



MEMORANDUM

PAC/RESO/998

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FDS Operations, GDC

Date: **1 September 2023**

Subject: **MAIL VOTE (A629)**
PAC2 (Mail A629)
REMITTANCE PERIOD UNDER RESOLUTION 812- SCANDINAVIA

Background Information

During PACConf/45, the Conference adopted Agenda Item L3.2 (attached) submitted by Airline representatives of APJC Scandinavia, reducing the remittance period from 15 to 7 calendar days, effective 1 September 2023.

Consequently, IATA received a complaint from Travel Agency Associations in Scandinavia indicating that their counterproposal, submitted to PACConf/45 under Agenda Item L3.2.1 (attached, highlighting the missing part), was missing half of a page - which included the Agents' arguments against Agenda Item L3.2 and proposal to send the matter back to the APJC in Scandinavia for further deliberation. As a result, the Conference did not have the opportunity to take into consideration these arguments before taking a vote on the Agenda Item.

IATA has reviewed the agenda and unfortunately this information was mistakenly deleted when compiling the Second Transmittal. It is critical that the full feedback of the agent community is provided to the Conference during votes, and we regret this error.

Further, it was suggested on the floor of the Conference to align with Resolution 812 the End of Sales Period to Remittance Date contained in the proposal from 7 calendar to 5 working days. This amendment was not accepted on the floor, in order to allow for further Agent and stakeholder feedback, but is now included in this Mail Vote.

Proposed Solution

In discussions with PAC Chairman it was agreed to void the PACConf/45 adoption of Agenda Item L3.2 and to resubmit the proposal during Q3 Mail vote, to allow the Conference to take into consideration the Agents' complete feedback and request as shown below.

Effective Date

The proposed effective date of this change is **1 October 2023**.

Proposed Action

Conference to adopt the proposal to shorten the remittance period in Scandinavia.

The timetable for this Mail Vote is as follows:

Voting Period: 01 - 15 September 2023

Filing Period: 16 - 30 September 2023

Effectiveness: 1 October 2023

To cast a vote, Members are asked to access the application from the following link:

[Link](#)

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Friday, 15 September 2023**. Votes not cast by that deadline will be deemed to be affirmative.

In conformity with the Mail Vote procedure endorsed by PAConf in October 2009, this Mail Vote has been provided in advance to representatives of the agency associations ECTAA, UFTAA and WTAAA for review and/or comment.

Any comments

Comments and proposed solution from the APJC Scandinavian Agent Members on the proposal for a new remittance period by the Airline Members in APJC Scandinavian submitted in PAConf 1st transmittal of 3rd April (agenda item L3.2)

Proposed solution

Retain the current 15 day-remittance period in Scandinavia until a joint agreement of the remittance period has been reached by the members of APJC Scandinavia.

Proposed Action

PAConf to reject the proposal in agenda item L3.2 and refer the task back to APJC Scandinavia.

Background:

We, the APJC Scandinavian Agent Members (Swedish, Danish and Norwegian, "the Agents"), are opposed to the Airline proposal in PAConf transmittal 1, agenda item L3.2 according to which the remittance period should be shortened to 7 days.

We do not believe the proposal is suitable to the Scandinavian market conditions, and it's certainly not the best way to reach a better working climate between travel agents and Airlines in the Scandinavian market.

We do agree that the proposal to shorten the remittance period has been put on the APJC Scandinavia-agenda for several years in different shapes and forms, but we have yet to understand the reasoning for why a shortening of remittance days is necessary for the Scandinavian market.

We are well aware of the terminology in the resolutions with regard to remittance frequency as well as yearly evaluations of the local market terms. Also, over the past years we have built our reasoning and added relevant external 3rd party information to why we believe there should be no shorter remittance period for Scandinavia.

At the same time, Airlines in APJC Scandinavia - as far as we can see - have not put forward any supporting documentation as to why they have suggested to reduce the remittance period for the Scandinavian market. Instead, Airlines have merely pointed to IATA Resolutions, remittance periods in other markets or commented that they consider the Local Financial Criteria's in Scandinavia to be "weak".

All in all, it's our interpretation of the scope of the Scandinavian APJC, that it has been established in order to be able to focus on the nature of financial transactions that are particular to the Scandinavian market and adjust payment terms accordingly. Consequently, we have asked the Airline members of the Scandinavian APJC to support our suggestion to look into the Scandinavian market(s) and to have further discussions regarding the payment terms in Scandinavia, but the Airline members have still not acknowledged the need for such an evaluation.

Furthermore, no LFCAG or other subgroup meetings have been conducted as of lately, although the Agents have requested such meetings to be held (see examples below - extracts from the latest APJC Scandinavia meetings in November 2022 and March 2023).

Extract from the minutes of 22 November APJC Scandinavia meeting in Oslo

In addition, an Observer commented that in Europe there were several countries that had fifteen days remittance period something that an Airline representative agreed to by highlighting that those countries had stricter Local Financial Criteria and a high percentage of Financial Securities furnished by Travel Agents which was not the case for Scandinavia. The arguments in favor and against reducing and extending the remittance period had already been extensively brought up and reflected in previous discussions and as such, the forum considered that there was no room for negotiation at this stage as both parties were far away in their positions, but the LFCAG & Task force group could consider aspects of it, such as the rewording of Resolution 890, as stated above.

Extract from the minutes of 14 March APJC Scandinavia meeting in Copenhagen

An Airline Delegate started off by saying that according to the Resolutions the funds for the tickets issued are held in trust and the remittance period is five days according to the Resolution although the suggestion states seven days because this is not a supplier contract as such neither a credit term but rather a remittance period for monies held in trust, and stressed the opinion that the Local Financial Criteria for Scandinavia are weak and by reducing the number of remittance period days, this would reduce the overall risk.

Another Airline Delegate echoed the comments of the previous Delegate by highlighting that the monies held in trust are the Airlines' monies and the remittance period is not a credit period as explained in several previous occasions. The 15 days are a legacy from the past when there were paper tickets, hand-written sales reports and that was a time established back then to allow the Agents to proceed with the reconciliation of their files.

A Travel Agent Delegate commented that this suggestion and the voting on it comes as a surprise as she was under the impression that there was a good discussion previously that left some room for negotiation. An Airline Delegate replied by stressing their view that the item is greatly exhausted for a long time now.

Another Travel Agent Delegate referred to a previous suggestion that the forum should look into some kind of compromise and not further review the remittance period for e.g. ten years ahead. An Airline Delegate referred to the Resolution, which states that the remittance period should be reviewed by the APJC at least once per year.

Another Airline Delegate asked whether the Travel Agents referred to discussions that had not taken place between the last meeting in Oslo and the current one and the reply was affirmative.

Another Airline Delegate suggested that the voting on the proposal took place and depending on the outcome, an LFCAG meeting could follow (or not) to further discuss the topic.

Obviously, Agents and Airlines in APJC Scandinavia have had differing views on the issue on what an acceptable number of remittance days should be, but we do believe we can have a professional working climate when discussing remittance as well as other relevant issues and reach an agreement, without asking PACConf to decide on the issue based on a unilateral, Airline submitted, proposal.

The Agents have put forward a suggestion to the APJC Scandinavia, to extend the remittance period in Scandinavia based on the agents terms and conditions in the local Scandinavian market. (Ticket-) Payments are often bound by local regulations (payment terms for public functions/authorities) and are also based on many years of business practice in Scandinavia. Over time the Agents have, at numerous APJC meetings, presented payment term documentation including substantial 3rd party documentation, and why we believe that if the remittance period for Scandinavia needs to be changed from its current 15 days, it should be extended rather than shortened.

However, we understand the Airlines would like to mitigate their risks and we therefore suggest to retain the current 15 days remittance frequency for the Scandinavian market, until a review of the remittance frequency and supporting documents show that there's actually a need to change the conditions for the Scandinavian market.

In order to maintain both relevance and credibility of the Scandinavian APJC, we expect PACConf to reject proposal L3.2 and refer the issue back to APJC Scandinavia where a consensus or as a minimum, a majority-based agreement to the remittance issue should be reached. Only by conducting

professionally led meetings in the Scandinavian APJC working groups as well as in APJC Scandinavia itself, in which the Scandinavian market terms are reviewed and evaluated in accordance with both the Scandinavian way of doing business and the payment terms under which business transactions in Scandinavia are completed, can a long term remittance agreement be reached.

Any Member seeking clarification on any aspect of the mail vote or the mail vote process is invited to contact the IATA Passenger Governance team by email to pac-gov@iata.org.

A handwritten signature in black ink, appearing to read 'J.A. Rodriguez', with a long, sweeping horizontal line extending to the right.

Juan Antonio Rodriguez
Director – FDS Operations, GDC