



INDUSTRY OPINION:

US air cargo security – will industry be ready for implementation on 1 July



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FROM July 1, 2017, United States (US) legislation requires all air cargo being transported to the USA to either be examined at piece-level or originate from a Known Consignor.

Complying with this obligation will require Australian-based exporters, freight forwarders, airlines and cargo terminal operators (CTOs) to adopt new security measures for the preparation of US-bound air cargo.

The US Transportation Security Administration (TSA) has requested each airline to submit a proposal outlining an implementation plan to meet the piece-level examination requirement.

On November 1, 2014 the government approved regulations to ensure compliance with the Australian and US Government. Administered by the Office of Transport Security (OTS), this regulation ensures compliance with the Australian and US Government agreement to phase-in piece-level examination of 100% of US-bound air cargo.

In summary, cargo must be:

- Originating from a Known Consignor;
- Examined at a piece level by a Regulated air cargo agent (RACA); or
- Examined at a piece level by the CTO upon acceptance of freight and before loading onto an aircraft.

Known Consignor - exporters that use international best-practice security measures to prevent unlawful acts against aviation can apply to join the Known Consignor scheme. A Known Consignor is responsible for securing air cargo that originates from their business until the air cargo is provided to another regulated business.

RACA - businesses that examine and security clear international air cargo must be approved by the OTS as RACAs. Only those RACAs with an Enhanced Air Cargo Examination (EACE) notice can examine and clear international air cargo at "piece-level". Piece-level means that each individual box, carton or other item in a shipment is examined by approved technology before it is loaded onto an aircraft.

AACA - the other important stakeholders are approved transport operators. The Accredited Air Cargo Agent (AACA) is a scheme for businesses that handle, or make arrangements for the transport of air cargo.

While it appears as though the CTOs are well prepared, a matter of concern is that there are only a handful of off-airport businesses with EACE notices – refer

https://infrastructure.gov.au/security/files/RACA_list-20170217.pdf

Perhaps even more alarming is the low number of listed Known Consignors nationally – refer https://infrastructure.gov.au/security/files/List_of_Approved_Known_Consignors-20170208.pdf

In correspondence to Freight & Trade Alliance (FTA) received on Friday 24 February 2017, OTS advised that they have received over 260 Known Consignor expressions of interest, 81 applications and 50 validations.

In total, seven approved Known Consignors.

We clearly need a greater uptake on the scheme and more off-airport RACAs with EACE notices to avoid an over reliance on our CTOs to complete the security task.

Freight forwarders are in a difficult position in deciding whether to invest in technology, systems, staff training and revised processes to obtain an EACE notice. Before they can make an informed commercial decision, they appear to be waiting on advice from CTOs on details of changes to existing export security terminal fees and lodgement times for cargo bound to the US.

CTOs are equally in a difficult position of not being able to determine the volume of cargo they will need to examine and what resources and processes they will need to deliver an effective service. We understand that CTOs are trialling screening solutions and we are hopeful of more details on costs and services to be released in the near future.

It is a safe bet to suggest that CTOs will increase security fees to recover costs and will most likely differentiate service and fees if they have to conduct a screening / piece level examination service as against receiving cargo from Known Consignors or RACAs with an EACE notice.

From an exporters perspective it may make sense to take control of your destiny and go down the path of becoming a Known Consignor, especially those exporters with perishable and high value commodities. Furthermore, exporters may also look to become a member of the Australian Trusted Trader (ATT).

Over the last few years, the Department of Immigration and Border Protection (DIBP) has co-designed with industry the ATT to have alignment with global Authorised Economic Operator (AEO) programmes to secure the international supply chain, while facilitating the movement of legitimate trade via government-to-government Mutual Recognition Agreements (MRAs).

At this point Australian exporters will need to apply separately for both ATT and Known Consignor as there is no single application form. However, where possible, DIBP and OTS will share information between the two agencies and will also look to conduct joint validations to minimise the impact to businesses.

We encourage any exporters interested in the Known Consignor scheme to apply as a matter of urgency – if you don't, you may not be able to export to the US for a period of time after 1 July.

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