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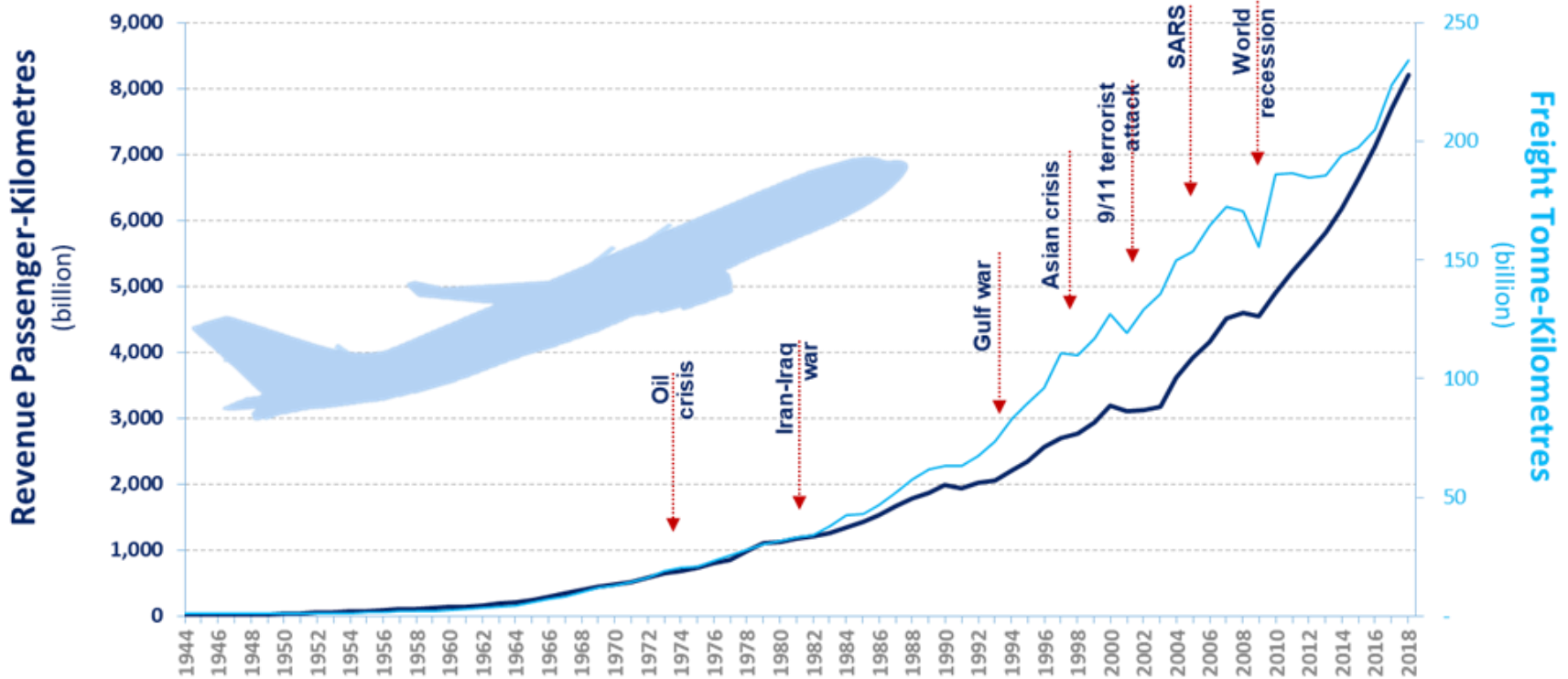
## *Air Cargo Digitalization in COVID-19 Times: Perspectives on Legal Frameworks and Solution Implementation*

### Overview

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## Growth of air transport up to 2018



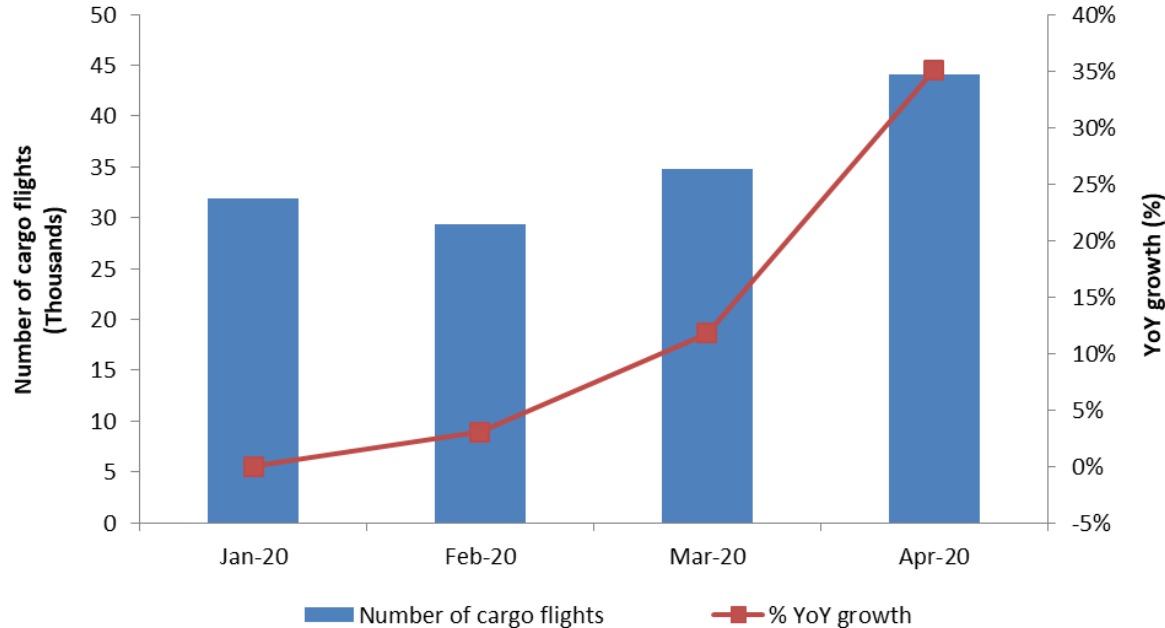


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**In contrast, surge in cargo flights since March 2020**

**In contrast to the fall in passenger traffic, cargo flights surged with the increased cargo-only operations using passenger aircraft**





## ICAO Council Aviation Recovery Task Force (CART)

### Key Principle #3 – Ensure essential connectivity

States and industry should maintain essential connectivity and global supply chains, especially to remote regions, isolated islands and other vulnerable States.

### Global Implementation Roadmap – Implementation of CART Rec #7

“To address the need for broader digitalization of information exchange, efforts will be made to further facilitate larger scale aviation movements of passengers and cargo...”

Air cargo services are a key component of global supply chains, offering fast and reliable transport of high-value goods, including vaccines and medical equipment.



## ICAO Public Health Corridor (PHC) Concept

- Inclusive of cargo operations (EB 2020/36)
- For cargo, it highlights considerations on:
  - Contact with surfaces contact in the immediate environment or with objects used by the infected person (e.g., paper)
  - Physical distancing
- COVID-19 introduces the need to minimize physical contact among supply chain actors and adds new urgency to the need for digital, contactless technologies and processes



## Montreal Convention 1999

- MC99 is intended to replace the patchwork of regimes that developed since the Warsaw Convention in 1929
- Entered in to force in 2003
- It governs airline liability for passengers, baggage and cargo on international flights in cases of:
  - death, injury or delay to passengers
  - delay, loss or damage to baggage
  - delay, loss or damage to cargo
- Industry supports ICAO in promoting MC99 as **the** single, global Convention on airline liability, as well as an important driver for digitalization.



## MC99 Status Today

- 19 years after entry into force, 69% of ICAO's Member States (132 Parties) have now ratified MC99
- Most recent states to ratify MC99 include:
  - Nepal
  - Tunisia
  - Uganda
  - Sri Lanka
- The 'patchwork' of regimes that MC99 was designed to replace remains in place



## MC99 Benefits Beneficial Cargo Owners, Among Other Stakeholders

	Warsaw Convention (1929)	Hague Protocol (1955)	Additional Protocol 2 + Montreal Protocol 4	Montreal Convention 1999
Cargo Liability	USD 20/kg	USD 20/kg	USD 25/kg	USD 29/kg
Provisions for electronic air waybill?	No	No	Yes (with other MP4 Parties only)	Yes





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## ICAO urges States to ratify MC99

Doc 10140

Assembly Resolutions in Force  
(as of 4 October 2019)

### **A40-9: Consolidated statement of continuing ICAO policies in the air transport field**

APPENDIX A – Economic regulation of international air transport

Section I. Basic principles and long-term vision

4. *Urges* Member States that have not yet become parties to the IASTA, the ***Montréal Convention of 1999***, the Cape Town Convention and its Protocol and other ICAO instruments governing international air transport to give urgent consideration to so doing;

### **A40-28: Consolidated statement of continuing ICAO policies in the legal field**

APPENDIX C – Ratification of ICAO international instruments

*Urges* all Contracting States which so far have not done so to ratify the other international air law instruments, in particular the ***Montréal Convention of 1999***, [...] as soon as possible.



## Why is MC99 Critical?

- It represents a win-win for all stakeholders
- Important protections and benefits for BCOs
  - Faster shipments for businesses that rely on air cargo
  - Reduction in administration, cargo litigation and ability to use electronic air waybills for supply chain actors (e.g., forwarders, carriers, customs authorities)
  - A practical, efficiency-enhancing trade facilitation measure to support global economic recovery



## Key Benefits of MC99 for Air Cargo

- MC99 permits substitution of air waybills by other means preserving a record of carriage
- Electronic records (e.g., eAWB) can only be implemented in MC99 trade lanes (where both States are Parties to MC99\*)
- Electronic records deliver improved shipment times, customs compliance, security and competitiveness of air freight

\*or between Parties to MP4



## Enter Digitalization

- Digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities.
- It will allow aviation to bring in new technologies, as well as better apply existing ones.



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## Why digitalization? What are the benefits?

- Alignment with public health measures, such as the ICAO PHC concept, arising from the COVID-19 pandemic through contactless technologies
- Increased safety through awareness of dangerous goods
- Increased security through faster pre-clearance and other benefits
- Increased efficiency through reducing delays along the entire supply chain, particularly at borders and modal interfaces
- Increased resilience through advanced IT capabilities and prognostication
- Smaller environmental footprint through reduction in paper waste and increased operations



## Current air cargo digitalization exercise:

- Supports existing SARPs and other provisions, as opposed to developing new ones; and
- Can readily evolve to meet new requirements and challenges in alignment with SARPs and other provisions.

Short term: Digitalization will support current regulations.

Long term: Digitalization will encourage regulations to evolve due to the benefits it enables

## Collaboration

- **New Collaboration between ICAO, UNSCAP, UNECE and other UN Agencies announced in September 2020:**

*Joint Statement on the Contribution of International Trade and Supply Chains to a Sustainable Socioeconomic Recovery in COVID-19 Times:*

“Therefore, we support further digitalization of trade and customs procedures, using global, United Nations standards, to ensure the fast and secure exchange of data and information concerning cargo and means of transport.”

- **ICAO has also increased collaboration with leading Member States to advance implementation of digital transport.**



## In the first year, we ...

1. Built a clear case for digitalization and how ICAO can support Member States and other stakeholders;
2. Initiated formal collaboration with UN Economic Commission for Europe to develop deliverables, which are now available;
3. Began exploring partnerships with Member States to develop a new global air cargo eco-system encompassing various regulatory needs built on the latest standards; and
4. Began working with industry stakeholders to identify specific business requirements/needs and develop an inclusive plan to advance #3.





## Emerging Innovations and Trends

# Verifiable Credentials

- A key component of reliable, secure information exchange in digital trade, transport and finance
- Leading stakeholders, including the U.S. Department of Homeland Security (DHS), are engaged in developing standards and architectures that will bring increasing benefits—including security—to the global supply chain digitalization effort
- Open standards based on interoperability that facilitate understanding and cooperation between diverse stakeholders from different states, UN agencies, and supply chain actors are poised to augment end-user choice through a marketplace of advanced options for digital trade and transport that can connect different domains

## Helpful links on this activity

Joint Statement by UN system entities on the Contribution of international trade and supply chains to a sustainable socio-economic recovery in COVID-19 times: [https://www.icao.int/Security/COVID-19/PublishingImages/Pages/Statements/\(%20English%20\).pdf](https://www.icao.int/Security/COVID-19/PublishingImages/Pages/Statements/(%20English%20).pdf)

UNDA *Transport and Trade Connectivity in the Age of Pandemics* project profile: [http://www.un.org/development/desa/da/wp-content/uploads/sites/52/2020/08/2023X\\_Transport-and-Trade-Connectivity-in-the-Age-of-Pandemics.pdf](http://www.un.org/development/desa/da/wp-content/uploads/sites/52/2020/08/2023X_Transport-and-Trade-Connectivity-in-the-Age-of-Pandemics.pdf)



## ICAO *Priority Brief: Air Cargo*

Four considerations on the supply chain, its criticality for the emerging e-commerce driven marketplace, the needs for both regulatory evolution and digitalization

Five recommendations include those for digitalization and economic regulatory measures

Find it at:

[https://www.icao.int/sustainability/Documents/ICAO-PRIORITY-BRIEF\\_Air-Cargo\\_2021.04.19.FINAL.pdf](https://www.icao.int/sustainability/Documents/ICAO-PRIORITY-BRIEF_Air-Cargo_2021.04.19.FINAL.pdf)

We welcome your feedback

