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Air Cargo World

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THE SOURCE FOR AIRFREIGHT LOGISTICS

AIR CARGO EXCELLENCE

Survey and Awards

Air Cargo World

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Air Cargo World
THE SOURCE FOR AIRFREIGHT LOGISTICS

editorial

John W. McCurry
Editor

So many trade shows, so little time

With all the air cargo exhibitions and assorted logistics shows and other industry-related conferences, one could travel endlessly, living out of a large suitcase, networking and soaking up industry knowledge. Of course that's not likely, but all of these events have their value. Sometimes the schedules intersect, requiring some attendees and exhibitors to make a choice.

Competition is keen in the exhibition business, no matter what the industry. It is highly sensitive to economic conditions. A recent report from the Center for Exhibition Industry Research shows a "cooling" in the exhibition industry during the second half of 2012. The CEIR attributes it to the spectre of the "fiscal cliff," which it says hurt willingness by businesses to incur travel expenses.

Spring is the major season for logistics trade shows, and March has presented a particular logjam in recent years as two of the big air cargo events, IATA's World Cargo Symposium and the AirCargo Conference and Exhibition, have been held nearly simultaneously. AirCargo 2013 was in Las Vegas this year while WCS was in Doha, Qatar, about 8,100 miles away. Anyone inclined to attend both was out of luck.

Also running concurrently was the hugely popular International Boston Seafood Show/Seafood Processing America, an event that attracts forwarders of perishable goods and airline personnel. On the schedule the week before was the WCA Family Worldwide Conference in Bangkok, which attracted more than 2,400 freight forwarders.

The schedule conflicts will be fewer in 2014 as the four organizing groups of AirCargo—The Airforwarders Association, the Air and Expedited Motor Carriers Association, the Express Delivery and Logistics Association and the Airport Council International—North America—have chosen to adjust the schedule for AirCargo 2014, scheduled for March 30-April 1 in Orlando. IATA plans to hold WCS 2014 the week of March 11-13 in Los Angeles.

Brandon Fried, executive director of the Airforwarders Association, says the schedule change is by design to avoid conflicts and encourage greater attendance. This year's AirCargo show was labeled a major success by its organizers as they say it drew nearly 1,000 attendees and featured a sold-out exhibition hall. Attendance was buoyed by the addition of Airports Council International as a partner. WCS was also well-attended this year, attracting nearly 1,000.

Whether the move will boost attendance of the two events remains to be seen, but the opportunity is there to attend both. AirCargo organizers should be commended for making the change, which allows the industry's globetrotters to attend more shows.

John McCurry

Air Cargo World congratulates the 2013 Air Cargo Excellence Award Winners

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SAS, Swissport reach cargo deal

Scandinavian Airlines is on its way to transferring full ownership of ground handling in Denmark, Sweden and Norway to Swissport International Ltd.

The airlines announced that they have signed a letter of intent, creating the basis for continued negotiations between the two companies.

As a first step, both parties intend to establish a joint venture company to which the business and operations of SAS's ground handling and Spirit Air Cargo Handling will be transferred. Swissport will hold 51 percent ownership, and SAS will hold 49 percent.

"I am very proud of SAS having chosen Swissport as their partner for outsourcing the ground service business," Per H. Utnegaard, group president and CEO of Swissport International, said. "This is a perfect strategic fit for both companies, and for Swissport this step into the Scandinavian market is an important part of our defined growth strategy and our worldwide expansion."

The complete outsourcing of SAS's ground and cargo handling services would include the workforce of 5,000 full-time employees in Scandinavia.

"The letter of intent is an important achievement within our strategy 4X Next Generation," Rickard Gustafson, CEO of SAS, said. "Not only is it a significant step towards delivering the outsourcing solution that we set out for reducing complexity and securing a flexible cost base. We are also very pleased to partner up with the world's leading ground handler, Swissport, who is well known for high quality services worldwide." ACW

Finnair Cargo flying high on ambition

Finnair Cargo is coming in from the cold. The Finnish carrier will open a new central European hub this month at Brussels as a supplement to its main Helsinki base.

The migration south will also provide the opportunity for the airline to enhance its U.S. freighter service, with the start of a new weekly rotation to Chicago, in addition to an existing New York service.

Juha Järvinen

Paradoxically, explains Juha Järvinen, managing director of Finnair Cargo, the westbound route development and the move to Brussels is all about strengthening the carrier's credentials in the Asian market.

"We already have a very strong position in Asia, given that we can offer the shortest flying times of any European carriers from our Helsinki hub," Järvinen says. "But we felt it was essential to make our presence more strongly felt in the European market and made the decision to establish a secondary cargo hub at Brussels."

Finland is a fully paid-up member of the European Union, but as such sits at its very northern periphery. Although Järvinen does not admit as much, there is perhaps a sense that the Nordic carrier was finding it difficult to maintain a strong marketing profile from the European sidelines.

Also, the carrier's home Nordic market has been weakening.

"We have been seeing a big switch by major Nordic manufacturers from air to ocean freight, and this business will not return," Järvinen says. "This is not just about cost differentials, but also reflects better inventory control and more efficient logistics processes."

Even so, he says the Finnish airfreight market survived last year relatively intact with just a 4 percent drop in volumes.

"It was the Swedish market which saw the biggest fall-off, down by nearly 20 percent," Järvinen says. "But this disguises the fact that a lot of traffic is being consolidated out-

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side of Sweden, particularly via Denmark and Germany."

The choice of Brussels for the new European hub operation, he says, was no idle stab of the pin in the map.

"Brussels offers an ideal location close to key manufacturing regions in Benelux, the North of France and Western Germany, as well as an excellent road feeder network to a large catchment area," Järvinen says. "It is also Europe's largest pharmaceutical hub, a sector which we are targeting as our largest growth segment. We already have dialogue ongoing with a number of pharmaceutical industry players, and our target is to become their preferred airline out of Brussels."

Finnair Cargo, he says, aims to double its turnover on Asian routes by 2020 and, along the way, become a top five cargo carrier between Europe and Northeast Asia. "By adding Brussels to our freighter network, we can offer excellent, fast and reliable cargo service from Continental Europe to 14 Asian destinations and vice versa."

He quickly adds a caveat to that last ambition, saying the aim is to become a top five carrier "of choice" among forwarders, rather than by measure of market share.

As of April, with the new Brussels cargo hub up and running, Finnair Cargo will be operating weekly MD-11 freighter flights connecting Brussels with Helsinki, New York JFK and the new destination of Chicago O'Hare. In the opposite direction, it will maintain existing twice-a-week freighter service to Hong Kong and Mumbai in India.

It will be a very extended freighter operation for the Finnish carrier given that, remarkably, it will be maintained by just a single MD-11F aircraft. That is reflected by the fact that Brussels will, in the near term, only see an outbound flight to Chicago, which will return by way of Helsinki. Similarly, the New York service will only operate inbound to Brussels, with the outbound sector originating in Helsinki.

"The whole focus of the operation, including our U.S. service, is about building our presence and market share in Asia," he says. "Because of the shorter flying times from Helsinki to Asia, we can achieve with one freighter what other European carriers require two aircraft to maintain."

He provides the example of Mumbai, which he says can be reached in just six hours from Helsinki.

But Järvinen does seem aware of the possibly frailties of the Finnair Cargo freighter network and is already planning a remedy.

"It will be quite easy for us to factor in a second freighter aircraft to our operation, and that is very likely to happen later this year," he says.

He is referring to the unusual set-up Finnair has established to access its freighter capacity. Originally, the airline operated two MD-11Fs in its own right, which had been converted from the Finnish carrier's passenger fleet.

But in an effort to offset direct operating costs, the airline sold the two aircraft, plus a spare engine to Miami-based private equity firm Neff Capital Management for a reported $56 million in 2010, with the intention that at least one aircraft would be leased back.

It was following this that the idea emerged of creating a separate cargo joint venture, which led in early 2011 to the launch of Nordic Global Airlines by Neff Capital Management, which had a year earlier been founded by Brian Neff, former president of Southern Air. Neff was to hold a 49 percent share in the new carrier, with Finnair retaining a 40 percent stake and Finnish pension fund Ilmarinen holding the remaining11 percent.

This provided for the company to be "owned" by Finns so that it could be granted a Finnish operating licence and enable valuable overflights of Russian airspace.

Nordic Global Airlines began operations in August 2011, with one aircraft leased to Finnair Cargo. It has since expanded its fleet to four MD-11Fs, with the latest acquired from EVA Air. The aircraft, it is understood, are mostly deployed on ACMI contracts.

Hence Juha Järvinen's confidence that he can access additional capacity on relatively short notice. ACW

Airfreight weak for Panalpina in 2012

The Panalpina Group had a challenging 2012 with disappointing airfreight figures.

Gross profit remained almost unchanged, and the supply chain solutions provider reported a loss of more than $74 million.

Logistics and ocean freight did better for Panalpina.

"Our 2012 results are unsatisfactory," CEO Monika Ribar said. "We did not manage to compensate for the setback in airfreight."

Panalpina generated 43 percent of its gross profit in airfreight. But with a decrease of more than 2 percent, the global airfreight market shrank for the second year in a row.

Perishables and fashion goods were the only commodities showing volume growth. The high-tech and telecommunications sectors, where Panalpina has a high exposure, saw the biggest declines. High-tech and telecommunications accounted for 31 percent of Panalpina's airfreight tonnage in 2012 — down from 36 percent in 2011.

"The market environment will remain difficult and volatile, and we are therefore very cautious regarding forecasts for 2013. We will have to stay very vigilant so that we can take necessary actions fast," Ribar said. "We are also critically reviewing our customer portfolio in airfreight." ACW

worldnews

Qatar Airways aims for top-five slot, or better

Qatar Airways has set its sights on becoming a top-five global cargo carrier in the next five years.

CEO Akbar Al Baker told the World Cargo Symposium that QR could even reach second or third place in the global rankings for general cargo (excluding the integrators) within this time frame.

The airline will be operating 11 freighters by the end of this year. Al Baker announced that three more A330s freighters will be delivered by the end of this year, taking the total up to six. The first joined the fleet a few days ago, the second is imminent and a third will arrive this spring.

He said the new metal offered 40 percent more capacity than the A300s, which had been "a core part of our cargo fleet" but would now be phased out. The Airbus capacity will be in addition to QR's Boeing 777 freighters, which will increase to five this year.

Cargo accounts for 28 percent of Qatar Airways' revenue, compared with an industry average of 12 percent. In terms of its belly-hold capacity alone, given its large wide-bodied passenger fleet, Al Baker said the carrier could out-perform many combination operators.

Chief cargo officer Ulrich Ogiermann said QR's current complement was 121 aircraft, serving 125 destinations. By 2015, the carrier is set to have 170 aircraft. It has 250 aircraft on order in all.

The strongest freight lane currently is Hong Kong-Doha, served with six freighters per week. Ogiermann would not reveal which new routes the carrier was targeting as its main-deck fleet expanded, saying only that the market remained volatile and the landscape was "always changing".

Al Baker told the conference that Qatar Airways has applied for an AOC to operate an airline in Saudi Arabia, initially for domestic services only but with later plans to operate internationally. ACW

Tony Tyler

How E-freight can restore industry's profitability

Tony Tyler, CEO and director general of IATA, pulled no punches in assessing the challenges that lie ahead for the air cargo industry at the World Cargo Symposium opening plenary in Doha, Qatar.

"Since 2003, we have generated $5 trillion in revenues. And yet we struggled just to cover our costs and barely broke even," he said. "The recent downturn has been particularly difficult for the cargo side of our business. The two-speed recovery has seen the Western economies struggle to regain lost ground, while the developing economies of the East forge ahead.

"Sea shipping has captured a larger part of the growth in trade—even for some goods that traditionally have gone by air. Speed is our biggest selling point. But it comes with a price that is many times more expensive than shipping by sea. So there is tremendous pressure to further improve our competitiveness."

Air cargo accounted for about 12 percent of industry revenues, not far short of the 14 percent that is generated by business class travelers. "Improving the competitiveness of air cargo has the potential to impact positively our very thin margins," Tyler said.

A rapid transition to an e-cargo environment would be an important step forward, he said. "We first launched E-freight in June 2004—nearly a decade ago. And we still have not realized the paperless airfreight system that I believe we all know is needed. There have been some false starts and dead ends. But I believe that we are on the cusp of taking some major steps forward.

"Most importantly, the supply chain is aligned. The Global Air Cargo Advisory Group (GACAG) endorsed an E-freight roadmap that reflects agreement on roles and responsibilities for pushing this critical project forward.

"IATA is committed to implementing the e-Air Waybill. We are targeting 20 percent penetration by the end of

this year and 100 percent by the end of 2015. Sunday's endorsement by the Cargo Services Conference of Resolution 672 on a Multilateral e-AWB Agreement will certainly help the process," Tyler said. "In parallel to these efforts, the International Federation of Freight Forwarders (FIATA) and the Global Shippers Forum have agreed to push forward with the digitalization of the rest of the document pouch as the e-AWB comes into force."

"Improving the competitiveness of air cargo has the potential to impact positively our very thin margins."

He admitted these targets were ambitious, with e-AWB penetration standing at just 6.8 percent at the end of 2012. But he credited Cathay Pacific, Emirates, Singapore Airlines Cargo and Korean Air for pursuing policies that would lead to 100 percent e-AWB from their hubs by the end of 2013. "They have demonstrated what is possible," he said.

Turning to security, Tyler said it was more efficient and more effective to secure freight as it enters the supply chain than focusing all of our efforts at the airport—where time and space are limited. "IATA worked with ICAO to develop a framework for supply chain security for states to implement.

"In parallel, IATA developed Secure Freight as a ready-made template for states to use. It has been successfully trialed in eight countries. The first pilot scheme in Malaysia proved that it is an effective way to manage cargo security. And analysis of the trial provided the basic data to estimate that implementing Secure Freight principles in Malaysia would result in a $1-2 billion boost to its economy over five years."

Air cargo, as a global network, would derive the greatest benefit of security initiatives when states mutually recognize one another's security regimes, Tyler said. "That is why progress on the U.S. Air Cargo Advanced Screening (ACAS) program, the EU's Air Cargo or Mail Carrier operating into the EU from a third country airport (ACC3) security directive and the e-Cargo Security Declaration are particularly important developments."

The conference observed a moment of silence for Roland Bischoff, senior VP, global airfreight at Kuehne + Nagel, who died in a skiing accident in December. Bischoff was prominent in IATA and closely involved with the Cargo 2000 quality measurement initiative. ACW

Slow rising sun

The problems that grounded the global B787 fleet have hurt Japan Airlines and All Nippon Airways more than other carriers. Early takers of Boeing's new plane, the pair account for 24 of the 50 Dreamliners brought into service until the problems stopped deliveries.

Across the Pacific, JAL had deployed the 787 on routes from Tokyo to Boston and San Diego, the latter launched as recently as December 2012. For now, the carrier, which has ordered altogether 45 787s, has replaced the grounded planes on these sectors with 777s. However, a new 787 service to Helsinki, which was planned to kick off in March, has been postponed until the Dreamliner is cleared to fly again.

The 787 has earned praise from operators in terms of its cargo capacity. Replacing it with a 777 on the transpacific routes leaves JAL Cargo with ample space there, but in other sectors, where service reverted to 767-300 aircraft, the 787's troubles have dented JAL's payload options.

After its emergence from bankruptcy protection, JAL has seen a rise in its cargo traffic. For the nine months to Dec. 31, 2012, the airline posted a 4.8 percent increase in freight tonne-kilometers over the same period a year earlier.

Rival ANA boosted its cargo operation at the end of 2012 when Yamato Transport, Japan's leading express parcel operator, signed an agreement to use the airline's express hub in Okinawa. ANA's express traffic through Okinawa has persistently lagged expectations, so the Yamato deal promises a huge shot in the arm for the freighter operation.

For both ANA and JAL, express traffic has benefited from the opening of Haneda Airport to international flying, thanks to its closer proximity to metropolitan Tokyo than Narita International Airport, the capital's international gateway.

Medical equipment and pharmaceuticals have emerged as another key growth sector for the airlines as well as for several forwarders, Tomoyasu Fukuyama, president of Logi-Rex, says. His own forwarding company, which recently expanded its warehouse footprint at Narita by almost one-third, has focused on this traffic and perishables, largely in cooperation with JAL Cargo.

The airline is bent on boosting revenues from perishables traffic. It has developed a new service in tandem with Japan Post that moves small shipments of fish, fruit and other perishables in special temperature-controlled containers that have been developed in partnership with an equipment manufacturer.

Shinja Nagayasu, assistant manager of marketing, international route marketing, cargo and mail at JAL, says

Cathay Pacific's 2012 profits plummet

The Cathay Pacific Group reported an 83.3 percent fall in its 2012 profit compared to 2011.

In 2012, Cathay Pacific had a profit of HK$916 million (USD$118 million) – but it was more than HK$5.5 billion (USD$709 million) in 2011. That's six times the profit just a year before.

Cathay Pacific attributed its drop in profit to the high price of jet fuel, weak air cargo demand and pressure on passenger yields. Economic uncertainty, particularly in the Eurozone countries, and an increasingly competitive environment added to the difficulties, the company said.

Cathay Pacific's share of profits from associated companies, including Air China, declined.

The company's cargo revenue in 2012 decreased by 5.5 percent compared to 2011. Capacity was down by 3.1 percent, while the cargo load factor dropped by 3 points to 64.2 percent. The company's cargo business was affected by weak demand in major markets, particularly from Asia to Europe.

Demand for shipments from the two key markets of Hong Kong and China was below expectations.

In 2012, Cathay Pacific began freighter services to Zhengzhou, China, Hyderabad, India and Colombo, Sri Lanka.

"The Cathay Pacific Group operates in a volatile and challenging industry, one that will always be highly susceptible to external factors that remain largely beyond our control," Cathay Pacific chairman Christopher Pratt said. "The cost of fuel remains the biggest challenge, particularly for an airline such as ours where long-haul operations form a significant part of our total operations." ACW

the service would kick off April 1 on routes to Taiwan and Singapore and be subsequently expanded to other destinations in Asia.

This should go some way toward strengthening JAL's yields, which have been affected by the overall market situation, although the cargo division reached its revenue targets for the period, Nagayasu says. While the airline's tonnage rose in the nine months to Dec. 31, cargo revenues slipped 2.2 percent to 57.5 billion yen (US$621 million).

In part, this reflects the overcapacity in the market. Some carriers, such as Singapore Airlines, have cut back their freighter service to Japan, but others have put in fresh capacity, Nagayasu says, adding that the market is "quite tough at the moment."

The second factor has been the weakness of Japan's exports. In January, the tonnage of exports by air was down 28 percent.

This has forced JAL to loosen its policy of focusing on traffic originating or terminating in Japan and taking on transit cargo to and from other points in Asia, which commands lower yields. Nippon Cargo Airlines has been forced to do likewise – to a larger extent – to fill its freighters.

"We are still heavier out of Asia than we would like, but it is improving," says Shawn McWhorter, the all-cargo airline's president for the Americas. NCA now has two 747-8 freighters in its fleet and will take delivery of three more before the end of this year. The airline is taking 747-400Fs out of service as the -8s join its lineup, but this constitutes a 15 percent increase in its capacity.

"The -8 has been a great plane for us. We have got payloads of 139, almost 140 tonnes. We are very pleased with its performance," McWhorter says. At this point, however, NCA cannot fill the aircraft with exports out of Japan.

Lately, there has been some optimism about exports as a result of the election of a new government and changes at the helm of the Bank of Japan, which have pushed down the exchange rate of the yen. However, operators do not anticipate a surge in airfreight exports.

"According to our [forwarder] customers in Japan, companies that had factories in Japan have already moved production to Southeast Asia or China, so we do not expect a big change in exports due to the currency movements," Nagayasu says. ACW

MASkargo, Silk Way Airlines reach partnership deal

MASkargo, the air cargo division of Malaysian Airlines, and Silk Way Airlines of Azerbaijan have signed a strategic partnership that will expand their network's reach.

The agreement paves the way for greater collaboration between the airlines on cargo space agreements, ground handling and line maintenance.

Both airlines will have access to each other's capacity throughout their global networks.

"The signing of the memorandum of cooperation between Silk Way Airlines and MASkargo signifies a collaboration that will enhance each other's network and meet their market needs," said MASkargo CEO Mohd Yunus Idris.

MASkargo hopes to build relations in the cargo business with Baku, Azerbaijan as a transit center.

The backbone industry of Azerbaijan is oil and gas with a booming industry in construction and agriculture. It is becoming one of the fastest-growing economies in the region. ACW

(From left) Tahir Karimov and Zaur Akhundov presenting exclusive Silk Way carpet to Ahmad Jauhari Yahya (two from right) and Mohd Yunus Idris during the signing ceremony between MASkargo and Silk Way Airlines of Azerbaijan.

WCA Conference Sets Attendance Record

A new industry record was set when 2,400 freight forwarder delegates attended the 2013 World Cargo Alliance Family Annual Conference Week, held in Bangkok from March 4 to 10.

During the conference, more than 90,000 individual business meetings were scheduled and conducted using WCA's One-on-One meeting software.

The 25 percent rise in attendance at the conference reflected the increasing strength of the network, which now includes more than 4,800 freight forwarding offices around the world.

The new WCA Events app for the iPhone and iPad was launched at the conference, allowing each attendee to schedule One-on-One meetings, access daily meeting schedules and research profiles of each attending company.

"It is hugely satisfying to see thousands of freight forwarders from around the world gather in one location and benefit from the unlimited opportunities to create new partnerships, grow their business and develop new trade lanes," David Yokeum, president of WCA, said. "Each year, this conference expands in terms of numbers and influence purely because of the excellent return on investment for each delegate." ACW

Study strives to improve JFK's dwindling cargo tonnage

John F. Kennedy International Airport can have a robust air cargo industry again if it makes some improvements, according to a study released by the Port Authority of New York and New Jersey and the New York City Economic Development Corporation. Between 2000 and 2010, JFK fell from third to seventh in a nationwide ranking of air cargo tonnage. The airport's tonnage also dropped 25 percent.

There are more than 50,000 area jobs in the air cargo industry, which provides more than $8.5 billion in sales in the New York and New Jersey metropolitan area.

For David Hopkins, director of aviation at the New York City EDC, the study shows the significance of the air cargo industry.

"It verifies I think for us as a city how important the air cargo industry is to the city and the regional economy and showed us the tens of thousands of jobs that that industry supports region-wide," he said. "It's a pretty big economic linchpin."

The study calls for improving truck access to the airport and replacing aging cargo facilities and business practices.

Hopkins spoke about why cargo tonnage at JFK has taken a nosedive, leading to airports such as O'Hare International Airport and Hartsfield-Jackson Atlanta International Airport capturing more of the market share that had before gone to JFK.

"With deregulation, as the number of these competing airports develop direct international flights, they begin to capture some of the market share that was originally destined for some of those places in the first place," he said. "As the industry changed from a more freighter-oriented industry to a more belly-cargo-oriented industry, that trend was exaggerated."

Though JFK has many strengths – such as an established network of freight forwarders and a large consumer market – Hopkins said he hopes that the airport acts on the study's recommendations. ACW

Missouri tries to attract air cargo

Missouri and St. Louis grew because of trade – and lawmakers want to make that happen again.

State senators endorsed legislation creating new tax incentives for air cargo. Freight forwarders would receive a credit of 40 cents per kilogram for cargo placed on outbound flights from a Missouri airport.

"For St. Louis to have a place in global trade is really important because if you look at these routes, you're either on the interstate or you're not – and we're not," says Sen. Eric Schmitt (Mo.-R) of St. Louis County, who is sponsoring the bill. "We would like to utilize an underutilized airport in a more effective way and have a greater mix of cargo exports."

That airport is Lambert-St. Louis International Airport, the largest airport in Missouri. It used to be a hub for Trans World Airlines. In its heyday in 2000, the airport processed almost 300 million pounds of cargo, says David Lancaster, director of cargo development at the airport.

But then American Airlines bought out TWA. After the events of Sept. 11, 2001, American Airlines "de-hubbed" Lambert, Lancaster says.

Today, the airport processes 153 million pounds of cargo – just half of what it used to.

Now, Lambert wants to get back into the air cargo business, and if the bill passed by the Senate becomes law, the airport would be on its way, Lancaster says.

"Air cargo drives a lot of economic activity," he says. "We look at our area as between 300 and 500 miles circumference around St. Louis, so that covers the vast majority of the industry in this region – both production, agricultural. There's a lot of products that are generated in that area that today have to be moved elsewhere to other cities, so we see this as a great opportunity for the future."

There are a lot of places a truck can reach within 12 hours of St. Lou-

is, Schmitt says. Plus, the state has barge traffic on the Mississippi River and a good rail network.

Lambert is marketing itself to the international cargo industry, especially to Asia, the Middle East and Europe, Lancaster says. Lambert has four runways, moderate weather and a location in the middle of the U.S., perfectly placed for distribution.

"We've got the asset there and the infrastructure, and we just want to make better use of it by adding more cargo flights," Schmitt says. "When you have 95 percent of the world's consumers living outside of the United States, to be able to connect with the rest of the world through an airport in your state is really, really important."

But attracting international carriers to the airport presents a challenge. Right now, there is no international direct service for air cargo at the airport.

"It's a hard sell. For airlines in general to open up a new market or consider going into something that is from their perspective a non-traditional market, it does require a great deal of analysis and consideration," Lancaster says. "Certainly the incentive program, once approved, will be a unique element in air cargo because I don't think anything like it exists around the world."

For the past few years, the airport has worked to raise awareness of the advantages of the Missouri and St. Louis market.

For a period of time, Lambert even mitigates the landing and facility fees for airlines that want to come to the airport.

"Once the awareness has been created, then you can talk about the business case and the economics of it," Lancaster says.

When airlines start answering yes and the flight schedule becomes more reliable, Schmitt says more freight forwarders will turn to St. Louis.

"We've got the land. We've got the space. We've got the runway," he says. "We just got to give the freight forwarders who have the incentive here to send their goods through St. Louis."

Schmitt says if the appropriate bodies approve the tax incentive bill, he expects it to be passed in April or May.

"We only need a small amount of success. We're not trying to be Atlanta or Dallas or O'Hare or New York or Los Angeles," Lancaster says. "We believe, however, that this airport most certainly has a place that it enjoyed in the past by virtue of having a large international carrier here. If it made sense for them, it could make sense for other carriers who similarly want to create an opportunity in a market where they're not necessarily butting up against their competitors day in and day out." ACW

Healthy supply of optimism at AirCargo 2013

The mood among freight forwarders attending the AirCargo 2013 conference in Las Vegas this week was decidedly upbeat, even as the industry is dealing with issues such as regulatory compliance and security.

Paul Butler, president and CEO of Miami-based Four Star Cargo, says U.S. exports are starting to pick up with lots of opportunities in the Caribbean and Latin America. He says increased interest in the annual conference is indicative of industry confidence.

"The exhibition hall sold out this year, which it hasn't done the last few years," Butler says. "Last year in Miami, it was a fairly light show. This year, there are a lot of forwarders here. There's a lot of interest in regulatory compliance."

Butler says November's presidential election seemed to put a big boost into the U.S. economy and also brought confidence to the global market for U.S. exports. He also cites the positive mood among some in Congress about upcoming international trade deals.

Four Star Cargo is off to a good start business-wise in 2013 with quarterly sales ahead of last year, Butler says.

Conversely, the first two months of the year are traditionally slow for Boston-based forwarder Falcon Global Edge. Successfully navigating those months provides room for optimism for the remainder of the year, says Richard Fisher, the company's president, who is also chairman of the Airforwarders Association. He believes business will pick up during the second half of 2013, barring a major global economic shock.

"March is sort of our vector month where we begin to take off," Fisher says. "We are upbeat and positive. We don't want to see any hiccups. In many parts of the world, air cargo rates have come down to the point where there are realistic options between surface and air carriage, but any hiccup could upset that."

Falcon Global Edge specializes in niche markets, including garments and other products ultimately destined for big-box retail stores.

"We tend to be a boutique forwarder with highly specialized customers," Fisher says. "If the general level of the economy picks up, it will be good for us. Our customers are innovating and looking to sell new products into, for example, Brazil, which is a very hot market right now. All of South and Central America will be hot spots for export growth from the U.S."

David Beatson

Fisher says the addition of Airports Council International-North America to the AirCargo conference's partners has been a big boost.

"Adding the Airports Council to the mix is something we should have done years ago," Fisher says. "We are natural partners, and we need to know more as forwarders about what the airports are doing."

Robert Mauro, president of Team Worldwide, a forwarder based in the Dallas suburb of Winnsboro, says there is some concern in the industry about how the U.S. government will handle financial issues, but the industry has had four years of continuous growth – and opportunity for growth remains. He says his company has had a strong January and February and he is "cautiously optimistic" about the remainder of the year.

"Our challenges include security issues and how they are handled regarding screening of cargo," Mauro says. "There is also a matter of what the money market does because durable goods is what drives our industry. It has that trickle-down effect. Lift in the past has been an issue, but I think we have learned ways to deal with that."

David Beatson, an industry veteran whose career includes stints as CEO of Emery Worldwide and vice president of cargo sales and marketing for American Airlines, now heads Ascent Advisors, a management consultancy and delivered the conference's keynote address. He emphasizes the importance of embracing technology.

"Technology is evolving rapidly, and the pace of change is accelerating. IT will continue to play a large and increasing role in our industry," he says.

Beatson offers a theme of optimism tempered with regulatory obstacles and potential threats. He says he believes companies that find niches and serve them well will be "winners and survivors" that provide more specialize services. He notes that there is a long ling of private equity firms and strategic buyers looking to invest in the industry.

"The industry's profitability will likely continue, especially as we continue to emerge from the global recession," Beatson says.

One of the biggest uncertainties in the sector is the expanded health care costs required by the Affordable Care Act, which offer the industry's highest potential costs, he says.

Beatson warns that the industry must also deal with an array of threats including theft, cyber attacks and terrorism.

"If there ever is a major cargo problem in a belly, our whole industry will have to be reinvented," he says. ACW

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GSSA FIRMS EYE ACQUISITIONS

OUTSOURCING FIRMS LOOK TO BROADEN GLOBAL REACH

As the GSSA sector continues to consolidate, companies are facing increased service demands from their airline partners. Challenging economic times continue to place cost pressures on both. GSSAs are meeting this challenge through acquisitions to broaden service areas and by developing new services.

Frankfurt-based ATC Group has been growing through acquisitions and plans more deals during 2013. The company started off the year by acquiring Houston-based Platinum Air Cargo USA, giving ATC a much greater global reach.

Ingo Zimmer, CEO of the ATC Group, says over the past several years the company has changed from being primarily a European-centric company to a true international player. The company has been in acquisition mode and plans further expansions this year.

"We are now serving India and South Africa and Hong Kong. This year, we bought an American GSSA, Platinum. We are going to expand into the South American market as well," Zimmer says.

Platinum will gradually drop its name and will be operating under the ATC brand by the end of the year.

Zimmer says business is good for ATC, which now works with more than 60 airlines. Business is especially healthy with Middle Eastern airlines, he says. The European market remains slow in general, but has been good for ATC.

"We are focusing on South America this year. In the U.S., we are very strong right now with eight stations. To complete everything, we are looking at South America for acquisitions," he says.

Zimmer says during tough economic times, airlines put more pressure on GSSAs, and as a result GSSAs have to take more risks and commitments. He says while rates are decreasing, most GSSAs do not benefit from fuel surcharges.

The role of GSSAs has greatly expanded through the years, Zimmer says.

"In the past, our role was mainly on the sales side, but now we are more on the customer service side, acting in fact like a cargo department of the airlines we are representing," he says.

Overcapacity has driven rates and yields down and remains the industry's biggest challenge, says Jens Tubbesing, founder and CEO of New York-based Airline Network Services.

"Overcapacity creates suffering and pain for everybody," Tubbesing says. "Rates are in a free-fall for everyone now, and we have situations where the main deck rates are on par with lower-deck rates, which was unthinkable for the longest time. Now, you see this more and more. It's a huge problem."

In addition to cost pressures on GSSAs, there are requirements to provide more services which require investment in technology, people and other resources, Tubbesing says. Another gradual change has been that airlines are keen to partner with one company compared to several years ago when they were prone to piecemeal their outsourcing.

Ton Smulders

Adrien Thominet

Jens Tubbesing

On the other hand, Tubbesing observes that some airlines may be looking at bringing sales and service back in-house.

"Some carriers that have had long-time representation with GSSAs have now begun to insource again. Qatar Airways is one of the most notable," Tubbesing says. "The question is if an airline reached a certain size, does insourcing become a viable alternative?"

Tubbesing says his business, which covers the U.S. and Canada, is growing. ANS works with a diverse group of airlines covering Southeast Asia, Latin America, Europe, the Middle East and Africa.

"We have a pretty nice diversification of airlines that allow us to drive or create revenue streams in all areas. When one is down, another is up. It's a good mix for us. We are happy with our strategy," he says.

Tubbesing believes consolidation will continue in the industry as companies seek to provide global service and airlines look for future partners around the world. He says he is optimistic about the industry's outlook. He says GSSAs that provide a tangible

value with a good business model will succeed.

"If you look at the general trends, airlines are starting and ending services much faster than ever. They enter a market and they leave a market because the business today is a much faster business," he says. "Companies like ours are able to fulfill a need of representation and can help facilitate or execute a business plan. "

Ton Smulders, managing director of Active Airline Representatives in Amsterdam, says GSSAs have evolved into the role of total cargo management.

"There is a lot of competition, not only with GSSAs, but with airlines and freight forwarders," Smulders says. "GSSAs handle capacity control, overview the supervision of the cargo handling company contracted by the airline and flight supervision if necessary. It's a total service package and is becoming more and more important."

Smulders says the challenge for GSSAs is to increase their portfolios, not an easy task. AAR's clients include Aeroflot, Olympic Air, Coyne Airways and Leisure Cargo, one of the company's major customers, which is owned by Air Berlin. Leisure Cargo is a total cargo management company that works with 18 airlines, primarily with belly cargo. AAR also works with Arkefly, a Dutch charter airline which is part of the German travel group TUI. Cargo includes Dutch perishables for the former island countries of the Netherlands Antilles in the Caribbean.

"Airlines have a lot of challenges and because of the downturn at the moment, we have to be careful in

Amsterdam-based Active Airline Representatives works with several airlines, including Arkefly.

Ingo Zimmer

pricing," Smulders says. "You also see that shippers are asking a rate for their shipment through various freight forwarders. We recently had a request for Kabul and got a request from 12 different agents. Does it make sense? Yes, maybe if you are going for the lowest rate, but no, if the destination doesn't have that many options to fly."

Smulders describes his company as a small firm that gives upmarket services.

"We have a high standard of service, therefore we can afford ourselves to be a little more expensive. We are proactive in this and give the freight forwarder constant updates of what is happening with their shipments. The most important thing is to keep our customers happy so they won't go away," he says. "If you are doing a good job and it's still affordable for them to continue working with GSSAs, they will not leave you."

Adrien Thominet, chief operating officer of Paris-based ECS, one of the largest GSSA organizations, says airlines need stronger partners these days. He says airlines and GSSAs walk a complex tightrope of managing costs and providing increased services.

"It's a little tricky for us. On the one side, airlines need more commitments from GSSA. They expect us to do everything for them. They want a commitment, and at the same time there is pressure on their costs. They are trying to minimize the cost of the outsourcing."

ECS hopes to enlarge its network during 2013. Thominet says ECS believes acquisitions are more beneficial than organic growth in terms of being able to quickly serve new markets. ECS is strong in Europe and Africa but is looking to expand in other regions.

"We anticipate acquisitions this year," Thominet says. "Our network is not completed yet. We are not in South America and we still need to grow in the Far East."

Thominet believes airlines have no choice but to outsource in certain regions. He says GSSAs must innovate and develop new services to bring added value.

"We must innovate with new business to develop new forms of revenue," Thominet says. "We are facing overcapacity compared to demand, so revenue is decreasing." ACW

WILL BRAZIL RETURN TO RAPID GROWTH?

RUN-UP TO WORLD CUP AND OLYMPICS MAY OFFER BOOST

At the end of January, American Airlines put its first B777-300ER aircraft into service, and the route it picked for the new plane was Dallas/Fort Worth-Sao Paulo. The 777-300 means a significant boost in cargo capacity over the 777-200, which until now was the airline's biggest cargo carrier - just the kind of plane for a market that has shown rampant growth in recent years.

Until last spring, that is. Contrary to widespread expectations, Brazil's airfreight market contracted sharply in the following months. "All the industry thought that Brazil would continue to grow, but it decelerated. The second half of the year was tough for all of us," Cristian Ureta, CEO of LAN Cargo, says.

Imports fell by about 10 percent last year, while exports dropped almost 18 percent, according to Roberto Schiavone, senior vice president, airfreight for Southand Central America at Kuehne + Nagel.

Inbound traffic showed some improvement toward the end of the year, but exports continued to decline at an alarming rate. CASS statistics show a 38 percent slump in October, followed by a 41 percent drop the following month.

For the carriers, the pain was exacerbated by the huge influx of capacity between 2011 and the spring of 2012, when Latin America was one of a few remaining bright spots in the global downturn, and Brazil the region's chief engine, drawing in freighter capacity from European, Middle Eastern and even Asian carriers.

Most other South American economies remained buoyant last year, but their growth could not compensate for the weakness of Latin America's largest economy, Ureta notes. As their yields fell precipitously, a growing number of airlines tried to step on the brakes and reduce capacity. Singapore Airlines, which had launched weekly B747-400 freighter flights to Sao Paulo via Dallas in the summer, suspended the operation after just two weeks.

Korean Air had signaled plans to turn its B747-400F charters serving Brazil into scheduled flights but has not shown any signs of going ahead with this. Air Cargo Germany, which had announced plans to mount Brazil flights, has refrained from doing so for now.

"We cancelled a few flights because of low demand, but now there is no need for further flight cuts," says Daniel Bleckmann, regional director for South America, the Caribbean and Florida of Lufthansa Cargo, adding that the situation improved toward the end of last year, notably on the import side. There is confidence that growth will return this year, but it lacks the previous optimism. "I assume it cannot continue to go down, so I expect an increase, maybe 5 percent," Schiavone says. "Commodities overall are pretty flat. I do not see anything that shows huge momentum."

Two mega events that Brazil will host - the 2014 FIFA World Cup and the 2016 Summer Olympics - are expected to generate strong demand for TVs and related electronics. The run-up to the 2010 World Cup saw Asian carriers fly freighters loaded to the rafters with flat-screen TVs to Miami, where the loads transferred to freighters bound for Brazil. A repeat is in the cards, but on a reduced scale, Schiavone says.

Recently, Manaus, Brazil has emerged as a manufacturing area for this type of product, which should go some way toward meeting domestic demand, he says. Down the road, the mega events may stimulate cargo flows, but for now they add to the grief of freighter operators, as passenger carriers have begun to build up routes in preparation for the masses travelling to the venues. Belly capacity is on the rise and will continue to increase, Schiavone says.

American Airlines is certainly stepping up its presence in Brazil. Last year, it added Manaus and a second New York-Sao Paulo flight, and later this year it intends to launch flights from Miami to Porto Alegre, Brazil and to Curitiba, Brazil.

Kenji Hashimoto, the U.S. airline's president of cargo, says he feels confident in the Brazilian cargo market, pointing to the oil and gas business, and in future demand related to the World Cup and the Olympics. The rise in belly capacity means that operators like LAN have to be nimble with their freighters.

"We adjust our freighter capacity on a weekly basis. There is no flexibility with the belly space," Ureta says. A

flexible approach to freighter schedules has been one way of coping with this situation; another way is a greater drive to attract perishables. "We are focusing again more on fruit. We had focused less on it because of the lower yield, but with the overall yield decline, it has become more of a focus for us and the other carriers," Bleckmann says.

As a result, perishables shippers find it easier to get space, Schiavone says. "Yield decline, lack of hard freight make perishables more viable," he said. In the wake of the marriage between LAN and TAM, there has also been a boost in transit cargo to and from other countries in Latin America passing through Brazil. "We have a big presence in South America, especially on the west coast. We are connecting this to Brazil to take advantage of TAM's capacity to Europe and to the United States. Now we move a lot of exports from other Latin American countries through Brazil," Ureta says. He says the operational integration of the two carriers on the cargo side is largely completed. In line with the model pursued by LAN with its subsidiaries elsewhere, local brand identities will remain in place.

Daniel Bleckmann

Cristian Ureta

However, LAN Cargo is looking to integrate ABSA, its Brazilian freighter subsidiary, with TAM Cargo, a plan that is subject to government approval. Ureta says he hopes that this can be completed within the first half of 2013. If there is a silver lining to last

year's downturn, it is that the lower volumes have taken some pressure off Brazilian airports' chronically strained infrastructure. Recently, there have been no problems with airport capacity, Bleckmann reports.

Dire warnings that the country's airports are not ready for the volume of travelers expected for the World Cup and the Olympics have produced some frantic activity to refurbish passenger terminals or build new ones. Cargo operators have been watching this with some concern. At best, the overwhelming emphasis on passenger facilities entails some neglect of cargo concerns; at worst, passenger developments might impede cargo activities, some operators have warned.

For his part, Bleckmann has not seen any developments that could negatively affect existing cargo infrastructure. However, he views the inactivity in cargo development during the current lull in volume as a wasted opportunity. Without question, cargo operators could do with more facilities. "Sometimes, it is a problem to get a parking position for an additional freighter because the airport is congested with small planes," Bleckmann says.

Part of the government's late push to speed up airport development and efficiency has been the privatization of some airports and of on-airport activities that previously were in the hands of monopolies such as Infraero, which has been in charge of the handling at Brazil's major airports. Like Brazilian customs, Infraero had a fair amount of criticism over the years for lack of flexibility. Some operators have seen signs of improvement, but most find it too early to make a valid judgment.

"The first thing that they change is the prices. Then they change the processes," Schiavone says. At Sao Paulo's Viracopos airport, storage fees have gone up 80 percent. ACW

DIAMOND HEIST HIGHLIGHTS SECURITY HOLES

It was the night of Feb. 18, and it was about to go down.

Armed robbers dressed in police uniforms broke through a hole they had made in the security fence at Brussels Airport and took diamonds worth $50 million as they were being loaded into the cargo hold of a plane.

This diamond heist was only the latest in a long line of airport perimeter breaches.

On Nov. 21, 2011, a car drove through the perimeter fence at Miami International Airport. On March 1, 2012, a driver accelerated through a gate at Philadelphia International Airport and drove onto airport property as a plane took off. On Aug. 13, 2012, a man swam ashore to Kennedy International Airport, scaled a fence and walked into the airport.

"What gets a lot of times neglected in aviation security seems to be airport perimeter security, and at least in the U.S., we've had several incidents," said Vahid Motevalli, an aviation security expert and the director of Purdue University's Center for Technology Development. "It wasn't necessarily terrorism, but it could've easily been terrorism, and getting access to the airport that easily is a real concern."

And now Brussels Airport.

"For the most part, airports and aviation tend to focus on the passengers and the cargo and making sure no one's carrying anything that will explode the plane," said Brandon Fried, executive director of the U.S. Airforwarders Association. "It's something that needs to be addressed."

The first step to securing high-end air cargo is to protect the freighter's loading zone.

"We constantly have to make sure that our perimeters are secure and our doors are locked and people are challenged in their credentials," Fried said.

Russell Cason, spokesperson for Delta Air Lines, said when the airline transports precious cargo, the people shipping the cargo provide their own security. Delta provides security cameras, and shipments valued at $25,000 or more are kept in a secure location.

Parul Bajaj, spokesperson for FedEx, said the company treats every package like it's high-value, regardless of what it contains. Packages are only handled by FedEx employees, who undergo screening when hired.

Another step of protecting high-end cargo is securing the airport's perimeter – something that experts say is lacking.

And who is the gatekeeper?

"It will lie with the airport or airport authority," Motevalli said.

Securing the fenced perimeter at Memphis International Airport is a joint effort between its tenants: FedEx, UPS, the Tennessee National Guard and the airport itself, said John Greaud, vice president of operations at the airport.

Greaud said there are cameras and regular patrols inside and outside the fence, and Memphis Airport has a communications center that is the main hub during emergency situations.

There are continuous patrols of Miami International Airport's perimeter fence, which is reinforced with concrete barriers.

"We still have overall responsibility for all of it," he said. "It's kind of a shared responsibility along the tenant perimeter fence areas, but the tenant has the first response."

When it comes to international freight, Miami International Airport ranks No. 1 in the U.S.

A car drove through Miami Airport's 13.5-mile perimeter fence in 2011, but the airport has overhauled its entire surveillance system, according to Security Info Watch in August 2012.

Lauren Stover, director of security at the airport, said there are continuous perimeter patrols, and the fence is reinforced with concrete barriers. Airfield access gates are equipped with hydraulic barriers that can stop any vehicles from barreling through. Thanks to a $10 million grant from the Transportation Security Administration, a ground radar system that can detect any anomalies in the movement on taxiways is in the midst of being deployed.

"With all of our layers of security that we have in place, we never can be too sure that everything is 100 percent," Stover said. "We always have to remain vigilant because we are aware that people are trying to game the system."

Motevalli said perimeter security is an important component of protecting precious cargo – and the entire airport.

"We put the fence up, but the fences are really there mostly to keep wildlife out or people sort of wondering in," he said. "It's not to prevent this type of threat."

He also pointed out the importance of safeguarding information such as when precious cargo is being loaded onto a plane and the number of the flight.

Fried said the Brussels heist shows there are still security steps that must be taken.

"The bad guys only have to be right once," he said. "But we in the industry and the airport-planning environment have to rewrite all the time."

When each airline and airport was asked if the diamond heist in Brussels changed their minds about their security, the answer was always the same: no. ACW

2012

Air Cargo Excellence Survey

EMIRATES, SOUTHWEST AMONG REPEAT WINNERS

Emirates SkyCargo, Thai Airways and Southwest Airlines won Diamond Awards at Air Cargo World's Air Cargo Excellence (ACE) awards ceremony held on March 14 at the Sheraton Hotel in Doha, Qatar. The three airlines won the top awards in their respective tonnage categories at the 9th annual ceremony.

Carriers were given scores for customer service, performance, value and information technology.

Ten airports from around the world received Air Cargo Excellence awards. They were rated on performance, value, facilities and operations.

The awards are based on surveys done by Air Cargo World readers.

Complete survey results for each airport begin on page 30. Complete results for carriers start on page 35.

Emirates won the top prize in the Air Carrier — 800,000 or More Tonnes category, while Cathay Pacific received the Platinum Award.

"This award draws attention, not only to the excellence of our operations, but the excellence of our team throughout the network," Ram Menen, Emirates divisional senior vice president cargo, said. "It has been a pleasure to see Emirates SkyCargo not only take to the skies, but become one of the world's leading air cargo carriers."

Trailing Thai Airways, Nippon Cargo Airlines snagged the Platinum Award in the Air Carrier – 300,000 to 799,999 Tonnes category. Southwest Airlines got the Diamond Award in the Air Carrier – Up to 299,999 Tonnes category, while Swiss WorldCargo received the platinum award.

"This prestigious recognition represents the tremendous commitment and hard work of employees in many different capacities across our system," Matt Buckley, Southwest Airliness' vice president of cargo & charters, said. "We are honored to receive this award, however we realize this is a journey and we will continue to work diligently towards improving the customer experience."

Airlines receiving Gold Awards were Singapore Airlines, Japan Airlines and Virgin Atlantic. Lufthansa, Etihad Airways and Alaska Airlines came close to getting an award.

In North America and Europe, the airports were divided by region and ranked in three size categories: airports with up to 399,999 tonnes of airfreight, airports with between 400,000 and 999,999 tonnes and airports with more than 1 million tonnes.

In North America going from least to most tonnes, LA/Ontario International Airport in Los Angeles, Toronto Pearson International Airport and Ted Stevens Anchorage International each won Diamond.

"We are honored to receive this evaluation from our customers and will use it as a gauge in our continued effort to improve ourselves as a high value airport and a world nexus for air cargo," said John Par-

ACE Survey
structure and methodology

The surveys are completed by Air Cargo World subscribers who are located throughout the world. Airlines are rated by subscribers identified as a freight forwarder, cargo agent, shipper or 3PL and the airports are rated by subscribers identified as working for an airline. The purpose in having the specific subscriber groups for each survey is to ensure that only the actual customer is allowed to rate their service provider, thereby ensuring the integrity of the results.

An email notification for each survey group is sent to the subscriber asking for their participation. The email contains a summary overview of the survey, its purpose and a link to access the survey online. Two follow up emails are sent as a reminder to those subscribers that have not participated to that point.

The survey asks the participant to only rate the airline/s or airports/s they have conducted business with during the past 12 month period. They are asked to rate those qualifying airports or airlines in 4 areas of measurement, on a scale of 1 to 7, with 7 being the highest. The airline measurements are Customer Service, Performance, Value, and Technology. The airport measurements are Performance, Value, Facilities, and Regulatory Operations. The criteria for each measurement are provided so that the person taking the survey fully understands the definition for each.

The airlines are grouped by annual freight tonnes carried and the airports are grouped by their world region location and then sub-grouped by annual tonnage handled. These groupings are done within the survey's analytic structure and are not known to the person who is rating. The purpose in grouping the airlines and airports is to provide an equitable, rating system in establishing the surveys' results.

The average rating for each measurement is calculated within each group and that average is indexed to a value of 100. Ratings for airlines and airports are presented as an Indexed Score, relative to the average, to allow for easy comparisons. Scores greater than 100 represent an above average performance. Scores less than 100 represent below average performance. Scores of 100 represent exactly average performance.

Airports

Airports North America - 1,000,000 or more tons	Performance	Value	Facilities	Regulatory Operations	Overall
Anchorage, ANC	116	112	112	115	114
Louisville, SDF	108	116	114	104	110
Memphis, MEM	105	102	104	106	104
Los Angeles, LAX	99	97	96	97	97
Miami, MIA	89	92	95	94	93
Chicago, ORD	90	91	94	92	92
New York, JFK	92	90	85	92	90

Airports North America - 400,000 to 999,999 tons	Performance	Value	Facilities	Regulatory Operations	Overall
Toronto, YYZ	116	116	116	115	116
Indianapolis, IND	115	112	111	105	111
Houston, IAH	102	105	107	106	105
Dallas/Ft. Worth, DFW	102	103	106	107	105
Oakland, OAK	101	104	97	95	99
Atlanta, ATL	97	95	98	99	98
Newark, EWR	90	92	88	93	91
Cincinnati-Northern Kentucky, CVG	90	82	92	90	89
Philadelphia, PHL	86	89	85	90	88

Airports North America - UP TO 399,999 tons	Performance	Value	Facilities	Regulatory Operations	Overall
Ontario (CA), ONT	113	111	105	112	110
Vancouver, YVR	109	111	112	105	109
Denver, DEN	104	103	112	108	107
Portland, PDX	109	111	102	106	107
Detroit, DTW	104	102	102	105	103
Seattle/Tacoma, SEA	102	101	102	106	103
Honolulu, HNL	102	101	104	102	102
Minneapolis/St. Paul, MSP	104	104	95	95	100
Phoenix, PHX	100	99	96	100	99
Washington Dulles, IAD	95	87	95	95	93
Boston, BOS	94	92	89	89	91
San Francisco, SFO	87	86	94	91	89
Airports Europe - 1,000,000 or more tons					
Frankfurt, FRA	109	106	111	110	109
Amsterdam, AMS	107	104	109	106	106
London Heathrow, LHR	94	100	92	94	95
Paris De Gaulle, CDG	90	90	89	90	90

ACE SURVEY CRITERIA FOR AIRPORTS

PERFORMANCE
Fulfills promises and contractual agreements; dependable, prompt and courteous customer service; allied services — ground handling, trucking, etc.

VALUE
Competitive rates; rates commensurate with service level you require; value-added programs

FACILITIES
Apron, warehousing, perishables center; access to highways and other modes of transportation

REGULATORY OPERATIONS
Customs, security, FTZ

	Performance	Value	Facilities	Regulatory Operations	Overall
Airports Europe - 400,000 to 999,999 tons					
Leipzig, LEJ	107	110	110	105	108
Luxembourg, LUX	103	104	111	108	106
Cologne/Bonn CGN	105	104	105	103	104
Brussels, BRU	104	104	103	104	104
Liege, LGG	103	99	101	107	103
Istanbul, IST	93	96	90	95	94
Madrid, MAD	92	95	91	91	92
Milan, MXP	93	88	89	88	90
Airports Europe - UP TO 399,999 tons					
Zurich, ZRH	120	122	120	116	119
Munich, MUC	118	120	124	114	119
Manchester, MAN	115	116	111	113	114
Copenhagen, CPH	110	105	112	111	109
Rome, FCO	106	109	108	100	106
Vienna, VIE	106	106	105	104	105
London Stansted, STN	105	102	102	100	102
Frankfurt-Hahn, HHN	99	103	98	105	101
Moscow-Domodedovo, DME	83	90	93	85	88
Sheremetyevo, SVO	63	77	69	81	73

	Performance	Value	Facilities	Regulatory Operations	Overall
Airports Latin America					
Santiago, SCL	116	114	119	114	116
San Juan, SJU	115	113	119	114	115
Lima, LIM	103	111	114	104	108
Sao Paolo, GRU	102	99	104	103	102
Buenos Aires, EZE	98	103	103	101	101
Campinas, VCP	97	104	101	96	100
Bogota, BOG	105	101	92	99	99
Mexico City, MEX	92	87	87	91	89
Manaus, MAO	89	87	86	85	87
Quito, UIO	82	80	75	93	83

	Performance	Value	Facilities	Regulatory Operations	Overall
Airports Asia - 1,000,000 or more tons					
Singapore, SIN	113	109	112	113	112
Hong Kong, HKG	109	110	109	110	109
Incheon, ICN	110	103	109	110	108
Taipei, TPE	105	106	104	108	106
Tokyo-Narita, NRT	107	104	103	106	105
Bangkok, BKK	98	99	99	94	98
Shanghai Pudong, PVG	92	94	92	90	92
Beijing, PEK	83	95	87	86	88
Guangzhou, CAN	83	81	85	83	83
Airports Asia - 400,000 to 999,999 tons					
Sydney, SYD	121	122	124	123	123
Osaka-Kansai, KIX	123	117	121	125	121
Tokyo-Haneda, HND	118	118	120	120	119
Shenzhen, SZX	96	99	100	97	98
Kuala Lumpur, KUL	95	100	95	94	96
Shanghai-Honqiao, SHA	90	94	89	92	91
Jakarta, CGK	88	92	89	84	88
Chengdu, CTU	70	58	61	65	63
Airports Middle East					
Dubai, DXB	118	118	124	117	119
Abu Dhabi, AUH	112	114	116	112	114
Doha, DOH	113	109	109	110	110
Sharjah, SHJ	101	106	101	103	103
Bahrain, BAH	98	97	102	98	99
New Delhi, DEL	83	86	89	84	86
Madras, MAA	87	86	75	93	85
Mumbai, BOM	89	84	83	84	85


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Carriers

	Customer Service	Performance	Value	Information Technology	Overall
Air Carrier - 800,000 or more tons					
Emirates Sky Cargo	114	116	115	119	116
Cathay Pacific	111	112	109	113	111
Singapore Airlines	111	112	106	112	110
Lufthansa	108	108	100	116	108
Korean Air	110	108	103	107	107
All Nippon Airways	105	102	103	99	103
FedEx Express	101	102	96	109	102
China Airlines	100	100	105	98	101
Air France-KLM	96	96	94	100	96
DHL	95	93	100	98	96
China Southern Airlines	89	90	97	81	89
UPS Air Cargo	91	88	85	92	89
Air China	88	91	97	79	89
China Eastern	81	82	91	77	83
Air Carrier - 300,000 to 799,999 tons					
Thai Airways	112	113	111	113	112
Nippon Cargo Airlines	112	112	103	112	110
Japan Airlines	109	111	103	110	108
Etihad Airways	106	106	107	105	106
EVA Air	105	106	107	103	105
TNT Airways	107	104	101	108	105
Qatar Airways	104	105	105	105	105
Cargolux	107	108	102	101	104
Asiana Airlines	104	105	102	104	104
Malaysia Airlines	102	101	102	101	102
Turkish Airlines	100	99	105	99	101
United	93	100	100	101	99
British Airways	99	95	98	99	98
Qantas	102	100	92	96	98
American Airlines	96	94	94	100	96
Lan Cargo	98	92	93	94	94
Delta	89	85	89	91	89
Saudi Arabian Airlines	76	85	94	91	86
China Cargo Airlines	80	78	96	67	80
Air Carrier - Up to 299,999 tons					
Southwest Airlines	131	130	121	110	123
Swiss WorldCargo	125	122	116	127	122
Virgin Atlantic	115	113	114	116	114
Alaska Airlines	116	111	110	115	113
Hong Kong Airlines	107	108	116	104	109
Dragonair	105	109	107	111	108
Finnair	106	104	103	107	105
Air Canada	105	107	103	104	104
Polar Air Cargo	102	100	110	101	103
Amerijet International	106	103	100	104	103
Kalitta Air	99	101	102	105	102
Air New Zealand	107	108	90	102	102
Royal Jordanian Airlines	98	99	102	104	101
El Al	106	103	87	104	100
Martinair	99	99	99	98	99
AirBridge Cargo	95	98	106	91	98
Gulf Air	100	91	98	94	96
South African Airways	98	92	94	95	95
Vietnam Airlines	92	95	95	97	95
Kuwait Airways	93	95	91	98	94
Iberia	94	94	94	94	94
Jet Airways	90	90	95	98	93
US Airways	96	93	92	88	92
Air India	80	87	89	89	86
Aeroflot	79	92	90	83	86
Ethiopian Airlines	82	80	87	84	83

"This award draws attention, not only to the excellence of our operations, but the excellence of our team throughout the network,"
— Ram Menen, Emirates divisional senior vice president cargo.

ACE SURVEY CRITERIA FOR CARRIERS

CUSTOMER SERVICE
Claims handled with expedience; problems solved in a prompt and courteous manner; professional and knowledgeable sales force

PERFORMANCE
Fulfills promises and contractual agreements; dependable; accomplishes scheduled transit times

VALUE
Competitive rates; rates commensurate with service level you require; value-added programs

INFORMATION TECHNOLOGY
Tracking and tracing of shipments; Internet; electronic commerce capabilities

rott, airport manager at Anchorage.

In Europe, Frankfurt Airport won Diamond in the 1,000,000 or more category and Leipzig/Halle Airport took Diamond honors in the 400,000 to 999,999 division. Zurich Airport and Munich Airport tied for Diamond in the up to 399,999 tonnes category.

The volume of freight being handled at Leipzig/Halle Airport continues to grow in 2013. When compared to 2012, the volume of freight rose by 6.1 percent to approximately 136,286 tonnes during the first two months of the year.

"This repeated honor represents both recognition and motivation for us and it clearly shows that our customers continue to acknowledge the commitment of all the employees and partners working here and I would particularly like to thank them for this," said Dierk Näther, managing director of Leipzig/Halle Airport.

Singapore Changi Airport won amongst Asian airports that saw 1 million or more tonnes of cargo, while Sydney Airport won in the Asian airports' 400,000 to 999,999 Tonnes category.

Arturo Merino Benitez Airport in Santiago received the Diamond for Latin America, and Dubai International Airport snagged the award for the Middle East.

"The ACE Survey provides a benchmark for the industry with quantifiable customer feedback on key performance measurements for airlines and airports," said Steve Prince, publisher of Air Cargo World. "The response to this year's survey surpassed previous years with 4,139 ratings submitted covering 100 airports and 62 airlines throughout the world. This high level of interest reveals strong, positive proof of the value and worth that the air cargo stakeholders have for the survey and awards."

Phil Callow, CEO of UBM Aviation, presented the ACE Awards.

Of the 100 airports on the survey, only 46 were rated above the industry average and 31 of the 62 airlines achieved higher ratings than the industry average. ACW

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MAY 5-7

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Five Questions with... Kim Pedersen

Kim Pedersen is the new executive vice president of logistics provider Geodis Wilson's global freight forwarding division. With this position, he becomes a member of the group's executive management. Pedersen joined the company in 1994. He became managing director in Denmark and later, regional vice president of the entire Scandinavian organization. In 2009, he was appointed deputy CMO and joined the board of management as global head of sales & marketing. Geodis Wilson has 7,700 employees worldwide. Pedersen gave Air Cargo World his take on trends in the airfreight industry.

1. What is the outlook for the air cargo industry this year?

I expect this year to be similar to 2012 – overall, we will see a rather flat air cargo development, however with a few exceptions on certain trades and related to certain industries. In general, companies will continue to focus on costs and consequently give a preference to ocean freight over airfreight for a significant portion of their cargo volumes.

Because of this tendency, many freight forwarders experienced a decline in airfreight volumes, already in 2011. Geodis Wilson is an exception in this regard because against the overall market trend, we experienced an increase in airfreight volumes.

On certain lanes, we grew faster than the market, namely on the Asia to Europe routes. One reason for this is our good position as a logistics provider in the high-tech market. It requires a strong time-to-market strategy to be successful in this area.

Pedersen

2. What role does Geodis Wilson play in the high-tech and pharmaceuticals industries?

Both high-tech and pharmaceuticals are part of our vertical industry segments program, which encompasses nine main verticals in total. Providing industry-specific logistics services is a key enabler in our global development plan.

As far as high-tech is concerned, Geodis Wilson has found a somewhat smarter approach to the market by tackling high-tech supply chains in a similar way than fast-moving consumer goods. If we look at Asia, particularly China, but also the U.S. and some trades into Europe, this is giving us a competitive edge that also drives volumes into our airfreight channels.

For pharmaceuticals, our development strategy rather focuses on the Pan-European dimensions. Being part of a larger group, we benefit from our strong footprint in Europe and the investments that were put into warehousing and distribution. So we mainly attract pharma companies that require connections to our European trucking and warehouse network.

3. What are the ramifications of the ongoing emissions debate for air cargo?

I would simply put myself into the position of our clients: In general, they would perceive airfreight to be more expensive and more polluting than ocean freight, trucking or rail – and there is a strong drive, particularly in Europe, to avoid such high emission solutions.

Nevertheless, most international and global players develop alongside the emerging markets, and airfreight will always play a significant role in the supply to those markets, may it be on the production or on the consumer side.

4. What are some of the latest air cargo technology trends you have observed?

I don't see so much of a technology shift but rather a change in conducting air cargo business. We might see more and more nomad airlines that shift their capacity in a flexible way into trade lanes between the high growth markets such as China to Africa or China to South America, not to forget intra-Asia routes.

5. How do you see Geodis Wilson's air cargo growth in the coming years?

Year over year, we plan for a pretty stable increase around 5 percent. The more we maintain our industry-specific focus, and the more we develop in the runners-up economies like Mexico, Indonesia and maybe some African countries – while increasing our market penetration in the big emerging markets like Brazil, China and India – the higher the growth will be.

AIRLINES

Emirates SkyCargo has appointed **Moaza Al Falahi** as vice president, cargo business and product development. She has worked with Emirates since 2003.

Camiel Eurlings will become president and CEO of **KLM Royal Dutch Airlines** effective July 1. He will succeed **Peter Hartman**, who will remain with KLM until Jan. 1, 2014.


EURLINGS

Aloha Air Cargo named **John Floyd** as its director of safety. His responsibilities include oversight of facilities to minimize potential accident and health hazards and maintenance of FAA Safety Management Systems at the airline. Floyd was a pilot for the company's predecessor, Aloha Airlines, for 22 years.

Sebastian Mikosz has become the CEO of **LOT Polish Airlines**. His previous position was as a Societe Generale Corporate & Investment Baking adviser. He has worked in both Poland and France.

Air Charter Service has named **Azat Mulgimov** as general director in the company's Moscow office. He has spent the last five years as commercial director and a member of the board of directors at Russian cargo charter airline Aviacon Zitotrans.


MULGIMOV

China Airlines has elected company president **Huang-Hsiang Sun** as chairman. Sun joined China Airlines in 1970 and has assumed various leadership positions in the China Airlines Group and affiliated companies. Over the past 43 years, he has served in positions such as vice president of China Airlines' passenger sales and corporate planning divisions, and general manager of China Airline's Europe and San Francisco branch offices. Sun became president of China Airlines in June 2008 and will continue his role until a new president is appointed.

AIRPORTS

Hartmut Mehdorn has been named head of the airport operating company **Flughafen Berlin Brandenburg GmbH**, which operates Berlin Brandenburg Airport. Mehdorn began his career in 1965 at Focke-Wulf. From 1979 to 1984, he was member of the management board of Airbus Industrie S.A. in Toulouse. In 2009, Mehdorn became a member of the supervisory board of Air Berlin PLC, and from 2011 to 2013, he was also the airline's chief executive.

THIRD PARTIES

Reinhard Lange has stepped down from his post as CEO of **Kuehne + Nagel International AG** effective May 7 due to health reasons. Until the termination of his contract on Dec. 31, Lange will continue to work in a consultancy role. Lange has been CEO since 2009 and has worked with the company for more than 40 years. The search for the next CEO has already begun, and a management team led by chairman Karl Gernandt will take over the tasks of Lange.


LANGE

Air Transport Services Group has appointed **Arthur J. Lichte** to its board of directors. Lichte was commander of the Air Mobility Command at Scott Air Force Base in Illinois when he retired in 2010 as a four-star general after 38 years of service.

John Carr has become president and CEO of **MIQ Logistics**. He joined the company in 2007 as president of Americas and Europe and was named president in 2009. Carr is also on the advisory board and past chairman of Kidz2Leaders, a nonprofit organization that helps prisoners' children. **Tony Ponder** joined MIQ Logistics as its director of business development, responsible for strategic account development and new business efforts. Before working at MIQ Logistics, Ponder was an award-winning sales professional at DB Schenker/BAX Global. He has more than 15 years of transportation industry experience. **Devin Neuburger** has become logistics manager of MIQ Logistics' new Global Service Center in New Orleans. Before joining MIQ Logistics, Neuburger was with DB Schenker/BAX Global. He is dangerous goods certified for both air and ocean freight forwarding.

Mark Olszewski has been named president of **New Century Transportation**, overseeing the company's management and operations. He has more than 25 years of transportation industry experience.

Geodis Wilson has appointed **Kim Pedersen** as executive vice president of its global freight forwarding division. Pedersen joined the company in 1994.

Greg Hyslop is now vice president and general manager, Boeing research and technology at **Boeing**. He succeeds **Matt Ganz**, who was named president, Boeing Germany and Northern Europe, and vice president, European technology strategy. Hyslop will lead a team of nearly 4,000 employees that provide system solutions in support of Boeing's products. Hyslop has been at Boeing for 31 years.

The International Air Transport Association has named **Jeffrey N. Shane** as general counsel. Before joining IATA, Shane was a partner at the law firm of Hogan Lovells US LLP. Prior to that, Shane was appointed by then President George W. Bush to serve as the U.S. Undersecretary of Transportation for Policy, U.S. Department of Transportation from 2003-2008.

TNT Express has appointed **Tex**

events

APRIL 24-26

Ekurhuleni, South Africa: The Airport Cities World Conference & Exhibition is the annual meeting of airport industry attendees to support airport city development. It is ACE's 11th anniversary. For more information, visit *http://www.globalairportcities.com/page.cfm/link=17.*

APRIL 30-MAY 2

Scottsdale, Arizona: The Regional Air Cargo Carriers Association is holding the 2013 RACCA Spring Conference. RAACA is an organization dedicated to meeting the information needs of cargo aircraft carriers in the U.S. For more information, visit *http://www.raccaonline.org/.*

MAY 5-7

Phoenix: The 23rd Annual CNS Partnership focuses on keeping people in the air cargo industry up-to-date and educating them about the industry's future. More than 500 air cargo professionals from the U.S. and abroad come to the conference every year. For more information, visit *http://www.cnsc.net/events/Pages/cns-partnership-conference.aspx.*

JUNE 4-7

Munich: Air Cargo Europe is the world's largest trade fair for logistics and transport with more than 50,000 visitors and almost 2,000 exhibitors. For more information, visit *http://aircargoeurope.com.*

JULY 1-3

Marina Bay Sands, Singapore: More than 600 supply chain, logistics and manufacturing leaders will join at SCM Logistics & Manufacturing World Asia 2013 to explore Asia-focused strategies for the region's market conditions. For more information, visit *http://www.terrapinn.com/conference/scm-logistics-world/index.stm.*

JULY 7-9

Kampala, Uganda: The Civil Aviation Authority of Uganda and the Entebbe International Airport are hosting the 8th annual Routes Africa. The gathering brings together people across the aviation industry to plan for the future. For more information, visit *http://www.routesonline.com/events/159/routes-africa-2013/.*

SEPTEMBER 25-27

Lisbon, Portugal: Air Cargo Handling Conference 2013 will be hosted by ANA Aeroportos de Portugal. It is the fifth annual conference. For more information, visit *http://evaint.com/our-events/air-cargo-handling-conference-2013.*

OCTOBER 14-16

Shenzhen, China: The China International Logistics and Transportation Fair, which debuted in 2006, is a meeting for people in logistics and transport all over the world. Held by the Ministry of Transport of the PRC and the Shenzhen Municipal People's Government, the fair is expected to receive more than 80,000 attendees. For more information, visit *http://www.scmfair.com/en/index.html.*

NOVEMBER 6-8

Miami: Air Cargo Americas offers an air cargo exhibition where companies can market their products and services to leading manufacturers, exporters, freight forwarders, importers and distributors in the Western Hemisphere. This is its 12th annual show. For more information, visit *http://www.aircargoamericas.com/.*

Gunning as its CEO effective June 1. Gunning has been CEO of Vedior, a recruitment specialist, which he merged with Randstad in 2008. He has also spent more than 25 years with Unilever. Gunning is replacing interim CEO **Bernard Bot**. Bot will remain on the executive board as CFO.

Justin Bowman has been promoted from **Air Charter Service**'s commercial director to become deputy managing director.

Jim McAdam will leave his job as president of **APL Logistics** later this year to take on "new career objectives." He will remain with the company until a successor is named."

Swissport International has appointed **Marcela Gaboda** as the CEO of Swissport Argentina. She has more than 20 years of experience in the aviation industry and has worked for Avianca Airlines and Swissport GBH Peru. Gaboda also has a background as a lawyer.

DHL Freight has named **Jeroen Eijsink** as CEO of DHL Freight in Germany, the largest market worldwide for the company. Eijsink is responsible for the road and rail transport activities of DHL in Germany. Before this, Eijsink worked as CEO of DHL Freight BeNeLux & UK in London. He began his career with the Deutsche Post DHL group in 2003 as a project manager in the Inhouse Consulting department. Before joining Deutsche Post DHL, Eijsink held various management positions at Siemens in Germany. ACW

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FREIGHT EXPEDITING

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MOBILE TECHNOLOGY

INDUSTRY FACES HARD WORK TO ATTRACT NEW BLOOD

Almost half those attending IATA's World Cargo Symposium in Doha in March had been in the airfreight industry for more than 20 years, prompting lengthy debate about where the next generation of employees is going to come from.

An emotional Ram Menen, who steps down in June as head of Emirates SkyCargo, summed it up well after delegates paid tribute to his massive lifelong contribution. "In 28 or 29 years, I have kept meeting the same people but with different business cards," Menen said. He was suggesting that, while senior executives switch between companies, fresh input from outside the industry is lacking.

IATA has been displaying posters at airports and events under the slogan "Air cargo makes it happen" to underscore how aspects of everyday life – delivery of essential medicines, flowers, food, the latest electronic business and entertainment gadgetry – depends on aviation. The organization pledged to continue with this campaign, with the idea of reaching out to the public and potential future employees.

Steve Gunning (top left) and Des Vertannes discuss the challenges of work force development.

"We are the industry that links the factories on one side of the world and shops on the other. We have wonderful stories to tell," said Oliver Evans, chief cargo officer for Swiss International Air Lines.

Evans said airfreight was an "endless source of challenge" to its employees. Airlines and forwarders needed a tough, alert, versatile workforce that could deal with anything from Icelandic eruptions and Japanese tsunamis to political upheavals, economic crises and environmental concerns. "We are impacted by every damn thing that happens all over the world. That's why I'm so passionate about it," he said.

"I haven't had any difficulty attracting talent into our organization. When people complete internships with us, they want to stay. We can't offer them all jobs," Evans added. "Talent is everywhere: 50 percent of the talent in the world is women. Do we employ 50 percent women? No, but it's coming."

Steve Gunning, MD of IAG Cargo and chairman of the IATA Cargo Committee, echoed Evans's sentiments. "People are keen to come into a self-contained business where they can make a real difference. You get an excellent eduction because you get to see it all. Our graduate intake go through a series of processes such as learning revenue management. The challenge is to hold on to them. People flow in from our passenger business, but sometimes also want to go back there."

Lise-Marie Turpin, VP cargo at Air Canada, was not convinced that youngsters have any awareness of airfreight. "There's an industry-wide problem of getting people to understand that cargo exists. They have no thought of career opportunities. We need to start there, and find a way of connecting with career talent in that way.

"The younger generation are more global, well travelled and may have studied or worked abroad. It's in their DNA," Turpin said. "One of our attractions is that we're global and offer the opportunity to work in different languages and cultures. But we need to be more connected with universities and other institutions that can provide us with the talent we need."

Des Vertannes, IATA's global head of cargo, said there were good examples of academies and individual companies promoting logistics and airfreight. But he accepted, "We're not telling the rest. We need to make sure the world knows about them."

All too common is the experience of Elizabeth Shaver, director of cargo services at Airlines for America, who confessed, "I found air cargo accidentally. But once I was in it, I thought, why would anyone want to work anywhere else?"

The extent of the sector's communication issues came home to Shaver when she studied 900 airline videos following a Google search. "We have some slick products in our industry, but only 15 of the videos touched on cargo, and they were mostly technical. Only three would have had general appeal."

Airfreight requires creative indiduals and problem solvers who could deal commercial, security and regultory pressures. "It's a glamorous industry, and we need to market it more," Shaver concluded.

Logistics recruitment specialist Darryl Judd said demand for talent exceeded the inflow of talent across the industry and across the world. Companies often complained to him of high staff turnover and employees being poached as they were offered better packages elsewhere.

Excuses Judd said he was tired of hearing were, "Generation Y don't want to work for us. They're different. We're not a sexy enough industry. It's difficult to recruit into such an unstable industry. We have no time for internships or career development."

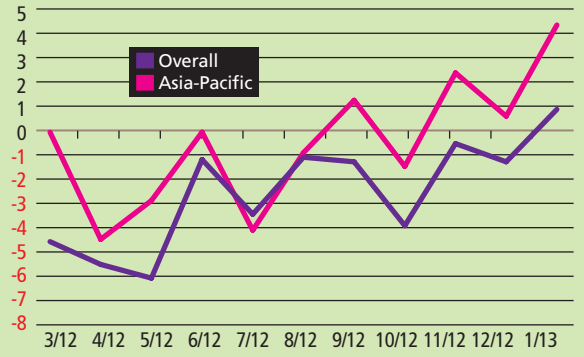
Judd added, "We're not great at shouting outside of our industry." On the specific issue of attracting more women into airfreight, he said companies may have to look closer at adjusting shift patterns and working around domestic constraints in order to attract the missing 50 percent.

He said employers needed to be smarter at promoting the potential for advancement. Knowledge empowered the workforce, but rewards for performance or achievement did not have to be in financial form.

Judd had words of reassurance, pointing out that the transport and logistics industries needed to hire 17 million more people over the next 20 years. "You're not going to lose your job," he said. ACW

CARRYING EUROPE

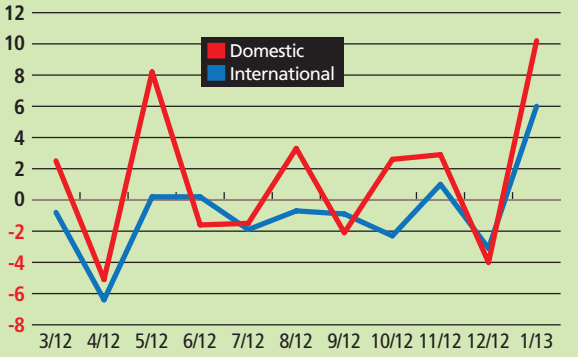
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

U.S. AIRLINES

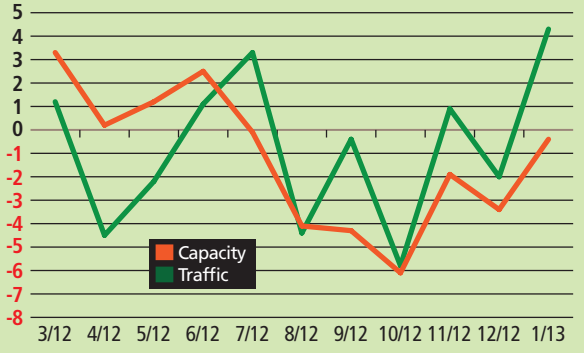
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Airlines for America

CARRYING ASIA

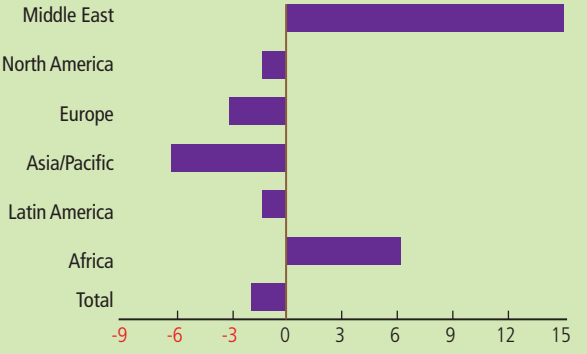
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

SHARING MARKETS

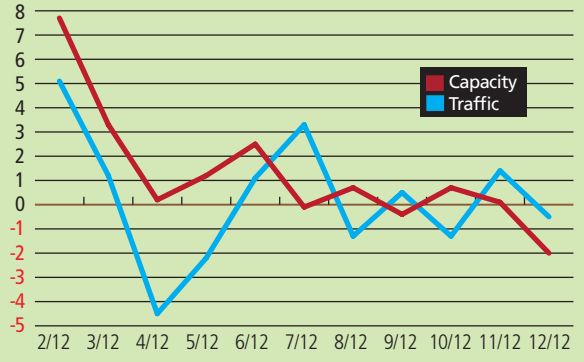
International air cargo year-to-date percent change for December 2011 vs. December 2012



Source: IATA

CARRYING INTERNATIONAL

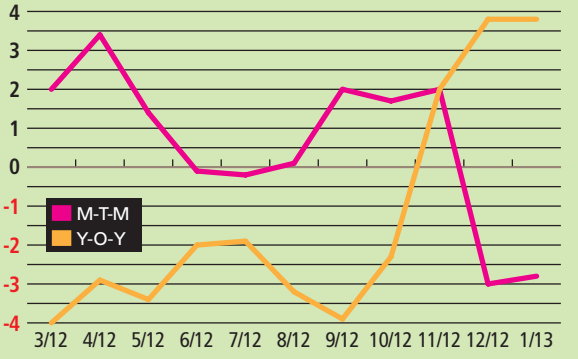
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA

SEMICONDUCTORS

Worldwide monthly year-over-year percent change in sales of semiconductors and month-to-month percent change.



Source: Semiconductor Industry Association

Brandon Fried is the executive director of the U.S. Airforwarders Association

Positive outlook is key in sorting out American/US Airways merger

When Stephen Stills wrote the popular 1970 single "Love the One You're With," it proved to be a popular refrain of the era providing advice that inspired the tagline: "If you can't be with the one you love, love the one you're with." Few probably ever thought the tune could one day serve as a mantra of the U.S. airline industry.

The recently proposed marriage of US Airways and American Airlines reminds us that in mergers, as in love, there is a match for everyone. In this case, however, the combination is poised to become the largest airline couple in the world.

Notwithstanding American management's initial opposition to merging with US Airways, its workers, owners and creditors now feel that Doug Parker's US Airways is the best partner for American Airlines, and Parker's management team will run the combined entity going forward. The new airline will be gigantic with 6,700 daily flights serving 336 destinations in 56 countries.

It's no surprise that as in past mergers, this one creates the usual passenger concerns about how existing frequent flier accounts will be treated, the effects on air service and, of course, the ultimate influence on airfares. Airfreight shippers have similar concerns.

Past experience is not a factor since both airlines have long held extensive air cargo roles. While not as large as American, US Airways has always been a primarily domestic freight hauler with a relatively substantial wide-body hub serving several European destinations from Philadelphia.

American Airlines was one of the first airmail carriers and subsequently flew freighters nightly across the country. Today, its large wide-body fleet flies cargo from several U.S. hubs to worldwide destinations throughout Europe, Asia and Latin America. The carrier understands the airfreight business and values freight forwarders as partners.

Post-deregulation years have not been kind to any U.S. legacy airline, including US Airways and American. In 2012, the two carriers alone experienced a loss of $1.2 billion. But as rival Delta earned a profit of $1 billion, management teams at both carriers knew they had to capture substantial ground before returning to profitability.

From the airfreight forwarder perspective, many of the concerns from previous mergers of Northwest and Delta, United and Continental, and AirTran and Southwest remain. These deal with the effect on rates, scheduling frequency and cities served. Mergers are about synergy, and if both carriers are running parallel fights at the same time to one city, chances are that the new carrier will only fly one plane, maybe of a different size to that destination. This could result in less cargo space and higher prices to ship boxes. But despite the normal merger concerns, many are seeing the combination of these carriers as a way to help stabilize the industry. No customer enjoys doing business with a company that routinely loses money. In the airline industry, we have seen financial hardship manifest itself in less reliable equipment and poor service quality. Hopefully, the merger of American Airlines and US Airways and their recent competitors will result in a stronger U.S. airline industry.

Of course, the merger must still pass regulatory scrutiny, but there should be no major issues, especially in light of the government-approved pairings of other airlines in recent years. Of the 900 destinations served by both carriers, only 12 routes overlap. Should the government authorities ask the merged carrier for concessions due to market share size concerns, slots at major airports including Reagan Washington National Airport can easily be spun off and quickly grabbed by smaller carriers willing to buy them.

Forwarders also know that when it comes to domestic U.S. shipping, airlines play less of a role than in past years, as trucks have become a formidable competitor. This is probably the biggest factor keeping competition in check on shipments transiting the United States. When it comes to international shipping, airfreight forwarders have a much larger selection of carriers from which to choose, so fewer airlines in the United States will not make much of a difference in keeping international service and rates stable.

As the shape of the U.S. airline landscape for the next decade comes into view, passengers and airfreight forwarders need to stay positive and hope the mergers can keep the newly formed carriers grounded enough to once again fly into consistent profitability. ACW