



IATA

Cargo Agency Modernization Program

(CAMP)

Date: March 2015



Agenda

- Overview of CAMP
- Change on Resolutions
 - New CASS participation rules (Resolution 851r)
- Next steps
- Q&As

Overview of CAMP

Working Group



- CAMP Working Group
 - 10-14 FIATA delegates
 - 8 IATA representatives
 - 4 Airlines – BA, LH, CX and KL
- Airline Advisory Group
 - BA, LH, AF, KL, CX, FX, EK, SV, DL and UA

Throughout the discussion process, the continuous support has been obtained from Cargo Committee, Cargo Agency Conference and IATA Top Management.

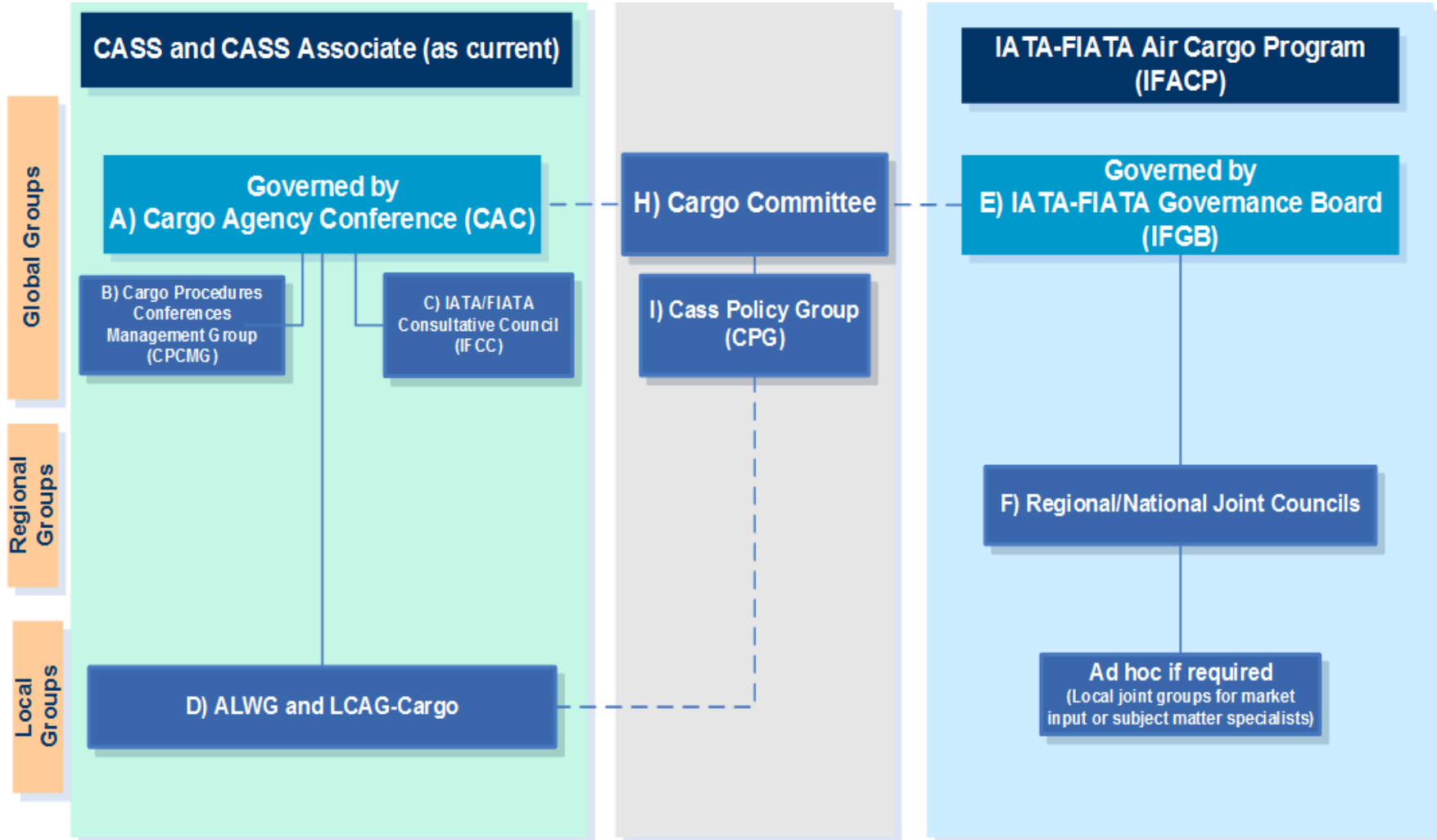
Benefits

- Simplifying the Governance Structure reduces the administrative requirement to manage the program
- Given that >80% of transactions are performed by Freight Forwarders acting as principals, the proposed IATA-FIATA Air Cargo program better clarifies and validates the business model as a buyer/seller relationship
- Potential to achieve key industry goals including e-cargo priorities by establishing a joint IATA-FIATA Air Cargo Program
- Addressing properly the Principal-to-Principal relationship between Freight Forwarders and Airlines will help to reduce liability issues and the risk of legal challenge going forward.

Proposed Program Modernization

CURRENT	FUTURE
8 agency programs (incl. 4 Intermediary Programs)	1 Global Air Cargo Program jointly managed by IATA and FIATA, through the IATA-FIATA Governance Board
Cargo Committee and Cargo Agency Conference advise strategic direction	<ul style="list-style-type: none"> • IATA- FIATA Governance Board advises strategic direction for the IATA FIATA Air Cargo Program • Cargo Agency Conference advise strategic direction on CASS • No change from the existing role, Cargo Committee advises strategic direction to IATA on all Cargo matters • Cargo Committee and FIATA Airfreight Institute advise strategic direction to respective IFGB delegates
CASS settlement and procedures	CASS settlement and procedures
Diverse local and regional joint or airline-only governance bodies	Potentially 8 Regional/National Joint Councils (Canada, LATAM, Europe including Russia, India, China, Africa-Middle East, Asia, Australia including New Zealand and South Pacific)
Conference adopted Resolutions	<ul style="list-style-type: none"> • IATA-FIATA Air Cargo Program governed by IATA FIATA Governance Board (e.g. determining financial and operational criteria for membership endorsement) • CASS governed by Cargo Agency Conference
A degree of Conflict with forwarding community caused by ambiguous rules and terms	Clearly defined roles and responsibilities
Agent based accreditation standards	Customer based endorsement standards

Future Governance Structure



Key Highlight (1 of 4)

- The current IATA Cargo Agency/Intermediary Programmes will be replaced by the new IATA-FIATA Air Cargo Program (IFACP) under the governance of IATA-FIATA Governance Board (IFGB). Once it is implemented, the Cargo Agency/Intermediary Programme Rules will be rescinded.
- Future regional or national Joint Councils will be established to provide feedback and to discuss and submit proposals to the IATA-FIATA Governance Board (IFGB).
- This new streamline governance will replace the current local Assemblies, Councils and ICAPs, established by today's Conference governance structure.

Key Highlight (2 of 4)

- The new Joint Councils may propose to IFGB the minimum criteria of financial standing required for endorsement and retention of Freight Forwarders in their respective country/ies or Region.
- **The financial and operational criteria as applicable today in the Cargo Agency Programme will continue and be transferred to IFACP. After that point, changes will be agreed through the Joint Council & IFGB.**
- **The CASS remains 'as is' and under the jurisdiction of the Cargo Agency Conference.**

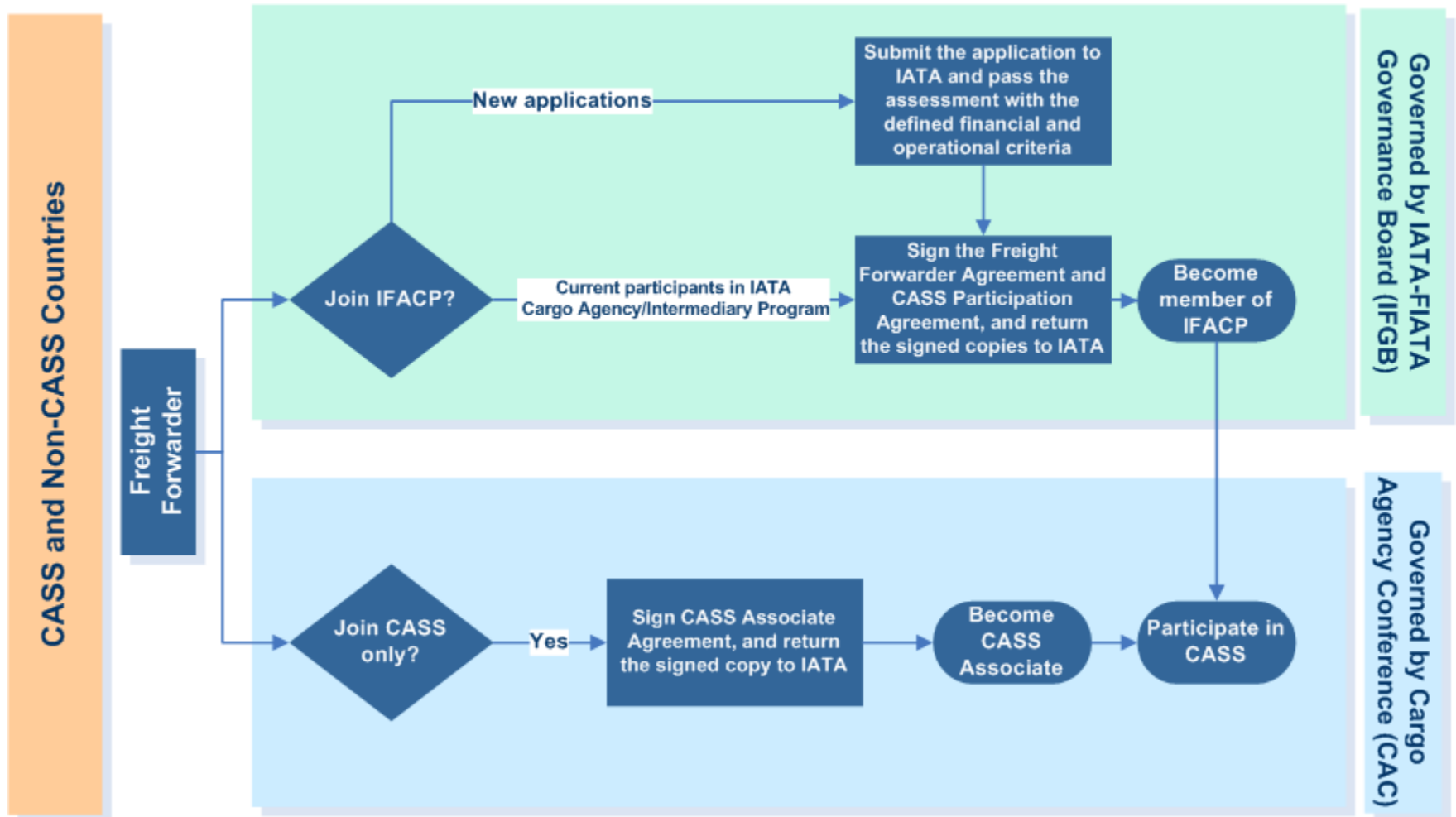
Key Highlight (3 of 4)

- Ready for carriage conditions, operational criteria (e.g. DGR training requirements) and best business practices (e.g. cargo standards) will be referenced in the IATA-FIATA Air Cargo Program Handbook helping to raise the Airline and Freight Forwarder's awareness of their responsibilities and compliance to agreed industry operational requirements.
- The content of current Cargo Agency Program will be consolidated and transferred to the IFACP handbook.

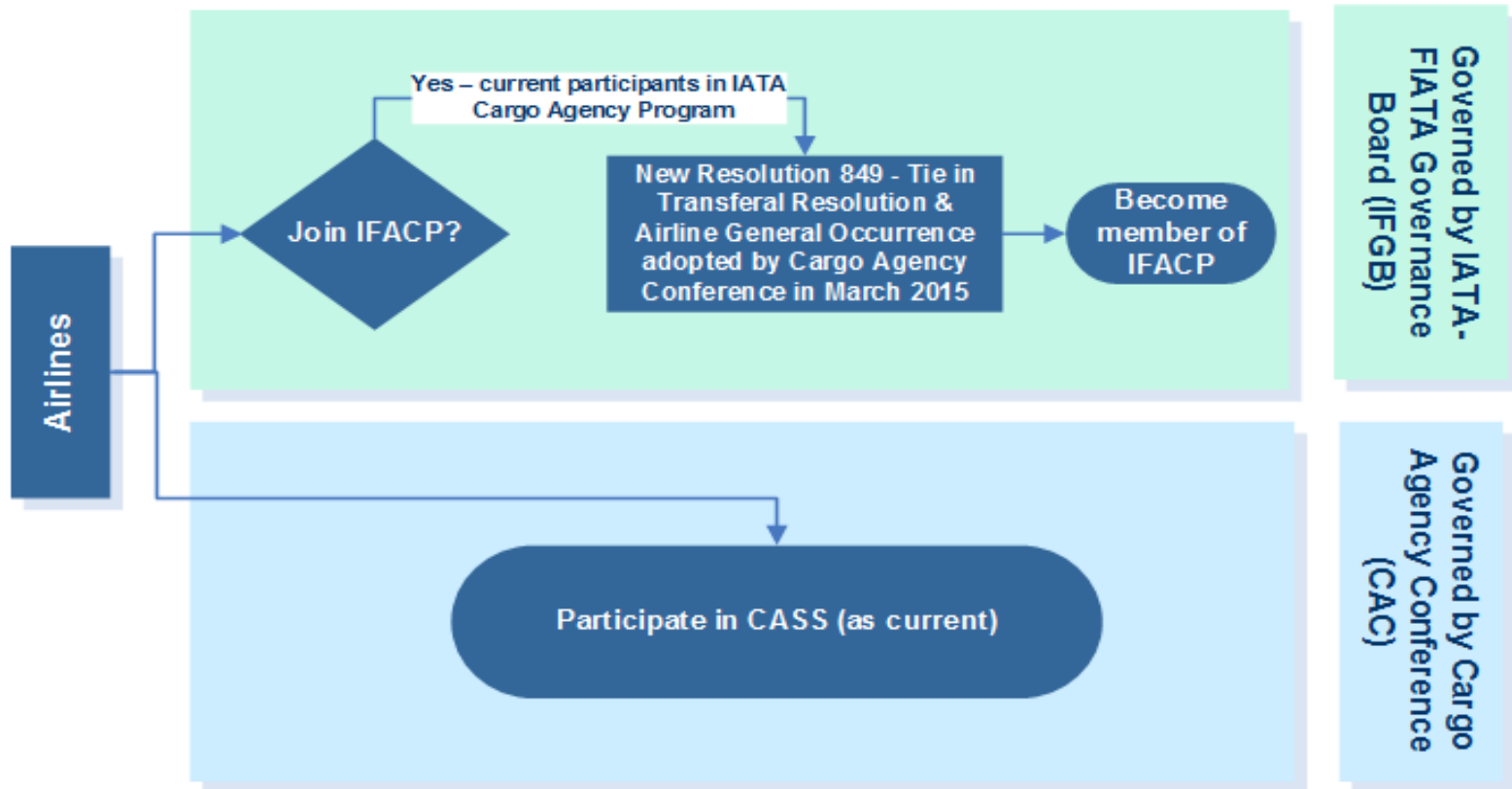
Key Highlight (4 of 4)

- New fee proposal will be presented to the IFGB to determine the fee amounts and structure, please note the key principles below :
 - One base-rate currency for establishing fee amounts
 - IATA-FIATA Air Cargo Program will be funded by the participating Freight Forwarders and Airlines, with fee contributions based on the number of locations (i.e. headquarters and branches for Airlines and Freight Forwarders). Freight Forwarders and Airlines will both pay the same amount per location.
 - When implemented in Jan 2017, Airlines and Freight Forwarders overall will not contribute more, than what they contributed in 2014 for the Cargo Agency Program and CASS. The airlines' payment will be compensated by the reduction in CASS operating unit fee.
 - Considering the differences in participants operating in developed and lesser-developed nations, a two-tiered tariff might be offered

How can a Freight Forwarder join the new program?



How will an Airline make the transition from the current program to the new program?



The adoption of new Resolution 849 confirmed that members agree to participate in and contribute to the new joint IATA-FIATA program and accept the transition and transfer of authority from the Cargo Agency Conference to the future IATA-FIATA Governance Board and current agency rules into rules established by the IFGB for the IFACP. IATA members will NOT require to sign the new Airline General Occurrence.

What is involved during the implementation?

IATA

- Regional/National campaigns to introduce the new program
- Set up and manage the IATA FIATA Governance Board and Regional/National Joint Councils
- Send new agreements to all current IATA Agents
 - IFACP Freight Forwarder & CASS participation Agreements
- Control of return of new agreements
- Follow up action if not signed / returned
- No financial assessment is required for current IATA Agents transferring to the new program

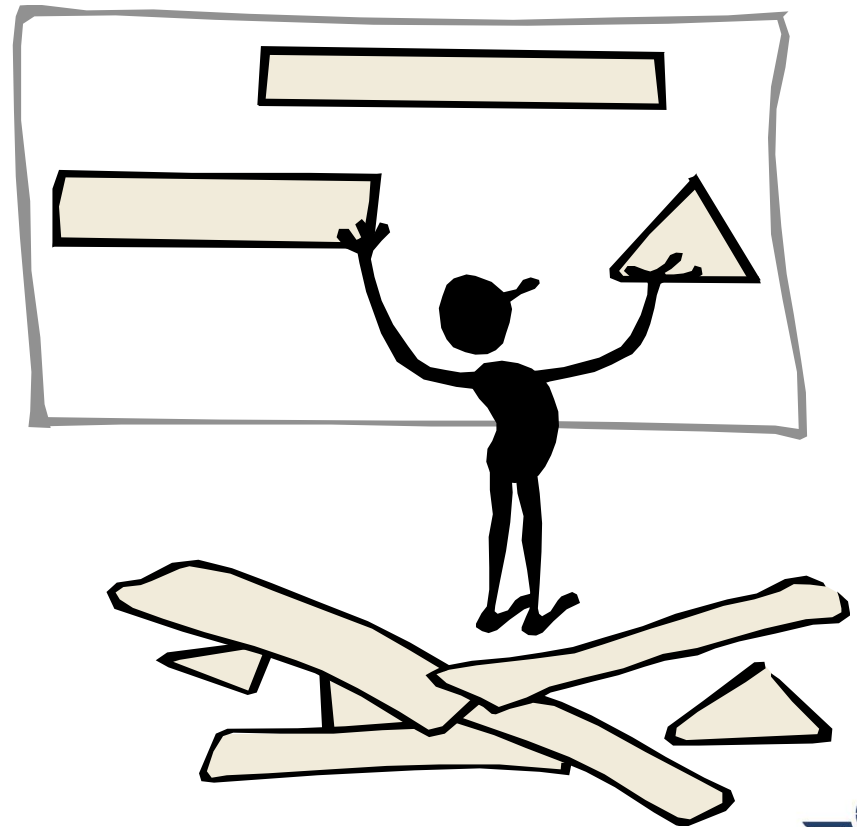
IATA-FIATA Governance Board (IFGB)

- Govern the IATA-FIATA Air Cargo Program
- Voting Members: 4-6 equal number of members from both the airlines and freight forwarders. Appointment of Airline representatives through Cargo Agency Conference, with 2 representatives coming from Cargo Committee. FIATA will appoint the freight forwarder representatives.
- Non-Voting Members: IATA Global Head of Cargo and Chairman of Airfreight Institute of FIATA.
- Decisions by the IFGB require the concurrence of a majority of the representatives of each voting constituency, provided that the quorum necessary to take action shall be four or more members of each side.
- Responsible to establish guidelines for endorsement of IFACP Forwarders related to the operational and financial criteria, and to determine relevant industry standards and procedures.
- Consider and adopt, where appropriate, recommendations from the regional and national Joint Councils;
- Engage in commonly agreed industry projects and initiatives;
- Develop and maintain the IFACP Handbook

Regional/National Joint Council (JC)

- 4-6 equal number of members from the airlines and freight forwarders.
- Airlines representatives appointed by Cargo Agency Conference for two-year term.
- Freight Forwarder representatives appointed by FIATA, drawing from the respective national or regional cargo or forwarder associations.
- The Joint Council, actions are in the form of recommendations made by a majority present of each of the two constituencies, and meetings as necessary either in person or via conference call.
- Any JC members who miss two consecutive meetings will be subject to removal from membership, and replaced by other airlines or freight forwarders.
- The IATA Global Head of Cargo and the Chairman of AFI-FIATA, or their appointed representatives to be non-voting members of the Joint Council. In addition, the Program Secretariat (IATA) to act as the secretary.
- The Program Secretariat (IATA) provides secretariat support for meetings, and ensure that agenda documentation and reports are circulated to all Joint Council members according to IATA-FIATA Governance Board and Joint Council agreed procedure.
- Set up temporary local working groups as appropriate

Change on Resolutions



Change on Resolutions

CURRENT	FUTURE
<p>8 agency programs (incl. 4 Intermediary Programs) i.e. Reso 801, 803, 805, 805zz, 807, 809, 809zz, 813</p>	<p><u>A single</u> Global Air Cargo Program jointly managed by IATA and FIATA to replace 8 agency programs. The new program rules will include:</p> <ol style="list-style-type: none">1) The financial and operational criteria as applicable today in the Cargo Agency Program will continue and be transferred to the new program, after that point, changes will be agreed through Joint Council (JC) process.2) New fee structure3) Terms of reference of JC, etc.
<p><u>Resolution 851 & Appendices</u> CASS related resolutions (i.e. Reso 801r, 801re)</p>	<ol style="list-style-type: none">1) Resolution 851 & Appendices2) Consolidation of 801r/801re in new CASS participation - new Resolution 851r, deals exclusively with CASS participation. Airlines and forwarders are free to make their own bilateral arrangements for reporting, billing and settlement outside of CASS. Thus the entire Section 1 of the current Resolution 801r dealing with non-CASS will disappear. It will replace the current 801r and 801re.

New CASS Participation Rules – Reso 851r (1 of 3)

SECTION 1

- Links to the IATA-FIATA Air Cargo Program (IFACP)
- IFACP endorsement will enable participation in CASS
- Pre-conditions including financial standing requirements to execute CASS Agreement.

SECTION 2

- Covers the CASS billing and remittance procedures.
- Consolidation of current Resolutions 801r and 801re
- Standardized procedures for global application.
- More logical sequence of business processes
- Exceptions by CASS country/Region as new Appendices for Remittance, Settlement and Grace Period

New CASS Participation Rules–Reso 851r (3 of 3)

SECTION 3

- Irregularity and Default management
 - Late / non-payment procedures
 - Consolidates current Resolution 801r and 801re provisions – unchanged irregularity process and count
 - Forewarning, 3 irregularities trigger financial review
 - Provides for extraneous factors, force majeure and exceptional economic circumstances

SECTION 4

- Consequences of Default
 - Requirement for an initial financial security for reinstatement. Then, defaulting forwarder will be subject to a financial review.
 - Right of appeal via a Commissioner

Proposed Implementation Plan

Each Region/Country will have around 3-6 months to complete the implementation. It is subject to the size and the business environment of market.

Region/Country	Estimated Launch
CA	Q4 2015
LATAM	Q1 2016
Europe (including EACP, Russia and other countries in Europe)	Q1 2016
HK & TW	Q2 2016
CN	Q2 2016
AU and NZ	Q2 2016
Asia Pacific	Q3 2016
Middle East	Q3 2016
Africa	Q4 2016
IN	Q4 2016

*Tentative timetable is subject to the development of program.

Next Steps

Key Milestones	Timeline (Tentative)	Status
1 FIATA to complete legal compliance reviews of IATA-FIATA Cooperation Agreement and IFACP	Early May 2015	Work in progress
2 Secure adoption of new CASS participation rules resolution, and endorsement of IFACP by Cargo Agency Conference	Mar-15	Complete
3 Draft the handbook of IFACP Program rules	Jun 2015	Work in progress
4 IATA and FIATA to sign the IATA-FIATA Cooperation Agreement	Jun 2015	Work in progress
5 Set up the IFGB and hold the IFGB meeting to approve program rules.	Q3 2015	Work in progress
6 Implement the new IATA-FIATA Air Cargo program in the pilot country/region (proposed: CA for the pilot) .	Q4 2015	
7 Phased roll out of the new IATA-FIATA Air Cargo program in other regions.	Starting Q1 2016	

*Tentative timetable is subject to the development of program.

Communication Plan

- Campaign: Regional/National campaigns to introduce the new program to all local stakeholders before the implementation (tentative timeline: around late 2015/early 2016)
- Regular email communication

For more information, go to the IATA website

<http://www.iata.org/whatwedo/workgroups/Pages/cargo-agency-modernization.aspx>

**If you have any further questions,
please feel free to contact
Camille Chan (chanc@iata.org)**

Questions?



Thank you