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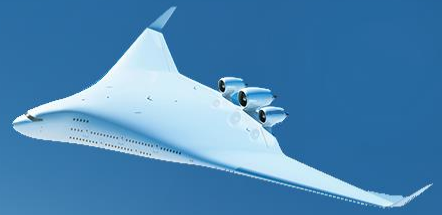


Verifiable Credentials: A Potential Digital Uplift for Known Consignor / Regulated Agent Regimes and Authorized Economic Operator

Alignment of Customs and Aviation Security Programmes

- The Authorized Economic Operator (AEO) programme and Regulated Agents/Known Consignors (RA/KC) are the two security programmes developed by the WCO and ICAO, respectively.[1]
- These programmes support a secure, rapidly digitalizing global supply chain that underpins the global economy
- Joint Guidelines aim to assist ICAO and WCO Members wishing to assess the similarities of their Customs and Aviation security secure supply chain programmes with the intention of further aligning these programmes.[2]

Question to Explore: What digital tools might further alignment efforts?

[1]*Moving Air Cargo Globally, https://www.icao.int/Security/aircargo/Pages/Moving-Air-Cargo-Globally.aspx*

[2]*Joint WCO-ICAO Guidelines on Alignment of the Customs Authorized Economic Operator (AEO) and AVSEC Regulated Agent (RA)/Known Consignor (KC) Programmes, https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/joint-wco-icao-brochure/icao-and-wco-joint-guidelines-on-alignment-of-aeo_ra_kc_en.pdf?la=en*

Challenges ICAO Must Address

1. Mitigate cargo safety and security risks along the air cargo supply chain in the face of growing demand (e.g., e-commerce)

2. Increasing costs for Member States (incl. customs authorities) and industry for less efficient, paper-based process that include ICAO provisions

3. Slow modernization particularly in the introduction of electronic documentation and data exchange that slows trade and economic development

4. Public health risks of communicable diseases (e.g., COVID-19) exposure through physical contact

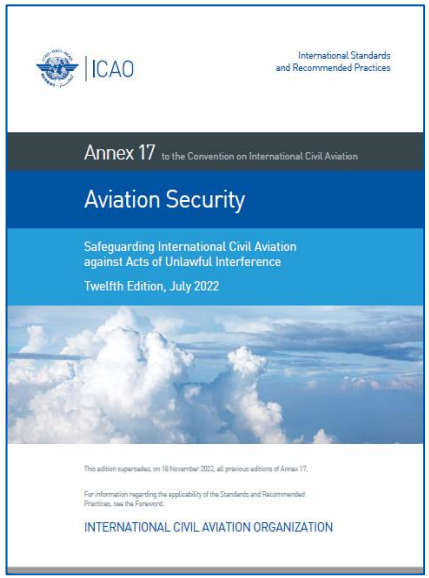
Objectives

At a high level:

- Enhance **safety, security, and operational efficiencies for air cargo services** through data exchange using digital, contactless technology
- Support **public health goals to mitigate the risks of communicable disease** (e.g., COVID-19) across the supply chain

Develop, with input from air cargo stakeholders, a new, distributed platform for the air cargo ecosystem—placing ICAO in the role of a ‘resolver’ between actors—that features a more scalable, generalized trust architecture offering modern cryptography and authentication that will facilitate among actors electronic data and document exchange for safety, security, and operational information.

Definitions



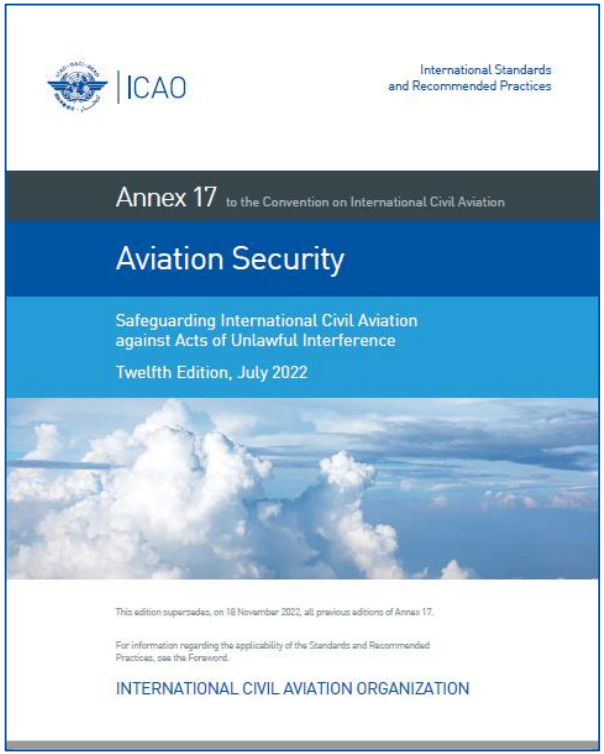
Cargo. *Any property carried on an aircraft other than mail, stores and accompanied or mishandled baggage*

Known consignor. A consignor who originates cargo or mail for its own account and whose procedures meet common security rules and standards sufficient to allow the carriage of cargo or mail on any aircraft.

Regulated agent. An agent, freight forwarder or any other entity who conducts business with an operator and **provides security controls** that are accepted or required by the appropriate authority in respect of cargo or mail.

Note: WCO (AEO) – ICAO (KC) level comparison – **80% compatible** (Oct. 2011 analysis)

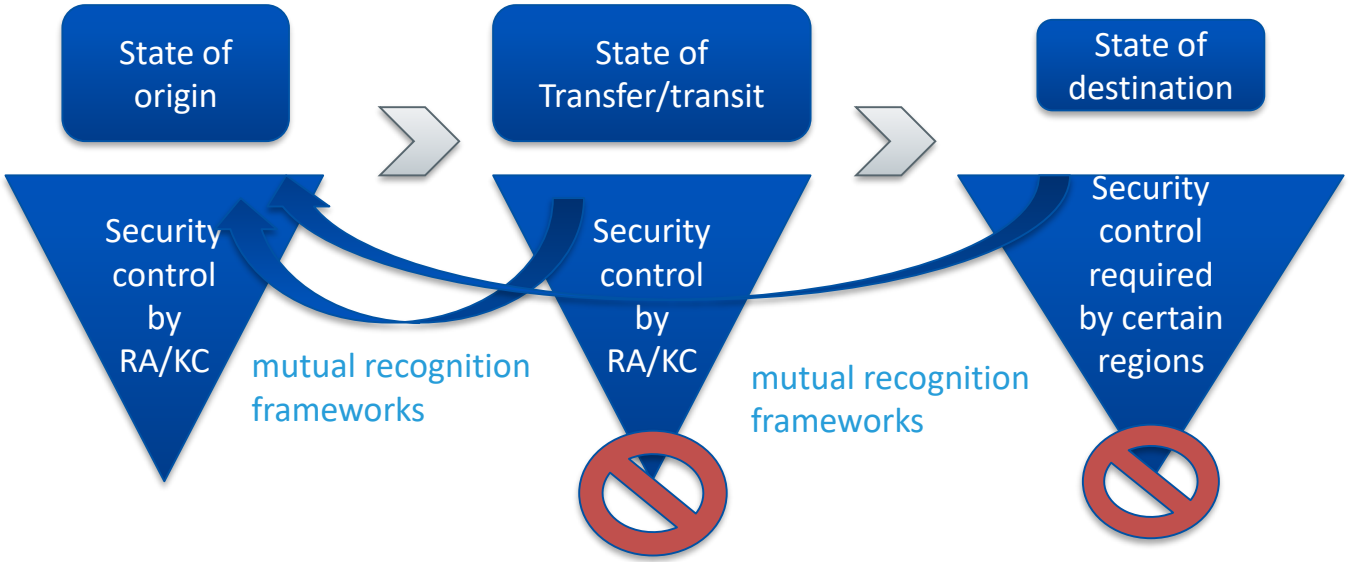
Chapter 4.6
Measures relating to cargo, mail and other goods



4.6.1 Each Contracting State shall ensure that appropriate **security controls**, including screening where practicable, are applied **to cargo and mail**, **prior to their being loaded** onto an aircraft engaged in commercial air transport operations.

4.6.2 Each Contracting State shall establish **a supply chain** security process, which includes the **approval of regulated agents and/or known consignors**, **if** such entities are involved in implementing screening or other security controls of cargo and mail.

Mutual recognition [trust] framework



To avoid duplication of security controls, transfer or arriving cargo and mail should be exempted from additional screening before being loaded onto an aircraft provided appropriate security controls have been applied at the State of origin.

Implementation of increased security measures:

- State-level air cargo security programmes
- **Fuller exploitation of the ICAO Known Consignor (KC) and Regulated Agent (RA) regimes**

How to connect these programmes together?

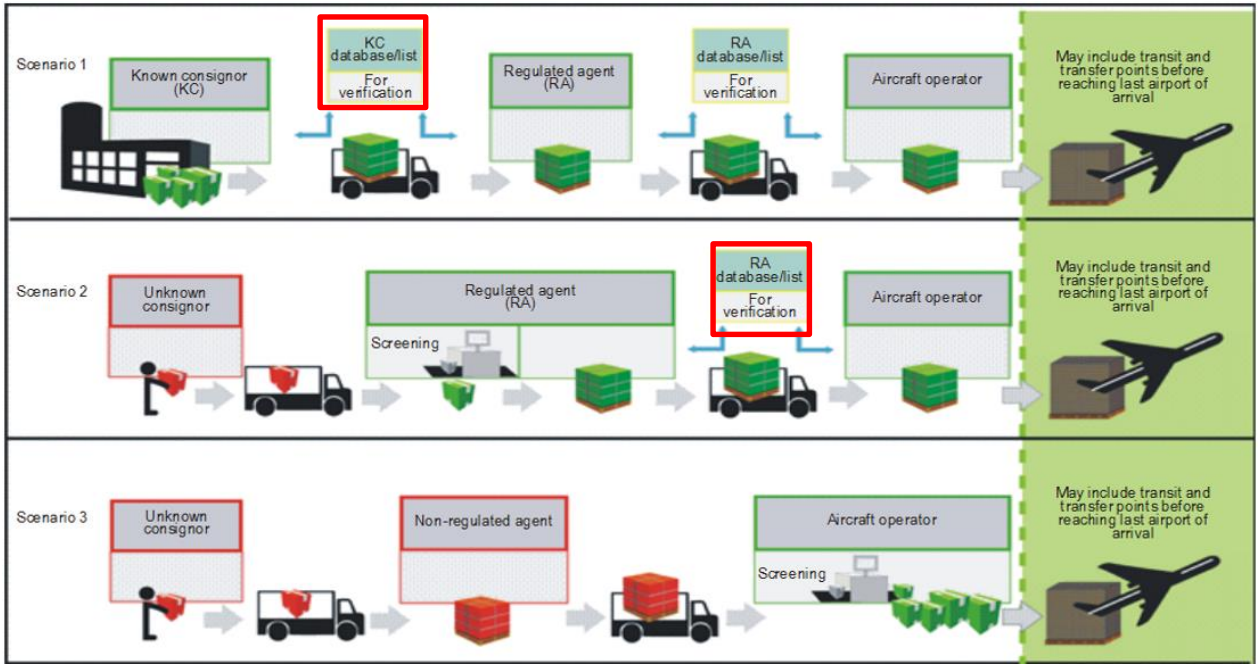
Actions already taken by states, regions and our partners

States and Regional Organizations

- **USA**: certified cargo screening program and Air Cargo Advance Screening
- **European Union**: Known Consignor, Regulated Agent, and ACC3 programmes
- **Australia**: Regulated Air Cargo Agent and Accredited Air Cargo Agent schemes
- **Hong Kong SAR, China**: Regulated Agent Regime
- **Singapore**: Air Cargo Agent Regime
- **Canada:** Air Cargo Security Programme

ICAO KC/RA Regime

- The ICAO eco-system is made up of number of actors who participate in a 'trusted document flow'
- Current ICAO regime benefits the export side of international trade
- In the COVID-19 context, there was a strong push for prioritizing vaccine and medical good producers this regime



● PKR

Today's world

KC/RA benefits limited to exporting country (1-4), offering little benefit to trade

1 KC/RA Guidance

Appropriate Authority

2 KC/RA Certificate

Known Consignor or Regulated Agent

HAWB

CSD

3

Air Terminal

4

Carrier

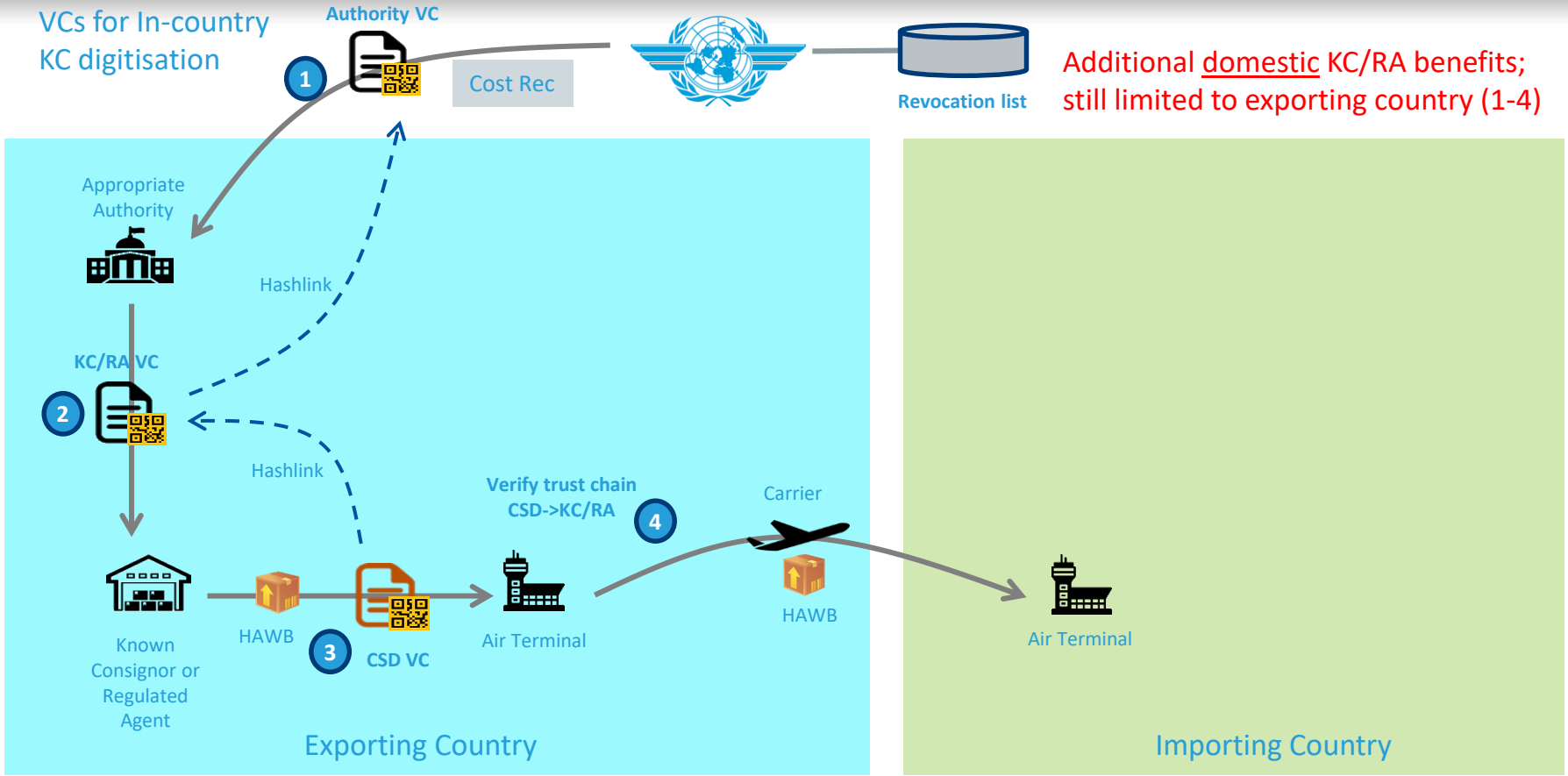
HAWB

Safe Landing

Exporting Country

Importing Country

VCs for In-country
KC digitisation



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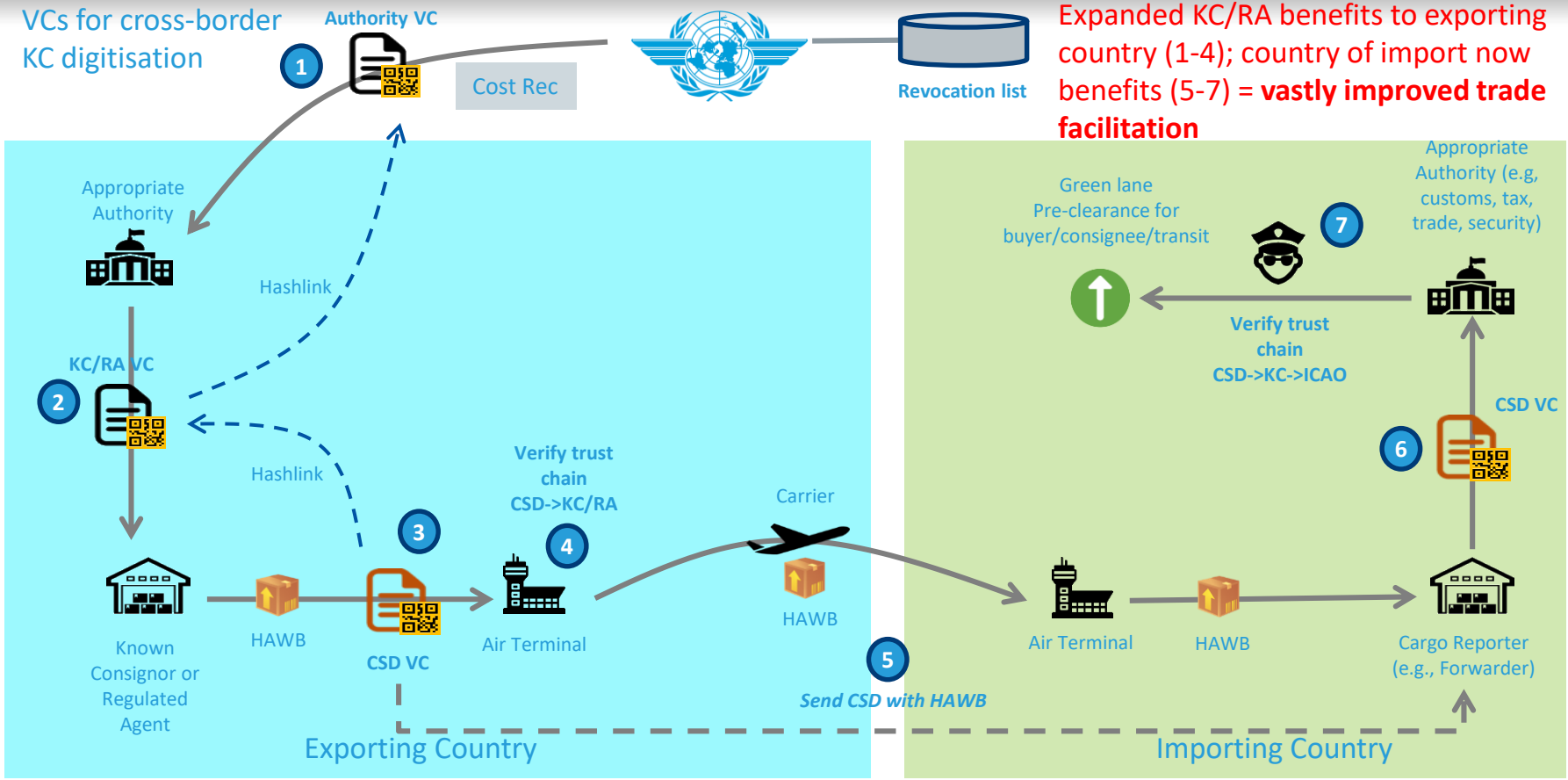
RECONNECTING THE WORLD

VCs for cross-border KC digitisation

Expanded KC/RA benefits to exporting country (1-4); country of import now benefits (5-7) = **vastly improved trade facilitation**



External Beneficiaries of the ICAO Cargo PKR

Aside from effective application of ICAO KC/RA regimes, other stakeholders will benefit from a focused effort to to address the cross-cutting needs of air cargo development while facilitating trade, including:

Customs authorities

- Timely, verifiable cargo information, as required by regulators through ICAO provisions (e.g., Air Waybill, Consignment Security Declaration, Dangerous Goods Declaration) for informed decision making;
- Potential for increased RA/KC-AEO alignment, in support of the *Joint WCO-ICAO Guidelines on Alignment of the Customs Authorized Economic Operator (AEO) and AVSEC Regulated Agent (RA)/ Known Consignor (KC) Programmes*; and
- Supply chain transparency to help reduce corruption (e.g. counterfeit trade, contraband).

External Beneficiaries of the ICAO Cargo PKR (cont.)

Tax authorities

- Increased ability to identify taxable items

Trade parties (e.g., consignors, shippers)

- Cost-effective means to increase reliability and speed of air cargo shipments, as well as their traceability at a low cost based on an architecture interoperable with other business domains

Forwarders

- Efficiencies through greater transparency, predictability, and speed of information provision for faster decision making

Need for a Feasibility Study

There is a need to evaluate through a feasibility study and refined business case:

- Concept – can it work?
- Technology – how can it work?
- Organizational capacity and opportunity – can and should ICAO seize it? How to collaborate with other stakeholders (e.g., WCO AEO)?

Recent and Emerging Activities

Whitepaper: eDATA Verifiable Credentials for Cross Border Trade[1]

- §5.2 provides AEO use case for verifiable credentials

Project: *Digital Identity Standardization for Trade Facilitation Project*[2]

- Developing whitepaper and guidance material

Project: IATA Aviation Security Trust Framework (ASTF)[3]

- §11.1 announces intention to develop VC use cases across aviation

[1] https://unece.org/sites/default/files/2023-08/WhitePaper_VerifiableCredentials-CrossBorderTrade_September2022.pdf

[2] https://unece.org/sites/default/files/2023-09/eData_Digital%20ID%20Standardization%20for%20Trade%20Facilitation%20Presentation_40thCEFACT.pdf

[3] https://www.iata.org/contentassets/b7736d5f28f34255ba1b366283f8f0d1/iasr-final-30jan24-v2.pdf

Thoughts? Questions?

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