

INTERNATIONAL EDITION

Air Cargo World

MAY 2013

THE SOURCE FOR AIRFREIGHT LOGISTICS

Shipping Colossal Cargo



Our Technical Expertise Your Cargo

Air Charter Service's hands-on experience and technical expertise is what sets us apart from many of our competitors.

Every account manager spends a significant amount of time on the tarmac, learning precisely what it takes to perform a load and run a successful cargo charter – from start to finish.

With so many varying loads, it is vital that we understand the capabilities of every aircraft to ensure the best solution for your cargo.

www.aircharter-service.com

Scan here
to watch our
corporate video



Air Charter Service

N.AMERICA

S.AMERICA

EUROPE

CIS

MIDDLE EAST

AFRICA

ASIA

EDITOR

John W. McCurry

jmccurry@aircargoworld.com • (678) 775-3567

ASSOCIATE EDITOR

Adina Solomon

asolomon@aircargoworld.com • (678)-775-3568

SPECIAL CORRESPONDENT

Martin Roebuck

CONTRIBUTING EDITORS

Roger Turney, Ian Putzger, Karen Thuermer

CONTRIBUTING PHOTOGRAPHER

Rob Finlayson

COLUMNIST

Brandon Fried

PRODUCTION DIRECTOR

Ed Calahan

CIRCULATION MANAGER

Nicola Mitcham

nicola.mitcham@ubmaviation.com

ART DIRECTOR

CENTRAL COMMUNICATIONS GROUP
centcommgrp@comcast.net

PUBLISHER

Steve Prince

sprince@aircargoworld.com

ASSISTANT TO PUBLISHER

Susan Addy

saddy@aircargoworld.com • (770) 642-9170

DISPLAY ADVERTISING TRAFFIC COORDINATOR

Cindy Fehland

aircargoworldproduction@ubmaviation.com

AIR CARGO WORLD HEADQUARTERS

1080 Holcomb Bridge Rd., Roswell Summit
Building 200, Suite 255, Roswell, GA 30076
(770) 642-9170 • Fax: (770) 642-9982

WORLDWIDE SALES

U.S. Sales

Associate Publisher
Pam Latty

(678) 775-3565

platty@aircargoworld.com

Europe, United Kingdom, Middle East

David Collison

+44 192-381-7731

dci.collison@btinternet.com

Hong Kong, Malaysia, Singapore

Joseph Yap

+65-6-337-6996

joseph@asianimedia.com

India

Fareedoon Kuka

RMA Media

+91 22 6570 3081

kuka@rmamedia.com

Japan

Masami Shimazaki

ums-shimazaki@kve.big-

lobe.ne.jp

+81-42-372-2769

Thailand

Chower Narula

worldmedia@inet.co.th

+66-2-641-26938

Taiwan

Ye Chang

epoch.ye@msa.hinet.net

+886 2-2378-2471

Australia, New Zealand

Fergus Maclagan

maclagan@bigpond.net.au

+61-2-9460-4560

Korea

Mr. Jung-Won Suh

+82-2785-8222

sinsegi@igroupnet.co.kr

May 2013

Volume 16, Number 4

contents

20 Outsize Cargo

Shipping colossal cargo

26 Airfreight in India

Tax reform, FDI progress offer hope

28 Forwarders Best Practices

Freight forwarders share keys to success

32 Thai Customs can be Tricky

Importers face pitfalls

WORLD NEWS

6 Europe

11 Middle East/Africa

14 Asia

17 Americas

DEPARTMENTS

4 Editorial

36 Bottom Line

38 5 Questions

40 People

42 Classifieds

46 Forwarders' Forum

CUSTOMER SERVICE OR TO SUBSCRIBE: (866) 624-4457



UBM Aviation

POSTMASTER: Send address change to:
Air Cargo World
3025 Highland Pky Ste 200
Downers Grove, IL 60515

For more information visit our website at
www.aircargoworld.com

Air Cargo World (ISSN 1933-1614) is published monthly by UBM Aviation. Editorial and production offices are at 3025 Highland Parkway Suite 200, Downers Grove, IL 60515; telephone 866-624-4457. Air Cargo World is a registered trademark of UBM Aviation©2013. Periodicals postage paid at Downers Grove, IL and at additional mailing offices. Subscription rates: 1 year, \$80; 2 year \$128; outside USA surface mail/1 year \$120; 2 year \$216. Single copies \$20. Express Delivery Guide, Carrier Guide, Freight Forwarder Directory and Airport Directory single copies \$14.95 domestic; \$21.95 overseas. Microfilm copies are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Opinions expressed by authors and contributors are not necessarily those of the editors or publisher. Articles may not be reproduced in whole or part without the express written permission of the publisher. Air Cargo World is not responsible for unsolicited manuscripts, photographs or artwork. Please enclose a self-addressed envelope to guarantee that materials will be returned. Authorization to photocopy items for internal or personal use is granted by Air Cargo World, provided the base fee of \$3 per page is paid directly to Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, and provided the number of copies is less than 100. For authorization, contact CCC at (508) 750-8400. The Transactional Reporting Service fee code is: 0745-5100/96/\$3.00. For those seeking 100 or more copies, please contact the magazine directly. Member of Audit Bureau of Circulations Ltd.

POSTMASTER and subscriber services: Call or write to Air Cargo World, 3025 Highland Parkway Suite 200, Downers Grove, IL 60515; telephone 866-624-4457.

Hunting for growth



John W. McCurry
Editor

Searching for the pockets of potential growth in the air cargo sector can be a daunting task under present economic conditions, but that was the mission of a panel discussion held during The International Air Cargo Association's Executive Summit and Annual General Meeting last month. Panelists offered intriguing regional observations about where growth may occur around the globe.

Africa, Asia and Latin America will continue to offer significant growth potential in the coming years, panelists say.

Issa Baluch, a Harvard Senior Fellow, author of two logistics books and chairman of Air Cargo Trader, a Dubai-based GSA, says Africa, with a projected average annual GDP growth of 6 percent over the next decade, will continue to be a source of growth for air cargo.

"There are challenges on this continent," Baluch says. "You can't just grab your wheelbarrow and go there and do business, but the potential is great."

Baluch says Africa's vast amount of arable land, which he describes as the "food basket of the world," plus its immense natural resources, make the continent a prime location for continued air cargo growth.

"There are opportunities for our industry, but it's a continent that needs solutions," Baluch says.

There are many challenges involving the numerous governments in Africa and issues involving traffic rights and customs. Movement of freight from coastal cities inward can take weeks.

Shawn McWhorter, president of Nippon Cargo Airlines, Americas, stresses the continued importance of Asia. He says the region, which represents more than 47 percent of global airfreight tonnage, is projected to see a growth rate of 4.1 percent to 8 percent annually depending on the trade lane. China, which accounts for 40 percent of the trans-Pacific cargo market, will continue to dominate.

"China's middle class continues to grow in importance," McWhorter says. "It's a huge untapped population that wants goods from around the world."

Japan presents an opportunity as its economy stabilizes following implementation of government fiscal programs aimed at promoting growth. Developing markets such as Vietnam are also likely to stimulate air cargo traffic as manufacturers seek lower cost locales.

"There are huge opportunities going forward," McWhorter says.

Latin America will continue to be a source of growth for the industry, says Jaime Alvarez, senior director of cargo and courier for Panama's Copa Airlines. Panama, which serves as a transit stop for air cargo headed for destinations throughout Latin America, has an economic growth rate of 10 percent.

"We enjoy an easy-going customs system in Panama," Alvarez says, noting that Panama is also home to the largest duty free zone in the region.

Alvarez says Copa gave up its freighters several years ago and is now focusing on smaller cargo, including courier service.

"Going for the courier market is not easy, but that's where the money seems to be," Alvarez says. "If you run the belly well, you can make a lot of money."

Infrastructure improvements also bode well for Panama. Expansion of Tocumen International Airport is underway and options for expansion of the Panama Air Cargo Terminal are being examined.

A handwritten signature in black ink that reads "John W. McCurry".

Haneda puts your business in the heart of Tokyo

Starting 3rd June 2013, we're flying to Haneda daily. Right in the heart of Tokyo, Haneda brings you closer to Japan's business capital. Now, along with our current Narita service, your business can move more cargo than ever, with greater flexibility and efficiency.

Dubai to Tokyo Haneda

Day	Flt. No.	Depart	Arrive	Aircraft Type
Daily	EK 312	0935	0001*	B777-200LR

Tokyo Haneda to Dubai

Day	Flt. No.	Depart	Arrive	Aircraft Type
Daily	EK 313	0130	0705	B777-200LR

*Next day



Hello Tomorrow



TNT's new strategy trims 4,000 jobs

Netherlands-based TNT Express, a few weeks removed from the failed takeover by UPS, has unveiled a strategy it hopes will improve the company's profitability by 2015. The program, which the company calls "Deliver!," includes the planned sale of its China and Brazil operations and the reduction of 4,000 jobs over the next three years.

"Our business faces difficult market conditions and strategic challenges but we have a unique competitive proposition: an unrivaled European network, worldwide connections, an integrated range of services and recognized dedication to customers," said Bernard Bot, interim CEO. "Our updated strategy builds on these strengths."

TNT said the sales process for the China operation is under way with a deal to come "imminently." Preparations for the Brazil sale have begun.

The company said it plans to focus on higher-margin services and customer segments. This includes targeting SME and single-source customers, higher-



Is 'slow-steaming' a new trend among carriers?

Are carriers effectively adopting a strategy of "slow-steaming" to combat the downturn in traffic and to keep their depleted freighter fleets in business?

Ironically, the shift by shippers from air to seafreight is probably exacerbating the apparent phenomenon.

It was the major container shipping lines, particularly on routes from Asia to Europe, which first introduced the concept of slow-steaming as a means of saving on fuel costs. At the same time, they recognized that many shippers did not require fast transit times, but preferred instead, albeit slower, consistent and reliable service.

Freighter schedules appear to reflect a similar trend in the airfreight market. Direct point-to-point, high-frequency service is being replaced by extended, often circuitous routings involving multiple stops. It can now be several days before a freighter fi-

nally returns to its home hub.

Take for example Cargolux. It has a Sunday evening departure from its Luxembourg hub to New York. After New York, the aircraft departs to Mexico City before returning by way of Houston back to New York. Then, a direct return back to Luxembourg? No, the aircraft heads over the North Atlantic to Lagos, Nigeria before continuing on to neighboring Accra, Ghana from where it continues on to Nairobi on the other side of the African continent. It then makes its wayward way back to Europe, with a final stop-over in Maastricht, Holland before returning to Luxembourg on Wednesday morning, having used four different flight numbers along the way.

The Luxembourg carrier now operates a growing number of B747-8F, offering a higher payload and greater fuel economy. But was this with the intent of it becoming a tramp steamer of the skies?

More recently, Cargolux added Dallas/Fort Worth to its network. A further addition to its North Atlantic portfolio? Well again, no. This new twice-weekly flight actually heads out



weight parcels and palletized freight express and economy shipments. TNT is targeting €220 million (US\$282.8 million) in cost reductions.

TNT Express is also exploring options to reduce its exposure to intercontinental capacity. Options include capacity-sharing agreements, subleases and lease terminations. **ACW**

We'll keep an eye on your goods.

From the point of arrival to delivery, all your cargo including money, jewellery and other valuables, is safe at all times in our secure storage area which is monitored 24/7.

For detailed information please contact: specialcargo@thy.com



**TURKISH
CARGO**  | *Globalize
your business*

www.tkcargo.com | +90 0850 333 07 77

from Luxembourg with its first port of call being Baku, Azerbaijan before continuing on to Hong Kong. It finally makes it to Dallas by way of a Trans-Pacific crossing, with the second weekly flight stopping off first at Mexico City. Dallas shippers can at least take some comfort from the fact that the aircraft then heads directly back to Luxembourg, apparently a throwback to a bygone era of what was known as non-stop service.

Obviously, as clearly demonstrated by Cargolux, freighter operators have to move away previously fast-moving trade lanes. Instead, they are being forced to knit together networks on a sector-by-sector basis requiring their freighters to set-out on often lengthy voyages.

Other carriers are following suit. Finnair Cargo recently extended freighter service to Chicago to add to its New York flights. But this belies the fact that the airline, with just a single MD-11 freighter, flies an ex-



tended figure of eight rotations between Hong Kong and Mumbai via its two European hubs of Helsinki and Brussels to New York and Chicago. Frequency no longer appears to be the name of the game; instead, connectivity is the new watchword.

Similarly, IAG Cargo has become very adept at working its three leased B747-8Fs to maximum benefit, but a glance at its freighter schedule will

show it too no longer relies on point-to-point traffic. Book your shipment on an IAG cargo freighter from London Stansted to Johannesburg and along the way it will enjoy stopovers at Cologne and Madrid.

In the case of global forwarder Panalpina, it proudly boasts of its own controlled airfreight network with two Atlas-Air-leased B747-8Fs at its direct disposal. But the truth of the matter is

Air Cargo World

THE SOURCE FOR AIRFREIGHT LOGISTICS



PRINT



ONLINE



DIGITAL



E-NEWSLETTER

Global Insight, Global Delivery.

To subscribe to Air Cargo World or to inquire about advertising, please contact Steve Prince, Publisher, 770.642.9170 or sprince@aircargoworld.com

that, in order to earn their keep, the aircraft are locked into an extended shuttle between Hong Kong, Dubai, Luxembourg, Huntsville, Ala., in the U.S. and Sao Paulo.

But even logistics giants FedEx and UPS admit the tide is beginning to turn against premium airfreight service. FedEx is pulling Asia freighter

capacity and UPS reports that more and more shippers opt for deferred (make that cheaper) delivery options.

This comes at a time when UPS, in particular, is busy promoting its expedited oceanfreight service with the recent inclusion of Western Europe.

"The expansion of our expedited oceanfreight service comes at a time

when many companies are considering other modes of transportation for their freight movements," Keith Andrey, vice president of UPS oceanfreight services, says. "In the two years that we've offered this service in Asia, we have seen a great deal of customer interest in an expedited oceanfreight product." **ACW**

Income down, but Lufthansa turns corner

Despite a difficult first two trading months in 2013, Lufthansa Cargo claims it has pulled through the worst and expects an improvement in its fortunes this year.

Presenting the company's annual results in Frankfurt, LC's chairman and CEO, Karl Ulrich Garnadt, says volumes fell by a further 9.7 percent year-over-year in January and February, following an 8.5 percent loss of traffic in 2012.

"March looks a little better, and economic indicators worldwide show a better second half," Garnadt says.

A business climate study and German procurement managers' index, both reliable benchmarks in the past for the airfreight industry's prospects, were both pointing in the right direction.

"We don't feel we can increase capacity yet," Garnadt says.

But he indicated a likely 1 to 2 percent expansion of capacity this year. Right now, the Lufthansa fleet is not flying at full capacity and the first two of five B777 freighters on order will be delivered this fall.

LC saw operating income fall to US\$134 million (104 million euros) in 2012, down from US\$321 million (249 million euros) the previous year. This performance was "a clear decline but more than respectable in a shrinking market," Garnadt says.

Revenue was down from US\$3.79 billion (2.94 billion euros) to US\$3.47 billion (2.69 billion euros). LC lost market share throughout the year, largely as a result of disciplined ca-

capacity management and a conscious decision to focus on profitable trade lanes.

"We adjusted capacity by more than the market demanded," Garnadt says. "We remained in triple-digit profit, and we consider that to be a success."

Although LC's results contrasted favorably with heavy losses at Air France-KLM Cargo and Singapore Airlines Cargo, Garnadt said he feared a "two- or three-class society" was forming in global aviation. Lufthansa's year-over-year volumes had remained consistently below the average for International Air Transport Association member airlines through 2012. But this disguised huge regional differences, with Asian carriers recording double-digit losses while Middle Eastern operators were growing at great speed.

"We may be paying the price [as European carriers] for underestimating trends, and have missed out on opportunities," Garnadt admits.

LC sees quality as a competitive differentiator, and he says customer satisfaction was at its highest-ever level in 2012. More than 90 percent of shipments flew as planned and the carrier's fleet of 18 MD-11 freighters was the most punctual worldwide.

A mixed freighter fleet will operate until at least 2020. The MD-11s could easily be used for another 10-12 years, Garnadt says. Although declining to comment on where the new 777Fs would be deployed, he saw China returning to growth, and there was "still life in India."



Karl Ulrich Garnadt

Signs of recovery in Thailand and Indonesia showed great potential, but Garnadt is hesitant about ramping up services to southeast Asia, commenting that it was an "extremely competitive market with the Gulf carriers offering considerable capacity." He was more positive about prospects for trans-Atlantic traffic.

Construction of a new 1.6-million-tonne cargo center at Frankfurt, dubbed LCCneo, begins at the end of 2013. The biggest capital investment in LC's history, the facility will cost more than US\$645 million (500 million euros) and is scheduled for completion in 2018-19.

The project goes ahead despite the night flying ban imposed at the airport, but will be 20 percent smaller than originally planned. LC will transfer some business to Munich.

Lufthansa is meanwhile opposing a proposed increase in charges by airport operator Fraport.

"Efficient infrastructure has its price, but we have expressed our concern," Garnadt says. "Frankfurt is an excellent location but is not necessarily the most competitive." **ACW**

Swiss WorldCargo plans Singapore flight

The flight, which will be operated with an Airbus A340 aircraft, will go to Swiss WorldCargo's Zurich hub.

Singapore has become one of the world's top air cargo hubs. The country

leads in manufacturing areas such as electronics, precision engineering and chemicals. More than 30 biomedical science companies have established regional headquarters in the country.

Singapore also has other industries

such as medical and health care technology, IT products and clean energy.

All of Swiss WorldCargo's products and services, such as SWISS General Cargo, SWISS °Celsius Active and SWISS Mail, will be offered. **ACW**

IATA to restructure

The International Air Transport Association announced on April 12 an organizational restructuring of its main divisions and regional operations in order to "better address the needs of its 240 member airlines," the Geneva-based organization said.

To support the new structure, senior management changes were also announced.

All changes will take effect July 1.

"IATA is changing to deliver even greater value to its members," Tony Tyler, IATA's director general and CEO, said. "Strengthening our regional structures where we are closest to our members will help us to understand and meet their needs better. We have also regrouped activities that have grown organically over time with the goal of being more intuitive to those we deal with. This will optimize our ability to develop, modernize and deliver the global standards which are the foundation of aviation-enabled global connectivity."

This restructuring will enable IATA to represent the airline industry without downsizing, the organization said. The changes in divisions and regions do not affect IATA's governance processes.

IATA's regional operations will be consolidated from seven regional structures into five. These will be based around the five hubs of Beijing, Madrid, Miami, Singapore and Amman, Jordan.

Each region will continue to be led by a regional vice president, who will report to the director general and CEO.

North and South America will be

consolidated into an Americas region and based in Miami. Peter Cerda will lead the region. He is promoted from regional director for safety, operations and infrastructure for the Americas.

Africa and Middle East North Africa will be combined into the Africa and Middle East region. Hussein Dabbas, from IATA's Amman regional office, will lead the region.

Asia-Pacific, North Asia and Europe will continue their present structure with regional offices in Singapore, Beijing and Madrid. The regional vice presidents leading these regions will continue to be Maunu Von Lueders, Zhang Baojian and Rafael Schwartzman, respectively.

IATA's four externally-focused head office divisions will be re-organized into five.

First, there is the newly-created Airports, Passenger and Cargo Services division. It will be led by Thomas Windmuller, who is presently senior vice president, member and government relations.

The Member and External Relations division will take primary responsibility for the association's advocacy activities. It will be led by Paul Steele, who is promoted to senior vice



Tony Tyler

president from his role as director of aviation environment.

The Safety and Flight Operations division will be led by Guenther Matschnigg in a continuation of his role as senior vice president of safety operations and infrastructure.

The Financial and Distribution Services division will be led by Aleksander Popovich in a continuation of his role as senior vice president of industry distribution and financial services.

The Marketing and Commercial Services division will continue to be led by Mark Hubble, senior vice president of MACS.

The internal Corporate Services division remains under the leadership of Ayaz Hussein, IATA's CFO. **ACW**



Carriers continue capacity expansions

The air cargo sector continues to grow in the Middle East with carriers announcing capacity increases at a regular clip. Among the latest to do so is Dubai-based Emirates SkyCargo, which is increasing its cargo capacity to Tokyo, when Emirates launches a daily non-stop flight between Dubai and Haneda Airport beginning June 3.

Haneda Airport is located in Otaku, Tokyo, and handles the majority of domestic flights to and from Tokyo. It opened its doors to international carriers following the opening of the fourth runway and the international terminal in October 2010. Haneda is ranked as the second busiest airport in Asia and will become Emirates third gateway into Japan, the others being Osaka and Narita, Tokyo.

With the new daily flight to Haneda, Emirates SkyCargo is able to provide an additional 210 tonnes of cargo capacity per week, further supporting Japanese exports of mechanical com-

ponents, electronic goods and automobile parts, and its imports of gas and oil products. Dubai is an important hub for the re-export of Japanese manufactured products to the Middle East, Africa and Central Asia.

"The Japanese market is very important for Emirates SkyCargo, and with our Dubai hub strategically located in the Middle East, we connect east and west," says Ravishankar Mirle, Emirates vice president, commercial cargo for east and west Asia, Australasia and the Indian Ocean. "This gives our customers in Japan access to our extensive network to the Middle East, Europe, the Americas and Africa. With the operation of a double daily to Tokyo, we will be able to offer cus-

DHL Express, IAG Cargo team up to fight blindness

DHL Express and IAG Cargo are teaming up to help prevent unnecessary blindness in Turkana, Kenya.

The two companies are transporting almost 4,200 pounds of surgical eye material to Lodwar Hospital in Turkana. The goods transported include medication, eye drops, intraocular lenses, sutures, eyeglasses, sunglasses and custom packs for cataract surgery.

The delivery also includes spare parts for a microscope that can now be repaired and used again.

These materials are essential for doctors at the Eye Unit in Lodwar Hospital, who will now have the necessary tools for operations to treat diseases such as cataracts and trachoma.

"For the fourth consecutive year, DHL Express and IAG Cargo have collaborated to ensure the safe and reliable transportation of sensitive materials that require special transfer condition," Dr. Ciancas, ophthalmology team member of the unit, said. "Thanks to this cooperation, in 2012 doctors on site in Turkana were able to provide medical care to over 7,300 people and carry out 630 operations on these patients."

The goal of the project is to achieve sustainable eye care based on collaboration with local health authorities and the training of local personnel, along with the prevention of blinding diseases in children and adults that have already been eradicated in Western countries.

These actions were possible because of the support of the Missionary Community of Saint Paul the Apostle in Turkana and the Foundation Emalaikat, which manages the funding for these projects from its base in Spain. **ACW**



tomers more flexibility due to the different locations of Narita and Haneda, scheduling and connectivity. Haneda is also conveniently located close to the city, which gives it the distinct advantage for perishable imports, such as fish and flowers, to be cleared faster after the midnight arrival, which reduces time to market.”

Emirates has been operating to Japan since 2002 when it introduced non-stop flights to Osaka, followed by its service to Narita International Airport in 2010.

With a fleet of 200 aircraft, 11 of which are freighters, Emirates now flies to 132 destinations, having launched services to 15 destinations in 2012. Warsaw and Algiers joined the network this year on Feb. 6 and March 1, respectively. Beginning Oct. 1, Emirates will begin daily, non-stop flights to Clark International Airport, the airline’s second destination in the Philippines.

Etihad Cargo, another fast growing carrier, is also adding global capacity. The UAE-based airline recently

added Washington, D.C., to its global cargo network, in addition to boosting frequency to Hong Kong via its strategic partner Air Seychelles.

Turkish Cargo is also in expansion mode with its latest move being the addition of Istanbul to Guangzhou, China, freighter service.

Also, El Al Cargo recently signed an interline agreement with AeroMexico Cargo, which operates a B767-200F freighter in addition to passenger aircraft. The routes include Mexico City to Tel Aviv via JFK. **ACW**

AV Cargo launches African operations for Avient

AV Cargo officially launched operations to Africa on behalf of Avient Ltd., which is no longer trading because of financial difficulties.

Portland, the administrators, sanctioned AV Cargo to operate existing commitments on behalf of Avient pending the outcome of its evaluations of the company.

“Going forward, I have complete confidence that AV Cargo can deliver a secure and profitable return for its shareholders by implementing a proven business model in a niche market in Africa,” Simon Clarke, CEO of AV Cargo, said. “We are strongly encouraged by the overwhelming confidence and support of potential customers

“Our expertise and knowledge of the African markets puts AV Cargo in the forefront position going forward.”

— Simon Clarke, CEO of AV Cargo

in the market and key suppliers who have detailed knowledge of our business plan.”

AV Cargo has already obtained funding and has secured new aircraft. The first of up to 3 MD-11 aircraft will enter service later this April. The second aircraft is scheduled for delivery in May.

Additional aircraft will enter ser-

vice after future contracts have been confirmed.

“Whilst the global cargo market has been depressed in recent times, ‘green shoots’ are emerging in specific locations, most notably in Africa and the Middle East,” Clarke said. “Our expertise and knowledge of the African markets puts AV Cargo in the forefront position going forward.” **ACW**

Cargolux enters Tripoli

Cargolux Airlines International introduced a new air cargo service to Tripoli, Libya effective April 16.

Weekly service will operate every Tuesday on the Luxembourg–Tripoli–Johannesburg route.

The political situation in Libya is beginning to stabilize and there is

economic development due to the oil industry, so demand for airfreight is growing, Cargolux says.

Other sectors targeted with the new service include pharmaceuticals, health care products, newspapers and general cargo. **ACW**



Etihad logs record quarter

Etihad Airways has recorded its strongest ever cargo results for a first quarter.

Etihad, which has been in operation for 10 years, reported cargo revenues of \$193 million for the first quarter of 2013, an increase of 17 per cent compared to the same quarter in 2012.

Etihad's tonnage was up 20 percent with 101,776 tonnes during the first quarter. This was driven by a strong performance in Northeast Asia and in the Indian subcontinent from mid-February.

"Our Q1 2013 results have again outstripped global trends," James Hogan, president and CEO of Etihad Airways, said. "This performance demonstrates that Etihad Airways' strategy of organic growth, wide-ranging partnerships and strategic equity in-



vestments is delivering for us and our partners."

Etihad's fleet grew to 73 cargo and passenger aircraft from just 66 in 2012. Etihad Cargo took delivery of a new Boeing 777 freighter, which was deployed on European and African

routes during the quarter. A second Boeing 747 freighter entered the fleet at the end of March, taking the total cargo fleet to eight aircraft.

The new twice-weekly freighter operation from Houston to Abu Dhabi also enhanced the cargo results. **ACW**



www.airbridgecargo.com

AIRBRIDGECARGO INTRODUCES THE BRAND NEW BOEING 747-8F TO ITS FLEET



988 km/h
Maximum speed

8,130 km
Range at full payload

lower operating costs per tonne-km

134,2 t
Maximum structural payload

Advantages of new fleet:

- 16% More Cargo Capacity
- Faster Turn Times - Lower Costs
- Advanced Flight Deck Technology
- New High-Lift System-less fuel
- More Durable and Lighter
- 16% lower operating costs per tonne-km

Contacts

Russia + 7 495 7862613
Germany + 49 6963 8097 100

The Netherlands + 31 20 654 9030
USA +1 (847) 261 0214

China + 86 21 52080011
Japan + 81 3 5777 4025

IATA calls for improvements in Indian aviation

The International Air Transport Association has called for government and industry to join together on projects that would improve safety, security and cargo processes in Indian aviation.

"The interests of government and industry are aligned," Tony Tyler, IATA's director general and CEO, said in his address at the inaugural India Aviation Day. "Aviation and aviation-related tourism drives 1.5 percent of India's GDP and supports jobs for 1.8 percent of the workforce. A stronger aviation sector will be a catalyst for even wider economic benefits."

The first area that needs improvement is safety. The IATA Operational Safety Audit is a global standard that is enhancing safety. In 2012, the all accidents safety performance of airlines on the IOSA registry was 77 percent better than for those not on the registry.

Tyler said India should take advantage of the IOSA registry.

He also urged India to participate in Secure Freight and the Checkpoint of the Future and review its ground handling policy.

"Airlines are subject to discrimination between how security functions are handled by domestic airlines versus international carriers," Tyler said. "Airlines are denied the right to self-handle. And there is deep policy confusion due to different interpretations of the multiple government notifications and concessions awarded by airports. It is time to take a fresh look at the whole issue."

Tyler also told India to modernize cargo processes. The industry has set a target of 100 percent conversion to the e-AWB for cargo by 2015 as a step toward E-freight implementation. **ACW**



Fleet revamp shrinks Air China's U.S. capacity

Notwithstanding the launch of new passenger flights across the Pacific, Air China's presence in the U.S. market is shrinking.

In July, the Beijing — based airline is due to add a fifth U.S. destination to its network with the launch of flights between its home base and Houston. Initially, it will serve the new route four days per week using B777-300ER equipment.

The start of Houston flights is part of a move to ramp up the airline's footprint in North America in the passenger business. In March, Air China boosted the frequency on the New York-Beijing sector from seven to 11 weekly flights and the Los Angeles-Beijing route went back to twice daily frequency. On the Beijing-San Francisco route, the airline deployed a larger 747-400 aircraft. Frequency on the Beijing-Vancouver sector is due to rise from seven to 11 weekly flights in May.

While these moves boost the carrier's belly-hold lift in the U.S. market, Air China is in retreat on the main-deck side. Buffeted by sluggish demand, high fuel costs and downward pressure on yields, the carrier has struggled with its freighter fleet, which consists of eight 747-400BCF aircraft and three 747-400Fs. The

BCFs have especially turned into millstones.

"Because of the high fuel cost, the BCF has no business case at all," Titus Diu, COO of Air China Cargo, says.

The plight of the converted freighters has accelerated the decision process on the carrier's fleet renewal plans. It has signed an order for eight B777 freighters, of which the first will be delivered as early as December. Diu expects it to enter service in January 2014.

The remaining seven 777Fs are scheduled to come on stream before the end of 2015. The rapid access to 777 production slots is the result of a deal that involves Boeing as well as Air China Cargo stakeholder Cathay Pacific, which had contributed five BCFs to the cargo venture.

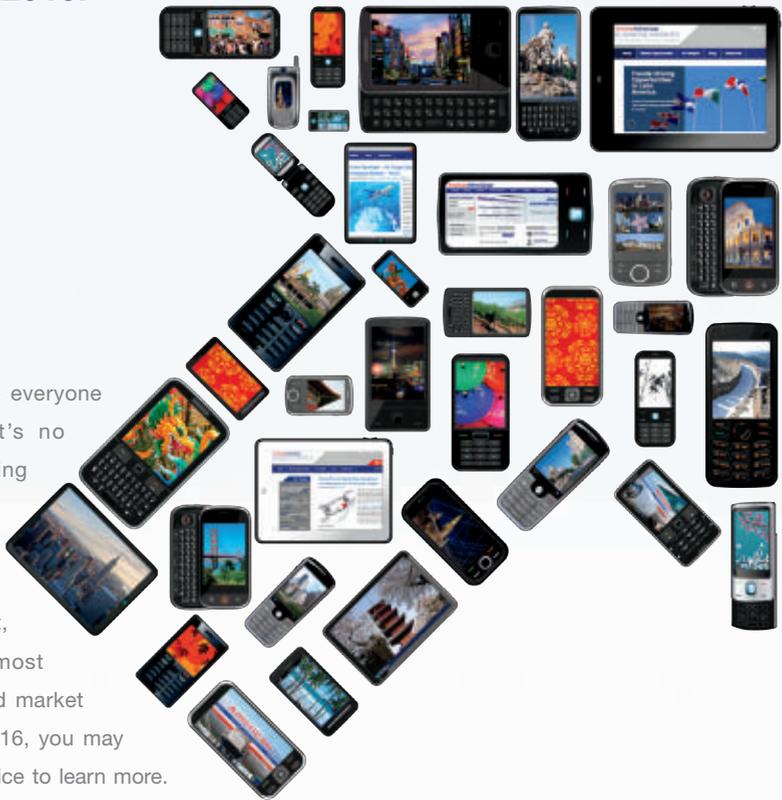
Cathay opted to take three more 747-8s in lieu of the 777Fs, although its management has stated that it will likely add 777Fs to its line-up at a later stage. For Air China, the 747-8 was the less attractive option. Unlike Cathay's set-up, which is geared to network utilization, the Beijing-based airline's business is predominantly point-to-point, which makes the task of filling a 140-tonne freighter more daunting, Diu says.

Like Cathay, Air China got Boeing to buy its BCFs (minus two air-

DID YOU KNOW?

**WORLDWIDE
SMART-CONNECTED
DEVICE SHIPMENTS ARE
EXPECTED TO SURPASS
2.1 BILLION UNITS IN 2016.**

Here's an opportunity that will have everyone talking, texting and browsing. It's no secret that mobile devices, including smartphones and tablets, are in high demand all over the world. AA Cargo offers an expansive network and reliable express product, Expeditefs, to help you make the most of this opportunity. With an expected market value of more than \$795 billion in 2016, you may just want to use your own mobile device to learn more. Visit AACargo.com today for more information about our comprehensive products and services.



American Airlines CargoSM

AACargo.com

craft that are on lease, which will be returned to the lessors when their terms expire in July and October). With the BCFs headed for the exits, the carrier will have a fleet of 11 freighters - eight 777s and three 747-400s - by the end of 2015. However, as the BCFs are leaving faster than the new freighters arrive, the fleet effectively shrinks from 11 to seven freighters this year. Two BCFs have already gone back to Boeing.

The brunt of the shortfall of capacity resulting from this shrinkage is hitting the carrier's transpacific operations. The production freighters have been deployed chiefly on intra-Asian sectors, where they perform well, and the BCFs hemorrhage less on the Asia-Europe routes than on the longer sectors to North America. Moreover, Air China intends to ap-

ply for ETOPS in the U.S. for its 777 freighters, and it takes some time for its flight crews to build up the necessary experience, Diu says. Initially, the 777 freighters will be fielded on Asia-Europe sectors.

The carrier has already stepped up its China-Europe freighter activities this year. In March, it launched flights from Shanghai (its freighter hub) via Zhengzhou to Amsterdam and via Chongqing to Frankfurt. Amsterdam, which the carrier only added to its main-deck network last September, is now up to six weekly flights.

U.S. freighter services, on the other hand, are waning. At this point, Air China serves four U.S. destinations with all-cargo aircraft -- New York City, Los Angeles, Chicago and Dallas/Fort Worth.

"All of these are important mar-

kets, and we do not want to withdraw from any of them, so we are reducing frequency," Diu explains.

The cull of Air China's main deck capacity in the U.S. market is exacerbated by the looming demise of its 747-400 combi aircraft. The remaining five combis in its fleet are going to be taken out of service before the end of this year, which translates into reductions on routes to Los Angeles, San Francisco and Frankfurt. The 777-300s slated to replace them have ample capacity but they cannot take main-deck cargo.

In its home market, Air China has used a combi between Beijing and Chengdu, and the type's withdrawal will strip the latter point of main-deck capacity. Likewise, San Francisco will no longer be able to take main-deck loads. **ACW**

Changi Airport offers rebate for freighters

Singapore Changi Airport's air-freight movements declined 12.1 percent — to 126,500 tonnes — in February compared to a year ago.

In response to the weak cargo industry worldwide, Changi Airport Group is extending support to its air cargo partners under the Changi Airport Growth Initiative.

Until Dec. 31, all scheduled freighter flights at Changi Airport will receive a 50 percent landing fee rebate. This will be adjusted to 30 percent for

the first quarter of 2014.

Cargo tenants leasing Changi cargo facilities at the Changi Airfreight Centre receive rebates based on cargo tonnage handled, up to 20 percent of their rentals.

"Our partners in the cargo sector continue to face strong headwinds from the global economic weakness," Lee Seow Hiang, Changi Airport Group's CEO, said. "We hope, with this support package, to alleviate their situation. We will monitor the market environment closely and work



with our partners to ride through the challenging period and at the same time try to find growth opportunities in targeted cargo segments for Changi Airport." **ACW**

Damco increases presence in Cambodia

Freight forwarder Damco has further expanded into Cambodia.

Damco opened a second container freight station warehouse facility in the country to support its customers' growth in this emerging market.

The first warehouse began operations in August 2011. Both facilities offer a total combined space of more than 172,000 square feet with more

than 40 loading bays.

The new warehouse will provide inventory management, order processing and bar coding.

"Here in Cambodia, the strong support from the government and local authorities gives us the confidence that this market will continue to develop positively and will be one of the most competitive markets in the region for many years to come," Andy



Lim, country manager of Damco Cambodia, said.

Global customers are increasingly looking to Cambodia as a key market for sourcing manufacturing, particularly in the garment sector. **ACW**

LoBiondo: Cargo industry ready to grow



The air cargo industry is poised for economic growth, the chair of the U.S. House of Representatives Aviation Subcommittee says.

"We have a robust domestic cargo industry that looks to be bigger and hopefully stronger in the years to come, and this will spell very good news for us," Frank LoBiondo (R-NJ) says. "I hope we'll be able to increase our exports. That's an area that will be of tremendous economic benefit to the nation."

He says there is potential for the jobs and economic activity that air-freight brings to do "even bigger and better things than it's done already."

LoBiondo was named chair of the aviation subcommittee, which has jurisdiction over the Federal Aviation Administration, in January. He is a U.S. Representative for New Jersey and has been on the subcommittee, which is within the House transportation and infrastructure committee, for more than 15 years.

LoBiondo, who has served in the House of Representatives since 1995, also sits on the Coast Guard & Maritime Transportation and Highways & Transit Subcommittees. In addition, he is on the Armed Services Committee and the Permanent Select Committee on Intelligence, where he deals with issues such as terrorism and counterintelligence.

Before election, LoBiondo worked for more than 26 years at his family-

owned trucking company and served on the New Jersey General Assembly from 1988 to 1994.

LoBiondo says much of his time on the aviation subcommittee for the last few years has been spent on efforts to reauthorize a bill that provides funding for the FAA through 2015. Before the bill was signed, the FAA relied on 23 extensions to stay afloat and experienced a partial shutdown.

U.S. President Barack Obama signed the FAA bill into law in February 2012.

But from that process, hope springs for LoBiondo.

"As we move forward, we can set the stage now for the next reauthorization bill so that we have plenty of leeway and we don't come anywhere close to the disaster of the extensions and the shutdown that we did a couple of years ago," he says.

Besides preparing for reauthorization, LoBiondo has other plans he looks forward to tackling. He says safety makes the top of the list, but other topics on the agenda are unmanned aircraft systems, operational errors and how to protect privacy as the U.S. moves forward.

LoBiondo says the year will include meetings with the many stakeholders who have a hand in the aviation sector.

"We're doing a lot of listening early on," he says. "I think that we have a

Airbus Mobile plant construction begins

Construction of Airbus' A320 family assembly line in Mobile, Ala., officially began April 8 with a groundbreaking ceremony at the Mobile Brookley Aeroplex.

The new assembly line, which is the company's first production facility in the U.S., will be located at the aeroplex and will facilitate assembly of A319, A320 (pictured below) and A321 aircraft. It will employ as many as 1,000 high-skilled workers.

Airbus is an EADS company, and EADS CEO Tom Enders helped lead the



celebrations. More than 1,000 people including many EADS and other Airbus executives, government and industry officials and local community members attended the event.

"Our customers need more aircraft that cut fuel burn, emissions and operating costs," president and CEO Fabrice Brégier said at the ceremony. Major construction of the facility will begin this summer. Aircraft assembly is planned to begin in 2015, with first delivery of a Mobile-assembled aircraft in 2016.

At full production, the assembly line and associated facilities will produce up to four aircraft per month. **ACW**

tremendous opportunity to highlight the positive economic impact that aviation and especially cargo has and how can we be a partner and a force multiplier for that economic activity.”

LoBiondo says so far, it has been an intriguing process to learn more about the issues at play.

He says he remembers a lesson he

learned as chair of the Coast Guard & Maritime Transportation Subcommittee.

“We have to be very careful that whatever we do here has to work in the real world,” LoBiondo says. “As chair of coast guard maritime for a number of years, I tried to make sure that policy implemented by the sub-

committee or the full committee or Congress reflects what can accurately work for all the stakeholders – that we address problems but we address them in such a way that we don’t handcuff people and make it impossible. The economic importance of aviation and the air cargo industry is going to be highlighted.” **ACW**

Commercial Jet to open Alabama facility

Commercial Jet has announced it will open a 400,000-square-foot facility at Dothan Regional Airport in Dale County, Ala.

This facility more than triples Commercial Jet’s capacity to provide freighter conversion and maintenance, repair and overhaul services.

The Dothan Houston County Airport Authority has initiated the \$12 million construction to be completed in stages that will end in October.

“Our new facility will broaden our ability to deliver high-quality integrated aviation services to commercial airlines and aircraft owners and operators,” David M. Sandri, president, said.

Dothan will be one of the 149 control towers closed by the Federal Aviation Administration. The airport authority will continue to operate the Dothan Regional Airport Tower after the FAA ceases to fund it.

Commercial Jet’s new facility has multiple hangars, back shops, stores and offices.

John Schildroth, vice president and general manager for the Dothan facility, said Commercial Jet plans to hire several hundred trained and experienced aircraft technicians within the next few years.



Gov. Robert Bentley signs documents in deal to bring Commercial Jet Inc. to Dothan Regional Airport.

“We are already getting a flow of new orders for our new facility, which will be open for business as soon as May of this year,” Schildroth said. **ACW**

New logistics facility opens at St. Louis Airport

A new TAGG Logistics facility is opening next to Lambert-St. Louis International Airport, providing a boost to the airport’s campaign to increase freight traffic.

TAGG Logistics is a third-party distribution and logistics specialist for mid-sized healthcare and consumer products manufacturers.

The new logistics center replaces TAGG’s three current sites around St. Louis, adding 35 percent to its capacity. It will feature bulk distribution space, multiple kitting and assembly lines and a high-

volume order-picking system.

“Our new facility will be one of the most advanced third-party logistics centers in the Midwest,” Tod Yazdi, TAGG principal, said. “We strongly promote St. Louis and the Midwest as an ideal location for distribution.”

About 60 percent of TAGG’s freight flows are international.

“We are delighted that TAGG is relocating within the airport logistics community and investing so heavily in its future development here,” David Lancaster, Lambert cargo development director, said. “It’s a vote



of confidence in St. Louis and its airport as an ideal location for domestic and international logistics.” **ACW**

Boeing opens new delivery center

Boeing opened its new expanded Everett Delivery Center, the home of deliveries for the 747-8, 767, 777 and 787.

which features a curved architecture that allows airplanes to pull up to the building and connect by custom boarding bridges. Construction led by



Boeing employees, customers and state officials attended the grand opening ceremony in Everett, Wash.

“This facility shows the strength of the aerospace industry in Washington and is a sign that the state’s long history with the company will continue to grow,” Gov. Jay Inslee said. “As production rates increase and the company looks to roll out new airplane derivatives in Washington, it is clear this facility is going to see a lot of use.”

The 180,000-sq.-ft. facility triples the amount of office, conference and delivery operations space compared to the previous EDC. The building has three floors for customers and delivery.

There are more than 20 conference rooms and 35 offices.

“Boeing is producing market-leading commercial airplanes at its highest rates ever,” said Pat Shanahan, senior vice president and general manager, Airplane Programs, Boeing Commercial Airplanes. “The new facility enables us to meet growing demands and continue doing what our team does best – exceed customer expectations.”

Seattle-based DLR Group created the “Embrace the Plane” design,

Skanska began in March.

“Last year we delivered a record 183 airplanes and this new facility will help us continue to increase deliveries,” Tom Maxwell, Everett Delivery Center vice president, said. “The expanded space will also allow us to keep pace with customer demands.” **ACW**

Airbus, Boeing announce deliveries

Airbus received 250 aircraft orders in March and delivered 64 jetliners, including two A330-200F freighters – one to BOC Aviation for operation by Qatar Airways, and the other for Avianca’s Tampa Cargo. This activity brought Airbus’ overall backlog to 4,948 as of March 31, which the company says equals more than seven years of production.

Boeing delivered a total of 137 commercial aircraft during the first quarter, including six 747s, 24 777s and one 787. **ACW**



AIR CANADA CARGO

Air Canada Cargo spreading its wings

Expanding its global reach, Air Canada Cargo is targeting Asia and Europe this summer with new frequencies and new routes.

“New routes open up many possibilities for us to better serve our customers,” says Air Canada Cargo Vice-President Lise-Marie Turpin. “It’s all about having the right routes in place to support traffic flows. We think of the flight as just one part of an equation that allows us to move freight from one part of the world to another,” Turpin says.

While Seoul isn’t a new destination for Air Canada Cargo, the airline is adding a direct non-stop flight from Toronto, three days a week with a B777 aircraft, starting June 2, for a total frequency of 7 flights per week between ICN and YYZ/YVR.

Beijing also benefits from increased frequency with two flights every day from Vancouver and 10 flights per week from Toronto (B777 operations). All of this starts June 1, giving the airline 24 flights servicing Beijing per week. Starting May 1, Tokyo will be serviced daily from Calgary, an increase of four frequencies from the winter schedule.

In Europe, Air Canada Cargo will add a few key destinations this summer to its European roster: Istanbul, Venice and Edinburgh.

Seasonal routes to and from Barcelona, Madrid, Athens, Rome (FCO) and Dublin start as early as May and will further expand the carrier’s presence in Europe.

Connections via Air Canada’s network, interline and trucking agreements make shipping to multiple points beyond all these gateways fast and convenient.

www.aircanadacargo.com

Sponsored Message

LARG



f Air Charter Service ships outsize cargo, it's usually because something went wrong.

"I'm sure when 99 percent of projects start, the plan is they're going to send it all by oceanfreight," Justin Lancaster, group cargo director at Air Charter Service, says.

"Our business is very much ad hoc... Most customers don't inherently want

the charter because they see it as an expensive way to do things."

Lancaster looks outside his office window and spots about 15 men, all working to move some piece of outsize cargo to its destination.

Construction projects, power stations, combat zones, military maintenance centers – they demand cargo such as heavy equipment, tanks, helicopters and power generators that is bigger than the average box.

Nobody argues that shipping by ocean costs less than shipping by air. That's why Air Charter Service and many other forwarders and airlines step in when something goes awry.

Sometimes, a piece of equipment for a construction project breaks, and it needs to be replaced quicker than seafreight can deliver it.

"If a tractor is down on a multi-million-dollar hotel project, they're not going to wait three days to get it

DEEPER THAN LIFE

SHIPPING COLOSSAL CARGO

By Adina Solomon
asolomon@aircargoworld.com



ends up on aircraft is security.

“Insurance and the security of cargo in terms of being damaged by the external atmosphere like winds and wet conditions while traveling by ship,” Grishin says.

Ruslan is an outsize air cargo charter specialist organized by Volga Dnepr Group and Antonov Airlines.

And then there’s the military sector. During the past 10 years, countries have spent millions of dollars on the Iraq War and the war in Afghanistan.

“Now the budgets are draining, and as a result, we can see the military part of the business is contracting,” Grishin says. “At the same time, the

**“At the end of the day, it all boils down to time and cost,”
“While things sound expensive or look expensive, it depends on the circumstances and the situation.”**

**— Justin Lancaster,
group cargo director at
Air Charter Service**

civil segment of the market does not compensate for the highly rapid decline of the military segment.”

From 2011 to 2012, the military segment declined by 20 percent, he says.

He lists off other sectors that use outsize cargo. He says aerospace has grown in the double-digits during the past three years, pointing to factors such as development programs across the world and space launches

there,” Johnny Hobayan, Aloha Air Cargo vice president of sales and marketing, says. “They’re going to pay whatever they need to get it there today so they can resume construction.”

Other times, a construction project falls behind schedule, and it needs to receive its equipment fast or otherwise face a penalty charge that may prove more expensive than using airfreight, Lancaster says.

Sometimes, moving cargo by sea

could prove a headache if it is intended for a land-locked destination.

“At the end of the day, it all boils down to time and cost,” Lancaster says. “While things sound expensive or look expensive, it depends on the circumstances and the situation.”

Besides time and the prospect of penalty fees, Dmitry Grishin, vice president sales at Ruslan International, says another factor that determines whether outsize cargo

in Russia, France and China. There are many oil shipments to Africa and Southeast Asia, where projects abound, Grishin says. There's a surge in demand for heavy machinery in China and South Korea.

Hobayan talks about military movements – think of all the helicopter blades – along with the construction industry and live animals such as cows and mules. But the most frequent outsize shipment of Honolulu-based Aloha Air Cargo, which moves 90 percent of its freight inter-island, is surfboards and paddleboards.

Hobayan sees surfboards, which can reach up to 12 feet long and 30 inches wide, on a daily basis. And for once, weather works in air cargo's

favor, pushing the surf industry to Aloha Air Cargo when a swell approaches.

“If there are waves that are coming on Tuesday, you don't have time to put it on the barge, and sometimes the lead time on weather patterns is short,” Hobayan says. “You'll have two or three days, but by the time you plan the trip, you have a day to get your board there, and you want to be ready for the swell. That kind of drives that whole surf industry to us. They have to have their stuff there when they need it.”

Have to – those seem to be the key words of the outsize cargo market where time is king. Helicopter parts, aircraft engines, live animals, perishable goods – this smattering of



Johnny Hobayan





Deutsche Post DHL – The Mail & Logistics Group

WE CHARTER THE WORLD.

• • • • •

DHL Aviation Charter Desk
DHL Aviation EEMEA B.S.C. (c)
P.O.Box 5741, Manama
Kingdom of Bahrain.
Phone: +973 1732 8883
Fax: +973 1733 9267

Email: acscharters.eemea@dhl.com

EXCELLENCE. SIMPLY DELIVERED. **DHL**

objects need to arrive at their destinations as fast as possible.

“You’re not gonna put those on a barge and wait two to three days just because they can’t,” Hobayan says. “You need to have that there as soon as possible.”

But the future for outside cargo is not clear.

Hobayan says in the past three

years, the amount of outside cargo has decreased because people understand their transportation options such as trucking and oceanfreight better.

“The urgent shipments, the military shipments, that are required to be there in an expedited timeframe will continue to move through us. Same thing with live animals and perishable goods,” he says.



We're expanding our network!

Air Canada Cargo's new destinations open up a myriad of possibilities for shipping your freight worldwide. Starting June and July, Air Canada Cargo will serve:

EDINBURGH • VENICE • ISTANBUL

Thanks to our extensive network and worldwide roadfeeder services, Air Canada Cargo ships to all our new destinations from anywhere in North America, Latin America, Europe and Asia as well as beyond these points.

Find out more at aircanadacargo.com, or contact your local Air Canada Cargo representative.



AC Expedair | AC Live | AC Secure | AC DGR | AC General Cargo | AC Compassion | AC Cool Chain | AC Post

Air Canada Cargo | Going further.
aircanadacargo.com

Because most of Hawaii's perishable goods come from outside the state, it remains a healthy sector.

Lancaster says the financial crisis forced a lot of large construction projects to go on hold. Though some have gotten underway again, years could go by before the airfreight industry sees the payoff.

Lancaster says many times, managers of projects tell Air Charter Service that in a year or two, they may need the company's services.

But in general, the outside cargo market will increase this year, he says.

“I think this year, next year, probably an increasing upward trend as these projects come to fruition and then beyond that, there's always going to be a market for outsized equipment to be moved,” he says. “That's no doubt.”

Grishin says the outside cargo industry is more insulated from economic problems in the short-term, but in the long-term, uncertainty reigns. He says the biggest question still unanswered pertains to the military.

“Given the fact that we have relied heavily over the last 10 years plus on the military side of business and given the fact that by 2014, end of 2014, 2015, most of the countries committed themselves to ending their missions in Afghanistan,” he says. “What



Justin Lancaster

will replace this large chunk of business which we used to have?”

The outsize cargo market continues to evolve, and questions loom over this little corner of the airfreight industry.

But in the midst of it all, Grishin talks about the contentment he receives from his work – the delight in figuring out how to ship a fuselage or a wing section or anything else too enormous for a standard container.

“On a daily basis, you get all these

wonderful pieces which you say cannot be loaded, but then you start working with a team of experts to get on the solution and essentially a few weeks down the line, you find the solution,” he says. “This is the joy of our work.” **ACW**

Cargo Charters & OBC Worldwide



chapman freeborn
The Global Aircraft Charter Specialists

Established in 1973, Chapman Freeborn is in its fourth decade of providing specialized air charter solutions on a 24/7 basis for:

- Heavy & outsized cargo
- Oil and gas equipment
- Humanitarian relief
- On Board Courier (OBC)
- Aircraft on Ground (AOG)
- Dangerous goods

Nothing is too large, too small or too difficult



uscargo@chapman-freeborn.com  obc-usa@chapman-freeborn.com

www.chapman-freeborn.com  +1-954-417-5959

Over 30 offices worldwide  Available 24/7/365

Air Cargo Charter Broker of the Year 2007/08/09/10/11/12



AIRFREIGHT IN *India*

TAX REFORM, FDI PROGRESS OFFER HOPE

India remains irritatingly out of reach. There is a growing sense of frustration that what is destined to become the world's largest consumer market remains resolutely disconnected from the global economy.

The stark contrast is made with China, which, with a population of 1.3 billion, has come from virtually nowhere to grab a 14 percent chunk of the world's economic output. By comparison, India, with a burgeoning populace of 1.2 billion, contributes just 2.7 percent of global economic output. India is set to surpass China's headcount, at least by population size.

What is holding India back? The answers are numerous, but failure to embrace the real world must rank high. This is best illustrated by the determined efforts of the Indian business community not to allow direct foreign investment. On much the same terms, the country has failed to sign a long-posted free trade agreement with Europe.

Within the country itself, individual states are responsible for their own tax regimes, which means in effect companies are liable for excise duty when simply "exporting" goods from one state to another. This makes it impossible for the major service providers to set up central distribution and warehousing hubs.

This should all change with the introduction of a national goods and services tax (GST) that will lead to the abolition of all other taxes such as central sales tax, state-level sales tax, excise duty, service tax and value-added tax. This single move alone is expected to boost exports by up to 6.3 percent, with imports likely to rise by nearly 5 percent.

When will this game changer oc-

cur? GST was due to be implemented April 2010 and a further deadline of April 2012 was missed, with efforts now focused on an April 2014 start for the new tax regime.

In the meantime, the Indian rupee continues to devalue, imports are down and manufacturing is weak.

But there is hope for India. In particular, the foreign direct investment door has finally been pushed ajar al-



Shabana Khan

lowing major retailers into the Indian market for the first time. The likes of U.S. retail giant Walmart, France's Carrefour and Britain's Tesco have long been hammering at the door and have finally been let in, with permission to hold a 51 percent equity in any Indian investment venture.

But according to Prashant Shukla, area manager India for Panalpina, it will take time for foreign direct investment in the Indian retail sector to flow through.

"These major retailers are only just beginning to formulate their plans for the Indian market," he says. "When they do start operating we can expect a surge in airfreight business until they have got their inventory controls in place."

Panalpina is a relatively new player in the Indian market, but says it has been able to quickly establish a strong presence.

"Our strength has been the vertical integration of our product sectors, particularly auto, for example, which is directly connected to our global auto product network," Shukla says. "We are now looking to transfer the same dynamic to the pharma sector."



Pravin Singh

But in other sectors, Panalpina is fighting for market share in a tightening market.

"The garment sector used to be an Indian airfreight staple," Shukla says. "But a lot of this business is being transferred to Bangladesh and Vietnam, which are able to offer better quality control and cheaper labor."

Quality issues appear to still be a persistent concern for Indian manufacturing.

"We have major companies like Nokia manufacturing mobile phones in India," Shukla says. "But you will find that they produce the cheaper models here, whilst their high-end products are made in China."

DHL Global Forwarding appears to be anticipating the introduction

of a uniform goods and services tax across India, which will allow the logistics sector to develop more centralized warehousing and distribution networks.

It had announced a US\$130 million investment program to develop eight multi-client sites across the country, which will add a further 5 million square feet to its warehousing footprint in India.

“The supply chain and logistics sector in India are highly fragmented, characterized by small market players, making the implementation of synchronized logistics sector dif-



Carsten Hernig

ficult,” Shabana Khan, senior director of airfreight for DHL Logistics India, says.

“The escalating logistics costs resulting from India’s infrastructure inadequacies are affecting the cost-savings achieved from manufacturing in India.”

Khan says the lack of an organized supply chain industry is hampering growth of a sector where only 8 percent of warehousing capacity is owned and operated by organized players.

“For the logistics sector to grow and meet demand, we need to add at least 25-30 million square feet of additional warehousing space annually,” she says.

Despite internal hindrances, Khan

reports some signs of recovery in the India airfreight market in the first quarter.

“But we have to caution that the market is not giving any signs of a sustainable recovery as yet,” she says. “What recovery there has been can largely be attributed to the pharma, auto and retail verticals.”

IAG Cargo can claim to provide strength in depth in the India market with a weekly supply of 46 passenger flights and seven westbound freighters to offer an uplift of 900 tonnes serving Delhi, Mumbai, Hyderabad, Chennai and Bangalore.

“Having re-introduced our weekly freighter in Chennai, we are also now expanding our footprint into Hyderabad via increased passenger frequency,” Pravin Singh, area commercial manager South Asia at IAG Cargo, says.

But this, he adds, is against a backdrop of a market that is getting tougher.

“There has been a surge in belly-hold capacity and India has seen a rise in freighter capacity alongside passenger flights which inevitably leads to greater competition,”

Singh says. “But at the same time, this is a market which has seen low single-digit decline in air exports between 2011 and 2012. This was mainly driven by declining exports from the Chennai and Delhi markets. However, origins such as Mumbai, Bangalore and Hyderabad saw positive growth.”

The India growth story, he adds, would gain significantly from improved infrastructure, allowing faster movement of goods to and from airports and allowing diversification from a traditional business model.

“More needs to be done to connect small town India and the manufacturing hubs via an aligned customs regime and road network into the main international gateways.”

The Indian airfreight market can look forward to steady export growth, according to Carsten Hernig, regional

“Our strength has been the vertical integration of our product sectors, particularly auto, for example, which is directly connected to our global auto product network.”

— Prashant Shukla.

director South Asia, Middle East & Pakistan for Lufthansa Cargo. But he voices concern over imports.

“India urgently needs to implement further reforms in order to gain the confidence of foreign and domestic investors,” Hernig says. “If those reforms were to be implemented, I believe they would trigger sustainable growth in imports and in consequence also of exports.”

But Hernig admits that India remains a challenging market for freighter operations, particularly from the point of view of undermining rates.

“There is significant belly capacity in the market, mainly to the Gulf, but also to Europe,” Hernig says. “Since many of these passenger airlines do not focus on the optimization of their cargo profits, it is challenging to achieve a profitable freighter operation and maintain a stable main deck product in this market...The exorbitant increase of airport charges at airports like Delhi and Mumbai is also not helping to make India an attractive freighter destination.”

He also laments that India is still far from being an e-cargo country and on the after-sales side, Cargo Accounts Settlement Systems has still not been implemented with the country’s entire airfreight billing and payment process still performed manually. **ACW**



HONING IN ON BEST PRACTICES

FREIGHT FORWARDERS SHARE KEYS TO SUCCESS

By John W. McCurry

jmccurry@aircargoworld.com

Concise communication, measurable quality control processes and development of critical technology are among the best practices deployed by airfreight forwarders. Sometimes, it's as simple as having the right equipment.

Clear, verbal communication is a key component of Lima, Pa.-based Pilot Freight Services. Email won't cut it for critical communication.

"Our best practice boils down to how we communicate, mostly internally," Richard Phillips, Pilot's CEO, says. "We have really pressed that in the last year or so. No. 1, we stay off email, especially for critical communication and pick up the phone as much as we can. That goes for internal as well as external for carriers and vendors. We get much better results and

less is loss in translation when we pick up the phone."

Building on that foundation, whenever a shipment is involved, there is always a team of Pilot personnel involved, and they are always communicating. There is no room for assumptions. Phillips says Pilot's teams emphasize communication both when a situation goes well and when problems arise with a shipment.

"With respect to our customers, we communicate to the extent that the customer wants to communicate with us," Phillips says. "You have to find a way to discern how much communication they want and in what form so that the communication from us to them is welcome and timely and useful."

UPS, which has an extensive network on its forwarding side including service centers, regional ground and

air hubs and international gateways, has developed in-house optimization tools that it uses to create forwarding scenarios on a regional basis.

"With so many moving parts and especially with all the changes in the market the last few years, we developed a process that allows us to take a look at routing guides and recalibrate if necessary so we can re-optimize our forwarding network," Vito Losurdo, vice president, global airfreight for UPS Supply Chain Solutions, says.

Losurdo says UPS is able to model these regional outbound airfreight routings to ensure the company achieves optimal costs. An example of these would be the utilization of an alternative European gateway two or three times a week if it makes sense from a capacity and pricing standpoint.

"When we do this, we often look at



Cathy Langham



Benno Forster

the freight characteristics of what we move on a lane, the air capacity out there and we come up with scenarios,” Losurdo says.

UPS typically looks at these scenarios when there are changes in the market such as carriers cutting out or shifting capacity to alternate cities. These changes are more effective in Europe and the U.S. than in Asia because the geography is relatively compact, Losurdo says.

Another asset Losurdo cites is UPS’ global control tower at its Atlanta headquarters for its Temperature True service for temperature-sensitive shipments. Regional control towers are located in Brussels and Singapore.

“We make sure proper temperature transportation and handling happens around the clock and around the globe,” Losurdo says.

Responsibilities of personnel in the

control tower include proactive tracking and tracing.

“There is human intervention that goes on through the life cycle of the shipment,” Losurdo says. “Our team is looking at certain monitoring activities throughout the shipment. We look for risks that are out there.”

For example, a shipment heading to Europe through the U.S. might face certain weather situations. Losurdo says the control tower team will hone in and watch the shipment closer and if needed, notify the customer. He describes the room, which seats about 30 people, as resembling a fish tank. Three LCD screens on the rooms help monitor world events.

“In general, the control tower has been able to mitigate excursions that were potentially going to occur because of proactive monitoring,” Losurdo says. “We have been able to avoid the loss that would result from an excursion.”

Benno Forster, senior vice president and head of U.S. airfreight for Panalpina, says the company’s best practices include freight consolidation at gateways and sourcing of airfreight at certain locations. Combining shipments and building pallets at gateway airports such as John F. Kennedy International Airport is among

the company’s top strategies.

“If you cannot build your own pallets, you will never reach the threshold to become competitive,” Forster says. “It gives us the best buying power and allows us to give customers the best rates. Of course, it has a lot to do with the productivity of our own people.”

Forster says Panalpina was one of the first freight forwarders to source airfreight from carriers.

“We might have been one of the first to use sourcing of our procurement,” Forster says. “What we do is basically invite all providers to bid for certain tonnage. These days, you cannot be without it. In order to get the best deal from a carrier, you have to tell them what you can offer on a worldwide basis. We tell our key carriers this is the worldwide tonnage we have and we split it into different trade lanes. It’s the same thing that big shippers do, companies like IBM or Apple – you name it. They do the same thing with freight forwarders.”

Vaughn Moore, president of AIT Worldwide Logistics, says one of his company’s best practices is to maintain a scorecard for both vendors and clients to ensure quality control.

“Internally, we use a vendor scorecard, and we do hold them account-



Vaughn Moore

able,” Moore says. “We measure monthly, and we meet with them quarterly. This includes issues such as on-time delivery and making sure we have all the items we need. So we are in a true partnership and have an honest dialogue. We identify problem areas and things that may pop up on claims. I do believe we are doing a good job and are a best-in-class partner in that regard with vendors and our client base.”

Moore says AIT builds on the information gleaned from the scorecards and uses it to work toward continual improvement.

“It certainly holds us accountable to be a best-in-class partner with on-time shipments, low claim ratios and billing accuracy,” Moore says. “It makes us a better partner with our clients. We review trends with them and both sides are catching things that we can address. We have been able to identify problem areas that if we were not doing this, we would have missed.”

Moore notes that challenging economic times have forced forwarders to be diverse in their service offerings. He says companies have to be varied and focused at the same time.

“It’s a fine line we walk to be best in class in vertical markets such as perishables,” he says. “It’s a real tight-rope walk.”

AIT has been in business since 1979 and despite the economy of recent years, it has shown strong growth over



Vito Losurdo

the past decade. Moore notes that the airfreight industry is undergoing challenges, but he remains optimistic.

“One industry that airfreight has never gone away from is perishables, and that will stay strong overall,” he says. “With manufacturing picking up,

“One industry that airfreight has never gone away from is perishables, and that will stay strong overall .”

— Vaughn Moore

I am hoping to see some more just-in-time products get shipped out via air. There is a lot of near-sourcing going on, and it will be interesting to see what happens with that.”

Langham Logistics is an Indianapolis based 3PL that will mark its 25th anniversary in July. Cathy Langham, the company’s co-founder, president and CEO, says her company is diverse and is involved in forwarding, fulfillment, warehousing, pick and pack and airport logistics.

“What we do very well is leverage the



Richard Phillips

strength of our team,” Langham says.

This came into play in 2012 when baking products specialist Clabber Girl, another Indiana-based company, became a customer. After a series of contacts led to a meeting with company officials, Langham Logistics had an opportunity to demonstrate its strong points.

“We came up with three areas of opportunity,” Langham says. “One of our folks is a good visual marketing person, and we synthesized their challenges into a one-page picture that allowed them and us to get a good picture of where the opportunities are and where to move forward. At that point, we had a contract of sorts, a working document that we all signed off on to make sure everyone was on the same page and moving in the same direction. It allowed us to move forward and bring our smart people and their smart people together.”

Langham says developing a simple visual solution and listening to Clabber Girl’s needs were the keys to getting its business.

Another practice that Langham says has worked well is a quarterly review process with the company’s largest accounts. She says this has helped grow the company’s business because it highlights not only the customer’s accomplishments, but also Langham Logistics’ accomplishments in general and gives an opportunity to talk about all the services it offers. **ACW**

WE'VE GOT GREAT AIRCRAFT

B767-300's and -200's now available for dry or wet lease

We offer the most efficient and capable 45- to 60-ton freighters available, with lower operating costs than comparative aircraft. They are operationally flexible as well, with a variety of cargo loading configurations, engine powers, and avionics packages.

AND WE KNOW HOW TO USE THEM

We're the global leader in providing 767 freighter lift solutions

Our customers can tap into our expertise as an owner and operator of the largest fleet of converted 767 freighters in the world, providing unparalleled access to operating solutions built around these aircraft, including ACMI, CMI, charter services, dispatch and flight support, maintenance and engineering, and logistics support.



+1.937.366.2216
www.AirborneGlobal.com
Sales@AirborneGlobal.com

Visit us at
CNS Partnership
Conference
Booth 16
May 5-7
Phoenix, AZ



AIRBORNE
GLOBAL SOLUTIONS

Thailand is billed as a land of many opportunities. The fact that the nation is on the doorstep of China and has developed into the second largest economy in Southeast Asia has opened scores of economic development and

trade opportunities, including those for airfreight.

For example, Primus International, a Tier II supplier of highly engineered metallic and composite parts for the aerospace industry, flies in aluminum and titanium materials from Europe

to its plant in Rayong on Thailand's Eastern seaboard.

Despite the high cost of flying in the multiple tonne shipments every week, Alex Beysen, Primus vice president and general manager, explains that Thailand is an excellent

Thai Customs can be tricky

IMPORTERS FACE PITFALLS



location for assembling parts that supply the global aerospace industry. But he admits that importing into Thailand involves bureaucracy. "It is not an obstacle if you know what is expected," he says. "But there are issues."

One of the biggest regards pitfalls in Thailand's customs laws, which are well known to encourage corruption. In fact, Judy Benn, executive director of The American Chamber of Commerce in Thailand, stresses that corruption with Thailand customs is one of the major issues among its 800-some corporate members.

"We call it legalized corruption," she says.

The problem centers on discrepancies in the law that allows customs to charge excessive penalties for intentional or unintentional misclassifications and erroneous reporting of values on imported goods. The law also permits Thai customs officers to go back 10 years to examine records and look for errors, some of which are turned in by informants, including company employees who might be responsible for the misclassifications and misreporting of values.

Benn points to an example where

a company was advised by Thai customs to use one Harmonized System code in importing a particular shipment, then – eight years later – were told it should have been another code.

"This difference is like being told to use 123, then later being told it should have been 1234," she says. "Customs refuses to give a written binding judgment."

One constant problem, points out Dennis Grover, general manager for DHL South Asian Hubs, Bangkok and Singapore, is import and export entries need to be in both Thai and English.

"That causes problems since our

system does not have the Thai language in its applications," he says. "The Thai has to be keyed in by hand. There are always disputes about the translations, particularly since Thai is an old language. It causes difficulty in describing things such as electronic components."

DHL, which operates as the largest broker in Thailand, employs scores of workers in the process and constantly involves itself with customers regarding formal entries, despite the fact this slows down the import process.

"If we have a formal entry coming, we will get the documentation in advance, phone up the consignee, and they will tell us what their agreed description is in Thai and English as well as the agreed HS code for duty classification," Grover says. "That can change as they rarely get this in writing from customs. Sometimes, because of the language differences, the customs agents have authority to make the decision of what the classification is."

Grover emphasizes that not only are product descriptions a challenge, but so are duty free entries. Commodities enter the country duty free if they are for manufacturing or assembly then exported as product. "But you have to prove the whole production cycle," Grover says.

Beysen explains that the fact Primus International is located in the Amata City Industrial Estate, a duty free zone, makes dealing with customs much easier, particularly as a medium-sized company. "But the process to import is still complicated because of regulations, taxes

and duties, and the fact we deal with aluminum scraps," he adds.

This was the case for companies when some 50 government agencies were once involved with issuing licenses for different commodities.

"That created a minefield," Grover says.

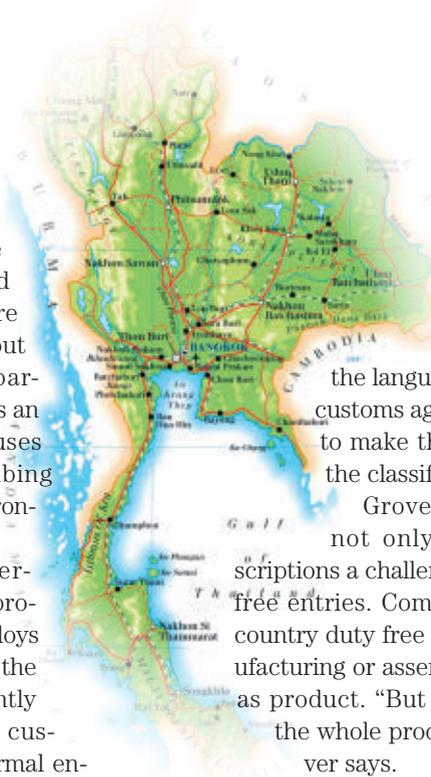
But today paperless systems are beginning to link some agencies into customs and slowly change that. "But you still cannot expect it to go smoothly," Grover says.

Exacerbating the problem are inconsistencies regarding duty free entry.

"One day the product may come in duty free, then three days later duty needs to be paid," he says.

While DHL and other carriers experience similar problems elsewhere in the region, Grover admits: "There is corruption here. But DHL and all the express companies operating here are clean. We are not being extorted."

Benn emphasizes, however, that since Customs officers and informants get a reward for finding errors, the system provides an incentive to



I am Swiss at Heart



Malachi Moyo
Country Manager Cargo South Africa & Mauritius

Our team consists of people from more than 40 nations, representing five continents and many different cultures. But what truly matters is what we all share: a passion for quality, reliability and precision. And our vow: **We care for your cargo.**



Judy Benn

allow issues to pass for a number of years to let the number of discrepancies build up.

“Right now the reward is based on 55 percent of the amount of the penalty, and that goes directly to their pocket,” Benn says.

Exacerbating the issue, if a company director disputes the Thai customs’ finding and decides to take it to court – then is found guilty, he or she is charged with a criminal offense and the penalty becomes four or five times the value of the item.

“Consequently, 95 percent of our companies do not go to court for fear of the huge fine and criminal offense,” she says. “They are forced to settle and pay some sort of penalty regard-

less of intent.”

In fact, according to Benn, one AmCham member is facing a US\$1 billion fine. “They have been working on this problem for eight years,” she says.

Benn believes large companies are more vulnerable than smaller ones because they import more, hence there is a much bigger reward.

“I see this all of the time,” she says. “Customs will let the problem go on for a number of years. Then one day, officials will show up at the factory, say they are doing a customs audit and take all of the documentation... They will go through these documents with a fine-tooth comb.”

Thai officials explain many companies underestimate the value of their imports to avoid paying larger import duties. At the heart of the problem, however, is the fact that Thai laws that dictate customs practices and procedures are out of date and were originally written to prevent smuggling.

“Thailand knows they are in violation,” Benn says. “But the money is so huge that they turn the other cheek. Plus it is legal, according to this 80-year-old law.”

Other countries in Southeast Asia adhere to World Customs Organizations standards that concern the classification of goods. The World Trade



Dennis Grover

Organization, of which Thailand is a member, works in cooperation with WCO.

AmCham Thailand, as well as the U.S. Trade Representative, has been trying to push the WCO standards.

“We have been able to push through some amendments that have been sitting in Parliament for three years,” Benn says.

In August 2009, the Thai government proposed a series of reforms to its customs laws and procedures, which were to be sent to the Thai Parliament in 2011. However, following the change of government in August 2011, the proposed legislation was stalled and is now waiting to be reintroduced for consideration by Parliament.

“The government knows this needs to be changed,” she says. “But last year, the customs department took in US\$10 billion in penalties and customs officers pocketed US\$30 million. They are not changing this unless they are forced to.”

Meanwhile, when companies come to AmCham to talk about setting up shop here, the organization encourages them to understand the customs processes.

The Thailand Board of Investment also works with companies to promote inward investment. Among the incentives are exemption or reduction of import duties on machinery, and reduction of import duties for raw or essential materials, and an exemption of import duty on raw or essential materials for use in production for export. **ACW**

ZÜRICH AIRPORT

THE BEST CARGO HUB IN EUROPE.
Thank you for voting for Zurich as the best cargo airport in the “Air Cargo Excellence” Awards.

www.zurich-airport.com



SKYTEAM® CARGO

WITH E-FREIGHT, SHIPPING IS JUST ONE CLICK AWAY.

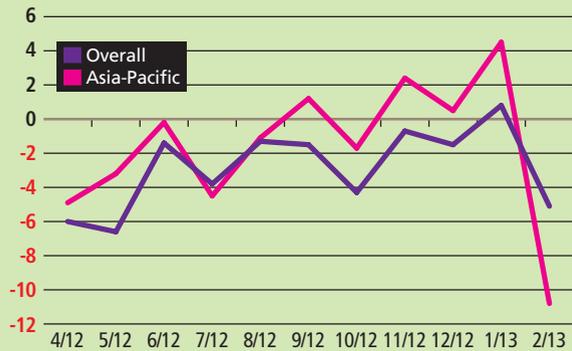
Meet the future of air cargo transportation. SkyTeam Cargo's e-Freight service means simplified information exchange, accelerated administrative formalities and smoother border crossings for your goods. Faster, safer and more accurate, e-Freight also cuts cost and saves paper.

The cargo people.



CARRYING EUROPE

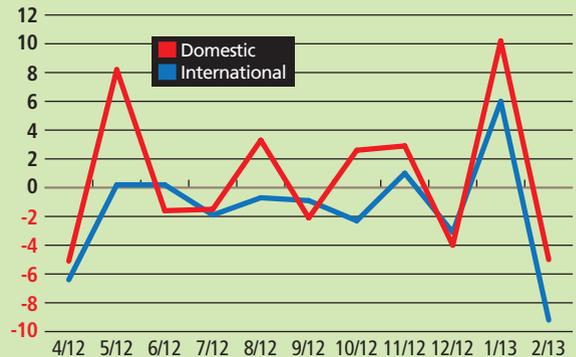
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

U.S. AIRLINES

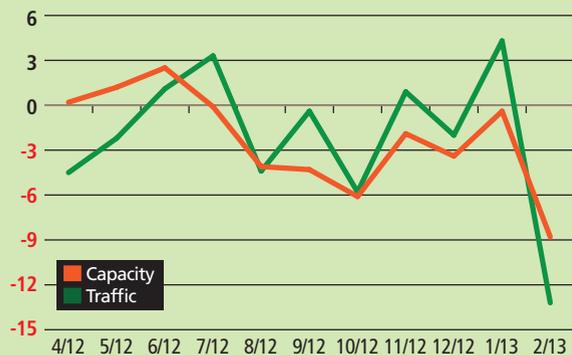
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Airlines for America

CARRYING ASIA

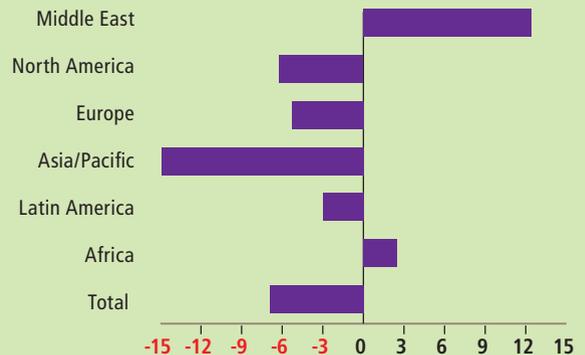
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

SHARING MARKETS

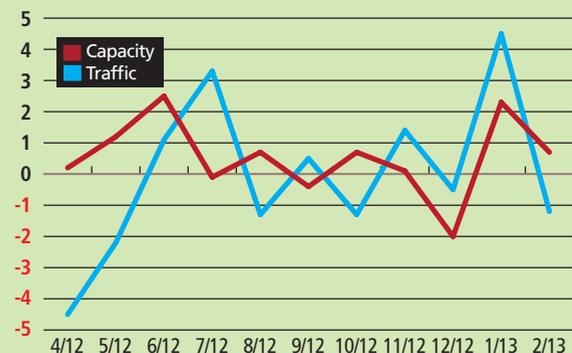
International air cargo year-to-date percent change for February 2012 vs. February 2013



Source: IATA

CARRYING INTERNATIONAL

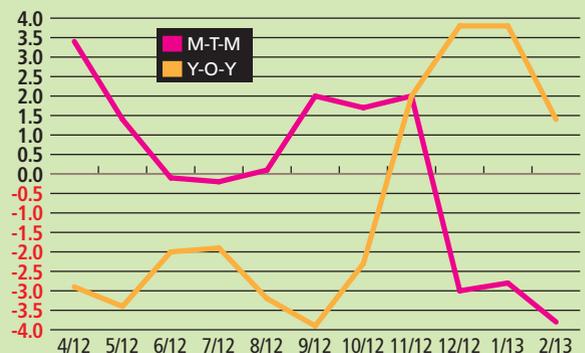
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA

SEMICONDUCTORS

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



Source: Semiconductor Industry Association

Announcing the 2013 event
Registration now open!

EVN

EVA INTERNATIONAL MEDIA LTD
AVIATION PUBLISHERS & EVENTS SPECIALISTS

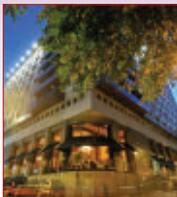


HOSTED BY

ZNZ Aeropostos de Portugal

AIET
Airport Cargo
Portugal is closer

25th - 27th September
Tivoli Lisboa Hotel, Portugal



To be chaired by Chris Notter
VP Cargo Operations Of Qatar Airways

CONFERENCE DAY ONE

08.00 REGISTRATION OPENS
09.00 CHAIRMAN'S OPENING REMARKS
09.15 COAG: ONE YEAR ON
10.00 A HEALTHY COOL CHAIN
10.45 BREAK FOR REFRESHMENTS AND VIEWING OF EXHIBITION
11.15 BRIGHT SPOTS AROUND THE WORLD
12.00 WHAT THEY REALLY, REALLY WANT
12.45 BREAK FOR LUNCH AND VIEWING OF EXHIBITION
14.15 SYSTEMS UPDATE
15.00 QUALITY, STANDARDS AND STANDARDISATION
15.45 BREAK FOR REFRESHMENTS AND VIEWING OF EXHIBITION
16.15 CRISIS? WHAT CRISIS?
17.00 END OF DAY ONE
19.00 GALA DINNER

CONFERENCE DAY TWO

09.15 OPENING REMARKS FROM THE CHAIRMAN

WORKING GROUP SESSIONS
09.30 AIRLINES: WHAT ARE AIRLINES DOING TO FURTHER IMPROVE AIR CARGO HANDLING QUALITY AND EFFICIENCY?
10.00 SHIPPERS & FORWARDERS: WHAT ARE SHIPPERS AND FORWARDERS DOING TO IMPROVE THE AIR CARGO HANDLING CHAIN?
10.30 BREAK FOR REFRESHMENTS AND VIEWING OF EXHIBITION
11.00 CARGO HANDLERS: WHAT ARE HANDLERS DOING TO IMPROVE AIR CARGO HANDLING QUALITY AND EFFICIENCY?
11.30 AIRPORTS: WHAT ARE AIRPORTS DOING TO IMPROVE AIR CARGO HANDLING QUALITY AND EFFICIENCY?
12.00 WORKSHOP WRAP-UP
12.15 COAG REVIEW
13.00 FINAL WORDS FROM THE CHAIRMAN
13.15 LUNCH - CLOSE OF CONFERENCE

And for one day only presented
by the Cool Chain Association



To be chaired by Sebastiaan Scholte,
CEO of Jan Der Rijk B.V.
and Chairman of CCA



COOLCHAINASSOCIATION

PHARMACEUTICALS

IN THE COOL CHAIN CONFERENCE

25th September 2013

CONFERENCE DAY ONE

08.00 REGISTRATION AND WELCOMING COFFEE
09.00 OPENING REMARKS FROM THE CHAIRMAN
09.15 COAG: ONE YEAR ON
10.00 THE WEAKEST LINK
10.45 BREAK FOR REFRESHMENTS AND VIEWING OF EXHIBITION
11.15 MANAGING EMERGING MARKETS
12.00 VISIBLY BETTER
12.45 BREAK FOR LUNCH AND VIEWING OF EXHIBITION
14.15 RESPONDING TO MODAL SHIFT
15.00 FOOD FOR THOUGHT
15.45 BREAK FOR REFRESHMENTS
16.15 MOVING FORWARD
16.45 CLOSING WORDS FROM THE CHAIRMAN
17.00 END OF CONFERENCE

To register at both events visit:

<http://evaint.com/our-events/air-cargo-handling-conference-2013>
<http://evaint.com/our-events/cool-chain-pharmaceuticals-in-the-cool-chain>

To sponsor events telephone + 44 (0) 208 668 9118

Or email Rosa Bellanca at rosa@evaint.com or Bhavi Atul at bhavi@evaint.com

MEDIA SPONSORS



www.evaint.com

EVA International Media Ltd reserves the right to make changes to the speakers or programme, should this be necessary, without prior notification.

Five Questions with... Andrew Herdman

Andrew Herdman is the director general of the Association of Asia Pacific Airlines. He recently spoke with Air Cargo World about the Asian air cargo industry, cargo security and how the environment factors into airfreight — a topic in which AAPA is active.

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

Asia carriers are heavily committed to the cargo business and represent about 40 percent of the global air cargo traffic, so when you say what's the outlook for the Asian airlines and cargo, it's pretty much the same as asking what's the outlook for the global industry...The demand for cargo has totally flat-lined in the last couple of years, so the belly is absorbing a bigger proportion of that static cargo market, and as a result, the amount of cargo that's needed in the way of dedicated freighter capacity is shrinking, so that's putting people in a very difficult position, particularly all cargo operators, all those big combination carriers, including big Asian carriers who operate large freighter fleets. They're having to reduce the number of freighters they're operating, parking or retiring old aircraft, even if they're adding new, more fuel-efficient 787-8 freighters or 747 freighters or so on. So the problem is right now is this surplus freighter capacity, and that's making the economics of the cargo business very challenging.



Herdman

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

When the industry talks about its long-term growth potential, we have to be mindful of the fact that our emissions are growing, and that's despite the fact that the industry is very strongly incentivized to be fuel-efficient because oil prices are high – roughly 35 percent of costs on average...Our traffic growth rate long-term is likely to exceed the pace of which we've improved efficiency, so it's our view that there's a role for some form of market-based measures, either emissions trading or more likely carbon-offsetting. The problem is that to put in place such a scheme, it's not going to work to have every institute its own scheme for carbon pricing on aviation. We do need to get some global agreement.

3. What will the role of E-freight be in Asian-Pacific cargo?

If you look at the current attempts to switch to electronic Air Waybills, there are some examples from the Asia-Pacific. Some carriers are in the forefront of working with likeminded or supportive governments, particularly Cathay Pacific in Hong Kong. There are other examples of pushing ahead with moving toward electronic Air Waybill. And I think that gives

a model on how the rest of the industry will go. But it does remind us of the fact that you need government involvement and government cooperation, particularly as far as customs information and the electronic flow of customs information.

4. What security trends have you noticed in air cargo?

We have to recognize that air cargo is extremely secure and always has been, and that's one of its key selling features because so much of the goods we ship are high value. And so the system is set up to be very secure. Having said that, instances like the Yemeni printer incident and so on has prompted further initiatives by governments to impose tighter security controls. So the U.S. government has insisted on airlines that serve America have to comply with U.S. security requirements. Europe has recently introduced its own version of assessing other countries' security ratings. So there's been a strengthening of security all around. The problem for airlines is there are non-harmonized requirements for different countries. And you may have one rule for outbound and another rule for inbound. Since

much cargo is consolidated through international hubs, the fact that you're governed by so many different jurisdictions makes life complicated for big international cargo carriers. So we're keen that governments talk to each other. I think the U.S. government now recognizes that many other governments have similar functionally equivalent regimes, and that's now recognized, which avoids duplication of efforts, having to repack and rescreen cargo unnecessarily. But it still falls short of how we'd like to see it in terms of common global standards and harmonization of operating procedures.

5. How do you view the competitive landscape of air cargo versus other modes of freight?

Because the air cargo business has been relatively stagnant, it's tempting to say that we're losing market share to shipping, but given that 1 percent of the tonnage and 35 percent of the value, I have to remind people that if we disappeared tomorrow that our shipping friends would hardly notice the increase in business. So I don't think there's much evidence of a really significant modal shift. I think certain goods are going to go by air, certain goods are going to go by sea because shipments are so marked that it's a really a question of the category of goods. I think the problem

(continued on page 41)

AIRPORTS

Jo-Anne McLean has been appointed director, corporate marketing & business development at **Halifax International Airport Authority**.



MCLEAN

McLean's responsibilities will be to increase non-aeronautical revenue such as retail and food, lead corporate marketing and support commercial development opportunities. Before this, she held management positions at Atlantic Lottery Corporation and Coca-Cola Bottling.

Sergey Reznikov has been appointed to vice president of Volga-Dnepr Unique Air Cargo (USA) after the resignation of **Konstantin Vekchine**. Vekchine, VP for sales & marketing, charter operations subgroup, decided to leave Volga-Dnepr Group after 15 years. Reznikov has worked for Volga-Dnepr for 17 years. He will strive to further enhance the position of Volga-Dnepr in North America.

THIRD PARTIES

Global Express Services has appointed **Oliver Huber** as president North America. For the past 17 years, Huber has worked with UTi Worldwide, Inc., a global freight forwarder, where he most recently served as vice president Southeast and Caribbean region and as a member of the company's Global Ocean Procurement committee for carrier selection. Huber joined the airfreight industry with Lufthansa.



HUBER

Ivy Boyer has been named chief marketing officer of freight management company **Geodis Wilson**. She succeeds **Kim Pedersen**, who became executive vice president. Boyer will drive the business development strategy of Geodis Wilson worldwide. She has more than 20 years of experi-



BOYER

ence in the freight forwarding industry. She had worked in the Philippines, Australia, Singapore and the U.S. **Santiago Jimeno** has become the new managing director of Colombia. He will have full responsibility for all operations in the country. He is replacing **Leif Voelcker**, who has moved to India to become cluster managing director, South Asia.

Swissport International Ltd. has appointed **Juan Carlos Garcia** as the new general manager for Swissport Cargo Services in Spain. Garcia has more than 25 years of managerial experience from various industries. His previous position at Swissport was passenger services airport manager at Madrid-Barajas Airport. Garcia will replace **Jesús Romero**, who will become Swissport Cargo Services' commercial director for Europe.



GARCIA

Patrick Ky has been named executive director of the **European Aviation Safety Agency** effective Sept. 1. Right now, Ky is executive director of the Single European Sky Air Traffic Management Research Joint Undertaking. He will succeed **Patrick Goudou**, who has been executive director of EASA since its creation in September 2003.



KLOCH

SBS Worldwide has promoted its USA CEO **Lars Kloch** to CEO, freight division, expanding his existing role to take responsibility of global freight operations.



JIMENO

Kloch moved to the U.S. in 2004 where he held various supply chain solutions positions, including managing the global account manager team at Geodis Wilson. Kloch joined SBS Worldwide in January 2010 and became U.S. CEO in October 2012.

Véronique Creissels has been appointed **Airbus'** head of communications beginning June. Right now, she is head of group communications at Vallourec, a world leader in tubular solutions primarily serving the energy markets. Before her position at Vallourec, Creissels headed communication at Thales Aerospace and Defense Mission Systems. Airbus Americas named **Jennifer Ogle** as director of human



OGLE

resources for the new assembly line in Mobile, Ala. During the construction phase of the assembly line, Ogle will be responsible for coordination of all HR-related activities, including compensation and benefits, expatriation, recruiting and training. Once construction is complete, she will be responsible for the day-to-day HR operations within the manufacturing facility. She previously worked as HR director at Taylor-Wharton Cryogenics in Theodore, Ala. She has more than 20 years of experience. Major construction of plant will begin in the summer. Hiring for manufacturing jobs at the assembly line will begin during the fourth quarter of 2013 and continue into 2014.

Toll Global Forwarding has named **Paul Chinery** as director of airfreight for its UK operations. Chinery will be responsible for developing Toll's UK airfreight business and directly control the company's main UK airfreight operations at Harmondsworth and Feltham, near



CHINERY

(continued on page 40)

(continued from page 39)

London Heathrow Airport. Chinery has spent 20 years in the airfreight industry.

UPS appointed **Cindy Miller** as president of UPS Europe and **Derek Woodward** as president of emerging markets. Miller, who is now president



MILLER



WOODWARD

of UPS U.K., Ireland and Nordics, succeeds **Jim Barber** who was appointed president of UPS International. Miller has worked for UPS for 24 years and has held many senior leadership positions in the U.S. and Europe. She led UPS in managing the logistics and delivery of more than 30 million items during the 2012 London Olympic Games. Woodward has been named to lead a new team dedicated to developing and implementing UPS's emerging markets strategy. Right now, he is the president of global integrations and has been with UPS for 28 years.

The **JFK Air Cargo Association** recognized **Bob Caton**, vice president of leasing and marketing at Prologis, as its "Person of the Year."

Damco made several appointments in Latin America. **Stefan Bengtsson** has joined Damco as CFO for Latin America. Bengtsson was CFO for Kuehne & Nagel in Brazil for more than nine years. **Sune Stilling** has left his



BENGTSSON



STILLING

job as managing director for West Africa to become COO for Latin America. Stilling has 14 years of experience in various positions in Africa, Europe and Asia with the A.P. Moller – Maersk group. He succeeds **Svend Erik Arp**, who will become regional chief transformation officer. **Enrique Fajardo** has joined as managing director for the Andean Cluster, consisting of Colombia and Ecuador. He has worked in the logistics and transportation industry for more than 18 years.



FAJARDO

The **Baltic Air Charter Association** has elected **Tony Coe**, owner of Aviation Complete, as its new chairman. The association, based at the Baltic Exchange in London, represents the interests of the global air charter industry. Coe has been in the aviation industry since 1973. In 1997, Coe launched Aviation Complete, an aircraft operating agent. He has been an association council member since 2009. **Volker Meissner** has been elected deputy chairman. Meissner started his aviation career with a commercial pilot's license in 1990. In 2006, he founded Aviation Charter, an ad-hoc charter broker specialist.



COE

The **MIAS Group**, global provider of transport technology, is expanding its North American operations and has added an office in Denver for service and sales. **Dennis McWherter** is the head of this new office and vice president of U.S. operations. McWherter will focus on expanding American service and sales. Prior to joining MIAS, he was vice



MCWHERTER

president of North America customer support for Swisslog Healthcare Solutions in Denver.

The **Aviation Accreditation Board International's** board of trustees selected **Gary Northam** as president of AABI effective in the next academic year. Northam succeeds **Gary Kiteley**, who has announced his retirement. Northam has been a visiting team member on AABI and team chair for 16 years.

Swissport International Ltd., a provider of ground services to the aviation industry, has appointed **Henrik Holming Werner** as the new general manager for Swissport Cargo Services in Denmark. He has 30 years of managerial, operational and sales experience with companies such as DHL Express and Nivart Consulting.

The **International Air Transport Association** appointed **Warren Jones** as head of Cargo Network Service. Jones was previously the aviation development manager at Hartsfield-Jackson Atlanta International Airport and has more than 15 years of experience in aviation and cargo.

Elemica, a provider of supply chain solutions, had hired **Vince Squillacioti** as chief information officer and head of global customer support. He will be responsible for ensuring Elemica's network is always operational for clients. Squillacioti was previously CIO for CDI Corporation, a provider of engineering and IT outsourcing solutions.



SQUILLACIOTI

Richard Thompson has become executive vice president of **Air Charter Service's** North American offices. Thompson joined the company almost 10 years ago working in the London office. He eventually moved to the company's New York office to become cargo director. **ACW**

events

JUNE 2-4

Cape Town, South Africa: The 69th IATA Annual General Meeting and World Air Transport Summit will bring together aviation leaders to look at the moderately improving global airline industry and how African airlines are participating in the uptick. For more information, visit <http://www.iata.org/events/agm/2013/Pages/default.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://air-cargo-europe.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 22-25

San Jose, Calif.: The ACI-NA Annual Conference and Exhibition allows airport industry professionals to network with leaders in the industry and see the latest products and services. More than 1,700 visitors from more than 100 airports will attend. For more information, visit <http://www.aci-na.org/event/2419>.

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>.

OCTOBER 16-18

Singapore: Air Cargo & Logistics Asia 2013 is a regional trade event for Asia and the Middle East. The international conference, which will be held by the STAT Media Group of India and the VFPR & Media Consultants in Singapore, will focus on air cargo, logistics and e-commerce. For more information, visit <http://www.acla.asia/>.

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.aircargoaerica.com/>.

NOVEMBER 21-23

Istanbul: The 7th logitrans Transport Logistics Exhibition is held by Messe Munchen International and EKO Fair Limited Co. The 2012 show attracted more than 12,600 people from 53 countries, and compared to the previous event, attendance rose by 6 percent. For more information, visit <http://www.logitrans.com.tr/english/>.

(continued from page 38)
 in air cargo at the moment is there's an element of our business, which is unexpected retail demand... That's missing and has been missing for the last couple of years. The recent growth in retail sales is rather modest and it's not taking retailers by surprise, so those who combine shipping by sea and some by air, particularly garments for example and some electronics, they find that they can rely on the ocean shipments for the bulk of their requirements because they're not getting surprise demand spikes on the upside.

As the global economy picks up and occasionally when you get new products like new iPhones or new iPads or new Saturn Galaxys, you do the same effect where you get a surge where people want the product. They want it now. And you see a surge in airfreight of those products. That's always been the case – that pattern. I'm not a believer that we're seeing a long-term mobile shift in one direction or another. There's a role for trucking. There's a role for ocean shipment. I think they complement each other rather than competing head-to-head.

ADVERTISER INDEX

Airborne Global Solutions	31	Chapman Freeborn	25	Flughafen Zurich	34
Air Bridge	13	CH Robinson	47	Skyteam	35
Air Canada	19, 24	DHL Charter	23	Swiss WorldCargo	33
Air Charter Services	2	Emirates	5	Turkish Airlines Cargo	7
American Airlines Cargo	15	EVA Interntaional	37	United Cargo	48

Lost your FOOTING?

Get back in the race with AIT Worldwide Logistics



Join our global network as a North American independent owner and we'll deliver the business opportunities vital to your success.

- No start up fees.
- Earn royalty rebates and weekly compensation.
- Participate in a unique sales incentive program.
- Benefit from a financially stable company and corporate support.
- Thrive in a competitive, flexible and innovative culture.

Contact Mike Nargie for inquires:
mnargie@aitworldwide.com | 800-323-6649
 References available upon request



TAKE THE WHEEL.

ALG Worldwide Logistics is a full service domestic and international freight forwarder offering a complete menu of logistics services. Our network of independently owned offices provide clients with supply chain solutions backed by leading edge technologies and a solid corporate infrastructure.

Opportunities are available for qualified individuals interested in owning their own independent station or being a local ALG sales agent. Find out how today.



DELIVERING INNOVATIVE LOGISTICS SOLUTIONS

Independent sales agency and station ownership opportunities are now available.



For more information, contact ALG at 888-655-4237, or via e-mail at:

John Rafferty jrafferty@algworldwide.com
Eric Hezinger ehzinger@algworldwide.com

AIR FREIGHT BUSINESS OPPORTUNITIES

OPPORTUNITY

The TEAM[®] network consists of independently owned and operated freight forwarding companies throughout the United States.

- ✓ Weekly Settlements
- ✓ Protected Territories
- ✓ Corporate Financial Security
- ✓ Global Partnership Network
- ✓ Fully Computerized with IT Support
- ✓ National Account Carrier Contract Rates



For more information contact:

LAWANDA RAY SMELLEY - 800.527.1168 EXT 2021
OR EMAIL: lawanda.ray@teamww.com

Inquiries held in the strictest of confidence.

BOS **PDX**
MIA **SEA**
IND **SLC**

TEAM TEAM TEAM TEAM
AIR EXPRESS TRANSPORTATION. OCEAN SERVICES. CUSTOMS BROKERAGE.



ASSOCIATIONS

The Best Resource on the Road!

Join Today
www.aemca.org

FREIGHT SOFTWARE

Freight Software
starting at \$50 per month

- On-line order entry
- On-line track and trace
- Driver web portal
- Easy to use - Complete package
- Used by couriers, freight forwarders and brokers since 1986

Free 30 Day Trial Waybill.com
(800)505-9727 sales@waybill.com

AIR FREIGHT BUSINESS OPPORTUNITIES

Joining the EFSWW NETWORK>>

EFSWW is a 100% Agency driven transportation and logistics company providing freight forwarding and third party logistics solutions that intersect all aspects of the supply chain. With a "Build to Succeed" philosophy, some of our offerings include:

- All domestic and intl transportation modes
- Network leveraged buying power
- Powerful "Leading Edge" technology solutions
- Partnering with success driven professionals
- Dedication to Agency support and service

We look forward to helping you with a **SMOOTH TRANSITION INTO NEW OPPORTUNITIES**
Call Us Today !!!

EFSWW Headquarters
5021 Statesman Dr. Suite 200
Irving, TX 75063
Call Us Toll Free: 1-888-354-2280
Email Us: sales@efsw.com
"Available "A" Markets: ORD, LAX, IAH, JFK"

EXPRESS AIR FREIGHT UNLIMITED, INC.®

FREIGHT SALES AGENCY

- Seeking successful professionals as partners in new offices
- Receive salary and ownership with no investment required
- We will set up office with access to worldwide network
- You run the office and build the business
- Denver, San Francisco and other cities available

Reply in confidence to:
dmarx@expressairfreight.com
or toll free USA to
DAVID MARX at 800-878-0303
www.expressairfreight.com

FREIGHT EXPEDITING



American Expediting®

COURIER • TRUCKING • WAREHOUSING • LOGISTICS

Too many same day last mile providers?

Let our 30 years of customer-centric experience save you time and money. Consolidate your vendor relationships.

www.amexpediting.com 1.800.525.3278 info@amexpediting.com

Contact: Victor Finnegan, President & CEO



- CARS
- VANS
- TRUCKS
- 24/7
- ON DEMAND
- ROUTES
- WHITE GLOVE

AIR CARGO ATTORNEY

David Cohen, Esq.

35 Park Ave, Suite 16J
New York, NY 10016

Email: CohenLawUS@aol.com
Phone: (212) 217-9527 • Fax: (212) 208-2408

CARGO RESTRAINTS

CARGO NETS & STRAPS

- Tie-Down Straps & Nets
- Baggage, Floor, Barrier & Pallet Nets
- FAA/EASA Accepted Designs
- Custom Engineering - Prompt Delivery
- Cargo Rings / Seat Track / Hardware

www.cargosystems.com

RESTRAINT SYSTEMS FOR EVERY NEED
P.O. Box 81098, Austin, TX 78708-1098
info@cargosystems.com
Tel: (512) 837-1300 • Fax: (512) 837-5320
FAA/EASA Certified Rep Station

SPECIALIZED FREIGHT & WAREHOUSING SOLUTIONS

- STAFFED 24/7 WITH SECURITY & PROTECTION
- FLEXIBLE STORAGE OPTIONS
- ELECTRONIC INVENTORY MANAGEMENT
- PICK AND PACK DISTRIBUTION
- DOCK TRANSFERS OR CROSS DOCKING
- PACKING SERVICES
- TIME-SENSITIVE DELIVERY OPTIONS
- ANY SIZE OR WEIGHT
- SPECIALTY DELIVERY SERVICES
- SHIPMENT TRACKING
- DEDICATED, PROFESSIONAL DRIVERS

CALL 800-866-7530
WWW.PRIMETIMEDELIVERY.COM

PRINT

ONLINE

E-NEWSLETTER

DIGITAL

Global Insight, Global Delivery.

To subscribe to Air Cargo World or to inquire about advertising, please contact Steve Prince, Publisher, 770.642.9170 or sprince@aircargoworld.com

PET SHIPPER / PET MOVERS



Air Animal
Pet Movers Since 1977

An IATA air cargo agency, providing pet moving solutions to relocating families, nationwide & worldwide, since 1977.

www.airanimal.com
drwalter.woolf@airanimal.com

Telephone: **U.S. Toll Free**
1-813-879-3210 | 1-800-635-3448
Fax: 1-813-874-6722 | Fax: 1-877-874-6799

Air Cargo World

Stay informed as the news happens

 Follow us at
[Twitter.com/ACWmagazine](https://twitter.com/ACWmagazine)

MOBILE TECHNOLOGY



Wow your customers with your very own **iPhone app**.

Prices start at just **\$79** per month.

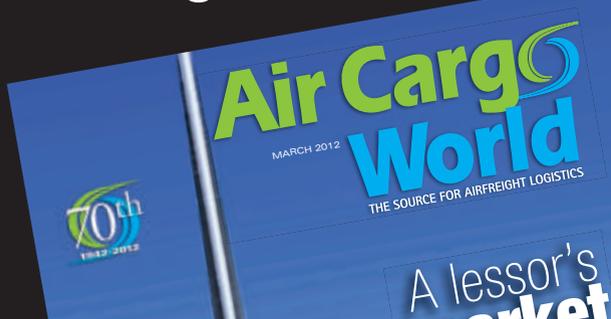
At CargoApps.com we take all the hassle out of building a mobile app. No website programming skills or IT background required. Just signup, answer a few questions, and let us deploy your app to the App Store for you.



Visit us at CargoApps.com or email us at info@cargoapps.com to learn more.



The Magazine of Choice



Air Cargo World
with more than 24,000 subscribers, has the highest direct request amongst all magazines serving the field.

Air Cargo World

1 IN CIRCULATION
1 IN QUALITY

Air Cargo World is the number one publication serving the air cargo industry.

Published in 2 editions with a worldwide audited circulation of more than 24,000. Air Cargo World delivers the highest quality and most qualified readership of air cargo decision makers for your advertising message.

Decision makers who need to know read Air Cargo World. Reach the best audience in the world by advertising in Air Cargo World.

For a free subscription or information on advertising, visit www.aircargoworld.com or contact Steve Prince, Publisher, at sprince@aircargoworld.com



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

Airfreight must avoid another ZapMail

To understand the future of 3D printing, you only need to know the story of ZapMail. In 1984, Federal Express introduced a service called ZapMail, which guaranteed delivery of a document anywhere within two hours. This was done not with faster planes but by using fax machines communicating in a closed network owned by the company.

The special fax machines were placed in FedEx offices throughout the country and company couriers, as promised, delivered transmitted documents within hours. The ultimate vision included a delivery system that needed no costly planes or expensive pilots and fewer couriers. Everything went well for a brief period until customers got wise and bought their own fax machines, negating the need for ZapMail.

CEO Fred Smith's ZapMail idea flopped and in 1986, after two years and \$320 million down the drain, the service was stopped. Smith has experienced failures but his numerous successes far outnumber them and he still runs one of the most successful transportation companies of our time.

The biggest mistake FedEx made with ZapMail was underestimating the customer's ability to inexpensively secure technology that could send and receive documents faster and cheaper. ZapMail failed because common sense and the power of the consumer were ignored. Could the airfreight industry be making a similar error again with 3D printing?

Using machines that resemble printers in a futuristic science-fiction movie and with the aid of computer digital files, three-dimensional products are made layer by layer using material to build an exact copy of the design. The technology was developed in the 1980s and is beginning to appear on the mass market. As with fax machines, prices started high but are dropping by the day.

So what can a 3D printer really make? Let's start with small failed machinery parts. Instead of waiting for airfreight to deliver replacements from across the globe, a design downloaded from the Internet and reproduced in minutes with 3D has the broken machine working again quickly.

A recent story on NPR began with the sound of a gun

firing in the background as the reporter spoke. Not an unusual occurrence except that all of the gun's components had been produced with the aid of a 3D printing device. This does not bode well for gun control advocates, but what about the air cargo industry?

Items reproduced on a 3D printer are from the same pool in which the express air cargo industry thrives. Small, valuable, time-sensitive shipments that need to be expedited quickly create a market that keeps airplane bellies and freighters full. Could our industry be ignoring the ability of the consumer to inexpensively purchase and replace their airfreight using these devices?

Experts call 3D a disruptive technology similar to cell phones, fax machines and computers. The output may not be perfect since items produced will probably need finishing and high production rates are impractical at this point since speed can be an issue. But we all know that nature abhors a vacuum so it is only a matter of time before these challenges are remedied.

The material used for 3D printing is mostly comprised of plastic resin but stronger, more versatile compounds are being developed for sturdier, more versatile products. The technology is progressing with new revolutionary innovations introduced daily.

3D printing will not put an end to supply chains but will definitely redefine where goods come from, maybe negating the need for sourcing shipments from far away. Globalization of manufactured products may fall out of favor, preferring those within the immediate region. This will certainly have a long-term impact on airfreight, as smaller, more profitable express consignments become a scarcity. Manufacturing has long chased "Just in Time" parts but may soon emphasize a shift to "Print as Needed." If ignored, 3D printing could relegate air cargo to a support role, delivering the consumable resins and machinery used to feed the beast.

3D printing is showing us that digital replication of products is now a reality and the devices are getting cheaper. The airfreight industry cannot afford another ZapMail mistake by misjudging the consumer's ability to acquire the technology and use it to replace its value to the supply chain. **ACW**



C.H. ROBINSON

» *Accelerate Your Advantage®*

Same Day Air.

When your business-critical shipment can't wait until tomorrow, every second of today counts. As a leading provider of same day domestic air service, we have the flexibility to configure our resources to match your timetable—not ours. We'll get your freight on the next available flight and even coordinate the transportation to and from the plane. So you can rely on us for flawless exchanges from counter to counter.

Contact us today and tie your entire global supply chain together.
flight@chrobinson.com | 800.323.7587

**70% of the world
is covered by water.**

We cover the rest.

More than 370 destinations
worldwide.

The truth is, with more than 150 wide body aircraft, linking 10 hubs and over 370 destinations throughout the world, chances are good that no matter where you're headed, United Cargo has you covered. For more information, contact your local United Cargo sales representative or go to unitedcargo.com.

**UNITED
CARGO**

