Cargo Newsletter   October 2005

Welcome to the October 2005 edition of IATA's Cargo Newsletter which deals with the IATA e-freight program and upcoming Conference; IATA/FIATA Customs Working Group, DG by Air Conference & Exhibition and IATA Strategic Partnership Program Updates; details on the release of the DGR 47th Edition, LAR/PCM innovation and pending changes at Royal Air Maroc Cargo.   As always, this newsletter is in conjunction with the latest CEO brief from our Director General, Giovanni Bisignani.   Click here.   We continue to welcome your feedback and suggestions for improving our communications to you.

IATA e-freight – FROM WORDS TO ACTION

Aleksander Popovich, Global Head of Cargo, IATA

For 20 years this industry has talked about taking the paper out of cargo. Everyone is in strong agreement about the need but often at odds over the implementation. With IATA e-freight, there is no turning back. We're acutely aware of the benefits, recognise the roadblocks but remain single-minded in our resolve to overcome the latter to realise the former.

Past efforts to strip out paper have fallen short for a number of reasons – an absence of industry accountability and dedicated resources is one key factor. Recognising this, IATA was given a mandate from its Board of Governors, as part of our Simplifying the Business programme, to free air cargo of paper by the end of 2010. The need for IATA e-freight is clear. Air cargo is a profitable US$ 50 billion industry. Yet it is widely recognised that the contributions could be even greater if cargo wasn't shackled by complexity and weighed down by paper.

To meet the deadline, improve service and capture US $1.2 billion in industry savings requires buy-in and collaboration across entire the supply chain. Freight forwarders, customs organisations, shippers and airlines must engage and contribute throughout – an element that is built into the IATA e-freight project structure. In April of this year an Industry Action Group (IAG) was established to steer efforts and drive the initiative forward in conjunction with the IATA project team. One of the criteria for membership was participation as an early adopter – that means implementing e-freight by the end of 2007. The initial members – British Airways, Cargolux, Emirates, Fedex, Lufthansa Cargo and Singapore Airlines Cargo – were joined by World Customs Organization and Freight Forward International shortly thereafter.

In coordination with the IAG, the project's vision, scope and approach have been defined. In the first phase IATA e-freight will eliminate the need to produce and transport typical paper documents for all cargo (general & special) and air freight involving freight forwarder to consignee. This will be done in conjunction with early adopters on specific trade flows covering at least 20 significant airports. The second phase, 2007-2010, will expand implementation globally enabling 95% of world trade air cargo volume to operate paper free. The vision beyond 2010 is to completely eliminate the need to produce and transport all paper documents within the full multi-modal supply chain (buyer to seller) for all cargo at piece level.

These are aggressive targets. And the process is complex involving more than 15,000 stakeholders - including 270 carriers, 200 national customs bodies, more than 10,000 freight forwarders and at least 20 large industry bodies.

Given the complexity, IATA e-freight will be stream led. Each work stream (legal, technical, business and finance) will develop industry taskforces to provide analysis and input for their individual activities. In each stream, a taskforce expert will provide guidance and experience. The output will be filtered through the IAG.

Recently, IATA conducted several workshops where general cargo documents and processes were identified and agreed upon. Up to 38 documents were identified - 8 documents are attached to the House Airway Bill, on average 4 houses per Master Air Waybill and another 6 that are required for the Master Air Waybill. The final document, the Flight Manifest, combines all the Air Way Bills. There are myriad problems with the manual creation and handling of paper documents. Missing and incomplete documentation slows down the process. There are Customs "holds and snagging", duplication of effort and complications at handover points.

Today US customs requires some of these documents to be sent electronically prior to flight arrival – namely the Flight Manifest, and the Air Waybills. Those comprise only 20% of total documentation that accompany the freight. IATA e-freight must find a technical solution to enable paperless transmission of the rest of the 80% of documents, which are mainly for clearance.

Therefore, a primary requirement of the project is to improve overall data quality. This in turn will expedite security and customs' compliance. To effectively deliver a solution, IATA e-freight must harness the momentum of wheels already set in motion. One such propellant is the United Nations Trade Data Model. IATA e-freight messaging standards and data exchange parameters will stem from the United Nations Trade Data Model and World Customs Organisation Data Model.

Sub-projects have been set up to tackle messaging standards, legal protocols and common data exchange for all stakeholders involved in the movement of goods by air. This necessitates the development of a technical solution – one that complements existing systems set up by more advanced industry players as well as providing full service to those that don't.

In September IATA also launched an intensive campaign to survey customs organisations, top freight forwarders and airlines at 17 locations in 16 countries to identify participants that are ready, willing and able to take part in IATA e-freight type trials to be conducted in 2007. IATA, in conjunction with Freight Forward International (FFI), interviewed the top six freight forwarders by volume in each of the target locations. Where companies in the top six were FFI members, namely ABX, Dachser, DHL Air & Ocean, Exel, GeoLogistics, Kuehne Nagel, Panalpina, Schenker and UTI, FFI carried out the review at a headquarters level. The survey was designed to audit freight forwarder technical systems and assess existing communication processes with shippers, airlines and governments.

In tandem IATA met with customs officials representing Australia, Canada, Chile, China, Dubai (UAE), Germany, Hong Kong, Japan, Korea (South), Malaysia, Netherlands, Singapore, South Africa, Spain, Sweden, United Kingdom and the United States. Survey results will be compiled by early November with trials starting as early as Q3 2007. The trials, which will be conducted on selected routes and gateways with participating countries, are designed to test and fine tune paperless processes and enabling technologies. This in turn will pave the way for early adopters to implement by the end of 2007.

While there is no shortage of challenges, all of them are carefully analysed and mitigation plans developed. The challenges from a systems perspective are related to the ownership of a technical solution. Does it need to be a neutral body, and what will that body look like as the industry's stakeholder group is so vast and diverse? Can all the different customs authorities agree on one common customs approach? Are the large international bodies enough to unify customs processes?

These are questions we must and will answer going forward. Air cargo is woefully behind. The time for change is now. The industry has a whole must take the bull by the horns and avoid the navel-gazing that has put us in this predicament.

Five years from now I am confident we will look back in disbelief at our current paper-riddled system. We will also recall with pride how together, as an industry, we overcame the odds and changed the face of air cargo.

IATA e-freight CONFERENCE
Simple – Electronic – Paper free

REGISTER NOW - Limited Spaces!

IATA e-freight is an industry undertaking, led by the International Air Transport Association, that targets a move to an industry-wide, simpler, electronic, paper-free cargo environment by the end of 2010. At stake is US$1.2 billion in annual industry savings.

Date and Location

November_1-3, 2005
Geneva, Switzerland

Be one of the **400 key participants** from around the globe, who will meet to tackle the challenge of taking cost and complexity out of the cargo supply chain.

How you will Benefit

- By aligning with IATA e-freight, you can take advantage of common standards, systems solutions, common platforms and business transformation tools and techniques that will simplify the supply chain and reduce costs for your business.

- Get a better understanding of how to make IATA e-freight a reality in your organisation.

- And take advantage of a tremendous opportunity to meet with supply chain participants from around the globe.

The Impact on your Business

- A unique opportunity for all interested parties

- Benefit from the knowledge and momentum the summit will bring

- Learn how to make it a reality in your organisation

- Help achieve system efficiencies and cost benefits

- Gain valuable insight into the enhanced supply chain process, that will involve all stakeholders

Designed for

Cargo Airline Executives - Freight Forwarders - Customs Organisations - Shippers - Industry Solution Providers

Delegate Fees
Member

IATA Member Airlines & Customs Authorities	Please contact events@iata.org for more details.
IATA Strategic Partners:	
	$1, 590.00 for 3 delegates
Non-Member Airlines, Freight Forwarders, Shippers & Airports:	Reserve your seat now! Space is limited

CARGO CONSULTANCY SERVICES

IATA's Cargo Consultancy Services has taken off in a big way. We now have a unique tool for small/medium sized airlines and forwarders called Business Case Review – BCR. It is offered at a cost efficient rate and assists you to clearly identify real needs instead of symptoms.

Our team of highly skilled experts who have a sound background in research, analysis and strategic planning can help you. They are complemented by a pool of external specialists with practical experience with IATA Member airlines. Our unique access to airline experts and other specialists. enables us to provide services to medium and small airlines around the world to complement their dedicated staff. A multidisciplinary and integrated approach ensures each customer receives the specialised support needed to effectively deal with today's business challenges. As we also work with other consultants, a fully integrated solution can be recommended.

For more information, please contact Raymond Bos, Assistant Director, Aviation Consultancy Services at: **bosr@iata.org**

IATA / FIATA CUSTOMS WORKING GROUP (IFCWG)

The IFCWG met at the IATA offices in Geneva with the prime purpose of ensuring that the European air cargo community was aware and ready for the upcoming December 12th implementation date of the Canada Border Services Agency (CBSA) Advance Cargo Information system.

CBSA has partially listened to the industry's request for a postponement until after the busy holiday season and will allow carriers and forwarders to "phase in" their implementation. However, parties must provide prior notice to the CBSA of their plans by December 6th or they will be expected to be fully compliant by

December 12th. The phased in approach must be wholly implemented though by late April. Air Canada has developed such a plan and presented it to the IFCWG. The group supported AC's approach and intend to align themselves with it.

The CBSA will be meeting with the airlines and forwarders again on the 27th of October at the IATA premises in Montreal.

The Association of European Airlines (AEA) also participated in the Geneva meeting. The AEA provided an update on the plans of the European Union for pre-declaration of cargo and for establishing an Authorised Economic Operator (AEO) programme. IATA and the AEA will be coordinating their efforts in this area.

IATA STRATEGIC PARTNER SCANPAK – AVIVA RECEIVES TOP HONOURS

Best in Business Honours

The West Island of Montreal Chamber of Commerce announced its Accolades winners in the high technology and innovation category, and SCANPAK Inc. In business since 1995 was a winner. This Dorval based company and IATA Strategic Partner, provides companies worldwide with reliable, secure data collection and asset management solutions using the latest technologies in wireless networks and radio frequency identification.

Shown at the awards ceremony from left to right are:
Rick Kerr, Service Manager, SCANPAK – Joe Pace, V.P, SCANPAK – Valerio Lanzieri, President and CEO, SCANPAK / AVIVA – Marco Del Dotto, Sr. Acct. Manager, Bell Mobility – Bernie Gordon, Sales and Marketing Manager, SCANPAK

We are also pleased to advise and welcome five new Strategic Partners **DSM Dyneema B.V.; Hoffmann Air Cargo Equipment GmbH; Quality Focus Management Services Pvt. Ltd.; Alien Technology®; and Raytheon Company** who have joined the Unit Load Devices and Cargo Services areas in **2005**:

DSM Dyneema B.V., a business unit of DSM N.V., is active worldwide in life science and nutritional products, performance materials and industrial chemicals. The company has annual sales of approximately 8 billion euros (USD 10 billion) and has around 24,000 employees around the world. DSM is headquartered in The Netherlands with locations in Europe, Asia and the Americas.

Hoffmann Air Cargo Equipment GmbH is a manufacturer for air cargo pallet nets. The product range is comprised of knotted and knotless cargo pallet nets made of various materials with different finishings.

Quality Focus Management Services Pvt. Ltd., has been assisting the Indian airline industry in business process improvement by providing training, counseling and service support in the field of quality management since 1997. Their expertise lies in providing support in carrier services, freighter conversion & ISO 9001 Certification.

Alien Technology® is a leading supplier of radio frequency identification (RFID) hardware that enables industries to improve their operating efficiency. Through their patented manufacturing process, Fluidic Self Assembly (FSA®), Alien fabricates high performance electronic product code (EPC) Class 1 tags in unprecedented volumes at very low cost.

Raytheon Company is an industry leader in defense and government electronics, space, information technology, technical services as well as business and special mission aircraft. With headquarters in Waltham, Massachusetts, Raytheon employs 78,000 people worldwide.

DANGEROUS GOODS by AIR CONFERENCE & EXHIBITION

The 15th annual IATA DG by Air Conference which included a workshop on infectious substances took place in Los Angeles, 20 – 22 September and was well attended. Significant among the delegates were 9 representatives from the Civil Aviation Administration of China (CAAC) and 5 representatives from various Chinese airlines. The presence of the CAAC allowed IATA to facilitate a meeting between the CAAC representatives who came to the Conference and the US FAA to discuss incidents and fines imposed by the FAA on Chinese airlines and shippers for mis-declared or undeclared shipments of dangerous goods originating in China.

The 87th meeting of the **Dangerous Goods Board** (DGB/87) was held in Shanghai, China 25 – 28 September. There were a total of 43 attendees comprising members and observers from 23 airlines, including representatives from 7 Chinese airlines, as well as 9 representatives from the Civil Aviation Administration of China (CAAC) and IATA Partner – Envirotainer.

NEWS FLASH! - JUST RELEASED! 2006 IATA Dangerous Goods Regulations 47th Edition

The latest edition Dangerous Goods Regulations manual is now available. Now, more than ever, individuals and companies in today's marketplace rely on the safe, speedy delivery and the global access provided by air transport. But don't risk expensive penalties and fines - always refer to the world's acknowledged field reference for the regulations you need to know about shipping dangerous goods by air.

Get even more with the IATA Dangerous Goods Regulations this edition! New features in this 2006 version include:

New! Appendix H: Forthcoming Changes
A new section highlights regulation changes that will take effect on January 1, 2007, and that will be published in the IATA DGR 48th Edition. Give your company a one-year head start to plan necessary process modifications.

New! User-friendly index for common Operator & State Variations
New tables allow for quick look-up of some key Operator & State Variations that are common to carriers and to governments.

New and Improved! Section 7 now lists the Pantone Colour reference for hazard labels AND provides graphical illustration of some marking and labeling instructions.

Free! DGR Blue Pages Ruler
Book buyers will receive a complementary DGR Ruler, a tool to facilitate use of the commonly referenced section 4.2. List of Dangerous Goods tables.

The IATA Dangerous Goods Regulations is available in multiple languages. CD-ROM versions are available in: English, French, German and Spanish. Print versions include: English, French, German, Japanese, Spanish and Chinese (2006 release).

Order on-line at www.iataonline.com/dg or call 800 71 66 32 60 (international toll free)

Suddenly as you have just realized, we are far from the traditional media you have been purchasing. Are you ready for change? We think so. Remember we at IATA are there to help you. Innovation at your fingertips, isn't that a powerful driver? How about some 3D animation with that …

AVOID COSTLY SURPRISES

Get the IATA DGR Compliance kit 2006

A great offer from IATA to make shipping hazardous material easier. The IATA DGR Compliance kit 2006 includes the Dangerous Goods Regulations Manual (perfect bound), the Dangerous Goods Quick Reference Guide, the Dangerous Goods CD-ROM (XML offers search, sort, filter and cross-reference capabilities), a Dangerous Goods Poster (actual size is 24 x 36 inches), a unique safety awareness video to help train your employees, and the new IATA Dangerous Goods ruler. All for US$180/kit!!

Order online at www.iataonline.com/dg or call 800 71 66 32 60 (international toll free)

WORK WITH THE GUIDE RECOGNIZED BY THE WORLD'S AIRLINES

LAR & PCM INNOVATION – NEW & IMPROVED

We have the improved the look and feel of the LAR and PCM CD's with a customized home page, RFID section, 3D animation, logo and other features.

We have added customized airline contact information and will be expanding this section to all of our members who have service offerings in the live animals and perishables areas. Why not add freight forwarders? This information is what customers need to know! After all, isn't moving cargo what keeps us all in business? We want to provide you and your customers with the best information at hand and the most efficient procedures, in order to keep the speed in your businesses.

What happens with RFID when transporting perishables is another subject area developed in the Perishable Cargo Manual. Would you like to provide your client with specific commodity or animal species information? Use the special reports feature, available in both CD's; country and operator variations are automatically included in it as well. Follow the hyperlinks and discover more information on a particular subject. Use the sort and viewing capacity in the commodity / animal listings section. View the special market insert about aquaculture in the South East Asian market (PCM CD only).