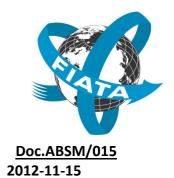
FIATA

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Advisory Body Security Matters (ABSM)

To: ABSM Delegates

cc: Association Members

Presidency Extended Board

From: Peter Maegerle, Manager of the Advisory Body Security Matters,

on behalf of Mr David Fielder, Chairman

Subject: Meeting of the Advisory Body Security Matters

Wednesday, 10th October 2012 at the Hyatt Century Plaza Hotel, Los Angeles/USA

Praesentia as per Annex I

Minutes

1. Opening of the meeting by the Chairman

ABSM Chairman, David Fielder (AFIF, Australia) was happy to welcome a large number of delegates from all over the world to this important Advisory Body Security Matters meeting. After ascertaining that all participants had taken due account of the competition compliance rules contained on the cards distributed at the entrance of the hall, i.e.

"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."

the Chairman announced the slightly changed agenda, by introducing the 3 discussion subjects as below and obtained the relevant approval.

The following ABSM Members had sent their apologies for this meeting: Mr. Andreas Demmer, Mr. Andreas Wilhelm and Mr. Leon Jankowski.

2. Approval of minutes of the meeting held in Zürich on 16th March 2012 (Doc. ABSM/013)

The minutes of the meeting held in Zurich were unanimously approved.

3. How can Industry Organizations affect and promote good business related security practices for aviation, ocean, rail and trucking to their regulators and what lessons can be learnt?

After the introduction of the two panel speakers the Chair informed the audience of the new structure for further ABSM Meetings; this 1st topic began with Mr. Bob Voltmann (TIA President, ABSM Vice Chair, USA) and Brian Lovell (AFIF CEO and ABSM Member). They each gave comments to the above from the point of view of their own countries. The panel speakers answered questions from the floor in regards of the sometimes difficult co-operation with the Government, which is regarded as too slow and oftenlacking sufficient flexibility. A very interesting point of view in regards of Europe was explained by Ms Nicolette van der Jagt (DG CLECAT, Belgium), who provided information on the EU Legislation. The co-operation between the US Aircargo Association and TIA on common actions was also providing discussion points to the audience.

(Secretarial note: extracts of the speech held by Mr. Lovell are attached to these minutes as Annex II).

4. Latest issues and developments with trucking security in USA and European and how they are similar or vary, and why?

Continuing the session and the introduction of the following speakers, the Chair raised another interesting questions and challenged the panel to reflect on this crucial issue. The above theme, presented by the two speakers, Ms Nicolette Van De Jagt, (DG CLECAT, Belgium) and Jason Beardall, (England Logistics Inc. USA) showed the attending delegates the different main points which exist between USA and Europe from a practical approach. Mr Beardall passed specific information on fraud, i.e. one of the "newest" issues: the stealth of the identity of another carrier instrumental for cargo theft. He gave information of a big cargo claim and fraud case in his own company. He further informed the delegates about the different programmes of fraud prevention, like the carrier "Watch Dog". He pointed out the importance of protecting cargo with marine insurance. He further suggested that the Trucking Company used should offer a permanent Track + Trace option.

Ms Van der Jagt provided specific information on Land Transport Security in Europe and passed details on the Commission's initiative to address "threats" in land-based security by identifying areas where the Commission can take legislative action to enhance security within the supply chain. The objectives she mentioned are: achieving a higher level of security, decreasing the number of cargo-related crimes, common security requirements to achieve harmonisation and simplification and developing a stronger international voice for the creation of an

Advisory Committee on Land Transport Security (Commission Decision 2012/286/EU), with a corresponding industry body to assist with information and advice. The overall discussion had shown that Europe is fighting similar issues to the US, with the Commission also investigating the scope of future legislation.

(Secretarial note: the PPT presentation made by Ms Van der Jagt is available at the Secretariat upon request).

5. Insurance and Liability in light of increased forwarder security obligations such as off airport screening.

The 3rd and final subject featured the debate between Mr Alan Wilkins (Transport and Logistics Underwriter from the Lloyd's Watkins Syndicate, UK) and Mr Michael Brown (Avalon Risk Management, USA) on the above theme. Commencing the session, Mr Brown explained in detail the TSA Cargo screening Programme as well as the 3rd party liability coverage. He mentioned explicitly that all these programmes do not exclude professional error.

Mr Wilkins was asked to give a European Underwriter's comment to the following question: as security requirements keep growing, from an underwriting perspective does this bring with it enhanced or reduced liabilities for insured parties and how does this translate financially and should governments take the lead i.e. the US Safe Act covering screening liability limitations.

The guestion had three elements which he addressed as follows:

- > Do enhanced security requirements bring increased or reduced liabilities? Simply the answer is yes, in respect of increased liabilities. For example compliance with the European Advance Cargo Declaration Regime, similar to the US advance reporting scheme, that came into force on 1 January 2011 is mandatory and non-compliance can result in financial penalties.
- ➤ How does this translate financially from an underwriting perspective? Such mandatory obligations are a requirement of the agent's role and are not considered and rated separately in Europe but factored into the overall rating and risk assessment of a company and its exposure relative to the services it performs. In view of which an agent is not usually charged additional premium for meeting such changes in work practice, unless a requirement is accompanied by an obligation to evidence higher insurance protection that can result in a higher premium.
- Another Yes answer, as National Security is a governmental responsibility and it therefore for governments to take the lead in such matters. In so doing they bring authority and introduce conformity, which it would be difficult to achieve otherwise. Further on, the Advanced Manifest Systems Programme attracted the floor's attention igniting a very interesting live discussion. Same was the case of the discussion on liability issues mentioned by both speakers. Mutual recognition was another issue for an agile discussion. Mr Brown extended the information provided by Mr Wilkins with information based on Advanced Manifest from the

trucking side. Special attention was paid to points voiced by Mr Komora (Slovakia) when he mentioned the big difference in cargo theft between Europe and the US. He also mentioned the permeability of such systems to the organized crime. The other aspect the two panel speakers pointed to the audience was the specific information on the insurance side, where sometimes (in the US) trucks are not insured against theft as such. Both parties mentioned the importance of using specific carriers, which are utilizing systems like the "Carrier Watch" or "Watch Dog" as already mentioned.

6. Place and Date of next Meeting

The next meeting of the Advisory Body Security Matters will take place in Zurich on Friday, 15 March 2013, 1445h - 1545h, at the Swissôtel in Zürich-Oerlikon, Room Zurich/Basel.

In closing the Chairman thanked the attendees for their attention and participation as well as interpreters for their excellent work and closed the meeting at 14.30 hrs.