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Asia Pacific Aircargo Associations

HARMONIZATION OF SECURITY STANDARDS - a Forwarders perspective to Annex 17

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FAPAA: The Federation of Asia Pacific Airfreight Assn's

The Federation of Asia-Pacific Aircargo Associations (FAPAA) was formed in 1985 and has grown to include 17 countries and regions within Asia Pacific ranging from Indonesia in the south to Korea in the north; and India in the west and New Zealand in the east. It represents over 5,000 freight forwarding member companies from the largest to the smallest, and given 60% of all airfreight originates or is destined to Asia/Pacific Region has extensive responsibilities in global trade

FAPAA was created to provide a body focused on the particular needs of the members of its constituent Country Associations and to enhance the growth and development of Aircargo services within the Asia - Pacific region, and a forum for mutual discussion on common concerns and interests



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Harmonization

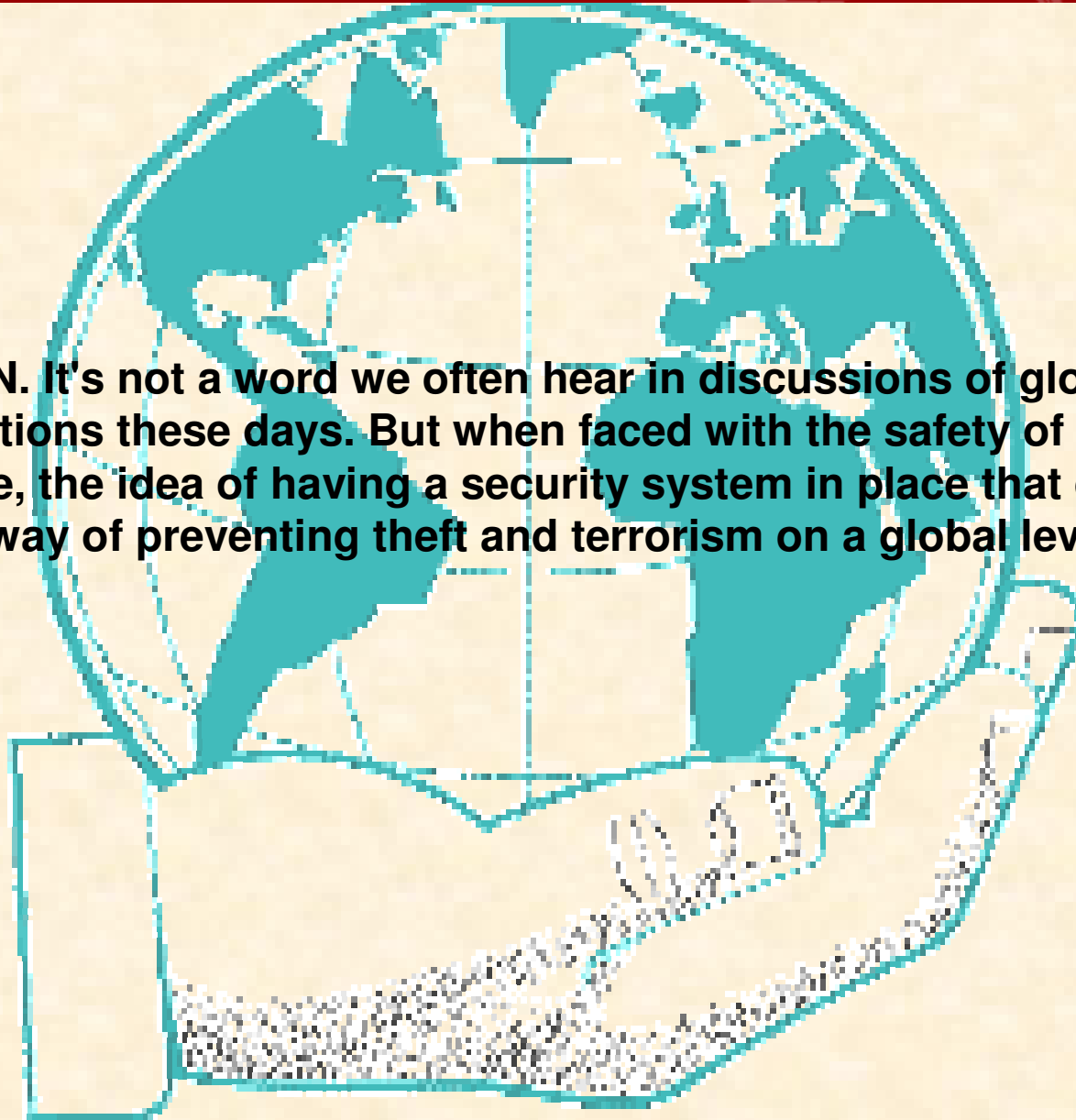
v

Mutual Recognition



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HARMONIZATION. It's not a word we often hear in discussions of global policy or international relations these days. But when faced with the safety of millions of people worldwide, the idea of having a security system in place that defines a single, effective way of preventing theft and terrorism on a global level is invaluable





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Harmonization and Mutual Recognition:

Are they the same?

Harmonization is defined “bringing together, coordination and synchronization”

Mutual recognition is defined as “common or reciprocated acknowledgement and respect”

In other words for harmonization we need to synchronize every standard or the application of every standard by differing countries and authorities.

For mutual recognition not only do we have to recognize another authority to apply security within their parameters requirements and abilities but we must be prepared to accept those standards even if they are lower than what we perceive as needed or our own standards.

Harmonization and mutual recognition require individual states to be prepared to accept each other application of security standards and work together



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Harmonization v Mutual Recognition – Country to country

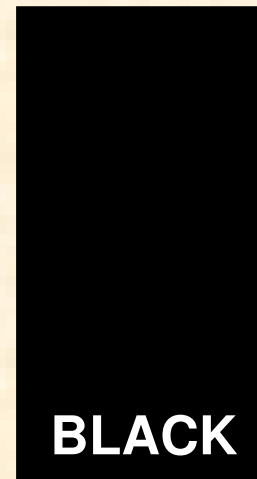
Does one offset the need for the other?

If you have harmonized application of Annex 17 then there should be automatic mutual recognition, but mutual recognition does not mean there is harmonization

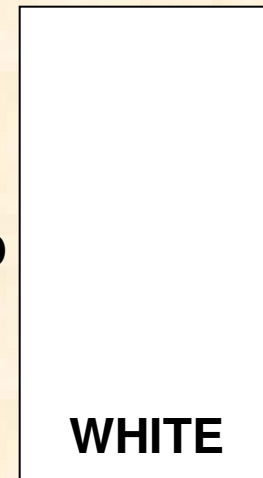


Can they co-exist?

or



AND



are they Mutually exclusive?

Harmonization and mutual recognition can co-exist, but it requires give and take



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For harmonization to work and from the definitions by virtue mutual recognition will follow, we must embrace requirements of harmonization. Harmonization is needed, but if we get it wrong:

We will tie ourselves in knots.

We will fail and it will be your worst nightmare.

We will leave gaping holes for terrorists to step through.





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Nobody would argue about the need for harmonization:

Airlines' efforts to beef up cargo security processes are being frustrated by disparities in the national security regimes around the world, warns Lufthansa Cargo. To remedy the situation, the carrier called for better co-ordination of government measures in a forum involving industry representatives as well as national security agencies.

but is it possible to achieve a basic **harmonized level of security if countries fail to consider local industry practices?**



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Recognition requires all sides understanding each other and their perceptions of Supply Chain Security.

Do Authorities recognize or fully understand the implications of application of annex 17 in respect of forwarding operations?

Most forwarders while planning cargo on specific flights and depending on the country will have a higher or lower percentage of these being freighters, recognizing that freighters often get delayed and/or cancelled, thus in reality screen cargo for worst case scenario i.e. passenger carrier level security. Therefore arguments are that “it only affects passenger aircrafts carrying cargo” (such as 100% screening by 2010 in US) is not truly correct.

Rules be they called RCAR, RACA, RAR or whatever under Annex 17 are applied without always considering industry. In Singapore the new RCAR requirement for a known shipper is that you have been in business for 6 months and have handled 3 shipments, but this is possibly a blockage to new big businesses coming into Singapore!



Supply Chain as perceived by ICAO

Supply Chain Security



Known shippers/consignees, regulated agents and air carriers are the three key parties for a supply chain security system. Advantages of having a supply chain security model are:

- > Shared security programme and measures
- > Shared responsibilities
- > Seamless transit of consignment from one entity to another
- > Faster transit as there is no need to perform security controls at every point of transfer

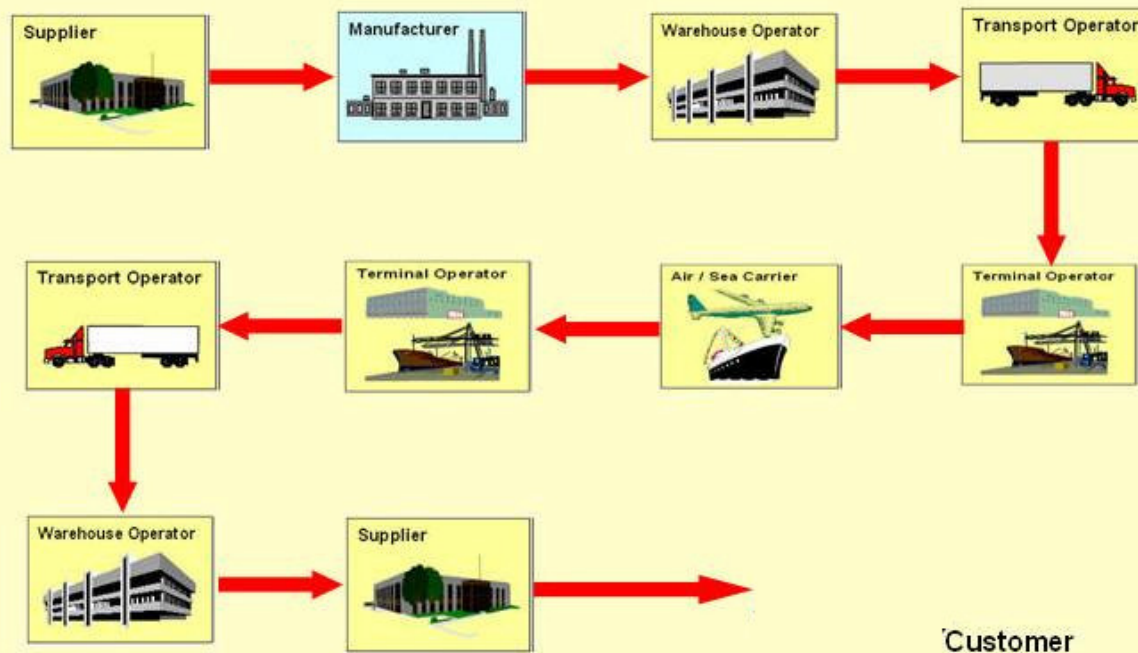


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However from the forwarder's perspective looking at the total supply chain we must control and protect the cargo from origin to destination and not just until the cargo is in the air i.e. Annex 17



Cargo Movement in a Supply Chain





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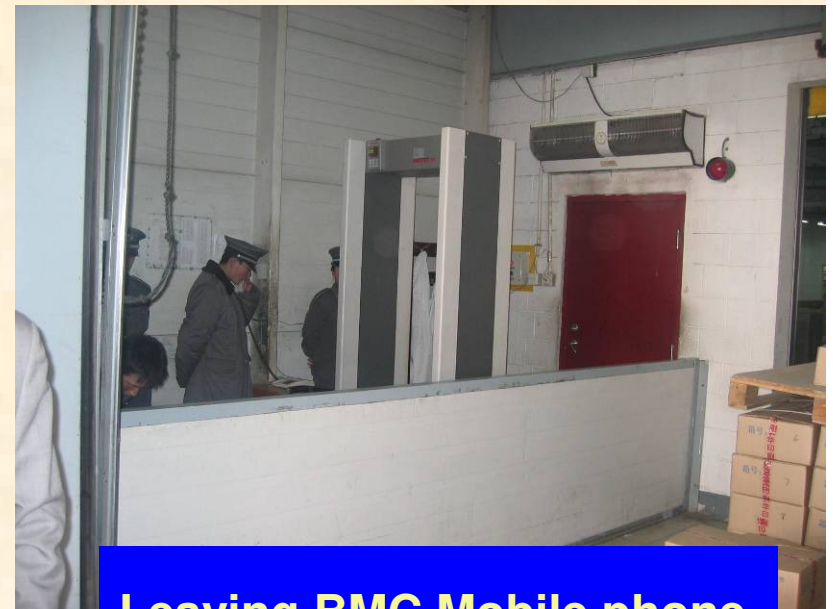
A hi-tech company will let you walk into a facility but you must be screened when you leave (are you taking something?)

An airport will screen you when you enter but often not when you leave (are you taking something in?)

Both have the same function but different focuses, YET both affect security. Have we got it wrong?



**Entering Hong Yuan Beijing
airport controlled facility**



**Leaving BMC Mobile phone
manufacturing plant**



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Because we apply RAR or other pre-carriage security does not mean our supply chain is secure

A thief takes from the cargo whereas a terrorist will try to place something in the cargo. In either case the cargo integrity is compromised. Terrorists also steal and take from cargo as a means of funding terrorism. It's all about the money!

Yet almost all anti-terrorism security requirements are based on only part of the supply chain which is from a forwarder at origin having to apply security, which does not make sense



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Can Annex 17 be equally applied everywhere?

Do we have enough standards or even too many?

When do we stop re-inventing security with more standards?

When can we apply Annex 17 uniformly?

Most importantly how can we achieve harmonization when each state that introduces a known shipper program under Annex 17 tries to upstart others in the Region, be better than others, and name it differently?

When can we have a common accepted standard to be recognized as “Known shipper”? Why is it so difficult to agree a common approach in APEC?



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The Problem?

Annex 17: 4.6.3. reads "Each Contracting State shall establish a process for approval of regulated agents, if such agents are involved in implementing security controls."

From a carrier's perspective the problem might appear to be with the forwarder because it is perceived and rightly so there is a lack of consistency of approval process or standards to which the forwarders must meet.

In summary To be a known shipper Annex 17 requires a consignor to declare the cargo is prepared in a secure premise by reliable staff and protected against unlawful interference during preparation, storage and transport; and certifies the contents do not contain restricted articles.

From a forwarder's perspective the problem might appear to be with the local Authority because it is perceived and rightly so there is a lack of consistency of application of the rules to which the forwarders must meet i.e. common or separate database, criteria for becoming known shipper etc varies country to country



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The Problem?

Known Shipper:

Is it realistic for forwarders to comply with differing requirements: so many shipments in 6 months, 3 months, no shipment criteria, background audits; physical visiting shipper etc?

For common database what is the liability being placed on the forwarder who does the KS assessment which is accepted by others?

Separate forwarder database or common country database?

Deletion of a shipper from a database?

What is the criteria for becoming a known shipper, especially where cross boarder trucking is involved?

To what criteria are the forwarders audited when each country establishes it own? Yet for premises security TAPA standards exist and for process flow AEO standards cover this.



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The forwarder's Dilemma and why we desire harmonization.

A forwarder in Singapore must ensure all shipment handling is in accordance with;

- 1) RCAR.**
- 2) For shipments to USA C-TPAT has to be considered**
- 3) We now have voluntary STP which will support AEO compatibility.**
- 4) For hi-tech customers TAPA requirements need to be considered.**

All this requires a carefully monitored SOP's and compliance checking. Even more so it takes time and resources to meet these requirements and handle the audits required.

...And this is just for one country, now add in various requirements for different countries and you begin to understand



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My colleague John, on behalf of IATA in 2006 wrote, and I support:-

The Cargo Security Vision

.....12. Supply chain members will share ownership and responsibility for promoting **harmonization of security** regulation and controls.

13. We will have **consensus** amongst key supply chain stakeholder groups **for global harmonization priorities** and have baseline principles established.

Cargo Security Mission

14. The Cargo Security Mission is **“To simplify cargo security by developing an integrated solution, which involves all key supply chain stakeholder groups, is proportionate to the threat, effective, harmonized and sustainable.”**

How can a multi-national forwarder live, breath and work in countries with a common set of rules but differing application and enforcement of such?



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Again, The forwarder's Dilemma and why we desire harmonization.

ICAO Annex 17 take-up.

Following the 28th APEC Transportation Working Group meeting (APEC TPT-WG28) in Vancouver Australia conducted a survey of APEC member economies to identify what air cargo security arrangements are in place.

The survey was sent to all 22 APEC economies for completion and return to Australia for analysis, compiling and aggregated reporting. 11 economies responded to the survey of which 10 indicated they have air cargo security arrangements which comply with ICAO Annex 17. However, to date not all arrangements are Government regulated;

IATA in their presentation for Secure freight advise:

They surveyed 32 States including large, medium & small air cargo markets. Of these 27 permit screening by air carrier, 18 by Regulated Agent (RA);

23 have RA programs while only 15 require inspection

22 have Known Shipper (KS) programs, 9 require inspection.

6 do not require inspection of RA or KS

How can a multi-national forwarder live, breath and work in countries with a common set of rules but differing application and enforcement of such?



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What is the benchmark and what height do we set the bar for Annex 17?





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ZHENGZHOU



URUMQI



MUMBAI

Clearly it is impossible for every country to harmonize to the same level of security, more so than here in Asia. so where do we go from here?



MACAU



SYDNEY



NEPAL



We must consider Processes as a means to mitigate where there are difficulties in applying standards

C-TPAT is a practical security

TAPA is based 35% on processes with checks and balances

WCO is based a balance of processes, physical security and contingency

Planning

ICAO Annex 17 is based on known shipper which in most countries the check is very arbitrary

ISO28000 is based on concepts but no answers on how to achieve the requirements and no standards against which to benchmark



Practical applications to security requirements

To mitigate some deficiencies , I apply controls:

Weighing and inspecting cargo on receipt

Weighing and inspecting cargo on delivery

Document fully to whom cargo is delivered and from where it comes

Minimize storage time of cargo

Consider photography

Consistent and strong personnel background check

Surprise audits

Document non-compliance and be aware of these areas.

Formulate SOP's



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To harmonize there must be mutual input to Annex 17

Asia is often seen as playing catch up. We have C-TPAT if we ship to USA; AAMS, RAR/RCAR/RACA (etc); TAPA;WCO (AEO or STP), yet none of these standards whether mandatory or industry required have been formulated in the Far East, nor have we had any say in their formulation. **WHY?**

Is it because we do not have a strong Asia voice?

Is it that we do not have lots of money?

Is it we are busy being emerging economies, concentrating on cargo flow & not hindrance?

Is it we have many languages with many cultures and a long and honorable traditional way of doing things?



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So what can we do?

- Be conscious of the need to balance security and trade facilitation. agree that harmonization and consistency of security measures is an important priority,

- Agree that risk assessment and risk based approaches enable security measures to reflect the challenges and needs of economies in APEC.

- Agree that further work is required to integrate and harmonize processes aimed at security protection in transport operations while continuing to improve efficiency - both in passenger operations and across the supply chain for freight.

- Recognize there is a strong need to balance security actions with efficient and effective flows of goods and people, and to harmonize security measures to promote consistency and minimize duplication.

But this exist already>>>>>>>>

Sectoral Ministerial Statements	Avian and Influenza Pandemics
MINISTERS TRADE	Education
	Energy
	Environment
	Finance
	Health
	Human Resource Development
	Mining
	Ocean-Related
	Science and Technology
	Small and Medium Enterprises
	Sustainable Development
	Telecommunications and Information
	Tourism
	Trade
	Transportation
	Women



Microsoft Word Document



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SECURITY must be foremost in APEC

There are many ways to achieve security and everyone has their own ideas

- 1. We must attain recognition for our region and respect for what we do.**
- 2. We must have a foot in the door when procedures are being put in place or international laws enacted that affect us.**
- 3. We must review our region and see what is achievable.**
- 4. We should work to remove diversity in application of Annex 17.**

WE MUST WORK TOGETHER



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To avoid a frustratingly fragmented and contradictory landscape of national security regulations in Asia, Harald Zielinski head of security of Lufthansa Cargo, suggested a concerted effort involving Asian governments as well as major operators. "It would be nice if Asian administrations could establish a security council. Ideally this would include key players," he said. Likewise, EU and US authorities need to sit together and try to align their security efforts, he said.

At the ACSIF meeting in Rome it was evident that Asia needs to come forward as a group to ensure its voice is heard and recognised. Mr Bonner and others commented upon the need for relevant bodies in the region to formally collaborate on security matters.

Asia- Pacific Air Cargo Collaboration – Yes or No?

FAPAA and AAPA (the Association of Asia Pacific Airlines) have both agreed to cooperate on mutual collaboration of information



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We need to work towards one system.

Harmonization of what is out there taking into account both capabilities within each country to enact such regulations alongside a risk based approach must be the way forward.

We will need to provide education and training to all countries and assistance to meet the standards. If countries do not engage such standards given the low uptake of Annex 17 requirements we must ask why, before looking for alternatives. There will always be alternatives, exceptions reasons etc, but the answer lies clearly with Harmonization, mutual respect and understanding.



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In closing,

- 1. We need harmonized application of Annex 17 to smooth the way for mutual recognition*
- 2. We need give and take to enable harmonization remembering no one is always right and there is never only one answer to making the world a safer place.*
- 3. The fewer variations to annex 17 the easier harmonization will be*
- 4. Governments need to understand and integrate local business practices*

and

*Food for thought: ASIA needs a voice and maybe our own standards taking the best from others! **Is it now time for ASIA to “come of age”?***





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Thank you