AIR CARGO SECURITY

Sponsored by:

SAFRAN
Morpho Detection
Chairman’s Opening Remarks

Philip Baum, Editor-in-Chief, Aviation Security International
Keynote:
Twirling Cargo Complexities: Supply Chain Detangled

Desmond Vertannes, Global Head of Cargo, IATA
Keynote: Air Cargo Under Screening

Karl Garnadt, Chairman & Chief Executive Officer, Lufthansa Cargo AG
Panel: Secure Freight and Its First Pilot in Malaysia

Moderator: Carolina Ramírez-Taborda, Asst. Director, Secure Freight, IATA
Panel: Hj. Abdul Rahman B. Mahjat, Director, Dept of Civil Aviation, Malaysia
Mustafa Kamal Alang Othaman, GM (AVSEC), Malaysia Airports Holdings
Abdul Mujib Mohd Ali, Security Manager (Operations), Malaysia Airlines
Ibrahim Salleh, Acting Senior Vice President Cargo Operations, MASKargo
Suraidah Binti Rajab, Audit and Investigation Mgr, DHL Logistics Malaysia
SECURE FREIGHT PROGRAM
SFP
MALAYSIA
1ST PILOT COUNTRY
WORLD CARGO SYMPOSIUM
ISTANBUL, TURKEY 08-10 MARCH 2011
CONCEPT OF SECURE FREIGHT

100% secure air cargo supply chain
A global supply chain security solution fulfilling regulatory requirements whilst minimising supply chain security costs
13 May 2008 IATA proposed Malaysia to be Secure Freight pilot country

15 September 2008 DCA, MAB, MASkargo and IATA agree to participate IATA Secure Freight.

24 November 2008 Malaysia recorded its enthusiasm for the pilot participation in the minutes of the ICAO 45th DGCA’s Conference.

2 March 2009 two groups are formed a Steering Group and a Working Group initiating the programme commencement
SECOND LEVEL

- Oct 2010 draft of National Secure Freight Program (NSFP) has been prepared and ready to be tested and Individual Operator SFP Manual complete with Local Operating Procedures completed.

- Dec 2010 local Secure Freight Operator has been audited on SOP to ensure readiness.

- Dec 2010 the airport new infrastructure improvement has been completed and hand over for operation (additional post guard and upgrading CCTV system).

- Dec 2010 the airlines new infrastructure improvement on cargo warehouse has been approved and waiting for construction to start. (additional post guard and new fencing at agent warehouse).

- January 2011 template of auditor training has been drafted.
2 Committees established by DCA to facilitate NSFP development

Steering Committee:

- To provide strategic direction
- Strategy Coordination Discussion with other Government Agencies (High level)
- Conducting tele-conference or face to face meeting with IATA every month to establish direction / guidance and progress monitoring

Working Group:(Reporting to Steering Committee)

- To lead tactical delivery
- Meeting every month to manage & meet individual stakeholder’s operational conflict (Operational level)
- Development on documentation such as programme, SOP on operational matter
Pilot Stakeholders:
- Regulator - Malaysia DCA
- Airport Authority – Malaysia Airports Holdings Berhad (MAHB)
- CTO – MASkargo
- Carrier – Malaysia Airlines
- Haulier – MASkargo Logistics/ DHL Global Forwarding
- Shipper – Intel Malaysia
- Forwarder – DHL Global Forwarding

Other stakeholders:
- Industry associations ( FMM, PAFA, AFAM, etc)
- Free Commercial Zone Authority
- Royal Malaysian Custom
STAKEHOLDER CHALLENGES

DEPARTURE AIRPORT (Airport Stakeholders)

CUSTOM
Seeking Cooperation to be in line with SFP Requirements whilst meeting local regulations and resources

SECURITY
1. Managing the additional requirements and resources.
2. Enhancing the existing local security culture to a higher level

AGENT
Maintaining Cargo Security Integrity throughout the chain and creating an audit trail throughout
CARGO OPERATOR / GHA

Maintaining Cargo Security Integrity throughout the chain and creating an audit trail throughout

Product Differentiation vs no SF cargo handling

CARGO OPERATOR / AIRLINE

Ensuring Compliance via enforcing approved SF procedures and requirements on GHA

Establishing acceptance of SF process elsewhere in network at minimal / no cost elsewhere
PREPARING FOR SECURE FREIGHT – INFRASTRUCTURE CHANGES

Perimeter fence separating agents warehouse and CTO warehouse

New drop down bar under construction
PREPARING FOR SECURE FREIGHT – INFRASTRUCTURE CHANGES

CCTV cameras at exit / entry to cargo complex

New security post at entrance to airside from CTO warehouse
ACHIEVEMENTS

✓ Local
- NSFP document already complete and ready to be implement
- Local Operating Procedures (LOP) has been develop by NSFP participant
- Training Template has been develop for auditor

✓ International
- IATA develop Secure Freight Standard Manual for global guidelines
Soft launch

- Launch the 1st trial stage on May 2010 (shipment monitoring)
- 2nd trial stage on Nov 2010 with electronic audit trail (SPX code/OCI data)
- Involved with 4 selected stakeholders:
  - Intel as the shipper
  - DGF as the haulier/freight forwarder
  - MAB KLIA as the airport operator
  - MASkargo as the ground handler/aircraft operator
Secure Freight Pilot

+ Point
• 1st Freight Forwarder of Choice to run the NSFP Pilot Project for MY
• Work Closely with Team Member (IATA/DCA/MAB/CUSTOMS MASKargo & INTEL)

Challenges
• 1st Phase - Produce the LOP’s that meet NSF & Customer (Intel) Requirement
• 2nd Phase – System Integration with MASKargo

• Documentation
• Security Preventive Measures/ Monitoring
• Pre-Alert to Destination
• Booking Arrangement
• Build Up Activities

• Trucking Security Standard
• Documentation
• Security Preventive Measures/ Monitoring

• Handing Over Process
• Handing Over Process
PILOT PROJECT – STATISTICS OF SHIPMENT’S MOVEMENT

Movement of INTEL Shipment to ASMS (May 10 to Jan 10)

- # MAWB
- May-10 to Jan-11

Total Shipment Weight (May 10 to Jan 11)

- Kg
- May-10 to Jan-11

No Missing Incident Reported
CRITICAL SUCCESS MEASURES (Malaysia Pilot)

- Number of Participants measuring acceptance from industry
- Internationally recognized within the contracting states
- Recognition from other regulators
- Reduce delivery times and zero mishandling rate for SF Cargo
- Zero Security Breaches for SF Cargo
CRITICAL SUCCESS MEASURES (Malaysia Pilot)

- Minimal additional costs
- Simplifying business process
- Compliance with multiple programme with 1 set of standard
- Consistent with IATA vision “one quality cargo operator”
2011 MOVING FORWARD

- Training
  - To prepare auditor training template based on NSFP
  - To conduct 1st auditor training on SFP
  - To certify SFP auditor
  - To conduct awareness training among the NSFP participant

- Registration
  - To develop registration process for NSFP participant
  - To collect data and analyze on NSFP participant and shipment for improvement

- Audit
  - To conduct audit on stakeholder who intend to join NSFP
  - To verify SOP of stakeholder to ensure readiness to join NSFP

- SF Outreach and communications (internal/external)
- Buy in from industry players
- Benefit realization
Malaysia is committed to securing its air cargo supply chains.

Committed through the implementation of the National Secure Freight Programme.

Malaysia intends to invite all regulatory and members of cargo industry to give support and observe implementation on completion of the program.
Networking Coffee Break

Sponsored by:

Easy
DGR

IATA
Joint Session with Air Mail Track
Introduction to Joint Session

Desmond Vertannes, Global Head of Cargo, IATA
Keynote: The Role and Challenges of Technology in Securing the Air Cargo Supply Chain

John C. Hill Jr. (Jay), Vice President and Chief Technology Officer, Morpho Detection
Securing the Air Cargo Supply Chain

The Role and Challenges of Technology

Jay Hill
VP and Chief Technology Officer

IATA World Cargo Symposium
A Defining Week for Air Cargo

DAY ONE
2018 UTC: Oceana Airlines #935 from London crashes on approach to JFK
2042 UTC: Oceana Airlines #4962 from Madrid crashes on approach to IAD
2105 UTC: Sigma Airlines #8572 from Paris crashes on approach to DTW
2120 UTC: Federal Parcel #41 from Sao Paulo to Memphis disappears in the Caribbean
In each case, pilots report loud noise, sudden loss of control prior to crashes
Eyewitnesses report seeing explosions

DAY TWO
• U.S. and EU ground all flights overnight
• U.S. airspace closed to international flights
• Tokyo, HK exchanges open to 5-7% drops

DAY THREE
• U.S. NTSB and FBI begin investigations
• RDX residue found at three crash sites
• European stock exchanges open 5% lower
• U.S stock exchanges are closed
• U.S. airspace remains closed

DAY FOUR
• U.S. airspace remains closed
• Passenger flight data recorders reveal internal explosions
• Source determined to be RDX in cargo
• TSA issues security directive prohibiting air cargo on passenger flights
• U.S. stock exchanges remain closed

DAY FIVE
• U.S. airspace reopens with 100% cargo ban on all passenger flights
Implications – Regulatory & Economic

**Regulatory Impacts**
- TSA issues strict regulations requiring scanning of all passenger aircraft cargo prior to lifting 100% ban
- TSA announces plans to issue similar regulations increasing cargo screening requirements and enforcement on all-cargo aircraft
- Other regulatory agencies worldwide implement additional restrictions to air cargo on passenger aircraft

**Economic Impacts**
- Costs increase dramatically as uncertainty ripples through global air cargo supply chain
- Global supply of high-value and perishable products is impacted
- Custom product industries are hardest hit; nearly all report production downtime due to reduced “just-in-time” supply
- Air cargo operators scramble to restore global confidence
What Questions Does Such a Scenario Raise?

- What is the potential impact on global e-commerce of such a scenario?
- What is the cost to the air cargo industry of this scenario and the value of avoiding it?
- What is the value proposition (beyond regulatory compliance) for risk-mitigating security?
- How do we -- industry and manufacturers -- best partner to optimize technology and operating concepts to reduce risk in a competitive world?
- What are the answers to these security questions today, tomorrow, over the horizon?
Today: Currently Approved Screening Methods

**Manual Physical screening** – trained personnel open cargo and inspect contents manually in conjunction with manifest verification

**Canine screening** – canine teams to detect explosive materials

**X-ray screening** – X-ray images and operators inspect for explosive threats. Also used at passenger checkpoints.

**Explosive Trace Detection (ETD) screening** – chemical analysis detects traces of explosive material vapors or residues in samples taken from the exterior of cargo. Also used for secondary screening at passenger checkpoints.

**Explosive Detection System (EDS) screening** – X-ray computed tomography recognizes the characteristic signatures of explosives. Also used for all U.S. checked baggage.

Each method has advantages and limitations -- none was developed specifically for air cargo screening
Tomorrow: Risk-based Screening

Selective scanning of parcels:
- Unknown shipper
- Source, destination, transshipment hubs
- Chain of custody
- Intelligence or advance information
- Package anomalies ... size/weight mismatch; “over-insured” concerns
- Screening methodology

Success depends on:
- Timely access to accurate information
- Flexible scanning tools
- Automated, advanced detection
- Tight integration with logistics

Advanced technology for detection:
- Automated, flexible trace detection
- Fully integrated high speed CT
Next Generation: High Detection, Better Integration

Palletized Screening System

► High-throughput X-ray system with high-resolution CT mode
► Automated explosives detection, based on certified technologies
► Developing in collaboration with government sponsor
Working Together for Better Air Cargo Security

► Where in the logistics chain?
► Throughput?
► Conveyor integration?
► Redundancy & reliability?
► Software interfaces?
► Operator training?
► Alarm resolution protocols?

How can we solve these problems together and better secure air cargo?
The threats to the global supply chain are real and tangible.

Threats continue to evolve as do technology-based solutions.

Working together, we can define solutions that secure the supply chain, reduce risk, facilitate efficient logistics and accommodate regulatory requirements.
Securing the Air Cargo Supply Chain

The Role and Challenges of Technology

Jay Hill
VP and Chief Technology Officer

IATA World Cargo Symposium
Air Cargo Security Topic:
Twirling Cargo Complexities:
Supply Chain Detangled
Air Mail Topic: Customs and Security Requirements
World Cargo Symposium 2011
Air Cargo - Connecting the World

Air Cargo Security

Howard Stone – Chair, European Express Association
Impact of October 29th, 2010

Legislative Change:
- UK Direction on additional Air Cargo Security Measures
- TSA Emergency Amendment
- Reassessment by other EU Member States

European Commission High Level Working Group:
- Report published on 2nd December 2010
- Approved by Interior and Transportation Councils for Europe
Future Direction for Air Cargo Security

Output of the High Level Working Group:

- EU Internal Rule Setting
- Intelligence Sharing
- International standards

First Phase - Developing EU Regulatory change:

- Transfer cargo arriving into EU airports/Risk assessment criteria
- Secure in 3rd Country origin prior to entry into the supply chain

Critical need for Global coordination and common approach
Thank You
CUSTOMS & SECURITY REQUIREMENTS

Need for worldwide standard

IATA World Cargo Symposium
Air Mail track
Istanbul, 8 March 2011

Olivier Tsalpatouros, Head of Customs & International Trade, vice-chair UPU Customs Group
Christophe Eggers, Manager, Supply Chain Facilitation, Chair UPU Transport Group
Customs & Security - Need for a worldwide standard

- National Security Program
- UPU Postal Security Standards
- Postal Operator Practices
- Int’l Instruments
  - ICAO Annex 17
  - WCO SAFE
  - UPU Acts…

IATA World Cargo Symposium – Istanbul, 8 March 2011
Air Mail track – Mail Handover
Worldwide harmonisation

- Reinforcing the international instruments is key to mutual recognition
- Mutual recognition is key to worldwide harmonisation
- Worldwide harmonisation is key to int’l trade
Thank you!

Questions?

Christophe Eggers
La Poste - Manager, Supply Chain Facilitation
UPU - Chair, UPU Transport Group
& IATA – UPU Contact Committee
christophe.eggers@laposte.fr
Chairman’s Closing Remarks

Philip Baum, Editor-in-Chief, Aviation Security International

Ross Hinds, Director, International Post Corporation