ANNUAL REPORT 2024

57TH AGM

arab air carriers' organization
الإتحاد العربي للنقل الجوي
الجمعية العامة السابعة والخمسون

29 - 31 October 2024 - Dead Sea - Jordan

Annual Report

Arab Air Carriers' Organization

57th Annual General Meeting

AACO's Vision

To stand out globally as THE association that serves with dedication the Arab airlines and to be instrumental in dealing with an evolving aviation industry.

AACO's Mission

To serve the Arab airlines, represent their common interests and facilitate, in a manner consistent with all applicable competition and other laws their cooperation so as to improve their operational efficiencies and better serve the travelling public.

Strategy

To initiate and implement Specific, Measurable, Attainable, Relevant, and Time-bound synergistic targets (SMART) that serve its objectives.

AACO's Objectives

- To support the Arab airlines' quest for highest safety and security standards.
- To support the Arab airlines' quest for developing their environmental policies for processes in harmony with the environment.
- To actively contribute in the development of human resources.
- To interact with the regulatory bodies to support and protect the interests of the Arab airlines.
- To launch joint projects between member airlines with the objective of achieving efficiencies that will lower their costs in a manner consistent with all applicable competition and other laws and that enhances the members' best practices.
- To provide forums for members and for industry partners to enhance the knowledge base.
- To reflect the positive image of The Arab Airlines Globally.

AACO Executive Committee

Eng. Samer Majali
Chairman of the AGM

H.E. Eng. Ibrahim A. Al-Omar
Chairman of the Executive Committee

H.E. Eng. Ibrahim A. Al-Omar, Director General, Saudia
Eng. Samer Majali, Vice Chairman / Board Designee CEO, Royal Jordanian
Eng. Yehia Zakaria, Chairman & CEO, EgyptAir Holding Company
Mr. Antonoaldo Neves, Group Chief Executive Officer, Etihad Airways
Mr. Bander Almohanna, Chief Executive Officer & Managing Director, flynas
Mr. Mohamad A. El-Hout, Chairman - Director General, Middle East Airlines
Engr. Badr Mohammed Al-Meer, Group Chief Executive Officer, Qatar Airways
Mr. Abdelhamid Addou, Chairman of the Board & Chief Executive Officer, Royal Air Maroc

AACO'S **PRIORITIES**

OPERATIONAL SAFETY

To assist members in maintaining the safety of their operations through raising awareness on the latest safety regulatory requirements, advocating the adoption of safety culture, contributing to capacity building, and fostering collaboration among airlines in emergency response planning.

SECURITY

To maintain a platform to share information and risk assessments to improve the security culture, address emerging threats, contribute to capacity building, and promote and support collaboration among all stakeholders in aviation security.

CLIMATE CHANGE

To mitigate the impact of international aviation's emissions on climate change through supporting the efforts of ICAO to ensure successful implementation of its environmental short, medium and long-term goals, and to promote for regulatory and technical principles that would ensure the availability of cleaner energy as one of the major contributors to reaching those goals, in addition to joining efforts with stakeholders to improve operational performance, infrastructure development and waste management.

REGULATIONS

To advocate for policies and regulatory principles that are clear and balanced and that are adopted through transparent methods that include adequate consultations with the relevant stakeholders.

DIGITAL TRANSFORMATION

AACO strives to raise awareness about the significance of digital transformation in the travel sector, support airlines in adopting technologies that can cater to consumers' aspirations and empower airlines to optimally manage their relationship with them.

AIRSPACE INFRASTRUCTURE

To promote and support infrastructure reform in air traffic management and airports in order to alleviate congestion in the airspace and at airports, improve operations, and contribute to carbon footprint reduction.

COST

To assist member airlines in optimizing their operational environment, promote best practices while rationalizing their cost through cooperative activities, within the boundaries of competition and anti-trust laws.

AWARENESS & CAPACITY BUILDING

To provide the highest quality and cost-effective training services to meet the training needs of member airlines and contribute to improving the performance of human capital in the region by organizing various training courses covering most fields of the air transport industry that are held in the branches of the regional training center or at member airlines' premises or through eLearning platforms, in addition to organizing specialized forums to ensure continuous communication between all parties concerned in the air transport industry.

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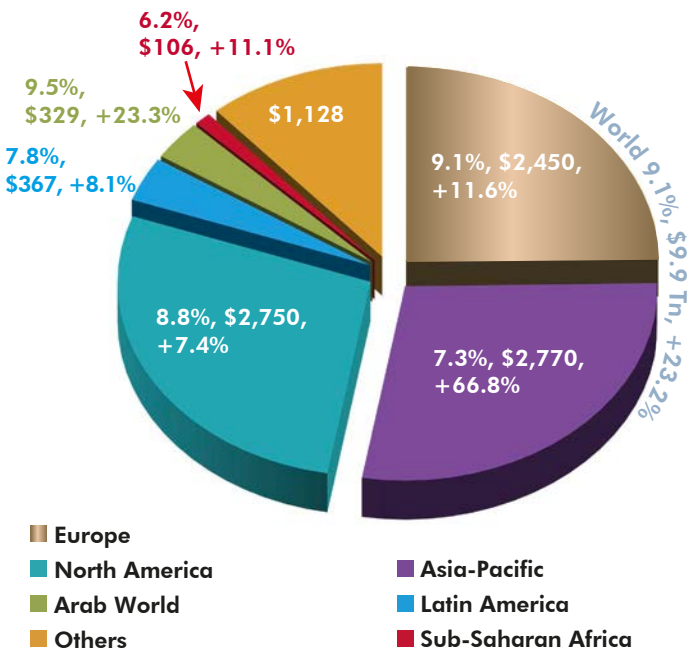
Regional Travel and Tourism (T&T) Contribution to GDP and Employment

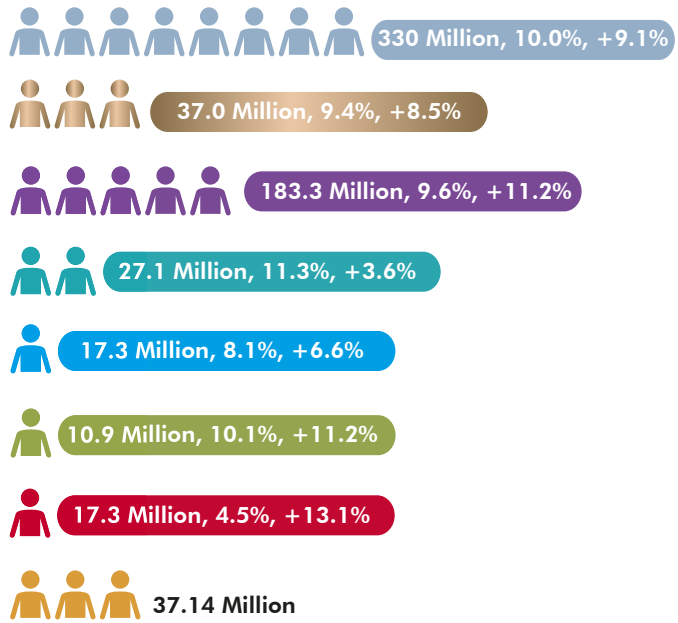
T&T Contribution to GDP in 2023

(Contribution %, Contribution Billion USD, Change compared to 2022)
(Tn: Trillion)



T&T Contribution in Employment in 2023

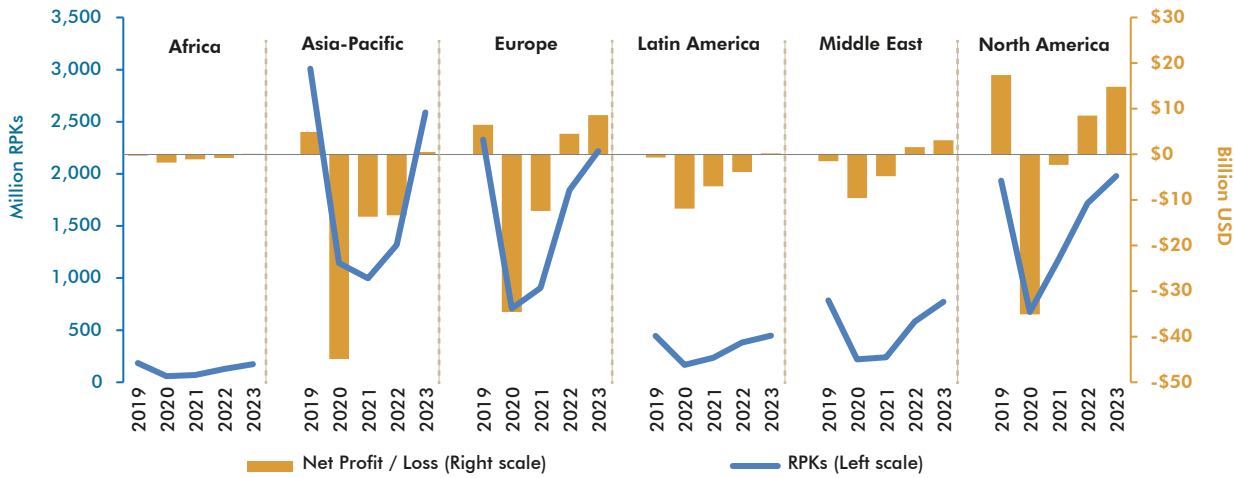
(Total Employment, Contribution %, Change compared to 2022)



Source: AACO, WTTC

Operational and Financial Performance of the Airline Industry by Region

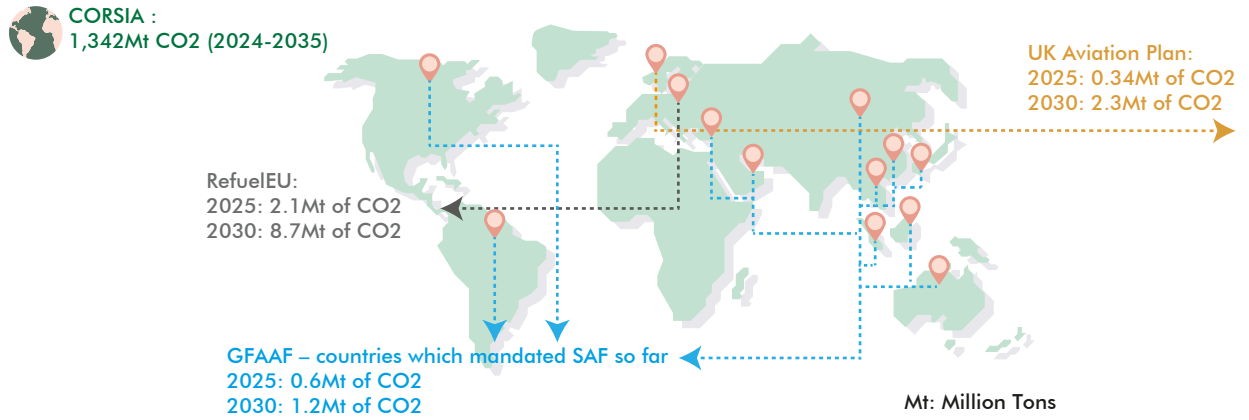
Net Profit/Loss and Revenue Passenger Kilometres -RPKs



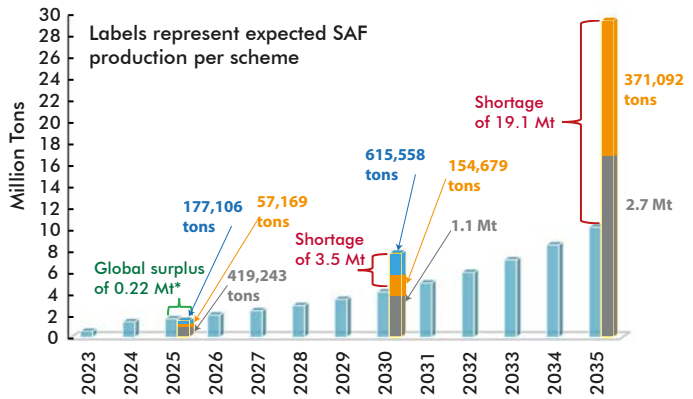
Source: IATA, AACO

The Sustainability Landscape

Expected Reduction in Emissions per Environmental Scheme (2024-2035)



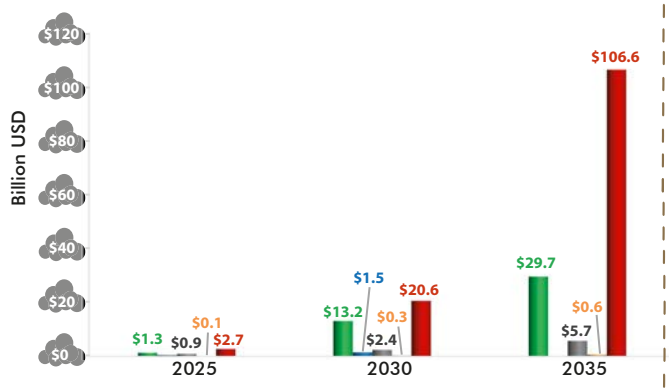
SAF Production Vs. Expected Demand Based on Announced Mandates/Targets



- SAF production - Scenario - Medium ICAO
- GFAAF – countries which mandated SAF so far
- RefuelEU
- UK Aviation Fuel Plan

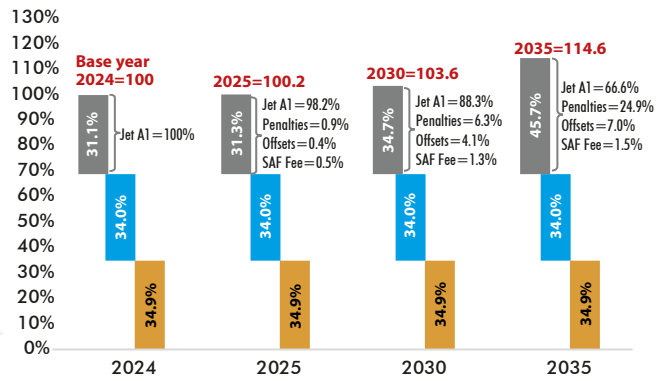
**expected global surplus driven by the US, yet it might not effect paying penalties in the EU and the UK. The graph shows SAF requirements, yet airlines will need CORSIA offset certificates starting 2024. Shortage expected in 2024 is around 20 million certificates. Reduction of emissions through the use of SAF (not certified as per ICAO) is not so far recognized by CORSIA.*

Expected Cost per Environmental Scheme Between 2025-2035 and Penalties



- *Cost of SAF and Jet Fuel are as of April 2024, and SAF prices follow the blend mandates requested by every scheme.*
- *According to a study by Bloomberg the geographical distribution of SAF production is mainly concentrated in the US, the total share of Europe from the global SAF production is estimated to reach 27.9%, 30.7%, and 30.3% in 2025, 2030, and 2035 respectively. The share of the UK from global SAF production, was calculated based on its ratio from the total estimated Jet Fuel Consumption in Europe, which was fixed based on 2024 numbers at 12%.*
- *Penalties are calculated based on the RefuelEU and the UK Aviation Fuel Plan, and assuming the same SAF fee applied in France is applied for other countries which mandated SAF.*
- *Cost of CORSIA CERs will range between $20 - $40 per ton of CO2 until 2035, if available.*

Expected Cost Distribution of the Airline Industry (% of Total Cost)

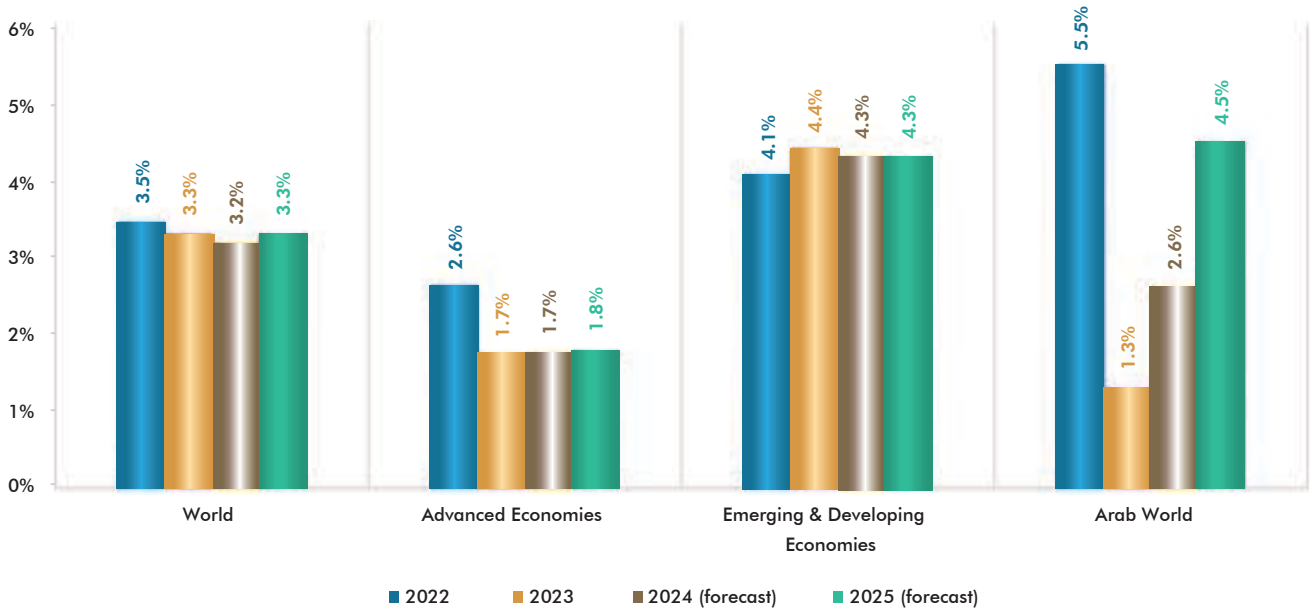


- *Cost of SAF and Jet Fuel are as of April 2024, and SAF prices follow the blend mandates requested by every scheme.*
- *The geographical distribution of SAF is based on the study mentioned in the chart to the left.*
- *Cost of CORSIA CERs will range between $20 - $40 per ton of CO2 until 2035, if available.*

Sources: ICAO, AACO, and Various Sources

The Economy

Year-on-Year Real GDP Changes



Source: IMF, AACO

The global economy faced a challenging landscape in 2023, marked by persistent inflation, higher borrowing costs, ongoing geopolitical uncertainties, longer-term effects from the COVID-19 pandemic, and weaker industrial output. Despite the challenges, employment growth, increased household consumption, efforts to control inflation, and stabilized supply chains helped sustain economic activity and cushioned the impact, leading to a growth in **economic output by 3.3% in 2023 compared to 2022**.

While the United States economy reported resilient activity, supported by the strength in the labor market, which fuels consumer income and spending growth, economic growth in advanced economies reported a **significant slowdown in 2023**, reflecting the weak economic performance in the Euro area. Economic growth in the Euro area slowed from **3.4% in 2022 compared to 2021, down to 0.5% in 2023 compared to 2022**. The deceleration in growth was mainly due to weak financial performance, coupled with subdued consumer sentiment and high interest rates. Similarly, the Arab world's **GDP grew by 1.3% in 2023, down from the 5.5% growth recorded in 2022**. This slowdown was driven by the ongoing geopolitical tensions, shipping disruptions, inflation, and low oil production.

On the other hand, economic activity in emerging and developing economies grew by **4.4% in 2023 compared to 2022, up from 4.1% recorded in 2022 compared to 2021**, driven by the robust performance in India and China.

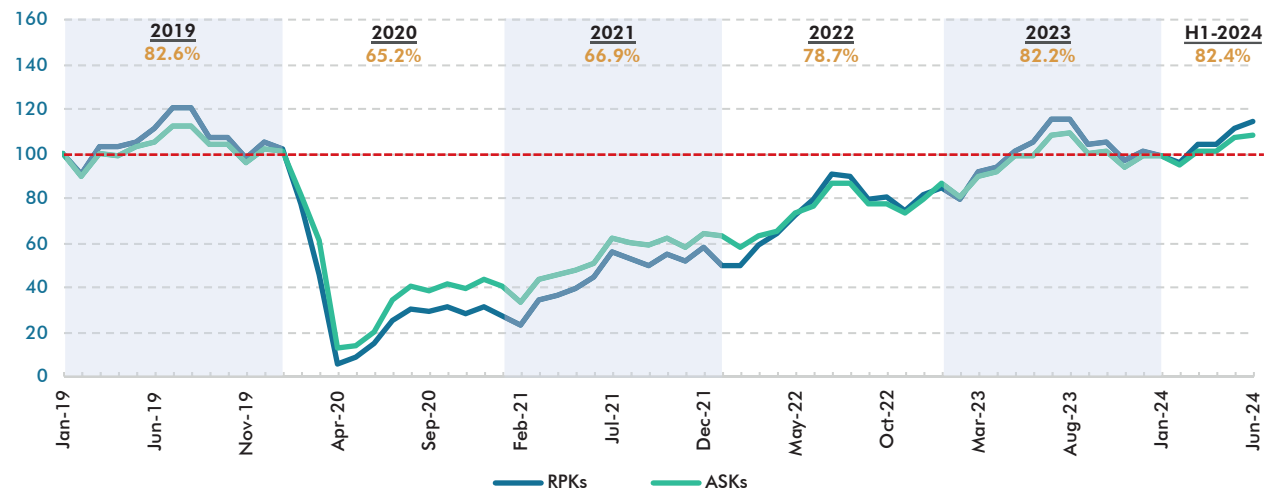
Further **slowdown in economic activity is expected in 2024**, with several key factors such as monetary policy adjustments, inflation, energy prices, and geopolitical uncertainties affecting the ease of doing business, putting pressure on economic output.

Global Air Travel

Global Passenger Operations

Despite a slowdown in economic activity in 2023, passenger traffic measured in Revenue Passenger Kilometers (RPKs) and seat capacity measured in Available Seat Kilometers (ASKs) grew by **36.9% and 31.1% respectively in 2023 compared to 2022**, remaining slightly below 2019 levels. Growth was mainly driven by the full recovery in the Americas, where passenger traffic **surpassed 2019 levels by 1.9%**. Additionally, the Asia-Pacific region saw a strong performance, with passenger numbers **increasing by 96% in 2023 compared to 2022**, following China's decision to lift travel restrictions in the first quarter of 2023. **In 2024, industry-wide RPKs and ASKs are expected to surpass 2019 levels by 5.0% and 5.1%**, with all regions anticipated to reach full recovery domestically and internationally.

Global Monthly Change in Total Passenger Traffic (RPKs) and Seat Capacity (ASKs) (Jan 2019=100) & Passenger Load Factor (PLF)



Labels represent Passenger Load Factor

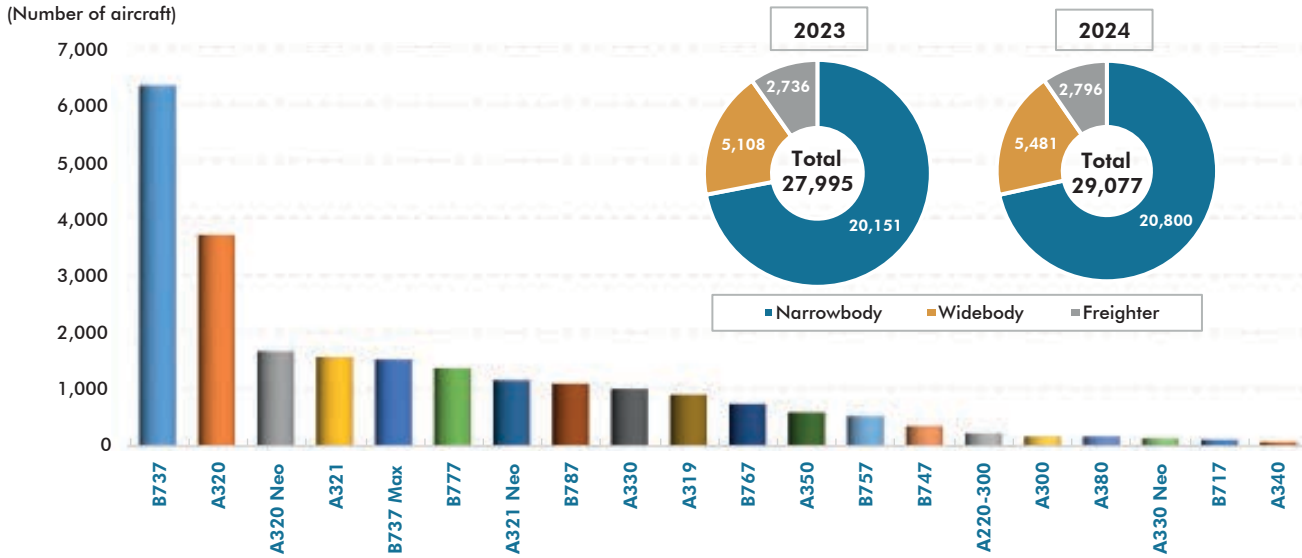
Source: IATA, AACO

Global Fleet Status

In line with the recovery in passenger demand, fleet activity improved in 2023 and throughout 2024. The total number of in-service aircraft reached 29,077 in 2024, exceeding 2019 levels by 3.1%. Narrow-body aircraft continue to represent the biggest share of the total in-service fleet at **71.5% (which is above 2019 levels of 71.3%)**, followed by wide-body aircraft at 18.9% (1.0 percentage point higher than 2019), and finally freighters at 9.6% (1.3 percentage points lower than 2019 levels).

The decline in in-service freighters is attributed to reduced trade and air cargo activity in 2023, despite the available cargo capacity being sufficient to meet increased demand in the first half of 2024. Non-operated freighters constituted 16.3% of the total non-operated fleet in 2024, compared to 14.0% in 2023.

Global In-Service Fleet Status for Major Aircraft Types (As at June 30, 2024), and Comparison with 2023*

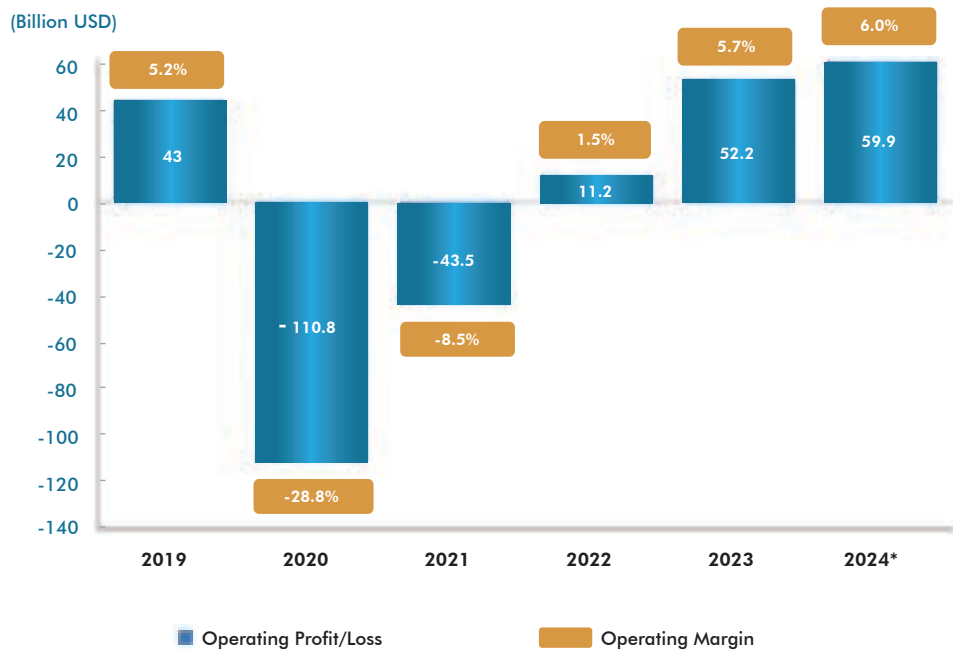


*Data excludes aircraft having a maximum take-off mass of less than 9,000 Kg (20,000 lbs)

Source: Cirium Fleets Analyzer, AACO

Financial Performance of the Industry

Industry's Financial Results



*Estimated

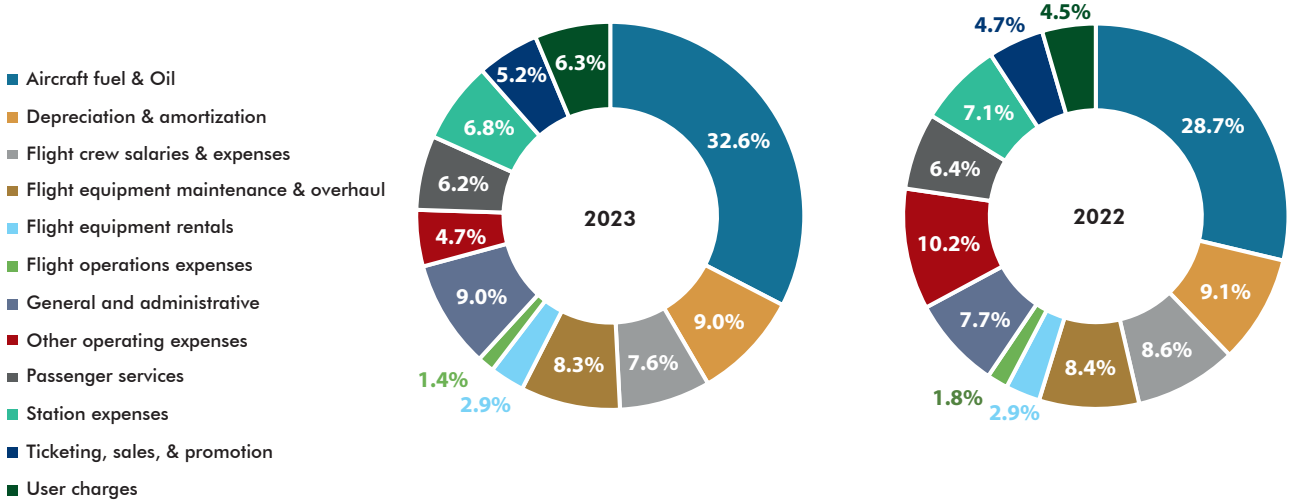
Source: IATA, AACO

The financial health of the airline industry improved further in 2023, moving steadily towards closing the gap in revenues that emerged due to the COVID-19 pandemic. **The industry reported an operating profit of USD 52.2 billion and a net profit of USD 27.4 billion, both surpassing 2019 levels**. Between 2020 and 2021 the total operating loss reached USD 154.3 billion, while the total operating profit between 2022 and 2024 is expected to reach USD 123.3 billion, narrowing the gap from USD 91.0 billion in 2023 to USD 31.0 billion in 2024.

The industry's **operating and net profits are expected to reach USD 59.9 billion and USD 30.5 billion in 2024, respectively**.

Despite lower jet fuel prices in 2023 compared to 2022, **fuel costs remained the largest expense, representing 32.6% of the total operating expenses**. User charges witnessed the highest year-on-year increase (65%).

Breakdown of Airline Cost Items

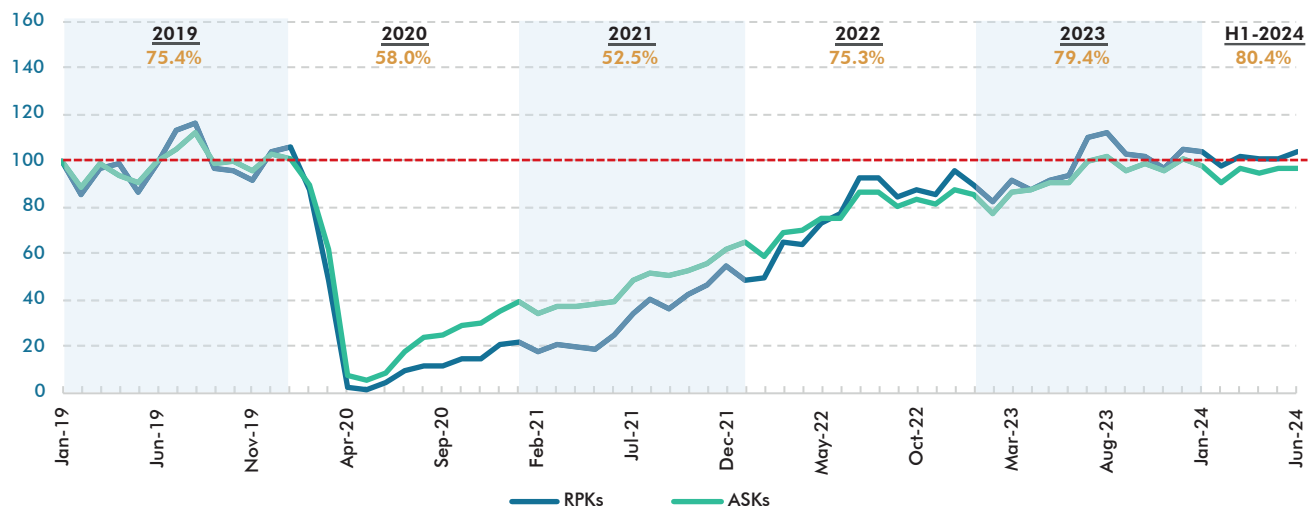


Source: IATA, AACO

AACO Member Airlines

AACO Members' Passenger Operations

AACO Members' Monthly Change in Total Passenger Traffic (RPKs) and Seat Capacity (ASKs) (Jan 2019=100) & Passenger Load Factor (PLF)



Labels represent Passenger Load Factor

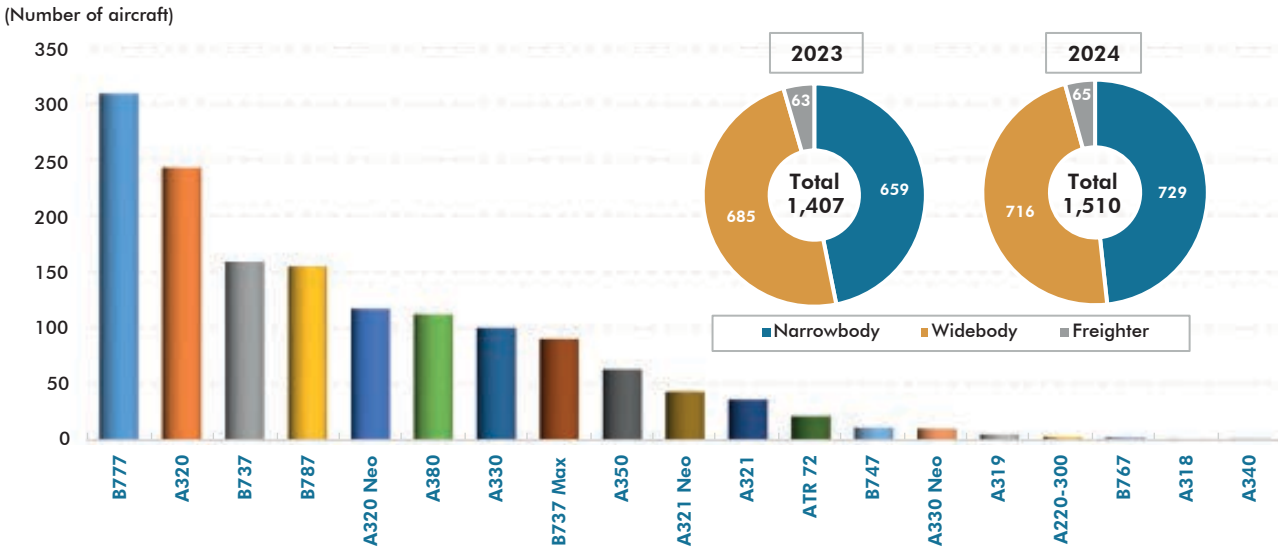
Source: IATA, AACO

Despite facing the challenging economic and operational environment globally and in the Arab region, AACO members experienced strong growth in 2023. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs) and seat capacity measured in ASKs grew by **27.5% (1.5% below 2019 levels) and 20.8% (6.5% lower than in 2019), respectively in 2023 compared to 2022**. This led to an increase in AACO members' Passenger Load Factor (PLF) by **4.16 percentage points to reach 79.4% in 2023 compared to 2022**. During the first half of 2024, AACO members' operations increased significantly, with RPKs exceeding 2019 levels by 7.5% and ASKs leveling with 2019 figures, **further improving the PLF to 80.4%**.

AACO Members' Fleet Status

Mirroring the robust demand for air travel, fleet activity for AACO members gained momentum in 2023. As a result, the **average fleet utilization rose to 10.30 hours, up from 9.0 hours in 2022**. The number of **in-service aircraft reached 1,407, a 12.1% increase compared to 2022, while non-operated aircraft dropped by 25.7% to 223 comparing the same period**, representing 13.7% of the total fleet compared to the global average of 16.8%. Six aircraft were retired in 2023. **By June 30, 2024, AACO members had 1,510 aircraft in service and 165 non-operated aircraft**, reflecting the further growth in demand for air travel.

AACO Members' In-Service Fleet Status for Major Aircraft Types (As at June 30, 2024), and Comparison with 2023*

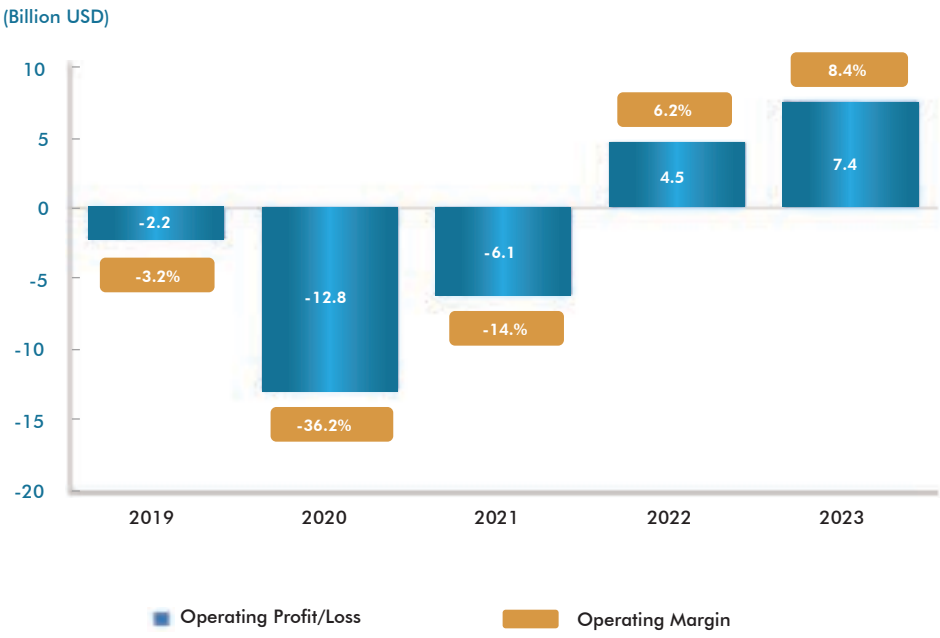


*Data excludes aircraft having a maximum take-off mass of less than 9,000 Kg (20,000 lbs)

Source: Cirium Fleets Analyzer, AACO

Financial Performance of AACO Members

AACO Members' Financial Results



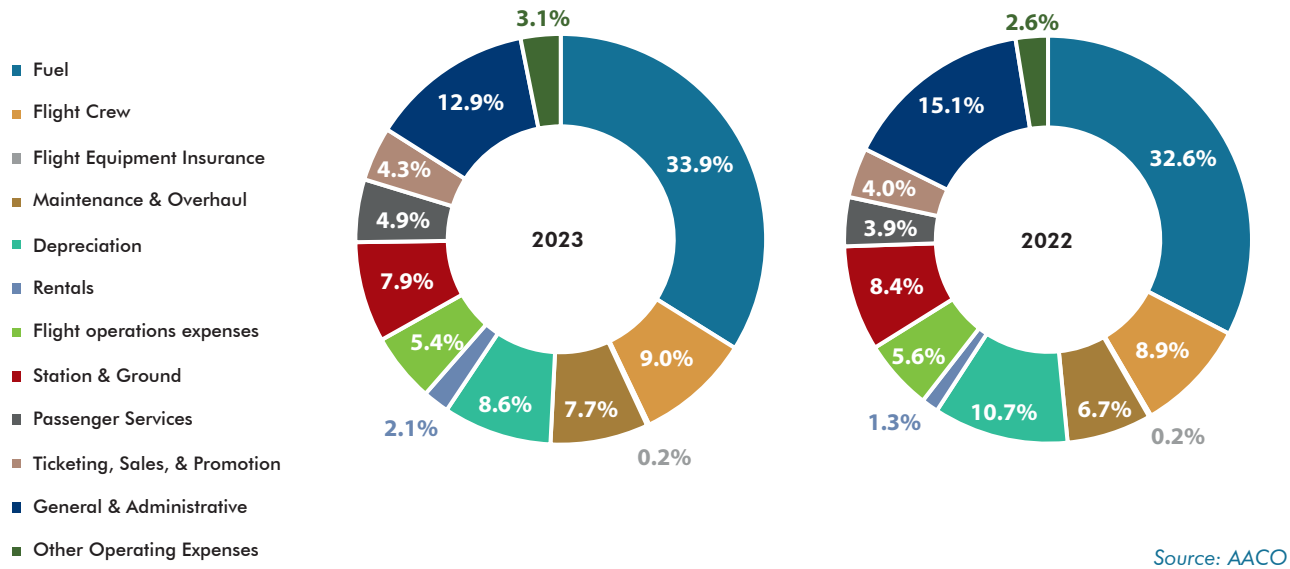
Source: AACO

Driven by strong passenger demand and an increase in passenger load factor, AACO members saw their **net profits grow in 2023, reaching approximately USD 7 billion, with a net margin of 7.8%.** Similarly, **operational profits reached around USD 7.4 billion, 18.1% over 2022 levels**. As a result, AACO members' operating margin reached 8.4% in 2023.

Reflecting the expansion in operations in 2023, all operating expenses, except flight equipment depreciation, grew compared to 2022. Most notably, the

cost of rentals grew significantly by 88.0% compared to 2022, with aircraft deliveries being at historically low levels, which resulted in maintenance costs also growing by 39.5%. Fuel expenses continue to represent the largest share of total operating costs at 33.9% in 2023, up from 32.6% in 2022.

Breakdown of AACO Members' Cost Items



Source: AACO

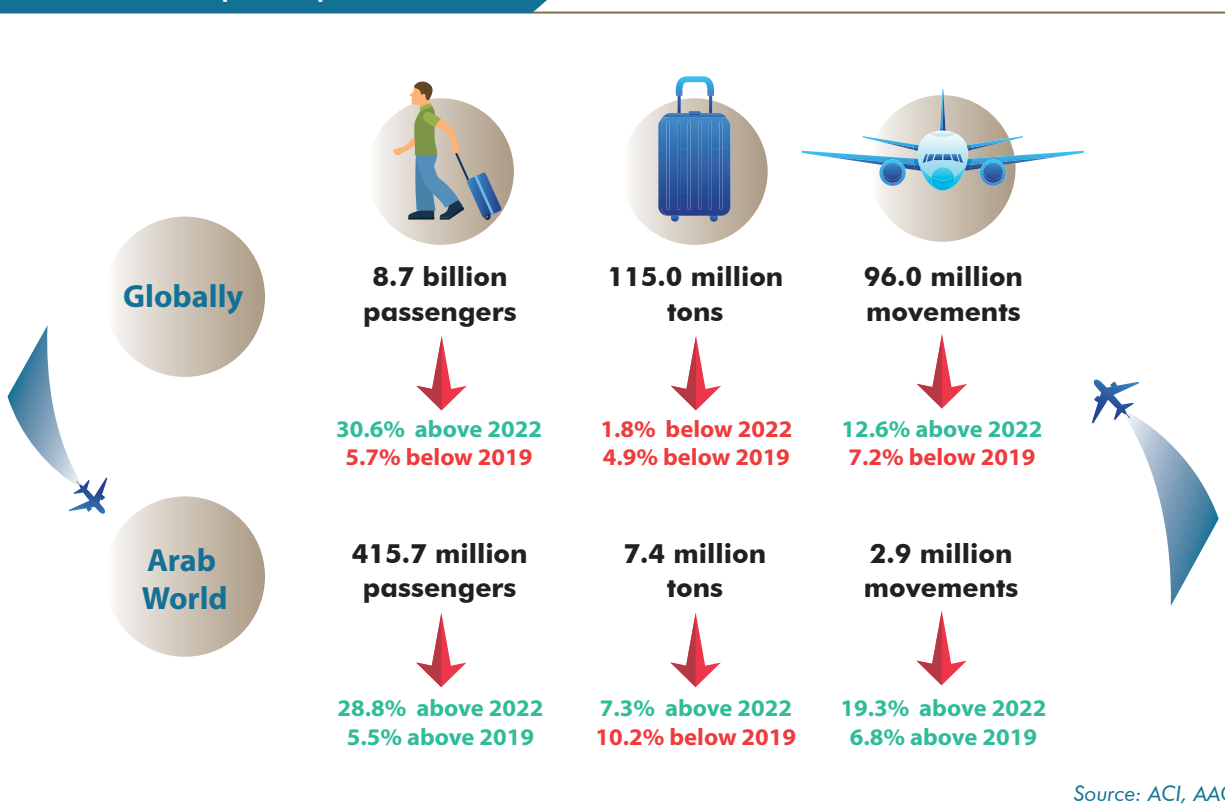
Airports

Passenger traffic across the world airports grew by 30.6% in 2023 compared to 2022, reaching **8.7 billion passengers, remaining 5.7% below 2019 levels**. On the regional level, the top performing regions were Asia-Pacific, Latin America and the Caribbean, and the Middle East. Asia-Pacific was the fastest-growing region in terms of passenger traffic in 2023 compared to 2022, **growing by 72.2% yet remaining 16.3% below 2019 levels**. Latin America and the Middle East region **exceeded 2019 levels in 2023 by 5.9% and 3.7%, respectively**. Similarly, global aircraft movements rose by 12.6% to **96 million, remaining 7.2% lower than in 2019**.

On the other hand, air cargo activity was suppressed by the decline in global trade. As a result, global air cargo declined by 1.8% in 2023 compared to 2022, totaling **115 million metric** tons.

Looking at the Arab region, Arab airports handled approximately **415.7 million passengers in 2023, marking a 28.8% and 5.5% increase compared to 2022 and 2019, respectively**. Aircraft movements also grew by 19.3% compared to 2022 and 6.8% compared to 2019, reaching 2.9 million movements. As for cargo traffic, despite the global decrease in freight activity, air cargo handled at Arab airports grew by 7.3% in 2023 compared to 2022.

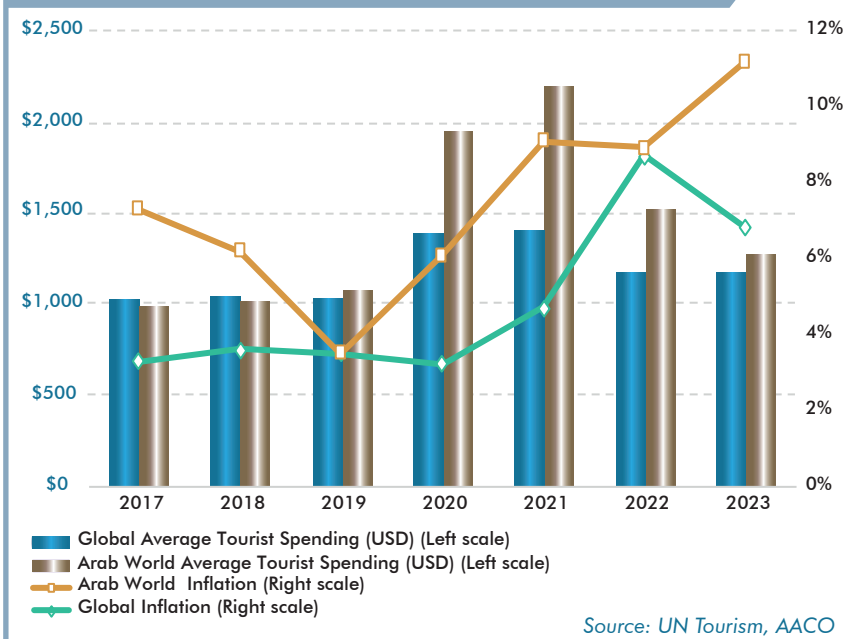
Global and Arab Airports Operations in 2023



Source: ACI, AACO

Travel and Tourism (T&T)

Average Tourist Spending and Year-on-Year Inflation Globally and in the Arab World



Source: UN Tourism, AACO

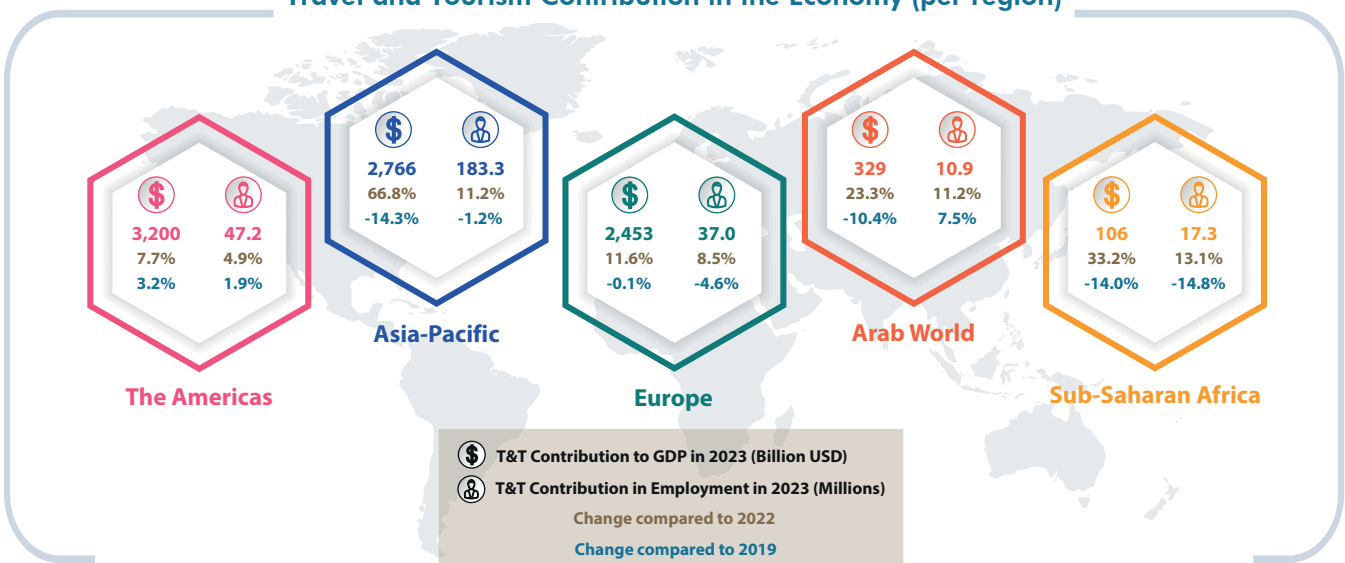
International tourism activity continued its steady recovery from the COVID-19 pandemic, overcoming recent downturns, with the Arab region standing out as the only tourism market where international arrivals have exceeded pre-pandemic levels.

Globally, international tourist arrivals grew by **33.4% in 2023 compared to 2022**, reaching **1,300 million tourists, remaining 11.2% below 2019 levels**.

The Arab region saw a 17.6% increase in international tourist arrivals, reaching 114.0 million tourists. Despite this robust performance, there was a notable decline in average spending per tourist, both globally and in the Arab region.

Average tourist spending decelerated significantly between 2022 and 2023 (see chart above) due to the adverse impact of inflation, affecting the purchasing power of tourists worldwide and in the Arab world. Average tourism spending in 2021 **dropped from USD 1,390.4 globally and USD 2,173.2 in the Arab region in 2021, to USD 1,161.7 and USD 1,253.5, respectively, in 2023**.

Travel and Tourism Contribution in the Economy (per region)



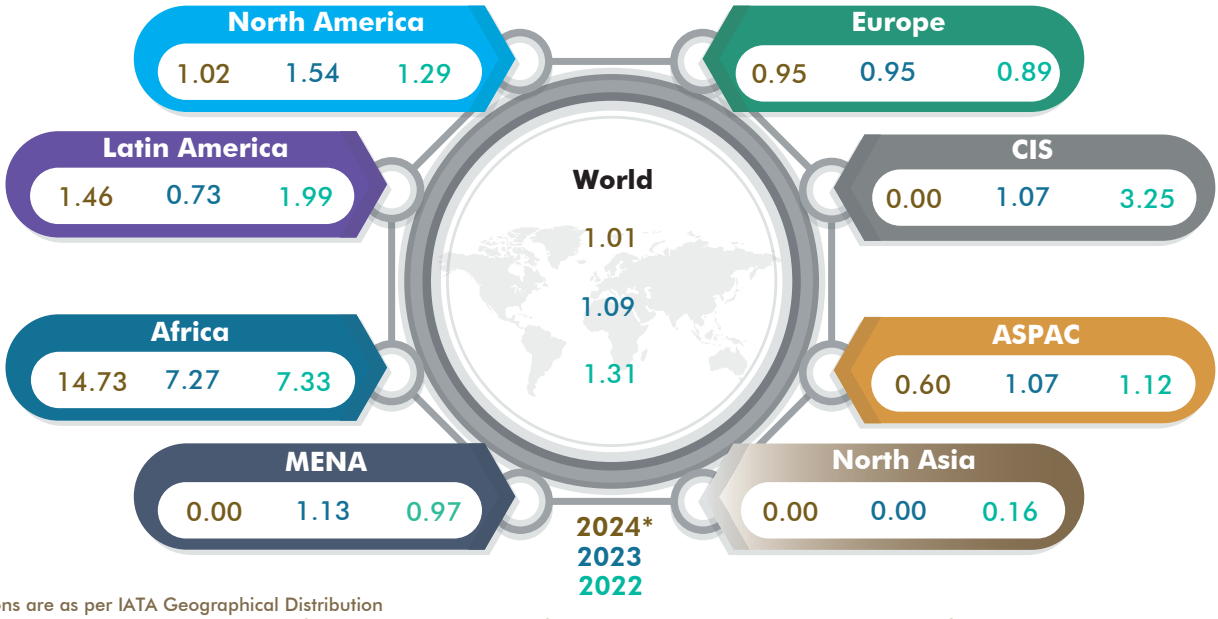
Note: Data is based on 2023 constant prices, except for Egypt and Lebanon where 2019 constant prices were used.

Source: WTTC, AACO

In 2023, the Travel & Tourism (T&T) sector **contributed by 9.1% to the global GDP; an increase of 23.2% from 2022 and only 4.1% below 2019 levels**. The sector added around **27 million new jobs**, marking a 9.1% increase from 2022, nearly reaching pre-pandemic employment levels (1.4% below 2019). In the Arab world, the total contribution of the T&T sector in the regions' GDP reached around USD 329 billion, **which is equivalent to 9.5% of total GDP** at current prices in 2023. Additionally, the sector supported 8.3 million jobs, **representing 10.1% of the Arab region's total employment in 2023**.

Aviation Safety

All Accidents Rate by Region**

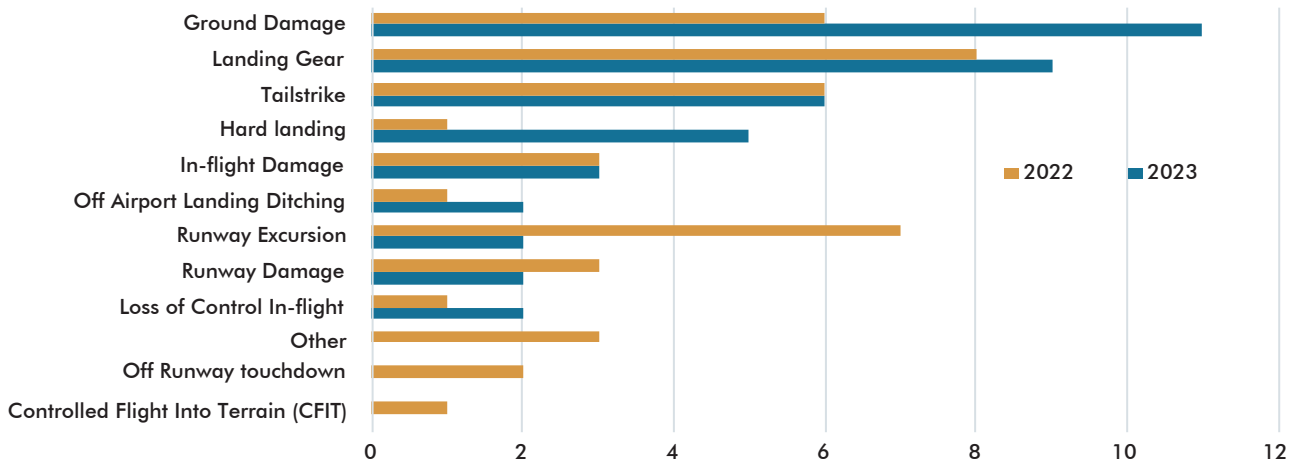


**Regions are as per IATA Geographical Distribution
Abbreviations: MENA: Middle East North Africa, CIS: Commonwealth of Independent States, ASPAC: Asia and the Pacific
* 2024 data is from Jan to Jun
All accident rates (per million sectors)

Source: IATA, AACO

The year 2023 was remarkable in terms of safety. **The accident rate per million sectors reached 1.09**, which is the second-best record reached within the past decade after a rate of 1.06 recorded in 2017. There were 42 accidents in 2023, which was the same in 2022, however only **one accident was fatal in 2023** compared to seven fatal accidents in 2022. Accordingly, the fatality risk per million sectors rate dropped from **0.11 in 2022 to 0.03 in 2023**. The most reported accident type by end state in 2023 was related to **ground damage**, while **no CFIT accident** was recorded. The only fatal accident was designated as loss of control in-flight by end state, which resulted in 72 fatalities onboard.

Accidents by Major Categories in 2023 and 2022



Source: IATA, AACO

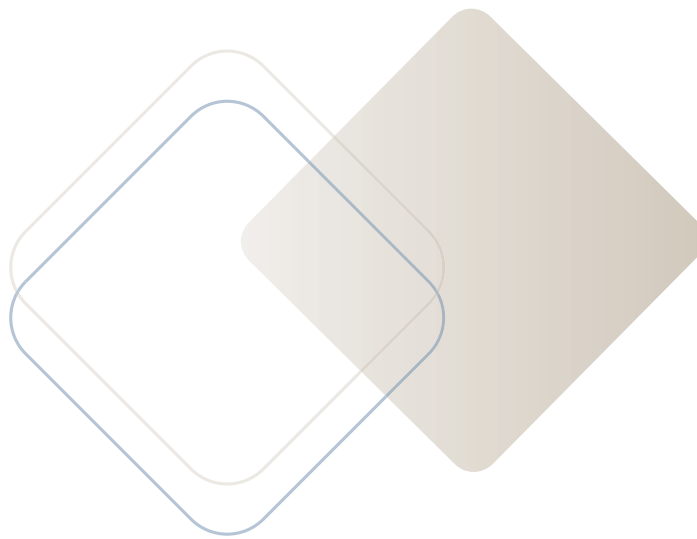
AACO member airlines maintained a healthy safety record in 2023, registering zero hull losses, zero fatalities, and only one accident related to ground damage.

AACO Members	All Accidents Rate*	Total Accidents	Fatal Accidents	Hull Losses	Fatalities
Avg.2018-2022	0.60	0.0	0.0	0.0	0.6
2022	1.00	0	0	0	0.8
2023	1.00	0	0	0	0.7

*Accident rate per million sectors

Source: IATA, AACO

AACO continues to work with relevant organizations including ICAO, and IATA, to bring awareness to aviation stakeholders on the importance to mitigate safety risks through: Awareness Sessions & Training, Encouraging Proper Safety Reporting, Developing Recommendations, Enhancing Aviation Safety Culture, and Information Sharing.



Aviation Security

In 2023 and 2024, **aviation security has remained a top priority** due to evolving global threats, including conflict zones, geopolitical tensions, cyberattacks, and unruly passenger behavior. Regulatory bodies continue to update standards to address emerging risks, which was reflected by the **18th amendment of Annex 17**, providing more focus on the industry's best practices and expertise. In addition, airlines and airports have strengthened security measures, **incorporating advanced technologies** like biometric screening, AI-driven surveillance, and enhanced cybersecurity protocols to mitigate security threats.

Below is a brief about major threats:

Conflict Zones

Safety and security risks associated with conflict zones are a major concern for airlines. In addition to the conventional threats arising from conflict zones, there are two major aspects that can threaten the aviation security environment on the long-term:

- **Drone Interference:** Drones are becoming increasingly affordable and accessible, making it easy for individuals and non-state actors to obtain and misuse them. Their widespread availability complicates efforts to monitor and control their usage, especially in conflict zones.
- **Proliferation of Weapons:** The global spread of weapons, particularly small arms and advanced missile systems, such as Man-portable air defense devices (MANPADS), poses significant threat to civil aviation. Controlling the flow of these weapons, especially in conflict zones or unstable regions, is difficult and often subject to logistical hurdles.

CONFLICT ZONES THREAT TO AVIATION

- Anti-Aircraft Weapons
- Drone Interference
- Uncontrolled Airspace
- Misidentification and Shoot-Downs
- Lack of Airport Security
- Risks of Aircraft Diversion
- Increased Terrorist Activity
- Lack of Surveillance and Intelligence
- Lack of Regulatory Oversight
- Deterioration of Infrastructure
- Proliferation of Weapons
- GPS jamming
- Others

Existing conflict zones include:

- **Ukraine, Russia, Moldova, and Belarus:** Since February 24, 2022, there has been wide-ranging airspace restrictions imposed on civil aviation operations in Ukraine, Russia, and the bordering FIRs of other countries including Moldova and Belarus.
- **Sudan:** Following a military coup in April 2023, Sudan remains closed to all civilian flights. There is ongoing fighting in Sudan between government and militant forces, despite a ceasefire agreed at the end of April. Khartoum airport is closed. Despite efforts to restore overflight activity in the northern and eastern sections of the Khartoum FIR, airlines continue to avoid overflying Sudanese airspace.

AACO, through its Information Sharing Mechanism, continues to share information received from various official sources with its member airlines to have better visibility about the security landscape.

- **Middle East Region:** States continue to issue NOTAMs to help airlines manage existing flights operations risk. ICAO, through its Contingency Coordination Team (CCT), continues to support states in responding to existing threats resulting from conflict zones, which include GPS jamming/spoofing.

Cybersecurity

Cyberattacks targeting passenger data, airline operations, and communication systems have increased as aviation systems become more digitalized. Networked system vulnerabilities are being used by hackers to sabotage operations and steal confidential data.

In order to mitigate cyberthreats, the aviation industry and its value chain need to ensure compliance with evolving security regulations and invest in building the necessary digital infrastructure.

Latest Cybersecurity Regulations

- In March 2023, the Transportation Security Administration (TSA) issued **a new cybersecurity amendment on an emergency basis to the security programs** of certain TSA-regulated airport and aircraft operators. The new emergency amendment requires that impacted TSA-regulated entities to develop an approved implementation plan that describes measures they are taking to improve their cybersecurity resilience and prevent disruption and degradation to their infrastructure.
- More recently, in 2024, the FAA proposed an **updated airworthiness directive** to safeguard equipment, systems, and networks of transport category airplanes, engines, and propellers against intentional unauthorized electronic interactions (IUEI). According to the FAA "Design approval applicants would be required to identify, assess, and mitigate such hazards, and develop instructions for continued airworthiness that would ensure such protections continue in service".

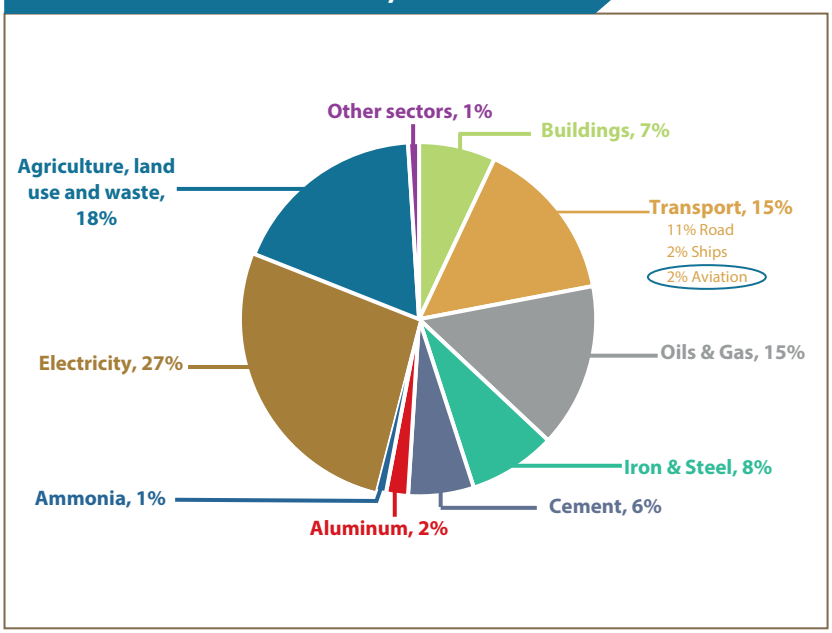
AACO members continue to strengthen their cybersecurity culture, through adopting a comprehensive approach of technological measures, operational practices, policies, and employee awareness, and AACO continues to provide awareness on threats and mitigation measures.

Insider Threats

Given the **expansion of existing conflict zones, the risk emerging from insider threats increases** too. Instability in such areas often increases the likelihood of compromised personnel within the aviation system. The environment in conflict zones can also complicate background checks and security clearances, making it easier for malicious actors to infiltrate the industry, posing severe risks to aviation security. Therefore, airlines need to conduct **enhanced background checks**, continuously monitor the **behavior of employees**, promote **security culture** by involving all concerned stakeholders, and finally ensuring **collaboration and coordination** with different law enforcement agencies.

Aviation and the Environment

Global Emissions by Sector



Although the **aviation industry contributes to 2% of the Global Greenhouse Gas Emissions**, yet it is subjected to plenty of environmental requirements.

Aviation stays committed to reducing its environmental footprint and has agreed, under ICAO, on global environmental measures to mitigate emissions, however, the world is witnessing **proliferation of regional and national measures** including **market-based measures, levies** and taxes (including the possibility of a global aviation levy to contribute in funding the Loss & Damage fund under the UNFCCC), **mandates** for the uplift of Sustainable Aviation Fuels (SAF), and other measures. This brings **complexities** in planning, **budgeting**, and **compliance** for airlines and their customers.

Aviation's Environmental Sustainability Requirements

Carbon Offsetting & Reduction Scheme for International Aviation

Airlines are required to buy **offset certificates for the increase of emissions above 85% of 2019 levels**, which equals to **517 million tons**. The price of the carbon certificate in 2024 is estimated at USD 20.

CORSIA allows aircraft operators to meet their compliance obligations using either or both **CORSIA eligible fuels** (CEFs) and **CORSIA Eligible Emissions Units** (CEEUs).

Already for 2024, there is a **shortfall of 20 million tons of eligible CO2 certificates** as until now there are **only two eligible emissions unit programmes** which have been approved for the First Phase of CORSIA.

129 states have voluntarily participation in **CORSIA** for 2025. Among those states are: **Bahrain, Comoros, Iraq, Kuwait, Mauritania, Oman, Qatar, Saudi Arabia, United Arab Emirates**.

Challenges Related to Compliance Efforts of Airlines with CORSIA Requirements

- The **market for CORSIA-eligible emission units is severely constrained**.
- **States are not registering projects that can issue CORSIA eligible emission units.**
- **SAF produced under EU regulations (and potentially other states) cannot be used under CORSIA** because of lack of double certification and differences in eligibility criteria. **CORSIA fuel** should be certified under the **ISCC CORSIA or RSB ICAO CORSIA sustainability criteria** with **GHG savings of 10%**. Meanwhile, LCAF certification is still not available in the market.

ICAO Global Framework for Aviation Alternative Fuels (GFAAF)

GFAAF is a collective global **aspirational Vision to reduce CO2 emissions in international aviation by 5.0% by 2030 using SAF, LCAF, and other aviation cleaner energies**. The **industry would need around 14.3 million tons (6.3% of total international jet A1 consumption) of SAF to achieve this vision**, which would approximately reduce CO2 emissions by around 37 million tons in 2030. This requires **CORSIA eligible fuels**. The framework allows for the use of **mandates** to achieve the vision. It's worth mentioning here the several mandates applied or planned **for the uplift SAF** as included below.

RefuelEU Law

Aviation fuel suppliers have obligations to **supply minimum shares of SAF across EU airports starting with 2% in 2025**, 6% in 2030 (0.7% eFuel), 6% in 2032 (1.2% eFuel), 20% in 2035 (5% eFuel), 34% in 2040 (10% eFuel), 42% in 2045 (15% eFuel), to **70% in 2050** (35% eFuel), in addition to **reporting obligations**.

The eligible fuel should be certified according to the **EU sustainability criteria**.

Anti-Tankering requirements will start in 2025, requesting airlines to uplift 90% of their fuel quantity required for trips departing EU Member states. Monitoring of fuel uplifts is being done in 2024 to be reported in 2025, and then on annual basis.

Refuel EU **penalties are on suppliers but could possibly be passed to airlines**.

UK SAF Mandate

The UK SAF mandate was adopted whereby aviation fuel suppliers have **obligations to supply shares of SAF across the UK airports** as follows:

2025: 2% SAF , 0.2% PtL (starting **2028); 2030: 10% SAF**, 0.5% PtL; 2035: 15% SAF, 1.5% PtL; 2040: 22% SAF, 3.5% PtL

Eligible SAF under the UK mandate must generate a 40% reduction in emissions when compared to conventional fossil-based Jet A, and it has a **different sustainability criterion than that of the EU and of CORSIA**.

Singapore

Singapore initiated a national SAF target proposal of:
1% SAF uplift in 2026
3–5% SAF uplift by 2030

In addition, the Civil Aviation Authority of Singapore (CAAS) plans to introduce a **SAF levy** at a level sufficient to fund SAF at the applicable target level.

CORSIA eligible fuel will be used as the criteria for SAF eligibility.

United States

Producers of SAF are eligible for a **tax credit**.

Recognized SAF should achieve a **50% lifecycle GHG reduction**. The US works with **regulatory approvals (pathways)** not third-party certification schemes.

Other SAF Mandates in the Making Around the World

Brazil adopted a SAF mandate that would enforce a **1% reduction in CO2 emissions starting 2027**, increasing year-on-year to **10% by 2037**. SAF recognized in Brazil is expected to be CORSIA eligible fuel.

India*: India initiated a policy proposal, targeting international flights for a national SAF mandate of 1% by 2027, doubling to 2% by 2028 and potentially increasing to **5% by 2030**.

Japan*: Japan is discussing a proposal to develop a national SAF mandate requiring **10% SAF use by 2030**.

China*: Already established a SAF use goal of 50,000 tons. Industry seems to be expecting a blending mandate of **2 – 5% by 2030** to be announced.

Turkiye*: Proposed blending rate of SAF as follows: 2025 and 2026 –1%; 2027 – 2%; 2028 – 3%; 2029 – 4%; **2030 – 5%**.

United Arab Emirates*: A 'guideline' that **by 2031, 1% of the fuel supplied to UAE airports would be SAF produced from domestic SAF facilities**.

Malaysia*: Malaysia will establish a SAF blending mandate starting with 1% in 2025 and targeting a **47% SAF blending mandate by 2050**.

Indonesia*: Indonesia in 2024 restated its ambition to introduce a **5% SAF mandate from 2025 onwards**.

**There's no confirmed information about which SAF sustainability criteria will be adopted.*

Challenges Emanating from Proliferation of SAF Mandates

1. Production of SAF is extremely low compared to the expected demand resulting from the mandates. Please see table below:

Expcected SAF Production Per region*								
Year	North America	Europe	Asia-Pacific	Middle East	Latin America	Africa	Total	Surplus/deficit
2025	917,189	476,412	264,109	27,486	19,493	2,448	1,707,138	223,963
2030	2,051,936	1,288,995	756,443	62,888	17,754	17,011	4,195,027	-3,525,508
2035	4,920,557	3,092,433	1,945,914	156,206	45,850	47,000	10,207,960	-19,076,508

*The surplus/deficit is calculated based on the total mandates vs. total production of SAF regardless of its geographical distribution

Source: Bloomberg, ICAO, AACO estimates

2. **SAF produced in different locations differs in its sustainability criteria**; meanwhile **no double certification** for the same SAF batch is allowed.
3. **No global Book & Claim** system for SAF exists at the moment. This discourages production and negatively affects compliance efforts by airlines.
4. Airlines will incur an **increase in cost** when buying cleaner energies **without guarantees that their investments** in buying cleaner energies will **be accredited to their emission reduction obligations** under the different policies. Examples below:
   - ▲ The current practice is applying **penalties** on suppliers when they don't meet their SAF mandates obligations, but that cost is being **passed to airlines**.
   - ▲ There's the possibility of some **governments selling the SAF** to airlines and registering them in the **National Determined Contributions (NDCs)** under the Paris agreement, and that would prevent airlines from claiming the emissions reduction in the SAF they buy.
   - ▲ It is **not clear if SAF taxes or levies will be credited to airlines** as part of their emissions reduction efforts.
   - ▲ Some **mandates may encourage suppliers to increase the Jet A1 premium** in order to finance SAF production. This already happened in India.
5. There is currently no consideration for global certification and usage of Low Carbon Aviation Fuel even for the interim phase.

Emissions Trading Schemes

Many states are implementing emissions trading schemes at the domestic level. Meanwhile, the UK ETS covers domestic and flights with the EEA area. The **EU ETS has the widest coverage** as it covers flights within the European Economic Area (EEA).

Most Notably, **as of 2026** the EU ETS requires **all airlines operating flights within the European Economic Area (EEA) to buy offsets from the EU market for all their emissions**.

▲ 20 million allowances are earmarked for the use of SAF on ETS-eligible flights between 2024 – 2030.

▲ There's the **possibility of including all departing flights to non-CORSIA states in the EU ETS starting 2027**.

Challenges Emanating from the EU ETS

- **The cost of EUA/ton of CO2 is expected to reach USD 125.5 in 2027, which means that airlines would pay an excess of USD 6 billion to offset their emissions (considering emissions are at the same level as 2023).**
- **Eligible fuels under both Refuel EU and the EU ETS must generate a 65% reduction in emissions** when compared to conventional fossil-based Jet A and must follow the EU RED certification criteria which is **not recognized by CORSIA and vice versa**.
- There's **limited supply of SAF** which needs to be increased by around 10 and 40 folds in 2025 and 2030, respectively to meet the industry's projected demand.

Taxes & Levies

- A UN Task Force established by France and Kenya and gathering Barbados, Antigua and Barbuda, Spain, African Union, European Commission as observer, has started working on investigating **options for raising money for Loss and Damage Fund** that was established by the UNFCCC to help vulnerable countries deal with the effects of climate-related storms and disasters. **One of the options** that is being investigated is **applying a levy on aviation**.
- Meanwhile, green taxes on aviation exist including the possibility of implementing taxes and levies to fund production of sustainable fuel, such as the case of Singapore that announced the implementation of a SAF levy on international flights.

Challenges Emanating from taxes and levies

- It is **not clear if SAF taxes or levies will be credited in emission reduction to airlines, customers or States' NDCs** (National Determined Contributions).
- **Taxes and levies negatively impact the contribution of the travel and tourism sector in GDP** accompanied with a loss of jobs in the sector.

Net Zero Emissions by 2050

States agreed under ICAO on a Long Term Aspirational Goal (LTAG) of net zero emissions by 2050 to be achieved via a basket of measures where the main contributors would be: technology (21%), infrastructure (11%), offsetting (13%), SAF/LCAF and cleaner energies (55%). So even if contributions by technology, infrastructure and cleaner energies are achieved, airlines will still have to offset carbon emissions.

Challenges Emanating from the NZE

Not enough attention is being given to the other pillars of **ICAO's four-pillar strategy** to address aviation contribution in climate change which are to reform and modernize the **infrastructure** as well as to prioritize **technology advancements** in engine and airframe manufacturing.

Including Non-CO2 Emissions in Aviation Related Policies

- The **impact of non-CO2 emissions is gaining momentum on the regulatory side of aviation**. The main focus is on non-CO2 emissions of aviation resulting from the formation of **contrails** and from **NOx emissions**.
- On the scientific side, the **impact of these emissions cannot be accurately measured at an airline or a flight level**, while measurement and **mitigation of these emissions is still not concluded**.
- However, at the regulatory side, the **European Union has introduced a requirement for Monitoring, Reporting, and Verification (MRV) for aviation non-CO2 emissions from 1 January 2025** within EU ETS full scope (to, from, and within the EEA countries).
- **From January 2027**, the monitoring and reporting requirement will be mandatory **for all inbound and outbound flights to the EEA**.
- By 31 December 2027, the Commission shall submit a report and, where appropriate, a **legislative proposal to mitigate non-CO2 aviation effects** by expanding the scope of the EU ETS to include non-CO2 aviation effects.

At **ICAO's** level, the organization held a **symposium on non-CO2 emissions of aviation** in September 2024, which brought some clarity and better understanding of the non-CO2 effects of aviation and potential mitigation actions.

Challenges of including non-CO2 in the EU ETS or any other aviation policy

1. Including non-CO2 emissions in aviation policies is an undesirable precedent for **setting policies ahead of science.**
2. Tools and **mechanisms to gather and validate accurate non-CO2 data** are not available yet.
3. Currently there are **no proven scientific methods to mitigate non-CO2 emissions.**

How AACO is Addressing Environmental Challenges

01

AACO developed a **sustainability strategy** (details below) based on the mandate of AACO Executive Committee for the need to have a unified sustainability strategy for AACO members.

The purpose of the strategy was to provide AACO members with a **high-level understanding of the various sustainability requirements and challenges, as well as to guide AACO members' efforts to address the pertinent sustainability requirements**.

02

AACO is exploring the **possibility of signing long-term contracts for the uptake of Sustainable Aviation Fuel by AACO members.**

03

AACO continues to work on the **Sustainability Management Solution** being developed by SITA based on the criteria set by AACO members.

04

Awareness, updates, and developments are constantly shared with the relevant working groups in AACO being the **AACO Environmental Policy group, Aeropolitical Watch Group, and SAF Taskforce**.

05

AACO is **closely coordinating** and discussing environmental challenges **with ACAO and its Environmental Committee in preparation for the ICAO Assembly of 2025**.

Way Forward: AACO's Strategy to Address the Challenges of Sustainability Requirements

To address the challenges of sustainability requirements, AACO has recommended action points to members as the **strategy to deal with the new sustainability realities** and to work together to advocate that strategy with national, regional, and international stakeholders, as follows:

To work with authorities to **take into consideration, when formulating policies on sustainability, the long-term impact on air transport activities and their contribution to economic growth and job creation**.

To encourage governments to **register any local sustainability projects to be certified by ICAO Council to issue carbon certificates that airlines can use to offset their emissions under CORSIA**.

To advocate with governments **to explore the potential for the local production of aviation cleaner energies.**

To call upon governments **to implement the necessary steps to reform and modernize the infrastructure as well as to prioritize technology advancements in engine and airframe manufacturing.**

To prepare the grounds for **ICAO's 2025 Assembly** to achieve results on the following:

- To conduct studies for the establishment of a global accounting mechanism for the use of Sustainable Aviation Fuels (Book & Claim System).
- To request states to consider CORSIA as the only market-based scheme to mitigate international aviation emissions.
- To request ICAO to recognize, under CORSIA or any other ICAO emission reduction program, reduction in emissions resulting from the use of SAF and LCAF that are mandated or required by regional or national regulations, without prejudice to ICAO's standards under CORSIA.

SAF Policy Structure

To encourage states to adopt **incentive-based policies** for the production and uptake of SAF/LAF. If a state opts to adopt a **SAF/LCAF mandate** or target, to make sure that the **policy structure** in that regard includes the following:

- Fuel suppliers and producers to be the responsible parties for the implementation of SAF/LCAF mandates by making SAF/LCAF available for airlines as per the mandated level.
- Any such policies should include mechanisms that prevent suppliers from passing on penalties they should pay to governments, on to their airline customers.
- Any policies should include mechanisms that request suppliers to supply cleaner energies equitably to their airlines' customers based on their historical uplift of Jet A1 from that supplier.
- To recognize the criteria of CORSIA eligible fuels as eligible fuels to meet the mandated levels.

ICAO Action Plan on Emissions Reduction

To request states **to include in their state action plans, any mandates or targets they intend to implement for the use of SAF/LCAF.**

Aeropolitical Affairs

The year 2024 corresponds to the **80th anniversary of the signing of the Chicago convention**; this landmark agreement established the **core principles permitting international transport by air** and led to the creation of the specialized agency which has overseen it ever since, the International Civil Aviation Organization (ICAO).

AACO continues to advocate for respecting the articles of the Chicago Convention and the Air Services Agreements that govern international civil aviation relations, in order to ensure that aviation continues to play its role in connecting people and supporting economic growth. Air travel contributes to increasing consumer benefits and choices, creating jobs, and generating numerous socio-economic benefits. When dealing with aviation policies, AACO, under the umbrella of AACO Aeropolitical Watch Group, advocates for the following pillars:

01 **Inclusion of aviation in the national economic development plans**, so aviation is fit to contribute to economic growth.

02 **Harmonization of aviation policies** with relevant global policies to facilitate compliance and ensure non-discrimination.

03 **Liberalization of market access** using the provisions of the Chicago Convention.

04 Application of **regulations that are guiding and not prescriptive,** especially ones dealing with aviation's consumer services.

05 **Adherence to international air law instruments and ICAO's policies,** especially on charges and taxation.

06 **Development of aviation's infrastructure** in tandem with traffic growth.

07 Investing in **capacity building.**

08 Following **ICAO's safety and security standards** to enhance the safety of civil aviation.

09 Recognizing **ICAO's plans and programmes for environmental protection regulations** and avoiding proliferation of environmental measures that are not harmonized or agreed under ICAO.

Aeropolitical Developments Over the Past Year

Taxation:

Air transport is witnessing a sharp **increase in tax initiatives** at the national, regional, and global levels. Taxes in the aviation industry affect connectivity, travel choices, and level of services.

Passenger Taxes: The increases being witnessed on passenger taxes have a **direct impact on aviation's contribution to connectivity, GDP, jobs creation, and the economy** as a whole, where the result is usually reduced demand for air travel and hence less economic benefits for the country implementing the taxes.

Article 8 of the UN Tax Model Convention: The United Nations Tax Committee is proposing to **transform a residence-based approach for airlines' income taxes to an approach where airlines would be taxed in all jurisdictions in which they generate revenue**. The committee is proposing to amend Article 8 of the UN Model Tax Convention, for that purpose.
If this proposed amendment is approved, it **will create a lot of complications for both airlines and tax authorities**.
In addition, the current residence-based approach is in line with the ICAO Policies on Taxation in International Air Transport, and the Chicago Convention.

As such, **AACO** has cooperated and continues to do so with ICAO, IATA, and airlines' regional associations to **advocate for maintaining the residence-based approach to corporate income taxation for airlines**.

UN Framework Convention on International Tax Cooperation: The UN Ad Hoc Committee adopted Terms of Reference (ToR) for a UN Framework Convention on International Tax Cooperation – a binding instrument on international tax policy.

The committee is proposing to establish two protocols to compliment the framework convention. The first protocol will address taxation of income derived from cross-border services in an increasingly digitalized economy. This will affect airlines' income taxation. The second protocol could possibly deal with tax cooperation on environmental challenges.

As this is an issue that would affect airlines globally, **AACO** as well started **joining efforts with ICAO and IATA to advocate for adherence to the taxation provisions in the Chicago Convention and ICAO's policy documents on taxation in international air transport**.

Green taxes: **Taxes** imposed on travel under the environmental banner **continue to proliferate**. These taxes do not bring any environmental benefits and are only a government revenue generation source. **Airlines are paying for green taxes while not being able to claim the reduction in emissions** resulting from the taxes, given that the revenues generated from the taxes are not being re-invested in initiatives that would support aviation's efforts to combat climate change.

AACO continues to advocate for **globally harmonized approaches under ICAO's umbrella when dealing with aviation's impact on climate change**, while calling for governments to avoid taxes and levies and instead to implement incentive-based policies.

Passenger Rights and Accessibility:

Most air passenger rights regulations hold airlines financially accountable for the inconveniences instead of a shared responsibility between all relevant stakeholders (airlines, airports, air traffic controllers) where the source of the disruption would be held financially liable towards passengers. Over the past year, there has been a **surge in regulations in the United States on passenger rights** dealing with Family Seating in Air Transportation, Passengers Who Use Wheelchairs, ticket refunds for cancelled or significantly changed flights, and Enhancing Transparency of Airline Ancillary Service Fees.

Meanwhile, **accessibility regulations for disabled passengers continue to evolve**, mainly in the United States, Canada and the EU.

AACO continues to **advocate to adopt guidance instead of prescriptive policies** when it comes to passenger rights in general and for passengers with disabilities. AACO especially cooperates with IATA and other regional associations to defend the interests of airlines in proposed regulations around the world. AACO also calls upon governments to be guided by ICAO's core principles for passenger rights when developing policies in this area.

Unruly Passengers:

In 2024, the number of countries becoming parties to Montreal protocol 2014 increased to 51, representing more than one third of total air traffic. The list of Arab states party to the protocol are, Bahrain, Egypt, Iraq (joined in 2024), Jordan, Kuwait, Oman, Qatar, Tunisia (joined in 2024) and United Arab Emirates.

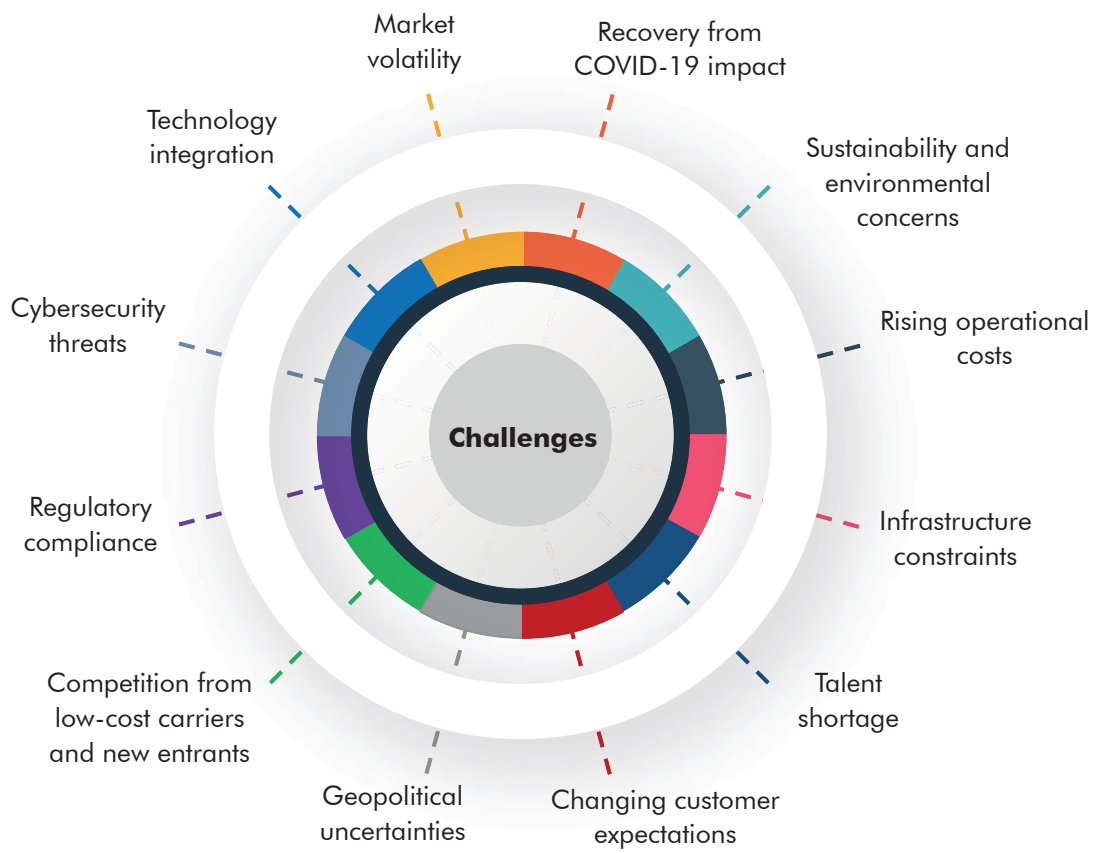
The protocol provides states with stronger legal powers to ensure those who are unruly and disruptive face consequences for their behavior.

AACO continues to **advocate with governments to accede to Montreal protocol of 2014**.

Digital Transformation

The Current Landscape

The airline industry currently faces several significant challenges that require airlines to be agile, innovative, and strategic in their approach to remain competitive and sustainable in a rapidly evolving industry landscape.



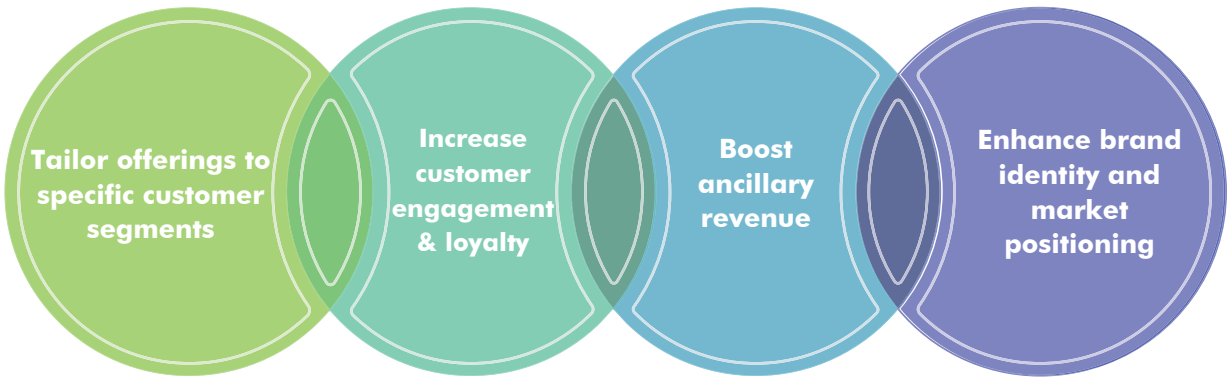
The Need for Transformation in the Airline Industry

In the wake of the COVID-19 pandemic, airlines face unprecedented challenges. Reduced growth, rising costs due to sustainability requirements, and limited infrastructure development have created a highly competitive environment. To succeed, airlines must innovate and adapt, with **content differentiation and marketplace models emerging as key strategies** to be able compete in an increasingly complex and demanding environment.

Content Differentiation: A Key to Competitive Advantage

In today's airline industry, content differentiation has become a crucial strategy for standing out in a crowded market. This approach involves **creating unique and tailored offerings that go beyond basic transportation services**. However, to effectively implement content differentiation, airlines must first transform their IT infrastructure from traditional passenger service systems to **modern offer and order management systems**.

With a modernized IT infrastructure in place, airlines can leverage content differentiation to:



Airlines as Marketplaces: Expanding Horizons and Revenue Streams

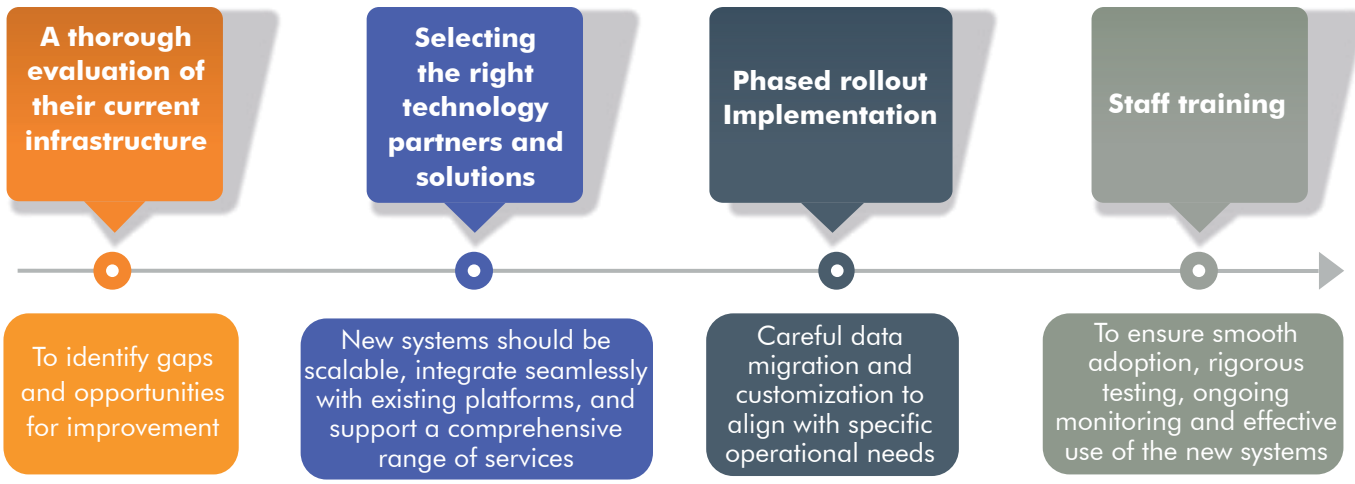
The **evolution of airlines into multifaceted marketplaces** marks a significant shift in the aviation industry, as **carriers expand their roles beyond traditional transportation providers**. By integrating a diverse array of ancillary services and forging strategic partnerships, airlines are **transforming their platforms into comprehensive travel ecosystems**. This shift allows airlines to offer customers a seamless booking experience that includes not only flights but also accommodations, car rentals, and in-destination activities. Such diversification not only enriches the travel experience but also opens new revenue streams through commissions, advertising, and subscription models. As airlines leverage data analytics for **personalized recommendations and streamline service delivery**, they enhance customer satisfaction while reinforcing their brand's value and competitive edge. This **marketplace model** not only meets the evolving needs of modern travelers but also positions airlines as central players in the broader travel and tourism sector.

The Foundation: Offer and Order Management Systems

At the core of transforming airlines into dynamic marketplaces lie **robust Offer and Order Management Systems (OMS),** which **serve as the foundational infrastructure for managing and optimizing customer interactions and transactions**. These systems are pivotal in handling complex inventories, personalizing offers, and streamlining the booking process. An effective Offer Management System enables airlines to create and manage a wide range of products and services, from flights and ancillary options to bundled packages, all tailored to individual customer preferences. **Complementing this, a sophisticated Order Management System** ensures seamless order processing, from initial booking through to fulfillment, including payment handling, service delivery, and post-purchase support. By integrating these systems, airlines can enhance operational efficiency, offer personalized experiences, and maintain a cohesive customer journey, ultimately driving satisfaction and revenue growth in the competitive travel marketplace.

Transitioning to Offer and Order Management

To transition effectively to advanced Offer and Order Management Systems, airlines must undertake a systematic approach



Conclusion

Content differentiation allows airlines to create unique value propositions that resonate with specific customer segments, while **marketplace models enable them to expand their offerings** and revenue streams. Together, these strategies can help airlines build **stronger brand loyalty**, improve customer satisfaction, and drive **sustainable growth** in a challenging market environment.

AACO, through the **Digital Transformation Task Force**, is assessing the availability, scalability, deliverables, and development **roadmap of each of the technology systems** and is working on identifying the **best scenario for a phased rollout implementation** based on airline needs and adopted strategies.

Effective Cooperation, Networking, and Awareness

AACO strives to enhance effective cooperation between member airlines to bring added value to them, and that happens through the work of AACO's steering boards, task forces, and working groups. Under the umbrella of those steering boards and groups, AACO addresses issues of importance to member airlines, and cooperates with regional and international bodies, non-Arab airlines, manufacturers, service and solutions providers, and other air transport stakeholders, offering a broad framework of cooperation for all concerned.

Awareness and networking are provided through AACO's publications, specialized forums, dialogue and coordination with regional and international bodies, and within the work of the various steering boards, taskforces, and working groups.

In addition, AACO continues to utilize the Regional Training Center by providing relevant training through in-person workshops and courses and via its e-learning platform.

Cooperation under the Umbrella of AACO's Steering Boards, Task Forces, and Working Groups

Due to the multidisciplinary nature of climate change and aviation, it is managed jointly by three AACO working groups namely: The Environmental Policy Group, the Aeropolitical Watch Group, and the Sustainable Aviation Fuel Task Force, with the cooperation of the ACAO Environmental Committee and the Arab representatives at the ICAO Council. Accordingly, we will list the brief on the work done by those three groups regarding aviation and climate change within the Environmental Policy Group.

Environmental Policy Group

Global environmental measures are essential to mitigate the impact of international aviation emissions. However, in spite of ICAO's agreements on having them as the ONLY measures for international aviation, regional, and national regulations are proliferating in a way that renders the sustainability requirements extremely complicated and burdensome on airlines and customers.

The focus this year was on developing a unified sustainability strategy for AACO members with the purpose of providing AACO members with a high-level understanding of the various sustainability requirements and challenges, as well as to develop a strategy to guide AACO members' efforts to address the pertinent sustainability requirements.

On the other hand, the three working groups focused their work on raising awareness and advocating on the major environmental issues such as the proliferation of regional and national measures including market-based measures, levies and taxes (including the possibility of a global aviation levy to contribute in funding the Loss & Damage fund under the UNFCCC), mandates for the uplift of SAF, the lack of a globally unified certification for the emission reductions resulting from the use of SAF or LCAF under the various regulatory schemes, and others.

Aeropolitical Watch Group

The Aeropolitical Watch Group (AWG) followed up throughout 2024 on aviation's regulatory environment including but not limited to taxation, slots allocation rules, air passenger rights, accessibility, and other aeropolitical affairs affecting the operations of AACO member airlines.

The group as well cooperated extensively with AACO's Environmental Policy Group and AACO's Sustainable Aviation Fuel Task Force on policies related to environmental sustainability and the regulatory environment of Sustainable Aviation Fuels.

Sustainable Aviation Fuel Task Force

AACO Sustainable Aviation Fuel Task Force worked with the Environmental Policy Group on advocating for important principles that would make SAF, LCAF and other cleaner energies available in a cost-effective manner for airlines to be able to meet their environmental sustainability targets.

Digital Transformation Task Force

The Digital Transformation Task Force (DTTF) was formed based on the mandate of the Executive Committee in order to look at and recommend to AACO members' CEOs a number of priority actions related to how would the airlines address the varying sustainability requirements resulting from regulations enacted globally, regionally, and nationally, and finding a Digital Identity Solution that can digitize customer's travel processes at all touchpoints, through airlines, airports, and border control, as well as other areas that will help airlines empower their direct channels, enable better customer management, and transition from the current centralized, quasi-monopolistic environment, to a decentralized and modular such as Offer and Order, and Payment Platforms.

The DTTF held a number of meetings this year and has concluded its work on two main areas namely; the sustainability management solution and the digital travel ID. The DTTF will continue its work on the offer and order, payment platforms and other areas that can help airlines in their technological transformation.

Aviation Security (AVSEC Advisory Group)

AACO AVSEC Advisory Group continued utilizing the AACO Aviation Security Information Sharing Mechanism. The group addressed emerging security threats, and best practices related to security management systems and cybersecurity.

AACO Amadeus Steering Board

AACO Amadeus Steering Board continues to explore the various enhancements in technologies as well as any new ones which contribute to the sustainable growth and rebuilding of travel in a changing world. Moreover, the Board is working in line with the roadmap to leverage innovative technologies to create a transformational environment for the airlines' relationship with their customers as well as the integration of NDC to enhance the airline's ability to offer richer content, and personalized services. By addressing these areas, the Board aims to optimize the airline's distribution strategy, and improve customer experience.

Fuel Steering Board

AACO's Fuel Project, which is managed by the Fuel Steering Board (FSB) and the Aviation Fuel Advisory Group (AFAG), provides a platform for member airlines and jet fuel industry stakeholders to spread awareness and ensure a safe, sustainable, and competitive aviation fuel industry. In addition, the FSB members are closely monitoring all mandates and regulations related to sustainability, as well the different Sustainable Aviation Fuel requirements.

Engineering & Maintenance Steering Board

The project was launched in 2013 and gathers thirteen member airlines. The project aims at enhancing collaboration between its members in maintenance, repair, and overhaul activities, through nine initiatives. Three initiatives were launched to-date: namely Vendor Audits, Purchasing, and Loans & Exchanges.

Ground Handling Steering Board

The Ground Handling Steering Board (GHSB) is currently working on launching new projects at different outstations. The board began with 2 initiatives; the first is a Global Agreement on Diversions, Ad-Hoc Flights and Technical Landings and the second is cooperation at London Heathrow Airport.

Human Resources Development Steering Board

The Human Resources Development Steering Board follows up on the activities of the Regional Training Center and discusses the training needs of member airlines during its periodic meetings.

The AACO Regional Training Center (RTC) continued to provide support to the human resources capabilities of aviation personnel in the region. In 2023, the center held 141 courses, attended by 1,421 trainees, including 56 virtual courses conducted through the RTC eLearning platform attended by 518 participants. Also, 108 scholarships were granted from AACO to member airlines in addition to securing 4 scholarships from the European Aircraft Manufacturer ATR on the Part-time Executive Aerospace MBA program at Toulouse Business School in France.

During the first half of 2024, the center held 60 courses, attended by 555 trainees, including 20 virtual courses conducted through the RTC eLearning platform attended by 179 participants. Also, 58 scholarships were granted from AACO to member airlines.

Emergency Response Planning Steering Board

The Emergency Response Planning (ERP) Steering Board continues to work on the objectives of the ERP Project through improving crisis preparedness and coordinating support between members, in addition to sharing experience and best practices among all stakeholders involved in emergency response planning.

In-Flight Medical Emergencies Task Force

Given the complexities of diversions in case of medical emergencies, and the need to coordinate with multiple stakeholders, AACO is working with in-flight medical care providers to procure a solution that would allow members to ensure proper medical attention is given to its members on board in case of emergency, facilitate necessary ground support, and minimize their cost of operations related to medical diversions.

Awareness and Networking

Industry Partnership Program

- Comprises 38 partners.
- Provides a platform for suppliers & providers to cooperate with AACO members.
- Provides a platform for networking.

Partner Airlines

- Comprises 4 non-Arab airlines namely IAG International Airlines Group, Malaysia Airlines, Pegasus Airlines, and Turkish Airlines.
- It provides a platform for cooperation with AACO members through joint projects and other initiatives.

International Representation

- Includes regional & international organizations, governmental and non-governmental bodies.
- Aims at providing a framework of cooperation and protection of members' interests.

AGM

Highest authority in AACO
Sets the strategies and roadmap of AACO

Forums

- **Business Technology Forum** — Covers commercial, digitization, and IT issues
- **Aeropolitical Affairs Forum** — Addresses global & Arab regulatory affairs
- **Technical Forum** — Addresses the latest developments in flight operations, MRO, safety, security, and sustainability
- **Aviation Fuel Forum** — Covers all fuel related issues including sustainable aviation fuels

Publications

Electronic Bulletins

Social Media

AACO Website

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