

**Mehmet Tefvik Nane**

**Chairperson of the Board of Directors, Pegasus Airlines,**

**and Chair of the IATA Board of Governors**

**Chair's Report to the 79<sup>th</sup> AGM**

**5 June 2023**

- I am pleased to be able to present to the IATA Annual General Meeting my report as Chair of the IATA Board of Governors. I was honored to serve as Board Chair over the past 12 months and to have the opportunity to work with Willie Walsh and his team.
- Over the past several years, the world has witnessed vivid reminders as to the preciousness and uncertainty of life. Three years of pandemic resulted in the loss of millions of lives and the near collapse of our industry. I am very pleased that the lifting of almost all COVID-19 travel restrictions have allowed us to all come together here today, particularly our colleagues from China.
- Tragically, as we began to emerge from the COVID-19 crisis, my country suffered the devastating earthquake that took the lives of almost 60,000 of my fellow citizens and the livelihoods of many many more. Later this morning, representatives of the Turkish airline and travel industry will brief members on the incredible challenge of recovering the best we can from this historic devastation. As a member of this industry, I am proud of aviation's strong humanitarian response to help the victims of the earthquake. Our thoughts remain with the victims and their loved ones.
- As Willie noted, our industry is well on the way to returning to pre-pandemic levels now that the remaining COVID-19 government restrictions are lifted, and people have again reached for the freedom offered by commercial aviation. The resilience of our industry has been tested and we

have clearly survived. We now must collectively commit ourselves to strengthen our industry to better prepare for the inevitable future challenges we will face. Your association is key to that effort.

- One IATA program which I believe is absolutely vital to our collective future success is 25 by 2025, under which industry participants agree to increase female representation in senior roles in our organizations and in areas where women are traditionally under-represented, such as on the flight deck and in the maintenance hangar. We need to better leverage the talents and perspectives of the many incredible women who are already in our industry and encourage more to join us in the future. I am pleased to see that the number of senior women in commercial aviation has increased by 4% since we reported on the data last year, including in the CEO roles. I am very proud that Pegasus is one of 28 airlines being led by female CEOs and I am very hopeful that the time will soon come when female CEOs and executives are the norm rather than the exception.
- Let me now turn to my report from yesterday's Board meeting.
- The Board began with a review of the financial health of the airline industry. As Willie noted in his report, the industry returned to overall profitability in 2023, which is an incredible accomplishment given the \$180 billion in losses incurred over the past three years. It is also interesting to note that, despite predictions to the contrary, the recovery in passenger volumes in the premium cabin has tracked closely with recovery in the economy cabin. We are looking forward to a busy and profitable summer travel season while at the same time recognizing that the possibility of cost increases on nearly every front could spell a more challenging environment for the industry in 2024.

- Turning to the topic of the environment, it is important to note that today, June 5, is World Environment Day. It is therefore fitting that I am able to report that an agreement has been concluded between the United Nations Environment Programme, or UNEP, and IATA to cooperate in efforts to reduce the use of single use plastics onboard as well as to address other sustainability topics. This followed an excellent presentation by UNEP's Economy Director at last year's World Air Transport Summit in Doha. Congratulations to all.
- During our meeting, the Board had an in-depth discussion on the potential call for a global mandate on the use of sustainable aviation fuels by the upcoming ICAO Third Conference on Aviation and Alternative Fuels, the so-called CAAF/3. Willie has already outlined how SAF is an irreplaceable component of our shared commitment to fly net zero carbon by 2050.
- IATA was encouraged to continue to analyze the factors driving SAF production and the effectiveness of potential state mandates in this area as we develop our formal position going into the CAAF/3 meeting later this year. Any ICAO resolution in this area must recognize the requirement that states as policymakers enable SAF production and deployment, particularly through the use of incentive-based policy frameworks. Further, states need to recognize that all stakeholders in the value chain must play their part in achieving carbon reduction emissions, including SAF production and deployment. The Board expressed its opposition to any global or other mandate and the necessity to support regions' and countries' specific needs given the current significant heterogeneity around any global average for SAF production.
- Next we turned to a discussion of Timatic AutoCheck, the IATA technology solution that is used by the aviation industry to ensure that over 700 million passengers every year have sufficient travel documents for their journey. Timatic is used by numerous airlines, ground handlers and travel agents globally, covering more than 50% of international air travel.

- As airports have become more congested, it is critical that passengers arrive fully processed without the need to see a check-in agent to have their travel documents or identify verified. The Board was briefed on IATA's launch of a project to develop a new version of Timatic AutoCheck that promises to improve operational efficiencies and the passenger experience while reducing overall costs.
- In order to achieve this goal, a redevelopment of certain check-in processes will be required. As part of this program, IATA is collaborating with all major providers of Departure Control Systems or DCSs that will perform the integration work for airlines with whom they work.
- The Board endorsed this Timatic AutoCheck project and strongly encouraged all member airlines to work with their DCS providers to ensure a timely migration to its newest version.
- The Board then received a briefing from IATA on the serious supply chain issues the industry is facing and the resulting delay in the delivery of new aircraft and Maintenance, Repair and Overhaul services. Several factors unrelated to the disruptions caused by COVID-19 continue to contribute to this unstable situation.
- IATA has engaged with major Original Equipment Manufacturers as well as Original Aircraft Manufacturers, or OAMS, to address these issues. A particular focus is the need for airlines to be able to monitor and measure supplier performance. Today, Product and Services Standard Support Agreements between OAMs and the Tier 1 suppliers do not include terms protecting the airlines from abuse in the supply chain.
- The Board directed IATA to support its members in the monitoring of the overall performance of key suppliers as well as to develop a new Standard Support Agreement between OAMs and their Tier 1 suppliers.

- Turning finally to the business of IATA, the Board reviewed the report of its Audit Committee and approved the financial statements of IATA for 2022 and the appointment of PwC as IATA's external auditor for 2023. Both items are the subject of resolutions that will be put to the membership today for approval. I am pleased to report that the Association continues to enjoy a sound financial position with a debt free balance sheet and effective internal controls and processes.
- The Board approved the recommendation of the Chair Committee that the 2024 membership dues be maintained at USD12.6 million and that the 2023 Membership Financial Assessment Resolution be presented to the IATA AGM for approval. The Board also approved the elimination of the IATA Membership Entrance Fee and Admission Fee to encourage smaller and ultra-low cost airlines in particular to join your Association. Finally, the Board adopted guidelines in relation to the administration and activities of IATA's interest groups.
- Lastly, I would like to congratulate the 15 airlines listed on the screen that have joined IATA in the past year. Our membership now stands at over 305 airlines from all parts of the world and operating with many business models. While we welcome all new members, I would note the significance of Edelweiss and Scoot, which demonstrate the value of membership for subsidiary companies of longstanding members.
- That concludes my Chair report on the deliberations of the Board since our last Annual General Meeting. I would like to thank Willie and the IATA team for their great support during my term as Chair of the IATA Board of Governors. I am delighted that Yvonne Manzi Makolo, CEO of RwandAir, will succeed me as Chair.