

Airline's Views

CLG presentation to WCO Regional Seminar on SAFE
Framework of Standards

Albert Lo, CLG Chairman

Hong Kong
15 FEB 2007

Favor

- Secured supply chain
- Advance cargo information
- Risk assessment
- Target screening
- Harmonized program
- Single window

Not Favor

- 100% inspection
- Dependency of paper documents
- Airlines shoulder all the responsibility

Challenges

- Standardization
 - 2 key elements of the transport document are in free format, i.e.
 - Shipper/consignee names and address
 - Goods description
- Complexity related to consolidation
 - House waybill
 - Role and legal status of consolidator
- Ownership of data
- Authority accepting data from AEO

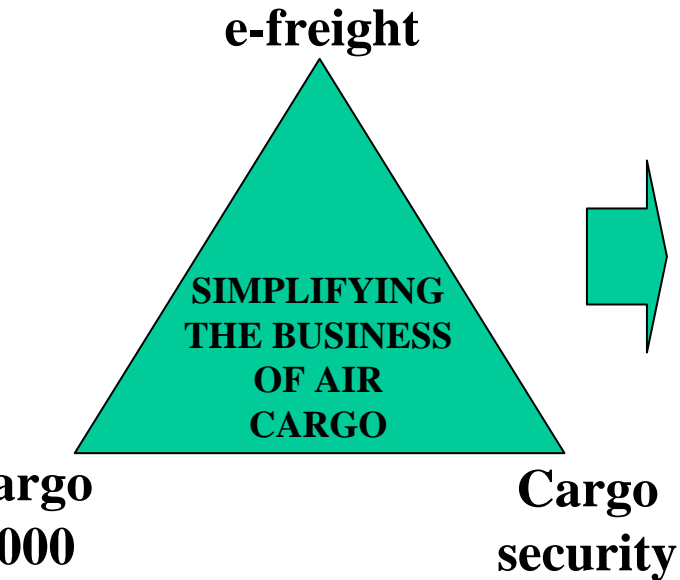
Introducing IATA e-freight

- IATA e-freight is an industry initiative to simplify the business
- IATA e-freight complements WCO SAFE Framework of Standards for secured supply chain
- Accurate and timely electronic records plus quality management system in IATA e-freight help to develop the secured supply chain

IATA e-freight: in a nutshell

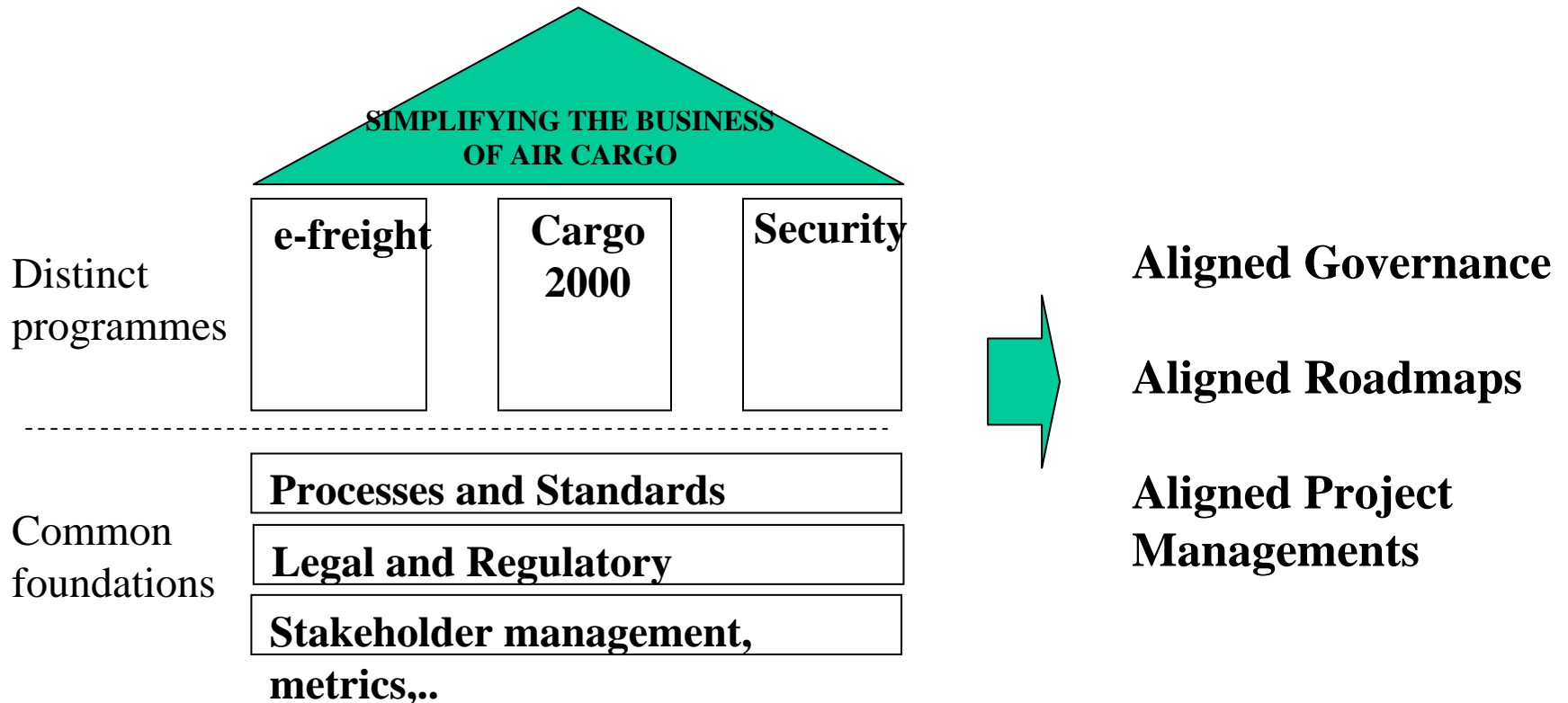
- What is it?
 - A joint air cargo industry programme of carriers, forwarders and customs, led by IATA
 - Aimed at eliminating need to produce and transport all paper documents for air cargo shipments
- What is it worth?
 - 1.2b US\$ air cargo supply chain cost saving, driven by 80% reduction in cost of paper-work
- When will full benefits be delivered?
 - Dec 2010 onwards with early adoption Dec 2007 onwards
- What is our approach?
 - Business change supported by automation if necessary
 - E-freight complimentary but aligned to Cargo 2000
 - E-freight will enable enhanced supply chain integrity to customers

Simplifying the Business of Air Cargo



- **Simple, electronic, paper-free:** reducing paper-work okay to print paper, but not okay if shipments stop for want of paper
- 100% global adoption of **quality management system** spanning from shipper to consignee
- **Harmonized cargo security** system guarantees secure transportation of cargo while allowing the industry to continue to profitably grow

Simplifying the Business of Air Cargo



Hong Kong – one of the 5 IATA e-freight pilot country/area

- Among Canada, Netherlands, Singapore and U.K., Hong Kong is one of the pilot country/area to implement in 2007.
- EFMG (e-freight management group) will be set up in end FEB
- Our short term goal is to replace air waybill, house ULD manifest and house waybill with electronic record. As required, physical document can be reproduced from the electronic record

Voluntary or Mandatory

- We have a different about voluntary program. It is difficult to standardize the process if it is a voluntary program.
- Move towards mandatory by phases
- Include service providers in the first phase;
 - Airlines
 - Freighter forwarders and consolidators
 - Cargo terminal
 - Customs brokers
 - Trucking operators