

FIATA

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AIRFREIGHT INSTITUTE (AFI)

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To: Delegates, Airfreight Institute (AFI)

cc: Presidency
Extended Board
Honorary Members of the Board
Honorary Members of FIATA
Association Members
CLECAT

From: Daniel Bloch, Manager Airfreight Institute (AFI)
on behalf of Rodolfo Sagel, Chairman Airfreight Institute (AFI)

Subject: 87th MEETING OF THE AIRFREIGHT INSTITUTE (AFI)
Los Angeles, USA, October 10, 2012

Minutes

ATTENDANCE (Registration) List as per Annex I

1. Opening of the meeting and welcome by the Chairman

The meeting was opened at 09:45 by the Chairman Mr Rodolfo Sagel.

He welcomed delegates to the 87th meeting of the Airfreight Institute of FIATA.

Statement from FIATA regarding Correct Behaviour under Anti-Trust Law

The Chairman informed the meeting participants about the new statement, published on the website, displayed on a screen and printed on leaflets available at the meeting.

Please take note of the legal statement:

“FIATA policy strictly prohibits any discussion or other communication the purpose or effect of which is to set prices, allocate markets or customers, engage in tying arrangements or refrain from purchasing any goods or services from any particular supplier or vendor. It is mandatory that you familiarize yourself with FIATA’s written antitrust policy which the secretariat has made available to all participants.”

2. Approval of the minutes of the 86th Meeting in Zurich, 17 March 2012

(Doc. AFI/355)

The minutes were published on the FDDS. No comments were received from the delegates in writing, or at the meeting. The minutes were unanimously approved.

3. IATA/FIATA matters

- IATA FIATA Cargo Modernization Project

AFI Chairman Mr Rodolfo Sagel referred to AFI's close cooperation with the International Air Transport Association (IATA). Much work is being done to entrench a new programme and every effort is being made to establish a better relationship with IATA in the future. The Chairman informed the delegation that three AFI members of the Cargo Modernization Program Working Group (WG) were present: Mr Bill Gottlieb, Mr Herman Donker and Mr Marc Van Corenbergh. The Chairman invited Mr Glyn Hughes, IATA Director Industry Management Cargo as well as a participant of the WG's roundtable, to join them in front to assist with his valued comments and answering possible questions, once Mr Donker completed the exposé on the IATA/FIATA Cargo Modernization Project.

Mr Donker informed the delegation about the main points of the program currently being discussed and proposed within the WG. His intension was not to repeat what had been released by the AFI Deputy Chairman Marc Van Corenbergh at the last Headquarters meeting in Zurich the details of which are available in the minutes. There the need to review the structure of the existing Air Cargo Program was made clear and Mr Donker continued from this point.

He reported that with the notable exception of the United States the various cargo programs were still operating under the IATA accreditation rules and that these rules were set in place at a time when the forwarder was indeed a mere agent operating as a sales outlet offering the services of the carrier to the shipping public. He noted that the dismantling of the IATA conference administered program in the United States and its subsequent replacement by CNS in 1985 was the result of the 1978 deregulation of the aviation industry. He highlighted that the introduction of a more balanced program in Europe was triggered by the fact that the IATA program could no longer benefit from an exception to the European Union competition rules. Nevertheless, the new European Air Cargo Program continued to be administered by the IATA Cargo Conferences.

He iterated that carriers and forwarders alike realize that the Industry today is fundamentally different from what it was more than 50 years ago when the IATA cargo programs were first introduced.

He reported that consequently an IATA/FIATA Working Group was set up with the task to propose a new structure reflecting the changed relationship between Airline and Forwarder, which evolved from a principal/agent relationship to a supplier/customer relationship.

He informed the delegation that the discussions in the Working Group were still in progress, and that many issues still needed to be discussed, but that the WG believed that a point had been reached where the members could receive a rough outline of the structure that would be proposed within a few months to the membership of IATA and FIATA for approval.

He clarified that the Working Group was not interested in re-inventing the wheel and that the intention was simply to propose a structure that reflected the reality of today's market.

He said that it was clear in a supplier/customer relationship that the "rules of engagement" could not be dictated unilaterally and administered by one of the parties, as this was self-evidently raising very serious concerns with relation to the ever stricter competition rules put in place by the authorities.

He reported that the first question that arose in the WG was whether there was still a need for a multilateral agreement between suppliers and customers, since such agreements do not exist in other modes of transport.

The WG felt that the Air cargo industry would benefit from a formal dialog platform to discuss, agree on and promote common operational standards, information exchange standards and above all cooperation in making Air cargo safe and secure throughout the transportation chain.

He disclosed that consequently the WG would propose an IATA/FIATA Freight Forwarders program, which would operate outside the IATA conference structure.

IATA/FIATA Freight Forwarders Program - operating outside the IATA CAC structure

Mr Donker summarized the program administration as follows:

- **Global IATA/FIATA Governance Board**
Constitution: Equal participation of carriers and forwarders
Description: This board will set the global rules and program parameters. The IATA resolutions existing under the existing programs will be simplified into a single global program. There will of course no longer be resolutions anymore.
- **7 Regional or Country Joint Councils**
Constitution: six carrier and six forwarder delegates
Description: This council will be empowered by their respective constituencies to determine the rules and criteria for their respective areas. These joint councils will also have the possibility to convene permanent or ad hoc working groups to assist the operation of the program (for instance to determine training requirements or financial criteria).
- **Joint Council Advisory Group**
Constitution: The Chair and Vice Chair of the 7 regional Joint Councils.
Description: This group will act as an advisory body to the IATA/FIATA Governance Board.

Mr Donker stressed that existing IATA resolutions were to be simplified into a single global program. He said that CASS would be maintained as payment platform and since it was a purely IATA operation would continue to be managed and administered by IATA. He added that on all issues affecting the forwarders interests, such as payment frequencies, payment cycle and payment processes, however, agreement would have to be reached between the parties in the Joint Councils whose endorsement would be mandatory before any changes could be implemented.

He asserted that under this program it was intended that the forwarder would not execute the AWB anymore as agent for the carrier (which would require changes to Resolution 600a, but this was purely administrative) and he would sign the AWB as shipper, or in case of a direct shipment, as agent for the shipper.

He echoed that it was the WG's belief that this program would cover the needs and respect the interests of all parties but that nevertheless, a purely "agency program" would continue to be offered to cover the needs of carriers and forwarders who might still have preferred such a relationship. He clarified that the program would continue to be administered by the IATA Cargo Conference structure.

He said that this Agency Program might still be adequate for forwarders occasionally handling airfreight or active in niche markets, such as perishables, livestock, etc. Mr Donker repeated that a great number of issues were still being discussed and agreed on in the Working Group with the aim for a rollout of the new program in 2014.

Delegates were invited to raise questions and suggestions on the spot or by email to the FIATA Secretariat. It was added that there was in fact a great need for input from members so that possible concerns could be taken into account when drafting the comprehensive proposal.

The Chairman invited Mr Hughes to state IATA's point of view on the program.

Mr Hughes began by disagreeing with the Chairman that he was there to describe IATA's point of view since one of the key components of the WG would be that all members would sit at a round table and that there were no sides to this table and we would all sit together, each man equal. The meeting applauded Mr Hughes's statement.

Since Mr Donker had clearly covered all progress made thus far including the benefits, the objectives and the outlook, Mr Hughes noted that there were only a few items which remained to be addressed. He felt it was important to reflect on one sentence: that we do need programs from an IATA perspective to reflect the reality of today's marketplace. He described IATA's struggling airlines which could be read about in the papers on an almost daily basis. He admitted that they rely on the freight forwarding relationship to generate as much business as possible to fill the increasing number of aircrafts flying in the skies. He reasoned that if the WG could make sure that we have programs in place which reflect the business reality and can generate a greater sense of collaboration we can then tackle many of the industry issues needed to be tackled, e.g. the use of technology, efficiency, getting rid of paper and hopefully creating a more robust and sustainable industry for the entire supply chain, to serve better the interests of shippers. Mr Hughes concluded that he had nothing more to add to Mr Donker's address.

The Chairman asked the delegation if there were any questions.

Mr J. O'Connell, BIFA addressed a question to either Mr Donker or Mr Hughes.

"In an ideal world, probably all would agree that a single program would be the ultimate goal." His question was: "Is there really a place for the old agency program to survive in certain quarters? Or could the new program encompass all the requirements of the whole industry, rather than making an attempt to go forward with two separate programs?"

Mr Donker replied that based on his personal feelings, one single freight forwarders program could indeed be possible, however, based on some input received from certain parties the WG felt that this option was still to be offered. He speculated that it might be that certain forwarders only occasionally ship airfreight on a special request basis for one of their customers, who may not want to engage in the full margins of a freight forwarder acting as a principal. He stated that the essence of the agency program was: when the agent accepts freight for carriage on an airline, he was acting as an agent on behalf of the airline, and not as an agent on behalf of the shipper/customer.

He added that when such agents enter into this contract with the airline, the responsibility for the cargo lies with the carrier, which is within the limits of what is being set down in the conventions, i.e. that cargo must be at the airport and must have been booked and assigned to a particular airline - you must know who the responsible party was. He explained that theoretically and legally the agent was not responsible towards the original shipper, however, the claim would be raised against an airline by the shipper. He affirmed that obviously the airline would return this to the forwarder and ask for compensation for what might have been paid to the shipper.

He clarified that there were legal implications to being an agent making a difference when being a forwarder acting as a principal in his own name and that in the end the difference was at a minimum and there was no real advantage for acting as an agent. Mr Donker concluded by mentioning the surrealistic issuance of a Consolidated Shipment Airwaybill, where the forwarders end up signing the Airwaybill as shipper and at the same time signing the same Airwaybill, by constituting the contract as the carrier/airline. He added that they then sign a contract representing both parties of the contract which is simply irrational and this was why the WG said the forwarder under a new program should never sign a contract on behalf of an airline.

Mr Hughes added that once two programs were offered it would be the choice of the forwarders to elect which one suits his requirements the best, so it could be that all of forwarders opt for one program and therefore Mr O'Connell's question may prove relevant.

Mr J. Musariri of Zimbabwe asked if there would be any impact on the FIATA/ICAO Training program.

Mr W. Gottlieb replied that there would be no change since both FIATA and IATA were recognized in the current Resolutions with regards to training. He added that the FIATA Dangerous Goods Training was now being done in conjunction with- and with the support of ICAO (International Civil Aviation Organization) as a joint program. He explained that going forward under this new modernization program the governance board in consultation with the regional joint councils would establish the training requirements needed in each region. He affirmed that certainly the intention was to enshrine the fact that training was a very important aspect of providing professionalism in both the airline and forwarding industry and it would certainly serve to have better efficiencies from both sides for the benefit of the shipper.

Mr B. Fried, Executive Director of the US Airforwarders Association, introduced his association representing more than 200 small to big forwarders in the United States, and himself, a member of the CNS advisory board. He articulated that CNS was the US arm of IATA. Mr Fried referred to the last CNS meeting in May where he was asked why there were so many differences between airlines and forwarders, such as why forwarders were so slow to adopt for example e-Freight and why forwarders had issues with being labeled agents of the airlines.

Mr Fried declared that the Airforwarders Association applauds this initiative and that it was worthy and that he was happy to see it. He asserted that 80% of the cargo flying in the bellies of passenger planes was managed by freight forwarders and that in the current market we were no longer agents – the forwarder was the customer of the airline and this was the reality that IATA needed to face in going forward. He iterated that the shipper relationship as forwarder was highly complex and that forwarders were dealing with all the accessorial concerns, e.g. trucking, storage, packing and credit issues. He noted that the airlines and maybe IATA tend to realize this. He conveyed the Airforwarders Association's willingness to contribute and help in any way possible and offered to travel in order to address the various meetings.

Mr B. Radstaack of FENEX Netherlands asked whether a draft version could be sent out in order to have the possibility to gain feedback from members.

Mr Donker noted this as a valid point however that for the time being they only had an outline. He also reported that they had started writing pre-drafts of agreements. He suggested that this be discussed within the AFI WG and that something be loaded onto the FIATA website in due course with perhaps a Frequently Asked Questions page as well, which would significantly help to avoid gaps and problems the WG might overlook.

Mr J. Heinerman, President ALACAT, raised a question about contract rates, commission, net/net rates, etc., and how this issue would work within the new program?

Mr Donker replied that an essential part to an agency agreement was the remuneration of an agent for his services rendered to the principal and that in this case the principal would be the airline. He reasoned that there would be a bilateral agreement between the two parties but that has no place in a multilateral agreement.

Mr Hughes added that in fact this came back to the point that forwarders were acting as a customer of the airline - when they provide their rates, forwarders were then freely able to go out and sell to the market place based on their customer requirements. He said that this was one of the requirements which would be part of the freight forwarder program.

Mr E. Mlay of Tanzania asked if branding would not be allowed.

Mr Donker replied that there would not be much of a change to the issuance of the airway bill. On the bottom of the airway bill you would not sign anymore as an agent for the carrier but obviously you would sign as principal or as agent for your customer which is the shipper.

Mr E. Iwueze from Nigeria asked about rate increases of airlines in West Sahara, Africa. He wanted to know if the decisions to increase these rates were made at the discretion of IATA/FIATA.

The Chairman replied that this was a commercial issue and each airline could individually increase their rates and surcharges however they wanted to, however if they would implement rate increases in agreement with other airlines, they would face cartel problems.

Mr J.C. Delen, Immediate Past President of FIATA, made a statement in reference to what Mr Fried had quoted from the CNS conference, that forwarders were being seen as slow in adopting e-freight, e-AWB, etc. Mr Delen made it known that he totally disagreed with this statement. He argued that the forwarders were ready to do it if the airlines were ready to do it.

He said that today when trying to book some destinations with airlines, they came back and said that e-freight to that destination was not available. He added that because so many destinations were not available with e-freight you find yourself in the situation that you only have a handful of destination compatible with e-freight. He made it known that he believed forwarders were the first ones to advocate standardization, in order to get rid of the mountains of paper which accompany the trade filled with information already captured on computers. He stated that the idea that the forwarder was reluctant to adopt e-freight should be killed.

Mr Hughes totally agreed with the comment expressed by Mr Delen. He said that such an initiative would only be successful if all parties were ready and that pointing fingers at different groups did not help. He said that it was through collaborative efforts, as Mr Fried had expressed in other forums, that we would be successful with any initiative. He stressed that only when we had total alignment with technology providers, ground handlers, forwarders, airlines, etc. we will be able to achieve the success that was absolutely required. He speculated that in the future there would not be the need for all this paper and that the question was not if, but when?

Mr Y. Babalolaayodotun of Nigeria asked how such a program could become effective, knowing that IATA's role to some extent was basically an advocacy type of role in nature and not regulatory. He wanted to know how it could be made effective to ensure that it becomes globally competitive.

Mr Hughes confirmed that IATA had many roles, such as advocacy roles to try and lobby governments to reduce regulatory restrictions or to open up air routes. He said that IATA also had another side where they work collaboratively with FIATA and that this collaboration has a long history. He said that joint-effort from the two organizations would make this program work. He stated that the IATA/FIATA governing board would really be the right forum where we could look at the mutual best interests of both IATA member airlines and FIATA member forwarders. He reported that the WG had been sitting together in their first meetings and had discussed how they could make this work and all agreed that they were the right partners to do this. Mr Hughes stated that he would think they have a commitment to make it work.

Mr M. Sorgetti, FIATA Director General, proposed with the permission of the AFI- and ABLM chairmen to publish on the FIATA website a page explaining and clarify the idea of principal and agent which is applicable in other modes of transport, since it appeared to him that this issue of principal and agent requires further explanation. The Chairman and Mr Donker seconded his proposal.

Mr F. Parisi, Senior Vice President of FIATA, asked whether the forwarder would have to select the program he would want to be participating in once and forever, or would it be open as in the maritime industry to select whether to be an agent and sometimes to be a principal. He asked whether the possibility of the forwarder to act as an agent of the carrier would be eliminated.

Mr Donker replied: "If you would have the choice between 100% of the possibilities or 20% of the possibilities, would it make any sense to choose both options? Once choosing the 100% solution,

you will have all possibilities open when you subscribe to the freight forwarders agreement. You will not be an agent of the airline and you will not be contracting the airline by signing the air waybill.”

He explained that legally there were liability differences in theory, but in reality this would not be the case since if the forwarder had done something wrong, in the end, he would have taken the responsibility and would have ended up liable, whether directly to the shipper or via the airline.

He divulged further that the agency agreement was restricting the forwarder, if he was a pure agent, he could not issue a consolidation, because he could not do this as agent for the airline - as a freight forwarder one could issue consolidation or you could make direct shipments.

He concluded that there would be no choice, and that one would have to choose to be either agent or forwarder, and he added that there was no need for a choice.

Mr H. Sangree, from NovWorld Consultancy Company, USA was interested to know if a time horizon had already been planned.

Mr Donker replied that the WG planned to have another telephone conference soon and to meet in Geneva for two days in November. He reported that the aim was to rollout in 2014. He said that once the proposals of the WG were complete they would have to be submitted to IATA and FIATA members for endorsement.

Mr Hughes referred to the summary given by Mr Donker. He explained that the new freight forwarder program would operate outside IATA resolutions which covered all airlines except for those in the US. He said that to facilitate the mechanism for having the right environment in place some of those resolutions would have to be unpicked so that certain countries around the world were no longer forced to apply. He clarified that in parallel to the rollout of the new freight forwarder program, IATA would rollout dissolution of the existing agency program and that IATA would have to make sure the conference process was followed to undo what already existed.

Mr J. Brewer, United Nations, raised a question related to the implementation of UN sanctions. He had understood that two models would be proposed here, for freight forwarders to act in future as a principal or as an agent. In practice the legal liabilities would not be much different. He wondered whether the panel had envisaged that there would have been implications required by the terms of implementation for sanctions between the two models.

Mr Hughes answered that the WG had not looked at this in specific detail and that the anticipation he had was that the adherence to any sanctions that were implemented would not be affected by the programs discussed. He said that whether embargoes or trade restrictions were affecting all the programs operating today or not, the agency programs or the carrier operating programs were not affected with regards to the implementation of sanctions.

Since there were no other questions raised, the Chairman continued with the next item on the agenda:

4. E-AWB, E-freight

He invited, **Deputy Chairman, Mr Marc Van Corenbergh**, to deliver his report.

Annex II contains the verbatim report of Mr Van Corenbergh.

The Chairman invited the delegates to raise questions.

Ms R. Snowden, CIFFA, felt that there was an urgent need for a multilateral electronic air waybill agreement to be generated and approved. She reported on CIFFA's experiences in the previous summer in Canada, when CX, for example, intended to launch the e-AWB by August 1st. She

reported that their bilateral agreement contained approximately 48 pages; while the LH bilateral agreement was around 70 pages long. She explained that it would be quite a burden for every freight forwarder to lawyer agreements. She encouraged involved parties to get the work done as soon as possible to finalise this initiative to reach a multilateral agreement between IATA airlines and FIATA forwarders, which would prevent large administrative and bureaucratic and legal expenses.

Mr M. Van Corenbergh thanked Ms Snowden, and added that he was in agreement with her but that it should be considered that in respect of a multilateral agreement, being an individual freight forwarder, you would have to sign a contract whereas on the other side it would be IATA as signatory as the association of the member airlines.

Mr Hughes seconded Ms Snowden's position. He referred back to Mr Delen and Mr Fried's points about others saying that forwarders were not ready. He pronounced that potentially, fifty forwarders in a market would receive ten different versions of a 50-page document, for the purpose of facilitating paperless transportation. He remarked that he was not directly involved in the issue but nonetheless presented his views to the meeting, which were that within six months the multilateral agreements should be on their way or in place.

He compared the issue to the passenger side, where there was a little box to tick on, while buying the ticket. He said that by ticking the box, one agreed to abide to the terms and conditions. He stated that this luxury would not be possible for every cargo booking by all parties rendering service via live access on a website.

Mr Hughes remarked that there would be a need to replace the conditions of contract on paper through another facility. IATA Resolution 600(b) with conditions of contract was today printed on the reverse side of the air waybill and as such standardly implemented around the world.

He reported that 35 million air waybills were used during the preceding twelve months. He stated that he saw the multilateral agreement as one between only two parties, i.e. a party (on behalf of a number of other parties) signing an agreement with a second entity, and through this act agreeing, that due to the future absence of a piece paper, they would agree on certain terms and conditions which would apply. Mr Hughes stated that in his view, this would be a simple process.

Mr J. Heinerman, President ALACAT, informed the delegation that most Latin American countries were forced by legal requirements to submit printed and signed documents for clearance. He wanted to know if there was any solution intended.

Mr M. van Corenbergh, explained that this was indeed one of the main issues for the first revision of the bilateral Recommended Practice (RP 1670), whereas in specific trade lanes a paper air-waybill was required, and whereby as a principle a carrier could accept an e-AWB transmission and if there was a need during transportation for the presentation of a paper document, due to local legislation, and if it was a country which had not yet ratified the Montreal Convention or Montreal Protocol enabling e-freight and the e-AWB, than the air-waybill could be printed.

Mr P. Golland, AFIF of Australia addressed IATA's Mr Hughes saying that in Australia practically all forwarders were ready to use e-freight and that the problem was that most of the carriers were not. He said that Cathay Pacific and Emirates were talking to airlines such as Thai and Malaysian which were important for their big exporters. He reported that they appeared to not show real intentions to implement. He therefore concluded that if IATA started running a multilateral agreement most of their members would not be ready to embrace it. Mr Golland inquired what IATA's intentions were to push them to get involved.

Mr Hughes referred again to what was previously said about pointing fingers but that one party needed to make the other one aware of their status requirements. He said that from IATA's side they were trying to send the message to as many airlines as possible through the IATA Cargo Committee, the IATA Board of Governors at the CEO level were trying to get individual airlines to commit to targets. He reported that the first target was for them to appoint a project manager which would at least show real intention. He said that if there was no project manager, one would know that nothing would happen with such carrier.

Mr Hughes explained that once a carrier showed visible signs of a commitment and intention, IATA would be ready to assist with a number of technical people and an entire set up of implementation guidelines, workshops, training courses, etc. He concluded that this was a situation where the message must remain loud, clear and regular. He thanked Mr Golland for pushing.

Mr Sorgetti referred to Mr Heinerman's question on the legal requirements of customs authorities. He suggested tackling this from two sides - for countries where the implementation of the Revised Kyoto Convention (RKC) had not been fully accomplished, and if FIATA heard that help was needed then perhaps FIATA could assist by pressurizing the member's government for the implementation of the RKC. He stated that by raising this, in reality, the requirement for paper could be resolved. Mr Sorgetti drew to the delegates' attention that such a process would not be solved within a short time as there would be a lot of work involved. Mr Sorgetti, should there be such a requirement, offered the assistance of FIATA.

The Chairman commented that within Latin America customs needed paper and that this had nothing to do with conventions, they were in compliance with the convention but customs did still not accept electronic documents.

Mr Sorgetti affirmed that he was aware that this was today's situation but that the implementation of the RKC would also include the paperless customs chapter, which would lead to some discussion, and he wanted to express FIATA's readiness to assist.

The Chairman invited Mr W. Gottlieb to report on Agenda item:

5. ICAO – FIATA International Training Programme

Mr Gottlieb made known that he was pleased about the initial success of the last year's announced FIATA ICAO Dangerous Goods by Air Training Programme.

He reported that progress had been hampered because it was not confirmed that FIATA Air Cargo Training Courses had been accepted under the Agency Program for the IATA Cargo Agency Rules and Resolutions. He added that this was rectified by the IATA Cargo Agency Conference in March of this year.

He reported that last July IATA had advised their global offices and their accreditation personnel that FIATA Dangerous Goods Training was fully accepted training with regards to all requirements for the Cargo Agency Training.

He said that FIATA was actively recruiting and had recruited various members of FIATA to offer the Dangerous Goods Training. Mr Gottlieb mentioned noted some of the successes they had had, notably the early adopters in Canada.

Mr Gottlieb thanked ICAO for their strong support, namely Mr M. Fox, Chief Flight Operations Section, Air Navigation Bureau at ICAO, who joined last year's Congress in Cairo and this year Rd.

Catherine Rooney, ICAO Dangerous Goods Program Manager, who would speak at the meeting of the Advisory Body Dangerous Goods. Mr Gottlieb invited the delegates to attend.

Mr Gottlieb informed the meeting about the January 2013 start of the two year cycle of the ICAO Technical Instruction Manuals (T.I.). He termed the T.I. the "Bible" of Dangerous Goods, in terms of regulations for the safe transport of Dangerous Goods by Air. He reported that it was available to FIATA members at a discount price of USD 120.00. He noted that it had a two year shelf life compared to the one year shelf life of the IATA DGR. He noted that FIATA members might find this a more economical choice and announced that it could be ordered by e-mail: fiata@icao.int.

Mr Gottlieb reported that FIATA would continue with its efforts and looked forward to increasing the number of training facilities offering the course. He described the various types of course deliveries; classroom-, blended- and e-learning programs. He noted that the course curriculum would allow a lot of flexibility.

Mr Gottlieb stated that the course was not only open to FIATA members and that there were some independent trainers that had also taken up the ICAO/FIATA Dangerous Goods Training Course and he announced that more information on these training activities would follow in the ABVT forum.

Mr Gottlieb invited all members to take advantage of this valuable resource and very positive program that could be offered through our Association Members to their membership and also to the shipper to whom this membership served.

He invited all delegates to contact Mr Ajay Pande (coordinator and Manager of ABVT), himself or FIATA secretariat staff for more information. He noted that alternatively email queries could be sent to training@fiata.com.

No questions were raised.

Mr Gottlieb continued with agenda item no.:

6. Global Air Cargo Advisory Group (GACAG)

Mr Gottlieb introduced GACAG as a joint venture of FIATA, TIACA, IATA and GSF formed at the end of 2010. He added that these four organisations committed to the formation of an industry advisory group to ensure that the air cargo industry had a strong and unified voice and engaged with worldwide regulatory authorities and other bodies. He reported that four task forces had been established based on agreed terms of references and that the steering group was made up of two representatives from each organization.

He said that the GACAG Steering Committee had been created along with four task forces through which the principal work of GACAG was being channelled.

- E-Commerce Task force (TF)
- Sustainability TF
- Security TF
- Customs and Trade Facilitations TF

Mr Gottlieb disclosed that each of the four TF working groups were headed by one of the four organizations and that the groups convened on a regular basis via conference calls. He explained that generally the outcomes of these task forces were position papers which all four associations had to endorse, before they were presented. He divulged that its activities were only sustained by the activities of its members and the issues that were brought forward, and where unanimity applied.

He declared that they expected it to continue being an effective platform to bring forward the regulators of what the air cargo industry needed and what the private industry needed in order to comply but also to stand for the requirements of those relying on the air cargo supply chain to get goods to market.

He announced that the group had had significant success in being recognized by regulators and that in November an invitation was received from the US Customs and Border Protection as well TSA/Homeland Security to meet in Washington/DC with the senior management of both these organizations. He stated that the meeting would be taken very seriously by the regulators.

For more detailed information Mr Gottlieb encouraged delegates to visit the GACAG website at: www.gacag.org.

Mr Gottlieb thanked TIACA. He pointed out that GACAG had no staffing and no funding as such and that GACAG was being supported directly by TIACA. Mr Gottlieb praised, on behalf of IATA and GSF, TIACA's support offered under the leadership of Mr Michael Steen of Atlas Cargo and thanked the TIACA Chairman for all he had done during the first two years of GACAG's existence.

Mr Gottlieb concluded that FIATA would continue to work with GACAG on the level of providing support and a unified voice for the freight forwarder with the rest of the supply chain. He stressed that when it came to the implementation of issues discussed, these were to remain the responsibility of the individual associations and their members, based on their priorities, based on their resources, and the engagement of their members with regards to furthering processes.

Mr M. Elfazzani of Libya felt that GACAG was mainly dealing with European- and US-centric topics. He was not aware before of GACAG and wanted to know if North Africa was also within the reach of GACAG.

Mr Gottlieb replied that GACAG, as its name suggested, was global and the issues and regulators dealt with so far, e.g. ICAO, WCO, and WTO had global influence. He admitted that the leaders had mostly been European and North American which perhaps was why the focus had been in Washington and Brussels. Mr Gottlieb confirmed that all GACAG members were globally oriented and that GACAG would deal with any issues that may arise in any corner of the globe.

The Chairman announced agenda item

4. Indian Air Cargo Programme

He invited Mr S. Nagarvala to give the delegates an update.

Mr Nagarvala reported that AFI delegates would know that India has tried for years to go forward with the new IATA resolution.

Already at a time when IATA was compelled to bring a new European Program and when this had been discussed due to the consequence that IATA had to fulfil the EU requirements. At that time, around fifteen years ago, Canada and India wanted to be included. IATA narrowed Resolution 805zz down to Europe to see how it would work out. Mr Nagarvala was not able to affirm that it had worked. Even today the European program would face its problems. He thought that if a new program would be installed it might be taken care of the problems.

Seven to eight years ago IATA had launched Resolution 815 for India. Mr Nagarvala called 815 not to be a perfect program but to be a better one than 801 that ruled almost all of IATA area 3 - Asia. At that time 815 was put in place, he was very optimistic. The 815 Joint Council has met then for more than six years. The council consisted of six airlines and six forwarders. The minutes would speak for themselves. Tremendous delays and obstructions in going forward were encountered by the IATA establishment in India.

Until to the 10th meeting of the 815 Council, all its decisions as to every single issue were unanimously made by forwarders and airlines.

At that stage, IATA through its Indian establishment unilaterally decided to rework the entire Indian financial criteria. IATA wanted to replace the active criteria, that previously took sixteen years of establishing by an earlier Council and that worked perfectly for thirteen years until today.

IATA then wanted to discuss with the Indian association their reworked financial criteria. The forwarders refused as this would be counter productive to the discussions in the Joint Council.

IATA sent a Mail Vote to their Cargo Agency Conference, but did not even inform their own members in India before prior to doing so. By fortune AFI heard about this and was able to stop it through the IFCC by suspension.

The new financial criteria were to say the least draconian. Mr Nagarvala referenced for instance to the requirements of Bank guarantees, Guarantee Bonds which were required to cover a minimum of 45 days turnover without exception whether or not the agent had made his payments.

ACAAI the Air Cargo Agents Association of India verified legally. Mr Nagarvala stated that he did not think that even a multinational forwarder in India would be able to produce such guarantee.

Mr Nagarvala listed several more items and whereas ACAAI had found serious obstacles to what the local establishment of IATA in India had put forward in its reworked financial criteria.

Regrettably the same establishment had done the same in the Travel Business. This action turned out to be very harmful for this industry in India.

Mr Nagarvala was glad to say that their association is well versed and knowledgeable about the IATA resolutions and would strongly defend their members.

The Indian Government placed two reservations upon that resolution. One is that every agent shall be provided with a commission. The other one is that every agent shall be provided with an Airwaybill stock.

Surprisingly the Airlines after ten meetings of agreeing unanimously made at the 11th Joint Council meeting a turnaround of 180 degrees. Mr Nagarvala was not sure about whom or what was prompting the airlines not to agree anymore to anything.

IATA called the 12th Council meeting where there had four members of four different airline boards; two of the gentlemen were members of the Cargo Committee. IATA Mr Des Vertannes and Mr Hughes attended.

The forwarders were told that the EU air agreement and the British anti-bribery law would have extraterritorial jurisdiction and would apply for India and hence the right of the Government of India would be taken away to make such reservations.

ACAAI was legally advised that this was not the case.

Forwarders were told that CASS instalment was a must have. The forwarders had never opposed to and they were agreeable to CASS since discussion 815 program had started.

Mr Nagarvala mentioned, that he was discretely told that CASS would generate, he'd anticipated this would be denied by IATA representatives, fairly large sums of money in revenues for IATA. One would never get the correct picture, because there is never any kind financials of IATA to see. Not even their members.

Forwarders were told by IATA that new program was announced to be installed, Resolution 817.

If IATA were sincere in what they want to do with the new modernized program, which as it was mentioned to go into action by 2014, the need to craft an 817 was difficult to understand. Mr Nagarvala asked: "Why to upset everyone without reason?" He expressed his disappointment with this outcome.

Mr Nagarvala stated that ACAAI would continue to be legally advised but he was not aware of the current status since he was not there for the last fortnight.

He stated that it was not IATA's right place to try and to severt the sovereignty of a government.

He ended his report by expressing his disappointment about the dominant attitudes being displayed. He offered to give to any interested parties the sordid details.

Mr Hughes stated that he would even recognize some of the points raised by Mr Nagarvala to be the truth. In particular he wanted to clarify that CASS was not an IATA money making activity. It is operated by IATA on a cost recovery. The airlines were to pay an average of 44 eurocents per Airwaybill to participate to the system. As it is known to all delegates, the forwarders were not to pay for their participation in the program. IATA would have management costs, data processing costs, administrative costs all those were getting calculated annually and comes to a number of transactions whereof we IATA is getting to an average transaction fee.

Mr Hughes intended not to respond to all other points raised by Mr Nagarvala, as far as the financial criteria that has been proposed to be amended, he was totally in agreement that it was ill thought. He stated that he was pleased to work with AFI that this became suspended through the IFCC. He said that he'd hoped that work go forward collaboratively in India to get a better program in place than what is there today. He ended that the airlines want to have CASS in order to bring efficiency into the billing process but not to make extra money for IATA.

The Chairman thanked Mr Nagarvala and Mr Hughes and closed this item.

5. Any other business, by the permission of the Chair

Mr E. Arevalo raised serious concerns about the closing of the majority of IATA's Cargo Offices within the region; he thought that these steps taken by IATA were a worldwide situation. They were serious problems coming along by having only one person in Miami handling which cannot be aware of all the local situations and now everything that was previously handled by ten people knowing the area.

The Chairman replied that AFI is aware of IATA's idea to put central offices in some parts of the world. We cannot prevent that this will make the service worse than it was before. He offered to the members, if one is facing a real problem with IATA, contact AFI with facts and AFI will be dealing with it by taking it directly up with IATA. It is their decision, we cannot oppose.

Mr Hughes said that he was in agreement that this would be a tremendous challenge to try and address all the local issues. He informed about his personal view that he would not know how it would work once fully implemented. His concerns internally were of how they can continue to provide that local voice and reach. He proposed to follow the Chairman's suggestions to bring forward factual problems to AFI and these to be taken up with IATA.

Mr P. Golland reported about one of IATA requirements to an IATA agent is to produce financial results. Legally in Australia the results have not to be produce before nine month after ending the financial year. The IATA office has historically demanded those results within three month. Some of their members were receiving letters from IATA with the threat if you don't supply the documents you will lose your IATA agency. The Australian Freight Forwarders Association would like to amend the requirement that the nine month would be mandated in the financial criteria. This was not the case, it was expressed what an agent has to lodge but not when. That means, at the moment one is in Australia or in New Zealand at the mercy of the local IATA office and they may decide that penalties can be imposed.

Mr Hughes, this problem had been raised to him on the previous day and he consulted immediately with their Asia Pacific offices. His opinion was that financial criteria requirements should be aligned with the local requirements. He would follow this up and would try to assist that common sense would prevail.

6. Date and Place of the next meeting

The Chairman announced the next AFI meeting to be held in Zurich.

During HQ-meetings: 14 – 17 March 2013

The 88th AFI meeting will be held on Saturday 15. March 2013, 16.15 – 17.45 hours.

7. Closing

The Chairman closed the meeting at 11:45 hours.
