

IATA AGENCY PROGRAMME & NATIONAL DIALOGUE

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UFTAA CONGRESS

Kuala Lumpur, April 2013

AGENCY PROGRAMME OVERVIEW

- In 2012, the IATA Agency Programme embraced 50,000 + Accredited Agents and 11,000 + Cargo Agents, worldwide
- a single standard form of agency agreement applies as between each Accredited Agent and each IATA Member
- the programme includes the BSP which serves 176 countries, 400 airlines and processed revenues of around USD 260 billion in 2012
- the collection success rate of BSP in 2011 was 99.971%
- the system is big, it is efficient but not always agent-sensitive

Source: 2012 IATA Annual Review

AGENCY PROGRAMME - ORIGINS

- modelled on the pre-WW2 ocean liner conference system
- implemented in 1945: c. 44 airlines and c. 250 agents
- 2013: 240 Member airlines and 50,000 + agents
- initially, Agency Programme was a sub-set of the IATA fares and rates negotiation machinery but after 1978, it took on a separate existence
- now a major activity and a prime revenue generator for IATA

AGENCY PROGRAMME ELEMENTS

- **two main Agency Programme elements:**
 - **accreditation**
 - **BSP**
- **all IATA Members participate in the Agency Programme but they are free to work outside it**
- **airline participation in BSPs is optional but most are in**
- **for Accredited Agents, BSP participation is mandatory, unless an airline bilaterally instructs its Agent otherwise**
- **airline business conducted with an Agent outside the BSP is not regulated by IATA**

IATA's AIMS

- **IATA constantly seeks to optimise industry returns**
- **internally, the search for efficiency is pursued vigorously**
- **automation is highly developed and promoted**
- **Agency Programme staff and their deployment are progressively rationalized - hence the five hubs**
- **'simplifying the business' is a constant goal – evidenced by numerous industry across-the-board activities designed to reduce airlines' operating costs**
- **Agents tend to be held to the letter of IATA regulations, under a policy of strict enforcement**

SETTING AGENT FINANCIAL STANDARDS

the latest IATA Travel Agent's Handbook, Resolution 818g edition, June 2012 was published electronically

www.iata.org/agenthome

- global financial guidelines are in Resolution 800f
- new version of Resolution 800f was published last January and will appear in the June 2013 edition of the handbook
- IATA Agents need to be familiar with those guidelines

AGENT FINANCIAL STANDARDS

2013 - 1

- Resolution 800f lays down general rule that in defining local financial standards, each APJC is to take into consideration the criteria in Appendix 'A' to the Resolution
- those criteria are guidelines and not hard and fast rules
- thrust of Resolution is at countries where financial criteria have not yet been developed and laid down, as well as for periodic review of approved criteria
- APJC's recommendations need Passenger Agency Conference approval

AGENT FINANCIAL STANDARDS – 2013 -2

- **New Accredited Agents provide a minimum USD50,000 financial guarantee for two years**
- **existing Accredited Agents' financial standing should be assessed on criteria outlined and judgment made whether or not a financial guarantee is required**
- **where a change of ownership necessitates the execution of a new Agreement, the APJC should consider whether a financial security is required**
- **helpful definitions of terms used in Resolution 800f have been introduced**
- **'previous ambiguous drafting elements have been clarified**

FINANCIAL SECURITIES

- **Resolution 850p –Financial Securities - in Travel Agent’s Handbook**
- **bank guarantees, insurance bonds and default insurance protection schemes (DIPs)**
- **IATA sets criteria for providers of financial securities as well as for their products**
- **IATA consults locally on initial evaluation and review of the above through LCAGP and APJC**
- **an adequately capitalized established Agent with a clean record and bill of health ought to be exempted from further financial burden. This is a matter for APJC evaluation**
- **in practice, banks seem to slip through the evaluation net although IATA sets down the template of the guarantee to be given by banks**
- **this topic will be the subject of a separate presentation to the Congress**

ROLE OF THE APJC

- **dialogue at national level between Agency Programme stakeholders is considered important by the regulators**
- **the APJC provides that dialogue mechanism**
- **Resolution 818g, Section 1, sets APJC's rules**
- **equal airline/agent representation on APJC**
- **majority of both constituencies necessary to achieve agreement**

APJC AT WORK

- **IATA provides APJC Secretary**
- **Chairman is elected by APJC members from among their own number**
- **chairmanship can be by airline or by agent member**
- **alternating chairmanship works well**
- **APJC must meet at least once per year but twice is better - Conference is now monitoring this**
- **draft meeting minutes should be produced promptly by Secretary for adoption at next APJC meeting**

APJC –USEFUL HINTS

- **the most effective agent representatives on an APJC are those who are numerate, financially savvy and effective speakers**
- **avoid temptation to treat APJC membership as a status symbol – competence and not prestige is what matters here**
- **seek to build a trust relationship between agent and airline APJC members. There is more in common than you may think**
- **keep your own meeting record, for comparison with the official draft minutes. Two heads are better than one**
- **strive to meet twice yearly, with next meeting date set in advance**
- **when in doubt, consult UFTAA**

PAPGJC

- **Passenger Agency Programme Global Joint Council is the sole global dialogue group of airlines and agents**
- **enjoys a degree of antitrust immunity**
- **it is consultative and not executive**
- **UFTAA holds three of the nine agent association seats**
- **PAPGJC meets twice a year and has right of direct input to Passenger Agency Conference**
- **UFTAA's aim on PAPGJC is to protect and promote its Members' interests**
- **the record reflects that it has done so with success**

CONCLUSIONS

- **where the APJC does a good job, Agency Programme presents fewer problems**
- **this is a business arrangement where sentiment is secondary to success**
- **more agents should download and read the Travel Agent's Handbook. Ignorance is folly!**
- **national associations could do far more to achieve Agency Programme satisfaction for their members**
- **urge your national association to become more proactive**