

Client Bulletin

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New IATA Air Waybill Conditions Of Contract To Take Effect On March 17, 2008

The International Air Transport Association (IATA) approved Resolution 600b, which sets forth new Conditions of Contract to be incorporated in air waybills. The Resolution becomes effective March 17, 2008, and provides notice that either the Warsaw Convention or the Montreal Convention may govern international transportation.

Resolution 600b allows for an abbreviated version of the prior Conditions of Contract. The Conditions of Contract may be printed on the reverse side of paper air waybills and are well suited for use in an e-freight environment.

The Resolution requires that carriers provide notice of the applicable liability limitations for the loss of, damage or delay to, cargo in their Conditions of Contract. When defining such limits, carriers are permitted to treat the limit of 250 French gold francs under the Warsaw Convention as the conversion equivalent of 17 Special Drawing Rights from the Montreal Convention (which should then be converted to the applicable national currency). In addition to treating the 250 French gold francs to be the conversion equivalent of 17 Special Drawing Rights, a carrier may still specify a higher liability limitation in its Conditions of Contract. The Conditions of Contract also should still contain the familiar definition for Special Drawing Rights and defines "Carrier" as the air carrier issuing the air waybill as well as any other carriers that undertake to carry the cargo or perform any other services related to carriage of the cargo.

For carriage to which neither the Warsaw Convention or the Montreal Convention applies,

the carrier's liability limitation shall not be less than that set out in the carrier's tariff and, with respect to any carriage to or from the United States, the limit of liability shall not be less than 17 Special Drawing Rights per kilogram.

The Resolution requires that the Conditions of Contract provide that the weight to be used in determining the carrier's limit of liability shall be the chargeable weight, not the actual weight. When there is a partial loss, the loss shall be prorated based on the "affected value" of the lost, damaged or delayed property. In addition, any exclusion or limitation applicable to the carrier applies equally to the carrier's agent, employees and representative as well as to any other person whose aircraft or equipment is used by the carrier for carriage.

The time limits for filing notice of claim track those of the Montreal Convention, *i.e.*, 14 days in the event of damage from the date of receipt of the cargo and 21 days from the date on which the cargo was placed at the disposal of the person entitled to delivery in cases of delay. With respect to non-delivery of cargo, which is not covered under the Montreal Convention, notice of claim must be filed within 120 days from the date of the issuance of the air waybill.

The Conditions of Contract were the result of eighteen years of hard work by IATA and its members, with the final approved text of Resolution 600b coming just this month. Rule 600b(II), which had been in effect, will be rescinded on March 17, 2008, the effective date of Resolution 600b, so that there will be no overlap between the effective dates of the two Conditions of Contract. The standardization of the Conditions of Contract will simplify the process of determining an air carrier's liability and will hasten the ultimate elimination of all paper air waybills, with the Conditions of Contract to be printed out via e-mail at the time the air waybill is prepared.



If you have any questions or would like further information, please contact:

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