



The International Air Cargo Association

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**Comments by The International Air Cargo Association (TIACA)
To the Office of the United States Trade Representative
On the Proposed
Transatlantic Trade and Investment Agreement
Docket # USTR-2013-0019**

May 10, 2013

This statement is submitted by The International Air Cargo Association (TIACA) in response to the April 1, 2013, *Federal Register* Notice (78 Fed. Reg. 19566; Docket # USTR-2013-0019), in which the United States Trade Representative (USTR) requested comments concerning the proposed Transatlantic Trade and Investment Partnership (TTIP). TIACA represents all major segments of the air cargo and logistics industry, including passenger and all-cargo airlines, forwarders, airports, ground handlers, road carriers, customs brokers, third party logistics companies, integrators, shippers, and educational institutions. Our members are heavily involved in international trade and have cargo operations in virtually every market in the world.

TIACA supports the expansion of international trade, and endorses the TTIP negotiations given their objective of increasing U.S.-EU trade flows. The economic and trade relationship between the EU and the United States is the most significant one in global commerce, currently accounting for about one third of world trade. The air cargo industry is at the forefront of this trade relationship, carrying close to 50% of the value of U.S.-EU trade (Booz Allen Hamilton, 2007), due to the sector's role in transporting high-value goods such as pharmaceuticals, medicines, technical equipment, aerospace products and semiconductors.¹ The TTIP offers an opportunity to remove barriers to bilateral trade, and to further expand transatlantic commerce.

TIACA supports the general goal of eliminating tariffs on bilaterally traded goods through the TTIP. This should result in increased trade, and our members are ready to compete to transport these shipments.

Additionally, TIACA believes the TTIP could provide a major boost to bilateral trade by addressing many of the regulatory barriers that exist to U.S.-EU trade. We understand that U.S. and EU regulations diverge for a wide range of sectors; this statement focuses on those regulatory barriers that most affect the air cargo sector. Specifically, our comments below highlight differences in the United States' and the EU's air cargo and supply chain security programs, and the patchwork of customs standards that hamper access to the European market.

Air cargo and supply chain security programs: The U.S. and EU maintain different air cargo security regimes. There are also significant differences in their core supply chain security programs – the Customs-Trade

¹ “The Economic Impacts of an Open Aviation Area Between the EU and the US: Final Report,” January 2007, Booz Allen Hamilton Ltd. (prepared for the EC Directorate General Energy and Transport).



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Partnership Against Terrorism (C-TPAT) in the United States and Authorized Economic Operator (AEO) in the EU. Many TIACA members participate in one or more of these programs.

TIACA members share U.S. and European officials' goal of improving supply chain security, and they dedicate significant resources to doing so. Our members find that complying with multiple sets of requirements in the United States and the EU is costly and, at times, confusing and operationally complex.

Within the past year, the United States and EU have finalized mutual recognition agreements for both their air cargo security and supply chain security programs. This has helped alleviate some of the difficulties of dual compliance. Nevertheless, differences remain.

In the case of air cargo security programs, the application process is time consuming and, even if granted, mutual recognition is of limited duration and is subject to revocation. Additionally, mutual recognition does not necessarily cover all procedures. In the case of supply chain security programs, differences in scope persist and mutual recognition only applies to certain aspects of the programs.

TIACA therefore urges that, as part of the TTIP negotiations, the United States and EU harmonize their aviation security and supply chain security programs. This should include expediting any application processes and maximizing the benefits for private stakeholders. It should also include harmonization of practices regarding the use of advance data for air cargo shipments for customs and security purposes. TIACA believes these practices should be based upon the results from the various U.S. and EU pilots that are ongoing. Because the U.S.-based Air Cargo Advance Screening (ACAS) pilot has been considerably longer in duration and more comprehensive in scope of industry participation, TIACA believes the ACAS pilot results should receive particular weight. Specifically, the data elements verified as being sufficient by the ACAS program should be the ones adopted by both the United States and EU for any permanent program.

Harmonization should also obligate the United States and the EU to confer full trusted trader status – including all trusted trader benefits – to those companies that invest sufficient resources to qualify as a trusted trader for one of the Parties' supply chain security programs. In other words, the EU should recognize and provide full trusted trader benefits for those companies that meet the requirements of the U.S. programs, and vice versa. In this regard, TIACA strongly supports the recommendations contained in the March 19, 2013, letter to the Office of Management and Budget by the American Association of Exporters and Importers (AAEI), in which AAEI calls for TTIP language allowing any company that qualifies for trusted trader status in one signatory to be accorded trusted trader status in every other signatory, and to receive the same benefits from all signatories.²

If full harmonization of air cargo and supply chain security programs cannot be achieved within the timeframe of the TTIP negotiations, the agreement should, at a minimum, commit the Parties to continued consultations

² Letter to the attention of Wendy Liberante, OMB Office of Information and Regulatory Affairs, from the American Association of Exporters and Importers, March 19, 2013.



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on the subject, and should set a deadline of one year to conclude full harmonization. Any continuing consultations should include input from both U.S. and European private stakeholders.

Automation and data elements: The current amount of paper documentation required for customs procedures is a considerable burden on air cargo service providers, and also limits the efficiency of customs officials. TIACA therefore believes the TTIP should commit both Parties to fully automate their customs processes for both imports and exports. Furthermore, the TTIP should call for digitalization of the supporting documents that are often required for cross-border trade as, without this commitment, the benefits of automation will be limited. Additionally, the TTIP Parties should commit that:

- automation systems will require only those data elements that are legitimately needed to ensure compliance with legal regimes;
- data will be transmitted in standardized, harmonized formats; and
- data elements are consistent with the WCO Data Model.

Wherever feasible, one data filing should be shared between countries, especially within the EU, so the submitting party is not required to supply the exact same or similar data to all transiting countries.

Centralized clearance: Through the TTIP, the Parties should commit to implement centralized clearance for imports. (A centralized approach is endorsed by the EU Modernized Customs Code but has not yet been implemented. The United States already deploys a common system and thus would already be compliant with this provision.) The absence of centralized clearance significantly increases the cost and complexity of trading with the EU: TIACA members must comply with 27 different clearance regimes and information technology systems, and maintain 27 separate accounting/payment systems. This requires a considerable commitment of information technology and language resources. Centralized clearance with a single EU information technology system would produce significant cost and efficiency savings for TIACA members, and for the shippers and consumers of the shipments carried by our members.

Conclusion

TIACA believes the policies outlined in this statement should be included in the TTIP, and would help achieve the objective of expanding U.S.-EU trade. We appreciate the opportunity to raise these issues with USTR and the Trade Policy Staff Committee.