
International Air Transport Association: Administration and Operation (IATA)

Dr. Aparna Malhotra¹

¹*Associate Professor (Law), MMH College, Ghaziabad.*

Abstract

IATA is the principal international organizations of major significance in the field of aviation that represent the interests air carriers in its efforts to promote uniform policies and regulations for universal development of air transport industry. This article is devoted to the role of IATA on the development of law of international air transport.

Keywords: Air Transport, IATA, Incorporation, Membership, Governance, Functioning.

History

From the initial years of aviation, many non-governmental organisations have cropped up, contributing on their level, to assist air transport to shape up and update itself. Airlines and operators have been trying to resolve contemporary issues by entering into different agreements. One of such agreements was International Air Traffic Agreement which was entered into by just five companies of air transport from five nations i.e. Sweden, Germany, Great Britain, Norway and Denmark giving birth to International Air Traffic Association (IATA). The agreement was signed in 1919 at The Hague, Netherlands with main objective of standardizing the documentation, passenger tickets and technical procedures.¹ The association was formed at the time when civil aviation industry was evolving and waddling without proper law support to balance its various technical, economic and safety aspects. IATA expanded majorly after World War II by encompassing wider role with new responsibilities. In its early years, it was dominated by European Airlines until 1939 when pan America became its part. Present IATA was pioneered by this International Air Traffic Association.

International Air Traffic Association (IATA) of 1919 has now been replaced by the most proactive of organisations formed by airlines, the new International Air Transport Association (IATA), established as a private organisation. It was formed in 1945 in the city of Havana, Cuba, with 57 airlines from 31 nations, as its members to “promote safe, regular and economical air transport to foster air commerce; to provide means of collaboration among air transport

¹Milestones in International Civil Aviation, <https://www.icao.int/about-icao/History/Pages/default.aspx> (last visited on Mar.24, 2018)

enterprises; and to cooperate with ICAO and other international organizations.”² It was incorporated the same year by special Act of the Parliament of Canada.³

It was a great moment of pride that JRD Tata, pioneer of aviation in India, was the first Asian to become president of IATA in 1958.

Purposes, Objects and Aims

According to article 3 of the Act of Incorporation, the Association is formed to:

- (a) Promote safe, regular and economical air transport for the benefit of the peoples of the world, to foster air commerce and to study the problems connected therewith;
- (b) Provide means for collaboration among the air transport enterprises engaged directly or indirectly in international air transport service;
- (c) Co-operate with the International Civil Aviation Organization and other international organizations.⁴

Incorporation of International Air Transport Association (IATA)

Act to Incorporate International Air Transport Association 1945, was passed by the Parliament of Canada on the petition filed on behalf of unincorporated association, known as International Air Transport Association, by its members. The Act broadly provides for aims and objectives of the organization. It also provides for the powers and functions of IATA to perform its constitutive, administrative, financial, commercial, legislative and other functions to acquire its objects. The Act provided for its head office to be in Montreal, Canada.⁵

Membership

“The International scheduled airline industry is hundred times larger than it was in 1945.”⁶ IATA is trade association of airlines all over the world. It targets both technical and commercial aspects of air transport industry. 294 airlines from 120 countries covering 82% of the world air traffic, are members of IATA. Any airline for passenger or cargo whether scheduled or non-scheduled that is registered for IATA Operational Safety Audit (IOSA) may be its member.⁷

Membership is of two types a) The permanent members and b) the affiliated members.⁸ Article V of Articles of Association provides for the criteria and procedure to apply for the membership of

²Early Days, <https://www.iata.org/en/about/history/history-early-days/> (last visited on March 31, 2018).

³Act of Incorporation: An Act to Incorporate International Air Transport Association, Statutes of Canada, 1945, Chap. 51 as amended by Statutes of Canada, 1974-75-76, Chap. 111. <https://www.iata.org/contentassets/01e197ea66384f27a9e763d151ae2d7d/act-of-incorporation.pdf>

⁴Art. 3 of The Act of Incorporation 1945. Art. IV Articles of Association of IATA.

⁵Sec.4, Act to Incorporate International Air Transport Association 1945.

⁶The Founding of IATA <https://www.iata.org/en/about/history/> (Last visited on March 22, 2018.)

⁷IATA Articles of Association Art. V (2)(a).

⁸*Id* Art. VI, Articles of Association, r/w Art.IV (4) of Rules and Regulations: Executive Committee IATA.

IATA. The criteria and rights and duties of affiliated members are determined by IATA by separate rules. Membership is required to be approved by the Board.⁹ If approval is not given then the aggrieved member may appeal to the next General Meeting whose decision will be final.¹⁰ Any member in arrears for a period of more than 90 days is called a member in limitation. Such member is deprived of its rights and privileges during limitation.¹¹

Any member of the association may resign any time by giving a written notice of not less than 30 days.¹²

Termination of Membership

If any member that ceases to fulfil the membership criteria after becoming member may be terminated from membership after 90 days of continuation of the lack of criteria.¹³ A member that becomes bankrupt can also be terminated.¹⁴ In both these cases, the board can postpone effective date of termination on the written application of the member concerned.¹⁵ Membership can also be terminated any time by a vote of two-thirds majority of members registered and present at General Meeting.¹⁶ Board can also terminate membership of any State on any of these three grounds i.e. if the State breaches Articles of Association or rules and regulations made thereunder, commits any act or omission against the mission and aims of IATA and last, if any member remains in limitation period for at least one year.¹⁷ In case of termination by Board, the affected member has the right of being heard by the Board itself, within 30 days of receipt of the notice. If the member invoke this right, the effective date of its termination remains suspended and its rights and privileges remains intact till hearing.¹⁸ If the member is in limitation, it continues to be so during hearing.¹⁹ The State is provided with the facility of arbitration under IATA Arbitration Rules, if its membership is terminated by the General Meeting or if its termination is confirmed by the Board u/a V(7)(a).²⁰ The decision of the arbitration is final and effective from the date of decision if termination is confirmed or from the original date of termination if the termination is revoked.²¹

⁹*Id* Art. V (3) (a).

¹⁰*Id* Art. V (3) (b).

¹¹*Id* Art. V (6) (b) (i).

¹²*Id* Art. V (6) (a).

¹³*Id* Art. V (6) (c) (i).

¹⁴*Id* Art. V (6) (c) (ii).

¹⁵*Id* Art. V (6) (c) (iii).

¹⁶*Id* Art. V (6) (c) (v).

¹⁷*Id* Art. V (6) (c) (iv).

¹⁸Art. V (7) (a).*Id* Articles of Association.

¹⁹Art. V(7)(a).*Id*

²⁰Art. V(7)(b).*Id*

²¹Art. V(7)(c).*Id*

Termination or resignation from the membership, does not debar the State to re-apply for membership.²²

A member can apply in writing for voluntary suspension of its membership which shall be suspended by the Board for certain time if it is in the interests of IATA.²³

Governance and Functioning

Head office of IATA is in Montreal.²⁴ It functions through six standing committees i.e. executive, financial, legal, medical, technical and traffic. The task of fixing fares for scheduled international services, conditions of carriage and operating procedures are performed with the assistance of three Traffic Conferences. The decisions of these conferences are binding on all IATA members even though they were not present.

General Meeting

Ultimate authority of the organization lies with General Meeting.²⁵ It is the representative body of all the members having one vote each. General Meeting is called annually²⁶ while a special General Meeting can be convened by the Board, at written request of one-third of the members.²⁷ The decisions at General Meeting are taken by simple majority of registered and present unless otherwise provided.²⁸ The functions of General Assembly are: to elect its President; elect nominating committee and make its rules; confirming appointment, term and duties of Director General; establish IATA conferences and subordinate bodies; considering reports received from different bodies like Director General, IATA conferences, committees and the Board; approves fees and dues as well the currency in which they are to be paid; appoints the external auditor and other functions as may be required.²⁹

Executive Committee / the Board of Governors

The Act of incorporation empowers IATA to establish an Executive Committee.³⁰ The Board of Governors (the Board) is formed under Articles of Association to exercise executive powers, functions and duties of Executive Committee which is accountable to General Meeting. Thus the

²² Art. V (9).Id.

²³ Art. V (8). Id.

²⁴ Art. 4, Act of Incorporation: An Act to Incorporate International Air Transport Association, Statutes of Canada, 1945, Chap. 51 as amended by Statutes of Canada, 1974-75-76, Chap. 111.. <https://www.iata.org/contentassets/01e197ea66384f27a9e763d151ae2d7d/act-of-incorporation.pdf>, Art. III, Article of Association, <https://www.iata.org/en/about/corporate-structure/>

²⁵ Articles of Association, Art. VIII.

²⁶ *Id* Art. XII.

²⁷ *Id* Art. XIII.Id.

²⁸ *Id* Art. X (2).

²⁹ *Id* Art. XII (3).

³⁰ *Id* Art. 5 (b).

Board of Governors forms the executive committee according to the Act of Incorporation 1945 and is accountable to General Meeting.

It is composed of a Director General and not more than thirty one members who are elected by AGM.³¹ A person who fulfils the following conditions, is entitled to be member of the Board after being so elected:

- a) He must hold any of the following or similar equivalent post I.e. Chair of the Board; President of the Company; Chief Executive; or Managing Director. He must hold any of these positions either in a member company or in a company that owns majority of the voting shares in an airline company that is already a member. The primary business of such majority shareholding company must be management of one or more airlines.
- b) The person must possess knowledge and experience in aviation industry.³²

Ten members are required to complete the quorum but decisions require approval of majority of members.

The members of the Board represent different geographical regions of the world having a minimum of two seats per region.³³ The whole aviation world is divided into seven geographical regions and the seats of the Board are allocated in such a way that each of these regions are well represented. These regions are: Africa and Indian Ocean, Asia Pacific, Europe, Latin America and the Caribbean, Middle East and North Africa, North America and North Asia.³⁴ But their duties are not confined to the particular region they represent but towards the interests as a whole.

A member of the Board is elected for a three year term. He may serve for three consecutive terms of three years each. He can be re-elected as member only after the expiration of two years after the completion of his three terms.³⁵

The Board meets two times a year, one immediately before AGM and one any time annually. It elects its Chair.

General Powers of Executive Committee are described in Act of Incorporation.³⁶ The Board works in coordination with Director General.³⁷ It has vast powers to control property, funds, business and various other affairs of IATA apart from handling general management of the organization.³⁸ The Board has its own Rules and Regulations on the Board of Governors. It exercises those powers which are, otherwise, not exercised by General Meeting. It approves

³¹ *Id* Art. III & Rules and Regulations of the Board of Governors.

³² *Id* Art. XIV (2).

³³ Rules and regulations of the Board of Governors Rule III(5).

³⁴ *Id* Rule III(2).

³⁵ *Id* Rule III(13)&(14).

³⁶ Art. 5(b). Act of Incorporation.

³⁷ Rules and Regulations of the Board of Governors, Rule II(2).

³⁸ The constitution, general powers and functions of the Board are provided in Art. XIV of Article of Association.

annual budget and consolidated annual financial statements which it submits to Annual General Meeting (AGM). It is empowered with executive authority for general management and control of business, funds and properties of the organization. Its functions include review, and approval of IATA policies within Act of Incorporation, articles of Association and decisions of General Meeting. It appoints Director General and the terms and conditions of this office to be approved by the General Meeting. It also appoints Secretary and other officials of the Organization. It performs many other executive and administrative functions as prescribed in Article of Association.

Director General

Director-General is the chief executive officer of the organization and is a constituent of the Board. He is not entitled to be elected as the Chair of the Board. He ceases to be the member of the Board from the time he ceases to be Director General.³⁹

He works under the authority of the Board. His main functions include supervision and control of the business of IATA. He may perform other functions as assigned or delegated by General Meeting or the Board.⁴⁰ He supervises the mechanism of transactions settlement between different stakeholders. He is authorized with the approval of the Board, to constitute or dissolve an industry committee, working groups and ad hoc task forces along with the appointment of its members. He certifies the approved consolidated annual financial statement.⁴¹

The functions of Director General include:⁴²

- I. To advise and recommend the Board on matters related to air transport industry and initiatives and planning in this regard.
- II. Implementation of policies of IATA as per its mission and objectives.
- III. He has overall responsibility of the efficient working of IATA. For this he is given administrative and financial authorities including preparing of budget and to control all the funds except issuing air travel passes to IATA employees because this requires approval of the Board. He is authorized to appoint and dismiss staff as required and determine their duties except Corporate Secretary and Chief Financial Officer as for them approval of the Board is required.
- IV. he provides guidance to traffic conferences.
- V. He is authorized to appoint commissioner to exercise jurisdiction over certain matters in accordance with passenger and cargo conference resolutions.
- VI. He recommends for appointment of Corporate Secretary and Chief Financial Officer.
- VII. Appoints advisory councils subject to the approval of the Board and review of the Chair.

³⁹Art.XIV(9). Id. Articles of Association.

⁴⁰Id Art. XV.

⁴¹Id Art. VII(2).

⁴²Rules and Regulations of the Board of Governors, Rule VI.

To perform these functions he acts in conformity with administrative responsibilities assigned through traffic conference resolutions and in accordance with Board policies, in consultation with Industry Finance and distribution Advisory Council to supervise IATA Clearing House.

Councils and Conferences

A number of advisory Councils have been created to assist the functioning of IATA in matters related to law, industrial affairs, environment and sustainability, industry finance, cargo, operations, digital transformation, security and distribution.

Apart from Passenger Services Conference, there are four other Conferences that strive to adopt and amend Standards and recommended practices. These Conferences are, Passenger Agency Conference, Cargo Services Conference, Cargo Tariff Conference and Cargo Agency Conference.

Five Boards are set up under Passenger Standards Conference. These are, Plan Board, Shop Order Board, Travel Board, Pay Account Board and Architecture and Technology Board.

Other Officials

Other important officials of the organization are Corporate Secretary and Chief Financial Officer. They perform their functions as assigned to them by the Board and Director General in accordance with the Articles of Association. Corporate Secretary also acts in the capacity of Secretary to the General Meeting and that of the Board.

Indemnity Provision

IATA provides to indemnify its present and former Board members, heads of divisions, legal counsels and officers and their heirs, successors including executor, administrator and personal representatives.⁴³ The indemnity is available against any action, claim, demand, damages, losses and expenses connected with the performance of their official duties if that official or Board member etc. as the case may be, acted honestly and in good faith and in case of any monetary penalty arising out of any criminal or administrative action, he had reasonable ground to believe that his conduct was lawful.

Dissolution

Article XXIV of Articles of Association makes provision regarding dissolution of IATA. According to this article IATA can be dissolved only by the resolution of General Meeting, approved in writing by two-thirds of total members. The resolution itself will declare the effective date of dissolution. If IATA has any net remaining assets at the time of dissolution, the same shall be transferred to United Nations. Dissolution will not affect the outstanding and contingent.

⁴³Articles of Association, Art. XXV.