SUPPLEMENTARY REPORT OF THE BOARD OF GOVERNORS

Agenda Item No. 7
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SUPPLEMENTARY REPORT OF THE BOARD OF GOVERNORS

Alan Joyce
Chairman of the Board of Governors

Introduction

1. The Board of Governors held its 197th meeting in Cape Town on 2 June 2013

REPORT OF THE 78th STRATEGY & POLICY COMMITTEE

2. The report of the 78th SPC meeting on 1 June 2013 was presented by the SPC Chairman, Mr Willie Walsh.

Industry Outlook

3. The Board agreed with IATA’s assessment that airline financial performance has been better than expected given still difficult economic conditions. With global economic growth at low levels and jet fuel prices at high levels, the industry would have slipped into loss based on historic experience. The US$7.6 billion net post-tax profits made in 2012 is evidence that structural improvements have taken place.

4. IATA reported that air travel is growing close to trend, despite the weakness of global economic growth and high fuel costs. The strength of travel demand from emerging economies has offset the weakness of travel in Europe and other developed, mature markets. However, cargo volumes are down on 2010 and have been flat for the past year with no sign of an upturn.

5. Despite high levels of new aircraft deliveries, airlines have managed to achieve high levels of asset utilization in passenger markets, with record load factors and high average hours on single and twin aisle aircraft. Consolidation on US domestic markets, in Europe and across the Atlantic has helped deliver this improvement. Cargo utilization however has deteriorated.

6. High asset utilization and the growth of ancillary revenues have allowed airlines to sustain levels of profitability, despite the difficult economic background and the weakness of cargo markets.

7. Significant challenges continue to exist. One of the most important cyclical challenges has been the slowdown in global economic growth over the past three years. While an upturn has not yet occurred, confidence is rising that there will be a forthcoming upturn in economic growth and trade. This optimism could be tempered by continued Eurozone instability, cutbacks in government spending and deleveraging by the private sector, and the possibility that ICAO’s potential failure to agree on a global solution to climate change could result in global and regional climate taxes.

8. The Board agrees with IATA’s projected modest upturn for air transport markets and financial performance in 2013. Structural changes in the industry as well as overall optimism are the engine behind most of this projected growth. This could change in light of the fragility of the overall global economic recovery.
9. The Board noted the analysis presented in IATA’s study on profitability across the air transport value chain. IATA reported that returns on invested capital in the airline sectors average 4% over 2004-2011, well below the 7-8% cost of capital, and the lowest returns in the value chain. It was also noted that risk was misallocated across the value chain. The study also showed that the industry had successfully cut costs by a half in real terms over the past forty years, but because the industry had also reduced prices commensurately over that same period, it has created tremendous value for customers.

10. In view of the US$4-5 trillion of new capital required to finance the fleet required to serve the expected expansion of air transport demand over the next twenty years, this situation was not thought to be sustainable. The Board asked IATA to investigate actions that could improve this situation, compliant with anti-trust law.

**Managing Your Money**

11. The Board expressed its continued confidence in and support of IATA Financial Settlement Systems which in 2012 settled 99.98% of BSP and CASS funds on time.

12. The Board received a report from IATA management on the status of the three year plan to strengthen the ISS program. The Board commended IATA for reaching two important milestones in this regard in 2012: alignment of the existing ISS operations in the five ISS hubs to standard operating procedure key controls as well as implementation of the global remittance & settlement system pilot in those hubs, representing 26% of the annual net cash sales settlements.

13. The Board was advised that IATA is on track to migrate the remaining local ISS operations to the five hubs in four waves by December 2013. IATA is also on track to meet the Board target of implementing the global remittance & settlement system (IRIS) tool for 96% of the annual net cash sales settlements. The Board was briefed on the unique challenge faced by BSP India with IRIS, where local practices on remittance by agents through checks deviates substantially from standard ISS remittance & settlement processes. The Board noted the IATA proposed development of a plan to align BSP India to standard remittance & settlement processes over the short- and long-term.

14. IATA notified the Board that it had entered into an agreement with Airline Reporting Corporation (ARC), the settlement provider for travel agent sales in the U.S., to perform a benchmarking exercise to identify best practices from both BSP and ARC’s ASP.

15. The Board was pleased to note that IATA is on track to meet the 2017 target to reduce the BSP operating unit fee by 23% and almost on track to reduce the total unit fee by 27%, compared with 2010.

16. The Board was briefed on IATA’s review of the existing BSP and CASS models in light of challenges facing ISS by such developments as new model airlines, new entrants in the settlement system market and the evolution of airline distribution and payments. The overall goal of the “NewGen ISS” project is to maintain the relevance of BSP and CASS in the future.

17. The Board was also briefed on the Cargo Agency Modernization Program (CAMP), approved by the Cargo Agency Conference in March 2013, which proposes to develop a new IATA-FIATA (International Federation of Freight Forwarders Associations) Air Cargo Program to maximize efficiencies between airlines and freight forwarders.
18. The Board noted that 2012 was a record year for the IATA Clearing House (ICH) with volumes totaling US$51.9 billion, an increase of US$4.9 billion over 2011 generated by a total of 444 participants.

19. The Board was advised that as of March 2013, 267 airlines have migrated to IATA’s Simplified Interline Settlement (SIS) system and the amount processed through SIS in Q1 is four times higher than in the same period last year at US$15.2 billion.

New Distribution Capability

20. The Board discussed New Distribution Capability and the value it offers for all components of the airline distribution network, particularly the customer. The Board was pleased with progress to date on developing the new XML based data transmission standard that holds the promise of bringing the richness of the robust airline direct channel to all channels, particularly the more limited agent indirect channel. The Board was also briefed on progress made in industry pilot projects of this new XML standard.

21. The Board encouraged IATA to continue to ensure through appropriate forms of advocacy that governments and industry partners all recognize the positive impact NDC will have on airlines, agents, consumers and third party technology providers.

22. The Board agreed to recommend that the AGM adopt the resolution at Attachment A to this report that clearly sets forth the intent of airlines with NDC and that underscores the pro-consumer, pro-competition and collaborative nature of the program.

23. The Board reviewed market developments and was pleased with the growing number of technology providers participating in NDC pilots. Given that market interest, the Board is confident that the market will adopt and implement the industry standard. IATA management reported that as part of its promotion of the NDC standards, it will provide demonstrations of potential NDC aggregator user interfaces that could be used to support communication between agents and the aggregator function. IATA management is presenting the first such demonstration in the exhibition area of the 69th AGM.

Climate Change

24. The Board was briefed on the status of inter-governmental discussions at ICAO on the topic of climate change. IATA and industry were represented at meetings of the ICAO High Level Group on Climate Change (HGCC) by the Air Transport Action Group (ATAG). The HGCC clearly recognizes the value of aviation to the world’s economy and has essentially abandoned any suggestion that airlines pay for their growth pre-2020 or that aviation be used as a source of revenue for other purposes. However, governments appear to be deadlocked on whether to try to adopt a single global measure or to try to agree a framework or rule-book for States that wish to implement their own measures. Consequently, governments are increasingly looking to the industry to make proposals to achieve progress at the 2013 ICAO Assembly.

25. The Board discussed progress to date by the IATA Climate Change Task Force (CCTF) regarding the development of options for operationalizing the industry’s CNG2020 strategy. The Board received an update on progress made towards the development of recommendations around a single global offsetting approach which includes a range of elements to set baselines post 2020 and providing some relief for individual operator responsibilities for fast growth carriers. The Board discussed three additional CCTF recommendations for determining individual operator responsibility: data integrity, treatment of new entrants and treatment of fast growing carriers.
26. The Board agreed that it was important the global aviation industry be in a strong position to influence the climate debate at the upcoming ICAO General Assembly. Board members recognized that failure of ICAO to reach a climate change agreement would likely result in airlines facing a patchwork of individual government and regional climate schemes. The Board agreed to craft a resolution for adoption by the IATA Annual General Meeting that reflects the global aviation industry’s strong commitment to meet its environmental responsibilities.

27. In crafting the resolution, the Board discussed how best to reconcile two important principles: 1) that no airline should be held responsible for covering the costs of another airline’s growth; and 2) that no airline should be penalized for catching up to its competitors that experienced that growth prior to 2020. The Board agreed that the best way to reconcile these principles was to find a fair and equitable balance that combines each airline paying for its own emissions growth with each airline paying for a proportional share of the industry’s total bill. The precise percentages for each share and any potential phase-out of one or the other of these two components were left for further negotiation over the coming months. It was agreed however that IATA should work with the regional associations to develop more detailed implementation proposals and bring these back to the Board for approval. It was also noted that any overall system adopted by governments should be reviewed periodically by governments, together with industry.

28. Consequently, the Board is recommending to the AGM the adoption of the Resolution on Climate Change as it appears at Attachment B to this report.

29. The Board also recalled its decision in BG/191 to require all IATA member airlines to report fuel and CO₂ data annually to IATA in order to measure progress against industry targets. To facilitate airline data reporting, the IATA Environment Committee’s Fuel Reporting Task Force has developed recommended industry fuel reporting standards as well as an online reporting tool (FRED – Fuel Reporting & Emissions Data Base). As a result, airlines representing 88% of international RTKs are now reporting their fuel and CO₂ emissions data to IATA on an annual basis. The Board endorsed this new tool and urged all remaining IATA members to report their fuel and CO₂ data on a timely basis.

Core Principles on Consumer Protection

30. The Board reviewed developments associated with passenger rights regulations being pursued by governments around the world, including in the European Union, the United States, the Philippines and elsewhere. The Board expressed concern regarding the impact these disparate regulations are having on the efficiency of international aviation and the ability of airlines to meet the needs of their customers. Despite some 100 countries having embraced the need for global consistency by adopting the Montreal Convention of 1999, many of these passenger rights regulations are not internationally harmonized and present a complex and confusing array of overlapping regimes which are counter-productive to passengers and airlines alike.

31. The Board reviewed and endorsed a set of core principles for consumer protection legislation developed by the IATA Industry Affairs Committee. It is hoped that IATA’s adoption and endorsement of these principles will serve as guidance material for governments that are trying to seek an appropriate balance between sustainable air transport and rational consumer protection.

32. The Board agreed to ask the AGM to adopt the Resolution and core consumer protection principles that are at Attachment C to this report as a basis for a strengthened IATA
campaign to drive a more harmonized approach to these issues at a global, regional and local level.

Safety and Operations

33. The Board noted the continued remarkable industry’s safety performance. As of end of April 2013, the accident rate of Western built jets is 0.30 (vs 0.20 in 2012) or three accidents in 2013 compared to two at the same time last year. However, IATA members have had no Western built jet hull losses to date this year.

34. The “all accident” rate, which includes Western and Eastern built aircraft, showed a 12% improvement in 2013 over 2012, with the 384 carriers on the IOSA registry with an accident rate of three times better than non-IOSA members.

35. The Board received a report on IATA’s Six Point Safety Strategy, with a particular focus on IATA’s support for the implementation of the Safety Management System (SMS). IATA will continue to work on the Global Aviation Data Management (GADM) project and will continue to commit necessary resources to the important Africa Strategic Improvement Action Plan and the IATA Training and Qualification Initiative.

36. IATA management also reported to the Board on progress to date on the Enhanced IOSA project that requires airlines to continuously conform with IOSA Standards and Recommended Practices (SARP) throughout the 24 month IOSA registration term. At the recommendation of IATA’s Operations Committee, the Board approved the final implementation date of September 2015 for all IOSA registered airlines to conform with the Enhanced IOSA requirements.

37. The Board also received a report on progress on the IATA Safety Audit for Ground Operations (ISAGO). As of 30 April 2013, over 550 ISAGO audits have been conducted since the inception of the program, with over 200 audits scheduled for 2013. There are over 120 ground service providers in the ISAGO Registry providing services to over 180 stations and 130 airports worldwide.

38. IATA management also provided the Board with an update on IATA’s Fuel Quality Pool (IFQP) and the IATA De-Icing/Anti-Icing Quality Control Pool, both important industry services made available by IATA. The update noted the excellent growth in IFQP membership (41% increase) over the past six months.

Security

39. The Board materials also included a report on the various IATA activities related to both passenger and cargo security. IATA continues to work with governments around the world and with ICAO to address continuing threats to aviation security in a manner that effectively balances security considerations with a safe and efficient air transportation system. This work includes good progress with IATA’s Secure Freight and Checkpoint of the Future programs.

Airline Data – Use and Control

40. The Board was also provided with an update on IATA’s Direct Data Service (DDS) which today covers 86% of all indirect sales tickets. The Board noted that IATA has entered into a partnership with the U.S. based Airline Reporting Corporation (ARC) to ensure global coverage of the DDS product. Today, 47 airlines have signed contracts to supply DDS data, 26 of which are now sending daily ticket files and have approved IATA’s inclusion of their data in DDS.
41. While no litigation has been launched against IATA or ARC on the DDS product, the data content was challenged as part of the three Western GDSs’ prior legal actions against the PaxIS product. Those actions have all been resolved or settled. IATA and ARC have briefed U.S. and EU regulators on the pro-competitive nature of DDS.

42. As a result of a complaint filed by the GDSs with DG-MOVE regarding compliance with the EU CRS Code of Conduct, IATA was required to ask 12,000 EU agents for permission to be identified in PaxIS. IATA has received permission from agents that represent 52% of all EU tickets. Further approvals are anticipated going forward as agents recognize the value of being visible to airline subscribers and as they take advantage of the reports that IATA will provide to them.

Industry Charges, Fuel Fees and Taxation

43. Despite some progress in 2013 to date, IATA expects any net savings engendered by campaigns to reduce industry charges, fuel fees and taxes to be outweighed by newly introduced increases in industry charges elsewhere. The importance of active airline participation in these campaigns cannot be overstated as they signal to our airport and ANSP partners the importance that member airlines attach to reducing these external costs. IATA’s upcoming organizational alignment is expected to address these challenges more effectively going forward.

Simplifying the Business

44. The Board was provided with a report on the six projects that currently comprise the Simplifying the Business Program (StB).

45. **E-Services:** To date, 81 airlines have deployed Electronic Miscellaneous Documents (EMD) and EMD penetration is 20% overall. It is expected to grow to 50% by the end of 2013.

46. **Fast Travel:** Fast Travel penetration stood at 11.79% of eligible passengers in April 2013. IATA management is confident it will reach the Board target of 20% of eligible passengers by the end of 2013.

47. **Passenger Facilitation:** IATA is on track to meet industry targets on improving passenger flow at the security checkpoint and implementing automated border control at 10 and 15 airports respectively.

48. **Checkpoint of the Future:** IATA is confident it will meet the Board mandate of securing two airports and government support to deploy a first generation Checkpoint of the Future in 2014 as well as to test and evaluate Checkpoint processes and technologies.

49. **InBag (previously Baggage Quality Program):** The InBag program is designed to reduce by 2020 baggage mishandling by 50% from a 2011 baseline through standard tools and techniques to monitor, manage and control baggage processing.

Cargo

50. IATA is continuing efforts to transform the cargo industry through successful deployment of the e-airway bill (e-AWB) and e-freight and through the adoption of harmonized security solutions.
51. e-AWB: Global e-AWB penetration was 7.7% on 1 April 2013. IATA expects that percentage to increase with the new multilateral e-AWB agreement gaining government approval in April 2013. IATA continues to push in order to reach the Board target of 20% e-AWB by the end of 2013.

52. e-Freight: IATA is focused on piloting e-freight in two of the following countries: Russia, China and India as well as working with the World Customs Organization (WCO) to accelerate global standards supporting e-freight.

53. Air Cargo Advance Screening (ACAS): IATA is working with U.S. Customs and Border Protection (CBP) to develop standards for the filing of advance electronic information for passenger combination carriers and forwarders in advance of the U.S. introducing legislation on Air Cargo Advance Screening later this year. Other countries are considering advancing similar initiatives, which IATA will argue should be globally harmonized.

54. Lithium Batteries: IATA continues to work with ICAO and with its airline members to identify possible improvements to the regulatory requirements for the handling and carriage of lithium batteries. This includes working with the Universal Postal Union to address concerns associated with postal services encouraging the shipment of lithium batteries through “air mail”.

Other Advocacy and Regulatory Matters

55. The industry continues to face numerous regulatory challenges. On slots, IATA continues to oppose government policies that differ from the globally recognized and harmonized Worldwide Slot Guidelines (WSG). To that end, IATA, ALTA and other airline groups are opposing two draft regulations in Brazil that could result in the confiscation of historic slots at Congonhas Airport in Sao Paulo and enable airports to change the use-it-or-lose-it rule that is a basic principle of the WSG. In India, IATA continues to oppose the suggestion of slot auctions by some parts of the Indian Government. The Government of Mexico has published an updated slot regulation that requires airlines not to follow the established WSG calendar while also changing the 80-20 rule. In Europe, IATA and its partners were successful in modifying the Commission’s slots proposals that would have departed from the WSG standards. However, the overall airport package remains a subject of future debate that could re-open these and other slot issues in the future.

56. IATA continues to campaign for adoption by those States that have not yet endorsed the Montreal Convention of 1999, a modernization of the liability rules governing international carriage by air.

57. IATA and Airlines for America (A4A) are leading a coalition to address unacceptable Customs processing delays at major international gateway airports. There is concern about threats by CBP to deny service if Customs cannot adequately accommodate passenger processing at peak hours. IATA and A4A are also working on a series of proposed passenger rights regulations, including the so-called Consumer Rule III and a final rule on accessibility for disabled passengers to websites and kiosks.
Report of the 72\textsuperscript{nd} Audit Committee

58. The report of the Audit Committee meeting of 1 June 2013 was presented by its Chairman, Mr Harry Hohmeister, who highlighted the key items and recommendations for the meeting.

59. The external auditor, Deloitte, presented an unqualified Audit Report on the 2012 consolidated financial statements of IATA. The auditor reported that the audit had been executed in accordance with the audit plan and the results were satisfactory.

60. The Board noted the financial performance of the Association in 2012 and endorsed the recommendation that the 2012 audited financial statements be approved for submission to the AGM.

61. The Committee received a progress report on the Internal Audit activities. The 2012 internal audit report was completed in line with the plan and budget. Progress on compliance with audit recommendations was satisfactory.

62. Thirty-five (35) internal audits will be conducted in 2013, and will focus on global processes, compliance programs, information systems, and related risks. Audit of the Association’s financial systems, processes and its financial settlement services will be the largest component of the 2013 internal audit plan. Information technology plays an ever-growing role in how the Association delivers services and achieves its objectives. Accordingly, IT audits have been categorized into four groups for the purposes of the plan: (i) infrastructure; (ii) applications; (iii) support; and (iv) projects.

63. The Committee received a report from the internal auditor on the Association’s Corporate Risk Management Program and was satisfied with the progress being made. It also reviewed and was satisfied with the progress being made on strengthening the ISS program as well as the Business Continuity and the IT Security Plans for the financial settlement services managed by IATA.

64. The Committee received a summary report on the key legal actions in which IATA is a party and is satisfied that management is acting appropriately in the conduct of the litigation outlined in the report.

65. Following a competitive tender for the Association’s external audit services for financial year 2013 and onwards. The Board had earlier agreed to the Audit Committee’s recommendation that Ernst & Young provide the external audit services for the financial year 2013 with a mandate for five years, subject to the approval of appointment by the AGM each year.

66. Accordingly, the Board approved the recommendation to the AGM that Ernst & Young be appointed as the Association’s external auditor for the financial year 2013 at such remuneration as the Board may approve.

Report of the 72\textsuperscript{nd} Chair Committee

67. The report of the Chair Committee meeting of 1 June 2013 was presented by its Chairman, Mr. Alan Joyce.

68. The Chair Committee considered the regional allocation of seats on the Board of Governors and agreed to establish a small working group to study the formula for that allocation.
69. The Committee noted that IATA’s not-for-profit status is very valuable to the members in helping them achieve industry objectives in the most cost effective manner.

70. The Chair Committee reviewed the forecast financial results for the full year 2013 based on actual results for the first quarter. These are broadly in line with the budget.

71. The Committee noted substantial cost reduction in the data processing costs of the BSP system that had been negotiated by management and that are being realized as of 2013. It reviewed a study conducted to identify the additional cost savings that could be realized in future years. It reviewed and endorsed the Association’s roadmap to realize these cost reductions.

72. The Committee endorsed the new, simplified Charging Model for the BSP system, which will continue to be operated on a cost-recovery basis, for implementation as of 2014. It noted that management will establish an implementation plan to ensure a smooth transition to the new model.

73. The Board agreed with management’s recommendations that 2014 membership dues be maintained at US$12.6 million. The Board agreed to recommend the 2014 Membership Financial Assessment Resolution for submission to the Annual General Meeting.

74. The Board expressed its appreciation to Nico Bezuidenhout and to South African Airways for their outstanding support of the 2013 AGM.

75. The Board agreed the following governance appointments:

   - Mr Calin Rovinescu of Air Canada as Chairman-Elect of the Board of Governors, subject to his being re-elected to the Board by the AGM.
   - Mr Akbar Al Baker of Qatar Airways and Mr. German Efromovich of Avianca as additional members of the Chair Committee.
   - Mr Khalid Almolhem, Mr Peter Hartman, Mr Liu Shaoyoung, and Mr Calin Rovinescu to the SPC, subject, where applicable, to their being re-elected to the Board by the AGM.

76. The Chair Committee reviewed IATA’s new organization. Based on the Committee’s recommendation, the Board agreed to appoint Mr. Paul Steele, IATA’s Senior Vice President for Member and External Relations, as Corporate Secretary with effect from 1 July 2013.

77. Finally, the Board approved the Director General’s proposed appointments to IATA’s six Industry Committees as shown in Attachment D to this report.
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INTRODUCTION

NOTING that the IATA Passenger Services Conference is facilitating the definition and establishment of open XML-based enhanced data transmission standards ("enhanced standards") with the support of IATA corporate resources;

NOTING that market implementation of these enhanced standards could enable airlines to adopt new and innovative approaches to the retail distribution of products and services (referred to broadly as the "New Distribution Capability" or NDC);

RECOGNIZING that enhanced standards would enable airlines to bridge the capability gap between today’s airline website and travel agency channels, providing the opportunity for robust retail capabilities across all channels;

EMPHASIZING that enhanced standards would support product differentiation, price, product and service transparency, and the ability of customers to personalize their offer through optional authentication;

RECOGNIZING that industry-wide adoption of these enhanced standards offers enhanced value for all components of the retail distribution chain;

RECOGNIZING that airlines seek to merchandise their content across all channels;

RECOGNIZING that enhanced standards will enable travel agents to have access to this content and better support their customers' travel needs;

RECOGNIZING that consumers will benefit from being able to make choices based on enriched content as well as from the ability to compare and transact airline offers via multiple channels in a transparent fashion;

RECOGNIZING that technology providers will benefit from enhanced standards upon which they can develop applications to meet the needs of airlines, agents and consumers;

RECOGNIZING that enhanced standards will enable consumers to benefit from enhanced competition at the airline and distributor levels;

EMPHASIZING that developing enhanced standards is facilitated by the active participation of all distribution players and that IATA has reached out to all industry players to encourage such participation and will continue to promote additional participation from all value added contributors in the future;
Resolution

The IATA 69th Annual General Meeting:

1. **STRONGLY ENDORSES** the continuing efforts of the broad industry to develop the enhanced standards needed to support the delivery of rich airline content across all channels.

2. **AFFIRMS** that the enhanced standards should support current shopping methods, including anonymous shopping by customers, while adding capabilities such as “shopping basket”, personalization and flexibility for the future.

3. **NOTES** that airlines will continue to remain subject to relevant passenger privacy protection laws and regulations regardless of how they choose to distribute their products and services.

4. **CONFIRMS** that airlines and other industry players would be free to decide whether or not to adopt the enhanced standards to support some or all of their distribution needs.

5. **ENCOURAGES** the active participation of the entire distribution chain in the development and adoption of the enhanced standards.

6. **AFFIRMS** IATA’s continued support of the existing standards for A4A/IATA Reservations Interline Message Procedures (AIRIMP) and the Passenger Airport Data Interchange Standards (PADIS).

7. **AFFIRMS** that each airline must make its individual, independent choice of price, product and service offers, and make independent choices of distribution strategies and partners, in accordance with applicable competition laws.
IATA 69TH ANNUAL GENERAL MEETING
3 June 2013, Cape Town, South Africa

RESOLUTION ON THE IMPLEMENTATION OF THE AVIATION “CNG2020” STRATEGY

Introduction

WHEREAS IATA member airlines recognize the growing and urgent need for society to address the global challenge of climate change to which aviation currently contributes 2% of global man-made CO₂ emissions;

WHEREAS aviation plays a vital role in promoting sustainable development and should remain safe, affordable and accessible in order to ensure mobility on an equitable basis to all sectors of society;

WHEREAS aviation takes its environmental responsibilities seriously and has an unsurpassed record of improving its environmental performance over time;

RECOGNIZING ICAO’s role in addressing international aviation emissions and that decisions on managing aviation emissions will ultimately be made by sovereign States;

REITERATING that success in managing aviation CO₂ emissions depends on governments incentivizing technological research and development of better airframes and engines as well as sustainable competitive aviation fuels while also providing modern airport and airspace infrastructure;

EMPHASIZING that as early as 2007, the global aviation community adopted a four-pillar strategy to address CO₂ emissions from aviation which was subsequently endorsed by the ICAO General Assembly;

RECALLING the 2010 IATA AGM Resolution on Climate Change, setting out three ambitious targets for addressing carbon emissions:

- 1.5% average annual fuel efficiency improvement between 2010 and 2020
- Carbon neutral growth from 2020
- A reduction of 50% in net emissions by 2050 compared to 2005 levels

EMPHASIZING that ICAO Assembly Resolution A37-19 (2010) calls upon States and relevant organizations to work through ICAO to achieve a global annual average fuel efficiency improvement of 2 percent until 2020 and an aspirational global fuel efficiency improvement rate of 2 percent per annum from 2021 to 2050;

EMPHASIZING further that ICAO Resolution A37-19 calls on ICAO and its member States with relevant organizations to work together to strive to achieve a collective medium-term global aspirational goal of keeping the global net carbon emissions from international aviation from 2020 at the same level (CNG2020);
Resolution

The IATA 69th Annual General Meeting:

1. **CALLS UPON** governments to recognize formally the historical and continuing voluntary measures by industry and work constructively with industry to develop a comprehensive package of technological, infrastructure and operational measures, including sustainable competitive aviation fuels, complemented by market-based measures (MBMs) as necessary, to fill any gap in reaching the CNG 2020 goal;

2. **STRONGLY ENDORSES** the continuing efforts of its member airlines and States within ICAO to develop a comprehensive proposal towards a single, global MBM mechanism to address CO₂ emissions from aviation under ICAO, as opposed to a patchwork of unilateral national and/or regional policy measures; and

3. **URGES** its member airlines, by endorsing the proposed principles outlined in Appendix 1 to this resolution, strongly to encourage governments to adopt at the 38th ICAO General Assembly, a commonly agreed, single global MBM mechanism to be applied to offsetting the industry’s growth in emissions post-2020, which could play a complementary role with technology, operations and infrastructure measures.
PRINCIPLES FOR DETERMINING RESPONSIBILITIES
FOR INDIVIDUAL AIRCRAFT OPERATORS UNDER CNG2020

1. Market-based measures (MBMs) for aviation should only be considered as part of a broader package of measures to address aviation’s CO₂ emissions that cannot otherwise be achieved through cost-effective, in-sector reduction measures.

2. MBMs should not be designed or used to raise general revenues or to suppress demand for air travel.

3. Any MBMs agreed by governments must be cost-efficient and preserve fair competition, given that the airline industry is very competitive and operates on razor-thin margins.

4. Any MBM for aviation must fulfill the key criteria of maximizing environmental integrity, while minimizing competitive distortion and administrative complexity.

5. When agreeing to an MBM for aviation, only governments can decide whether to take into account – and, if so, how -- the Special Circumstances and Respective Capabilities of States (SCRC). However, if they choose to do so, it should be done in such a way as to minimize market distortion by granting equal treatment to all operators on any given route.

6. MBMs to operationalize CNG2020 should be easy to implement and administer as well as cost efficient. Airlines believe that alignment with this principle would be better achieved with a single mandatory carbon offsetting scheme than with alternative schemes.

7. The following principles for determining individual operator responsibilities under CNG2020 would help ensure that the collective industry CNG2020 commitment to offset its growth post-2020 is equitably and fairly distributed among carriers:

   • The collective industry emissions baseline for CNG2020 should be defined as the average annual total emissions over the period 2018-2020;
   • Individual operator baselines should be defined as and fixed at each operator’s average annual total emissions over the period 2018-2020;
   • A New entrant provision should be included that provides an adjustment for the first two years of operation;
   • Individual carrier responsibilities should be fairly determined using an equitable balance between an ‘emissions share’ element (reflecting the individual carrier’s share of total industry emissions) and a post-2020 ‘growth’ element (reflecting the individual carrier’s growth above baseline emissions);
   • Specific adjustments for fast- and high-growth should be applied when determining individual carrier responsibilities so as to alleviate the burden on fast-growing carriers;
   • An early movers provision, based on a 15-year benchmarking timeframe (2005-2020) and combined with a five-year sunset clause (2020-2025) should be incorporated to recognize carbon reduction measures taken prior to 2020;
   • An additional adjustment should be made to ensure that any net reductions in emissions below an individual carrier’s baseline are captured for use by the industry as a whole;
   • Data integrity should be ensured through an industry-accepted ICAO Standard for the reporting and independent verification of emissions data;
• **Emissions data reporting** should be kept simple with flexibility for operators to select from a hierarchy of reporting methodologies;

• A periodic CNG2020 **performance review cycle** should be mandated to assess the proper functioning of the mechanism and to revise individual elements and parameters as appropriate.

END
RESOLUTION ON IATA CORE PRINCIPLES ON CONSUMER PROTECTION

AFFIRMING member airlines’ commitment to the safety and comfort of passengers and to the provision of quality service;

RECOGNIZING that, in accordance with the contract of carriage, airlines strive to get passengers to their destinations on time and are highly incentivized, from a reputational and financial standpoint, to do so;

EXPRESSING CONCERN regarding the proliferation of passenger rights regimes across the globe, with around 40 regimes coming into effect in the last decade;

ACKNOWLEDGING that the resulting overlapping web of passenger rights regimes creates difficulties for airlines and confusion for customers due to a lack of certainty as to which particular regime applies and the potential application of more than one regime in a given situation;

UNDERLINING the unintended consequences of certain existing regimes, such as increasing consumer costs, reducing connectivity and increasing cancelled flights by instituting penalties and the obligation to pay compensation to passengers for delays;

NOTING the existence of an international air carrier liability regime established by the Warsaw Convention 1929 and its amending protocols (the Warsaw system) and the Montréal Convention 1999, which was adopted with a view to replacing the Warsaw system;

SEEKING a united government and industry approach to passenger rights that works for a global business and strikes a balance between ensuring adequate consumer protection and overburdening the industry and its customers with the costs of excessive regulatory compliance;

The 69th IATA Annual General Meeting:

1. CALLS UPON States to become parties to Montreal Convention 1999 as soon as possible.

2. ENDORSES the IATA Core Principles on Consumer Protection as the global industry position on best practice for national and regional passenger rights regimes.

3. URGES governments and regulatory authorities who are developing or revising passenger rights regimes to use these principles as a framework, and to acknowledge voluntary industry commitments where applicable;

4. ENCOURAGES all member airlines in jurisdictions where such regimes are being considered to proactively enter into the debate on the basis of these principles.

5. REQUESTS the International Civil Aviation Organization (ICAO) to use these principles as the basis for any ongoing ICAO initiatives on consumer protection.
PROPOSED CORE PRINCIPLES ON CONSUMER PROTECTION

- National and regional legislation should be consistent and in accordance with the international treaty regimes on air carrier liability, established by the Warsaw Convention 1929 (and its amending instruments) and the Montreal Convention 1999;
- National and regional legislation should not interfere with another States' ability to make legitimate policy choices. Passenger rights legislation, in accordance with the Chicago Convention 1944, should only apply to events occurring within the territory of the legislating State, or outside that territory with respect to aircraft registered there.
- Passenger rights legislation should allow airlines the ability to differentiate themselves through individual customer service offerings, thereby giving consumers the freedom to choose an airline that corresponds with their desired price and service standards. Governments should consider acknowledging voluntary industry commitments; government regulations should form the "lowest common denominator" and market forces should be allowed to determine additional standards of service levels.
- Passengers should have access to information on their legal and contractual rights and clear guidance on which regime applies in their specific situation;
- Passengers should have clear, transparent access to the following information:
- fare information, including taxes and charges, prior to purchasing a ticket;
- The airline actually operating the flight in case of a codeshare service;
- Airlines should employ their best efforts to keep passengers regularly informed in the event of a service disruption;
- Airlines will establish and maintain efficient complaint handling procedures that are clearly communicated to passengers;
- Airlines should assist passengers with reduced mobility in a manner compatible with the relevant safety regulations and operational considerations;
- Passenger entitlements enshrined in regulations should reflect the principle of proportionality and the impact of extraordinary circumstances;
- Safety-related delays or cancellations, such as those resulting from technical issues with an aircraft, should always be considered as extraordinary circumstances such as to exonerate air carriers from liability for such delays and cancellations;
- The industry recognizes the right to re-routing, refunds or compensation in cases of denied boarding and cancellations, where circumstances are within the carrier’s control;
- The industry recognizes the right to re-routing, refunds or care and assistance to passengers affected by delays where circumstances are within the carriers control;
- In cases where delays or disruptions are outside an airline’s control, governments should allow market forces to determine the care and assistance available to passengers;
- The responsibilities imposed by the regulator, related to both care and assistance as well as compensation, must be fairly and clearly allocated between the different service providers involved and should not impact on the contractual freedom of all service providers.
- Passengers should be treated comparably across transport modes, taking into account the particularities of each;
- Legislation should be clear and unambiguous
CARGO COMMITTEE

The Cargo Committee shall act as advisor to the Board of Governors, the Director General, and other relevant IATA bodies on all air cargo industry policy issues, and shall develop policies/positions/action plans to resolve such issues. Areas of activity include:

(i) Forwarder/carrier relations
(ii) Cargo safety and security
(iii) Cargo automation
(iv) Cargo handling
(v) Cargo facilitation
(vi) Cargo-related regulatory development
(vii) Cargo quality standards

Recommended Nominees

Air Canada    Lise-Marie Turpin
AirBridgeCargo  Tatyana Arslanova
American Airlines  Kenji Hashimoto
British Airways   Steve Gunning
Cathay Pacific    Nick Rhodes
China Airlines    James Yu
Delta Air Lines    Tony Charaf
KLM Royal Dutch Airlines  Erik Varwijk
Korean Air        Kyoo Won Kang
LAN Cargo         Christian Ureta
Lufthansa Cargo   Karl Ulrich Garnadt
Qatar Airways     Ulrich Ogiermann
Singapore Airlines Cargo  Tan Kai Ping
South African Airways  Tleli Makhetha
Thai Airways      Poonsak Chumchuay
Turkish Airlines   Serdar Demir
United Airlines    Robbie Anderson
UPS                Jason Foote
ENVIRONMENT COMMITTEE

The Environment Committee shall act as advisor to the Board of Governors, the Director General, and other relevant IATA bodies on environmental matters and act as the focal point in IATA on environmental issues. Specifically, the Environment Committee shall:

(i) Monitor, assess and respond to environmental developments, policies and regulations of concern to IATA Member airlines
(ii) Develop and recommend common industry positions on environmental issues
(iii) Advise and, as necessary, implement strategies to promote IATA positions with regulatory bodies and stakeholders

Recommended Nominees

Air Canada     Teresa Ehman
Air France     Pierre Caussade
All Nippon Airways Naomichi Hiro Terasaki
American Airlines Jim Walsh
British Airways  Jonathon Counsell
Cathay Pacific   Mark Watson
Delta Air Lines   Helen Howes
Etihad Airways  Linden Coppell
Federal Express David M.Jensen
Finnair         Kati Ihämäki
Gulf Air        Mohamed Mustafa AlSayed
Japan Airlines  Takahiro Nakashima
Lufthansa       Karlheinz Haag
Qantas          Tony Wheelens
Qatar Airways   Colette Zraibi
Singapore Airlines Charles Sih Seah Wee
South African Airways Ian Cruickshank
United Airlines  Jimmy D.Samartzis
Virgin Atlantic  Siân Foster
VRG Linhas Aéreas S.A. Mauricio Emboaba Moreira
- GRUPO GOL
FINANCIAL COMMITTEE

The Financial Committee shall act as advisor to the Board of Governors, the Director General, and other relevant IATA bodies on IATA’s industry financial services and activities connected with international air transport. The Financial Committee shall advise IATA management on development of industry financial positions, IATA priorities, strategy, objectives, and policy implementation for industry financial matters, and promote campaigning, particularly in the following areas:

(i) Industry Financial Strategy: Industry challenges and trends impacting the airline financial community

(ii) Industry Financial Services and Settlement Systems
   • IATA Settlement Systems (ISS)
   • IATA Clearing House
   • IATA Currency Clearance Service
   • Credit Card sales processing and
   • New Financial Services
   • Members fund risk management

(iii) Industry Financial Standards and Services that support airlines’ financial processes
   • Industry Revenue and Financial Accounting procedures,
   • Interline and electronic billing services
   (and innovations in these areas)

(iv) Industry External Charges and Cost Management
   • Industry Taxation
   • Aircraft Financing
   • Airport and ANSP Charges
   • Commercial Fuel Trade
   • Industry productivity enhancements

(v) Industry risk management
   • Integrated Risk Management for airlines
   • Industry Insurance issues

Recommended Nominees

<table>
<thead>
<tr>
<th>Airline</th>
<th>Nominee</th>
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<tbody>
<tr>
<td>Air New Zealand</td>
<td>Robert McDonald</td>
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<tr>
<td>AirBridgeCargo</td>
<td>Alexey Zaytsev</td>
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<td>Nick Swift</td>
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<td>Gerda van der Landen</td>
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<td>Sang Kyoon Lee</td>
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<td>TAP Portugal</td>
<td>Michael Conolly</td>
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<td>Thai Airways</td>
<td>Wasukarn Visansawatdi</td>
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INDUSTRY AFFAIRS COMMITTEE

The Industry Affairs Committee shall act as advisor to the Board of Governors, the Director General, and other relevant IATA bodies on all industry affairs and aeropolitical matters connected with international air transport. The Industry Affairs Committee shall develop industry positions, supervise policy implementation, and promote campaigning, particularly in the following areas:

(i) Customer service, including passenger and airport services
(ii) Facilitation
(iii) Governmental, intergovernmental and other air transport policy
(iv) Distribution
(v) Slots and related Infrastructure issues
(vi) Multilateral interlining
(vii) Promotion and enhancement of competition within the aviation industry and of its overall competitiveness

Recommended Nominees

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<tr>
<th>Airline</th>
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<tr>
<td>Aeroflot</td>
<td>Alexey Sidorov</td>
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<tr>
<td>Air France</td>
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<td>William K. Ris</td>
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<td>Maria da Cunha</td>
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<td>Ashraf A.Hakim Alsayad</td>
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<td>Emirates</td>
<td>David Broz</td>
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<td>Nancy S. Sparks</td>
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<td>Japan Airlines</td>
<td>Shigeyuki Kamei</td>
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<td>JetBlue Airways</td>
<td>Robert C. Land</td>
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<td>Lufthansa</td>
<td>Thomas Kropp</td>
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<td>MEA</td>
<td>Rabih Azar</td>
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<td>Qantas</td>
<td>Olivia Wirth</td>
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<td>Qatar Airways</td>
<td>Raphael von Heereman</td>
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<td>TAP Portugal</td>
<td>José Guedes Dias</td>
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<td>Virgin Atlantic</td>
<td>Jill Brady</td>
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<td>Virgin Australia</td>
<td>Jane McKeon</td>
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<td>VRG Linhas Aéreas S.A.</td>
<td>Alberto Fajerman</td>
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<td>- GRUPO GOL</td>
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LEGAL COMMITTEE

The Legal Committee shall act as advisor to the Board of Governors, the Director General, the General Counsel and other relevant IATA bodies on legal and compliance matters affecting member airlines. The Committee shall:

(i) act as an advocate for the air transport industry;
(ii) provide advice or coordinate with the IATA Legal Department to obtain, from outside legal resources, advice on various legal issues relevant to the air transport industry;
(iii) liaise with member airlines’ in-house counsel and other Industry Committees and associations on matters relating to the air transport industry;
(iv) identify and recommend to the General Counsel, based on the following criteria, which issues should be litigated (or where IATA should intervene) on an industry wide basis or through a smaller group of airlines. The criteria are:
   a. matters where the supremacy of international treaties on aviation could be affected;
   b. matters where the final outcome is likely to be precedent-setting;
   c. matters where industry consensus is achievable;
   d. matters where industry involvement can or is likely to impact the outcome;
   e. matters of significant importance to the industry; and
   f. matters where IATA involvement is critical to the successful resolution.
(v) in conjunction with the General Counsel, advise which law firm should be representing the interests of IATA in industry or regional matters;
(vi) provide recommendations for the following year’s Industry Litigation budget for approval by the Board of Governors and review periodically the development of the Industry Litigation budget for any necessary changes or adjustments as the case may be;
(vii) advise on the legal and compliance aspects of IATA Conference issues and services operated by IATA on behalf of the industry;
(viii) develop best practices and templates for legal and compliance issues affecting the industry;
(ix) advise IATA on matters related to the development of international law;
(x) take any other action which is considered necessary and appropriate.
## Recommended Nominees

<table>
<thead>
<tr>
<th>Air Berlin</th>
<th>Michelle Johnson</th>
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<tr>
<td>Air Canada</td>
<td>Louise-Hélène Sénécal</td>
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<td>Air France</td>
<td>Jean-Marc Bardy</td>
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<td>American Airlines</td>
<td>William G.Hopping</td>
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<td>Robert Rivkin</td>
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<td>Egyptair</td>
<td>Ayman M. El-Mahmoudy</td>
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<td>Jaeho Kim</td>
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<td>SAS</td>
<td>Mats Lonnkvist</td>
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<td>Thai Airways</td>
<td>Niruj Maneepun</td>
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<td>United Airlines</td>
<td>Abby Bried</td>
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<td>UPS</td>
<td>Scott Casey</td>
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<tr>
<td>Virgin Australia</td>
<td>Adam Thatcher</td>
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OPERATIONS COMMITTEE

The Operations Committee shall act as advisor to the Board of Governors, the Director General, and other relevant IATA bodies on all matters that relate to the improvement of safety, security and efficiency of civil air transport. This will include, but not be limited to matters that relate to:

(i) airline safety
(ii) flight operations and global air traffic management
(iii) engineering and maintenance
(iv) security
(v) aviation infrastructure

Recommended Nominees

Aeroflot  Igor Chalik
Air France  Alain Bassil
Air New Zealand  David Morgan
American Airlines  Charles B. Roberts
British Airways  Tim Steeds
Cathay Pacific  Owen Dell
Delta Air Lines  Stephen Dickson
Emirates  Alan Stealey
Etihad Airways  Richard Hill
Federal Express  Paul E. Cassel
Kenya Airways  Paul K. Mwangi
KLM Royal Dutch Airlines  Michiel van Dorst
Korean Air  Michael D. New
LAN  Enrique Rosende Alba
Lufthansa  Kay Kratky
Qantas  Peter L. Wilson
Singapore Airlines  Gerard Yeap
South African Airways  Johnny Woods
United Airlines  Alexandria Marren
VRG Linhas Aéreas S.A.  Sergio Quito
- GRUPO GOL