuel facility charge by USD 10 million p.annum. A fuel levy introduced by the CAA of **South Africa** was withdrawn.

The Aviation Fuel Working Group published the fourth Edition of **IATA Guidance Material for Aviation Fuels Specifications**. The first phase of the project to develop a standardized **into-plane fuelling procedures** has been completed - a joint effort by both IATA airlines and the oil industry Partnership Programme members.
The CIAM **thermal stability tests on Russian fuel** were **completed** and the test results are being correlated with western test methods.

Currency

Total industry funds reported as blocked, or otherwise restricted, as at the end of 1999 were USD 315 million. This is a decrease of USD 17 million over 1998.

The IATA Currency Co-ordination Group continues to monitor and address regulatory and currency remittance issues. Over the passed year the Group has worked with central banks, CAAs and boards of airline representatives in Libya, Iran, Ethiopia, Pakistan, India, South Africa, Venezuela and the Democratic Republic of Congo.

IATA identifies and articulates common industry positions - and supports the resolution of key industry issues.

Year 2000 "Millennium Bug"

The rollover from 31 December 1999 to 1 January 2000 was largely uneventful for air transportation, as was the Leap Year transition from 28 February through 1 March 2000.
Preparations made for the events proved adequate, and "business as usual" was the status around the world throughout Q-1 2000.

Performance Against Objectives

IATA's Year 2000 Industry Project fully met or exceeded all of the goals set for it by the 1998 and 1999 AGMs.
The combined ATA/ATAC/IATA database finished the year with information on 1,758 airports, 202 ATS sites and 106 cargo customs authorities around the world.

Rollover Communications

A network of Regional and Global Co-ordination Units were established jointly with ICAO for the two rollover periods. These were prepared to provide the airlines with a robust and rapid information flow about any aviation-related Y2K failures. *Virtually no Y2K problems were reported in the aviation industry.* ATS Regional Contingency Plans were activated on schedule for the millennium rollover and gradually de-activated through January 1st. It was determined that these contingency plans were not needed for the Leap Year period. As a result, there was sufficient ATS capacity available to enable airlines to fly schedules of their own choosing during both transition periods.

IATA Industry Systems and Services

IATA's own services continued without disruption through the two transition periods.
IATA Distribution Services reports that all BSP/CASS offices were unaffected by the two rollover periods as was the IATA Clearing House and other key industry financial services such as ICCS and CardXL.

Y2K Benefits

- Unparalleled airline co-operation; issue remained non-competitive to the very end. United industry front in PR area ensured that demand for air transport services rapidly returned to normal levels in the days following the millennium rollover and continued without interruption during the Leap Year rollover.
- Remarkable co-operation between airlines and their air transport industry partners
- High marks for industry from regulators. Project seen as helping regulators do their job on Y2K. IATA's ties with ICAO and ACI further strengthened.
- Industry has gained much improved access to governments, airports and ATS providers on critical infrastructure.
- Improvements made to ATS and airport systems as a result of **Y2K** work. Overall robustness of the entire system has been greatly improved. An ATS contingency system now in place could be activated, should the need arise in the future.
- Investments in new infrastructure were brought forward – mainly local improvements that served the overall modernisation programme at no additional cost.

Infrastructure

For this, and other activities of IATA's Operations & Infrastructure Division, refer on-line to:
http://www.iata.org/oi

CNS/ATM: The present global air traffic management infrastructure will be unable to support forecast growth. New technologies offer solutions. Initiatives to limit the impact of national airspace boundaries and to enhance air traffic management are now the key issues for resolution. As a matter

of priority, IATA will continue to take a leading role in development of international technical standards, and promotion of new and improved methods of air traffic management.

However, in the absence of a clear global operational concept, avionics planning for fleet replacements remains a challenge. Optional technologies may not reflect any stated operational requirements. To identify the optimum evolutionary path, IATA has initiated a review of CNS/ATM implementation strategy. Capacity improvement with safety, global inter-operability, and identification of benefits are the prime goals. The trend towards regional solutions remains a challenge to efficiency and cost. IATA will be working to promote a better understanding of the business case for CNS/ATM amongst all stakeholders.

Datalink: At the urging of IATA - the North Atlantic ATS provider states have now adopted a major change of philosophy on the

implementation of datalink for ATS air-ground communications. Emphasis will now be given in the short term to utilising all currently available aircraft datalink applications. It is anticipated that despite significant recent traffic growth rates, this tactic will help to avoid the major capital investments that would otherwise be required to expand the North Atlantic HF ATS voice communications infrastructure. The first stage of practical trials is underway.

Radio Spectrum: In close co-operation with ICAO and industry bodies, IATA has sought to raise awareness amongst airspace users, service providers and governments, of the serious challenges the industry faces as a result of the explosive growth in demand for mobile telecommunications.

Unchallenged demands for aviation to vacate or share presently allocated bands will lead to huge costs for new avionics systems, reduced operational efficiency and the potential for erosion of

previously agreed safety standards. Demand will continue to intensify in the future.
A future industry-wide strategy, with supporting resources, will be essential if aviation is to remain able to defend its operational requirements.

Through the **ATC Enhancement & Financing Service** major efforts continue, particularly in Africa, to establish stronger linkage between aeronautical charges and the level of services provided. In some cases agreements have been reached with the ATS providers on the establishment of special development funds, fed through charges and dedicated to implementation of facilities and services required by IATA Members. This will enable IATA to develop more cooperative initiatives aimed at further safety enhancements and at accelerating progress toward new CNS/ATM.

A number of initiatives are underway, also in Africa, which could lead to the establishment of **multinational ATS** facilities and the consolidation of upper airspace. Improvements to safety and efficiency of operations through elimination of serious deficiencies has gained momentum, aided by a wide variety of IATA initiatives. The implementation of fixed communication links between air traffic services units has been remarkable, with the spread of Very Small Aperture Terminal (VSAT) technologies and the interlinking of previously unconnected major networks.

The regional trend toward cooperation through multinational organisations such as the Southern African Development Council (SADC) has intensified. IATA is maintaining close liaison with such multinational entities so as to ensure that user requirements are duly taken into account. The process will require careful management to ensure it does not lead to the imposition of a further layer of user charges.

IATA continues to work with the **Russian Federation** to open **new fuel-efficient routes** between Asia and Europe and between Asia and North America.

During the last winter scheduling season more than 100 demonstration flights have been conducted on the polar routes.

The airlines have accepted that the routes have adequate ATS and the four polar routes should be published by July 2000 when regular operations will be flown.

Reduced Vertical Separation Minima (RVSM) was introduced into the oceanic portions of the Anchorage, Auckland, Brisbane, Nadi, Naha, Oakland, Tahiti and Tokyo Pacific Flight Information Regions on 24 February 2000. IATA and ICAO are now working to expand the coverage of RVSM and its application in the Region to the South China Sea and the Bay of Bengal. IATA efforts towards introduction of RVSM and RNP-10 (Required Navigation Performance) on the South Atlantic routes should result in its application by 2001, or concurrently with implementation in Europe.

Plans for the implementation of RVSM in the western Atlantic area have progressed. Following safety studies, proposals have been developed for modifying the application in the NAT Region of the Mach Number Technique and for reducing the minimum longitudinal separation between aircraft on intersecting tracks. These initiatives, involving minimal investment costs, will increase airspace capacity and thereby contribute to reductions in fuel and other direct operating costs.

Anticipating severe ATC capacity constraints in the Gulf of Mexico within two years, IATA is cooperating with the US FAA, Mexico, ICAO, and other interested organisations to develop

implementation strategies which will introduce RVSM, Area Navigation (RNAV), and improved mobile communications capabilities across the Gulf of Mexico.

ATC delays were again the major issue in the **ECAC airspace**, with **49 percent of all air transport delays having an air traffic flow management origin**. Even after the Kosovo crisis, delays were no better than in 1998 and would have been worse had there not been improvements in Greece from the long overdue introduction of radar control.

The immediate prospects for 2000 are not encouraging. It is unlikely that delays will be reduced below the levels experienced in 1997 and that certain key countries will not meet their targets.

On the other hand, continued strong pressure from IATA and from all areas of the air transport industry is beginning to have an effect at the political level. IATA published a **Five Point**

Action Plan advocating mechanisms whereby the European Union could strengthen EUROCONTROL decision making, and the European Commission has set up a High Level Group to examine what is needed to create a **Single European Sky**.

IATA's Five Point Plan also advocated the separation of ATS provision from direct government control, the liberalisation of the ATS market and to finds ways of introducing competition. While it will take time for these ideas to produce results, it is gratifying to see the growing number of corporatised ATS providers - and it is hoped that this will lead to a growing trend towards increased customer responsiveness.

Israel now allows all carriers to **overfly Tel Aviv FIR** en-route to/from Jordan. This new route has reduced the flying time by 25 minutes per flight, a major cost saving to the airlines. An agreement with **Syria** establishes two parallel routes for

traffic from the Gulf to Europe, operational probably in 2001, thus reducing delays and congestion.

Airports: IATA is taking a leadership role in influencing airport planning and development worldwide, in order to achieve efficient, capacity balanced, cost-effective, functional and user-friendly airports. During the past year, 45 Airport Consultative Committee (ACC) meetings were held with airport authorities on their development plans. These ACC meetings are the forum where the airline industry has an opportunity to ensure airport facilities meet airline requirements. ACCs were held during the past year at larger airports, such as: Athens, Bangkok, Berlin, Brussels, Johannesburg, London (which has an ACC project manager), Milan, Nagoya, Osaka, Paris, Rome, Seoul, Tokyo and at 14 smaller airports.

An **Airport Consultancy Service** started in 1999 - offering planning and development expertise from a global perspective and drawing on experienced in-house resources and unique access to airline experts and other specialists. It has proved very successful.

Environment

With the fifth meeting of ICAO's Committee on Aviation Environmental Protection (CAEP/5) scheduled for early 2001, pressure has been mounting for the industry to respond to environmental challenges in the areas of aircraft noise and emissions.

Large industry assets are at stake. The debate is complex and mis-information persists in certain media. Therefore IATA has stepped up its efforts to rationalise the industry approach and to increase awareness amongst its Members of the possible implications. Momentum is building to establish a new so-called Chapter 4 noise standard, with some

states expected to insist on a phase-out schedule for Chapter 4 aircraft.

In the field of emissions reductions, the IATA **Study on Operational Measures** nears completion, providing IATA's own assessment of the reduction potential.

A CAEP/5 working group has been studying **"market based options" for reducing emissions**. The four options are: **taxes, charges, voluntary agreements and emissions trading**.
IATA opposes any new taxes and insists that any environmental charges should be cost-related, transparent and equitably applied, in full consultation with users.
They should also be non-discriminatory in relation with other modes of transport.

Equally important is the on-going development of new ICAO limits for aircraft noise and associated test and analysis methods for certification.
IATA welcomes ICAO's action on the issue, but has made it clear that protection of the industry's fleet investments is paramount. IATA has undertaken a survey and analysis amongst its members for the development of an IATA **Strategy on Noise Stringency and Fleet Transition**.
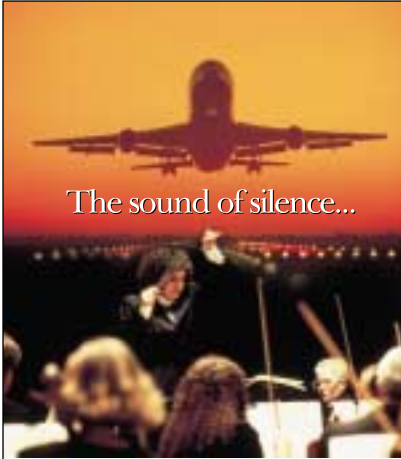
In recent months, the industry has seen further developments – but no progress - in the dispute between the European Union and the US over the operation of **hush-kitted aircraft**.
This case illustrates how industry interests can be made subordinate to higher political agendas, undermining industry coherence and credibility.
A more positive development in 1999, however, was the **first joint environmental statement** by a global airline grouping - **STAR Alliance**.

In a cold sweat about global warming?

We contribute only 2% of man-made CO_2
The world's airlines: keeping you cool.

The sound of silence...

... we cannot give you.
But, by 2002, only the quietest aircraft will be flying.

Freedom to travel   Jobs   Environment

The world's airlines:
part of the natural balance.

A Good Environmental Record

- Today, aviation is responsible for less than 3 percent of world annual additions to greenhouse gases and less than 3 percent of the production of NOx-type gases.
- Jet aircraft being produced today are about 70 percent more fuel efficient per passenger kilo metre than those of 40 years ago.
- The noise footprint of a modern jet aircraft is less than 15 percent of the footprint area of the aircraft it replaces.
- We will continue to improve. Our total fuel consumption is projected to increase by only 3 percent a year, taking the period 1990-2010 as a whole, compared to a traffic increase of some 5-7 percent a year.

At the time of writing, IATA awaits the results of its first test of an **environmental communications campaign**, held at a **BAA** airport.
IATA will continue to promote the industry's excellent environmental record and will encourage further improvements to the industry's performance, such as developing **Environmental Good Practice Guidelines and Industry Environmental Performance Goals**, in order to accommodate the future growth of aviation in the most sustainable way.

Consumer Issues

Air travel has evolved into a mass market. The evolution consists of large reductions in real fares, great increases in passenger numbers, use of aircraft types and service levels finely tuned to routes and market segments – and also of the physical characteristics of passengers (average size, weight, age). At the same time, increased customer expectations have created new problems, particularly in Europe and North America.

Despite enjoying steadily improved fare and travel options, some people do not have a positive perception of air transport as a *service industry*. In addition, when things go wrong, customers tend to blame the airlines even when the airlines are not at fault - air traffic control delays and very bad weather being cases in point.

This has led to calls for legislation, particularly in North America and Europe. In the US, the

carrier members of the **Air Transport Association** introduced the **"Customers First"** concept last year in an attempt - so far successful - to avoid legislation. However, the **DoT** increased the carriers' **obligatory payments** in cases of overbooking and lost or damaged baggage, steeply. The **Association of European Airlines** is developing guidelines similar to the US initiative. **IATA is also developing the "IATA Global Customer Service Framework"** for this year's AGM - providing guidelines for Members' own customer relations.

Early in 2000, the **EC** Transport Directorate issued a **Green Paper** on **"Passenger Rights"**. This goes beyond conventional customer service issues to cover virtually every aspect of the passenger's journey, including health.
The stated intention of the Green Paper was to open up a dialogue with the industry on the full range of consumer issues.

IATA provided a detailed response to the EC paper arguing, in particular, that **passenger rights and expectations should not be confused**. The latter are better dealt with through competition in the marketplace rather than by legislation. At the time of writing, the EC's discussion process continues.

The burden to airlines and consumers in both cost and time, through meeting all new proposed requirements, would be large. The risk is of a much more legalistic approach to consumer relations. The **cost of defining contractual relationships** between all the parties in greater detail, would inevitably be **borne by the passenger**.

The Airline-Consumer Forum has been following these and other issues during the past year.
The other issues include: infectious diseases, cabin

spraying, code sharing, interlining, ATC delays, cabin baggage and safety. Airlines and consumer groups in the Forum share common views on solving ATC delay and infrastructure problems.

Government Relations

IATA is developing an "integrated strategy" for industry responses on issues such as liberalisation, competition policies, consumerism, safety and the environment.

It has to be said that, although air transport is being deregulated or liberalised, the volume of legislation with an impact on the airline industry is increasing. Consumer protection has received the most attention during the past year, but there has also been discussion and rule making in the field of competition law.

Competition law: The European Commission (EC) continues to review the exemptions enjoyed

by the IATA Traffic and Scheduling Conferences. Progress on the extension of current IATA exemptions was slowed by the replacement of the entire Commission in September 1999 and other personnel changes in Brussels. However, the **European Competition Directorate** last year **extended the Block Exemption for Passenger Tariff Consultations** to 30 June 2001. The Directorate expects to begin its review of future action during the course of this year.

By contrast, there has been **no concrete progress** on the Individual Exemption for **Cargo** Tariff Consultations – now under review for two years. IATA has met the Competition Directorate a number of times, providing expert advice and clarifications.

Meanwhile, individual **exemption applications are still pending** for the Passenger and **Cargo** Services and Agency Conferences. Exemptions are an important customer benefit – since they allow the continued, consistent, application of global standards in delivering the air transport product.

The **US DoT** continues its close oversight of IATA Members' Conference activities. The DOT has agreed to reduce significantly the time the Department takes in acting upon most **tariff agreements**. Effective mid-March 2000 all **tariff agreements**, with the exception of those involving fare construction and baggage rules, will be afforded **expeditious handling**.

The **Canadian** government recently reviewed **IATA procedures** and has decided that they are **compatible with local competition regulations**. **Australia** periodically examines the association's activities and is currently **conducting a review**.

Liberalisation initiatives: The General Agreement on Trade in Services (GATS), introduced in 1995, included an Annex on Air Transport. There was also a commitment to review the GATS, and the Annex, every five years - this process began at the end of 1999. Air transport is excluded from the GATS, except for aircraft repair and maintenance, the sale and marketing of air transport and the operation of computer reservations systems (CRS).

These three services are covered in a special Annex on Air Transport. The review of the GATS will consider how the Annex has functioned and whether any other aspects of air transport can be incorporated, or whether anything can be transferred from the Annex to the General Agreement.

IATA Members believe that:

- There is a need to educate trade negotiators about air transport, and airlines about the GATS. IATA is organising a series of regional workshops to sensitise airline and government officials about the issues.
- The industry prefers to be dealt with on a sectoral basis and not as part of a broader package of services.
- GATS is not the means for fundamental regulatory reform at this time and applying principles such as Most Favoured Nation (MFN) treatment could even hold back air transport liberalisation.
- ICAO should continue to be the inter-governmental agency specialising in air transport.

The **OECD** has looked at a number of aspects of air transport liberalisation. Its most recent studies have focussed on possible avenues for **cargo liberalisation**.

The **US DoT** sponsored a ministerial meeting in **Chicago** immediately after the WTO Seattle conference, with the theme **"Beyond Open Skies: Air Transport in the 21st Century"**.
Unable to deliver any consensus as to the way forward, it did examine the concept of some form of multilateral agreement.

The **EC** used the Chicago meeting as a platform for the **"Transatlantic Common Aviation Area"** (TCAA) proposal developed by the **AEA**.
This foresees the creation of a "single skies" zone embracing the European Union states and the US. The US side says it is happy to talk but will exclude certain issues from the discussions - notably ownership and control, cabotage and wet leasing.

The **EU** and the single aviation market in **Australia** and **New Zealand** are the *only* current examples of fully open regional markets for air transport. But others are under development - South and Central America, Africa and even, in a limited fashion, the Arab States in the Middle East have all developed plans for regional liberalisation. The EU seeks to extend its single market to Central and Eastern Europe.

In the Asia-Pacific region, discussions have been held with a view to progressive liberalisation of air services. Most of the proposals relate to services (for example CRS operations and ground handling) but could include multiple designation and code sharing, to increase competition. Whether liberalisation of hard rights is possible in the short/medium term is impossible to foretell.

Five Principles for the Future Liberalisation of Air Transport: Liberalisation has brought benefits of increased efficiency and the process will continue to evolve. However, in the evolutionary process, governments must not lose sight of the need to safeguard five fundamental principles:

- Consistent safety and security oversight
- Adequate infrastructure, available on a non-discriminatory basis, to meet the public's demand for service
- Continued availability of the multilateral interline system
- Industry mechanisms to improve business efficiency
- Open access, giving all players opportunity to participate in the sustainable growth of the global air transport system.

"Wings for the Future": The need for an industry "doing business" system is set out in the IATA discussion paper "Wings for the Future". The core of the system is interlining and industry mechanisms to improve business efficiency.

*Look soon at http://www.iata.org/gia: for **AirWeb**, the new aeropolitical and regulatory database.*

Legal Support
On-line, refer to: http://www.iata.org/legal/

IATA represented airline industry interests at the **ICAO diplomatic conference** in **Montreal** in May 1999 to adopt a new liability regime to **replace the Warsaw Convention** of 1929.
The IATA delegation worked to ensure that the new Montreal Convention of 1999 closely reflected the principles pioneered in the IATA Intercarrier **Agreements of 1995 and 1996**.
The new Convention eases the formal requirements to give passengers and shippers notice of liability limitations.
This should greatly benefit carriers, in the increasing implementation of **e-ticketing** and other cost-saving paperless technology. IATA was also instrumental in keeping out "mental injury" as a separate cause of action against carriers.

IATA has responded to competition and consumer protection authorities around the world – and, in general, it has been successful in demonstrating to governments that the public benefits of IATA programmes far outweigh any competition or consumer-related concerns *(see also "Competition Law")*. In addition, IATA has coordinated significant revisions to the **Passenger Conditions of Carriage and Cargo Conditions of Contract**, the documents which establish the legal relationship between carriers and their passengers and shippers.

Another area of activity has been in support of IATA's various initiatives in the **e-commerce** field. These relate to use of technologies which could represent enormous cost savings for the airline industry in distribution, procurement, and other aspects of the business, and which entail significant legal issues, often touching on uncharted or fast-evolving areas of the law.

Other pressing issues have included: convergence in the application of competition laws; extra-territorial application of legislation; modalities for handling disruptive and unruly passengers; and industry-wide litigation. A conference on **"Restructuring Options for Airlines"** featured a briefing on IATA's efforts to promote the proposed **"Unidroit"** asset-based financing convention and its aviation protocol, which hold the prospect of big savings for carriers in future aircraft acquisition, financing, and transaction costs.

Corporate Communications
On-line, refer to: http://www.iata.org/pr/

Much of IATA's Corporate Communications effort during the past year was directed at ensuring that the airline industry spoke with one voice on the **Y2K** challenge. The effort was highly successful. For two years, IATA has offered state of the art **crisis communications and media training** to all airlines, together with a Crisis Communications **Manual** – all these products have been in high demand. A communications campaign on environmental issues is completing its first test, with the theme air transport: **e efficient, essential, economic, environmental.**

STANDARDS
& PROCEDURES

IATA aims to develop cost-effective, environmentally-friendly, standards and procedures to facilitate the operation of international air transport.

IDS Passenger Services

Consultation with the **UK Office of Fair Trading** and other interested parties on airline **Conditions of Carriage** for passengers is resulting in updated guidelines written in user-friendly language.

The **"Tax" box on tickets** has been re-named the **"Tax/Fee/Charge"** box in order to highlight to consumers that items other than taxes are also listed in this box.

Revenue Protection: Recognising the shift in focus from paper based ticketing to e-ticketing by many airlines, fraudsters have seized this opportunity to exploit loopholes in credit card acceptance procedures. The Revenue Protection Steering Group is working closely with major credit card companies in the development of an industry database that will contain details on certain credit card transactions.

Corporate Client Code: Subject to government approvals, IATA plans to launch this summer a free service for corporations wishing to benefit from an **industry coding system**, allowing airlines to *track their business no matter where the bookings are made.*

Passenger and Airport Data Interchange Standards (PADIS): The total number of standard messages adopted is now 69, with the adoption of 2 new messages to **exchange excess baggage information**. PADIS standards have now been implemented by more than **75 airlines and CRSs**. Both the AIRIMP and PADIS standards have been amended to include the Electronic Reservation Service Provider (ERSP) identification number, together with the current in-house user identification.

IDS Airport Services

Common Use Self-Service (CUSS): New specifications and standards were developed for passenger self-service check-in, using shared kiosks. Guidelines will be developed soon, to support the implementation of these systems - which are expected to improve customer service and reduce carrier-staffing requirements.
On-line, refer to: http://www.iata.org/cuss

Radio Frequency Identification (RFID): A breakthrough was achieved with the adoption of a **single frequency** for RF baggage tags. It is recommended to use **13.56 MHz as the industry standard** for RF baggage handling systems. There is also a new protocol specification for RF tags.

Ground Handling Contract Workshops: Geneva was the location for the first special Ground Handling Workshop developed to add value to **International Ground Handling Council** membership. Focus was on the IATA Standard Ground Handling Agreement and Service Level Agreements.

Consultancy Projects: Seventeen consultancies were undertaken in 1999 for carriers, airport authorities and ground handling service providers.

Baggage - **SITA/IATA WorldTracer:** Users now represent *all* the top 50 carriers and 96 of the top 100 carriers in the world. *WorldTracer* had 300 customers in 1999 providing airlines and their agents, at over 2,200 airport locations, with a standard world-wide industry baggage tracing and cargo service. A new **claims investigation** module was implemented and a **remote internet access** product was added by *WorldTracer* Online in 1999.

IDS Scheduling
On-line, refer to: http://www.iata.org/sked/

The imbalance between the demand for, and the availability of, airport and airspace infrastructure continued to grow in 1999.
To overcome some of this supply shortfall and to maintain a high degree of **coherence and stability in the international air transport system**, IATA hosted two **Schedules Coordination Conferences** of airlines, airports and airport coordinators, to resolve scheduling problems in a cooperative way. Over **5 million slots** were allocated at each conference.

The **IATA Scheduling Procedures Guide**, containing recommended procedures and priorities for making schedule adjustments, was completely revised and enhanced during 1999.

The revised guide, now called the **Worldwide Scheduling Guidelines**, became effective on 26 March 2000 and is available on the **IATA scheduling services web site**.

Facilitation
Online, refer to: www.simplifying-travel.org

SIMPLIFYING PASSENGER TRAVEL (SPT) PROGRAM

The PROGRAM was started by a coalition of organisations representing airlines, airports, governments, control authorities and passengers themselves. At the heart of this initiative is the *vision* of a future system in which passenger air travel is simplified and streamlined, using emerging technologies to compress current multiple procedures into a single **"one-stop"** process.

The frequent congestion and queuing of today, create problems for airlines, airports and everyone concerned with serving the passenger. Just building bigger facilities, or adding staff, is often neither an option *nor* a solution.

The SPT program has taken a significant step forward with the creation of a **self- funding interest group**, incorporating technology suppliers and system integrators with airlines airports and control authorities, to work on practical implementation steps. The group's mission is to promote, test and develop the SPT *vision*. It already has 18 members - and additional airlines and airports in particular are encouraged to join.

An **SPT website** was launched in April 2000, to capture and communicate information about the program. This will include details of individual projects aimed at implementing and testing aspects of the *vision*, supporting technology, and contact details for all those involved. The website is hosted by **SITA**, as a contribution to the program and managed, along with the program itself, by IATA.

IDS Cargo Distribution Policy

On-line, refer to: http://www.iata.org/cargo/

IDS provides expertise, guidance and support to the world-wide cargo community. Successes during 1999 include:

- Initiation of a project to deliver **paperless** transportation
- New procedures for **shipment identification** and tracking at the **piece** level
- First edition of the joint **Postal Administrations/Airlines EDI Manual**
- Adoption of an **EU Code of Conduct** for the transportation of **live animals**
- A new training programme on **cargo security**
- 1999 **Dangerous Goods Regulations** – a record **100,000** copies now in use

Cargo Agency Programme Review: The IATA/FIATA Consultative Council (IFCC) has launched a major project in which the cargo agency programme will undergo a complete review to ensure that it continues to meet the evolving needs of the cargo industry into the next millennium.

Global Customer Advisory Group – Cargo (GCAGC): The **inaugural meeting** of the Global Customer Advisory Group - Cargo, was held last year. Valuable advice was provided on a number of business development issues, and global **technical standards**.

IDS Passenger Distribution Policy

A special session of the **Passenger Agency Conference** in October 1999, reviewed changes to BSP governance and management, amended Resolution 850 accordingly and also approved the new text of the **ISS Service Provisions Manual**, distributed in the first quarter of 2000. Other changes addressed included support for automated ticketing criteria, introduction of an automated agency fee document (in February 2000) and new satellite ticket delivery offices.

IDS is committed to providing products and services which enhance the effectiveness of its agency customers, as valued participants and much more than simply users of the accreditation system. One of the most recent initiatives is a new **Agents web site:**
http://www.iata.org/agenthome/

The **New Millennium Task Force** was created in 1999, to review the airline/agent relationship, to seek a future vision, to identify those aspects of the Agency Programme and rules that may require amendment, and to make recommendations - which will be presented in **June 2000** to the **Passenger Agency Conference**. The summary report is on the Agent web-site.

IATA Settlement Systems Transformation

On 1 January 1999, **IDS** started its five-year transformation project for re-engineering the **IATA Settlement Systems** – the Billing and Settlement Plans (**BSPs**) and Cargo Accounts Settlement Systems (**CASSs**) – with a **cost savings target of USD 131 million**.

1999 was the year of laying solid foundations on which to build the future **ISS** in a changing marketplace. The IDS Project Management Office (**PMO**) co-ordinates and provides overall management support in the execution of a multi-disciplinary project plan. Achievements during the year have included:

- Successful re-negotiation of two major **data processing contracts** 1999 in Europe and in Africa/Middle East regions which will yield USD 4.5 million savings when fully implemented.
- Ticket **purchasing strategy** which achieved cost savings of USD 5.5 million in 1999.
- **Business Performance Improvement** (BPI) programmes for both BSPs and CASSs, with the formation of core re-design teams for both passenger and cargo procedures.
- **Business First**, a customer-oriented cultural change programme for IDS management to identify areas for immediate and long-term business improvement.
- **ISS Quality Management Programme** (QMP), first annual survey of Airlines and Agents, to benchmark customer satisfaction with BSP and CASS service levels.
- Airline and Agents **dialogue groups** to improve the relationship and interaction with ISS agent customers.
- **"ISS Scorecard"** issued to benchmark financial performance and measure future achievements.

A full report of progress is charted in, **"A Programme for Change – The First Year,"** available electronically on request to: *ids.news@iata.org*

IDS Operations

The new governance structure and management organisation has six regional support centres: Africa/Middle East, the Americas, Northern Asia, Southern Asia/Pacific, Northern Europe and Southern Europe.

IATA Agency Programmes: At the end of 1999, just over 90,000 passenger agents and some 6,000 cargo agents were accredited, including IATA accredited agents and IATAN/CNS Endorsed Agents. Strongest passenger agent growth was in Latin America, at 15.6 percent, and strongest cargo agent growth in Asia Pacific, with 6.5 percent.

Billing and Settlement Plans (BSPs): The first phase of Business Performance Improvement mapping and analysis has been completed. Cost-saving practices were identified for 2000, with seven **"quick wins"** already underway. Audit coupons on automated tickets, handling of automated cancelled tickets and data entry on manual tickets are being eliminated.

New measures – to encourage the acceptance of paperless outputs, daily credit card invoicing, advertising on STDs / covers and removal of audit coupon from OPTAT ticket set – are also bringing immediate savings.

BSP results: At the close of 1999, there were 63 BSPs, covering over 140 countries/territories. Gross sales in 1999 were USD 117 billion, with agents issuing 250 million standard tickets on behalf of 326 participating airlines and 41 non-airline participants. The net unit cost in 1999 for BSP worldwide was USD 0.40 per ticket issued. Expressed in terms of transactions processed, the net cost is USD 0.37.

Cargo Accounts Settlement Systems (CASS): Equally strong progress was made this year on restructuring plans for CASS operations world-wide. Some major initiatives nearing completion in early 2000 are.

CASS Data Processing Clustering Strategy: including the creation of a "best practice" guide to support evaluation of suitable sites, process development implementation and the post implementation audit process, as exemplified in the successful transfer of CASS NL data processing to CASS UK.

New CASS Business Case Strategy: The CASS feasibility study project will provide field managers with a step-by-step guide to conducting a study, from start to implementation. Using standard procedures will ensure consistent evaluations. Consultative forums will continue to ensure carrier and agent input.

Cargo Training Project: Development of an on-the-job support guide for CASS operations staff, written in conjunction with CASS managers around the world and input from the Global Customer Advisory Group - Cargo.

CASS Standard Software: A project to review existing CASS software provision and commence specification of a new generation system is underway, to improve current systems and ensure future flexibility and support for future customer requirements.

CASS results: In 1999, the 31 CASS offices processed 13.7 million transactions, totalling USD 17.2 billion. Chile, China and Southern Africa offices were opened during the year. CASS served 217 airlines and 8,400 intermediaries in more than 14,000 offices. The Peru office opened in May.

IDS Subsidiaries

IATAN and **CNS** in the US, both had a successful year. At year end, the number of IATAN endorsed travel agency locations was 36,267 and included 594 non-airline Travel Service Intermediaries, while the number of subscribers to the popular **Travel Agent ID Card** program was 217,996. IATAN introduced another educational **geography video** entitled Europe Made Easy - which it provided to each of its travel agency endorsed locations – and launched a consumer-targeted web site promoting the value and benefits of using a travel agency to book leisure and business travel.

CNS believes that the air cargo industry will undergo more change in the next few years than in its previous fifty and has committed itself to a new strategy of **'changing in time'**. An easy transition to a new **Cargo Agency Agreement** was made during 1999. The criteria for endorsing agents now require at least one person in each agent office to complete the security-training course developed by CNS and IATA.

A grant from **CNS** has enabled the Center for Research on Information Technology at the **University of California-Irvine** to conduct the most comprehensive study to date on the **use of information technology** in the air cargo industry.

PRODUCTS & SERVICES

On-line, refer to: http://www.iata.org/pns/ps/

IATA provides a range of high quality, value for money, Products & Services, that meet the needs of the customer.

Industry Monetary Services

IATA Clearing House: Claims cleared in 1999 were a new record at **USD 32 billion** – a 4.5 percent growth over 1998 - with an offset ratio of 81 percent. Fourteen new members and participants joined, membership at the end of the year being 303. Twenty-four members now use the facility for **electronic submission of claims data**.

IATA Currency Clearance Service (ICCS): is a global cash management service that enables airline treasurers to centrally control, quickly repatriate, or transfer their worldwide sales receipts at low cost, while obtaining attractive interest and market exchange rates. During 1999 ICCS cleared USD 10.9 billion, 7 percent more than in 1998.

Clearance frequency increased to 93 in 1999 from 82 in the prior year, resulting in faster repatriation of funds to the Member airlines. By the close of 1999, ICCS was operating in 40 countries and regions, with 45 airlines participating.

The IATA Advisory Service for Centralised Card Settlement Agreements: brand named Card**AXS**, saves airlines money by helping them through the processes required to consolidate their global credit card transactions with single acquirers, and in the negotiation of individual credit card agreements for central settlement. In its first year, eight airlines in five completed projects have reduced their fee cost by 25 percent.

Revenue Accounting: a study was made, into the future of revenue accounting. The findings identified 10 streams of activity where significant improvements can be made. Proposals to progress these activities are currently under review.

Interline Data Exchange Centre (IDEC): supports revenue accounting by providing electronic transmission of interline billing data. In 1999, through IDEC, 81 airlines exchanged 80 million data records.

Insurance: Established IATA industry insurance programmes, especially in the US, continue to provide economies and savings to members through joint coverage.

ATC Enhancement & Financing (E&F): Six authorities signed on with the ATC E&F Service in 1999, bringing to 29 the total number on whose behalf IATA bills and collects air navigation charges. Greatly improved collection of charges has enabled these authorities to finance much needed infrastructure improvements such as VOR/DME, ILS, VSAT and other radio navigation and communication aids.

Airport Enhancement & Financing: IATA's new Airport Enhancement & Financing service is expanding. A reduction in administrative effort and improved cash flows represent savings and efficiencies for airports – and helps finance infrastructure projects.
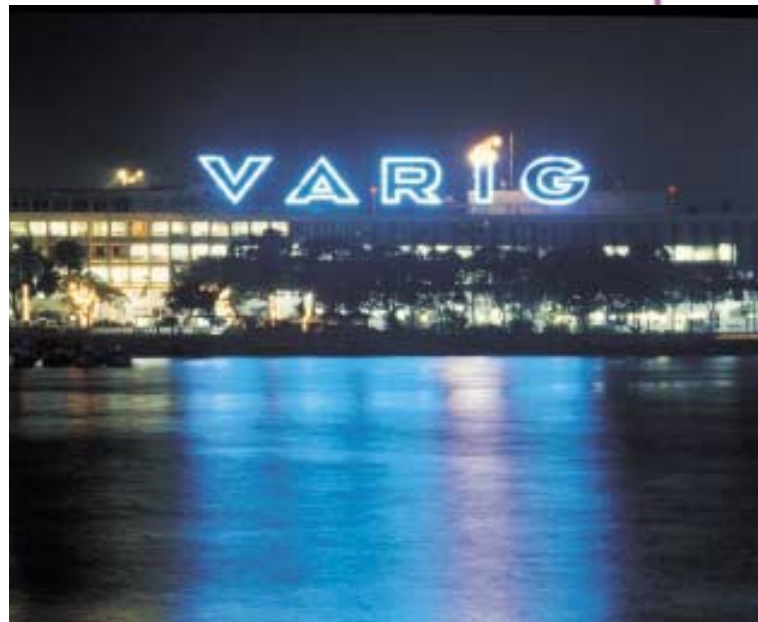
INFLIGHT SERVICES
On-line, refer to: http://www.iata.org/inflight/

The **IATA Inflight Council** was established in response to growing demand for a more structured and focused industry activity. The Council's role is to provide a global industry forum where airline executives can focus on common issues and take a leading role in the development of industry policies and best practices. Specialist working groups have been set up to deal with the following main areas: safety on board, customer care, catering delivery standards, entertainment delivery standards and medical care. The **medical care group** has already started to review and establish minimum standards for dealing with medical incidents on board and other health-related issues.

A seminar on **Handling disruptive/unruly passengers** highlighted the importance of every airline and every airport having a clear policy in place. A concerted effort is underway to implement both **IATA's Guidelines for Handling Disruptive Passengers** and IATA's **model Memorandum of Understanding** in order to ensure that appropriate, co-ordinated and effective responses are made to any incident.

TARIFF SERVICES

Tariff Services Transformation: Phase One of the transformation of Tariff Services, the revision of the payment structure and commercialisation of tariff activities, was implemented on 1 January 2000. Costs now directly relate to the services each Tariff Services Member receives - all Member airlines now benefit from lower costs of participation.

Commercialisation, particularly in cooperation with industry partners, is contributing to cost reduction. Currently, 120 airlines participate – an increase of 16 during the year.

The Pricing Unit Concept (PUC): The PUC provides a new method of pricing multi-sector journeys and introduces consistency in the way in which normal fare tickets are priced. Implementation of PUC is set for 1 June 2000. To prepare the industry for these important changes, the Passenger Air Tariff, in cooperation with Tariff Services, produced a comprehensive Pricing Unit Concept Guide. In addition, Tariff Services, working with the Aviation Training and Development Institute (ATDI), is conducting a series of 25 two-day Pricing Unit Concept workshops around the world.

and Settlement Plan (BSP) to provide global settlement services to all travel and tourism industry service providers. The operational process for billing and settlement has been finalised, tested and is **now available on-line**.

ID Card Programme remains an internationally recognised personal identification for IATA accredited agents. A new three-year agreement was signed with **UFTAA**, who have agreed to take a more active role in the marketing and sales of the card world-wide.

Global Source, the IATA/IATAN **CD-ROM** data base program of travel **industry sales** outlets, with its powerful **query and report generating capabilities**, continued to attract new subscribers from a broad cross section of the travel and tourism industry.

IDS Products & Services

IDS will continue to support industry solutions to implement interline **electronic ticketing**. Widespread use of e-ticketing will reduce both airline and IATA distribution costs and is a key element in the IATA settlement Systems (ISS) restructuring.

iiNET, the IATA & Industry Network service, provides the industry with the ability to exchange electronic data files effectively. It is the most comprehensive and reliable method of data transfer available – and is now the favourite method, in exchanges between CRSs, BSPs, airlines and their trading partners world-wide. Monthly **revenues quadrupled in 1999**; IATA expects average **growth of 10 percent per month in 2000**.

IATA Travel Settlement Services has been launched. The service is modelled on today's Billing

Human Resources Development

IATA's **Aviation Training and Development Institute** - **ATDI** - is now the world's foremost international aviation training institute, formed by formed by regrouping the **IATA Learning Centre (ILC)** with the **International Aviation Management Training Institute (IAMTI) and the Concordia Aviation MBA**. Despite these recent changes, some 25,500 students took part in ATDI programmes in 1999.

ATDI provides training in five major industry segments: airlines, airports, civil aviation, cargo, and travel and tourism - in English, French, Spanish and Mandarin. Training facilities are located in Geneva, Montreal, Miami, Singapore and Beijing. New diploma programmes in Airline Strategic Planning, Civil Aviation and Airport Management were added during 1999.

A new product - **Airport Management Simulation Model (AMSM)** will be introduced this year. This computer software is used to model airport management decisions, and observe their social, operational and financial consequences. As with an aircraft simulator, the AMSM will enable managers to practice managing and planning the development of new modern airport infrastructures.

Based on a unique four-level career path; Foundation, Consultant, Management and Senior Management, a new programme will provide agency students with opportunities for full professional career development.
This **IATA/UFTAA Programme** will be followed by the launch, of a new **IATA/FIATA Cargo Agents** training programme.

ATDI continues to focus on developing **learning methods best suited to the needs of its clients**. In 1999, approximately 2,300 participants studied in a **classroom** environment while a total of 22,495 took advantage of its **distance learning**. ATDI will continue to offer **in-company** training – some 800 clients used it in 1999.

The **IATA/Concordia International Aviation MBA Programme** continues to grow. An **Internet** version, **GAMBA**, will be introduced in 2000.

International Airline Training Fund (IATF): The **IATF** is increasing the amount of money available for scholarships for training personnel from developing nations' airlines - and has set itself the target of training the **2,000th** beneficiary in the year 2000.

IATF is generously financed by industry suppliers and by the IATA Membership - which has committed support for the five years 2000-04.

The **funding target** for the IATF of USD 4 million was **achieved in 1999**. Currently, **all new revenues**, as well as the money generated by the income from the core funding, are directly **allocated to training**.

The principal outlets are scholarships for IATA Aviation Training & Development Institute (ATDI) courses, for the Concordia University AMBA or GAMBA degree courses, and for "in field" training courses held in the various regions.

By the end of 1999, some 1,500 scholarships had been awarded, having a cumulative value of USD 2.3 million. During the year, 270 scholarships - worth USD 373,000 - were given. In-field courses are now well-established, following their introduction in 1998, with 11 held last year and 19 scheduled for 2000. It is planned to fund about 500 trainees during the course of this year.

World Air Transport Statistics - with a 50 year history - is a key annual reference guide for the industry. Continued improvements to layout and content in this and other publications such as the Global **Passenger and Freight Forecasts** and the **Airline Annual Reports on CD-ROM** ensure a wider appeal for these products. The **IATA CASS statistics program** continues to deliver performance reports to the airlines and agents, essential in tracking markets and performance.

Market Research & Marketing: Market Research has become an increasingly important tool in today's aviation environment. Not only can it provide direct customer feedback about service standards, but it can also help to optimize the cost and timing of major marketing programmes.

AIR's Market Research unit provides an independent research service within IATA, with specialist knowledge of the travel industry, and offers a full range of agency services. In addition to providing syndicated industry research programs to enable clients to benchmark performance or review their market position and strategies, it provides 'omnibus' surveys and ad hoc consultancy studies using a range of research techniques.

In 1999 the new **Global Airline Performance (GAP)** project with P. Robert & Partners (SA) started offering global **benchmarking** for major airline performance across the **Atlantic** and the **Pacific**. The survey has now also been extended to Europe/ Asia, and covers 25 carriers. Other surveys measure **airline service performance** within Europe, and all surveys are complemented by the **Airline Product Database**, which compares all aspects of the airline product for both long haul and short haul carriers.

Aviation Information & Research (AIR)

On-line, refer to: http://www.iata.org/air/

Information Services: Products and services aimed at supporting strategic decision making range from regular industry updates on the state of the international airline industry, to a comprehensive range of publications featuring key industry statistics, indicators and analysis. Information is provided in a range of **electronic and traditional** published **formats**.

Statistical workshops for airlines have proved popular and are planned as regular events. Further co-operation has been developed with **ICAO, ATA, AAPA** and **AEA** on a range of information issues. 'On-line' working groups for the **Airline Economic Task Force** using the Internet have been developed. Other initiatives include the use of **interactive electronic forms** to improve speed and efficiency in data acquisition.

Other benchmarking studies include the **Cargo Service Tracker**, a global survey of cargo shipper and forwarder opinions which in 2000 will be conducted in over 25 countries. The **Inflight Services Cost and Productivity** (ISCAP) study allows a comparison of airline inflight services with competitors.

Key trends in the corporate travel market are presented in the **Corporate Air Travel Survey**, which reports the views of frequent business travellers from North America, Europe and the Asia-Pacific.

AIR also produces the **Global Airport Connectivity Monitor**, a unique tool developed with Hague Consulting Group for measuring the competitiveness of regional airport hubs.

Finally the unit carries out research into IATA's own products and services, and in 1999 was pleased to deliver a **global survey for IDS** of the service performance for 81 separate ISS operations among some **70,000 airline and agent customers for BSP and CASS** services.

Consultancy Services: More than fifteen specialist studies were completed in 1999, for a variety of clients, in support of IATA's goal to provide high quality services to the aviation community. AIR has also worked jointly with the **Air Transport Action Group**, with the publication of an important study into the **Economic Benefits of Air Transport** and a new traffic forecast covering the European region to 2015.

Keeping Members and Customers Informed

IATA and the Internet: The IATA web-site www.iata.org is an important industry resource and a unique vehicle for the rapid communication

of key information on global projects and industry activities.
E-Commerce: In 1999 IATA launched the Online store at **www.iataonline.com.**

Many IATA products and services are now available at that address.

IATA Partners

On-line, refer to: http:/www.iata/pns/pp/

IATA Partners play a key role within IATA, working alongside Members and participating in strategic IATA initiatives. Participation covers ten major areas of activity spanning operations and infrastructure, passenger, airport and cargo services, scheduling, information technology, and financial services.

There are four levels of participation. *Industry Associates* are active at the most senior IATA levels, and typically over a broad range of subject

areas. *Registered Suppliers* focus on one or two main areas of IATA activity. *Registered Supplier 'Special Category'* participants participate in a single working group or committee reflecting their area of specialization. Finally, *Travel Partners* are involved in inter-modal transport issues. Currently, 200 companies are IATA Partners.

Industry Associates

ABB Airport Technologies GmbH
Accounting Centre of China Aviation
Air Routing
Airbus Industrie
Amadeus
American Express TRS Company, Inc.
Andersen Consulting
ARINC Incorporated
Atraxis AG
Boeing Commercial Airplane Group
Bombardier Regional Aircraft Division
Boullion Aviation Services, Inc.

British Aerospace Regional Aircraft
CAE Electronics Ltd.
CFM International
Citibank Salomon Smith Barney
CSC Computer Sciences Corporation
Easy Flying S.A.
EDS
Embraer - Empresa Brasileira de Aeronautica S.A.
Ernst & Young
GE/ General Electric
Hewlett-Packard Company
Honeywell, Inc.
IBM Corporation
ICTS International N.V.
Inmarsat Aeronautical Services Division
Kale Consultants Ltd.
KPMG
Lufthansa Systems GmbH
NCR Corporation
OAG Worldwide
Oracle Corporation
Origin B.V.
Pratt & Whitney
PricewaterhouseCoopers
RepWorld, Inc.
Rockwell-Collins
Rolls-Royce Plc
Sabre Inc.
SAIC
SITA
Smiths Industries Aerospace
Sun Microsystems, Inc.
The Chase Manhattan Corporation
Unisys Corporation
VISA International
Worldspan

Registered Suppliers

Abacus International Pte. Ltd
ACI Worldwide (EMEA) Ltd
ADP-Clearing

Aero-Print Limited
AFS Aviation Fuel Services & Management GmbH
Agip Petroli S.P.A.
Air BP Limited
Air Total International
Aircraft Service International Group (ASIG)
Alenia Marconi Systems
AND Global Aviation
Appleton Papers
ARCO Products Company
Asia Pacific Magnetic Card Co. Ltd.
AXESS International Network, Inc.
Bartsch GmbH International
Bharat Petroleum Corporation Ltd.
British Telecom PLC
Caltex Australia Petroleum Pty., Ltd.
Chevron Products Company
Cisco Systems, Inc.
Coastal Refining & Marketing Inc.
Commerchamp, S.A.
Confidence International AB
Cosmo Oil Co., Ltd.
D.A.T.A., S.A
Dae Myung Business Forms Co., Ltd.
DASSAULT A.T.
Datasouth Computer Corporation
DEA Mineraloel AG
Dr. Materna GmbH
ELF Antar France
EMTEC Magnetics GmbH, European Multimedia Technologies
EssoAir International Limited
FLS Aerospace Limited
FORE Systems, Inc.
Fortum Energy House Ltd.
Fujitsu Limited
Galileo International
Gemplus
Genicom Corporation
Guhl & Scheibler
Hainan Phoenix Information Systems (HPIS)

Hindustan Petroleum Corporation Ltd.
Hitachi, Ltd.
HitchHiker Software GmbH
Hudson General LLC
Hummel, Data Media Division
I.E.R.
Idemitsu Kosan Co., Ltd.
Indian Oil Corporation Limited
Industrias Alen, S.A.
Infini Travel Information, Inc.
Innovata Llc.
Innovative Solutions International, Inc. (ISI)
Intentia International
Intermec
ISETO Corporation
Japan Energy Corporation
Japan Information Processing Service Co., Ltd. (JIPS)
Jeppesen GmbH
Jiang Su Heng Bao Industrial Development Co. Ltd.
Kenyon International Emergency Services
Kinetics, Inc.
Kuwait Aviation Fuelling Company (K.S.C.)
Merlin Air Trade
Mitsubishi Hitec Paper Flensburg GmbH
Mobil Int'l Aviation & Marine Sales, Inc.
Moore Business Systems Australia
Motorola, Inc.
Nippon Paper Industries Co., Ltd.
Northrop Grumman - Canada Ltd.
Oji Paper Co., Ltd.
Omron Electronics Limited
Percetakan Nasional Malaysia Berhad
Petrobras Distribuidora S.A.
Philips Semiconductors
Q8 Aviation
QSP
Ricoh Company, Ltd.
Samsonite Europe N.V.
Saudi Arabia Oil Company
SCS Corporation
Security Label GmbH

ServiceTec International Group Ltd.
Shanghai Aviation Printing Co., Ltd.
Shanghai Matsuoka Co., Ltd.
Shell Aviation Ltd.
Sick AG
Sihl GmbH
Sonera Ltd
Start Informatik GmbH
STATOIL
Syntegra
Texaco Ltd.
Texas Instruments
Tianjin Global Magnetic Card Co., Ltd. (GMCC)
Toppan Forms Co., Ltd.
Toyo Kanetsu K.K.
TransMontaigne Product Services Inc.
Ultra Electronics
Van Leer Flexibles, L.P.
Veba Oel AG
Walker
YPF S.A.

Registered Suppliers 'Special Category'

Aéro Net
Air Cargo Equipment Corporation
Airbase Services, Inc.
Airgate Engineering Ltd.
AIRGO Industries, Inc.
Alusuisse Singen GmbH
American Science and Engineering, Inc.
Ancore Corporation
Aviation Defence International
Aviation Loss Consultants Limited
Aviogei Airport Equipment SRL
Barringer Instruments Inc.
Bridport Aviation Products
Caljan A/S
Cargo Network
Century Aero Products International Inc.
CIVAS Civil Aviation Security Services GmbH

DGM Support B.V.
Evans & Sutherland
First Research Inst. Ministry of Public Security
FlightSafety Boeing Training International
FMC Corporation
Frigotainer Insulated Air Cargo Container AB
Frontline International
GdHs Strategic Development Group
Gilardoni S.P.A.
Heimann Systems GmbH
Imaging Automation, Inc.
InVision Technologies, Inc.
Ion Track Instruments
Kennel-Aire Inc.
Laser Data Command Inc.
Muhibbah Airline Support Industries Sdn Bhd
Nordisk Aviation Products
Pacific Consultants International
PerkinElmer Instruments
Rapiscan Security Products Inc.
Saeplast
Safe Passage International, Inc.
SATCO, INC.
Securair Limited
Securitas Ltd.
Telair International Scandinavian Bellyloading Co. AB
Thomson Training & Simulation
Van Riemsdijk Rotterdam

Travel Partners

AccesRail
Amtrak Corporation
Deutsche Bahn
Eurostar (UK), Ltd.
SNCF
Stena Line Limited
VIA Rail Canada

IATA MEMBERSHIP

- *Search for Members by geographical area*
- *Search for Members by name or airline code(s)*
- *Members' internet web site addresses*

On 7 May 2000, Membership of IATA stood at 268. Of the total, 238 are Active and 30 are Associate Members. The following carriers joined IATA since the last Annual Report: Debonair Airways Limited, MAT - Macedonian Airlines, Iran Aseman Airlines, Hemus Air, Atlas Air Inc., Avant Airlines, Lan Perú, Zambian Airways Limited, Southern Winds S.A., Volare Airlines S.p.A., Turkmenistan Airlines, Red Sea Air PLC, Corse Air International, Antinea Airlines.

* Denotes Tariff Co-ordination Members (120)

ACTIVE MEMBERS

VX*	ACES (Aerolíneas Centrales de Colombia S.A.)
ZY	ADA Air
JP*	Adria Airways
EI*	Aer Lingus Ltd.
E4	Aero Asia International (PVT) Ltd.
JR	Aero California
Z9*	Aero Zambia Ltd.
SU*	Aeroflot - Russian International Airlines
AR*	Aerolíneas Argentinas S.A.
AM	AEROMEXICO (Aerovias de Mexico S.A. de C.V.)
QO	Aeromexpress
PL	AEROPERU (Empresa de Trans. Aéreo del Perú) (limited)
VV	Aerosvit Airlines
ZL	Affretair (PVT) Ltd.
RK*	Air Afrique
AH*	Air Algérie (Entr. Nat. d'Expl. de Svcs Aériens)

LM	Air ALM (ALM 1997 Airline Inc., d.b.a.)
UU	Air Austral
BT*	Air Baltic Corp. SIA
AB	Air Berlin GmbH & Co.
JA	Air Bosna
BP*	Air Botswana Corporation
SB*	Air Caledonie International
AC*	Air Canada
CA*	Air China International Corp.
AG	Air Contractors (UK) Ltd.
UX	Air Europa Líneas Aéreas, S.A.
AF*	Air France
GN*	Air Gabon (limited)
JM	Air Jamaica Ltd.
9Y	Air Kazakstan
JS	Air Koryo
VD	Air Liberté S.A.
FU*	Air Littoral
MD	Air Madagascar
QM*	Air Malawi Ltd.
L6	Air Maldives Ltd.
KM*	Air Malta p.l.c.
CW	Air Marshall Islands
MK	Air Mauritius
RM	Air Moldova International
SW	Air Namibia
NZ*	Air New Zealand Ltd.
PX*	Air Niugini (Air Niugini Pty Ltd. t.a.)
YW*	Air Nostrum L.A.M.S.A.
FJ	Air Pacific Ltd.
HM	Air Seychelles Ltd.
TC*	Air Tanzania Corporation
6U	Air Ukraine
NF	Air Vanuatu (Operations) Ltd.
UM*	Air Zimbabwe Corporation
AI*	Air-India
AS	Alaska Airlines Inc.
LV	Albanian Airlines MAK S.H.P.H.
AZ*	Alitalia - Linee Aeree Italiane S.p.A.
Y2	Alliance Air (limited)
E8	Alpi Eagles S.p.A.

HP*	America West Airlines, Inc.		3Q*	China Yunnan Airlines
AA*	American Airlines Inc.		WX	CityJet
NH*	ANA (All Nippon Airways CO., Ltd.)		MN	Comair (Pty.) Ltd.
AN*	Ansett Australia		XK	Compagnie Aérienne Corse Méditerrannée
HO	Antinea Airlines			
IW	AOM French Airlines (AOM - Minerve S.A.)		CO	Continental Airlines Inc.
			CS	Continental Micronesia, Inc.
FG*	Ariana Afghan Airlines Co. Ltd.		CM	COPA (Compania Panamena de Aviación S.A.)
IZ	Arkia Israeli Airlines Ltd.			
R3	Armenian Airlines		SS	CORSAIR (Corse Air International)
5Y	Atlas Air, Inc.		OU*	Croatia Airlines DD
IQ	Augsburg Airways GmbH		X5	Cronus Airlines
OS*	Austrian Airlines		LX*	Crossair, Ltd. Co. (for Reg. Eur. Air Transp.)
OT	Avant Airlines			
VE	AVENSA (Aerovias Venezolanas S.A.)		CU*	Cubana de Aviación S.A.
AO	AVIACO (Aviación y Comercio S.A.)		CY*	Cyprus Airways Ltd.
AV*	AVIANCA (Aerovias Nacionales de Colombia S.A.)		2G	Debonair Airways Ltd.
			DL*	Delta Air Lines Inc.
GU	AVIATECA, S.A.		DI	Deutsche BA Luftfahrtgesellschaft GmbH
M4*	Avioimpex A.D.p.o.		ES	DHL International E.C.
J2	Azerbaijan Airlines (Azerbaijan Hava Yollari) (limited)		D7	Dinar Líneas Aéreas S.A.
			KA*	DRAGONAIR (Hong Kong Dragon Airlines Ltd.)
LZ*	Balkan Bulgarian Airlines			
B2	Belavia - Belarusian Airlines		QY	EAT (European Air Transport)
B3	Bellview Airlines Ltd.		EU	ECUATORIANA (Ecuatoriana de Aviación S.A.)
BG	Biman Bangladesh Airlines			
BU*	Braathens (Braathens ASA, t.a.)		MS*	Egyptair
BA*	British Airways p.l.c.		LY*	El Al Israel Airlines Ltd.
BD*	British Midland Airways Ltd.		EK	Emirates
BW	BWIA International Airways Ltd.		OV*	Estonian Air
UY*	Cameroon Airlines		ET*	Ethiopian Airlines Corporation
CP*	Canadian Airlines International Ltd.		EW	Eurowings AG
CV	Cargolux Airlines International S.A.		FX*	FedEx (Federal Express Corporation)
CX*	Cathay Pacific Airways Ltd.		AY*	Finnair Oyj
OK*	Ceske Aeroline/Czech Airlines (CSA)		YC	Flight West Airlines Pty. Ltd.
MU	China Eastern Airlines		GA*	Garuda Indonesia
CJ*	China Northern Airlines		GT*	GB Airways
WH*	China Northwest Airlines		GH*	Ghana Airways Corporation
CZ*	China Southern Airlines		GF	Gulf Air Company G.S.C.
SZ*	China Southwest Airlines		HF	Hapag Lloyd Flug GmbH
XO	China Xinjiang Airlines		DU	Hemus Air (limited)

IB*	IBERIA (Líneas Aéreas de España S.A.)	JE	Manx Airlines Ltd.
FI*	Icelandair	IN	MAT - Macedonian Airlines
IC*	Indian Airlines	ME*	MEA (Middle East Airlines Airliban)
D6	Inter Air (Inter Aviation Services (Pty) Ltd.)	IG*	Meridiana S.p.A.
IR*	Iran Air, The Airline of the Islamic Republic of Iran	MZ	Merpati Nusantara Airlines (limited)
		MX	MEXICANA (Comp. Mexicana de Aviación S.A. de C.V.)
IA	Iraqi Airways (limited)	OM	MIAT Mongolian Airlines
EP	Iran Aseman Airlines	WT*	Nigeria Airways Ltd. (limited)
JD	Japan Air System Co. Ltd.	KZ*	Nippon Cargo Airlines (NCA) Co. Ltd.
JL*	Japan Airlines Co. Ltd.	NW*	Northwest Airlines Inc.
JU*	JAT (Jugoslovenski Aerotransport)	OA*	Olympic Airways S.A.
JY	Jersey European Airways	WY	Oman Air (Oman Aviation Services Co. (SAOG) op. as)
KQ*	Kenya Airways Ltd.		
KL*	KLM Royal Dutch Airlines	PR	Philippine Airlines Inc.
UK*	KLM uk Ltd.	PK*	PIA (Pakistan International Airlines Corp.)
KE*	Korean Air Lines Co. Ltd.		
KU*	Kuwait Airways Corporation	PU*	PLUNA S.A. (Pluna Líneas Aéreas Uruguayas S.A)
7Z	L.B. Limited		
LB	LAB (Lloyd Aéreo Boliviano S.A.)	PH	Polynesian Airlines Ltd.
LR	LACSA (Líneas Aereas Costarricenses S.A.)	NI*	PGA - Portugália Airlines
		QF*	Qantas Airways Ltd.
TM*	LAM - Linhas Aéreas de Moçambique	QR	Qatar Airways Co. (W.L.L.)
LA*	Lan Chile S.A.	7R	Red Sea Air PLC
MJ	LAPA (Lineas Aéreas Privadas Argentinas S.A.)	VM	Regional Airlines
		GV	Riga Airlines (limited)
NG*	Lauda Air Luftfahrt AG	AT*	Royal Air Maroc
LN*	Libyan Arab Airlines	BI	Royal Brunei Airlines
TE*	Lithuanian Airlines	RJ*	Royal Jordanian
LO*	LOT (Polskie Linie Lotnicze)	ZC	Royal Swazi National Airways Corp. Ltd.
LT	LTU (Lufttransport-Unternehmen GmbH & Co.)	WR	Royal Tongan Airlines
		FR	Ryanair Ltd.
LH*	LUFTHANSA (Deutsche Lufthansa A.G.)	4Z	SA Airlink (Pty) Ltd.
		SA*	SAA (South African Airways)
LH*	Lufthansa Cargo A.G.	SN*	SABENA
LG*	Luxair (Soc. Lux. de Navig. Aérienne)	E5*	Samara Airlines
DM*	Maersk Air A/S	SK*	SAS (Scandinavian Airlines Systems)
VB	Maersk Air Ltd.	SV*	Saudi Arabian Airlines
MH	Malaysia Airlines	SG	Sempati Air (limited)
MA*	MALEV (Hungarian Airlines Public Ltd. Co.)	FM	Shanghai Airlines
		LJ	Sierra National Airlines (limited)

SQ	Singapore Airlines Ltd.
JZ	Skyways AB
IE	Solomon Airlines
JK	Spanair S.A.
UL	SriLankan Airlines Ltd.
SD*	Sudan Airways Company Ltd.
PY	Surinam Airways
SR*	SWISSAIR (Swiss Air Transport Co. Ltd.)
RB*	Syrian Arab Airlines
DT*	TAAG - Angola Airlines (Linhas Aéreas de Angola)
TA*	TACA International Airlines S.A.
GD	TAESA (Transportes Aereos Ejecutivos S.A. de C.V.)
PZ	TAM - Transportes Aéreos del Mercosur Sociedad Anónima
JJ*	TAM Transportes Aéreos Meridionais S/A
TP*	TAP - Air Portugal
RO*	TAROM (Romanian Air Transport S.A.)
IJ*	TAT European Airlines
TG*	Thai Airways International Public Company Ltd.
TL*	TMA (Trans-Mediterranean Airways S.A.L.) (limited)
FF	Tower Air Inc.
TR*	TRANS BRASIL (Transbrasil S.A. Linhas Aéreas)
UN*	Transaero Airlines (Joint Stock Company)
HV	Transavia Airlines (Transavia Holland B.V.)
TU*	Tunis Air
TK*	Turkish Airlines Inc.
T5	Turkmenistan Airlines
TW	TWA (Trans World Airlines Inc.)
PS	Ukraine International Airlines
UA*	United Airlines
5X	UPS Airlines
US	US Airways, Inc.

RG*	VARIG S.A. (Viação Aérea Rio-Grandense)
VP*	VASP (Viação Aérea São Paulo S.A.)
VS	Virgin Atlantic Airways Ltd.
WF	Wideroe Flyveselskap A/S
MF	Xiamen Airlines
IY*	YEMENIA Yemen Airways
Z7	Zimbabwe Express Airlines

ASSOCIATE MEMBERS

5L	AEROSUR (Comp.Boliv.de Transp.Aér.Priv. S.A.) (limited)
JQ	Air Jamaica Express Ltd.
VT	Air Tahiti
AQ	Aloha Airlines, Inc.
ZQ	Ansett New Zealand
AU	Austral Líneas Aéreas S.A.
E9	Compagnie Africaine d'Aviation - C.A.A. (limited)
Y4	Eagle Aviation Ltd. (limited)
IH	Falcon Air AB
BN	Forward Air International Airlines, Inc.
9C	Gill Aviation Ltd.
ZL	Hazelton Airlines
9W	Jet Airways (India) Ltd.
KD	Kendell Airlines (Aust.) Pty. Ltd.
UC	LADECO Cargo
UC	LADECO S.A.
LP	Lan Perú
CL	Lufthansa CityLine GmbH
NM	Mount Cook Airlines
GX	Pacific Airways Corporation (currently suspended)
FA	Safair Freighters (Pty.) Ltd.
S2	Sahara Airlines Ltd.
SP	SATA Air Acores
A4	Southern Winds S.A.
PI	Sunflower Airlines Ltd. (limited)
KK	TAM Transportes Aereos Regionais S.A.
8D	Volare Airlines S.p.A.
Q3	Zambian Airways Ltd.

Operating Cost per ATK by Item 1999
IATA International Scheduled Services

	US cents per ATK	Percent change over 1998	Percent of total
Cockpit Crew	2.7	-3.6	7.0
Fuel and Oil	5.9	+20.4	15.4
Flight Equipment Insurance, Depreciation and Rentals	4.7	-6.0	12.3
Maintenance and Overhaul	3.7	-5.1	9.7
Landing Charges	2.0	-4.8	5.2
En-Route Charges	1.8	-	4.7
Station and Ground Costs	4.4	-6.4	11.5
Cabin Crew and Passenger Service	5.0	-5.7	13.1
Ticketing, Sales and Promotion	6.0	-6.2	15.7
General and Administrative	2.1	-4.5	5.4
Total	**38.3**	**-2.1**	**100.0**

Sources: IATA Quarterly Financial Survey, other IATA surveys and IATA estimates
Note: Data based on IATA Membership as of 31 December of relevant year

ACCREDITED AGENTS AS AT 31 DECEMBER 1999

Areas	PASSENGER		CARGO	
	Approved Locations	Growth since 31/12/98 %	Registered Agents	Growth since 31/12/98 %
The Americas (excl. U.S. & Canada)	8,097	6.8	633	3.2
Canada	3,989	-1.1	151	2.0
Europe, Middle East & Africa	33,837	5.0	2,481	2.1
Asia Pacific	8,780	4.3	1,352	5.8
Total	**54,703**	**4.7**	**4,617**	**3.3**
	IATAN Endorsed Agents*		CNS Endorsed Agents**	
U.S.	35,673	-6.3	1,427	-0.9
Grand Total	**90,376**	**0.1**	**6,044**	**2.3**

Note : Listed by * PNS Corporation (trading as IATAN) and ** CNS Corporation

CLEARING HOUSE STATISTICS 1999

At 31 December 1999 the Clearing House was providing settlement facilities to 213 IATA Members, 44 non-IATA members, 25 subsidiary ledger participants, 11 special accounts and 10 sponsored air carriers; 6 IATA Members, 8 non-IATA members and 3 general supplier participants joined the Clearing House in 1999. The agreement allowing settlement with the members of the Airlines Clearing House, Inc. in the US gave a total of 424 parties for whom clearance services are provided. The amount submitted for clearance in 1999 was USD 31,987 million.

Parties for which clearance was provided at December 31,1999		Amounts submitted for clearance	1998 USD millions	%	1999 USD millions	%
Direct Participation		**Increase** 1999/1998: 4.5%	**30,631**		**31,987**	
IATA Members	213					
Non-IATA members	44					
Subledger participants	25	Sources of Claims				
Sponsored Air Carriers	10					
Other participants	11	Claims by IATA Members	25,117	82	25,910	81
	303	Claims by non-IATA airlines (including subsidiary ledgers)	2,757	9	2,879	9
		Claims by ACH	1,838	6	1,919	6
		Claims by other parties	919	3	1279	4
Participation through Airlines Clearing House, Inc.			**30,631**	**100**	**31,987**	**100**
IATA Members	11					
Other ACH Members	110					
	121					
Total Participation	**410**					

BSP OPERATIONS 1999

	BSP	Participating Airlines	Agent Locations	Turnover USD Mills
1	ARGENTINA/URUGUAY (AR/UY)	34	1278	1,171
2	AUSTRALIA	67	2247	3,811 3
3	AUSTRIA	72	277	775 4
4	BAHAMAS/BVI	21	41	86
5	BELGIUM & LUXEMBOURG	84	681	1,211
6	BERMUDA (BM)	13	17	71
7	BRAZIL (BR)	36	5064	2,361

8	CANADA (CA)	96	3948	5,347
9	CENTRAL & WEST AFRICA (CWA)	13	110	162
10	CENTRAL AMERICA (CENAM)	28	548	574
11	CHILE/BOLIVIA (CL/BO)	38	561	477
12	CHINA -PEOPLE'S REPUBLIC OF (CN)	50	2136	1,560
13	COLOMBIA (CO)	27	629	324
14	CROATIA (HR)	17	86	13
15	CYPRUS (CY)	31	133	133
16	CZECH REPUBLIC & SLOVAKIA (CZSK)	30	138	144
17	DOMINICAN REPUBLIC (DO)	30	258	167
18	EASTERN AFRICA (EAF)	34	334	221
19	EASTERN CARIBBEAN (EAC)	29	217	258
20	ECUADOR (EC)	23	275	151
21	EGYPT (EG)	36	520	247
22	FINLAND (FI)	47	347	674
23	FRANCE (FR)	105	3250	6,320
24	FRENCH O/SEAS TERRITORIES (FOT)	11	23	54
25	GERMANY (DE)	130	4776	8,319
26	GREECE (GR)	50	522	504
27	GULF AREA (GULF)	49	243	537
28	HONG KONG (SAR)	47	242	1,543
29	HUNGARY (HU)	32	250	164
30	INDIA (IN)	32	711	599
31	INDONESIA (ID)	40	332	349
32	IRELAND (IE)	54	452	619
33	ITALY (IT)	90	4492	4,537
34	JAMAICA (JM)	14	83	147
35	JAPAN (JP)	63	792	16,526
36	JORDAN (JO)	20	151	108
37	KOREA (KR)	40	397	1,661
38	KUWAIT (KW)	30	141	387
39	LEBANON (LB)	23	n/a	120
40	MALAYSIA (MY)	46	679	760
41	MALTA (MT)	12	69	48
42	MEXICO (MX)	39	2465	2,380
43	MICRONESIA (FM)	7	70	85
44	MOROCCO (MA)	20	195	132
45	NETHERLANDS (NL)	84	505	1,926
46	NEW ZEALAND (NZ)	36	649	807
47	PERU (PE)	28	207	164
48	PHILIPPINES (PH)	45	217	560
49	POLAND (PL)	25	262	253
50	PORTUGAL (PT)	52	710	608
51	ROMANIA (RO)	17	64	46
52	SAUDI ARABIA (SA)	34	925	1,154
53	SCANDINAVIA (SCAN)	79	1433	4,836
54	SINGAPORE (SG)	45	200	1,143
55	SOUTHERN AFRICA (ZA)	60	1181	1,443
56	SPAIN (ES)	98	5024	3,044
57	SWITZERLAND/LIECHTENSTEIN (CHFL)	90	893	1,845
58	TAIWAN (CHINA) (TW)	36	391	1,421
59	THAILAND (TH)	53	261	507
60	TUNISIA (TN)	15	n/a	19
61	TURKEY (TR)	47	395	352
62	UNITED KINGDOM (UK)	109	4123	11,902
63	VENEZUELA (VE)	28	815	404
Total		**326***	**58435**	**98,272**

*This net figure takes account of multiple BSP participation by airlines.
n/a = not available at time of publication

CASS OPERATIONS 1999

CASS	Airlines	Agents	Total Settled USD Millions
ARGENTINA	20	85	32
AUSTRALIA	41	155	296
BELGIUM & LUXEMBOURG	43	74	147
CANADA	32	152	181
CHILE	21	43	21
CHINA	28	14	4
COSTA RICA	19	34	13
ECUADOR	22	31	62
FIJI	6	8	13
FRANCE	72	210	582
GERMANY	123	240	921
GREECE	12	44	13
IRELAND	32	61	61
ITALY	58	278	460
JAPAN	37	82	3,360
KOREA	27	56	789
MEXICO	41	81	99
NETHERLANDS	94	81	347
NEW ZEALAND	25	44	107
PANAMA	26	40	13
PAPUA NEW GUINEA	4	6	1
PHILIPPINES	23	81	176
PORTUGAL	18	68	44
SCANDINAVIA	73	205	294
SOUTH AFRICA	21	174	n/a*
SPAIN	28	207	165
SWITZERLAND & LIECHTENSTEIN	40	103	191
TURKEY	27	125	77
UNITED KINGDOM	112	250	824
USA	71	1440	2,280
VENEZUELA	22	34	5
Total	**217****	**4,506**	**11,576**

* Pilot site in 1999

**This net figure takes account of multiple CASS participation by airlines.

Sydney, 4 - 6 June 2000

**WORLD AIR
TRANSPORT SUMMIT
56th IATA ANNUAL
GENERAL MEETING**

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IATA

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