

Article 1

IATA Releases 2006 Safety Report

IATA released its annual Safety Report, showing that 2006 was the safest year on record.

“The safety results for 2006 are impressive. But we must do even better. With demand for air travel increasing at 5-6% per year, the accident rate must decrease just to keep the actual number of accidents in check. The goal will always be zero accidents. And the interim target is to reduce the industry rate to 0.49 accidents per million flights in 2008—a 25% improvement,” said Giovanni Bisignani, IATA’s Director General and CEO.

The 2006 industry hull loss rate was 0.65 accidents per million flights for Western-built jets, which is equivalent to one accident for every 1.5 million flights—a 14% improvement on 2005. IATA’s member airlines performed significantly better than the global average with a hull-loss rate of 0.48 accidents per million flights, or one accident for every two million flights. There were 77 accidents in 2006, compared to 111 in 2005. Of these 77 accidents, 46 involved jet aircraft and 31 involved turbo-props.

The Safety Report shows that not all regions of the world saw the same level of safety. For example, Russia and other members of the Commonwealth of Independent States (CIS) had the highest accident rate of all the regions in 2006, with 8.6 Western-built hull losses per million flights—13 times the global average. IATA is actively working with the International Civil Aviation Organisation (ICAO), States and operators to improve the situation.

In Africa, improvements have been made to enhance safety. However, the accident rate remains the second highest in the world at 4.31 accidents per million flights. IATA is working with relevant organisations to further reduce it with a focus on upgrading onboard systems and navigation databases.

“Aviation must be safer—everywhere—including Russia and Africa. Regional safety begins with global standards that are maintained by all. That is why the IATA Operational Safety Audit (IOSA) is a condition of IATA membership,” said Bisignani. All IATA airlines must complete an audit by the end of 2007 and close all findings by the end of 2008 to maintain membership. Currently 144 airlines are on the IOSA registry, including 121 IATA members.

An integrated approach to safety is also critical. “The commitment to safety starts with the CEO. But it must be integrated systematically throughout the airline to be effective,” said Bisignani. Following on the ICAO requirements for Safety Management Systems, IATA has incorporated Integrated Airline Management Systems (Integrated AMS) into IOSA. Based on IOSA standards, Integrated AMS provides guidance and best practices on safety, security, quality and risk management as well as supplier management systems.

During 2006, 43% of accidents occurred during operations in adverse weather. Training is a key issue, particularly with respect to the decision to abort landing in bad weather conditions. IATA is working to improve flight crew standards with enhanced training.

38% of accidents involved flight crew communication issues, either between pilots or between pilots and air traffic controllers. IATA is implementing programmes, such as the English Language Solution, to help pilots and air traffic controllers enhance their language skills and adopt standard phraseology to prevent communication breakdowns.

33% of accidents involved flight crew training issues. Spreading best practice in training is the key to mitigating this issue and IOSA includes detailed training standards for operational personnel.

Going forward, IATA will focus efforts on three main areas of potential concern:

1. **Runway safety:** Runway safety-related issues resulted in several serious incidents in 2006, including the only fatal passenger accident to occur in North America. IATA is working with ATS providers, airports and airlines to gather and analyse data on issues that are a concern to the airlines, including runway incursion prevention at specific airports.
2. **Ground damage:** Overall, 10% of the year's accidents took place on the ground, injuring people and costing US\$4 billion in damaged equipment. To counter the problem, the IATA Safety Audit for Ground Operations (ISAGO) is being launched. The development of standards is underway and the first audits are scheduled for 2008.
3. **Cargo:** Approximately 76% of all accidents involved passenger aircraft, compared to 24% for cargo aircraft. This is disproportionate with cargo's 4% of global operations. To help address this issue, standards for cargo operators have been incorporated into the IOSA programme.

Article 2

Leadership Challenges for Asian Aviation

IATA urged Asia to take a greater leadership role in shaping the global aviation industry. "Asia is a big part of the aviation world. By 2010, intra-Asia traffic will be the largest market in the world, accounting for one third of the world's traffic. Critical mass comes with leadership responsibilities," said Giovanni Bisignani, IATA's Director General and CEO.

Speaking at the Asia Pacific Aviation Media Association's (APAMA) Aviation Lecture in Singapore, Bisignani identified three opportunities for Asian leadership in the aviation industry (1) technology, (2) policy and (3) the environment. He also announced the revised industry profit forecast of US\$3.8 billion for 2007.

Technology: While labour costs have traditionally been a competitive advantage for Asian carriers, European and North American carriers have reduced their labour costs over the years. Labour now accounts for 27% of costs for European and US carriers, and 15% for Asian carriers. "As the labour cost gap narrows, technology is the key to competitiveness," said Bisignani. He highlighted electronic ticketing, which will save the industry US\$3 billion. While China is at 95% ET penetration, well above the global average of 78%, the rest of Asia is the same level as Africa at 68% due to the slow uptake of ET in Japan and Malaysia. "We will make our 100% target by the end of this year, but it will require a major effort by some carriers to catch up," said Bisignani.

Bisignani also suggested better use of technology to simplify passenger travel and improve air traffic management. While some Asian countries are already using biometrics for immigration processing, these programmes are targeted at local residents and are not linked systematically. "Effective systems are needed to handle the additional 250 million passengers passing through Asian airports in 2010. Asian governments have an opportunity to link their systems to make Asia a world model for a new way of travel," said Bisignani.

He also urged Asia to lead air traffic management by implementing cost-effective technologies that are in line with global standards. Focusing more on aircraft capabilities, we can reduce the need for expensive and labour intensive ground based facilities, while improving both safety and efficiency, thus increasing airspace capacity.

Policy: Bisignani called on Asia to develop a regional policy approach to industry issues, such as safety and liberalisation.

"Governments are responsible for safety. However, not all governments in Asia are at the same level in safety oversight. Global standards need to be maintained by all. Asia's governments need to start incorporating the IATA Operational Safety Audit (IOSA) into their safety oversight programmes in order to drive the accident rate down," said Bisignani. The 2006 accident rate for Asia Pacific carriers was on a par with the global average of 1 accident for every 1.5 million flights. But the industry target is a 25% improvement by 2008.

Airlines need commercial freedom to operate as true businesses. "The future is yours to shape," said Bisignani. "Don't repeat the short-sighted mistakes of Europe and the US. While the recent US and Europe open skies agreement was a step in the right direction, it fell short of the fundamental change that the industry needs. They have lost the vision that made them natural industry leaders. It's Asia's turn. But you must think bigger and faster to implement a staged approach to liberalisation that can keep pace with the needs of a dynamic industry."

Environment: The average age of the Asian aircraft fleet is 10 years compared to the global average of 12, making Asia's aircraft more fuel efficient and environmentally friendly. "The challenge for Asia is to avoid the crisis in Europe and communicate more effectively on the environment, and to continue to invest in fuel efficient technology as the industry grows. Asia also needs to join the rest of their industry partners in pushing governments for more efficient infrastructure; manufacturers for more efficient equipment; and oil suppliers for research into alternative fuels," said Bisignani.

"Asia's growing importance is clearly defining a new leadership role in all aspects of the industry. Asia must develop a leadership framework to drive a common regional approach with innovation on all fronts: from the technical issues to fundamental policies. Aviation is the world's most exciting industry and Asia is the region that is going to drive it forward," said Bisignani.

Article 3

Passenger Demand On the Rise, Cargo Sluggish

IATA released March traffic results showing that international passenger traffic demand rose 7.8% year-on-year. This is the largest year-on-year single month increase recorded in a year. Average international passenger load factors remained high at 76.4%. International freight traffic demand continued a 12-month run of sluggish growth with a 2.3% increase year-on-year.

Comparing the first three months of 2007 to the same period in the previous year passenger demand was up 7.0% with average load factors of 74.9%. Freight demand increased 2.7%.

"The story for passenger traffic is based on strong economies driving the demand to travel for both business and leisure markets. For freight, competition for other modes of transport—particularly sea—is holding growth below our forecast of 5.5% for 2007," said Giovanni Bisignani, IATA's Director General and CEO.

Carriers in the Middle East continued their 3-year trend of double-digit passenger demand growth in March with a year-on-year increase of 20.4%. This was driven by rapid route and capacity expansion and strong economic growth. Since 2001, Middle Eastern carriers have increased their overall share of global traffic from 5% to 8%.

All other regions also saw year-on-year increases for passenger traffic in March. African carriers reported an 11.9% increase boosted primarily by new and expanded routes to the Middle East and Asia. Strong economies drove demand for carriers in Europe (8.2%), Asia (6.9%) and North America (5.0%). Latin American carriers, which continue to be affected by industry restructuring, reported the smallest increase at 0.5%.

In freight, the Middle East's carriers led all regions with 12.7% year-on-year demand growth in March due to route expansion and increased volumes of perishable goods. Demand in Asia rose 4.5% as a result of strong trade growth in the region, although trade imbalances resulted in lower load factors on inbound aircraft. African carriers recorded a 3.1% rise. Airlines in other regions saw demand decrease: Europe (-1%), North America (-0.9%) and Latin America (-6.9%).

"People want to travel and they are doing it in record numbers," said Bisignani. "The fact that airlines are meeting that demand with newer, more fuel-efficient aircraft and near-record load factors bodes well for the bottom line and should lead to an industry profit of US\$3.8 billion in 2007."

[View full March 2007 Traffic Results](#)

Article 4

Airlines reach 79% ET

IATA announced that global electronic ticketing (ET) penetration in its billing and settlement plans (BSPs) now stands at 79% with 9 months remaining until the December 31, 2007 deadline for 100% ET. Fully 210 airlines, responsible for 95% of IATA Billing Settlement Plan (BSP) ticketing volumes, are now issuing electronic tickets.

During the first quarter the largest increase in ET volumes issued by airlines based in that region occurred in the Middle East North Africa (+16% to 39%) as airlines embarked on a more aggressive ET roll-out. Regionally, MENA's ET gains were followed by Africa (+12% to 58%), Americas (+5% to 78%), Asia Pacific (+8% to 67%), Europe (+4% to 82%), CIS (+3% to 10%), North Asia (+1% to 91%) and the United States (+1% to 93%).

The number of interline electronic ticketing agreements rose to over 1,000 during the same period. In the Middle East 9 airlines have implemented a total of 91 IET agreements. While there are some 12,000 paper interline ticketing agreements currently in place globally, the vast majority generate low volumes. Research conducted by IATA last year showed that typically 80% of an airline's interline volumes are generated by 20% of its interline partners. Carriers are therefore prioritising the conversion of high volume interline paper ticketing agreements to IET agreements. Airlines have told IATA that they expect to have about 3000 IET agreements in place by the end of this year.

Article 5

Mark your calendar – coming events

- [Aviation Fuel Forum 2007 -May 22-24, 2007 - Miami, Florida, USA](#)
- [IATA Annual General Meeting – June 3-5, 2007 – Vancouver, Canada](#)
- [IATA 120th Schedules Conference – June 2-5 – Dresden, Germany](#)
- [IATA Cabin Health Conference – June 5-6 – Geneva, Switzerland](#)