

# ANNUAL REPORT

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# FIATA

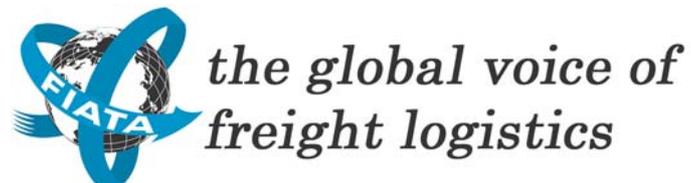
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## Composition of FIATA

### Presidency

President of FIATA	Issa Baluch	United Arab Emirates
Immediate Past President	Aldo Da Ros	Italy
Secretary General	Martin Oeschger	Switzerland
Treasurer	Sarosh J. Nagarvala	India
Senior Vice Presidents	William Gottlieb	Canada
	Manfred Boes	Germany
	Stanley-Hwee Hong Lim	Singapore

### Extended Board

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	Mayur C. Contractor	India
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Chairman CAI	Alberto Petrozzi	Italy
Chairman MTI	Christopher J. Gillespie	Canada
Chairman ABDG	Göran Berg	Sweden
Chairman ABIT	Kenneth Tiong	Malaysia
Chairman ABLM	Mrs Kay Pysden	United Kingdom
Chairman ABPR	Colin Beaumont	United Kingdom
Chairman ABVT	Edward D. Little	South Africa

### Secretariat

Director General	Marco A. Sangaletti
Manager AFI, CAI & ABIT	Sandro Consoli
Manager ABPR & ABLM	Peter Maegerle
Manager ABDG & ABVT	Markus Schöni
Manager MTI	René Zimmermann
Administration	Mrs Florence Richard

## President's Report

This is my second report to you since I was elected President in 2003. The past year has been a good one for FIATA in several ways. I was able to represent FIATA in Russia, England, India, Uganda, Kenya, Belgium, Turkey, Singapore, and Australia.

When I began my tenure I mapped out a vision for the FIATA of Tomorrow. One of the goals was to increase individual members from 2,858 as of October 2003 to 3,000 by October 2005. I'm happy to report that we have already surpassed this goal, counting 4,790 individual members as of June 21, 2005. The membership drives that we have undertaken have clearly been a huge success: the Secretariat registered 310 new members between January 1<sup>st</sup> and June 21<sup>st</sup> this year, compared to 329 new members during all of year 2004.

Another stated goal was increasing the number of national associations. While this has not yet been achieved, we have been able to weed out some problematic associations and work on quality instead of quantity. A number of new associations in yet untapped countries are currently considering membership in FIATA, but the magic number of 100 national associations has not yet been achieved.

At the beginning of my tenure, I also identified the need to develop an atmosphere of solidarity through further communication between the Presidency, Extended Board Members, National Associations, Regional Bodies, and the FIATA Secretariat. "The President's Monthly Dialogue" (a monthly communication among the Extended Board members and the President) has been a highly successful way for Extended Board members to circulate ideas and discuss important issues before meetings.

This year FIATA won a major legislative victory in the United States, in conjunction with a number of other organizations. The successful initiative worked to eliminate service contract discrimination against NVOCCs under the controversial Ocean League Shipping Reform Act. It was satisfying to witness the power of a collective voice working on behalf of the industry, and the victory is truly an affirmation of FIATA's role as the global voice of freight logistics.

As you are aware, FIATA is moving in a new direction by implementing a new marketing plan. This involves a number of exciting initiatives to increase awareness of FIATA, such as a revamped website and the use of professional organizers for the World Congresses. FIATA's online member directory was launched this year, and recorded over 40,000 hits between January 1 and May 1.

The Young International Freight Forwarder of the Year Award has been regionalized for the first time. This year we received 22 nominations (the highest number ever) and have chosen winners from each of our four regions, as well as one international winner. This reflects the globalization of the award as well as positive developments in education and training in all of our member countries. For example, in 2004, the Kenyan national association completed a new "Train the Trainers" program sponsored by FIATA's Foundation for Vocational Training. This program accomplished the training of 32 Kenyans, one Ugandan, and one Tanzanian. This was the first time FIATA has undertaken a project of this magnitude in Africa for the betterment of our national associations, their membership, and the industry at large. In August 2005, another Train the Trainers program will be conducted in Accra, Ghana.

Despite the successes of this year, challenges remain ahead of us. We are faced with the record-high oil prices and their impact on the global economy and on forwarders, who are billing and collecting fuel surcharges on behalf of the airlines without receiving any compensation. FIATA has taken note of this issue and is pushing for compensation from the airlines. The battle is ongoing and the national associations continue to express their need for FIATA's support on this issue. In addition, as we were reminded by the London bombings in July, the onslaught of terrorist attacks continues to pose a dangerous threat.

With that, I wish you all a peaceful summer and I look forward to seeing you in Moscow.

*Issa Baluch*  
President

## **Director General's Report**

We finally have settled down at our new offices, and the expectations we have had were absolutely met: the Presidency as well as many Working Groups have regularly held their meetings at our new conference room, which is not only well equipped, but is also saving us the costs for the rental of external meeting rooms.

The FIATA World Congress 2004, held in Sun City/South Africa, has been a success. However, we once again had to take note of the disappointing low number of participants. The change of the structure of our congresses - a decision already taken by the Extended Board in 2003 - is more than overdue. We can only hope that the also business-wise interesting venues like Moscow in 2005 and Shanghai in 2006 will attract a high number of participants. To tackle this problem of a decreasing participation at our congresses, the Extended Board has decided that as from the year 2008 onwards the full responsibility of the organization of our own congresses will be shifted to the FIATA Secretariat. We therefore are now studying different ways of how the Secretariat can best fulfil this new and labour-intensive task. The selection of the venue, the determination of the participation fees, and the choice of the main topics of the congresses will still be up to the Extended Board.

A milestone has certainly been the introduction of our on-line members' directory on our website at the beginning of 2005. This new instrument is a further step to offer added value to our Individual members. It is now possible to include newly admitted members as well as amendments (such as new phone and fax numbers, e-mail addresses, etc.) received from existing members without any delay. Until now such changes could only be considered once a year, i.e. when the new members' directory has been printed. The positive comments from our members as well as the number of visits of the members' directory show the appropriateness of this step.

The delegates of our Institutes, Advisory Bodies and Working Groups have once again tackled many important topics as you will see when reading their annual report. Their persistent commitment to the interest of our industry deserves our all appreciation and thanks!

At the Secretariat in Glattbrugg/Switzerland René Zimmermann has meanwhile taken over as Manager of the Multimodal Transport Institute (MTI) and the Region Europe replacing Deputy Director Kersten Ohi, who retired at the end of 2004.

The co-operation with our National Association members has again been excellent. The only drop of bitterness is that unfortunately we cannot accept all the many invitations to visit our members - and we hope that you understand that!

*Marco A. Sangaletti*  
*Director General*

## **Airfreight Institute (AFI)**

Since September 20, 2004 was AFI very active and participated into 25 meetings with IATA, ICC, ECAC and COAC meetings.

## **DGTF**

The DGTF (Dangerous Goods Training Task Force) held in Geneva from October 26 to 28, 2004 discussed the implementation of the DGR 2005. FIATA was represented by Ms Christine d'Arcy (BIFA) and Douglas Burek (CIFFA). Again FIATA mentioned the ambiguous clause in the applicability of Training requirements as well as in the documentation, signature and preparation of the Dangerous Goods Shippers Declaration.

Freight Forwarders which do not handle Dangerous Goods must participate in a minimum Training for Dangerous Goods awareness. This is a must and cannot be excused that the company refuse the handling of Dangerous Goods. This is a need because these forwarders must at least know which material is considered as DGR, so that they will not accept DGR inadvertently. Further Shippers and Packers of Dangerous Goods must also undergo the Dangerous Goods training.

The meeting held in Montreal from May 9 to 13, 2005 reviewed the Training Material. Further it was decided to develop a computer based Training Programme for the Awareness Programme which should assist Instructors and students in the Training as well as for Crew Members, freight forwarders and shippers. Changes which will influence the new edition of the DGR 2006 have been discussed. It was noted that only small changes compared with the 2005 issue were necessary. However, the 2007 DGR will have major changes, including new labels to be affixed to the parcels.

## **IFCC**

The IFCC (IATA/FIATA Consultative Council) met once and discussed in particular:

### Conditions of Contract

FIATA requested from IATA clear and unambiguous Conditions of Contract on the reverse side of the AWB which would solve many problems and resolves to go on trial. We requested IATA Legal Department through Robert Donald to mention in Article 4 of the Conditions of Contract also other transport means than air. Usually air cargo is carried to/from the airports by other transport means and may under certain circumstances not be limited to SDR 17 per kg. The airlines have a different opinion and have the RFS (road feeder service) not included in the Conditions of Contract. The liability according to the CMR is limited to SDR 8.33 per kg and it might be unlimited if the carriage is done airport-to-airport on national level or if the damage on international level happens due to negligent behaviour of the operator.

IATA is also of the opinion that mentioning the liability of SDR 17 in the Conditions of Contract might be considered as collective action and can be regarded by the European Commission as anti-competitive and unlawful. IATA went through an internal exercise of vetting the entire CSC and CAC Resolution manuals regarding any changes necessary to comply with an environment in which the block exemption was no longer available. Paragraph 4 of 600bII stood out as requiring change via removal of the fixed per kg liability limit for non-Warsaw/Montreal carriage.

On the other side it is not wrong to limit the liability to SDR 17 per kg if damages result to be not negligent. Clear Conditions of Contract prevent many claimants to prosecute a claim before court are beneficial to all parties and limit litigation

If IATA does not agree on our proposals the freight forwarder is might be forced to draft own Conditions of Contract and the Neutral AWB might be endangered.

However, the proposal of for the changed conditions of contract have has been defeated by the carriers at the last Cargo Services Conference held in Lisbon on March 11, 2005 and they requested the IATA legal group to review it again and to consider all options.

FIATA will again submit to the IFCC their views regarding the Conditions of contract.

#### Security and Fuel Surcharges

Several national members claimed in writing that carriers ask freight forwarders to collect on their behalf different surcharges which are not included in the rate. In many times the surcharges per kg are higher then the actual air cargo rate. The national associations requested AFI to intervene at IATA and to negotiate remuneration on the surcharges. Also airlines request freight forwarders to pay for their services a collection fee for charges collect shipments.

However, the legal counsel of AFI warned that remuneration could not be discussed at the IFCC because of competition issues. We cannot take a concerted action and inform negotiate with the airlines in general collectively to remunerate a remuneration for our services for collecting surcharges on their behalf. However, if on national level individual members can makes calculations and inform airlines what the remuneration should be and agree upon individually cannot be considered as concerted action come to an individual agreement

AFI informed the members with circulars to start the request for remuneration on national level.

#### European Air Cargo Programme

The new Programme was working very well. Agents had responded positively by promptly signing the new Agreement, although some Carriers had not yet returned their Form of General Concurrence. A significant number of bank guarantees had been sent back to Agents as a result of the introduction of the Cargo Industry Credit Scheme (CICS) and CASS payment integrity was still excellent.

AFI believed that the new European-style Programme was a progressive move for both sides of the industry. They therefore sought the introduction of such a Programme in all countries world-wide and to merge all different Cargo Agency Resolutions into one. It makes no sense to operate different Air Cargo Programmes in different countries. The IFCC Members supported the extension of the new Programme to any country in which the collective industry participants desired it and it was agreed that IATA would visit Montreal and Bombay to discuss the Canadian and Indian issue with the Carriers. Airline members in the IFCC felt that, in spite of considerable publicity, there appeared to be insufficient comprehension of the new Programme amongst the Carriers. As a result, presentations would be made at the forthcoming Cargo Committee and Cargo Agency Conference meetings to further clarify the rationale behind the Programme.

For the rest of the world it was agreed to adopt the EACP and rename it ACP (Air Cargo Programme) and to submit it for adoption to CAConf to be held from March 7 to 12, 2005 in Portugal.

The Cargo Agency Conference discussed the matter and argued that they want to see first the results how the EACP will prove oneself, before it will be introduced in other countries. A great minority argued also that a Programme for Europe will not work in other parts of the World. For that reason IATA adopted different Resolution customised per area. Despite Canada and India have immediately reacted that these countries should be part of the EACP even under another name they have difficulties to convince the carriers in their countries. Canada tries hard to replace Resolution 803 into the ACP but so far succeeded only to have a Canadian made ACP which differs from the EACP.

AFI is still of the opinion that one single air cargo agreement world-wide on the base of the EACP would serve the industry much more.

#### **Non-Disclosure and Standard Liability Agreement for HAWB Transmissions**

With the introduction of US security measures some Far-East carriers requested freight forwarders to sign a non-disclosure agreement (NDA) to indemnify the airline against fines for wrong information

transmitted by freight forwarders. The Freight Forwarders International Group (FFI) in turn requested carriers to sign a NDA to keep all information provided by freight forwarders confidential.

Carriers, however, also had their own concern, specifically, that the US Customs authorities might seek to levy fines or administrative penalties on air carriers resulting from improper HAWB data submitted by forwarders. After discussions regarding liability for incorrect information submitted, it was agreed that IATA would make drafting changes to a non-disclosure agreement form, which had already been issued by the Freight Forwarders International Group (FFI), and that these drafting comments would in turn be provided to FFI and the IFCC members present for adoption.

The proposal was submitted by IATA end of February 2005 and AFI and FFI delegates refused it because it did not cover all the requirements of freight forwarders.

### **Cargo Agents' Branch Registrations**

In Canada IATA is trying to introduce branch registration. Europe introduced Branch Registration with the introduction of the new European Air Cargo Programme. However, it was never the meaning that whether their countries have been approached by IATA Cass Manager to register for branch registration. At the IFCC meetings this issue was discussed but consideration of any additional costs were never mentioned. It was always mentioned that the branch registration is needed to verify the origin of the goods for security reasons and also for CASS purposes.

We were of the opinion, and have mentioned that to IATA, that this is not to generate cash on the freight forwarders back. But that just happened in Canada they more than doubled the fees which the Canadian association did reject because it brought no additional benefit to freight forwarder then costs. He requested for comments from the floor.

Mr Nagarvala informed the audience that India has recommended their members not to sign up for the branch registration and informed IATA Singapore accordingly. However, the author of the fees in IATA Singapore is no more employed and the reaction is still outstanding. He recommended that freight forwarders do not register their branch offices.

AFI cautioned that Agents might decide not to register their branches if the fees were too high. This would negate the logical reasoning for requiring registration. It was also advised that the cost for purchasing an IATA certificate once an Agent had been accredited had risen disproportionately in Area 3.

The IFCC meeting from February 15 to 16, 2005 has been cancelled because the CAConf Agenda was not distributed in time and to discuss onsite documents without the possibility to study them carefully is useless. However, Members of AFI had an informal IFCC meeting on February 16, to discuss common IATA/FIATA issues. It was also discussed that the know-how build up by IATA during all these years has been lost with the three reorganisations since 1997.

### **European Air Cargo Programme Joint Meetings**

Three joint meetings on November 26, 2004, on February 16, 2005 and on June 6, 2005 were held in Geneva. The new agent's handbook has been distributed in hardcopy form or on CD-ROM. Further, it was discussed the fee structure to finance the Programme. All EU countries will be subject to CASS if not already adhered. It is foreseen that by mid 2006 all EU countries will operate a CASS.

### **ICC (International Chamber of Commerce)**

AFI participated in two Air Committee meetings held in November 2004, January 2005 and in May 2005. AFI was represented by M Henri Krainik. Mostly passenger related issues (code-share, security issues, persons with reduced mobility, etc.) have been discussed. Air Cargo problems are very seldom discussed, if.

## **ECAC (European Civil Aviation Council)**

ECAC is a subgroup of ICAO and deals with air laws according to the Chicago Convention 1944 on the European continent level. 45 countries are members of ECAC amongst them all GUS countries and the Russian Federation. ECAC drafted document 30 (security) and recommended that member states introduce the recommendations in their countries on legislative level. The document gives great concern to AFI because it will be used in some countries and in the EU as directive.

On the one hand air cargo must move fast and on the other hand governments require extensive security controls which hinder or even restrict the flow of goods.

The worse part of the recommendation is that government expect, once document 30 is introduced, that carriers and freight forwarders have to take over police function. AFI fights against this directive with the document "AFI's Policy on Aviation Security" distributed in 1996 to our members. It already stipulates the freight forwarders role in regard of security. Hence, any Legislation introduced or contemplated to be introduced by a Government, aimed at protecting a nation state, its people and its property, should not devolve such responsibilities on a third party.

However, the European Commission directive 2913/92 supplemented by 2003/0167 on July 24, 2003 moves towards this direction. It just devolves such responsibilities to third parties the "Authorized Economic Operator".

The document 2003/0167 clearly states in the introduction:

Moreover, the need of our society to be protected against dangerous or harmful products and the necessity after the events of September 11th, 2001, to better integrates security aspects into customs procedures demonstrate the urgency to find solutions that can marry security concerns and trade facilitation. Although these seem to be two contradictory goals, the use of information technology (IT) tools combined with modern risk-management techniques is the adequate response to such developments. However, to be efficient, these techniques require the availability of certain import/export data at an early moment (wherever possible before the arrival of the goods at the border) and their transmission or availability to customs and other agencies responsible at the border through electronic means using a single channel of communication.

"Authorised Economic Operator" means an actor in the trade supply chain authorised by the customs authorities who meets the criteria specified by the procedure of the Committee, including having an appropriate record of compliance with customs requirements, a satisfactory system of managing his commercial records and appropriate physical security measures. In this way, the authorised operator offers every guarantee necessary for the proper and secure conduct of operations and can thus benefit from certain simplifications, provided specific conditions are met. The status of the authorised economic operator will be granted for a certain period and will be periodically reviewed.'

However, CLECAT is well aware of the problem and in meetings with the EU regarding the new Customs Code the authorised economic operator is also an issue which does not fully satisfy CLECAT and their members.

*Herman Donker*  
*Chairman, Airfreight Institute*

## **Customs Affairs Institute (CAI)**

Dear Friends,

The Customs Affairs Institute was engaged in the past year in 12 meetings particularly with the World Customs Organization (WCO). FIATA and CLECAT have a representative stationed in Belgium Mr. Marc Delaet, who represented us in all major WCO meetings. He did a great job and many thanks. Many thanks also to CEB who delegated the person.

The four groups which affect our industry most are still:

- Single Window
- WCO Customs Information Management Subcommittee (data elements and customs message design)
- ACI (Advanced Cargo Information)
- Security Supply Chain Management and UCR (Unique Consignment Reference)

## **Worldwide Standards for Customs Administrations**

At the last meeting of the World Customs Organisation (WCO – covering 166 countries) in Brussels, the start was given for a united and global approach to secure and facilitate worldwide trade.

This approach is based on 4 key principles: electronic pre-alert of shipments, risk management, verification and partnerships with trade operators. Whilst keeping in mind these 4 key principles 17 standard procedures were developed of which 11 are specific related to customs activities itself (systems for risk analysis, integrity of personnel, load inspection etc.) and 6 are oriented on trade relations (principle of authorized economic operators, the fact of minimal disturbance of the logistic supply chain...).

One hundred of the 166 countries declared already there willingness to implement these standard procedures. It is to be expected that in the following week all members of the organisation will express this same willingness.

In order to bring this framework into practice in the less developed countries, the United States, the European Union, Japan, Australia and Canada have declared full support in all circumstances.

Comments of all participants and board of Governors was very positive that they finally get a breakthrough.

Comments are self-explanatory:

Mr. Robert Bonner of the US Customs and Border Protection said, 'This framework is a major breakthrough and shall enhance security on a revolutionary way without disturbing the international trade'. 'Thanks to this similar framework we can guarantee a worldwide uniform approach with the same objectives.', so said Mr. Pravin Gordhan, Chairman of the WCO.

Secretary General, Michel Danet announced that the coordination will start directly on Monday June 27 in order that every country, where these standards have to be implemented, can setup a realistic time frame together with a requirement plan.

## **International Standards for Phytosanitary Measures ISPM**

The World Health Organization (WHO) has published guidelines for regulating wood packing material in International Trade. This standard describes phytosanitary measures to reduce the risk of introduction and/or spread of quarantine pests associated with wood packaging material (including dunnage), made of coniferous and non-coniferous raw wood, in use in international trade.

More and more countries request now to treat wooden packing material according to the ISPM 15 standard. Important is that government does not require phytosanitary certificates but accept the ISPM

standard. Therefore, FIATA-CAI recommends its members to use only ISPM 15 certified wood packing material irrespective whether the goods are exported in countries which have not yet adopted ISPM 15 Standard.

Major concerns create at the moment, beside the US, that also the European Union integrates Security as Customs function, which is in fact a duty of the police authorities, and not those of Customs. We assume that this political decision by EU is not to enhance security against terroristic threats but to employ customs officers which would be otherwise redundant because with the enlargement of the EU and with the fall of borders they are not required anymore in such a number.

Obviously, also for WCO in their recommendation of the "secure supply chain management" proposal is security an absolutely definite ruling with the justification that customs today is screening most cargo for export/import/transit and the adequate authority to detect explosives and other unlawful material used for terroristic purposes. The US influenced WCO very strong to delegate security to customs and referred to the success of the integration of Homeland Security into CBP (Customs Border Protection).

As already mentioned at the AFI meeting it is not the concern of FIATA who is doing security checks but how it is done. The new Customs Code proposed by the European Commission explicitly mentioned in the altered directives 2003/0167 of July 24, 2003 that integrates newly also security issues because of 9/11. The "Authorised Economic Operator" (AEO) is not only a customs operator but also a security inspector with all unlimited liability issues. The concerns of FIATA regarding the AEO were already tabled at the last CAI meeting in Sun City to sensitise the members on the implications.

*Alberto Petrozzi*  
*Chairman, Customs Affairs Institute*

## **Multimodal Transport Institute (MTI)**

It has been another tumultuous year for our industry with security and costs related to same having a significant impact on our activities. Fuel prices soaring to levels never seen before and world demands on marine transportation to growing economies in China and India driving the demand for capacity in the same direction as a direct consequence, namely up!

This is the first year MTI has been managed at the Secretariat level by Mr. René Zimmermann and I must congratulate him on the excellent job he and his associates at the Secretariat have done in assisting me as Chairman of this institute.

Working Group Rail, chaired by Heiner Rogge, has experienced another active year working closely with CLECAT and adding five new advisors to the working group to ensure adequate representation in the European marketplace.

Quality and the importance of same has been an area of pivotal focus in discussions between FIATA and the UIC and the desire on the part of FIATA's members to ensure that they too have the right to enter into contracts with quality commitments from their rail service providers. It is interesting and encouraging to note the scope of the activities within Working Group Rail and the railways representative bodies in Europe. We in North American view this relationship with some degree of envy as we struggle to cope with service difficulties with North American railways and the lack of a single voice with whom to address the issues.

Working Group Road Transport, chaired by William Poeschmann, has experienced an equally challenging year for our members and their activities within this sector. Here again security is a key element with IRU Guidelines to be addressed to establish a joint FIATA/CLECAT position.

The concern of our membership, as the EU continues to grow and add new members, and the host of impacts these new members bring to the market is in sharp contrast to the situation in the Americas. Here the issues seem to be those of "over capacity", "declining" freight rates, and growing response to embrace protectionism and increased regulation, a stark contrast to the situation in Canada where less capacity and rising costs are the more prevalent situation.

Clearly Working Group Road is faced with significant challenges as the EU continues to grow and this is further complicated by non EU country activities which press the need for greater participation in this working group by the non-EU and non-European associations.

Working Group Sea Transport, chaired by Mr. Frank Boogaerts has also experienced an eventful year impacted significantly by the issues I addressed in my opening remarks in this report.

Security remains a huge consideration in the marine mode and while we seem to have overcome the initial difficulties with AMS in the U.S. and ACI in Canada, further enhancements such as the U.S. CTPAT program continue to be a challenge to our members and there will always remain our concerns with the confidentiality of the data that is supplied through these pre-reporting systems.

One of the most encouraging bits of news to come from the United States in the past year was the elimination of the NVOCC service contract prohibition, a decision that was welcomed by our members and reflected the general view that the previously existing discrimination was unreasonable and unfounded.

As a consequence of increasing fuel costs and fluctuating currency valuations, the past year has seen a great deal of activity in the area of both bunker and currency surcharges, both of which our industry has long viewed as being justified in that they address costs which fluctuate and can be easily measured by a variety of formulas. Those which have not gained our support or recognition have focused on recovery of security expenses implemented by carriers and port and terminal facilities. The greatest concern we have is that these are not fluctuating expenses but they are being addressed by carriers and their service providers, the ports and terminals, as if they were. While we recognize the need and the justification for the implementation of the security initiatives which gave rise to these increased costs, we feel it is unreasonable to collect beyond their implementation cost and that regrettably many carriers and port facilities see this as a further source of income.

During the past year the writer has contributed to the efforts of our ICC representative, Mr. Abdelmalek Dahmani, in his efforts to address areas of concern to the forwarding industry and the new drafting of the UCP 600. These efforts are ongoing and while frustrating, we hope that members of the banking community will be able to understand the issues we have raised which, with simple adjustments in wording to the current UCP 500, will greatly facilitate future L/C negotiations under UCP 600.

UNCITRAL continues to move forward, seemingly at somewhat of a snail's pace, and based on my participation in the Transport Canada convened meetings addressing this initiative in the past year, it is hard to believe that a convention that the vast majority of participants will be able to opt out of will prove to be a very valuation instrument if and when it is ever put into place.

In closing I will remind everyone once again that MTI and Working Groups Road, Rail, and Sea are tools that FIATA puts forward to its members and whose activities are guided by our members. We need and solicit your input. Your participation and contributions are welcome and we look forward to addressing them at our upcoming meetings.

*Christopher J. Gillespie*  
*Chairman, Multimodal Transport Institute*

## Advisory Body Dangerous Goods (ABDG)

In the annual report for 2004 I informed about new international dangerous goods regulations coming into force year 2005. Before I go on with the report let me just point out which regulations and for which mode they apply. Only "true" International regulations and not national rules are considered below;

- Recommendations on the Transport of Dangerous Goods, Model Regulations, 14th revised Edition. The UN recommendations are the base for all regulations regardless of mode of transport. Some countries are however using them, to a great extent, as national rules for the national transport of dangerous goods.
- European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) came, definitely, into force 1 July 2005 and will be valid until 30 June 2007.
- Regulations concerning the International Carriage of Dangerous Goods by Rail (RID) came, definitely, into force 1 July 2005 and will be valid until 30 June 2007.
- International Civil Aviation Organization's Technical Instructions came into force 1 January 2005 and will be valid until 31 December 2006. In practice it is the IATA Dangerous Goods Regulations (IATA-DGR), which are used and which are amended annually. The current version is the 46<sup>th</sup> and is valid during 2005.
- International Maritime Dangerous Goods Code, amendment 32-04 which will come into force 1 January 2006. Amendment 32-04 may however be used from 1 January 2005 and will be valid until 31 December 2007. The current regulations, amendment 31-02, are valid until 31 January 2005. This very special procedure allows to sets of regulations to be used for 1 year. It is however recommended that the latest version (32-04) be used.

I apologize for repeating this information but I believe it is important that the Freight Forwarding community at all times are aware of which dangerous goods regulations are in force. We are far too often faced by references to old regulations, not in force, from our customers and which create problems for the forwarder by refused DG on ships and aircrafts, fines issued by enforcement personnel etc. It is essential that the forwarder communicate with his customer when transport of dangerous goods is part of the business.

Security has been on the agenda and still are and all international DG regulations have included security related text. It is however only ADR and RID among the international rules which have made the security text, developed by the UN Sub-Committee, mandatory. The ADR and RID are of course mandatory for national transport in members states of the European Union. Some national regulations such as the CFR 49 also contain security regulations.

Since the last annual report the European industry has under the leadership by INDA, in where FIATA plays an active role, compiled a set of security Guidelines to be used by European companies handling and transporting dangerous goods. The Guidelines basically relates to the mandatory security regulations of ADR although they can be applied worldwide. The Guidelines have been presented to the UN regulatory body WP.15 and to the EC Commission in Brussels and have been most appreciated as a practical tool for the industry. So far the Guidelines have been translated into English, Spanish and Italian. My sincere hope is that the Guidelines be published on the FIATA web site as soon as possible.

Following the security Guidelines as well as the article on security in the FIATA Review, Edition No. 57, a presentation on security will be held at the official ABDG meeting in Moscow at the FIATA World Congress. Hopefully a discussion will take place after the presentation, which will focus on management responsibility with regards to security for the transport of dangerous goods. This presentation will be followed by a second presentation on the same subject in Shanghai next year. Comments and the outcome of the discussion in Moscow will of course be considered for the preparation for the second presentation.

Another matter, which has been highlighted during the year, is CEFIC's Safety and Quality Assessment System (SQAS) for Freight Forwarders, which has been named "Freight Integrator". CEFIC held a kick-off meeting earlier this year on the subject with the aim to elaborate a new SQAS scheme for the freight forwarder. The purpose is for the scheme to be operational in 2006. FIATA is represented

in the work as part of the reference group. For the freight forwarding community it is of utmost importance that the scheme be practical and in line with reality. Moreover, the relation to the Chemical Distribution Institute's Marine Packed Cargo (CDI-MPC) scheme is obvious and it has been said that if a forwarder has been assessed to the MPC it would not be necessary to also take on the new SQAS scheme. The reverse situation should also apply and this matter will be brought up in CDI's technical committee dealing with MPC. The ABDG will give more details on the "Freight Integrator" during the meeting in Moscow at the World Congress.

With regards to the regulatory work under the UN umbrella, FIATA has taken the lead on especially two important matters, which are the preparation of overpacks and the development of a new system for transport emergency card within the scope of ADR.

The problem with overpacks is currently that an overpack, per definition, is "*an enclosure used by a single consignor to contain one or more packages, consolidated into a single unit easier to handle and stow during carriage*". This definition is accompanied by some examples, which clearly show that strapping a pallet in order to secure the load turn the pallet into an overpack. When an overpack, "can only be used by a single consignor", you see the "catch 22" situation. Moreover, the one who is preparing the overpack is also responsible that all the single packings within the overpack comply with all regulations. A working group lead by FIATA and with governmental representatives from i.e. United Kingdom, Germany and Austria has drafted a solution to the above, which will be presented to the JOINT meeting in September this year for further consideration and possibly submission to the UN Sub-Committee with the aim to change the UN Recommendations with impact on all modes of transport.

The DSLV together with BAM, representatives from the German Ministry of Transport and the chemical industry in Germany has drafted a proposal to change the present regulations for written instructions or transport emergency cards to be on board a vehicle. The paper will be submitted to the ADR regulatory meeting, WP.15, in November for an initial discussion. Basically we try to simplify the ADR regulations by inserting appropriate text in the ADR itself instead of letting consignors decide about e.g. driver's protection equipment as well as let ADR prescribe the action of a driver in case of an emergency.

Last but not least, the FIATA secretariat has, by engaging external communication experts, concluded a survey with the aim to improve the quality of the FIATA World Congress meetings if found necessary. In the survey two matters could clearly be identified. The first was that many thought that session time was wasted for reading prewritten reports, which could be distributed in advance. The second was a wish that debates on specific current objects should be organised. In the light of the latter it is therefore a great pleasure to invite you all to the discussion that hopefully will take place at the ABDG meeting in Moscow in conjunction with the presentation on management responsibility with regards to security for the transport of dangerous goods

Finally, and again, I wish to express the important thank you so much to the members of the ABDG and to Markus, our manager, for their, as usual, fine work during the year.

*Göran Berg*  
*Chairman, Advisory Body Dangerous Goods*

## **Advisory Body Information Technology (ABIT)**

The past 12 months have been a rather hectic time for the Advisory Body Information Technology. The Working Group Facilitation has been dealing with issues that concern the freight forwarding industry.

Main issues were:

### **New EDIFOR messages**

#### **The FIATA Repository Project**

After some concerns raised by members after the presentation made at the HQ meeting in March 2004 it necessary to review the whole concept and to clarify misunderstandings. The FIATA ABIT Working Group Facilitation completed in February 2005 the Repository Project and has presented the proposal at the HQ meeting in Zurich on March 13, 2005.

The aim to have a safe and secure FIATA document can only be achieved in a central repository with a minimum expenditure for the users.

This can only be achieved with a unique reference number (code) given by FIATA and distributed to the individual issuer by the national freight forwarders association. The Working Group felt that the usage of an electronic means to overcome this problem must be supported by some sort of guidelines to make it operative.

The guidelines were since drafted and approved by the WG Facilitation and the Presidency.

#### **Radio Frequencies Identification (RFID) Technology**

The subject of RFID Technology is now a working agenda in our WG meeting as the subject matter has a wide technology base.

Some of the large department stores (Walmart, Tisco, etc.) implemented RFID in their shops and warehouses. That because the international standard of the Radio Frequency has been approved by the governments. Obviously the agreement of a world-wide unique Radio Frequency will have a fast acceptance of RFID to trace and track goods by the producing and servicing industry and the freight forwarders will not be excluded in this development.

However, it is also to consider that today a very small user group has introduced bar-code, whilst the majority has even not considered this step. Further, the RFID Technology is used by the companies as internal trace and track system and therefore, their attempt must be considered as a closed shop and not as a world-wide accepted standard as the message standards used by these companies are mostly in-house standards and not UN/EDIFACT. That means for freight forwarders to adapt their message standard to the one of his customer and in many cases it is not worthwhile to do so and to abstain to serve the specific customer.

Further, RFID labels are today expensive and will not be used for articles sold on the sales counter of the department store. There is still the bar-code first choice. That is the reason why Walmart and Tisco are using RFID only on the shipment and not on the article level. Only high value goods will be labelled with a RFID Tag, which allows also an exit control if not paid.

Further, bar-code will still be attached to an RFID labelled shipment to allow trace and track in case of RFID Frequency or equipment breakdown. Also Walmart and TISCO are using multiuse RFID tags which allows the use of the tag unlimited times. In most cases the tag will be attached to the transport equipment (pallet, container) and reloaded with the new information after the use of the equipment for another transport.

This solution might be very interesting for freight forwarders with own transport units used in their supply chain and could be a reason to change to RFID Tags. However, both techniques bar-code and RFID must be applied to grant a smooth trace and track if one of the two systems breakdown.

### **UNTDDED/ISO 7372 Directory**

The UNTDED directory has not been up-dated since 1993 required a major up-date. Many DMRs (Data Message Requests) were accepted without verifying whether it could not be fitted into an existing Code. An example NVOCC and NVOC were two different codes whilst in common use both were contracting carriers with the same meaning. During the last ISO/TC154 meeting held in Brussels from June 28 to July 2, 2004 many of such double and triple DMRs have been pooled and the directory stripped with obsolete codes.

The new UN/TDED will be available at ISO and UN as from January 1, 2006. Further it was decided that DMR will be controlled by ISO/TC154 and not by the TBG 1 to 15 which was the main source of duplication of codes.

*Kenneth Tiong*  
*Chairman, Advisory Body Information Technology*

## **Advisory Body Legal Matters (ABLM)**

### **ABLM Membership**

This is an important issue and we see it as crucial to encourage new members to participate from the start. We welcomed 2 new members to ABLM in Sun City but neither was in attendance, and welcomed 1 at the Spring Meeting who made a number of interjections, and a presentation was given by another. The Secretary to the Body Peter Maegerle has done sterling work in encouraging participation. This has been successful but we do want to consider, where it is unsuccessful, if any steps should be taken to remove people from the group if they come in and fail to participate. This issue will be added to the agenda for the coming session in Moscow.

### **Uncitral**

The working of the Body's Working Group on this subject was fully reported on both in Sun City and at the Spring Meeting. Ralph de Wit continues to be our representative at the meetings. There have been difficulties in reporting on what is a time consuming and complex project and having enough flexibility in terms of giving Prof de Wit instructions, particularly when he needs these urgently during the meetings when developments may occur that require input. In order to try and address this issue, the membership of the Working Group has been reviewed and WGS's input has been sought to redress the balance of legal and industry representation. A vote was taken on whether there should be alterations in terms of widening or narrowing the manner of instruction of our representative or leaving it in the hands of the Working Group. ABLM voted to keep the power of instruction within the Working Group. News is awaited from WGS on potential new members to the Group from industry. FIATA's Policy has been widened to deal with new issues that have arisen but the core policy remains the same.

### **Working Group's Correspondents' Agreement**

This was completed for publication which was announced in Sun City and the published document was presented at the Spring Meeting. This has been a successful working group project culminating in another helpful publication for those in the industry.

### **Definition of Freight Forwarder**

It was agreed in Sun City following canvassing of the membership that FIATA and CLECAT should have a joint "description" rather than "definition" of "Freight Forwarder" and the "description" as circulated was approved and so this item was concluded successfully.

### **Cases of Importance to the Industry**

This is an important and ongoing agenda item serving to draw attention to issues which may require action, such as the Siemens –v-Schenker case, for example. This case was considered in terms of whether the FIATA recommended AWB required amendment in the event that the IATA AWB was amended. The amendment to the IATA AWB was reported on by Rob Donald in Zurich.

### **ICC Banking Commission/Bills of lading Clauses**

Updates were provided in Sun City and in Zurich where it was reported by Prof Ramberg that this issue continues to be discussed within the Banking Commission with no final outcome. We continue to be represented at these meetings and will follow up on this issue in future.

## **FIATA Arbitration and Lawyers List**

This was added to the agenda for the Spring Meeting to assist in FIATA's general marketing drive. Members were reminded of the existence of FIATA arbitration and the need to promote this tool of dispute resolution. Members were also reminded to put forward lawyer's details for possible inclusion in FIATA's List of lawyers to be created as dealt with in FIATA's recent circular on the subject. These two items will be followed up with a more detailed discussion in Moscow.

*Mrs Kay Pysden*  
*Chairman, Advisory Body Legal Matters*

## **Advisory Body Public Relations (ABPR)**

Advisory Body Public Relations met twice during the year, in Sun City, South Africa, and at the Spring Meetings in Zurich, Switzerland.

In Sun City the Director General, Marco A Sangaletti, announced that the 2004 edition of the Members' Directory would be the last to be issued in a hard copy version. From 2005 onwards it will be accessible via the FIATA website, or alternatively members can purchase a CD-Rom version. The major advantage of this decision is the ability for members' information to be kept up to date and provide reliable information for those who wish to access it.

One of FIATA's most important initiatives is the promotion of individual membership. This message is coming directly from the Presidency and ABPR is playing its part in the enhancements being made to the FIATA website and newsletter to add more value for all members.

A new FIATA slogan "the Global Voice of Freight Logistics" was announced in Sun City.

In Zurich on 12<sup>th</sup> March 2005 ABPR announced the publication of a new Correspondent Agreement produced by Manuel Vicencs Matas for ABPR and a presentation was made advising members of the latest enhancements to the FIATA website. A number of members suggested some further facilitation improvements to enable an improved search function.

The organisers of the up coming World Congresses in Moscow and Shanghai gave presentations to members who look forward to another year of progress for FIATA and an improving image on the international trade stage.

*Colin Beaumont*  
*Chairman, Advisory Body Public Relations*

## **Advisory Body Vocational Training (ABVT)**

The FIATA Diploma continues to be of extreme importance to Members world-wide, particularly as we see more and more new developments taking place in our industry. For our part, we have up-graded the rules and procedures for validation and not only have we sought to persuade more Members to come forward with material for validation, but have also sought to encourage those who already have validated courses to bring them up to date. It is very gratifying to note that a further 374 Diplomas have been awarded since the Congress held last year, bringing the total number to 2992.

The new Syllabus and Training programmes presented for validation by the Associations of Bosnia and Herzegovina, China and India were accepted, as were the courses presented for re-validation by the Czech Republic and the Netherlands. Singapore successfully applied for the inclusion of an entirely new course, bringing to three the number of their courses leading to the FIATA Diploma.

It was interesting to note that the course offered by the Association in Bosnia and Herzegovina, prepared with the assistance of AFT – IFTIM, was a combination of classroom and distance learning which was being studied, by Croatia, Moldova, Romania and Serbia Montenegro.

The FIATA Secretariat now has a very substantial number of very good course materials available and all National Associations are invited to make use of them, many of these will be available in Moscow as part of the training exhibition. In order to further assist Member Associations the Advisory Body is presently looking at the preparation of a "Handbook on Vocational Training".

We are very grateful to the Through Transport Mutual Insurance Association (TT Club), IATA and FIATA for their continued sponsorship of the Young International Freight Forwarder of the Year award, which, this year will see prizes being awarded to the winners in each of the four FIATA Regions, Africa-Middle East, the Americas, Asia Pacific and Europe., with the international winner being chosen from amongst those four.

Following upon the success of Train-the-Trainer programme established in Mongolia, the FIATA Foundation conducted a similar workshop in Kenya, which was greatly appreciated, and will shortly repeat the process in Ghana.

I would like to record my appreciation for all the assistance received from Messrs Markus Schoeni and Thomas Sim, and all of the Members of the ABVT Committee.

*Edward D. Little*  
*Chairman, Advisory Body Vocational Training*