

Secure  Freight

# An Air Cargo Supply Chain Security Solution

## CLAC MEETING

Second Meeting of the Aviation  
Security and Facilitation Regional Group  
(AVSEC/FAL/RG/2)

Antigua & Barbuda

May 14-18<sup>th</sup>, 2012

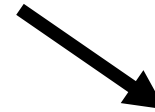
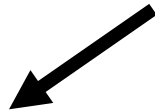
# Benefits of Aviation: The flight to economic growth

- **Benefits** passengers and freight with swift, cost-effective transportation
- **Contributes** to the overall economic growth of nations
- **Provides** significant revenues to national public finances
- **Creates** large numbers of high-value jobs
- **Delivers** extensive catalytic benefits to international trade and tourism

**A productive and efficient aviation industry plays a pivotal role in driving development of today's global economy.**

# Connectivity brings wider economic impacts.....

## Greater Access to the Global Air Transport Network



### **Broadens the Available Market**

- Higher revenues
- Higher potential returns from investment

### **Facilitates Efficiency Improvements**

- Access to a wider base of suppliers
- Access to new production techniques

### **Fosters Greater Competitiveness**

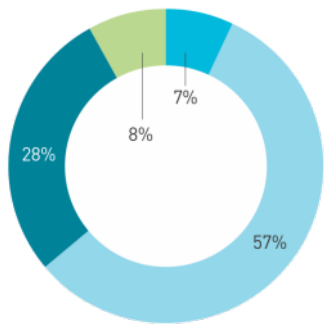
- Increases inward and outward investment
- Ability to exploit economies of scale

# LATIN AMERICA AND THE CARIBBEAN



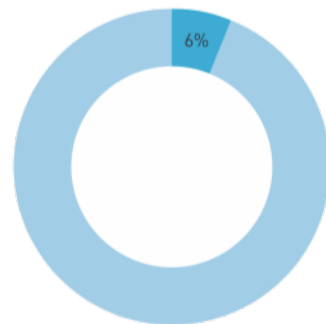
**Air transport supports 4.6 million jobs and \$107 billion in GDP in Latin America and the Caribbean.**

Direct jobs generated by air transport, 2010



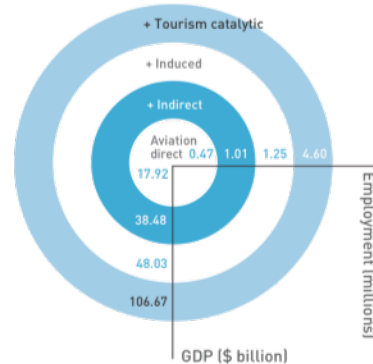
■ Airports  
■ Airlines  
■ Other on-airport  
■ Aerospace

Latin America's share of global passenger traffic, 2010



■ Latin America  
■ Rest of the world

Latin America's jobs and GDP generated by air transport, 2010



Employment (millions)

GDP (\$ billion)

# LATIN AMERICA AND THE CARIBBEAN



- **Passenger numbers are expected to triple** from 145.9 million in 2010 to 438.9 million in 2030
- **Cargo volumes** are projected to rise at a slightly lower rate of **6.1%** per annum.
- **Aviation's direct contribution to GDP will increase by 6.4%** per annum in real terms over the next 20 years helping to create an additional 329,000 jobs across the region by 2030
- Accounting for catalytic effects in terms of increased tourism receipts, real GDP growth is projected at 6.1% per annum with implied job creation of 721,000.

## Challenges

- **Infrastructure** could soon act as a bottleneck to performance.
- **Investment in runways and other airport facilities is key** to ensuring the continued rapid expansion of the aviation sector, particularly in light of the strength of projected cargo and passenger growth.

# Benefits of Aviation: Mexico

- ✓ 0.4% of GDP (MXN 50.2 billion) +
- ✓ 1.6% of GDP (MXN 182.8 billion through catalytic effect of aviation on tourism) = Total 2% GDP
- ✓ 158,000 + 757,000 jobs
- ✓ 49 MM Pax & 515,000 tonnes to/from/through Mexico
- ✓ 148K scheduled intl flights,
- ✓ destined to 91 airports
- ✓ in 25 countries

**An  
Act of  
Unlawful  
Interference**



# The IATA Cargo Security Strategy

Effective cargo security must be based on a combination of measures

- We must leverage available **cargo data**
- ...Complemented with **technology**... and
- We need a **supply chain** approach to keep the trade flow...





# 1. SF Background

- **Inconsistent** security regulatory environment with limited international recognition
- **Different understandings** of air cargo supply chain security and perceptions of threat i.e. levels of risk
- International **standards and security programs not leveraged** i.e. ICAO Annex 17
- **Screening** of cargo at the airport creates **bottlenecks**, increases **costs** and **delays** shipments



# Vision

➤ 100% air cargo supply chains secured



➤ Freight secured upstream in the supply chain and then remaining sterile

# Mission



➤ To **promote** the implementation of **global air cargo supply chain security standards and programs** with regulatory support **around the world** in order to facilitate safe, secure and efficient operations of air cargo

# Potential Benefits



- More secure air cargo network plus simplified business process
- Compliance with multiple programmes through 1 set of standards
- Potential reduction of
  - Customs inspection
  - Transit times
  - Theft in inventory management
  - Customer attrition
- Potential avoidance of breaking down transfer cargo

# 2008-2011: Secure Freight Pilot Testing Network

## Reasoning:

- Inbound to the US/ EC is an industry priority
- Test suitability for transfer cargo
- Test in different security environments
- Establish potential SF interconnected locations in Asia, Africa, Middle East, Europe, North & South America
- Extending a secure supply chain around the world

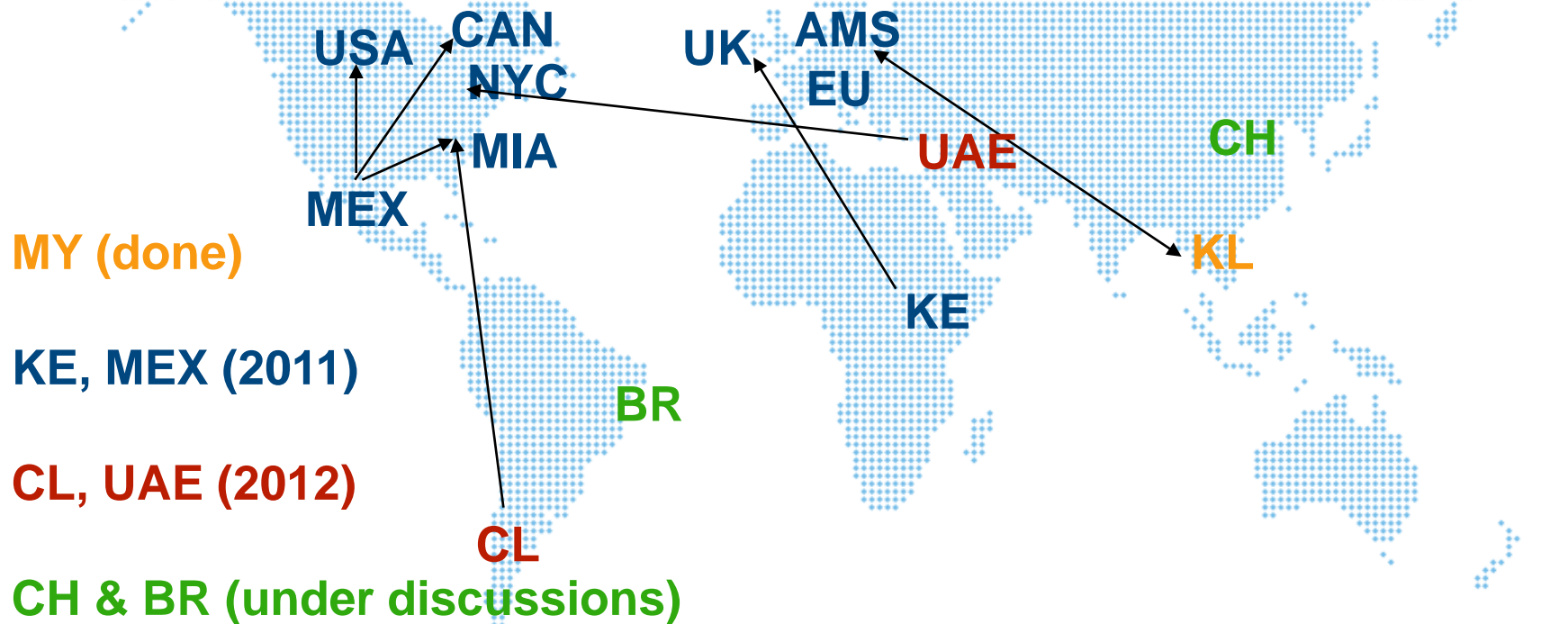
AMS

KL

Malaysia Sept 2008 – June 2011

## 2. As we are today:

### 2012 Secure Freight Pilot Testing Network



# What brought us here?

- **The need**
- **The product**
- **Advocacy**
- **Industry & Government common goals**
- **Political will & action**
- **Mutual Recognition**
- **Global Outreach/ Communication**
- **Passion, Perseverance**



# 3. SF Strategy & Planning (2012)



## 3. SF Strategy for 2012

- Do better what we do today (regulators relationship; project management)
- Facilitate collaboration/ recognition between pilot participants
- Stronger, broader advocacy and outreach
- Raise the game; grow the team

## 3. Planning for 2012

- **Regulatory:** USA, CAN, UK, IL
- **Product Development:** GM Tech, Spanish
- **Pilot Network Expansion:** CL, UAE
- **Global Promotion:** Industry & Regulatory



# 4. Results Q1

## 4. Results Q1 2012

### ➤ I Regulatory:

➤ Letter **UK DfT**

➤ **APEC Workshop** - MY DCA and AU OTS

➤ **SF SM - ICAO, UPU & WCO**

➤ **GACAG** position paper

➤ IP on SF during **AVSECP/23**- co-signed by 5  
CAA's + verbal support

### ➤ II Product Development:

➤ 50% revision of **Spanish** translation of SF SM -  
for LATAM Pilots

## 4. Results Q1 2012

### ➤ III Pilot Network Expansion:

- South Africa – Briefing done; declined interest
- Brazil - Briefings held; interest is currently being assessed

### ➤ IV Global Promotion:

- TIACA IAC Board, APEC Workshop, WCS 2012, AVSEC Conference (Canberra), ICAO AVSEC Panel, Various Industry Meetings



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**5. A pilot engagement  
includes.....**

# Stakeholders

- Civil Aviation Authority
- Airlines (Corp/ Airline AVSEC and Cargo Division teams)
- Ground handlers
- Freight Forwarders
- Airports
- Shippers
- Customs authorities
- Police
- Health Authorities
- IATA (GVA & Local team)



## **Phase 1 – 8/12 Months**

- Gap Analysis – regulations & operations
- Gaps Closure – regulations & operations

## **Phase 2 – 6/8 Months**

- Pilot testing – SF shipments
- Gap closure (reg/ ops) - in parallel

## **Phase 3 – Onwards**

- Regulatory framework changes revised (i.e. sec directives, legislation, etc)
- Roll out program national / international level implementation



**Mexico**

**Pilot  
Updates**

**Chile**

# Mexico

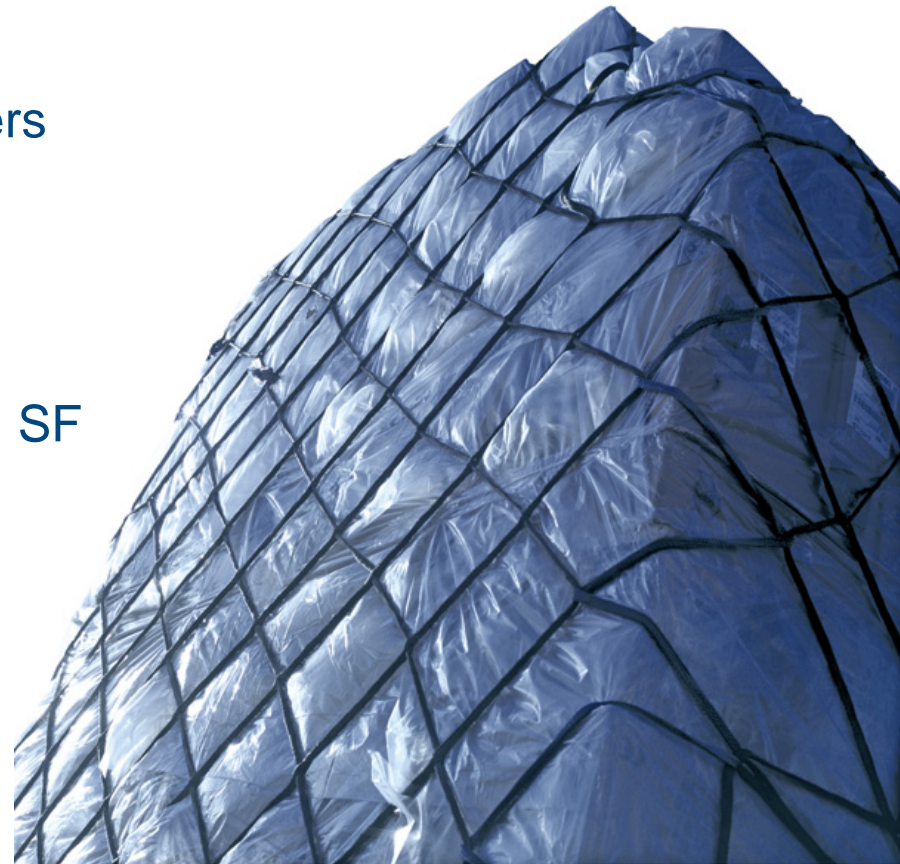


# Updates: Mexico

- Launch/ Kick-Off May 2011
- Establishment of SG & WG – Shippers/ Forwarder pending
- LOI Signed/ MoU proposed to CAA's
- New Air Cargo Supply Chain Security Program under development (80%)
- Government agencies working together: AEO (MEX Customs-SAT) & SF (DGAC) to mutually recognize validations
- Facilitation chapter included on the air cargo security program
- Pilot testing in Q4 2012
- Mexico co-signed ICAO AVSECP/23 IP on SF
- TSA & TC visibility and supporting

# Updates: Chile

- CL: Launch done Q4 11
- Kick-Off planned in Q3/ Q4 2012
- Establishment of SG & WG – All members have been chosen
- LOI Signed/ MoU to be presented after kick-off
- Chile co-signed ICAO AVSECP/23 IP on SF



# Questions & Answers





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