IATA’s Board Chair Report to the 80th AGM

By Yvonne Manzi Makolo, CEO RwandAir and Chair, IATA Board of Governors

I am pleased to present my report as Chair of the IATA Board of Governors.

I was honored to serve as Board Chair over the past 12 months and have the opportunity to work with Willie Walsh and his team.

One of the main responsibilities of the Board is to monitor the activities and performance of IATA. I am pleased to share that out of the 28 performance targets that the Board approved for 2023, only 4 could not be met, and 7 were exceeded. Just like last year’s targets, the 2024 targets have been set with the guiding principle that IATA’s activities must be relevant to its members and fully focused on delivering results that help IATA’s membership to succeed in their businesses.

They cover many of the activities that the Board had the opportunity to discuss in detail at our last two meetings, starting with IATA’s Data Strategy.

The Board has discussed IATA’s Industry Data Strategy and the strategic pillars that will enable IATA to become a trusted partner for aviation data. The Strategy will have clear governance, best in class data security and compliance, and will allow IATA to provide data products and services. To support effective decision making across their business, airlines need to be and stay in control of their data. Airlines are also in need of benchmarking against industry averages and peers to better understand how they operate and to run their operations efficiently. Benchmarking can also help improve safety and sustainability, operating and maintenance costs, and return on investment. This will enable airlines to unlock the benefits provided by new technology and digital capabilities.

Over the last decade, IATA has demonstrated its strength by setting up and operating collaborative data governance and exchange programs for the benefit of its members as well as the air transport industry, in accordance with competition laws and antitrust principles. The Board supports IATA’s ambition to accelerate the development of new data-derived industry initiatives and products. We have reviewed proposals from IATA’s management to broaden the scope of the data collected from airlines and to encourage all members to contribute and participate in these initiatives.

At our meetings, IATA’s management gave an update on the ongoing migration of airlines to the new version of Timatic AutoCheck. IATA reminded us how important it is that all industry stakeholders complete the migration by the end of this year to avoid disruptions in airline operations when the old platform is decommissioned.

The Board also considered IATA’s work on Modern Airline Retailing to transition from legacy standards to a world of offers and orders where airlines are in control of their product, money, and data. The Board asked IATA to continue at the current pace of standard setting activities and industry mobilization in its journey towards 100% Offers and Orders.
At our meetings, the Board has also had the opportunity to discuss important policy developments for the industry and provide guidance to IATA’s management on strategy. At our meeting last December, when the 2024 performance targets were discussed, the Board asked IATA to intensify its advocacy and lobbying activities in the areas of sustainability, taxation and passenger rights.

The Board and the Chair Committee have paid particular attention to the strategy to be taken by IATA in the lead up to the Third Conference on Aviation Alternative Fuels hosted by ICAO in Dubai last November. The Conference was another opportunity for IATA to re-emphasize the critical role of Sustainable Aviation Fuel and that the road to transform aviation and achieve net zero carbon emissions is a collective responsibility of the entire value chain and governments.

In relation to tax policy, we have been monitoring IATA’s regular and active engagement with the OECD regarding its work on a global framework aimed at preventing tax evasion and profit shifting to low-taxed jurisdictions by multinational enterprises. This work affects aviation by defining that multinational enterprises should be taxed in jurisdictions where there is a source of revenue, regardless of having a physical presence. IATA’s advocacy in relation to taxation has also tackled the revision of Article 8 of the UN Tax Model on the taxation of profits coming from the operation of aircraft and the discussions related to the development of a Framework Convention on International Tax Cooperation.

In relation to passenger rights, we have noted the continued onslaught of regulatory activity in this area. IATA has been kept extremely busy with the traditional problem regions of Europe, Latin America and North America introducing even more new regulatory proposals, but also now the added challenge of a significant uptick in regulatory activity in the Middle East and Asia Pacific regions.

The Board has also insisted on the importance of IATA’s efforts in relation to accessibility and data privacy. The risks associated with the increased stringency and fragmentation of regulations must be stressed, and the Board encourages IATA to continue its efforts towards harmonization and to include these matters in its outreach activities.

Turning to the business of IATA, the Board reviewed the report of its Audit Committee and approved the financial statements of IATA for 2023 and the appointment of PwC as IATA’s external auditor for 2024. 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.

Finally, I would like to underline the work undertaken to ensure that IATA’s governance framework remains clear and fit-for-purpose. In December, the Board amended its Rules and Regulations to streamline them and ensure they reflect current practice and needs. A similar review was undertaken for the Articles of Association and rules of the Nominating Committee, with recommended amendments submitted to the AGM for approval under agenda item 11. The revisions include the formalization of existing delegations to the Director General with respect to membership and the establishment of subsidiaries and branches. They also include an increase in the Quorum for Board meetings. The rules of the Nominating Committee have also been clarified. However, further improvements to the
functioning of the Nominating Committee will be considered by the Board in the coming months.

At our meeting yesterday, we were also informed that the Corporate Secretary will introduce new practices to provide more clarity and efficiency to Board formal decision-making. For example, after each meeting, Resolutions adopted by the Board will be circulated to the CEOs of all member airlines along with a summary of our discussions. The Corporate Secretary will also evaluate methods to establish a repository of Board Resolutions that can be consulted by the CEOs of member airlines.

We have asked IATA’s Management to continue the review of its governance framework to identify and propose further improvements. The review of IATA’s governance framework has also covered the management of IATA’s membership. In particular, the Board has discussed the difficulties encountered with the application of Article V of the Articles of Association. Under the current rules, there exists no clear and simple mechanism to deal with situations where exceptional circumstances, such as armed conflicts or prolonged travel restrictions, prevent a member airline from meeting IATA’s membership criteria.

As recent events have shown us, it is in the interest of IATA and its membership that IATA has flexibility and discretion in such circumstances to avoid having to terminate the membership of an airlines affected by such events. Therefore, the Board recommends allowing the Director General to suspend a member if it is in the interest of IATA and after an assessment that the situation is exceptional and temporary. During suspension, a member will neither be allowed to vote at General Meetings, nor be represented on the Board, Board Committees, Nominating Committee, and Advisory Councils. All other rights and privileges would be maintained.

The Board also recommends abolishing the mechanism of limitation, which has proven to be cumbersome and ineffective in dealing with airlines who have outstanding dues and invoices. However, the failure to pay membership dues will remain a ground for membership termination.

Lastly, but remaining on the topic of membership, I would like to congratulate the 35 airlines shown on the screen that have joined IATA since the last AGM. 2023 has been an exceptional year, with 24 new members. The interest in IATA membership has been just as strong in the first half of 2024. The decision of last year’s AGM to abolish the membership application fees has contributed to attract new members and broaden IATA’s membership base. Today, IATA’s membership includes 44 low-cost carriers, almost twice as many as 8 years ago. And more Leisure and ACMI carriers are also joining IATA.

This is a reminder of the importance of having a strong global trade association that represents, leads, and serves the airline industry.

That concludes my Chair report on the deliberations of the Board since our last Annual General Meeting. Before I end my remarks, I would like to reflect on two IATA initiatives with personal relevance.
The first is Focus Africa. As the first Board Chair from an African airline since 1993, I took a particular interest in this. Africa is home to over a billion people. It’s a vast continent accounting for a fifth of the world’s population and just 2% of global air traffic. There is tremendous potential for air transport to contribute to the continent’s economic and social development. Focus Africa has brought renewed attention on critical issues, including the need for capital to develop infrastructure, the need to implement regulations that will improve safety and the potential for the Single African Air Transport Market to unleash connectivity within the continent. Of course, no single initiative is going to solve all of Africa’s challenges. But every initiative helps. And, having planted the seeds of Focus Africa in 2023, I look forward to seeing its results in years to come.

The second comment concerns 25by2025—the important IATA initiative to bring a better gender balance to our industry. As the first female chair of IATA’s Board of Governors, I was aware of the example it gives to all women in aviation and of my responsibility as an agent of much needed change. Among the three million people working for airlines, we have a huge number of incredibly talented women. We will all benefit by removing any barriers that stand in the way of achieving their potential and creating real opportunities for their success. Next year will bring 25by2025 to a close. Its lasting contribution will be in creating a mindset where there is nothing special about IATA having a female Chair for the Board, or an airline having a gender-balanced management team or pilot population.

Thank you for the opportunity to contribute to this change.

And thank you to Willie and the IATA team for their great support during my term as Chair of the IATA Board of Governors.