



# **AIR CARGO**

## **Trends, Challenges and Opportunities**

Norwegian Customs Day  
2<sup>nd</sup> November 2017

Gordon Wright, Head,  
Cargo Border Management,  
International Air Transport Association

# What is IATA?



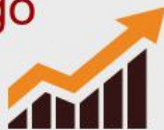
Non-Profit Private Sector Association



Expertise in the air transport sector

281 member airlines

To increase the market for air cargo



## IATA GLOBAL NETWORK



# In one year...



**3.8 billion**  
Passengers

**18,429**  
Unique city pairs

**54 million**  
Freight tonnes

**\$5.5 trillion**  
Trade carried

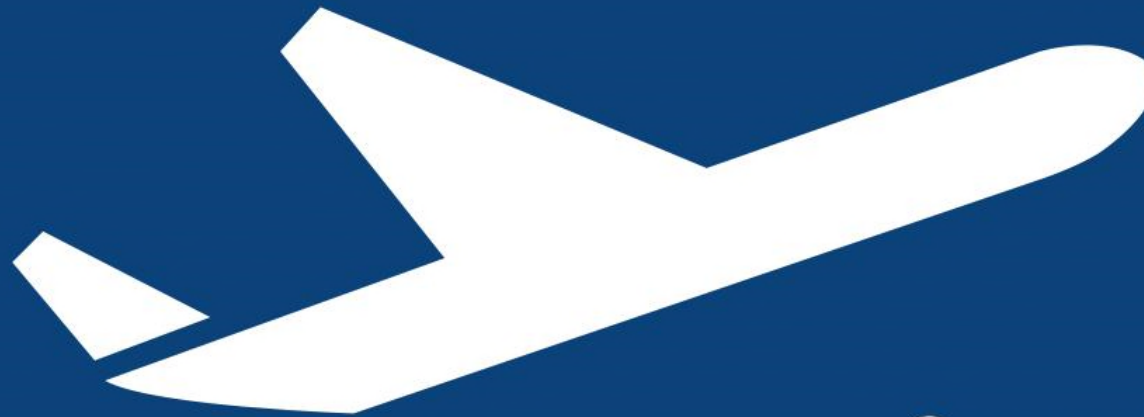
Source: ATAG, IATA.

IATA Economics [www.iata.org/economics](http://www.iata.org/economics)

# AIR TRANSPORT NEEDS

Fast

Reliable



Secure

Safe

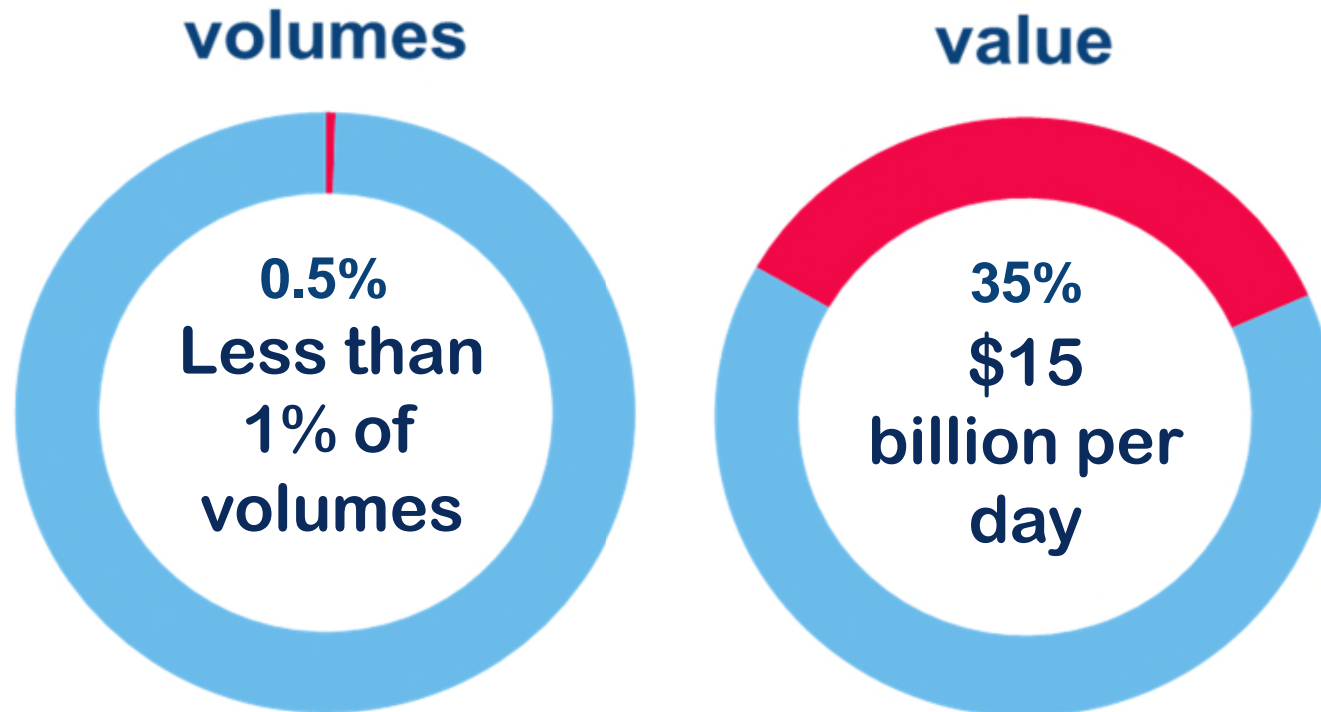
# Commodities transported by air

- Perishables
- Live animals
- Pharmaceuticals
- Vulnerable
- Humanitarian supplies

- Valuables
- Mail
- Express
- Dangerous goods
- Oversized & heavyweight cargo



# **Air Cargo** a key part of world trade



Source: The Colography Group, IATA.

IATA Economics [www.iata.org/economics](http://www.iata.org/economics)

# Today's air cargo **processes** are not optimal and have **not improved** in 30 years

Estimated average end-to-end (shipper to consignee) air cargo transportation time = ~ 5.5 days

Effective time in the air: from a few hours up to 20 hours..

“Ninety per cent of the transit time for air cargo is spent not moving, but waiting to move!”

(Air Cargo News 11.03.2013)



## New Study

# Value of Air Cargo: Air Transport and Global Value Chains



Countries with more developed air cargo connections and smarter borders are more integrated into Global Value Chains reaping the associated benefits.

IATA Economics [www.iata.org/economics](http://www.iata.org/economics)





## 73rd IATA Annual General Meeting

### Resolution on Cargo Modernization and Industry Transformation

Recognizes the TFA as an instrument that promotes enhanced international trade through simplification of border management complexities whilst promoting the enhanced use of technology by customs administrations including the provision of advanced air cargo information to facilitate effective supply-chain security compliance.

Calls on governments to implement, at the earliest opportunity, the provisions of the WTO TFA to facilitate a reduction in border transactional costs.

# WHAT IS TRADE FACILITATION?

Measurements aimed at promoting international trade by expediting the movement, release and clearance of goods.

## THE TRADE FACILITATION AGREEMENT (TFA)

WORLD TRADE ORGANIZATION



In force since 22 February 2017  
121 parties (and growing)

## BENEFITS



Harmonized and transparent rules



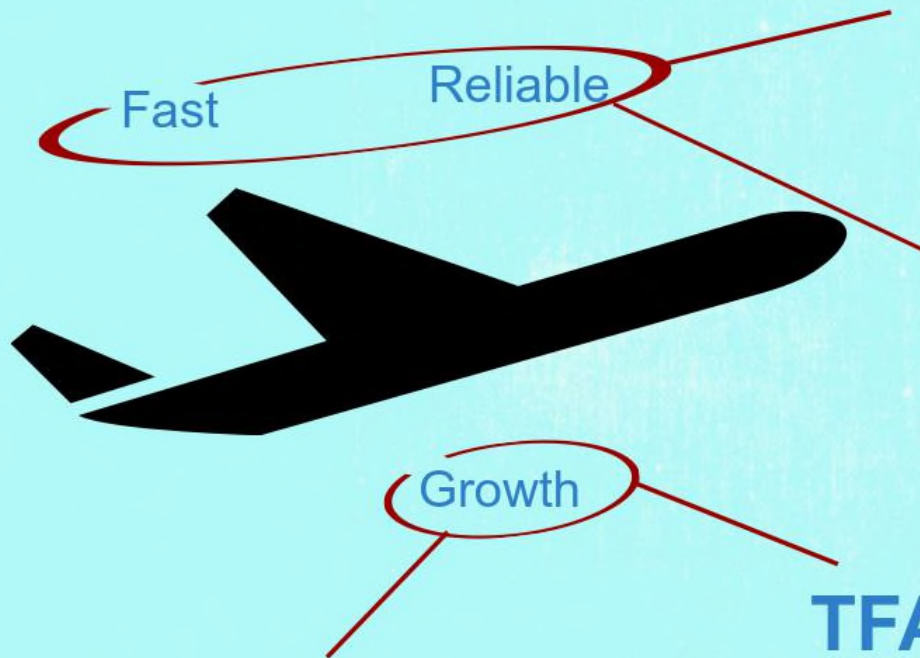
Increased trade



Simplification of border procedures



# Relevance



**TFA likely to boost  
air freight volume by  
1.4 – 4.4 % (USD  
100-300 billion)**

IATA  
economics

**90% of the  
transport time  
for air cargo is  
spent waiting to  
move.**

Air Cargo News

**TFA will reduce  
time for export  
by almost 2 days**

WTO

**TFA will potentially  
increase exports by  
USD 1 trillion/year**

WTO

# AIR CARGO ON THE TFA

art. 7

covers the release and clearance of goods, including topics such as risk management and authorized operators for customs issues.

art.10

aims to simplify formalities such as document requirements and common border procedures.

Opportunity for  
public-private  
partnerships

Risk Management

Post Clearance Audits

Average Release Times

Authorized Economic  
Operators

Expedited shipments

Perishable goods

eDocuments

Single Window

Pre-arrival processing

Opportunity for  
eAWB penetration

# Some expected direct impact of the **UCC**

- Security: PLACI + re-vamped ENS/EXS will have to be in place by 2020-2025 (ICS2) => intro of multiple filing, new data elements (HS codes), inclusion of Mail
- Economic operators need to re-apply for authorizations to EU simplifications (e.g. use of cargo manifests as Electronic Transit Document by May 2018)



# EU AEO expected simplifications under **UCC**

- Easier admittance to customs simplifications
- Fewer physical and document-based controls
- Prior notification in case of selection for physical control (related to safety and security)
- Prior notification in case of selection for customs control
- Priority treatment if selected for control
- Possibility to request a specific place for customs controls
- Mutual Recognition with third countries





# ACTION POINTS FOR IATA

**1**



National Committees on  
Trade Facilitation

**2**



Assessments/  
Expertise

**3**



Digitalization

**4**



Measurements

# Cargo Border Management Team



Linda Ristagno



Gordon Wright



Christian Piaget



Tarcisio Hardman



Shawn Beddows