A CALL FOR COLLABORATION
As industry prepares for the Air Cargo Forum in Seoul

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One to One: Jim Butler of American Airlines Cargo
Schiphol’s extensive network and frequent connections ensure all shipments reach destination as quickly and efficiently as possible. With hands-on knowledge of multi-modal logistics, supply chain management, legislation and security, our expert team brings the right parties together to deliver success every time. Schiphol connects you to a highly efficient and competitive logistics marketplace, that supports and promotes your business.

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TIACA has been rapidly expanding its work on behalf of members in 2014, and will continue to do so in 2015. In September, we introduced our Best Practices program to showcase TIACA members’ innovative environmental practices, and to encourage broader adoption of them by other industry members. We hope this will help make a difference for our members and for the broader community.

Meanwhile, our Industry Affairs Committee continues to press forward on a wide range of critical issues. Our Market Access and Trade Facilitation Subcommittee has been supporting the World Trade Organization (WTO)’s Trade Facilitation agreement, and we are working with the Global Trade Facilitation Agreement Coalition to seek ways to keep that process moving forward. We are also working on issues like single window initiatives that provide a common portal for data transmission, and the development of TIACA positions on Intellectual Property Rights and global standards for trade facilitation.

Our E-Commerce and Quality Management Subcommittee is moving ahead on work streams in the areas of e-cargo and digitization (for example, e-freight, e-AWB, e-CSD, and XML standards), and working to identify better ways in which to ‘re-use’ data throughout the air cargo supply chain. In addition to developing our Best Practices program, our Environmental and Infrastructure Subcommittee is participating in the Global Logistics Emissions Council’s Air Action Group to help create a common methodology to measure air cargo’s carbon footprint.

In previous editions, we have mentioned our extensive work in the area of Advance Data standards, which is increasingly important as the United States and the European Union move toward new regulations in the next year. Much work remains to be done to ensure that Customs and civil aviation regimes are fully aligned for data and security program interoperability globally, and this subject will be a key feature of our Air Cargo Forum workshops in Korea in October.

Our Education and Research Committee plans to build on the well-received and highly successful educational workshop we held in Amsterdam in June. Stay tuned for more information as we schedule future regional sessions. Between this new TIACA program, the International Air Transport Association (IATA’s) Future Air Cargo Executives Summit (FACES) initiative, and the International Civil Aviation Organization’s (ICAO’s) focus on training, we will not only raise awareness of the need to develop the next generation of air cargo leaders, but will also provide solutions.

The Air Cargo Forum in Seoul promises to be our most comprehensive yet. Keynote addresses by ICAO Secretary General Raymond Benjamin, WCO Secretary General Kunio Mikuriya, and Transportation Security Administration (TSA) US Department Homeland Security Administrator John S. Pistole will provide a full agenda, which will be followed by interactive workshops and panel discussions; FACES; and, of course, the air cargo industry’s premier networking event in and around the exhibit hall.

I look forward to seeing all of you there, and continuing to work with you in the challenging times ahead!

Doug Brittin
TIACA Secretary General
To the relief of the US Airforwarders Association and other stakeholders in the air cargo industry, the US Customs and Border Protection agency (CBP) decided this summer to extend the implementation deadline for the Air Cargo Advanced Screening (ACAS) mandate by a year and run more trials.

The forwarder body, as well as several other industry groups, is in support of the concept but had expressed concerns that some issues had to be resolved first to avoid negative repercussions for trade flows. Brandon Fried, Executive Director of the association and a veteran of congressional hearings on air cargo security, praised CBP for its co-operative stance. “They have been responsive to concerns,” he said. “The extension of the ACAS pilots is an indication of that.”

Security issues have loomed large in communications between Customs and industry groups, be it in their own right or in conjunction with commerce initiatives like the SmartGate programme in Amsterdam, the Netherlands, which is a joint initiative between Schiphol airport, Air Cargo Netherlands and Dutch Customs to speed up clearance of European Union exports through Amsterdam. “One of the main objectives is to embed security requirements into the programme,” remarked Jan Kamp, Director of Customs at Schiphol.

C-TPAT

In the US, the Customs-Trade Partnership Against Terrorism (C-TPAT) has been a central plank in the efforts to bolster international trade flows against the impact from acts of terrorism. It has been widely subscribed to by logistics providers and shippers, but comments from shippers indicate that the anticipated benefits have been slow in coming, Fried noted. “I think the jury is still out on this. It seems to me that people involved in this simply check a box to be eligible for other programmes that are out there at the moment or not yet ready,” he commented.
Besides the direct benefits associated with faster processing, C-TPAT has brought other gains, stated John Landers, Director, Manifest & Conveyance Security Cargo & Conveyance Security, CBP. “Training and best practices shared with companies through the C-TPAT programme have helped improve companies’ security and procedures, which has resulted in lower shipping costs” he pointed out, adding that standardization is another effect.

“C-TPAT is used as a minimum requirement for other facilitation pilots, such as the FDA Pharmaceutical Secured Supply Chain pilot. Working to expand these types of programmes will establish a common criteria for the trade to follow and help ease the burden created by multiple agency requirements,” said Landers.

Elsewhere, CBP is partnering with the Transportation Security Administration (TSA) to incorporate air carrier assessments with C-TPAT validations. Besides co-operation with other US government agencies, Landers emphasized the need to work with the World Customs Organization (WCO) and other international bodies.

Canada
North of the US-Canada border, the Canadian Customs and Border Services Agency (CBSA) has developed its Partners in Protection (PIP) program, which evolved out of an effort to raise awareness of drug smuggling trends, into a counterpart to C-TPAT and a key component of the Free and Secure Trade initiative.

A co-operation programme between private industry and the CBSA, its main objective is to streamline and make border processes more efficient for pre-approved businesses recognized as trusted traders.

Patrizia Giotti, a spokesperson for the CBSA, stressed the importance of establishing clear lines of communication to ensure progress and good co-operation with industry stakeholders.

A key vehicle in this for the PIP development has been the trusted trader subcommittee within the Border Commercial Consultative Committee, she noted.

For the CBP’s dialogue with industry about ACAS or C-TPAT, the agency’s Advisory Committee on Commercial Operations (COAC), a congressionally mandated trade advisory group, has been a vital conduit.

“The COAC structure provides the best way to consult with a diverse group of industry advocacy and trade entities,” remarked Landers. He added that a working group under the COAC subcommittees had been established to include entities that were directly involved in the ACAS pilot.

“While the COAC was our primary method of industry outreach, it is often necessary to meet with specific companies to discuss issues that are unique to them,” he pointed out.

Fried expressed satisfaction with COAC. “It requires a lot of work and time, but it is very beneficial,” he commented. In his opinion, the Centers of Excellence and Expertise that CBP has established have been another useful avenue for communication. Created through co-operation with individual stakeholders, these outfits bundle CBP experts in industry sectors like automotive, pharmaceuticals or agriculture to give companies information and develop trade facilitation strategies. They also perform validation activities, post-entry amendment and post-summary correction reviews for individual accounts.

Equally important as clearly defined conduits of communication are mechanisms to steer the process and the question of funding. SmartGate, which grew out of close co-operation between its three stakeholders, has a joint steering committee that is chaired by the airport authority. The solutions are primarily financed by Customs, while the airport provides facilities. The government chipped in a grant to strengthen the regional economy.

Seoul initiative
In Seoul, a joint initiative was launched in January bringing together the operator of Incheon International Airport, Customs and the municipality where the airport is located. This seeks to improve processes and bring down the disposition process of an inbound shipment from a couple of hours to about 10 minutes.

While security has cast a long shadow over collaborative efforts of Customs and stakeholders in the air cargo business, the rise of international e-commerce flows is not expected to have much of an impact on the interaction of Customs and industry, nor on established clearance, handling or screening procedures.

“E-commerce does not change the basic process. From a process point, nothing needs to be changed,” remarked Enno Osinga, Senior Vice President of Cargo, Schiphol Airport. “We are ready to incorporate new technology if that is needed to deal with the growth in e-commerce traffic. The system is designed to incorporate new technology.” he continued. He added that the existing infrastructure is adequate to handle projected e-commerce volumes as well as the associated security screening aspect, which is set to rise with more unknown shippers in the mix there.

Of greater concern for him is the possibility of tighter restrictions on the carriage of lithium batteries. “With e-commerce it is more difficult to control that, although what comes from an unknown shipper can easily be checked,” he reflected.
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Collaboration is more important than ever

As TIACA’s Air Cargo Forum and Exhibition in Seoul, Korea, approaches, there are signs of better times ahead

As TIACA Times goes to press, we are looking forward to a week of lively and informative debate, and plenty of networking and business opportunities at our Air Cargo Forum and Exhibition in Seoul, Korea. Our Breaking Barriers, Creating Opportunities theme for this event has, I believe, sounded the right chord.

There are signs of better times ahead for our industry, but we still face many challenges, which require us all to innovate and work together. Collaboration has never been more important. Security, sustainability, e-freight, and the search for a talented new generation of leaders are just some of the core issues our industry is tackling at the moment. Security protocols continue to evolve with a focus on the development of advance data regimes.

We continue to work across all regulatory sectors on behalf of industry to help lower the barriers in understanding the complexities of these programmes, as Customs and Civil Aviation authorities become more closely interwoven. In pursuit of this, we have to make sure we are delivering a common message to regulators and quasi-regulatory bodies so they understand the broader impact of their decisions, not only on industry, but the wider economy.

There is much for industry and regulators to discuss and jointly resolve, so we are pleased that John Pistole, Transportation Security Administration (TSA) US Department Homeland Security Administrator, will be speaking at the ACF.

In addition, our advance data workshop will bring together key legislators and influencers to move the debate forward and we look forward to reporting on our discussions in the next issue of TIACA Times.

TIACA is passionate about attracting and developing the next generation of air cargo leaders and so we are delighted to be jointly hosting the Future Air Cargo Executives Summit (FACES) in Seoul.

The FACES program was developed by the International Air Transport Association (IATA) to provide aspiring air cargo leaders with the opportunity to grow professionally and give industry leaders the chance to foster the leadership needed to succeed in the 21st century and beyond. The scheme sits perfectly with TIACA’s Professional Development Workshop initiative which was successfully launched this summer in the Netherlands.

We are looking forward to many more people development opportunities because, as I have said before, more than investing in all of the necessary infrastructure and systems required to move air cargo around the world, we have to invest in our people. We are welcoming an unprecedented blend of participants to this year’s ACF, spanning the range of shippers, air cargo industry members, and regulators from around the globe. Our discussions and networking opportunities will be focused on core industry challenges, as well as finding better and new ways to do business.

We are immensely proud of the critical role which air logistics plays in driving global trade, and TIACA is delighted to be hosting the most important event in our industry’s calendar.

The ACF is a tangible reminder that TIACA is unique in representing all stakeholders in the air freight supply chain. It provides a vital platform, not only for us to debate the issues that matter, but also to discover new ways to collaborate and forge lasting relationships to drive business forward. I look forward to seeing you there.

Oliver Evans
Chairman,
The International Air Cargo Association

We are welcoming an unprecedented blend of participants to this year’s ACF... from around the globe
Postal security standards have been tightened up with further measures still to be introduced. However, implementation of these standards can be considerably more problematic for post offices than integrators, as Martin Roebuck reports.

In 2012, designated postal operators in the Universal Postal Union (UPU)’s 193 member countries handled 350 billion domestic and international letters and six billion international parcels. While the flow of traditional letters is reducing, the rise of e-commerce is bringing massive growth in small package and parcel traffic.

Increased emphasis on improving the security of international mail, by identifying undeclared dangerous goods and thwarting attempted terrorist attacks, led the UPU to revise its security standards in collaboration with the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA) and the World Customs Organization (WCO).

The new standards encompass all aspects of postal security, from locks, fencing and access controls to personnel security, hiring processes, screening standards, and handling of high-risk and suspicious items. They are included in Article 9 of the UPU Convention, amended at the organization’s last congress held in Doha, Qatar, in 2012, and entered into force on January 1 this year.

Based on a risk management approach, the revised standards attempt to confront the issue that, although post offices are obliged to offer access to all, they have more limited powers than their competitors to inspect what they are presented with. “Postal companies have to provide service to all, everywhere, by law,” explained Christophe Eggers, Supply Chain Facilitation Manager for La Poste in France. “When a small consignment is presented to the courier in the country of origin, it might not go through the known-shipper procedure,” he pointed out.

“The distinction between B2C (business-to-consumer), B2B and C2C is not easy in the e-commerce environment. A business could be a one-man business, so it is difficult to classify the exact nature of the transaction when you order from eBay or Amazon. We have to base a lot of our assumptions on what the sender says about value, for example. Some senders under-declare to avoid duties.”

Postal companies have to provide service to all, everywhere, by law.
– Christophe Eggers, La Poste

How can a post office clerk determine whether a shipment is potentially dangerous? “It is a value judgment. Staff will ask questions and if dangerous goods, chemicals or lithium batteries are suspected, the sender is challenged. However, if the sender is consciously wanting to sidestep the controls, in the end we have to rely on what they are telling us,” Eggers admitted.

Werner Cooreman, Vice President Security Europe for DHL Express, highlighted big differences from a regulatory perspective between the postal sector, constrained by the principle of confidentiality, and the integrators. In both cases, regular account customers now have known-shipper status. “But for cash shippers we have procedures to verify their identity and the nature of the shipment. We can open a package and verify the contents,” Cooreman said. “We know what the regulators want to achieve in advance of the shipment traveling. It is not to trap counterfeit goods – you can do that later – but to stop a bomb getting on the plane.”

The industry’s effort to reinforce security, in the form of the US Air Cargo Advance Screening program (ACAS) and the parallel initiatives by Canada, the Pre Load Air Cargo Targeting (PACT), and the European Union’s Pre-Departure/Loading Consignment Information for Secure Entry (PRECISE), came on the back of 2010’s Yemeni printer cartridge bomb plot.

“The regulators said they were prepared to work with the industry in response to Yemen. Every regulatory bloc has its own system but there is agreement on the general principles,” Cooreman added. “Systems like ACAS can provide the authorities exactly what they are looking for information-wise, while from the industry side there is no impact on service levels.”

Tests have shown that DHL’s data quality meets ACAS requirements, Cooreman said, but he added: “Unless they do away with postal
A tough up-front approach by post office staff can do a lot to discourage criminal behavior.

Every regulatory bloc has its own system but there is agreement on the general principles.

– Werner Cooreman, DHL Express

Electronic data input will help facilities like this La Poste domestic parcel sorting center to learn more about parcel shipments

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– Werner Cooreman, DHL Express

“Every regulatory bloc has its own system but there is agreement on the general principles,” Werner Cooreman, DHL Express, said. “That will change because in future, the sender will have to put information into fields. Collecting and recording sender information makes it available to the authorities in a more structured way, and is transferable to an electronic format. The data feeds into algorithms which enable likely risk to be assessed, for example picking up inconsistencies between data elements,” Eggers said.

A standard electronic message (ITMATT), developed in consultation with the WCO, has gone through exhaustive tests and will eventually replace CN22 and CN23 paper Customs declaration forms for international parcels. ITMATT is being phased in gradually, beginning with the countries that took part in the initial tests. Royal Mail in the UK, for example, is already exchanging data in real time with USPS and Canada Post.

USPS has been working with the US Department of Homeland Security and Customs and Border Protection (CBP) on how ACAS will apply to mail. The spokeswoman pointed out, however, that ahead of ACAS becoming mandatory – possibly not until late 2016 – post offices around the world are already having to prepare for a new, unilateral requirement under the EU Customs Code to provide electronic data prior to departure from the country of origin.

“The Postal Service has been at the table for many of these discussions and has worked closely with the US government and EU regulators to ensure the unique challenges of postal operators are considered and addressed,” she commented. “The priority should be to develop a single model rather than regional solutions that cannot be implemented on a global scale. Additionally, USPS would like to see continued efforts in the area of advance data-sharing initiatives, so pre-screening could play a regular role in air cargo identification.”

Sue Presti, Senior Director Government Affairs at TIACA, similarly emphasized the importance of a single, global advance data regime. “It would be nice if all the ACAS, PRECISE, and PACT schemes, and systems we hear a few other countries may introduce, were compatible. Pilots have not been run in conjunction with each other, and although regulators are aware of postal traffic, trials until now have not tested postal streams,” Presti commented. “Inter-operability issues should be addressed so there is no disruption once we are up and running in the real world of commercial transactions.”

Eggers will chair a workshop on e-trade, mail and security at TIACA’s Air Cargo Forum in Seoul in October. “We have to decide how to improve supply chain security in a way that does not prevent the flow of legitimate commerce,” he summarized.

“We must go for an outcome-oriented rather than a prescriptive approach, offering some flexibility for different supply chain models to get there. There is good consensus within the industry around these issues, but the question is how ICAO and the WCO view it.”
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Peel Airports Ltd – Owner and operator of three UK airports: BSA/MMJ/LPL with particular focus towards air cargo growth and support of freighter operations. www.robinhoodairport.com

Hans Infomatic Pvt Ltd provides information systems and solutions to specific business/trades relating to aviation, freight forwarding and international cargo. www.hansinfomatic.com

Accenture, Accenture Freight and Logistics Software – is dedicated to providing profit producing software to the air cargo industry. Our concentration is on the commercial process of a shipment’s lifecycle. www.accenture.com

New Forwarder members


CEVA Showfreight – UK headquartered. www.cevashowfreight.com


Shanghai Everok-air International Airfreight Forwarding Co., Ltd. – China headquartered. www.everokgroup.com

KCarlton International – USA based. www.kcarlton.com

Sunny Transportation Co., Ltd. – Vietnam based. www.sunnytrans.com.vn

Nagel – Middle East distribution. www.nagel.com.sa

Khalidia International Shipping LLC – UAE headquartered. www.khalidashipping.com


Racing Cargo Mexico – Mexico based. www.racingcargo.com


NCL International Logistics Public Company – Thailand based. www.nclthailand.com

Dangerous Goods Management India Pvt Ltd – India-based dangerous goods specialist. www.bycargo.com

BEE LOGISTICS CORPORATION India headquartered. www.beelogistics.com


Superior Freight Services UK Limited – UK headquartered. www.supuk.com


Bin Yousef Cargo Express W.L.L. – Qatar headquartered. www.bycargo.com

DAS GLOBAL LOGISTIK – Russia based. www.dasglobal.ru

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Find out how to become a trustee by contacting Jennifer Paris jparis@tiaca.org, or visit our website.

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TIACA and TSA meet on cargo screening pilot

TIACA’s Doug Brittin and Sue Presti joined other industry leaders for talks with the Transportation Security Administration (TSA) in July tackling issues around the Air Cargo Advanced Screening (ACAS) pilot program.

TIACA worked with the Airforwarders Association of America (AFA), the National Customs Brokers and Forwarders Association of America (NCBFAA) and the Express Delivery and Logistics Association (XLA), to follow up on their joint letter to the TSA raising concerns about the pilot.

The group discussed a range of concerns about ACAS and the need to pilot all targeting rule sets before incorporating them into the program. The discussion also focused on the variances among US trading partners in screening procedures.

TSA and industry acknowledged that many of these questions cannot yet be answered.

“But all agreed on the need to consider them and recognized the value of talking and maintaining open channels of communication,” said Brittin.

“TSA agrees on the need for ACAS to be operationally feasible. And we feel the meeting was positive and productive, and laid the groundwork for continuing discussions,” he said.

TIACA starts program to promote green initiatives

TIACA is launching a new Environment Best Practice Program to promote successful green initiatives and encourage their wider adoption. Under the program, TIACA members will be invited to submit details of their initiatives to its Environment and Infrastructure Subcommittee, which will vet entries and vote on the most successful.

Environmental Best Practice Initiatives voted best of breed will feature on the TIACA website and be promoted to the industry at large.

“We want to encourage wider adoption of best practices and make a meaningful contribution to industry sustainability efforts,” said Sue Presti, TIACA Senior Director of Government Affairs.

“The program will raise awareness of environmental best practices for the air cargo supply chain, as well as provide added benefits to TIACA members through enhanced exposure.”

More information will be available on TIACA’s website and at TIACA’s Air Cargo Forum in Seoul in October.

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TIACA and TSA meet on cargo screening pilot

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Industry has been urged to work towards harmonized systems by TIACA board members speaking at the International Civil Aviation Organization (ICAO)’s Air Cargo Development Forum in Zhengzhou, China, at the beginning of September.

Vladimir Zubkov, Volga Dnepr Airlines, Jason Foote, UPS, and Enno Osinga, TIACA Vice-chairman and Senior Vice President Cargo at Schiphol Airport, represented TIACA on panels at the summit. Osinga took part in a session on Opportunities and Challenges for Air Cargo where he raised the TIACA proposal to focus on a liberalized regime for air cargo.

“I stressed the importance of harmonization of security measures and the need to look at the entire logistics chain,” said Osinga. “We also discussed ICAO’s role in supporting the implementation of harmonized regulations.”

Enno chaired another panel on the Enhancement of Security Facilitation, which brought together representatives of the World Customs Organization (WCO), United Postal Union (UPU), ICAO and TIACA to look at the different requirements of each organization and the possibilities of harmonization. After initial consultations with TIACA, ICAO is in talks with the Global Air Cargo Advisory Group on a possible roadmap for a global standardized information system for recognized regulated agents.

Zubkov chaired a panel session on working towards a new regulatory framework in which ICAO, IATA, CAAC, WCO and China Post participated.

During the forum Enno met with the Civil Aviation Authority of China (CAAC)’s Deputy Administrator and agreed that TIACA would cooperate further with it.

He also spoke with the China Civil Airports Association (CCAA) which is set to establish a new Air Cargo Association in China.

The Forum took place at the Zhengzhou International Convention and Exhibition Centre, Zhengzhou, China, from 2 to 5 September 2014. It was jointly hosted by the International Cooperation and Service Center, CAAC and the People’s Government of Zhengzhou.
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As we cast our eyes towards the final quarter of 2014, we do so with a sense of optimism not experienced these past few years. New technology launches, steadily improving consumer confidence, and a general sense of economic stability (some notable pockets of the world aside) should hopefully translate into a continuance of the improving volumes we have seen since the middle of the year.

Having said that, the conditions that prevailed during the days of what seem in hindsight to have been unbridled growth right up until the economic crisis of 2008 have, according to many industry watchers, left us permanently. Now we must challenge and fight for each new wave of industry growth.

The challenge starts with efficiency, quality, predictability and reliability. These are four themes which the Global Air Cargo Advisory Group (GACAG) has at the heart of its vision for the future of air cargo.

GACAG is celebrating the fourth anniversary of the moment its founding members got together during the 2010 TIACA Air Cargo Forum (ACF) in Amsterdam, the Netherlands. And it continues to drive forward with an agenda designed to improve the air cargo value proposition.

Security challenges will be ever-present as states and industry unite to protect the supply chain from unlawful interference designed to interrupt and cause harm. But in order that security solutions do not impede the supply chains they seek to protect, we must work closely with regulators to ensure smart and workable solutions are implemented.

Data is at the heart of a multi-layered approach to security risk assessment and this therefore makes the industry initiative to remove paper from the transportation process all the more crucial.

**e-Airway Bill**

It all starts with the e-Airway Bill (e-AWB) as the first step on the journey to removing paper. Whilst progress has been less than desirable in the past, 2014 has been a pivotal year in this regard. Airlines, forwarders, ground handlers and technology providers have united around a "get it done" approach. The shipper community is also welcoming this approach as it supports the long-term vision of paper-free supply chains.

Industry penetration stood at 17.4% as of July and there is optimism that the industry target of 22% will be reached by the year end.

Quality in the supply chain is also taking on a greater degree of importance as volumes and values of time and temperature-sensitive commodities continue to rise. Transporting these critical shipments is what air cargo does best – and it proves that collaborative supply chain solutions are what we excel at as an industry.

I wish everyone visiting the ACF in Seoul the very best for the networking and educational opportunities that it presents, and I trust you all have a successful conclusion to 2014.

Glyn Hughes
Global Head of Cargo, IATA

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**About IATA**

The International Air Transport Association (IATA) is the trade association for the world’s airlines, representing some 240 airlines or 84% of total air traffic. It supports many areas of aviation activity and helps formulate industry policy on critical aviation issues. IATA launched the ‘Air cargo makes it happen’ campaign to raise awareness on how critical air cargo is to commerce, the economy and the global community. IATA takes over the chairmanship of the Global Air Cargo Advisory Group (GACAG) at the ACF in Seoul. It is one of the founding members, along with TIACA, the International Federation of Freight Forwarders Associations (FIATA), and the Global Shippers Forum (GSF). Their work is focused on the priority areas of e-commerce, Customs and trade facilitation, security, and sustainability.
"It’s a Russian Doll," said Doug Brittin, TIACA’s Secretary General, of the task in hand. And then added, "or an onion." And certainly even the briefest of investigations reveals that there are many layers to the mission of getting an advance data system up and running.

The goal is deceptively simple. As Brandon Fried, Executive Director of the Washington-based Airforwarders Association put it: “The whole object is to keep cargo moving, but for it to be safe in transit, it is a delicate balancing act.”

So what are the different layers? Working counter-intuitively, perhaps, from the centre of that onion, the first requirement must be to ensure that transferability and transparency of data is in place, so that everyone in the air cargo chain from shipper to freight forwarder to carrier is either able to send information or to see the response, or both.

Then there is the next layer: the need to devise a system that satisfies and is in alignment with the security concerns of the civil aviation side and with the Customs authorities’ brief to root out contraband.

And moving to the outside of the onion, there is the big wide world and the need to find a harmonized global system to ensure that, for example, a cargo that is flying from South America to the US to Europe does not end up stranded in, say, JFK Airport, waiting to be
There is a critical need for global standards and a risk-based approach to security.
– Doug Brittin, TIACA

re-screened to ensure it meets European standards. To use the jargon, there are multiple stakeholders and a huge co-ordination job is required.

“TIACA is in a unique position because it represents all stakeholders in the air cargo supply chain,” said Brittin. “We believe there is a critical need for global standards and a risk and outcome-based approach to achieve necessary security while ensuring the free flow of airfreight and we are dedicated to continuing our close work with regulators to ensure those measures are effective and efficient.”

To this end, Sue Presti, TIACA Senior Director of Government Affairs, sits on the US Transportation Security Administration’s (TSA) Aviation Security Advisory Committee.

As Kester Meijer, Director of Operational Integrity at KLM Cargo, said of the move to advance data screening: “Cargo has always been a physical process, let us move the shipment with the papers and worry about the other stuff later, advance cargo information is a game changer.”

There is, however, a huge impetus to make it happen. Brittin described the discovery in October 2010 of bombs in two separate cargoes from Yemen bound for the US as the “key driver” for a new risk-based approach to air cargo security for all cargo as well as passenger aircraft.

At that point the US authorities were already moving towards 100% screening on inbound cargo and the foiled plot ensured that resources were channelled in the direction of a new system.

The outcome in the US has been the Air Cargo Advance Screening (ACAS) pilot program which allows for data submission by freight forwarders or carriers to the Customs and Border Protection (CBP) and the Transportation Security Administration (TSA). Canada has the Pre-Load Air Cargo Targeting (PACT) scheme, which is also at the pilot stage, albeit not as advanced as ACAS. The European Union (EU) Pre-Departure/ Loading Consignment Information for Secure Entry (PRECISE) has been piloted by several countries, although not under live circumstances. “TIACA believes that when it takes effect it should be implemented uniformly and concurrently by all EU member states,” said Presti.

In July, after lobbying from industry, ACAS was extended to run for a further 12 months to the end of July 2015.

CBP explained that the ACAS notice of proposed rulemaking is currently being drafted and assessed for its economic impact by its Regulations and Rulings, Office of International Trade.

“Following completion of the draft proposal, the document will be reviewed by several government agencies,” said John S. Pistole, TSA Administrator. “There is no set date when the document will be published.”

As far as Brittin is concerned, the expansion of the scheme gives more opportunity for the forwarding part of the industry to work with the airlines. “It is a chance for more forwarders to participate in the pilot, especially smaller freight forwarders, and for there to be more operational testing of the dual filing process between forwarders, their selected carriers and the regulators,” he said.

“The carrier is like the goalie,” is how Elizabeth Merritt, Managing Director of Cargo Services at Airlines for America, put it. “By bringing forwarders into it you get a defensive line, it is not just left to the goalie.”

“Late risk assessment has the potential to cause disruption,” said Merritt, “but systems built to promote early data transmission minimize disruption and delay, and especially for passenger carriers, reduce all the downstream consequences on passenger operations that can be caused by flight delays.”

Meijer is quite clear that any early filing system must facilitate cargo being cleared at origin for the length of its journey. “That is the formal moment of
handover between forwarder and carrier and the moment where you should determine whether it is good to go for its entire route.”

That is the aim, but the expression “the devil is in the detail” could have been coined for this process. Like Brittin, Fried welcomes the extension of the ACAS scheme because at the moment he believes there are not enough freight forwarders supplying data to the CBP and the system needs more time to be tested. “You need to evaluate the empirical evidence, and there are always additional questions,” he said. For example, one of the challenges he identified is: what is the best way for freight forwarders to connect with the ACAS system? Should they do it through direct connectivity, in other words their own system, or should they go through a portal supplied by a third commercial party?

Meijer, who is piloting an Air France/KLM advance cargo information system to augment ACAS’s workings, takes up this point, arguing that not all forwarders have the capability to submit, especially the smaller ones. However his particular concern is about the quality of the data transmitted by the forwarder. “The quality will determine whether the shipment goes ahead” he said. “We are already seeing improved data quality with e-freight, but this is still a small percentage of all air waybills. The moment the data is not complete or not correct, it means you cannot accept or load. And if you cannot get in touch with the forwarder or it is not simple, it does not go”.

“Not simple” could mean a referral on data quality grounds, or in rarer cases a request for re-screening, and even the potential nightmare of having to take a consolidated cargo apart. And at the heart of this negotiation, one of the wrinkles that needs to be smoothed out is the question of who has the authority to take action if a cargo is flagged up for any reason.

Brandon Fried, who sits on CBP’s Commercial Operations Advisory Committee ACAS working group, said that while the freight forwarder takes ownership of the data, that does not mean that it will be allowed to take a second look if the message comes back from the CBP’s computers that re-screening is required. “It depends on country protocols for high risk resolution,” he said, “there is a big question around who is authorized to take action in the event of a ‘do not load’,” he added.

Pistolet said that ACAS was “…still in the beginning stages and the options associated with who can screen are being explored.”

The bigger security questions may be above the paygrade of the forwarders and even the carriers but speaking for Airlines for America, Elizabeth Merrit said that ACAS has got off to a “positive start”, notwithstanding the amount of work that still needs to be done. She believes it works because it matches the supply chain. “The beauty of ACAS is that it has stayed with the data elements that belonged to transport documents, that carriers and forwarders are able to transmit early, and it has demonstrated that both elements are enough to do a baseline risk analysis.”

Merritt touches there on one of the key aspects of the current pilots: that everyone submitting data is working according to the same terms of reference. The ACAS pilot scheme works on a 7+1 set of data elements – shipper’s name and address, consignee’s name and address, the number of pieces, the weight, and a description of the commodity. The ‘plus one’ is the house airway bill number.

But of course ACAS is not the only player in the game. Canada’s PACT scheme completed its first phase in March this year, with the participation of two freight forwarders and seven carriers. It has now been extended for another year to March 2015, and possibly beyond. PRECISE, which in its first-stage data requirements mirrored ACAS, is currently scheduled to come into effect in the first half 2016. Fried hopes that the other schemes will look at ACAS and use its findings in implementing their schemes. He is quite blunt about the need for everyone to be on the same page. “Hopefully they are using the same criteria. We do not need other countries reinventing the wheel and adding or subtracting data elements. They have to use the same.”

We are already seeing improved data quality with e-freight, but this is still a small percentage of all air waybills. – Kester Meijer, KLM Cargo

This brings us back to Fried’s earlier concerns about the ability of freight forwarders to file to a central system. The choice of data elements is just one strand in the quest for inter-operability, the idea that different systems in different advance data regimes are able to talk to each other. How do you achieve that international cyber-conversation? Enter the Eurosky project, partly funded by the European Commission, with a remit to develop a single secure European air cargo space. Its starting point is that differences in forms and formats should not stand in the way of sharing information.

“You cannot force people to use your own standards,” said Dr Fernando Caldeira-Saraiva, Research Director of the UK-based BMT Group which is co-ordinating the project, “but you can have semantically enabled services and access points. These allow you to transmit data in your format so that it can be understood by someone using a different format,” he explained. “That is what the e-freight project was all about and that is what we want in Eurosky.”
The project envisages a system with a register of certified participants able to use the specific Eurosky Access Points, and, from their particular position in the logistics chain, to add to the data about a piece of cargo. Caldeira-Saraiva is unequivocal about the need to pool data and intelligence.

“The most important point about the Yemen case was that it was detected through sharing information,” he maintained. The other point, however, was that it took a lot of work with screening and rescreening to find the explosive device.

Eurosky has taken up the gauntlet and is also developing an enhanced screening process. The first stage is to improve the accuracy of x-ray machines, by moving from dual-energy to multi-energy imaging. Once the more precise x-rays have reduced false alarm rates, the next stage will be to introduce a system of automated alarm resolution using a technique called mass-spectrometry.

Mass-spectrometry might put a lot of sniffer dogs out of work, as the technique has even more sensitive powers of detection than the canine nose, but according to Caldeira-Saraiva, it also introduces the possibility of remote monitoring because it removes the need for the physical presence of either dogs, or a human being sitting by each machine. And the idea is that that would lead, in turn, to the establishment of integrated national or even EU remote screening centers.

Caldeira-Saraiva likes to quote J. Edgar Hoover’s maxim “the most effective weapon against crime is co-operation”, and Eurosky, which is due for completion in April 2017, added to the list of projects that hold out the tantalizing prospect of a workable advance data system with international reach. It is the co-operation that needs to be worked on, and that at present is being overseen by the joint efforts of the International Civil Aviation Organization (ICAO) and the World Customs Organization (WCO).

“Data on compliance status for ACAS and other procedures should be collected in a global repository,” said Meijer.

“The harmonization on advance data filing requirements and standards should be a global effort of governments partnering with industry,” said Pistole. To this end, he added, the TSA and CBP participated in the ICAO-WCO first Working Group on Advance Cargo Information meeting in August. TIACA’s Presti and Brittin were also present.

Pistole said its purpose is to provide a multilateral forum for aviation security and Customs authorities to work toward global standards/principles to the extent possible.

TIACA’s workshop Forward Notice on Advance Data at the Air Cargo Forum (ACF) in Seoul will bring together key players and decision makers to move the debate forward. The prize for an industry that gets paid for on-time deliveries is a global system that works as quickly and efficiently as possible, while satisfying the constantly changing safety and security imperatives of 21st century life.
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Innovation in our industry has been increasingly focused on the conversion of paper documents into electronic messages. Freight is still handled in the same way as 50 years ago, although change is slowly coming. We need a radical re-examination of the air cargo business, a total re-think of how things are done along the supply chain based on a strategy which should be subversive rather than extrapolative.

Before we continue to replace more paper documents by digital clones, we should re-examine possibilities of further compressing or de-intermediating the air cargo value chain. Do we need all those ‘documents’ tied to intermediate steps? The modernized Master Operating Plan (MOP) now adopted as an IATA standard goes a long way to redefining the operational processes. Could this be continued as a catalyst for change, modernizing air cargo? Certainly it has the capabilities to enable different players in the transport chain to collaborate more intelligently, but the air cargo business has become more complex as it attempts to transform from the paper to a digital world.

We need to make it easier for all stakeholders to collaborate. Why do we need up to 30 paper documents to accompany a shipment? Why should they be replaced by electronic documents that look exactly the same? Can we merge the required information into fewer, possibly only one or two e-documents, or onto an electronic chip?

**Defining a new e-AWB standard**

Current industry standard examples represent air way bills (AWBs) stuck in a timewarp from the 1980s, devoid of postal codes and unrepresentative of today’s business or the demands for more information. As paper has been very flexible, documents have been embellished manually with the typewriter, wet-stamp and the pen for years. The AWB form is a legacy document that can no longer support the information required for today’s business, let alone the future. Even the e-AWB based on the FWB message using the ‘legacy’ standard IATA Cargo-IMP format can exceed the physical limitations of the AWB form. With the arrival of the new IATA Cargo-XML messaging standard, the over 80-year-old AWB form is no longer able to cope. The potential amount and depth of data that can be captured as specified in an XML file can be extensive and the standard data set for an e-AWB will increasingly include more data structures such as the electronic consignment security declaration (e-CSD).

Here we have another conundrum. As e-AWB has become a collation of additional information extending beyond the paper constraints of the AWB form, what do we do with it? One suggestion is that the AWB ‘print’ could have overflow pages to accommodate the data which cannot be squeezed onto the single face of the document, even though the use of smaller font sizes are already being applied. Is this really innovation or a ‘make do’ approach?

Would the consignment data, including non-AWB specific data, be better managed using an unregulated layout which comprises the essential elements but in a form most appropriate for the users and its usage? Just look at passenger e-tickets and e-boarding passes. They have all the necessary information but do not resemble the paper versions of old. Supplementary information is held in systems that can exchange information effectively enough. If some parties mandate the ‘classic’ 600a AWB form layout, then so be it. But why not have the flexibility for alternatives, if indeed a print or facsimile is even necessary? The imminent replacement of the Cargo-IMP standard is an ideal time to define an e-AWB standard based on the possibilities of electronic data rather than the constraints of paper.

**Driving change**

The introduction of a new e-AWB standard could be an uphill struggle. The AWB is part of air cargo’s DNA having many legal, contractual, operational and financial inter-dependencies. But the world is moving on and e-business/e-commerce are becoming the global norms. Everyday ‘revolutionaries’ are resetting consumer expectations about accessibility. I can buy made-to-measure jeans or bulky furniture in another continent with a finger tap. Yet tracking a shipment electronically for security purposes is still a problem in many parts of the world. And air cargo is still weighed down by the need to travel with numerous paper documents in too many places.

The air cargo industry needs to transform itself and modernize. Technologies are available but the question remains how they can be used so that airline customers and partners benefit from a better product or service? Air cargo needs a revolutionary strategy. The bottleneck is always at the top of the bottle so the industry must liberate its revolutionary spirit. Revolutionaries exist in every company and their voices should be invited and heard by industry captains and bodies such as IATA and TIACA, and those responsible for legal and regulatory compliance.

Steve Hill is a speaker at the TIACA ACF 2014.
Enjoying the challenge of opportunities ahead

Jim Butler, President of American Airlines Cargo since December 2013, gives his views on some of the industry’s major topics

You took over at American Airlines Cargo in December last year – what has been the most exciting part of the role?

The most exciting thing has been planning our integration and uncovering all the ways American Airlines Cargo and US Airways Cargo will be stronger together, both at integration but, also, as we innovate post-integration. This year we have essentially been running two different cargo airlines and, while I think it has worked well, we will soon be one team. I am really looking forward to all the opportunities ahead as we present one cargo solution to our customers.

What is the biggest challenge you have faced?

Not surprisingly, the biggest challenge this year is similar to the most exciting part of the job – working to deliver a seamless integration for our customers. Our team is working very hard on integration activities, while also remaining focused on the day-to-day operational requirements and on growing our business outside of the integration. Honestly, the team has really gone above and beyond this year and I could not be prouder of the job they have done.

Can you describe a ‘typical day’?

Not really because I haven’t seen one yet! Honestly, every day is different in Cargo and that is what makes it exciting. New opportunities and challenges come across my desk each and every day and many of them require innovation and investment so choosing the best opportunity is critical. In the end, however, my best days are spent with our customers and employees listening to their feedback and ideas of how to keep moving American forward.

What are your customers’ top priorities?

Most people simply associate airfreight with “speed”, and it is true that we can increase the value of airfreight by shortening the end-to-end transit times. However, while our customers certainly require a fast transit time and reliable, consistent service, they also have detailed requirements that can vary between customer sectors, and needs are constantly changing. For example, our cold chain customers use our ExpediteTC service primarily because of our detailed operational processes and the extensive training requirements of our teams to ensure that sensitive cold chain products are handled consistently across our entire network. Our high-tech customers value the processes we have in place to ensure that their sensitive shipments are protected and secure. Most importantly, we recognize that our products and services need to continually evolve in order to keep up with the changing needs of global shipping and to stay ahead of the competition.

Tell us about your future plans?

We are always looking for opportunities to strategically grow our network. In June, we began offering cargo service in two of the most important markets in the world – Hong Kong (HKG) and Shanghai (PVG) – from Dallas/Fort Worth (DFW). Coming up later this year, we will add service to Viracopos Airport in Campinas, Brazil, from both JFK and Miami, and we are now exploring service that best fits our new fleet of 42 B787s that begin to arrive this November. With a great new fleet of efficient B787s and, later A350 aircraft, there will be more exciting destinations on the way.

What are the industry’s toughest challenges?

Ultimately, one of the toughest issues for our industry is keeping pace with the changing face of our business. Many factors are in play here, but some of the most influential are the large cargo capabilities of new aircraft entering current and new markets, and at the same time, other competitive transportation modes that are quickly innovating and repositioning their own service offerings. This causes very rapid change that we need to be ahead of. That is no easy task but is also a great opportunity.

What leadership role can carriers take?

Honesty, it is time to increase the amount of collaboration and communication across the supply chain, innovate faster and differentiate the air cargo offering. Carriers should lead the call for a more seamless, transparent supply chain to improve the product we deliver to our shipping partners. As an example, things such as e-freight should no longer be a debate but an opportunity for collaboration on how to best get there. The more valuable we are to our customers, the more success we will see in our industry.

From a differentiation perspective, we continue to work hard at American. For example, we have placed more focus on expanding and evolving our express products and services, places where I feel we can continue to increase the value we provide. Over the last several months, we have made big investments in our ExpediteTC cold chain solution and plan to open a state-of-the-art pharmaceutical facility later this fall in our Philadelphia hub.

How can the industry find and nurture new talent?

Our industry must invest time and resources developing the cargo leaders of tomorrow to help us cultivate innovation and success for the future. Often, it takes new leaders who look at opportunity differently to force the innovation that will keep air cargo relevant. In the end, the industry needs to market itself. There is no better place to see all sides of a business but air cargo has not traditionally told that story. As we develop these leaders, we need to encourage them to learn from the strong experience that exists in air cargo.
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