

IATA-FIATA Pilots New Airline/Forwarder Relationship

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Airlines and air forwarders are changing their global relationship for the first time in decades with the launch of a new International Air Transport Association (IATA) and International Federation of Freight Forwarders' Association (FIATA) Air Cargo Program. Canada was selected as the pilot country for the new IATA-FIATA Air Cargo Program. Implementation began in Third Quarter of 2017 with an effective date of January 2018. The timeline for a phased roll out for the remaining jurisdictions, including the United States, remains yet to be determined.

The new Air Cargo Program follows the creation of a joint IATA-FIATA Governance Board and a stated interest in updating the airline and air forwarder relationship to more accurately reflect current legal and economic realities. In so doing, this new structure is intended to align with the expectations of all parties in today's global air cargo market.

The key difference between the IATA-FIATA Air Cargo Program Forwarder Agreement and the legacy IATA Cargo Agency Agreement is that air forwarders are recognized as principals in their own right in a buyer-seller relationship with the airlines. Under this new Air Cargo Program, air forwarders will bear direct responsibility to their shippers rather than serving as sales agents for the airlines. The new Air Cargo Program does not change the CASS program or any other operational criteria. The use of air waybills by forwarders likewise will not dramatically change apart from the new role as independent principal vis-à-vis the forwarder's shipper.

All current IATA Cargo Agents will automatically qualify for endorsement by IATA-FIATA as part of the new Air Cargo Program. The IATA-FIATA Air Cargo Program Forwarder Agreement is not open to negotiation by forwarders. If an IATA Cargo Agent fails to accept the new Air Cargo Program Forwarder Agreement then its current IATA Cargo Agency Agreement will be terminated. Any such termination of IATA accreditation will require re-applying to become a IATA CASS Associate if it desires to continue using the program to settle freight charges.

Benesch's Transportation & Logistics Practice Group will continue to monitor the global roll-out of this new IATA-FIATA Air Cargo Program, including its impact to carriers, forwarders, and shippers.

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