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Manager ABDG & ABVT	Markus Schöni
Manager ABPR & ABLM	Peter Maegerle
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	Mrs Yvonne Widmeier

President's Report

While I set about writing my annual report I realise it will be my last one, since my mandate as FIATA President is expiring with the General Assembly meeting in Bali. Two years have gone by in this honourable position: not such a long period indeed, but surely several important things happened in the meantime.

The congress in Cancun, where you elected me, was shattered by the terrible terrorist attack at the Twin Towers in New York: from the beginning its course was a risk and in the end the number of participants was inevitably reduced.

The congress in Istanbul saw us anxious because of the winds of war against Iraq and we kept on feeling this way just till the recent HQ meetings: now the war seems to be over but, although brief, it has left behind the same dramatic consequences, like any others.

The congress in Bali was threatened first by the terrorist attack at a disco club, with dead and wounded people, and now we're all terribly worried about the possible spread of SARS.

On my word, I never saw so many turbulences affecting directly or indirectly the daily activity of FIATA and of our industry! Anyway, we went on.

The FIATA Foundation finally took off and we're proud for carrying out the first project on vocational training in Mongolia, while others are in progress. Our financial resources allow us to work properly but of course if we had more at our disposal we could do more and much better, and it is for this reason that this year too we destined a further contribution to this cause, together with other donor members, sensitive to the importance of training in countries asking for it: we count on a greater participation from you all.

At the congress in Istanbul and during the HQ meetings in Zurich we paid particular attention to the initiative from the USA on security, which is grounds for worries considering the impact it has and will have on times and volumes of our shipments.

We participated with our experts to all the most important meetings organised by international bodies, where we had the opportunity to give our contribute (highly appreciated), especially as far as rules affecting our category are concerned, thus maintaining the high profile and authoritativeness FIATA always had and succeeded to improve.

The financial year 2002 closed with a result that I've been told is one of the best ever within FIATA, although I must admit that this is partly due to the fact that we didn't move our offices yet, so the related amounts were not used. In any case it is important to remark the contribution of individual members, which is getting higher and higher and I take the opportunity to underline that you have to promote this increase, so that, in the future, we're not going to charge you more!

In my position as your President, I was invited and visited many countries such as China, Vietnam, Thailand, Turkey, USA, United Arab Emirates, Russia, Ukraine, Romania, Bulgaria, Belgium, Moldova and many others, always receiving a warm and generous hospitality: an indicative sign of the high consideration people grant to FIATA all over the world.

I'm coming to the end of a wonderful adventure, to which I devoted a lot of time and lavished energies in order to serve FIATA at the best and receiving back, besides the great honour of being the President, even the pleasure to meet so many new friends and to have unrepeatabe experiences.

In the end of my mandate I submit myself to your judgement on what I've been able to do and it is with great pleasure that I do address to the excellent co-operation I received from the General Director and his staff. They're granting the continuity of our task with their seriousness and professionalism, determining, often standing in the shadow, our success and prestige.

I spent 40 years of my life in transport industry and I received the biggest award ever: having the opportunity to serve FIATA as President. The feelings I experienced in this period will always be with me for the rest of my life.

Aldo Da Ros
President of FIATA

Director's Report

The work at the FIATA Secretariat has significantly changed during the last few years. More and more information material has to be sorted out and distributed to our members and to the delegates of our technical bodies. And we are asking ourselves: how has it been done before we had the FDDS (FIATA Document Delivery System)? The implementation of this FDDS proves to be a stroke of luck: it not only delivers our documents without any delay, it also considerably saves costs for hard copy mailings. Another difference compared with earlier years is the fact that the Managers at the Secretariat have to travel more often. It is a sign of the mood of the times that we are facing today quite often difficulties to find experts from our members who are willing or allowed to attend external meetings on behalf of FIATA. However in order to comply with FIATA's duties of protecting the interests of our industry at the many important meetings of the various international organizations there is usually no other alternative than to delegate one of the Managers from the Secretariat.

A highlight of the past year was certainly the FIATA World Congress in Istanbul. An excellent organization, a high number of participants, and interesting meetings have once again backed up the importance of this annual event. We sincerely hope that despite the different problems all over the world our colleagues in Indonesia will find the same support from the freight forwarding industry for their congress being held in September 2003 in Bali. An ad-hoc Working Group set up by the Presidency has proposed some amendments to today's congress structure which shall be introduced in the near future. The main goal is to give the participants more time for networking, and to upgrade the main forum. We trust that with these changes our congresses will become even more attractive which would automatically lead to more participants.

The meetings of our regional groups at the Istanbul congress and the HQ Session in Zurich have again been very successful, and are developing to real highlights at our events. The additional work from that for the Secretariat is definitely well invested.

Probably by the end of November or early December of this year, the Secretariat will move to new offices near the airport of Zurich. Our present offices have become too small for the expanded activities and the enlarged staff at the Secretariat. And we also hope that the new offices will be coming up to the expectations of the headquarter of an international organization like ours.

On behalf of all of my colleagues at the FIATA Secretariat I like to express our thanks to you for the ongoing excellent co-operation.

Marco A. Sangaletti
Director General

Airfreight Institute (AFI)

The past 12 months have been a busy time, for the Airfreight Institute, as there have been numerous meetings in which AFI delegates were involved. These meetings include the IFCC (IATA/FIATA Consultative Council), and joint IATA/FIATA Working Groups dealing with Transport of Dangerous Goods, Facilitation for Air Cargo Customs clearance, IATA/FIATA Training Programme and electronic communication between freight forwarders and carriers.

IATA/FIATA Consultative Council (IFCC)

The IFCC members met in Geneva on February 12/13 and again on June 19/20 2003. The first meeting to review and provide input on the agenda of the IATA Cargo Agency Conference (CAConf), held in Long Beach, California on March 13, 2003. The second IFCC met to discuss the actions taken by the CAConf.

The main items under discussion at the IFCC were:

The new Cargo Agency Programme (Air Freight Partnership Programme - AFPP)

Due to the competition requirements of the European Union the airlines were forced to review the existing IATA Cargo Agency Agreement and bring it into step with the requirements of the European Union. The intention is to get an exemption for the Agreement, which would enable airlines and freight forwarders to deal with a multilateral agreement instead of a bilateral one with each individual airline.

Furthermore, it was decided at the very beginning of the discussions to draft this agreement so it would be acceptable on a worldwide basis and to eliminate the different Resolutions covering different areas in the world. The idea was supported by the IFCC members (airlines and freight forwarders) unanimously. However, at the CAConf in Paris 2002 as well as at the CAConf in Long Beach 2003, the proposal for a worldwide AFPP was rejected by some airlines. A compromise was agreed that the AFPP should enter into force for the European countries to meet the EU requirements, and after a transition period it should be allowed to expand to other regions and countries where there is willingness on behalf of the forwarders and airlines to introduce the European Cargo Agreement Programme (ECAP).

Low Density IATA Resolution 502

The Cargo Tariff Co-ordinating Conference held in May 2002 in Amsterdam decided to reduce the volume weight from 1:6000 to 1:5000 as from October 1, 2002. No official notice of this action was received by FIATA, in fact it was only several weeks after the Conference meet that FIATA along with the rest of the industry began to hear rumours of this action. FIATA strongly protested the lack of notice and the short implementation period. It failed to provide enough time to inform customers of the rule change, and allow shippers the opportunity to reconsider their packaging or to review their transport logistics options. FIATA felt that notice for such a new operational procedure change should be extended to at least one year to allow freight forwarders and their customers appropriate time to react.

However, the changes requested by IATA needed also the approval of the national governments. Therefore, as a result of the protest of many forwarders and shippers IATA extended the introduction to October 1, 2003. According to the last information received many governments have yet to ratify the change and it will be doubtful whether IATA will receive the necessary ratification in due time. Presently, it is our understanding that the US Department of Transport (DOT) is likely to reject the submission and may contemplate legal proceedings against IATA under the existing anti-trust laws in the US. Should this materialise, it is highly unlikely that the rest of the world will follow suite in accepting the Resolution 502 submission.

Billing and Remittance Period

Recently some carriers have proposed to shorten the monthly billing period in IATA area 2, to twice monthly and the remittance period worldwide to 23 days. Some Airline Cargo Executives are arguing that freight forwarders are generating unreasonable profits out of their integrated services, whilst airlines have to generate cash-flow to return into profit. One reputed carrier mentioned in an interview that freight forwarders should support carriers also financially.

The proposal was deferred at the CACConf for further discussions with FIATA. However, FIATA opposed at the IFCC this proposal and explained that the normal trading conditions world-wide observe remittance terms of 30 days after billing date. A survey made by FIATA detected that freight forwarders are in fact paid by the shippers in an average of 45 days. Further, large customers request from freight forwarders a monthly billing with remittance terms up to 90 days.

It was agreed to follow up the matter and in should our survey confirm the trend to 45 days and more, FIATA will formally ask IATA to extend the present billing and remittance terms.

IATA/ICAO Dangerous Goods Regulations

Major concerns have been raised by FIATA, airlines and the International Civil Aviation Organisation (ICAO) in regards to the increasing number of occurrences of undeclared Dangerous Goods transported by air cargo. Spot checks by the authorities found out that more than 20% of the cargo inspected was undeclared Dangerous Goods which could have caused harm to aircraft and passengers in case of accident or mishandling. These spot checks are increasing as undeclared Dangerous Goods are considered as willful bypass of existing regulations and an attempt to breach security of selected carriers. Some form of misdeclaration are therefore considered by the authorities as threat and may not fall under safety but security regulations according to the new security requirements established worldwide to combat terrorism.

FIATA has sent out a circular to the national freight forwarders associations advising how freight forwarders can protect themselves against misdeclaration by shippers. The FIATA Forwarding Instruction (FFI) issued by the shipper is a excellent protection, as the shipper must declare in writing in the FFI that the shipment does not contain dangerous goods.

New Dangerous Goods Regulations will be published as from January 1, 2004, which makes mandatory that shippers must employ Dangerous Goods experts and train them regularly. In Europe it is already the case as companies producing, exporting, storing or transporting goods must have a Dangerous Goods Safety Adviser (DGSA).

CASS

During the past year CASS (Cargo Accounts Settlement System) feasibility studies were initiated in Singapore, Hong Kong, Malaysia, Thailand, India, Indonesia, Pakistan, the Philippines, Saudi Arabia, Egypt, Austria and Colombia. The Philippines, Finland and Brazil have now introduced CASS. In the Philippines, as part of the transition until March 31, 2004, freight forwarders are accorded a grace period of 5 days. This grace period allows for the extension of payment by five days, so as to avoid a freight forwarder going into default.

Freight Forwarders in Turkey have also resolved their CASS problems with IATA and now receive a grace period of 2 days, prior to being declared in default.

IATA/FIATA Training Programme

This past year was a success in regard to the number of students enrolled in the IATA/FIATA Training Programme. However, many in our industry still seem to neglect the importance of training for their employees. We still hear of too many situations where Air Waybills and Dangerous Goods shipments are prepared incorrectly, some resulting in court cases, and large liability settlements.

As mentioned previously under Dangerous Goods it is alarming the errors which occur in cargo acceptance and executing Air Waybills by employees of both carriers and forwarders. Sometimes, because of the urgency of the shipment, sometimes without proper or complete documentation and forwarding instruction, from the shipper. Obviously, if incorrectly issued documentation is not involved in a claim for delay, damage or loss, no one notices. However, should there be a shipment failure, and the documentation is incorrect, the claims can get very expensive for the guilty party, in amounts which easily exceed the training of staff of the company for generations. Well trained staff limit mistakes to an absolute minimum and is of great benefit to the company in regards to know-how, service to its customers and saving of costs by eliminating claims.

The saying that "an ounce of prevention is worth a pound of cure" rings very true when applied to proper training of staff. The IATA/FIATA Training Programme is an excellent tool to train individuals. The costs of the course are very small in consideration of the costs saved by reducing or omitting claims.

Security

Since 9/11 the airfreight industry has been targeted by some unreasonable security requests by governments which impeded transport by air within a reasonable time. The AFI Chairman participated in Washington at hearings to make the security measures proposed by the US government more acceptable for both forwarders and the air transport industry. What will finally be implemented on October 1, 2003 is not yet clear. Recently, too many statements from different Senators, working groups, official and unofficial government bodies have been made which only serve to further confuse those involved in our industry, who are working to set up reasonable security arrangements.

Requirements requested from total screening of aircargo to/from the US down to the known shipper concept proposed by ICAO and introduced in Europe is all within the realm of possibility. Further, pre-clearance requirements of aircargo may be the same as for sea freight (24 hours in advance). However, the US government is considering also proposals made by the industry that the pre-information must be in hands of customs utilizing their AMS 4 hours before arrival of the aircraft in US airspace.

Still to be resolved is the question of those countries who are not able to transmit information electronically, will the carriers be held responsible, or will other options be made available? The list of unresolved questions is a long one.

Another area of concern still remains the safeguard of international civil aviation against acts of unlawful interference, know as ICAO Convention Annex 17. AFI is in favour of security measures but against any attempt by governments or carriers to extend to the freight forwarder responsibility beyond the area of operation immediately and directly under his control. India's forwarding community it presently taking action as its government has shifted down the responsibility to freight forwarders.

Facilitation

The cargo paperless task force (CPTF) has met regularly, and its group includes AFI delegates, to deal with the paperless transmission of the AWB and its accompanying documents such as invoices, manifests, customs documentation, etc. In fact today the AWB can be transmitted electronically. However, customs documentation, certificates, invoices, etc. depend on national customs law and most customs do not accept these documents electronically despite the fact that some countries pre-customs declaration are allowed electronically. In some countries the final declaration must still be submitted with original documents. We continue to provide input to this group, as it can hold great benefit to forwarders, airlines as well shippers and consignees, but without acceptance by national customs authorities, the reality of paperless transmission could be a long way off.

As the chairman of the Airfreight Institute I look forward to seeing you in Bali this September.

William M. Gottlieb
Chairman, Airfreight Institute

Customs Affairs Institute (CAI)

Dear friends, I'm quite satisfied of being able to communicate in this annual report of mine that our Institute made a high profile and quality work. Not all is solved: we can do more and better, but it is necessary that all of you feel yourselves more involved and participating in the works and in the necessities of CAI. I will never give up to say that you must let us know which are the needs and problems that trouble you, because this is the only way for us of being of help.

I'm particularly glad to confirm you that the M.O.U. between FIATA and CLECAT continues to produce excellent results. In fact the synergies, now consolidated, permit us to be always present at the works of WCO delivered in Brussels.

In Istanbul we had the pleasure to meet the people responsible of the American Customs and we set up with them and with their representatives in the embassies of several countries a good co-operation. As everyone can remember, in Zurich we could speak with some of them about the regulations implemented by the U.S.A. on matters such as: C.S.I. – C- TPAT – 24H rule.

Last year in Istanbul it was decided a co-operation between CAI and WG Sea of MTI This collaboration, exchanging of information and ideas enabled us to be always informed about all what was and is pending about security. In June I was invited in a meeting of WG Sea that took place in Washington, where we could go into the problems aforementioned and explain to the American delegates our point of view. In this occasion we also had a meeting with the Canadian customs officers, in which they informed us that, starting from April 2004, safety measures would be implemented for containerised goods, whose final destination is Canada, delivered by sea and air. We invited the Director of the Canadian customs at the Bali congress and we do hope he will adhere, so that we could have the opportunity to listen the proposal, compare it, and clarify our doubts.

We are continuously in contact with the WCO as far as the Kyoto convention and the UCR are concerned. Unfortunately works are really long, especially for the Kyoto convention, because we have to wait for the ratification of almost 60 countries, so this is only an unfeasible dream for the time being. From our side, however, we'll be always alert, because, unfortunately, our category is subject to all responsibilities. As far as UCR is concerned, recently a meeting had place during which everything about this item was re-examined.

We re-affirmed, once again, that FIATA did not oppose to the idea of the UCR as presented before September 11, but with the responsibilities imposed by the new procedures the freight forwarder was considered as the "ultimately" information link between the consignment information and customs regulatory information mapped with those of the seller/buyer. With this change of procedures in the guidelines the freight forwarder could be considered to be responsible for the information received if the seller or buyer for any reason cannot be traced and sued.

The complexity of the trade practically impedes to fulfil the requirements requested in the guidelines. Further, the confidentiality of the messages are not granted. If the freight forwarder has to take responsibility, then only for duties under his control. Also the electronic data exchange between the freight forwarder and customs authorities is very difficult. Moreover, the costs to implement the software will be expensive not only for freight forwarders but also for the national customs authorities. Somebody has to pay these costs: finally it will be the customer.

It was decided to inform the national associations on the issues in regard of the UCR and to write to the WCO that the import/export customs declaration must be based on easy guidelines with clear distinction of:

1. liability and responsibility only for the generator of the information
2. confidentiality of the information must be granted and not accessible to persons not involved in the customs procedures covered by the UCR
3. the compatibility of the messages must be granted world-wide
4. costs of implementation of the new customs systems should not be shifted by the government to the customers. Each party absorbs their implementation costs
5. the practicability must be granted

6. the complexity of the trade must be considered and with the introduction the procedures should not be complicated

Last year I informed you that we would have liked to start a more intense and appropriate co-operation in customs field between FIATA and I.F.C.B.A.

It is with pleasure that I can announce you that we reached this target, and a M.O.U. has been signed.

As you know, in Bali will expire my third term of office, and last March, during the spring meetings in Zurich, the CAI assembly asked me to remain your Chairman. If everyone will agree, I'll accept your trust.

Alberto Petrozzi
Chairman, Customs Affairs Institute

Multimodal Transport Institute (MTI)

In our report last year we announced that we were expecting considerable changes in the near future with regards to tightening-up security. In the day-to-day work it became clear to us that this change started very quickly and has not been completed yet. The working groups have been kept very busy following up all these changes.

Working Group Rail Transport Chairman: Gustav Poschalko, Austria

The working group met in Prague/Czech Republic on 6 + 7 March 2003 and is to hold its next meeting just before the congress in Sofia/Bulgaria. A further meeting was held on 21 January 2003 in Vienna/Austria together with the Working Group Rail of CLECAT.

At the spring meeting in Zurich, Gustav Poschalko informed MTI delegates about the future co-operation of FIATA Working Group Rail and the Permanent Contact Group UIC/FIATA with the CLECAT Railway Committee by integrating the FIATA and CLECAT rail transport meetings, of which one joint meeting per year will be held in Brussels in order to be able to communicate with representatives of the European Commission and of other railway-oriented organisations located in Brussels. In the course of this future co-operation they intend to also invite FIATA Working Group Rail Transport advisers and railway representatives of the Permanent Contact Group UIC/FIATA to the Freight Forwarders' Day which is organised by CLECAT and takes place once a year, in November, in Brussels.

Further issues were the seminar activities started last year in Frankfurt and which will continue in the very near future under the umbrella of FIATA, CLECAT, UIC and IBS (Interest Grouping of Railway Forwarding Agents). Such seminars will be quite important for the future development of our rail traffic due to the road taxes that will by and by be introduced in Europe. As a result of which rail transport might become more attractive. The working group also discussed possible new modalities for railway freight tariffs and the development of international railway transport in general. A full update will be delivered during the congress in Bali.

Working Group Road Transport Chairman: William C. Poeschmann, UK

This working group met on 13 February 2003 in Zurich/Switzerland and is to hold its next meeting just before the congress in Bled/Slovenia on 5 September 2003. The top item on the agenda of this working group was the status of the TIR System. At the same meeting in Zurich/Switzerland, William Poeschmann informed the participants as follows:

"The Carnet TIR system had been the main issue of the Working Group Road Transport, specifically in view of the problems which had emerged by the end of 2002, when the Russian Federation had been close to being expelled from the system. He pointed out that 75% of all TIR irregularities occurred in Russia, mainly at the Vyborg border point between Finland and Russia. While the issue was being dealt with by the working group it had become apparent that Russian customs authorities had put the TIR Convention into practice differently, by collecting primarily outstanding tax guarantees from TIR guarantors instead of prosecuting offenders and swindlers in Russia. Following an understanding between IRU and the responsible Russian authorities, Russia has been brought back in line with the correct interpretation of the TIR provisions. In the first place, problems related to fraud and other irregularities will now be tackled internally in Russia and falling back on guarantors will be the last resort. The overall problem has not yet been solved entirely, but progress has been made in reporting Carnet TIR settlements within an acceptable period of time in line with the TIR Convention.

It also appears that the TIR Executive Board is not very effective and some of its members do not appear very interested in maintaining the system. FIATA should also raise its voice and National Association Members of FIATA should demonstrate their interest in keeping the TIR system intact. In the opinion of the team one challenge for the TIR system may be the impending accession of the People's Republic of China. The stabilisation of the TIR system principally has precedence over its extension to other countries.

A key element is also the awareness of road transport providers and drivers of the correct handling of TIR Carnets, for which purpose IRU will make a web-based training programme available."

Further important points discussed were the smuggling of illegal substances and goods with high excise duties. A shift from individual smuggling and fraud to organised crime seems to be apparent, which makes it necessary to increase the awareness in this respect within the freight forwarding and road hauliers industry. Forwarders have by all means to avoid being used for such illegal actions which also may be used to finance terrorist activities. The theft of vehicles and organised crime on road transports are serious problems of this trade. The enlargement of the European Union and the consequences for the freight forwarding and roads transport industry will lead to considerable changes in road transportation in Europe and the risk that staff of border freight forwarders will be put out of work from one day to the next is a major point of concern. In addition to all these problems road transport will face a financial burden owing to new governmental taxes and fees in the future. Germany will start with a "Maut" on 1 August 2003 and other countries will follow very soon. We have to make sure that all additional fees and taxes are passed on to the clientele and that technical recording equipment for road taxes is harmonized in the various countries to avoid trucks needing two or three different systems for international transports. Beside the additional costs we also have to expect governmental security plans for transports worldwide. It is therefore very important that additional advisers from non-European Regions be nominated for this team. Non-European National Member Associations are invited to act accordingly.

Working Group Sea Transport
Chairman: Frank Boogaerts, Belgium

This working group met in Basle/Switzerland on 10 February 2003 and in Alexandria VA/USA on 5 June 2003. They will meet in Bali on 29 September 2003. Peter Gatti (Acting President NITL) R. A. Voltmann TIA and delegates of ABLM and CAI were also guests at the meeting in Alexandria (Washington).

Maritime Security / US Customs provisions

The container security initiative has been implemented in full including the so called 24 hours rule in connection with the AMS (Automat Manifest System). In the mean time forwarders with traffic to and from the States are fully aware of all these conditions. The working group is still dealing with different aspects of the US provision pertaining to maritime security. Items of discussion had been costs involved, both those charged to freight forwarders by shipping lines and freight forwarders' own extra costs brought about by the US security provisions, as well as the question of who is to pay the extra costs, the non-confidentiality of the data transmitted to US Customs and the provisions for bills of lading and manifests regarding "FAK" which is not acceptable, "STS" being acceptable on bills of lading but not on manifest declarations to US Customs, and "shippers load and count" still being acceptable.

The working group made the decision to invite representatives from providers of international carrier bonds, as well as AMS providers to be present during the MTI meeting to enable MTI delegates to obtain additional and direct information. A further decision by the working group had been to write a letter to WTO and to make the organisation of the US customs regulations aware of this and to circulate copies of the letter to ICC and National Association Members in WTO member countries with the request that they inform their responsible governmental agencies of the US security provisions, aiming at generating corresponding action by the WTO. The working group had also concluded that National Association Members of FIATA are to be requested to recommend to their members that additional costs related to US security measures must be passed on to the clientele. As regards the question to whom the additional costs have to be passed on, the working group was of the opinion that they have to be charged to the party with which the freight forwarder has a contractual relationship. The ultimate payer of the costs may be the seller or the buyer depending on the Incoterms applied for the individual transaction.

See also document MTI/352 (necessity of passing on extraordinary costs to the clientele) sent to all national associations on 3 June 2003. In the meantime we know that further countries will introduce security rules in the very near future. This is all developing so fast that we will have the update to the MTI at the congress meeting in Bali.

UNCITRAL Instrument on Carriage of Goods by Sea

The working group still believes that the instruments should be restricted to port-on-port based on a network liability and based on the principles of the UNCTAD/ICC Rules. At the meeting in Washington Peter Gatti, President of NITL explained that this information makes clear to us that the USA will involve our delegate Prof. De Wit who will also be present at the meeting in October 2003. We will have to update FIATA members on his report.

Rules for Implementation of the Regulations of the People's Republic of China on International Maritime Transportation

These rules became effective on 1 March 2003. Unfortunately, our concerns were not really taken into account. Although, we have also been invited to submit our comments on 27 May 2003. FIATA has sent a letter to the honourable Son Yung Sun, Minister of Communications Republic of China, ending with the following conclusion:

" The rules for implementation were drafted with the intent to elucidate the conversion of RIMT into practice. This should at least be their aim. All in all it must be said, however, that they are based on wrong assumptions, do not refer to RIMT provisions of major importance, such as tariff filing, are in part imprecise, inherently inconsistent and inconsistent with freight forwarding practices, and consequently further contribute to the uncertainties created by RIMT in the past. Altogether, they appear to be more an impediment to ocean transportation to and from the People's Republic of China, where freight forwarding has been indispensable."

This makes it quite clear that we still have a long way to go.

Closing remarks

This report just deals with a few issues of the whole work of the working groups. We can conclude that our business has become more difficult, our responsibility has increased and we do have to find our way through all this. We have to make our customers aware that this additional work and responsibility means a lot of additional work which also has to be paid for.

After six years as Chairman of this Institute I intend to retire at the congress in Bali. This fascinating work is never ending, but gives a lot of satisfaction. I have to thank the advisers, the chairmen of the teams and Kersten Ohl for their extraordinary work for the benefit of our profession. I would also like to thank the delegates of this Institute for participating and especially for the inputs which make the work as Chairman even more attractive. One point is clear that we the forwarders need a strong and active federation.

Thank you and good bye

Jürg Hammer
Chairman, Multimodal Transport Institute

Advisory Body Dangerous Goods (ABDG)

Over the past year a number of new topics have been brought up for discussion in the various committees handling the regulatory work on dangerous goods. With the risk of repeating myself, our governmental representatives in the dangerous goods bodies frequently submit proposals aiming at changing the rules and regulations. The user's efforts to catching up are as usual a challenge.

The ABDG has attended all the regulatory meetings by the UN Committee as well as the ones related to the ADR, RID and the Baltic Agreement. It has to be said that FIATA is now a well, recognized organization, which bring forward the views from our industry. A good co-operation has been established with IRU and the Chemical Industry within the framework of the Alliance of European Industry Sectors involved in the Transport of Dangerous Goods (INDA). The meeting of the UN Committee of Experts in December 2002 is a good example of this. On one of the meeting days INDA organized a "seminar" where limited quantities were discussed and where the Industry had the opportunity to give their views, which were highly appreciated.

The ABDG has during the past year mainly focussed on harmonisation issues and tried to convince governmental delegations about the importance of worldwide harmonization and the benefits, in terms of safety and economy. This topic was also brought up at the IATA Dangerous Goods Conference in Miami this year where the ABDG was invited to speak. The presentation related to "Costs of compliance in a multi-modal regional world" and was appreciated. FIATA will continue to address worldwide harmonization of the dangerous goods rules and regulations and push for the process to continue. Harmonised documentation for dangerous goods with regard to multi-modal carriage is of importance to the Freight Forwarding Community when this would facilitate the paper work when switching from one mode to another.

It should be noted that the ASEAN countries have signed a "Protocol (No. 9) Dangerous Goods" being an integral part of the ASEAN Framework Agreement on the Facilitation of Goods in Transit. The scope, pursuant to Article 20 of the Agreement, is to apply the provisions of Protocol No. 9 to the movement of dangerous goods in transit transport on designated road (or inter-state highway) transit transport routes as specified in Protocol 1 of the Agreement. The Contracting Parties have agreed to adopt the provisions of the UN Model Regulations and the Restructured ADR, in particular relating to the following:

- (i) Detailed classes and divisions of dangerous goods.
- (ii) Packaging and labelling of dangerous goods.
- (iii) Vehicle marking and method of packaging.
- (iv) Transport document and declaration.
- (v) Training.
- (vi) Precautions against Fire and/or Explosions.

The ASEAN countries will certainly encounter some of the problems Europe has faced with regard to the interface situation e.g. when switching from one mode to another. I would not be surprised if some ASEAN country henceforth will be represented at the relevant regulatory bodies either as voting member or as an observer. The European Agreement (ADR) cannot anymore be regarded as only European when also Morocco has become a contracting party to ADR. There might be a need for a diplomatic conference in the future in order to align the ADR Agreement with recent development. We also know that countries in South America use parts of the ADR for their carriage of dangerous goods.

The ABDG is in the process to add two new members to the body. These are Liu Hongsheng and Yong Yisheng from China. The FIATA presidency has been requested to confirm the new colleagues for appointment.

The International Dangerous Goods Scene

Highlighted matters currently on various agenda's and of interest to the Freight Forwarding Industry, in addition to the details always being discussed, are:

- ❑ Security in transport of dangerous goods
- ❑ Convention on Civil Liability for damage Caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels

- ❑ Safety in road tunnels
- ❑ Harmonisation of limited quantities, excepted quantities and consumer commodities
- ❑ Harmonisation of transport documents
- ❑ Standardization of Emergency Procedures
- ❑ Procedure for Incident Reporting

Security in transport of dangerous goods

See also the last annual report. Since the proposal on security provisions was presented at the World Congress in Istanbul it has been adopted for the 13th Edition of the UN Model Regulations to be published in August 2003. The same text although somewhat adapted to the ADR and RID are currently being discussed in the Joint ADR/RID body. A decision of principal has, so far, been reached saying that the security provisions will be taken into the ADR and RID. The provisions have also been initially adopted for inclusion in the regulations covering the air and sea mode.

Convention on Civil Liability for damage Caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels

Since the last annual report two more meetings have been held. The work is going on and at this time it is impossible to guess the outcome. We are monitoring the discussions and will continue to report from the work. An interesting paper submitted by the Netherlands to the third meeting on 7-9 July 2003 dealt with the relationship between CRTD and other liability instruments, whether or not in force. The document can be downloaded from www.unece.org/trans/main/dgdb/ac8/ac8wrkdoc_2003.html.

Safety in road tunnels

See also the last annual report. Since then an informal working group met in Austria with the aim to define which types of dangerous goods and amounts should be assigned to the different tunnel groupings A-E. FIATA was represented in the working group. The outcome of the work was submitted to the WP.15 (ADR) for a first consideration. The Working Party welcomed the progress made by the informal group and many of the delegations expressed their approval in principle of the results obtained, although they might possibly have to be slightly refined. The discussions will continue at the next WP.15 meeting in January 2004. The basic document (INF 24) can be downloaded from www.unece.org/trans/main/dgdb/wp15/wp15inf74.html.

Harmonisation of limited quantities, excepted quantities and consumer commodities

It was decided at the UN Committee meeting in December 2002 that the worldwide harmonisation of small quantities provisions is a priority. A first working group was held in Paris in June 2003 where representatives from all modes and the Industry were present. FIATA-ABDG attended the meeting as well. During the meeting matters of interest were identified and several ideas were discussed. The work will continue and the second meeting is scheduled for Montreal at ICAO headquarters on 22-24 October 2003. The results will be presented at the next UN Sub Committee meeting in December 2003.

The FIATA standpoint is that all efforts must be made in order to simplify the interface situation. This means that harmonised packing requirements, marking, labelling and volumes should be considered as well as documentation. The latter is a difficult issue when documentation is required for air and sea transport but not for ADR and RID.

Harmonisation of transport documents

In the last annual report the proposal on documentation submitted by FIATA to WP.15 meeting in 2001 for inclusion in the ADR 2003 version was addressed. The proposal was adopted but concerns were raised whether countries should obstruct the simplified procedure. Unfortunately the worries seemed to be correct. Some countries in Europe require extra text to be added on the sea or air document although the legal justification in requiring such action in the ADR for the sea or air mode can be questioned. If you remember, the proposal was that a sea and air dangerous goods declaration could be used for the continuing transport by road in Europe.

However, because of these problems, FIATA together with the German competent authority has initiated a work with the aim to fully harmonise the documentation provisions for all modes. A first working group meeting has been held in Hamburg where the modes were represented. FIATA-ABDG prepared the background documents for the meeting. The work is not finished and the next meeting will be in Frankfurt on 22-23 September 2003 and a report will be presented at the next Joint ADR/RID meeting. The work will probably lead to that various papers will be submitted to all the modes and the UN Committee for them to take a stand on amendments in order to reach a harmonised concept.

Related to this work the ABDG also cooperate with the USDOT with the aim to submit a paper to the UN dealing with a rationalized approach with regard to entries in the UN list of substances.

Furthermore, the FIATA-SDT has been updated by the ABDG and the material (has been given to the Presidency for consideration) will be submitted to the Extended Board in Bali for approval.

Standardization of Emergency Procedures

Transports of dangerous goods, irrespective of the transport mode, are related to emergency procedures in case of an accident or incident via written instructions as in the ADR or by some other way. The UN Committee has for it's future work program decided that harmonization or standardization of emergency measures needs to be addressed. It was agreed that the basis for the work would be the North-American Guide for Emergency Response. Documents have not yet been submitted to the Committee why no work has yet been carried out.

Procedure for Incident Reporting

Provisions have been adopted for the ADR and RID and are currently in force. Similar requirements are to be found in the CFR49 as well. At the UN level, no documents have yet been submitted.

Finally, and again, I wish to express the important thank you so much to the members of the ABDG and to Markus Schöni, our manager, for their 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:

Memorandum of Understanding signed between FIATA and EAN

Through Document ABIT/012 (2002-10-25) we notified each and every national association to contact their local EAN organisations or representatives to have the subject matter of bar coding introduced to their members. That MoU would initiate our members to fully utilise the services of EAN in regards to bring awareness as well as to develop EAN supported bar code systems practically with any charge. Further it would facilitate our members to participate in any Facilitation WG meetings of the local EAN associations. For further information please visit the FIATA Document Delivery System (FDDS) and download the addresses of EAN and names of the responsible expert.

New EDIFOR messages

The new updated EDIFOR messages (German version) complying to directory 01B has just been finalised. The English version is in the process of translation and expected available for release in November 2003.

The changes of the EDIFOR guidelines would involve the following messages:

- FIATA Forwarding Instructions
- Cargo Manifest
- Unloading Report

To ensure that all our EDIFOR messages and guidelines are compatible with our practices, FIATA has submitted a number of Data Maintenance requests (DMR) as well as some new codes to UN/CEFACT to be included into the UN/EDIFACT Directories.

FIATA Forwarding Instruction (FFI)

In view of the recent changes to the Dangerous Goods Regulation, the paper-based format of our present FIATA Forwarding Instruction (FFI) seemed to be not adequate. What we meant to say is that there are no boxes provided in the present FFI form to insert the new DG description and classification.

It was the opinion of the Working Group that the "Terms of Delivery" and "Contract of Sales" bears two different distinctive issues altogether. Whilst "Terms of Delivery" is used by freight forwarder to instruct the agent at the place of despatch/destination the "Contract of Sales" merely specifies the INCOTERMS or conditions relating to the Buying/Selling.

The present FIATA-FFI form and guidelines were drafted and published under Doc. 10/46 dated 20th July 1984. Since 1984, several TAG codes and references were published by UN/ECE and our present format of FFI is not at all in the position to accommodate these tag codes.

It was therefore decided that the present guidelines be reviewed and the current FIATA-FFI form, too, be revised to meet the updated requirements of directory 01B of the UN/EDIFACT.

Our FIATA-FFI form has been chosen by UneDoc Project as a paper-based form example to show how the FFI form can be converted into an eForm that can be used on the Web Browser, like Internet Explorer, Netscape and Opera. It is therefore imperative for the present format be revised to allow the form to be adequately sufficient to accommodate all the necessary information.

Unique Identification Code

The Working Group has expressed their concern relating to the fraudulent use of FIATA transport document and the need to seek a solution to safeguard the use of our FIATA documents is now becoming more and more pressing. 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 WG is now in negotiations with EAN to set-up the data base and the Unique Reference Number. The draft proposal will be submitted to the Presidency for approval.

Besides the guidelines, there were other issues relating to this unique code that need deeper investigations. One of these issues was relating to the implementation methodology. As this implementation requires the need of a dedicated server with Internet connectivity, the issue of budget arises. But the WG felt that the implementation would generate some kind of revenue and hence would justify its implementation. This issue is still under discussion.

Standard Carrier Alpha Code (SCAC)

The US customs was looking into issuing a code to airfreight forwarders to be used in the identification of their transport document similar to the FMC standard used in maritime transport. This codification would enter into force on 1st November 2003. It was realised that the SCAC Code used by FMC will never cover our needs as well as catering to the huge number of freight forwarders.

Furthermore, a SCAC Code would have an advantage that it can be used for any freight forwarder own document (as contracting carrier). However, the FIATA SCAC code must be available for all freight forwarders irrespective whether they are members of a national freight forwarders association or not.

Proposed structure

The new alphanumeric codes would give each country the possibility to issue unique codes with more than 45'000 possibilities. It is also noted that large multinational freight forwarders can receive a unique code from FIATA to enable them to have the same code worldwide. This list of "reserved codes" will be distributed by FIATA to all national associations informing them that these three letter codes shall be reserved for the named multinational freight forwarders only. For all other freight forwarders in any one country, the national freight forwarders association shall be responsible for issuing such codes.

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.

What is Radio Frequency Identification (RFID)?

Radio frequency identification (RFID) is a relatively new introduction of the AIDC technology in the field of logistics that keeps track of almost everything, especially for those assets that moves with the cargo. RFID can take the form of a portable memory device that contains a microchip. This inexpensive microchip can be embedded in any object and can store basic information concerning the item. With an inexpensive scanner working within a range of a few feet (2 to 5 feet), one can read the information stored in these microchips. Currently this stored information is static but is expected that in future such information can be modified and restored.

RFID employs Radio Frequency Communications to exchange data between the memory microchip and a host computer. An RFID system typically consists of a "Tag/Label/PCB" containing data storage, an Antenna to communicate with the Tag, and a Controller to manage the communication between the Antenna and the PC.

UCR & Proposed New G7 Data Sets

The WG continues to monitor on the UCR issues. Relating to the UCR, WCO has proposed a new Data Set, which requires several new inputs. The proposed data set was not EDIFACT compliance and hence would collide with the present exiting data requirements found in most systems, including that of the Customs Administrations. If the proposed data set were pushed through, it would mean that our present systems need an overhaul and that involves our additional investment. This too applies to the Customs Administrations. The WG understand that the FIATA position would be conveyed to WCO through our Customs Affairs Institute.

Kenneth Tiong
Chairman, Advisory Body Information Technology

Advisory Body Legal Matters (ABLM)

Ad Hoc Working Group UNCITRAL Draft Convention

There have been two meetings of the UNCITRAL Transport Committee considering the issues raised by this draft Convention at which FIATA was capably represented, at Vienna by Kurt Jürgen Schimmelpfeng and at New York by Ralph de Wit.

The importance of this continuing matter led the Presidency to create an Ad Hoc Working Group on the Draft UNCITRAL Convention, with representation from both ABLM and Working Group Sea. This Working Group has been analysing issues such as the following:

(A) Recognizing that there are many UNCITRAL Members who support a "door-to-door" scope of the Convention, FIATA has stated that it will be flexible. What are the conditions of this flexibility?

(B) If the scope is door-to-door, what ought to be the basis of liability – network, modified network, uniform etc. Does FIATA support the commendations of Sweden on network liability?

(C) There is a proposal to enshrine "freedom of contract" in the Convention. FIATA regards a "freedom of contract" environment as an effective basis for international transport law, but how can it be consistent with a mandatory Convention?

(D) Service Contracts: FIATA is unequivocally opposed to the exemption of Service Contracts from the application of any Convention. Ralph de Wit delivered an excellent paper to the New York meeting on the problems that such an exclusion would create.

Working Group Standard Correspondent's Agreement

I wish to acknowledge the vital work of the Vice-Chairman of the ABLM, Manuel Vincens Matas, who has chaired this Working Group. Due to his efforts the Working Group has a draft agreement prepared that will be circulated to all members so that it will be discussed at the Bali ABLM meeting. If approved by the meeting, the ABLM will recommend that the Presidency adopt the agreement as a FIATA document.

Standard Trading Conditions

A number of Ordinary Members have brought to the attention of the ABLM cases where provisions in standard trading conditions have been invalidated by national courts on the ground that these provisions are contrary to national legislation that governs the use of standard forms as the basis on which merchants offer services. In one case, a Singapore Court decided that a nine months limitation on the right to commence an action was invalid. As this limitation is also found in the FIATA Model Rules, FIATA must remain vigilant.

Membership

We welcome new participants in the work of the ABLM: Daphne Ehrmann, of TLF – France, and Meng Yuqun, Co-opted Expert (China).

In addition to the names referred to in this report, I wish to acknowledge the assistance of Peter Maegerle, the Manager of the ABLM, a predecessor of many years ago Jan Ramberg who had continued to give generously of his time and experience, and members of the ABLM too numerous to identify specifically.

Peter Jones
Chairman, Advisory Body Legal Matters

Advisory Body Public Relations (ABPR)

The role of Advisory Body Public Relations is, as the name describes, to provide advice on PR issues. Part of our responsibility includes the external face of FIATA. This means our website and the many publications that FIATA commissions and distributes. It is a subject that can absorb a great deal of financial resource or one that can be run on a small budget. I hope that we are able to balance these two extremes and provide a proportionate response to demand.

It is my view that the job of the logistics services provide is vital to world economy and yet it is little understood either by Government or the general public at large. It must, therefore, be an objective to rectify this situation by ensuring that governments do understand what we do and the overall contribution that we make in the global supply chain. I believe that we also have to win the support of the general public who largely fail to make the connection between the vehicles carrying freight on the roads causing congestion and the fact that in this day and age they can demand a wide range of products to support their more affluent lifestyles to be available to them immediately they are required. There is a great deal more to do to bridge these gaps in understanding.

In the past year ABPR has tried to enhance and update the material available to assist in this process. We have also tried to do it at a cost that is affordable and in a user friendly way. Two new publications appeared on the FIATA website in support of these objectives. These are "Managing Logistics" and an "Introduction to Public Relations". I hope that members have availed themselves of these documents. The former is intended to explain the role of the forwarder in today's changing environment. Members are free to use it as part of their own promotion campaigns and briefing documents. The second document was prepared to assist members who have little or no experience of the issues relating to the management of Public Relations and to give some idea of what effective PR can do, both at company and national level. I would like to see FIATA putting more resource into the promotion of our industry and I hope ABPR will develop some new ideas to propose to the Presidency.

Internal communications are also vital for FIATA and in response to suggestions from members we have enhanced and plan further development for our Document Delivery System (FDDS). This is a very useful tool as it enables both FIATA and the members to make better use of information whilst keeping costs, and therefore your membership fees down. Your suggestion for further improvements are always welcome.

Another important communication tool is the FIATA REVIEW. Here again we are introducing a new format and layout to make it easier to read and a source of useful industry information. I hope you like the new look.

FIATA's thanks must also go to Professor Jan Ramburg and Peter Jones for enabling us to republish up-dated versions of their respective publications "The Law of Freight Forwarding" and the "FIATA Legal Handbook on Forwarding". Both these are recommended reading for all freight forwarders.

I would like to conclude my report by congratulating UTIKAD for a well organised and excellent Congress in Istanbul and to pass on my best wishes to INFA for what I have no doubt will be a successful event in Bali this year.

My thanks also to Peter Maegerle and all the staff in Zurich for their help and support during the past 12 months.

Colin Beaumont
Chairman, Advisory Body Public Relations

Advisory Body Vocational Training (ABVT)

Han Van Os, who had very kindly agreed to being the interim Chairman of the ABVT retired from that position at the FIATA World Congress in Istanbul and resumed his position as Deputy Chairman.

The activities of the ABVT continue to grow with a new emphasis being placed on computerised learning, often coupled to EDI.

Training Programmes submitted for re-validation by the Singapore Logistics Association (SLA) and the national association of Freight and Logistics of the United Arab Emirates (NAFL) were approved. Ali Denton-Cardew was congratulated on the scope and content of the new UAE course material.

All national associations were once again requested to provide details of whatever courses they might have available so that the Secretariat could add these to the FIATA Library for the benefit of National associations that had not yet developed their own.

It is very pleasing to note that between the FIATA Congress in Istanbul and the Headquarters Session in Zurich no less than 260 FIATA Diplomas had been awarded. Whilst FIATA Diplomas may not be all that important in Europe where the National Qualifications of most countries were universally accepted, the FIATA Diploma was greatly valued in most developing countries where it was often the only qualification with any degree of industry recognition.

Despite the pleas for the extension of the final date for the issue of Certificates of Competence (COC), this remained as the 30th June 2003. At the request of RAME, where the COC had had a considerable impact, a 'window of opportunity' was left open. Any national association that could come up with a definite project (i.e. the implementation of a clearly defined Vocational Training Programme that could be put in place within 12 months of the request being made) would be entitled to request consideration for the issue of Certificates of Competence. It was noted that during the 'open door' period several national associations – India, Kenya, Malaysia and Uzbekistan – had availed themselves of the opportunity to issue Certificates of Competence.

The Young International Freight Forwarder of the year, sponsored by the Through Transport Club, IATA and FIATA, was won this year by Yvonne Philipp, put forward by the German Forwarding Association (DSLVL), in a very closely contested competition. The prize giving will take place at the FIATA World Congress in Bali. The standard of dissertations continues to rise every year; all that is presently required is a greater number of participants.

The first project embarked upon by the FIATA Foundation, was the Train-the-Trainer Pilot Course requested by Mongolia. There were 33 participants and, by all accounts, it was a resounding success. The closing ceremony took place in the full glare of Mongolian TV and the feature was broadcast on the Sunday evening news.

As the incoming Chairman of the ABVT I would like to record my appreciation for all the assistance received from Markus Schöni and all the Members of the ABVT Committee.

Edward D. Little
Chairman, Advisory Body Vocational Training