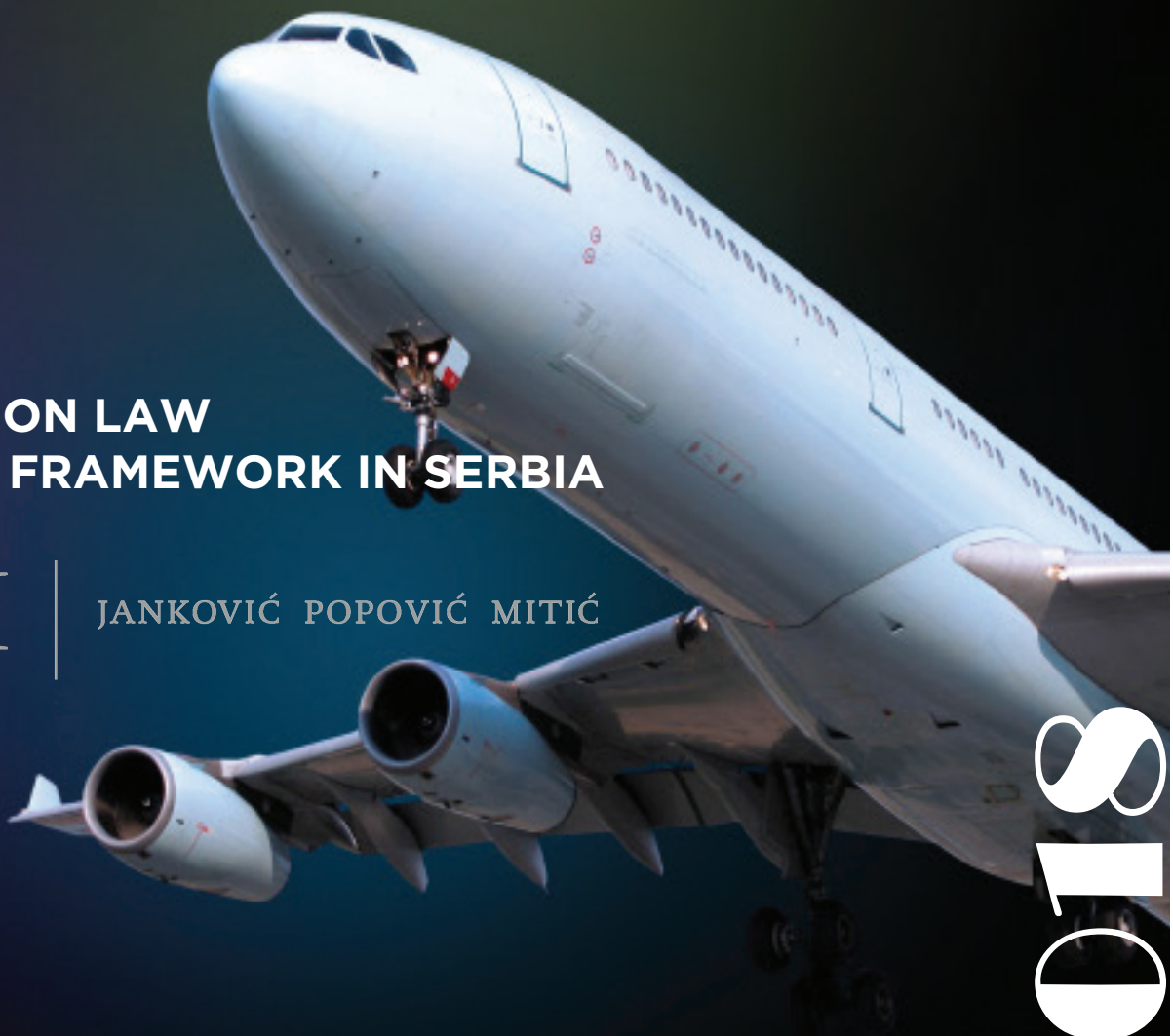
AVIATION LAW
LEGAL FRAMEWORK IN SERBIA



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If you have any queries regarding the issues raised or other legal topics, please get in touch with your usual contact at JPM Jankovic Popovic Mitic.

Aviation law is one of the fastest developing areas of law. The experience of the team at JPM enables participants in the aviation industry to seamlessly navigate complexity of regulations governing this area of law. Whether you need an AOC, an operating license, a flight permit or legal advice on entering into agreements with other market participants, JPM team will provide you with accurate, timely and high quality legal advice.

This brochure provides an overview of the most important issues relating to aviation law, prepared for the benefit of those inclined to learn more about it, and to gather the most important issues in one document which can later be used as a convenient summary for those already familiar with the subject and its legal intricacies.

I INTRODUCTION

Aviation law has only recently, in the last three decades, become relevant to greater number of investors. It is important to acknowledge that historically every country had just one airline and few lawyers specialized in this area of law. The end of the 1970s, first in the US and then in other countries as well saw an increase in the number of airlines, which resulted in liberalization of landing rights regulations and greater number of carriers entering the market.

This liberalization culminated in a multilateral agreement establishing the European common aviation area (ECAA). Serbia joined the ECAA by signing the agreement in 2006 and by ratifying it in 2009, thereby "opening up" its sky. Since then the Serbian air travel market has been expanding, which has brought Serbia numerous advantages not just associated with landing at Serbian airports, but also with respect to flyovers.

Serbia currently has two international airports – Belgrade Nikola Tesla Airport (BEG) and Niš Konstantin the Great Airport (NI), BEG being the most frequently used airport in Serbia, with flights to and from Europe, Africa, Middle East and USA.

BEG is also the home of Air Serbia (former Jat Airways) – the national airline, which has been operating under the name of Air Serbia since 26 October 2013, having previously operated as Jat Airways. Air Serbia is also the legal successor of Aeroput, established on 17 June 1927. On 1 April 1947, Aeroput gave way to Yugoslav Airlines, which on 8 August 2003, changed its name to Public Company for Air Transport Jat Airways, subsequently on 28 June 2008 changing its legal status to Stock Company for Air Transport Jat Airways.

Air Serbia has been a member of IATA, the International Air Transport Association since 1961 and of the AEA, the Association of European Airlines, since 1971, until its closing in 2016. It is one of the first airlines to receive the IOSA (IATA Operational Safety Audit) certificate in 2005. Air Serbia operates under IATA code JU 115.

The opening of sky in 2009 triggered the opening of low-cost air travel. Currently flying in Serbia are Wizz air, Easyjet, Pegasus Airlines, Rayanair, Vueling, Germanwings, Norwegian Air, Fly Dubai and Aegean. Although the Republic of Serbia originally intended to increase the number of these companies, after reaching an agreement with Etihad Airways and after formation Air Serbia, BEG significantly increased its airport taxes, which brought about a decrease in the number of low-cost flights from this airport.

The low-cost carrier market requires alternative airports to lower the cost of travel. Serbia is likely to adapt its military airport in Batajnica to the needs of low-cost carriers and start using it for civil air travel. Passengers would be able to fly at even lower costs, since the airport taxes for Batajnica airport would be considerably lower than for Belgrade Nikola Tesla Airport.

The Serbian Government has envisaged incentives for the Serbian aviation market and expects these to peak by 2020.

BELGRADE NIKOLA TESLA AIRPORT (BEG): THE CONCESSION

On 10th February 2017, the Government of Serbia and the joint-stock company Aerodrom Nikola Tesla announced a public invitation to the interested parties for the concession of the Belgrade Nikola Tesla Airport. The initial deadline for submitting the application for participation in the concession expired on March 10th 2017. The deadline for making a decision has been extended 8 times in total.

In the second phase of the procedure there have been 4 official offers made by the Swiss-French consortium "Zurich Airport" with companies Eiffage" and "Meridiam Eastern Europe Investments", Indian-Greek consortium "GMR Infrastructure ltd" and "Terna", French company "Vinci Airports" and South Korean-Turkish-Cypriot which includes "Incheon international Airport corporation", "Yatirimlari ve Islatme" and "VTB capital infrastructure".

Ultimately, French company Vinci Airport has received the green light from the Serbian government for the concession of the airport for a period of 25 years, following what was ultimately deemed by the expert concession team as the best offer. The Serbian government has made an official Decision on the best offer on January 5th 2018. The French company's offer amounted to 501 million EUR, and they also agreed to invest an additional 732 million EUR during the period of the concession. The final Concession Agreement has been concluded on 22nd March 2018 between representatives of the government and Vinci Airports under already agreed conditions and it includes provisions on financing, airport infrastructure management and further development through reconstruction and modernization of the airport facilities. The immediately announced improvements will be made to the terminal spaces, and an increase in the number of gates, and added development of cargo stands will also be undertaken. They also plan to bring the Airport to its full potential in regards to its passenger capacity and infrastructure quality.

All usage rights transferred for the period of the concession shall be returned to the Belgrade Nikola Tesla Airport upon expiration of the concession, i.e. upon expiration of 25 year time period.

Following the public invitation of the concession, the Rulebook on conditions and procedure for issuing of the airport certificates (hereinafter: the Rulebook) has been rendered in January 2017. The Rulebook is modeled in accordance with the European Union Commission Regulation (EU) No 139/2014 of 12 February 2014 laying down requirements and administrative procedures related to aerodromes pursuant to Regulation (EC) No 216/2008 of the European Parliament and of the Council, which is an integral part of the Rulebook.

The Rulebook stipulates that the Airport Operator can assign valid airport certificate to another legal or natural person by which the recipient of the certificate becomes the new operator of the airport. The respective assignment can be conducted with the approval of the NSA. The operator that assigns the certificate shall be obliged to inform the NSA in writing, at least 60 days prior to termination of airport usage. By the same deadline, the recipient of the certificate shall submit the approval request for use of airport along with, inter alia, the Sale Purchase Agreement or Concession Agreement.

Civil Aviation Directorate of the Republic of Serbia (NSA - National Supervisory Authority)

The Civil Aviation Directorate of the Republic of Serbia is the national regulatory and supervisory authority of the Republic of Serbia (NSA - National Supervisory Authority) for air transportation, operating under the Air Transport Law of the Republic of Serbia and in accordance with EU regulations.

As such, it issues certificates for providing air transportation services and verifies whether air transport service providers meet the requirements for providing such services. Its priority is continuous work towards the improvement of conditions necessary for ensuring aviation safety and security in accordance with international standards.

Participants in the air traffic market have dealings with the NSA relating to issuance of approvals for providing air services, as follows:

1. scheduled air transport operations (confirming flight timetables) of domestic air carriers and foreign air carriers for destinations in the Republic of Serbia;
2. non-scheduled air transport operations (charter and air taxi flights) of foreign air carriers for destinations in the Republic of Serbia, and domestic air carriers under special circumstances specified by the Air Transport Law;
3. air transportation of dangerous goods to, from and over the territory of the Republic of Serbia, pursuant to the Law on Transport of Dangerous Goods;
4. transport of weapons and military equipment by air to, from and over the territory of the Republic of Serbia, pursuant to the Law on Foreign Trade in Weapons, Military Equipment and Dual-Purpose Goods.

- regulatory duties (preparing draft regulations in the domain of civil aviation in compliance with legislative requirements of the Republic of Serbia, undertaken under international obligations and in the interest of domestic aviation industry; providing expert opinions on matters within the competence of the NSA, relating to domestic and international aviation law; monitoring activities in the area of international aviation law development; analysing options and effects of modern regulatory solutions in order to create an optimal legal; preparing internal rules and shaping the work of experts in all areas of safety and security of civil aviation);
- coordinating cooperation with the European Commission in the interest of proper ECAA agreement implementation.

The NSA strives to directly take part in the work of international aviation organizations through its active memberships: International Civil Aviation Organization (ICAO); European Civil Aviation Conference (ECAC); European Organization for the Safety of Air Navigation (EUROCONTROL); European Aviation Safety Agency (EASA).

Within its competence the NSA of the Republic of Serbia also:

- monitors and evaluates requests from international civil aviation organizations (ICAO, EASA) for the purpose of inclusion in domestic regulations;
- certifies providers of services – airports, air carriers, aircraft and aircraft product design and maintenance organizations, organizations for ensuring continuous airworthiness, centres for aircraft crew training, aircraft registration and issuing certificates of airworthiness, and certificates of verification of airworthiness, noise certificates, flight certificates, etc.;
- determines the airworthiness of aircrafts, issues permits and authorizations relating to airworthiness, maintains a register and record of aircrafts, crew, air carriers, organizations for ensuring continuous airworthiness, organizations for maintenance and aircraft crew training centres, record of airports and airfields and record of terrains;
- supervises the aviation industry by performing inspectional supervision and audits for verifying compliance with regulations, standards and the attained safety level, and creating a safe air travel environment, in compliance with international obligations;
- publishes manuals and technical advice relating to manufacturing, construction, use and maintenance of aircrafts and airports, and aircraft crew training.

II FLYING TO AND FROM SERBIA

1. FLIGHT PERMITS FOR DOMESTIC AIRLINES

In order for a domestic airline to provide air transportation services it needs to obtain two types of permits, or certificates. These are a certificate that the airline is equipped for conducting public air transportation, an Air Operator Certificate (AOC), and an operating license, which presumes that an airline has already obtained an AOC.

Operating License

An operating license granted by the NSA is one of two important prerequisites for providing commercial air transport services. Commercial air transport may only be operated by an undertaking holding an operating license (air carrier). An operating license shall be granted to an undertaking that:

- has its principal place of business in the Republic of Serbia,
- holds a valid AOC;
- has at his disposal at least one aircraft through ownership or dry lease:
- is registered to operate commercial air transport as prevailing activity;
- has internal organization which provides for the implementation of the provisions of the Air Transport Law;
- is owned through majority ownership by the Republic of Serbia or its nationals and under their effective control, direct or indirect, unless otherwise provided by a ratified international agreement;
- meets the financial conditions prescribed by the Air Transport Law;
- meets the legal liability insurance requirements from the compulsory traffic insurance regulations;
- has a good business reputation.

An undertaking applying for the first time for the operating license hast to demonstrate that it can meet its actual and potential obligations, established under realistic assumptions, for a period of 24 months from the start of commercial air transport operations and that it can also meet its fixed and operational costs from operations according to its business plan and established under realistic assumptions, for a period of the first three months from the start of commercial air transport operations, without taking into account any income from its operations. In order to prove that it can do so each applicant has to submit a business plan for, at least, the first three years of operation, which will detail the applicant's financial links with any other commercial activities in which the applicant is engaged either directly or indirectly through related undertakings or other legal persons, as well as provide other requested data on its financial capabilities.

An operating license is granted by the NSA for an unlimited period of time and it remains valid as long as the air carrier is compliant with the conditions for its granting. An air carrier at all times has to be able on request of the NSA to demonstrate that it meets the conditions prescribed for granting an operating license. An operating license shall not be granted for the carriage operated by non-power driven aircraft or ultralight power-driven aircraft and local flights, in which case only an aircraft operator certificate shall be granted.

NSA will on its own assess 24 months after granting an operating license, whether an air carrier still meets the conditions required for granting an operating license, as well as whenever there is any doubt in respect of the fulfillment of the prescribed conditions. A holder of an operating license shall provide to the NSA, upon request, all data relevant for the fulfillment of conditions prescribed for granting an operating license. In addition, a holder of an operating license shall provide to the NSA the annual financial reports within six months of the financial year ending, in accordance with the regulations laying down accounting and revision. In case of a financial reorganization of an air carrier, the NSA may grant a temporary operating license with the validity period of 12 months, provided safety of the services operated by an air carrier is not at risk, stating the possible changes of the air operator certificate in the operating license, as well as that the financial reorganization is possible within a period for which a temporary operating license is granted.

NSA will suspend or revoke the operating license of an air carrier ceases to conform to any of the conditions foreseen for the issuance of an operating license. It may, upon the request of an air carrier, alter the operating license. Also, following the established "Use it or lose it rule" the NSA shall revoke an operating license of an air carrier who has not started operating commercial air transport within six months from the date of the issuance of an operating license, or who commenced operating commercial air transport but has not been operating it for more than six months.

AOC - Air Operator Certificate

The other important prerequisite for providing commercial air transportation services is an Air Operator Certificate (AOC), a document issued by the NSA, which certifies that an airline fulfills specified requirements for providing public air transportation services.

Any carrier seeking to obtain an AOC must have equipment, personnel and organization in place to enable it to safely conduct an intended type of public air transportation. The certificate will be granted by the NSA for an unlimited period of time, for as long as the air carrier fulfills all the requirements for its issuance.

The NSA will amend, suspend or invalidate the AOC if an airline stops fulfilling any of conditions needed for issuing the certificate. Suspension or invalidation of the AOC gives rise to the NSA's obligation ex officio to suspend or invalidate the operating license.

The fee for issuing an AOC is RSD 100,000, increased by variable portion of the fee which depends on the number and category of aircraft to be included in the AOC, and variable portion of the fee which depends on the type of authorization granted by the AOC.

The requirements for issuing the AOC are provided in Regulation on commercial air transport operations and non-commercial operations („Official Gazette of the Republic of Serbia", No 55/16); which heavily relies on the Commission Regulation (EU) No 965/2012 from 5th October 2012, laying down technical requirements and administrative procedures related to air operations pursuant to Regulation (EC) No 216/2008 of the European Parliament and of the Council.

Before commencing commercial air transportation an airline has to submit to the NSA a request for the issuing of Air Operator Certificate (AOC).

Operator has a duty to submit a request for obtaining the AOC and to disclose the following information in order to obtain it:

1. official name, address and mail delivery address;
2. description of a core activity, type and the number of airplanes it is going to use;
3. description of management system and organizational structure;
4. name of a person responsible;
5. names of staff related responsible persons for flight services, ground services, crew training, and constant airworthiness with their qualifications and experience as proof they are qualified and properly trained;
6. copy of an operating manual which is made according to rules and standards provided in the Regulation and
7. statement that the request submitter has checked all of the above document and that it was according to requirements.

They also need to prove to the NSA that they are compliant with all of the applicable bylaws, agreements, and regulations, that their airplanes have a valid confirmation of initial airworthiness (CofA) in accordance with EU regulation No 748/2012 and that their organization and leadership positions are suitable for the scope of their activities and businesses.

Requirements related to staff:

The operator has to designate persons responsible of management and supervision in the following areas:

1. air service;
2. crew training;
3. ground service;
4. constant airworthiness;

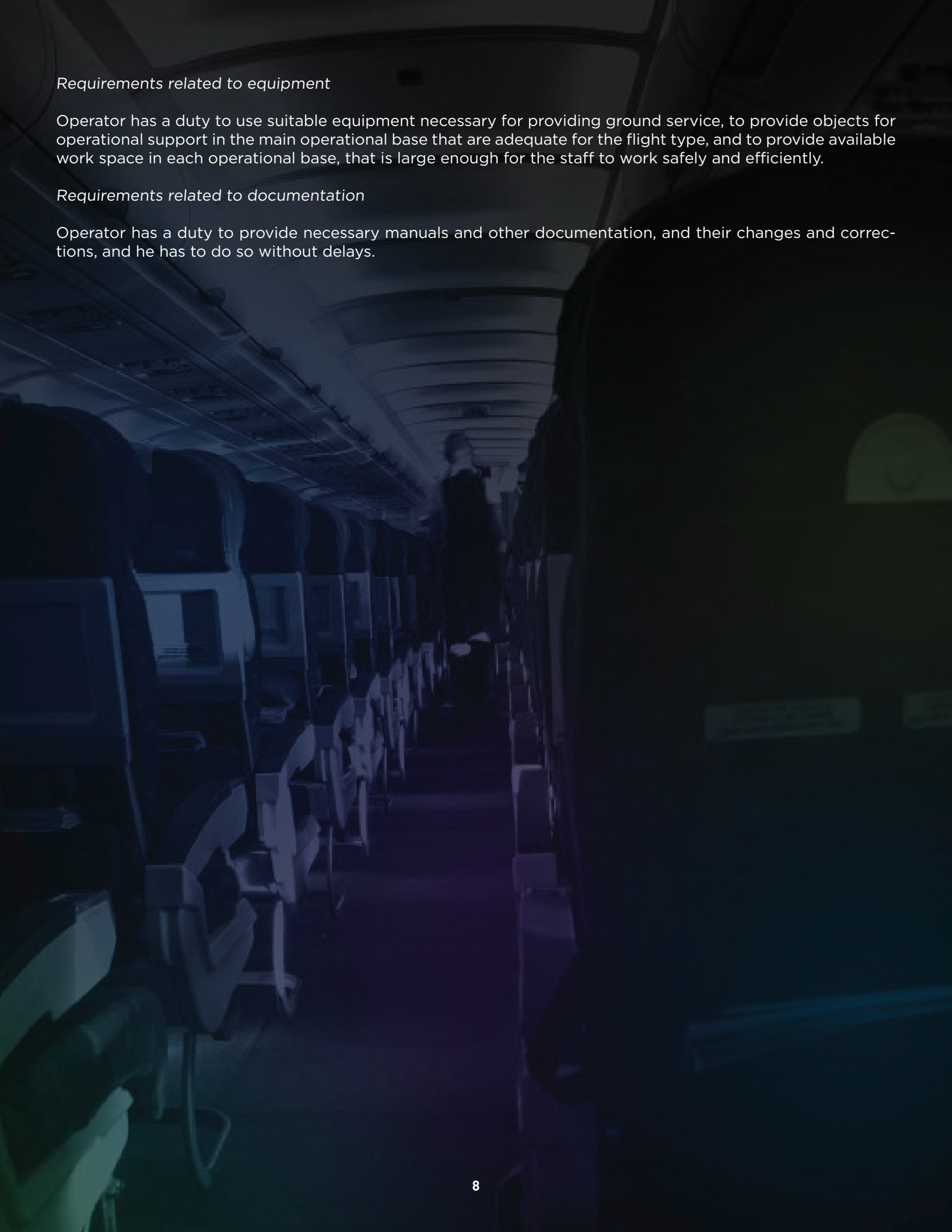
As far as competence and skill of the staff goes, Operator has a duty to hire enough staff for planed air and land service. The staff that's directly involved in those services has to be sufficiently trained, proven to be competent, and to be aware of their responsibilities. Operator also has an obligation to designate enough personnel for supervision of the staff. Their duties have to be precisely defined and organized.

Requirements related to equipment

Operator has a duty to use suitable equipment necessary for providing ground service, to provide objects for operational support in the main operational base that are adequate for the flight type, and to provide available work space in each operational base, that is large enough for the staff to work safely and efficiently.

Requirements related to documentation

Operator has a duty to provide necessary manuals and other documentation, and their changes and corrections, and he has to do so without delays.



2. FLIGHT PERMITS FOR FOREIGN AIRLINES

Foreign air carriers may conduct international air transport with the Republic of Serbia only if it has an approval to do so.

Approvals are issued by the NSA in the form of a Permit. A permit is not required when there is a ratified international agreement specifying that a permit is not required.

Foreign air carriers submit approval applications for conducting regular air transportation services with the Republic of Serbia, separately for the summer and the winter transportation season, no later than 30 days before the date when the first flight is planned to take place.

According to international standards, the winterer flight timetable begins in the last week of October and lasts until the last week of March. These dates are used by airlines to make greater changes to flight timetables, to harmonize flights, and for other operating changes. During the summer period charter flights become relevant as well. Amendments and supplements to applications for approvals have to be submitted no later than 10 days before the date when the first flight according to an amended and supplemented schedule is planned.

Foreign air carriers from countries with which Serbia has a bilateral air transport agreement can submit approval applications for conducting regular public air transport if they have been selected to conduct air transport by the air carrier's country under the provisions of that agreement (except for air carriers from countries signatories of ECAA). This will be discussed in more detail later.

The NSA will approve conducting of international air transport with the Republic of Serbia if the following conditions are fulfilled:

- if the applicant submitted complete, intelligible and well-timed request and provided valid documentation confirming that it is authorized and qualified to operate commercial air requested services;
- if, when required, the special requirement for granting the permit regarding non-objection of other air carriers and reciprocity is met (equal opportunities for the air carriers of both countries in operating the same type of air services);
- if the NSA in the course of additional established that the applicant, State of the Operator and the State of Registry apply the aviation safety standards in accordance with the Standards and Recommended Practices of the International Civil Aviation Organization;
- if the traffic rights, being the subject of the request for granting the permit, are in line with the ratified international agreement or that has been established that the State of the Operator approves the use of such traffic rights in its territory by the air carriers registered in the Republic of Serbia;
- if, in case of submitting the request for granting the permit for the operation of charter air services for the purpose of deportation of the citizen of the Republic of Serbia, the Ministry in charge of the internal affairs confirms the receipt of the deportees. If it is established during performed checks that it is necessary to limit or to make conditions for the operation of commercial air services, such limitations and conditions have to clearly be specified in the permit.

The NSA can reject the approval application of a foreign air carrier for international public air transport with the Republic of Serbia in following cases:

- if by analyzing the request and provided documentation it can be established that the applicant is not qualified and authorized to operate requested services;
- if the air carrier or the aircraft are on the List of air carriers which are banned from operating within the European Union;
- if the special requirement for granting the permit regarding non-objection of other air carriers and reciprocity is not met;
- if it is established, in the course of additional checks performed that the applicant, State of the Operator or the State of Registry do not apply aviation safety standards defined by the International Civil Aviation Organization;

- if it is established that the use of requested traffic rights is not regulated by ratified international agreements and the State of the Operator does not approve the corresponding requests for granting the permit to the air carriers registered in the Republic of Serbia;
- if, in case of submitting the request for granting the permit for the operation of charter air services for the purpose of deportation of the citizen of the Republic of Serbia, the Ministry in charge of the internal affairs does not confirm the receipt of the deportees.

Bilateral agreements

Concluding bilateral international air transport agreements is the most important form of bilateral cooperation in the field of civil aviation, as these agreements establish the legal framework for conducting air transport between two countries. The Republic of Serbia has concluded over 100 international bilateral agreements (contracts, memorandums, arrangements) in the aviation field.

After obtaining all the necessary licenses and permits from the competent civil aviation authority of an air carrier's originating country, and obtaining a necessary code from IATA, the next step that needs to be taken in order to commence air transport operations abroad is the moment of mutual recognition by the other country's competent civil aviation authority.

An air carrier from one country becomes a recognized air operator authorized to fly abroad based on bilateral agreements concluded between countries, and is premised on exchange of information between civil aviation authorities of parties to a bilateral agreement.

Bilateral agreements give their signatories special rights for the purpose of establishing planned international air traffic on routes specified in a bilateral agreement.

Recognized air carriers of parties to a bilateral agreement enjoy the following rights relating to provision of agreed services for specified destinations:

(a) to fly, without landing, over the territory of the other party's country,
(b) to land on the territory of the other party's country for non-commercial purposes, and
(c) to land on the territory of the other party's country in locations specified in the bilateral agreement, for embarking and/or disembarking passengers, cargo and mail, separately or in combination, in international air transport.

According to bilateral agreements, aviation authorities of one contractual party are entitled to notify competent authorities of the other party in writing that they have selected one or more air carriers to perform agreed services on agreed routes. Upon receiving such information, competent civil aviation authority of the other signatory to the bilateral agreement should issue the relevant operating approval to the selected operator(s) without delay. When an air carrier is selected and approved, it can begin providing agreed services at any time, in part or in full.

Each party is entitled to refuse approval or to revoke operating approval or to cease exercising granted rights pursuant to a bilateral agreement or to impose such conditions as it considers necessary for those rights to be exercised:

(a) if it has not established for certain that actual ownership and effective control over such air carrier lie with a party or a national of a party,
(b) in case of air carrier's failure to observe legal regulations of party guaranteeing a right under the agreement, or
(c) if an air carrier is not operating in accordance with conditions specified in the bilateral agreement. The selected air carrier(s) must obtain the approval of the other party's competent civil aviation authority no later than 30 days before commencing services on routes specified in the bilateral agreement, types of airplanes to be used and the flight timetable. This is also applicable to subsequent changes, while in special cases this period may be shorter, with the consent of the competent authorities. Certificates of airworthiness and licenses approved or pronounced valid by one party will also be recognized by the other party, for performance of the agreed services. The aircraft used by selected air carrier(s) for performing agreed services, as well as their crew members have to carry valid documents ordinarily used in international air traffic.

ECAA - European Common Aviation Area Agreement

The legal ground for integration of the Republic of Serbia into the European Union in aviation field is the European Common Aviation Area Agreement (ECAA), which was signed on behalf of the Republic of Serbia on 29 June 2006, and subsequently ratified by the National Assembly on 13 May, 2009.

This agreement calls for complete harmonization of domestic regulations with regulations of the European Community in fields of aviation safety, security, air traffic management, airport management, protection of passenger rights and other users of aviation services, liberalization of the aviation market, prohibition of state aid, and environmental protection. It is based on the principles of free market access, freedom of establishment, equal conditions of competition, and common rules including safety, security, air traffic management and social and environmental regulation.

The initial step towards Euro-integrations in the field of aviation was taken with conclusion of the agreement between Serbia and Montenegro and the European Community relating to certain aspects of air traffic (Horizontal Agreement), which was signed in 2005.

Since ratification of the ECAA in 2009, the Republic of Serbia, at the request of the European Commission, has applied the provisions of Protocol VI of Annex 5 to this agreement at administrative level. This practically means that, although bilateral agreements with most EU countries are still in force, traffic rights have been granted to certain air operators based on the said Protocol which enables full application of the third and fourth freedom rights so that airlines from the EU may conduct direct transport from any point in the EU to any point in the Republic of Serbia.

This request of the European Commission is based on Article 28 of the ECAA which defines the relationship with bilateral air transport agreements and arrangements, specifying that provisions of the ECAA will prevail over relevant provisions of bilateral air transport agreements and/or arrangements in force between Associated Parties on one hand and the European Community, the EC Members States, Norway or Iceland on the other, as well as between Associated Parties.

The ECAA provides for the following transitional periods:

- The first transitional period shall extend from the entry into force of the Agreement until all conditions set out in Article 2(1) of Protocol VI of the Agreement have been fulfilled by the Republic of Serbia, as verified by an assessment carried out by relevant authority of the European Community;
- The second transitional period shall extend from the end of first transitional period until all conditions set out in Article 2(2) of Protocol VI of the Agreement have been fulfilled by the Republic of Serbia, as verified by an assessment carried out by the relevant authority of the European Community.

By the end of the first transitional period the Republic of Serbia shall:

- be a full member of the JAA and shall endeavor to implement all the aviation safety legislation as provided in Annex I to the ECAA;
- apply ECAC Document 30 and shall endeavor to implement all the aviation security legislation as provided in Annex I to the ECAA;
- apply Regulation (EEC) No 3925/91 on elimination of controls applicable to cabin and hold baggage, Regulation (EEC) No 2409/92 on fares and rates for air services, Directive 94/56/EC on accident investigation, Directive 96/67/EC on ground handling, Regulation (EC) No 2027/97 on air carrier liability in the event of accidents, Directive 2003/42/EC on occurrence reporting, Regulation (EC) No 261/2004 on denied boarding, Directive 2000/79/EC on working time in civil aviation and Directive 2003/88/EC on working time as provided in Annex I to the ECAA;
- separate the air traffic service provider and the regulatory body for the Republic of Serbia, establish a supervisory body for the Republic of Serbia for air traffic services, start the reorganization of the airspace of the Republic of Serbia into a functional block or blocks, and apply flexible use of airspace;
- ratify the Convention for the Unification of Certain Rules for International Carriage by Air (the Montreal Convention); and
- have made sufficient progress in implementing the rules on state aid and competition included in the agreement referred to in Article 14(1) of the Main Agreement or in Annex III of the ECAA, whichever is applicable.

By the end of the second transitional period the Republic of Serbia shall apply the ECAA including all legislation set out in Annex I to the ECAA.

The Republic of Serbia is still in the first transitional stage.

As for the ownership structure of air carriers during the transitional period, the ECAA specifies that Community air carriers shall not be majority owned or effectively controlled by the Republic of Serbia or its nationals and air carriers licensed by the Republic of Serbia shall not be majority owned or effectively controlled by the EC Member States or their nationals.

The ECAA also specifies that Articles 7 and 8 of the Main Agreement (on freedom of establishment) shall not apply until the end of the second transitional period to carriers which are majority owned or effectively controlled by the EC Member States or their nationals and to carriers which are majority owned or effectively controlled by the Republic of Serbia or its nationals from the end of the first transitional period.

The ECAA entered into force on 1 December 2017.

III RELATIONSHIPS WITH OTHER AIRLINES AND OTHER MARKET PARTICIPANTS

The basic business agreements of an airline are the agreements regulating relationship with airports at which an air carrier lands (so-called slots), agreements with other airlines and agreements with other participants necessary to conduct registered activity of an air carrier.

One of the prerequisites for concluding such agreements is obtaining an IATA designator and 3-letter code which makes an airline recognizable to other airlines and airports. This is acquired through membership in aviation organizations and associations, which will be discussed in more detail later on.

Our national airline Air Serbia is member of the International Air Transport Association (IATA).

Relationships with airports (slots)

Airport slots are planned landing and/or takeoff time slots with necessary airport equipment and terminals enabling an airplane and passengers to be received and dispatched. By nature a slot is closest to the notion of "lease", but as opposed to lease agreements, slots are not allocated based on an agreement and are not subject to any usage fees. Examples where slot fees have to be paid are very rare.

A slot at an airport is issued by an airport operator. A slot may be requested for a day, a specific period or an entire season (summer or winter). Negotiations regarding slots take place in advance, so for instance at the end of one winter season slots are agreed upon for the following winter season. Slots are allocated during negotiations which take place by way of e-mail correspondence, and when some progress is made with respect to allocation of slots, the final agreement on allocation is made at a conference in the presence of air carrier representatives.

At the airports in non-EU countries slots are allocated by the airlines themselves based on guidelines given by IATA. In EU counties slots are allocated in accordance with Community Regulation 95/93 dated 18 January, 1993, on common rules for allocating slots at Community airports. There are also special rules with regard to time restrictions such as the "use it or lose it" rule.

Rules for allocating slots in non-EU countries

Slots outside the EU are allocated by the airlines themselves, according to guidelines given by IATA.

The 1944 Chicago Convention on International Civil Aviation represents the general framework under which civil aviation is regulated. Apart from this general document, air carriers conduct negotiations with regard to airport slots.

There are three basic rules regarding slot negotiations:

1. "*Grandfather rights*" which can be defined as an air carrier's right to keep a slot previously allocated to it if it used the slot;
2. "*Use it or lose it*" rule which can be defined as a rule under which a slot allocated to one air carrier can be allocated to another air carrier if the first carrier is using it less than a specified period of time, and
3. *Right of priority for regular services* that can be defined as the right to allocate a slot to whomever plans to use it most frequently. Within this rule there are even special sub-rules relating not only to frequency of use, but also to the duration of the service – thus services with longer duration always have priority over services with shorter duration, while daily services will always have priority over services offered fewer times a week.

Slots are allocated among airlines based on the above rules. After the slots have been allocated, airlines may exchange them amongst themselves or one airline may assign a slot allocated to it to another airline to use for a specific season (summer or winter), after which the slot will be returned to it. Exchange or assigning of slots amongst airlines has certain conditions attached – already allocated slots may be exchanged and/or assigned only among air carriers whose aircrafts have the same characteristics. Namely, an air carrier whose aircraft can carry a specific number of passengers may exchange and/or assign its slot only if the aircraft of the air carrier accepting/receiving the slot can carry the same number of passengers, but in any case no more than that specific number of passengers – explained by the fact that slots are linked to ground handling service providers at the specific airport.

In addition, air carriers may change the way they use their own slots. Even though this is not set out in any written rules, practice has shown that trading slots is also an everyday occurrence. This unregulated practice takes place ad hoc, after conferences.

Rules for allocated slots in EU countries

In EU countries slots are allocated in accordance with Community Regulation 95/93 dated 18 January, 1993, on common rules for allocating slots at Community airports. This Regulation applies to all airports designated as "fully coordinated", meaning those airports where demand significantly exceeds the airport capacity. The Regulations also applies to airports in Norway, Sweden, Austria, Finland and Iceland, while the UK i.e. London Heathrow, Gatwick, Stansted, London City and Manchester are considered "coordinated airports" (all other airports in the UK allocate slots in accordance with the rules in effect in non-EU countries).

The basic rules affecting practical arrangements for allocation of slots are:

1. "*Grandfather Rights*" principle according to which an air carrier possessing and using a slot in one season has priority with regard to the same slot the following season;
2. Secondary rules adopted by IATA within which a period of use of a slot gives priority over completely new requests for slot allocation;
3. Creating a slot pool containing completely new slots (if and when possible, depending on the demands and capacities relating to coordinated slots);
4. Allocating 50% of pool slots to new entrants, unless they request less; and
5. The condition that air carriers have to use their slots at least 80% of the specified time, or the slots are revoked and added to the slot pool.

Apart from the above general rules applicable to most "fully coordinated" airports, the UK airport operator is legally authorized to allocate airport slots under the 1986 Airport Act; the airport operator is an independent company owned by large UK companies.

According to Article 8a of the Regulation, slots may be:

- transferred by an air carrier from one route or type of service to another route or type of service operated by that same air carrier;
- transferred:
  - between parent and subsidiary companies, and between subsidiaries of the same parent company,
  - as part of the acquisition of control over the capital of an air carrier,
  - in the case of a total or partial take-over when the slots are directly related to the air carrier taken over;
- exchanged, one for one, between air carriers.

The transfers or exchanges referred to above shall be notified to the coordinator and shall not take effect prior to the express confirmation by the coordinator. The coordinator shall decline to confirm the transfers or exchanges if they are not in conformity with the requirements of the Regulation and if the coordinator is not satisfied that: (a) airport operations would not be prejudiced, taking into account all technical, operational and environmental constraints; (b) limitations imposed public service obligations are respected; (c) a transfer of slots does not fall within the scope of the below defined.

Slots allocated to a new entrant may not be transferred as provided for above for a period of two equivalent scheduling periods, except in case of a legally authorized takeover of the activities of a bankrupt undertaking.

Slots allocated to a new entrant as defined above may not be transferred to another route for a period of two equivalent scheduling periods unless the new entrant would have been treated with the same priority on the new route as on the initial route.

Slots allocated to a new entrant may not be exchanged for a period of two equivalent scheduling periods, except in order to improve the slot timings for these services in relation to the timings initially requested.

Slot trading

Although there is no official trading of slots for money, or any rule regulating this procedure, such trades have taken place on several occasions over the past few years, mostly at London Heathrow airport. The main problem relating to slot trading is who has ownership rights over slots – ownership is claimed by both the airports and the air carriers.

AGREEMENTS WITH AIRLINES AND THEIR MAIN CHARACTERISTICS

MITA (Multilateral Interline Traffic Agreement)

An airline's flight network is only part of the company's income. An airline can conclude agreements with other air carriers based on which one carrier can sell its passengers tickets for flights of other carriers and have other carriers sell tickets for its flights. The basic agreement covering this matter is a Multilateral Interline Traffic Agreement (MITA) prepared by IATA. These agreements are concluded by e-mail exchange between two airlines that wish to conclude an agreement, after which they notify IATA that they will cooperate based on MITA. They thereby accept for their relationship to be regulated by the provisions of MITA.

The MITA regulates the rules of cooperation between two air carriers, including issuing and accepting traffic documents, preparing tariffs and other information necessary for sale and change of traffic documents, unplanned rerouting, air carrier replacement, luggage-related issues, passenger and security demands, invoicing and settling mutual obligations.

If an air carrier wishes to deviate from the provisions of MITA, or one of the carriers is not a member of IATA, or is a member of IATA but not of the IATA Clearing House, then these airlines conclude a BITA (Bilateral Interline Traffic Participation Agreement) instead of a MITA (explained below). By concluding a MITA an air carrier agrees to accept traffic documents issued by the air carriers with which this agreement has been concluded.

BITA (Bilateral Interline Traffic Participation Agreement)

Bilateral Interline Traffic Participation Agreements (BITA) are concluded between air carriers that are not parties to the Multilateral Interline Traffic Participation Agreement (MITA) or between carriers who are not members of IATA Clearing House. However, there are also cases of air carriers who are members of IATA Clearing house and have concluded a MITA but simply wish to regulate their mutual relationship by way of a Bilateral Interline Traffic Participation Agreement as well.

In the past, BITAs were usually concluded for a period of one year, after which they were renewed, most often by concluding a new BITA. Today these agreements are concluded for an indefinite period/until notice of termination, and even if they are concluded for a fixed term they are not renewed by concluding a new BITA, but by e-mail exchange confirming that BITA in question will be renewed under the same or changed terms as confirmed between the parties.

Payment between air carriers who are parties to a BITA is not effected directly, but in accordance with the rules of the Revenue Accounting Manual-RAM IATA Clearing House.

IET (Interline Electronic Ticketing)

Interline electronic ticketing (IET) is provided for air carriers which are members of MITA and BITA. There are no separate agreements that regulate interline electronic ticketing – the entire communication takes place by e-mail exchange. Cooperation is initiated by contact between representatives of the parties, the slot agreement and the technical parameters of the GDS (General Distribution and Reservation Systems).

The speed and cost of reaching a consensus on IET depends on the GDS used by the airlines. If they use the same GDS, reaching an agreement relating to interline electronic ticketing is easier and cheaper (if the air carriers use the same GDS, the charge is around EUR 2000, while if they use different GDS systems the charge is around EUR 6000).

One of the key documents on which the parties need to agree is the General Business Requirements-GBR. The GBR is a mutually accepted document determining the manner, nature, volume and procedure for exchanging data between air carriers.

After agreeing on a GBR, the air carriers continue to P stage. There the carriers agree on testing. Testing has two levels – testing on non-live system and testing in live system, in which both air carriers and their systems take part. After positive results of the live IET testing, the air carriers agree on the date when it will start being applied. This date is the date when the electronic card system will be initiated, after which the air carrier notifies all other systems that the IET has started operating. Some of the existing GDS systems are Galileo, Apollo, Sabra, Wordspan, Abacus, Infini, Axess, Topas, ITA, Amadeus, KIU, MARS, Mercator, Navitaire, etc.

SPA (Special Prorate Agreement)

Special Prorate Agreement (SPA) is an agreement concluded between two air carriers on sale of traffic documents for destinations to which one of the air carriers does not conduct direct transport. The aim of such an agreement is to enable passengers to travel to certain destinations where a specific air carrier does not fly, such that the air carrier transports its passengers on the basis of such an agreement to a destination which will be a transit point, from which the passenger will fly to the desired destination with the other party to the SPA, on the basis of the same traffic document.

The SPA is the second level of cooperation between air carriers and regulates the division of income and the proportional prices of tickets between the two air carriers. An SPA can be concluded only if an Interline Agreement already exists. In other words, an SPA can only be concluded between air carriers that are either signatories to a MITA or to a BITA.

In the past, SPAs were usually concluded for a period of one year, after which they were renewed, most often by concluding a new SPA. Today these agreements are concluded for an indefinite period/until notice of termination, and even if they are concluded for a fixed term they are not renewed by concluding a new SPA, but by e-mail exchange confirming that the SPA in question will be renewed under the same or changed terms as confirmed between the parties.

Every SPA contains a very detailed specification of destinations, RBD, classes and pro-rate fares. The fares specified in these agreements are lower than the prices of regularly sold traffic documents, and the difference between the regular price and the fares specified in these agreements is retained by the air carrier selling the traffic documents for the other air carrier.

As a general rule, SPAs are not applicable to the participation of third carriers, or to Code-Share flights of the signatories of this agreement. On the other hand, some of these agreements contain a stop-over provision which is an option for the benefit of passengers, to stay for a few days at a specific destination being a point of transit between two flights, in which case the stop-over tariff is agreed in the SPA.
Payment between air carriers who are parties to a SPA is not effected directly, but in accordance with the rules of the Revenue Accounting Manual-RAM IATA Clearing House.

CSA (Code-Share Agreement)

Code-Share Agreements (CSA) are the highest level of cooperation between air carriers (excluding alliances). By a CSA air carriers agree to cooperate so as to treat flights as their own (in other words both air carriers have flight numbers for the flight), while in fact only one of them is operating the flight (as operating carrier).

The other airline under the CSA (the marketing carrier) sells traffic documents as if it was operating the flight itself and the operating carrier is obliged to accept such traffic documents. The method of concluding a CSA presumes that the parties agree on the main principles of cooperation in the wording of the agreement, while the details of the flight numbers, the routes on which it is applied, the days and times of operation and the marketing carrier's available number of seats are agreed by an Annex concluded at the beginning of each IATA season.

There are three types of CSA - hard block, soft block and free flow. A hard block CSA is a CSA in which the operating carrier and the marketing carrier agree on the number of seats available to the marketing carrier to sell, and the marketing carrier has to pay the operating carrier for these seats regardless of whether they are sold or not. With a soft block CSA the marketing carrier also has a specified number of seats available for sale, but it can return the unsold seats to the operating carrier. The deadline for returning the seats is usually 24 hours before the flight. The marketing carrier has to pay the operating carrier only for the sold or unreturned seats. A free flow CSA presumes that both parties are free to sell the seats, and the marketing carrier only pays for the seats it has sold.

BSP (Billing And Settlement Plan)

BSP is a system for selling transportation of passengers and cargo which is aimed at simplifying the procedure of sale of passenger and cargo documents, preparing reports on effected sale and facilitating the transfer of money. Parties to BSP are air carriers and IATA agents (the BSP is within IATA's scope of competence).

The BSP card is universal and used by all air carriers who are members of IATA, and issued by IATA agents. The content of a BSP card is defined by the relevant IATA decision and is standardized. A BSP card does not contain details on the air carrier, but only the relevant IATA details. The BSP system operates though: (a) the Data Processing Center (DPC) and (b) the BSP bank – Clearing Bank.

Every airline which is a member of IATA automatically takes part in BSP of the specific country or region, which is applied to all IATA agents. In countries where BSP system is operational, agents – members of IATA system can issue only Standard Traffic Document-STD (BSP) cards, as a type of independent traffic document.

The procedure for becoming a member of the BSP system is quite simplified and includes supplying BSP with all necessary information and payment instructions under the selling conditions of BSP, as well as signing beneficiary instructions by the air carrier joining the BSP system. Membership fees for BSP system can vary from country to country, and range from USD 1,000 to USD 25,000.

IATA agents may sell BSP cards only after fulfilling certain conditions, such as holding a IATA license which is issued after verification of fulfillment of the additional IATA requirements, and holding insurance or issuing a bank guarantee. The BSP system is internet-based, which enables interaction and exchange of information between the participants in the BSP.

ZED (Zonal Employees Discount Agreement)

Zonal Employees Discount Agreements (ZED) are agreements based on which airlines offer their employees discounts on flights of the other airline which is a party to the agreement. Similar to a MITA, the method of concluding a ZED presumes that the airlines conclude a ZED Concurrence Form, which defines the basic elements of their cooperation, while all other issues are covered by the provisions of the ZED model agreement.

BIBA (Bilateral Interline Business Travel Agreement)

Bilateral Interlining Business Travel Agreements (BIBA) have the same purpose as a ZED, the only difference being that they are concluded for business trips of employees of air carriers.

AGREEMENTS WITH OTHER PARTICIPANTS AND THEIR MAIN CHARACTERISTICS

Ground handling services

By way of an agreement on ground handling services an airline engages a company to provide ground handling services at the airports to and from which the airline flies. The principle for concluding and implementing such agreements is as follows – IATA adopts a Standard Ground Handling Agreement, and Annex A to this agreement contains a list and description of the specific services. Then the airlines and ground handling service providers conclude Annex B to the Standard Ground Handling Agreement by which they define the location, i.e. the airport(s) where the agreement will be applied, the exact list of services from Annex A which the parties have agreed will be provided (and potential exceptions, clarifications and notes relating to the agreed services), and the fee for this service. Ground handling services include:

- Administrative and supervision services which include representation and liaising with local authorities or other subjects, effecting payments on behalf of the carrier and securing business space for the representatives of the carrier; supervising loading, dispatching and receiving messages and telecommunications; handling, safekeeping and administrating loading equipment (containers and palettes); all other supervision services before, during and after the flight and other administrative services at the request of the carrier using the airport;

- Passenger services which include all types of assistance at arrival, departure, transfer or transit, including ticket and travel document checks, registration of hand and checked-in baggage, and transfer of the baggage to the sorting area;
- Baggage handling services which include handling the checked-in baggage in the sorting area, preparing the baggage for dispatch, loading and unloading the vehicles or equipment used to transport the baggage from the aircraft to the sorting area and vice versa and transporting the baggage from the sorting area to the baggage claim area;
- Main and cargo services;
- Airplane ramp receipt and dispatch;
- Airplane services including interior and exterior cleaning of the aircraft, sanitation duties (toilets) and water supply, cabin heating and cooling, snow and ice removal, deicing the aircraft, rearranging the passenger cabin by means of suitable equipment and storage of such equipment;
- Fuel and lubricant supply services;
- Aircraft maintenance services;
- Preparing the flight and services for the crew which include flight preparation at airport of departure or some other location, in-flight services, including flight rerouting if necessary, after-flight activities, crew administration;
- Ground transportation services which include organizing and transporting the crew, passengers, baggage, mail and cargo between different gates at the same airport, excluding the same transport between aircrafts and any other location within the area of the same airport; and
- Catering services for the aircraft.

Ground handling services can be provided by the airport operator, a company, legal entity or entrepreneur authorized to provide ground handling services. Again, the NSA is in charge of issuing such authorization, i.e. permit, and in order to obtain it, the service provider has to fulfill the organizational, financial, technical, technological and personnel requirements specified by the NSA.

An air carrier may provide, for itself, one or more categories of ground handling services, also referred to as self-handling). These shall be subject to an authorization for self-handling also granted by the NSA if it verifies that an applicant is compliant with the organizational, financial, technical, technological and personnel conditions for providing self-handling. Permits for providing ground handling services or for self-handling are issued for a period of 3 years except in cases of suspension or revocation.

The NSA shall revoke the ground handling services permit if:

1. the certificate holder fails to fulfil the responsibilities ordered by the Decision on suspension by the time scale specified in the Decision on suspension,
2. if it is evident that the certificate holder cannot meet the requirements for ground handling services directly on the basis of a proposal by the aviation inspector or the audit team leader for revoking the certificate,
3. if, despite the warning of the NSA, the certificate holder continues to provide services from the certificate in an unfair or discriminatory manner;
4. if the certificate holder does not supply services, for which the certificate was issued, for a period of one year from the date of issue or discontinues the supply of services for longer than one year, and
5. if the certificate holder provides an expressly stated written request.

Another important thing in this segment which is also prescribed by the Rules on Access to the Ground Handling Services Market is that this market must be open to all companies holding permits for providing these services. The ground handling services market exists and is open at airports whose annual turnover exceeds 2 million passengers or 50,000 tons of cargo, as already mentioned. However, the NSA may, at a specific airport with annual turnover exceeding 2 million passengers or 50,000 tons of cargo, restrict the number of ground handling service providers, but in any case to no fewer than two, with regard to the following services: receipt and dispatch of checked-in baggage; airplane ramp receipt and dispatch; airplane fuel and lubricant supply; mail and cargo services, in the part relating to physical handling on arrival, departure or transfer between the cargo gate and the aircraft.

In that case at least one service provider entitled to provide the services cannot be directly or indirectly under the control of the: airport operator; a carrier-user of the relevant airport which has transported more than 25% of the passengers or cargo in the year preceding the year in which the service providers were selected; entities directly or indirectly controlled by/controlling the airport operator or airport user.

The ground handling service provider is selected by the NSA or airport operator after consulting the Council of air carriers who use the relevant airport, depending on whether the number of service providers is restricted or not. This is done by public tender, and the best bidder then signs an agreement with the airport operator.

GSA (General Sales Agency Agreement)

By a General Sales Agency Agreement (GSA) an air carrier selects the company that will be its sales agent for a specific country, several countries or region within one country. This type of agreement is characteristic in that is it concluded for a longer period of time, while the method of concluding this agreement presumes that an air carrier and agent conclude a GSA at the beginning of their business cooperation, while during the cooperation they conclude a Confidential Addendum at the beginning of every IATA season.

IV ASSOCIATIONS - IATA AND AEA

IATA - International Air Transport Association

The International Air Transport Association is an international trade association of airlines with headquarters in Montreal, Canada. IATA is the most important international association of air carriers, and therefore most regulations and rules have been adopted by this association. IATA gathers around 280 airlines from 120 countries, which represent 83% of the total volume of international air traffic. It is currently present in more than 53 countries that are covered by 54 representative offices. The main goal of this organization is to ensure safe and secure transport to its passengers, and its mission is to represent, lead and serve the airline industry.
One of IATA's most prominent activities is to assign codes which are used throughout the world and are an integral part of the travel industry. IATA codes are essential for the identification of an airline, its destinations and its traffic documents. They are also fundamental to the smooth running of hundreds of electronic applications which have been built around these coding systems for passenger and cargo traffic purposes.

There are three code systems:

- Two-character designator of a specific airline (eg. JU = Air Serbia)
- 3-numeric Airline accounting & prefix code for traffic documents (115 = Air Serbia)
- Three-character airport code, i.e. location identifier code (BEG = Nikola Tesla Airport, Belgrade)

IATA airline codes, sometimes called IATA reservation codes, are two-character codes assigned by IATA to world airlines. The standard is described in IATA twice-yearly publication called Standard Schedules Information Manual and partially provided for by IATA Resolution 762.

Codes are used to identify air carriers for all commercial purposes – reservations, timetables, tickets, rates, bills of lading/dispatch notes, published flight schedules and telecommunication between airlines, as well as for the aviation industry.

According to the said Resolution, the code designating an airline is not considered the property of the airline. When the airline stops meeting the requirements for assigning the code, the code is revoked, and may be reassigned after 60 days from the date of revoking.

IATA may issue "controlled duplicates" which are issued to regional airlines whose destinations are not likely to overlap, in such a way that the same code would be shared by two different airlines.

According to Resolution 762, during the interim period (which is not clearly defined), two-character designators may be duplicated in a controlled environment. The same code will not be duplicated if the companies:

- publish passengers schedules; or
- publish cargo schedules; or
- participate in the industry shared telecommunications facilities except under Banding as in RP 1008; or
- at the time of assignment, it is known by IATA that the companies serve the same general geographic area.

In the event that one of the companies with a duplicated designator changes its status, and falls into one of the criteria listed above, the company which had the designator first shall continue to have the use of the code and IATA will change the designator of the other companies which shared the designator. If an airline has nominated a predesignated point the airline's two-character designator will not be duplicated.

An IATA airport code, also known as IATA location identifier, is a three-letter code designating airports around the world, defined by IATA.

The characters prominently displayed on baggage tags attached at airport check-in desks are an example of a way these codes are used. The assignment of these codes is governed by IATA Resolution 763. The codes are published twice a year in the IATA Airline Coding Directory. IATA ATA also provides codes for railway stations and for airport handling entities.

IATA has also played a key role in the global accreditation of travel agencies, with the exception of the USA, where this was performed by the Airlines Reporting Corporation. Permits for sale of air travel tickets by air carriers that take part in the traffic are acquired through national member organizations. Over 80% of airplane ticket sales takes place through accredited IATA agents.

One of the most significant advantages to membership in IATA and the IATA settlement system is membership in IATA Clearing House. Membership in IATA Clearing House enables air carriers to settle their mutual obligations arising from business agreements, such as the Multilateral Interline Traffic Agreement (MITA), Bilateral Interline Traffic Agreement (BITA), Interline Electronic Ticket (IET), Special Prorate Agreement (SPA), Code Share Agreement (CSA), etc.

The procedure regulated by IATA RAM-Revenue Accounting Manual simplifies the settlement of mutual obligations between air carriers, enabling them not to make payments directly to another air carrier with which they cooperated on various grounds.

An air carrier, instead of directly paying another air carrier it cooperates with, prepares weekly statements of accounts receivable from each carrier and submits these statements to the relevant air carrier and to IATA Clearing house.

IATA Clearing house then carries out the clearing, and if the air carrier is found to have more accounts receivable than payable towards other air carriers, it will receive the balance. If, however, it is found that its accounts receivable owing from other air carriers are less than its accounts payable towards them, it will have to settle the balance.

The weekly statements should include all accounts receivable due for payment that week, but they can also include due past accounts receivable. Namely, when one air carrier sells a traffic document for the flight of another air carrier, its debt towards that air carrier is due for payment after the flight has taken place. The air carrier that operated the flight has a maximum of 5 months to include that sum in its accounts receivable. If the owing air carrier does not agree with the stated owed amount it can send the other air carrier a rejection memorandum no later than within 6 months from the date of billing (first reversal).

After the first reversal, the issuing air carrier may object to the first reversal no later than within 6 months of the date of receipt of the first reversal statement (second reversal).

The refusing air carrier may, within a further 6 months, once again reject the second reversal (third reversal). After the third reversal, the air carriers may initiate correspondence with the goal of resolving their differences. If they do not succeed to resolve their differences in the correspondence stage, the final instance is IATA arbitration. In practice airlines manage to reach an agreement on their mutual debt in the correspondence stage at the latest, and very rarely resort to resolving their differences through IATA arbitration.

Membership in IATA with full rights and privileges may be acquired only after:

- a conducted IATA Operational Safety Audit-IOSA;
- administrative review by the Membership Department; and
- payment of all application fees and membership dues.

An IATA Operational Safety Audit-IOSA is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. IATA oversees the accreditation of Audit Organizations and Endorsed Training Organizations, ensures continuous development of the IOSA Standards and Recommended Practices and manages the central database of IOSA Audit Report.

IATA also implements effective quality assurance to ensure overall program standardization and ensures that the program is meeting airline needs as effectively as possible. Successful completion of an IOSA will result in addition to the IOSA registry. A list of all IOSA registered airlines is available at www.iata.org/registry.

A4E – Airlines for Europe

It was formed in January 2016, following the shutdown of the Association of European Airlines (AEA) which was a trade body that brought together 22 major airlines, and was the voice of the European airline industry for over 60 years.

The AEA was deemed as ineffective, and the industry demanded a shift from the old model of operating the airline trade association. Airlines for Europe currently has 15 members and is flying more than 500 million passengers per year, accounting for nearly two-thirds of the Europe's passenger journeys.

Its proclaimed goals are lowering the cost of the EU's airports by ensuring that monopoly airports are effectively regulated, ensuring that passengers receive the full benefit of the commercial revenues which they generate at airports and ensuring that security charges are efficient, delivering reliable and efficient airspace by reducing the cost of Air Traffic Control (ATC) provision through completion of the Single European Sky and better economic regulation at EU level, ensuring that ATC strikes do not cause disruption to passengers across Europe, using new technology to make efficiency savings, stimulating more economic activity and jobs by creating the right regulatory environment, removing unreasonable taxes, making Air Passenger Rights simple and clear by providing clarity to the EC Regulation 261/2004 and advocating politicians to limit the recourse to both national and EU Courts for interpretation of the Regulation.

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