

e-AWB

**A presentation to EF Local Adoption
Meeting**

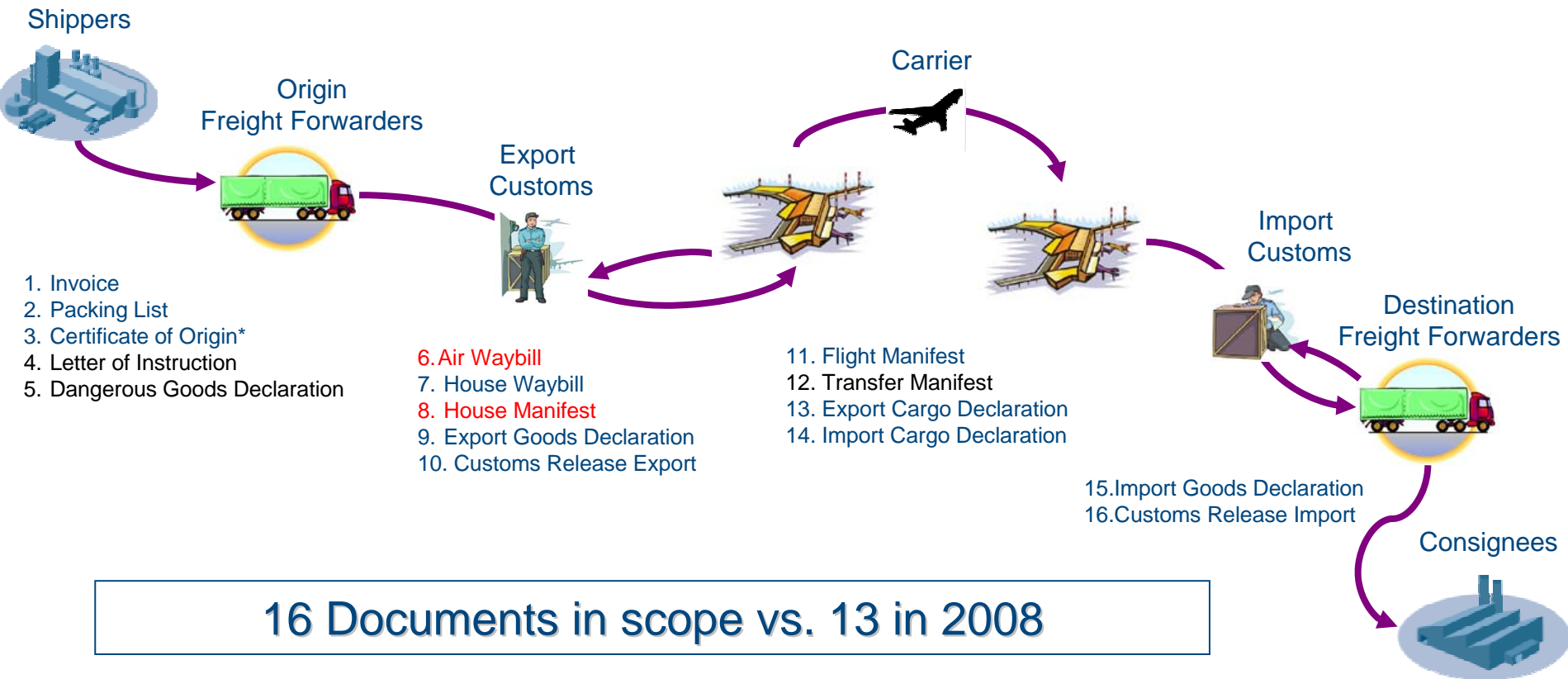
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Hong Kong EFMG Chair & CLG Chair

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Hong Kong

Type of EF Documents in scope



* Where legally feasible

e-AWB - Background

- The removal of the paper Air Waybill is a core component of IATA e-freight and the legal framework is in place to allow it
- A Task Force comprised of Airlines and Freight Forwarders defined the e-AWB specifications which were reviewed by IT Service Providers
- The e-AWB specifications meet legal, business & technical requirements
 1. Compliance with MC99, MP4, Chicago Convention Annex 9, IATA Resolutions
 2. Limited business process re-engineering
 3. Re-use of existing messages and limited IT enhancements

e-AWB - High level concepts

1. Parties need to sign an **EDI agreement**, ONCE, prior to the removal of the paper Air Waybill to “set the scene”
2. A **Shipment Record** will record the contract of carriage and will substitute the paper Air Waybill
3. A **Cargo Receipt** can be provided by the Carrier, if so requested by the Shipper, to evidence the conclusion of the contract
4. The **Charges Correction Advice** process will remain as is in case of discrepancies

→ *The e-AWB (Shipment Record) Functional Specifications are available on line:
<http://www.iata.org/stbsupportportal/efreight/materials/>*

EDI Agreement

EDI Agreement - Overview

1. Formalises the contract of carriage by electronic means
 2. Documents the consent of the Shipper to the use a Shipment Record
 3. Describes the operational and technical requirements for EDI
 4. States the condition of contract/carriage and record Shipper's acceptance
 5. Formalises the use and form of the Cargo Receipt
 6. Should be signed at corporate level vs. local level where feasible
 7. Can be accepted online when using a web portal to exchange electronic messages
- *A Model Agreement for EDI is included as the proposed **CSC Recommended Practice 1670, Attachment 'A'**; the Conditions of Contract for carriage concluded and evidenced by electronic means is included as the proposed new **CSC Resolution 600i**; the Consent of Shipper to use a Shipment Record is included as the proposed **CSC Resolution 600h**.*

Shipment Record

Shipment Record - Overview

1. Provides evidence of the contract of carriage in place of the paper Air Waybill
 2. Includes the necessary information as per MP4 & MC99
 3. Is initiated by the FWB message sent by the Shipper prior to the delivery of the freight to the Carrier (except in some circumstances e.g. HK)
 4. Is confirmed or modified by the FSU(RCS) where only weight, volume and number of pieces could be updated according to physical acceptance
 5. Is archived (i.e. FWB & FSU(RCS) messages) by the Carrier and the Shipper in compliance with the local legal regulations
- *The Shipment Record is initiated by the FWB and confirmed or modified by the subsequent FSU (RCS)*
- *The proposed updates to **CSC Resolution 600f**, 'Form and Use of the Shipment Record', are included in the CSC/31 Agenda (Voting Item V/1).*

Cargo Receipt

Cargo Receipt - Overview

1. Evidences the conclusion of the contract (“including acceptance of all contract terms”)
2. Evidences acceptance of the cargo as “Ready For Carriage” (as defined in the IATA Cargo Agency Conference Resolutions 833)
3. Permits identification of the shipment and access to the information contained in the Shipment Record
4. Consists of the Shipment Record information i.e. FWB message information as confirmed or modified by the FSU/RCS
5. Provided in paper form (or electronic if agreed between parties) by the Carrier upon Shipper’s request

Note 1: The requirement for a Cargo receipt and its content (information required) are specified in the Montreal Convention 99 and Montreal Protocol 4

Note 2: In case the Cargo receipt cannot be produced by the Carrier upon Shipper’s delivery the Carrier must provide the Shipper with a Warehouse receipt (in lieu of a Warehouse receipt, the Carrier may counter-sign the Shipper’s Delivery note)

➔ *The Cargo Receipt layout is specified in the CSC/31 Agenda (Voting Item V/1) as the proposed **CSC Recommended Practice 1670, Attachment ‘A’, Annex ‘C’,** and referenced in the proposed changes to **CSC Resolution 600g.***

Cargo Receipt - Layout

Shipper Name		Shipment Identification		<p style="text-align: center;">Cargo Receipt</p> <p>Issued By</p>		
Day/Month/Time (of Shipment Acceptance)		Airport/City Code (of Shipment Acceptance)				
No. of Pieces	Gross Weight	K / L	Volume	Airport/City Code (of Origin)	Airport/City Code (of Destination)	Airport/City Code (of Routing)

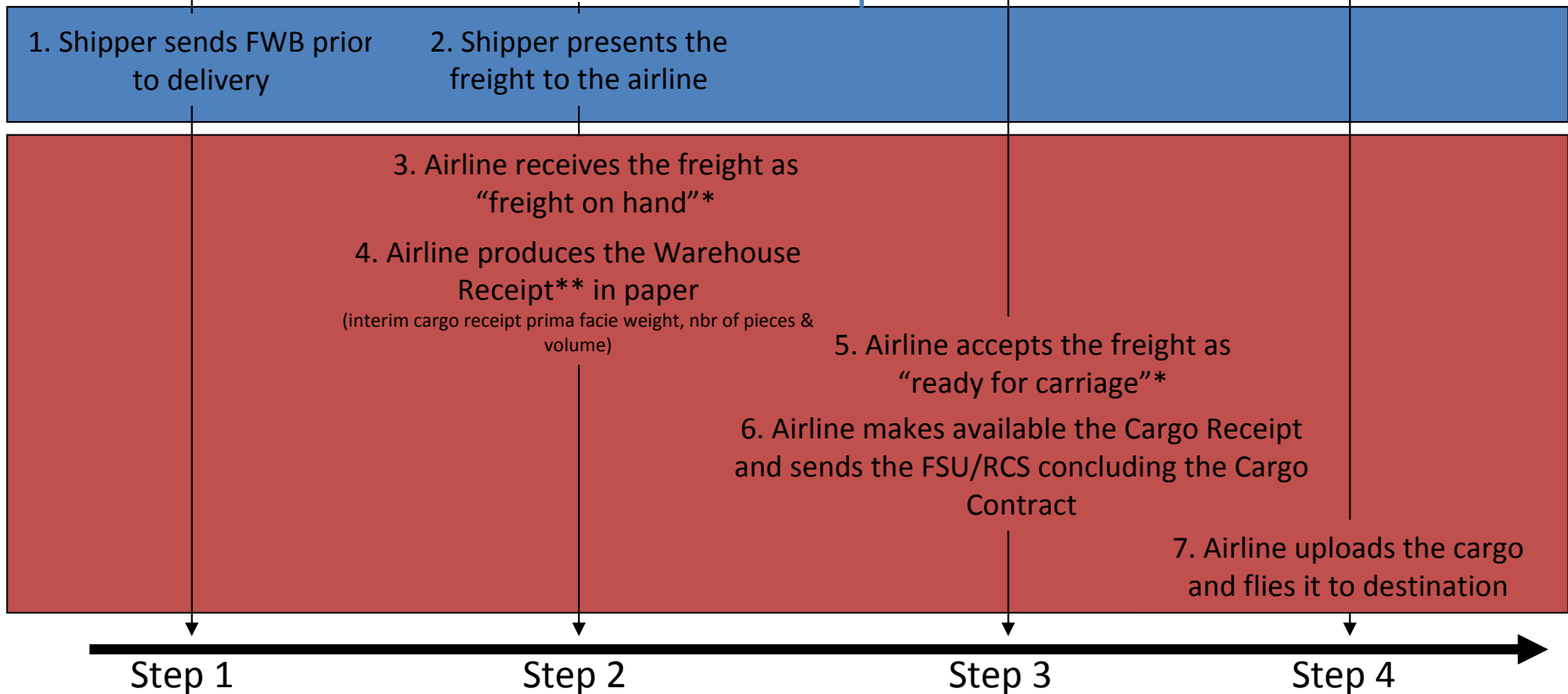
Charges Correction Advice

Charges Correction Advice - **As is**

1. In the case of discrepancies then the Carrier shall send a Cargo Correction Advice (CCA) to the Shipper
2. The CCA process will remain as is

e-AWB

Process Overview – Option 1 “Normal track”



* If it deviates from the FWB, the shipment shall be treated according to the exception management procedures previously agreed between the Parties

** In lieu of a Warehouse Receipt, the Carrier may verify the information on and counter-sign the Shipper's Delivery Note

e-AWB

Process Overview – Option 2 “fast track”



* If it deviates from the FWB, the shipment shall be treated according to the exception management procedures previously agreed between the Parties

e-AWB - FAQ (1)

1. The number of EDI agreements will be an administrative burden?
 - EDI agreement should be accepted online and signed at corporate level with global players
2. Can a confirmation message be in place to make sure that the FWB has been received?
 - The implementation of the FMA (CIMP Acknowledgement message) is not mandatory but is possible to serve that purpose (up to the parties)
3. What happens if the freight is delivered but the FWB have not been received?
 - Fallback procedures agreed between parties should be in place (such as call and fax, FWR, paper...)
4. Is the FWB update in scope?
 - The FWB update is not in scope as the FSU/RCS will allow the weight, number of pieces and volume to be modified according to the physical freight. It can be implemented if parties decide so.
5. What happens if I receive multiple FWBs?
 - Recommended practice is to send/receive only one FWB, but if multiple are sent only the last one prior to the delivery of the freight shall be part of the Shipment Record
6. Can I ask my origin GHA to manage the e-AWB on my behalf?
 - The Carrier is free to subcontract the exchange of messages that constitute the Shipment Record, the archiving of such messages and the production of the Cargo Receipt
 - The Carrier will still have to sign an EDI agreement with the Shipper and may have to update his GHA agreement
 - Origin GHA will have to archive the FWB as sent by the Origin Forwarder to the Origin Carrier as well as the FSU(RCS) message

e-AWB - FAQ (2)

7. What happens if the Shipper is delivering to me partial shipments?
 - Standard practice (as per IATA Reso. 600 “The Consignment”) is to receive the cargo in one lot.
 - If multiples lots are received FOH could be used until the last lot is received where FSU(RCS shall be sent. In case multiple FSU(RCS) are sent only the first one, for the total quality (vs partial quantity) shall be part of the Shipment Record
 - **In Hong Kong, we recommend to use FOH to confirm the physical acceptance by CTO, i.e. Hactl and AAT**
8. Can the truck driver still use a paper truck delivery note when the freight is delivered at the carrier premises?
 - Yes the truck driver can still use a paper truck delivery note
 - **In Hong Kong, we use the Reception Check List (RCL) for the same purpose**
9. Is the Charges Correction Advice process still in place?
 - Yes the CCA is still in place to inform the Shipper that there is a charges correction
10. Is the Cargo Receipt based on information of my operating system or on the archived FWB & FSU(RCS)?
 - The Cargo Receipt shall be based on the archived FWB & FSU(RCS) to guarantee the integrity of its content through out the storage period
11. Why is the layout of the Cargo Receipt different from the paper AWB?
 - The AWB layout was not preferred for the following reasons:
 - To simplify the format and meet the MC99 and MP4 requirements where only limited fields are required
 - To avoid confusion with the paper MAWB (how would I know if it is an e-AWB or a paper AWB?)

Prepare HKG to adopt e-AWB

- Carrier Liaison Group (CLG) has established a task force to develop the HKG best practice for the purpose of adopting e-AWB and electronic house manifest for all export shipments ex HKG.
- The adoption of e-AWB and electronic house manifest will speed up the adoption and penetration of EF in HKG. It brings in the required critical mass to realise the benefit of EF

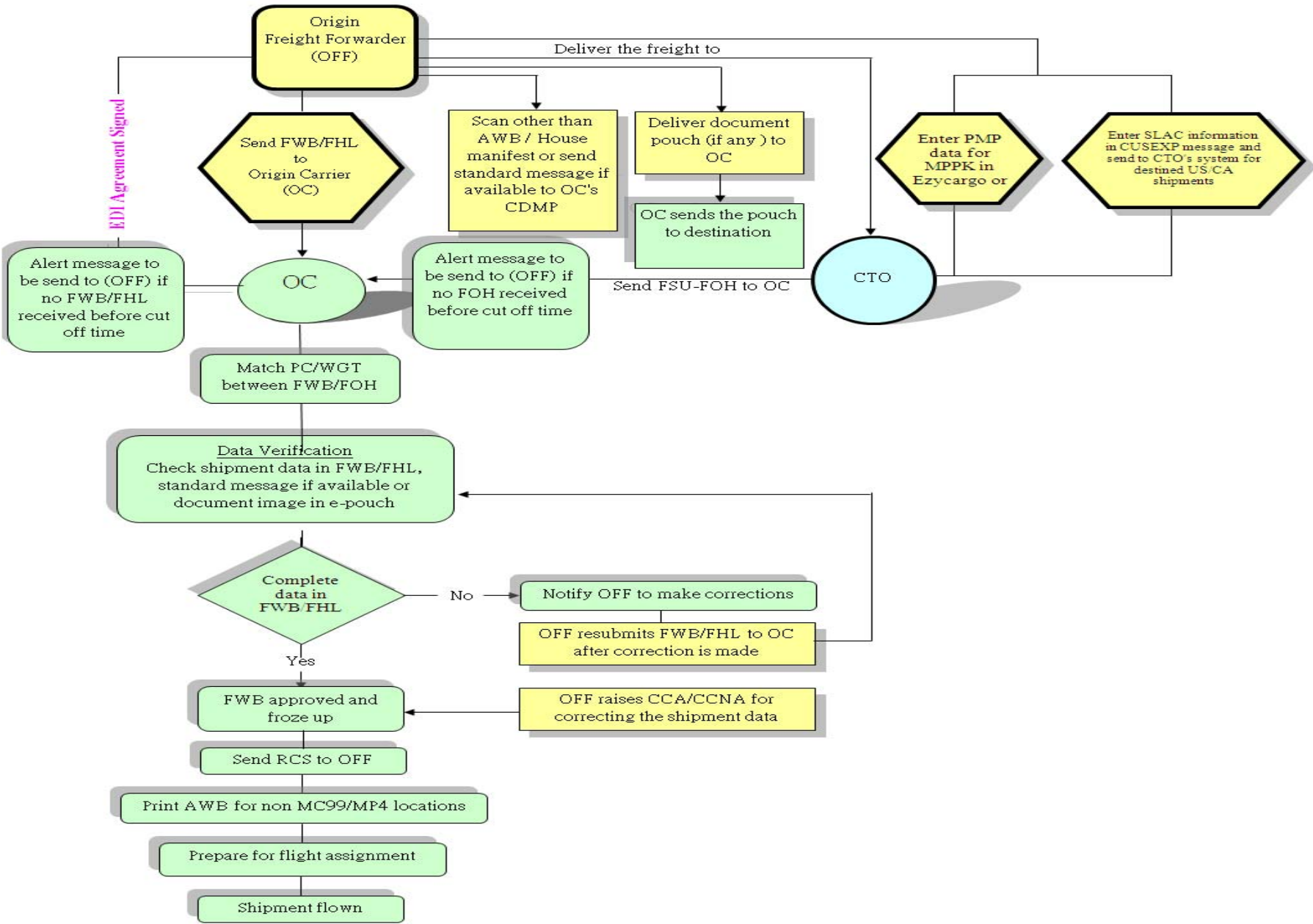
Best practice to be developed

- It is largely following the IATA e-AWB and EF handbook
- It has proposed an alternate procedure for non MC99 destinations
- Key components
 - EDI agreement signed between AO and FF
 - FF send FWB/FHL to AO
 - FF deliver goods to AO's CTO (Hactl or AAT)
 - AO's CTO send FOH to AO
 - AO match FWB/FHL and FOH
 - AO resolve the discrepancy with FF, if any
 - AO send FSU-RCS to FF to confirm the goods is ready for carriage
 - AO send Cargo Receipt to FF, as required
 - AO print AWB hard copy and keep at HKG for the purpose of non MC99 destinations.
- Use the e-pouch for documents other than AWB and house manifest to facilitate cargo acceptance

The concept of e-pouch

- Other than AWB and house manifest, there are documents required for the purpose of cargo acceptance, either in or out of scope of IATA EF
- Note that it may take a long time before the industry can widely adopt the message standards (assuming that they will be developed and agreed by all the stakeholders)
- e-pouch provides an interim solution which allows FF to provide the require information contained in the other documents to AO using today's electronic imaging technology

BUSINESS PROCESS FLOW CHART FOR CARGO FORWARDERS' SHIPMENT



Remind us the benefit of EF and e-AWB

- Timely, accurate and complete data provides
 - shipment information
 - permission to proceed
 - Identification of the authorized party
- EF allows us to
 - remove the bottleneck created by paper documents
 - make e-process possible
 - smooth the work flow and required resource
 - reduce the dependency of human intervention
- Import pre-arrival customs clearance is a good example
- Adoption of e-AWB in HKG helps to build the critical mass in order to realize the benefit including reduce handling cost, improve cut off time and minimize rejection rate

Status

- CLG has completed the draft best practice
- CLG has invited AO and FF to participate the proof of concept
- It has kicked off in MAY
- Participants are
 - Cathay Pacific Airways
 - DHL Global Forwarding (Hong Kong) Limited
 - Grand Express Ltd
 - NAF Northern Air Freight Ltd
 - MC Trans
 - GLSHK as the IT service provider of CX
 - CLG, HAFFA, Schenker International (H.K.) Limited, Polytechnic University as observers
- The task force has met on 14 JUL to go through the findings and recommended solutions
 - Accept the proposed to-be process subject to satisfactory technical solution which is at least cost neutral
 - Recommend no change to the current house manifest submission via ISAC to CTO. There is technical solution to retrieve the house manifest in FHL format to satisfy airline's operational need
 - Take the advantage of current CTO's common platform to receive/distribute FWB and other documents using the e-pouch concept. It requires further discussion with CTO
- Has presented the findings and recommended solutions to CLG on 15 JUL. Members are asked to vote before SEP meeting.

Next steps

- If it is endorsed by CLG and HAFFA, the task force will start to discuss with CTO about the proposed technical solution, i.e. Use CTO systems for the purpose of common platform.
- Prepare the best practice
- Arrange trial shipments
- Present to Cargo Facilitation Committee for wider industry consultation
- Recommend to airlines and freight forwarders

In summary

- There are 16 documents in the scope of IATA e-freight (EF) which include
 - Air waybill
 - House manifest
- Airlines (AO) use these two primary documents to accept goods from the freight forwarders (FF)
- The message standards of these two documents are ready and widely adopted by the airfreight industry
- IATA e-AWB is ready pending the conclusion of model EDI agreement with FIATA
- Carrier Liaison Group (CLG) has established a task force to develop the HKG best practice for the purpose of adopting e-AWB and electronic house manifest for all export shipments ex HKG.
- The adoption of e-AWB and electronic house manifest will speed up the adoption and penetration of EF in HKG. It brings in the required critical mass to realise the benefit of EF
- We target to have the best practice to adopt e-AWB and electronic house manifest for all export shipment ex HKG by end 2009.