Paper jam
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REPORT BY PETER CONWAY IN LONDON

IATA’s Simplifying the Business initiative is proving not so simple for cargo thanks to the volume of paper needed to obtain customs clearance around the world.

This time last year IATA was launching its e-freight initiative - the cargo arm of its Simplifying the Business programme - at a conference in Geneva. Alexis Popovich, IATA’s global head of cargo, promised bold action, with a group of “early adopter” carriers swiftly developing a system to remove paper documents from air freight, followed by trials during 2006 and a working system in place for the early adopters by 2007.

A year on, no trials have been fixed, and not even the original five airlines in IATA’s early adopter group expect to have a system up and running by 2007.

The problem for e-freight was always going to be that it needed to get customs authorities engaged. Unlike the passenger side of the business, where the documents to be removed are limited to the ticket and boarding card, a cargo shipment can be accompanied by up to 30 different pieces of paper, many of them needed for customs clearance.

Although IATA can lobby national customs organisations, and although there is a general move towards electronic methods of clearing goods among customs authorities worldwide, each also has different initiatives, following different timetables. The European Union (EU), for example, is supposed to be introducing a common electronic clearance system for all its 25 member states by 2009, although the history of such initiatives suggests this may well take even longer.

“If you want to have e-freight working on a worldwide basis, it will have to wait until 2009,” says Pascal Morván, senior vice-president and co-ordinator of operations at Air France-KLM Cargo, an early supporter of e-freight. “It does not make sense to have to maintain paper teams alongside automated processes. You have to create critical mass to industrialise the process.”

Will e-freight just have to wait then? Not entirely. IATA has split e-freight into two initiatives. One is now focused on getting five early-adopter customs authorities on side by the end of the year, starting trials with them in 2007. The choice will be made from a shortlist of Australia, Canada, China, Hong Kong, the Netherlands, New Zealand, Singapore, Sweden, Taiwan and the UK.

Popovich says the EU initiative will be no barrier to working with the European names in that list. “The European Union is also working towards the Single Window concept of the World Customs Organization, which fits in exactly with what e-freight is trying to do,” he says. “And Sweden and the Netherlands, for example, are both fast runners, and want to be ahead of the game.”

A second strand is the result of lobbying by Jim Friedel, president cargo for Northwest Airlines. He sees easy wins to be had in using basic electronic data interchange messages, particularly the two that transmit air waybill data.

Northwest pressured forwarders to use these messages in the run up to the US introduction of advanced manifesting for customs (a security measure) in 2004, and Friedel says it now gets 93% of its air waybills electronically for this purpose. Northwest also did a trial with four forwarders in Hong Kong to try and extend this to all shipments. The results of the trial proved that much could be done simply by improving the accuracy of data entry, but for some messages a small change to forwarder systems was also required. The four forwarders in the trial were reluctant to make the change unless other carriers called for it too.

Getting the message
IATA has now taken up the call, proposing that all carriers get involved in what it calls the Message Improvement Program. Three other airlines – Air France-KLM, Iberia and United Airlines have signed up for this, and Friedel is confident five or six more will follow.

For the carrier, Friedel says all that is required is a small bit of extra software that highlights message errors, so the carrier can take the matter up with the forwarder. “Once the carrier writes this small bit of software, the amount of effort is trivial,” he says.

“The important point is that we harmonise processes within the industry, so that when customs are ready, we are ready,” Popovich says.

As Oliver Evans, chief cargo officer at Swiss, points out, there is also a role for carriers in lobbying their local customs authorities. “We are doing this with Swiss customs, to help them to understand the challenges and move faster. Saying it is their problem and their challenge is not a strategy.”

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