IATA Direct Shipment
(Cargo Agent acting as booking agent of the Airline)
Functional Specifications

<IATA Cargo>
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<th>Amendment Description</th>
<th>Date</th>
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<td>25/03/2009</td>
<td>C. Tornero, F. Leger</td>
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<td>07/04/2009</td>
<td>C. Tornero</td>
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<td>F. Leger, B. Acheson</td>
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<td>05/05/2009</td>
<td>Working Group and CBPP Members</td>
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<th>Business Area</th>
</tr>
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<tbody>
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</tr>
<tr>
<td>Steve Smith</td>
<td>Project Director IATA e-freight</td>
</tr>
</tbody>
</table>
# Table of Content

1 INTRODUCTION.................................................................................................................... 3

1.1 Objective ........................................................................................................................... 3

1.2 Definitions.......................................................................................................................... 3

1.3 Background ....................................................................................................................... 5

1.4 Scope of this paper ............................................................................................................ 5
   1.4.1 Which stakeholders are in scope? .............................................................................. 5
   1.4.2 Which documents are in scope? ................................................................................... 5

1.5 General Assumptions ....................................................................................................... 6

2 BUSINESS PROCESSES ..................................................................................................... 8

2.1 As-Is Business Process ................................................................................................... 9
   2.1.1 As-Is business process overview ............................................................................. 9
   2.1.2 As-Is business process description ......................................................................... 9
   2.1.3 As-Is business process concerns ............................................................................ 11

2.2 To-Be Business Process ............................................................................................... 12
   2.2.1 To-Be business process overview ......................................................................... 12
   2.2.2 To-Be business process description .................................................................... 12
   2.2.3 To-Be Standard Electronic Messages .................................................................... 14

3 SHIPPER'S RIGHT OF DISPOSITION............................................................................... 14

4 BENEFITS OF THE PROPOSED SOLUTION .................................................................... 15

ANNEX 1: MESSAGE SPECIFICATIONS ................................................................................. 16
1 Introduction

1.1 Objective

As part of the IATA e-freight, this document is intended to give an overview of the business process and electronic message flows that could be implemented to support direct shipment between a Shipper and an Airline through the use of a Cargo Intermediary (Cargo Agent) acting as either agent for the Airline or the Shipper (a “Direct Shipment”).

1.2 Definitions

AIRLINE: The air carrier issuing the air waybill or creating the shipment record and all the other carriers that carry or agree to carry the cargo under the air waybill or to perform any other services related to such carriage (Hereafter referred as Carrier).

AIR WAYBILL: A document made out by or on behalf of the shipper, which evidences the contract between the shipper and airline(s) for the carriage of cargo over the routes of the airline(s).

CARGO AGENT: means a legal person which is a registered IATA Cargo Agent whose name is entered on the Cargo Agency List, having executed an IATA Cargo Agency Agreement having been adjudged to have met the registration and retention criteria as specified in the Cargo Agency Rules.

BROKER: Agent or representative or a professional Customs clearing agent who deals directly with Customs on behalf of the importer or exporter.

CERTIFICATE OF ORIGIN: A specific document identifying goods, in which the authority or body authorized to issue it, certifies expressly that the goods to which the certificate relates originate in a specific country. The word “country” may include a group of countries, a region or a part of a country. This certificate may also include a declaration by the manufacturer, producer, supplier, exporter or other competent person.

CONSIGNEE: The person whose name appears on the air waybill or in the shipment record as the party to whom the cargo is to be delivered by the airline or its agent.

CONSIGNMENT: Is equivalent to the term “shipment”, means one or more pieces of goods accepted by the airline from one shipper at one time and at one address, receipted for in one lot, and moving on one air waybill or one shipment record to one consignee at one destination address.

CONSIGNOR: Shipper in case of direct booking with Airline Carrier or his agent.
FLIGHT (CARGO) MANIFEST: Details of consignments loaded onto a specified flight.\(^2\)

FREIGHT FORWARDER: The party arranging the carriage of goods including connected services and/or associated formalities on behalf of a shipper or consignee. \(^3\)

CARGO INTERMEDIARY: means an entity operating as either a Freight Forwarder or Cargo Agent.

INVOICE: Document required by the Customs authority in an importing country in which an exporter states the Invoice or other price (e.g. selling price, price of identical goods), and specifies costs for freight, insurance and packing, etc., terms of delivery and payment, for the purpose of determining the Customs value in the importing country of goods consigned to that country.

PACKING LIST: Document specifying the distribution of goods in individual packages.

RECEIPT FOR THE CARGO (also known as “CARGO RECEIPT”): A document\(^4\) which is provided to the shipper, upon shipper’s request, by the Carrier creating a shipment record as a substitution for the issuance of an air waybill and which permits identification of the shipment.

SHIPPER: Equivalent to the term “consignor” means the person whose name appears on the air waybill or in the shipment record as the party contracting with the airline(s) for carriage of goods.

By "Sporadic" Direct Shipper it is to be understood that this shipper occasionally performs Direct Shipments but not on a regular basis and so have no or limited EDI capabilities.

SHIPMENT RECORD: shall mean any record of the Cargo Contract preserved by Carrier, evidenced by means other than an air waybill.\(^5\)

SHIPPER’S DELIVERY NOTE: shall mean a paper document provided to the Carrier by the Shipper acknowledging the delivery of the cargo shipment as “freight on hand” for carriage by air. At a minimum, it shall specify (a) the weight and number of pieces of the cargo shipment; (b) the date, time and place received by the Carrier; (c) reference the shipment identification number covering the specific cargo shipment. To the extent it is readily available, an indication of the places of departure, destination and, if applicable, agreed stopping places, should also be specified.

WAREHOUSE RECEIPT: shall mean a paper document provided to the Shipper by the Carrier acknowledging the receipt of the cargo shipment as “freight on hand” for carriage by air. At a minimum, it shall specify (a) the weight and number of pieces of the cargo shipment; (b) the date, time and place received by the Carrier; (c) reference the shipment identification number provided to the carrier in electronic form according to the agreed formats.

\(^2\) As per IATA’s Cargo Interchange Message Procedures 27th Edition
\(^3\) MacAndrews Shipping Dictionary
\(^4\) Paper or electronic
\(^5\) To initiate the Shipment Record information the Shipper will send the completed air waybill data through an electronic message (FWB) as per Cargo Interchange Message Procedures (Cargo-IMP) Manual to the Carrier prior to the presentation of the consignment at the Carrier point of acceptance. The Cargo Contract shall be subject to the FSURCS message being sent to the Shipper. In the event that the weight, volume and/or total number of pieces of the FSURCS Message deviates from the weight, volume and/or total number of pieces of the FWB information the cargo shall be treated according to the exception management procedures previously agreed between the Parties. In case the Carrier cannot access the Shipment Record initiated in his system, at freight presentation, a fallback (or recovery) procedure should be agreed and in place between the Carrier and Shipper.
covering the specific cargo shipment. To the extent it is readily available, an indication of the places of departure, destination and, if applicable, agreed stopping places, should also be specified.

1.3 Background

The process of Direct Shipments can be twofold:

1. Direct shipments where the Cargo Agent acts as a booking agent (in scope);

2. Direct shipments where the Shipper books directly with the Carrier either directly (through EDI messages or walk-in to airline’s counter) or through a third-party provider (out of scope).

At this stage, as part of IATA e-freight, only the Direct Shipment where the Cargo Agent acts as a booking agent on behalf of the carrier will be considered in this paper.

1.4 Scope of this paper

1.4.1 Which stakeholders are in scope?

The stakeholders involved in this specification are:
- The Shipper,
- The Cargo Agent at origin as an agent of the Carrier,
- The Carrier’s Offices at Origin and Destination,
- The Customs at export and at import,
- The Customs Broker/Agent,
- The Consignee.

The Freight Forwarder at Destination is excluded from the scope of this paper (but not of IATA e-freight) as in most cases the Consignee picks up the freight at destination under a direct shipment process.

Note: The Ground Handling Agent has not been included in this specification but he can be involved in the process by performing some part of the process on behalf of the Carrier.

1.4.2 Which documents are in scope?

Most of the required information to be exchanged between the Shipper, Cargo Agent at origin, Carrier, Customs Broker/Agent and Consignee is included in the following documents:

- Invoice,
- Packing list,
- Certificate of Origin,
- Letter of Instruction,
• Air Waybill (FWB),
• Flight Manifest (FFM),
• Other Documents, e.g. Licenses, CITES*,
• Arrival Notification, Delivery Note, Warehouse Receipt*.

* Excluded from the scope:
- The House Waybill and House Manifest as we are not in a situation where the freight is consolidated.
- The Other Documents are not in the current scope of IATA e-freight and therefore EDI specifications will not be developed nor recommended at this time. They may be developed and recommended in future.
- The Arrival Notification, Delivery Note, Warehouse Receipt are not documents included in the current scope of IATA e-freight.

1.5 General Assumptions

For the purposes of this paper, the following general assumptions apply:

• The Shipper is able to send electronically the Invoice, Packing List and where legally accepted the Certificate of Origin to the Consignee.

• It is important to note that in the context of Direct Shipment with EDI Messages:
  o An EDI Agreement between the Shipper and the Carrier has to be concluded (A template of the IATA Model Agreement - Electronic Data Interchange will be made available upon declaration of effectiveness of Cargo Services Conference Recommended Practice 1670 by IATA using the following link: http://www.iata.org/stb/efreight/materials/).
  o The Freight Forwarder may sign an EDI Agreement directly with a Carrier as agent for a direct shipper, in which case the direct shipper’s name will appear as the “Shipper” in the EDI Agreement. This presupposes an agency agreement between the direct shipper and the Forwarder with the proper authority to enter into an EDI Agreement. Conversely, Freight Forwarder may sign an EDI Agreement as Carrier’s agent, with the Carrier’s name appearing on the EDI Agreement, based on an agency agreement between Forwarder and Carrier.
  o All the IATA Cargo Shipment Record Functional Specifications are to be met.
  o Given that in this Direct Shipment scenario, the Cargo Agent will be sending EDI messages on behalf of the Shipper, IATA recommends that the Shippers and Carriers deviate from the model EDI Agreement found in CSCRP1670, and bilaterally consider the following additional section in Article 4:

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6 IATA Electronic Air Waybill Functional Specifications information will be made available using the following link: http://iata.com/stb/efreight/materials/
“In the event Shipper does not wish, or have the ability, to perform the necessary EDI messaging responsibilities set forth herein, such responsibilities will be performed by Carrier or Carrier's Agent on behalf of the Shipper.”

"Notwithstanding anything to the contrary stated herein, Shipper may tender Cargo to the Carrier or its agent [together with such information as the Carrier may require to perform the necessary EDI messaging responsibilities set forth herein. The Shipper shall indemnify and hold harmless the Carrier and/or its Agent against all damage suffered by it, or by any other person to whom the Carrier is liable, by reason of an irregularity, incorrectness or incompleteness of information provided to Carrier or its Agent by the Shipper, and Carrier shall not be liable to Shipper for any and all loss or damage arising from the performance of the necessary EDI messaging responsibilities on behalf of Shipper unless such loss or damage is caused by the gross negligence or willful misconduct of the Carrier and/or its Agent.”

- With this modified EDI Agreement in place between the Shipper and the Carrier, once the Cargo Agent has accepted possession of the cargo, the Carrier would be responsible for shipping the Cargo subject to the Cargo Agent's having met any of the Carrier's requirements for tendering cargo to the Carrier, such as the Ready for Carriage Consignments requirements set forth in IATA Cargo Services Conference Manual Resolution 833, if applicable.

- Other Practical Considerations:
  a) Modifications to the Carrier – Cargo Agent agreement. Cargo Agents and Carriers will need to define their respective obligations when dealing with Direct Shippers such as ensuring that the Direct Shipper has in fact signed an EDI Agreement.

  b) A Direct Shipper will likely want a receipt once they have handed over the cargo to a Cargo Agent and will not feel comfortable waiting a few days for the Cargo Receipt to be generated after the FWB and FSU/RCS have been sent by the Carrier to its Cargo Agent. If so, a "Warehouse Receipt" can be provided by the Cargo Agent at the time of tender by the Direct Shipper or a "Delivery Note" can be countersigned by the Cargo Agent.

  c) Acceptance of these Direct Shipment procedures by Carrier's and Cargo Agent's respective insurance carriers. Additionally, if the Shipper is insuring the freight directly, that the applicable Shipper's insurance will cover the direct shipment.

**Note:** The situation of "Sporadic" Direct Shippers or Direct Shippers that do not wish to sign an EDI Agreement with the Carrier and non-EDI Capable Direct Shippers are out of scope of this paper but have been considered.
2 Business Processes

At origin, the Cargo Agent acts as a booking agent on behalf of the carrier. However, in the absence of a Freight Forwarder at destination, different scenarios are possible with regards to the Carrier, Consignee and the Customs Broker/Agent communication at destination:

1. Customs Broker/Agent is shown as the Notify Party in the Air Waybill and receives electronic documents and instruction directly from the Shipper enabling them to undertake the import of the goods without requiring additional instruction or documents from the Consignee. In this case the Carrier at destination would notify availability of the shipment to the Customs Broker/Agent as the Notify Party.

   In this case documents received by the Customs Broker/Agent from the Shipper will consist of electronic documents made available to the Customs Broker/Agent at destination by the Shipper at origin, and any paper documents such as the CITES certificates that might be required to enable Customs clearance at destination, which will be sent directly to the Customs Agent at destination by the Shipper at origin.

2. Customs Broker/Agent is instructed by the Consignee to undertake Customs clearance on their behalf, and receives the necessary documents required enabling that Customs clearance from the Consignee. In this case the Carrier at destination would notify availability of the shipment to the Consignee.

   In this case documents submitted by the Consignee to the Customs Broker/Agent may consist of electronic documents received by the Consignee from the Shipper, or paper copies of such documents produced from electronic records by the Consignee, together with any paper documents such as CITES certificates, that might be required to enable Customs clearance at destination.

   In either case, the Consignee would instruct the Customs Broker/Agent whether they wish the Customs Broker/Agent to pick up the goods from the Carrier and deliver to their nominated address, or whether the Consignee wishes to collect the goods themselves, after Customs clearance has been completed.

   **Note:** In any case if the Shipper elects to send any such paper documents with the shipment, it will require the shipment to be designated as “EAP” under IATA e-freight.

The second scenario, as the most common situation, will be defined in this paper.

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7 e-freight Consignment with Accompanying Paper Documents
2.1 As-Is Business Process

2.1.1 As-Is business process overview

The following high level As-Is business process is currently in place in most of the locations:

![Diagram of As-Is Business Process]

| Physical Flow – Freight & Paper |
| Information Flow – Paper & Scanned |
| Information Flow – Courier |
| Optional Information Flow – EDI, FTP |

* Document not in current scope of IATA e-freight

2.1.2 As-Is business process description

1. Shipper:
   - Provides the Cargo Agent with hard copies of the shipping instruction and possibly scanned images or electronic versions of the trade documents, e.g. Invoice, Packing List and where legally feasible the Certificate of Origin,
   - In some cases provides the Consignee and the Customs Broker/Agent with electronic version of the trade documents, e.g. Invoice, Packing List and where legally feasible the Certificate of Origin. Customs Broker/Agent and Consignee may also be provided with electronic access to the trade documents, e.g. FTP or online using a third-party provider,
   - Provides the Consignee with hard copies of other paper documents legally required in paper format at destination via courier or by sending with the shipment,
   - Submits the Customs export goods declaration to clear the goods for export.
2. Cargo Agent:
- Creates and submits the Air Waybill as instructed by the Shipper including the shipper's name in the Air Waybill (FWB) message information and arranges the booking,
- Places the Air Waybill, Invoice, Packing list and Certificate of Origin the Freight Invoice in the “pouch” that travels with the shipment,
- Provides the Shipper with the Air Waybill, which may be a scanned PDF copy or a signed paper copy of the original.

3. Carrier:
- Receives the shipment with the “pouch” from the Cargo Agent, makes it available at destination airport and notifies the Customs Broker/Agent / Consignee,
- Provides, if need be, a warehouse receipt to the Cargo Agent to confirm the freight weight, volume and number of pieces that he has received,
- Lodges the Customs export cargo declaration at origin and the Customs import cargo declaration at destination to clear the cargo providing any additional paper documents if requested,
- Delivers to destination airport and notifies the Customs Broker/Agent / Consignee,
- Provides, if need be, a delivery note to the Consignee at destination to confirm the freight weight, volume and number of pieces that he has delivered.

4. Consignee:
- Provides the Customs Broker/Agent with the paper or scanned Invoice, Packing list, and where legally feasible the Certificate of Origin as well as with hard copies of Other Documents via courier/post/hand prior to reception of the shipment,
- Receives arrival notification from the carrier at destination, when no Notify Party is shown in the air waybill,
- Arranges pick up and delivery of the shipment.

5. Customs Broker/Agent:
- Receives from the Consignee other paper documents that are legally required in paper format, e.g. CITES certificates, via courier directly,
- Receives from the Carrier at destination the arrival notification, as well as the Air Waybill together with the trade documents, e.g. Invoice, Packing List and where legally feasible the Certificate of Origin from the “pouch” by courier,
- Prepares the Customs import goods declaration prior to the reception of the shipment by the consignee,
- Lodges the Customs import goods declaration to clear the shipment providing any additional paper documents if requested,
- Undertakes ancillary services as instructed by the Consignee, such as pick up and delivery of the shipment.
2.1.3 **As-Is business process concerns**

The issues identified during the As-Is discussions are:

- **Too much data entry and opportunities for mistakes**
- **Too much paper handling**
  - Printing
  - Scanning
  - Sending
  - Archiving
- **Too many ways of communicating the same information**
  - Paper,
  - Courier
  - E-mail (PDF)
  - EDI
- **Too few EDI capabilities & options available**
- **Limited XML over the internet capability**
- **No clear awareness of what EDI standards should be used**
2.2 To-Be Business Process

2.2.1 To-Be business process overview

The following high level To-Be business process is envisioned for e-freight locations:

2.2.2 To-Be business process description

1. Shipper:
   - Provides the Cargo Agent with electronic versions of the shipping instruction and other document that needs to accompany the shipment (e.g. veterinary certificate),
   - Provides the Consignee and the Customs Broker/Agent with electronic version of the trade documents, e.g. Invoice, Packing List and where legally feasible the Certificate of Origin. Customs Broker/Agent and Consignee may also be provided with electronic access to the trade documents, e.g. FTP or online using a third-party provider,
   - Provides the Consignee with the other documents e.g. CITES (5 - 20% of shipments contain such other documents, depending on geographical location) via courier and on an exceptional basis with the shipment,
• Submits the Customs export goods declaration to clear the goods for export,
• Declares to the Cargo Agent (or covered by the electronic letter of instruction) that EAP/EAW conditions are fulfilled and an EDI Agreement is in place with the carrier.

2. Cargo Agent:
• Creates and submits the Air Waybill Data as instructed by the Shipper including the Shipper's name in the Air Waybill (FWB) message information and arranges the booking,
• Provides, if need be, a warehouse receipt to the Shipper or countersigns a delivery note to confirm the freight weight, volume and number of pieces that he has received,
• Provides the Shipper, if so requested, a copy of the “Cargo Receipt” in electronic or paper format, as evidence of the contract of carriage between the Shipper and the Carrier.

Note: The Carrier should ensure that a valid EDI agreement is in place with the Shipper or otherwise that the Shipper accepted and consented to the Carrier’s Conditions of Contract, the use of electronic means to preserve the Shipment Record and the Cargo Receipt.

3. Carrier:
• Receives the shipment from the Cargo Agent and provides, if need be, a warehouse receipt to the Cargo Agent at origin to confirm the freight weight, volume and number of pieces that he has received,
• Sends the FSU/RCS to the Cargo Agent confirming that the shipment is ready for carriage as per the Carrier and Agent’s agency agreement,
• Lodges electronically the Customs export cargo declaration at origin and the Customs import cargo declaration at destination to clear the cargo,
• Delivers to destination airport and notifies the Customs Broker/Agent / Consignee,
• Provides, if need be, a delivery note to the Consignee at destination to confirm the freight weight, volume and number of pieces that he has delivered.

4. Consignee:
• Provides the Customs Broker/Agent with clearance instructions and the scanned Invoice, Packing list and where legally feasible the Certificate of Origin as well as with hard copies of Other Documents via courier prior to reception of the shipment,
• Receives arrival notification from the carrier at destination, when no Notify Party is shown in the Air Waybill,
• Arranges Pick up and delivery of the shipment.

5. Customs Broker/Agent:
• Receives from the Consignee the other documents, e.g. CITES certificates, via courier directly,
• Receives from the Carrier at destination the arrival notification, when nominated as Notify Party in the Air Waybill,

• Prepares the import goods Customs declaration prior to the reception of the shipment by the consignee,

• Lodges the Customs import goods declaration to clear the shipment providing any additional printed versions of electronic documents if requested,

• Undertakes ancillary services as instructed by the Consignee, such as pick up and delivery of the shipment.

2.2.3 To-Be Standard Electronic Messages

As part of IATA e-freight some standards are recommended. For the sake of consistency the following available standards are recommended for use in an e-freight environment between the exchange of electronic documents between Shippers, Cargo Agents, Carrier, Consignee and Custom Broker/Agent:

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<td>UN/CEFACT XML</td>
<td>Invoice</td>
</tr>
<tr>
<td>Packing List</td>
<td>IATA</td>
<td>UN/CEFACT XML</td>
<td>Packing List</td>
</tr>
<tr>
<td>Certificate of Origin (where feasible)</td>
<td>IATA</td>
<td>UN/CEFACT XML</td>
<td>Certificate of Origin</td>
</tr>
<tr>
<td>Shipper’s Letter of Instruction</td>
<td>IATA</td>
<td>UN/CEFACT XML</td>
<td>Letter of Instruction</td>
</tr>
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<td>Cargo IMP</td>
<td>FWB</td>
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<tr>
<td>Status Update</td>
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<td>Cargo IMP</td>
<td>FSU</td>
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<tr>
<td>Flight Manifest</td>
<td>IATA</td>
<td>Cargo IMP</td>
<td>FFM</td>
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Any discussions regarding development of message standards for use by:

• Freight Forwarders will include Freight Forwarder representation coordinated with FIATA and their regional associations;

• Shippers will include National and International Shippers’ Council representation.

3 Shipper’s Right of Disposition

Pursuant to Article 12 of the Conventions, the Shipper has a specific right of disposition over the cargo up until delivery to and acceptance by the original consignee at destination. According to the Conventions, in carrying out any Shipper counter-instructions involving the disposition of the cargo, the Carrier shall be free from any liability associated therewith, so long as it has requested from the Shipper the production of that part of the air waybill or Cargo
Receipt previously delivered to the Shipper. In the paper air waybill world, the Shipper would produce "Original 3" of the standard IATA Master Air Waybill. Under IATA e-freight, it is the responsibility of the Carriers to provide an "original" Cargo Receipt that would satisfy the requirement of Article 12 of the Conventions; IATA recognizes the challenges inherent with producing "original" documents within the context of electronic transactions, consequently, IATA hereby highlights this matter and makes the following recommendation:

Under the current Cargo Services Conference Recommended Practice 1601, Conditions of Carriage for Cargo, Section 7.1, "The right of disposition over the Cargo may only be exercised if the Shipper or such agent produces the part of the Air Waybill which was delivered to him, or communicates such other form of authority as may be prescribed Carrier's regulations." Additionally, Section 7.3 of these recommended Conditions of Carriage provides an indemnity provision wherein Shipper shall be liable for and shall indemnify Carrier for all loss or damage suffered or incurred by Carrier as a result of the exercise of his right of disposition. IATA e-freight recommends that Carriers adopt the IATA Conditions of Carriage and if not then recommends that similar clauses be included in the EDI agreement. Carriers will also have to determine exactly what "other form of authority" they will require from Shippers such that they will feel comfortable in carrying out any potential Shipper counter-instructions involving the disposition over the cargo.

The foregoing reflects a practical solution for the time being while a solution to an "original" cargo receipt or its equivalent can be identified and used as an industry standard. IATA e-freight participants should make an independent decision as to whether or not they wish to proceed under the current IATA Recommended Practice, or for example impose greater security such as having the Shipper post a bond prior to executing counter instructions or the most conservative option of having the Shipper waive its right of disposition over the cargo through the appropriate language in the agreement for EDI and in the Cargo Receipt as per Article 15 of the Conventions. As with all matters involving liability we urge you to consult with your legal counsel prior to taking any decisions in this regard.

4 Benefits of the proposed solution

Implementing the proposed solution based on the business and technical requirements identified during the To-Be discussions would bring the following benefits:

- Reduced manual data entry and opportunities for mistakes
- Less paper handling
  - Less printing
  - Less scanning
  - Less sending of scanned images
- Less duplicated communication of the same information
- Use of identified available EDI standards
  - Less development effort when integrating the electronic standards
Annex 1:
MESSAGE SPECIFICATIONS

The specifications of the Invoice can be accessed using the following URL:
http://www.iata.org/stb/efreight/materials.htm

The specifications of the Packing List can be accessed using the following URL:
http://www.iata.org/stb/efreight/materials.htm

The specifications of the Certificate of Origin can be accessed using the following URL:
http://www.iata.org/stb/efreight/materials.htm

The specifications of these IATA standard electronic messages are described in the Cargo Interchange Manual Procedures (CIMP) that can be accessed and purchased at the following URL: http://www.iata.org/ps/publications/cimp.htm

The template of the IATA Model Agreement - Electronic Data Interchange can be accessed using the following URL: http://www.iata.org/stb/efreight/materials/