

## **Air Freight Forum 1**

### **ICAO New Policy Direction – Implementation and Impacts on Air Cargo Security**

#### **Presentation: International Framework and Requirements of ICAO Standards and Recommended Practices relating to Air Cargo and Mail Security**

**Ross Lockie** - Regional Officer (APAC), Aviation Security and Facilitation, International Civil Aviation Organization (ICAO)

#### **Panel Moderator**

**Alaina Shum** - General Manager, Aviation Logistics, Airport Authority Hong Kong

#### **Panel Speakers**

**Dr Kelvin Leung** - CEO, Asia Pacific, DHL Global Forwarding

**Willy Lin, SBS, MBE, JP, FCILT** - Chairman, Hong Kong Shippers' Council

**Paul Loo** - Chairman, Board of Airline Representatives Hong Kong

**Ross Lockie** - Regional Officer (APAC), Aviation Security and Facilitation, International Civil Aviation Organization

On behalf of the ICAO, Ross Lockie thanked the Airport Authority Hong Kong for co-organizing the Forum. He began with a brief introduction of the ICAO as a United Nations specialized agency established to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention) that works with the Convention's 192 Member States and industry groups to reach consensus on international civil aviation Standards and Recommended Practices (SARPs) and policies in support of a safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector. These SARPs and policies are used by ICAO Member States to ensure that their local civil aviation operations and regulations conform to global norms.

Lockie then explained the ICAO's new policy direction amendment to Annex 15 to 17 of the Security to the

Convention on International Civil Aviation and the 10th Edition of the ICAO Aviation Security Manual, Wichita, introduced in September 2016. He said this amendment is in response to information provided by Member States' intelligence agencies, which suggests aviation cargo poses a medium to high risk of being a terrorist target . Under the new policy direction, consignors not subject to approval by the Aviation Security Authority (ASA) will be phased out by 30 June 2021.

Under the new ICAO policy direction, three options will be available:

- To become an 'unknown consignor' with all cargo subject to 100 per cent security screening
- To be approved by the ASA as an entity other than regulated agents (RA) or known consignor (KC), which applies sufficient security controls to cargo to allow carriage on any commercial aircraft
- To seek approval from the ASA as a 'validated' KC.

Lockie discussed the challenges and measures Hong Kong will have to take to successfully implement the new policy. Hong Kong has been the world's largest cargo hub for seven consecutive years and there will be obstacles to implementing 100 percent secure screening. However, the aviation security group in Montreal that deals with cargo security is working on guidance materials to be available by early 2018 to assist Member States in phasing out the account consignors before the deadline. He acknowledged that this may be complicated for some Member States and ended by giving a brief introduction of the ICAO's work in developing regulations for preloading advance cargo information.

Alaina Shum recapitulated Lockie's presentation briefly and introduced the panel members before inviting their views on the ICAO's new policy directive, the opportunities and risks its implementation may have and how it will impact Hong Kong's air cargo industry.

Willy Lin expressed concerns from shippers in Hong Kong that, since Hong Kong is known for cost and time efficiency, the new policy direction might hinder both and result in Hong Kong losing its competitive edge. Dr Kelvin Leung spoke of the positive impact of the new policy, and that it may be an opportunity for the industry to perfect its service, further strengthening Hong Kong's position as an aviation hub and increasing its competitiveness. He also pointed out the singular situation where most factories and shippers are from outside Hong Kong and so there are more stakeholders to take into account. He stressed that the ICAO and the security bureau will need to address their requirements as well as keeping costs to a minimum.

Paul Loo agreed on the risks and opportunities posed by the new policy. He added that whichever solution is chosen, it must be cost-effective, able to align with commercial airline cargo carriers' normal operational procedures and, most importantly, have the full cooperation of all parties involved in the air cargo supply chain.

### **Airport Readiness**

Shum asked the panel how prepared Asian airports are for the new policy and how much will have to be done before its implementation.

Lockie explained that ICAO audits look at the US rather than individual airports, but he is aware of the situation in most of the biggest airports in the Asia-Pacific. He explained that according to ICAO statistics 50-60 per cent of Member States will not be affected as they have not implemented regulated agent systems and they enforce 100 per cent screening. This means only around 40 per cent of airports will be affected. He pointed out that the new requirements are only for old cargo freighter aircraft, so the regulations for cargo on passenger aircraft do not change. He acknowledges this accounts for a huge volume in Hong Kong, and many big Member States are in a similar position and also working on implementation. The five-year period given by the Aviation Security Panel should be sufficient for implementation. There is pressure, but the ICAO is working with Member States on guidance and training.

## **Solution Implementation**

Shum asked which solution would be best for key stakeholders and which crucial factors must be considered in order to tackle the high cost and time efficiency?

Leung believes there should be more than one option as the majority of Hong Kong's shippers come from different countries so that other jurisdictions and operators are involved. Therefore, any additional steps necessary to fulfill the ICAO's new requirements may diminish efficiency levels. On another note, 20-30 per cent of the volume of cargo is handled by terminal operators, so one possibility would be for the terminal operators to have the solution ready at the terminal. Another option is to have an offshore screening centre to cater to small-to-medium operators who do not have the resources to invest to fulfill the ICAO's requirements. On the other hand, it is possible for large operators such as DHL to invest in equipment to meet the solution.

Lockie stressed that the risk of terrorism is also a cost so that one needs a robust and secure avoidance system in place.