



IATA FIATA Air Cargo Program (IFACP)

The Case for Change

Forwarder information paper



Air Cargo Program

Introduction – The Case for Change

The global IATA Cargo Agency Program has been in existence for many decades during which time the role of IATA Cargo Agents, and the relationship that exists today, between the forwarding community and the airlines, has markedly changed.

Over the years, the role of the forwarder has evolved from the original concept of acting solely as a sales agent for the airlines, to the current business relationship whereby the forwarder routinely contracts directly with the airline as a customer on a principal-to-principal basis.

The new IATA-FIATA Air Cargo Program (IFACP) is the culmination of over 3 years joint discussion between representatives of the airline and forwarding community in order to bring about the changes needed in order to modernise and replace the existing IATA Cargo Agency Program.

The parties acknowledged the need to formalise the reality of the contractual arrangements between forwarders and airlines that exist today in a buyer-to-seller relationship. Looking ahead, the unilateral IATA Cargo Agency mechanism is not compatible with this bi-lateral business model. Therefore the industry now has the opportunity to transform the governance structure by way of a new program. One that is jointly managed and funded by carriers and forwarders, with governance transferred from the Cargo Agency Conference to a joint Governance Board with equal airline and forwarder representation and authority.

The air cargo industry faces considerable challenges today and going forward. These can only best be identified and addressed jointly. Not just those relative to the like of security, safety and other established practices and standards, but crucially the need to look at new and more dynamic process changes, including the greater use of technology based systems to modernise and streamline operational procedures.

It is incumbent on forwarders and airlines to collaborate closer together to ensure that the competitiveness, timelines and costs associated to the air cargo product are improved and enhanced to meet the expectations of the trading community.



The way forward

A new partnership program has therefore been developed jointly by forwarders and airlines. It has been specifically designed to serve the contemporary needs of the industry as a whole. The IATA-FIATA Air Cargo Program (IFACP) not only clarifies and validates the current business relationship that exists between the two parties but also provides the joint management structure best suited to meet industry's expectations and customer obligations going forward.

In parallel, the IATA-FIATA Governance Board (IFGB) has been established to govern the activities of the IFACP. It will jointly, with equal airline and forwarder representation, manage the program and provide the policy, strategy, oversight and guidance as to how the IFACP operates.

To support of the IFGB, global regional and country based joint councils will be established to provide local feedback and recommendations to the IFGB for consideration.

Transition – 'Business as usual'

From the outset it was agreed that the transition to the IFACP should not in any way adversely impact on the established commercial and operational activities that exists between forwarders, shippers and airlines today. Current forwarder participants in the Cargo Agency Program will be provided with a new IFACP Freight Forwarder Agreement. Once completed and endorsed by the IFGB, forwarders will automatically be enrolled in the IFACP. No additional form of assessment will be required.

Cargo acceptance and 'Ready for Carriage' procedures will remain unchanged. As will existing inter operable systems relative to e-waybill submission and the so-called IATA identification codes.

The format of the air waybill will not change in the short term. (??)The forwarder , being the contracting party, will always be the 'Shipper' under the carriers conditions of carriage, irrespective if any other party is identified as the shipper in the carriers air waybill, or shipment record, in the case of an electronic air waybill.

The Cargo Agents Settlement System – CASS

Since the CASS billing and remittance program is owned and operated by IATA, and will continue to be, it will remain a separate entity to the IFACP. There will be no changes to the current airline and forwarder conditions of participation nor to the existing settlement procedures and timelines in a given country. Any separate individual bi-lateral arrangements that exist between given airlines and forwarders, on transition, will be unaffected.

The IATA-FIATA Air Cargo Program - Benefits to Business



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The initiative to modernise the Cargo Agency Program emanated from the industry, for the industry, the airlines and forwarders themselves.

It recognises that the forwarder is the customer of the airline – no longer its delegated sales agent.

The IATA-FIATA Air Cargo Program (IFACP) has been established with a governance mechanism that will provide the airlines and forwarders, for the first time, with a joint delegate structure by which the industry’s contemporary objectives can best be achieved on a global basis.

All decisions taken by the IATA/FIATA Governance Board, relative to the terms and conditions of the IFACP, will require a simple majority vote by both airline and forwarder delegates for approval and implementation

The transition from the Cargo Agency Program to the IFACP will be seamless for current accredited Agents and intermediaries. The current financial and operational criteria applicable today **in each Country where they exist** for forwarder enrolment will apply, **however the same would need to be cleared by jointly appointed a legal firm for Competition Law compliance.**

Legal counsel representatives from both sides have been present throughout the process to ensure that all aspects of the program meet with the requirements of competition authorities to reduce the risk of legal challenge going forward.

- Appendix A provides a chart detailing the proposed changes current vs. future
- Appendix B the Governance structure
- Appendix C the proposed roll out plan

Appendix A

CURRENT	FUTURE
8 Agency Programs operating under different and varying Cargo Resolution-Rules	Only 1 Global IATA-FIATA Air Cargo Program under standard rules, jointly managed by IATA and FIATA, through the IATA-FIATA Governance Board



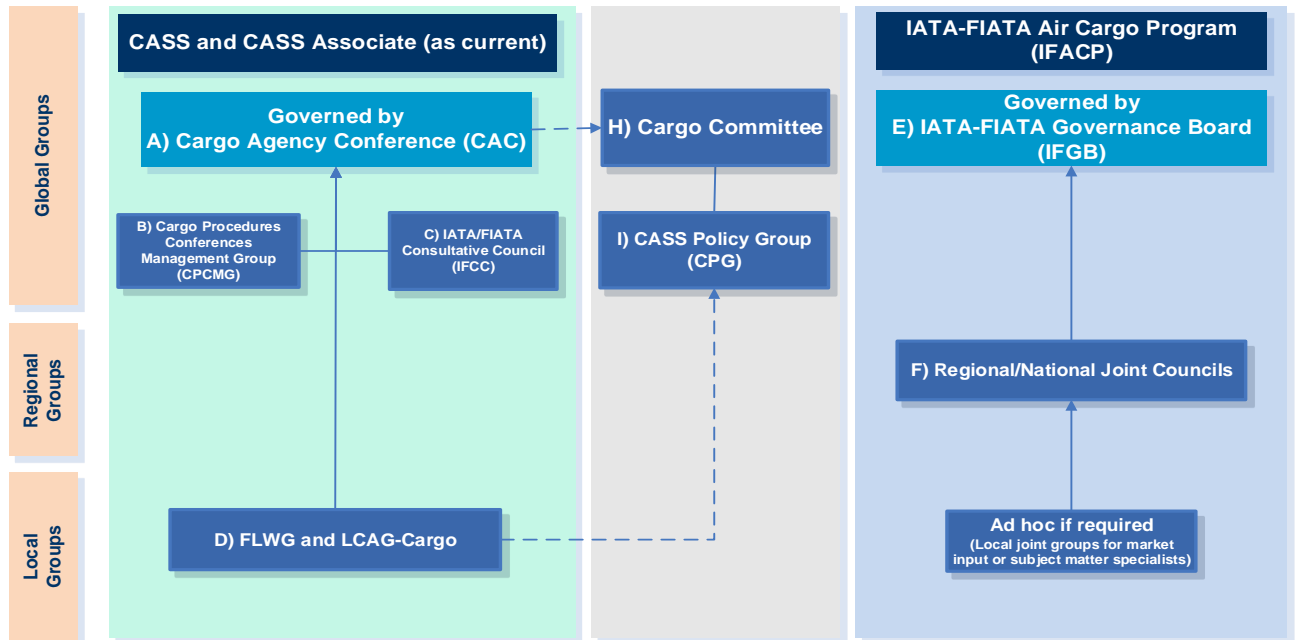
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Cargo Committee and Cargo Agency Conference advise on strategic direction	<ul style="list-style-type: none">• IATA- FIATA Governance Board advises strategic direction for the IATA FIATA Air Cargo Program• Cargo Agency Conference maintains advising strategic direction on CASS• No change to existing role of Cargo Committee to advise strategic direction to IATA on all Cargo matters• Cargo Committee and FIATA Airfreight Institute advise strategic direction to their respective IFGB delegates
CASS settlement and procedures	CASS settlements and procedures – unchanged CASS rules consolidated into a single streamlined Resolution, new 851r, to be rolled out with IFACP (replacing 801r/re)
More than 80 diverse local and regional joint or airline-only governance bodies	Only 10 Regional/National Joint Councils (Canada, LATAM, Europe including Russia, India, China, Africa, Middle East, Asia Pacific, HK & TW, Australia including New Zealand and South Pacific) Improved consultation via joint groups worldwide
Conference adopted Resolutions	<ul style="list-style-type: none">• IATA-FIATA Air Cargo Program governed by IATA FIATA Governance Board (e.g. determining financial and operational criteria for membership endorsement and Handbook of Program Rules)• New IFACP Forwarder Agreement• CASS remains governed by Cargo Agency Conference
A degree of conflict with forwarding community caused by ambiguous rules and terms	Clearly defined roles and responsibilities and jointly managed program
Agent based accreditation standards	Customer based endorsement standards established following joint consultation

Appendix B



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Appendix C

Region/Country	Estimated Launch	Estimated End Date
CA	Mar or Early Apr 2017	Aug-17
Europe (includes EACP, Russia and other European countries)	Sep-17	Feb-18
LATAM	Sep-17	Feb-18
HK& TW	Sep-17	Feb-18
AU and NZ	Sep-17	Feb-18
Asia Pacific	Jan-18	Jun-18
CN	Jan-18	Jun-18
Middle East	Jan-18	Jun-18
Africa	Jan-18	Jun-18
IN	Jun-18	Dec-18