FINAL 2001 ANNUAL REPORT AT 7 MAY

(Inside Front Cover - in a box)

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

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.

Annual Report 2001

by Pierre J. Jeanniot O.C., Director General, International Air Transport Association
for the 57th Annual General Meeting, Madrid, Spain, 27-29 May, 2001

Contents

This report is available on-line at: http://www.iata.org/ar01/

For a complete on-line picture of IATA activity, please look at the more than 60 dedicated websites listed at: http://www.iata.org/sitemap.htm

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Highlights

Industry Issues

Our Members collectively have achieved a seventh successive year of net profitability in the year 2000. However, celebrations on that score must necessarily be muted, since the profitability of any one of those years has never been spectacular or even adequate. The stock market disturbances of recent months may be heralding at worst a recession and at best a period of much lower economic growth. Economic growth remains the main driver of traffic, and under the present uncertain climate, we may not know whether the economic landing will be "soft" or "hard" until we have actually experienced it.

In the meantime, our Members' traffic forecasts remain quite optimistic. But the fundamental laws of economics have not changed, and our industry should better manage itself, accordingly, particularly on the capacity side. Here the central issue is to anticipate slowdowns and to pace aircraft deliveries. Hopefully, the shortening of production times by manufacturers should improve our ability to minimise time lags between order and delivery.

The drive towards further cost reduction and greater marketing synergies and reach, suggests that our industry should become much more consolidated. Continued bilateral treaty limitations and foreign ownership rules which limit the achievement of critical mass through merger are driving much of the continued alliance and cross-investment activity. Recent events show that successful mergers are by no means simple to achieve, even when conditions are relatively supportive.

Beyond the current economic uncertainty, three other issues are at the moment vital to the continued success of our industry:

- **Safety:** in 1996, IATA proposed the ambitious goal of reducing by half the accident rate, comparing the year 2004 with the base year 1995. At the half-way mark we are still slightly short of target, but it is particularly encouraging that the enhanced industry safety efforts through IATA are taking place against a steadily improving safety record.

- **Environment**: our ability to demonstrate that we are good corporate citizens and are actively contributing to sustainable development rather than being merely part of the problem, will in large measure determine our long-term future as an industry. ICAO's "CAEP 5" meeting may be viewed as a considerable success and there is a draft international agreement for new "Chapter 4" aircraft production one-third quieter than the existing Chapter 3. But we need an international framework to protect the value of Chapter 3 aircraft. And it is essential that it would have enough flexibility to accommodate the various regional requirements and aspirations.

- **Infrastructure:** IATA is promoting independent, autonomous air traffic services providers, separate from but subjected to the safety regulation of an independent regulatory agency. We propose that such services could be predominantly debt-financed through new financial instruments. The success of the Airline Group in winning the nomination to run the UK National Air Traffic Service is an encouraging development on the way to a "Single European Sky."

  Intermodal transport solutions for Europe are going to become more important, provided the compatibility of service standards can be resolved. At the same time, *procedures* can be as important as physical investment in infrastructure - and IATA is making progress on its Simplifying Passenger Travel initiative for speeding air travellers through airports.

IATA

I welcome the following carriers* who have joined since the last annual report: Air Botnia, Palestinian Airlines, JALways Co. Ltd., Royal Airlines, TNT Airways S.A., Air One S.p.A., Pulkovo Aviation Enterprise, ICAR (Independent Carrier Aircompany), Regional Air (Air Kenya Aviation d.b.a.), C.A.L. Cargo Airlines Ltd., Lauda Air S.p.A., Hainan Airlines Company Ltd., Montenegro Airlines, Air Luxor S.A., Air Macau Company Limited.

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

The transformation of IATA Settlement Services continues to make good progress, with important agreements on banking, information technology consolidation and charging formulae implementation. Unit cost reduction is essentially on plan.

In the regulatory debate on Tariff Coordination, it is easy to lose sight of the real consumer benefits of interlining. An IATA-commissioned study by external consultants puts the annual benefit worldwide at approximately USD 3 billion.

IATA was successful in ensuring that the aviation industry position was largely reflected in the CAEP recommendations to ICAO.

Later this year, a diplomatic conference will consider a draft convention, in which IATA has been a prime mover, on Asset-Based financing. If adopted and ratified, this could eventually save the industry substantial sums on interest costs.

Savings and cost avoidance of USD 655 million were achieved through joint action by IATA and airline representatives, in relation to user charges, taxes and fuel.

A new IATA Medical Advisory Group is in formation – and will advise on all aviation medical issues, including cabin health. One of its first tasks will be to cooperate with the World Health Organisation, as it plans its large epidemiological study into deep vein thrombosis.

We welcome Louise Roy, Vice-President Marketing and Commercial Services, who joined IATA in July 2000.

I take pleasure and pride from the degree to which this Association is able to respond to current industry developments - and to anticipate needs (see "A Year of Innovation").

Pierre J. Jeanniot
(Signature)

*List complete at time of going to press

A Year of Innovation

During the past year, IATA has continued to expand its activities, refine its standards and launch new products and services, in order to better serve its Members, agents, partners and all involved with air transport. Among the innovations of the past year are:

- **IATA Safety Strategy 2000+**, a new highly focused work programme concentrating on particular types of accident, regional conditions and incident reporting.

- **Air Transport Safety Information**: this project is aimed at achieving better-informed reporting of accidents and other airline safety issues, particularly by the non-specialised media.

- **Operational Quality Standards (OQS) Audits**, now mandatory as a Membership criteria and available to current Members on a voluntary basis.

- **Global Navigation Satellite System (GNSS)** procedures introduced in 14 states of the Southern Africa Development Community. This will provide 26 international airports with very accurate approach, landing and departure procedures.

- **Airport Enhancement & Financing Service** established its first client base in 2000, including the invoicing and collection of airport charges for a national network of airports and began its first programme of assistance in financing major airport infrastructure improvement projects.

- **A Global Interline e-ticketing Service,** through an IATA/SITA partnership, to enhance growth, help airlines reduce ticket processing costs and improve customer service.

- **DigiCert,** to improve security for e-commerce transactions; another SITA/IATA service.

- **Crisis Management Services**: a complete suite of services now exists within IATA, to deal with all aspects of a corporate crisis, from communications to business continuity.

- **Airline Business Simulation model:** This is proving to be an increasingly popular executive training tool.

- **Cargo 2000:** the group conducted two series of positive tests for Phase 1 implementation, with twenty Members and five technology vendors participating. Site certification is expected to commence by June 2001.

- **Pilot projects for the Simplifying Passenger Travel Program** have been launched, in cooperation with IATA's aviation industry partners - airlines, airports, government authorities and technology producers.

Financial Results & Traffic Forecasts
Financial Results

International Scheduled Services

Revised data for 1999 and the most recent data available for 2000 both show a slight improvement on the previously reported 1999 result.   But the result after interest, for the two years together, is only 1.7 percent of revenue.   A seventh successive year of profit in 2000 was achieved against the background of a steadily rising break-even load factor.   In dollar terms, average yields have fallen by 13.3 percent since 1996, unit costs by only 10 percent.

IATA International Scheduled Services 1996-2000

USD Billions	1996	1997	1998	1999	2000
Operating Revenues	137.1	145.7	142.7	147.1	155.4
Operating Expenses	131.1	137.5	136.4	141.2	149.2
Result before Interest	6.0	8.2	6.3	5.9	6.2
Net Interest Payable	3.0	3.2	3.2	3.5	3.4
Result after Interest	3.0	5.0	3.1	2.4	2.8

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 1996-2000

IATA International Scheduled Services (Percent)

Values for Chart:	1996	1997	1998	1999	2000
Actual:	63.6	64.4	62.9	63.7	65.8
Breakeven Before Interest	60.8	61.1	60.1	61.4	63.2

Yields and Unit Costs 1996-2000

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

	1996	1997	1998	1999	2000
Yield	69.8	67.9	65.1	62.4	60.5
U. Cost	42.4	41.5	39.1	38.3	38.2

International Traffic Forecasts, 2000-2004

PassengerTraffic: total international traffic growth is expected to average 5.6 percent between 2000 and 2004.   Growth at that level would produce an extra 150 million passengers by 2004, bringing the annual total to more than 640 million.   The highest average growth is expected on routes within the Far East and the lowest on Trans-Pacific routes.

(Values for Graph "Historic/Forecast Passenger Traffic")

2000: 6.6
2001: 5.7
2002: 5.5
2003: 5.3
2004: 5.2

Freight Traffic: average annual growth of 6.7 percent is expected, from 2000 to 2004. The highest average growth is expected on Trans-Pacific routes and the lowest on routes within South America.

(Values for Graph "Historic/Forecast Freight Traffic")

2000: 7.5
2001: 6.6
2002: 6.6
2003: 6.5
2004: 6.4

Safety & Security

IATA aims to promote safe, reliable and secure air services.   Improved safety levels are IATA's first strategic priority. Achieving this goal is also the *shared* responsibility of airlines, manufacturers, airports, ATC service providers and governments.   IATA fosters work programmes which involve all these groups.

Safety

The number of operational "total loss" and fatal accidents involving jet aircraft decreased in the year 2000 compared to 1999, despite an increase in total flights, but the actual number of fatalities increased. The trend for turboprop aircraft showed significant decreases in total loss and fatal accidents as well as in fatalities.

The loss-rate trend for jet aircraft over the past decade is shown below.

LOSS RATE (per million sectors)
1991-2000
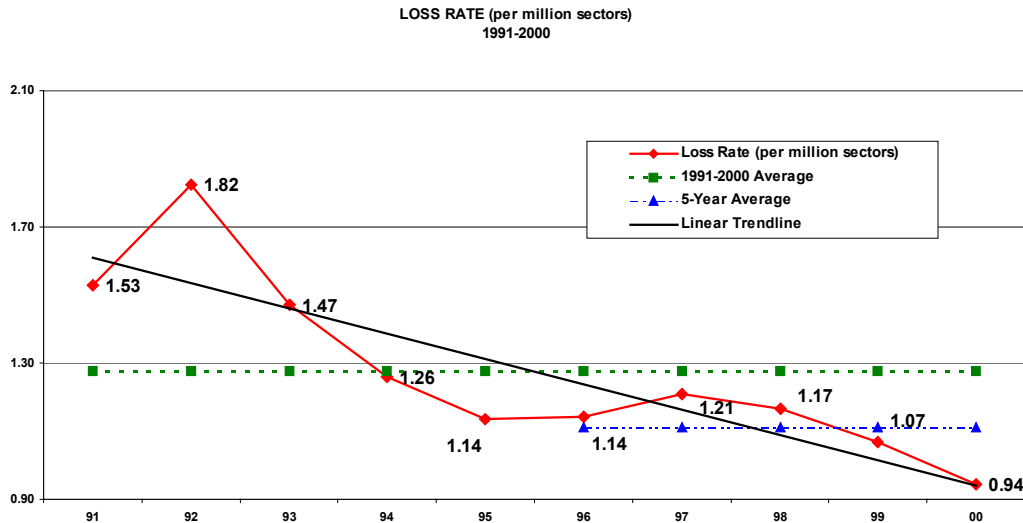
Analysis of accidents in the year 2000 shows that the **IATA Safety Strategy 2000+**, focused on Controlled Flight Into Terrain (CFIT), Approach & Landing, and Loss of Control, and approved by the Board of Governors, is aptly formulated.   It is vital that both IATA and aircraft operators continue to promote the use of just, non-punitive air/ground safety reporting and investigation systems and further promote the use of Flight Operations Quality Assurance (FOQA) and safety audit programs.

The credibility of the airline industry and its continued high degree of acceptability by the public demand that a new significantly improved safety level be attained in the coming decade.

11

IATA Safety Strategy 2000

- Coordinate and integrate IATA resources with industry
- Concentrate on CFIT, Approach & Landing & Loss of Control Accidents
- Maintain awareness of other hazards
- Develop targeted programmes on a regional basis
- Reinforce airline CEO's role in safety accountability
- Promote IATA standards on industry operational practices and aircraft equipment which improve safety
- Monitor industry safety performance
- Promote achievements through a sustained communications campaign

Regional Safety Initiatives: IATA focused on Latin America last year. Successful joint regional IATA/ICAO Aviation Safety & Human Factors seminar and workshops were held in Rio de Janeiro in August, attended by over 300 participants mainly from the South America and Caribbean regions. The first coordinated regional effort started in August, with the launching of the Pan American Aviation Safety Team (**PAAST**). PAAST is aimed at accelerating implementation of flight safety initiatives throughout the region, and integrating safety programs and resources.

Operational Quality Standards (OQS) audits: The year 2000 saw the launching of the Operational Quality Standards (OQS) audit program, initially applied to new Member applicants. All OQS audits are managed and led by IATA. Audit team members may include representatives from IATA airlines. Five audits were performed during the period March 2000 to year-end; 15 are scheduled in 2001. The worldwide introduction of mandatory operational quality audits for new Members has strengthened Membership criteria. With the proliferation of airline audit requirements (e.g. for code-share partners) IATA has launched a programme to develop harmonized standards. It encourages all Members to use safety audits as routinely as financial audits.

Security

The concept of "one stop security", a strategic objective of ICAO, ECAC and IATA is continuing to gain momentum. The Standard Airline Security Template was presented and accepted at the 2000 ICAO AVSEC Panel as model guidance material to be included in the ICAO Security Manual. An extremely successful AVSEC World Conference was convened in October with total attendance of over 400 people.

Industry Viability & Recognition

Two of IATA's main 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 blocked funds - and IATA's success in minimising any adverse financial impact of these four factors.

User Charges

IATA and Member airlines' charges experts took part in **210 charges-related and industry meetings** during the year 2000. Resulting **costs saved or avoided** for the airlines were **USD 524 million**, of which USD 298 million for the year 2000 itself and USD 226 million for subsequent years.   **Total savings were USD 158 million higher than in 1999**.

In the year 2000, IATA Member airlines paid USD 7.5 billion in airport landing and related charges and USD 7 billion in air navigation charges for their scheduled international operations, an increase of USD 100 million and USD 400 million, respectively, compared with 1999. Together, they represented 9.7 percent of the airlines' international operating costs, compared with 9.9 percent in 1999.

In **Europe** efforts, were concentrated on the **EUROCONTROL** agency and member states to ensure more value for money for the USD 4.3 billion cost-base for air navigation charges. Particular efforts were made to secure effective economic regulation of airports, with charges that are reasonable and equitably allocated among users: airports in Austria, Belgium, France (Aéroports de Paris), Germany, Greece (Athens new Airport at Spata), Hungary, Netherlands, Switzerland and the UK (BAA and Manchester) were of prime concern.

The **Airline Group** won the bid to become the strategic partner for the UK's National Air Traffic Services public/private partnership (**NATS PPP**).   IATA publicly supported the bid and will continue to work closely with the Airline Group and the new board of NATS.

In **Africa** and the **Middle East**, charges consultations were held with Algeria, Angola, D.R. Congo, Egypt, Jordan, Libya, Namibia, Roberts FIR, Somalia, South Africa, Syria and Yemen.   In some of these states, IATA enabled essential airport/ATS infrastructure developments to take place, through **two vital services:**

ATC Enhancement & Financing (E&F): In 2000, this service invoiced and collected air navigation charges from airlines, on behalf of 30 ATC authorities. Applied to the financing of various infrastructure projects, these revenues enhance the safety and security of international air transport.

Airport Enhancement & Financing (E&F): expanded its client base in 2000, including the invoicing and collection of airport charges for a national network of airports and began its first programme of assistance in financing major airport infrastructure improvement projects.

In **Asia/Pacific**, discussions resulted in lower charges for the new Seoul Airport (Incheon).   Efforts were also directed at Australia (Sydney and other privatised airports), India, Japan and Hong Kong - where the authorities agreed to maintain the 15 percent reduction in landing charges for an additional year.

In **North America**, NAV Canada announced a further extension of reduced charges, worth CAD 107 million to airlines. The US FAA re-established overflight fees under the same Interim Final Rule procedure it used last time, claiming it had identified the costs of en route and oceanic services. The Clinton administration in its final days established a board to oversee the creation of a performance-based organisation for the ATS portion of the FAA.   Disagreement continues in the US Congress on long-term funding of the FAA.

In **Latin America**, meetings on airport privatisation were held in Brazil, Peru, Honduras and Panama. Charges consultation were held with airport/ATS providers in El Salvador, Guatemala, Costa Rica, COCESNA (the Central American ATS provider), Peru, Bolivia, Ecuador and Venezuela.   User charges issues featured strongly at the first Latin American **Civil Aviation Summit**, held in Santo Domingo.

A joint, multidisciplinary IATA/AITAL group - the **Latin American Task Force on Infrastructure Costs** – was formed, composed of six Latin American airlines and five extra-regional airlines. It is responsible, inter alia, for the promotion of ICAO and IATA policies on cost recovery of airports and air navigation services - transparency, reasonable charges, and equitable charging systems - and for developing a data base on airport/ANS costs and revenues. Building on the success of the IATA project manager for Argentina, there are plans for similar positions in other Latin American countries.

At the **ICAO** Conference on the Economics of Airports and Air Navigation Services (ANSConf 2000) in June, IATA was successful safeguarding the interests of the IATA Membership. ANSConf 2000 did not endorse full application of the "single-till" for setting charges, and agreed a new policy on pre-financing of infrastructure under specific circumstances, provided certain safeguards are in place.

The third annual **Eagle Awards** were given to Manchester Airport and Germany's ATS provider (DFS), with a special mention for LSG, Latvia's ATS authority - in recognition of their efforts to offer value-for-money airport and ATS facilities and services to the airlines. Eagle Award winners are selected by an independent panel.

IATA's "**Airport and Air Navigation Charges Manual**" is the *only* authoritative compilation of up-to-date information on airport and air navigation charges world-wide. The

manual is also available in CD-ROM and *historical* airport charges are also available in electronic format.

Taxation

There was a substantial shift in IATA taxation efforts during 2000. IATA continued to oppose the use of passengers' tickets as a convenient and low-cost method for states and airport authorities to collect taxes and fees. However, despite income tax treaties, reciprocal tax agreements and bilateral air service agreements, **taxation issues related to airlines' income** have taken up almost half of IATA's taxation work. IATA's efforts **saved or avoided some USD 61 million** in taxes or tax-related administrative costs.

Organisation for Economic Cooperation and Development (OECD): the OECD's Model Tax Convention and its commentary are the *pro forma* for almost all double taxation treaties between States. Proposed wording that would have limited an airline's ability to reduce costs by providing services to other airlines was modified following IATA's intervention. IATA continues to address OECD proposals that would weaken the long standing regime that sees income taxed only in the home country.

United States: the US proposed changes to its regulations, to more narrowly define the activities that would be exempt from US income tax. This move threatened airline code sharing and alliance agreements and placed onerous ownership reporting burdens on non-US based airlines. A new special interest group will continue its efforts into 2001, as the change in the US administration will probably result in revised proposals for airlines to consider.

US State of Michigan: income tax threats are not limited to countries. IATA airlines can face similar threats from states and provinces within a country. IATA obtained legislative relief from the US State of Michigan's Single Business Tax. However, in spite of double tax treaties, other US States such as Pennsylvania continue to look at non-US based airlines as a source of income tax revenue.

VAT Reclaims: most VAT regimes around the world allow businesses to reclaim VAT paid in the course of doing business. But a number of states are erecting barriers to the legitimate claims of international airlines. In 2000, IATA supported Members' efforts to obtain monies owed them in Thailand, Romania, Azerbaijan and Slovenia.

Fuel Trade

During 2000, missions to 14 locations around the world yielded **savings in excess of USD 70 million**. The focus is on government and other fees on airline fuel. Negotiations to retain fuel facility fees at their current level at Narita Airport in Toyko saved USD 10 million for the industry.

The **Aviation Fuel Working Group** continued to seek safe and stable supplies of jet fuel

at airports around the world through its work on standards and procedures. Further progress was made on standardised into-plane fuellling procedures and a study of fuel system icing inhibitors was made.

A key achievement was a fuel section brought on line within the IATA website, to aid communication on all fuel issues in an economical and efficient manner.

Blocked Funds

Total industry funds blocked or otherwise restricted, at the end of 2000, were USD 290 million. This was **a decrease of USD 25 million from the end of 1999**.   The USD 290 includes USD 115 million blocked in Iraq for some time.

The IATA Currency Coordination Group monitors currency remittances. Over the past year the group has worked with central banks, CAAs and boards of airline representatives in Libya, Iran, Ethiopia, Pakistan, India, Seychelles and Zimbabwe.

Industry Support

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

Infrastructure

CNS/ATM: Global conventional Air Traffic Management (ATM) organization and infrastructure have inherent limitations and will be unable to cope with the total air traffic forecast over the next 10-15 years.

IATA takes a leading role in harmonized implementation of CNS/ATM in regions of current and forecast air traffic congestion. The need for detailed cost-benefit analyses for airlines and service providers, the selection of technology and the seemingly intractable institutional issues have a significant influence on the rate of progress. During the past year IATA has been active in ICAO and other organizations to define the necessary industry standards and to direct **focus on areas which will give early benefits to Members**. The ATM part of CNS/ATM is seen as much more important than the associated CNS – Communication, Navigation and Surveillance technologies.   Global Navcom 2000 requested IATA to take an even more leading role, to which it is currently responding.

IATA will provide a CNS/ATM seminar in Kazakhstan. The project is being financed through the **European Union TACIS** Programme.

Successful defence of Aviation Spectrum: continued explosive growth in mobile telecommunications is causing service providers to seek additional radio frequency spectrum. At the World Radio Conference 2000 in Istanbul, regulators were asked to provide access to bands dedicated to aeronautical use. Key challenges to aviation included the need to protect Instrument Landing Systems and High Frequency radio communications from harmful interference, adequate spectrum for air traffic control primary radars, unproven claims that sharing the essential satellite navigation (GNSS) bands could be achieved, and the need to ensure that aviation " safety of life" messages using High Frequency communications retain priority over other uses. Other key technologies under threat were Distance Measuring Equipment and Microwave Landing Systems.

The successful defense of aviation requirements is a historic milestone for the future safety and growth of civil aviation.   But this must not be a cause for complacency. The bands occupied by aviation remain attractive to other users. The **IATA campaign to retain crucial radio spectrum** at the next WRC in 2003 **has already started**.

Airport Development: airport facilities should be appropriate, efficient and cost-

effective; interaction with surrounding airspace is also crucial in the context of overall system capability and capacity increases. Airport Consultative Committees (ACCs), guided by these principles, were very active in 2000, in Europe and Asia/Pacific.

In Athens, IATA took a strong stand over the readiness for opening of the new **Spata Airport**. In the Asia/Pacific region, ACCs are currently active in Hong Kong, Tokyo (NRT), Manila, Nagoya, Seoul and Singapore. The Seoul ACC concentrated on the opening of the new Incheon airport in March. A recent **review of the work of ACCs** has found that **airport authorities have acted on almost 90 percent of their formal recommendations**.

Airport Consultancy Service: this service exploits the extensive airport planning and development expertise of IATA. Revenues are directly applied in support of airline interests. Major consultancy projects are underway in Warsaw, Dubai, Turin, Johannesburg and Paris CDG.

Regional Infrastructure

North Atlantic: following IATA cooperation with NavCanada and UK-NATS, in the analysis of the results of the North Atlantic centralized ADS trials of 1999, **operational status was achieved in January 2001**. Participating aircraft no longer provide position reports via HF voice to ATC while transiting the Gander or Shanwick Oceanic Control Areas. About 15 percent of NAT position reports are now being delivered via datalink. The introduction of ADS has **reduced communication charges and avoided a significant expenditure** in upgrading of the existing HF infrastructure.

Africa: Priority continues to be given to implementation of reliable communications between ATS units and the elimination of deficiencies in pilot/controller communications. In March, IATA launched a complex project to implement Global Navigation Satellite System (**GNSS**) procedures in 14 States of the Southern African Development Community. From late 2001, this project will provide 26 international airports with very accurate approach, landing and departure procedures, which meet International Civil Aviation Organisation (ICAO) requirements and result in cost savings for the airspace users.

Asia /Pacific: over 400 demonstration flights have confirmed the operational and economic viability of polar flights between the east coast of North America and Asia. The Russian Federation declared the availability of the routes for regular scheduled operations as from February 2001. However, the complete cross-polar route network is not yet complete. A number of entry-exit points need to be established by China, Mongolia and Russia in order to provide an appropriate and effective network.

The first phase of a USD 2.4 million aeronautical telecommunications upgrade for Afghanistan was completed in January. A VSAT network has been installed with sites in Kabul, Kandahar, Herat, Mazar-e Sharif and Djalalabad. This provides both direct

speech and AFTN communications between these airports, and enhanced VHF direct controller-pilot communications in the region. External links with adjacent facilities in Pakistan, Iran, Turkmenistan, Tajikistan and Uzbekistan are planned.

Europe:: both traffic and ATM capacity using current methods grew by 59 percent in core Europe between 1990 and 2000, but capacity was always added too late and severe delays were caused. As part of its **Action Plan on ATM for Europe,** IATA is promoting independent and autonomous air traffic services providers separate from, but subjected to, safety regulation of independent regulatory agencies. The fundamental aim is to give service providers freedom to become more customer-driven and to expand capacity ahead of anticipated demand.   The new governance mechanism of the UK NATS offers hope for how it should work in practice.

IATA maintains the need for a **Single European Sky**. Nearly 50 percent of all delays originated from ATC system deficiencies, of which approximately 75 percent are due to insufficient capacity in the upper airspace. Even present systems and technology could give us much greater capacity if Europe was structured and operated as a Single Sky.

Latin America and Caribbean: IATA has submitted to ICAO a proposal for the implementation of a network of over 50 long-haul area navigation (**RNAV**) routes involving 114 city-pairs in the regions. Evaluation flights on three initial routes (SAO/RIO/SCL) have so far delivered excellent results. These routes are estimated to yield over USD 3 million per year in savings. Once implemented, the **50-route network** should produce **in excess of USD 16 million in benefit** to the airlines.

Middle East: following IATA intervention, the Israeli DGCA published new summer 2000 time slots to overfly Tel Aviv FIR on flights in/out of Jordan. A new entry/exit point to Damascus through Lebanon was opened saving 30 minutes flying time on all European flights.

North Atlantic and North America: ATC delays in the US are at unacceptable levels. US carriers and the FAA have worked on a collaborative decision making system to enable optimal use of airline resources. IATA is working closely with ATA to encourage and influence developments.

Environment

ICAO's Committee on Aviation Environmental Protection (**CAEP**) reached a number of important decisions at its fifth meeting in January. The aviation industry received major support for its positions.   CAEP/5's recommendations will be further refined by the ICAO Council, and a full report will be submitted to the ICAO Assembly in September. IATA will work closely with ICAO on these issues to protect and promote airline interests. **Highlights of CAEP/5:**

Aircraft Noise: a new Chapter 4, increasing stringency by a cumulative 10 dB over current Chapter 3 limits. This rule is effective on 1 January 2006 for certification of *newly manufactured* aircraft and not as a basis for restrictions such as phase-outs.

Phase-Out: cost and benefit data do not justify the implementation of a "global" phase-out of Chapter 3 compliant aircraft in North American, European and Asian countries. This is a significant achievement for the industry. CAEP did not agree the concept of a regional phase-out, e.g. for Europe, within an ICAO framework.

Balanced Approach and Regional Flexibility: a combination of noise reduction at source, land-use management, noise abatement procedures, noise mitigation measures and operating restrictions on aircraft, in order to achieve local environmental benefits. But political issues concerned with the concept were not resolved and will be taken up by the ICAO Council in its review of CAEP/5's decisions.

Market Measures to Reduce Aircraft Emissions: open emissions trading provides the best long-term approach for the industry to limit or reduce aircraft emissions; voluntary agreements are a preferred mechanism for containing these emissions in the interim. The recommendations going forward to the ICAO Council and Assembly are completely silent on environmental taxes. On emissions *charges*, CAEP called for additional work to calculate emissions related *costs*.   CAEP endorsed the text of an IATA manual on operational measures to reduce aircraft emissions – to be published as an ICAO Circular.

Other IATA Aviation Environmental Activities: in December, the **UK Department of Environment, Transport and the Regions** announced its latest decision on new **departure noise limits** for London Heathrow, Gatwick and Stansted Airports. This decision implemented proposals originally put forward by the UK government in March 1999, that were successfully challenged by IATA.   The decision is detrimental to long-haul operations from London to Asia.   IATA helped form an interest group of Members to take possible action.

IATA issued its latest **Environment Review** in time for use at CAEP/5.   It provides information for policy-makers and others that seek to find solutions for "sustainable growth" in aviation.   The **Environmental Good Practice Guidelines** are in final preparation. This document surveys the practices adopted by airlines world-wide to address their environmental responsibilities.

Intermodality

In the past year, IATA has given increased attention to intermodality issues. Rail access to major airports is one aspect. Through **ATAG**, a global coalition of air transport activities, IATA has supported start-up railway companies such as the Heathrow Express which deliver a tailored service between the airport and the city centre to the air passenger.

Air transport can also take advantage of the current passenger rail *network*, particularly in Europe. For distances up to 400 km rail can either compete with, substitute for, or *complement* short and medium haul flights. Airports linked to High Speed Rail services are particularly attractive to air passengers as they become compatible with customer expectations in speed, quality and convenience of travel.   A number of new air/rail passenger services have been introduced in Europe.

Further development of integrated air/rail travel is hindered by factors such as ticketing, lack of dedicated railway baggage cars, conditions of carriage and liability. For these and other problems to be overcome, the key challenge is to move from a system of bilateral relations to a multilateral system, which implies cooperation on standards and operational techniques.

Consumer Issues

The full implications of piecemeal change in the framework of consumer regulation, for both airlines and consumers, cannot yet be properly assessed. While the contractual relationship between airlines and customers may be improved in specific circumstances, the overall impact of local and regional changes on air transport as a whole will only emerge in time. In the meantime, **growing congestion brought on by an investment shortfall in new infrastructure is likely to aggravate existing problems.**

A **US DoT** report, in February, on **airline implementation of service commitments agreed in 1999**, focused on how to reduce delays and cancellations, provide better information, provide more consistent policies and include commitments in airlines contract of carriage. Several new legislative proposals were being considered in 2001.

A **European airline** statement of *Airline Passenger Service Commitments* was unveiled in Lisbon in May after lengthy negotiations with the European Union, the European Civil Aviation Conference and consumer bodies. Other measures being prepared concern *Quality of Service* reports, denied boarding and complaint resolution. The **European Commission** also intends to introduce **legislation on minimum contract terms**.

While commitments have been called 'voluntary', they are likely to become contractually binding. They also affect airline conditions of carriage. Government approval is still awaited for the **revised IATA model Conditions of Carriage** agreed by the Passenger Services Conference in September 2000. There is concern that differing conditions of carriage will cause confusion as to what rights apply in an interline situation.

The Latin American Civil Aviation Commission (**LACAC**) passed a draft *Bill of Passenger Rights* at its Assembly in November. A review of passenger rights developments is being considered for an **ICAO Conference** planned for **2003**.

Health concerns, in particular over deep vein thrombosis (**DVT**), have sparked meetings and research.   At a conference convened at the World Health Organisation (WHO), in March, proposals were agreed to define and conduct a large epidemiological study (with a sample size of at least 100,000) in order to provide new knowledge on the subject. **IATA will work with WHO** on this issue.

The **Airline-Consumer Forum** has examined these and other developments during the year. Topics considered were passenger rights, delays, complaint handling, interlining, health matters and conditions of carriage.

Government Relations

Following the adoption of the discussion paper **Wings for the Future** by the **AGM in Sydney** last year, work continues on the development of an "integrated strategy" for industry responses to the evolution of economic regulation.

A new paper *Wings of Change* includes an analysis of regulatory issues, the existence of, or need for, harmonisation and the mechanisms for accomplishing this in the future. It examines the potential to eventually transition from *bilateral* to *multilateral* arrangements, possibly via an intermediate stage of plurilateral agreements.

Many areas, particularly in the technical and legal fields, already are largely harmonised. However, some important gaps remain. At the multilateral level, they include the components of the interlining system, slot allocation, dispute settlement and access to the global network. At the national level, the outstanding issues are competition rules, consumer and health issues, and taxation and charging principles for airport and ATC infrastructure.

The Liberalization Debate: during the past year the debate on the economic liberalisation of air transport has continued, although it has been largely overshadowed by infrastructure shortcomings, combined with attention given to consumer issues, as noted earlier, particularly in North America and Western Europe.

The World Trade Organization's review of the Air Transport Annex of the General Agreement on Trade in Services (GATS) will continue through 2002.

ICAO's role: some WTO states argue that ICAO is the multilateral body that is best suited to oversee issues relating to the liberalisation of international air transport. ICAO will hold its Triennial ICAO Assembly in September/October this year. IATA will make a number of submissions on behalf of the industry. These will cover regulatory, legal, operations and safety and facilitation issues.

IATA presented industry views at a **WTO Symposium on Tourism Services** in February 2001. The meeting was called to gauge support for the incorporation of all passenger transport services, including air and other related services, in a proposed Tourism Annex. The Annex, championed by the World Tourism Organisation and UNCTAD, would seek to "provide additional disciplines to overcome … anti-competitive practices in network

services". Many states present welcomed IATA's strong rebuttal of the proposal, reflecting the **political support that still exists for the bilateral system**.

Regional initiatives: plurilateral developments noted last year continue, notably the Transatlantic Common Aviation Area (**TCAA**). The European Commission has so far been unable to get "external competence" to negotiate on behalf of its 15 Member States.

The **Asia Pacific Economic Cooperation** group has been trying to move its air transport liberalization initiative forward. The main achievement during the past 12 months has been the development of a multilateral "open skies" agreement involving the US and four like-minded APEC partners. This has been described as a collection of bilaterals rather than a genuine multilateral agreement, but could be the first step towards a more substantive Asia-Pacific regional agreement.

Despite the serious infrastructure problems that have occurred in recent years, their impact on liberalization was long ignored. That may be changing. The issuance of the **United Kingdom** DETR discussion paper *The Future of Aviation* in December put the issue on the table and, for the first time, fundamental questions about continuing to try to accommodate unconstrained demand for capacity are being raised in Europe.

Competition Law: a number of states are starting to review the industry in the light of national competition laws. Retaining current exemptions from competition laws for IATA cooperative activities (primarily the Traffic Conferences) and, where necessary, gaining new ones, is an ongoing and expanding task. As reported last year, the **US DoT** had indicated a desire to "whittle back" the immunity currently enjoyed by IATA. This resulted in a new approach for the **Passenger Services Conference** after its autumn 2000 meeting, to seek immunity *only* for agreements - Resolutions and Recommended Practices - which present a real exposure to antitrust challenge.

The process is moving forward in stages, to ensure that appropriate protection remains in place and the Conference system is not undermined. Cargo Services Conferences will soon follow the same course of action.

Europe: the Commission has still not acted upon longstanding applications for competition law exemptions covering **Passenger and Cargo Agency and Services Conferences**; these activities continue with appropriate protection while the applications remain pending. Tariff Conferences remain immunised while the block exemption is the subject of a formal EC consultation. Meanwhile the Commission has proposed a one-year extension to the block exemption, through June 2002.

On slot allocation, the exemption granted by the EC for IATA schedule coordination conferences is not currently under threat - but proposals for changes in the EC rules for the allocation process are expected soon. The Commission floated radical new rules in July 2000, and has since consulted with the airline industry and EU states.

In **Australia** a re-filing of IATA's existing "authorisations" is now in process as a result of investigations by the Competition Authority (ACCC). Investigations by the Competition Authority have also been faced in **Canada**, related to agent commissions and tariff agreements. The former has been resolved satisfactorily while the latter continues. In **Latin America**, travel agents have challenged airline action under new competition law regimes in a number of countries.

Legal Support

IATA has been active over the past year in supporting industry interests on a wide range of legal matters, including competition law, passenger rights, airline liability, and equipment financing, among others.

IATA has also been involved in the industry's response to concerns by regulators over **passenger rights**. This has included developing clarifications to the **General Conditions of Carriage (Passenger and Baggage)** to avert legal challenges by regulatory agencies. IATA has provided input to governments to ensure they are fully aware of the implications for the industry, in terms of competitiveness, efficiency, *and cost*, of proposals under consideration to introduce new passenger rights regulations.

On **airline liability**, the IATA Intercarrier Agreement and Agreement on Measures to Implement the IATA Intercarrier Agreement have now been adopted by airlines carrying most of the world's scheduled international air traffic. Nevertheless, the industry continues to be **burdened by a complex and often inconsistent patchwork of requirements to deliver legal notices to passengers concerning liability levels.** IATA has worked with governments around the world in an effort to craft a uniform notice text which can be easily understood by passengers, and which will fully and accurately disclose the liability accepted by the transporting carrier.

IATA has supported the revision of the **Conditions of Carriage – Cargo**. It is also facilitating the exchange of information concerning the legal ramifications of Deep Vein Thrombosis (**DVT**), in light of the liability implications for airlines if a link were to be established between long distance air travel and this medical condition. IATA has helped Members to keep abreast of developments concerning **disruptive and unruly passengers**; it has objected to the extra-territorial application of national laws which hinder the efficient operation of international air transport.

In a major initiative, IATA has helped negotiate a **new multilateral Convention on asset-based financing of aircraft and engines**, which is expected to yield substantial financial savings for the industry, in reduced equipment financing costs. A **Diplomatic Conference** to adopt this new Convention is scheduled for **October-November 2001** in Cape Town.

Crisis Management

The coordination of **'crisis services'** within IATA is now well in hand.   A complete suite of products is now on offer:

- **Crisis Communications** prepares airlines and other related organisations to deal rapidly and effectively with the demands of the news media, minimising the risk of misleading or sensational coverage which may fatally damage a company's reputation.

- IATA supports the **Risk and Insurance Management Panel** (RIMP), which provides guidance on insurance and risk management.   To widen and strengthen its association with the insurance markets, IATA is launching Airline Insurance Rendezvous.

- **Airline Emergency Planning and Response Management Courses** provide airlines with the means to develop individual emergency plans covering all aspects of internal company responses to aircraft accidents.

- **Aviation Business Continuity** (ABC) is a programme to increase awareness of the risks of complex system failure and their impact on commercial operations. It is about anticipating things that could go wrong and taking planned and rehearsed steps to protect the business and hence the stakeholders' interests.

Media coverage of air transport safety issues and accidents is too often negative, poorly informed and sometimes harmful. In the belief that the industry *itself* must help improve this coverage, IATA has established a new **Air Transport Safety Information** project aimed at international non-specialised media. The ATSI project will provide up-to-date information on safety issues, establish a more transparent environment in which media and the industry can cooperate and promote responsible media reporting on accidents.

Standards & Procedures

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

Passenger Services

SITA/IATA Interline E-Ticket Service: SITA and IATA have a strategic partnership to provide a global interline electronic ticketing service to stimulate the wide-scale adoption of e-ticketing. It aims to help airlines reduce ticket processing and distribution costs, improve customer service and allow airlines to fully exploit e-commerce online channels.

Consultations with the **UK Office of Fair Trading** and other interested parties resulted in the adoption of improved IATA guidelines, in user-friendly language, for airlines to use when establishing their own **Conditions of Carriage**. IATA is awaiting approval from the US DOT before being able to declare them effective.

The first **IATA Seminar on Passenger Rights and Wrongs** brought together airlines, regulators and consumers to discuss passenger rights. The event provided a rare opportunity to debate the topical issue of consumer/customer rights and explore problems and possible remedies.

Passenger and Airport Data Interchange Standards (PADIS): the total number of EDIFACT messages adopted is now 70. A new **EDIFACT Message Implementation Guide** provides guidelines for the exchange of airline passenger processing information at airports. PADIS standards are used by more than 75 airlines and CRSs and have been aligned with the AIRIMP standard so that both include the **Electronic Reservation Service Provider (ERSP)** identification number, together with the current in-house user identification. **ERSP numbers** differentiate reservations from online intermediaries as opposed to traditional "bricks & mortar" agents.

Revenue Protection

As a contribution to fraud prevention, IATA is to develop a **"grey list" of credit card transactions** that have caused problems, particularly over the internet, subject to assessment of its viability by the Financial Committee.

BSPs: Revision 20 of the **BSP Data Interchange Specifications Handbook (DISH)** now aims to ensure that the highest possible quality data is exchanged between BSPs and airlines.

Airport Services

Common Use Self-Service (CUSS): new specifications and standards continue to be developed for "Common Use" passenger self-service check-in using shared terminals or kiosks. CUSS Technical Guidelines should be available in 2001, helping to improve customer service and reduce carrier staffing requirements at airports.

Radio Frequency Identification (RFID): following the adoption last year of 13.56 MHz as the industry standard, IATA specifications continue to be improved in support of this new means of handling baggage that will lead to reduced airline costs and improved customer service.

At the **SITA/IATA WorldTracer** meeting in November, new enhancements and features were agreed for **the industry's largest baggage management system,** including increased Internet access for passengers with mishandled baggage.

A new industry **Baggage Identification Chart** was adopted.   By June 2001 IATA will have distributed thousands of these for use by carriers throughout the world.

IATA Ground Handling Council (IGHC): the 13th annual meeting attracted more than 650 executives from 430 airline and ground handling companies.   Ground handling **workshops** were provided in Miami and Dubai in 2000 offering carriers the opportunity to improve their levels of performance and safety. Workshops are planned for Beijing, Hong Kong and Miami in 2001.

Fourteen **airport consultancy projects** were undertaken in 2000 for carriers, airport authorities and ground handling service providers. Additional projects for 2001 are already in advanced planning.

Inflight Services

The IATA Inflight Council's specialist working groups have contributed to a **new IATA Inflight Management Manual** to be issued in Spring 2001.

The subject of **Cabin Health** – in particular the relation of Deep Vein Thrombosis (DVT) with air travel, has been an important issue for the Inflight Board this year.   A Cabin Health seminar in May 2001 is expected yield **new industry guidelines** to help airlines deal with the issue.

Scheduling

IATA hosted two **Schedule Coordination Conferences** where airlines, airports and airport co-ordinators met to resolve scheduling problems in a co-operative industry meeting. Each Conference was attended by over 270 IATA and non-IATA airlines, with over 5 million airport slots allocated at each Conference.

The **IATA Worldwide Scheduling Guide**, first published in 1976, was completely revised during 2000. The 3rd edition became effective in December, and is available on the IATA Scheduling web site.

Facilitation

Simplifying Passenger Travel (SPT) Program: the Simplifying Passenger Travel (SPT) initiative was launched by IATA and its aviation industry partners. It is built on the premise that today's technologies should enable passengers to enjoy a "one-stop-check" of their identity and their travel documents. Members include airlines, airports, government authorities and technology producers. The necessary **standards are already in place**. **Pilot projects** are being launched in 2001 in Asia, Europe, North America and the Pacific Rim. Business cases have been developed.

The **technologies** that can realise the SPT vision of improved, streamlined travel for all airline customers are being featured at this year's **AGM in Madrid**.

Passenger Product Distribution Policy

IATA is committed to delivering products and services aimed at enhancing the effectiveness and business practices of its over 60,000 IATA accredited travel agents, thus enhancing overall benefit to the Membership. In pursuit of this, the Passenger Agency Conference met in June 2000 and addressed a number of important changes to the Agency Programme. Recommendations of the Millennium Task Force, composed of Member airlines and agents, were adopted:

Millennium Task Force Recommendations

Global Consultative Committee - replaces the IATA/UFTAA Consultative Committee, provides a forum for discussions between travel agents and IATA airlines. It will review and work towards revising the current Passenger Sales Agency Agreement.

Notice period for changes to remuneration - shall be given to Travel Agents "well in advance"; the recommendation was 90 days.

Joint Airline and Agent Consultative Meetings - would have equal representation from airlines and agents.

Euroforum - the equivalent body to the Global Consultative Committee within the European Union, European Economic Area and Switzerland, was given an indefinite expiry date.

Passenger Agency Conference June 2001: this will consider the extensive review of the accreditation aspects of the Agency Programme, including: the streamlining of

accreditation procedures; creation of IATA Principles of Agency Practice; categorisation of various agency business types; a welcome pack for newly-approved locations; future review of the fee structure.

BSP Manual for Agents: the new version, reflecting new ISS governance and procedures, was distributed in late 2000. A local version of this publication, commonly referred to as Chapter 14, containing the rules and procedures specific to each BSP is being developed for release in each BSP region.

The move towards **100 percent automated ticketing** continues and a substantial number of BSPs will have transferred to this by 1 April 2001.

Reporting/Remittance Procedures: adoption of a proposed **single resolution** will help IATA to maintain **anti-trust immunity** for the Passenger Agency Programme.

Passenger Protection: IATA, UFTAA and ECTAA have jointly developed a proposal to protect airline passengers in the event of an airline or travel agent defaulting or collapsing. A business plan will be presented to the June 2001 Passenger Agency Conference. If it is approved, the decision to implement shall be made locally at the various joint agent/airline consultation bodies.

Cargo Product Distribution Policy

Cargo Safety and Security: the **Dangerous Goods Regulations** now includes Russian and Japanese versions; last year a new specialised publication was launched, designed to assist shippers of **infectious materials.** IATA was able to postpone a UN proposal to change the order of information on **dangerous goods documentation**. This decision would involve considerable cost to the industry in revising computer systems and training programs. An **Operational Quality Standard** (OQS) audit protocol covers airline cargo security operations as part of the overall security audit for new Members.

Cargo 2000: the group conducted two series of positive tests for Phase 1 implementation, with twenty Members and five technology vendors participating. Site certification is expected to commence by June 2001. Certification will be against the agreed Cargo 2000 Quality Management System. The work of the group has been endorsed by the European Shippers Council who agree to help develop further contacts with their counterparts in the US and Asia.

Cargo Paperless Transportation Project: was launched in January. Four working teams of individuals from thirteen airlines, the freight forwarding community, Cargo 2000, World Customs Organisation and IATA will develop procedural changes now possible with the provisions of Montreal Protocol 4. The project is to deliver a tried and tested recommendation by June 2002.

Products & Services

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

Industry Financial Services

IATA Clearing House: the value of claims cleared was a new record of USD 33.6 billion in 2000, a 5 percent growth over 1999, with an offset ratio of 81 percent. Fourteen new members joined during 2000; membership at the end of the year reached 317. A new category of participation, through which members may, at their own option, effect settlement with suppliers, was established and currently includes 13 suppliers. Thirty-nine members now use the facility for electronic submission of claims.

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 foreign exchange rates. During 2000 ICCS cleared USD 13.1 billion, 21 per cent more than in 1999. By the close of the year ICCS was operating in 43 countries and regions, with 54 airlines participating.

Two new service enhancements were implemented in 2000:

- IATA **Currency Information Service** to provide airlines advance notice of their sales receipts in those countries where ICCS in not currently operational.
- **Use of ICCS** to repatriate and convert airlines' sales **proceeds collected through General Sales Agents**

Revenue Accounting: The "Revenue Accounting Vision" project was approved by the IATA Financial Committee. The vision is: "To have the right information, at the right time, in the right place, in terms of speed, quality, cost and accuracy in order to ease revenue accounting and provide comprehensive management information."
The aim is to deliver industry cost savings of USD 420 million. Sub-projects, which will deliver the target benefits, have been defined. Airline working groups and IATA will develop project plans and business case for each sub-project.

Interline Data Exchange Centre (IDEC): supports revenue accounting by providing electronic transmission of interline billing data. The number of airlines using IDEC grew to 96 in 2000. They electronically exchanged 93.6 million interline billing transactions.

IATA.BIDjet.com is a new portal for aircraft trading which provides the airline industry with a neutral and cost-effective means of buying, selling and leasing commercial aircraft. This service was launched - and is designed to manage every aspect of an aircraft

transaction, from marketing or locating available aircraft to handling enquiries and managing the financial details.

SITA/IATA DigiCert, a joint service with SITA launched earlier this year, brings better security to e-commerce in the air transport industry. The infrastructure supporting this service is based on widely accepted standards and technology, commonly referred to as Public Key Infrastructure (PKI). Operational applications can now rely on this e-security solution developed specifically for our industry to conduct e-business on a wide scale.

Accounting Policy Task Force (APTF) develops accounting guidelines for the airline industry and represents the industry's views with international and national accounting standards setting bodies. During 2000, Airline Accounting Guideline No. 5 (AAG5): Accounting for Maintenance Costs, was released as an official Airline Accounting Guideline and the AAG 7 on "Segmental Reporting" was released as an exposure draft. A response on behalf of the airline industry on a new approach for accounting of leases was submitted to the relevant accounting standards bodies.

Insurance: Reporting to the Financial Committee, the Risk and Insurance Managers Panel (RIMP) provides a focal point for IATA member airlines to consider insurance issues of mutual concern. The RIMP makes available objective advice and expertise with respect to all aspects of risk management. Through the specialised IATA US insurance programmes, joint coverage and premium savings to a growing number of IATA member airlines is provided. *See also "Crisis Management"*

Industry Distribution Services

IATA Settlement Systems: IATA provides the transportation, travel and tourism industries with integrated distribution and financial services. A world-wide network of offices covers over 140 countries and territories for over 400 airlines and almost 100,000 passenger and cargo agents. On behalf of the airline industry around the world, **in 2000 IATA settled USD 147 billion to airlines through the IATA Settlement Systems**.

Billing and Settlement Plan (BSP): at the close of 2000, there were **67 BSPs**, covering over **145 countries** and territories. **Gross sales** in 2000 were **USD 133.5 billion** with agents issuing **271 million standard tickets** on behalf of over 400 participating airlines and non-airline participants. The net unit operating cost **per ticket used** in 2000 **was USD 0.35**, **down from USD 0.46 in 1998.**

Cargo Accounts Settlement System (CASS): The **30 CASS** offices processed **15 million transactions**, totalling **USD 13.3 billion** in net sales. CASS served **247 airlines** and **more than 5,000 IATA agents** in over **13,800 locations**. CASS Singapore was opened this year, and business cases successfully concluded for Peru and Thailand. Another five studies are underway this year (Hong Kong, Morocco, Finland, Austria and Egypt). The **unit cost was USD 0.49**, down from USD 0.55 in 1998.

ISS Transformation Project: the second year of the 5-year IATA Settlement Systems Transformation Project was successfully completed, meeting financial objectives and project priorities that had been set for 2000.

ISS Activities & Achievements 2000

- Savings are flowing ahead of the planned USD 16.5 million savings. Figures for 2000 confirm USD 21 million operating cost reductions over 1998, the "base" year.
- Major tendering strategies are being executed against an overall master plan for all out-sourced services, with significant savings in the areas of banking, ticket purchasing and consolidation of data processing.
- Ticket procurement contract awards in 2000 (for 700 million documents) will bring USD 7.2 million savings
- Restructuring and consolidation of ISS banking services achieved savings of USD 1.6 million.
- Implementation 1 January 2001 of a new budget-based charging structure for ISS, replacing the previous cost-sharing system.
- Development of new approach for measuring airline internal cost reductions achievable through the ISS Transformation Project.
- CASS restructuring and re-engineering of new web-based CASS processing system in progress.
- Business Performance Improvement progress: successful implementation of "best practices" initiatives delivered savings of USD 6 million, contributing to the overall reduction of USD 21 million in the ISS cost base.
- Development and launch of new web-enabled reporting system BSP*link*: implementation underway in several markets (UK, Mexico, Brazil, Spain) - this will remain a top priority in 2001.
- New regional organisation is in place and management consolidation is in progress.
- A customer (airlines and agents) satisfaction survey was again undertaken in 2000 through the ISS Quality Management Programme (QMP).

Agency Programmes: at the end of 2000, just over 90,000 agents and 6,000 cargo agents were accredited world-wide, including both IATA accredited agents and the IATA/CNS endorsed Agents. In 2000, the Asia Pacific area recorded the greatest growth, with an increase of 5 percent for passenger agents and 6 percent for cargo agents.

Quality Management Programme: this independent survey of airline and agent customers, shows a modest decline in customer satisfaction, year-on-year. But customer satisfaction levels remain high: airlines participating in the study expressed overall satisfaction levels with BSP at 70 percent and CASS at 86 percent. Agents gave a satisfaction level of 65 percent for BSP and 63 percent for CASS.

International Airlines Travel Agency Network (IATAN): This IATA's travel agent programme in the United States. Despite a modest reduction in the number of endorsed travel agency locations and a more significant decrease in the number of new agency

applications during 2000, IATAN had a successful year. At year-end the number of subscribers to the popular *Travel Agent ID Card* program was 214,155 with a **record renewal rate of 95 percent**. Sales of *Global Source*, the IATA/IATAN CD-ROM database program of travel industry sales outlets **increased by 28 percent**, while sales of **other database products increased by 58 percent**.

In late 2000 IATAN introduced another educational geography video entitled *Asia Made Easy,* which it provided to each of its travel agency endorsed locations. It also continued to support the industry's educational programs by providing **tuition assistance to travel agents**, and by providing **scholarships, through the IATAN Foundation**, to individuals seeking to pursue a career in travel.

Cargo Network Services (CNS): This is IATA's cargo agent programme in the United States. During 2000, CNS enhanced the accreditation process by adding cargo security criteria into the endorsement standards. By the end of 2000, most agents had either successfully completed this course, or had provided evidence of an in-house security program that satisfied the CNS and Federal Government requirements.

IATA ID Card Programme is undergoing a major redesign to improve its position as *the* industry credential for IATA travel and cargo professionals. Enhancements for 2002 include a more stringent agent verification process, greater internet access for ID Card information and application/renewal processes and a new supplier programme providing better access for ID cardholders to industry concessions offered by major travel and tourism suppliers. These improvements will raise the profile and integrity of the IATA ID Card Programme.

Travel Industry Designator Service (**TIDS**) is the standard numbering system for non-IATA travel agents. Major travel and tourism industry suppliers now require a valid IATA or TIDS number from travel agents before accepting bookings for their services.

Travel Agency Service Document, designed to facilitate the collection of travel agent service fees and the efficient documentation/accounting of service fees, was launched in 2000.

AgentHome (*www.iata.org/agenthome*) is the first IATA website dedicated to its travel agency customers. It is designed to be a centralised online source of information, encompassing as much as possible of the travel agent/IATA relationship and issues that relate to the Passenger Agency Programme. Useful information is posted for agents in areas such as accreditation, training courses and ID cards. It also allows agents to obtain the latest electronic versions of the BSP Manual and Travel Agent's Handbooks.

Interline & Revenue Management Services

In the first year of the transformation of Tariff Services, now renamed **Interline & Revenue Management Services (IRMS)**, the number of participating airlines has continued to rise, tariff support activity has increased substantially, particularly in the

training area, and relations with industry partners have been formalised through the IATA Partnership Programme.

However, the continuing value of interlining, in the context of the rapidly changing competitive environment and strategic alliances, has come under question. IATA commissioned an **Economic Assessment of the IATA Interline System** to quantify the economic benefits to consumers. This study, by external consultants, was released in October 2000 and concluded:

- Consumers value deeper and larger networks and gain significant network benefits from the IATA interline system
- If interline tickets were priced at sum-of-sector fares (instead of established through coordination in IATA) consumers would have to pay USD 1.6 billion more.
- If the interline system did not exist, the consequent loss of consumer service benefits (e.g. through-checking of passengers and baggage) would amount to *another* USD 1.6 billion.
- There continues to be a significant use of interline connections between non-affiliated airlines

Since the launch of the new **IRMS Service Area of the IATA Partnership Programme** in September, ATPCO, Expedia and Orbitz have joined as new Partners and Amadeus, Galileo, Sabre, SITA and Worldspan extended their Partnership Programme participation to include this new area.   The new **IRMS Website** went live in September. This new service is now providing participating airlines with faster and more user-friendly data delivery through on-line distribution of meeting documentation.   Participation in IATA Tariff Coordinating Conferences now stands at 124.

International Data Publications BV (INDP), based in Amsterdam, is the new operating name of the former IAP, a wholly-owned subsidiary of IATA.   INDP produces two publications on its own account, The **Air Cargo Tariff** (TACT) and the **International Rates Information System** (IRIS), the latter an "electronic TACT". In addition, the company manages the **Passenger Air Tariff** (PAT), the **Prorate Manual** and the **Travel Information Manual** (TIM) on behalf of their respective industry owners. The best seller in terms of volume is the TACT, of which about 50,000 copies are shipped each year, while the fastest-growing is IRIS.

Aviation Human Resources Development

IATA's Aviation Training and Development Institute has expanded its product lines in the past year, to offer a comprehensive portfolio of programmes in aviation training and leadership development, culminating in internationally recognised certificates or diplomas.

More than 2,800 participants attended 159 classroom courses at our training centres in Beijing, Geneva, Miami, Montreal and Singapore and affiliates in Amman and

Johannesburg.   Nearly 19,700 students enrolled in Distance Learning programmes in Airlines, Cargo and Travel & Tourism. The total number of IATA/UFTAA Authorised Training Schools (ATCs) reached 217, while IATA/FIATA's ATCs increased to 40 with the addition of schools in Chile, China, Ireland and Italy.

In addition, more than 2,310 students around the world participated in English- , Spanish-, French- and Mandarin-language courses in the increasingly popular InCompany and Regional Training programmes. The client organisations represented a broad base of IATA Members and other groups from many sectors.

The **IATA/Concordia University International Aviation MBA Programme** drew 19 participants from 10 countries to the full-time and executive (weekend) programmes in 2000-01. The e-based version of the programme, **Global Aviation MBA (GAMBA)**, has an initial class of 15 Distance Learning students from eight countries.

The **Airline Business Simulation Model** has also continued to attract interest, with Delta Airlines becoming the first major U.S. carrier client for this course.

International Airline Training Fund (IATF): A major milestone was achieved **in 2000**, when **the 2,000th beneficiary was funded** since the launch of the IATF in 1985. Training for 528 airline staff was funded, at a cost of USD 650,000, during the year and the objective for 2001 is to fund 700 trainees.   A key element is the decision last year by the IATA Member airlines to contribute USD 1,500 each to the Fund during 2000-2004. In addition, major donors, including leading aircraft and powerplant manufacturers, continue to give support on a regular basis.

Aviation Information & Conferences

Information Analysis and Forecasting: In providing extensive statistics and in-depth analysis of issues affecting the airline industry, the Management Information Unit produces worldwide **Traffic Statistics** on a monthly and annual basis in order to alert airlines and aviation-related businesses to changing market conditions. Key information can be found in **International Cargo Statistics**, **Passenger and Freight Forecasts** and **Airline Economic Results & Prospects**, an extensive range of cost and revenue analysis. Now in its 45th issue, **World Air Transport Statistics**, IATA's key Member publication, remains an essential reference guide for the airline industry.

iiNET, the IATA and Industry Network, is a centrally coordinated and managed service that enables electronic data exchange and data distribution of documents, reports and publications between any two or more industry trading partners. **iiNET revenue grew 88 percent** in 2000 and is **projected to grow another 50 percent in 2001**. More than 150 Members and an additional 100 industry trading partners currently rely on the iiNET.

Ad-hoc Analysis also is being undertaken to a greater extent for organisations related to the travel industry (e.g., aircraft manufacturers, hotels, car rental firms) to improve their

understanding of the airline industry and to help them tailor their products to the airlines' and customers' needs.

Market Research: to help all the major long-haul airlines serve passengers more effectively, the **Global Airline Performance (GAP)** survey is produced in partnership with P. Robert & Partners (SA). This worldwide, syndicated survey of customer satisfaction also serves as a benchmark for the airlines' performance against competitors. It now covers the **trans-Atlantic**, **trans-Pacific** and **Europe/Asia** routes. It covers 20 major airlines and more than 28 airports, with yearly analysis of at least 80,000 responses.

Benchmarking studies such as the **Survey of Flights in Europe** track and evaluate airline performance during international and domestic flights in the European region. These are complemented by key visual and factual data in the **Airline Product Database**. Planned for June 2001 is an online Web-based database covering all aspects of the airline product.

Cargo Service Tracker, to be conducted in 2001 in more than 20 countries, will provide participating airlines with global coverage of the opinions of cargo shippers and freight forwarders about service performance.

Attitudes of business travellers from North America, Europe and Asia/Pacific are presented in the **Corporate Air Travel Survey**, which identifies trends, collects information on corporate air travel behaviour, and builds trend data on key issues affecting business air travel.

Building on international experience in qualitative and quantitative research, **AIR's Corporate Research** team successfully undertook a wide range of ad-hoc market research projects covering such issues as e-commerce, customer service and new product development. This team also conducted the second annual **IATA Settlement Systems (ISS) Quality Management Programme**, a comprehensive survey of over 70,000 customers in 19 languages in more than 100 countries.

Consultancy Services: more than 20 **Specialist Studies** were carried out for a wide array of aviation industry clients in such areas as market research, forecasting, airport operations, human factors and new technology. Studies also have been conducted jointly with the **ATAG** and a new **Traffic Forecast for the Asia Pacific Region** was completed.

A new service has been developed to offer detailed reports of traffic from **BSP Travel Agency Statistics**, to allow users to analyse full itineraries for studies of market development, class of service and hubbing.

Conferences & Exhibitions: IATA Conferences and Exhibitions (ICE) presents first-class conferences to keep participants abreast of key industry issues and the activities of leading suppliers. More than 250 events have been held over the past nine years; conferences allow unrivalled networking opportunities and associated exhibitions provide a forum for participants to meet industry suppliers; 22 conferences were held in 2000,

including new events such as **Human Resources 2000** and the topical **Disruptive Passengers Seminar**, plus well-established conferences such as **Passenger Services and Schedule Co-ordination**.

Keeping Members and Customers Informed

Following on the recommendations of the e-business Implementation Group, a new team of **e-business development** specialists was created to accelerate the use of the Web by IATA's products and services.   IATA also created 140 knowledge communities on the Internet by using the **Web Hosted Information Platform (WHIP)**, which has enabled more than 5,000 participants, around a large nucleus of IATA staff, to post and exchange information on distinct websites within the **IATA.org** website. This supports a wide range of activities in IATA committees, panels, boards, task forces, steering groups and management groups.

For IATA's online store, please refer to ***http://www.iataonline.com*** or ***http://www.iata.com***

Within IATA's site, more than 60 departmental and corporate websites support virtually every IATA activity.   For a complete on-line list, please see:

http://www.iata.org/sitemap.htm

Visited by more than 40,000 users each week, the IATA corporate website generates 184,000 weekly page views; each user spends an average of 11 minutes on the site.

IATA Partners

IATA Partners help develop and implement industry standards.

Participation covers some 20 areas of activity, including operations & infrastructure, scheduling, information technology, finance, tariffs and passenger, airport and cargo services.   There are four levels of participation:

- **Industry Associates** are involved in a broad range of areas, and participate at the most senior levels of IATA, including the IATA Annual General Meeting.
- **Registered Suppliers** typically focus on one or two main areas.
- **Specialized Category Registered Suppliers** are involved in a single IATA committee or working group, reflecting their own area of specialization.
- **Travel Partners** are involved in the advancement of inter-modal transport.

Industry Associates

ABB Airport Technologies GmbH
Accenture
Accounting Centre of China Aviation
Airbus Industrie

Amadeus
American Express TRS Company, Inc.
ARINC Incorporated
ATPCO
Atraxis Group
BAE SYSTEMS Regional Aircraft S.A
Boeing Company, The
Bombardier Regional Aircraft Division
Boullioun Aviation Services, Inc.
British Telecommunications PLC
CAE Electronics Ltd.
Cap Gemini Ernst & Young
CFM International
Citigroup
Deutsche Bank AG
EDS
Embraer - Empresa Brasileira de Aeronautica S.A.
Expedia, Inc.
Fairchild Dornier
Galileo International
GE Aircraft Engines
Hewlett-Packard Company
Honeywell, Inc.
IBM Corporation
ICTS International N.V.
Inmarsat Aeronautical Services Division
ITA Software, Inc.
JP Morgan
Kale Consultants Ltd.
KPMG
Laser Data Command Inc.
Lufthansa Systems GmbH
NCR Corporation
OAG Worldwide
Oracle Corporation
Orbitz, LLC
Pratt & Whitney
PricewaterhouseCoopers
RepWorld, Inc.
Revelex Corporation
Rockwell-Collins
Rolls-Royce Plc
Sabre Inc.
SAIC
SITA
Smiths Industries Aerospace
Sun Microsystems, Inc.
Syntegra
TravelSky Technology Limited
Unisys Corporation
VISA International
Worldspan

Registered Suppliers

Abacus International Pte. Ltd
ADP-Clearing
Air BP Limited
Air TOTAL
AirSphere Inc.
Alenia Marconi Systems
AND Global Aviation
Aral Aviation
Asia Pacific Magnetic Card Co. Ltd.
Avery Dennison Deutschland GmbH
AXESS International Network, Inc.
Bartsch GmbH International
BCE Emergis
Bharat Petroleum Corporation Ltd.
C.I.C. Inc. Aerospace Division
Caltex Australia Petroleum Pty., Ltd.
Chevron Products Company
Cisco Systems, Inc.
Coastal Refining & Marketing Inc.
Commerchamp, S.A.
Confidence / JayNat
Conoco Limited
Cosmo Oil Co., Ltd.
D.A.T.A., S.A
Dae Myung Business Forms Co., Ltd.
DASSAULT A.T.
DEA Mineraloel AG
EMTEC Magnetics GmbH, European Multimedia Technologies
ExxonMobil Aviation Intl. Ltd.
EyeTicket Corporation
FLS Aerospace Limited
Fortum Energy House Ltd.
Fujitsu Limited
GEMA O.D., S.A.
Goldenware Travel Technologies, LLC
Hindustan Petroleum Corporation Ltd.
HitchHiker Software GmbH
Hong Kong Sinopec/Caosc Company Limited
Hudson General LLC
Hummel, Data Media Division
I.E.R.
Idemitsu Kosan Co., Ltd.
Imaging Business Machines, LLC
Indian Oil Corporation Limited
Industrias Alen, S.A.
INFINI TRAVEL INFORMATION, INC.
Innovata Llc.
Innovative Solutions International, Inc. (ISI)
Intentia International
ISETO Corporation
Japan Energy Corporation
Japan Information Processing Service Co., Ltd. (JIPS)
Jeppesen GmbH

JiangSu HengBao Co., Ltd.
Kenyon International Emergency Services
Kinetics, Inc.
Kuwait Aviation Fuelling Company (K.S.C.)
Marconi PLC
MATERNA Information & Communications
Merlin Air Trade
Mitsubishi Hitec Paper Flensburg GmbH
Moore Business Systems Australia
Nippon Paper Industries Co., Ltd.
Northrop Grumman - Canada Ltd.
OASIS - Outsourced Automated Services and Integrated Solutions, Inc.
Oji Paper Co., Ltd.
Percetakan Nasional Malaysia Berhad
Petrobras Distribuidora S.A.
PETRONAS Dagangan Berhad
Philips Semiconductors
Pro:Con A/S
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.
Shannon Aviation Fuels
Shell Aviation Ltd.
Sick AG
Sihl GmbH
Sonera Ltd
Start Informatik GmbH
STATOIL
Synchronetics [TM]
Texaco Ltd.
Texas Instruments
Tianjin Global Magnetic Card Co., Ltd. (GMCC)
Toppan Forms Co., Ltd.
Tosco Corporation
Toyo Kanetsu K.K.
TransMontaigne Product Services Inc.
Ultra Electronics
YPF S.A.

Specialized Category Registered Suppliers
Aéro Net
Airbase Services, Inc.
AIRGO Industries, Inc.
AiT
Alusuisse Singen GmbH
American Science and Engineering, Inc.

Ancore Corporation
Aviogei Airport Equipment SRL
Barringer Instruments Inc.
Bridport Aviation Products
Caljan A/S
Cargo Network
CIVAS Civil Aviation Security Services GmbH
Control Screening LLC
DGM Support B.V.
Easy Flying S.A.
Envirotainer AB
Evans & Sutherland
First Research Inst. Ministry of Public Security
FlightSafety Boeing Training International LLC
FMC Corporation
Friobox Express
Gilardoni S.P.A.
Heimann Systems GmbH
Imaging Automation, Inc.
InVision Technologies, Inc.
Ion Track Instruments
Muhibbah Airline Support Industries Sdn Bhd
Nordisk Aviation Products
Pacific Consultants International
PalNet GmbH Air Cargo Products
PerkinElmer Instruments
Rapiscan Security Products Inc.
Saeplast
Safe Passage International, Inc.
SATCO, INC.
Securitas Ltd.
Smart Approach Limited
Telair International
Thales Training & Simluation
The ADI Group Limited
Van Riemsdijk Rotterdam
YXLON International X-Ray GmbH

Travel Partners

AccesRail
Amtrak Corporation
Deutsche Bahn
Eurostar Group Ltd.
SNCF
Stena Line Limited
VIA Rail Canada

IATA Membership

On 7 May 2001, Membership of IATA stood at 274.   Of the total, 246 are Active and 28 are Associate Members.   The following carriers joined IATA since the last Annual Report: Air Botnia, Palestinian Airlines, JALways Co. Ltd., Royal Airlines, TNT Airways S.A., Air One S.p.A., Pulkovo Aviation Enterprise, ICAR (Independent Carrier Aircompany), Regional Air (Air Kenya Aviation d.b.a.), C.A.L. Cargo Airlines Ltd., Lauda Air S.p.A., Hainan Airlines Company Ltd., Montenegro Airlines, Air Luxor S.A., Air Macau Company Limited.

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 Airlines
AR	Aerolíneas Argentinas S.A.
AM	**AEROMEXICO** (Aerovias de Mexico S.A. de C.V.)
QO	Aeromexpress
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
KF	Air Botnia Oy Ab
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
JM	Air Jamaica Ltd.
9Y	Air Kazakstan
JS	Air Koryo
IJ	Air Liberté S.A.
FU	Air Littoral
LK	Air Luxor
NX	Air Macau
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 (African Joint Air Services t.a.)
E8	Alpi Eagles S.p.A.
HP	America West Airlines, Inc.
AA	American Airlines Inc.
NH	**ANA** (All Nippon Airways CO., Ltd.)
AN	Ansett Australia
HO	Antinea Airlines
IW	AOM French Airlines (AOM - Minerve S.A.)
FG	Ariana Afghan Airlines Co. Ltd.
IZ	Arkia Israeli Airlines Ltd.
R3	Armenian Airlines
5Y	Atlas Air, Inc.
IQ	Augsburg Airways GmbH
OS	Austrian Airlines
OT	Avant Airlines
VE	**AVENSA** (Aerovias Venezolanas S.A.)
AV	**AVIANCA** (Aerovias Nacionales de Colombia S.A.)
GU	AVIATECA, S.A.
M4	Avioimpex A.D.p.o.
J2	Azerbaijan Airlines (Azerbaijan Hava Yollari)
LZ	Balkan Bulgarian Airlines
B2	Belavia - Belarusian Airlines
B3	Bellview Airlines Ltd.
BG	Biman Bangladesh Airlines
BD	bmi british midland (British Midland Airways Ltd.)
BU	Braathens (Braathens ASA, t.a.)
BA	British Airways p.l.c.
JY	British European
BW	**BWIA** West Indies International Airways Ltd.
5C	C.A.L. Cargo Air Lines Ltd.
UY	Cameroon Airlines
CV	Cargolux Airlines International S.A.
CX	Cathay Pacific Airways Ltd.
OK	Ceske Aeroline/Czech Airlines (**CSA**)
MU	China Eastern Airlines
CJ	China Northern Airlines
WH	China Northwest Airlines
CZ	China Southern Airlines
SZ	China Southwest Airlines
XO	China Xinjiang Airlines
3Q	China Yunnan Airlines
WX	CityJet
MN	Comair (Pty.) Ltd.
XK	Compagnie Aérienne Corse Méditerrannée
CO	Continental Airlines Inc.
CS	Continental Micronesia, Inc.
CM	**COPA** (Compania Panamena de Aviación S.A.)
SS	**CORSAIR** (Corse Air International)
OU	Croatia Airlines DD
X5	Cronus Airlines
LX	Crossair, Ltd. Co. (for Reg. Eur. Air Transp.)
CU	Cubana de Aviación S.A.
CY	Cyprus Airways Ltd.
DL	Delta Air Lines Inc.
DI	Deutsche BA Luftfahrtgesellschaft mbH
ES	DHL International E.C.
D7	Dinar Líneas Aéreas S.A.
KA	**DRAGONAIR** (Hong Kong Dragon Airlines Ltd.)
QY	**EAT** (European Air Transport)
EU	**ECUATORIANA** (Ecuatoriana de Aviación S.A.)
MS	Egyptair
LY	El Al Israel Airlines Ltd.

EK	Emirates
OV	Estonian Air
ET	Ethiopian Airlines Corporation
EW	Eurowings AG
FX	FedEx (Federal Express Corporation)
AY	Finnair Oyj
YC	Flight West Airlines Pty. Ltd.
GA	Garuda Indonesia
GT	GB Airways
GH	Ghana Airways Corporation
GF	Gulf Air Company G.S.C.
HF	Hapag Lloyd Flug GmbH
DU	Hemus Air
IB	IBERIA (Líneas Aéreas de España S.A.)
C3	ICAR (Independent Aircompany)
FI	Icelandair
IC	Indian Airlines
D6	Inter Air (Inter Aviation Services (Pty) Ltd.)
IR	Iran Air, The Airline of the Islamic Republic of Iran
EP	Iran Aseman Airlines
IA	Iraqi Airways
JO	JALways Co. Ltd
JD	Japan Air System Co. Ltd.
JL	Japan Airlines Co. Ltd.
JU	**JAT** (Jugoslovenski Aerotransport)
KQ	Kenya Airways Ltd.
KL	KLM Royal Dutch Airlines
UK	KLM uk Ltd.
KE	Korean Air Lines Co. Ltd.
KU	Kuwait Airways Corporation
7Z	L.B. Limited
LB	**LAB** (Lloyd Aéreo Boliviano S.A.)
LR	**LACSA** (Linéas Aereas Costarricenses S.A.)
TM	LAM - Linhas Aéreas de Moçambique
LA	Lan Chile S.A.
MJ	**LAPA** (Lineas Aéreas Privadas Argentinas S.A.)
NG	Lauda Air Luftfahrt AG
L4	Lauda Air S.p.A.
LN	Libyan Arab Airlines
TE	Lithuanian Airlines
LO	**LOT** (Polskie Linie Lotnicze)
LT	**LTU** (Lufttransport-Unternehmen GmbH & Co.)
LH	**LUFTHANSA** (Deutsche Lufthansa A.G.)
LH	Lufthansa Cargo A.G.
LG	Luxair (Soc. Lux. de Navig. Aérienne)
DM	Maersk Air A/S
VB	Maersk Air Ltd.
MH	Malaysia Airlines
MA	**MALEV** (Hungarian Airlines Public Ltd. Co.)
JE	Manx Airlines Ltd.
IN	MAT - Macedonian Airlines
ME	**MEA** (Middle East Airlines Airliban)
IG	Meridiana S.p.A.
MZ	Merpati Nusantara Airlines
MX	**MEXICANA** (Comp. Mexicana de Aviación S.A. de C.V.)
OM	MIAT Mongolian Airlines
1I	Montenegro Airlines
WT	Nigeria Airways Ltd.
KZ	Nippon Cargo Airlines (**NCA**) Co. Ltd.
NW	Northwest Airlines Inc.
OA	Olympic Airways S.A.
WY	Oman Air (Oman Aviation Services Co. [SAOG] op. as)
PF	Palestinian Airlines
NI	PGA - Portugália Airlines
PR	Philippine Airlines Inc.
PK	**PIA** (Pakistan International Airlines Corp.)
PU	**PLUNA S.A**. (Pluna Líneas Aéreas Uruguayas S.A)
PH	Polynesian Airlines Ltd.

Z8	Pulkovo Aviation Enterprise
QF	Qantas Airways Ltd.
QR	Qatar Airways Co. (W.L.L.)
7R	Red Sea Air PLC
QP	Regional Air (AirKenya Aviation d.b.a.)
VM	Regional Airlines
GV	Riga Airlines
AT	Royal Air Maroc
QN	Royal Airlines
BI	Royal Brunei Airlines
RJ	Royal Jordanian
ZC	Royal Swazi National Airways Corp. Ltd.
WR	Royal Tongan Airlines
FR	Ryanair Ltd.
4Z	SA Airlink (Pty) Ltd.
SA	**SAA** (South African Airways)
SN	SABENA
E5	Samara Airlines
SK	**SAS** (Scandinavian Airlines Systems)
SV	Saudi Arabian Airlines
FM	Shanghai Airlines
LJ	Sierra National Airlines
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.
PZ	TAM - Transportes Aereos des Mercosur Socidad Anonima
JJ	TAM Transportes Aéreas Meridionais S/A
TP	TAP - Air Portugal
RO	**TAROM** (Romanian Air Transport S.A.)
VD	TAT European Airlines
TG	Thai Airways International Public Company Ltd.
TL	**TMA** (Trans-Mediterranean Airways S.A.L.)
3V	TNT Airways S.A.
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. (Viacao Aérea Rio-Grandense)
VP	**VASP** (Viaçao Aérea Sao 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.)
JQ	Air Jamaica Express Ltd.
AP	Air One SpA
VT	Air Tahiti
AQ	Aloha Airlines, Inc.

AU	Austral Líneas Aéreas S.A.
Y4	Eagle Aviation Ltd.
IH	Falcon Air AB
BN	Forward Air International Airlines, Inc.
9C	Gill Aviation Ltd.
HU	Hainan Airlines Co. Ltd.
ZL	Hazelton Airlines
9W	Jet Airways (India) Private 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
ZQ	Qantas New Zealand (Tasman Pacific Airlines of NZ Ltd. t.a.)
FA	Safair Freighters (Pty.) Ltd.
S2	Sahara Airlines Ltd.
SP	SATA Air Acores
A4	Southern Winds S.A.
PI	Sunflower Airlines Ltd.
8D	Volare Airlines S.p.A.
Q3	Zambian Airways Ltd.

Operating Cost per ATK by Item 2000 - IATA International Scheduled Services

	US cents per ATK	Percent change over 1999	Percent of total
Cockpit Crew	2.6	-3.7	6.8
Fuel and Oil	6.9	+16.9	18.1
Flight Equipment Insurance, Depreciation and Rentals	4.5	-4.3	11.8
Maintenance and Overhaul	3.6	-2.7	9.4
Landing Charges	1.9	-5.0	5.0
En-Route Charges	1.8	-	4.7
Station and Ground Costs	4.1	-6.8	10.7
Cabin Crew and Passenger Service	5.0	-	13.1
Ticketing, Sales and Promotion	5.8	-3.3	15.2
General and Administrative	2.0	-4.8	5.2
Total	**38.2**	**- 0.3**	**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 2000				
	PASSENGER		**CARGO**	
Areas	**Approved Locations**	**Growth since 31/12/99 %**	**Registered Agents**	**Growth since 31/12/99 %**
The Americas (excl.U.S. & Canada)	8,364	3	656	4
Canada	3,870	-3	156	3
Europe, Middle East & Africa	35,095	4	2,528	2
Asia Pacific	9,225	5	1,437	6
Total	**56,554**	3.3	**4,777**	3.4
	IATAN Endorsed Agents*		**CNS Endorsed Agents****	
U.S.	32,731	***-8.2	1,381	3
Grand Total	**89,285**	-1	**6,158**	2

Note : Listed by * PNS Corporation (trading
as IATAN) and ** CNS Corporation
***Reduction of -8.2% attributable to ongoing consolidation in the US travel agency industry and a significant decrease in the number of new travel agencies applying for endorsement.

CLEARING HOUSE STATISTICS 2000

At 31 December 2000 the Clearing House was providing settlement facilities to 220 IATA Members, 46 non-IATA members, 26 subsidiary ledger participants, 13 special accounts and 12 sponsored air carriers; 8 IATA Members, 6 non-IATA members and 10 general supplier participants joined the Clearing House in 2000.   The agreement allowing settlement with the members of the Airlines Clearing House, Inc. in the US gave a total of 435 parties for whom clearance services are provided. **The amount submitted for clearance in 2000 was USD 33,583 million.**

Parties for which clearance was provided at December 31, 2000		Amounts submitted for clearance		1999 USD millions	%	2000 USD millions	%
Direct Participation		**Increase** 1999/2000:	5%	**31,987**		**33,583**	
IATA Members	220						
Non-IATA members	46						
Subledger participants	26	Sources of Claims					
Sponsored Air Carriers	12						
Other participants	13	Claims by IATA Members		25,910	81	27,874	83
	317	Claims by non-IATA airlines (including subsidiary ledgers)		2,879	9	3,358	10
		Claims by ACH		1,919	6	1,343	4
		Claims by other parties		1,279	4	1,008	3
				31,987	100	**33,583**	100
Participation through Airlines Clearing House, Inc.							
IATA Members	11						
Other ACH Members	107						
	118						
Total Participation	**435**						

BSP OPERATIONS IN 2000

BSP	Participating Airlines	Agent Locations	Gross Sales in USD Mills
ARGENTINA/URUGUAY	43	1216	1,357
AUSTRALIA	72	2302	5,352
AUSTRIA	88	271	870
BAHAMAS/BVI	22	49	100

BELGIUM & LUXEMBOURG	93	730	1,536
BERMUDA	12	17	81
BOLIVIA	16	212	100
BRAZIL	37	5064	3,965
BULGARIA*	18	127	-
CANADA	105	3836	7,208
CENTRAL & WEST AFRICA	19	109	211
CENTRAL AMERICA	30	412	430
CHILE	35	353	540
CHINA -PEOPLE'S REPUBLIC OF	53	3388	2,686
COLOMBIA	27	629	501
CROATIA	18	84	58
CYPRUS	34	133	182
CZECH REPUBLIC & SLOVAKIA	40	162	186
DOMINICAN REPUBLIC	27	247	208
EASTERN AFRICA	40	377	328
EASTERN CARIBBEAN	31	219	298
ECUADOR	26	263	304
EGYPT	45	524	336
FINLAND	54	360	794
FRANCE	127	3346	7,175
FRENCH O/SEAS TERRITORIES	12	25	70
GERMANY	141	4826	9,074
GREECE	61	985	935
GULF AREA	51	267	933
HONG KONG	49	240	3,174
HUNGARY	42	249	219
INDIA	40	1641	1,476
INDONESIA	40	366	879
IRELAND	60	482	831
ISRAEL**	0	0	-
ITALY	108	4757	5,198
JAMAICA	15	78	178
JAPAN	69	797	22,542
JORDAN	24	139	145
KOREA	45	525	2,325
KUWAIT	31	128	566
LEBANON	26	232	175
MALAYSIA	50	663	1,320
MALTA	10	75	55
MEXICO	39	2355	2,987
MICRONESIA	7	52	99
MOROCCO	21	265	164
NETHERLANDS	97	516	2,150
NEW ZEALAND	39	733	1,070
PANAMA	29	87	105
PERU	27	279	235
PHILIPPINES	45	226	1,193
POLAND	30	298	350
PORTUGAL	57	772	759
ROMANIA	20	86	83
SAUDI ARABIA	39	981	1,857
SCANDINAVIA	91	1433	5,378
SINGAPORE	46	200	2,648

SLOVENIA*	0	0	-
SOUTHERN AFRICA	62	1202	2,271
SPAIN	106	5922	3,694
SWITZERLAND/LIECHTENSTEIN	98	910	2,421
TAIWAN (CHINA)	36	416	2,582
THAILAND	62	280	1,097
TUNISIA		0	82
TURKEY	51	371	489
UNITED KINGDOM	120	4111	16,141
VENEZUELA	34	803	736
Total Airline Participants (incl. multiple participation)	**3,142**	**63,203**	**133,492**

Number of Airlines (IATA/non-IATA) participating in BSP is 366
* New BSP, not fully operational in 2000
**ANTS, Airline Neutral Ticketing System, not a full-service BSP

CASS OPERATIONS IN 2000

CASS	Airlines	Agents	Total Settled USD Millions
ARGENTINA	22	90	37
AUSTRALIA*	32	171	335
BELGIUM & LUXEMBOURG	96	74	220
CANADA	35	156	196
CHILE	20	38	116
CHINA	11	28	34
COSTA RICA	19	33	15
ECUADOR	25	47	63
FRANCE	77	212	740
GERMANY	142	1156	1,196
GREECE	14	43	20
IRELAND	43	65	84
ITALY	61	291	616
JAPAN	45	91	3,558

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KOREA	26	60	836
MEXICO	38	83	101
NETHERLANDS	91	79	407
NEW ZEALAND	21	44	121
PANAMA	20	34	13
PHILIPPINES	22	87	266
PORTUGAL	18	68	55
SCANDINAVIA	31	108	363
SINGAPORE	0	0	9
SOUTH AFRICA	13	190	48
SPAIN	30	207	206
SWITZERLAND & LIECHTENSTEIN	80	99	263
TURKEY	27	127	100
UNITED KINGDOM	118	244	928
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USA	73	1393	2,313
VENEZUELA	21	50	6
Total (incl. multiple participation)	**1,271**	**5368**	**13,265**
Number of airlines participating in CASS	**247**		

* Figures for Australia include Fiji and Papua New Guinea