

## IATA e-freight Bigger Than An Industry!

0830-1030, Thu 18 May, Salon 4



## IATA e-freight: Bigger Than An industry! 0830-1030, Thu 18 May, Salon 4

- Alva Fung, Senior Operations Officer Hong Kong CAD
- Keith Wong / Ken Wong, Hong Kong Customs
- Rita Filiaggi, IATA e-freight Legal Counsel
- Aleksander Popovich, IATA Global Head of Cargo

## IATA e-freight: Quick Recap from Plenary Session

## IATA e-freight: It's OLD News!

- A 20 year dialogue with little outcome.
- Transport time 6.5 days: 12 hours better in 33 yrs.
- NOT a standing start:
  - EDI messaging already covers > 60% of air cargo
  - IATA e-freight: major push on EDI data accuracy



From talk to industry wide action!

## IATA e-freight: Industry wide action

## IATA e-freight: the forces are strong....

### Security

- Customs demanding advanced electronic manifest information
- Large penalties for non-compliance
- Need for globally coordinated drive for industry simplification

### Customers

- Shippers, manufacturers, importers—info transparency and time-definite

### Efficiency

- Our industry is carrying paper-work costs it can no longer afford.

### Alignment and Mobilization

- Many are joining forces: IATA, WCO, UN, FFI, and Cargo 2000

## IATA e-freight: Implementation

### Business Stream:

Local Implementation, process, standards, data.

### Technical Stream:

Technical direction, requirements, solutions.

### Legal Stream:

Legal, government, regulatory, treaties.

## IATA e-freight: Business Stream 2006

- Carrier and forwarder EDI data completeness drive
- Standard operating principles.
- Airline and forwarder MOUs for early implementation
- Target trade-lanes for early implementation



## IATA e-freight: **Technology Stream 2006**

- Evaluation completed of extent of vendor global market cover
- LOIs for pilots with preferred vendors
- Decision on need for IATA industry solution IF gap fill needed
- Strategy in place for IATA industry solution (IF needed)



## IATA e-freight: **Government, Legal & Regulatory Stream 2006**

**Rita Filiaggi**  
**IATA e-freight Legal Counsel**



## IATA e-freight: **Bigger Than An industry!** 0830-1030, Thu 18 May, Salon 4

**Alva Fung, Senior Operations Officer CAD**



## IATA e-freight: **Bigger Than An industry!** 0830-1030, Thu 18 May, Salon 4

**Keith Wong and Ken Wong, Hong Kong Customs**



# IATA e-freight

Rita Filiaggi  
Legal Council, IATA e-freight



## IATA e-freight: in a nutshell

### What is it?

- Joint air cargo industry program of carriers, forwarders and customs, led by IATA.
- Eliminates need to produce and transport all paper docs for air cargo shipments

### What is it worth?

- 1.2b US\$ supply chain cost saving, driven by 80% reduction in **paper-work** cost

### When will full benefits be delivered?

- Build as governments adopt WCO single window compatible e-customs systems

### What is our approach?

- Business change: based on Process Simplification, Standards, and Technology.
- Close linkage to Cargo 2000



## Components of IATA e-Freight

### Phase

### General Scope of Documents

**Advance Security** ----- **Manifest, Master and House AWB**

**e-clearance General freight** ----- **Customs Only**

**e-clearance Special freight** ----- **Other Government Agencies**



## E-freight: are we entering a paperless era?

### Paperless?

An air cargo industry which prints no paper



### Paper-Free?

Air cargo industry processes which are not paper-dependent



### Paper-Work?

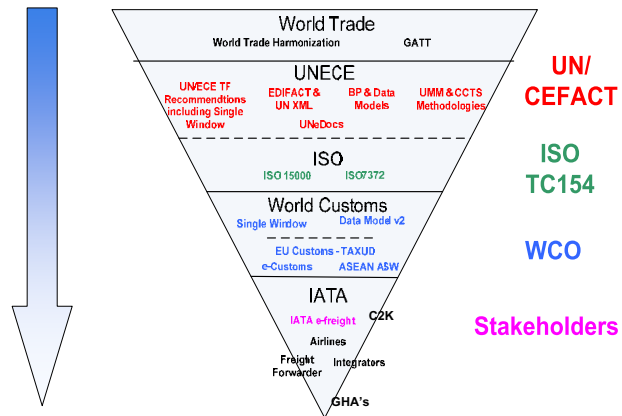
Air cargo industry cost of processing paper, including data quality



*IATA e-freight:*

*Delivers a paper-free industry reducing paper-work!*

## The increasing pressure for e-freight



## IATA e-freight: Industry Action Group



## IATA e-freight: challenges

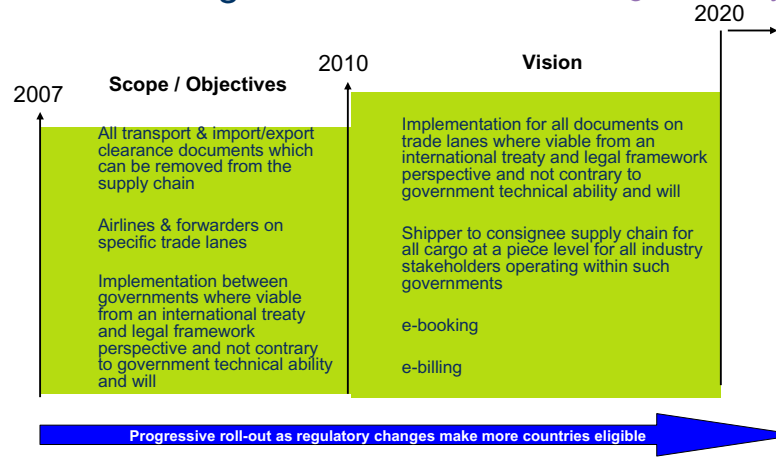
- **Customs commitment to e-customs & IATA e-freight**
  - Customs present both a challenge and opportunity as a force for change
- **Industry engagement across the supply chain**
  - It is critical that all stakeholders in the air cargo industry are engaged

## E-freight: General Status Summary

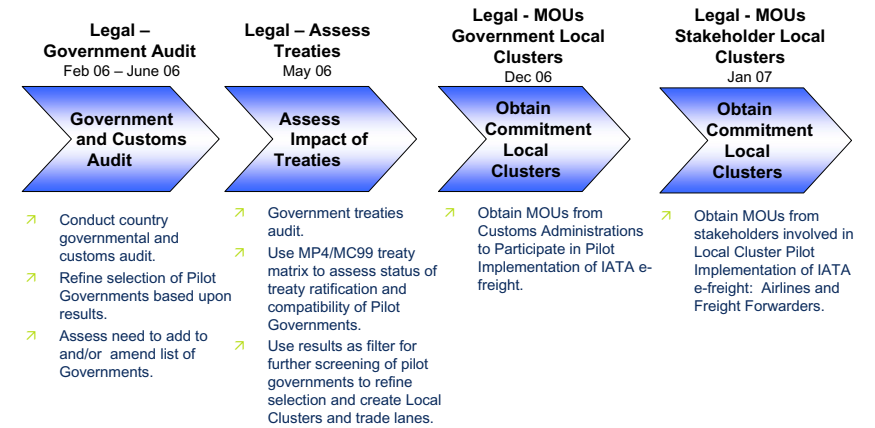
- Technology is not a primary barrier to e-freight implementation
- **E-freight implementation timelines are ultimately customs driven and government dependent**
- No country surveyed to date has all of the necessary legislation and technology in place to allow IATA e-freight to operate
- However, a number of countries are making good progress



## IATA e-freight: Vision for the Air Freight Industry



## IATA e-freight: Governmental Plan for Pilot Selection



## IATA e-freight: Customs Administrations Surveyed

- Canada
- United States of America
- Chile
- Sweden
- United Kingdom
- Germany
- Netherlands
- Spain
- South Africa
- Dubai
- China
- Hong Kong**
- Singapore
- Malaysia
- Korea (south)
- Japan
- Australia

### Selected on the basis of:

- WCO recommendations
- Global cargo volume
- Geographical split



## Governmental, Customs and Regulatory Issues

### Customs Administrations Must Adopt, Develop, and Implement a WCO Compatible Single Window Concept

- Determine whether a customs administration intends to develop and implement a single window concept**
  - Determine the extent to which the custom administration's single window concept similar to the WCO Data Model
  - Determine manner in which it differs from the WCO Data Model
  - Determine manner in which the custom administration's concept allows for the identification and recognition of Authorized Economic Operators and use of UCRs
  - Determine realistic timeline within which the customs administration will implement the concept
- Assess the legislative and regulatory environment that must exist within the government in which the customs administration operates for the single window to be implemented**
  - Determine whether the government's customs code or similar construct need to be expanded and/or amended
  - Identify branches of government involved in these processes
  - Identify what the processes entail and determine timelines within which the governmental and regulatory environment of the government will be ready for implementation of the single window

## Additional Governmental, Customs and Regulatory Issues

- **Ownership of Customs Data - Responsibility for inaccurate and incomplete data**
  - Determine laws and regulations that exist within each government regarding liability for inaccurate and incomplete data
  - Develop industry position (for airlines, forwarders, customs authorities) and push governments to adopt the same
- **Authentication of Data and Electronic Signature Requirements**
  - Determine status of each government with respect to the regulations and requirements for authentication of data and electronic signatures
- **Ownership of Documents**
  - Determine which, if any, documents within each government's e-freight air cargo supply chain have ownership issues attached at the international, national, local, or private level

## Governments surveyed: current status

- Canada – **potential pilot**
- United States of America – June meeting
- Chile – **Second wave**
- South Africa – **Second wave**
- Sweden – June meeting \*
- United Kingdom \*
- Germany \*
- Netherlands \*
- Spain \*
- Dubai – **Second wave**
- China – **not an early adopter**
- Hong Kong – **potential pilot**
- Singapore – **potential pilot**
- Malaysia – **not an early adopter**
- South Korea – **not an early adopter**
- Japan – **not an early adopter**
- Australia – **potential pilot**

\* EU security requirements by 2009; full single window 2012, but need to check individual countries

## Current status of Governments Surveyed – Full e-freight

| Phase                       | General Scope                  | Countries   |
|-----------------------------|--------------------------------|---|
| Advance Security            | Manifest, master and house AWB | Australia<br>USA<br>Canada (June 06)<br>EU (2009) |
| e-clearance General freight | customs only                   | Zero  |
| e-clearance Special freight | Other Government Agencies      | Zero  |

## Government Preparedness for e-Freight

### Qualifying Criteria:

1. Legal framework/legislation that enables electronic customs clearance
2. Customs & governmental systems environment able to support e-customs
3. Customs procedures and business framework in place to support paper-free environment (acceptance of e-docs/data etc)
4. Legal framework/legislation that supports paper-free commerce for the trade (i.e. electronic data or e-docs have same legal status as paper documents & contracts)
5. Treaty (MP4/MC99) compatibility on e-freight trade lane(s)

## Challenge: Air Carrier Liability

- **Warsaw Convention** (for the Unification of Certain Rules for International Transportation by Air) and Warsaw as Amended by the Hague Protocol.
  - *Paper air waybill required for carrier to assert liability limits stated in Warsaw, Warsaw-Hague.*
- **Montreal Protocol No 4 (MP4)** (Amends Warsaw Convention)
  - *Allows electronic air waybill. Carrier may assert liability limits stated in Warsaw-Hague.*
- **Montreal Convention 1999 (MC99)** (for the Unification of Certain Rules for International Carriage by Air)
  - *Allows electronic air waybill. Carrier may assert liability limits stated in the Montreal Convention.*
  - *New Treaty. Prevails over Warsaw and MP4.*
- **Governments of Origin and Destination must be party to the same treaty (MP4 or MC99) for the treaty to apply**

## Treaties: status of “smart pilot” governments

| Location     | MP 4 | MC 99 | Both | Neither |
|--------------|------|-------|------|---------|
| Australia    | ✓    |       |      |         |
| Canada       |      |       | ✓    |         |
| Chile        |      |       |      | ✗       |
| China        |      | ✓     |      |         |
| Hong Kong    |      |       |      | ✗       |
| Dubai (UAE)  |      |       | ✓    |         |
| Germany      |      | ✓     |      |         |
| Japan        |      |       | ✓    |         |
| Malaysia     |      |       |      | ✗       |
| Netherlands  |      |       | ✓    |         |
| Singapore    | ✓    |       |      |         |
| South Africa |      |       |      | ✗       |
| South Korea  |      |       |      | ✗       |
| Spain        |      |       | ✓    |         |
| Sweden       |      |       | ✓    |         |
| UK           |      |       | ✓    |         |
| USA          |      |       | ✓    |         |

*What are the implications of dealing with non-treaty compatible countries?*

## Key additional work areas:

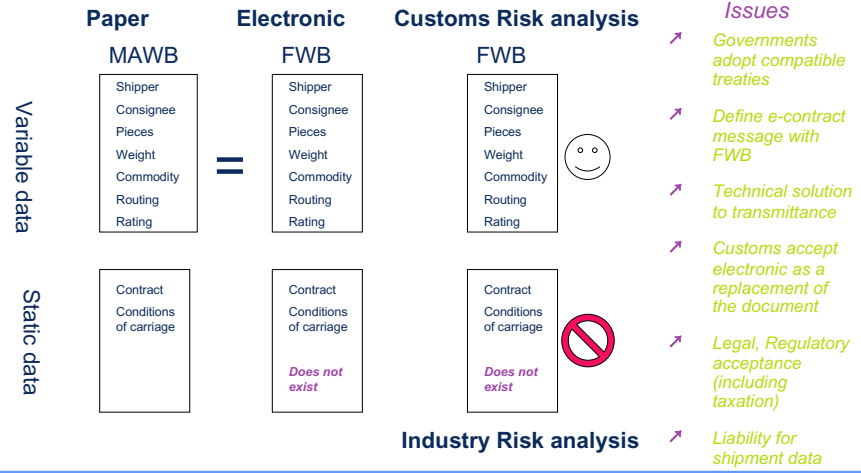
- Legal status for industry stakeholders operating in an e-customs / e-freight environment
- Technical requirements for stakeholders operating in an e-customs / e-freight environment

## Industry challenge: identify the paper problem

- **Paper drives current processes, so forwarders, carriers and Customs need to understand the implications of removing existing paper documents:**
  - Identify the full e-freight document set – export & import
  - Map the document flow throughout the end to end supply chain
  - Determine who uses these documents, including non-operational areas – accounting; claims etc.
- **Identify any documents that cannot be replaced by data:**
  - Why are they required?
  - What can be done to remove the requirement?
  - What is the fallback if the documents cannot be removed?
- **To replace paper documents, stakeholders must be confident in the quality of the data transmitted....**
  - The FWB becomes the legal contract replacing the air waybill and must therefore be accurate, authenticated, tamper-proof and digitally signed
  - Paper documents cannot be eliminated until there is confidence that electronic data provides the same *accurate* information



# Single Document analysis – Master Airway bill



# IATA e-freight: How to stay connected!

<http://www.iata.org/whatwedo/simplibiz1>



Click on the StB Support Portal button

- Updates
- FAQs
- Materials
- Log request for follow up
- StB eNewsletter