



January 2005

# CARGO NEWSLETTER

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Welcome to the January 2005 edition of IATA's Cargo Newsletter which deals with IATA's Cargo Director's departure; the Cargo Paperless Environment Project; the postponement of the implementation of CBSA's Advance Commercial Information (ACI) Initiative; the adoption of the Piece Count Scenario Table by US CBP; update on Reso. 600b II - Conditions of Contract, Dangerous Goods update, U.S. NPRM on Air Cargo Security amongst others. 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.

## INDUSTRY LEADER, PHIL SIMS LEAVES IATA

Phil Sims, IATA's Director, Cargo for the last six years, left the company on 31 December 2004. A dedicated air cargo industry professional, commencing from his days at British Airways World Cargo and continuing through his tenure at IATA, provided strong leadership during a very challenging time in air cargo's history. He championed Cargo 2000 and the Cargo Paperless Project, oversaw the expansion and growth of CASS to many additional countries, worked with the Cargo Committee to foster the introduction and enhancement of key Cargo Agency and Services initiatives and managed the Cargo transition process that resulted from the loss of IATA immunities in Europe.

Phil will be missed by the entire IATA Cargo Team and we wish him all the best in his future endeavours. Good Luck, Phil.

## SIMPLIFYING THE BUSINESS (StB) - CARGO. IATA Board of Governors Approves the Cargo Paperless Environment Project

During the June 2004 Board of Governors meeting, the Simplifying the Business (StB) Strategy was adopted with three (3) industry projects approved at that time. These projects, designed to redefine the way the industry does business also had the objective of improving customer service whilst saving at least US\$3 billion in annual costs. They were:

- The elimination of paper based tickets by 2007
- The Introduction of RFID for passenger baggage
- The introduction of Common User Self Service (CUSS) Kiosks

The Cargo Committee was directed to make recommendations for a cargo related project for approval at the December 2004 BoG meeting.

On 10 December 2004, the Board of Governors approved a Cargo Paperless Environment project (CPE) as

recommended by the Cargo Committee. The recommendation recognised that in spite of the entry into force of Montreal Protocol No. 4 in June 1988, that allowed for the legal substitution of an electronic record for the paper air waybill, the air cargo industry continues to rely heavily on paper-based processes today.

This inefficient methodology now contrasts with an increasingly complex operating environment where accurate, timely, electronic data is a pre-requisite to comply with customer expectations, cost control, and security requirements. The recent introduction of requirements by the US, and others, to transmit electronic manifest data for security review prior to flight arrival has become a catalyst for change in the industry. The prescribed information must be electronic, timely, and accurate, and there is a very real penalty cost to not complying. This imperative further heightens the inefficiency of maintaining legacy paper-based processes.

It was also recognized that over the years a number of initiatives were taken to automate various parts of the process such as:

- Booking
- Tracking & tracing of shipments through the supply chain
- Quality control & service Improvement
- Elimination of the paper air waybill
- Global house waybill database
- Provision of advance manifest data
- Web based billing & settlement

However, none of these has been able to achieve widespread industry adoption so far.

With some 35 million waybills used internationally each year, and an estimated airline cost of \$ 6.00 USD to issue and process a paper air waybill (cost benefits have yet to be quantified with any degree of accuracy), it suggests cost savings of some \$ 215 million USD from this part of the process alone. In addition, with each Master Air Waybill covering 4 to 6 House Air Waybills on the average, it also suggests a further billion dollars of savings.

These figures do not take into account the myriad of other costs that could be eliminated from the daily work process in a fully automated environment:

- Reduced manpower associated with telephone bookings
- Improved data quality for load planning and yield management
- Better planning leading to fewer discrepancies and reduced costs of recovery
- Improved customer satisfaction
- Elimination of data capture costs and errors, to feed critical security systems
- Data is provided at source by the party able to provide the most accurate data, and subsequent parties would simply append their relevant information
- More accurate data leading to greater billing integrity
- More responsive systems to deal with claims in a real time environment.

The Cargo Committee's recommendations called for the global implementation of a Cargo Paperless Environment (CPE) by the end of 2010. The Board approved this recommendation with the Cargo Committee requested to consider a twin track approach with a target date of end 2007 for technology enabled carriers, and 2010 for others.

Cargo Committee will discuss this at the March 2005 meeting to be held during the Cargo Week Conference in Lisbon, Portugal.

### **CANADA BORDER SERVICES AGENCY (CBSA) ACI Implementation Postponed**

The Canada Border Services Agency (CBSA) recently released the Participants' Requirements Document (PRD) for their Advance Commercial Information (ACI) initiative in December 2004. Implementation for the air mode has been re-scheduled from May to September 2005. This is welcome news for the airlines. The original proposed May date was too soon after the release of the PRD. Our Members required and requested more time to develop their applications, which will be in UN EDIFACT.

### **U.S. CUSTOMS AND BORDER PROTECTION AGENCY (CBP) – Piece Count Table Adopted**

The United States Customs and Border Protection Agency (CBP) adopted a piece count scenario table developed by the IATA/FIATA US CBP Working Group (IFCWG) in their latest Frequently Asked Questions file posted to their web site at URL

[http://www.cbp.gov/linkhandler/cgov/import/communications\\_to\\_industry/advance\\_info/air\\_faq\\_cargo.ctt/air\\_faq\\_cargo.doc](http://www.cbp.gov/linkhandler/cgov/import/communications_to_industry/advance_info/air_faq_cargo.ctt/air_faq_cargo.doc)

Forwarders and Airlines alike are now able to use the table as a reference when determining the piece count reporting requirement as specified by U.S. CBP.

### **Reso 600b II - MAWB CONDITIONS OF CONTRACT**

Amendments made to Reso.600b II MAWB Conditions of Contract at the Cargo Services Conference - CSC/26 held in March 2004 in Singapore to include the appropriate references to the Montreal Convention, have not yet received required Governmental approvals and as a result cannot be declared effective.

Member airlines and forwarders who are reprinting air waybills have been advised that pending US DOT approval, minimum required number of air waybills using the currently effective language, which has the necessary government competition law approvals should be used. This allows Members and forwarders to continue their current operations without being left with a large stock of superseded air waybills once the new language is approved and declared effective.

As soon as approval is received, a special Cargo News Bulletin will be issued to advise all.

### **DANGEROUS GOODS UPDATE**

For shippers of dangerous goods the 46<sup>th</sup> edition of the IATA Dangerous Goods Regulations contains a significant change that impacts almost every dangerous goods shipment – the format of the ubiquitous "Shipper's Declaration for Dangerous Goods" has changed.

The change to the format has been made because of changes to international regulation on how the dangerous goods must be described. There is also a requirement for a new certification statement. This doesn't mean that shippers can't use up stock of the old design though. Provided that the shipper complies with these two new requirements, they can continue to use up stocks of the old forms. Details of the new requirements and examples of the new format Shipper's Declarations can be found on the dangerous goods website at, [click here](#).

IATA has also introduced two new products in 2004 that resulted from what our customers told us from market research conducted. The DGR Quick Reference and French, German and Spanish DGR CD-ROM are new products that have gained wide acceptance since they were introduced.

### **DGR Quick Reference Guide**

The Dangerous Goods Regulations (DGR) Quick Reference Guide had its gestation in a new product initiative as a way of expanding the reach of dangerous goods information, specifically targeted at shippers of dangerous goods. This new product, designed to compliment the IATA DGR, was developed as a result of a survey that identified a market need for a pocket-sized DGR job-aid. The end result, the DGR Quick Reference Guide is a handy pocket sized *aide memoir*, which is designed to assist those people involved in shipping dangerous goods with pictorial examples of correctly marked and labelled packages, correctly completed Shipper's Declarations, and other aspects of the IATA Dangerous Goods Regulations (DGR). The DGR Quick Reference does not replace the DGR, but rather remind shippers what the requirements are, where they are found in the DGR with references to DGR paragraphs and examples of how things should be done to reduce the incident of rejected shipments. Demand for this guide has been overwhelming with feedback from the market universally positive.

### **French, German and Spanish DGR CD-ROM**

Until this year, the DGR on CD-ROM has only been available in English, however with IATA's transition to a new software language – XML, the door opened for new product development. The DGR on CD-ROM is now available in **French, German** and **Spanish** providing the DGR user with a greater range of electronic and print products to meet their DGR needs.

The use of XML revolutionized the publications process by allowing greater flexibility and ease of incorporating new information into a living document such as the IATA DGR and the Training Workbooks. Other IATA products will be "XMLised" throughout the coming year to shorten the production cycle and allow for future e-product development.

Another useful technical enhancement to the DGR on CD-ROM in 2005 is the "**DG Flashcard**" feature. Now, all information applicable to a substance or article listed in the DGR's "blue pages" or List of Dangerous Goods is as close as a mouse click. Double-clicking on any entry in the list will pull up a comprehensive "flashcard" of information pertinent to that particular substance or article, right at your fingertips!

## **IATA PARTNERS PARTICIPATE IN RFID INITIATIVE**

In November, IATA held its first Simplifying the Business Conference (StB) in Geneva which included subject-matter on Radio Frequency Device (RFID) technologies. As an add-on to the conference an RFID workshop was organized on day three, moderated by IATA Cargo. The StB was a resounding success as was the RFID workshop. Over 90 Delegates attended this RFID session. IATA presented its White Paper on the subject, (published in Airlines International, August - September) and provided an update as to the activities in the passenger area. The audience also heard from two partners and one member airline that shared case studies and their experiences. **IBM** handled information integration, **Scanpak** addressed long range active reading and real time tracking and **DHL** provided their operational experience with passive technology.

Breakout sessions moderated by partners, Matrics, Intermec, IBM and Scanpak covered various issues and approaches used by the industry. The information gathered is being compiled and analysed to form the basis to the next steps required to secure RFID as the technology that will bring asset tracking into a new age of unequalled efficiency. Participants, exhibitors and sponsors provided excellent feedback on the event.

## **LIVE ANIMALS & PERISHABLES**

The air transportation of live animals and perishables has some very challenging but nevertheless commercially interesting business prospects for our Member Airlines. The Live Animals & Perishables Board - LAPB have taken a leadership role to move the industry towards a better, more efficient and simplified businesses process when it comes to special cargoes transportation by air.

### **Endangered Species**

IATA was well represented at the latest CITES convention (COP 13) that was held in Bangkok last October and our efforts were well recognized. Immediately after the convention and during the most recent Live Animals and Perishables Board meeting, CITES issued a press release, [click here](#) backing the 32<sup>nd</sup> edition of the IATA LAR and recognizing the efforts done by our industry. Mr. Bisignani welcomed the collaboration between industry and governments as an effective way towards making standards that work. For a complete text of the release, [click here](#).

### **Laboratory Animal Transportation**

The business communities involved in drug research and other life sciences also rely air transportation to get their

products to the markets they serve. To simplify the air transportation part of the equation, IATA will be adding a new chapter to the Live Animals Regulations Manual (33<sup>rd</sup> ed.) that deals with laboratory animals transportation. This effort has been well received by the drug research and life science community and they look forward to expanding their business relationships with our members.

## **3D Animation The Right Tool**

IATA standards are known throughout the world and many of them have benefited the traveling public and shippers at large. IATA is now moving the container requirements of the LAR into a new 3D animated environment. The participants to the latest board meeting, which included government and industry representatives, demonstrated great enthusiasm towards the new product. More to follow on the subject in future issues.

## **AVI Training - Which Solution Is Right For Me?**

"Which training solution is best for your company", is a question many of you are confronted with in your daily work of transporting live animals efficiently (or perishables for that matter). IATA has some new solutions coming for 2005. Whether it is in-company training, e-learning or training your course leaders, we are committed to adding value to your company and your employees! More on this subject in the future.

## **INTERLINE TARIFFS**

This has been a successful and productive year for Cargo Tariff Coordinating Conferences; three meetings of the Cargo Tariff Coordinating Conferences were held during 2004; the main annual meeting was convened in Singapore on 12-14 May followed by a Special Composite Working Group on 23-24 June in Geneva and by a Special Composite meeting again held in Geneva on 16-17 September 2004.

*Objective:* To simplify and streamline add-on structures in numerous major countries with significant domestic networks.

### *Results achieved:*

- Transparency in publishing
- Ease of correct constructed rate quotation by agents
- Superior accuracy of constructed published rates
- Major reduction in overall costs by elimination of redundant constructed rates (reduction of costs for filing carriers and reductions of print/distribution costs)

All of these targets were met and the revised structures for Canada, France, Italy, Poland, Spain, UK and USA amongst others, will come into effect with the February 2005 publication of the TACT, [click here](#).

Other significant agreements adopted during 2004 were:

- Effective 1 July 2004 saw the introduction of a global interlineable International Priority Service Resolution 501f aimed at the transportation of small packages.
- Effective 1 November 2004 all cargo rates and related charges from Poland were specified in EUR.
- Effective 01 February 2005 all cargo rates and related charges from Turkey to be specified in EUR.
- Under the provisions of Resolutions 116aa/bb 125 filings were circulated amending/adding/deleting rates and/or charges and 10 filings circulated related to amendments in Resolution text/rules - all changes are transmitted to TACT (The Air Cargo Tariff) on a regular basis.

- The changes involved 246,173 individual specified rates, 6012 individual add-on amounts.

Amendments to Resolution 502 - Low Density Cargo adopted in 2002 are still pending.

The Interline Tariffs department works closely with TACT to ensure top quality industry tariffs data is available to the cargo community; any innovations/changes of an industry, as opposed to a carrier specific nature, ought to be filed via the Tariff Conference processes of the Interline Tariffs department.

Currently 94 IATA member airlines participate in Cargo Tariff Coordinating Conferences; for more information please contact [tariffs@iata.org](mailto:tariffs@iata.org) or see, [click here](#).

## US TSA NOTICE OF PROPOSED RULEMAKING (NPRM) ON AIR CARGO SECURITY

The US Transportation Security Administration (TSA) issued their Notice of Proposed Rulemaking (NPRM) on Air Cargo Security on Wednesday 10 November, 2004. IATA has developed a regulatory analysis of the NPRM and the documents are currently out for comment by the Cargo Security task Force (CSTF). The NPRM primarily codifies existing requirements implemented through Emergency Amendments and Security Directives (EAs/SDs) (primarily those issued in November, 2003 and January, 2004). The NPRM also includes recommendations of the TSA Aviation Security Advisory Committee (ASAC) Cargo Working Groups which are supported by the industry.

However there are issues of concern which have been identified including:

- TSA reluctance to reinstate passenger air carrier ability to accept unknown cargo for screening by physical or technical inspection/screening.
- Restriction on the ability of air carriers (including all-cargo operators) to accept shipments directly from shippers not required to have a security program by TSA.
- Implementation of Security Threat Assessments for All Cargo Workers with Unescorted Access to Cargo - we feel that TSA has dramatically underestimated the number of personnel impacted.
- Expansion of Security Identification Areas (SIDA) to Cargo Facilities. Air carrier responsibilities at All-Cargo Airports Without SIDA or at facilities covered by Exclusive Sue Agreements.
- Implementation of and Mandatory Use of the Centralized Known Shipper Database - some air carriers to not favor mandatory participation and the industry position is that such databases should be developed, populated and operated by government.

Comments are due by 10 January, 2005 and IATA is coordinating its input with other industry associations and individual Members. Send your comments to:

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## CASS WELCOMES

CASS welcomes the following Airlines, Cargo Agents and Associates to the family:

- **CASS Australia**  
*Airlines*
  - Lan Chile (LA)
  - Virgin Blue*CASS Associates*
  - Repworld (Australia) Pty Ltd.
- **CASS Argentina**  
*Cargo Agents*
  - International Freight Forwarder
  - Mercolog Argentina,
  - Reygraz Internacional
  - Lixel and Exel Logistics Argentina
  - Loginport*CASS Associates*
  - Internacional Cargo
  - Customer & Equipment Service
  - Loginport
- **CASS Brazil**  
*Cargo Agents:*
  - Raffs International Air Cargo
  - Interglobal Consultoria E ADM de Comercio Internacionais,
  - Brido Do Brasil Sp Logistica
  - New Way Fretes Internacionais,
  - Quick Shipper Transportes Internacionais,
  - Unicarrier Transportes Internacionais,
  - Yusen Air & Sea Service,
  - Despachos E Transportes Dms,
  - New Traffic Comisaria E Agenciamento De Cargas,
  - Enterprise Transportes Internacionais,
  - Ift Transportes Aereos*CASS Associates*
  - Repremar Logistics Do Brasil
  - Brazil Wind Logistics Ag. Int'l de Cargas
  - Easy Solution Logistica
- **CASS Chile**  
*CASS Associates*
  - Big Business Cargo
- **CASS Japan**  
*Airlines*
  - Iran Air (IR)
- **CASS Mexico**  
*CASS Associates*
  - Embarques y Mercaderias*CASS Associates*
  - Multilogistics Cargo
- **CASS Peru**  
*Cargo Agents*
  - Correo Privado
  - Tradel Service

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