



# 1996 Annual Report

by Pierre J. Jeannot O.C., Director General,  
International Air Transport Association for the 52nd  
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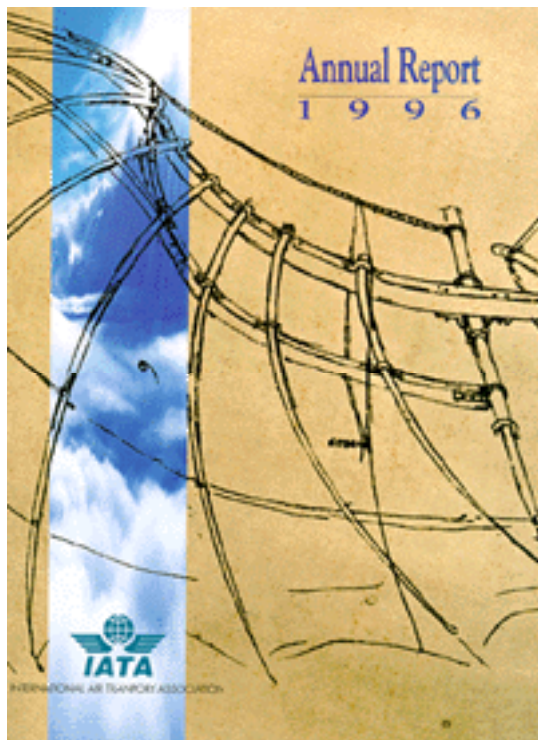
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## The Industry - and IATA

During 1995, the IATA Members consolidated their collective net profitability. At USD 5.2 billion on international scheduled services, the profit was a record. It may even seem large to some people – but it was earned on revenues of nearly USD 130 billion. There is every prospect of a repeat performance in 1996, albeit on even higher revenue. This prospect is both welcome and necessary. A third year of net profits will allow many airlines to expand their markets, issue equity and borrow on the most favorable terms.



But at the same time, profitability in the industry is not broadly based – and for many airlines it remains fragile. There is no doubt that ongoing attempts to reduce unit costs remain vital. However, the industry has forgone the opportunity offered by strong market growth during the past two years and the highest load factors in its history, to improve its average yields.

The industry, whilst maintaining its cost efforts, badly needs to improve its yields before future erosion occurs, driven by delivery of new aircraft and the onset of economic down-turn.

Government policies towards our industry - which supports in all its facets at least 24 million jobs in the world economy – remain as ambiguous as ever. Desired for its wealth generation, but frequently discriminated against in the fields of taxation, user charges, environmental policy and commercial regulation, the industry is becoming accustomed to fighting for every dollar of net revenue.

In the fight for net revenue, IATA can claim more than modest success. The thousands of millions of dollars saved or moved through our efforts in distribution, clearing, user charges, fuel, currency remittance, and agency settlement speak for themselves. now.

Our Distribution Services have maintained their reputation for the highest standards whilst moving smoothly into the electronic age of the “cyberagent.”

Our Operations and Infrastructure Division identifies infrastructure deficiencies and makes specific recommendations for improvement. Our ATC Billing and Collection Agency has the ability to follow-up – with dedicated supplies of hard currency, from Members’ user fees, to be devoted to improve-ments which the airlines actually need.

In fact, our effort on infrastructure - particularly “FANS” – and in emergent aviation areas, on training, opening up air routes, tariff publications, safety, security, cargo automation and on fundamental changes to the Warsaw Convention system of compensation, will all bear fruit in the medium to long term, as the industry continues its search for lasting profitability.



## The Secretariat

I welcome the following carriers\* who have joined since the last annual report: Albanian Airlines, Damania Airways, Air Maldives Ltd., Air Baltic Corporation, Aero Zambia Ltd., Inter Aviation Services (Pty) Ltd. trading as Inter Air, Interimpex-Avioimpex, China Southwest Airlines, MIAT Mongolian Airlines, Líneas Aéreas Privadas Argentina S.A., World Airways, Inc., Sahara India Airlines, Kazakhstan Airlines, SA Airlink (Pty) Ltd., China Northern Airlines, Eagle Aviation Ltd., African Joint Air Services trading as Alliance, Aero California S.A. de C.V., Sochi Airlines - Aviaprima.

IATA’s Articles of Association have been revised, modernised and updated. They will be presented to this year’s AGM, for approval. The Articles date back to IATA’s founding in 1945. Although periodically amended, they needed to be substantially re-formulated – to accord with the “new IATA” as we move into the 21st century.



We have now completed our review of every IATA Committee, Conference, Task Force and Group – and reduced Members' cost burden of participation by 27 percent. This year, following on from the Mercer study, we have completed the largest single restructuring of the IATA Secretariat ever undertaken. This mirrors the effort of many of our Members during the past four years.

A more logical grouping of responsibilities and reporting lines has been accompanied by the introduction of "relationship management." Whilst, naturally, we continue to look for future cost saving – a leaner, fitter, more effective Association is already emerging, ready to serve the needs of our Members well into the next century.

Pierre J. Jeannot  
(Signature)

\*List complete at time of going to press



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## Financial Results 1995

In 1995 the IATA airlines continued their recovery from their worst ever period of losses, with a record net profit. The figure of USD 5.2 billion was 4 percent of revenue. The long-term target is 7-8 percent of revenue, once airlines' average debt/equity ratio has moved closer to 50/50. At that point it becomes much easier to issue equity and borrow money at favorable terms, for fleet replacement and growth.



### International Scheduled Results

Total traffic and total capacity both grew by slightly more than 8 percent in 1995, leaving the weight load factor virtually unchanged at 63.4 percent. Average yield increased by 3 percent, but unit cost by only 0.5 percent. Thus, the marked improvement in profitability resulted from a fall, of nearly two points, in the break-even load factor.

### Corporate Results

At the corporate level, airlines' 1995 net profitability recovery was slower. These figures include large domestic and non-transport components.

## IATA International Scheduled Services 1991-95

USD Billions	1995	1994	1993	1992	1991
Operating Revenues	128.8	115.4	107.7	103.5	91.7
Operating Expenses	119.9	110.3	108.1	104.5	92.3
Result before Interest	8.9	5.1	-0.4	-1.0	-0.6
Net Interest Payable	3.7	3.5	3.7	3.8	3.4
Result after Interest	5.2	1.6	-4.1	-4.8	-4.0

Source: IATA Aviation Information & Research

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

## IATA Airlines' Corporate Financial Results 1991-95

USD Billions	1995	1994	1993	1992	1991
Operating Revenues	251.4	231.0	216.9	200.6	186.2
Operating Expenses	237.1	222.8	214.7	201.2	187.0
Operating Result	14.3	8.2	2.2	-0.6	-0.8
Percentage of Revenues	5.7	3.5	1.0	-0.3	-0.4
Net Result	4.1	1.1	-3.8	-8.1	-3.3
Percentage of Revenues	1.6	0.4	-1.7	-4.0	-1.8

Source: IATA Aviation Information & Research

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



## Traffic Results 1995

### Passenger Traffic - Varied Growth Pattern

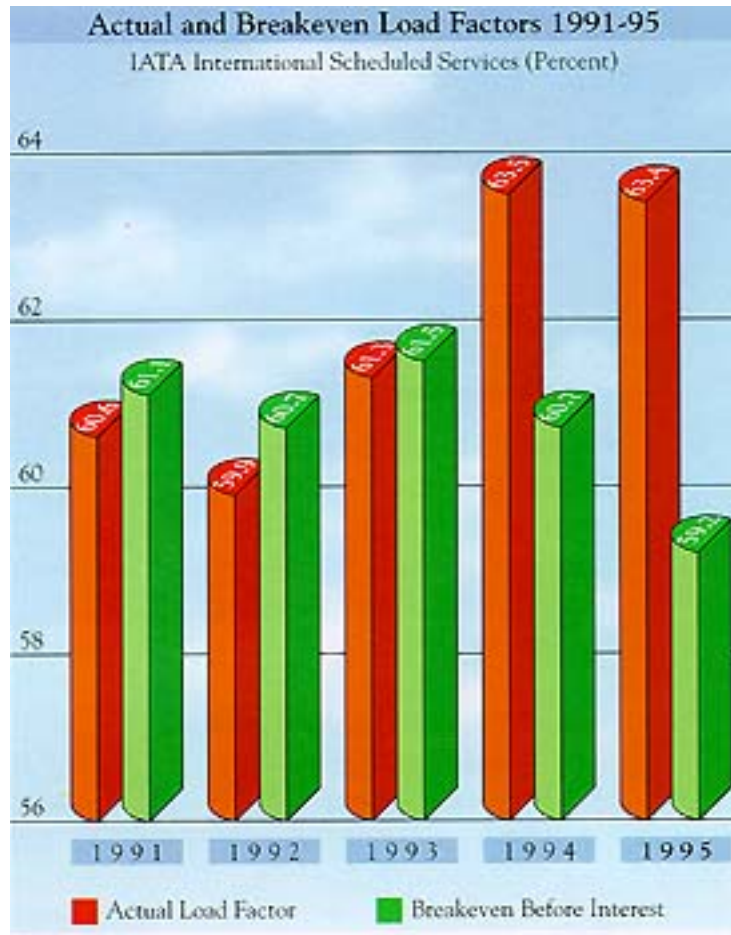
IATA airlines carried a total of 1,107 million passengers in 1995 on their scheduled services, 352 million on international services and 755 million on domestic. Growth of passenger numbers on international scheduled services was 6.6 percent, but on domestic services only 2.5 percent. International charter passenger traffic growth was 17.7 percent.

### Freight Traffic - Strongest Growth on All-Cargo Aircraft

Freight tonnage overall grew by 6.7 percent in 1995 to 20.3 million tonnes. It grew by 8.4 percent, to 12.5 million tonnes, on international scheduled services – following two years of double-digit growth – but by only 4 percent on domestic services. The tonnage carried on all-cargo aircraft increased by 14.3 percent, to 4.5 million tonnes, on international services – and by 6.2 percent, to 3.2 million tonnes, on domestic services. This reflects, to some extent, the continued growth



of specialist cargo product airlines.

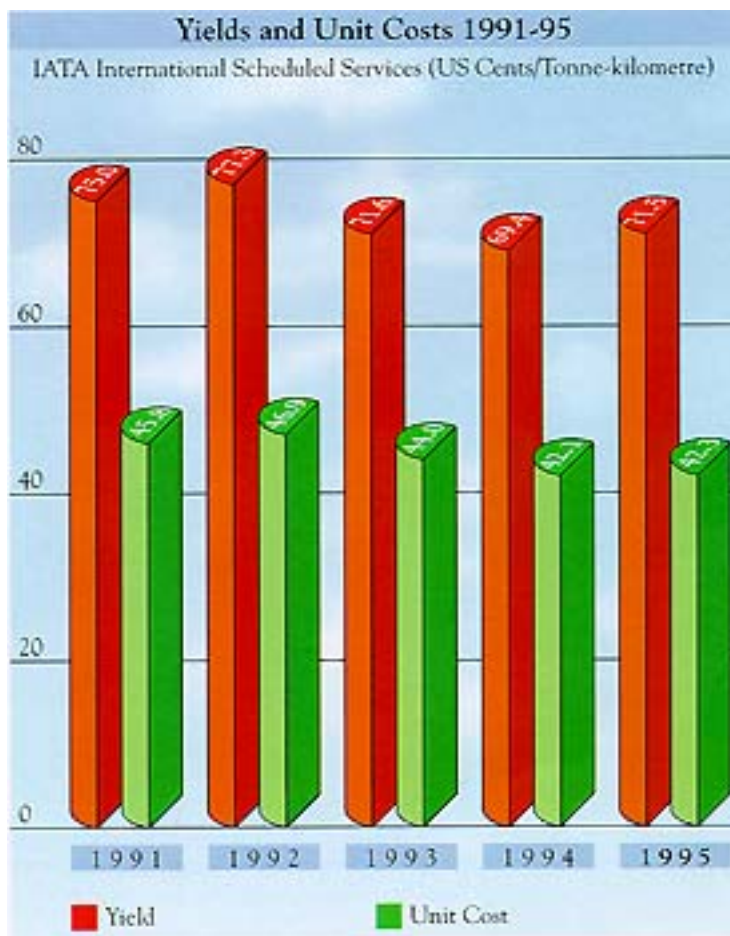


## International Traffic Forecasts 1996-2000

### Passenger Traffic

World average forecast passenger growth for the period - at 7.1 percent per annum - is slightly more buoyant than the five-year forecast made last year. The current forecast uses the most comprehensive range of sources available, including both IATA and non-IATA airlines. If the data is applied to the 1995 ICAO total of international scheduled passengers appearing in IATA's "World Air Transport Statistics" (WATS), the number of such passengers is expected to grow from 371 million in 1995 to IATA International Scheduled Services (US Cents/Tonne-kilometre) 522 million in 2000.

Highest average annual passenger growth rates are expected on routes involving Asia - at 8.7 percent per annum, followed by the South Pacific at 7.3 percent, Latin America 6.9 percent, Europe 6.6 percent, North America 6.4 percent, Africa 5.9 percent and the Middle East 5.0 percent.



Overall, very little annual variation from the average growth rate is expected; the heights growth rate during the period, 7.3 percent, is forecast to occur in 1999.

Much of the reason for making traffic forecasts derives from the constant need to assess future demand for infrastructure facilities - primarily airport and air navigation capacities. For this, an assessment of total traffic - international and domestic - is required. Total passenger traffic is expected to grow at an average annual rate of 6.3 percent between 1995 and 2000. Applying this rate to the 1995 WATS total of 1,288 million scheduled passengers worldwide, the forecast passenger total in the year 2000 is 1,748 million - a growth of 460 million, or 36 percent.

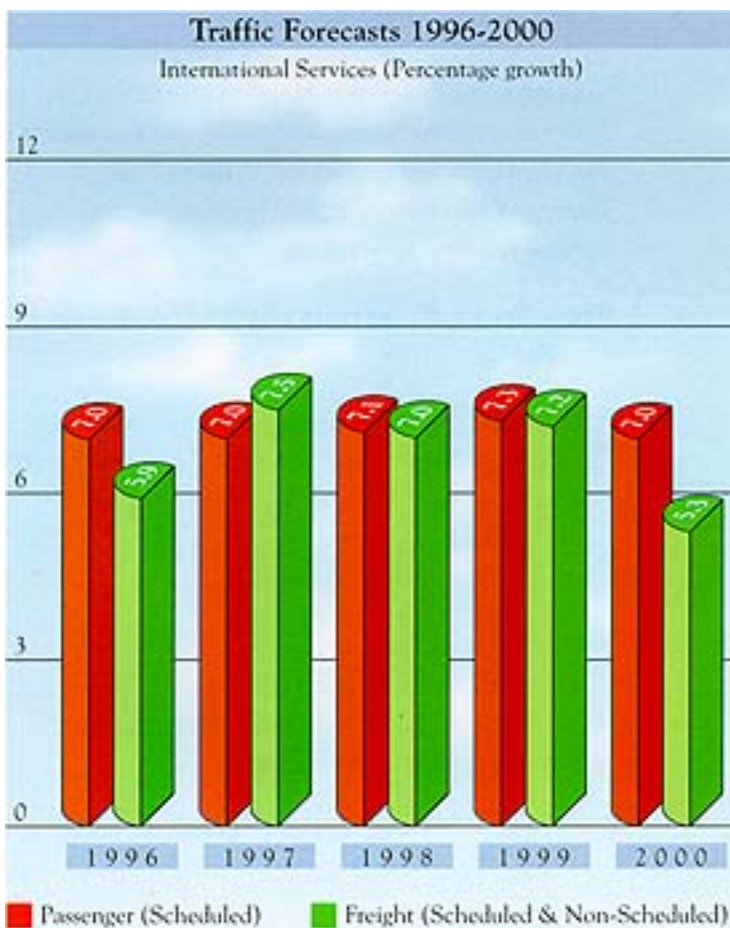
### Freight Traffic

Somewhat reduced average freight growth rates are currently forecast, compared with those made last year. Greater annual variation is also evident. The average annual rate of 6.6 percent reflects relatively low growth in 1996 and 2000 - and higher growth in 1997-99. The world's airlines carried 12.7 million tonnes of international freight in 1995. The average forecast growth rate implies a total of 17.5 million tonnes in the year 2000.

## IATA Members' Air Transport Operations 1995



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



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## IATA Members' Air Transport Operations 1995

	International		Domestic		International and Domestic Combined	
	1995	+/- Change over 1994	1995	+/- Change over 1994	1995	+/- Change over 1994
<b>Scheduled Services</b>						
Passengers Carried ( <i>thousands</i> )	351,727	6.6%	755,409	2.5%	1,107,137	3.8%
Freight Tonnes Carried ( <i>thousands</i> )	12,531	8.4%	7,765	4.0%	20,296	6.7%
Passenger-Kilometres Flown ( <i>millions</i> )	1,199,555	7.9%	828,954	3.0%	2,028,509	5.8%
Available Seat-Kilometres ( <i>millions</i> )	1,744,579	6.6%	1,263,011	1.8%	3,007,591	4.5%
Passenger Load Factor (%)	68.8	0.9pt	65.6	0.8pt	67.4	0.9pt
Tonne-Kilometres Performed ( <i>millions</i> )						
<i>Passenger (incl. baggage)</i>	110,808	7.9%	73,678	3.0%	184,486	5.9%
<i>Freight (incl. express)</i>	66,893	8.9%	11,274	2.2%	78,167	7.9%
<i>Mail</i>	2,259	1.9%	2,907	1.9%	5,166	1.9%
<b>Total</b>	<b>179,961</b>	<b>8.2%</b>	<b>87,859</b>	<b>2.9%</b>	<b>267,819</b>	<b>6.4%</b>
Available Tonne Kilometres ( <i>millions</i> )	283,900	8.4%	161,541	2.4%	445,442	6.1%
Weight Load Factor (%) (All-Cargo Flights included above)	63.4	-0.1pt	54.4	0.2pt	60.1	0.2pt
<b>Charter Services</b>						
Passenger-Kilometres Flown ( <i>millions</i> )	77,528	17.7%	5,482	3.2%	83,010	16.6%
Tonne-Kilometres Performed ( <i>millions</i> )	7,665	11.6%	827	-2.3%	8,492	10.0%
Available Tonne-Kilometres ( <i>millions</i> )	12,140	8.1%	1,554	0.3%	13,694	7.2%
<b>All Services</b>						
Passenger-Kilometres Flown ( <i>millions</i> )	1,277,083	8.4%	834,436	3.0%	2,111,519	6.2%
Tonne-Kilometres Performed ( <i>millions</i> )	187,626	8.3%	88,686	2.8%	276,312	6.5%
Available Tonne-Kilometres ( <i>millions</i> )	296,041	8.3%	163,095	2.4%	459,135	6.1%

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

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**Air transport is the largest component of the world travel and tourism industry – in turn, the world's largest industry. IATA is the senior trade association of the world's airlines, who deliver the final air transport product to the consumer.**

**On behalf of all those who use, work for, own, supply and service the world's airlines – one of IATA's primary goals is to seek continual recognition of air transport's contribution to peaceful wealth generation – and to help keep it financially viable.**

**Much of the Association's work consists of interface with governments – who set air transport's fiscal agenda – particularly in relation to taxation, user charges, fuel and currency.**



## Taxation

Many governments have used the partial recovery of airline profitability during the past two years as an excuse for continued imposition of discriminatory, unjustified and excessive taxes on airlines. IATA has continued to oppose such taxes and to reaffirm the principles and provisions contained in the Chicago Convention, ICAO resolutions, and various bilateral agreements.



The more significant taxes which IATA opposes include:

- **UK tax on ancillary income:** a tax imposed on income earned by foreign airlines from third-party handling and other activities performed in the UK, which are deemed by the UK to be outside the scope of income tax treaties.
- **Saudi Arabia income tax on gross revenue:** a tax on some

foreign carriers levied on a minimum 10 percent deemed profit of gross revenue earned in the Kingdom.

- **New York City Transportation Corporation Tax:** a pre-1989 tax on the ancillary income of non-US airlines operating in New York City.
- **Zaventem municipal departure tax:** an air passenger embarkation tax levied on all international carriers operating at Brussels International Airport by the Municipality of Zaventem.

Several IATA lobbying actions have been carried out with the effective support of regional associations such as the Air Transport Association of America (ATA) and the Air Transport Association of Canada (ATAC). One such action succeeded in obtaining a legislative and administrative exemption for non-U.S. carriers from the Illinois motor fuel tax. The result was tax avoidance for 1991-1995 of more than USD 3 million, and prospective savings estimated at more than USD 500,000 per year from January 1996.

IATA commends the taxation representatives of Member airlines, who monitor issues and assist in prompt and effective organisation of industry group actions. Of all the problems facing the industry, unjustified taxation is the least likely to go away. IATA's efforts at alleviation will continue – including efforts on the substantial costs airlines themselves must bear as unpaid tax collectors for taxes imposed on passengers and shippers.



### User Charges

In 1995, IATA Member airlines paid USD 6.2 billion in airport landing and parking charges, and USD 4.9 billion in air navigation charges for their scheduled international operations. User Charges currently represent 9.3 percent of IATA airlines' scheduled international operating costs.

During 1995, IATA – including airline user charges experts – carried out a record 109 missions and charges-related meetings world-wide. Identifiable costs saved or avoided for the airlines through mission activity amounted to USD 325 million.

In Africa, IATA consulted with authorities in Algeria, ASECNA, Kenya, Morocco, Roberts FIR and South Africa on revisions of airport and air navigation charges levels.

In western Europe, apart from regular charges consultations with some 15 airport authorities, IATA's increased activity is aimed at minimizing the charges and getting value for money from Eurocontrol – the European Organisation for the Safety of Air Navigation. Eurocontrol currently has 23 member states and a cost base of USD 3.5 billion.



IATA has focused on the need for a more equitable charging system for better transparency of the European Air Traffic Control Harmonisation and Integration Programme (EATCHIP) – a project which will cost some USD 550 million over the next five years; and on input to the new Convention and principles for establishing the cost base and unit rates. In the UK, IATA made a submission and gave evidence before the Monopolies & Mergers Commission Inquiry into charges regulation at BAAs Heathrow, Gatwick and Stansted airports. User Charges activities in Eastern Europe and Central Asia have increased significantly over the past year. Most states are in the process of modernizing their aviation infrastructure. Not all current projects are clearly required by the airline users and there is a tendency for over-provision of facilities. IATA tries to influence the cost-effectiveness of investment plans of these states through multidisciplinary teams of financial, technical and aeropolitical experts.

Some 16 airport development projects are underway in the Asia/Pacific region. Total investment exceeds USD 50 billion. IATA has concentrated its efforts in Japan to resolve charges issues at Narita and Kansai airports, with the Hong Kong Airport Authority to establish charges levels for the new Chek Lap Kok airport, in Australia to discuss the post-privatisation airport charges policy, and with charges revisions in India, Pakistan, Bangladesh, Cambodia, Thailand, Papua New Guinea, Philippines, South Korea and Fiji.

In Latin America, the airport privatisation process continues, in most cases in the form of build-operate-transfer schemes and/or lease contracts. IATA is seeking effective regulation on the part of the relevant authorities to ensure that charges are fair and equitably allocated to users.

In North America, IATA has been heavily involved in discussions with Canadian authorities on the issue of the new overflight charge and has dedicated most efforts to establishing a solid working relationship with Nav Canada, the not-for-profit Corporation that has taken over air



navigation facilities and services. The US is considering the replacement of the tax system by a user fees system for air navigation services. Plans to introduce an overflight fee cause concern – and IATA is pressing for consultation and substantiation prior to the introduction of any new charge.

Three working groups are currently active:

- Privatisation Issues: developing a draft policy on airports and ATC private entities.
- Airport Cost Evaluation seeks to enhance technical/financial cooperation in relation to major airport development plans; and
- FANS/ICAO: has prepared IATA's input to ICAO'S ANSEP meeting, where the manual on route air navigation facility economics has been revised.

The IATA Cost Benefit Task Force has helped formulation of a methodology for economic evaluation of technical projects for gradual implementation of Communications, Navigation and Surveillance/Air Traffic Management (CNS/ATM). Guidelines for the conduct of cost benefit analysis have been posted on the IATA Internet site.

IATA continues to publish "IATA Airport and En-Route Aviation Charges Manual". This manual is the only authoritative compilation of up-to-date information available on airport and air navigation charges word-wide.



### **Fuel Trade**

IATA delegations fight inflated monopoly prices and fuel "taxes" worldwide. During 1995, various actions – including 23 missions to governments and other authorities – saved USD 96 million. Another USD 62 million has already been saved in the first half of 1996.



Most missions have been concerned with price, but in Mexico questions of both price and fuel quality were raised; fuel quality was also on the agenda in Beijing and Vietnam.



## Currency

IATA collects data from Members, twice each year, on their blocked funds and transfer problems. The results of the most recent survey of remittances of foreign balances showed that the world-wide industry amount outstanding at end June 1996 was USD 300 million. The previous, 1995 year end, survey showed that total balances owed to IATA airlines was USD 381 million. The major remittance problem countries are in the Middle East and Africa together with a continuing problem in one region of Asia.

The economic situation has improved in many traditional problem countries and this, together with co-ordinated industry action, has resulted in the successes achieved during the past year. In 1995, Member airlines were able to remit USD 467 million from remittance problem countries.

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## Safety Security

**Safety and security are the cornerstones of the air transport industry. One of IATA's goals is to promote safe, secure and reliable air services – through exchange and analysis of information and promotion of the best equipment, operating procedures and practices available.**



## Safety

There were 19 total losses of western-built jet transport aircraft in 1995. Of these, 17 were classed as “operational total losses.” Eight of the 19 involved fatalities, with the tragic loss of 383 passengers and 39 crew members.

The loss rate was 0.65 per million hours, or 0.99 per million sectors. Comparable rates for 1994 were 0.68 per million hours and 1.16 per million sectors. The difference is not statistically significant, based on the 10 year average.



This means that the safety record of jet operation remains excellent – but also that it remains on a “plateau”, with minor variations from year-to-year about a straight line. IATA and ICAO share the target of halving the accident rate by the year 2005, as a marker point on the road to “zero accidents.”

Of the 17 operational total losses, eight occurred during the landing phase, of which six occurred when landing in heavy rain or on wet runways. There were five controlled flight into terrain (CFIT) accidents – which accounted for

66 percent of all fatalities. All five of these CFIT accidents happened in darkness, with two in both poor weather and darkness.

The fact that there was no change in the number of CFIT accidents in 1995 points up the need for all aircraft to be fitted with the most up-to-date Ground Proximity Warning Systems (GPWS).

The 31st Session of the ICAO Assembly endorsed a number of proposals to make GPWS equipment mandatory on all turbine powered aircraft with a maximum take-off weight of more than 5,700 kg. This is a first step in the right direction.

The majority of lives are lost in accidents where the aircraft is fully serviceable. The focus for accident prevention must therefore remain on the non-technical area. There is considerable scope to improve the industry safety record by reducing or eliminating these preventable non-technical accidents.

Another encouraging feature of the past few years has been the marked improvement in the loss rate of turbo-prop aircraft. Taking the past 45 years as a whole, the loss rate has been 8.5 per 1,000 aircraft years. But this rate fell from 11.8 in 1950-75 to 9.5 in 1976-85 and to 3.2 in the 1986.95 period.

Two strong messages are clear. Firstly, the need for stabilised approaches with the touchdown at the correct speed at the touchdown point. Secondly, attention to the psychology of the land/go-around decision. If the industry gets that right it will significantly improve the safety record.

European Union governments began to look at other states' control of flight operations when a Turkish-registered aircraft crashed early in 1996, carrying a large number of German passengers. An EU safety action programme is now being developed.

The US Federal Aviation Administration was forced to focus on its regulation of operating procedures of new airlines as a result of the ValuJet tragedy in May. Several legislative responses to this accident are anticipated. Seven countries in the Latin America/Caribbean region have been rated Category 3 by the Federal Aviation

Administration, using its powers on safety oversight – meaning that their carriers cannot serve the USA. Two other countries are menaced with a similar cut-off. The FAA has met with regional safety officials to explain its point of view.

Human Factors programmed are now underway in a number of airlines. It is important that they are carried out through all divisions – and not just operations or the flight deck.



## Security

Statistics show that in recent years there has been a steady decrease in acts of unlawful interference committed against civil aviation, but airlines and airports are not lulled into a state of complacency. Security remains a prime objective.

No aircraft were the subject of attack by explosive devices in 1995- but it is alleged that a planned series of multiple attacks against civil aviation was averted with the timely arrest of the reputed bomb maker and accomplices. Five bombings or attempted bombings occurred at airport terminals resulting in a small number of injuries and minor damage. Three airline offices were attacked by explosive or incendiary devices – a smaller number than in previous years.



At the time of going to press, the fundamental reason for the crash of TW 800 remains unknown. Most media attention has focused on security - and it has become plain during the past few weeks that misconceptions persist on the ultimate responsibility for airline security. That responsibility rests with governments.

Aircraft can provide spectacular potential targets for terrorists, because of their high visibility. But one should

remember that they are rarely the ultimate target – and certainly no more so than public or military buildings, power facilities, buses or railways, all of which have suffered terrorist attack during the past few years. In each case, the target is governments – who have the ultimate responsibility to protect their citizens.

However, airlines as a group have always recognised their own responsibilities. IATA is the senior grouping of the worlds' airlines – and its principal work on security consists of interfacing with groups of governments.

The International Civil Aviation Organisation's Committee on Unlawful Interference and its Aviation Security Panel of Experts – which includes IATA – have developed a number of recommendations to improve security. IATA participates in working groups, training seminars and regional conferences – to provide guidance to states on how to implement the requirements of Annex 17 and the various ICAO Conventions.

IATA has helped ICAO on guidance material in its newly published Fifth Edition of the Security Manual for Safeguarding Civil Aviation Against Acts of Unlawful Interference (Dec. 8973/5). Expert assistance has been provided for the production of an Airline Security Training Programme. This programme will be used extensively by IATA to provide in-house training for Member airlines. IATA has also worked closely with ICAO in their airport security survey and assistance programmed.

For some years the European Civil Aviation Conference has operated working groups – now reduced to three in number – to study technical aspects of security, human factors, cargo security, complete screening of hold baggage, authorizing and accounting of hold baggage, security of air mail, quality control, incident reporting procedures, and questioning of passengers and others.

IATA and its Member carriers who have specialist aviation security knowledge – solicited by the Secretariat - will continue to work in the ECAC groups.

A joint IATA/Universal Postal Union security working group is considering mutual assistance for handling mail at airports and the problem of hazardous materials in mail. IATA assisted the UPU in the preparation of material for its Postal Security Manual.

IATA maintains constant communication with INTERPOL and provides presentations to various working groups/seminars on terrorism.

In April 1996, the US introduced new anti-terrorism legislation, including the requirement for non-US carriers serving the US to apply security measures identical to (rather than similar to, as previously) those required of US carriers, despite protests by foreign governments and airlines. Serious concern arose in the Caribbean, with the hardening of relations between Cuba and the US, following the shooting down of two US-registered light aircraft. This has led to efforts by the US Government to tighten the economic embargo of Cuba, which could lead to measures affecting foreign airlines.

IATA gave three aviation security courses this year; four are planned for 1997. In addition to these courses, ad hoc in-house training is given upon request. Upon completion of the ICAO training material for airline security, it is expected that there will be a big demand for 'train-the-trainers' courses at Members' bases.

A successful world-wide IATA Aviation Security Symposium and Exhibition was held in Atlanta in 1995 which was attended by more than 500 delegates representing airlines, governments, airports, law enforcement agencies and security equipment manufacturers.

The 1996 IATA AVSEC WORLD Security Symposium and Exhibition will be held in Sydney, 3-6 December, co-hosted by Qantas Airways.

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IATA identifies and articulates common industry positions and supports the resolution of a wide range of key industry issues.



## Infrastructure

Infrastructure encompasses airports and the airspace through which aircraft fly. Insufficient or congested infrastructure reduces operational capacity – and hampers the efficient development of one of the most important growth industries in the world.

IATA devotes much of its time and manpower to improving the delivery service of infrastructure providers – both airports and ATC organisations – in a harmonised way, to ensure that airport developments are not hampered by insufficient airspace or management.



The single most important and beneficial infra-structure project in the world is “FANS.” Also known as CNS/ATM, it uses new approaches to Communication, Navigation and Surveillance, based on satellite reference, together with the appropriate Air Traffic Management systems. FANS is gradually augmenting conventional systems. To achieve optimal results each IATA region designed “user-driven” implementation plans. These are regularly updated, to reflect development of the new technology. They also reflect varying demands in different parts of the world.



IATA works closely with ICAO and individual states on CNS/ATM implementation – to ensure that the implementation process responds to the demands of the airspace users.

In consultation with ICAO, IATA stages an annual Global NAVCOM Symposium & Exhibition. The 1996 conference – highlighting Asia/Pacific where FANS is already operational – was held in Singapore. The 1997 Global NAVCOM will be held in Cancun, Mexico, highlighting developments in Latin America and the Caribbean.

**Asia/Pacific:** IATA has secured more efficient conventional routes between south-east Asia and Europe. One of the elements is the application of a uniform longitudinal separation minima of 10 minutes.

By the end of 1996 FANS operations will be a regular part of air traffic management procedures over the South Pacific. Eleven states and ATS providers in the Asia/Pacific Region will have installed ground systems to support operations by aircraft with the FANS- 1 system or its functional equivalents. At least five others intend to do likewise during 1997. As more FANS routes are opened airlines will equip more aircraft, to share in the substantial benefits offered by these routes. Benefits of the order of USD 2-5 million are expected, for flights over the Bay of Bengal alone – even with only 10 percent of aircraft FANS-equipped.

The US plans to implement 50 nautical mile horizontal separation for aircraft meeting the requirements of ICAO'S Required Navigation Performance 10, on the Central East Pacific routes in January 1997 and in concert with Japan on the North Pacific Routes in July 1997. IATA has contributed significantly to this development, which will increase airspace capacity and efficiency.

IATA has been pressing for many years for improved routes between Beijing, Tokyo, Seoul and Europe. Recent agreements, signed between IATA and the Democratic Peoples' Republic of Korea (DPRK), have made this a reality. International airlines, including those of the Republic of Korea, will be able to regularly use the airspace of the DPRK, from December 1996. Benefits to all airlines, as a result of reduced route kilometres flown, are expected to exceed USD125 million a year.

In addition, IATA has continued to work with the authorities in China, Japan, the Republic of Korea and the Russian Federation to improve airspace availability in North Asia for operations between North America and the Orient, North Asia and Europe, and within Asia. IATA has also launched a major initiative to define airline operational requirements on the Trans-Siberian route.

**Europe:** the Eurocontrol Central Flow Management Unit (CFMU) has enabled full implementation of the Integrated Initial Flight Plan Processing System. Thus, for the first time all planned European flights can be co-ordinated centrally. Experience shows that the CFMU is successfully protecting sectors from overload and provides a comprehensive overview of traffic flows and delays. The Central Office for Delay Analysis uses this information, together with data from airlines and airports, to create a better understanding of ATM performance in Europe. IATA is fully involved in these projects.

The European Air Traffic Control Harmonisation and Integration Programme (EATCHIP) has remained largely on schedule. It has produced detailed Convergence and Implementation Plans (CIPS) for all ECAC States.



Full implementation of these CIPS is planned by the target date of 1998. They will provide the foundation for the European Air Traffic Management System. IATA contributes as much effort to this work as many of the smaller European *states*.

Despite these achievements, a 7 percent traffic growth in 1996 is again putting the ATM system under increasing strain and the rise of delays is causing concern. IATA co-ordinates efforts to persuade states to increase sector capacity wherever possible. With the ECAC Institutional Arrangements Group (INSTAR), IATA works to achieve more centralised control of ATM developments throughout Europe. The IATA airlines require more rapid and binding decision making processes to keep pace with the growth of air transport. It is hoped that the ECAC Transport Ministers, at their MATSE/5 meeting in February 1997, will be able to announce significant improvements.

IATA remains active in the European Airport/Air Traffic Systems Interface (APATSI) programme. In particular, IATA is promoting closer integration of APATSI with EATCHIP in order to achieve a gate-to-gate solution. The requirement is for an arrival/departure management system designed to maximise runway capacity and the interaction with

surrounding airspace. This will be a major theme of IATA's work in Europe for the near future.

IATA has concentrated on Russia, in its effort to assist the revival of aviation in the Former Soviet Union countries – and in particular on the modernisation of the ATC system. This operational assistance has been combined with support in the collection of navigation charges. Close ties to the providers of ATC services in the Russian Federation and other states of the FSU have resulted.

**North Atlantic:** in a major effort, IATA has influenced states, ATC providers, aircraft manufacturers and airlines to meet the agreed stages of the ICAO System Planning Group. This relates to implementation of reduced vertical separation minima (above 29,000 feet) of 1,000ft, for application in the current dense traffic regions of the North Atlantic. Phased implementation is scheduled for March 1997. This reduction effectively doubles the available capacity, and will permit much closer adherence to optimised flight plans, with consequential operating economies. It will also provide for future traffic growth. The North Atlantic is the first region to adopt reduced vertical separation. Europe will follow, around the turn of the century.



The North Atlantic region is also taking a lead in exploring the communications support functions that will permit introduction of FANS, which is needed to absorb further growth into the next millennium. IATA airlines and ATS providers are cooperating fully, to make this happen. Together with IACA, IATA has broken ground by becoming a full member of the ICAO Planning body responsible for bringing the concept to fruition. IATA contributes to the technical development programme and the safety assessment analysis of the expected new operational procedures, and reductions in separation standards. Member airlines are conducting flight trials to confirm the efficiency and effectiveness of the proposed systems.

Infrastructure and system developments underway are expected to lead to the industry's ultimate goal of *Free-flight*. While the largest

benefits of the concept will be obtained in dense continental airspace the first trials will, necessarily, be conducted in oceanic regions.

**Middle East:** effective IATA/AACO participation in the ICAO Limited Regional Air Navigation Meeting has led to recommendations for: improve-ments in traffic forecasting procedures; limitations on the proliferation of chargeable facilities which can be included in the ICAO Air Navigation Plan; improvements in the ATS routes system and the Air Traffic Management, and greater civil/military co-ordination in airspace management.

IATA got states to establish guidelines for planning and implementation of FANS. With a growing population of FANS – equipped aircraft operating from or transiting the region, several states have requested IATA/Fans Stakeholder Group guidance in establishing ground facilities to support FANS.

Substantial improvements in airspace management can come only through a successful conclusion of the Peace Process. Progress to date has allowed one Member to shorten its flights to Amman by flying directly across Israeli airspace. IATA continues its efforts to extend this facility to other interested Members.

Significant improvements are being made to airport capacity. Practically all airports around the eastern Mediterranean and the Gulf area have ongoing construction or extension projects. Wherever possible IATA, through the Airport Consultative Committees, is involved in these plans.

**Latin America and the Caribbean:** the gradual transition to FANS and, specifically, the introduction of GPS routes within the Eastern Caribbean, have high priority – with a focus on the establishment of demonstration GPS approach procedures at a selected number of airports. Eventual operational benefits to Members are expected to exceed USD 10 million annually.

In the meantime -as in other regions - ATC infrastructure leaves something to be desired, but finance for its upgrading will be difficult to find in the short term. IATA and the airlines have already expressed firm opposition to ideas for “aeronautical funds” to finance infrastructure improvement in Latin America. In any event, IATA Member airlines feel that user charges in many countries in the region are higher than they should be.

**Africa:** economic liberalisation is developing in many states. This leads to greater commercialisation and privatisation both in the irlines industry and among the ATS and Airport authorities.



The trend will encourage growth and competition on a continent where over-regulation has been predominant.

In that light, IATA has encouraged the establishment of autonomous airport and ATS authorities -but also pointing out the need for regulatory machinery to oversee the relationship between providers and users.

Through ATC billing and collection agreements, IATA is able to collect overflight fees, providing a revenue stream for CAA funding – which is applied to the elimination of critical infrastructure deficiencies.

Traffic growth between southern Africa and Europe has highlighted some serious deficiencies, especially in ATS Communications. Deficiencies are particularly acute in West-Central Africa where they pose a threat to safe and efficient operations. IATA has called for urgent action, from states and ATS providers.

For FANS implementation, Very Small Aperture (VSAT) satellite communications technologies offer a cost effective solution. Replacing existing fixed and mobile communications systems, VSAT could maximise cost benefits in the region. IATA has pressed for rapid deployment. VSAT will foster an open and competitive communications environment, consistent with moves toward the ICAO Aeronautical Telecommunications Network.

IATA is active in various parts of the world, in close co-operation with the Air Transport Action Group, in pursuing ways to **maximise runway capacity and the interaction with surrounding airspace.**

Absolutions become available to increase *en-route capacity, runway and airport* capacity become dominant factors in the capacity of the air transport system. All three elements have to be developed in harmony,

IATA is working with the airport authority at Johannesburg to obtain relief of capacity constraints through the upgrading of present terminal facilities and the development of plans for an entirely new passenger terminal.

IATA involvement in major airport developments in Bangkok, Hong Kong, Singapore, Seoul, and Tokyo continues. Substantial improvements in capacity have been achieved at Hong Kong's Kai Tak airport. IATA pushed successfully for the early construction of the second runway at the Kai Tak replacement - Chek Lap Kok. We continue to work with the authorities at Tokyo Narita to achieve additional movements. IATA proposals for re-design of the passenger terminal for the second Bangkok International Airport were accepted. These improvements will not only provide for a better terminal operation but will also result in savings of some USD 200 million in construction costs.



## Environment

Over the past year IATA member airlines have had to respond to increased pressure for further environmental regulation, whether at international or local, airport, level.



From an international perspective the focus of attention was on the third meeting of ICAO'S Committee of Aviation Environmental Protection (CAEP/3). This Committee met in December 1995 to consider changes to the ICAO Annex 16 noise and oxides of nitrogen (NO<sub>x</sub>) emissions Standards.

CAEP/3 did not recommend any change to the noise Standards, but did recommend a toughening of the NO<sub>x</sub> Standards. The recommendation is presently being considered by ICAO member States.

This outcome reflected a divergence of views on the issues. IATA supported, and participated in, CAEP'S review of the ICAO noise and emissions limits. IATA Members considered that there was no justification – on environmental, technical or economic grounds – to introduce stricter limits.

Member airlines continue to make substantial investments in the most technologically and environmentally advanced aircraft. Changes to the

ICAO limits at this time would have put at risk such long term investments and would have resulted in minimal, or uncertain, environmental benefits at disproportionate costs to the airlines.

Some industry regulators and airports have, however, said they will adopt more stringent environmental policies than those agreed internationally. Proposals to supersede ICAO standards must now be anticipated, especially in Europe. The debate centres on whether air transport can grow over the long term and meet future demand in an environmentally compatible way, without further environmental regulation.

As a contribution to the debate, a special environmental briefing took place at IATA's 1995 Annual General Meeting. An IATA/WWF Round Table on Climate Change, held concurrently with the second meeting of the Conference of the Parties to the UN Framework Convention on Climate Change, was held in July 1996. Discussion focused on whether aviation is a special case – for example, because of lack of alternative fuels. No consensus was reached on this, nor on whether there was a smart way to deal with global emissions problems, to which aviation might be contributing. IATA *did* call strongly for investment in infrastructure, to make efficient what we have – this met with general agreement.

In mid-1996, IATA published its second "IATA Environmental Review."



## Consumer Issues

The Airline-Consumer Forum (ACF) entered its twelfth year under the chairmanship of a consumer representative and continued to strengthen its membership with the admission of UFTAA and AEA.



The Forum has consistently expressed strong support for the reform of the airline liability system and welcomed the progress made by IATA in this connection. In a bid to provide guidance for airline passengers in plain language, a printed brochure entitled *Travel Information for International Passengers* is being circulated (initially in English), in an

attempt to find sponsors.

Other topics kept under review include code-sharing, electronic ticketing, general conditions of carriage, European regulatory developments, air traffic management, the carriage on board of electronic items, passenger health matters and the development of an inventory of consumer issues.

The ACF has reinforced its role as a forum for exchanging information, working together where common interests are at stake and providing advance warning of problems that may need to be addressed, often through better communication and transparency.



## Regulatory Monitoring

Last year, this Report noted the growing fragmentation of the regulatory scene. Recent airline competitive and commercial actions have tended to confirm this trend. Relaxation of political and regulatory controls and the emergence of new marketing tools have strained the basis for global cooperation on which the world airline system is based. Some carriers feel that gaining competitive advantage outweighs the value of ensuring the survival of a global network.

The creation of global alliances could lead to a decrease in multilateral interlining, since alliance partners may feel that their seamless networks obviate the need for such standards. Potential losers, if such a trend were to be confirmed, would be the small and medium-sized carriers.

Concern about this last point surfaced at the ICAO Assembly, held just before the 1995 AGM. The Council agreed that it would continue to review the concept of preferential measures for developing countries, with particular emphasis on practical means for their implementation.

ICAO has also revived its Air Transport Regulatory Panel, which addressed three main issues at its meeting in March 1996: safeguards and safety nets; airline ownership and control rules; and “doing business” issues.

The Organization for Economic Cooperation and Development (OECD) has undertaken a major project on international air transport, completing its work in mid-year. The OECD Study Group had difficulty in reconciling the most extreme views of future regulation of the industry in formulating its recommendations. These represent a careful path between full liberalization and conservatism.

Three issues continued to dominate the regulatory scene over the past year global marketing, code-sharing and CRS operations. Global expansion is the imperative for international airlines, and the number of



airline alliances continues to grow rapidly. Those involving companies in the United States and Western Europe have had a dramatic impact on IATA's Tariff Coordination activities. The US Department of Transportation (DoT) has conditioned its approval and antitrust immunity for several transatlantic alliances by requiring the alliance partners to desist from discussions relating to fares and rates between points in the USA and those in a number of European countries.

Tariff Coordination activities are also under close scrutiny within the European Union, which has decided to terminate the block exemption for cargo rates in March 1997. IATA and the Member airlines affected by this decision are considering whether to try to negotiate an individual exemption for cargo tariff coordination, to incorporate requirements of the European Commission. The review process for the passenger tariff coordination block exemption will start in the spring of 1997.

Code-sharing continues to gain favour as a marketing tool.



Governments are showing increasing concern that consumers may not be fully informed about the details of such agreements, including which carrier actually operates a given flight and which is responsible in case of problems, such as loss of baggage.

The European Civil Aviation Conference (ECAC) has directed carriers to ensure that passengers are properly informed about their travel arrangements. Unless airlines can propose satisfactory measures by mid-1997, ECAC intends to issue regulations to meet its requirements. This issue has wider import than Europe – and ICAO has completed a study of the implications of code-sharing which should be published at the end of 1996.

Computer Reservations Systems (CRS) are evolving, with the major operators increasingly seeing themselves as providers of comprehensive information on all aspects of travel – not just airline pricing and schedule information. The very term CRS may soon be replaced by GDS (Global Distribution System).

The European Commission held consultations this summer about revising its CRS Code of Conduct. The most important changes proposed concern the extension of application of the Code to include CRS subscribers and railway operators, the charging policy and the rule on the display of code-share flights. Consultations will continue during the next few months. ICAO has published its revised CRS Code of Conduct.

**Africa:** airline privatisation is getting slowly under way and the best-placed carriers – in terms of operational efficiency and traffic growth potential – are making or seeking alliances with companies from outside the region. Nevertheless, it is clear that many of Africa's airlines will only find salvation through regional cooperation, which was the main thrust of the Yamoussoukro Declaration of 1988.

Besides airline privatisation, pressure from overseas donor governments is forcing African governments to consider infrastructure privatisation or to structure agencies – such as ASECNA or the South African National Traffic Services – in such a way as to allow them to obtain finance on a commercial basis.

**Asia/Pacific:** the dynamic growth of air traffic and the opening up of previously controlled markets in China, India and Vietnam have been noted in previous reports. Earlier uncontrolled growth has resulted in concerns about operational safety and the authorities in China and India have taken steps to limit the number of newcomer airlines. Infrastructure in both countries is under severe pressure in some areas.

A significant new development is that the region is now considering a cooperative approach to air transport issues. The newly-created Regional Cooperation Forum for International Air Transport in Asia and Oceania identified several common issues:

- Relations with other regions should continue to be based on bilateralism, but this would not exclude the possibility of eventual co-existence between bilateralism and multilateralism.
- Participation in the marketplace will be based on the principles of sovereignty, equality and reciprocity.
- Multiple airline designation.
- Airlines' cooperative arrangements and consumer protection.
- Priority was to be given to safety and environmental protection.

Despite some philosophical differences, several States in the region – Philippines, Hong Kong, India, China and Thailand – have re-negotiated air service agreements with the US and a new one – Macao – has been signed. Japan-US talks continue, although the two sides remain deeply divided on their approach. Old concerns about US

fifth freedom rights in Asia remain.

In the south of the region, Australia is reviewing and altering some aspects of its international policy following the change of government last spring. Discussions with New Zealand on a single aviation market in the area have been re-opened, while the main domestic concerns are to review totally the national air traffic management system and to privatize the major airports.

**Europe:** the Third Liberalization Package of the EU is essentially complete, but does not come fully into effect until April 1997. The Commission pressed for authority to conduct aviation negotiations with the outside world and has already been given a mandate to negotiate "soft rights", such as CRS, ownership and control rules and dispute settlement, with the US authorities. However, several EU member states are opposed to extending the Commission's authority to route negotiations.

The Commission is examining aspects of industry competition. In addition to the previously-mentioned review of IATA tariff coordination activities, recent initiatives have included issuance of a directive to liberalize ground-handling services within the Union. This directive has generated considerable criticism from many quarters and is being debated in the European Parliament. The Commission has been the target of considerable criticism in some of its decisions regarding state aid to airlines, but has made no change to its policy as yet.

The Competition Directorate General (DG IV) of the EU has launched its own scrutiny, similar to that of the US Department of Transportation, of alliances between North American and European Union carriers.

Civil aviation in the Former Soviet Union continued to experience severe problems in 1995. Typical of these were unpaid bills, ageing fleets, lack of investment and a reduction in air service volume. However, the rate of decline appears to be slowing. The Former Soviet Union carriers showed a traffic decline of only 2.2 percent for the year as a whole.

Today, 150 Russian airlines offer international charter services and 41 provide international scheduled flights, including services between states of the Former Soviet Union. Their overall book profit in 1995 was 400 billion roubles. At present eleven carriers from the Former Soviet Union are IATA Members.

IATA has established contacts with the new Federal Aviation Administration in the Russian Federation which will play an important role in the future regulation and oversight of Russian aviation. Contacts were also developed with the regional airline associations, and

co-operation with the Interstate Aviation Committee has been widened.

**Latin America/Caribbean:** the air transport regulatory scene has been transformed by the wave of privatisations in recent years, coupled with the increasing tendency of governments to adopt liberal economic policies.

This is expected to result in more services and a decline in average fare levels. It will also stimulate the formation of more new-entrant airlines, now that governments no longer have to protect their investments in state-owned carriers. Privatisation, or in some cases "corporatisation", is also spreading to airports, with initiatives in Argentina, Chile and Mexico being closely watched elsewhere.

Concern about US carriers' penetration into Latin American markets remain, especially regarding fifth freedom rights, excess capacity and, in some cases, predatory practices. This concern – despite Latin American governments' resistance to liberalisation of access, if not outright open skies – is decreasing. For example, Andean Pact nations are espousing "open skies" and the Mercosur economic bloc is experimenting with opening up secondary routes between member states outside the existing bilateral framework.

**Middle East:** the Peace Process continues despite some setbacks and is already beginning to change the economic and aviation scenes in the area. Nevertheless, the future of air transport still largely depends on completion of the process. The Palestine National Authority is establishing its own airline for domestic and regional international services. Economic aid has been promised to equip Gaza Airport and for the supply of aircraft.

The Arab Civil Aviation Organisation (ACAO) has completed its long drawn-out organisation and was formally created in the summer of 1996. In the interim, the Arab Air Carriers Organisation (AACO) has served as a conduit between the region's airlines and governmental authorities, one recent initiative being the negotiation of temporary exemptions from European Union noise rules for some of its members' older aircraft.

**North America:** in the United States, the most fundamental issue at present is reform of the Federal Aviation Administration (FAA). It is now likely that airlines and other "users" such as aircraft manufacturers will be made to pay direct charges for services rendered, including air traffic control during overflights.



## Legal and Corporate Secretary Support

Airline efforts aimed at modernizing the Warsaw Convention liability system achieved dramatic results during the year. Virtually all the world's largest airlines and a total number representing a significant majority of IATA airlines' annual operations have now signed the "umbrella" 1995 IATA Inter-Carrier Agreement (IIA) committing themselves...

*"To take action to waive the limitation of liability on recoverable compensatory damages in Article 22, paragraph 1 of the Warsaw Convention, as to claims for death, wounding, or other bodily injury of a passenger within the meaning of Article 17 of the Convention . . ."*

An increasing number of carriers are now also signing the 1996 IATA Measures of Implementation Agreement – MIA – setting out specific action to waive the limitation of liability.

Those agreements are clearly the most significant "Warsaw" development for decades. The sequence has been as follows:

- June 1995: IATA Secretariat mandated by Airline Liability Conference to prepare the text of an intercarrier agreement and a means to secure complete compensation for international passengers.
- July-August 1995: Drafting and finalizing of text of the IIA by special Legal Subcommittee meetings in London and Washington.
- September-October 1995: Consultations with airlines and Regional Airline Associations world-wide, and with the US DOT in Washington and the European Commission in Brussels, to explain the HA.
- October 1995: Unanimous endorsement of the HA by the IATA AGM at Kuala Lumpur and inaugural signing of HA by CEOs of 12 carriers representing IATA's geographic regions.
- November-December 1995: Further discussions with carriers and regulatory authorities, and with the insurance industry on IIA implementation, and obtaining of additional IIA signatures.
- January-February 1996: Drafting of IATA Measures of Implementation Agreement (MIA) and explanatory meetings with US DOT and the EU, airlines and Regional Airline Associations.
- March-April 1996: Further discussions with carriers and US DOT and finalisation of the MIA text.
- May-June: Obtaining of IIA and MIA signatures.
- July-August 1996: Filing of HA and MIA with the US DOT and the European Commission.

Contingent on US DOT and EU endorsement, it is anticipated that

entry into force of the new liability regime will take place in November 1996, as planned, replacing the current outdated limits and greatly benefiting the traveling public world-wide.



**IATA/ICC Working Party on Aviation Liability Dispute Resolution System.** With the commitment by carriers, signatories to the IIA, to waive the limitation of liability on recoverable compensatory damages in Article 22 of the Warsaw Convention, there will no longer be a need to “break” the liability limits of the Warsaw Convention in order to secure damages beyond fixed limits. Therefore, claims under the HA will, in most cases, be limited to differences on the quantum of damages. Although such disputes may be litigated, they particularly lend themselves to an alternative resolution system, i.e. *arbitration*.

In anticipation of the entry into force of the IIA in November this year, IATA and the International Chamber of Commerce (ICC), based in Paris, have held several meetings to discuss airline passenger liability claims, specifically the distinction between these and commercial claims. The conclusion was that airline passenger liability claims could in principle be resolved speedily and effectively by arbitration. The IATA/ICC Working Party thus developed a draft dedicated set of rules under which such arbitrations could be conducted. At the time of writing, the draft of these new Rules is being circulated to interested parties for comment. The new arbitration procedure could well be available for use by claimants by 1997.

**Unidroit Convention on Security Interests in Mobile Equipment.** Since 1988, Unidroit, the International Institute for the Unification of Private International Law, based in Rome, has been working on a draft convention to provide a uniform set of rules to govern the transfer of security interests in high value mobile equipment, including aircraft and aircraft engines.

In July this year, IATA began cooperation with Unidroit’s Aviation Working Group (AWG), which also comprises representatives of the aircraft manufacturing, banking and financing industries. One of the

major aims of the AWG is to provide a set of internationally accepted rules, pursuant to which an internationally recognised **registry** of security interests in high value aviation equipment, such as airframes and engines, would be established, thereby facilitating their financing and transfer. The AWG and IATA are working toward a new international legal instrument to be adopted and brought into force by 1998.

**Electronic Ticketing.** Over the past year, use of electronic ticketing has increased considerably in the United States and in Europe. However, with very limited exceptions, electronic ticketing is presently confined to on-line, domestic carriage. Carriers are anxious to expand this to international and interline flights, to fully benefit from efficiencies and cost reductions.

IATA has worked with carriers to develop standards in this area for several years, but the introduction of electronic ticketing for international and interline flights raises significant legal questions, in particular relating to the Warsaw Convention. Consequently, an IATA Legal Advisory Sub-committee has been established to address these issues. In addition to reviewing legal matters and numerous current and proposed IATA Resolutions, the Sub-committee drafted a detailed response to the US DOT "Request for Comments" on Electronic Ticketing.

The fundamental issues being addressed by the legal Sub-committee are:

- The impact of the new IATA Intercarrier regime on Warsaw Convention notice requirements.
- How and when Warsaw notices will be provided in an electronic environment.
- How to incorporate carriers' "Conditions of Carriage" in an electronic environment.

At the time of writing, the Legal Advisory Sub-committee has agreed on a series of recommendations with respect to electronic ticketing and forwarded these to a Passenger Services Conference Working Group. It is anticipated that an entire electronic ticketing package will be presented to the Passenger Services Conference in October 1996, and that *an agreed system for implementing interline/international electronic ticketing will be instituted in 1997.*

**New Articles of Association.** In line with the decision taken by the Board of Governors, in 1995, the IATA Articles of Association have been revised, modernised and updated, and will be presented to the 52nd Annual General Meeting in Geneva for approval. The Articles date back to IATA's founding in 1945, and although periodically

amended with respect to specific provisions, they needed to be substantially re-formulated to accord with the “new IATA” as we move into the 21st century.



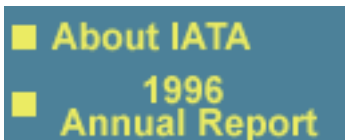
## Corporate Communications

In a year when IATA underwent major changes through its re-positioning process, both internal and external communications increasingly reflected the new customer-driven Association.

**Internal:** the bi-monthly “**Talewind**” has become one of the vehicles of change, allowing for a progressively franker exchange of ideas and opinions between IATA staff and management.

**External:** synergies are rapidly developing with our Members’ communications and public relations departments. They materialize through **regional information meetings** dealing with such industry priorities as the environment, safety, financial viability, airline liability and crisis communications – as well as the organization of common media activities with our Members, in which journalists are presented with a multi-faceted approach to air transport.

At the same time, **Airlines International**, the Association’s flagship magazine, now in its second year, has become compulsory reading for international air transport professionals.





- [Passenger & Airport Services](#)
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IATA's goal is “to develop cost-effective, environ-mentally- friendly, standards and procedures to facilitate the operation of international air transport.”



## Passenger & Airport Services

Passenger and Airport Services' role is to develop and maintain the standards and procedures required for the interline processing of passengers and their baggage. Ramp service standards for the loading and dispatch of aircraft are also developed.

Key activities include the development of all interline ticketing standards, baggage handling procedures – including an automated baggage tracing system – and passenger reservations standards and procedures.



Another key area is the management of industry coding systems. These include the two-character airline designator, the three-numeric airline code number and the assignment of location identifiers. Through **IATA action**, a significant number of **airline designators** have been **recovered** from carriers not needing these scarce codes. As a result, the need for the world's airlines, CRSS and others to implement a three-letter coding system has been deferred, *thus avoiding significant costs to IATA Members and others*.

Automated ticketing has been a major area of activity in 1996 –

including the development of “**Electronic Ticketing**” standards for use by **IATA Members**. This new ticketing standard will enable IATA Members to make big cuts in the cost of ticket issuance and ticket data capture. It is also expected to provide new customer service opportunities for our passengers. **IATA** has also developed standards for using the “**smart card**” to assist in electronic ticketing and passenger services processes.

**IATA** has made significant progress in **automating passenger and baggage** handling at airports. A number of new standards have been developed to aid automated sorting and tracing of baggage. This involves a number of “high tech” solutions – including development of new **radio frequency baggage tag** standards. These new standards are being developed **to reduce the number of mishandled bags and reduce flight connection time**, thus reducing airline costs.

To assist its Members in paying for ground handling services, IATA has launched a new “**IATA Global Charge Programme**” that provides credit, billing and payments facilities for airlines and ground handling companies world wide. This service will reduce the time and resources necessary to bill and settle ground handling charges, reducing the costs and risks associated with providing these services.

The **IATA Ground Handling Council (IGHC)** continues to enjoy strong support from over 300 Members and independent ground handling companies alike. 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 are provided to Members.

Passenger and Airport Services co-operates closely with the Air Transport Association of America to develop its standards. It also keeps a close working liaison with the Association of European Airlines, the Orient Airlines Association and other regional associations regarding areas of specific interest.

The past year has seen the expansion of IATA into a new area with the creation of the **IATA Inflight Services Management Council (IISMC)**. The objective of the IISMC is to improve airline inflight performance and reduce expense through an *exchange of management techniques and information*. Council membership includes non-IATA airlines and key suppliers of products and services.

The 1996 annual conference theme, “**Measuring up to the Future**”, included workshops on benchmarking, employee motivation, controlling

absenteeism and communication technology. They were attended by more than 270 managers representing 75 airlines from around the world.

Surveys conducted with IISMC airlines provide valuable information on key business issues. Cost and productivity studies and employee attitude surveys allow airlines to compare their performance. The results establish benchmarks of the industry average as well as the best-in-class performance. The benchmarks help identify areas where improvement is warranted to compete more effectively.

Linking airlines with suppliers is the function of the **IATA Inflight Services Electronic Catalogue**. Using the latest developments in communications and information technology, the electronic catalogue allows airlines to broaden their search for inflight suppliers as well as to discover new and innovative products on a real-time basis with minimum investment in time and communication costs for the airline.

## Cargo Services

During the last 12 months, the Cargo Services department has concentrated on supporting the business objectives identified by IATA's Cargo Committee. These efforts have resulted in:

- Development and promotion of a “**Best Practices Guide**” to help airlines and forwarders implement the bar coded cargo label and reap the benefits of improved speed and accuracy of data capture;
- Refinement of **EDI message standards** to meet business needs. *Their* stability will enable users to implement a single, common version and obtain the economic and practical benefits of electronic information exchange; and
- Introduction of a **standard, bilateral EDI agreement** which will help implement “paperless” transportation – initially on a limited basis and subject to the local regulatory environment.



Significant progress has been made in the provision of new products

and services in the **special cargoes** area:

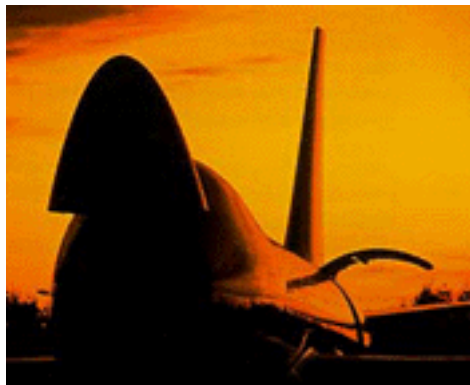
- By the beginning of June 1996, there were almost 50 training schools endorsed by IATA for **dangerous goods courses** in 20 countries.
- A **Chinese edition of the IATA Dangerous Goods Regulations** was launched - it has already sold more than 1,500 copies.
- A **CD-ROM** version of the **IATA Dangerous Goods Regulations** was launched, which has sold over 300 copies.
- A new **dangerous goods software** product for shippers was launched, which will produce the **required declaration electronically**; and
- A new perishables handling manual has been developed with the help of Laval University in Québec City.



## Scheduling

The 98th Scheduling Conference in Berlin in June 1996, set a new attendance record with 251 scheduled and charter airlines. This emphasises the importance of the Conference – in which **slot allocation** at congested airports now plays a key role. An exhibition is regularly held alongside the Conference, giving airports, software suppliers, and other scheduling products suppliers, an opportunity to interact with the airline delegates and co-ordinators. In Berlin some 850 people attended the two events.

1996 was the second year **IATA's Schedule Co-ordination Skills Training Course** had been offered; more than 60 students from airlines and co-ordinators will have taken the three-day course by year-end.



A **special module** taken from the overall course, but dealing only with the **standard messages used to reserve airport slots**, was offered as a one-day course immediately prior to the Berlin Conference. Planned for 50 students, it was immediately oversubscribed, and will now become a regular event.

Efforts underway within the **EU** to revise **regulations** dealing with schedule coordination have been the focus of much attention for IATA specialists. The Commission held consultation meetings in November 1995, and January and May 1996 aimed at obtaining a broad range of views on how future rules for the allocation of slots at airports in the EU should be framed.

A **comprehensive IATA position** was developed on the various ideas raised by the Commission, with policy issues being considered by the Board of Governors, and practical matters covered by the Scheduling Procedures Committee.

The most important issue for carriers appears to be a determination, at least within the EC, to seek special arrangements for what are being called “Super Congested Airports” to ensure that a minimum percentage of slots changes hands each season. Since most of the arrangements suggested by the Commission involve some form of slot confiscation, carriers and airports oppose them. Formal proposals for action by the EU Council of Ministers are expected in the autumn.

Throughout the EU process, close co-operation has been maintained with the IACA, representing the charter airlines, and the AEA, to ensure a common industry position is presented. Similarly close contacts have been maintained with the airports, particularly through ACI-Europe and with regional airlines through the ERA. Finally, an important link has been maintained with the EU Airport Co-ordinators Group since the Secretary of the Schedules Conference was also elected to act as Secretary to that group.

Another worrying development during the year related to efforts by some regulators and other commentators, to link the allocation of airport slots with those used in air traffic control. Since the two types of slot are completely different – airport slots being planning tools, while ATC slots are used essentially in the practical “on the day” operating environment – such a linkage makes no sense. Indeed, as IATA has been at pains to point out, efforts of this kind will simply lead to reduced flexibility and less efficient use of already scarce airport and airspace capacity.

On the positive side, **industry efforts**, spearheaded by the Scheduling Procedures Committee, have been successful in **capacity gains** in Hong Kong and Bangkok, and are ongoing in Singapore, Kansai and Tokyo-Narita.



## Facilitation

Facilitation is the industry's name for efforts to reduce government regulations and procedures which impede movement of persons and goods over international boundaries. It continues to be an area of prime concern for most of IATA's Members. Primarily focused on the actions of Customs, Immigration and Agriculture control agencies and their Inspection staffs at ports of entry around the world – the most important aspects of IATA's efforts occur through contact at higher government levels.



A number of important issues have appeared to be well on the way to final resolution, in the past year, In particular, efforts to reduce Members' exposure to fines, imposed by States for violation of Immigration regulations, have resulted in formal arrangements. **Trading airline** co-operation and **document control efforts** for **fine reductions** was introduced in Belgium and announced by the United States. Similar initiatives were previously introduced by Canada, Germany and the United Kingdom. Additionally, work continues through the IATA/Control Authority Working Group (CAWG).

Enhanced methods and procedures, developed by governments and airlines together, ensure that the projected **growth** in passenger traffic is **efficiently processed** at ports of entry, **within existing manpower and facility constraints**.

Of particular interest, the US Control Authorities (Customs, Immigration and the Department of Agriculture) and the industry appears to have reached **understanding** on an **Advance Passenger Information System** (APIS), following more than two years of sometimes difficult negotiations. On a less positive note, recent efforts by US authorities to require collection of passenger information for use in the event of emergencies threatens to impose further economic and procedural burdens on carriers flying to and from that country. Efforts are under way to find alternative approaches.

In Europe, changes in the clearance of passengers entering the EU, introduction of the "**Schengen**" immigration control-free travel area,

and recent harmonisation of visa requirements, have all had an important effect on air travel. IATA has been fully involved in each of these areas which have, where possible, resulted in benefits to the traveling public.

However, a number of other recent initiatives, including moves to gain access to Airline Reservation Systems, re-introduction of Customs formalities on intra-EU flights and requirements for Advance Passenger Information outside the scope of Guidelines set by IATA and the CCC (now the World Customs Organisation – WCO) indicate that to achieve and maintain effective Facilitation measures will require vigilance by both IATA and each of its Members.

Finally, in the area of **cargo** facilitation, 1996 saw a continuation of efforts within the industry to gain final ratification of the **Montreal Protocol No. 4**, and with that, the reduction in the amount of paperwork required for international shipments. Twenty six governments have to date ratified this document, with a minimum of thirty required for it to be brought into effect.

In the area of customs and trade co-operation, IATA continues to participate in the joint efforts of the International Chamber of Commerce and the WCO to develop a “Customs Model”. The intent of this work is to reduce barriers by first identifying and then building upon the best practices existing today. It is hoped that the resulting model can ultimately serve as a practical guide for Customs organisations world-wide.



## Fraud Prevention

Despite a slight decrease in financial losses reported by Members in the 1995 Industry Fraud Loss Survey - USD 268 million in 1995 against USD 275 million in 1994- the USD 1 billion threshold has now been attained in the five years since the survey started.

Fraudulent activity trends have been gradually revealed by the survey, particularly in such areas as credit card fraud, tariff abuse and Frequent Flyer Programme abuse.



The survey has confirmed that wherever the industry introduces easily accessible new marketing tools, it risks a parallel development in fraudulent manipulation and abuse.

Another serious problem surfaced during the summer of 1995 with the detection of a significant quantity of **counterfeit airline traffic documents** purporting to be issued by ARC (Airline Reporting corporation) and BSP (IATA Billing and Settlement Plan) travel agents.

Investigations were led by US and British law enforcement authorities, with the assistance of the airlines and IATA (including BSPS) and ARC, aimed at tracing the origin of these fraudulent documents. This **co-ordination** has been very positive and resulted in several **arrests** and the conviction in the UK of a key participant in the scam. The investigation continues.

May 1996 saw a successful **Fraud Prevention Seminar**, held at the Lufthansa Training Centre in Seeheim, Germany. Nearly 120 experts, representing 45 airlines, two security printers, the Orient Airlines Association, the Metropolitan Police and INTERPOL, met on the theme of "Setting Priorities and Focusing Resources". The event recognised the changing nature of fraudulent activities. Currently, some **64 percent** of all reported airline financial losses due to fraud are **in the area of tariff abuse**.

In particular, these abuses relate to exploitation of the frequent **disassociation** between ticket **issuance**, **reservations** and **check-in** systems. As a result, in 1995 IATA established a special airline task force, with the support of the then IATA Traffic Committee, to examine this phenomenon. Following a work-shop based on the information developed by the task force, held during the Seeheim Seminar, it is expected that a growing number of carriers will be performing their own **audits** and taking **protective measures**.

This and other developments have called for a general reflection on the



role of Airline Fraud Prevention officers and a need for IATA to provide adequate training for them to take up these new challenges, with more emphasis placed on strategic planning, based on the concept of “**Revenue Protection**” rather than on “after the fact” reactions. **IATA** has prepared a **new training course** aimed at widening the knowledge and scope of airline Fraud Prevention specialists, which will be offered to Members later this year.

The concept of “**building-in**” **fraud prevention** at the start of new marketing initiatives is being demonstrated in the development of Industry Electronic Ticketing. The challenge for the industry is to identify new types of activities related to computer fraud, where practically none of the current fraud detection methods apply. This difficulty was presented to the industry at the June 1995 Electronic Ticketing Conference in London. IATA Fraud Prevention continues to explore all areas of potential computer fraud within the **IATA Electronic Ticketing Working Group**.

Fraud detection training is vital in the effort to curb fraud. More than 40 training courses have been given worldwide to some 720 airline, airport and sales office staff, and 23 airline training specialists have attended the Fraud Prevention Instructor’s Courses.

Enhancements to the industry ticket blacklist known as “**Tickets Service**” continue, particularly in its adaptation to Electronic Ticketing; 143 airlines are currently member lists to the data base, 80 use the computer enquiry function and 39 have integrated this data base within their own computer main-frame.



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High quality and value for money are the hallmarks of IATA Products & Services. The range and content is reviewed and refined continuously.



## Financial Services

**IATA Clearing House:** Invoices submitted for clearance in 1995 reached an *all time record* of USD 25,885 million – an increase of 13.6 percent over 1994.

Twelve new Clearing House Members were added in 1995; four members were terminated from membership either as a result of failure to pay balances due, cessation of operations or a bankruptcy proceeding. Three new participants joined the Subsidiary Ledger in 1995, bringing the total to 22. Total membership of 247 is a record.



**IATA Currency Clearance Service:** ICCS enables airlines to implement a seamless, airline-specific system for centralised cash management. Using ICCS, airline head offices can centrally manage their worldwide sales funds, repatriate surplus funds quickly at low cost – and obtain the best market interest and exchange rates.

During 1995, a volume of USD 5,600 million in multiple currencies was achieved – a growth of 40 percent over 1994. By the end of 1995, ICCS was **operational in 24 countries and 28 airlines** had joined the Service.

The Service was enhanced to effect up to six **clearances per month** which further accelerated the repatriation of funds for member airlines. The 1995 **service quality** survey of ICCS showed it had achieved a **satisfaction rating of 98.6 percent**.

**Revenue Accounting Electronic Ticketing** implies significant changes for Revenue Accounting. Unsupported interline billing will place new emphasis on the capacity of revenue accounting systems to control payable billing and detect potential duplicate billings.

**Amendments to procedures**, necessary to accommodate interline settlement of electronic tickets, have been documented – and will be put to the annual Revenue Accounting Panel meeting in September 1996.

**The Interline Data Exchange Centre:** The IDEC scheme continues to expand with over 60 airlines now participating and a further twelve airlines developing their systems in preparation for joining.

**Insurance:** At the request of three member airlines, the **IATA Risk Management Services (IRMS)** carried out insurance evaluations, providing independent and objective advice which led to **premium savings**. The insurance packages operating in the United States continue successfully and have been expanded to include tour operators. Implementation of the programmed world-wide is progressing, with the **IATA Ground Handlers' Liability Insurance Programme**, exclusively available to Members of the IGHC, beginning to expand. The insurance activity has supported the Legal and Corporate Secretary's efforts towards the implementation and acceptance of the **IATA Intercarrier Agreement** on Passenger Liability.

**IATA Yield Management.** In 1996, the IATA Yield Management Service (IYMS), launched a new Windows application which incorporates the most advanced mathematics in use in the industry; 14 airlines are now using IYMS, which offers affordable access to sophisticated revenue management technology for airlines of all sizes. The 'turnkey' approach makes IYMS particularly attractive – as the monthly charge includes installation, training, maintenance *and* support.

Users typically achieve an average increase in revenues of 5 percent. Thus, IYMS represents a multi-million dollar contribution to airline cash-flow, and is a vital tool for small and medium size airlines. Most users have less than 500,000 passengers per year.

**IATA ATC Billing and Collection Agency:** continues to assist States in addressing problems confronted by their air traffic control (ATC)

authorities in the billing and collection of air navigation facility charges. Without the continued flow of revenue from such charges, it would be difficult, if not impossible, for these ATC authorities to continue to operate.

The Agency has been particularly successful in obtaining payment of ATC charges billed on behalf of States as well as assisting States in making payments for various financial obligations. Currently, the Agency is providing its **services to 21 ATC authorities** and discussions on using Agency services continue with several other states.

IATA is pleased that the services provided to the United Nations Operation in Somalia (UNOSOM) have been co-ordinated with ICAO, to ensure that flights through the Mogadishu Flight Information Region may be maintained.



## Partnership Programmes

The IATA Partnership Programmes are open to all suppliers allied to the airline industry and include **Industry Associates, Registered Suppliers and Travel Partners**. Each of these groups work with Member Airlines to develop standards and specifications enabling the airline industry to operate more efficiently.

Since the start of the *Registered Suppliers Programme* in 1990, **member companies** have grown to **160** – and range from CRS companies, Unit Load Device manufacturers and ticket printers to fuel providers, avionics companies and information technology systems providers. The Programme now offer **participation in ten distinct areas of IATA activity**, including fuel, passenger, airport and cargo services, information technology and security.

Expansion has been particularly significant in the I, launched in January 1995 to cater for supplier organisations with a broad interest in a range of airline industry activities. They attend many of the same committee meetings and events as Registered Suppliers, and may also participate in high level industry meetings, namely the Operations and Financial Committees, Environment Task Force and the IATA Annual General Meeting.

Over the last 12 months, Industry Associate members have doubled in number, to 30. Growth has been particularly significant in the operations and infrastructure area. Member companies include airframe and engine manufacturers, information technology and communications providers, avionics companies and consulting and financial organisations.

During the past year, Industry Associates and Registered Suppliers have taken part in electronic ticketing initiatives, applications of radio frequency identification to baggage and cargo – and debates on future distribution channels.

In parallel with these two programmes, IATA enables travel and tourism companies to work with Member Airlines and their suppliers to develop common standards as the basis for inter-modal and multi-modal systems. These *Travel Partners* include airports, rail, ferry and rental car companies.



## Tariff Coordination

In 1996 the process of adapting Tariff Coordination to meet the needs of participating airlines in the fast changing tariff environment was accelerated. Dialogue has been set up with **CRSs and Tariff Distributors** to facilitate the interface between Conference agreements and **electronic systems** and ensure a *standard application* of tariff rules. A **new pricing unit system** has been adopted for 1997, to ensure accurate fare calculation and interpretation of fare construction rules in an automated environment.



Tariff Coordination has been restructured to improve efficiency and introduce new added-value for Members. **All Conference-related services** are being consolidated into **one group** – to increase flexibility and cut costs. A **Support Services** group will concentrate on **data base management** – both for **Conferences and publishing** and distribution to Members and third parties.

A **new industry affairs group** of specialists is being set up to provide knowledge and expertise in such areas as: fare construction rules, currency regulations, baggage rules, standard conditions for fares/rates, data exchange standards and automation rules. This group will **liaise with tariff publishers, distributors and CRSs**.

This year the **US DOT**, in approving alliances between US and European carriers, *conditioned* them with the requirement that carriers

involved in such alliances must *not participate* in IATA Tariff Coordination Conferences which discuss fares and rates between the US and countries whose national carriers are party to the alliance. Some conferences have had to be reorganised to meet this condition.

In July the **EU** advised that they were withdrawing block exemption from EU Member airlines to participate in Cargo Tariff Coordination conferences involving EU countries with effect from end of June 1997. IATA is talking to EU officials with a view to seeking individual exemption, on the basis that Member airlines *need* to be able to discuss cargo rates for interline transport.



## Distribution Services

**Agency:** The Programme continued to expand and to meet its primary goal of reducing Members' operating costs, by providing them with an efficient global distribution system, at the lowest achievable cost. Steps were taken to expand and modernize the self-financing system of industry accreditations of sales intermediaries, as well as to research and innovate means of improving the sales distribution process, taking advantage of new technology.

**Accreditation:** In June 1996, there were over 83,600 IATA industry accredited travel agent outlets and over 5,350 accredited cargo agents worldwide. They are the main sales outlet for Members' products. The overall agent growth rate in the year to June was lower than in 1994/5, due mainly to a slow-down in net accreditations in the Americas.

**Asia/Pacific** countries had a surge in new travel agent accreditations, up by nearly half as much again over the previous year, although cargo agent accreditations stagnated there. The **Europe/Africa/Middle East** area continued to enjoy vigorous growth, in both passenger and cargo agent listings. Overall, travel agent accreditations were up by 4 percent and cargo agents by 2.5 percent. This net expansion would have been greater, but for a global trend to concentration in the travel agency and airfreight forwarding sectors.

The launch of the **Cargo Agency Programme in China**, following on that country's Passenger Agency Programme and BSP implementation last year, was a key event for the industry distribution system in 1996. Work continues on the **Cargo Agency Programme for Latin America**, to make it more reflective of the industry's changing needs, and is likely to result in significant reforms in early 1997.

Emergence of the industry distribution system in the former COMECON was also marked this year the number of IATA accredited travel agents in **Russia** moved into triple digits, the first agent accreditations in Belarus, Lithuania and Ukraine took place, whilst others are in train in

neighboring countries. The first IATA travel agents were accredited in **Cambodia**, with prospects of more, elsewhere on the Indo-Chinese peninsula.

**Products:** The problem of introducing an **electronic recognition system** to embrace all professional sellers of travel industry products, to complement IATA's system which covers only airline accredited sales intermediaries, was resolved. The main GDS, car rental companies, international hotel chains and IATA reached agreement on a standard, unique identifier system, comparable to but separate from the IATA agents' numeric code. As a result, about 26,000 non-airline sales intermediaries will now be immediately recognizable in industry suppliers' computer systems, worldwide. Savings from eliminated duplication will be considerable, whilst the prospect of additional transaction volume passing through the IATA BSPs, with economies of scale – is welcome.

The contribution to industry efficiency provided by **ISIS** – IATA Software for Industry Settlement – became clear. Settlement Plans for Eastern Africa, Ireland, China and India have adopted it – and many more plan either to install it from the outset or migrate to it, before the end of 1996. Developed by IATA IT Services in collaboration with BSP Australia, it is now regarded as the standard benchmark BSP software.

The **Travel Agent Card** goes from strength to strength. In the **United States**, IATA's subsidiary IATAN lists 276,000 travel agent personnel as eligible for the card. Over 245,000 actually have one. During the year, the number of suppliers declaring support for this industry credential through the Directory of Industry Suppliers, increased by 5,000, bringing the total number of supporters near to 18,000.

The **IATA/UFTAA Travel Agent Card**, a more recently created credential offered **outside the United States**, has growing support. In 1995/96 the number in circulation grew nearly 50 percent, to 35,000. In **Canada** a locally-managed variation of the Card which enjoys IATA support, has 30,000 in circulation. Recent streamlining of the way the IATA/UFTAA product is managed is likely to boost its presence across the world. A growing number of **IATA Members** regard the Travel Agent Card as an effective tool for controlling **how and to whom** they grant industry-rebated travel.

Sensitive to its acknowledged role as a neutral and efficient endorsement and appointment agency, **IATAN** extended the availability of its services this year to include Cruise Oriented Agents. It also enhanced its information sharing and vocational training roles by offering its listed agents training in international travel geography and destination knowledge.

**Attacking Costs:** The Passenger Agency Conference meeting after the 1995 IATA AGM, began a review of new ways to reduce the airlines' distribution costs – through the Agency Programme. Consultations have embraced both travel agents and other distributors of the airline product – and have concentrated on new technology. The highlight of the review was the **Passenger Distribution '96 Seminar**, in Kuala Lumpur, attended by decision makers across the full spectrum of the industry. The seminar helped clear the air of several misconceptions about the future of distribution.

The search for **Billing & Settlement Plan (BSP) cost efficiencies** produced good results. A 2 percent reduction in the average cost of processing a standard traffic document has been secured. Consolidation of BSP's into fewer, more cost-effective operations continues. Even where a full-scale integration of BSP's is not practicable, **shared central services** such as data processing and bulk ticket purchases are being evaluated. Serious thought is being given to extending the ambit of the reporting system to embrace **a wider customer base**. Non-airline industry service suppliers already participate in some BSP's but there is scope for expansion in this area.

**Industry Settlement Systems:** These had another successful year. There are now 59 BSP's, the latest being India which started in July. BSP's Central & West Africa, Peru and Russia should all be operating before the end of the year. Plans for BSP Israel and BSP Morocco are firm, and ten other BSP feasibility studies are in course. The bare statistics of this industry service are impressive: last year, the then 57 IATA BSP's, covering 116 countries, processed net sales of USD 77 billion, up USD 12 billion over the previous year. Full details of BSP operations appear in the **BSP Quick Reference Handbook**, an IATA publication on general sale.

On the cargo side, Cargo Account Settlement Systems (**CASS**) continues to demonstrate its worth. Its 1995 statistics show 21 CASS operations, covering 23 countries, and settlement of USD 10.4 billion – up USD 1.8 billion on 1994. Transactions took place between 6,000 intermediaries and 167 airlines. Five CASS operations have been added.

The main thrust of CASS Management remains modernization and enhanced efficiency. The **CNS Corporation** upgraded CASS-USA by initiating the migration to Airline Submission Rules and by replacing the outdated original processing software by the **IATA CASS Standard Software**, developed by the industry under IATA's leadership, and now showing a return – several years ahead of forecast. That product is preferred by two thirds of CASS in operation or about to be



implemented.

Three new CASS operations began this year: Belgium & Luxembourg, Greece, and Turkey. The feasibility study for a CASS in the French-speaking countries of Central & West Africa and for the Magreb region was endorsed, for 1997 implementation. Feasibility studies are progressing in six other markets.

The general move towards Carrier Acceptance Rules in CASSS will enable full implementation of settlement on a net-net basis and, more importantly, will aid implementation of EDI applications.



## Human Resources Development

Consolidation of Agency Training Services and Airline Training Services in 1996, as part of Secretariat capacity to transfer needed skills throughout the industry on a much larger scale, with much greater efficiency.

### **IATA/UFTAA and IATA/FIATA Agent Training:**



The on-going success of these main vocational training programmed for agents reflects the foresight, perseverance and public spirit of the three organisations in cresting the industry standards. Their success has enabled the activities to be self-financing – in justifiable expectation of making good returns on the investment made by the partners.

In 1995, 18,000 students took part in these courses – a 14 percent increase over 1994. It is expected that by December, a further 18,000 students will have registered for the 1996 sessions. Thanks to these programmed, more than 70,000 trainees have passed the IATA-controlled, end of course examinations and gained the diploma – the industry benchmark of training around the world.

These courses began as distance learning programmed, but have been adopted by many vocational training institutions for classroom instruction. Today, more than half the students in 50 countries, pursue their studies in a classroom environment at one of the 188 authorized

training centres appointed by IATA to teach the courses, under its oversight.

Special efforts have been made to strengthen the **agent training capacity of countries with developing economies**. Train-the-trainers courses held so far this year have helped more than 50 airline instructors, from all corners of the globe, to familiarize themselves with the IATA agents' training curriculum and to become proficient in teaching it. The number of instructors so trained, particularly in Central and Eastern Europe, now runs well into three figures.

Agency Conferences, advised by their training boards, authorized an attractive programme of **discounted enrolment fees** for students in countries with developing economies, with good results, in terms both of registrations and examination performance.

**New agent training products** are in final development. **A travel agent marketing course** is nearing completion and will be offered to students who wish to acquire *specialist* skills in marketing concepts and techniques. IATA's partner in this development is the Institute of Certified Travel Agents, **ICTA**, whose reputation in travel agent training in the United States is the highest. The first training modules using **CD-ROM** will be released this year.

**Airline Training Services:** 3,400 students were trained under this service in 1995, an increase of 21 percent over the previous year. So far, over 17,700 airline staff from 338 airlines have been trained since the start of Airline Training Services in 1984 – which originated as a development of the Policy for Developing Nations' Airlines. Over 50 different management and specialized courses are offered in General Management, Finance, Human Resources, Operations, Technical, Cargo, Law, Marketing and Sales.

**Classroom Training:** 117 courses were offered in 1995 in the three IATA training centres – Miami, Singapore and Geneva. Students from **Asia/Pacific** represented 48 percent of total participants, followed by Europe with 22 percent, Latin America with 10 percent and Africa with 9 percent.

**Classroom Technical Training** within the Operations & Infrastructure Division concentrated in the areas of technologies related to FANS and to Airport Facilities Planning. The IATA Digital Avionics Systems Course was convened five times at various locations worldwide, attracting a total of 150 students. The IATA Airport Planning and Operations course was held three times (once in Spanish), attracting a total of sixty students.

**In-company Training:** The enormous popularity and demand for

in-company training in 1995 resulted in an increase of 170 percent over the previous year. A total of 51 management and specialized training programmes were conducted during the year, mainly in Asia. Considerable reduction in training costs can be achieved by training a large number of people at airline headquarters.

**Distance Learning programmes:** The flexibility offered by studying through Distance Learning continued to attract students in 1995; registrations matched the previous year.

A diploma in Airline Studies can be obtained by studying a selection of the following courses Airline Marketing, Cargo Marketing, Professional Skills for Instructors, Customer Service, Advanced Fares and Ticketing Validation, Airline Finance & Accounting Management. A new course in Station Management is being developed for launch in early 1997.

**Accreditation programme:** IATA continues to approve certain specialised training courses given by airlines, schools, institutes and universities on behalf of IATA.

**English language training:** Last year, 318 air traffic controllers attended the Czech Air Traffic Control centre in Prague – mainly from the Ukraine and other eastern European countries. It is expected that by the end of 1996 a total of 836 students, the majority from the Former Soviet Union, will have undergone English language training.

**Computer Based Training:** 1995 saw the combined launch of two computer based training products the Windows version of *CBT from the Travel Industry* and *CBT for Basic Load Control*. CBT as a training method is being implemented across the airline industry and with the recent break-throughs in technological advancement, IATA is ensuring it continues to meet the needs of the marketplace through these state-of-the-art products.

**The International Aviation MBA Programme:** supported by IATA and conducted at Concordia University in Montreal, it enters its fifth year on 1 October 1996 with the commencement of a new one year intensive study format. The Programme is designed specifically for qualified applicants in the airline and air transport industry. Limited scholarships and a new world-wide student loan programme are available.

**Industry qualification:** qualifications available are: International Aviation Masters in Business Administration Airline Management and other Diplomas; IATA Certificates. Each classroom training course includes either an examination or an assignment leading to an IATA Certificate – optional assignments were introduced in 1996 to replace the traditional end-of-course examinations, for management courses.

**International Airline Training Fund:** Under the Programme for Developing Nations' Airlines, the Fund has continued to provide scholarships to staff of Developing Nations' Airlines to attend IATA training courses and the International Aviation MBA Programme. To date, more than 1,000 scholarships have been awarded – worth approximately USD 1.7 million.



## Updating Knowledge

### Aviation Information & Research

**The Statistics, Economics & Forecasting Section** 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 both in hard-copy book and on diskette in Acrobat® 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 95 percent of Members' traffic and capacity information – up some 15 points on 5 years ago.

In addition to the **IATA Forecasts** – both passengers and freight – the section also produces regional forecasts. An annual world-wide air traffic and economic outlook seminar is held every September in co-operation with IATA's Seminars and Exhibition 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.

The availability of a large volume of information and statistics about the industry has enabled AIR to provide a valuable service in consultancy work for a wide variety of clients. Numerous analyses have been undertaken for airports, particularly focusing on route development and air services marketing. 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.

**The Market Research & Marketing Section** 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. Surveys are used to help businesses to develop and market new products and services by establishing market size and potential economic viability. Marketing evaluations, particularly Branding and Image work, are increasingly in demand. These add to existing areas of specialisation in: Telecommunications, In-flight service and Industry Automation. Regular surveys include continuous customer satisfaction monitoring on the North Atlantic – TAPS, Europe-Asia - SPEAR, Europe-Middle East - MEAPS and Trans-Pacific routes - SPoTR.

There is also a study of international business traveller needs and opinions based on passengers from three continents – ‘CATS. In addition, the Cargo Service Tracker provides key benchmarking information on cargo service performance. The Section also monitors service delivery for other IATA departments, thus helping to enhance the overall quality of service provided by the Association.

**Airline Reports on CD-ROM:** Airline Chief Financial Officers see a key role for IATA in circulating publicly available airline annual reports. The most cost effective way of doing this is to use CD-ROM technology which will show complete page images on screen and allow a full search and indexing facility. Introduction of this IATA CD-ROM product is scheduled for late 1996 and will also include a copy of the electronic version of World Air Transport Statistics (WATS).

**Seminars & Exhibitions:** the **Electronic Ticketing 95** seminar was a classic example of the right event at the right time. It led to a new genre of ticketing ‘**Intelligent Ticketing**’ - which is now supported by its own IATA working group.

Members were asked what they *needed* from IATA Conferences. The feedback stimulated new thinking for the shape of future events. The programme during the past year has included: Electronic Ticketing 95, Passenger Services 95, Outsourcing 95, Asian Infrastructure, Financial Management 96, Information Management 96, Inflight Management 96, Passenger Distribution 96.

Upcoming events include: *Air Transport Outlook 96* and *Financing European ATM*.



- [IATA Membership](#)
- [Active Members](#)
- [Associate Members](#)
- [Operating Cost per ATK by Item 1995](#)
- [Accredited Agents at 30 June 1996](#)
- [Clearing House Statistics 1995](#)
- [BSP Operations](#)



## IATA Membership

11 September 1996, Membership of IATA stood at 249. Of the total, 215 are Active and 34 are Associate Members. The following carriers joined IATA since the last Annual Report: Albanian Airlines, Damania Airways, Air Maldives Ltd., Air Baltic Corporation, Aero Zambia Ltd., Inter Aviation Services (Pty) Ltd. trading as Inter Air, Interimpex-Avioimpex, China Southwest Airlines, MIAT Mongolian Airlines, Líneas Aéreas Privadas Argentina S.A., World Airways, Inc., Sahara India Airlines, Kazakhstan Airlines, SA Airlink (Pty) Ltd., China Northern Airlines, Eagle Aviation Ltd., African Joint Air Services trading as Alliance, Aero California S.A. de C.V., Sochi Airlines - Aviaprima.

\* Denotes Tariff Coordination Members (105)



### Active Members

- ZY ADA Air
- JP\* Adria Airways
- EI\* Aer Lingus p.l.c.
- SU\* Aeroflot - Russian International Airlines
- AR\* Aerolíneas Argentinas
- QM 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)
- JR Aero California S.A. de C.V.
- Z9\* Aero Zambia Ltd.
- ZL Affretair (PVT) Ltd.
- Y2 African Joint Air Services d.b.a. **Alliance**
- RK\* Air Afrique
- RK\* Air Afrique
- AH\* Air Algérie
- UU Air Austral
- BT\* Air Baltic Corp. SIA

- BP Air Botswana Corporation
- SB Air Caledonie International
- AC\* Air Canada
- CA\* Air China International Corp.
- UX Air Espana S.A. t/a Air Europa
- 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.
- L6 Air Maldive 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 Tongaru Corporation
- UK\* Air U.K. Ltd.
- 6U Air Ukraine
- PS Air Ukraine International
- NF Air Vanuatu
- UM Air Zimbabwe Corporation
- AS Alaska Airlines Inc.
- LV Albanian Airlines
- 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.
- HP\* America West 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
- IQ Augsburg Airways GmbH
- 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
- CJ\* China Northern Airlines
- CZ\* China Southern Airlines
- SZ\* China Southwest Airlines
- WX CityJet
- MN Commercial Airways (Pty.) Ltd. (COMAIR)
- XK Compagnie Aérienne Corse Méditerranée
- MX Compañía Mexicana de Aviación S.A. de C.V.(MEXICANA)
- CM Compañía Panamena de Aviación S.A.(COPA)
- 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
- EW Eurowings AG
- FX\* 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
- D6 Inter Aviation Services (Pty) Ltd. d.h.a. Inter Air
- M4 Imterimpex-Avioimpex
- 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)
- K4 Kazakhstan Airlines
- 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)
- MJ Líneas Aérea Privadas Argentinas S.A. (**LAPA**)
- TE Lithuanian Airlines
- LB Lloyd Aéreo Boliviano S.A. (LAB)
- LC Loganair Ltd.
- LT LTU -Luftransport-Unternehmen GmbH & Co. KG.
- LH\* Lufthansa Cargo A.G.
- LG\* Luxair
- DM Maersk Air
- VB Maersk Air Ltd.
- MH Malaysian Airli
- MA\* MALEV - Hungarian Airlines Public Ltd. Co. (MALEV p.l.c.)
- JE Manx Airlines Ltd.
- IG Meridiana S.p.A.
- MZ Merpati Nusantara Airlines
- OM MIAT Mongolian 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
- J5 Sochi Airlines - Aviaprima
- 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.
- UN\* 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\* Viação Aérea Sao Paulo S.A. (VASP)
- VS\* Virgin Atlantic Airways

- FV Viva Air
- IY\* YEMENIA Yemen Airways
- ZA ZAS Airline of Egypt



### **Associate Members**

- JQ Air Jamacia Express Ltd.
- TL Airnorth Regional
- 7W Air Sask Aviation 1991 (La Ronge Aviation Services Ltd.)
- 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
- Y4 Eagle Aviation Ltd.
- 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
- 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.
- 4Z SA Airlink (Pty) Ltd.
- FA Safair Freighters (Pty.) Ltd.
- S2 Sahara India Airlines Ltd.
- SP SATA Air Acores
- D2 Skyline NEPC Ltd.
- JK Spanair
- PI Sunflower Airlines Ltd.
- PF Vayudoot Ltd.
- WF Wideroe Flyveselskap A/S

## Operating Cost per ATK by Item 1995 IATA International Scheduled Services

	US cents per ATK	Percent change over 1994	Percent of total
Cockpit Crew	3.1	-3.1	7.3
Fuel and Oil	4.6	-2.1	10.9
Flight Equipment Insurance, Depreciation and Rentals	5.3	-1.9	12.5
Maintenance and Overhaul	4.0	5.3	9.4
Landing Charges	2.2	4.8	5.2
En-Route Charges	1.7	6.3	4.1
Station and Ground Costs	5.2	-3.7	12.3
Cabin Crew and Passenger Service	5.8	—	13.7
Ticketing, Sales and Promotion	7.7	2.7	18.2
General and Administrative	2.7	3.8	6.4
<b>Total</b>	<b>42.3</b>	<b>0.5</b>	<b>100.0</b>

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 as at 30 June 1996

Areas	PASSENGER		CARGO	
	Approved Locations	Growth over 1995 %	Registered Agents	Growth over 1995 %
The Americas (excl. U.S. & Canada)	6,574	1.26%	548	0.74%
Canada	4,031	0.70%	134	0.00%
Europe, Middle East & Africa	27,693	8.59%	2,196	5.73%
Asia Pacific	7,460	11.39%	1,096	-0.81%
<b>Total</b>	<b>45,758</b>	<b>7.17%</b>	<b>3,974</b>	<b>2.95%</b>
	IATAN Endorsed Agents*		CNS Endorsed Agents**	
U.S.	37,854	0.56%	1,384	1.39%
<b>Grand Total</b>	<b>83,612</b>	<b>4.08%</b>	<b>5,358</b>	<b>2.55%</b>

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

## CLEARING HOUSE STATISTICS 1995

At 31 December 1995 the Clearing House was providing settlement facilities to 182 IATA Members, 31 non-IATA members, 22 subsidiary ledger participants, 4 special accounts and 8 sponsored air carriers. 8 IATA Members, 4 non-IATA members and 3 subsidiary ledger participants joined in 1995. The agreement allowing settlement with the members of the Airlines Clearing House, Inc. in the U.S.A. gave a total of 383 participants. The amount submitted for clearance in 1995 was US\$ 25,885 million. At 31 December 1995 the Clearing House was providing settlement facilities to 182 IATA Members, 31 non-IATA members, 22 subsidiary ledger participants, 4 special accounts and 8 sponsored air carriers. 8 IATA Members, 4 non-IATA members and 3 subsidiary ledger participants joined in 1995. The agreement allowing settlement with the members of the Airlines Clearing House, Inc. in the U.S.A. gave a total of 383 participants. The amount submitted for clearance in 1995 was US\$ 25,885 million.

Parties for which clearance was provided at December 31, 1995		Amounts submitted for clearance	1994		1995	
			USD millions	%	USD millions	%
Direct Participation		Increase 1995/1994: 13.63%	22,781		25,885	
IATA Members	182					
non-IATA members	31					
Subledger participants	22	Sources of Claims				
Sponsored Air Carriers	8	Claims by IATA Members	19,617	86	22,132	86
Other participants	4	Claims by non-IATA airlines (including subsidiary ledgers)	1,566	7	1,916	7
	<u>247</u>	Claims by ACH	1,055	5	1,183	5
		Claims by other parties	543	2	654	2
			<u>22,781</u>	<u>100</u>	<u>25,885</u>	<u>100</u>
Participation through Airlines Clearing House, Inc.						
IATA Members	11					
Other ACH Members	125					
	<u>136</u>					
<b>Total Participation</b>						
	<b>383</b>					

## BSP OPERATIONS

	Area	Agent Locations mid-1996 Reporting via BSPs mid-1996	Airlines mid-1996	1995 Net BSP Sales Volume in USD/millions
1	Argentina***	1,049	28	733
2	Australia***	2,240	63	3,128
3	Austria	255	63	732
4	Bahamas/BVI	35	21	59
5	Belgium & Luxembourg	520	76	1,019
6	Bermuda	15	15	50
7	Brazil***	1303	28	354
8	Canada	3,990	94	4,548
9	Central America	266	26	194
10	Chile	275	30	316
11	China-People's Rep of *	65	22	n/a
12	Colombia	644	26	230
13	Cyprus	137	29	105
14	Czech Republic*	78	22	n/a
15	Dominican Republic	222	16	90
16	Eastern Africa	162	27	150
17	Eastern Caribbean	205	21	131
18	Ecuador***	241	24	118
19	Egypt	464	33	196
20	Finland	257	42	547
21	France***	2,825	102	4,043
22	French Overseas Territories	25	9	49
23	Germany	4,243	121	7,940
24	Greece	312	45	403
25	Guatemala	137	17	56
26	Gulf Area***	208	42	303

27	Hong Kong	291	44	1,581
28	Hungary	116	23	87
29	Indonesia	268	34	522
30	Ireland	356	36	395
31	Italy***	3,331	84	2,668
32	Jamaica	100	16	80
33	Japan	755	57	16,819
34	Jordan***	124	16	28
35	Korea	463	38	2,034
36	Kuwait***	164	24	310
37	Malaysia	624	41	817
38	Malta	58	12	38
39	Mexico***	1,306	41	416
40	Micronesia*	57	5	19
41	Netherlands	458	82	1,662
42	New Zealand***	833	36	877
43	Panama	78	27	73
44	Philippines	266	43	463
45	Poland	184	20	118
46	Portugal	500	36	471
47	Puerto Rico/USVI	595	41	336
48	Saudi Arabia***	232	30	32
49	Scandinavia	1,226	71	4,392
50	Singapore	190	47	1,108
51	Southern Africa	758	56	1,305
52	Spain***	3,810	86	2,496
53	Switzerland	762	87	2,067
54	Taiwan	302	32	1,255
55	Thailand	234	49	544
56	Turkey	238	41	184
57	United Kingdom***	5,634	108	8,024
58	Venezuela***	409	27	393
		<b>44,895</b>	<b>**300</b>	<b>77,108</b>



## Notes:

- \* BPSs People's Republic of China Czech Republic and Micronesia were implemented in the second half of 1995.
- \*\*This net figure takes account of multiple BSP participation by airlines.
- \*\*\* BSP also services other agents.
- n/a - Not applicable (BSP began latter half of 1995).

<b>Cass Operations</b>					
Area	Agents/ Associates mid-1996	Agents/ Associates Offices mid-1996	Airlines mid-1996	Settled in 1995 (USD millions)	
1	Australia	139	408	42	304
2	Belgium/Luxembourg	95	95	53	***
3	Canada	285	650	28	242
4	Costa Rica	31	33	16	14
5	Ecuador	43	59	18	16
6	Fiji	8	12	4	12
7	France	339	863	45	545
8	Germany	217	797	76	906
9	Greece	38	59	13	***
10	Ireland	138	164	20	38
11	Italy	302	317	60	646
12	Japan	78	652	41	3,808
13	Korea	139	84	23	359
14	Mexico	122	134	33	39
15	Netherlands	82	123	62	297
16	New Zealand	37	69	22	132
17	Panama	34	56	23	13
18	Papua New Guinea	7	7	4	1
19	Philippines	77	77	20	93
20	Portugal	113	167	18	45
21	Spain	192	525	28	155
22	Switzerland/Liechtenstein	112	280	30	39
23	Turkey	79	79	18	***
24	United Kingdom	1,312	1,959	85	707
25	USA **	2,072	4,769	76	2,009
26	Venezuela	52	63	14	1
<b>Total</b>	<b>6,143</b>	<b>12,501</b>	<b>167*</b>	<b>10,421</b>	

