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ANNUAL REPORT
2003



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board of governors

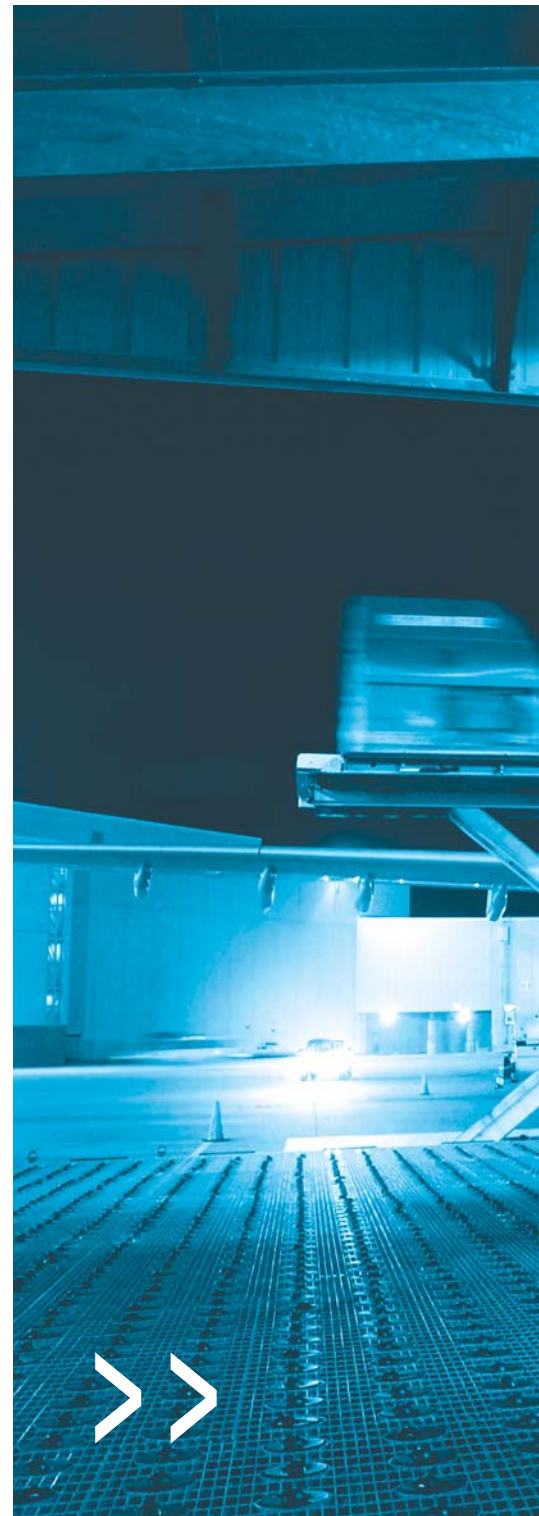


as at 10 May, 2003

- Mr. Gerard Arpey
- Dr. Khaled Ben-Bakr
- Mr. Federico Bloch
- Dr. Cheong Choong Kong
- Mr. Yang Ho Cho
- Mr. Xabier de Irala
- Mr. Rod Eddington
- Capt. Ahmed El Nadi Abbas Sadek
- Mr. Mohamad El-Hout
- Mr. Jatindra Gogoi
- Dr. Francesco Mengozzi
- Mr. Robert Milton
- Mr. Leo Mullin
- Mr. Bisrat Nigatu
- Mr. Valery Okulov
- Mr. Alfonso Pasquel
- Mr. Fernando Pinto
- Mr. Frederick Smith
- Mr. Jean-Cyril Spinetta
- Mr. Keijo Suila
- Mr. Glenn Tilton
- Mr. David Turnbull
- Mr. Leo van Wijk
- Mr. André Viljoen
- Mr. Jürgen Weber
- Mr. Gary Wilson
- Mr. Ye Yigan
- Dato' Md Nor Yusof



Mr. Isao Kaneko
Chairman of the
Board of Governors
2002-2003



03 03

03

next

1890 1900 1910 1920 1930 1940
1903: Wright Flyer makes 1st powered flight in a heavier-than-air machine (12 secs., 120 feet)

1909: Louis Bleriot makes the 1st cross-channel flight from France to England (37 mins., 22 miles)



annual report 2003

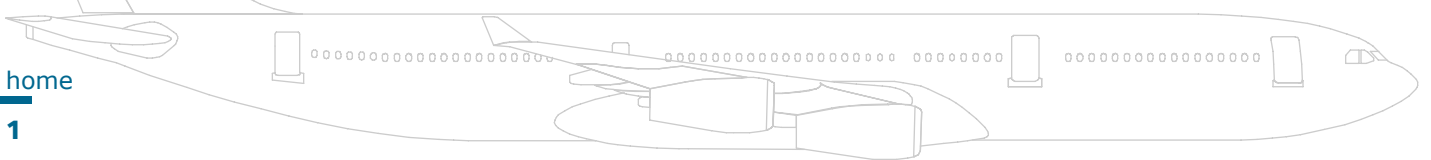
Giovanni Bisignani
Director General and CEO
International Air Transport Association
59th Annual General Meeting
Washington, D.C. 1-3 June 2003



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Celebrating 100 years of aviation since the Wright brothers conquered the skies



the challenge of change +

A proud history

Aviation is 100 years young! It has only been a single century since the oldest dream of mankind - flying - became a reality. Out of the experience of flying came air transport and the tremendous contribution IATA has made to the development of this industry.

Air transport has brought the world together, and it is at the origin of today's global village. "Just-in-time delivery" is another valuable offspring of our industry.

But the Four Horsemen of the Apocalypse have hit our industry. Coming one on top of the other - the on-going consequences of September 11, war in Iraq, SARS and a still sluggish economy - forced us to show our mettle as we struggled to cope with unprecedented financial losses.

IATA is an agent of change

In Shanghai, last year, I stressed the future role of IATA in serving and representing air transport. I pointed out that IATA had to respond faster to the challenges of change.

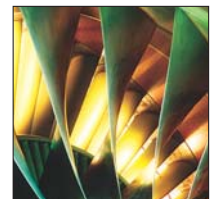
This Annual Report is as much about where we are going as where we have been. The new presentation for the report and the new format of our Annual General Meeting reflect a fresh approach to our mission and goals. In the following pages, I have outlined what IATA did over twelve months to put into practice the vision I chose: speed, passion, commitment, edge and leadership. IATA is an agent of change, and change is what our industry needs the most to recover from the crisis.

Leadership, edge and discipline

We began by sorting out our organisational structure and bringing in new expertise to complement our internal skills. We are now much better equipped to lead wherever and whenever our Members ask us to do so.

In today's competitive environment, we must run IATA like a business: cutting costs, outsourcing, constantly driving for efficiency. For IATA, change and reform must be an on-going process. We must do more, faster and with less.

Member dues represent seven percent of our operating budget, yet we provide a range of services that far exceed that amount. This is our way to walk the extra mile that our airlines need. And we can do more to reduce dues. To go further in this direction, the "bottom line" is now replacing the revenue concept.



1911: Cal Rodgers makes 1st trans-continental flight from East to West coast USA (49 days, 19 crashes)

1913: 1st multi-engined aircraft built and flown by Igor Sikorsky in Russia



Our structures, our procedures and our corporate discipline are now beginning to mirror the best practices in the business world. We are developing leaders in every department, in every office. We must have people with sufficient edge to be leaders.

More than ever, the airlines need a responsive association to serve them. IATA can rely on its people - a richly diversified family that brings expertise and regional understanding to the services they offer in over 100 locations around the globe. Whether we are championing industry causes, interacting with industry partners, lobbying for change or harmonising standards, our objective is to make the airline business run more smoothly.

IATA is going through a cultural revolution. It must lead with conviction to address our Members' needs and to defend our industry. It must lead to be relevant and to contribute to the recovery and success of our industry. Finally it must lead to provide the best service in the most effective way.

A year in action

Our Member's priorities are our priorities. We upgraded our distribution tools to fit the new competitive environment. IATA sharpened its effectiveness in dealing with service providers and reacted quickly and flexibly to the emergencies created by war in Iraq and by SARS. In this context, IATA applied its skilled expertise to deal immediately and effectively with ever more challenging issues. We can point proudly to the industry's safety record. 2002 has been its best year. We are looking forward to an equally safe 2003.

Governments and industry partners

As our Members make great efforts to adapt to difficult times, they must also find IATA on their side relentlessly pushing governments and regulators to establish the right institutional framework to foster our industry's development. It is our opportunity to boldly redefine ourselves and shape our future.

Much still needs to be done to ensure our industry's viability. The airlines have acted decisively and quickly with cost-cutting measures and reductions in capacity. Air transport labour costs are still too high and the industry needs to consolidate.

Further liberalisation will pave the way to recovery but governments, regulators and our industry partners must play their role. Until now, very few have risen to the occasion. IATA will keep on shouting politely that we cannot pay the bill for their inefficiency.

Our future remains bright

We've been down this path before. Adversity has made us stronger, and IATA will prove it has the edge and conviction that our industry needs.

Giovanni Bisignani
Director General & CEO



state of the industry



home

"This was the year in which we were supposed to celebrate the Wright Brothers and 100 years of flight. Instead we got war and SARS. All continents are affected in one way or another by the crises. IATA needs to respond quickly to the needs of its Members in a leadership role."

Director General, 13th CNS Partnership Conference, Miami, 25 April 2003

2002 OVERVIEW

The international airline industry has shown consistent average growth for passenger and freight traffic of 6 to 7 percent over the last thirty years. It has also demonstrated a remarkable resilience to the effects of economic downturns, as the graphic illustrates (a).

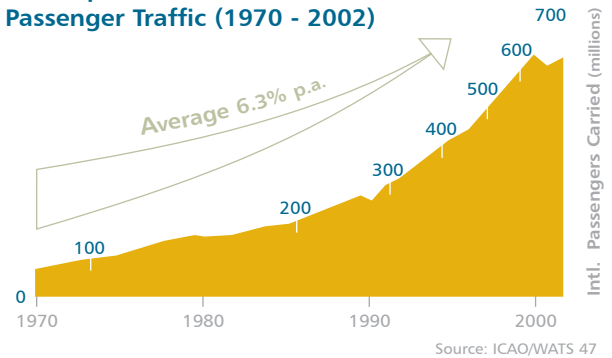
2002 was expected to be a year for the international airline industry to start back on the road to recovery, after the dual effects of a deteriorating global economic situation and terrorism seen in 2001. In fact, demand for passenger services remained weak throughout the year for a variety of macroeconomic and geopolitical reasons, and 2002 saw a virtually unchanged level of IATA passenger traffic overall (b).



International freight traffic saw growth of 6 percent against the depressed base of 2001, influenced in part by the US West Coast ports strike. This is higher than the original 4.7 percent growth forecast for 2002.

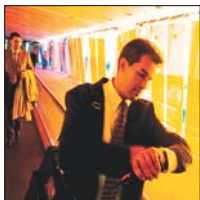
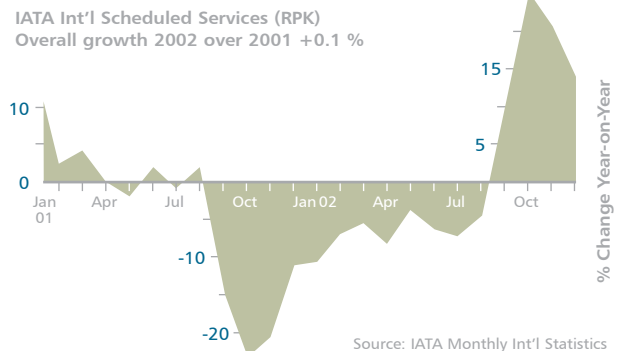
(a)

Development of International Scheduled Passenger Traffic (1970 - 2002)



(b)

Passenger Traffic Trends 2001 - 2002



Industry Statistics for 2002: [weblink](#)

next

1919: The 1st international scheduled services and founding of the International Air Traffic Association (Hague) ◀

▶ 1927: Lindbergh's 1st solo non-stop transatlantic flight (3,610 miles, 33h 30 m)

KEY TRENDS IN 2002 FOR IATA AIRLINES

The net financial loss for IATA international airline operations in 2002 is currently estimated at USD 3.8 billion. Aggregate figures conceal higher losses for North American based airlines, and higher profitability for Asia Pacific based airlines. Of particular concern to the industry was a significant structural change in corporate travel purchase behaviour, which saw a disproportionate decrease in premium yield traffic (c).

The falls seen in passenger traffic on individual route areas were dramatic, with Transatlantic and Transpacific routes showing reductions of 10 to 20 percent persisting for much of 2002, as well as poor yields. Individual carriers faced a widely differing range of market prospects, as reflected in the picture of regional traffic trends (d).

OUTLOOK

2003 started with a slowing of economic growth prospects in major economies, affecting the outlook for airline traffic growth. Then the industry suffered from the uncertainty of rising political tension in the Middle East, followed by the conflict in Iraq. This inevitably impacted both the level of air travel demand and the cost base, particularly fuel. The SARS outbreak affecting Asia in particular has now served to compound the disastrous fall in passenger demand in a region with the best growth potential.

Passenger traffic: In the first quarter there has been an increase of only 2.5 percent in passenger traffic over the same period in 2002, and March showed negative growth of -5.6 percent. Although too early to make any accurate projections, it seems likely that the original IATA growth forecast of 7.4 percent in passenger traffic for 2003 will not be achieved, and may fall short by 3 to 4 points - with some 'rebound' transferred to 2004/5.

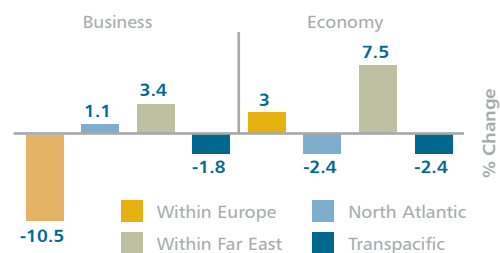
Freight traffic: IATA originally forecast average annual growth of 5.3 percent for 2002 to 2006 (e). The highest average growth percentage was expected on routes within Asia and on Transpacific routes. Again the impacts of war and SARS seen on Asia Pacific GDP will play a part in whether this forecast remains valid, but at present the level of freight growth does seem in line with projections for 2003.

IATA International Scheduled Services 1998-2002

USD Billions	1998	1999	2000	2001	2002
Operating Revenues	142.7	147.1	155.4	147.4	151.7
Operating Expenses	136.4	141.2	149.2	155.1	152.8
Result before Interest	6.3	5.9	6.2	-7.7	-1.1
Result after Interest	3.1	2.4	2.8	-10.3	-3.8

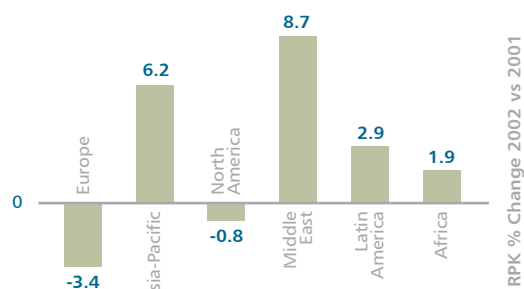
Source: IATA Aviation Information & Research
 Note: Data Based on IATA Membership as of 31 December of relevant year
 ■ Indicates 2002 figures are provisional

(c) Regional Traffic by Class



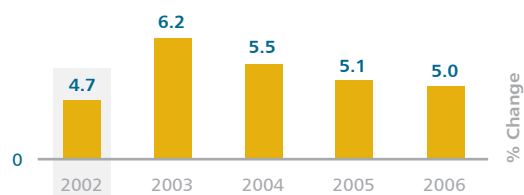
Source: ODS Jan-Dec 02

(d) International Traffic Trends by Region



Source: IATA Monthly Int'l Statistics

(e) Forecast Freight Traffic



Source: IATA Aviation Information & Research
 ■ From original 5 year forecast

crises & issues



"Despite the challenges facing the air transport industry - the sluggish economy, an armed conflict in Iraq and the outbreak of this new virus - an estimated 100 million passengers travelled safely in March. The safety of passengers and airline staff remains our top priority."

IATA press release, 10 April 2003

IATA PRIORITY

Taking the lead to better "represent and serve the airline industry"

If the Y2K Project showed that IATA could lead the industry in responding to the external crises that buffet it from time to time, then the current year showed that IATA could manage more than one crisis at a time. There have been two crises so far in 2003. Preparing for an eventual Iraq conflict required solid advance planning. Even more challenging has been the SARS virus outbreak that exploded suddenly and required an immediate industry-wide response.

CONFLICT IN IRAQ

IATA Objective

Minimise the impact of Iraq conflict on civil aviation by keeping safe operations and limiting disruption or inconvenience to passengers and shippers.

Actions and results

Operations

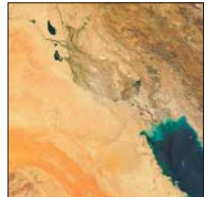
- Worked with ICAO and national governments to establish 20 contingency routings between Asia and Europe/Middle East
- Ensured minimal delay for the 150 daily flights between Asia and Europe
- Worked with ICAO and ATS providers to reduce flow management restrictions
- Monitored the situation from Montreal headquarters and Regional Offices in Singapore and Amman to communicate with Member airlines at the operational level

Communications

- Media campaign to keep travelling public informed on measures undertaken to maintain safety and heighten security

Lobbying Governments

- Won suspension of slot 80-20 "use-it-or-lose-it" rule in Australia, Canada, Chinese Taipei, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Thailand and Turkey, and support from EU and US for this approach
- Secured reductions in charges from infrastructure suppliers in Bahrain, Beirut, Copenhagen, Cyprus, Dubai, Estonia, Greece, Hong Kong, Prague, Singapore and Sofia
- Worked with underwriters to keep contingency routes free from rate increases
- Facilitated security information exchange between governments, Members and other parties



OUTBREAK OF SARS (SEVERE ACUTE RESPIRATORY SYNDROME) [weblink](#)

IATA Objective

Ensure the health and well-being of passengers and crew and counter SARS impact on air travel

Actions and results

Working with Health Organisations and Member Airlines

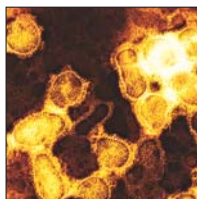
- Geneva-based team collaborated with World Health Organization (WHO) on the impact of SARS on airline operations
- Kept Member airlines fully informed on medical guidelines and information from WHO as well as guidelines for operational procedures, passenger screening, ground handling, aircraft cleaning and maintenance
- Held airline briefings in Bangkok and Beijing to provide information from WHO and Centers for Disease Control (CDC), share front line experience, develop action plans and communicate with travellers

Operational Response

- Established SARS Operations Centre in the IATA Singapore Regional office to assist Members in the ASPAC Region
- Lobbied ASEAN ministers to ensure standardisation of the passenger screening process
- Won freezes and fee reductions from Asia Pacific airports and ATC service providers (Chinese Taipei, Hong Kong, Indonesia, Kuala Lumpur, Macao SAR, Manila, Singapore, Thailand)
- Launched a programme to alleviate operational deficiencies in Asia

Communications

- Implemented a campaign to restore customer confidence, focusing on:
 - Effectiveness of screening to keep infected passengers off the aircraft
 - High quality of filtered cabin air
 - Low incidence of SARS transmission on-board aircraft
 - Industry co-operation with national health authorities





"In 2002 alone, IATA Member airlines spent over USD 5 billion to implement new security requirements. IATA has repeatedly urged governments to shoulder this responsibility, insisting that they should relieve carriers of these expenses. Governments should implement and pay for aviation security."

IATA press release, 29 October 2002

IATA PRIORITY

Keeping air transport the most secure of all industries

Since the events of September 11, the airline industry has been faced with heightened security concerns. IATA has worked to ensure that new security measures are cost-effective, internationally harmonised and minimally disruptive to passengers and shippers. IATA has actively urged governments to carry this financial burden.

ACHIEVEMENT HIGHLIGHTS

Industry Positions and Actions [weblink](#)

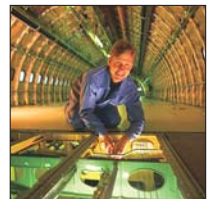
- Achieved global standard on enhanced cockpit doors [weblink](#)
- Achieved harmonisation of ECAC, EU and ICAO ground security provisions
- Developed positions on sky marshals, man-portable air defence systems and 100% hold baggage screening
- Successfully campaigned to dissuade the US Federal Aviation Administration from prohibiting non-US airlines from operating into New York and Washington during 9/11 commemorative events and from imposing impractical security measures
- Audited airports identified by airlines as "security-deficient"
- Alleviated certain US restrictions of acceptance of mail and cargo from unknown shippers
- Secured US Customs agreement to defer proposal for advance submission of electronic cargo manifest data

Advanced Passenger Information (API)

- Alleviated some excesses of US and other governments' API programmes
- Reached worldwide agreement on API data standards, system guidelines and messaging format

Biometrics [weblink](#)

- Launched test beds in Australia, Canada, Japan, Netherlands and UK as part of the Simplifying Passenger Travel (SPT) Programme (use of global biometric techniques to enhance aviation security and passenger convenience)



"Safety and security are air transport's top priorities. Without public confidence that flying is safe and secure, there is no future for our industry."

*Director General, Aerospace Forum Asia,
Hong Kong, 9 October 2002*

IATA PRIORITY

Constantly improving airline safety

Compared to the lone passenger on the first commercial flight in 1908, airlines today carry 1.6 billion passengers a year, with up to 500 on a single aircraft. The airlines move them safely. IATA contributes to air transport's outstanding safety record by analysing data, identifying concerns and offering recommendations to the industry. The new IATA Operational Safety Audit Programme (IOSA) embodies our future vision of internationally recognised quality audit principles. Our goal is to keep driving down the accident rate - at an all time low in 2002 - while pressing governments to ensure proper oversight and increase safety and efficiency of operations.

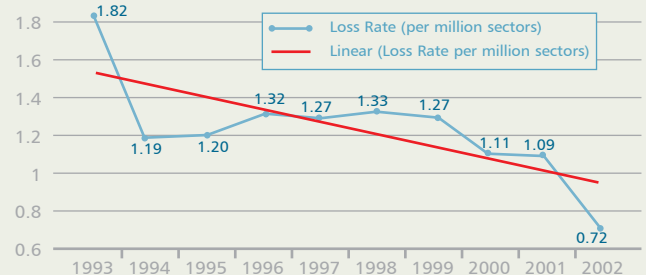
ACHIEVEMENT HIGHLIGHTS

- Established audit standards that harmonise and rationalise existing air transport audits in preparation for launch of IATA Operational Safety Audits (IOSA) July 2003 [order on-line](#)
- Appointed the first IOSA Endorsed Training Organisation to conduct IOSA auditor training
- Circulated first report from Safety Trend, Evaluation and Data Exchange System (STEADES) [weblink](#)
- Issued the IATA Safety Report 2002
- Performed Operational Quality Standards (OQS) audits for 20 new IATA Members [weblink](#)
- Published the 44th IATA Dangerous Goods Regulations incorporating a new airline standard format that reflects safety, facilitation and cost savings benefits [weblink](#)
- Produced globally harmonised cabin safety guidelines and cabin crew procedures to ensure that [cabin safety](#) standards are of the highest level
- Developed [Airside Safety](#) Management certification system for ground operations and Airside Safety charts to help reduce ramp injuries and damages

Regional Safety Highlights

- **Africa:** Launched targeted safety activity together with other organisations (including ICAO, FAA and AFFRA) to reduce accident rate
- **Asia Pacific:** Established two Asia safety initiatives modelled on Pan American Aviation Safety Team
- **Europe:** Developed European action plan on prevention of runway incursion
- **Latin America:** Conducted safety assessments at airports and ATC facilities in Latin America and the Caribbean

Safety Statistics Graph:
Western-built Jet Hull Loss Rate 1993-2002



In 2002, 60% improvement seen in the hull loss rate for western-built jets over the last 10 years. Approach and landing accidents continue to cause the greatest concern.

A total of 62 operational accidents to western-built jet and turboprops occurred in 2002, of which 20 were fatal accidents, resulting in 688 fatalities. There were 15 jet hull losses and 16 jet accidents in which aircraft were substantially damaged. Of turboprop accidents, 23 were hull losses and 8 were accidents in which aircraft were substantially damaged.

industry efficiency



"The new EMARSSH route is a shining example of how an industry-led solution can produce real benefits for consumers and the environment along with reducing costs. This is the culmination of great efforts and outstanding co-operation by IATA, ICAO, national governments and our Member airlines."

IATA press release, 28 November 2002

IATA PRIORITY

Providing infrastructure for the future

By 2010 the air transport industry is expected to carry 2.2 billion passengers and 44 million tonnes of cargo. Additional capacity on the ground and in the air will be needed to accommodate this growth. IATA defends the airlines' need for adequate, well-planned and cost-efficient industry infrastructure that will be ready to meet our future travel and shipping needs. IATA is working with governments, industry organisations and service suppliers to develop major capacity enhancement and delay reduction programmes. We continue to promote industry standards and regulatory harmonisation, while pressing for greater operational efficiency and productivity improvements from airport and air navigation service providers.

ACHIEVEMENT HIGHLIGHTS

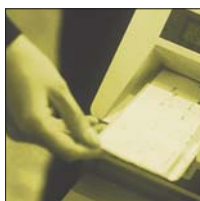
Infrastructure Improvements

- Addressed the future air traffic management (ATM) strategy and supporting infrastructure [weblink](#)
- Emphasised global harmonisation and achieved airline consensus on a global ATM Roadmap
- Expansion of Reduced Vertical Separation Minima (RVSM) and Required Navigation Performance, area navigation (RNP RNAV) routes

Regional Benefits [weblink](#)

- **Africa:** Improved VHF communications in Africa resulting in significant improvements in safety (VHF coverage up from 33 percent in 1995 to 75 percent today)
- **Asia Pacific:** Opened new Europe Middle East Asia Route Structure South of the Himalayas (EMARSSH) and refreshed the contingency routes around the Middle East; established improved routing over Afghanistan; new Bangkok airport agreed to IATA/airline recommendations
- **Europe:** Reduced ATC delays, developments in Aeronautical Information Systems (AIS) and significant progress in the European Single Sky initiative
- **Latin America:** Made significant progress in the RVSM programmes; major benefits to airlines through expansion of the RNAV programme
- **Middle East:** Launched efforts to open new routes and preparations for RVSM implementation in November 2003
- **North America:** Provided benefits to airlines on North Atlantic routes with more than 25 percent of the traffic using Automatic Dependent Surveillance (ADS); airport capacity improvements (up to 15 per cent) expected from Precision Runway Monitoring (PRM) programme





Service Improvements [weblink](#)

- Finalised standard for Common Use Self Service (CUSS) airport check-in kiosks [weblink](#)
- Developed new procedures to facilitate intermodal air/rail baggage operations where customs facilities are available at railway city terminals (RP 1780e)
- Launched worldwide database of scheduling data for the Schedule Reference Service, a neutral source of schedule data [weblink](#)
- Developed the 2003-2008 version of the IATA Standard Ground Handling Agreement to help airlines to clarify issues of ground equipment damage and cargo liability [weblink](#)
- Initiated pilot tests with KLM Cargo and Northwest Cargo for the Cargo Paperless Transportation Project (to eliminate paper Master Air Waybill) [weblink](#)
- Produced new Pallet/Unit Load Device Guidelines that help achieve up to 15 percent reduction in repair and total loss costs [weblink](#)

Aviation Radio Spectrum [weblink](#)

- Submitted IATA position on aviation radio spectrum to the International Telecommunication Union (ITU) for the World Radiocommunication Conference 2003
- Called for the protection of interference-free radio spectrum to meet civil aviation requirements and a review of aeronautical requirements for the future



IATA Infrastructure issues: [weblink](#)



industry viability

home

viability

"Airports and air traffic control providers are our partners. What we are saying is quite simple: You, the airports and ATC providers, cannot remain healthy for long if your airline customers are hemorrhaging red ink. Airlines are cutting costs wherever they can and airport/ATC charges cannot be an exception. Bear your share of the burden and we will all return to health faster."

IATA press release, 17 April 2003

IATA PRIORITY

Ensuring a level playing field

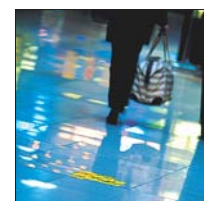
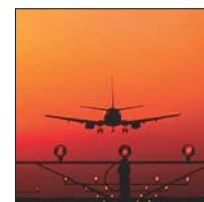
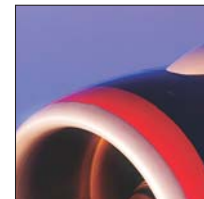
Airlines live in a competitive environment, yet they must work with monopoly suppliers of infrastructure services. In 2002, IATA Member airlines paid USD 7.9 billion in airport landing and related charges and USD 7.6 billion in air navigation charges for their scheduled international operations, an increase of USD 100 million and USD 200 million, respectively, compared with the year 2001. Together, this represented 10.2 percent of the airlines' international operating costs, compared with 9.9 percent in 2001. IATA has taken a more pro-active role this year pressuring governments to develop and implement an adequate economic regulatory environment for infrastructure service suppliers. Regulatory authorities must keep these suppliers, whether publicly or privately owned, from abusing their monopoly positions.

ACHIEVEMENT HIGHLIGHTS

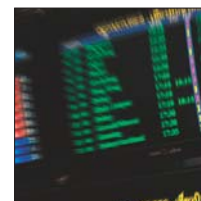
User Charges [weblink](#)

Savings for airlines in 2002

- Overall results: savings/[costs](#) avoided for the industry amounted to USD 512 million
 - **Africa** - USD 55 million
 - **Asia Pacific** - USD 106 million
 - **Europe** - USD 254 million
 - **Latin America** - USD 3 million
 - **Middle East** - USD 7 million
 - **North America** - USD 87 million
- Handled invoicing and collection of some USD 385 million in airport and air navigation charges via IATA Enhancement and Financing Services, while supporting airline-approved infrastructure improvements [weblink](#)
- Pursued fee reductions for airports in Japan
- Pressured States in the Latin American region to revise their airport privatisation (long-term lease) contracts as a result of lobby and media efforts



next



Eagle Awards [weblink](#)

- Recognised efforts made in the post-September 11 industry crisis, in terms of reduced charges and rates to the airlines
- Awarded the annual Eagle Awards during the IATA 58th Annual General Meeting to the Civil Aviation Authority of Singapore (Changi Airport), Hawaii Airports System, Hong Kong's Chek Lap Kok Airport and the Civil Aviation Authority of Cyprus

Insurance [weblink](#)

- Pressed private markets, via Globaltime, to offer their own competitive products to airlines
- Persuaded EU Commission to pressure aviation insurers not to raise premiums nor to exercise cancellation clauses in response to the outbreak of hostilities in Iraq



Achieving Industry Recovery: [weblink](#)

Taxation [weblink](#)

- After five years of lobbying, obtained US government agreement that the sale of frequent flyer award miles by non-US based airlines to third parties (e.g. hotels and car rental companies) is not subject to the US 7.5 percent tax, thereby saving airlines USD 750 million
- Persuaded the government of Germany not to apply VAT to international aviation traffic flying to, from or over the country, thereby saving airlines approximately USD 400 million per year

Fuel [weblink](#)

- Achieved savings/cost avoidance of USD 189 million in jet fuel costs, by facilitating competition, fighting taxes and fostering cost-effective facilities
- Generated savings/cost avoidance in excess of USD 20 million through technical initiatives and global specifications, quality standards and operating procedures

regulatory & public policy

home

regulatory

"Our industry needs change. Government regulation keeps our industry from changing. The obstacles to change are the bilateral system, national ownership rules and the attitude of competition authorities. The three pillars of stagnation! We don't want to bring the system down. We want to modernize it to meet the economic reality of the 21st century."

Director General, ICAO ATC5 Preparatory Seminar, Montreal, 22 March 2003

IATA PRIORITY

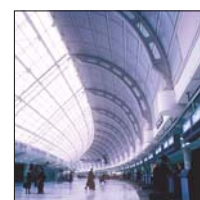
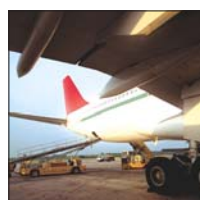
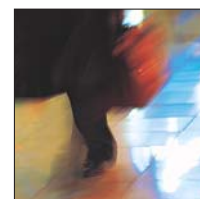
Winning the freedom to change

Aviation liberalisation remains incomplete, even in those parts of the world where it has been initiated. Greater liberalisation is needed to enable airlines to grow and develop more consistently with less dependence upon the ups and downs of national or regional economies. We envisage a world that goes beyond "Open Skies" to include full liberalisation of ownership and control rules, right of establishment and freedom to consolidate across national boundaries. We seek the same economic freedoms as any other industry, while retaining and even enhancing today's tough safety and security oversight protections.

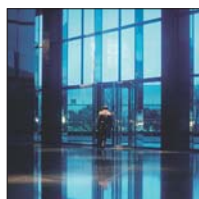
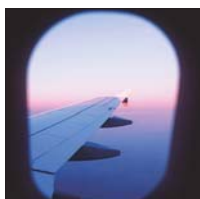
ACHIEVEMENT HIGHLIGHTS

5th ICAO Worldwide Air Transport Conference (ATC5) [weblink](#)

- Supported the separation of commercial ownership from regulatory control and endorsed the liberalisation of national ownership restrictions
- Endorsed the multilateral interline system
- Endorsed the existing slot allocation system



next



IATA Regulatory & Public Policy issues: [weblink](#)

Industry Campaigns [weblink](#)

- Led industry response to the EU Commission's revision of current EU slot allocation regulations
- Persuaded EU Commission not to regulate airlines' contracts with passengers at this time
- Framed industry response to address US facilitation issues (PNR access, advance passenger information systems)
- Responded to EU Commission on consumer issues (Denied Boarding Compensation regulations)
- Developed messages for use by airlines to lobby governments on needed structural reforms, with first application in Mexico
- Led strong opposition in Japan to convince the government not to privatise Narita airport collectively with Kansai and Chubu airports



Secured Anti-trust Immunities

- 'Authorisation' granted by Australian Competition and Consumer Commission to the IATA Passenger Agency Programme, recognising its value in terms of consumer benefits
- Approval from US Government enabling immediate implementation of certain Resolutions and Recommended Practices adopted by the Cargo and Passenger Services Conferences
- Extension of the block exemption for intra-European tariff conferences until June 2005
- Extension of exemption in EU for Slot Coordination Conferences until June 2005
- Adoption of new framework for an enhanced European air cargo agency programme

industry services



"IATA must show vision and leadership in helping our Members to reduce costs. We are committed to maintaining the robustness and integrity of IATA financial systems and our universal distribution network as we seek innovative solutions for the future."

Director General, IATA Senior Management Summit, Geneva, 10 July 2002

IATA PRIORITY

Driving down airline costs with efficient industry services

Distribution represents about 15 percent of airline costs. Two major IATA services help lower these costs - the IATA Agency Programmes and the IATA Settlement Systems (ISS). In 1998, IATA launched the ISS Transformation Project to centralise and streamline processing systems, targeting the elimination of expensive paper processes. This project introduces cost efficient web-based technologies to build the fully electronic systems of our future vision.



ACHIEVEMENT HIGHLIGHTS

IATA SETTLEMENT SYSTEMS

ISS Transformation Project

- Successfully completed the Project a year ahead of schedule: at the end of 2002, the Project had achieved 70 percent of the passenger and 50 percent of the cargo savings targets; 80 percent of the passenger and 70 percent of the cargo savings will have been achieved by end-2003
- Reduced unit costs: for BSP, net unit operating cost per ticket used in 2002 was USD 0.27 as compared to USD 0.30 in 2001; for CASS, the unit cost for 2002 was USD 0.42, down from USD 0.45 in 2001 [weblink](#)



New technologies

- Rolled out [BSPlink](#) web-based information exchange system, in 50 BSP offices covering 113 countries by end 2002, with worldwide implementation across 95 percent of all BSP offices planned by end 2003
- Enhanced CASS standard software developed to standardise and improve the settlement process
- Introduced CASS-USA e-billing system with enhanced billing, adjudication and settlement process; reduces cost of participation by almost 50 percent

Quality service

- Processed sales amounting to USD 137.8 billion
- Ensured uninterrupted services despite airline bankruptcies and liquidations, securing financial guarantees and recovering sums necessary to protect interline sales revenues
- Established CASS data processing centre for Europe, with plans to create a single processing centre for all CASS operations now being studied [weblink](#)
- Achieved cost reductions by diversification activities and expansion of BSP and CASS into new markets; nine new CASS and eight new BSP are close to implementation or will be in development by end 2003



FINANCIAL SERVICES

In conjunction with the ISS, IATA's range of financial services provides an end-to-end business infrastructure that enables airlines to improve cash flow and avoid unnecessary banking charges.

IATA Clearing House [weblink](#)

The value of claims cleared through the IATA Clearing House amounted to USD 30.3 billion in 2002, a 4.3 percent decrease over 2001, with an offset ratio of 78 percent. Sixteen new members joined during 2002; membership at the end of the year was 314.

Revenue Accounting Vision Project [weblink](#)

The Vision Project places prime focus on moving revenue accounting to a 'first and final' billing concept that targets industry cost reductions of USD 420 million. Work is nearing completion, having confirmed the feasibility of a number of key revenue accounting services and identified plans of action for their implementation in order to realise significant industry benefits.

Interline Data Exchange Centre (IDEC) [weblink](#)

115 airlines used IDEC in 2002, exchanging electronically 86.4 million interline billing records.

IATA Currency Clearance Service (ICCS) [weblink](#)

By the end of 2002, the ICCS was operational in 55 countries with 62 airlines and travel partners using the service. Total funds cleared were USD 12.8 billion.

IATA Currency Co-ordination Group (ICCG) [weblink](#)

In 2002, ICCG delivered a realised financial benefit of USD 15.3 million; in 2003 an additional USD 6.7 million was achieved through successfully protecting the exchange rate for repatriation of airline sales funds from Libya.

IATA Card Services [weblink](#)

CardClear now covers 36 IATA BSPs, doubling transaction volume to more than 6 million in 2002 on behalf of 50 airlines. CardAXS Visa and MasterCard settlement service now has 15 airline users.

Prorate Agency [weblink](#)

The Proviso Composer Project automates the submission, maintenance and output of Proviso information, thereby eliminating the manual procedures and driving an industry saving of USD 900,000 per year. The new system is targeted to "go live" in 2003.



AGENCY PROGRAMMES

- Maintained regular dialogue with the Agency Associations, in particular with UFTAA (passenger) and FIATA (cargo). Agency programmes continue to evolve to meet the ever-changing needs of the marketplace
- Developed new cargo partnership programme that recognises the evolving role of the freight forwarder in today's logistics industry
- At the end of 2002, more than 83,000 passenger and 6,400 cargo agents were accredited

products & services



"We are now facing challenges never faced in the history of our industry. We in IATA must have the courage to use all our strengths, our passion and our global reputation to make things happen - and happen quickly. I will encourage the development of our vision, the confidence that we can solve our problems, the passion to succeed and the speed to deliver."

*Director General, World Air Transport Summit
and 58th AGM, Shanghai, 4 June 2002*

IATA PRIORITY

Supporting the airlines as they manage their recovery

IATA has developed a broad spectrum of high-quality, value-for-money products and services to meet the evolving needs of the entire air transport industry. Throughout the year IATA has introduced new training courses, publications, consultancy services and on-line products to better equip the airlines to deal with a rapidly changing environment.

NEW Products Highlights

- IATA Global Aviation Business Intelligence, on-line business information portal [weblink](#)
- CargoIS statistics, full cargo statistics service [weblink](#)
- IATA Security Manual [weblink](#)
- IATA Technical Operations Policy Manual (TOPM) [weblink](#)
- 44th Dangerous Goods Regulations including new UN specifications [weblink](#)
- Cargo Live Animal Team [weblink](#)
- IATA Aeronautical Information Services (AIS) product line and expanded AIP library [weblink](#)
- Airline Guide to Involuntary Re-routing, new manual to help reduce issuance of flight interrupt manifests (FIMs) at airports during irregular operations [weblink](#)
- IATA Document Control, fraudulent document recognition [weblink](#)
- Airport and Air Navigation Charges Manual, comprehensive compilation of information on airport and air navigation charges worldwide [weblink](#)
- "Askinflight", on-line directory of airlines and inflight service providers [weblink](#)
- LATA (LocateATravelAgent.com) web service to find IATAN endorsed agents [weblink](#)
- On-line IATA Flight Simulator Directory [weblink](#)
- New courses for aviation professionals in five key sectors: Airlines, Airports, Cargo, Civil Aviation and Travel & Tourism [weblink](#)
- Crisis management consultancy for effective emergency response and crisis management planning [weblink](#)
- Interline Tariffs Partnership Programme and new website, of interest to revenue management, revenue accounting and internet distribution companies [weblink](#)
- A range of industry conferences, covering topics such as cargo, insurance, safety, security, revenue accounting, ground handling, cabin health and legal issues [weblink](#)

[IATA 'What We Do'](#)



SNAPSHOT

On the website, IATA activities are organised under five major categories: Airlines, Airports, Cargo, Civil Aviation, Travel Agents, with special focus on a number of industry issues. [weblink](#)

A new [Press Room](#) provides access to press releases, speeches, briefs, statistics and background information about the association.

For ease of navigation, IATA products and services have been grouped into the following categories:

Industry Products & Services

Publications for airline, airport, cargo, civil aviation, travel and tourism sectors	www.iata.org/ps/index
e-business and consultancy services	www.iata.org/services/index
Events	www.iata.org/meetings/index
Training	www.iata.org/atdi/index

Global Services

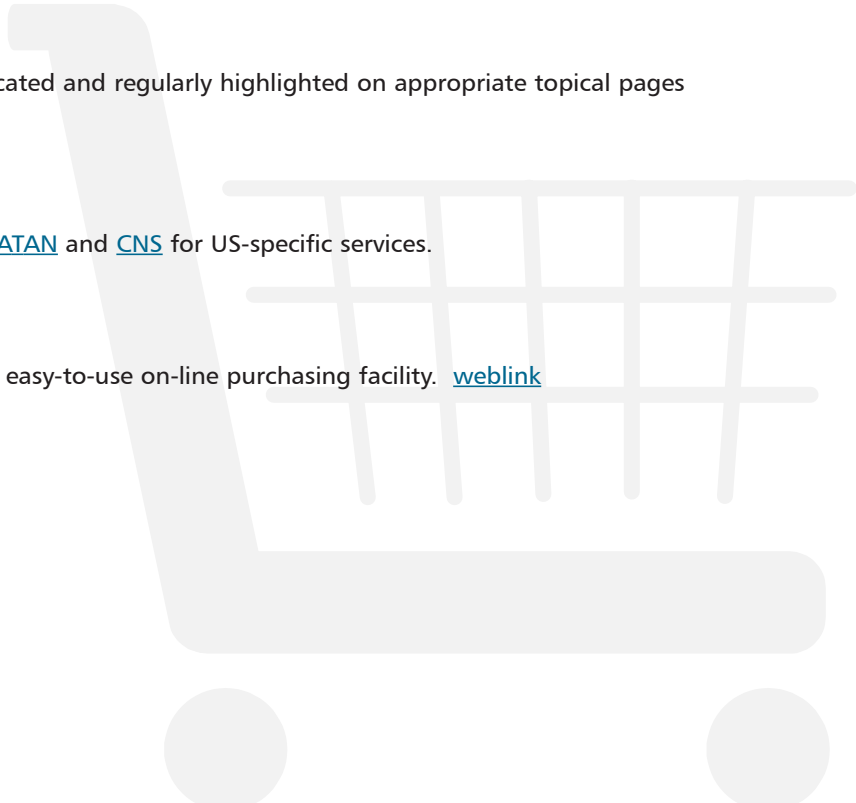
New and updated products are clearly indicated and regularly highlighted on appropriate topical pages throughout the site.

US-specific Services

Consult the websites for IATA subsidiaries [IATAN](#) and [CNS](#) for US-specific services.

On-line Store

Industry customers will appreciate the new easy-to-use on-line purchasing facility. [weblink](#)



membership

home

IATA Membership: [weblink](#)

OUR MEMBERS [weblink](#)

As of 10 May 2003, IATA has 273 active and associate Member airlines, including the world's largest. Flights by these airlines comprise more than 98.4 percent of all international scheduled air traffic (ASK, available seat kilometres). IATA welcomes new Members who have joined since last year's AGM of June 2002:

- Aegean Airlines SA Aviation Limited Company
- Aeropostal Alas de Venezuela
- Afriqiyah Airways
- Air Sénégal International
- Air Tahiti Nui
- Albarka Air plc
- Binter Canarias (Binter Canarias, SA Unipersonal)
- Blue Panorama (Blue Panorama Airlines SpA)
- China Airlines Ltd
- EVA Air (EVA Airways Corporation)
- Hahn Air Lines GmbH
- Helios Airways Ltd
- Kitty Hawk (Kitty Hawk Aircargo, Inc)
- Malmö Aviation AB
- Sobelair SA
- TransAsia Airways Corporation
- Volga-Dnepr Airlines (JSC Volga-Dnepr Airlines)

OUR PARTNERS [weblink](#)

IATA Partners have been contributing to IATA through the Partnership Programme since 1990. They now number more than 200, supplying expertise across a wide range of activities and providing support to IATA and its Member airlines in a growing number of initiatives.

OUR AGENTS [weblink](#)

IATA's [passenger](#) and [cargo](#) Agency Programmes ensure a financially sound and reliable distribution network of travel and cargo agents worldwide. At end-2002, more than 83,000 passenger and 6,400 cargo agents were accredited.



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Air Lines; TAP - Air Portugal; Thai Airways;
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**World Air Transport Summit
and 59th IATA Annual General Meeting**

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