



FACILITATION PANEL (FALP)

SIXTH MEETING

Montréal, 10-14 May 2010

Agenda Item 7: Report of the Secretariat Study Group on Supply Chain Security

FIRST MEETING OF THE SECRETARIAT STUDY GROUP ON SUPPLY CHAIN SECURITY

(Presented by the Secretary)

SUMMARY

The first meeting of the Secretariat Study Group on Supply Chain Security was held in Malta, in December 2009. The report and recommendations of the Study Group were presented to the twenty-first meeting of the AVSEC Panel (March 2010). The Panel concluded that aviation security and facilitation measures related to supply chain security are currently driven by different objectives, but are worth considering, where feasible. The AVSECP thus recommended that a strategic review of the approaches be undertaken with the objective of integrating aviation security and customs requirements for cargo security, insofar as this is practicable.

Action by the FAL Panel:

The Panel is invited to:

- a) provide comments on the recommendations of the Secretariat Study Group set out in paragraph 2, as appropriate; and,
- b) note that the Secretariat plans to convene the second meeting of the Study Group sometime in the second half of 2010.

1. INTRODUCTION

1.1 In 2004, the Twelfth Session of the Facilitation Division (FAL/12), recommended that ICAO should undertake a cooperative effort between Aviation Security and Facilitation Panels and other relevant organizations to develop security standards by which air cargo operators, agents, airports and ground handlers may be certified as “authorized entities” in the international supply chain, to ensure the highest level of security while preventing unnecessary delays in the movement of goods across international boundaries.

1.2 In 2008, the fifth meeting of the FAL Panel (FALP/5) agreed that a Working Group should be established to review and update SARPs in Annex 9 in order to take into account the security and facilitation aspects of specifications for the authorized supply chain, as recommended by FAL/12.

1.3 In 2009, the twentieth meeting of the Aviation Security Panel (AVSECP/20) supported the idea of implementing air cargo security through effective management of the supply chain. Since the FALP/5 had agreed to set up a working group on this matter, volunteers from the AVSEC Panel were asked to join the group, thus creating a joint Secretariat Study Group that would report to both Panels in due course.

1.4 Consequently, a Secretariat Study Group on Supply Chain Security was established with the aim of examining both AVSEC and FAL aspects of supply chain security. The members of the Study Group comprise (for the moment) of the following States and international organizations: Canada, Germany, Italy, the Netherlands, Singapore, Switzerland, United Kingdom, United States, Airports Council International (ACI), International Federation of Freight Forwarders Associations (FIATA), Global Express Association (GEA), International Air Transport Association (IATA) and the International Federation of Airlines Pilots' Associations (IFALPA).

1.5 The first meeting of the Study Group was held in St. Julian's, Malta on 15 December 2009 (1st Study Group meeting). The full report of the Malta meeting, and other related documents, are being circulated separately among FALP/6 participants.

2. RECOMMENDATIONS OF THE 1ST STUDY GROUP MEETING

2.1 The 1st Study Group meeting made proposals for new Standards for inclusion in Annex 17 – *Security*. The Study Group also recommended that a definition for "known consignor" be developed and included in Annex 17, as follows: "A consignor who originates cargo or mail for its own account and whose procedures meet common security rules and standards sufficient to allow the carriage of cargo or mail on any aircraft."

2.2 In order to define its future work related to supply chain security, the Study Group agreed on the following strategic development of supply chain security: a) there is a considered need to bring together, where appropriate, the requirements of aviation security and customs security into a single set; b) there is anecdotal evidence that significant synergies and efficiencies may be gained from more closely aligning aviation security and customs regulations; c) whilst there are, and will continue to be legitimate material differences, some areas of potential synergy may include regulated agent/known consignor versus programmes like Authorized Economic Operator or Custom-trusted Traders Partnership Against Terrorism; d) validation and accreditation processes are sometimes duplicative and currently vary between States and regulatory agencies; e) validation is sometimes conducted on a corporate basis and at other times is site specific; and, f) there is a trend of considerable growth in the audit, validation and enforcement of industry stakeholder compliance with regulatory requirements.

2.3 As a result of its deliberations, the meeting recommended that: a) a strategic review of the approaches taken by member States to lawmaking by their respective agencies should be undertaken with the objective of integrating aviation security and customs requirements insofar as this is practicable; b) AVSEC Panel meetings should be attended by members of the Facilitation (FAL) Panel as observers and vice versa to improve understanding and facilitate consensus building; c) joint meetings of the AVSEC and FAL Panels should be held when matters of mutual and/or conflicting interest arise; and,

d) Annex 17 requirements for regulated agents and known consignors and the term authorised economic operator should be compared to identify synergies and differences.

2.4 Finally, the Study Group reviewed a draft Terms of Reference proposed by the ICAO Secretariat and agreed to the Terms set out at the Attachment to this paper.

3. AVSECP/21 ACTION ON 1ST STUDY GROUP MEETING'S RECOMMENDATIONS

3.1 The Secretariat presented the report and recommendations of the Study Group to the twenty-first meeting of the AVSEC Panel, held from 22 to 26 March 2010, in AVSECP/21-WP/9. The Panel agreed to include the concept of supply chain security in Annex 17. In addition, the Panel agreed with the proposed definition of known consignor for inclusion in Annex 17.

3.2 AVSECP/21 also endorsed the recommendations addressed at ensuring synergies between aviation security and facilitation in implementing air cargo security through effective management of supply chain security.

3.3 The Panel concluded that aviation security and facilitation measures related to supply chain security are currently driven by different objectives, but are worth considering, where feasible. It thus recommended that a strategic review of the approaches be undertaken with the objective of integrating aviation security and customs requirements for cargo security, insofar as this is practicable.

4. POST-AVSECP/21 DEVELOPMENTS & PROPOSALS FOR FUTURE WORK

4.1 After AVSECP/21 concluded, the Secretariat received a joint statement, from the representatives of Canada, the United Kingdom and the United States that had attended the meeting in Malta, in response to the Study Group's draft report. The intention of these States was that the statement should be taken into consideration by the Secretariat prior to completing a formal report. As the document was received after the conclusion of AVSECP/21, the suggestions presented in the paper have not yet been addressed.

4.2 The joint Canada-UK-US statement, however, appears to provide a useful basis for further discussions in the Study Group, in addition to the recommendations of AVSECP/21 (paras. 3.2 and 3.3 refer) and any recommendations that might be made by FALP/6.

4.3 In order to advance the work of the Secretariat Study Group, the Secretariat plans to convene its second meeting sometime in the second half of 2010.

ATTACHMENT

Terms of Reference

The purpose of the Secretariat Study Group on Supply Chain Security is to provide advice and support to the Aviation Security and Facilitation Panels through the Secretariat in matters relating to supply chain security.

The Secretariat Study Group on Supply Chain Security will:

- a) determine the ambit of the subject-matter to be discussed and propose its working methods;
- b) examine the feasibility of developing standards for end to end supply chain security for air cargo to ensure the highest level of security while preventing unnecessary delays in the movement of goods across international boundaries, taking into consideration the work undertaken by the Twelfth Session of the Facilitation Division (FAL/12), the World Customs Organization, the European Union and the industry;
- c) provide comments on proposals related to supply chain security developed by the Aviation Security Panel Working Group on Amendment 12 to Annex 17 as well as guidance material contained in the *ICAO Security Manual for Safeguarding Civil Aviation Against Acts of Unlawful Interference* (Document 8973 – Restricted); and
- d) provide comments/recommendations on proposals for amendments to Annex 9 and associated guidance material.

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