

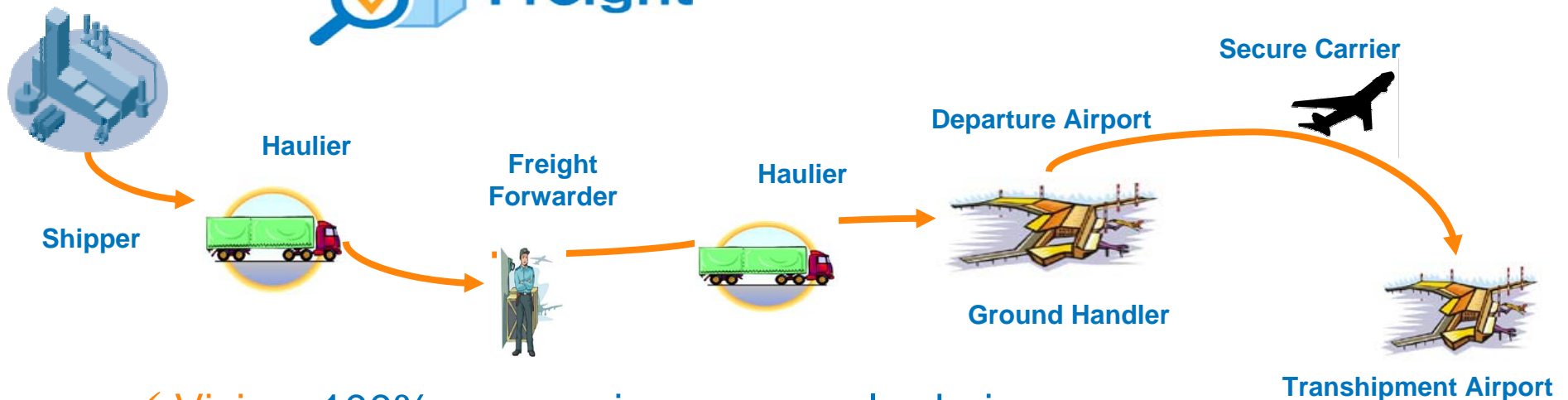


# Secure Freight

A blue magnifying glass icon is positioned over a blue checkmark, which is itself over a blue 3D box icon. This graphic is part of the "Secure Freight" title.

John M. Edwards  
Head, Cargo Security

## Secure Freight : What is it?



- ✓ **Vision:** 100% secure air cargo supply chains
- ✓ Freight is secured up-stream in the supply chain, then protected by each subsequent supply chain operator
- ✓ A global supply chain security solution fulfilling regulatory requirements whilst minimising related costs
- ✓ An IATA project to significantly shape regulatory development in cargo security and, simplify and lead its paperless implementation by industry

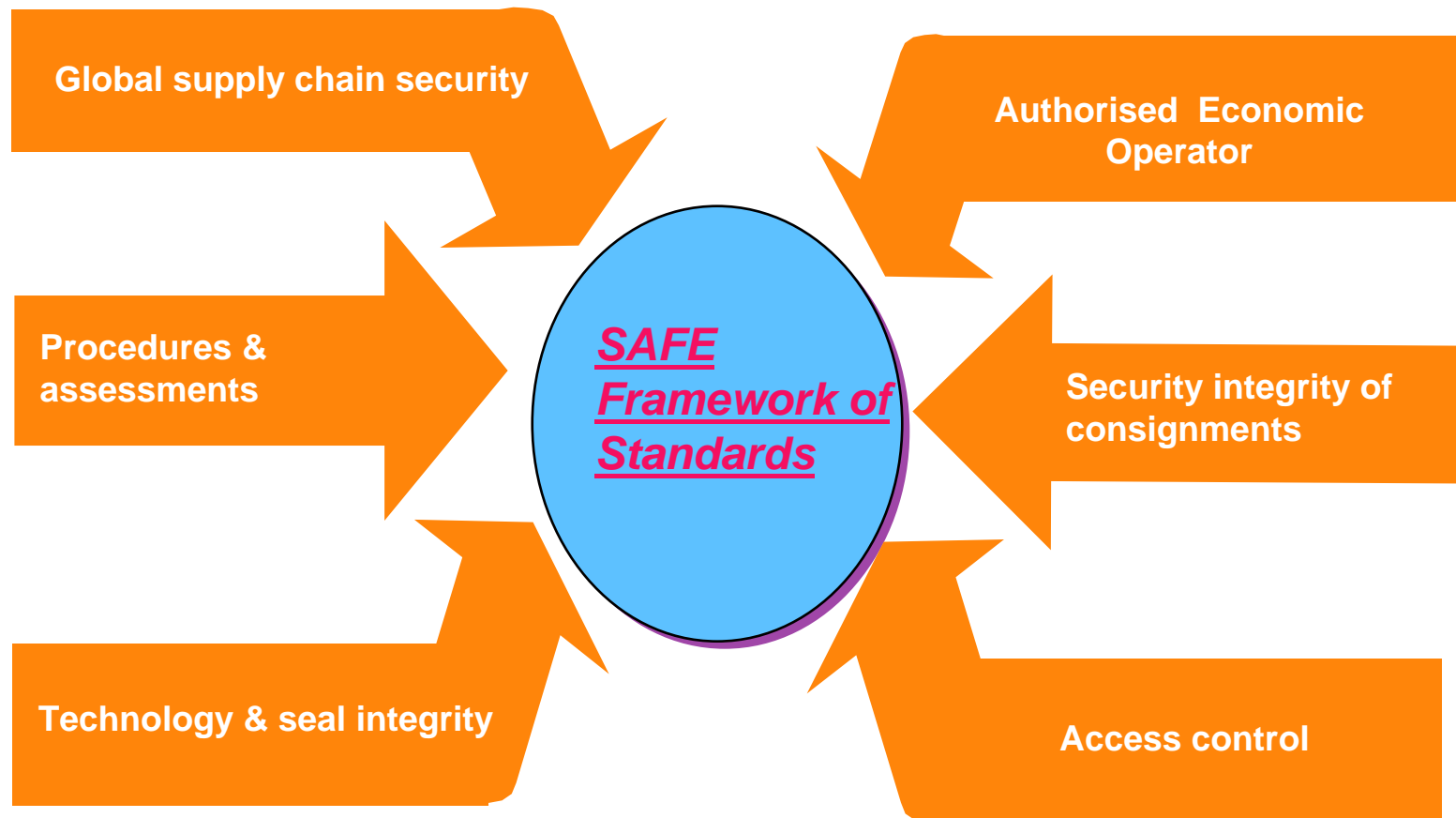
# Global Regulatory Framework

## ICAO Annex 17- Security

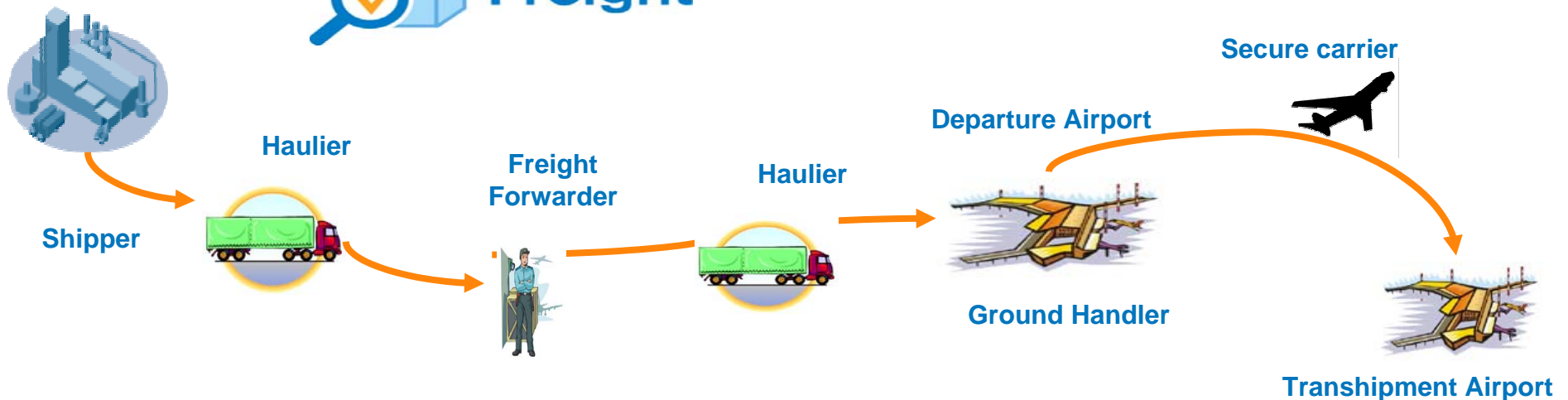


# Global Regulatory Framework

## World Customs Organisation



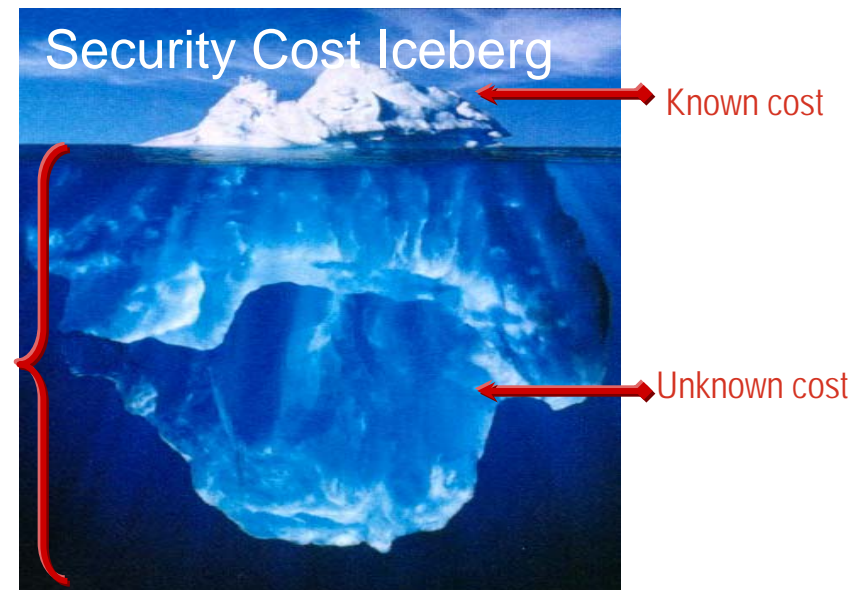
## Secure Freight : Why do it?



- ✓ More regulation will come and if inappropriate, it will significantly add costs and extend delivery times
- ✓ Industry options are to (i) proactively shape it, or (ii) wait-and-see
- ✓ IATA can provide leadership - option (ii) is a bad idea
- ✓ First estimates suggest minimum cost avoidance (compared to physical / technical inspection) of circa USD 650 million p.a.

## Funding & Cost

- Air cargo security is mainly funded by industry & its customers
- IATA members spent circa USD 650 million outside the USA in 2007 just on screening. Other operators costs are significant too
- Estimates for compliance with US 100% screening mandate range from US\$ 3.5 billion over 10 years to USD \$4.5 billion in year 1 alone
- Whatever the true cost, it is huge and growing
- Unless costs can be contained / reduced they are, quite simply, unsustainable



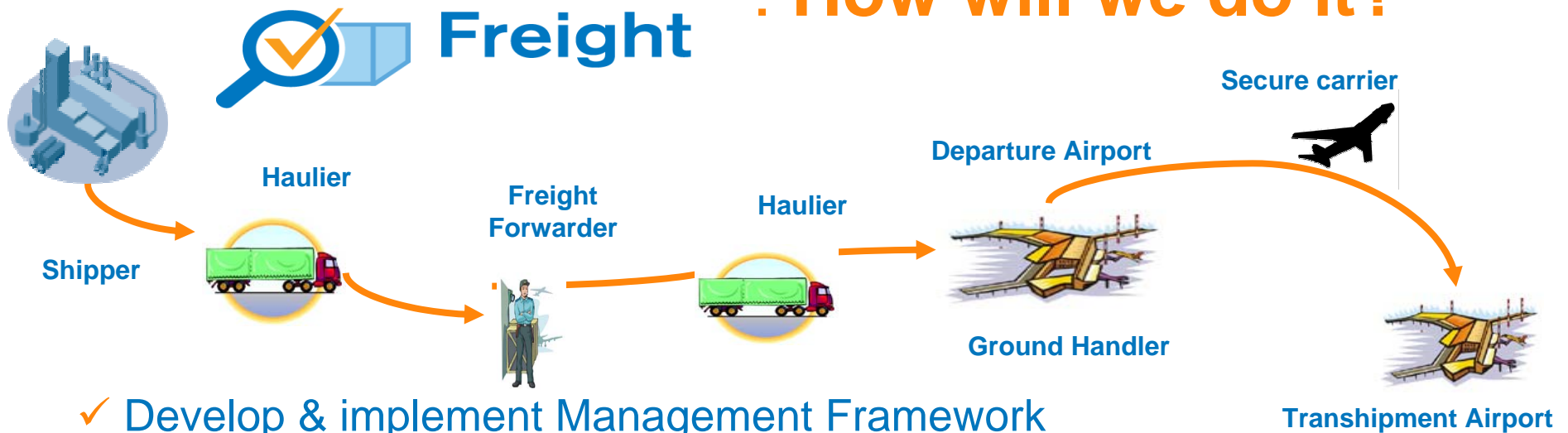
## **Secure Freight** : **Qualitative benefits**

- More secure air cargo network + simplified business process
- Compliance with multiple programmes through 1 set of standards
- 2006 Stanford University supply chain security report, found benefits of:
  - Reduced Customs inspections by 48 percent
  - A 29 percent reduction in transit times
  - Reduced theft in inventory management by 38 percent
  - Reduced customer attrition by 26 percent



# Secure Freight

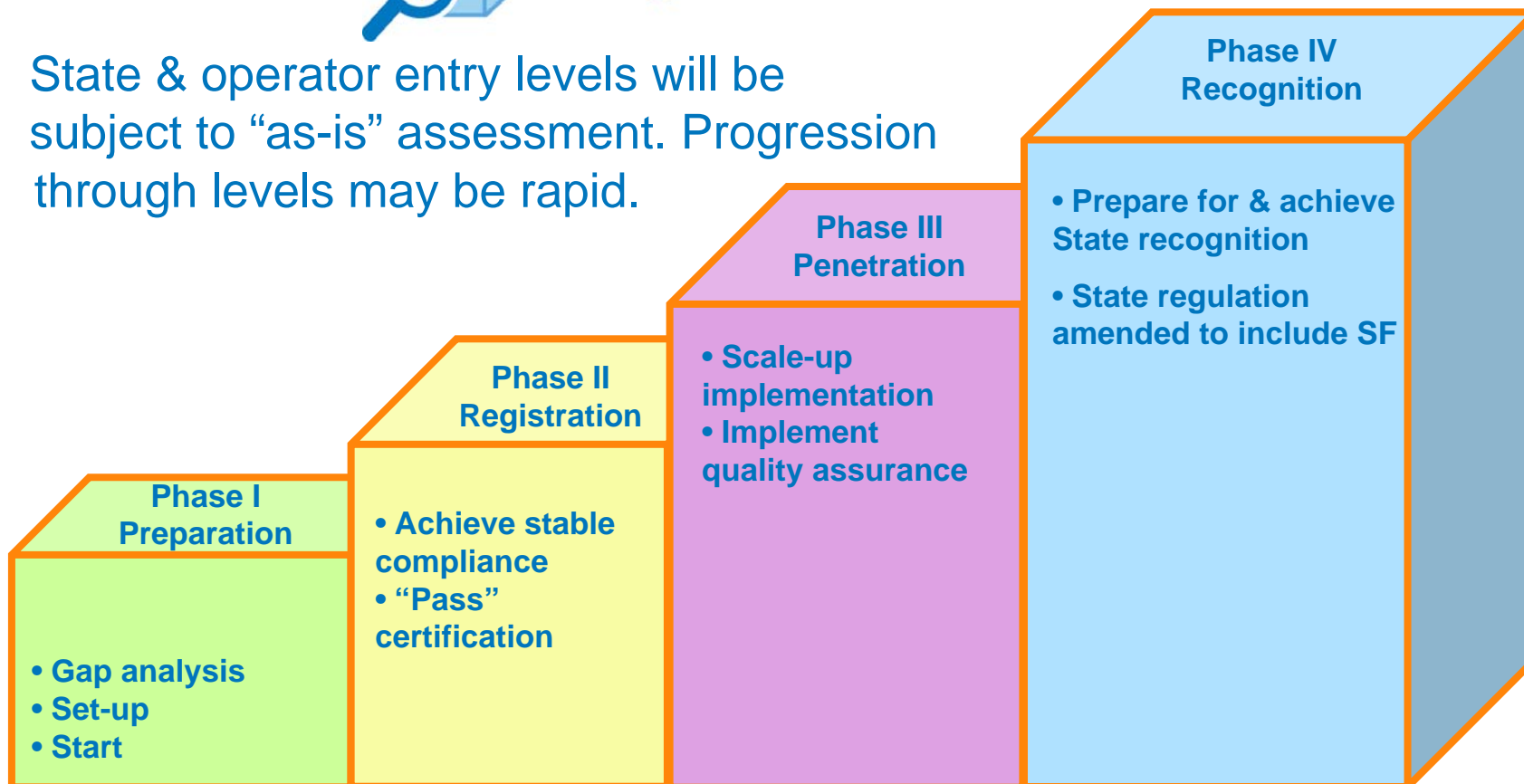
## : How will we do it?



- ✓ Develop & implement Management Framework
  - ✓ Standards Manual & Handbook
  - ✓ Standard Operating Procedures
  - ✓ Audit, certification & registration (for government approval)
- ✓ Build critical mass of (regulatory & industry) stakeholder support
  - ✓ Seek amendment to ICAO air cargo security Standards
  - ✓ Seek recognition of equivalence with relevant global & State programmes

## **Secure Freight** : **Concurrent phases**

State & operator entry levels will be subject to “as-is” assessment. Progression through levels may be rapid.





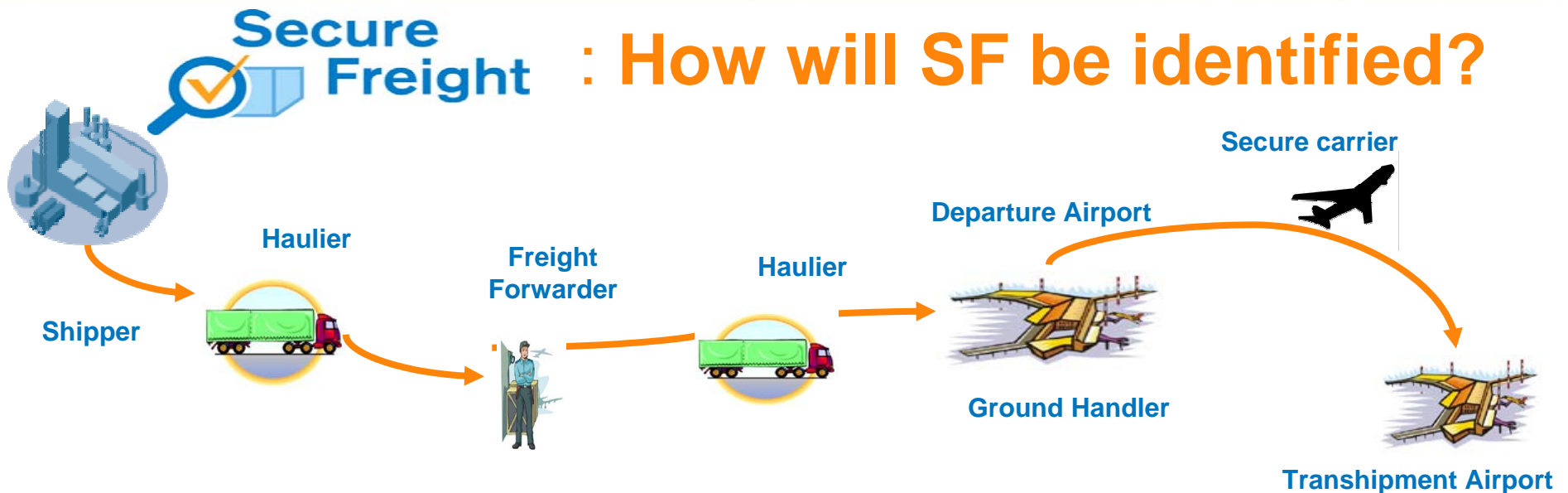
## : Stakeholder support

- Recognize that building stakeholder support is essential
- Malaysia 1<sup>st</sup> pilot country, includes regulator, airport, airline, forwarder & shipper
- ICAO & APEC security objectives are consistent with Secure Freight



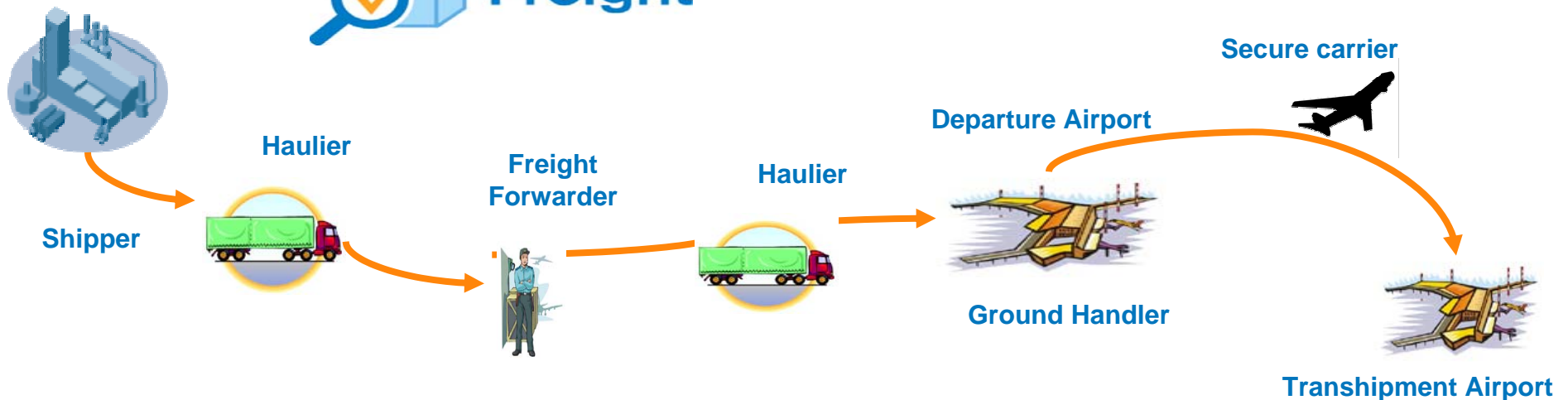
## Secure Freight

# : How will SF be identified?

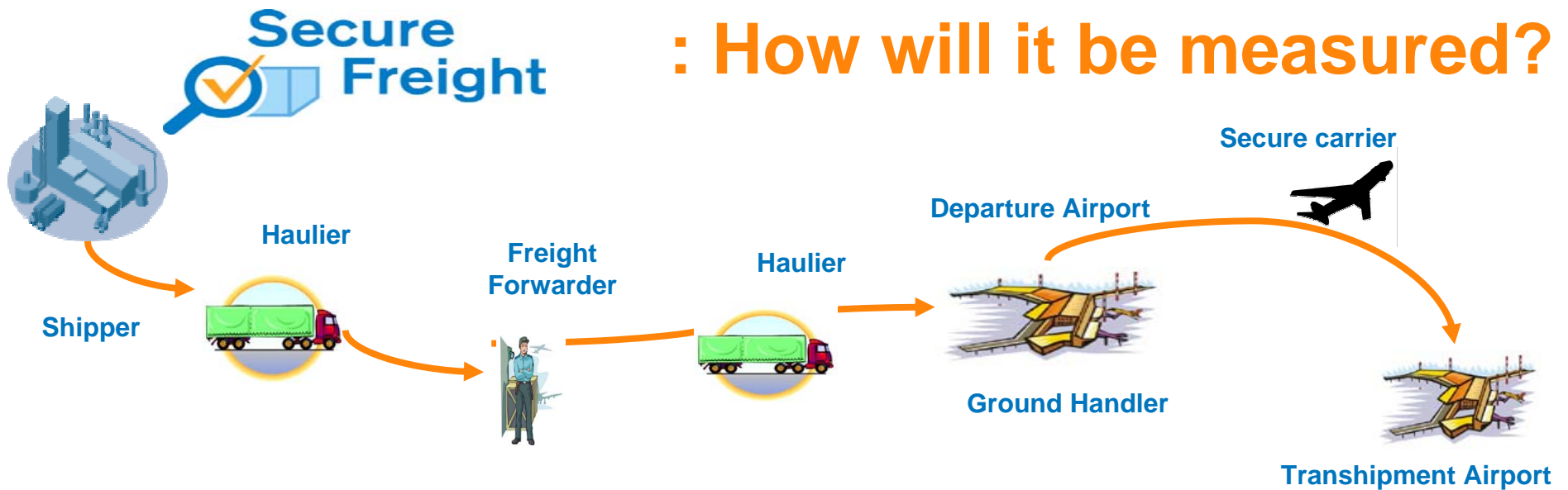


- ✓ Each consignment will be tamper-evident & have an e-audit trail
- ✓ Each consignment will be identifiable via an electronic code (SPX / SCO)
- ✓ All operators who “pass” will be registered, by operator type, in a database
- ✓ Future developments may include track-and-trace & e-movement consignment histories, where practical

## Secure Freight : When will it start?



- ✓ Secure Freight Supply Chain Standards will be drafted during 2009.
- ✓ One pilot operation will commence in Jan 2010
- ✓ 3 – 5 further pilots will be selected in Apr. 2010 to commence operations from Aug.



## : How will it be measured?

- ✓ **Registration** : # Secure Freight Operators
- ✓ **Penetration** : % Secure Freight Consignments
- ✓ **Recognition** : # States recognising Secure Freight



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