



**FACILITATION (FAL) DIVISION — TWELFTH SESSION**

**Cairo, Egypt, 22 March to 2 April 2004**

**DRAFT REPORT OF COMMITTEE 1  
ON AGENDA ITEM 3.2**

The attached draft report on Agenda Item 3.2 is presented for approval by Committee 1 for submission to the Plenary.

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**Agenda Item 3:     Implementing modernized provisions for facilitation and security in air cargo service operations**  
**3.2:     Security**

3.2.1           The Division considered WP/62 presented by the United States which proposed an amendment to Standard 2.38 of Annex 9 to allow the requirement of documents in addition to flight plan information as required by the Contracting States. This proposal is based on legislative mandates created to require advanced electronic cargo information on all modes of transportation, coming into and departing the United States, due to issues surrounding national security.

3.2.2           The proposal did not receive any support and the Division concluded that Standard 2.38 should remain unchanged.

3.2.3           The Division considered WP/8 presented by the Secretariat which contained a review of the concept of risk assessment as a tool to be used by the public authorities in deciding on the degree of examination of consignments, and proposed an enhancement of the concept to improve operating conditions for all entities in the international supply chain. As the first steps in a long term project to systematically integrate facilitation of formalities into national border management programmes, the paper proposed the establishment of new concepts, for example: the authorised air cargo carrier, air cargo agent, airport, cargo ground handler; international security standards by which the above entities may be “certified”; unique consignment identification based on uniquely numbered airway bills; customs multilateral recognition of commercial operators meeting certain agreed security standards; and risk-assessment at the authorised commercial operator level, as an alternative to consignment-by-consignment treatment.

3.2.4           The Division agreed in principle with the proposed first steps in a long-term project to systematically integrate facilitation of formalities into national border management programme, observing however, that multilateral solutions should be developed. In this regard the Division requested ICAO to study the subject in close cooperation with other relevant organizations and report to the next meeting of the Facilitation Division. It was further suggested that since some of the issues have already been addressed by the Aviation Security Panel, there was merit in holding joint meetings of Aviation Security and Facilitation Panels in order to develop security standards. Accordingly, the Division adopted the following recommendation:

**Recommendation B-xx —**

It is 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.

3.2.5           The Secretariat presented WP/12 which described the development of the concept of a secure international supply chain and the challenges involved in implementing it. WP 12 introduced the new concept of the “authorized supply chain” as a solution to the challenge of facilitating and growing world trade while simultaneously intensifying security measures in the transport of international cargo.

3.2.6 The Division expressed its general support for the concept and recommended the implementation of the authorized supply chain solution. It was agreed that ICAO should coordinate its work on this subject with other relevant organizations. It was further suggested that the security issues involved should be considered by the Aviation Security Panel. Accordingly, the Division adopted the following recommendation:

**Recommendation B-xxx —**

It is recommended that ICAO work proactively to support, and promote the implementation of authorized supply chain arrangements.

**Recommendation B-xxx —**

It is recommended that, whilst being mindful of cost implications for developing States, ICAO review and update the SARPs in Annex 9 in order to take account the security and facilitation aspects of specifications for the authorized supply chain in harmony with measures taken in our fields of transport.

3.2.7 In WP/48, the Secretariat elaborated on cargo security, in particular the “regulated agent” concept, including its definition, designation, approval and obligations as specified by the appropriate authority for security. The paper stressed that the objective of the ICAO cargo regime is to ensure that all items of cargo being transported on passenger flights are subjected to appropriate security controls such as screening before being loaded on to an aircraft. However, this process may be facilitated and the workload reduced, particularly at locations where high volumes of cargo are received, by the operator’s delegating the screening function to regulated agents.

3.2.8 The Division noted the similarity of the “regulated agent” concept to the “authorised trader” concept for Customs control and agreed that both should be taken into account when developing/amending the Standards and recommended Practices of Annex 9.

3.2.9 In WP/37, Pakistan highlighted that there is a need to examine/screen each parcel/item containing perishable and dry cargo before sealing to load on aircraft. The paper contended that various measures are enforced and these include either screening of cargo or undergoing a cooling period from 24 to 48 hours and suggested security measures in order to ensure safe movement of cargo and to further streamline the process.

3.2.10 The Division agreed that this working paper addresses security issues and therefore should be considered by the Aviation Security Panel. A concern was expressed that demand for a new aviation security technology could pose undue financial burden on developing States. In this regard, reference was made to the existing programmes for assistance to States.

3.2.11 The Division considered WP/52 presented by the Kingdom of Saudi Arabia which highlighted the advantages and gains that can be achieved by adopting the “regulated agent” concept. The paper urged ICAO Contracting States to give security of air cargo enough importance and attention and to implement the “regulated agent” concept.

3.2.12 The Division agreed that this working paper was complementary to WPs/8 and 48 presented by the Secretariat and recommended that a study group be established in order to examine whether there are any loopholes in the “regulated agent” system.

3.2.13 In WP/28, ECAC presented proposals on risk management, considered as an instrument providing trade facilitation in the cross border movement of cargo. Bearing in mind the increased security

requirements, risk management plays a vital role in both security and facilitation and can be recognized as an important technique for modern and efficient controls by border control agencies. To reach a well-considered balance with regard to the implementation of risk management techniques in both areas of security and facilitation, the paper stressed that it was necessary to include a reference to security in Annex 9.

3.2.14 The Division agreed with the proposal put forward by ECAC and recommended that appropriate steps be taken to explicitly link the application of risk management in Annex 9 not only to facilitation, but also to the developments in relation to recent security measures in the cross-border movement of cargo and seek cooperation with the relevant security bodies within ICAO in order to create synergy where possible. The Division recommended that due consideration be given to the development of guidance material on risk management for inclusion on the Facilitation Manual, mindful that inclusion of specific information could be used by those wishing to circumvent the system.

3.2.15 The Division considered WP/30 presented by TIACA which outlined some air cargo contributions to development; identified current security requirements that could hamper these contributions; and suggested institutional and strategic responses to support corrective facilitation. The paper suggested that ICAO should take leadership in establishing a modern security regime for air cargo that takes into account the economic impact on developing States while meeting challenges posed by contemporary threats to civil aviation.

3.2.16 The Division supported in principle a risk management approach to air cargo, as outlined in the working paper, and agreed that work be undertaken by ICAO toward the establishment of a modern security regime for air cargo in consultation with the Aviation Security Panel. The Facilitation Division will follow closely the developments in this regard.

3.2.17 In WP/34, IATA underlined that the secure and efficient movement of air cargo is critical to the proper functions of the modern economy and to facilitate the movement of air cargo it is critical that security and supply chain security measures be harmonized on a global basis. The paper provided an outline of various issues which IATA believed must be taken into account during the development and implementation of air cargo security measures and supply chain security initiatives.

3.2.18 The Division examined the concepts outlined by IATA and agreed that these be taken into account in work toward global harmonization of air cargo security and supply chain security programmes. With reference to standardized protocol for inspection of shipments especially as related to hand search, a question was raised regarding the liability and government responsibility for inspection or screening of shipments. It was observed that the implementation of these concepts should not place an undue burden on small intermediate shippers, particularly in developing States.

3.2.19 The Division noted IPs/22 and 33 submitted by the United States on implementing modernized provisions for facilitation and security in air cargo, and on the new United States requirements for advance electronic cargo information, as well as IP/26 submitted by India on security measures for air cargo clearance.

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