



ANNUAL REPORT

2002

by Pierre J. Jeannot O.C.
Director General & CEO,
International Air Transport Association
for the 58th Annual General Meeting,
Shanghai China, 2-4 June 2002

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.



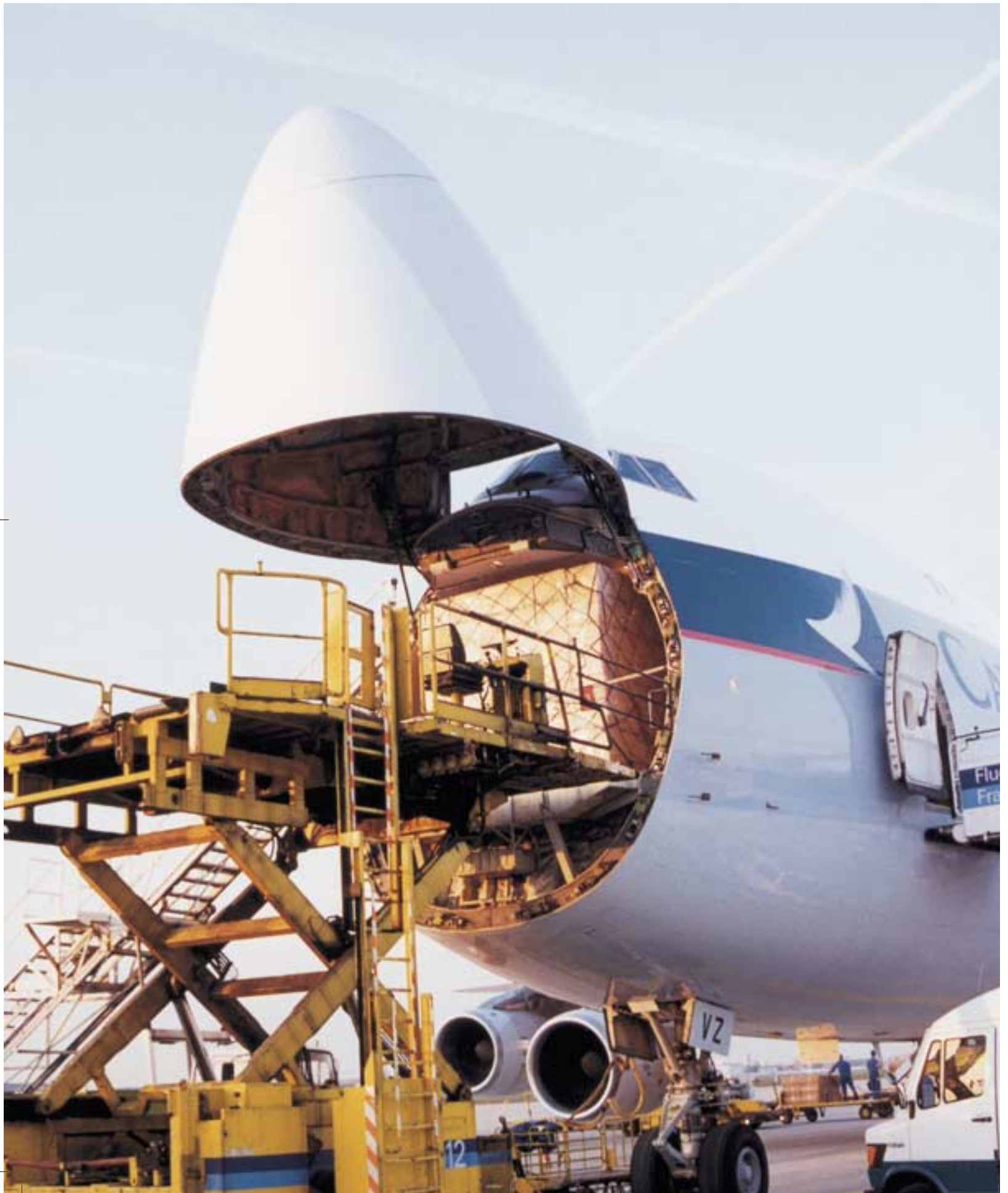
CONTENTS

5	Board of Governors
6	Highlights
8	Since September 11...
10	Financial Results & Traffic Forecasts
12	Safety & Security
14	Industry Viability & Recognition
18	Industry Support
28	Standards & Procedures
34	Products & Services
48	IATA Membership
52	Tables

> This report is available on-line at:
<http://www.iata.org/ar02/>

> 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>





BOARD OF GOVERNORS



(as at 7 May 2002)

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**Chairman of the Board
of Governors 2001-2002**

Mr. Xabier de Irala

HIGHLIGHTS

INDUSTRY ISSUES

The history of our industry offers several defining moments which, among others, have been triggered by technological advances, major regulatory changes or economic upheavals. Some such moments can only be clearly identified in retrospect. Slightly more than ten years ago, the emergency arising from conflict in the Gulf region masked the onset of severe recession; the industry recorded its first ever contraction in traffic during 1991 and took another three years to recover its profitability.

September 11 did not itself mark the end of the longest period of sustained traffic growth and profitability in our industry's history; the warning signs were there from mid-year onwards, as our estimates of the financial outcome for 2001 fell from modest profit to fairly large loss, against a background of accelerating economic slowdown. But that day did mark a unique combination of negative factors, from which the industry will recover – albeit at varying rates.

As never before, air transport was both the innocent victim and agent of concerted terrorist assault. As a direct consequence, it was physically prevented from operating for several days, in its most important markets.

When operations restarted, consumer confidence evaporated for a matter of weeks, even in markets which did not touch the United States. Then, lack of credible third party war risk insurance almost halted operations for a second time, with the effects felt worldwide.

The fourth negative factor, as a measure of normality returned to airline schedules, was the loss of convenience in their use. Schedules became unrealistic, particularly for flight connections, as lines at security grew; even for simple journeys, many passengers faced a two-hour check in for a one-hour flight.

A fifth negative factor has been the attempt by many infrastructure service providers to recoup lost revenue by increasing unit rates – a luxury denied the airlines themselves, in their competitive commercial environment.

Most of these factors – and the industry response to them, much of it coordinated through IATA, are covered elsewhere in this report.

Monthly data from our Members suggests that the recovery in traffic may well follow the pattern seen during and after the Gulf conflict of 1991 – with customary positive long term growth rates restored perhaps by autumn 2002. Recovery in profits will take longer, because net losses in 2001 were more than twice as large as ever before. And, in contrast to the 1991 situation, individual airlines do not have a choice as to when they become profitable; the spectacular demise of even world famous carriers during the past few months points up the unforgiving climate in which airlines now do business.

For the short term, profitability will be determined by the amount of caution exercised in re-introducing capacity. For the longer term, it will be determined by the degree to which regulators are willing to liberalise the whole air transport industry; infrastructure service provision, traffic rights and ownership rules.

IATA

I welcome the following carriers* who have joined since the last annual report: Mahan Airlines Services Company, Singapore Airlines Cargo (Singapore Airlines Cargo Pte Ltd.), Britannia Airways AB, Azzurra Air S.p.A., Siberia Airlines (Joint Stock Company Siberia Airlines), Tassilli Airlines, Khalifa





Airways, European Air Express, Lineas Aéreas Azteca S.A. de C.V., Lan Express (Transporte Aéreo S.A. dba), Delta Air Transport N.V. (SN Brussels Airlines dba), Bangkok Airways Co. Ltd., Shandong Airlines Co. Ltd., Asiana Airlines Inc. (Asiana Airlines dba).

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

The greatly enhanced safety and reliability provided by RNAV/GNSS procedures for 26 airports in the Southern Africa Development Community nations.

Achievement of a 'balanced approach' to controlling aircraft noise at ICAO's 33rd. Assembly.

Development of a new Passenger Sales Agency Agreement, to be proposed to the June 2002 Conference; the completion of the Settlement System restructuring and development of an "Electronic Marketplace" of travel-related e-products.

The adoption by a Diplomatic Conference of a Convention on Asset-Based Financing, which should eventually save substantial sums on aircraft financing, particularly for airlines registered in less developed nations.

Savings and cost avoidance of more than USD 740 million, achieved through joint action by IATA and airline representatives, in relation to user charges, taxes and fuel.

The degree to which this Association was able to respond to critical industry developments - and to take a lead in aiding recovery, as briefly described in "Since September 11..." should be a source of great satisfaction for us all and give us added confidence in dealing with any future shocks.

This is my 10th., and final, Annual Report. During those years, IATA successfully evolved to meet the considerable changes and challenges, largely due to the efforts of the exceptional team of highly professional, dedicated people that I have been privileged to lead – but also to the advice and support of the Board of Governors and the Membership. Our current results indicate that we have largely accomplished the vision we set ourselves some seven years ago:

"to be the market and customer-oriented, service driven, and substantially self-financing global Association, providing dynamic leadership to the air transport industry"

I consider myself highly privileged to have been associated with our great industry and most thankful for the part I was allowed to play.

It is with considerable satisfaction and pride that I now leave the helm of this great Association.

I am also very pleased that the leadership of our Association is being placed in good hands and I look forward to the confirmation by the Annual General Meeting of Mr Giovanni Bisignani as the next Director General.

Mr. Giovanni Bisignani is well known to the industry and his accomplishments as the CEO of several travel businesses, including for some five years Alitalia, speak highly of him. I wish him well and I am confident that he will lead IATA to new heights.



Pierre J. Jeannot

SINCE SEPTEMBER 11...

...the airlines have been faced with a combination of factors unique in their history. In the first few weeks after September 11, the IATA Members grounded almost 10 percent of their fleets, laid off almost 10 percent of their workforce, cut a number of routes, curtailed some of their services, saw queues grow at security and customs/immigration lines, were obliged to increase the turn-round time of their aircraft, saw connecting times for some passengers changing aircraft become impossibly short, were obliged to pass on higher security and/or insurance costs and came close to being grounded for lack of adequate insurance cover.

For the immediate future, three issues tend to dominate the international air transport agenda. They are security, insurance and the cost of infrastructure.

> **Security:** IATA sees the necessity of identifying passengers quickly and correctly when they check in, as a first priority. This is necessary whether or not flights are subject to Advanced Passenger Information. In order to do so, technology exists in the form of new biometrics-based techniques such as fingerprint, iris, retinal, face-shape or palm scanning. It is now vital that we develop and achieve **international consensus for the standards** to be used with such devices and to encourage widespread implementation of new processes.

> **Insurance:** immediately following September 11, war risk insurance for airlines and other aviation stakeholders was cancelled. Pending agreement on an affordable, global solution to the problem of war risk, some states that have provided third party war risk cover to their respective airlines and other parties have extended their coverage until the end of May 2002. In the meantime, the third party war risk scheme proposed by the Special Group on Aviation War Risk Insurance (SGWI) was reviewed by the ICAO Council on 4 March; the Council is expected to complete its review by mid-May. Our industry needs an affordable, non-cancellable, global, solution to the insurance challenge. The SGWI has proposed one such solution. Any regional initiatives should be fully compatible with any programme proposed by ICAO.

> **Infrastructure:** in the context of September 11 the immediate reaction of the airlines when faced with traffic reduction was to *decrease* fares in an attempt to stimulate traffic. By contrast the immediate temptation of a natural monopoly, such as an infrastructure provider, is to *increase* prices to compensate for revenue short fall. To discourage this temptation IATA launched a worldwide campaign to stress that given the depth of the current crisis the airline community urgently needed the understanding and full support of governments, airports and air navigation providers. Many all Ministers of Transport and carried out meetings with Civil Aviation Authorities, airports and ANS providers, asking relief in the form of frozen or reduced charges and longer credit period without penalties. Many service providers have responded positively.



FINANCIAL RESULTS & TRAFFIC FORECASTS

FINANCIAL RESULTS

> International Scheduled Services

The year 2001 was only the second year in the history of modern civil aviation in which international traffic declined – but at 5.7 percent for total traffic (RTKs) the fall was uniquely large.

This fall, combined with a negligible fall in capacity, a moderate decline in yield, but a relatively large increase in unit cost, produced the largest loss, in aviation history. In 2001, the airlines collectively lost, after interest, almost as much as they had made in profits over the previous four years combined.

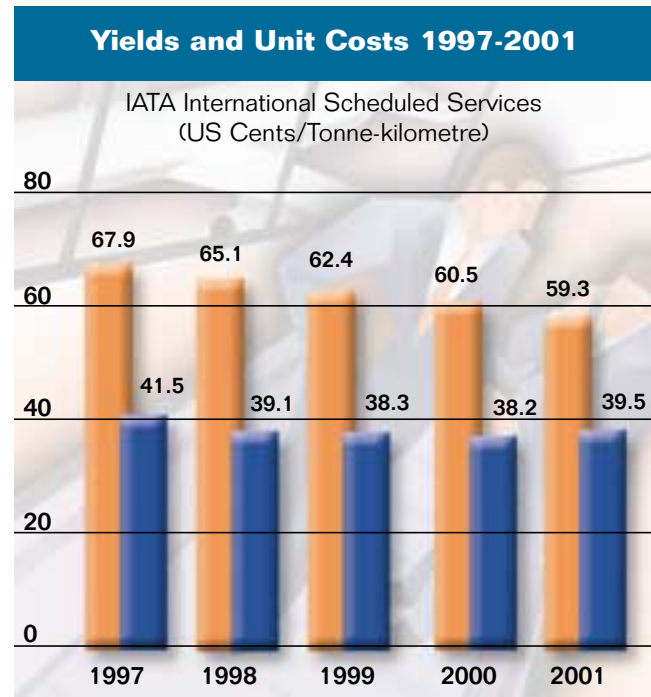
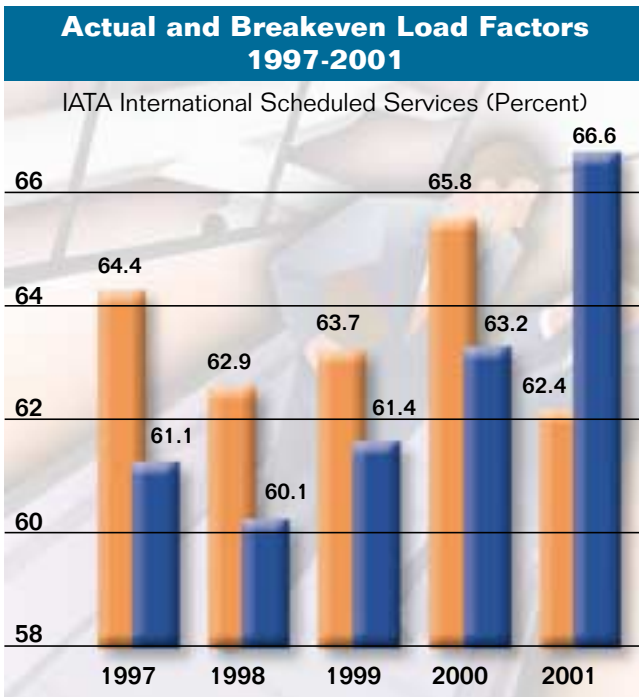
IATA International Scheduled Services 1997-2001

USD Billions	1997	1998	1999	2000	2001
Operating Revenues	145.7	142.7	147.1	155.4	144.0
Operating Expenses	137.5	136.4	141.2	149.2	153.5
Result before Interest	8.2	6.3	5.9	6.2	- 9.5
Net Interest Payable	3.2	3.2	3.5	3.4	2.5
Result after Interest	5.0	3.1	2.4	2.8	- 12.0

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 Breakeven Before

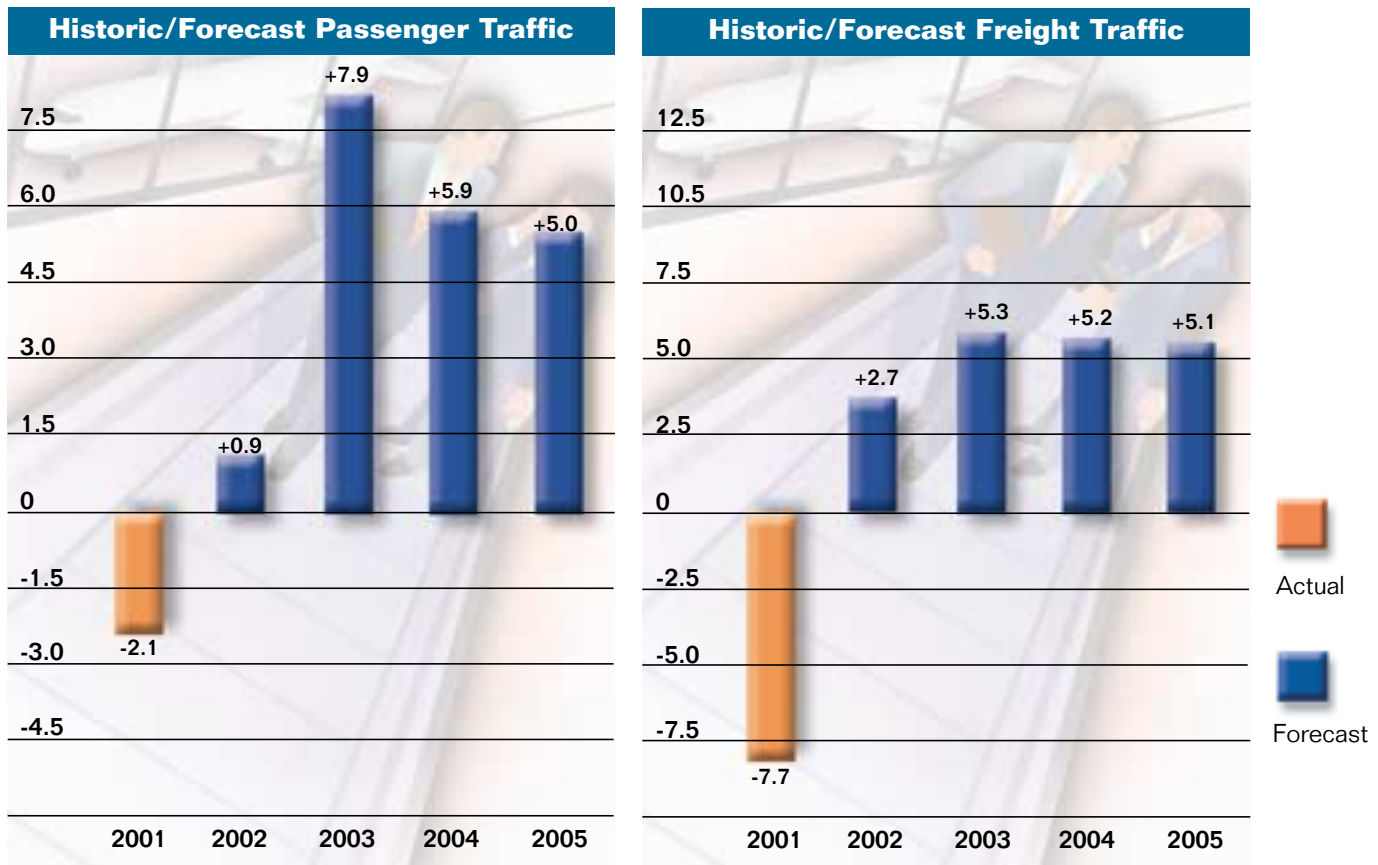
Yield Unit Cost



INTERNATIONAL TRAFFIC FORECASTS, 2001-2005

> **Passenger Traffic:** total international traffic growth is expected to average 3.5 percent between 2001 and 2005, including the effect of the record 2.1 percent *fall* in passenger numbers in 2001. Growth at that level would result in 637 million international passengers carried in 2005. The highest average growth percentage is expected on routes within the Far East and the lowest on Trans-Pacific routes.

> **Freight Traffic:** average annual growth of only 2 percent is expected, from 2001 to 2005, including the effect of the record 7.7 percent *fall* in freight tonnes in 2001. The highest average growth percentage is expected on routes between Europe and Africa and the lowest on North Atlantic and European routes.



SAFETY & SECURITY

Improved safety levels are IATA's first strategic priority, but the events of September 2001 have pushed enhanced security standards to a shared spot at the top of the agenda. Achieving enhanced safety and security is also the *shared* responsibility of airlines, manufacturers, airports, ATC service providers and governments. IATA fosters work programmes which involve all these groups.

SECURITY

In the quest for enhanced security, IATA believes it to be essential to quickly separate high-risk persons from those who are not a threat, without paralyzing boarding operations. We therefore have to be able to identify passenger quickly and correctly when they check in, as a first priority. In order to do so, we already have new biometrics-based techniques such as fingerprint, iris, retinal, face-shape or palm scanning. It is now vital that we develop and achieve international consensus for the standards to be used with such devices. Otherwise, technology could become a drag on our ability to operate internationally, rather than a boon.

In combination with databases, biometrics will enable efficient screening of the 99.99 percent of passengers who represent no danger to anyone and to focus on the tiny minority of persons who may represent a threat.

The second priority consists in improving the means of detecting weapons and other hazardous materials on planes, namely, knives, firearms, explosives, etc. In this regard, we already have effective procedures and equipment that it is now a matter of bringing into general use – ensuring that these are streamlined, universally applied and customer-friendly.

The final line of defence is to prevent access to the cockpit. And without jeopardizing aviation *safety*, procedures for making access to the cockpit much more difficult are being implemented. This includes installation of closed-circuit television cameras enabling the pilot to see what is happening in the cabin.

Eight months on from September 11, there is frequent frustration at some of the heightened security measures. IATA is determined that the main barrier to a return to normality in air transport shall not be shortcomings in the application of enhanced security.

IATA has been working with governments and industry partners to ensure that new security measures are effective, globally harmonized and operationally manageable. A new Action Group, whose partners include representatives from the airlines, airports, cockpit/cabin/ground staff, airframe manufacturers, with input from ICAO and INTERPOL was formed during a special meeting hosted by IATA. Their mission is to coordinate the global aviation industry's inputs to achieve an effective world-wide security system and ensure public confidence in civil aviation. Through its efforts, the industry is beginning to achieve a consensus view.

IATA is helping Members to implement new security measures. An enhanced **IATA Security Manual** contains new security standards and guidance material to implement them. An **Intensified Aviation Security Survey Program** helps airlines to rectify security deficiencies that they have identified at the international airports into which they operate. IATA is upgrading its **aviation security training**, with ICAO; new courses such as cargo security and audit training will fill gaps in the current portfolio.

During the triennial ICAO Assembly there was wide support for starting a fund - to be known as the International Financial Facility for Aviation Safety (IFFAS) - to enhance safety and security, with contributions from states on a voluntary basis.





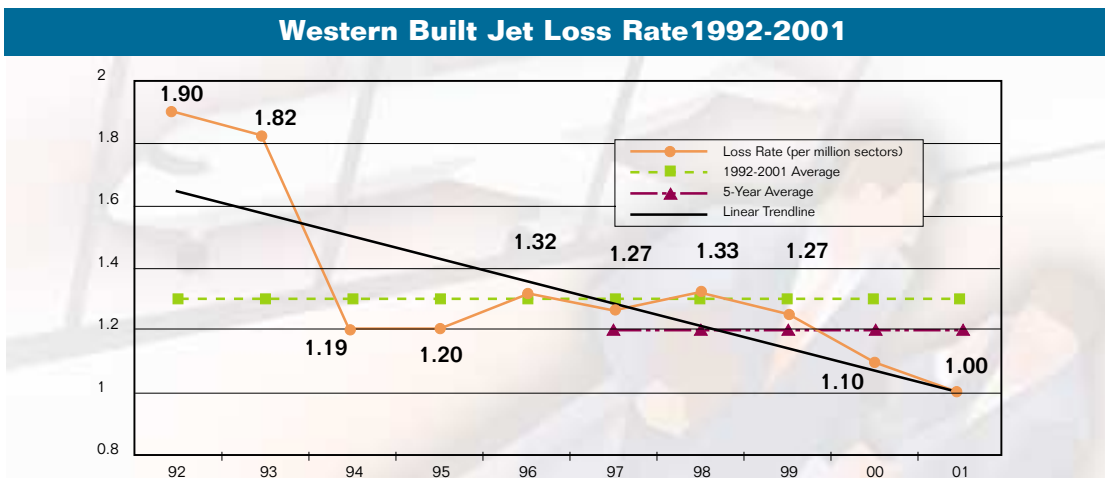
SAFETY

IATA's new **Safety Report for 2001** shows the accident and serious incident data for both jet and turboprop aircraft, presented in a colour printed booklet; included is a CD-ROM with supporting material, safety toolkit and CEO brief. The new IATA directory of Airline Safety Representatives is part of the package as is the FSF ALAR tool kit CD-ROM, which has particular relevance in light of the 21 percent increase in the number of approach and landing accidents during the year.

A total of 83 operational accidents to western-built jets and turboprops occurred in 2001. There were 20 jet hull loss accidents and 36 accidents in which the aircraft was substantially damaged. Of the turboprop accidents, 16 were hull losses and 11 aircraft were substantially damaged. Fatalities amongst passengers and crew in these accidents totalled 455 in 2001 (897 in 2000).

Approach and landing phases of flight continue to require the greatest focus. Within this category, the significant increase in the number of accidents where the aircraft landed short of the runway is of particular concern.

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



> **Safety Strategy 2000+** is now well established within the aviation industry. The specific strategies within it generated the IATA Safety Plan, leading to three principal programmes:

> **Regional Safety Initiatives:** the Pan American Aviation Safety Team (PAAST) was the first and continues to set a good example by recognising that regions need tailored solutions to meet their particular geographical needs, cultures, languages, operating environments and specific safety challenges. Within Asia/Pacific, five regional team leaders were identified following the Boeing & AAPA Safety Seminar, held in conjunction with the IATA/FSF CFIT/ALAR Action Group (CAAG) last September. These leaders continue to raise the level of safety awareness and promote the safety tools now available. In Africa, the CAAG held events in Nairobi and Johannesburg in November, both well received. More efforts are being made to encourage other parts of the region to become involved.

> **IATA Operational Safety Audit (IOSA):** in order to standardize, harmonize and rationalize existing airline audits and auditing standards, the IATA Operational Safety Audit (IOSA) was launched. IOSA is intended to implement an internationally recognised evaluation system, by which the level of competence and reliability of an airline to deliver a safe operation and manage attendant risks may be established. The airline industry clearly supports the long-term efficiencies and other benefits from the IOSA concept.

> **Safety Trend Evaluation, Analysis & Data Exchange System (STEADES):** founded on the well proven British Airways BASIS software, STEADES will enable airlines to share safety lessons arising from incident data. Data will be forwarded to IATA and analysed for trends. IATA has a committee that includes the safety executives from ten airlines to direct the project and help with its propagation throughout the industry. The STEADES growth plan is on target. Cooperation and interface with other database providers and organisations is being pursued to allow non-BASIS users to participate freely in STEADES.

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, latterly, insurance.

USER CHARGES

IATA and Member airlines' charges experts participated in **193 charges consultations** and industry meetings during the year **2001**. **Costs saved or avoided** for the industry were **USD 511 million**.

In 2001, IATA Member airlines paid USD 7.8 billion in airport landing and related charges and USD 7.4 billion in air navigation charges for their scheduled international operations, an increase of USD 300 million and USD 400 million, respectively, compared with the year 2000. Together, this represented 9.9 percent of the airlines' international operating costs, compared with 9.7 percent in 2000.

As a follow-up to the ICAO Conference on the Economics of Airports and Air Navigation Services (ANSCConf 2000), **IATA and ACI** agreed on a **common interpretation** of ICAO guidance material concerning the "**single-till**" rate-setting methodology for airports.

In **Europe**, efforts were concentrated on **EUROCONTROL** (both the agency and member states) to ensure more value from the EUR 4.7 billion cost-base for air navigation charges.

IATA participated in the work of key EUROCONTROL groups and held 25 bilateral charges consultations with individual EUROCONTROL states. Renewed efforts were directed at airport charging authorities and regulators in Austria, Belgium, France (Aéroports de Paris), Germany, Netherlands, Switzerland and the UK (BAA and Manchester airports), to secure effective economic regulation, particularly in the context of airport privatisation, to ensure that charges are reasonable and equitably allocated among users.

In **Africa** and the **Middle East**, charges consultations were held with ASECNA, D.R. Congo, Egypt, Kenya, Libya, Nigeria, Roberts FIR and South Africa. In some of these states, user charges activities aided essential airport/ATS infrastructure project development (see also "Products and Services").

In **Asia/Pacific**, IATA made its views known to the Australian Productivity Committee enquiry on price regulation of airport services; it also held consultations with China (en route charges for the new Sanya delegated airspace), Hong Kong, India, Japan, Korea, Papua New Guinea, Philippines and Singapore.

In **North America**, NAV CANADA extended its temporary rate reduction through 2001, giving substantial cost savings to users over the calendar year. In the USA, despite the US Court of Appeals having vacated the FAA's Interim Final Rule establishing overflight fees, on the basis that the fees were found not to be "directly related" to costs, the FAA proceeded with publication of a Final Rule that largely reaffirmed the overflight fees previously imposed.

In **Latin America**, charges consultations were held with airport/ATS providers





in Argentina, Chile, Colombia, Ecuador, Peru, Costa Rica, Guatemala, El Salvador, Panama, Paraguay and Nicaragua. The Latin American Task Force on Infrastructure Costs, a joint multidisciplinary **IATA/AITAL** group, has continued the promotion of ICAO and IATA policies on cost recovery of airport and ANS facilities and services, and is developing a database on airport/ANS traffic and financial data.

> **Post 11 September 2001 campaign:** the User Charges Panel appealed for relief in the form of frozen or reduced charges from airport and ANS service providers worldwide (see “*Since September 11...*”). Despite this, the USA and Canada announced the creation of new security enforcement agencies to be funded by fees levied on passengers. Several other countries have since followed suit with new or increased security fees.

The fourth annual **Eagle Awards** were presented during the IATA 57th Annual General Meeting. The Civil Aviation Authority of Singapore (Changi Airport) was awarded the trophy for airport operators, and NAV CANADA received the air navigation award. Eagle Award winners are selected by an independent panel.

IATA continues to publish the ***Airport and Air Navigation Charges Manual***, a comprehensive compilation of up-to-date information on airport and air navigation charges worldwide. The manual is also available in CD-ROM. Historical airport charges are also available in electronic format.

TAXATION

In 2001, IATA's taxation activities **saved or avoided USD 32 million** in taxes; most of the savings resulted from efforts on VAT in Malta and Germany, and legislative action to exempt airlines in the US State of Michigan.

The interline system, that enable airlines to receive revenue due from tickets sold anywhere in the world has also become a favourite tool of states and airports around the world for collecting their taxes, charges and fees. By the end of 2001, the ***IATA List of Ticket and Airport Taxes and Fees*** had grown to over 1,050 pages, listing more than 200 countries where one or more taxes and/or charges forms part of an airline ticket cost.

> **The number of excuses for ticket taxes continues to grow:** Australia imposed an AUD 10 per passenger levy to raise funds for Ansett Australia employees who did not receive the compensation due them when the carrier filed for bankruptcy. Post-September 11, a number of countries have imposed, or intend to impose, levies to cover the costs of extra security equipment and personnel. The continued growth in ticket taxes and fees adds to airlines' administrative burdens and increases ticket prices.

IATA received support from the ICAO 33rd Triennial Assembly, which urged contracting states to “follow the resolution of the Council as contained in Doc 8632, ***ICAO's Policies on Taxation in the Field of International Air Transport***”.

IATA urges states to apply these fundamental tax policies. Unfortunately, a number of states and sub-national entities seek to tax airline revenues at source. IATA is seeking to clarify how the OECD's Model Tax Convention should be interpreted in respect of airline revenue.



FUEL TRADE

During 2001, **savings of USD 198 million** were achieved in industry jet fuel costs by IATA's Fuel Trade activity.

Actions in 22 countries contributed to the total. The largest savings were realised in the People's Republic of China, where USD 41 million is being saved annually due to introduction of a market-based pricing formula, and in Brazil, where USD 34 million is saved through the withdrawal of import duty.

The Fuel Trade Panel produced policy statements on **Airport Fuel Facilities and Fuel Fees and Taxes**.

IATA participated on behalf of its Members in the tendering process for the permanent pipeline and jet fuel receipt facility of the Hong Kong Airport Authority. Ultimately, an independent bid was not found to be in the best interest of the airlines.

IATA Members joined to support the bid of Hong Kong Towngas, a bid that was ultimately successful. Airline participation in the bid process ensured that their requirements for open access by all suppliers and minimum facility costs were considered.

Efforts continue, to reduce fuel costs by addressing technical problems and encouraging standardised, industry solutions. Standardised into-plane fuelling procedures have been developed. These procedures will replace procedures written on an individual basis by each airline and will generate cost savings as well as providing higher safety levels.

Ongoing efforts to standardise jet fuel specifications around the world were rewarded with the adoption of Jet A-1 as the standard within the People's Republic of China. Significant progress has been made towards harmonisation of Russian TS-1 fuel specifications with western specifications and efforts continue, to harmonise Russian and western jet fuel thermal stability measurements and fuel freeze point and tank temperature on Polar routes. The problem of inconsistency in management of microbiological contamination of aircraft fuel tanks is being addressed.



INSURANCE

Only six days after September 11, seven-day notices of cancellation of war risk insurance were sent from insurance underwriters to every airline, airport operator, aircraft manufacturer and any other entity that carried such insurance. With essential liability insurance coverage due to be cancelled at 23:59 GMT on 24 September 2001, the world's airlines faced possible shutdown.

IATA first worked to update many ICAO delegations and the President of the ICAO Council on the consequences of any cancellation of war risk insurance. IATA's Director General also wrote to the Ministers of Transport and Finance of several key States to urge that they provide temporary indemnification for third party war risk liability to their respective airlines. Subsequently, IATA's Board of Governors at its 174th meeting in November 2002 BG/174 endorsed four principles to guide IATA in its efforts to find a solution on behalf of the industry.

Such a solution should:

- Be available to *all* international airlines;
- Be reasonably affordable;
- Be non-cancellable, even in the event of another war risk event; and,
- Recognise the inherent role of governments in assisting in the provision of such insurance as acts of war and terrorism are directed towards states, not the air transport industry.

IATA then submitted a paper to the ICAO Triennial Assembly seeking formation of a group to develop options to deal with war risk liability insurance. This paper received overwhelming support and the ICAO Council was called upon to form a Special Group on Aviation War Risk Insurance (**SGWI**). The SGWI held its first meeting in early December with IATA participating.

The SGWI proposal, which emerged in January, was for a new insurance company whose start-up costs would be financed by the aviation industry, which would also obtain commercial financing to meet the regulated capitalisation requirement. The London-based insurance brokers are active participants in the proposal.

Cover up to USD 1.5 billion in excess of the primary USD 50 million in market coverage, would be available. After two years, the company would require the primary cover to be USD 150 million, if available from the market. State guarantees would not be called upon to pay on any claims. The directors of the company would include representatives of states, airlines, the insurance industry and, probably, ICAO.

The ICAO Council decided on 4 March that certain points of the SGWI proposal should be refined and further considered during the **166th Session of the Council, from 15 April to 14 June 2002**. ICAO asked states to extend their present arrangements – many of which were due to expire at the end of March – by a maximum of 11 weeks, to give the *global* SGWI proposal a chance to reach fruition.



INDUSTRY SUPPORT

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

INFRASTRUCTURE

A newly formed **Global Infrastructure Strategy Action Group (GISAG)**, of senior airline executives, will direct the overall strategy developed in January 2001. The air transport industry's vision is of "a future global air navigation system that offers enhanced safety and will accommodate worldwide traffic growth in seamless and economic operations"

IATA will lobby for the creation of a globally harmonised, interoperable air traffic management concept, driven by concepts of safety, security, efficiency and capacity. The technical and operational strategy is based on a global Air Traffic Management roadmap. A set of policies and positions supports the roadmap.

Aviation relies on communication, navigation and surveillance services for its safe and efficient use of airspace and airports. It cannot afford to be constrained by a shortage of **radio spectrum**. After the successful defence of aviation spectrum at the ITU 2000 World Radio Conference, IATA is preparing for WRC 2003 and has secured the aviation position on the agenda. Key challenges remain, such as the protection of the Distance Measure Equipment and the retention of an allocation in the 5 GHz band, presently allocated to aeronautical navigation services. Work is underway to establish long-term aviation spectrum requirements and to reduce interference, which has the potential to become greater through the pending ruling on unlicensed transmitters such as Ultra Wide Band, which interfere with aviation systems such as ILS and TCAS.

> **North Atlantic and North America:** following a significant joint development effort which included IATA, the FAA implemented Reduced Vertical Separation Minima (RVSM) operations in the West Atlantic in November 2001. The additional airspace capacity so provided is expected to reduce ground delays and to lower fuel burn.

In January, whilst RVSM was introduced in European airspace, the third and final phase of RVSM was implemented in the NAT MNPS Area. The additional flight levels made available in this final phase will assist ATC in the efficient processing of flights, particularly in the eastern portions of the region.

Canada has agreed to implement RVSM in its northern control area in April 2002. From that date RVSM will benefit flight operations throughout a contiguous area extending from the eastern boundaries of Europe, through the North Atlantic Ocean, Northern Canada and the Pacific Ocean, right on through to the eastern shores of Asia. IATA had been trying to achieve that contiguity for many years.

In January 2001 Canada and the UK commenced operational use of datalink for the transmission of aircraft North Atlantic position reports to ATC. In July and October Iceland and Portugal joined the programme. By year-end almost 30 percent of position reports were being provided to ATC via datalink. Without this relief it is anticipated that the capacity of the HF voice communications system in the North Atlantic would have been exceeded or significant additional infrastructure investment would have been necessary.





Currently only Airbus and Boeing aircraft equipped with FANS-A and FANS-1 avionics are able to participate. However, with the cooperation of IATA and its member airlines, work is now proceeding to extend this capability to a larger population of aircraft types. Work is also going ahead to permit the use of the Controller Pilot Data link and thus allow the use of datalink for communicating other than position reports to ATC. Canada is a major player in all of these efforts and expects also to progressively implement these programmes in its Northern Airspace.

In progressing this work both the ATS provider and user members of the NAT development teams recognise fully the need to ensure global harmonisation of infrastructure systems and operational procedures.

> **Asia/Pacific:** the preferred route between Asia and Europe is to fly over Afghanistan. In order to increase safety and service for our Member airlines, IATA worked with the Afghanistan Ministry of Civil Aviation and Tourism (MCAT) to develop an air traffic services infrastructure. This included State-wide VHF radio coverage, modern satellite based communications with neighbouring air traffic control centres and an AFTN teletype system - the first in Afghanistan for 20 years.

Before the recent military action in **Afghanistan** IATA, with ICAO and key Member airlines, formed a core team to develop the **Contingency Routing Plan for Asia/Middle East/Europe** (CRAME). CRAME was approved by ICAO and circulated to states and airlines just in time to avoid a flight plan crisis with the closure of the Kabul FIR. At the cessation of major military action, IATA returned to Afghanistan at the invitation of MCAT and restored ATS communications for renewed overflights.

The new **South China Sea** routes structure and the new Sanya (China) Area of Responsibility (AOR) went into effect 1 November 2001, closely followed by implementation of Reduced Vertical Separation Minima (RVSM) above 29,000 feet in the South China Sea and Western Pacific. These airspace improvements have greatly increased airspace capacity and reduced ground delays in the South China Sea area. IATA is pressing for further route enhancements in this busy airspace.

IATA is now working with airlines, states and ICAO for further expansion of **RVSM** into the **Bay of Bengal** and westward. The target date for implementation is late 2003 and should greatly increase the availability of flight efficient altitudes for flights to/from Europe and the Middle East.

The IATA Joint Route Development Group (JRDG) proposals for a route network to support long-range operations, primarily between Asia and Europe, resulted in the formation of the **ICAO Europe/Middle East/Asia Revised Route Structure South of the Himalayas** (EMARSSH) Task Force. The work of the EMARSSH Task Force, which spans three ICAO regions, has adopted a route structure "mega-project" which should be implemented either late 2002 or early 2003.

IATA continues to play an active role in the Asia Pacific region for the implementation of services and benefits for "FANS" equipped aircraft. This includes provisions for Control-Pilot Data Link Communications, Automatic Dependant Surveillance, Required Navigation Performance, User Preferred Routes and dynamic re-routes of such. With the recent adoption of ICAO separation



minima designed for FANS equipped aircraft, IATA will continue to pursue further benefits within the region. An IATA/ FANS Stakeholders Group regional symposium on the benefits of Air Traffic Management in the mid Asia region was funded by the European Commission.

> **Europe:** timely delivery of ATM capacity and increased operational efficiency continued to be key items in 2001, during a period of heavy losses for the airline community. ATC delays continued to decrease and IATA was instrumental in maintaining current and planned levels of effort to generate additional capacity and to close the current capacity gap as soon as possible. RVSM was safely implemented in Europe and strong capacity planning actions aimed at ensuring that full benefits will be obtained after the implementation of RVSM are in place. IATA also contributed to the elaboration of the EUROCONTROL ATFM Action Plan.

IATA again contributed to the political actions required for ATC reform in Europe. Full support was given to the European Commission's Single European Sky Initiative and its supporting legislative proposals.

IATA has played a leading role in the '**Collaborative Forum of Air Transport Stakeholders**' (CFS). Set up at the initiative of ECAC, the CFS represents air navigation services providers, airports, airspace users, operators and regulators. The findings of the CFS are summarised in the brochure '**Overcoming Air Transport Capacity Problems in Europe**' prepared by IATA, with the Air Transport Action Group, in English, French and Spanish. The 8-point action plan to remove barriers to air transport growth in Europe is based on the concept of cooperation between industry and government, although the impetus to advance many of the actions requires urgent decisions to be taken first at the political level. The brochure was launched at a reception at the European Parliament on 20 February, hosted by the Single European Sky rapporteur, Claudio Fava, MEP - and is being widely distributed to Ministers across Europe and to the EU institutions. This initiative marks the first time that the whole air transport industry of Europe has come together and cooperated in such a way.

IATA, in co-operation with the Civil Air Navigation Service Organisation (CANSO), is working to establish a common financial framework with air transport service providers willing to enter into service level agreements. When a common position is established it will be proposed to a limited list of European service providers. Candidate providers are corporatised organisations such as the United Kingdom NATS, Germany's DFS and The Netherlands LVNL.

> **Latin America & Caribbean:** the highest priority has been given to improvements in the safety environment of the region. Much progress was achieved, mostly through the execution of airport operational assessments, resolution of airline operational assistance requests, and industry-wide regional consolidation of safety programs.

In the South Atlantic, a new route structure has been implemented between Europe and the northern coast of Brazil. RNP/10 is now applied on Europe - S. America routes with a minimum lateral separation of 50 nautical miles. RVSM was implemented in the corridor in January 2002. These improvements have provided for more direct routes between Europe





and South America, reduced delays, increased airspace capacity and more frequent availability of user-preferred trajectories.

Airport operational assessments were conducted in 2001 in 11 airports in the region. The results of these assessments have produced corrective actions, bringing significant safety and operating benefits to the airlines. IATA efforts towards the implementation of Regional CAR/SAM RVSM have contributed to action by the states and ICAO to apply region-wide RVSM in 2004 to coincide with the US domestic implementation.

Efforts to alleviate serious ATC congestion in the Gulf of Mexico have continued and with the introduction by FAA of VHF communications and ATC surveillance buoys and platforms in the gulf, IATA expects elimination of a forecasted potential of 6 or more hours of daily cumulative ATC saturation and delays.

Long sought implementation of standard 10 minute longitudinal separation in the entire CAR/SAM region is nearing completion and should be the standard by mid-2002, as the last area of inadequate communications coverage in Southern Venezuela is resolved.

Five long-haul RNAV routes in the region were approved for operational use; these yield USD13 million per year in airline savings. IATA is spearheading a project to test and implement seven additional long haul routes during 2002.

Three Flight Operations Officer workshops were held in 2001. Four additional workshops (Cold Weather Operations, ETOPS, GNSS, & MEL Assessment) were also developed.

> Middle East: ACAS II was implemented in July 2001. Some airlines were not ready, due to sanctions and technical/supplier deficiencies. IATA worked with ICAO to secure exceptional exemptions until January 2002.

Additional VHF frequencies for Cairo FIR were secured to overcome interference with existing frequencies. Domestic Airway V608 is now useable for two-way international overflights. Restrictions for overflying Tel Aviv FIR to Amman have been reduced.

The implementation of selected priority routes (Phase I) for the introduction of RNP5 (Required Navigation Performances of 5 Nautical Miles) in the MID Region was implemented. Phase II will start in November 2002 (one year prior to the implementation of RVSM).

This methodology will enable a more flexible utilization of the airspace. Egypt implemented RNP5 for RNAV operations within a designated airspace above FL 285 in Cairo FIR in August 2001.

RVSM should be started in November 2003 within all FIRs of the region between FL 290 – FL 410 inclusive. This date was co-ordinated with the Asia Pacific region to coincide with the time frame adopted for States South of the Himalayas.

The approval of GNSS for en-route use has been treated as a high priority because of the significant number of GPS equipped aircraft operating in the Middle East region. There is a need to develop GNSS NPA procedures in multi-airport countries.



A meeting organised by AACO and hosted by Syrian Arab airlines took place in Damascus to assess the results of the operational trial of Airway W2. As a result, the airway was opened to all international overflying traffic, cutting 15 minutes flying time off the Amman – Damascus sector.

> **Africa:** the progressive introduction of satellite based CNS systems is helping to eliminate long standing safety-related infrastructure deficiencies and to achieve the objectives of the regional **ATM-cns** implementation plan.

Strong progress in the extension of VHF pilot/controller communications and the implementation of fixed communication links (between air traffic services units), has been maintained through further application of **VSAT** technologies in a number of key states. This has led to accelerated progress toward full air traffic control service and the reduction of separation minima in the region.

The value of IATA cooperation with the **Southern Africa Development Community (SADC)**, has been further validated by the **IATA/SADC RNAV/GNSS** Procedures Development Project. IATA has worked to provide a higher level of safety and reliability for aircraft operations into airports in Africa by providing satellite-based approach and departure procedures. Many of these airports have limited or unreliable ground-based navigational aids. The project has resulted in the completion of Non-Precision Approach RNAV/GNSS procedures for 26 international airports in the SADC area. Similar projects are underway in Kenya, Uganda and the Cape Verde Islands. In the short term the availability of GNSS procedures at these airports will provide enhancements to safety and efficiency of operations and reduce dependency on ground based navigational systems.

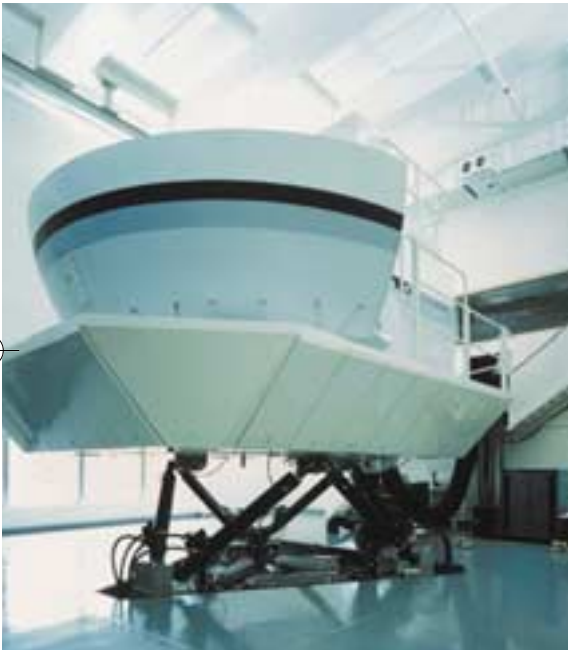
Direct cooperation with individual states has been intensified through the development of IATA consultancy projects aimed at upgrading CNS/ATM systems and addressing specific infrastructure deficiencies in line with the requirements of IATA Member airlines. Added emphasis has been placed on human factors through the provision of refresher training to 70 air traffic controllers of the Democratic Republic of Congo, completed in November 2001. Training will be extended to AIS, technical and agreed categories of management staff in 2002 through similar arrangements with the ATS provider. Such cooperative projects are facilitated and sustained through the availability of the ATC E&F mechanism.

> **Airport development:** IATA's aim to ensure sufficient, timely, appropriate and cost-effective airport facilities has been achieved through a variety of field activities ranging from simple missions, to traditional Airport Consultative Committees, to comprehensive commercial consultancy projects. In the last of these three categories lies the most potential for effective IATA airports work. Satisfied clients for the commercial airport consultancy services include airport authorities, airlines and other consultant companies.

ENVIRONMENT

IATA successfully developed and promoted the concept of a '**balanced approach**' to controlling aircraft noise at ICAO's Committee on Aviation Environmental Protection and the 33rd ICAO Assembly in September 2001.

The 'balanced approach' is a new way of looking at and managing aircraft





noise; states and airports should not apply operating restrictions as a first resort. Rather, they should consider all other available measures involving, inter alia, land use planning and management, noise mitigation measures and noise abatement operating procedures, before deciding on a final measure to address *airport-specific* noise problems.

IATA has led efforts to develop ICAO guidance for the application of that framework to local/regional restrictions. It covers the process that states should use from first identification of an airport-specific noise problem to a final decision on a solution tailored to the specific problem. In this work, IATA also helped to position industry interests vis-à-vis the development of a **new EU Directive** on noise operational restrictions which came into force in April 2002. This is the first legislative attempt to formally incorporate the concept of a 'balanced approach' as defined by ICAO.

The Directive also defuses a conflict between the EU and the US and replaces existing rules aimed at banning hushkitted aircraft at EU airports. The new rules enable EU member states to ban or limit the use of aircraft that meet Chapter 3 noise standards by a minimal margin of 5dB. Airports wishing to introduce such limits will have to demonstrate that all other solutions to controlling the effects of aircraft noise have been taken. Developing countries will benefit from a 10 year exemption period for aircraft already registered in their countries and serving EU airports before December 2001.

With the support of its Environment Task Force (ENTAF), IATA also successfully promoted airline views on **market-based options** at the various ICAO fora. Of note was the ICAO recognition that **emissions trading** is the preferred long-term approach to controlling carbon dioxide emissions from aviation. IATA therefore commissioned an external evaluation of the implications for the industry of different emissions trading schemes, in order to help position the industry in the international debate on emissions trading. IATA is currently reviewing the findings.

During the course of the year, IATA issued the **Environmental Review**, a new **Airline Corporate Environment Reporting Survey** and **Flightpath to Environmental Excellence**, a guide to good practice across the industry.

CONSUMER ISSUES

Post September 11, passenger complaints in the United States fell more than proportionately to the decline in traffic, pointing to the **link between congestion and passenger service problems**. Meanwhile, US carriers continued with implementation of their passenger service commitments in domestic service.

The **Airline-Consumer Forum** continued to follow issues such as passenger service commitments, denied boarding, dispute settlement and health concerns. But the events of September 11 raised new considerations regarding insurance, security, increased taxes and charges, the state of the industry and the possible implications for airline customers of structural changes in the industry.

MEDICAL ISSUES

As the first cases involving Deep Vein Thrombosis (**DVT**) went before courts in Australia, Europe and the United States, attention remained focused on the World Health Organisation (**WHO**) examination of the factors involved.



During the year, the recently formed **IATA Medical Advisory Group** worked closely with WHO on the revised manual "**International Travel and Health**".

GOVERNMENT RELATIONS

It has been recognised for some time that there is a *fragmentation* of the regulatory system within which the industry had traditionally operated, resulting from *liberalisation* in its many forms.

The industry supports liberalisation, but there was concern that its effects should not destroy the consumer and social benefits of the global airline system, built up over decades, and most visibly manifested in multilateral interlining and its supporting mechanisms.

A paper, "*Wings for the Future*," which established basic principles to be followed by regulators, highlighting cooperative industry mechanisms supporting the multilateral interline system, was endorsed by the 2000 Annual General Meeting. Last year, "**Wings for the Future II**" specifically argued for greater international harmonisation of economic regulation in a number of key areas, including the multilateral interline system, slot allocation and dispute settlement. These two papers provided the basis of several of the IATA positions for the 33rd ICAO Triennial Assembly, and will carry forward into the preparations for **ICAO's 5th Air Transport Conference**, that will take place at the end of March 2003.

At the **33rd ICAO Assembly**, in Montreal in September/October 2001, economic regulatory initiatives were, naturally, overshadowed by 11 September. The focus of the Assembly was on safety, security and insurance. ICAO subsequently convened meetings on both safety and security (November 2001) and insurance (February 2002), where IATA promoted the airline industry's points of view.

The World Trade Organization's review of the **Air Transport Annex of the General Agreement on Trade in Services (GATS)** has produced no major breakthroughs to date. However a group of states has proposed an Annex to the GATS on tourism that would include some air transport services.

The **Organization for Economic Cooperation and Development (OECD)** continues to promote its ideas for liberalizing air cargo transportation separately from passenger traffic; but the great majority of states do not believe that this is the best way forward.

The most active area of liberalization at present is the "**open skies**" **bilateral**. The United States leads in this, but is not alone; it has signed more than 60 such agreements but there are already over 30 similar bilateral arrangements between other nations.

The US has also promoted a multilateral "open skies" agreement in the context of the **Asia Pacific Economic Cooperation (APEC)** group. This agreement, initially involving five states, came into effect late in 2001; the US is now working to persuade other Pacific Basin nations to join.

The focus of work on the **global multilateral interline system** is on assuring its integrity in the face of non-harmonised government actions and in identifying how industry cooperation can evolve to meet the changing regulatory and commercial environment. Priority is being given to determining what forms of industry cooperation will be necessary to support the system.



The Competition Directorate of the **European Commission** (EC) advised IATA last year that **rate setting for cargo** operations within the European Economic Area (EEA) should cease as of 1 February 2002. However, the tariff-related rules underpinning cargo interlining on a worldwide basis continue to be authorized within the EEA.

The **EC extended the block exemption** for setting interline passenger tariffs within the EEA until 30 June 2002 and, in the meantime, conducted an extensive consultation as to the action it should take beyond that date. There is strong support for the continuation of multilaterally accepted interline fares. The Commission has, therefore, informally indicated that the block exemption is likely to be renewed for several more years. This will require the reporting of data on the sale and use of such fares within the EEA. In addition, within the European Union, Passenger and Cargo Services Conference activities, which set the "standards", will probably be considered as covered under a current technical exemption and allowed to continue without requiring further legislative action.

The airline industry's **slot allocation** rules face the prospect of action by a number of governments that could undermine the worldwide system. The EC has agreed to put slot usage rules on hold as a result of the decline in traffic after 11 September, but for the longer term it seeks radical changes to present procedures, in Europe. IATA is coordinating efforts to ensure that the outcome will be compatible with global practice. A decision is likely during 2002. IATA wants to see clear objectives and priorities. For example, from the consensus point of view which is more important: greater network efficiency providing convenient, timely connections or increased competition on individual routes within the EU? In parallel, IATA is developing a set of principles that should be respected on a *global* basis in any future allocation mechanism, to help assessment of all proposals as the pressure for change mounts.

Stimulated by developments in the US, the European airlines launched an "**Airline Passenger Service Commitment**" plan in 2001, following discussions with the regulatory authorities. This is largely based on voluntary commitments, except where legislation is already in place for financial and other compensation, particularly in relation to **Denied Boarding Compensation** (DBC).

Without waiting for the voluntary commitment scheme to start, the EC proposed a new DBC Regulation in December 2001. The initial proposal for a new Regulation includes a *five-fold increase* in compensation and expanded scope for providing it. IATA will continue to work to achieve less onerous provisions.

Discussions with Eastern European countries, aimed at creating a **European Common Aviation Area**, have made little progress during the past year. Plans for a **Transatlantic Common Aviation Area** are also marking time and probably depend on the EC being given "external competence" by the 15 member states, to negotiate with third parties, including the US. This, in turn, may depend on the outcome of legal action by the EC against European Union countries that have negotiated liberal bilateral agreements with the US. The European Court of Justice is expected to rule on this later in 2002.

In **Australia**, work has continued with the competition authority, the ACCC, to update "Authorisations" for IATA's Conference and cooperative activities. A comprehensive filing for the Passenger Agency program is under review. Further filings are on hold, as IATA seeks time to finalise the Agency case and re-order its priorities after the events of last September.





IATA and AITAL were heard at **the XI Iberian American Summit of Heads of State and Government** in Lima in November. A **Bogota Statement** was issued in December and an action plan set up, to end discriminatory treatment of the air transport industry, in terms of charging policies, taxation, and inadequate access to infrastructure.

LEGAL SUPPORT

A **Convention on Mobile Equipment and an Aircraft Protocol** were adopted by a Diplomatic Conference in Cape Town during October/November 2001. This achievement crowns many years of effort by IATA and, with a low number of state ratifications required for entry into force, the benefits should be felt soon. Those benefits are: reduced risks of credit financing and therefore diminished costs of financing aircraft, aircraft engines and helicopters; greater access to funding; improved ability to track title and security interests; and improved ability to dispose of used aircraft.

IATA is organising a series of regional seminars to inform airlines and industry stakeholders of the benefits of the new treaty regime and to assist with implementation of the instruments. The first such meetings were in London and Abidjan earlier this year.

Model "Short-term Engine Lease" contract: IATA has been working closely with Members to develop this model which is expected to provide considerable savings to Members when it is introduced later this year.

CRISIS MANAGEMENT

Crisis Services activity within IATA was centred on three types of effort:

- **The Emergency Response Planning Working Group (ERPWG)** held a conference in Rome in November 2001. Some 250 delegates, special interest groups and experts discussed subjects ranging from family assistance legislation to the psychology of trauma and whether airline responses need to change depending on the cause of the accident - for example, as a result of terrorist acts. More flexible training is required. IATA has put in place, through **IATA Crisis Management Services**, a potential to deliver "key-skills" training on demand.
- **IATA Crisis Communications** activated its Global 24-Hour Crisis Response Advisory Service following a tragic accident in Europe last year and was able to help the airline with all its public communications at the accident location, in the local language. In 2002 IATA helped an in-flight catering company in an emergency situation which could have damaged its reputation in the long-term. The company is now training its senior management for Crisis Communications, with the awareness that it's not just "what you are doing" that matters, but also "what you are seen to be doing".
- **The Air Transport Safety Information (ATSI)** project continued its series of media seminars with an event in Munich, co-hosted by the Luftfahrt Presse Club in April 2002. German broadcast and print media saw presentations on ATC, Airport security, human factors in safety, accident investigation and critical incident stress management. A second 2002 event is planned in October. ATSI aims to help non-specialist media better understand air transport's commitment to safety and to clarify some of the technical and political issues they may have to deal with when covering accidents.



STANDARDS & PROCEDURES

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

PASSENGER SERVICES

“Whittle back” anti-trust immunity for the Passenger Services Conference (PSC): In response to a request from the US Department of Transportation (DoT) to IATA, the PSC proposed a reduction in the number of standards it files with the DoT for immunity. In the past the filing and approval process has taken up to 18 months and has prevented Members from introducing new business practices and products into the market.

A first list was approved by DoT and therefore IATA will **no longer have to wait until the US DoT approves** such amended standards before declaring them effective. In practical terms this means that future amendments by the PSC to any standard in the list will be provided to DoT “for information only”. Thus upon adoption of any amendment to a resolution/RP (Recommended Practice) in this list, the entire resolution/RP will lose its immunity from US antitrust laws. A second list has been developed by PSC and filed with the DoT for approval.

A major achievement of the PSC was the adoption of a new ticket notice to replace the former **conditions of contract** (Resolution 724). The new ticket “notice of contract terms incorporated by reference” accurately reflects the most important provisions of the **conditions of carriage** (RP 1724).

Following a **sharp and unexpected increase of insurance premiums**, Members noted that a new feature of the charges imposed by insurance companies was that it would apply per passenger, per flight; the PSC therefore agreed to develop industry ticketing procedures that would allow the collection of surcharges on a flight-by-flight basis. However, adoption has been delayed due to concerns about the ability to correctly advertise the final ticket price to consumers for an interline journey.

REVENUE PROTECTION

IATA's **Revenue Protection** community has been increasing its contacts and cooperation with police authorities such as Interpol and Eurpol. This collaboration proved invaluable in the immediate aftermath of 11 September.

AIRPORT SERVICES

Common Use Self-Service Shared Terminals or Kiosks (CUSS): work on specifications and standards development will culminate in the publication of the **IATA CUSS Manual** in 2002. From the end of the year, carriers will be able to offer self-service products at an increasing number of stations, thereby facilitating passenger flow and optimising carrier-staffing requirements at airports.

Radio Frequency Identification: The Radio Frequency Working Group continues to enhance IATA RF specifications in support of this new means of handling baggage, leading to reduced costs and improved service. Airport testing continues at several locations; implementation awaits government approvals.





Seventeen airport consultancy projects were undertaken in 2001 for carriers, airport authorities and ground handling service providers. The majority of these projects involved the implementation of IATA Airport Handling Manual standard 804. A number of projects for 2002 are already in advanced planning.

Ground handling workshops were provided in Miami, Geneva, Beijing and Hong Kong in 2001 offering carriers the opportunity to improve their levels of service and safety. Workshops are planned for Miami, Geneva and Las Vegas in 2002.

The **SITA/IATA WorldTracer** baggage management system is now used by 342 companies, making it the industry's largest such system. Significant enhancements include increased **Internet access** for passengers with mishandled baggage.

INFLIGHT SERVICES

The Airside Safety Group has developed a new industry **Ground to Flight Deck Communications Chart**; IATA has made this available for use by carriers and ground handling service providers throughout the world, resulting in safer airside operations.

The **IATA Inflight Council** endorsed a number of new initiatives to help airlines improve their inflight operations. These include: the recommendations of the specialist working groups dealing with cabin crew management, cabin systems and cabin safety; adoption of a cabin crew benchmarking study; and the development of a new **IATA diploma in Inflight Management** for cabin crew moving into ground-based management positions.

New Inflight Services workshops were held in Geneva in 2001 offering carriers the opportunity to focus on key issues of onboard customer service, and the leadership and motivation of cabin crew. It is planned to add a new workshop on handling **Disruptive Passengers** in 2002.

A **Cabin Health** conference in May 2001 featured possible relationships between air travel and **DVT** (Deep Vein Thrombosis). IATA, through its **Medical Advisory Group** is coordinating the airline input into WHO research on the subject and new WHO International Health Regulations. A follow-up Cabin Health Conference is planned in June 2002, updating all aviation health related issues, with the theme "**Fitness to Fly**".

SCHEDULING

IATA hosted two **Schedules Co-ordination Conferences** where airlines, airports and airport co-ordinators meet to resolve scheduling problems, many of them caused by an infrastructure supply shortfall, in a cooperative industry environment. Each conference was attended by over 270 IATA and non-IATA airlines, with over **5 million slots** allocated at each Conference.

The **IATA Worldwide Scheduling Guide**, first published in 1976, was completely revised during 2000 through the efforts of the Scheduling Procedures Committee. The 5th edition of the guide is effective December 2001; it is available on the IATA website.

Phase 1 (proof of concept) of the **Schedules Reference Service (SRS)** project was completed and presented to the Scheduling Conference in November 2001.



Phase 2 (negotiations with a service provider) is in progress with a completion date of June. Implementation and migration is expected to take place by the end of the year.

The Schedules Information Standards Committee has revised the format and structure of the **IATA Aircraft Type Codes**. This new format becomes effective in November 2002 and assigns a unique code to all major aircraft types as well as a 'family code' when applicable. The committee also secured an amendment to **Resolution 763**, enabling IATA to react quickly to the allocation of **Location Identifier** codes.

FACILITATION

Since September 11, border control authorities in many countries have explored the provision of personal data in advance of arrival, as an effective tool for ensuring security whilst facilitating international arrivals. The United States has made its previously voluntary Advance Passenger Information (**API**) program *mandatory* for all inbound international flights. Canada, Mexico, New Zealand, Australia, the UK and others are developing similar mandatory schemes.

IATA has been working to ensure that these schemes are *harmonised* to the maximum extent possible, whilst minimising extra airline costs. IATA and the World Customs Organisation have revised previously issued guidelines for API programs; a new **UN-EDIFACT Passenger List message format** has been proposed, which would bring a far higher level of standardisation to the various API programs under consideration. IATA has also enlisted the support of the Directors General of ECAC and the EC in our efforts to ensure that the information needs of individual states do not supersede the national legislation and data privacy concerns of others.

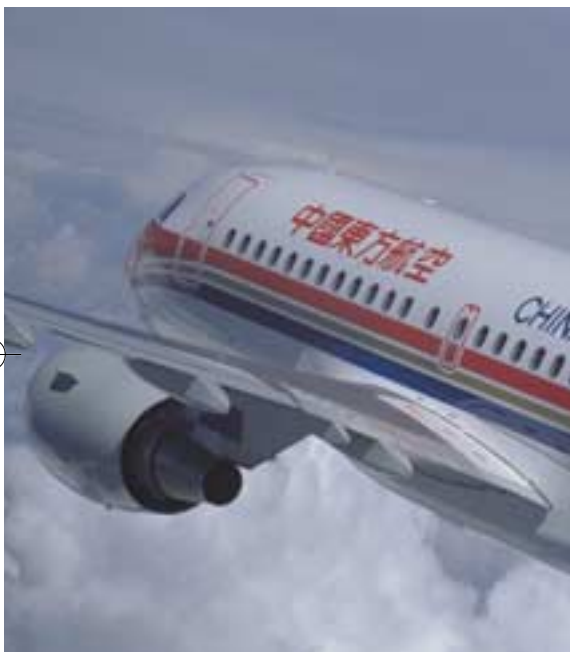
Even with a heightened level of harmonisation of API systems, the industry will face significant costs and operational hurdles as these systems are implemented. IATA will continue to work with states and their border control agencies and airlines to ensure that API programs meet their prime objective, which has always been to aid identification of certain passengers, so that the vast majority can pass rapidly through the arrival and clearance process.

PASSENGER PRODUCT DISTRIBUTION POLICY

Conference actions in 2001: The Passenger Agency Conference in June 2001 adopted a new single resolution on reporting and remitting procedures, which will help IATA to maintain anti-trust immunity for the Passenger Agency Programme. Other actions included revisions to refund procedures by IATA Members to agents for partly used traffic documents, and a new set of BSP plating rules for the designation and selection of a ticketing airline.

Passenger Sales Agency Agreement: The **Global Consultative Committee** was established as a result of the recommendations of the **Millennium Task Force** and provides a global forum for discussions between travel agents and IATA Member airlines on *all* issues within the Passenger Agency Programme which affect agents.

The committee has reviewed the current agreement and a new **Passenger Sales Agency Agreement** will be proposed at the June 2002 Conference.





Passenger Protection: a project jointly developed by IATA with UFTAA and ECTAA is being progressed to protect airline passengers in the event of an *airline or travel agent* defaulting or ceasing operations. Interest has been received from a number of local BSP countries and the proposal will be pursued.

Modernising the Agency Programme: A comprehensive review of the Passenger Agency Programme was undertaken in relation to the accreditation of IATA Agents in order to enhance the value of the Programme. Following extensive feedback, a series of recommendations have been developed in the following areas:

- Streamlining existing accreditation procedures,
- Creation of IATA Principles of Agency Practice,
- Categorisation of the various agency business types in the industry,
- Creation of a welcome pack for newly-approved locations,

These recommendations will be put to the June 2002 Passenger Agency Conference for consideration.

Strengthening the IATA/Travel Agent Relationship: IATA continues to work closely with its member airlines, UFTAA (Universal Federation of Travel Agents' Associations) and ECTAA (Group of National Travel Agents' and Tour Operators' Associations within the EU) in order to enhance the benefits of the Passenger Agency Programme as well as the business relationship between these parties.

CARGO PRODUCT DISTRIBUTION POLICY

Cargo Week 2002, held in Paris in March, combined industry meetings, a trade show / exhibition and the **Dangerous Goods by Air 2002** Conference, thus bringing together all sectors of the Air Cargo community.

Cargo Committee: four significant issues were debated and proposals were carried forward to the Cargo Agency Conference, the Cargo Security Forum and the Cargo Services Conference for action.

- **Security:** Promote IATA's industry role to ensure harmonised and practical workable solutions in light of new proposals from governments and regulatory authorities.
- **Cargo Distribution System study report:** proposal for a revised Cargo Agency Programme for Europe strongly supported.
- **CASS transformation programme:** establishment of CASS Policy Group and agreement to review the CASS/BSP strategy and organisational structure.
- **The Paperless Transportation Project:** made substantial progress this year on the eAWB through completion of four of the seven major project milestones. The mandate calls for a two-phased implementation approach and a project delivery date of March 2003. Specifications have been developed for **an industry-wide XML** implementation process and completion of a proposal for a data dictionary.

Cargo Services Conference: developed several proposals including a Cargo "whittle back" submission, a documented response to the Australian immunity decision, use of industry codes for surcharges, solutions to air waybill



irregularities and work on new e-environment booking process, IMP messaging and claims procedures.

Cargo Agency Conference: established a new CASS Policy Group, adopted a new Cargo Agency agreement for Europe and a proposal for implementing an IATA accredited GSA programme for launch in 2002.

Dangerous Goods by Air – 2002 conference: attracted 245 delegates and 26 exhibitors representing shippers, manufacturers, government officials, airlines, freight forwarders, airports, ground handling agencies, packaging testing and manufacturing companies, dangerous goods training schools and logistics providers. The programme emphasised harmonisation of the regulations for all modes of transport and the different socio-economic and safety priorities of each mode, finding solutions to common problems and better understanding IATA's role in industry safety.



“.TRAVEL”

In September 2000, IATA took an important and timely step by applying to the Internet Corporation for Assigned Names and Numbers (ICANN) to create a **dedicated Top Level Domain (TLD) for the global travel industry**. The “.travel” TLD would help improve the standards and security of Internet trading, providing important benefits for the industry and promoting consumer confidence.

IATA's initial application to ICANN was not among the seven applications selected for immediate implementation, but the “.travel” proposal continues to attract widespread support and remains pending with ICANN for approval in the next round of TLD selections.

During this period IATA has worked with both supporters and opponents to develop a workable way forward for “.travel”. The first “.travel” Summit took place in February with senior representatives present from travel agents, airlines, hotels, global distribution systems, tourism authorities, banks, consumer organisations, rail, car rental, telecom and legal companies. There was unanimous agreement that “.travel” TLD is desirable for the travel and tourism industry and a Working Group was established to develop an acceptable way forward for the “.travel” Application, recommend a governance model and review the original application in accordance with the principles developed at the first travel Summit.

The Working Group recommended IATA should step down as sole sponsor of the “.travel” application in favour of a travel industry consortium - the Travel Partnership Corporation. IATA's new role would be to administer the “.travel” TLD. This was agreed unanimously at a second “.travel” Summit meeting in November.

ICANN's lack of resources and start up problems with TLDs selected in the first round are among the factors delaying the approval process for any new TLDs. Thus, a second round of TLD applications is unlikely to take place before the end of 2002. During this interim period, the “.travel” Working Group continues to build support for the proposal and finalise outstanding issues in order to have a revised application in readiness when the next TLD selection takes place.



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 **USD 31.6 billion in 2001**, a 5.8 percent decrease over 2000, with an offset ratio of 83 percent. **Twenty-one new members** joined during 2001; membership at the end of the year was 313.

General Suppliers category, through which members may, at their own option, effect settlement with suppliers, currently includes 19 suppliers. The facility for electronic submission of claims has increased to 56 members.

Revenue Accounting: the IATA Financial Committee approved the "Revenue Accounting Vision" project. The end-state vision of the project 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 basic approach to completion criteria for the individual sub-projects has been agreed and a business case is being developed for each project. The aim of the Vision Project is to deliver industry cost savings of **USD 420 million**.

Interline Data Exchange Centre (IDEC): IDEC supports Revenue Accounting by providing electronic transmission of interline billing data; 104 airlines used IDEC in 2001. They electronically exchanged **89.3 million interline billing records**.

IATA Currency Clearance Service (ICCS): is a global cash management service that enables airline treasurers to centrally control, quickly repatriate, or transfer their world-wide sales receipts at low costs, while obtaining attractive interest and foreign exchange rates.

During 2001 ICCS **cleared USD 12.2 billion** and by the close of the year ICCS was operational in 50 countries and regions, with 58 airlines participating. In addition to BSP and CASS sales receipts, the ICCS also assists airlines in collecting sales proceeds that are settled directly from the airlines' General Sales Agents (GSA). This added feature greatly enhances the centralisation benefits available through the ICCS.

IATA Currency Information Service (ICIS): is an information-only version of the ICCS and is used by airline treasurers to obtain advanced receipt of their BSP and CASS sales information from a central source.

IATA Card Services: two integrated services, IATA CardClear and IATA CardAXS, enable airlines to centrally manage world-wide, multi-currency card sales from both agents and direct sales operations (including internet sites):

- IATA CardClear now links with 28 IATA BSPs for all major card types and processed more than 3 million transactions in 2001 on behalf of 35 airlines.
- IATA CardAXS was launched in November 2001 as a central settlement service for global Visa and MasterCard transactions. Six airlines have already committed to use CardAXS and the service is being actively marketed to the Member airlines.





ENHANCEMENT AND FINANCING SERVICES

Airport Enhancement & Financing Services (AEF): in 2001, the AEF's client base expanded further and the service now performs invoicing and collection of charges at national networks of airports. The AEF system of reporting allows complete transparency of costs and revenues for all parties. In addition to its traditional role of invoicing and collecting airport charges, the AEF service also assists airlines to streamline the remittance of certain charges collected from passengers, with many transactions handled through the IATA Clearing House. Improved revenue flows are helping airports undertake crucial investments for security and infrastructure enhancements, while IATA's involvement encourages both suppliers and investors to deal with airports who use AEF.

ATC Enhancement & Financing Service (ATC E&F): In 2001, the service billed and collected air navigation charges on behalf of 32 authorities around the world; USD 390 million was billed with a high recovery rate, mainly due to extensive use of the Clearing House. Improved recovery has enabled some authorities to avoid increasing their charges. Collections through ATC E&F have also provided financing for a GNSS network and a VSAT network in the Southern African region and management and technical services in support of a RVSM GPS-based monitoring system in the Asia/Pacific and North Atlantic regions.

INDUSTRY DISTRIBUTION SERVICES

IATA Settlement Systems (ISS): IATA provides the transportation, travel and tourism industries with integrated distribution and financial services via a worldwide network of offices for more than 400 airlines and almost 100,000 passenger and cargo agents. **In 2001 IATA processed sales amounting to USD 138 billion to airlines through the IATA Settlement Systems.**

Billing and Settlement Plan (BSP): at the close of 2001, there were **67 BSPs**, covering over **145** countries and territories serving over **400** airlines and non-airline BSP participants. Gross sales processed in 2001 were **USD 126 billion** (a decrease of 5.5 percent from 2000, reflecting reduced traffic). The number of standard tickets used, including e-tickets, grew by 1.7 percent, to reach **299 million**. The net unit operating cost per ticket used in 2001 was **USD 0.31 as compared to USD 0.45 in 1998** (benchmark year for the ISS Transformation).

Cargo Accounts Settlement System (CASS): the **31 CASS** offices, including the USA, served **247 airlines** and processed **14.1 million transactions** down 6.1%, and settled **USD 11.5 billion** (13.3 billion in 2000). This fall relative to transaction volumes and net amounts settled reflects the severe effect of the economic downturn during the year; but the **unit cost** for 2001 was held to **USD 0.47, down from USD 0.55 in 1998**.

The BSP and CASS unit cost reductions can be attributed to:

- implementation of bulk ticket purchasing for BSPs world-wide
- controlling management costs resulting in increased productivity
- re-negotiation of Data Processing contracts and operational consolidation efforts
- acceleration of sales cash flow to airlines
- increased automation and business process improvement initiatives



BUILDING THE ISS OF THE FUTURE

Over the past three years, IATA has pursued an extensive business improvement programme, introducing internet-based technologies to streamline its distribution and financial services business. By driving manual and paper-based tasks out of the ISS communication processes, significant savings in time and money have been achieved. Electronic data capture, report creation, posting, messaging and transmission have become well-accepted automated components of our operational workflow.

Under the **IATALink** banner, several new services that embody these basic principles and incorporate a number of flexible interactive features have been launched. **BSPlink** and **CASSlink** have been introduced to ensure the on-going modernisation of the settlement systems. Each service is designed to improve the way in which IATA interacts with our airline and agent customers.

With cost savings progressing well, from the ISS re-engineering and restructuring, IATA is also focusing on new business opportunities that extend its product offerings to serve a wider industry audience and maximise use of existing settlement systems infrastructure, as detailed later in this section.

The complete **ISS Transformation Project** annual progress report is posted on the IATA website: www.iata.org/idfs/transformation_project

International Airlines Travel Agency Network (IATAN): is IATA's wholly-owned subsidiary that operates various programs for travel agencies in the United States. There was a decline in the number of traditional agency locations in 2001; however IATAN's endorsement program for non-airline travel agencies, known as Travel Service Intermediaries (TSIs), had 1,000 locations at year-end, a growth of 33 percent on 2000.

At the end of 2001, there were 199,875 active subscribers to the popular **Travel Agent ID Card Program**, with a renewal rate of 93 percent. Sales of **Global Source**, an IATA/IATAN CD-ROM database product, as well as **Worldwide Agency Data**, continued strongly: www.LocateATravelAgency.com is gaining wide recognition by both the travel agency and supplier communities. It has the potential to provide IATAN with additional revenue streams as it now offers suppliers as well as travel agencies the possibility of hyper-linking their websites to it.

IATAN introduced **Latin America Made Easy**, the fourth in its acclaimed series of international geography training videos. Every IATAN endorsed agency received a copy. In addition to offering agents an array of training and educational tools, IATAN continued to provide annual scholarships through its IATAN Foundation to deserving individuals who are pursuing or enhancing their careers in the industry.

Cargo Network Services (CNS): IATA's cargo agency program in the United States formed a cargo security working group to foster timely and accurate dissemination of information. It also worked on an **Electronic Invoice Presentment and Payment (EIPP)** solution for CASS-USA. CNS has entered into an agreement with Citibank to move the settlement system onto the internet – a project that will be completed by mid-2003. Other CNS products and services, such as the computerized air waybill number distribution service





and cargo industry statistics, will also leverage new technology to provide additional value to participants in the program.

Agency Services: at the end of 2001, some 86,500 travel agents and 6,200 cargo agents were accredited world-wide (including both IATA accredited agents and the USA IATAN/CNS endorsed agents).

Travel Industry Designator Service (TIDS): is a standard reservation identifier assigned for non-IATA travel agents. At the end of 2001, approximately 7,800 had a TID identifier - to secure, trace and remunerate reservations. Travel and tourism suppliers' reservation distribution channels now recommend that non-IATA travel agents hold a TIDS, before booking services.

IATA ID Card Programs: during 2001, the IATA ID Card was made available to domestic, TIDS, GSA, SSI and NISI travel agents, and a major research study was conducted with travel agents and T&T suppliers worldwide for input to the redesign project. In 2002 several major enhancements are being introduced including an improved insurance package providing unique benefits for cardholders. (www.iata.org/idcard)

New Special Dangerous Goods Regulations effective on 1 January 2001 eased the six-month transition (see "*Standards and Procedures*") to new ICAO regulations, the implementation of which was delayed to July 2001. As a result, this year saw an all-time high sale of the flagship publication **IATA Dangerous Goods Regulations**.

Ticket Advertising: The sale of STD advertising contributes to decreasing UTP transaction processing cost, in line with IATA's commitment to reducing costs to our Airlines. (www.iata.org/ticketadvertising)

AN ELECTRONIC MARKETPLACE

IATA and its partners are developing a complete range of 'e-products' to control costs, widen markets and enhance revenues in the travel, shipping and tourism sectors:

AgentHome www.iata.org/agenthome is the first IATA website dedicated to its travel agency customers and is **one of the most visited IATA sites**.

It is a centralised online source of information, showing as much as possible of the travel agent/IATA relationship and issues that relate to the Passenger Agency Programme.

CargoNet www.iata.org/cargo was launched in 2001. It covers procedures of cargo operations and cargo distribution. It complements a new web site, www.iata.org/idfs/cargo/agency which provides a one-stop source of information relating to all aspects of cargo accreditation.

CargoIS: provides airlines and forwarders with vital statistics on cargo transactions and market share information. Today, more than 165 customers worldwide collectively receive over 2000 monthly reports, providing them with an essential decision making tool. (www.iata.org/cargois)

iiNET: the premiere solution for data exchange and electronic distribution, iiNET currently enables communications for more than 1000 carriers and trading partner locations worldwide including all IATA BSP and DPC locations.





It provides direct cost savings to the airlines as well as supporting the ISS Transformation Project initiatives. iiNET exceeded expectations for 2001, increasing revenues by 40 percent and showing a surplus 60 percent better than planned. (www.iata.org/iinet)

DigiCert: is a service provided in collaboration with SITA that provides the electronic credentials needed to facilitate e-commerce and access to airport and other industry facilities. (www.iata.org/digicert)

SITA/IATA Interline E-Ticket Service: SITA and IATA have entered into 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. (www.iata.org/eticket/links.htm)

AUDITlink is a BSP ticket audit and refund processing service for airlines and agents, in partnership with Select Prospects Ltd (www.auditlink.iata.org)

BSPlink is the internet-based system that provides on-line interaction and exchange of information between airlines, agents and the BSP offices. Over 23,000 users are currently connecting to this high capacity system available today in 30 BSP markets and in the remaining markets by end 2002. (www.iata.org/bsplink)

CASSlink, introduced in the first quarter of 2002, provides improved workflow and electronic output between the carriers, forwarding agents and CASS offices involved in the cargo settlement process.

BSPTRAVELlink is an internet-based financial settlement and fulfilment service for non-airline travel and tourism suppliers and agents. The service will be on-line by end 2002. (www.bsptravellink.iata.org)

RESlink is the name of a brand new service for **automated schedule change notification and rebooking**. IATA has teamed with Aumtech Inc. to provide airlines the opportunity to significantly reduce costs while improving customer service. (www.iata.org/pr/index.htm)

IATA Agency Database Products include **Global Source**, **Worldwide Agency Data (WAD)** and **Agency List**, providing essential contact information for over 130,000 travel industry locations, with the addition in 2001 of email and website addresses. IATA continues to increase the quantity of data available in its data products and will soon be offering agency profile information. The **WAD** extended the frequency of distribution to twice monthly in 2001 with the launch of a new Internet download service: **Agency Data Download**. With the launch of ADD, the overall number of IATA WAD customers increased 39 percent in 2001. (Visit: www.iata.org/adprod, www.iata.org/gsource, www.iata.org/wad)

www.CheckACode.com was launched in April 2002 in support of the new stringent verification processes introduced this year to improve the integrity of the programmes. The site will enable Member airlines and T&T suppliers worldwide to simply validate any IATA numeric code or IATA ID Card that is presented.

ITSS: is an electronic invoice presentment and payment service for travel agents. This worldwide internet-based settlement service for the travel and



tourism industry is being introduced globally (to date it covers Canada, UK, Germany, France, Switzerland and South Africa). The system offers two flexible features: travel and tourism providers can specify their billing and settlement periods and adapt them to meet their travel agent needs. Equally, settlement can be provided in the currency of choice (CAD, EUR, GBP, USD, ZAR) for both agents and suppliers. (www.iata.org/its)

Sales-AID: is a joint IATA-IATAN global communications service. This unique service enables travel suppliers to target and disseminate important product/business information to the agency community via an internet platform, as well as ensuring a recognisable quality channel for travel agencies to receive useful information from their valued suppliers. (www.iata.org/salesaid)

INTERLINE & REVENUE MANAGEMENT SERVICES

Despite the rapidly changing competitive environment and the development of strategic alliances, the continuing value of interlining and the coordination of tariffs and related rules are evident in the increase of carriers participating in this activity. **Participation in IATA Tariff Coordinating Conferences now stands at 129, up from 124 in 2000.**

Distribution of information to participants has been enhanced greatly by the launch of the **IRMS On-Line Library**. This new service now provides instant access to the results of meetings and other memoranda, and is also a reliable source of historical information.

Regional **Empowerment Seminars** for the benefit of Members and potential IRMS participants have expanded and been well received. They are an excellent forum for the interaction of partners with potential and existing customers, as well as an opportunity for carrier participants to update their knowledge on issues of current interest. Events have been held in Nairobi, Miami, Singapore and Bahrain.

AVIATION TRAINING

During 2001, 2,515 participants attended 168 classroom courses at IATA's training centres in Beijing, Geneva, Miami, Montreal and Singapore and affiliates in Amman and Johannesburg, as well as regional training programmes worldwide; 18,535 students enrolled in distance learning programmes in Airlines, Cargo and Travel and Tourism. The total number of **IATA/UFTAA** Authorised Training Schools (ATCs) reached 225, and there are now 41 **IATA/FIATA** Schools. In addition, more than 1,375 students participated in 82 ATDI in-company programmes around the world.

IATA/ICAO Partnership: ICAO and IATA signed a Letter of Understanding last year on cooperation in **security training** documentation and programs. IATA will provide input into the design of **ICAO's National Quality Control Program** (NQCP) and assist in its promotion. IATA will produce and maintain ICAO's airline-oriented Aviation Security Training Programs. ATDI is also offering a new Aviation Security Audit Program, which will analyse enhanced security procedures to be adopted by ICAO member states in airports and airlines. The course will prepare participants for an ICAO Audit and Inspection,





revise procedures in use, and assist the states in obtaining compliance with Annex 17 and ICAO's security-related standards.

Airport Management Simulation Model: this significant innovation in ATDI's programs, was completed in 2001 and will be introduced in 2002. The product is a highly realistic, state-of-the-art business simulation for airport managers. It is scheduled for introduction as part of the Airport Commercial and Operations Management Course.

Cargo: Some 90 schools in 28 countries are currently endorsed to provide training that satisfies the legal requirements of ICAO's Technical Instructions on the Safe Transport of Dangerous Goods by Air, and that meets a minimum worldwide standard. **Professional Skills for Dangerous Goods Instructors,** Cargo Training's flagship course, develops the specialised skills necessary for successful dangerous goods training. It will become a prerequisite for instructors who wish to teach for schools in the Dangerous Goods Training Endorsement Programme. The Dangerous Goods Workshop is currently the only course of its kind to offer instructors the opportunity to take re-certification training in the company of other dangerous goods experts, and to get up-to-date information on changes to dangerous goods legislation.

Educational Alliances: In 2001, ATDI created an educational alliance strategy designed to further promote the advancement of business leadership in aviation, through cooperation with leading universities worldwide. ATDI initiated the development of a global network of universities that will offer a Master of Business Administration degree (MBA) with aviation specialisation. Discussions are progressing with **McGill University** in Montreal, and **Cranfield University**, in the UK, in preparation for a programme launch this year. In 2001, a Memorandum of Understanding was signed with the **Civil Aviation University of China (CAUC)** to develop a Masters of Management, with Aviation specialisation, customised specifically for the Chinese market.

Development of an E-Learning platform: In 2001, ATDI established the groundwork for building an e-learning capability for aviation professionals worldwide, via the Internet; the design will reflect best practices in e-learning among industry and academic institutions. ATDI is working to complete pilot projects in 2002.

AVIATION INFORMATION & CONFERENCES

Information Analysis and Forecasting: IATA produces worldwide **Traffic Statistics** on a monthly and annual basis. Key information on industry trends and growth prospects can be found in **Air Cargo Annual, Passenger and Freight Forecasts** and **Airline Economic Results & Prospects**. After September 11, IATA produced a **Special Interim Edition** of the Passenger & Freight Forecasts to reflect changing traffic expectations. Now in its 46th issue, **World Air Transport Statistics**, IATA's key Member publication, remains the most comprehensive reference work of air transport analysis available.

Custom Analysis Service: aircraft manufacturers, hotels, car rental firms and others can gain great value from this service, to improve their understanding of the airline industry and to help them tailor their products to airlines' and other customers' needs.





Market Research: 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 airlines and nearly 30 airports, with yearly analysis of at least 80,000 responses.

Benchmarking studies, such as the **Survey of Flights in Europe**, evaluate airline performance and are complemented by key visual and factual data in the **Online Airline Product Database**, providing in-depth and fully searchable data on General Airline Information, Configuration, On-Board Services and Ground Services.

Cargo Service Tracker provides participating airlines with global coverage of the opinions of cargo shippers and freight forwarders about service performance.

Corporate Air Travel Survey records and presents the views of business travellers from North America, Europe and Asia/Pacific and builds trend data on key issues affecting business air travel. The newly developed **Business Traveller Survey** tracks the evolving opinions of frequent flyers about business travel behaviour since September 11. Surveys were carried out in September and November 2001 and January 2002, and will be maintained on a quarterly basis during 2002.

AIR's Corporate Research team conducted the third annual **IATA Settlement Systems (ISS) Quality Management Programme**, a comprehensive survey of almost 75,000 customers in 18 languages in 119 countries.

Consultancy Services: More than 20 **projects** were carried out for a wide array of aviation industry clients, including airport authorities, airport consortiums, financial institutions, government agencies and airlines. These projects dealt with areas of expertise such as traffic forecasting, route development, hubbing strategies, airport competition and catchment areas, feasibility of new airports, and airline network optimisation. A new **Traffic Forecast for the Asia Pacific Region** was completed.

Travel Agency Statistics is a new service to provide detailed reports of traffic for airports. It allows airports to analyse full passenger itinerary profiles and to build well-documented cases to present to airlines, for the development of new routes.

Conferences & Exhibitions: **IATA Conferences and Exhibitions** continued to present first-class conferences; 16 took place in 2001, including the highly successful Aviation Insurance Rendezvous and new events, such as **Human Traffic** and **Business Continuity Planning**. The conference market virtually disappeared for some time after September 11; however, industry support for the **Avsec World Conference** at the end of the year, organised jointly with ACI and dealing with industry security issues was, understandably, extremely high.

KEEPING MEMBERS AND CUSTOMERS INFORMED

Visited by some 50,000 users each week, **IATA.org** generates at least 200,000 weekly page views, with each user spending an average of 11 minutes on the site. These figures are all expected to increase markedly in 2002.



Soon after the attacks on September 11, the Web Team posted IATA's reaction at the top of the home page. By mid-October, a new **Safe and Secure Travel** page was created to give visitors to IATA's website an overview of the efforts that IATA and the world's airlines were making to improve security throughout the aviation industry. 2001 marked the first full year of operation of the **E-Business Development Department**, one of whose chief responsibilities is to upgrade and improve IATA's Web site. As a result, IATA's products and services will be faster and easier to find and more information will be provided at no cost as a public service. The first wave of new Web pages will be on site by mid-2002, with the site fully transformed by the end of the year.

IATA's Website and Web Team won a top award from the Pan American chapter of the International Federation of Information Technology and Tourism. This is the highest honour that has so far been bestowed on IATA's website by a broadly based group outside the aviation industry.

IATA's corporate benefits portfolio, "**What We Do For You**", is now available in English, French, Spanish, Arabic, Russian and Chinese. Regional newsletters are now focused on developments of interest to Member airlines in specific regions.

Also undergoing continuous expansion is the **Web Hosted Information Platform (WHIP)**, which has enabled more than 9,000 participants from IATA and the aviation industry to post and exchange information on distinct Websites within IATA.org.

The number of knowledge communities supported by the WHIP has grown to more than 170, with online support for a wide range of activities in IATA's committees, panels, boards, task forces, working 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>

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 three 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 areas.
- **Travel Partners** are involved in the advancement of inter-modal transport.



Industry Associates

Accenture
 Accounting Centre of China Aviation
 Airbus alterna Technologies Group Inc.
 Amadeus Global Travel Distribution, S.A.
 ARINC Incorporated
 ATPCO
 BAE SYSTEMS Regional Aircraft In-Service Support and Asset Management
 Boeing Company, The
 Bombardier Regional Aircraft Division
 Boullioun Aviation Services, Inc.
 British Telecommunications PLC
 CAE Inc.
 Cap Gemini Ernst & Young
 CFM International
 Citigroup
 Deloitte Touche Tohmatsu
 Deutsche Bank AG
 EDS
 Embraer - Empresa Brasileira de Aeronautica S.A.
 Expedia, Inc.
 Fairchild Dornier
 Galileo International
 GE Aircraft Engines
 Hewlett-Packard
 Honeywell, Inc.
 IBM Corporation
 ICTS International N.V.
 Inmarsat Ltd.
 Innovative Solutions International, Inc. (ISI)
 ITA Software, Inc.
 JP Morgan
 Kale Consultants Ltd.
 KPMG
 Laser Data Command, Inc. (LDC)
 Logica UK Ltd.
 Lufthansa Systems Group GmbH
 Modulant Solutions
 OAG Worldwide
 Oracle Corporation
 Orbitz, LLC
 Pratt & Whitney
 PricewaterhouseCoopers
 RepWorld, Inc.
 Rockwell-Collins
 Rolls-Royce Plc
 Sabre Inc.
 SITA
 Smiths Aerospace

Syntegra
 Teradata a division of NCR
 Travelocity.com
 TravelSky Technology Limited
 Unisys Corporation
 VISA International
 Worldspan L.P.

Registered Suppliers

Abacus International Pte. Ltd.
 AcSys Biometrics Corp.
 ADP-Clearing
 Aéro Net
 Air BP Limited
 Air TOTAL
 Airbase Services, Inc.
 Aircraft Service International Group (ASIG)
 AIRGO Industries, Inc.
 AirSphere Inc.
 AiT
 Alcan Singen GmbH
 AMS
 Ancore Corporation
 Aral Aviation
 ATR TRAINING CENTRE
 Avery Dennison Deutschland GmbH
 Aviogei Airport Equipment SRL
 AXESS International Network, Inc.
 BAE Automated Systems, Inc.
 Barringer Instruments Inc.
 Bartsch GmbH International
 Beijing Hualixing Sci-Tech Development Co. Ltd
 Bharat Petroleum Corporation Ltd.
 Bridport Aviation
 C.I.C. Inc. Aerospace Division
 Caltex Australia Petroleum Pty., Ltd.
 Cargo Network
 ChevronTexaco Global Aviation
 China Aviation Oil Supply Corp. (CAOSC)
 Civas GmbH
 Commerchamp, S.A.
 Confidence / JayNat
 Conoco Limited
 Control Screening
 Cosmo Oil Co., Ltd.
 D.A.T.A., S.A.
 Dae Myung Business Forms Co., Ltd. delSECUR Inc.
 Descartes Systems Group
 DGM Support B.V.
 El Paso Merchant Energy-Petroleum Company
 EMTEC Magnetics GmbH, European Multimedia

Technologies
 Envirotainer AB
 Evans & Sutherland
 ExxonMobil Aviation Intl. Ltd.
 EyeTicket Corporation
 First Research Inst. Ministry of Public Security
 FLS Aerospace Limited
 FMC Airport Systems
 Fortum Oil and Gas OY
 Fujitsu Limited
 Gilardoni S.P.A.
 Global Freight Exchange Ltd.
 GlobeGround North America LLC
 Goldenware Travel Technologies, LLC
 Haniel Textile Service GmbH
 Heimann Systems GmbH
 Hindustan Petroleum Corporation Ltd.
 Hong Kong Sinopec/Caosc Company Limited
 Hummel GmbH u. Co.
 I.E.R.
 Idemitsu Kosan Co., Ltd.
 Imaging Automation, Inc.
 Indian Oil Corporation Limited
 Industrias Alen, S.A.
 INFINI TRAVEL INFORMATION, INC.
 Inkerman (Group) Ltd.
 Innovata Llc.
 InVision Technologies, Inc.
 Ion Track Instruments
 ISETO Corporation
 Japan Energy Corporation
 Japan Information Processing Service Co., Ltd. (JIPS)
 Jeppesen
 JET-A.com
 JiangSu HengBao Co., Ltd.
 Kinetics, Inc.
 Kuwait Aviation Fuelling Company (K.S.C.)
 Labelmaster
 Marquard & Bahls Aviation Services GmbH
 MATERNA Information & Communications
 Merlin Air Trade
 Mitsubishi HiTec Paper Flensburg GmbH
 Muhibbah Airline Support Industries Sdn Bhd
 NLX Corporation
 Nordisk Aviation Products
 OAO Lukoil
 Oji Paper Co., Ltd.
 Omron Corporation
 OMV Aktiengesellschaft
 Pacific Consultants International
 PalNet GmbH Air Cargo Products

Percetakan Nasional Malaysia Berhad
 PerkinElmer Detection Systems
 Petrobras Aviation
 PETRONAS Dagangan Berhad
 Philips Semiconductors
 Phillips 66 Company
 Q8 Aviation
 Rapiscan Security Products Inc.
 Repsol YPF
 Ricoh Company, Ltd.
 Saeplast
 Samsonite Europe N.V.
 Sand Technology Inc.
 Saudi Arabia Oil Company
 Scanpak Inc.
 Securicor ADI
 Securitas AB (Aviation Security)
 Security Label GmbH
 ServiceTec International Group Ltd.
 Sextant Technologies, Inc.
 SHANGHAI AVIATION PRINTING CO., LTD.
 Shanghai Matsuoka Co., Ltd.
 Shannon Aviation Fuels
 Shell Aviation Ltd.
 Singapore Petroleum Company Limited (SPC)
 Smart Approach Limited
 STATOIL
 Synchronetics [TM]
 Tamoil Petroli S.P.A.
 Telair International
 THALES e-TRANSACTIONS
 Thales Training & Simulation
 Tianjin Global Magnetic Card Co., Ltd. (GMCC)
 Toppan Forms Co., Ltd.
 Toyo Kanetsu K.K.
 Ultra Electronics, Ferranti Air Systems Ltd
 Van Riemsdijk Rotterdam B.V.
 Vitol S.A.
 Vopak Oil Logistics Europe & Middle East B.V.
 World Fuel Services
 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 2002, Membership of IATA stood at 273. Of the total, 247 are Active and 26 are Associate Members. The following carriers joined IATA since the last Annual Report: Mahan Airlines Services Company, Singapore Airlines Cargo (Singapore Airlines Cargo Pte Ltd.), Britannia Airways AB, Azzurra Air S.p.A., Siberia Airlines (Joint Stock Company Siberia Airlines), Tassilli Airlines, Khalifa Airways, European Air Express, Lineas Aéreas Azteca S.A. de C.V., Lan Express (Transporte Aéreo S.A. dba), Delta Air Transport N.V. (SN Brussels Airlines dba), Bangkok Airways Co. Ltd., Shandong Airlines Co. Ltd., Asiana Airlines Inc. (Asiana Airlines dba).

ACTIVE MEMBERS

VX	ACES Aerolíneas Centrales de Colombia S.A.	IW	Air Liberté S.A.
ZY	ADA Air	FU	Air Littoral S.A.
JP	Adria Airways	LK	Air Luxor (Air Luxor S.A.)
EI	Aer Lingus (Aer Lingus Ltd.)	NX	Air Macau (Air Macau Company Ltd.)
E4	Aero Asia (Aero Asia International (PVT) Ltd.)	MD	Air Madagascar (Société Nationale Malgache de Transports)
JR	Aero California (Aero California, S.A. de C.V.)	QM	Air Malawi (Air Malawi Ltd.)
Z9	Aero Zambia (Aero Zambia Ltd.)	L6	Air Maldives (Air Maldives Ltd.)
SU	Aeroflot (Aeroflot Russian Airlines)	KM	Air Malta p.l.c.
AR	Aerolíneas Argentinas (Aerolíneas Argentinas S.A.)	CW	Air Marshall Islands (Air Marshall Islands Inc.)
AM	AEROMEXICO (Aerovías de Mexico S.A. de C.V.)	MK	Air Mauritius (Air Mauritius Ltd.)
QO	Aeromexpress (Aeromexpress, S.A. de C.V.)	RM	Air Moldova International
VV	Aerosvit Airlines	SW	Air Namibia (Air Namibia (Pty) Ltd)
ZL	Affretair (Affretair PVT Ltd.)	NZ	Air New Zealand (Air New Zealand Ltd.)
RK	Air Afrique	PX	Air Niugini (Air Niugini Pty Ltd.)
AH	Air Algérie	YW	Air Nostrum (Air Nostrum, Líneas Aéreas del Mediterráneo S.A.)
LM	Air ALM (ALM 1997 Airline Inc.)	FJ	Air Pacific (Air Pacific Ltd.)
UU	Air Austral	HM	Air Seychelles (Air Seychelles Ltd.)
BT	Air Baltic (Air Baltic Corp. (SIA))	TC	Air Tanzania (Air Tanzania Corporation)
AB	Air Berlin (Air Berlin GmbH & Co Luftverkehr KG)	6U	Air Ukraine
JA	Air Bosna	NF	Air Vanuatu (Air Vanuatu (Operations) Ltd.)
KF	Air Botnia (Oy Air Botnia Ab)	UM	Air Zimbabwe (Air Zimbabwe Corporation)
BP	Air Botswana	AI	Air-India (Air India Ltd.)
SB	Aircalin (Air Caledonie International)	AS	Alaska Airlines (Alaska Airlines Inc.)
AC	Air Canada	LV	Albanian Airlines (Albanian Airlines MAK SH.p.k.).
CA	Air China International Corp.	AZ	Alitalia S.p.A. (Alitalia - Linee Aeree Italiane S.p.A.)
AG	Air Contractors (UK) Ltd.	Y2	Alliance Air (African Joint Air Services)
UX	Air Europa (Air Europa Líneas Aéreas, S.A.)	NH	All Nippon Airways (All Nippon Airways CO., Ltd.)
AF	Air France (Compagnie Nationale Air France)	E8	Alpi Eagles S.p.A.
GN	Air Gabon	HP	America West Airlines, (America West Airlines, Inc.)
JM	Air Jamaica Ltd.	AA	American Airlines (American Airlines, Inc.)
9Y	Air Kazakstan	DT	Angola Airlines (TAAG - Linhas Aéreas
JS	Air Koryo		



	de Angola S.A.R.L.)	WX	CityJet (Business City Express Limited)
AN	Ansett Australia (Ansett Australia Holdings Limited)	MN	Comair Ltd.
HO	Antinea Airlines	XK	Compagnie Aérienne Corse (Compagnie Aérienne Corse Méditerranée)
IJ	AOM French Airlines (AOM - Minerve S.A.)	CO	Continental Airlines (Continental Airlines, Inc.)
FG	Ariana Afghan Airlines Co. Ltd.	CS	Continental Micronesia, (Continental Micronesia, Inc.)
IZ	Arkia Israeli Airlines Ltd.	CM	COPA (Compania Panamena de Aviación S.A.)
R3	Armenian Airlines	SS	Corsair (Corse Air International)
5Y	Atlas Air, (Atlas Air, Inc.)	OU	Croatia Airlines (Croatia Airlines, Inc.)
IQ	Augsburg Airways (Augsburg Airways GmbH)	CU	Cubana (Cubana de Aviación S.A.)
OS	Austrian Airlines (Austrian Airlines, Österreichische Luftverkehrs)	CY	Cyprus Airways (Cyprus Airways Ltd.)
VE	AVENSA (Aerovías Venezolanas S.A.)	OK	Czech Airlines (Czech Airlines, Joint Stock Company)
AV	AVIANCA (Aerovías Nacionales de Colombia S.A.)	DL	Delta Air Lines (Delta Air Lines, Inc.)
GU	AVIATECA, (AVIATECA, S.A.)	DI	Deutsche BA (Deutsche BA Luftfahrtgesellschaft mbH)
M4	Avioimpex (Avioimpex A.D.p.o.)	ES	DHL International E.C.
J2	Azerbaijan Airlines (Azerbaijan Hava Yollari)	D7	Dinar Líneas Aéreas S.A.
ZS	AZZURRAir S.p.A.	KA	Dragonair (Hong Kong Dragon Airlines Ltd.)
LZ	Balkan (Balkan Bulgarian Airlines)	QY	European Air Transport
PG	Bangkok Airways Co., Ltd.	EU	Ecuatoriana (Ecuatoriana de Aviación S.A.)
B2	Belavia - Belarusian Airlines	MS	Egyptair
B3	Bellview Airlines	LY	El Al (EL AL Israel Airlines Ltd.)
BG	Biman (Biman Bangladesh Airlines)	EK	Emirates
BD	bmi british midland (British Midland Airways Ltd.)	OV	Estonian Air (AS Estonian Air)
BU	Braathens (Braathens ASA,)	EA	European Air Express
6B	Britannia Airways AB	ET	Ethiopian Airlines (Ethiopian Airlines Corporation)
BA	British Airways (British Airways P.l.c.)	EW	Eurowings (Eurowings Luftverkehrs AG)
BE	British European (Jersey European Airways Limited)	FX	Federal Express (Federal Express Corporation)
BW	BWIA International Airways (BWIA West Indies Airways Ltd.)	AY	Finnair (Finnair Oyj)
5C	C.A.L. Cargo Airlines (C.A.L. Cargo Airlines Ltd.)	GA	Garuda (Garuda Indonesia)
UY	Cameroon Airlines	GT	GB Airways (GB Airways Limited)
CV	Cargolux S.A. (Cargolux Airlines International S.A.)	GH	Ghana Airways (Ghana Airways Limited)
CX	Cathay Pacific (Cathay Pacific Airways Ltd.)	GF	Gulf Air (Gulf Air Company G.S.C.)
MU	China Eastern (China Eastern Airlines Co., Ltd.)	HF	Hapag Lloyd (Hapag Lloyd Flug GmbH)
CJ	China Northern Airlines	DU	Hemus Air
WH	China Northwest Airlines	IB	IBERIA (IBERIA Líneas Aéreas de España S.A.)
CZ	China Southern Airlines	C3	ICAR (Independent Carrier Aircompany ICAR)
SZ	China Southwest Airlines	FI	Icelandair (Icelandair (Flugleidir H.F.)
XO	China Xinjiang Airlines	IC	Indian Airlines (Indian Airlines Limited)
3Q	China Yunnan Airlines	D6	Inter Air (Inter Aviation Services (Pty) Ltd.)
		IR	Iran Air (Iran Air, The Airline of the Islamic Rep. of Iran)
		EP	Iran Aseman Airlines
		IA	Iraqi Airways

JO	JALways Co. Ltd	PF	Palestinian Airlines
JD	Japan Air System (Japan Air System Co. Ltd.)	NI	PGA - Portugália Airlines PORTUGÁLIA – Companhia Portuguesa de Transportes Aéreos, S.A.)
JL	Japan Airlines (Japan Airlines Co. Ltd.)	PR	PAL (Philippine Airlines Inc.)
JU	JAT (Jugoslovenski Aerotransport)	PK	PIA (Pakistan International Airlines Corp.)
KQ	Kenya Airways (Kenya Airways Ltd.)	PU	PLUNA (Pluna Líneas Aéreas Uruguayas Sociedad)
K6	Khalifa Airways	PH	Polynesian Airlines (Polynesian Ltd.)
KL	KLM (KLM Royal Dutch Airlines)	FV	Pulkovo Aviation Enterprise (State Unitary Aviation Enterprise PULKOVO)
UK	KLM uk Ltd.	QF	Qantas (Qantas Airways Ltd.)
KE	Korean Air (Korean Air Lines Co. Ltd.)	QR	Qatar Airways (Qatar Airways Co. W.L.L.)
KU	Kuwait Airways (Kuwait Airways Corporation)	7R	Red Sea Air (Red Sea Air PLC)
7Z	Laker Airways (Bahamas) Ltd.	QP	Regional Air (AirKenya Aviation Limited)
LB	LAB (Lloyd Aéreo Boliviano S.A.)	AT	Royal Air Maroc (Compagnie nationale Royal Air Maroc)
LR	LACSA (Líneas Aéreas Costarricenses S.A.)	BI	Royal Brunei (Royal Brunei Airlines Sdn. Bhd)
TM	LAM - Linhas Aéreas de Moçambique	RJ	Royal Jordanian (ALIA - The Royal Jordanian Airline)
LA	Lan Chile S.A.	ZC	Royal Swazi (Royal Swazi National Airways Corp.)
LU	Lan Express (Transporte Aéreo S.A. dba)	WR	Royal Tongan Airlines
MJ	LAPA (Líneas Aéreas Privadas Argentinas)	4Z	SA Airlink (SA Airlink (Pty) Ltd. dba South African Airlink)
NG	Lauda Air (Lauda Air Luftfahrt Aktiengesellschaft)	SA	SAA (South African Airways)
L4	Lauda Air S.p.A.	E5	Samara Airlines (Joint Stock Company Samara Airlines)
LN	Libyan Arab Airlines	SK	SAS (Scandinavian Airlines Systems)
TE	Lithuanian Airlines	SV	Saudi Arabian Airlines (Saudi Arabian Airlines Corporation)
LO	LOT (LOT – Polish Airlines)	FM	Shanghai Airlines
LT	LTU (LTU International Airways)	ZH	Shenzen Airlines Co. Ltd. (dba Shenzen Airlines)
LH	Lufthansa (Lufthansa German Airlines)	SQ	SIA (Singapore Airlines Ltd.)
LH	Lufthansa Cargo (Lufthansa Cargo A.G.)	S7	Siberia Airlines (Joint Stock Company Siberia Airlines)
LG	Luxair (Société Luxembourgoise de Navigation Aérienne)	SQ	Singapore Airlines Cargo (Singapore Airlines Cargo Pte Ltd)
IN	Macedonian Airlines – MAT	LJ	Sierra National Airlines (Sierra National Airlines Co. Ltd.)
DM	Maersk Air A/S	JZ	Skyways (Skyways AB)
VB	Maersk Air Ltd.	SN	SN Brussels Airlines (Delta Air Transport dba SN Brussels Airlines)
W5	Mahan Air (Mahan Airlines Services Company)	IE	Solomon Airlines
MH	Malaysia Airlines	JK	Spanair (Spanair S.A.)
MA	MALEV (Hungarian Airlines Public Ltd. Co.)	UL	SriLankan (SriLankan Airlines Ltd.)
JE	Manx Airlines Ltd.		
ME	MEA (Middle East Airlines AirLiban S.A.)		
IG	Meridiana (Meridiana S.p.A.)		
MX	Méxicana (Comp. Mexicana de Aviación S.A. de C.V.)		
OM	MIAT (MIAT Mongolian Airlines)		
YM	Montenegro Airlines		
WT	Nigeria Airways (Nigeria Airways Ltd.)		
KZ	Nippon Cargo Airlines (NCA) (Nippon Cargo Airlines Co. Ltd.)		
NW	Northwest Airlines (Northwest Airlines Inc.)		
OA	Olympic Airways (Olympic Airways S.A.)		
WY	Oman Air (Oman Aviation Services Co. SAOG)		



SD	Sudan Airways (Sudan Airways Company Ltd.)	HU	Hainan Airlines (Hainan Airlines Co. Ltd.)
PY	Surinam Airways	ZL	Hazelton Airlines (Hazelton Air Services Pty Ltd.)
LX	SWISS (Crossair Ltd. dba SWISS)	9W	Jet Airways (Jet Airways (India) Private Ltd.)
RB	Syrianair (Syrian Arab Airlines)	KD	Kendell Airlines (Kendell Airlines (Aust.) Pty. Ltd.)
TA	TACA (TACA International Airlines S.A.)	UC	LADECO Cargo (Ladeco Cargo S.A.)
PZ	Transportes Aérea del Mercosur (TAM – Transportes Aérea del Mercosur)	UC	LADECO Airlines (Ladeco S.A.)
JJ*	TAM Linhas Aereas	LP	Lan Perú (Lan Peru S.A.)
TP	TAP (TAP - Air Portugal)	ZE	Líneas Aéreas Azteca (S.A. de C.V.)
RO	TAROM S.A. (Romanian Air Transport S.A.)	CL	Lufthansa CityLine (Lufthansa CityLine GmbH)
VD	T.A.T. (T.A.T. European Airlines)	NM	Mount Cook Airlines (Mount Cook Group Ltd.)
TG	Thai Airways (Thai Airways International Public Company)	FA	Safair (Safair (Pty.) Ltd.)
TK	THY (Turkish Airlines Inc.)	S2	Sahara Airlines Ltd.
TL	T.M.A. (Trans Mediterranean Airways S.A.L.)	SP	SATA Air Açores
3V	TNT Airways S.A.	SC	Shandong Airlines Co., Ltd.
TR	TRANS BRASIL (Transbrasil Airlines, Inc.)	A4	Southern Winds (Southern Winds S.A.)
UN	Transaero (Transaero Airlines)	SF	Tassili Airlines
HV	Transavia Airlines/Transavia (Transavia Airlines C.V.)	VA	Volare Airlines (Volare Airlines S.p.A.)
TU	Tunis Air	Q3	Zambian Airways (Zambian Airways Ltd.)
T5	Turkmenistan Airlines		
PS	Ukraine International Airlines		
UA	United Airlines (United Air Lines, Inc.)		
5X	UPS Airlines (United Parcel Service Company)		
US	US Airways, Inc.		
RG	VARIG (VARIG S.A.)		
VP	VASP (VASP Brazilian Airlines)		
VS	Virgin Atlantic (Virgin Atlantic Airways)		
WF	Wideroe (Wideroe's Flyveselskap ASA)		
MF	Xiamen Airlines		
IY	YEMENIA (Yemen Airways)		
Z7	Zimbabwe Express Airlines		

ASSOCIATE MEMBERS

JQ	Air Jamaica Express (Air Jamaica Express Ltd.)
AP	Air One SpA
VT	Air Tahiti
AQ	Aloha Airlines(Aloha Airlines, Inc.)
AU	Austral (Cielos del Sur S.A. d/b/a Austral Líneas Aéreas)
Y4	Eagle Aviation (Eagle Aviation Ltd.)
IH	Falcon Air (Falcon Air AB)
BN	Forward Air (Forward Air International Airlines, Inc.)

Operating Cost per ATK by Item 2001 IATA International Scheduled Services

	US cents per ATK	Percent change over 2000	Percent of total
Cockpit Crew	2.8	+ 7.7	7.1
Fuel and Oil	6.1	- 11.6	15.4
Flight Equipment Insurance, Depreciation and Rentals	4.9	+ 8.9	12.4
Maintenance and Overhaul	4.0	+ 11.1	10.1
Landing Charges	2.0	+ 5.3	5.1
En-Route Charges	1.9	+ 5.3	4.8
Station and Ground Costs	4.4	+ 7.3	11.1
Cabin Crew and Passenger Service	5.5	+ 10.0	13.9
Ticketing, Sales and Promotion	5.9	+ 1.7	15.0
General and Administrative	2.0	-	5.1
Total	39.5	+ 3.3	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 2001

Areas	PASSENGER		CARGO	
	Approved Locations	Growth since 31/12/00 %	Registered Agents	Growth since 31/12/00 %
The Americas (excl. U.S. & Canada)	8,444	1	665	1
Canada	3,687	- 5	148	- 5
Europe, Middle East & Africa	36,144	3	2,553	1
Asia Pacific	9,726	5	1,519	6
Total	58,001	2.6	4,885	2.3
	IATAN Endorsed Agents*		CNS Endorsed Agents**	
U.S.	29,382	***- 10.2	1,349	****- 2.3
Grand Total	87,383	- 2.1	6,234	1.2

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

***Reduction of -1.3% attributable to ongoing consolidation in the US travel agency industry and a decrease in the number of new traditional travel agencies applying for endorsement.

Clearing House Statistics 2001

At 31 December 2001 the Clearing House was providing settlement facilities to 213 IATA Members, 50 non-IATA members, 26 subsidiary ledger participants, 14 special accounts and 10 sponsored air carriers; 10 IATA Members, 11 non-IATA members and 1 general supplier participant joined the Clearing House in 2001. The agreement allowing settlement with the members of the Airlines Clearing House, Inc. in the US gave a total of 425 parties for whom clearance services are provided. **The amount submitted for clearance in 2001 was USD 31,626 million.**

Parties for which clearance was provided at December 31, 2001		Amounts submitted for clearance	2000 USD millions		2001 USD millions		
				%		%	
Direct Participation		Change 2001/2000: - 5.8	33,583		31,626		
IATA Members	213	Sources of Claims					
non-IATA members	50						
Subledger participants	26		Claims by IATA Members	27,874	83	25,229	80
Sponsored Air Carriers	10		Claims by non-IATA airlines	3,358	10	3,905	12
Other participants	14		(including subsidiary ledgers)				
	<u>313</u>	Claims by ACH	1,343	4	1,912	6	
		Claims by other parties	1,008	3	580	2	
			33,583	100	31,626	100	
Participation through Airlines Clearing House, Inc.							
IATA Members	8						
Other ACH Members	104						
	<u>112</u>						

Total Participation 425

BSP Operations 2001

	BSP Name	Airlines Participating	Agent Locations	Gross Sales
1	ARGENTINA/URUGUAY	42	1185	1359
2	AUSTRALIA	58	2190	4714
3	AUSTRIA	78	270	787
4	BAHAMAS/BVI	15	44	92
5	BELGIUM & LUXEMBOURG	89	755	1361
6	BERMUDA	11	17	78
7	BOLIVIA	15	214	98

8 BRAZIL	33	5116	4,227
9 BULGARIA	21	94	29
10 CANADA	76	3661	6,503
11 CENTRAL & WEST AFRICA	20	124	247
12 CENTRAL AMERICA	27	388	475
13 CHILE	30	298	543
14 CHINA -PEOPLE'S REPUBLIC OF	39	3503	4,147
15 CHINESE TAIPEI	27	422	2,516
16 COLOMBIA	22	629	483
17 CROATIA	17	87	64
18 CYPRUS	35	140	190
19 CZECH REPUBLIC & SLOVAKIA	41	187	204
20 DOMINICAN REPUBLIC	22	235	200
21 EASTERN AFRICA	38	367	376
22 EASTERN CARIBBEAN	19	218	303
23 ECUADOR	20	291	319
24 EGYPT	45	530	305
25 FINLAND	56	334	694
26 FRANCE	110	3461	6,810
27 FRENCH O/SEAS TERRITORIES	8	30	61
28 GERMANY	118	4746	8,400
29 GREECE	54	1012	936
30 GULF AREA	53	456	1,456
31 HONG KONG, CHINA	50	239	3,253
32 HUNGARY	35	252	205
33 INDIA	38	1786	1,724
34 INDONESIA	36	406	947
35 IRELAND	60	472	756
36 *ISRAEL	0	0	-
37 ITALY	96	4790	4,915
38 JAMAICA	14	77	180
39 JAPAN	60	843	18,393
40 JORDAN	24	134	143
41 KOREA	43	716	2,815
42 KUWAIT	32	131	641
43 LEBANON	30	231	236
44 MALAYSIA	45	666	1,368
45 MALTA	8	72	50
46 MEXICO	33	2249	2,670
47 MICRONESIA	7	50	89
48 MOROCCO	20	277	164
49 NETHERLANDS	88	662	1,989
50 NEW ZEALAND	35	699	1,018
51 NORDIC & BALTIC	83	1458	4,731
52 PANAMA	25	79	95
53 PERU	24	279	240
54 PHILIPPINES	39	236	1,114
55 POLAND	31	361	315
56 PORTUGAL	55	829	713
57 ROMANIA	21	112	108
58 SAUDI ARABIA	39	948	2,082
59 SINGAPORE	42	215	2,123
60 **SLOVENIA	11	48	NA
61 SOUTHERN AFRICA	50	1212	1,916
62 SPAIN	98	6286	3,902
63 SWITZERLAND/LIECHTENSTEIN	95	853	2,142
64 THAILAND	51	292	1,104
65 TUNISIA	16	160	103
66 TURKEY	49	367	368
67 UNITED KINGDOM	107	3841	14,691
68 VENEZUELA	26	810	750
Total		64,142	126,030

Footnotes:

BSP Participants include 349 IATA and non-IATA airlines, as well as 61 Non-airline participants

*Israel is an ANTS (Airline Neutral Ticketing System, not a full-service BSP

**Slovenia will not be fully operational until mid-2002

Cass Operations 2001

CASS Name	Participants	Agents	Export Net Sales (in USD Millions)
ARGENTINA	21	94	50
AUSTRALIA	41	168	253
BELGIUM & LUXEMBOURG	97	65	170
CANADA	38	149	157
CHILE	21	36	118
CHINA -PEOPLE'S REPUBLIC OF	13	37	38
COSTA RICA	19	34	20
ECUADOR	25	48	361
FRANCE	77	212	676
GERMANY	147	228	1,069
GREECE	13	45	18
IRELAND	46	69	70
ITALY	61	285	524
JAPAN	45	100	2,281
KOREA	29	57	700
MEXICO	39	83	101
NETHERLANDS	90	84	396
NEW ZEALAND	22	46	98
PANAMA	20	33	19
PHILIPPINES	22	92	182
PORTUGAL	25	74	42
SCANDINAVIA	30	136	305
SINGAPORE	10	85	54
SOUTH AFRICA	11	202	86
SPAIN	30	221	186
SWITZERLAND & LIECHTENSTEIN	76	100	204
TURKEY	31	114	93
UNITED KINGDOM	120	240	677
USA	70	1346	1,919
VENEZUELA	22	42	7
Total	1,311	4,525	10,874

Total No. CASS participants: 234

