



Joint position on the need for States to ratify the Montreal Convention 1999 (MC99) to promote trade facilitation

Introduction

Air cargo delivers huge benefits to the global economy. \$6.4 trillion of goods travel by air, equating to 35% of all world trade by value. The connectivity that aviation provides facilitates trade, allowing high value and time sensitive products and components to be shipped to and from destinations around the world quickly and efficiently.

Air cargo must modernize if it is to continue to facilitate trade

However, air cargo needs to adapt and modernize to improve cost-effectiveness and efficiency. For example, electronic messages have existed since the 1980's but the air cargo industry still relies on paper. An air cargo shipment can generate up to 30 paper documents. There is a need for repeated data input, different stakeholders including customs may not have timely access to information and details and features such as "track and trace" require significant human intervention.

As well as other areas of logistics and supply chain related services, the air cargo supply chain is engaged in an industry transformation project, where IATA is strongly promoting its programme called "e-freight". This aims to implement an end-to-end paperless transportation process, where paper documents are replaced with the exchange of electronic data. This will:

- Reduce costs by eliminating paper handling and processing costs
- Reduce freight "wait time" promoting faster shipments.
- Improve visibility by providing electronic messaging for tracking of freight status
- Increase quality by providing unified and shared quality standard
- Improve sustainability by reducing paper consumption
- Allow for greater trade facilitation by providing easier and more efficient risk profiling

The industry has set out its own roadmap to 100% e-freight:

Stage 1 - Engage regulators and governments to create an e-freight route network with fully electronic customs procedures and where regulations support paperless shipments

Stage 2 - Work within the cargo supply chain to digitize core industry documents starting with the air waybill

Stage 3 - Develop a plan to digitize the commerce and special cargo documents

Today over 33% of global trade lanes have fully electronic customs procedures and, where regulations support, paperless shipments. However, wider adoption of e-freight cannot take place if some States are not yet parties to an important international legal treaty known as the Montreal Convention 1999 (MC99), as listed at the following address:

http://www.icao.int/secretariat/legal/List%20of%20Parties/Mtl99_EN.pdf

The Montreal Convention 1999 (MC99) – a prerequisite for paperless shipments

In order to support global trade through paperless air cargo shipments, governments must have ratified the Montreal Convention 1999 (MC99). MC99 sets out the rules governing airline liability during international carriage by air, but in this particular context one of the key benefits of MC99 is that it specifically provides the legal framework for the use of electronic documents of carriage in place of paper.

However, in order for airlines and other airfreight related operators to utilize electronic documents, both the state of origin and destination of the shipments must be parties to MC99. The issue that

FIATA and IATA are urging the trading communities to reflect upon is the following: a decade after MC99 came in to force, 88 states have yet to ratify it. This includes some major air cargo states such as Bangladesh, Indonesia, Philippines, Russia, Sri Lanka, Thailand and Vietnam, to name but a few.

The International Civil Aviation Organization (ICAO) is calling on all states to ratify MC99

ICAO, the specialized agency of the United Nations responsible for the safe and orderly development of aviation, is promoting the urgent ratification of MC99 by all remaining states. Indeed, the recent 38th ICAO Assembly in Montreal passed a resolution (A38-20) which urged those states that have not done so to become parties MC99 as soon as possible.

Obviously ICAO have a direct interest in promoting one of their most successful legal instruments produced in recent years, but IATA and FIATA are adamant that the trading community at large has clear vested interests in putting additional pressure on its governing bodies to achieve full implementation of MC99.

Conclusion

FIATA and IATA support ICAO's call for the states, which have not done so yet, to urgently ratify MC99, so that the air cargo sector and the trading community at large in these countries can utilize paperless shipments. This will help the air cargo sector to continue playing its critical role in the facilitation of international trade.

Key Facts and Figures

- The Montreal Convention came in to force in 2003 and currently has 103 state parties. A list of States Parties to MC99 can be found at: http://www.icao.int/secretariat/legal/List%20of%20Parties/Mtl99_EN.pdf
- The 38th ICAO Assembly in October 2013 passed a resolution which urges all States to ratify MC99 (A38-20): <http://www.icao.int/Meetings/a38/Pages/resolutions.aspx>
- For more information on how the air cargo supply chain is working to remove paper for the air cargo supply chain visit the FIATA and IATA websites (www.iata.org and www.fiata.com).

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