1995 Annual Report

About IATA

- 1995 Annual Report
  - Board of Governors
  - Highlights
    - Financial & Traffic Results & Forecasts
    - Industry Viability & Recognition
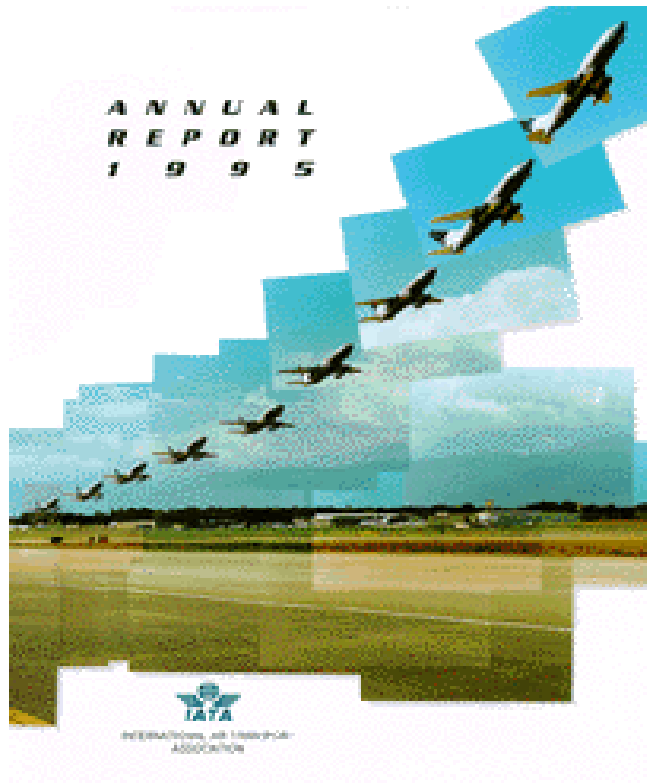   - Safety & Security
  - Industry Support
  - Standards & Procedures
  - Products & Services
    - IATA Members

by Pierre J. Jeanniot O.C., Director General, International Air Transport Association for the 51st Annual General Meeting, Kuala Lumpur, 30-31 October, 1995

ANNUAL REPORT 1995

INTERNATIONAL AIR TRANSPORT ASSOCIATION
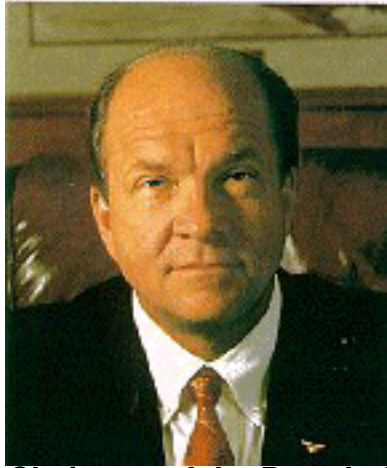
Board of Governors

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Mr. Ronald W. Allen**

**President of the 1995 Annual General Meeting
Dató Tajudin Ramli**

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Dr. Khaled A. Ben-Bakr
Mr. Federico Bloch
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Mr. Choong Kun CHO
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Eng. Mohamed Fahim Rayan
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M. Yves Roland-Billecart
Mr. Juan Saez
Mr. Frederick W. Smith
Mr. James Strong
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Mr. Jürgen Weber
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Highlights

- [The Industry - and IATA](#)
- [The Secretariat](#)

The Industry - and IATA

Delight is not a word which is used much in Annual Reports. But it is the right word to describe my reaction to IATA Members' first collective net profit since 1989. In 1994, our Members made a profit of USD 1.8 billion on their international scheduled services. That is better than the figure we expected at this time last year - but still not good enough to secure the future. The airlines will probably earn significantly more in 1995. They need to earn more - to reduce their debt, improve their retained earnings, issue new equity and invest more quickly in fuel-efficient, environmentally-friendly aircraft.

The achievement of long-awaited profit has provided the right flavour to celebrate 50 years of IATA and of modern world aviation. In April we met in Havana, Cuba - where the original Articles of Association had been approved in 1945. We experienced the magnificent "Plein Vol/High Flight" aviation exhibition in Montreal, together with our sister organisation, ICAO. We celebrated 50 years of IATA and 75 years of the Geneva airport. We published a book - "Wings for the World"; and various celebrations have taken place around the world.

We have stated our pride in an industry which has come of age. Together with telecommunications, we have created the "global village" in which people, goods - and ideas - travel from one end to the other in a matter of hours. Civil aviation is worth at least USD 1,000 billion a year and 22 million jobs to the world economy.

If the past year has marked the first half century of modern air transport - it has, itself, been a year of "firsts." For the first time, IATA airlines carried a billion passengers on all their scheduled services. Satellite-based, ground-independent, air navigation systems went operational for the first time - over the South Pacific. IATA's first Environmental Review and "Airlines International" were launched. We hope to achieve the first major breakthrough in modifying the Warsaw Convention. The airlines held aviation's first round-table meeting in the new South Africa.

Anniversaries easily give the impression that time and progress can conveniently be broken up into discrete segments. Historians do it all the time! In fact, change is persistent and continuous - in this industry

more than most. We can expect the pace of change to remain high, as civil aviation launches itself on a new 50 years. But, to paraphrase an old saying - the point is, not simply to be aware of change, but to manage it.

At IATA's High Level Symposium, in April, we wrestled with this fundamental question. We observed that the industry had made substantial progress in re-inventing itself in response to change. But, the re-invention had often been a process of short-term reaction to blind market forces. It would have gained from being driven by a more thoughtful and interactive process involving many players: airlines, manufacturers, infrastructure providers, financiers, regulators and consumers.

The drive to participate in the fastest-growing markets - such as those of Asia/Pacific - coupled with domestic and regional economic liberalism, has spawned carriers with a truly global vision. Other carriers are searching for appropriate market niches - at a slower speed.

Developing a vision is a fine thing, but we are not masters of many of the forces affecting our own destiny. The regulatory framework remains in a state of flux. ICAO's Air Transport Conference made that very clear. There is the unresolved bilateralism/multilateralism debate; the General Agreement on Trade in Services has begun to influence our industry; criteria for airline ownership and control are the subject of heated discussion; there is a plethora of competition law and no agreement on what constitutes a "level playing field" in competitive issues.

As we roam the global village of the next century, the possibilities offered to us by expanded markets and new technology are almost limitless - provided all the players involved cooperate to ensure an harmonious, properly paced, cost-effective management of change. Then - successfully re-structured carriers will enjoy exciting growth opportunities.

The Secretariat

I welcome the following carriers* who have joined since the last annual report: Aeromexpress, Air Ukraine, Modiluft, National Airlines Chile S.A., Lufthansa Cargo A.G., NEPC Airlines, Eurosky Airlines GmbH, Interot Airways GmbH, Gill Aviation Ltd., Bop Air (Pty) Ltd. (operating as Sun Air), Air Nostrum Líneas Aéreas del Mediterráneo.

The most fundamental review ever undertaken, of governance mechanisms and the IATA Articles of Association, continues. In a multi-speed aviation world, we have to be certain that the IATA which

carries the aviation torch into the next century is the one that fully meets the needs of our Members and is organised in the right way to do the job.

Every Committee, Conference, Task Force, Group - whatever it is called - has been, or will be, examined in relation to its mandate, relevance, cost to the Secretariat - and, more importantly - the cost to the Members of participating in it. We are well on the way to reducing this burden by at least 20 percent. Further progress on governance will be reported at this year's AGM - itself re-organised in format, to reflect the wishes of our Members.

Pierre J. Jeanniot
(Signature)
*List complete at time of going to press

■ About IATA

■ 1995 Annual Report

Financial & Traffic Results & Forecasts

- Financial Results 1994
- Traffic Results 1994
- International Traffic Forecasts 1995-99

Financial Results 1994

During 1994, the IATA airlines made a collective net profit, for the first time since 1989. Nevertheless, at USD 1.8 billion, it represented only 1.6 percent of operating revenue. It therefore fell more than 5 percentage points short of the level at which airlines should be aiming for the longer term - in order to reduce their debts, build reserves, sell equity, and invest more quickly in fuel-efficient, environmentally-friendly, aircraft.

International Scheduled Results
Most of the net improvement was generated by the fact that total traffic grew four percentage points faster than capacity. At the same time, unit costs fell by over one percentage point more than average yield, thus reducing the break-even load factor.

Corporate Results
A large gain in operating result during the year did not carry over to the net result. These figures include large domestic and non-transport components.

IATA International Scheduled Services 1990-94

USD Billions	1990	1991	1992	1993	1994
Operating Revenues	91.0	91.7	103.5	107.7	115.4
Operating Expenses	90.5	92.3	104.5	108.1	110.1
Result before Interest	0.5	-0.6	-1.0	-0.4	5.3
Net Interest Payable	3.2	3.4	3.8	3.7	3.5
Result after Interest	-2.7	-4.0	-4.8	-4.1	1.8

Source: IATA Market and Economic Analysis Division

Note: Data based on IATA Membership as of 31 December of relevant year

IATA Airlines' Corporate Financial Results 1990-94

USD Billions	1990	1991	1992	1993	1994
Operating Revenues	193.2	186.2	200.6	216.9	230.9
Operating Expenses	192.4	187 0	201.2	214.7	224.1
Operating Result	0.8	-0.8	-0.6	2.2	6.8
Percentage of Revenues	0.4	-0.4	-0.3	1.0	2.9
Net Result	-5.1	-3.3	-8.1	-3.8	0.1
Percentage of Revenues	-2.6	-1.8	-4.0	-1.7	-

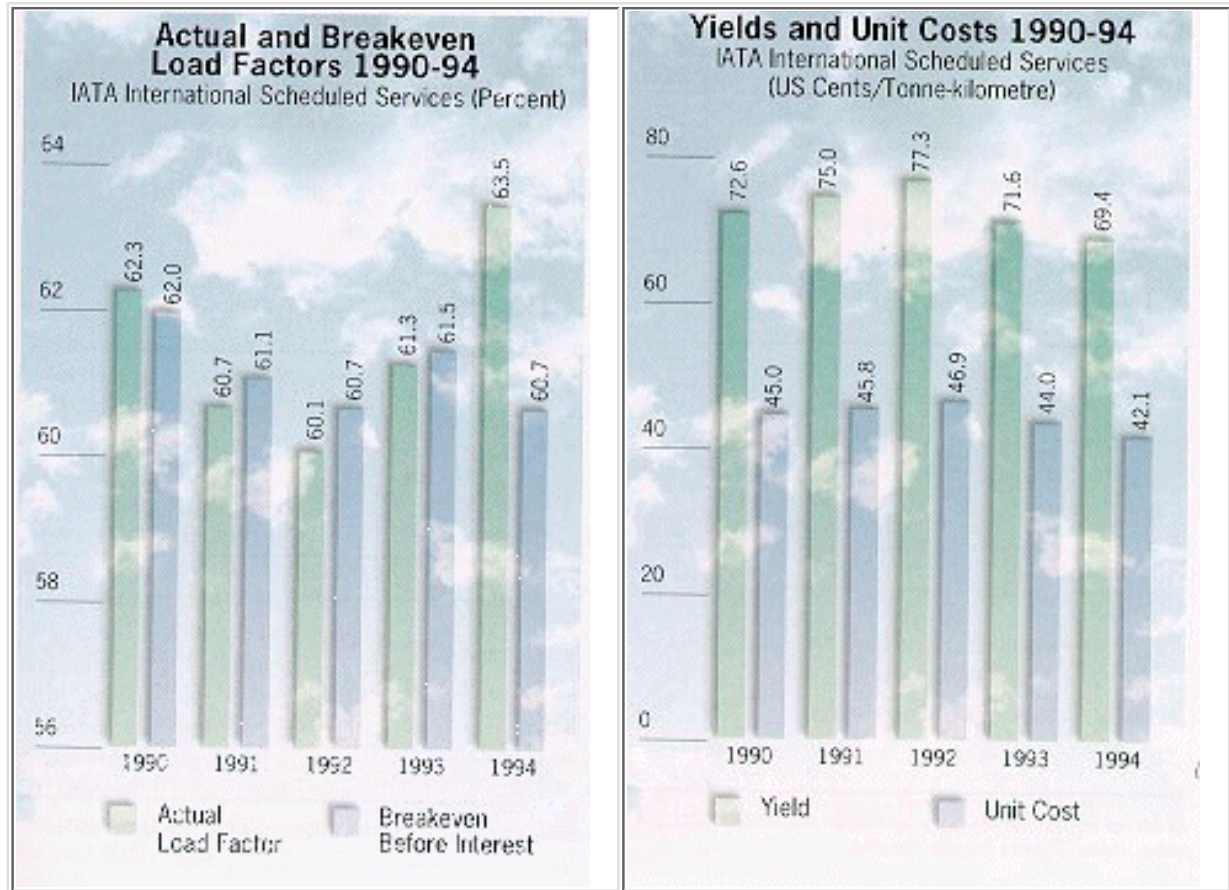Source: IATA Market and Economic Analysis Division

Note: Data based on IATA Membership as of 31 December of relevant year

Traffic Results 1994

Passenger Traffic - A First Billion

For the first time in their history, IATA airlines carried one billion passengers in 1994 on scheduled services. 328 million were on international services and 733 million on domestic. Healthy growth was seen in both sectors; international passengers were up 8.2 percent and domestic by 6.4 percent. The overall passenger load factor was up sharply, by 2.1 percentage points.

Growth on scheduled services was not achieved at the expense of Members' charter traffic. Passenger-kilometres flown on Members' charter services were up 15.3 percent, with particularly strong domestic growth.

Actual and Breakeven Load Factors 1990-94
IATA International Scheduled Services (Percent)

Year	Actual Load Factor	Breakeven Before Interest
1990	62.3	62.0
1991	60.7	61.1
1992	60.1	60.7
1993	61.3	61.5
1994	63.5	60.7

Yields and Unit Costs 1990-94
IATA International Scheduled Services (US Cents/Tonne-kilometre)

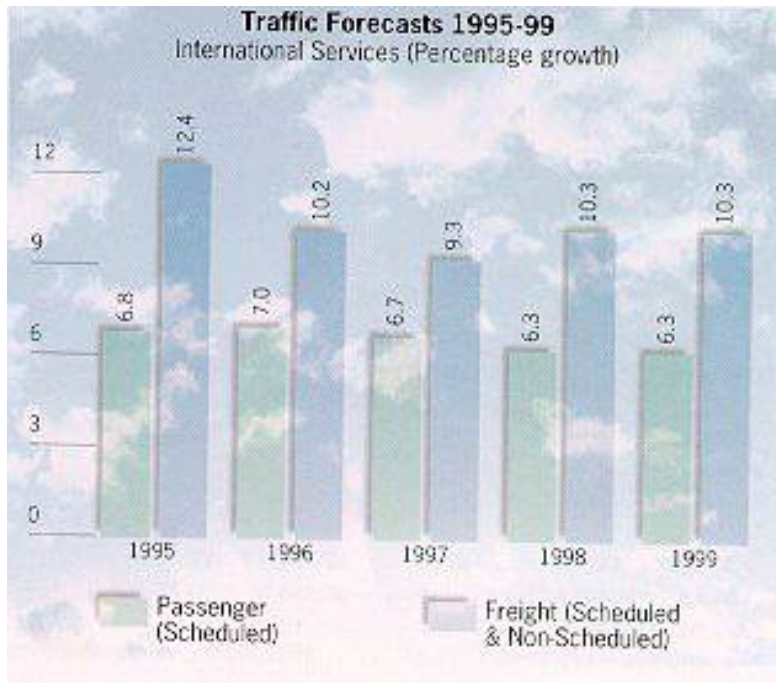| Year	Yield	Unit Cost
1990	72.6	45.0
1991	75.0	45.8
1992	77.3	46.9
1993	71.6	44.0
1994	69.4	42.1

Freight Traffic - Continued Growth

Double-digit growth in freight tonnage was achieved in 1994 - and continues in 1995. International scheduled freight tonnes grew 14.3 percent to 11.5 million; scheduled domestic tonnage grew 9.5 percent to 7.5 million. In absolute terms, two million more tonnes of high-value goods were carried by air, than in 1993.

IATA Members' Air Transport Operations 1994

All annual percentage changes have been adjusted to eliminate the misleading effects of IATA Membership changes during the period under review. Figures exclude Aeroflot.

Traffic Forecasts 1995-99
International Services (Percentage growth)

Year	Passenger (Scheduled)	Freight (Scheduled & Non-Scheduled)
1995	6.8	12.4
1996	7.0	10.2
1997	6.7	9.3
1998	6.3	10.3
1999	6.3	10.3

About IATA

1995 Annual Report

Industry Viability & Recognition

- Taxation
- User Charges
- Fuel Trade
- Currency

IATA re-defined its Mission & Goals last year. It is fundamental that international air transport acquires the sort of visiblity with governments and other decision-makers, that its aircraft have with the general public - if our collective efforts are to be properly rewarded.

So much of what the airline industry does - and would like to do - is bound up with its relationship to governments.

The Annual Report describes our efforts - direct and indirect - to increase recognition of the industry and to make it more viable.

This section highlights efforts to persuade governments to deal fairly with the airlines - in the fields of taxation, user charges, fuel and currency.

Taxation

At the end of 1994, IATA's List of Ticket and Airport Taxes and Fees included over one thousand entries. This is almost double the number of entries in 1989. Paradoxically, this staggering increase in the fiscal burdens on airlines and their customers has occurred during a period of record making losses which seriously undermined the financial viability of the international air transport industry.

The proliferation of inequitable, excessive and discriminatory taxes on international air transport threatens the long standing world-wide system of reciprocal exemptions which has been laboriously developed throughout the history of civil aviation.

IATA has continued to co-ordinate Members' efforts in opposing new taxes which are discriminatory and inequitable in their effect on air transport - and to point this out to governments. Many new taxes are contrary to the Chicago Convention, to ICAO Resolutions, and to various bilateral air agreements. New taxes opposed by IATA include:

- Australia's Passenger Movement Charge: a departure tax to be collected on tickets and remitted by the airlines.
- France's Equalisation Fund Tax: imposed on air carriers on the basis of the number of passengers enplaned at French continental airports, to subsidise airlines operating unprofitable

domestic routes.

- Illinois' motor fuel tax: imposed on fuel purchased by non US carriers, to defray the cost of cleaning leaking underground storage tanks.
- India's state sales taxes on jet fuel: these taxes have raised the cost of fuel bought by international carriers by as much as 30 percent.

IATA joined with the Air Transport Association of America (ATA) in co-ordinating an action by non US carriers to appeal against property tax assessments at the Los Angeles International Airport. As a result of this action, the airlines will receive substantial refunds for the years 1990 1994 (up to 40 50 percent of annual taxes paid). The airlines will also benefit from substantial savings in future assessments.

User Charges

User Charges, the costs for using airport and air navigation facilities and services, continue to grow at a faster rate than other operating costs. In 1994, IATA Member airlines paid almost USD x.x billion in airport charges and USD y.y billion in en-route charges for their international operations. User Charges currently represent nearly 9 percent of IATA Member airlines' total international operating costs, and are the industry's second largest external expense after fuel. In 1994, IATA's Secretariat and supporting Member airlines conducted a record 99 missions and charges-related meetings world-wide. Identifiable costs saved or avoided for the industry through IATA-sponsored representation to charging authorities amounted to USD 222 million. IATA has concentrated its efforts on Eurocontrol (both the Agency and its Member States), ASECNA, Australia, Austria, Canada, France, Hong Kong, Kenya, India, Iran, Japan, Korea, New Zealand, Spain, South Africa, Sweden, UK and USA.

IATA is concerned that, in many cases, commercialisation/privatisation leads to significant increases in the cost base - due in particular to higher staff and capital costs. This results in higher charges being passed to the airlines. Certain financing techniques for major airport infrastructure developments are also resulting in substantial increases in airport charges. For example, in private investment and Build-Operate-Transfer schemes, the investor expects a quick and profitable return on his investment. IATA's tries to ensure that the cost bases of autonomous entities are discussed with the airline industry, and to seek effective regulation on the part of the relevant authorities.

Two working groups were established at the most recent general meeting of the IATA User Charges Panel:

- FANS/ICAO Economic Panel Working Group, which will address

user charges issues of satellite and associated systems. This group has prepared a policy paper on Communications, Navigation and Surveillance/Air Traffic Management (CNS/ATM). The paper was presented at ICAO, where the manual on route air navigation facility economics is being revised, with IATA participation; and

- Noise and Environmental Issues Working Group, which is preparing a draft policy on noise and environmental charges in co-ordination with the Environment Task Force.

IATA has recently established a Cost Benefit Task Force - ICBTF- which will develop industry positions on cost benefit analysis and will create a user-cost data base. The ICBTF is currently formulating a methodology for world-wide application to CNS/ATM.

Work on the Africa and Latin America/Caribbean Task Forces continues, with progress achieved in tackling infrstructure implementation problems and related financial issues.

The Secretariat continues timely publication of the "IATA Airport and En-Route Aviation Charges Manual" - the only authoritative reference for the airport and air navigation charges of some 250 local, national and regional authorities.

Fuel Trade

IATA and the airlines undertook 18 missions on fuel trade matters during the past year. As a result of various IATA lobbying efforts, USD 80 million in savings to the industry were obtained.

The average price of aviation fuel paid by IATA Member airlines world-wide rose from about 63 to about 65 US cents per US gallon between mid-1994 and mid-1995. However, there are still extremely high monopoly prices in individual countries - as high as double the current world average price. The IATA Fuel Trade Forum (FTF) tries to persuade authorities to reduce inflated monopoly fuel prices; it also seeks to obtain moderate, cost-justified and equitable fuel charges and fees.

IATA made progress over the past year in obtaining a liberalisation of the fuel market, or a substantial reduction in fuel prices, in Brazil, Jordan, Kenya, Morocco and Peru. Efforts have been made to ensure open fuel supply systems and to control capital expenditures on fuel facilities in Hong Kong's Kai Tak and the new Chek Lap Kok airport - and Tokyo's Narita Airport. IATA efforts are also underway to secure efficient, cost-effective fuel facilities at new or planned airports in Athens, Kuala Lumpur and Seoul.

The IATA Registered Suppliers Programme was extended into the fuel trade area during 1994; there are now 23 oil and fuel service companies in the programme. Greater cooperation between airlines and fuel suppliers - particularly on technical matters, can have significant benefits for the whole industry. Examples include: fuel storage settlement requirements, fuel quality and conditions of fuelling equipment - in the Baltic republics and in the Commonwealth of Independent States, the Peoples' Republic of China, Mexico and Vietnam. Standardisation of fuelling procedures and environmental issues are other potential areas of mutually beneficial cooperation.

These activities are carried out by the IATA Aviation Fuel Task Force - AFTF - the only global body dealing with aviation fuel specifications, quality and fuelling procedures. In co-ordination with the FTF , the AFTF is the prime vehicle to satisfy the needs of airlines and fuel suppliers for standardisation of these areas.

Currency

IATA airlines frequently find that the currency they earn from selling tickets and cargo space in foreign countries cannot be remitted to their home base because governments or national banks prevent them doing so. This can seriously affect cash-flow. IATA intervenes to speed the remittance of the "foreign balances" of earned money - and, in 1994, the Association assisted Member airlines in obtaining USD 510 million from problem countries.

The most recent survey showed that the world-wide industry amount outstanding at the end of June 1995 was still USD 423 million. This compares with the previous 1994 figure of USD 504 million. Over half of the total outstanding amount is held in countries in the Middle East region; most of the other major remittance problem countries are in Africa.

In Iran, following the intervention of the Director General, agreement was reached to allow airlines to pay outstanding user charges from blocked funds at exchange rates equal to the old selling rates.

Many remittance problem countries are suffering serious economic difficulties. However, IATA points out the importance of not penalising civil aviation, which brings tourism and trade - themselves good sources of the hard currency which nations seek.

■ About IATA

■ 1995 Annual Report

Safety & Security

- Safety
- Security

IATA coordinates much of the international airline effort in these two fundamental areas.

Safety

There were 22 total losses of western-built jet transport aircraft in 1994. Of these, 19 were classed as "operational total losses," one was a non-operational ground loss, one was a training flight, and one was a manufacturer's test flight. Tragically, ten of the 22 involved fatalities, with 666 passenger and 56 crew deaths.

The loss rate was 0.84 per million hours, or 1.18 per million sectors. Comparable rates for 1993 were 0.8 per million hours and 1.2 per million sectors. The difference is not statistically significant, based on the 10 year average. Whilst this record is excellent - it is still not good enough. The volume of air traffic is rising at a rate which would entail twice as many accidents in 2005 - if the accident rate stays the same. The target for the future must be "zero accidents" and more attention to human factors.

Airlines have concentrated, through IATA, on a better understanding of human factors. A "Human Factors" Seminar and Workshops was held in Bahrain. It focused on three leading human factors areas: aviation safety and effectiveness, training and operations, automation and advanced technology. Speakers represented regulatory authorities, airlines, manufacturers and universities/research institutions.

Reducing airline costs remains a priority but safety remains the overriding concern. One of the issues raised at the January 1995 US FAA Aviation Safety Summit was the need to address human factors in aircraft maintenance, as well as in flight operations. IATA investigates ways to minimise incidents and accidents attributable to human factors, in both areas. IATA publishes documents on maintenance optimisation, aircraft automation and the planning and control of maintenance activities. The need to convert maintenance documentation to standard digital format is being addressed.

Eight of the 19 operational total losses in 1994 involved landing in adverse weather and four accidents and 65 fatalities were due to controlled flight into terrain (CFIT). Although there were fewer CFIT fatalities than in 1993 (65 versus 253), the number of accidents

remained the same (four for each year).

At least eight accidents and incidents were related to design features of highly automated aircraft. Four of these accidents resulted in a total of 383 fatalities, which represents 53 percent of the lives lost in 1995. IATA is actively pursuing initiatives to prevent the recurrence of accidents due to all these factors.

In a campaign to significantly reduce CFIT accidents, IATA, ICAO and the Flight Safety Foundation have developed a Resolution to be considered by the 31st Session of the ICAO Assembly - to encourage states to mandate the carriage of Ground Proximity Warning Systems (GPWS) on aircraft engaged in domestic operations.

IATA has drawn the attention of Member Airlines to the great benefits of non-punitive safety incident reporting schemes being introduced in some airlines and/or by some sates. It has stressed the resulting benefits of risk reduction and improved knowledge of human factors issues.

Security

The fight against unlawful interference with aviation never ceases - even if recent years have not seen such serious incidents as in the past. IATA works closely with ICAO, the European Civil Aviation Conference - ECAC - the US Federal Aviation Administration - FAA - the Airports Council International - ACI - the Universal Postal Union - UPU - and INTERPOL in the fight against terrorism. It provides specialist knowledge in areas such as passenger and baggage reconciliation, passenger, hand and checked baggage screening and cargo and mail security.

There were 23 reported hijacking incidents in 1994. Most were on domestic flights and three countries accounted for more than 50 percent of cases. In turn, 50 percent of hijackers alleged that they were in possession of weapons or explosives, but none were subsequently found.

At least one aircraft is reported to have been destroyed in flight by explosives, resulting in the deaths of 21 passengers and crew. Attacks against airport installations have, as in the past, been reported during the year. A number of incidents occurred during the period January to November 1994 involving the shooting at or shooting down of government aircraft, general aviation aircraft or military aircraft involved in providing humanitarian relief.

Complete hold baggage screening is a strategic objective of ICAO. Airlines and airport authorities - including IATA and ACI experts on

baggage handling, airport terminal design and security - are working to further this objective.

About IATA

1995 Annual Report

Industry Support

- [Infrastructure](#)
- [Environment](#)
- [Consumer Issues](#)
- [Regulatory Monitoring](#)
- [Legal Support](#)
- [Corporate Communications](#)

IATA supports and coordinates collective airline effort in a wide range of areas which can make - or break - the industry's still fragile financial health.

Infrastructure

More and better aviation infrastructure is an urgent necessity, if the industry is to fulfil the potential implied by strong consumer demand. This applies to airport terminals, taxi-ways, runways, surface access, and Air Traffic Control (ATC) systems alike. This network of systems are either provided directly by governments or are approved by them and financed, in whole or in part, by the private capital markets. Insufficient infrastructure results in congestion bottlenecks and delays which cost this industry billions of dollars per year - whilst costing the world economy many tens of billions of dollars per year more.

For many years, airlines have used IATA to coordinate their actions to secure the timely provision of sufficient airport and airspace capacity to meet current and forecast demand for air transport services. Together with other interested parties in the travel and tourism industry - including manufacturers, airport operators, travel agents, tour operators, consumer groups, chambers of commerce and trade unions - IATA works through the Air Transport Action Group - ATAG - to ensure that the appropriate infrastructure investments are approved, financed and implemented on a timely basis.

In 1994, the ATAG accelerated its public information activities. It produced two new videos and updated its original video on the economic benefits of air transport, entitled "Flightpath to Prosperity." One of the new videos, entitled "A Matter of Balance," focuses on the industry's environmental record and its commitment to further improvement where possible. The other new video, "FANS: The Global Advantage," explains the benefits of a timely and cost-effective transition to the most modern systems for communication, navigation, surveillance and air traffic management - CNS/ATM - the official ICAO name for "FANS."

"FANS" is the single most important aviation infrastructure venture in the world. The first operational use of FANS in June 1995 in the South Pacific was an important milestone during the past year and the Boeing FANS 1 package installed on the B747-400 successfully entered operational service in June 1995. IATA's work to push forward the FANS agenda has continued on a number of fronts.

Defining the future FANS environment has involved two elements. The first is the development of user-driven transition plans, detailing operator requirements for the implementation of communication, navigation and surveillance tools. Five regional plans have been finalised; the sixth, dealing with Latin America/Caribbean, will be completed shortly. These plans are already being introduced into the ICAO regional planning processes. The second element involves defining the future Air Traffic Management environment. IATA's Technical Committee has recently endorsed a Task Force Report which defined the future Air Traffic Management (ATM) in terms of "free flight", a concept that would allow individual aircraft to fly optimal flight paths with minimal ATC contact.

On the financial side, a comprehensive policy statement on cost recovery and user charges in the FANS environment was approved by IATA's Financial Committee. Cost/benefit analysis (CBA) is an important dimension to FANS, and IATA has worked closely with EUROCONTROL to gain acceptance of CBA concepts and of IATA CBA methodology.

IATA remains active in the development of FANS related technical standards in ICAO Panels. During the year IATA and ICAO published a detailed "FANS/CNS ATM Starter Kit". This multi-media publication contains comprehensive information on FANS and the steps involved in implementation for ATS providers and operators.

Global NAVCOM '95 successfully highlighted the role of new ATM techniques in the FANS environment. GLOBAL NAVCOM'96 in Singapore next June, will be the first of new "regional" symposia, focusing on implementation issues.

Global NAVCOM '95 also saw the launching of the FANS Stakeholders' Group (FSG). The FSG is a coalition of groups sharing an interest in the timely and cost effective implementation of FANS. The FSG provides a means through which resources of member organisations can be harnessed to assist governments, ATS providers and airlines in the implementation of FANS. Founding members of the FSG represent users, service providers and the manufacturing community and include IATA, IBAC, IAOPA, ICCAIA, ARINC, SITA, Inmarsat and ATAG.

Satellite-based systems was a major focus of the ICAO Special Communications/Operations divisional meeting at which future requirements for precision approach and landing systems was discussed. The current Instrument Landing System - ILS - will continue for at least 15 years. At some locations ground based Microwave Landing Systems - MLS - may be introduced to replace deteriorating ILS facilities. Satellite-based systems will continue to be developed as the successor system. Suitable multi-function avionics systems are being developed. IATA obtained important concessions including the downgrading of some airborne MLS equipment requirements from mandatory to optional. This has saved Member airlines about USD 90 million.

Reflecting the significant economic importance of Asia/Pacific to Member carriers, IATA technical staff in Singapore have been reinforced, in the new regional office, with the addition of airports and electronics engineering expertise and with a part-time technical presence in Beijing, China.

At the request of the Afghanistan Government, IATA is providing contract technical support for the reconstruction of air traffic services in the Kabul flight information region, leading to full rehabilitation using funds available from international airline user charges.

A programme is underway in support of the IATA plans for more efficient routes between South-East Asia and Europe across the Indian sub-continent, following agreement with all the States to reduce longitudinal separation from 15 to 10 minutes. In co-operation with IATA, India has begun services to support aircraft certified for using FANS; plans are well developed for the first FANS air route.

IATA is involved in major airport development projects at Bangkok, Seoul, Macau, Hong Kong and Singapore. Progress is being made with capacity improvements at Hong Kong (Kai Tak) and Tokyo (Narita).

In response to strong demand, ATAG commissioned an update of its regional growth forecast for the Asia/Pacific region. The updated forecast was a key resource for the Asia/Pacific (APEC) Ministers responsible for transport, at their Washington D.C. meeting in June. This meeting followed several years of active pressure from IATA and ATAG. With 18 countries from the regions represented, the Ministers agreed to ensure timely, cost-effective and coordinated investments in their aviation infrastructure, including the introduction of new technologies, such as FANS. The Ministers also agreed that the value of such high level consultations on these issues was sufficient to warrant further additional meetings amongst them.

Developments in the Former Soviet Union, and "pacific rim" are also

positive. Cooperation with Rosaeronavigatsia has grown, with extensive work directed at the opening of a new route across the Far East for the 1995 winter airline schedule - the first in the world to be totally dependent on ICAO FANS technology for its operation. Discussions continue with Russia and China on necessary improvements to air routes between Eastern Asia and Europe. Mongolia, a key state on air routes between Asia/Pacific countries and Europe, supports the CNS/ATM transition plans developed by IATA.

IATA's low cost English language training programme in Prague had another successful year in 1994. It is expected that, by the end of 1995, a total of 800 air traffic control and other students, the majority from the Former Soviet Union, will have undergone English language training.

In Europe, a 40-50 percent gain in ATC capacity since 1989 has more than matched demand - and therefore decreased delays. But concern grows about the ability of airports to keep pace with demand in Europe. IATA has made a significant contribution to the excellent work of the ECAC Airports/ATS Interface - APATSI - in refining airport operating procedures and thus increase aircraft handling rates.

There is however, an urgent need for capital investment on new terminals and runways in key areas of the region. These require long lead times and the involvement of banks in private funding. IATA has worked with authorities in Brussels, London, Milan, Oslo, Prague and Rome on their major airport development projects. Both IATA and ATAG submitted evidence in support of a new terminal at Heathrow Airport and will appear at a public inquiry to be cross-examined on this evidence.

To reinforce the need for a prompt decision in favor of constructing a new airport to serve the Berlin/Brandenburg region, ATAG supported a study on the economic benefits of such an airport on the economies of the area.

The four major airline associations - AEA, ERA, IACA and IATA - coordinated their actions in support of the INSTAR Study Group. INSTAR was established by the ECAC Ministers to recommend measures to ensure that, as Europe's air traffic management systems become technically harmonised and integrated, they are managed in a more centralized, coordinated manner.

The Central Flow Management Unit - CFMU - of Eurocontrol was launched as a tactical facility. Successful implementation of the CFMU was strongly supported by IATA representatives working with Eurocontrol staff within the unit. CFMU took over the tasks of the Paris Flow Management Unit; the transfer of Frankfurt, London, Madrid and Rome operations will be completed in 1996. The benefits of the CFMU

are already in evidence. The European Air Traffic Control Harmonisation and Integration Programme - EATCHIP- remained on schedule with the completion of the important Phase III Convergence & Implementation Planning Documents. IATA has been actively involved in the EATCHIP and CFMU programmes.

The ATC integration process within the EATCHIP programme has led to some interesting developments. The Nordic States are co-operating in plans to establish their airspace as a single entity. This would include a large portion of the North Atlantic and the whole of Greenland. Through the Central Europe Air Traffic System (CEATS) Project, eight States in south-east Europe have agreed to establish a common upper airspace controlled from a single, jointly-staffed, centre similar in concept to the Eurocontrol Maastrict model.

The value of being able to divide up airspace free of national boundary constraints was demonstrated by France and Switzerland, where uninhibited planning potential was assessed through simulations involving a large portion of their airspace. The results indicated that a 46 percent increase in capacity could be available through wide-scale airspace reorganisation. IATA has worked closely with the respective States in these projects.

The European Commission is assisting in setting up trials involving 30 European aircraft, an important step towards ICAO-compatible CNS/ATM operations. IATA has co-operated in bringing the Russian Federation into the programme with a ground installation and equipment for a Russian civil airliner.

IATA has helped implement improved air traffic management procedures on the North Atlantic. These permit traffic to plan and operate more efficient access routings through continental airspace. Good fuel and flight time savings have resulted in spite of the continuous growth in traffic volumes. A reduced vertical separation minimum by January 1997 is on target - to increase airspace capacity.

Growing levels of traffic are increasing the loads on air-ground communications, both within the North Atlantic region and in the interfacing continental areas. This has prompted an increasing interest among operators and service providers in the use of data-link systems for ATC communications. In the last year a joint user/provider Implementation Management Group has been established by the ICAO Regional Planning body for the North Atlantic region to develop and manage a detailed plan for the introduction of the new CNS technologies.

Benefits of the growing peace process in the Middle East are already being enjoyed by airlines. IATA encourages all states in the region to

authorise flights across their territories by aircraft of all nationalities on a reciprocal basis.

An ICAO Regional Air Navigation (RAN) meeting in January will develop a revised Air Navigation Plan for the region covering the next decade, with particular focus on CNS/ATM. To manage the planning and implementation process, ICAO has recently established the Middle East Planning and Implementation Regional Group, on which IATA is represented. Technical co-operation with the Arab Air Carrier Organisation (AACO), has grown closer - and a CNS/ATM transition plan has been jointly developed.

Infrastructural deficiencies continue to impose significant economic penalties on airline operations in Africa. Financially autonomous service providers show the most improvement - thus, IATA has encouraged the trend where possible through further ATC billing agreements. Where facilities and services remain critically deficient, IATA has continued its programme of technical missions to ensure that user priorities are appreciated. Where institutional solutions have remained elusive, IATA will propose direct cooperative projects with the authorities with cost recovery through user charges.

The coming year will see the full integration of the facilites and services of South Africa into the fixed networks. This will accelerate the substantive improvements already made by several provider States in recent years through implementation of a number of critically important satellite trunk circuits.

The regional CNS/ATM transition plan was adopted by the ICAO Africa Planning and Implementation Regional Group (APIRG) and drew extensively on the IATA user driven plan.

In Latin America and the Caribbean, progress was made in the introduction of area navigation routes and optimised procedures which yield immediate benefits for the airlines. Increased participation in technical projects by regional Members is expected to improve the success of IATA technical missions. Airline-driven CNS/ATM transition planning began during the past year; as it progresses, it will be used to influence states' early recognition of CNS/ATM benefits to all parties.

Environment

In December, the International Civil Aviation Organisation's Committee on Aviation Environmental Protection - CAEP- will meet in Montreal to consider whether the current Annex 16 certification standards for noise and nitrogen oxides - Nox - emissions should be changed.

CAEP will base its eventual recommendations to the ICAO Council on extensive cost/ benefit analysis of what is desirable and achievable. CAEP studies show that the tougher rules proposed would have minimal environmental benefit and would cost the industry USD 32 billion dollars (up to 50 billion if new deliveries are taken into account).

In the meantime, quieter, less polluting aircraft are being introduced progressively into airline service. 1995 marked the beginning of the phasing-out of older, noiser aircraft according to the criteria set out in Chapter 2 of Annex 16. By the time this phase-out is completed in 2002, Member airlines will have spent an estimated USD 850 billion on fleet re-equipment. This environmental investment is much higher if the costs of operating restrictions, including charges, are taken into account.

These very large investments demonstrate that IATA airlines take their environmental responsibilities seriously . This was made clear in a new IATA publication - the Environmental Review - in April. The Review presents the industry's environmental record over recent years and provides a unique environmental reference source for the industry. Now an annual publication, it also shows what more can be done to investigate the best solutions to the environmental challenges which face the industry.

Recognising the need for strong industry environmental policies, Members merged the activities of the two IATA task forces dealing with environmental issues, the Aircraft Noise and Emissions Task Force and the Environmental Task Force, into a single, high- level, multidisciplinary group called the Environment Task Force - ENTAF - which acts as the focal point on environmental issues.

Collectively, IATA airlines are approaching the pressures for more stringent environmental regulation in a positive manner. They recognise that while much has been achieved by the industry, much more could and should be done to accommodate environmental requirements into their growth strategies.

Consumer Issues

IATA has long had good relations with consumer organisations, particularly through the Airline Consumer Forum. These are characterised by frank discussions on issues and efforts to seek constructive solutions in problem areas when they occur. The Forum has recently been restructured and the chairmanship will in future be rotated between airline and consumer representatives.

Among the issues, smoking on board commercial flights remains in the news and will be reviewed at the forthcoming ICAO Assembly. The previous Assembly approved a Resolution calling for a ban on smoking to be introduced by January 1997. Certain governments have introduced legislation to this effect, while others have left the question to the discretion of their airlines. A full-scale ban on either a world-wide or regional basis seems unlikely, but a growing number of airlines are introducing total or partial bans on their networks. A recent IATA survey showed that some 60 airlines have taken action to limit or abolish smoking on their flights.

Regulatory Monitoring

Economic regulation of the international air transport industry continues to be slowly relaxed, although some governmental oversight will probably remain, permanently. At the same time, ironically, increased regulation in other sectors - notably consumer protection and environmental matters - is being applied to the airline industry.

The most notable development during the past twelve months has been the explicit recognition by governments that the regulatory goals of states in civil aviation, particularly in the economic sector, can differ widely and that, on many issues, there is little desire to seek some common middle ground. While this divergence of interests is not new, the fact that this is now openly discussed is significant.

ICAO's Fourth Air Transport Conference took place in November-December 1994. The theme of the meeting was "International Air Transport Regulation: Past and Future." It was clear that ICAO's role in the regulation of the international air transport industry would continue to be limited to legal and technical areas, and that the failure to create a framework for economic regulation in 1944 would not be reversed in the near future. The Conference also showed that the bilateral system will continue to be a major factor in international civil aviation relations for a long time to come; any transition to multilateralism will be gradual.

A conference initiative which IATA Members strongly support is the call to have as many states as possible sign the International Air Services Transit Agreement - IASTA - since this would facilitate air travel in a number of regions and reduce airline costs.

ICAO is reviving its Panel on Air Transport Regulation, which has been inactive since 1983. IATA has been granted observer status. The Panel will begin work early next year on a number of issues raised during the Air Transport Conference.

ICAO's 31st Assembly will be held from September, to set the Organisation's work programme for 1996-98. IATA has submitted four action papers to the Assembly: the State of the Air Transport Industry; Infrastructure and Environment; Taxation; and the Airline Liability System. In addition, there are two information papers, one on Smoking on Board, and the other concerning follow-up to the Fourth Air Transport Conference.

The World Trade Organisation -WTO - came into existence at the beginning of the year, while the aviation-related elements of the GATS - General Agreement on Trade in Services - also became effective. These covered aircraft repair and maintenance services, selling and marketing of air transport services, computer reservations systems - CRS - and reflected the growing interest of other international organisations besides ICAO in the regulatory aspects of civil aviation. The Organisation for Economic Co-operation and Development - OECD- and the World Tourism Organisation - also WTO- are stepping up their level of attention to air transport.

The future of the Warsaw System of airline liability is discussed , elsewhere but it is worth emphasising the real risk of regulatory confusion, in addition to the enormous financial exposure of airlines, if the Inter-Carrier Agreement discussed in recent months fails to come into force. The European Union, the European Civil Aviation Conference, Japan and Australia are among those which will enact new liability legislation of some kind if a new agreement is not developed. IATA continues to argue strongly for the maximum degree of harmonisation of nations' legislation in this and other areas, such as competition law, to ensure the smooth functioning of the world-wide network of air service built up over the past 50 years.

Among the "doing business" issues which have broad industry significance, the most debated in the past year has been code-sharing. The US DoT has introduced rules requiring carriers to advise passengers about code-sharing arrangements and "change-of gauge" during a journey. Code-sharing is also being discussed in Europe, where opinion is divided as to whether legislation is necessary, or whether the responsibility of advising their customers about these arrangements should be left to the carriers.

The rules relating to Computer Reservations Systems (CRS) continue to be scrutinised around the world, although hopes that harmonised

rules could be applied on a world-wide basis remain unfulfilled. ICAO has reconvened its CRS Study Group, one of its briefs being to determine whether the Organization should try to produce a model clause for CRS usage for inclusion in bilateral agreements.

The Canadian Government has issued new regulations for CRS operations. A special feature is a schedule of penalties to be applied for breaches of specific CRS rules. The European Commission is studying aspects of its Code of Conduct which, inter alia, requires that fees charges by a CRS vendor should be non-discriminatory and reasonably related to the cost of the service provided.

Liberalisation of ground handling services was covered at last year's ICAO Conference. Opinions range from support of total liberalisation to preservation of monopoly. The European Commission has run into a similar range of views in its review of ground handling at European Union airports. The EU favours free competition, but has been obliged to accept that capacity, safety and security issues can present legitimate reasons for limiting competition.

The Asia/Pacific region has seen developments over the past year which are in keeping with its dynamic political and economic environment. Relaxation of state control in China and liberalisation in India have made these two countries' airline industries among the most dynamic in the region - but authorities have been obliged to temper the enthusiasm of their carriers. In both countries, infrastructure is under severe pressure, and Governments have also been obliged to limit the number of new entrants.

The booming economy in Vietnam, a consequence of the Government's "open door" policy, has resulted in significant growth in passenger traffic recently, although from a small base. Here again, the Government will be confronted with issues of airport and ATC capacity and oversight of a growing number of local airlines. Opening of the economy and aviation markets in Myanmar is also to be expected.

In the south of the region, the most significant development has been the abandonment of the project for a single Australia-New Zealand aviation market. This was due to a number of factors, notably Australian concern that the New Zealand flag carrier would benefit more than its Australian counterparts.

In Europe, the most important development has been the enlargement of the European Union to 15 Member States. The third package of air transport liberalisation applies to all of them plus two non-EU countries - Iceland and Norway. The European Commission has received a mandate to negotiate an air transport agreement with Switzerland. This may prove difficult, since it is only one element of a larger package.

The Transport Directorate is looking at the Commission's role in external aviation relations. Efforts here have been affected by the US "open skies" initiative encouraging the creation of liberal bilaterals with nine European countries, including six EU members.

ECAC has been involved in Eastern Europe for several years. The EU is addressing its enlargement towards the East and is discussing pre-accession agreements - which could include air transport - with several countries.

The privatisation process has not begun in Eastern Europe - where the priority has been the restructuring of the economy as a whole. A range of infrastructure shortcomings need to be eliminated, if liberalisation is to function efficiently in the region.

In North America, the changed composition of the US Congress is not expected to create any radical departure from traditional civil aviation policy. The DoT has a heavy business agenda - on which airline safety and consumer issues will be the dominant concerns.

In addition to the strong bilateral approach in Europe, the US government has signed a very liberal agreement with Canada. The ultimate objective is "open skies". Canada has implemented its own new bilateral policy, with the stated objective of providing consumers with more travel options through best use of Canada's international route rights and easier access to Canada by foreign carriers.

Canada is currently in the process of implementing the "commercialisation" of airports and air traffic control. Transport Canada will discontinue the funding, operation and management of most airports in the country over a five-year period running to April 2000. Similarly, ATC will no longer be funded from public funds.

In the Middle East region, the lessening of tension between some Arab States and Israel should stimulate travel and tourism in the region. At the same time, the aftermath of the Gulf War and the crisis which emerged in Yemen continue to hinder increased regional co-operation. This has led to some fragmentation in the approach to aviation matters.

However there are encouraging signs in the level of sub-regional cooperation achieved between members of the Gulf Cooperation Council and the Maghreb Union in areas of joint insurance and fuel purchasing. There is a higher degree of cooperation amongst members of the Arab Air Carriers Organization particularly in the area of distribution systems whereby ten AACO members jointly contracted a CRS vendor and connected more than 1200 travel agents in the region to this CRS. Members in AACO have also launched a study on marketing alliances aimed at identifying opportunities amongst the Arab

airlines and with other airlines of the world.

Establishment of the newly formed Arab Civil Aviation Commission, which groups the Arab Civil Aviation Authorities, is still underway pending the ratification of the agreement founding this commission. In the meantime, AACO was able to establish dialogue with other regional bodies particularly the European Commission and was able to obtain ECAC and EU consent to exemption from Stage 3 noise rules for 59 Stage 2 Arab aircraft.

In Africa, states understand and support the trend to a more liberal market, but they have expressed concern at the ICAO Conference last year about some aspects - and called for safeguard mechanisms. African aviation is, in general, not strong enough to withstand unlimited competition. A number of governments in the region have asked the Organization for African Unity to intervene with the World Trade Organization to exclude African aviation from the GATS.

The region is also faced with substantial needs for investment in air navigation infrastructure and renewal of obsolete airline fleets, which are certainly beyond the ability of the states to finance. Attempts to gain efficiencies through regional airline integration and co-operation have not made much headway, while privatisation is certainly not achievable on a wide scale in the foreseeable future. However, there are increasing signs that many governments in the region are prepared, if necessary, to pull out of their involvement in the air transport business.

The political scene in Latin America is dominated by financial uncertainties following the near-collapse of the Mexican economy at the beginning of this year, although for the moment air traffic growth remains strong. Tensions between the US and a number of its Latin American aviation partners remain high, with accusations of predation and unrestrained additions to capacity.

In the Caribbean, there have been initiatives both for increasing political and economic integration and for more airline co-operation and privatisation. The Association of Caribbean States, with 24 Members, should be launched shortly. Moves are also afoot to strengthen the position of Caribbean airlines.

Legal Support

Warsaw Convention liability system: efforts by ICAO and governments over the last twenty years to modernise the liability régime, particularly with respect to updated limits, have not been successful. IATA has therefore been pressing for antitrust immunity in order to address this significant issue. Having earlier received immunity from the European Commission, IATA was granted US immunity in February 1995. The Secretariat then convened an Airline Liability Conference in Washington in June, which was attended by 67 airlines, 6 Regional Associations, 3 other industry organisations and observers from ICAO, ECAC, the EU and the US government. The Conference session was followed up by two Special Working Group meetings in London and Washington, in July and August respectively. As a result, a liability "package" was developed based on a new Washington Intercarrier Agreement which will embrace:

- one universal approach to liability limits (avoiding the need to address the specific concerns of the US, the EU, Australia and Japan through "add on" or separate mechanisms);
- a pre-condition that compensation is to be paid according to the law of the domicile of the passenger (this will particularly benefit small and medium-size airlines from developing countries by ensuring lower risk exposure);
- no explicit waiver by carriers of their defences under the Warsaw System (it was however acknowledged that they may be waived in whole or in part, either voluntarily or as required by government);
- no mandatory "up front" payments to victims (this would be left up to individual airlines to decide);
- securing of widespread implementation of the Agreement by means of signatories encouraging accession, or at least application of its provisions, for successive carriage;
- the new Agreement to be effective upon receipt of requisite governmental approval or 1 November 1996 i.e. within one year of the 1995 IATA Annual General Meeting (AGM), whichever is later (this will take into account the need to provide time for the amendment of liability coverage on carriers' respective insurance renewal dates);
- termination of the 1966 Montreal Agreement (which covers only service to, from and through the US).

At the time of writing, the text of the Washington Intercarrier Agreement is being drafted for submission to the IATA AGM in October. If endorsed, it will be circulated for signature by airlines, both IATA Members and non-Members, and filed with Governments for approval.

IATA Articles of Association: these were originally drafted in 1945. In

order to bring them up to date, and to implement the changes required as a result of the "Repositioning" exercise, the Articles are being elaborated in a new form, with new content, by the office of the General Counsel and Corporate Secretary. After approval by the Board of Governors, they will be submitted to the 52nd Annual General Meeting in Geneva in 1996, for adoption.

International Settlement Plan: to better serve the airlines operating in Micronesia, IATA established a new International Settlement Plan - Aviation Industry Reporting System, Inc. - AIRS - in Guam early in 1995. AIRS thus joins the "family" of wholly-owned IATA subsidiaries, including the Passenger Services Network - IATAN, the Cargo Network System - CNS, and the Agent Reporting Plan - ARP.

Corporate Communications

IATA has strengthened both internal and external communications during the past year. Internal: the bi-monthly "Talewind" magazine reaches every IATA employee and affords the chance of a public discussion of employee issues.

External: a new bi-monthly flagship magazine "Airlines International", and a newsletter for industry leaders - CEO Brief - ensure a wider and deeper distribution, within and outside our industry, of the Association's points of view and positions - and of information concerning significant events. Regional information meetings also guarantee that IATA's message on crucial issues such as safety, financial viability, taxation and environment are delivered effectively to public relations staff of airlines, government officials and the media. IATA's 50th anniversary has afforded an excellent opportunity to increase industry recognition worldwide.

■ About IATA
■ 1995 Annual Report

Standards & Procedures

- [Passenger & Airport Services](#)
- [Cargo Services](#)
- [Scheduling](#)
- [Facilitation](#)
- [Fraud Prevention](#)
- [Information Technology](#)

Without the standards and procedures developed through IATA, international air transport would be an uncertain, volatile and much smaller collection of activities - offering much less to the world's passengers and shippers.

Passenger & Airport Services

A continued need for interlining is at the heart of IATA's Passenger and Airport Services activity. The standards developed enable members to exchange information between themselves to provide a seamless air travel product to the consumer, with the objective of reducing airline costs and improving passenger service levels. Activities range from passenger reservations through passenger ticketing, passenger handling and ground handling of aircraft on the tarmac.

Recently, much action has been focused on exploiting the potential benefits of automation for processing passengers and their checked baggage. The Automated Ticket and Boarding Pass, and the automated baggage tag are examples of new technologies that will help Members reduce costs and improve service levels and security. IATA is studying opportunities offered by "Electronic Ticketing" in anticipation of its industry-wide adoption for international interline ticketing, complementing the paper- based ATB2.

IATA manages industry coding systems to ensure that a supply of airline designators and airline accounting codes is available for airlines qualified to receive them. IATA continually monitors the availability of these codes. It controls allocation of airline designators and surveys airlines to ensure that they continue to qualify for codes previously assigned to them. In some cases, this has enabled IATA to recover some designators, thus extending even further the two-character airline designator system.

IATA works closely on standards with regional airline associations. Many standards are developed in co-operation with the ATA. Liaison is maintained with the AEA, OAA and other organisations on subjects of

specific interest.

Passenger and Airport Service's standards continue to be promoted outside the air transport industry for adoption and use by surface operators such as railways and ferry companies. Work has been completed on a new set of standards and procedures, based on existing IATA standards and procedures, for use by surface operators. These Travel Partner Standards will make it much easier for surface operators to have their products distributed though CRSs as well as airline systems. They will also provide a strong foundation for a future intermodal transport system.

The IATA Partnership Programmes encompass **Registered Suppliers**, Industry Associates and Travel Partners. Registered Suppliers volunteer their time and effort, along with Member airlines, to develop the IATA standards and specifications that allow the airline industry to operate more efficiently. They gain important insight into the evolving needs of the industry and are better prepared to adapt to the changing technological requirements of their customers, the airlines. The current 145 Registered Suppliers range from CRS companies, ticket and paper manufacturers to fuel providers and software houses. The programme continues to attract a wide variety of suppliers, with fifteen new companies joining the programme in the first half of 1995.

Amongst IATA's Registered Suppliers, there are some companies with a broader interest in airline industry activities. To meet their requirements, IATA launched the Industry Associates programme in January 1995. This programme is for companies within the aviation, travel and transportation fields that have interest in high level industry discussions and presentations. **Industry Associates** attend many of the same meetings as Registered Suppliers under the same conditions. However, they may also attend portions of the IATA Technical Committee meetings and can send an observer to the IATA Annual General Meeting. The sixteen member companies include major airframe and engine manufacturers - such as Airbus, Boeing, McDonnell-Douglas, General Electric and Pratt & Witney - and information technology and communications providers.

In parallel with these two programmes, IATA also enables travel and tourism companies to work with Member airlines and their suppliers to develop common standards. These **Travel Partners**, including airports, rail, ferry and rental car companies, benefit - as seen above - by using the existing airline expertise and technology as the basis for inter-modal and multi-modal systems.

The **IATA Ground Handling Council (IGHC)** continues to enjoy strong support from Members and independent ground handling companies

alike. The IGHC provides a forum where over 300 companies meet to discuss a wide range of topics concerning ground handling. The importance of this activity is underscored by the fact that more and more Members are outsourcing their ground handling activities to third parties. The IGHC provides the only forum where these third party ground handling companies can meet with IATA Members to ensure safe, economic and practical ground handling standards, universally accepted, and adopted by all companies providing ground handling services.

Cargo Services

IATA has been active during the past year in refining cargo **EDI** standards to meet users' business needs. This includes the development of a complete set of EDIFACT messages based on a new, stable directory. EDIFACT - a UN sponsored standard - is Electronic Data Interchange For Administration, Commerce & Transport. All airlines are urged to implement these standards and reap the economic and practical benefits of electronic information exchange.

A new **bar-coded cargo label** has been introduced which will enable forwarders to use the same label, for their house waybill information, as the airlines do for full shipment information. This will increase accuracy and provide savings for airlines and forwarders in data capture costs.

A **trial of "paperless" transportation** will be undertaken later in 1995 with two airlines and a forwarder in Europe. A draft contract has been developed which, it is hoped, will form the basis of a standard EDI contract reflecting this important step forward.

The number of training schools endorsed by IATA for **dangerous goods** courses continues to increase. At the end of June 1995 there were 35 schools in 18 countries, with three more applications pending. Course content and examinations used are continually monitored to ensure that they meet agreed minimum industry standards.

Scheduling

More than 220 airlines - both scheduled and charter - and some 750 delegates attend IATA scheduling conferences.

The scale of the conferences clearly reflects the importance of schedule coordination - in which slot allocation at congested airports plays a vital role. Congestion and the physical limits of airports and airways make slot allocation necessary - so close attention is given to improving infrastructure, expanding capacity and removing constraints. Thus, considerable conference effort has gone into monitoring and encouraging implementation of the European Union Slot Allocation Regulation - to ensure it meets the objective of maximising use of capacity through open and transparent procedures.

A key element of this has been ensuring that the requisite national and local coordination committees are established with adequate airline representation. To this end, Member airline representatives have been nominated to committees in Germany, Spain and the U.K. and more will participate in other States as these are created. Work is already under way to prepare for a revision of the EU Regulation, a report on which must be submitted by the European Commission to the EU Council, by 1 January 1996. IATA is preparing input on this, and is particularly concerned that comprehensive implementation of the present regulation should be the priority so as to ensure its benefits are realised and to provide a solid basis of experience before any further radical changes are considered.

At the national and local airport level there are constant challenges, particularly since capacity expansion - even in terms of more effective use of existing resources - frequently faces opposition. An important example of this, and of the related work of IATA, is an on-going effort to improve utilisation in the London airport system. By optimising the use of quieter aircraft in the current night period - the early morning being a critical time for long-haul arrivals - significant capacity benefits can be extended throughout the day.

A new initiative in 1995 has been the creation of a **training course in scheduling** and slot allocation, designed for new airline schedulers and coordinators. Courses in May, July and September were fully booked; further programme enhancements are planned for 1996.

Facilitation

The ICAO Facilitation Division met at the end of April, for the first time since 1988. It brought together over 400 delegates from 89 countries and 10 international organizations - including IATA. The purpose of the meeting was to revise **Annex 9 to the Chicago Convention** which lays out Standards and Recommended Practices for international aviation border-crossing procedures. IATA presented 28 papers suggesting improvements and was successful on 23. The importance of getting existing standards implemented, the focus of the Director General's message to the meeting, was well appreciated.

Another major event in 1995 has been the implementation of the **Schengen Agreement**, creating a common external border and eliminating internal borders for seven EU Member States. At the urging of IATA, together with the AEA and ACI Europe, implementation coincided with the introduction of the northern hemisphere's summer scheduling season on 26 March.

IATA made every effort to ensure that the authorities took steps to see that the new arrangements worked, and to help Members to prepare for the changes. In general, implementation went relatively smoothly, although re-introduction of controls in Amsterdam and subsequently throughout France, albeit for a temporary but undefined period, has somewhat undermined the Agreement. There remain a number of problems to resolve - and confusion regarding non-harmonised visa requirements. This has caused difficulties for a number of passengers and airlines.

Problems with visas and other travel documents continue to cause concern to many airlines. The fines they face for carrying inadequately documented passengers remain significant, despite widespread implementation of controls at check-in and boarding.

The industry continues to co-operate with control authorities in many countries, promoting wherever possible the use of agreements - often in the form of memoranda of understanding - to gain recognition of their efforts to control travel documents, by the elimination or reduction of fines. Programmes are now in place in Canada, Germany, the UK, and pending in the US. IATA has been instrumental in all these developments and continues to promote such initiatives elsewhere.

Fines represent a significant problem. But, in the longer term the ability to handle growing numbers of passengers and cargo within existing facilities will have the greatest overall cost impact. Thus, the greatest attention is focused on improving customs, immigration and other controls. Automation will provide the key - but it is clear that, for this to be truly effective, controls must be integrated with all other aspects of passenger and cargo processing.

Experiments in the integrated use of automation in the facilitation field are expanding, with advance passenger information - API - and biometric identification systems now in use in the US and soon elsewhere. IATA works closely with other organisations, governments and manufacturers in an alliance promoting such developments, under the acronym **FAST** - Future Automated Screening of Travellers.

Other activities of note in the past year include: **training** in the identification and handling of **fraudulent travel documents**, given by immigration officers at the instigation of IATA in Beirut, Damascus, Santo Domingo and Beijing; the implementation of a **"Fines Mitigation Unit"** in Washington to provide cost-effective legal support in fighting immigration fines; a mission to Sao Paulo aimed at overcoming costly delays experienced in clearing cargo; and a seminar focused on US issues, held in conjunction with the regular Facilitation Advisory Sub-Committee meeting.

Fraud Prevention

IATA Members lost at least USD 275 million through fraud in 1993 - the latest year for which complete details are available - compared with an estimated USD 189 million in 1992. More than half the loss is attributed to tariff abuse. This subject was the focus of a workshop at the 1995 Fraud Prevention Seminar. It is being further studied, since there are indications of a trend toward programmed abuse, aided by the industry's growing reliance on automation.

The 1994 Seminar featured the theme **"Revenue Protection - The Wider Perspective",** with more than 100 experts from 53 carriers participating. Returning to the Seminar's more traditional spring timing, the **1995** event, which was arranged jointly with the OAA, was held in **Kuala Lumpur** in May. Attendance increased, with 132 participants for this event - which focused on **"Marketing Strategies and Revenue Protection - Meeting the Challenge".** It also gave close attention to recent automation developments, including the potential implications of electronic ticketing. Among the other subjects covered were baggage fraud, the agency distribution system, and the problems of counterfeit tickets.

Seminars have proved an effective means of sharing knowledge and promoting co-operation in combatting fraud, and regional events have a particular value. Consequently what has become an annual event in Latin America, organised jointly with AITAL, took place in Buenos Aires in November, 1994. Separately, Douala was the venue for the first regional Fraud Prevention Seminar for Central and West Africa, held in April 1995. This was arranged as part of a broader initiative to combat ticket fraud problems in Africa.

A basic, but important, element of the fight against fraud remains the well-established IATA training programmes in the field. On-site courses in the detection of ticket fraud have been given to Members' airport and sales office staff for a number of years, and in the past two years have been augmented by a scheme to train instructors, to themselves provide the IATA course within their own airlines. Since introduction of IATA training in this field, more than 12,000 airline staff have participated in courses, and by the end of 1995 some 45 trainers will have taken the instructors course.

Co-operation remains a key element in fraud prevention, and work with other organisations such as the ATA, Interpol, ARINC (whose Tickets Service "blacklist" is promoted and supported by IATA) and police authorities in many countries, continues to be a high priority for the Secretariat.

Information Technology

Airlines are among the biggest users of telecommunications facilities world-wide. Efficient airline operations are highly dependent on the ability effectively to exchange data both within the industry and, increasingly, with third parties. In 1993, the airlines collectively spent approximately USD 1.9 billion dollars to support their data telecommunications functions alone, and some USD 3.2 billion on other information technology - IT - operating expenditure.

The need for technical standards is clear - and a priority area for IATA activity on behalf of industry IT. Over the last 18 months, a substantial and concentrated effort has been underway to review, update, consolidate and standardise the presentation of the various telecommunications standards used by the industry. This has culminated in 1995 with the publication of the multi-volume **Systems and Communications Reference Manual** which forms the definitive reference document for inter-system communications and provides invaluable technical information for all airlines and other interested parties.

■ About IATA
■ 1995 Annual Report

Products & Services

- [Financial Services](#)
- [Tariff Coordination](#)
- [Distribution Services](#)
- [Human Resouces Development](#)
- [Informing and Advising](#)

A comprehensive range of products and services - developed through and offered by IATA - enables Members and other airlines to buy what they want, when they want, enhancing both operations and profitability. The range and content of the products and services is reviewed and refined continuously.

Financial Services

Revenue Accounting: Training courses in Sales Accounting, Interline Accounting and in Proration, continue to be offered both through the Airline Training Services Programme in Geneva, Singapore and Miami or in-house upon airline request.

The Interline Data Exchange Centre: IDEC and SAMPLING continued to be administered under the IATA umbrella. Both activities provide cost savings through simplification and the avoidance of duplicated data processing. More than 50 airlines use these services.

IATA Currency Clearance Service: ICCS enables airlines to centrally manage their world-wide Billing & Settlement Plans' and Cargo Accounts Settlement Systems' sales revenue, repatriate surplus funds quickly at low cost - and obtain the best exchange rates.

During 1994 the Service achieved a throughput of USD 4 billion in multiple currencies. Seven airlines joined the ICCS during the year and several expanded their participation. By the end of the year, 25 airlines had joined the ICCS; it was operational in 18 countries.

IATA Clearing House: Following a downturn in 1993, throughput bounced back by 7.7 percent in 1994 - producing the second highest volume ever, at USD. 22.8 billion.

Sixteen new Clearing House Members were added in 1994. Seven airlines were terminated from membership either as a result of failure to pay balances, cessation of operations or a bankruptcy proceeding.

Three new participants joined the Subsidiary Ledger in 1994 - bringing the total to 20.

Total membership of 234 constitutes a new record participation in clearance.

Insurance: the majority of IATA's insurance products are specifically aimed at foreign airlines operating into the USA. Following the successful introduction of an insurance package exclusively designed for the travel agent community in the United States, 1995 has seen the successful launch of a similar programme for Cargo Network Services' agents. Demand for similar products world-wide, and IATA's objective of accelerating the introduction of products and services into new markets, has led in 1995 to the establishment of IATA Risk Management Services - IRMS. These services aim to extend some of the US programmes and coverages world-wide, and to assist small and medium-sized airlines by offering independent and objective advice on risk management and the insurance markets.

Yield Management: Yield (revenue) management is now acknowledged as an essential practice for any airline which is to survive in the current fierce competitive environment. Implementation of revenue management concepts touches all areas of an airline - offering increases in revenue and highlighting opportunities where economies can be made.

IATA Yield Management (IYMS) offers affordable access to sophisticated revenue management technology for airlines of all sizes. The 'turnkey' approach adopted by IATA makes IYMS particularly attractive - as the monthly charge includes installation, training, maintenance and support. Twelve airlines currently benefit from the service - which has grown steadily over the last year. Revenue management offers an average increase in revenues of 5 percent. Thus, IYMS represents a multi-million dollar contribution to airline profitability. IYMS is especially beneficial for small and medium size airlines. The majority of users have less than 500,000 passengers per year.

ATC Billing and Collection Agency: IATA's Air Traffic Control (ATC) Billing and Collection Agency continues to offer advantages for both states and airlines. Started in 1991, the Agency now provides services to 23 ATC authorities. Using the Agency, IATA has been very successful in obtaining payment, from airlines, of ATC charges billed by states. In turn, the Agency has helped states in securing finance for the purchase of ATC equipment and spares - and in making payments of various financial obligations.

Tariff Coordination

The determination of who operates a particular international route, including the capacity and prices offered, are still, for the most part, answered at a bilateral level between governments for the pairs of countries involved. In order to administer the economic and practical complexities associated with this bilateral regulatory system, governments provide IATA with the requisite authority to operate the IATA tariff conference system.

This quasi-governmental system provides a multilateral forum in which the airlines address the tariff needs of individual countries, as well as their geographical relationship within regions and on a global basis. It provides for simultaneous discussion of related and interlocking prices for later ratification by governments.

In 1995, the schedule of tariff conferences was revised to eliminate the peak meeting activity towards the end of the year. In order to correspond with change in seasonal demand and other traffic needs, the effective dates for changes adopted by the approximately 70 individual conferences are now spread thoughout the year.

A special worldwide cargo tariff conference was held in January. It adopted new procedures whereby individual members can adjust rate levels between meetings, in addition to re-aligning rate structures downwards in many markets to meet changing market requirements.

In order to provide an industry source for cargo data, the Board of Governors of IATA approved the acquisition of International Airline Publications, B.V. and The Air Cargo Tariff (TACT), B.V. These acquisitions will enable the benefits of publication of the industry cargo information to apply to all IATA Members on an equal basis, while reducing the costs and duplication of activities.

Distribution Services

Agency: The programme has broken new ground during the year - in terms both of geography and technology. The aviation authorities of China have put a public service value on the IATA Agency Programme. Budget targets for the Agency Programme were met, amid continuing cost containment. Further modernisation of the agency distribution system was achieved.

At mid-year, there were some 80,200 industry-approved IATA travel agent outlets and more than 5,100 air cargo agents worldwide. Overall, the number of passenger agents grew by 5.7 percent and of cargo agents by 2.8 percent. The highest growth in passenger agents occurred in the Europe/M. East/Africa area, with 8 percent. High growth also took place in Asia/Pacific, with 7.3 percent. Asia/Pacific also had the fastest growth in cargo accreditations, with 16.7 percent.

Most agents report and account for their sales through industry settlement systems. An activity on this scale calls for the use of automation. The Agency Information Management System - AIMS - was launched in the Asia/Pacific area at the end of 1994. It assists IATA in the accreditation process, and provides automation support to the collection and verification of agent information. The system should be completed in all three IATA areas, this year. AIMS will deliver automation support to all IATA Agency Services Offices and enable BSPs which use the IATA Standard Software to access the same Agent database - thus improving accuracy and eliminating duplication of master file data. It will lower the operating costs of the accreditation process and enhance the service available to IATA Members.

The January meeting of the Passenger Agency Conference adopted a purpose-designed Agency Programme for China and the first IATA Agents were accredited there in July, in time to launch the BSP the same month. A Cargo Agency Programme for China is also expected before the end of the year. Only five countries in the Asia/Pacific area still operate the Passenger Agency Programme using the collective Agency Investigation Panel arrangement. The advent of BSP in one of them late this year, could cause a change of mind by the carriers, in favour of the modern, decentralised and professionally-managed system of agent accreditation.

The past year has seen the first IATA accreditations in Albania and the Baltic states. In Russia, accreditations are expected to pass the one hundred mark by the end of this year, whilst to the south, agents were accredited by IATA for the first time in Azerbaijan and Kazakhstan. Agency Investigation Panels were set up in Ghana, Romania and the Ukraine.

In the US and Puerto Rico, the airlines' international passenger and cargo agency distribution activities are served by three "not for profit", subsidiary companies owned by IATA. They are the Agent Reporting Services Corporation - ARP - which manages the passenger agency reporting and settlement system for Puerto Rico and USVI; Cargo Network Services - CNS - which manages cargo agent listing and appointment services, as well as CASS US, and IATAN - which provides a range of passenger agent listing and appointment services, along with associated marketing support and vocational training services for travel agents.

CNS received the Award for Excellence for 1995 from the International Air Cargo Forum, for outstanding work as a provider of professional education to cargo agents and of information to the industry at large. The Cargo Agent Card was launched this year and parallels that offered by IATAN and IATA to travel agent personnel. Another

innovation has been the Cargo Agents' Protective Plus (CAPP) insurance programme.

The number of US travel agent professionals holding the IATAN ID Card passed the 230,000 mark in the summer. Growing support for the use of this credential confirms IATAN's long-held conviction that the industry as a whole needs and appreciates the assurance that its agency professionals can be readily recognised. An alliance with the more recently introduced IATA/UFTAA Travel Agent Card which is offered outside the US and currently held by 47,800 agents, has given the world's agents an appropriate recognition of their professional status.

Billing & Settlement Plans (BSP): in 1994, the IATA BSP system processed net sales of USD 65 billion, generated by over 40,000 sales outlets, on behalf of 257 participating airlines. In the US, the Airlines Reporting Corporation's corresponding figures for its 1994 industry settlement plan operations were almost USD 58 billion, made by over 42,000 sales outlets, on behalf of 149 airlines.

By mid-July 1995, there were 56 IATA BSPs in operation. Three of them, French Overseas Territories in the Pacific, Malta and Poland started in late 1994; Jordan started this year. Pilot schemes began in the Kingdom of Saudi Arabia and Micronesia/Guam. In July, the pilot scheme of the 57th BSP, that of the People's Republic of China, started - only five months after the feasibility study was authorised.

By the middle of the year, feasibility studies had been adopted for BSP Czech and Slovak Republics, India, Israel and Uruguay. Probably, they will start operations this year. Feasibility studies are in progress in Bolivia, Central & West Africa, Lebanon, Mauritius, Morocco, the Russian Federation and Zambia.

Since July, a key tool in controlling BSP costs is the state of the art, industry-owned IATA Software for Industry Settlement - ISIS. It enables worldwide data standards to be provided whilst affording flexibility to match local BSP needs. So far, 18 BSPs have elected to use ISIS and a number of other operating and developing BSPs have indicated interest in doing so. Although ISIS will become a benchmark software tool for the industry, it is not expected to displace other modern BSP software already in use to the industry's satisfaction.

The newly published BSP Data Interchange Specifications Handbook was well received by Members, the CRSs and the network of system providers, and is recognised as a reliable definer of data standards, to the benefit of all BSP participants.

The Industry Settlement Systems Audit Programme entered its second

year of operation for BSP. By late July, seven BSPs had undergone internal audit, bringing to 16 the number audited since the programme started. Recommendations are being followed up, to the satisfaction of the customer BSP steering panels and the Industry Settlement Plans Audit Group, the body which oversees the programme, on behalf of the Director General.

Cargo Accounts Settlement Systems (CASS): in 1994, the IATA CASS system processed net sales of USD 8.6 billion, generated by more than 5,000 agents, on behalf of 152 airlines. The 21 IATA CASSs operational at the beginning of this year are being joined by Switzerland, Belgium & Luxembourg, Greece and Venezuela, in the course of 1995. CASS feasibility studies for Turkey, the Gulf States, the French-speaking countries of West and Central Africa and the Maghreb region are expected to be acted upon by the September 1995 meeting of the CASS Committee.

The Joint Cargo Procedures Conference, recognising the cost effectiveness potential of EDI between CASS participants, adopted required technical standards on the communication method. The legal framework is now in place for electronic communication to replace paper-based communication. Switzerland will operate the first CASS-EDI pilot scheme operation and the scheme will be fully implemented in November 1995.

The Industry Settlement Plan Audit Programme, authorised by the Cargo Agency Conference, went into effect for CASS this year. By mid-year, the Audit Commissioner had caused six CASS operations to be audited and reported on the satisfactory outcome of those audits to the appropriate industry bodies, as well as to the Director General.

Agency Training Services: the IATA/UFTAA and IATA/FIATA agent vocational training programmes at mid-year had received 9,000 new student enrolments. This was in line with the planned 1995 target of 17,000 students. Since these programmes were launched in 1972 and 1977 respectively, 61,000 diplomas have been awarded to successful students. The course materials are available in English, French and Spanish.

Agency Training Services this year approved 45 authorised training centres to teach passenger and cargo training programmes. Several 'train-the-trainers' courses were arranged in China and Eastern Europe, to strengthen local instructional skills. There are 190 Authorised Training Centres around the world - catering to the needs of some 50 percent of all students registered in the IATA/UFTAA and IATA/FIATA programmes.

The passenger and cargo training materials were brought up to date in

the course of the year, to reflect recent developments in the industry.

The Passenger Agency Training Board approved the development of a Travel Agent Marketing Course - to be launched in 1996 - for students who have completed the IATA/UFTAA Standard and Advanced Courses, or who have gained an equivalent qualification or travel industry experience. The Cargo Agency Training Board has approved a similar course for students who have completed the existing IATA/FIATA courses.

Human Resources Development

Demand for managers and staff with international horizons, broad skills, entrepreneurship, flexibility and creativity is greater than ever - this translates into increased demand for IATA training products and services:

Airline Training Services recorded a 30 percent increase in registrations in 1993, some 15 percent in 1994 and will probably record another 15 percent in 1995. A total 2,643 students were trained in 1994. Cumulatively, over 15,000 airline staff from 298 airlines have been trained since the inception of this programme in 1984.

Over 50 different course are offered in: General Management, Finance, Human Resources, Operations, Cargo and Technical, Law, Marketing and Sales.

Classroom training: 103 courses were offered in 1994 in the three IATA training centres - Miami, Singapore and Geneva. Students from Asia/Pacific representd 37 percent of total participants, followed by Europe with 22 percent, Africa with 16 percent and the Middle East with 12 percent.

In-company training: This newly developed activity made significant progress last year; 18 management and industry skills training programmes were offered - in Mauritius, Lublijana, Paramaribo, Beijing, Sao Paulo, Malta and Cairo, with a total of 330 students. This is likely to more than double in 1995. Considerable reduction in training costs can be achieved by training a large number of people at airline headquarters.

Distance learning programmes: A diploma in Airline Studies can now be obtained by this method in: Airline Marketing, Cargo Marketing, Professional Skills for Instructors, Customer Service, Advanced Fares and Ticketing Validation, Airline Finance & Accounting Management and Station Management. Close to 400 students have made use of the various self-teach modules in 1994.

Accreditation programme: IATA approves certain specialised training

courses given by airlines, schools, institutes and universities on behalf of IATA. The programme has been revalidated in 1994 - to facilitate regional training at lower cost.

English language training: 322 Air traffic controllers attended the Czech Air Traffic Control centre in Prague - mainly from the Ukraine and other eastern Europe countries.

[IATA/Concordia Aviation Masters Degree in Business Administration:](#) this programme, designed specifically for airline and aviation managers, is entering its fourth year, with increased enrolment.

IATA's airline training has significant advantages for airlines: it is neutral - there are no vested interests. It offers access to aviation management expertise from around the world. It exposes students to the experience of an international panel of instructors representing airlines, consultants, and universities. It offers shared experience with other airline representatives with similar responsibilities. It provides an insight into how industry leaders achieve competitive advantage. It gives updates on new management approaches to a constantly changing business environment. It blends academic business theory with practical airline industry know-how.

Industry qualification: the qualifications available to the Members are - Aviation Masters in Business Administration; Airline Management and other Diplomas; IATA Certificates (each element of classroom training includes examinations).

International Airline Training Fund: this has continued to provide, in support of the Programme for Developing Nations' Airlines, scholarships to staff to attend IATA training courses and the Aviation Masters in Business Administration Programme at Concordia University. To date, nearly 1,000 scholarships have been awarded - worth approximately USD 1.5 million.

Informing and Advising

Market & Economic Analysis: As the airline industry recovers from three years of poor financial results, IATA has a key role in collecting, analysing and disseminating information on the developing trends in the airline industry.

The Market & Economic Analysis Unit based in London provides up-to-date statistical and economic reports which benefit:

- Member airlines through easily accessed databases.
- Aviation suppliers & investors with standardised reports and information.
- A wider media and public audience through "top line" industry performance indicators.

These services include the annual reference document World Air Transport Statistics - WATS, now also available on-line, and the monthly industry snapshot, Monthly International Statistics - MIS. Detailed management information reports on traffic and capacity, origin-destination statistics, financial and economic data and delay information are also widely distributed. The Statistics Programme now covers up to 90 percent of Members' traffic and capacity information - up some 10 points on five years ago.

The Market Research Section - IATA Surveys - assists the industry in developing its strategic and tactical marketing and production plans by securing opinions and information from consumers, suppliers and key opinion formers. IATA Surveys helps businesses to develop and market new products and services by establishing market size and potential economic viability. Areas of specialisation are Industry Automation, Telecommunications and In-flight service.

Regular surveys include continuous customer satisfaction monitoring on the North Atlantic - TAPS, Europe-Asia - SPEAR, and Europe-Middle East - MEAPS routes. There is also a study of international business traveller needs and opinions based on passengers from three continents - CATS. In addition, the new Cargo Service Tracker provides key benchmarking information on cargo service performance. IATA Surveys also monitors service delivery for other IATA departments, thus helping to enhance the overall quality of service provided by the Association.

Seminars & Exhibitions: IATA organises over twenty seminars and exhibitions annually. During the past twelve months the attendance at these events has grown consistently - an increasing proportion of Member airlines are represented. Considerable efforts has been devoted to increasing the awareness of IATA's commitment to the organisation of these industry-leading events. Many of the programmes have been enhanced to provide increasing value for delegates.

New events in 1995 include the first conference devoted exclusively to Electronic Ticketing, and the IATA Financial Forum - which includes a seminar to address the "risks and rewards" of doing business in the Asia-Pacific region.

IATA's seminars and exhibitions are a primary vehicle for meetings between Registered Suppliers and Members. An objective for 1996 is to continue the trend towards running fewer, but larger events, wherever possible providing the facilities to combine the meeting needs of more than one group - thus allowing delegates to achieve more with less travel and time away from the office.

Consultancy: IATA Consultancy Services has continued to serve airport clients, with studies of new route potential, marketing strategy and analyses of competitivity - in Europe, Asia and the Caribbean. IATA Consultancy Services has now produced studies for nearly 70 airports throughout the world. Other work has involved long-term forecasts and the development of scenarios for air transport developments in Europe - including the need for new airports, analysis of ground handling operations in Africa and the Middle East, and forecasts of aircraft movements throughout Europe.

IATA Consultancy Services also produces all IATA forecasts. In addition to the annual total market passenger and freight forecasts, it also produces regional forecasts covering Asia-Pacific, North America and - for the first time, this year - Europe. An annual world-wide air traffic and economic outlook seminar is held every September in co-operation with IATA's Seminars and Exhibitions Services. Together with the Orient Airlines Association and the Pacific Asia Travel Association, a travel outlook forum for the Asia-Pacific region is organised every 18 months. IATA Consultancy Services staff also represent IATA and its Members on industry and government forecasting committees.

About IATA
1995 Annual Report

About IATA

1995 Annual Report

IATA Members

- IATA Membership
- Active Members
- Associate Members
- Operating Cost per ATK by Item 1994
- Accredited Agents at 30 June 1995
- Clearing House Statistics 1994
- BSP Operations

IATA Membership

(as at 12 September 1995) On 12 September 1995, Membership of IATA stood at 233. Of the total, 202 are Active and 31 Associate Members. The following carriers joined IATA since the last Annual Report: Aeromexpress, Air Ukraine, Modiluft, National Airlines Chile S.A., Lufthansa Cargo A.G., NEPC Airlines, Eurosky Airlines GmbH, Gill Aviation Ltd., Bop Air (Pty) Ltd. (operating as Sun Air), Air Nostrum Líneas Aéreas del Mediterráneo.

Tariff Coordination Members (103) **Active Members**

- ZY ADA Air
- JP* Adria Airways
- EI* Aer Lingus p.l.c.
- SU* Aeroflot - Russian International Airlines
- AR* Aerolíneas Argentinas
- AP Aeromexpress
- AM Aerovias de Mexico S.A. de C.V. (AEROMEXICO)
- AV* Aerovias Nacionales de Colombia S.A. (AVIANCA)
- VE Aerovias Venezolanas S.A. (AVENSA)
- ZL Affretair (PVT) Ltd.
- RK* Air Afrique
- AH* Air Algérie
- UU Air Austral

- BP Air Botswana Corporation
- SB Air Caledonie International
- AC* Air Canada
- CA* Air China International Corp.
- AF* Air France
- GN* Air Gabon
- AI* Air-India
- IT* Air Inter (Lignes Aériennes Intérieures)
- JM Air Jamaica Ltd.
- UL AirLanka Ltd.
- VD Air Liberté S.A.
- FU Air Littoral
- MD Air Madagascar
- QM* Air Malawi Ltd.
- KM* Air Malta Company Ltd.
- CW Air Marshall Islands
- MK Air Mauritius
- SW Air Namibia
- NZ* Air New Zealand Ltd.
- PX* Air Niugini
- YW Air Nostrum
- FJ Air Pacific Ltd.
- HM Air Seychelles Ltd.
- TC* Air Tanzania Corporation
- VK Air Tungaru Corporation
- UK* Air U.K. Ltd.
- 6U Air Ukraine
- PS Air Ukraine International
- NF Air Vanuatu
- UM Air Zimbabwe Corporation
- AS Alaska Airlines Inc.
- AZ* Alitalia - Linee Aeree Italiane S.p.A.
- NH* All Nippon Airways CO., Ltd.
- LM ALM (Antillean Airlines)
- DY* ALYEMEN - Airlines of Yemen
- HP* America West Airlines, Inc.
- AA* American Airlines Inc.

- AN* Ansett Australia
- IW AOM - Minerve S.A. d.b.a. AOM French Airlines
- FG* Ariana Afghan Airlines Co. Ltd.
- R3 Armenian Airlines
- OS* Austrian Airlines
- AO Aviación y Comercio S.A. (AVIACO)
- LZ* Balkan Bulgarian Airlines
- TI Baltic International Airlines
- BG Biman Bangladesh Airlines
- BU Braathens S.A.F.E.
- BA* British Airways p.l.c.
- BD British Midland Airways Ltd.
- II Business Air Ltd.
- UY* Cameroon Airlines
- CP* Canadian Airlines International Ltd.
- CX Cathay Pacific Airways Ltd.
- MU China Eastern Airlines
- CZ* China Southern Airlines
- WX CityJet
- MN Commercial Airways (Pty.) Ltd. (COMAIR)
- XK Compagnie Aérienne Corse Méditerrannée
- MX Compañia Mexicana de Aviación S.A. de C.V.(MEXICANA)
- CM Compania Panamena de Aviación S.A.(COPA)
- DD Conti-Flug
- CO Continental Airlines Inc.
- CS Continental Micronesia, Inc.
- OU* Croatia Airlines
- LX* Crossair
- CY* Cyprus Airways Ltd.
- OK* Czech Airlines (CSA)
- DL* Delta Air Lines Inc.
- DI Deutsche BA Luftfahrtgesellschaft mbH
- LH* Deutsche Lufthansa A.G.

- (LUFTHANSA)
- MS* Egyptair
- LY* El Al Israel Airlines Ltd.
- EK Emirates
- CU* Empresa Consolidada Cubana de Aviación (CUBANA)
- PL Empresa de Transporte Aéreo del Perú (AEROPERU)
- EU* Empresa Ecuatoriana de Aviación S.A. (ECUATORIANA)
- OV Estonian Air
- ET* Ethiopian Airlines Corporation
- RN Euralair International
- QY European Air Transport
- JO Eurosky Airlines GmbH
- NS Eurowings AG
- FM* Federal Express Corporation
- AY* Finnair Oy
- GA* Garuda Indonesia
- GT GB Airways
- GH* Ghana Airways Corporation
- GF Gulf Air Company G.S.C.
- KA Hong Kong Dragon Airlines Ltd. (DRAGONAIR)
- AG Hunting Cargo Airlines
- IB* IBERIA (Líneas Aéreas de España S.A.)
- FI* Icelandair
- IC* Indian Airlines
- IQ Interot Airways GmbH
- IR* Iran Air, The Airline of the Islamic Republic of Iran
- IA Iraqi Airways
- LN Jamahiriya Libyan Arab Airlines
- JL* Japan Airlines Co. Ltd.
- JD Japan Air System Co. Ltd.
- JY Jersey European Airways
- JU* Jugoslovenski Aerotransport (JAT)

- KQ* Kenya Airways Ltd.
- KL* KLM Royal Dutch Airlines
- KE* Korean Air
- KU* Kuwait Airways Corporation
- L3 LADECO Cargo
- UC LADECO S.A.
- 7Z Laker Airways (Bahamas) Ltd.
- TM* LAM - Linhas Aéreas de Moçambique
- NG* Lauda Air Luftfahrt AG
- QL Lesotho Airways Corporation
- LA* Linea Aérea Nacional - Chile S.A. (LAN-CHILE)
- LR Linéas Aereas Costarricenses S.A. (LACSA)
- PZ Líneas Aéreas Paraguayas (LAP)
- TE Lithuanian Airlines
- LB Lloyd Aéreo Boliviano S.A. (LAB)
- LC Loganair Ltd.
- LT LTU -Lufttransport-Unternehmen GmbH & Co. KG.
- FX* Lufthansa Cargo A.G.
- LG* Luxair
- DM Maersk Air
- VB Maersk Air Ltd.
- MH Malaysian Airline System Berhad
- MA* MALEV - Hungarian Airlines Public Ltd. Co. (MALEV p.l.c.)
- JE Manx Airlines Ltd.
- IG Meridiana S.p.A.
- MZ Merpati Nusantara Airlines
- ME* Middle East Airlines Airliban (MEA)
- WT* Nigeria Airways Ltd.
- KZ* Nippon Cargo Airlines (NCA)
- NW* Northwest Airlines Inc.
- OA* Olympic Airways S.A.
- PK* Pakistan International Airlines Corp. (PIA)

- 3D* Palair Macedonian Airlines
- PR* Philippine Airlines Inc.
- PU* PLUNA - Primeras Líneas Uruguayas de Navegación Aérea
- LO* Polskie Linie Lotnicze (LOT)
- PH Polynesian Airlines Ltd.
- NI* Portugalia S.A.
- QF* Qantas Airways Ltd.
- RO* Romanian Air Transport S.A. (TAROM)
- AT* Royal Air Maroc
- BI Royal Brunei Airlines
- RJ* Royal Jordanian
- ZC Royal Swazi National Airways Corp. Ltd.
- WR Royal Tongan Airlines
- FR Ryanair Ltd.
- SN* SABENA
- SV* Saudi Arabian Airlines Corp. (SAUDIA)
- SK* Scandinavian Airlines Systems (SAS)
- SG Sempati Air
- 7Q Shorouk Air
- LJ Sierra National Airlines
- SQ Singapore Airlines Ltd.
- JZ Skyways AB
- EY* Société Nouvelle Europe Aero Service
- IE Solomon Airlines
- SA* South African Airways (SAA)
- SD* Sudan Airways Company Ltd.
- PY Surinam Airways
- SR* Swiss Air Transport Co. Ltd. (SWISSAIR)
- RB* Syrian Arab Airlines
- DT* TAAG - Linhas Aéreas de Angola (ANGOLA AIRLINES)
- TA* TACA International Airlines S.A.
- TP* TAP - AIR Portugal

- IJ* TAT European Airlines
- TG* Thai Airways International Ltd.
- FF Tower Air Inc.
- 4J* Transaero Airlines (eff. 6/11/94)
- HV Transavia Holland B.V. d.b.a Transavia Airlines
- TL* Trans-Mediterranean Airways S.A.L. (TMA)
- TW Trans World Airlines Inc. (TWA)
- TR* Transbrasil S.A. Linhas Aéreas (TRANS BRASIL)
- GD Transportes Aereos Ejecutivos S.A. de C.V. (TAESA)
- GM Trek Airways (Pty) Ltd. d.b.a. Flitestar
- BW Trinidad & Tobago (BWIA International) Airways Corp.
- TU* Tunis Air
- TK* Turkish Airlines Inc.
- UA* United Airlines
- 5X United Parcel Service
- US USAir, Inc.
- RG* VARIG S.A. (Viacao Aérea Rio-Grandense)
- VA* Venezolana International de Aviación S.A. (VIASA)
- VP* Viaçao Aérea Sao Paulo S.A. (VASP)
- VS* Virgin Atlantic Airways
- FV Viva Air
- IY* YEMENIA Yemen Airways
- QZ* Zambia Airways Corporation Ltd.
- ZA ZAS Airline of Egypt

Associate Members

- UX Air Espana S.A. d/b/a. Air Europa
- TL Airnorth Regional
- VT Air Tahiti
- AQ Aloha Airlines, Inc.
- ZQ Ansett New Zealand
- AU Austral Líneas Aéreas S.A.
- BV Bop Air (Pty) Ltd. operating as Sun Air
- 4S East West Airlines
- IH Falcon Aviation AB
- YC Flight West Airlines Pty. Ltd.
- 9C Gill Aviation Ltd.
- ZL Hazelton Airlines
- 9W Jet Airways (India) Pvt Ltd.
- KD Kendell Airlines
- BN Landair International Airlines
- TH LAR Transregional (Linhas Regionais S.A.)
- CL Lufthansa CityLine GmbH
- 6E Malmo Aviation Schedule AB
- M9 Modiluft
- NM Mount Cook Airlines
- N4 National Airlines Chile S.A.
- D5 NEPC Airlines
- 2W Pacific Midland Airlines Ltd.
- FA Safair Freighters (Pty.) Ltd.
- SP SATA Air Acores
- 6J Southeast European Airlines
- JK Spanair
- PI Sunflower Airlines Ltd.
- JQ Trans-Jamaican Airlines Ltd.
- PF Vayudoot Ltd.
- WF Wideroe Flyveselskap A/S

Operating Cost per ATK by Item 1994 - IATA International Scheduled Services

	US cents per ATK	Percent change over 1993	Percent of Total
Flight Deck Crew	3.2	3.2	7.5
Fuel and Oil	4.7	-9.6	11.2
Flight Equipment Insurance, Depreciation and Rentals	5.4	5.9	12.5
Maintenance and Overhaul	3.8	-11.6	9.1
Landing Charges	2.1	-	5.1
En-Route Charges	1.6	-	3.9
Station and Ground Costs	5.4	-1.8	12.8
Cabin Attendants and Passenger Service	5.8	-	13.8
Ticketing, Sales and Promotion	7.5	-12.8	17.9
General and Administrative	2.6	-	6.2
Total	**42.1**	**-4.3**	**100.0**

Sources: IATA Cost Committee, IATA Market and Economic Analysis Division estimates
Note: Data based on IATA Membership as of 31 December of relevant year

ACCREDITED AGENTS AT 30 JUNE 1995

Areas	PASSENGER			CARGO	
	Approved Locations	Growth over 1994 (%)	Registered Agents	Growth over 1994 (%)	
The Americas(excl. U.S. & Canada)	6,492	2.54%	544	No change	
Canada	4,003	No change	134	No change	
Europe, Middle East & Africa	25,503	8.02%	2,077	2.47%	
Asia Pacific	6,697	7.34%	1,105	16.68%	
TOTAL	**42,695**	**6.27%**	**3760**	**2.87%**	

	IATAN Endorsed Agents*			CNS Endorsed Agents**
U.S.	37,643	5.61%	1365	No change
GRAND TOTAL	**80,170**	**5.74%**	**5,125**	**2.77%**

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

CLEARING HOUSE STATISTICS 1994

At 31 December 1994 the Clearing House was providing settlement facilities to 174 IATA Members, 28 non-IATA members, 20 subsidiary ledger participants, 4 special accounts and 8 sponsored air carriers. 4 IATA Members, 6 non-IATA members and 3 subsidiary ledger participants joined in 1994. The agreement allowing settlement with the members of the Airlines Clearing House , Inc. in the U.S.A. gave a total of 380 participants. The amount submitted for clearance in 1994 was US$ 22,781 million.

Parties for which clearance was provided at December 31, 1994		Amounts submitted for clearance	1993 USD millions	%	1994 USD millions	%
Direct Participation		Increase 1993/1994: 7.7%	21,148		22,781	
IATA Members	174					
non-IATA Members	28					
Subledger participants	20	Sources of Claims				
Sponsored Air Carriers	8					
Other Participants	4	Claims by IATA members	18,407	87	19,617	86
	234	Claims by non-IATA members (including Subsidiary Ledgers)	1,304	6	1,566	7

	Claims by ACH	891	4	1,055	5
	Claims by other parties	546	3	543	2
		21,148	**100**	**22,781**	**100**
Participation through Airlines Clearing House, Inc					
IATA Members	13				
Other ACH Members	133				
	146				
Total Participation	**380**				

BSP OPERATIONS

	Agent Locations mid-1995	Participating Airlines mid-1995	1994 Net BSP Sales	Volume in USD/millions
1	Argentina*	1,376	28	814
2	Australia	2,190	59	2,865
3	Austria	233	72	675
4	Bahamas/BVI	37	21	55
5	Belgium & Luxembourg	488	67	839
6	Bermuda	14	13	47
7	Brazil	*819	27	227
8	Canada	4,017	89	4,065
9	Central America	248	23	94
10	Chile	248	26	225
11	Colombia	603	23	226
12	Cyprus	130	24	90
13	Dominican Republic	199	16	87
14	Eastern Caribbean	183	16	111
15	Ecuador	*432	18	115
16	Egypt	439	34	178
17	Finland	246	38	426
18	France	2,800	93	3,264
19	French Overseas Territories**	25	10	34
20	Germany	4,044	109	6,993
21	Greece	311	43	389
22	Guatemala	127	18	50

23	Gulf Area	*196	40	275
24	Hong Kong	283	42	1,547
25	Hungary	82	20	65
26	Indonesia	227	33	427
27	Ireland	332	32	322
28	Italy	*3,225	72	2,422
29	Jamaica	95	16	80
30	Japan	738	56	13,000
31	Jordan**	*61	15	n/a
32	Kenya	106	25	95
33	Korea	427	34	1,578
34	Kuwait	157	24	256
35	Malaysia	503	33	494
36	Malta**	55	11	13
37	Mexico	*2,184	37	675
38	Netherlands	437	71	1,437
39	New Zealand	*837	32	768
40	Panama	79	24	76
41	Philippines	203	41	488
42	Poland**	150	19	n/a
43	Portugal	475	33	407
44	Puerto Rico/USVI	574	39	335
45	Saudi Arabia**	11	29	n/a
46	Scandinavia	1,157	63	3,383
47	Singapore	174	45	967
48	Southern Africa	729	53	1,135
49	Spain	*3,687	69	2,105
50	Switzerland	761	74	1,748
51	Taiwan	274	29	1,059
52	Thailand	211	45	462
53	Turkey	196	40	146
54	United Kingdom	4,769	106	7,155
55	Venezuela	355	27	260
		42,959	***268	**65,039**

Notes:

- * BSP also services includes other agents, accredited for domestic air transport sales only.

- ** BSPs French Overseas Territories, Malta and Poland were implemented during 1994 and Jordan by June 1995. BSP Saudi Arabia pilot scheme commenced in January, Micronesia/Guam in June and

People's Republic of China in July 1995.

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

IATA Members' Air Transport Operations 1994

	International		Domestic		International and Domestic Combined	
	1994	+/-Change over 1993	1994	+/-Change over 1993	1994	+/-Change over 1993
Scheduled Services						
Passengers Carried (thousands)	327,971	8.2%	732,772	6.4%	1,060,743	7.0%
Freight Tonnes Carried (thousands)	11,541	14.3%	7,505	9.5%	19,046	12.4%
Passenger–Kilometres Flown (millions)	1,109,822	8.7%	801,608	5.8%	1,911,430	7.5%
Available Seat–Kilometres (millions)	1,632,330	5.7%	1,235,603	1.9%	2,867,933	4.0%
Passenger Load Factor (%)	68.0	1.9pt	64.9	2.4pt	66.6	2.1pt
Tonne-Kilometres Performed (millions)						
Passenger (incl. baggage)	103,141	8.4%	71,198	5.7%	174,339	7.2%
Freight (incl. express)	61,892	14.9%	10,947	7.0%	72,839	13.7%
Mail	2,213	0.8%	2,848	3.0%	5,061	2.0%
Total	167,208	10.6%	84,992	5.8%	252,200	8.9%
Available Tonne Kilometres (millions)	263,434	6.6%	156,294	3.8%	419,728	5.6%
Weight Load Factor (%)	63.5	2.3pt	54.4	1.0pt	60.1	1.9pt
(All-Cargo Flights included above)						
Charter Services						
Passenger-Kilometres Flown (millions)	58,376	13.5%	4,491	46.3%	62,867	15.3%
Tonne-Kilometres Performed (millions)	6,220	12.9%	772	35.4%	6,992	15.1%
Available Tonne-Kilometres (millions)	10,324	17.4%	1,434	34.8%	11,758	19.3%
All Services						
Passenger-Kilometres Flown (millions)	1,168,198	8.9%	806,099	5.9%	1,974,297	7.7%
Tonne-Kilometres Performed (millions)	173,428	10.7%	85,764	6.0%	259,192	9.1%
Available Tonne-Kilometres (millions)	273,758	7.0%	157,728	4.0%	431,486	5.9%

All annual percentage changes have been adjusted to eliminate the misleading effects of IATA Membership changes during the period under review. Figures exclude Aeroflot.