



ELEVENTH SESSION OF THE STATISTICS DIVISION

Virtual, 4 to 8 April 2022

Agenda Item 1 : ICAO Air Transport Reporting Forms

STATISTICAL DEFINITION OF NON-SCHEDULED ALL-CARGO TRAFFIC

(Presented by the International Air Transport Association (IATA))

EXECUTIVE SUMMARY

This paper presents the current definitions on non-scheduled flights in relevant ICAO manuals and their application by States on reporting traffic statistics. It outlines the differences in the reporting, particularly for non-scheduled all-cargo traffic, due to the lack of understanding or different interpretation of the definitions. The paper proposes a new statistical definition on non-scheduled all-cargo traffic.

Action by the Division is indicated in paragraph 5.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective — <i>Economic Development of Air Transport</i> .
<i>References:</i>	ADAP/3-WP/13 <i>Report of the Third Meeting of the Aviation Data and Analysis Panel (ADAP/3, Yellow Cover)</i>

1. DEFINITIONS OF NON-SCHEDULED TRAFFIC

1.1 Currently, ICAO defines, for statistical purposes, “scheduled (revenue) flights as flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognizably systematic series, which are open to direct booking by members of the public (and extra section flights occasioned by overflow traffic from scheduled flights). Non-scheduled (revenue) flights are the remainder.”

1.2 Elaborating on the statistical definition of non-scheduled traffic, the *Reference Manual on the ICAO Statistics Programme* (Doc 9060)¹ has noted the increased blur between charter services (traditionally marketed to the public by travel agencies in combination with other services such as hotel packages and/or in combination with specific fare conditions) and services open to direct booking by members of the public, due to the further liberalization of air transport. For some of the operators associated with the traditional charters, traffic has become known as ‘scheduled charters’, where the reporting State has been able to choose whether to allocate these as scheduled or non-scheduled traffic.

1.3 The statistical definition has a better interpretation and application in the context of passenger compared to all-cargo traffic. All-cargo flights are not necessarily published in timetables as the types of interaction and contractual arrangements between airlines and their clients do not necessarily require the schedules to be published or to be known. Also, the ability to directly book cargo on a particular flight would not necessarily be relevant. A typical example is an integrator airline, which applies systematic schedules, albeit not published, where the public generally do not require to see or to know about them.

1.4 Although non-scheduled traffic is treated as a residual in this definition, it approaches the definition of non-scheduled traffic as stipulated by the *ICAO Manual of Regulation of International Air Transport* (Doc 9626)². The Manual, however, adopts a looser application to non-scheduled traffic by not specifying explicit restrictions regarding the presence of timetables or systematic series, and the openness to direct bookings by members of the public.

1.5 The Manual defines non-scheduled traffic by stipulating the airline-client relationship where the client assumes the commercial responsibility of the operation (also referred to as *charters*) with the exception of on-demand such as air-taxi services which are treated as non-scheduled traffic by default. The Manual also stipulates that, unlike scheduled services that are regulated primarily on the basis of bilateral agreements between States, non-scheduled services are generally authorized on the basis of national regulation. The statistical definition does not mention this aspect.

1.6 Cargo charter flights are in the Manual explicitly mentioned as “cargo charter flights, including those that are chartered for resale purposes by freight forwarders, consolidators, shipper’s associations, express/small package/courier services and similar charterers, and those for the charterer’s own use rather than resale”.

1.7 The Ninth Session of the ICAO Statistics Division (STA/9), 1997, has recommended to retain the distinction between scheduled and non-scheduled traffic for statistical purposes, for the benefit of approaching the regulatory distinction.

¹ Doc 9060, *ICAO Reference Manual on the ICAO Statistics Programme, Fifth Edition, 2013*

² Doc 9626, *ICAO Manual of Regulation of International Air Transport, Third Edition, 2018*

2. USE OF TRAFFIC STATISTICS FOR INDUSTRY PERFORMANCE MONITORING

2.1 A prime purpose of the traffic statistics is industry performance monitoring, which calls for robust concepts and definitions that will allow valid comparison making over time, but also requires measurement solutions to be practical. It is therefore common to limit industry traffic monitoring to scheduled traffic only, due to non-scheduled traffic data being more difficult to collect in a timely and reliable manner. Given that non-scheduled traffic is typically a small percentage of overall traffic, this is an accepted practice.

Table 1: Global non-scheduled traffic as a percentage of total traffic

	Passenger traffic (RPK)	Cargo traffic (CTK)
2019	2%	2%
2020	2%	5%

source: IATA

3. ILLUSTRATION OF DIFFERENCIES IN REPORTING

3.1 2020, a year that was impacted by COVID-19, has seen an increased proportion of non-scheduled traffic on the cargo side. While this is partly due to increased charter operations (e.g. governmental charters), it may also include traffic that could have been assigned as scheduled traffic (see the further points below), hence creating distortions when making comparisons over time.

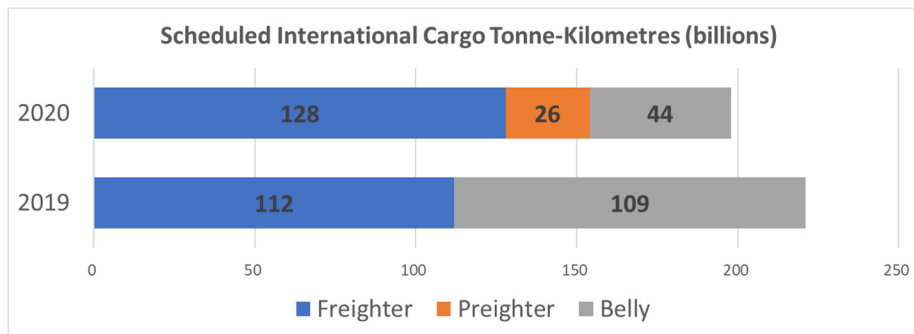
3.2 For all-cargo traffic there is less clarity as of what constitutes non-scheduled traffic for statistical purposes, and there are numerous examples of how this leads to confusion and inconsistencies:

- 1) National Civil Aviation Authorities may not treat flights in the same manner among each other from a national regulatory perspective. For example, an all-cargo flight from Netherlands to Ecuador via Colombia was classified as scheduled traffic by Colombia, and as non-scheduled by Ecuador, each in accordance to their respective regulations.
- 2) Airlines may not have clarity as of how to treat non-typical operations, where some will assign the traffic as non-scheduled traffic by default, whereas others treat the traffic as scheduled. In the context of COVID-19, this issue has exacerbated, with airlines carrying out relatively more non-typical operations. A typical example of these are the *preighters* (all-cargo operations on aircraft normally designed for passenger traffic). Rarely, according to our findings with the reporting airlines, have these services been *charters*.

Below graph illustrates the magnitude of *preighter* operations in 2020. According to our findings, of the 26 billion cargo tonne-kilometres performed by *preighters*, 6 billion of these were initially classified as non-scheduled by the airlines whereas these operations were confirmed not to be *charters*.

These distortions can have a significant impact on the industry traffic performance statistics if these are limited to scheduled traffic.

Graph 1: Cargo Traffic by Type of Operation



Source: IATA

- 3) Airlines may have a different interpretation of what constitutes a charter, compared to the public's perspective. A common example for all-cargo operators is the disposition of capacity to a single client (typically a freight forwarding company) that assumes the commercial risk, making the operation a charter from the airline's perspective. The freight forwarding company on the other hand, sells the available capacity to a multitude of clients through regular booking and sales channels, which annuls the exclusivity notion of charter traffic. These types of operations can be seen as a blur between charters and services open to the public for direct booking, analogue to 'scheduled charters' on the passenger side (see paragraph 1.2 above).
- 4) Some airlines may assign traffic on new or experimental routes as non-scheduled, in accordance to the regulatory context of the National Civil Aviation Authority at that time and switch the assignment to that of scheduled traffic later.
- 5) Due to the unclarity of the statistical definition of non-scheduled cargo traffic, reporting States may not be in possession of airline traffic data of carriers that are associated with charter traffic although which traffic may have constituted, or included, scheduled cargo traffic. The underlying reason may be either that the traffic is perceived as sufficiently small for non-reporting into ICAO Form A, or that the State did not have access to the information. By clarifying the notion of scheduled cargo traffic, and its importance for industry traffic monitoring, the States and airlines concerned can be encouraged to improve the reporting mechanisms.

4. **PROPOSAL FOR A STATISTICAL DEFINITION OF NON-SCHEDULED ALL-CARGO TRAFFIC**

4.1 IATA proposes to the Division to clarify the statistical definition of non-scheduled all-cargo traffic, so to provide a robust and consistent framework that serves industry monitoring, by adoption of the following definition:

“Non-scheduled (revenue) all-cargo flights are limited to chartered operations where the capacity is put to the disposition of a single (or small group of related) client(s), where third parties have no access to without additional conditions, including on-demand services. Scheduled (revenue) all-cargo flights are the remainder.”

4.2 Analogue to the statistical definition of non-scheduled passenger flights, the proposed definition limits non-scheduled cargo traffic to cargo *charters*, while observing that the statistical definition, for practical reasons, may not always coincide with the corresponding regulatory frameworks, as is the case of passenger operations.

4.3 A notable exception of this statistical definition compared to the regulatory definition is the treatment of the flights chartered for resale purposes by freight forwarders, consolidators, shipper's associations, express/small package/courier services and similar charterers. Following above's proposed definition, these flights are to be treated as scheduled provided that third parties have had regular access to these using current and publicly available sales channels, and without conditions that would be of limiting nature compared to scheduled services offering.

5. ACTION BY THE DIVISION

5.1 The Division is invited to:

- a) note the proposal presented in the paper; and
- b) support the continuation of work by ICAO and IATA to analyse the impacts of the changes in the statistical definition of non-scheduled all-cargo traffic and report back to ADAP.

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