

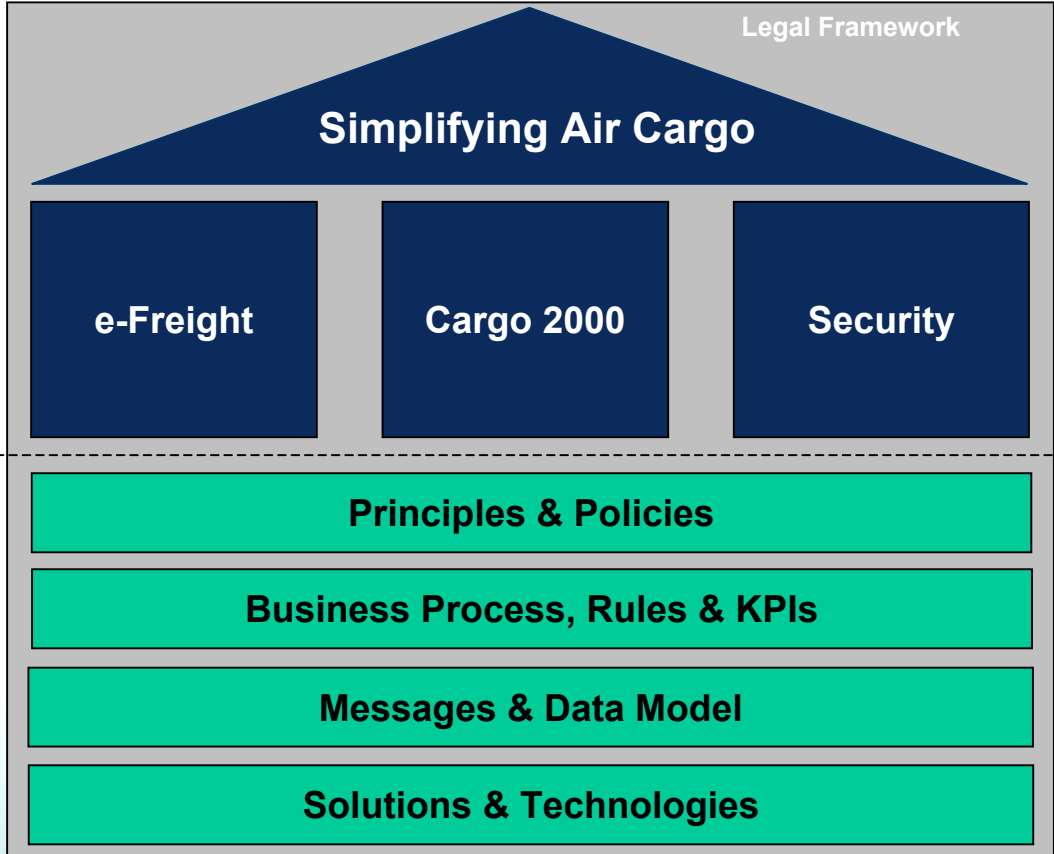


IATA e-freight Pilot

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**3 Distinct
Initiatives**



**4 Common
Foundations**



What is e-freight

■ **Target:**

- ❑ Eliminate the need to produce and transport paper documents for air cargo shipments by moving to an industry-wide, simpler, electronic, paper-free environment
- ❑ Avoid cargo being stop in the absence of the physical document

■ **Benefits:**

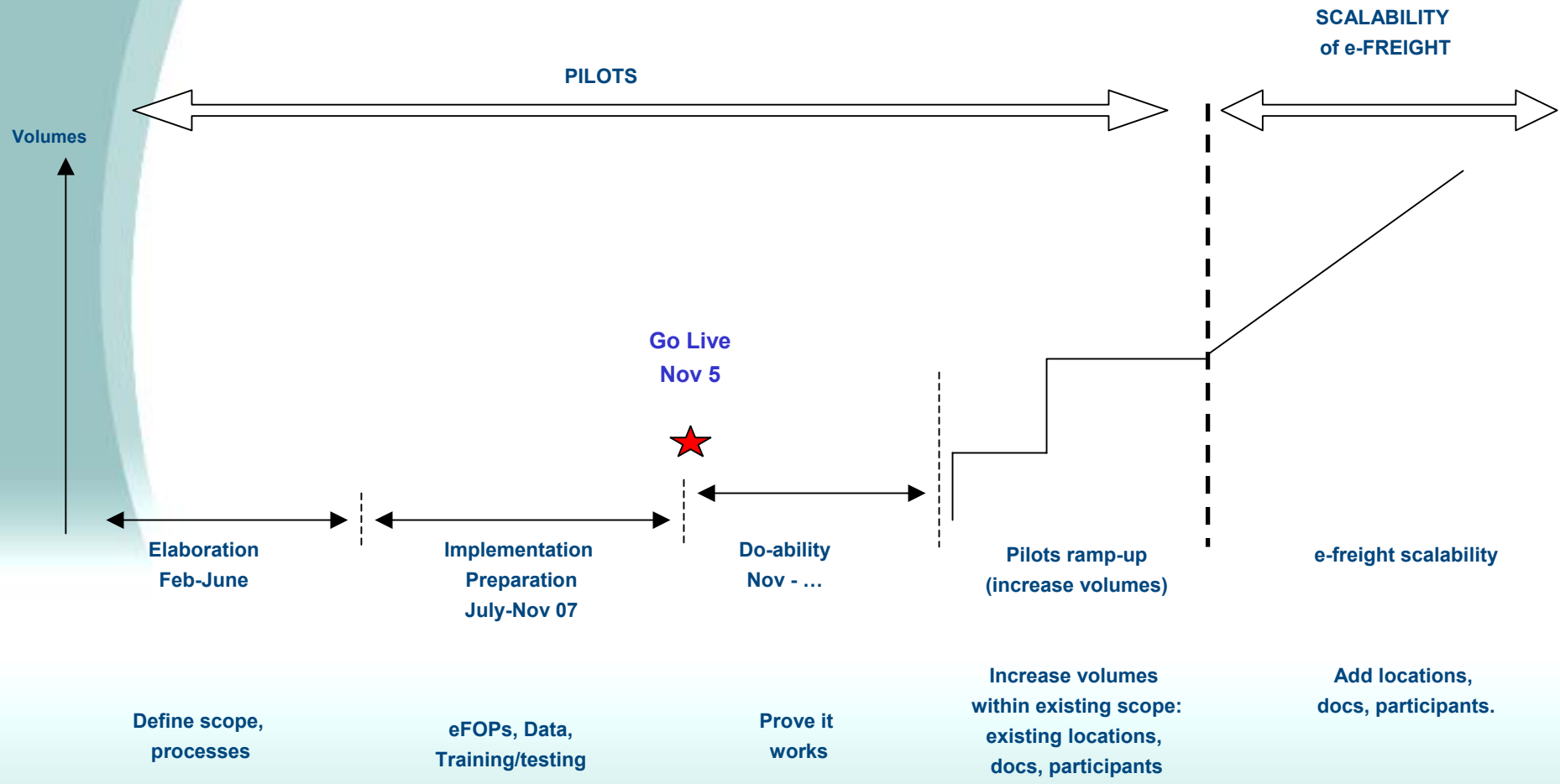
- ❑ *Shipper*: Expedited movement of goods, improved quality of service
- ❑ *Forwarder*: Process efficiency, reduced cost of compliance
- ❑ *Airline*: Process efficiency, cost reduction, improved competitiveness of air freight
- ❑ *Customs*: Faster, more accurate information for security screening & clearance

■ **Quick Facts:**

- ❑ Average of 38 documents per shipment at a cost of US\$30
- ❑ Industry savings will be US\$1.2 billion per year when fully implemented
- ❑ Paper used in processing shipments every year could fill 39 747-400 freighters
- ❑ 20 years ago it took 6.5 days on average to send a shipment internationally, today it still takes 6.0 days



Pilots overall timeline





Scope of locations & stakeholders

- 5 key requirements for e-freight:
 - Legislation for electronic customs clearance
 - Technically feasible, i.e., customs systems
 - Business process
 - Legislation that supports paper-free commerce
 - Treaty compatibility on e-freight trade lanes



Who is in the pilot ?

- Country/Area
 - Canada, Hong Kong, Netherlands, Singapore, Sweden, U.K.
- Carriers
 - AC, BA, CX, KL, MP, SK, SQ
- Freight Forwarders
 - DGF, K&N, Panalpina, Schenker, TMI, Jetspeed
- Trade lanes
 - Canada to Hong Kong, Netherlands, UK
 - Hong Kong to Canada, Netherlands, Singapore, Sweden and U.K.
 - Netherlands to Canada, Hong Kong and Singapore
 - Singapore to Hong Kong, Netherlands and U.K.
 - Sweden to Hong Kong
 - U.K. to Canada, Hong Kong and Singapore



Documents in Scope in the Pilot

Existing Document	Pilot format
Commercial invoice	Digital (scan/imaging/fax)
Packing list	Digital (scan/imaging/fax)
Consol manifest	FHL
Master Airway bill	FWB
House Airway bill	FHL
Flight manifest	FFM



IATA e-freight – e-FOP's

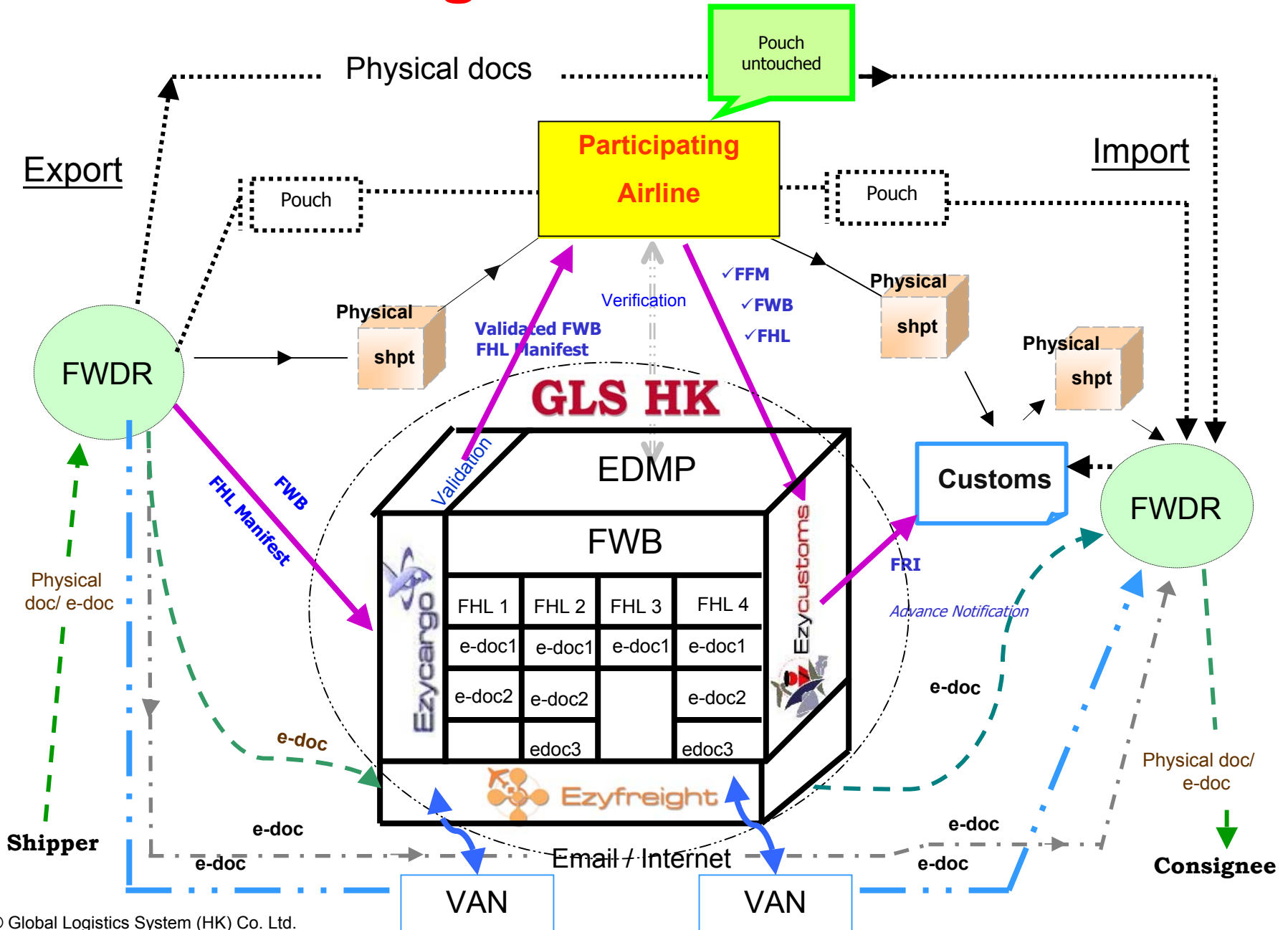
- **What are e-FOP's?**
- The Operational Procedures needed to be put in place by each participant Airline, Ground Handling Agent, and Freight Forwarder to ensure that e-freight shipments are processed correctly by their operatives
 - **What are the inputs for e-FOP's?**
 - IATA e-freight final To-Be Process
 - Trade Lane intermediate e-freight To-Be Processes for the pilots
 - e-freight generic template e-FOP's
 - Legislative, Trade Lane, Location and Participant operational necessities
 - **What are the outputs for e-FOP's?**
- Organisation and Location specific Operational Procedures that are synchronised with:
 - Trading Partners within a location
 - Trading Partners at each Trade Lane Origin / Destination
- **Organisation and Location specific Operational Procedures that can be used to educate all local operatives in the way that e-freight should be processed by them**



CX Approach

- Cargo 2000 process
- GLSHK is our CDMP
- CDMP is the document management systems to receive, store, distribute documents in electronic form.

e-freight Business Model





Moving Forward

- Mandate for 2010 is paper free where legally feasible
- Process whereby airfreight supply chain does not transport paper in parallel with the freight where feasible
- May be a requirement to produce this paper locally in original, copy or printed e-document
- Scope includes both general and special freight, i.e., the documents within scope apply to both, but Other Government Authorities' documentation for special freight is not within scope



Documents in Scope

House Airway Bill	Master Airway Bill
Commercial Invoice	Packing List
House Manifest	Flight/Cargo Manifest
Customs Release Export	Customs Release Import
Import Goods Declaration	Import Cargo Declaration
Export Goods Declaration	Export Cargo Declaration
Certificate of Origin	



What is important to the airlines ?

Remove the paper MAWB



e-AWB

Background

- As part of the e-freight pilots, the Air Waybill will not be transported anymore with the freight
- Signed paper Air Waybill will remain for Carriers & Freight Forwarders in the e-freight do-ability phase
- Carriers & Freight Forwarders are expecting the signed paper Air Waybill to be removed asap



e-AWB Constraints

- The solution will have to meet legal, business and technical requirements
- On a legal standpoints the solution needs to meet the following regulations or resolutions
 - ✓ Montreal Convention 99
 - ✓ Montreal Protocol 4
 - ✓ ICAO Annex 9
 - ✓ IATA resolutions 600a, 600g, 600h, 660...
 - ✓ National, local,... legislations



e-AWB

High Level Solution – 3 steps approach

- Exchanging e-AWB
 - Freight Forwarder will send an Electronic Air Waybill to the Carrier
 - Carrier will send back an Electronic Air Waybill acceptance to the Freight Forwarder
- After the exchange of each e-AWB
 - Carrier and Freight Forwarder will archive electronically the Electronic Air Waybill and its acceptance
- Prior to the exchange of any e-AWB
 - Carrier and Freight Forwarder will sign an Electronic Data Interchange agreement with conditions of contract and archive it
 - Carrier and Freight Forwarder may have to update their Interline & Ground Handling Agent agreements and archive them



e-AWB

Step 1: Prior to the exchange of any e-AWB

- Carrier and Freight Forwarder will sign an Electronic Data Interchange agreement
 - Formalize air cargo contract of carriage by electronic means
 - Record the consent of the Freight Forwarder to establish an e-AWB to replace the paper means (as per IATA Resolution 600h)
 - Confirm that the Freight Forwarder has read and accepted Conditions of Contract (resolution 600bII) and General Conditions of Carriage for Cargo
- Carrier and Freight Forwarder will update their Interline & GHAs Agreements
 - Agree on the use of an e-AWB instead of the issuance of a paper AWB
- Carrier and Freight Forwarder will archive their EDI Agreements as well as their Interline and GHAs agreement (if needed)



FWB Updates

Background

- Best Practice (C2K) is to **have only one FWB with no updates**
- In reality manual updates to the paper Master Air Waybill happen
 - Multiple FWB messages are sent due to various errors
 - Changes are sometimes made after the Acceptance
- In the e-Freight context, as no paper MAWB will exist (e-AWB), FWB updates should be tolerated
 - In case of inconsistency with physical freight, Carrier could request Freight Forwarders the make FWB changes
 - Routes and contact details, Weight and number of pieces, Ratings and other charges are example of potential changes



FWB Updates

FWB update Business Rules (1)

- ↗ FWB update should be the exception as only one FWB should be sent
- ↗ "Freight on Hand" (FOH) message status should not be required except on some specific circumstances (i.e. HK, freight can be received before FWB)
- ↗ One complete and accurate FWB message should be sent by FF before presentation of the freight to the Carrier and before freight been accepted as Ready for Carriage Shipment
 - ✓ In some circumstances the GHA is acting on behalf of the FF and may send the FWB message after the freight being received by the GHA (not recommended as security & liability issues).



FWB Updates

FWB update Business Rules (2)

- Carrier should accept or not accept the content of the e-AWB (FWB) to the FF through an electronic “Message Acceptance” (FWB Acceptance)
 - ✓ Freight and information in sync. and freight properly packaged, labeled...
- In the case of non-acceptance it may be necessary to establish the final and agreed e-AWB through a subsequent exchange of information (FWB & FWB Acceptance)
- Carrier should provide, as soon as e-AWB (FWB) is accepted, a receipt for the Cargo (Ready for Carriage) to the FF
 - ✓ Investigation is being performed to know if “Message Acceptance” (FMA?) and “Ready For Carriage” (RCS) status message can be merged



FWB Updates

FWB update Business Rules (3)

- ↗ We recommend that after the freight has been accepted as Ready for Carriage Shipment by the Carrier no FWB updates should be sent
- ↗ Changes to Air Waybill charges after Carrier Acceptance must be done according to Cargo Charges Correction Advice (CCA) Procedures



Thank You!!

