The background of the cover is a night photograph of an airport tarmac. A large cargo aircraft is visible, with its tail lights glowing brightly, creating a starburst effect. In the foreground on the left, there is a large, illuminated globe on a pedestal. The globe is lit from within, and the words "AIR CARGO EXCELLENCE AWARD" are visible on the pedestal. The magazine title "Air Cargo World" is prominently displayed in the upper right, with "Air Cargo" in green and "World" in blue. The text "INTERNATIONAL EDITION" is in small white letters above "World". The date "APRIL 2011" is printed in white below "Air Cargo".

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Jon Ross
Managing Editor

A new season brings new possibilities for the industry

What a winter it's been. From massive snowstorms in the U.S. and Europe effectively halting air (and ground) traffic for days at a time to the constant specter of the Transport Security Agency's 100 percent screening deadline, the air cargo industry has gone through a few extremely challenging months.

As of a few days ago, spring is finally here. With it comes the promise of no further snow delays (hopefully). Of course, there are a whole host of issues still on the horizon, but the changing of the seasons brings a new perspective on these challenges.

In this issue, our European correspondent, Martin Roebuck, examines some of the challenges that were discussed during the International Air Cargo Association's World Cargo Symposium in Istanbul. E-freight is perennially on everyone's list of stumbling blocks, and attendees didn't seem too pleased with some of the TSA's new requirements. (It should be noted that Martin said Istanbul was snowy and windy the entire time; I lucked out in that respect, traveling to Air-Cargo 2011 in sunny San Diego.)

Another tipping point for the air cargo industry is uncertainty in the Middle East. Martin first reported about the Egyptian protests and their effect on the industry last issue; now the Libyan situation is hurting air traffic. We should hope the regional instability ends soon, so we can start sorting out the short- and long-term challenges that will arise for the industry.

The industry does have cause for celebration this month, as we've released the results of our annual Air Cargo Excellence survey, which allows freight forwarders to rank their carrier clients and airlines to evaluate airports. Emirates SkyCargo, KLM and Southwest Airlines all received top scores in their respective tonnage categories. In the airport division, winners included Memphis, Louisville, Anchorage, Amsterdam, Santiago, Singapore and Dubai.

Congratulations to all our winners for excelling in performance, value and customer service, among other categories, in 2010.

Who knows what the rest of the year will hold. Will the air cargo industry see renewed growth or be derailed by security problems and a host of other issues? Only time will tell, but from where I stand right now, things are certainly looking up.

A handwritten signature in black ink, appearing to read "Jon Ross".



Carolin Drott
Aviation Marketing & Business Development

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FedEx adds Stansted to Triple-7 circuit

FedEx Express has unveiled a Boeing 777 freighter at its London Stansted facility. This marks the first scheduled cargo operation at the airport to use this aircraft.

The express carrier described the latest addition to its fleet, which will operate on the Stansted-Memphis route, as "part of the evolution of FedEx Express sustainability effort," with an ultimate goal of helping reduce its global footprint.

The aircraft can carry up to 6.8 tonnes more than the MD-11, which was previously deployed on the route. The 777's emissions and fuel-burn are both 18 percent lower relative to the extra capacity.

FedEx has so far taken delivery of 12 B777s, including two based at its European hub at Paris-Charles De Gaulle Airport that now link the airport with Memphis International Airport and Hong Kong. Another 33 of the aircraft remain on order.

"The environmental efficiencies of this new aircraft, coupled with its attractive payload range and economics, makes the B777F the best choice for FedEx Express and its customers," David Binks, senior vice president of operations for FedEx Express Europe, said in a statement.

Nick Barton, managing director of London Stansted Airport, celebrated the new aircraft. "Having obtained Code F status for the next generation aircraft to operate on our runway, and as the only major London airport with capacity for growth, we're delighted FedEx selected Stansted as a base for one of its new B777Fs," he said.

"We're committed to improving our environmental and operational performance," Barton said. "With lower noise and emissions levels than the MD-11, this investment will be welcome news to the communities around the airport." **ACW**



UK-based Hybrid Air Vehicles is close to signing an agreement with a non-U.S. company that operates more than 100 aircraft for a fleet of lighter-than-air dirigibles

Cargo carriers see blimps in their futures

Look up to the sky two years from now and you may see a new phenomenon passing overhead. It will be the Hybrid Air Vehicle (HAV) and what could be the air cargo freighter of the future. A vast, lighter-than-air dirigible, it will be capable of carrying up to 200 tonnes at a fraction of the fuel cost of conventional cargo aircraft.

No, this is not some piece of April foolery. A major carrier is on the verge of signing a contract for an entire fleet of these new craft.

The concept has been developed by a team of British scientists, who have established their research and development facility at a site north of London where the first British airships, the R100 and R101, were built and flown more than 80 years ago. The two original hangars for these huge craft are still standing and, at more than 190 feet high and 800 feet long, continue to dominate the local

skyline. But that was an era epitomized by the German Zeppelin airships and the catastrophic fire that ripped through the Hindenburg in New Jersey in 1937, which effectively ended further development of the airship age.

What has changed since that bygone era? Just about everything, according to Gordon Taylor, marketing manager for HAV. "What we have done is to entirely re-examine the basic principles behind the science of lighter-than-air vehicles and applied modern technology and materials to the concept," he said. The company has come up with a mix and match of technologies that incorporate modern aerodynamics, vectored engine thrust, lighter-than-air design and the principle of hovercraft engineering.

"It is why we are calling it a hybrid because it really does reflect every modern technology available to us," Taylor said.

(Continued on page 8)



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(Continued from page 6)

Hybrid Air Vehicles has built a scale prototype of the craft, which could soon be floating across the skies in a fully scaled-up version. Its buoyancy will be provided by a huge ultra-lightweight structure made of super polyester. It will be powered by rotating engine plants, which will adopt the hovercraft principle to anchor the craft to the ground when landing and will allow a near vertical take-off.

Perhaps most significantly, the re-born airship will not be filled with highly flammable hydrogen, which was the downfall of its predecessors. Instead it will be filled with a mix of 60 percent helium and 40 percent air.

What Hybrid Air Vehicles has been waiting for is a launch customer to really lift its project off the ground and into the air. Cue the U.S. Department of Defense, which has been sufficiently impressed with the modern-day concept to award a \$517 million contract to build a 300-foot-long craft, which will be used for surveillance work in Afghanistan.

Working on a tight schedule with U.S. defense contractor Northrop Grumman, the company must build a vehicle that is capable of staying aloft for 21 days at a time and can be flown with or without a three-man crew. The craft is scheduled to enter service in early 2012.

"We are going to be building the basic structure, including the payload

module, the fuel tanks, the four engines, the propulsion ducts and bow thrusters," Taylor said. "These parts will then be flown to Arizona to be incorporated into the envelope, which will form the main body structure."

"The first [commercial use] would see the vehicle operating in a pure freighter role; the second would be in the heavylift arena, particularly linked to oilfield development work."

**— Gordon Taylor,
Hybrid Air Vehicles**

After highly sensitive surveillance equipment has been fitted by Northrop Grumman, flight testing will be undertaken in the U.S. before the HAV is flown across the North Atlantic to be pre-positioned in the UK, prior to call up to its Afghanistan theater of operation. "That will be the first time an airship has flown across the

Atlantic since the heyday of the Zeppelins in the 1930s," Taylor said.

The modern-day hybrid airships may have eliminated the risk of fire from hydrogen, but what about ground fire when operating in Afghanistan?

"Helium is an inert gas, so it will not explode," he said. "What we have also discovered is that the pressure inside the envelope is so low that if a hole is made, say by a bullet, the air seeps out very slowly without any catastrophic effect."

What of the commercial prospects for the air ships? Hybrid Air Vehicles already has designs on the drawing board for craft capable of carrying payloads of between 20 and 200 tonnes. It is a design concept that can easily be extracted to allow craft carrying up to 1,000 tonnes.

"We see two principle markets for the commercial operation of the HAV," Taylor said. "The first would see the vehicle operating in a pure freighter role; the second would be in the heavylift arena, particularly linked to oilfield development work."

Typically, a major logistics service provider could employ HAVs to maintain supply chains in, say, the auto sector. "What we are providing is the opportunity to offer deferred airfreight service at the cost equivalent of seafreight," Taylor said.

In the heavylift market, Taylor's company is already in close negotia-

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tions with a couple of major oil outfits to provide lift capability, with one company expected to place orders for four craft. "The other company sees the potential to use the craft to develop new oilfields," Taylor said. "It would avoid the need to build roads and other infrastructure requirements to reach these often remote sites."

Intriguingly, it is in its commercial role that Taylor says the company is tantalizingly close to signing a con-

tract with a major airline to acquire a fleet of HAVs operating with a payload capability in the 20- to 50-tonne range.

"We expect to sign a contract in June and will then have two years in which to deliver the first craft," Taylor said. "The order would be in the double-digits and the craft used to augment a carrier's existing operations."

Taylor remains tight-lipped about the potential buyer, revealing only

that it is a non-U.S., publicly listed company that currently operates more than 100 aircraft.

"We really do see a big potential in the freighter market," Taylor said. "One of these craft could easily fly between China and Europe in three days at a quarter to half the fuel cost of conventional aircraft and without the need to operate airport to airport, saving further on time and handling costs." **ACW**

Fuel spike threatens industry rebound

A fully electronic air cargo industry would cut its costs by \$4.9 billion a year, a crucial contribution to making the aviation business sustainable, according to IATA director general and CEO Giovanni Bisignani.

Airlines were in the black by \$16 billion last year, a major achievement after \$50 billion of losses over the last decade, but Bisignani said a margin of 2.9 percent represented no real cause for celebration. He was encouraged by the latest GDP growth forecast of 3.1 percent for this year, though the soaring price of oil will surely have economic forecasters adjusting their sights.

An oil price averaging \$96 per barrel this year would halve airline profits to \$8.6 billion.

"World trade growth reached 10 percent late last year. The question is how durable that will be given world oil prices," said Brian Pearce, IATA's chief economist.

Pearce said profits from cargo had climbed back toward their 2006-07 level in the first half of 2010, but came under pressure as soon as fuel prices began increasing. "If prices are still at these levels, there will be some slowdown in economic growth. The risk is not volumes disappearing, but a further squeeze on margins," he said.

The International Energy Agency had announced that "cheap oil" was over, and Pearce said airlines would have to base their cargo pricing models on a price of \$100 regardless of developments in the Middle East, since the risk premium attaching to the turmoil there accounted for only \$10-15 per barrel.

Airline chief financial officers started to lose confidence in January, according to an IATA poll. Heads of cargo were gloomier still, giving prospects for future volumes an average score of 70 (on an index where 50 is neutral) but rating the yield trend at a barely-improving 55.

Growth in semiconductor shipments, which closely match the trend in broader airfreight volumes, slowed sharply to 6 percent at the end of last year. This reflected the end of the recent restocking cycle, Pearce said.

Business expenditure was en-

couraging. Companies now had surplus cash and were committing to capital projects as well as investing in people, he commented. Purchasing managers globally were as confident as they had been at the 2007 peak of the business cycle.

U.S. consumer confidence was picking up despite serious problems in the economy and a huge fiscal deficit, but European consumers were "moving sideways," Pearce said. China was also slowing as the government tried to put a brake on inflation, affecting both purchasing managers and consumer sentiment.

Cargo rates excluding surcharges were slipping, and Pearce quoted a fall from \$2.90 to \$2.40 per kilo from southeast Asia to Europe in the second half of 2010. The base rate fall was serving to offset the application of fuel surcharges, he said. Load factors had also fallen globally by three or four percentage points since May 2010, though were still at a relatively healthy 77-78 percent.

A significant increase in deliveries of widebodied aircraft this year, which would add 8 percent to the global fleet if no retirements were taken into account, may further dent profits, even though emerging markets such as Latin America, the Middle East and Asia Pacific were still running strongly, Pearce said. **ACW**



*Brian Pearce
is IATA's chief
economist*



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Etihad first touched down in Seoul in December 2010

Etihad's crystal ball: 2011 cargo growth

Current events in the Middle East have made air cargo strategies in the region — from daily operations to humanitarian missions — somewhat tenuous. In fact, a recent *AIR CARGO WORLD* online poll found that the majority of the magazine's readers think the ongoing unrest in the region will be a defining storyline this year.

But it's not all about protests in the Middle East. At Etihad Crystal Cargo, Roy Kinnear, senior vice president of cargo at Etihad, recently sat down to answer some questions about the carrier's growth and plans for the future.

Air Cargo World: What was your growth in cargo capacity last year in terms of scheduled services?

Roy Kinnear: Our belly cargo ATK capacity grew by 20 percent (year-on-year) in 2010, outpaced by our freighter ATK capacity growth of 40 percent. Overall, this led to a 25 per-

cent year-on-year ATK growth. FTK growth kept pace at 26 percent.

Therefore, yield was also a significant driver of cargo revenue growth with year-on-year growth of 34 percent. Yield improvement was accomplished through a combination of such factors as stronger demand in 2010, a focus on improving revenue performance on high demand legs, and a drive to improve the cost effectiveness of offline routings.

Our expectations for 2011 are that we will see further revenue growth, again outstripping ATK growth. This will be partly driven by capacity growth, partly through continued yield increases and partly through improved load performance on existing traffic lanes.

ACW: Are the main end destinations for cargo still in Europe? How important to cargo are the increased India and China frequencies?

Kinnear: Europe will always represent a significant cargo market, both

Libyan protests affect air traffic in region

The protests in Libya and the resultant action taken by a coalition of United States, British and other worldwide forces has impacted airline schedules into the country.

The Federal Aviation Authority (FAA) is now forbidding all U.S. carriers and U.S. commercial operators from flying to Tripoli and the surrounding region. The moratorium does not extend to people operating aircraft registered in the U.S. for a foreign carrier. The agency has allowed for emergency landings into the affected area as long as the pilots complete a report within 10 days after the incident. The moratorium, enacted on March 20, was in place until further notice.

"An armed conflict is ongoing in Libya and presents a potential hazard to civil aviation. The runways at Libya's international airports, including the main 3 international airports serving Benghazi (HLLB) and Tripoli (HLLT) may be damaged or degraded," the agency said in a statement. "Air navigation services in the Tripoli (HLLL) FIR may also be unavailable or degraded. In addition, the proliferation of air defense weapons, including Man-Portable Air-Defense Systems and the presence of military operations ... pose a potential hazard."

British Airways has canceled its daily service from London Heathrow to Tripoli until October 29. The carrier is offering refunds and a free flight change to customers hoping to fly to Libya this summer.

On March 21, Ryanair and a host of other carriers were forced to switch their routings landing in Trapani Airport, which is on the coast of Sicily, because it was being used as part of the military action. The Italian Civil Aviation Authority planned to open the airport back up to civilian traffic on March 28. Passengers flying out of Italy were directed to Palermo Airport, which is an hour away. **ACW**

in terms of origin and terminating business for us. However, with the introduction of daily MD-11F services from Shanghai via Mumbai (three times weekly), Delhi (twice weekly) and Chennai (twice weekly) and the thrice-weekly Beijing to Abu Dhabi A330-200F service, China and India are now also very important markets that help to feed our Joint Production (Passenger) Aircraft network.

This year, we plan to add two additional weekly passenger flights to Geneva, Milan, Brussels and Beijing, plus an additional four frequencies a week to Paris and three to Manchester, which will provide additional belly opportunities for cargo.

These increased frequencies are possible following the deliveries of three A330 passenger aircraft and two B777 passenger aircraft.

ACW: What uplift do you get from Seoul?

Kinnear: Etihad began passenger operations to Seoul in December 2010. Seoul, a market that we have served over the years through interline partnerships, is indeed interesting from a cargo perspective and, whilst not having a current guaranteed space allocation, we are looking forward to working much more closely with Asiana Airlines, our passenger codeshare partner, in the near future.

ACW: How are eastbound services to Asia and Australia, and what cargo benefits will accrue from the partnership with Virgin Blue?

Kinnear: Cargo flows to Australia from Abu Dhabi are traditionally strong, and our alliance with the Virgin Blue Group is a very important strategic development for this. The alliance is an extremely positive step towards growing our already strong position in the Australian market.

From a cargo perspective, Etihad has executed an expansive Special Pro-rate Agreement that incorporates the Virgin Australia flights between Sydney and Abu Dhabi and vice versa.

ACW: What is your strategy for Africa?

Kinnear: Africa is becoming an increasingly important market for Etihad Crystal Cargo. It is now a key part of the business, illustrated by our growth in freighter operations there, which now include Addis Ababa, Lagos, Nairobi, Johannesburg and N'djamena.

We are reviewing further operations to Africa and will consider opening new destinations where it is commercially viable.



Roy Kinnear
senior vice president of cargo

ACW: Which specific new markets are you targeting globally? How will you deploy the 777 freighter?

Kinnear: We are still reviewing our options on where we will operate the B777F. Obviously, we will gain the best returns from operating it on our longer sectors.

We were also the launch customer for the A330F, which is performing very well. The economics are impressive, and as the launch customer, we have been very satisfied. This medium-sized freighter has enabled us to increase frequency on key lanes, greatly improving our product offering. Frankfurt Haan was increased from two to four operations per week, Beijing from two to three and Milan from one to two.

The range capability of the A330F made routes such as Beijing and Hong Kong viable with little or no payload penalty.

ACW: What contribution does cargo make to Etihad's overall revenue?

Kinnear: Last year, Etihad Crystal Cargo contributed 20 percent to Eti-

had's total earnings. The geographic position of Abu Dhabi offers excellent cargo carriage capabilities and means that Etihad is less susceptible to the peaks and falls of traditional passage flows.

ACW: Etihad's CEO has said he plans to add no more than six new destinations in the next two or three years, and the focus would be more about increasing frequency. Does this include cargo?

Kinnear: Cargo route development is separate to the development of the passenger route network. Whilst cargo obviously takes into account expansion on passenger belly hold program, we have the ability to expand in our own right for freighter-only services.

ACW: Can Abu Dhabi compete successfully with Dubai as a regional transshipment hub?

Kinnear: Going forward, we recognize the importance of maintaining growth in both transit traffic and the growth of point-to-point traffic in and out of Abu Dhabi. The very fact that Abu Dhabi Airport and Etihad recognize the need for the development of a new cargo facility demonstrates our confidence in the growth of Abu Dhabi and its ability to deliver.

ACW: How constrained is the current cargo terminal at Abu Dhabi International Airport? How do you plan to accommodate growth in the next three years?

Kinnear: Etihad and Abu Dhabi Airport are doing a great job in expanding the existing airport infrastructure to facilitate the current growth. We recognize the need in the interim period, before the opening of a new cargo facility, to further expand infrastructure capability to cope with Etihad's growth, and we will plan around this accordingly.

ACW: What benefits is CHAMP bringing you? Is it helping your cus-

tomers meet more stringent security requirements?

Kinnear: Etihad Crystal Cargo is very happy with the appointment of CHAMP as our global electronic Advance Cargo Information (ACI) filing partner. CHAMP is supplying us with its Global Customs Gateway, which is ensuring the business meets all necessary requirements for electronic pre-arrival cargo screening information in markets around the world.

There is an increasing focus on global compliance relating to ACI, and as security regulations are tightened, we are fully complying with governments worldwide. Following our long and successful partnership with CHAMP, the company assisted us in meeting the January 1 deadline for EU ICS and paved the way to meet other existing and future ACI requirements. **ACW**

In the news....

Boeing and Israel-based EL AL have signed a contract for 737-900ERs that are worth a total of \$343.2 million. "These additional airplanes will help us expand our fleet to meet the growing demand from our customers. We will use the Boeing 737-900ERs to replace the current fleet of 757-200s and to serve the growing markets in our network," Elyezer Shkedy, EL AL's CEO, said in a statement... **Air China** chartered 28 flights to evacuate 9,000 Chinese nationals from Libya in what is the carrier's largest humanitarian project. The mission was completed by flying nearly three planes a day for 10 days from Beijing Capital International Airport. According to a statement, "there are no regular scheduled flights by Chinese airlines between China and Libya, so Air China deployed its staff based in Europe to Libya to prepare for the evacuation." ... **Air Partner** operated two relief flights to Tunisia to help homeless people fleeing Libya for the safe haven of the neighboring country. A B747-400 freighter flew 91 tonnes of blankets, tents and other supplies from Dubai to Djerba...

Kenya Airways has announced plans to bring in a freighter to serve regional, intra-African destinations. Group managing director Titus Naikuni said the carrier was looking to source a freighter for the start of its new financial year in April to complement widebody passenger capacity to Lusaka, Lilongwe, Harare and Kinshasa... **EgyptAir** is seeking to lease out up to 25 aircraft — more than one-third of its fleet — as it tries to offset the economic impact of the anti-government protests in Egypt. The carrier said in a statement that it was offering aircraft, including its latest B777-300ERs, to its Star Alliance partners, together with crew. It is also understood to have approached lessors. Eighteen days of protests across Egypt ended when President Hosni Mubarak resigned, but traffic has not recovered, forcing EgyptAir to cancel 75 percent of its flights. Chairman Hussein Massoud said the airline had grounded 40 percent of its fleet since the civil unrest began, and he told news agencies he was looking to offer employees unpaid leave. **ACW**



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Beijing now second biggest airport

According to figures released last month by Airports Council International (ACI), Beijing Capital International Airport has passed London Heathrow to become the second largest airport in the world.

Beijing's 2010 ranking rose 13 percent over its 2009 numbers on the strength of a reported 14.2 percent rise in international passenger traffic in the Asia-Pacific region. Freight in the region rose a staggering 18.6 percent.

In 2010, total passengers worldwide rose 6.3 percent over 2009, and the number of total international passengers crept up 7.5 percent. Total international freight skyrocketed 20.5 percent, with total cargo moving up 15.2 percent.

Hartsfield-Jackson Atlanta International Airport remains the largest airport in the world. Chicago O'Hare has moved up to third place on the strength of 3.3 percent growth. Heathrow fell from second place to fourth place. Most of the airport growth was experienced in the Asia-Pacific and Middle East markets, but Charlotte's airport benefitted from a solid 10.4 percent increase.

ACI used its numbers as justification for improving airport infrastructure.

"GDP growth projections for this and the coming years are high creating a positive outlook for demand for air transport. This underpins the need to continue to expand and modernize airport infrastructure to maintain high standards of efficiency and customer service," said Angela Gittens, the organization's world director general, in a statement, noting that passenger and freight growth outpaced GDP last year.

"More than ever, airports will be asked to finance these projects autonomously without public funds," she added, "requiring private and public airports to be empowered to generate necessary returns on their investment." **ACW**



DHL officials said inland transportation has shifted away from shorthaul road feeder services to longhaul trucking and airfreight

Development boom is changing China's transportation infrastructure

In December, a new contender entered the ranks of China's aspiring international airfreight gateways when a Rayyan Air freighter from Islamabad touched down in Kashgar. This marked the start of international freighter flights to what used to be a major stop on the Silk Road. For their part, the Chinese authorities have left no doubt that they intend to develop Kashgar into a Central Asian cargo hub; they have bestowed special development zone status to the region coupled with a generous investment package for infrastructure development.

The whole western province of Xinjiang, where Kashgar is located, is poised to see frantic development

activity. At the end of January, Beijing revealed that it will spend more than \$4.5 billion during the next five years on new airport projects in the province. Four new airports will be developed, and six others will be expanded or relocated.

This is part of a massive development drive that aims to add more than 45 new airports to China's infrastructure during the next five years, including four major hubs. Between 2011 and 2015, Beijing will spend about \$230 billion on the aviation sector.

The authorities' goal to develop the central and western regions has gathered strong momentum in the past two years. In response to rising costs in China's developed coastal

areas, more and more factories are migrating to the interior. According to forwarders, there is no clear pattern of settlement, as provinces and municipalities compete aggressively for business. The decisions are driven by investment terms, not by logistics considerations, remarked Bob Imbriani, vice president of corporate development at freight forwarder Team Worldwide.

In the absence of international links to the new production areas, moving farther away from China's major air and ocean gateways puts greater emphasis on the domestic leg in the supply chain. Multinationals like DHL Global Forwarding, which has its own domestic licenses for trucking and airfreight, are poised to gain the most from this, while smaller forwarders have to strengthen their ties with Chinese agents, Imbriani said.

He noted that the move to the interior not only elevates the domestic transportation segment but changes the dynamics of doing business altogether. Traditionally, many international firms have signed ex-works agreements with Chinese manufacturers to maintain control over the logistics. Now it is becoming more advantageous for many to change the terms, whereby the liability rests with the manufacturer until the goods are delivered to the client's designated forwarder in the gateway city.

From mostly shorthaul road feeder services, inland transportation has shifted to longhaul trucking and airfreight, said Charles Kaufmann, chief executive for North Asia and senior vice-president for airfreight, North Asia Pacific at DHL Global Forwarding. His company uses either mode to convey goods to Shanghai, Hong Kong or Guangzhou to connect to international flights.

"You can truck from Zhengzhou, but you can't truck from Chengdu or Chongqing," observed Nick Rhodes, director and general manager of cargo at Cathay Pacific. Cathay is looking at adding destinations to its network in China, and other international carri-

"Chengdu is definitely one of the emerging gateways. Quite a few high-tech companies are there. The question for carriers is what cargo they can get on the import side."

— Charles Kaufmann, DHL

ers are also preparing to enter markets like Chengdu, he added.

Having opened a branch in Chengdu last year, forwarder Panalpina established an office in Chongqing in February. The airport is preparing for a larger role in cargo. It extended its second runway last year to meet the needs of Hewlett-Packard, which was building a cargo terminal and distribution center on the site.

"Chengdu is definitely one of the emerging gateways. Quite a few high-tech companies are there," Kaufmann said. "The question for carriers is what cargo they can get on the import

side. These points are export-driven."

Down the road, Imbriani expects to see more direct international service to points in China's interior, but for now, the majority of international air cargo moves by truck through the major gateways.

On the China-Europe sector, the migration of production to the interior has fueled interest in alternative modes of transportation, notably rail-air or direct rail service. According to Steve Dearnley, chief executive of Schenker Asia-Pacific, his company aims to launch a direct rail product to Germany in the second quarter of this year.

Panalpina was the first to start a rail-air service through Urumqi in Xinjing, a model that has been adopted by a few others, including DHL GF. He stressed that this is not an alternative to airfreight but rather a complementary solution more geared to other commodities that generate larger volumes.

No such options are viable across the Pacific, so importers have to choose between air-air or truck-air links. In reality, air-air seldom enters the picture, though, Imbriani noted.

"Transit time has increased," he said. "In some instances, this would lead in good economic conditions to people looking at air, but we are still in a tight economy." **ACW**



Chengdu Shuangliu Airport

Japan earthquake forces cancellations, humanitarian effort still underway

Worldwide carriers operating in Japan had mostly resumed their normal routings a week after a massive earthquake ripped through the country March 11, forcing the temporary closure of the country's major airports, according to the Association of Asia Pacific Airlines (AAPA). Soon after, these carriers turned their efforts to humanitarian aid and other recovery activities.

"Airlines have been focused on clearing the backlog of disrupted passengers. Domestic flights are now operating according to the normal schedules," Andrew Herdman, the AAPA's director general, said in a statement on March 17. "Air cargo services are operating normally. Several carriers have also been involved in special humanitarian relief efforts,

bringing international supplies and resources to Japan."

In the hours after the earthquake, Cathay Pacific diverted or cancelled five flights that were scheduled to arrive in Narita International Airport. The carrier's cargo operations were back on track by the morning of March 12. American Airlines, which recently announced daily service from New York JFK to Tokyo Haneda, initially cancelled all trans-pacific flights. American's Haneda flights were operating normally as of March 14, but a cargo embargo remained in place on flights to Tokyo Narita until March 16.

Boeing, UPS, Delta and United Continental Holdings were among the many companies that stepped forward with aid commitments. The majority of these organizations employ



*Andrew Herdman,
director general of the AAPA*

workers in the country; Continental has more than 1,000 workers in Japan, and Boeing has 200 employees.

"Japan is a core part of our global network, and we are committed to finding ways to help those in need following last week's devastating earthquake," Vinay Dube, Delta's senior vice president, Asia-Pacific, said in the midst of the recovery effort.

Many carriers and relief organizations were pursuing humanitarian missions in Japan on top of services that were still being provided to displaced citizens in the Middle East. According to a spokesman from Air Partner, the carrier had arranged more than 60 flights and had evacuated more than 12,000 people from the Middle East during a six-week period starting in early February.

"In immediate response to the earthquake and tsunami that devastated Japan over the weekend, Air Partner continued its humanitarian outreach by organizing the Boeing 747 flight that carried 59 fire service search-and-rescue specialists, two rescue dogs and a medical support team along with 11 tonnes of specialist rescue equipment to the stricken nation," the spokesman said.

Though air cargo is functioning, the Japanese supply chain has been thoroughly disrupted. Herdman warns that further air delays are possible.

"Looking ahead, we can expect some short term disruption to normal patterns of travel demand to and from Japan," Herdman said. "Airlines will continue to closely monitor the situation and make appropriate adjustments as necessary." **ACW**

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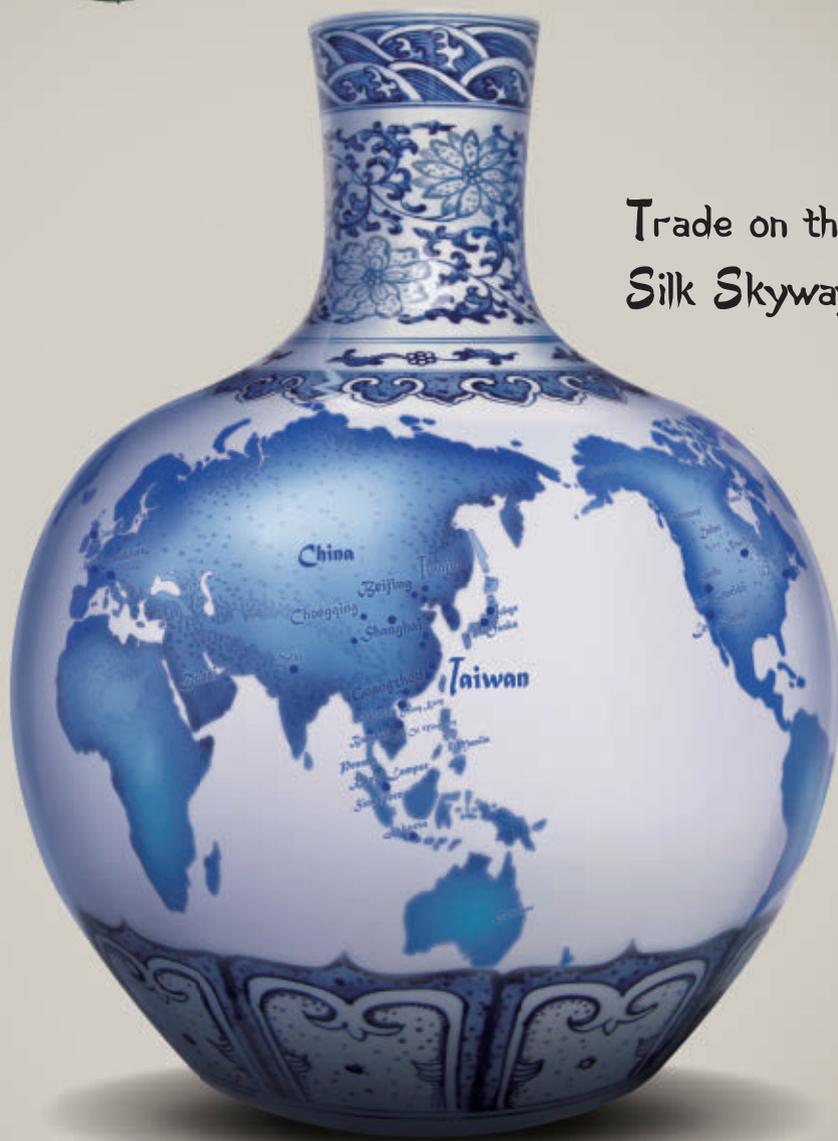
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SEKO happy with new equity model

In January, SEKO Worldwide decided to make its employees part owners of the firm. This new equity model means that the company's strategic partners are now able to drive decisions at the top levels of the company.

"It changes the whole culture and the whole thought process," Bill Wascher, SEKO's president and CEO, said during a break at the AirCargo 2011 conference last month in San Diego. He said the first few months of the new system have gone extremely well.

The concept is simple at its heart: Breaking up the company into smaller pieces, and letting employees own those pieces, will make the company more successful. Workers are personally responsible for how the company fares, making SEKO not an organization full of employees, but one full of owners.

This way of doing business is commonly seen in the retail sector — one of the biggest examples is the Publix supermarket chain — but it hasn't really caught hold in the marketplace at large.

Competitors see employee ownership as a liability instead of an asset, Wascher said. He explained that the reasons company heads don't want to give up parts of their empire range from greed to a need for power. For those simple reasons, he doesn't see the equity model being echoed throughout the industry.

"It's a concept that many people aren't willing to embrace," he said. "We have more accountability."

The company's forward-thinking management style is echoed in other parts of the firm. Wascher told *Air Cargo World* that SEKO wants to be on the "cutting edge of technology," a feat he thinks they have achieved.

"We want to be the trendsetters in the industry," he said. "We want to be ahead of the curve." **ACW**



According to Jones Lang LaSalle, Memphis International Airport has used the airport city development model to become the hub for FedEx

Driving airport revenue from the ground up

Airport administrators often overlook some of the best prospects for driving revenues and achieving cost savings. Great potential exists at ground level.

From attracting quality tenants to expanding air cargo opportunities to developing open land within and outside of the airport, the real estate portfolio is one of the best ways to optimize airport assets.

The following are some strategies to maximize existing ground level assets. The most significant option, and also the most time consuming and expensive, is the development of an airport city.

Becoming an airport city

The "airport city" concept, which is gaining popularity, also is known as the Aerotropolis. The airport city serves as a hub for business development not just on airport property, but

in surrounding areas, too, making a city grow around the airport instead of the airport simply being added to an existing developed region.

The airport works closely with one or more nearby communities toward goals that serve the area's overall interests. This requires a high level of cooperation often among cities and counties that may have previously competed for new development.

Many airport cities take on their own commercial functions, acting as mini-cities in their own right. They often take on a ripple effect as market demand emanates outwards from the airport. Those at the forefront of the air city model have often become carrier hubs like Chicago O'Hare and Dallas/Fort Worth or air cargo hubs such as Louisville (UPS) and Memphis (FedEx).

Airport cities can also become the state's de facto national airport and serve as a strong economic engine for

the region. It is important to note that many airport cities have 15-20 year development plans and have a dedicated Airport City Authority to act as a one-stop-shop for target business.

Airport cities have a defined mission statement or marketing objective of where they want to be, such as “the world’s number one airport” or “the gateway to the world.”

Efficiency through third parties

Third-party suppliers can also be used to reduce costs, streamline operations and increase customer satisfaction at airport-run operations such as parking and consolidated rental car access areas. In many cases, a private firm works with airport employees to help implement best practices, including customer service, communication and bookkeeping. Employing a private partner has proved to save capital in negotiations with suppliers, utility companies and contractors procured for capital projects. Some airports are even considering third-party management of their entire operations.

Maximizing excess space

Disused or underused land around airports offers prime development opportunities for hotels, retail, restaurant, offices and gas stations. We

should not forget the importance of air cargo terminals and related distribution space requirements, too. Many companies desire not only the high visibility — including signage — of an airport headquarters, but also access to air traffic, major highways and hotels.

For airports located outside the metropolis, where land is abundant, attracting corporate industrial development should be considered. The advantages of airport proximity, access to economic and/or trade zone incentives and the potential to structure a ground lease (as opposed to purchasing the property) are attractive prospects to industrial developers, owners and investors.

Accessing private capital

Public-private partnerships to repurpose and redevelop excess land and facilities have been implemented very successfully at large public-sector facilities such as military bases and airports with substantial land holdings. They provide a win-win situation for both airports and private developers, as they have the potential to utilize the airport’s tax exempt status, decreasing the cost of capital for infrastructure.

There are many ways to structure these partnerships to assist in fund-

ing development projects. For example, contributing airport land to a transaction at little or no cost for a set time period enhances the private developer’s returns during the first few years of operation, thereby making the transaction more attractive. Since public-private agreements typically extend up to 50 or more years, successful developments can provide the airport with solid long-term income and justify initial concessions that cost the airport little in out-of-pocket expenses.

Navigating complexities

Unlocking the value of airport portfolios can be extremely beneficial. The core competency of airports is clearly aviation, and complex deals and processes such as public-private partnerships can seem daunting. Successful initiatives often require building a consensus between public and private concerns with differing agendas. However, capitalizing upon these opportunities to create long-term revenues and cost savings is well worth the concerted effort and can bring fruitful rewards. **ACW**

Jones Lang LaSalle’s John Carver and Kurt Little are real estate experts for ports, airports and infrastructure.

ATA predicts growth but is wary of rising fuel costs

The Airport Transportation Association of America (ATA) has reported that cargo traffic among U.S. airlines rose 5 percent year-over-year in January on the strength of international traffic. These numbers, when added to the 13 percent year-over-year passenger revenue increase experienced in February, signal good news to John Heimlich, ATA’s vice president and chief economist. However, he warns, rising fuel costs could affect future growth.

“Industry revenue growth persisted

in February, despite widespread winter storms plaguing airline operations throughout the country, and reflects a strengthening economy and pricing environment buoyed by recent fare hikes attempting to offset rapidly rising energy prices,” Heimlich said in a statement. “As fuel prices remain at or near historically high levels, U.S. airlines may experience a more challenging revenue environment.”

Adding gravity to his words, United Continental Holdings announced it has reduced its planned 2011 consoli-

dated capacity due to rising fuel prices. A 1 percent reduction will be put into place in May, and a 4 percent reduction is slated for September. The carrier’s 1.1 percent decrease in combined consolidated traffic in February and a consolidated capacity decrease of 1.8 percent forced the planned reductions.

The planned capacity reduction will be achieved canceling flights in certain markets and reducing flight frequencies. The changes will force a 5 percent decrease of consolidated

domestic capacity and a 2 percent international decrease in the fourth quarter.

"The company now expects its full-year 2011 consolidated capacity to be roughly flat year-over-year," United Continental Holdings said in a statement. United will also save money on fuel by removing less fuel-efficient

plants from its fleet.

One good bit of news in the industry comes from the shareholders at AirTran Holdings who have approved AirTran's merger with Southwest Airlines. The next hurdle for the companies is the U.S. Department of Justice, which is reviewing the deal. According to Gary Kelly, CEO of Southwest

Airlines, the deal is expected to close in the second quarter.

"This approval is another important and exciting step toward completing the transaction and beginning the integration of AirTran into Southwest to ultimately serve the flying public as one carrier," Kelly said in a statement. **ACW**

In the news...

During a meeting of the **Air Forwarders Association** (Afa) during the AirCargo 2011 conference in San Diego, Irvin Varkonyi of **American Public University** announced an educational partnership with the association. The online university offers associates degrees, bachelor's of arts degrees and master's of arts degrees targeted to working adults. Varkonyi said classes are taught by an active instructor and feature interaction with classmates, but the courses are not taught in real time. Varkonyi said the cost of a bachelor's degree is about \$32,000. "I truly believe education is essential for advocacy," Jennifer Frigger-Latham, an Afa board member, told the organization's members. "If you don't know what's at stake, you really can't create a good reaction to Washington, D.C. The university has partnered with the Afa to tailor logistics industry

classes and possibly, if there is demand, provide new courses developed specifically for Afa members, Varkonyi said.... In a two-year contract with **Air Canada Cargo**, the **Wallenborn Group** has agreed to provide road feeder services (RFS) to more than 40 airports in 14 European and Scandinavian countries. According to Air Canada, the carrier went the RFS route in order to "optimize total costs, achieve clear and transparent cost structures and provide benefits through network leveraging opportunities." Wallenborn's operational structure also adheres to Cargo 2000 and guidelines from the Transported Asset Protection Association... In order for **Colombia** to continue to compete in the aviation sector, Colombian President Juan Manuel Santos must implement infrastructure improvements and government policies, according to Giovanni

Bisignani, director general and CEO of the **International Air Transportation Association**. Liberalization of government policies, a thorough review of the master plan at Bogota's El Dorado International Airport and an overhaul to the country's air traffic management system would greatly improve the country's aviation status. By having more liberal policies, carriers would be more open to mergers, which would in turn lead to stronger industry growth. Bisignani also said there is room for a 30 percent increase in capacity if air traffic management at the Bogota airport was improved. President Santos had previously outlined a four-year plan for the industry, calling to increase international arrivals from 2.8 million people to 4 million people a year, improve Colombia's tourism status and to double the number of domestic seats available. These are fine goals, Bisignani said, but more must be done... **Mas Air**, LAN Cargo's Mexican affiliate, has added new routes to Brazil, Argentina, Los Angeles and Miami originating in Mexico City and Guadalajara. The new services use Boeing 767-300F aircraft... **Southwest Airlines Cargo** has added services to two South Carolina airports: Greenville/Spartanburg and Charleston... **U.S. Customs and Border Protection** has given officials at **Hartsfield-Jackson Atlanta International Airport** the all clear to begin passenger flights to and from Cuba this summer or early fall. These charter flights are restricted to "purposeful" travel. The Customs agency also recently announced that Tampa International Airport will serve as another entry point to Cuba. LAX, JFK and MIA are the only other airports that offer flights to Cuba... The **U.S. Federal Aviation Administration** has signed an agreement with the European Union that, according to a statement, "calls for both sides to research the interoperability of avionics, communication protocols and procedures, as well as operational methods under NextGen and its European counterpart, the Single European Sky ATM Research." **ACW**

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The BBC's Aaron Hesehurst chaired a panel during the World Cargo Symposium in Istanbul. John Batten of Swissport; Jean-Claude Delen of FIATA; Ram Menen of Emirates SkyCargo; Sergio Mujica of the World Customs Organization; and Christopher Welsh of the Global Shippers' Forum participated in the discussion.

TSA takes the heat in security session

Warren Miller, chief of the Transportation Security Administration's (TSA) international air cargo branch, took the bullets in an uncomfortable session on security at the IATA World Cargo Symposium.

Every other member of a 12-person panel, representing all aspects of the airfreight industry from forwarding to Customs, criticized the timing and uncompromising nature of an Emergency Amendment that declassifies known shippers if they change address or fail to ship any cargo over a short period. Carriers serving the U.S. face screening additional shipments as a result.

Abel Lopez Cernadas, import/export and transport director for Inditex, claimed TSA demands made his company's security processes "useless." The Spanish fashion group replenishes 5,000 stores worldwide twice a week from bonded warehouses and is accredited under Europe's Authorized Economic Operator (AEO) system.

FIATA chairman Jean-Claude Delen urged regulators to listen before acting, but feared it was "already too late." Certification programs must align so that C-TPAT rules recognized AEO status, or it made no sense for European forwarders to push for it. Delen called for the International Civil Aviation Organization to devise an acceptable solution, a call echoed by Michael Steen, the new chairman of The International Air Cargo Association.

Miller had little to offer, except that the TSA would listen to the industry's concerns. He warned that different government demands and legislative policies made a one-size-fits-all security standard impracticable.

Lufthansa Cargo's security chief, Harald Zielinski, said the new TSA requirement was announced at 1 a.m. European time on a Saturday morning, with a demand that carriers comply within 72 hours. Inside five minutes, he was seeking clarification on the significant changes necessary in Lufthansa's processes, but was unable to reach the TSA until the following Monday. **ACW**

E-freight high on agenda in Istanbul

The International Air Transport Association (IATA) has pledged to fund the temporary re-assignment to the organization of the best brains from member companies in a quest to help IATA drive its e-freight and supply chain security agenda forward more effectively.

"If we continue to do things the way we have always done, it should shame us. If we fall back on the same old statistics that airfreight represents 2 percent of global trade by volume and 35 percent by value, it should shame us," Des Vertannes, IATA's global head of cargo, said during an impassioned closing speech at the World Cargo Symposium in Istanbul.

Vertannes said an increase to 2.5 percent by volume, and 38 or 40 percent by value, would make a big difference to the industry's fortunes. He sensed from the event "a real urgency and willingness to change" and hoped IATA could celebrate real progress in Kuala Lumpur during the 2012 event.

The promise to repay companies for contributing their expertise, so that IATA did not have to rely on the usual faces to lead its initiatives, followed criticism from Mick Fountain, chairman of the Cargo 2000 quality monitoring group, who said IATA has "a history of starting and not finishing things."

An expert panel, assembled for the opening plenary of the symposium, had each been asked to outline four priorities for the industry. Although they had not talked together beforehand, there was broad consensus between John Batten of Swissport, FIATA chairman Jean-Claude Delen, Ram Menen of Emirates SkyCargo, Sergio Mujica from the World Customs Organization and Christopher Welsh, representing the UK Freight Transport Association and Global Shippers' Forum (GSF).

Each panelist identified harmonization of supply chain security and promotion of e-commerce as two of the major challenges. They also high-

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lighted the need for better training, people development and communication to improve industry skill levels and lead to the adoption of globally accepted, accredited service quality standards. No one saw emissions or the environment as a major priority.

Giovanni Bisignani, IATA director general and CEO, warned in his opening address of the problems posed by Internet-based commerce. This had put power in the hands of individual sellers who were less aware of their responsibilities than professional shippers. They had less expertise in packaging and labeling and did not always know which materials were hazardous. For commercial operators, however, it is clear that electronic documentation can solve a number of structural problems in the industry.

"We have to ensure we can deliver efficiencies through e-freight," Vertannes emphasized. He said 44 countries or operating regions were e-freight capable by the end of last year, and he congratulated Cathay Pacific on being the first carrier to go entirely paperless out of its Hong Kong hub. "We're in pursuit of 100 percent e-air waybills," he said.

The Global Air Cargo Advisory Group (GACAG), a new cross-industry grouping comprising representatives of IATA, TIACA, FIATA and GSF, will set up a task force to make sure



Attendees listen to a panel during the World Cargo Symposium

regulators are engaged with e-freight, remove process barriers and replicate best-practice models adopted by pioneering airports such as Amsterdam Airport Schiphol, Incheon International Airport and Singapore Changi International Airport.

GACAG is seen as a neutral body that can help harmonize security standards worldwide. It also had an important promotional role for an industry that undersells itself, said BBC Worldwide presenter Aaron Heslehurst, as he chaired a debate with the expert panel. People were unaware that their mobile phones, electronic goods, medicines and food were air-freighted and that a lot of these prod-

ucts travelled in the bellies of passenger aircraft, he continued.

He asked conference delegates, at various stages during the discussion, to vote on a number of issues using keypads at their tables. Revealingly, there was a wide variation in their views of their economic prospects for this year, with 39 percent believing their results would be better than in 2010 and 26 percent fearing a worse outcome.

Although many attendees saw reduced consumer spending as a significant problem, a 60 percent majority believed oil prices were the biggest threat to the industry's financial prosperity. **ACW**

Schiphol and Incheon promote e-freight amid industry wariness

A record attendance at the World Cargo Symposium of more than 1,000 delegates looked on as officials from Schiphol Airport in Amsterdam and Korea's Incheon International signed a memorandum of understanding that commits them to promoting paperless air cargo transportation on one of the world's major trade routes.

Korea is the world's leading advocate of e-freight, accounting for

68 percent of electronic shipments. Young-Geun Lee, executive vice president at Incheon, said the country aimed to reach 70 percent e-waybills by the end of this year and total conversion in 2014, a year ahead of IATA's own deadline for full implementation.

Schiphol, meanwhile, has attracted €1.2 million of funding from the Dutch government for the development of an e-freight consortium that now

includes 30 members of the local supply chain community.

Delta Airlines' head of cargo, Neel Shah, said Korean Air Lines and KLM had blazed the trail for the SkyTeam alliance. Korean had partnered with Samsung and LG Electronics, which were already operating a paperless environment, to help it expand into e-freight, while KLM was set to implement e-waybills starting with exports from Amsterdam. Delta had

WORLD CARGO SYMPOSIUM

begun electronic transactions on international services in February, and Shah said SkyTeam members were now responsible for more than 20 percent of e-freight shipments worldwide.

The rest of the world has shown less enthusiasm. Alan Wright, head of global cargo network development at Swissport International, said the industry was in "collective disarray." Only 0.3 percent of international shipments — 13,000 per month — were so far paperless.

Steve Smith, who is spearheading DHL Global Forwarding's e-freight strategy, said the shipper-to-forwarder and forwarder-to-carrier processes were still highly fragmented, and the vision must be end-to-end data transmission rather than removing paper from freight transactions. He believed e-freight would ultimately bring even



Enno Osinga of Schiphol Airport signed a memorandum of understanding with Young-Geun Lee of Incheon Airport at the IATA World Cargo Symposium

more benefits than the industry expected, but it was not yet delivering.

Niranjan Navaratnarajah, head of e-freight for Emirates SkyCargo, said the carrier was adding value for smaller forwarders by fast-tracking those

presenting e-documents. All-electronic customers had later cutoffs, could go to the front of the lane and achieve faster deliveries, he said. Emirates was now aiming to load its first full freighter with e-freight. **RCW**

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Import

leads to cargo growth

Inbound demand for airborne imports — long a weak spot in Latin America — has perked up.

While perishable exports from South America and Central America remain staples of the region's international air cargo traffic, imported products ranging from smart phones to medical gear to drill bits

are coming into the region in bigger volumes on international flights. That is one reason why many air carriers are adding cargo capacity in Latin America, confident that total freight revenue in the region is headed higher.

Latin America has many trade ties to the United States, but the region also has demonstrated immunity in recent years to the problems of the underperforming U.S. economy. "It's probably the first time in the last 50 years when there was a recession and Latin America didn't really get affected. Historically, it has been affected pretty severely," William J. Flynn, chairman and CEO of Atlas Air Worldwide Holdings, told stock analysts during the company's February 14 conference call.

Consider why UPS has been increasing its weekly schedule of Boeing 757 freighter flights to Bogota, Colombia, the capital city of one of the largest flower-producing countries in the world. In a twist, the flower trade hasn't been the primary motive for UPS. The Atlanta-based company has increased its schedule to Bogota not just to handle more flower exports, a bedrock business for many cargo carriers serving Colombia, but mainly to meet increased inbound demand there for imports.

"In the last year and a half, we added four new flights [per week] in the Bogota market; this is a result of southbound revenue instead of outbound revenue," says Tom O'Malley, Miami-based vice president of UPS air cargo operations in Latin America. "In the past, it was flowers that had been driving the market, and southbound volumes were backfill, if you will — make the money on the flowers northbound, and do as you can on the southbound."

Not every corner of Latin America is untouched by the deep recession that began in the United States in late 2007, wilting U.S. demand for fresh flowers and Latin American exports, including fish, fruit and vegetables. Central America, for example, may need more time than other parts of the region to shake off the spillover effect from economic trouble from the U.S., according to O'Malley.

But the overall regional outlook is optimistic. UPS and other air carriers are preparing to handle more cargo in Latin America this year, following a surge in volume in 2010 from the depressed level of 2009. "We are doing very well in the Latin America market, both northbound and southbound," O'Malley says. "We saw very favorable growth last year — 46 percent growth in kilos, year over year, 2010 over 2009. And we're continuing to see growth in 2011."

Better balance between Latin America's inbound and outbound markets is apparent at Miami International Airport, the leading U.S. gateway to the region. Imports continue to exceed exports on a tonnage basis, but the gap is closing. Imported freight outweighed exported freight at MIA by only 21,000 tonnes in 2010, versus 166,748 tonnes in 2006. The Miami airport's international cargo volume last year totaled 1.76 million tonnes, nearly matching the 1.77 million tonnes it handled in 2007 before volume slid

increase with

to 1.7 million tonnes in 2008, then stumbled to 1.46 million in 2009.

Latin American currencies have held up well against the U.S. dollar, which has boosted inbound flows of airborne imports to the region. “The exchange rates in the region in general — for the Chilean peso, the Brazilian real — that is making the import volume to Latin America very good,” says Claudio Silva, a Miami-based senior executive of LAN Cargo.

Silva says the Miami-based cargo operation of LAN is seeing “a little bit more balanced situation” between the freight volumes entering and exiting Latin America. The Chilean carrier still handles plenty of northbound cargo shipments including such perishable commodities as asparagus from Peru, fruit from Chile and fresh flowers from Colombia and Ecuador. Compared with last year, LAN this year had a “much better” flower-shiping season ahead of Valentine’s Day in the United States, Silva says. “That had to do with a slight recovery in the North American economy.”

But LAN freighters also are moving larger southbound volumes. The most common types of imports into Latin America include myriad electronic products ranging from personal com-

puters and parts to telephone handsets to flat-screen television sets. Silva also said medical devices and supplies account for a large share of freight LAN carries into Latin America.

Among the most common types of industrial imports are products for oil exploration and extraction and mining equipment, particularly for copper mines in Chile and Ecuador.

LAN has increased its cargo-carrying capacity substantially, taking delivery of three Boeing 767 freighters from November 2010 through January, and cargo sales growth is expected to follow. “In general, the year has started pretty solid. We expect growth between 10 and 20 percent this year,” Silva says. The addition of the three 767s



Officials at LAN Cargo are seeing more balance between Latin American imports and exports

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to its fleet has allowed LAN to begin Miami-based freighter service to several new markets, including the passenger-centric Guarulhos airport in Sao Paulo, Brazil, which is served by LAN's affiliated Brazilian cargo airline, ABSA. "That is the only freighter in Guarulhos," Silva says. "They had only belly capacity in the past."

Another LAN affiliate, Mexican cargo carrier Mas Air, is taking advantage of increased export volume from Mexico to China as well as greater demand in Latin America for Chinese-made products.

"We have seen good growth of exports from Mexico into China. ... We bring it to Los Angeles, and then we transfer it to interline partners," Silva says. "We are growing, and in terms of percentages, a big share of the growth will be coming from Mas Air [flights] from Guadalajara into the Americas and from Guadalajara into L.A."

Not all air trade between Asia

and Latin America is direct or indirect via airports on the West Coast of the United States. Three Asia-based airlines now fly freighters to Miami, where much of the cargo is transhipped to Latin America.

The average number of freighter flights to Miami by Cathay Pacific, China Airlines and Korean Air increased from nine per week in 2009 to 19 per week in 2010, says Chris Mangos, marketing director of Miami International Airport.

"What has made a world of difference for our Latin carriers are the agreements they have with the three Asian carriers coming in here," Mangos says.

"I think we are making some headway on volume from Asia to Latin America via MIA," he says. "Low-volume, high-value technology goods can viably be transported these distances by air [thanks to] the economics of Latin America and the

"In the past ... southbound volumes were backfill, if you will. Make the money on the flowers northbound, and do as you can on the southbound."

— Tom O'Malley, UPS

demand for those products."

In Latin America, many freighter operators do business inside larger, diversified companies with airlines that offer air passenger service, too, says Alex de Gunten, executive direc-



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tor of the Latin American and Caribbean Air Transport Association.

“In the region, there are very few independent cargo carriers,” he says, citing cross-border competitive pressures to merge. “In the freighter world, you have a lot of international competition from the United States and from Europe.”

At the same time, however, Latin American carriers generally have resisted economic inertia in the United States to an extent that would have been difficult to imagine a generation ago. “Our dependence on the U.S. market is less now that it was 20 years ago,” de Gunten says, “and I think that’s one of the reasons why, in 2009, our correction, or our decrease in traffic, was not as bad as in other parts of the world.”

Pure passenger airlines serving Latin America also are competing for a bigger share of the freight market there. For example, Panama-based Copa Airlines is a fast-growing passenger carrier that is scooping up more cargo in the region and boosting its capacity to do so. In early March, Copa Airlines took delivery of the first of 10 new Boeing 737-800s. The airline’s cargo revenues grew to \$76.2 million last year from \$66.3 million in 2009.

“We had a pretty good [fourth] quarter in the cargo business, and we have seen cargo pick up throughout the year,” said Pedro Helibron, chief executive officer of Copa Air Holdings, during a February 11 conference call with stock analysts. “We hope that in 2011 we continue to see that strength.”

American Airlines has increased its schedule of passenger services in Miami as part of a broader plan to cluster its capacity in South Florida and four other U.S. “cornerstone” markets (New York, Los Angeles, Chicago and Dallas/Fort Worth). American’s senior executives highlighted strong results in Brazil and



The flower trade isn't the primary reason UPS has been increasing activity to Bogota

Mexico among its best-performing international markets during a January 19 conference call.

But Miami International Airport will continue to face challenges to its dominance in air trade with Latin America. “Within the U.S., you see a lot more lift to Houston, New York,

the passenger and cargo side, they have enormous capacity challenges,” Gittens says. For example, Brazil, the largest air cargo market in South America, is struggling with how to substantially increase and improve the country’s airport capacity. “Brazil is once again grappling with the issue,” she says. “We don’t quite know what they’re going to do.”

In general, “governments in Latin America are starting to face the challenge of keeping up with capacity and enhancing their airports,” she says, “and they seem to be primarily doing it through concession contracts, getting essentially operators and developers to come in and invest in their airports for stated periods of time.”

A new airport is being built in Quito, Ecuador. The Tocumen International Airport in Panama City, Panama, is being expanded. But not all Latin American governments are improving their airports at the same rate.

Among Latin American airport authorities that recognize the need for airside and landside upgrades, Gittens said, “they’ve already started the process or are grappling with how to undertake a process.” **ACW**



Construction at the Tocumen International Airport

Atlanta, Los Angeles. Miami is still the king. But Latin America has been discovered by others,” says Angela Gittens, executive director of Montreal-based Airports Council International.

Airports in Latin America also are anxious to attract more freight, but many need better facilities. “Both on

SINGAPORE AIRLINES CARGO



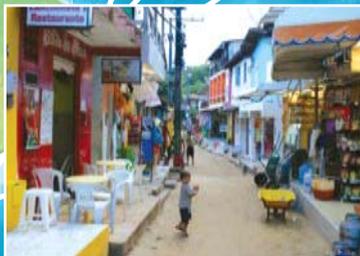
SIA CARGO ADDS SAO PAULO IN BRAZIL TO ITS NETWORK

SIA Cargo, which manages the bellyhold cargo capacity for Singapore Airlines (SIA Cargo's parent company), will add a sixth continent to its route network in March. Singapore Airlines will launch thrice-weekly flights between Singapore and Sao Paulo, Brazil, via Barcelona.



Sao Paulo will be Singapore Airlines' first scheduled South American destination. A dynamic metropolis, Brazil's largest city is an art and entertainment center as well as an influential player in the areas of regional commerce and finance. It is also an important gateway for both passenger and cargo traffic.

Flights will operate between Barcelona and Sao Paulo's Guarulhos International Airport. This new service will help boost ties between Singapore and Brazil and pave the way for enhanced trade links between Asia and South America. It will also provide a direct link between Barcelona and Sao Paulo as well as plug Sao Paulo into SIA Cargo's existing links to 71 cities in 36 countries.





2011 AIR CARGO EXCELLENCE SURVEY

Carriers exceed expectations

In 2010, carriers experienced a bump after the profit nosedive seen during the recession. But outstanding airlines in *Air Cargo World's* annual Air Cargo Excellence Survey note that a full recovery to pre-downturn levels is far off. This recovery issue is further augmented by regional discrepancies.

"While global economic conditions are improving and have certainly had a positive impact on global air cargo volumes in general, the positive effects have been less noticeable in the U.S. marketplace," says Matt Buckley, Southwest Airlines' director of cargo.

Even with uncertain economic circumstances, Emirates SkyCargo, KLM and Southwest successfully received top scores in customer service, performance, value and information technology from their peers.

Oliver Evans of SWISS WorldCargo, which received an overall rating of 116 in its category, is impressed with the 2010 rebound, but also is cautious moving forward.

"The recovery in volumes of 2010 was remarkable," he says. "We ended the year with record tonnages. However, the market is uneven, due to a slowing China (and sea-air) market and wild fluctuations in currency exchange rates."

Ram Menen of Emirates concurs with this assessment. "Like any other industry," he says, "we are not immune to the impact of challenging economic conditions. We witnessed a significant downturn in exports from Asia to Europe and the United States from October last year, and the expected recovery after the Chinese New Year has yet to really kick in."

These carriers made the best out of a challenging environment, but to keep up the good work in the coming year, they will have to overcome new challenges. Officials at each airline will be keeping their eyes on the skyrocketing cost of fuel. Security and the impact of the Transportation Security Administration's new all-cargo screening deadline for U.S.-bound goods is another storyline carriers will be watching this year.

Representatives from these airlines all have grand plans for this year and next aimed at enhancing security and increasing profitability. Southwest plans to add 20 737-800s in early 2012 and is currently looking to complete its acquisition of AirTran Airways. SWISS is emphasizing its "relay" program to promote the importance of teamwork, efficiency and customer service; it has also created task forces to explore security issues and e-freight. The carrier will add services to Beijing this summer.

In the next year, Emirates will add two B777 freighters and anticipates to be more active in the e-AWB and e-freight initiatives.

Emirates, like other carriers, will be looking for growth in a number of key markets. "High growth markets are likely to be India, Latin America, the Pacific Rim, Cambodia and Vietnam, among others," Menen says. "We are also likely to see U.S. exports coming back. China will continue to grow, though it could be a bit slower than what we have seen in the past."

Numbers from the Airports Council International seem to prove a turnaround is underway. Regionally, only the

Airports Council International Freight Summary

REGIONS	JAN 2011	% YOY	YE JAN 2011	% YOY
INTERNATIONAL FREIGHT				
Africa	33.2	19.6	442.7	15.7
Asia-Pacific	1,502.3	9	18,783.6	20.6
Europe	962.4	11.4	12,320	18.8
Latin America/ Caribbean	125.3	-2.1	1,819.9	20
Middle East	281.9	-0.1	3,659.2	11.6
North America	496.8	7.5	6,490.2	22.9
ACI TOTAL	3,401.8	8.3	43,515.7	19.6
DOMESTIC FREIGHT				
Africa	2.5	0.6	33.2	5.4
Asia-Pacific	635.4	12.2	7,054	8.6
Europe	36.9	3.6	515.8	4.7
Latin America/ Caribbean	70.1	16	915	5.6
Middle East	N/A	N/A	N/A	N/A
North America	938	-0.8	12,296.2	7.6
ACI TOTAL	1,682.9	4.5	20,814.1	7.8
TOTAL FREIGHT				
Africa	39.8	16.3	525.6	12.4
Asia-Pacific	2,137.7	9.5	25,947	17
Europe	999.5	11.1	12,837.2	18.2
Latin America/ Caribbean	196.4	3.7	2,748.1	14.7
Middle East	282	-0.1	3,660.5	11.6
North America	1,480.8	2.2	19,388.8	12.4
ACI TOTAL	5,136.2	6.8	65,107.3	15.4

Data in 000s metric tonnes

Latin American/Caribbean market and the North American market experienced decreases in international freight year-over-year from January 2010 to January 2011. Domestically, only the North American region failed to see an increase over its January 2010 total.

Airports look to continued growth

This year, Oakland International Airport, Singapore Changi Airport, Cologne Bonn Airport and Amsterdam Schiphol Airport received top scores in the airport section of the survey. Each organization experienced significant growth last year, and all of them are adding new projects and additional routings in 2011.

In Cologne, Torsten Wefers, senior manager, business development, attributes his airport's high rating to a 77 percent growth in annual cargo activities last year; in addition, Cologne Bonn received new customers like Egypt Air Cargo and DB Schenker. FedEx also opened a 50,000-square-meter cargo hub at the airport.

"We anticipate further strong growth for 2011," Wefers says. "FedEx and UPS predict strong growth figures, and we also expect to enter into business with some of the major general cargo operators."

Volumes at Oakland International Airport (OAK) increased 4 percent last year, mostly on domestic cargo ac-

tion. Increased FedEx activity will help this number improve (the integrator signed an agreement with the airport through 2015). Officials at OAK are focusing on recruitment in Asia and South and Latin America this year, and they also are looking to two new routes into Mexico operated by Volaris.

"OAK anticipates that air cargo volumes will grow 2 percent in 2011 over the previous year. A significant concern for OAK is the impact of higher fuel prices on all its carriers, including cargo," says Deborah Ale Flint, director of aviation at the Port of Oakland. "With FedEx's growing fleet of long-range 777s, OAK is optimistic that these new aircraft will result in a significant boost to its international cargo traffic, particularly to Asia."

Last year was a recovery year for Singapore Changi, though officials at the airport admit they aren't out of the woods yet.

"While intra-Asia trade flows have bettered pre-crisis levels, we are still susceptible to developments in the key cargo markets of U.S. and Europe," says Albert Lim, the airport's division head for cargo and logistics. "Airfreight growth anticipated in North Asia will have a positive spinoff on the rest of Asia and Southeast Asia including Singapore."

Major concerns of the airports mirror concerns felt throughout the carrier community, such as the price of oil and security issues. **ACW**

Carriers

	Customer Service	Performance	Value	Information Technology	Overall
800,000 or more tonnes					
Emirates Sky Cargo	114	114	115	116	115
Singapore Airlines	114	114	112	112	113
Lufthansa	108	110	103	112	109
Cathay Pacific	105	105	104	105	104
Korean Air	103	103	102	103	103
FedEx Express	102	104	95	109	103
China Airlines	98	98	103	93	98
DHL	98	94	97	101	97
Japan Airlines	100	97	93	97	97
United Airlines	96	96	97	97	97
UPS Air Cargo	95	93	94	101	96
Air China	94	95	103	89	95
China Eastern	87	90	94	83	88
China Southern Airlines	86	86	89	82	86

	Customer Service	Performance	Value	Information Technology	Overall
200,000 to 799,999 tonnes					
KLM	106	108	101	110	107
Qatar Airways	107	103	108	107	106
Nippon Cargo Airlines	111	109	98	106	106
Cargolux	107	110	104	100	105
Thai Airways	106	108	104	99	104
EVA Air Cargo	106	104	103	104	104
Asiana Airlines	103	104	109	101	104
Malaysia Airlines	103	103	105	103	104
All Nippon Airways	102	102	105	104	104
Etihad Airways	101	101	104	103	102
American Airlines	98	99	101	104	100
E.A.T European Air Transport	102	99	101	98	100
British Airways	102	99	98	103	100
Qantas	99	100	97	103	100

featurefocus ACE Awards

ACE SURVEY CRITERIA FOR CARRIERS

Customer Service

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

Performance

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

Value

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

Information Technology

Tracking and tracing of shipments; Internet; electronic commerce capabilities

The ACW 2011 ACE Survey asked freight forwarders to evaluate carriers by rating four measures on a scale of one as the lowest to five as the highest. For each measure, the average rating across all companies in the survey was calculated and set to a value of 100. This year, we've broken down the results by annual tonnage carried.

	Customer Service	Performance	Value	Information Technology	Overall		Customer Service	Performance	Value	Information Technology	Overall
Air France	99	98	98	104	100	Jet Airways	101	99	102	102	101
LAN Cargo	97	96	96	97	96	Alaska Airlines	103	101	102	96	101
Turkish Airlines	96	98	95	92	95	Kingfisher Airlines	99	101	100	102	101
China Cargo Airlines	93	93	97	96	95	BAX Forwarder Network	102	96	95	102	99
Delta Cargo	93	94	96	93	94	Amerijet International	96	100	97	97	98
TNT Airways	86	90	90	91	89	Air Canada	92	96	100	101	97
Saudi Arabian Airlines	84	83	89	80	84	Iberia	96	92	100	97	96
Up to 199,999 tonnes						Pacific Air Cargo	92	103	97	91	96
Southwest Airlines	121	127	122	107	119	South African Airways	99	94	92	91	94
Swiss WorldCargo	118	117	111	118	116	Royal Jordanian Airlines	93	94	93	94	93
Dragonair	115	109	112	108	111	Cargoitalia	91	92	91	97	93
Virgin Atlantic	111	112	106	114	111	Gulf Air	90	91	92	98	93
Polar Air Cargo	103	106	106	106	105	Kalitta Air	92	93	91	89	91
Volga-Dnepr Airlines	114	98	101	103	104	AirBridge Cargo	95	95	95	79	91
Air New Zealand	107	104	99	105	104	Kuwait Airways	84	89	92	94	90
Continental Airlines	103	102	102	104	103	Vietnam Airlines	90	86	86	92	89
US Airways	97	102	106	103	102	Air India	86	86	87	89	87
Finnair	96	102	105	101	101						

Airports

	Performance	Value	Facilities	Regulatory Operations	Overall		Performance	Value	Facilities	Regulatory Operations	Overall
North America — 1,000,000 or more tonnes						North America — 400,000 to 999,999 tonnes					
Memphis (MEM)	111	113	105	109	109	Oakland (OAK)	117	117	112	119	116
Louisville (SDF)	109	114	110	104	109	Indianapolis (IND)	113	113	112	113	113
Anchorage (ANC)	109	107	109	110	109	San Francisco (SFO)	106	108	105	107	106
Los Angeles (LAX)	99	96	96	99	98	Toronto (YYZ)	99	98	102	101	100
New York (JFK)	93	91	93	94	93	Dallas/Ft. Worth (DFW)	99	99	99	99	99
Chicago (ORD)	91	91	94	92	92	Atlanta (ATL)	90	91	95	86	91
Miami (MIA)	88	88	92	91	90						

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

Value

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

Facilities

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

Regulatory Operations

Customs, security, FTZ

The ACW 2011 ACE Survey asked representatives from airlines to evaluate airports worldwide by rating four measures on a scale of one as the lowest to five as the highest. For each measure, the average rating across all companies in the survey was calculated and set to a value of 100.

	Performance	Value	Facilities	Regulatory Operations	Overall
Newark (EWR)	89	87	87	90	88
Philadelphia (PHL)	87	87	88	86	87

North America — 200,000 to 399,999 tonnes

Denver (DEN)	107	103	114	108	108
Honolulu (HNL)	109	107	111	105	108
Phoenix (PHX)	102	104	106	104	104
Houston (IAH)	100	102	106	99	102
Washington Dulles (IAD)	93	89	101	95	95
Seattle/Tacoma (SEA)	95	93	89	96	93
Ontario, CA (ONT)	91	90	76	89	87
Boston (BOS)	82	85	84	84	84

North America — 100,000 to 199,999 tonnes

Orlando (MCO)	118	115	116	116	116
Calgary (YYC)	112	119	116	112	115
Rockford (RFD)	111	117	116	111	114
Hartford (BDL)	104	107	108	104	106
San Diego (SAN)	115	103	91	107	104
Baltimore (BWI)	102	103	98	97	100
St. Louis (STL)	104	95	100	100	99
Cincinnati (CVG)	96	99	100	97	98
Vancouver (YVR)	92	98	93	90	93
Detroit (DTW)	86	82	104	91	91
Minneapolis/St. Paul (MSP)	91	91	90	87	90
San Antonio (SAT)	83	91	83	80	84

Europe — 1,000,000 or more tonnes

Amsterdam (AMS)	103	103	103	104	103
Frankfurt (FRA)	100	101	102	100	101

London Heathrow (LHR)	102	101	98	102	101
Paris De Gaulle (CDG)	95	95	98	95	96

Europe — 300,000 to 999,999 tonnes

Cologne/Bonn (CGN)	117	119	120	120	119
Leipzig (LEJ)	118	121	119	118	119
Luxembourg (LUX)	113	116	119	116	116
Copenhagen (CPH)	103	99	99	101	100
Liege (LGG)	104	103	97	95	100
Madrid (MAD)	95	94	91	99	95
Brussels (BRU)	95	89	94	92	93
Milan (MXP)	82	86	83	82	83
Istanbul (IST)	74	72	78	77	75

Europe — 100,000 - 299,999 tonnes

Frankfurt Hahn (HHN)	115	118	117	121	118
London Stansted (STN)	117	109	119	118	116
Zurich (ZRH)	107	114	120	118	114
Athens (ATH)	112	112	110	112	111
Munich (MUC)	107	112	107	109	109
Manchester (MAN)	94	100	112	115	105
Vienna (VIE)	98	109	104	102	103
Lyon St. Exupery (LYS)	94	105	101	103	101
Rome (FCO)	88	96	87	94	91
Moscow-Sheremetyev (SVO)	75	73	69	67	71

Latin America — 200,000 or more tonnes

Santiago (SCL)	115	113	118	115	115
Lima (LIM)	100	104	104	102	102
Bogota (BOG)	94	96	96	95	95

	Performance	Value	Facilities	Regulatory Operations	Overall
Sao Paolo (GRU)	94	93	94	94	94
Mexico City (MEX)	97	94	89	94	94

Latin America — 100,000 to 199,999 tonnes

Campinas (VCP)	106	108	103	109	106
Buenos Aires (EZE)	104	105	106	102	104
Rio de Janeiro (GIG)	103	100	106	98	102
Quito (UIO)	96	96	94	95	95
Manaus (MAO)	90	91	91	96	92

Asia — 1,000,000 or more tonnes

Singapore (SIN)	112	110	112	112	111
Incheon (ICN)	107	112	107	110	109
Taipei (TPE)	105	107	101	105	105
Hong Kong (HKG)	105	103	105	104	104
Tokyo-Narita (NRT)	101	91	100	99	98
Bangkok (BKK)	93	96	96	93	94
Shanghai-Pudong (PVG)	92	95	95	93	94
Beijing (PEK)	86	85	85	83	85

Asia — 300,000 to 999,999 tonnes

Osaka (KIX)	110	105	115	111	110
Kuala Lumpur (KUL)	107	114	111	108	110
Shanghai-Hongqiao (SHA)	98	105	104	105	103
Guangzhou (CAN)	104	103	108	98	103
Shenzhen (SZX)	93	93	98	104	97
Jakarta (CGK)	96	89	91	91	92

Middle East — 300,000 or more tonnes

Dubai (DXB)	117	115	120	113	116
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Southwest Airlines, which earned top honors in its category, takes off from award-winner Denver International Airport

	Performance	Value	Facilities	Regulatory Operations	Overall
Abu Dhabi (AUH)	109	115	114	114	113
Doha (DOH)	111	105	109	108	108
Bahrain (BAH)	103	107	106	108	106
Madras (MAA)	93	90	103	107	98
Sharjah (SHJ)	98	99	95	95	97
Mumbai (BOM)	86	89	77	77	82
New Delhi (DEL)	82	81	77	77	79

Middle East, Africa — 100,000 to 299,999 tonnes

Tel-Aviv (TLV)	111	114	105	110	110
Jeddah (JED)	100	108	105	100	103
Riyadh (RUH)	103	98	105	104	103
Kuwait (KWI)	98	101	104	99	100
Johannesburg (JNB)	96	98	103	98	99
Cairo (CAI)	99	98	91	98	96
Nairobi (NBO)	94	84	86	92	89



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Planning for a crisis

Air Partner chartered an AN 225, the largest aircraft in the world, to fly supplies to Japan

When an earthquake shook Japan last month, creating a humanitarian crisis, the air cargo industry leapt into action, arranging flights charters to fly in supplies. In the Middle East, political protests and the resultant government backlash has created a constant need for humanitarian aid throughout the region.

Last year, the air cargo community played a huge part in the outflow of humanitarian aid work to numerous disasters from the Haitian earthquake to the saga of the trapped Chilean miners to floods in Pakistan.

The life-saving work companies pursue in the midst of tragedy happens very quickly, but how do carriers and suppliers plan for each big disaster while still paying attention to the smaller, day-to-day humanitarian issues?

UPS prepares for these disasters, says the company's Chip Chappelle, by coordinating with the American Red Cross, CARE and other non-profit organizations dedicated to humanitarian aid. UPS helps aid organizations prepare by pre-positioning goods in strategic locations and helping develop supply-chain tools. In times of immediate need, UPS, along with TNT and Agility Logistics, jumps into the fray as part of the United Nations' Logistics Emergency Team. The companies provide skilled volunteers and other

services to help aid efforts.

"When humanitarian relief organizations call for assistance, we work to make our networks available through in-kind giving and by offering discounted transportation," Chappelle says.

Jock Menzies, president of the American Logistics Aid Network, does his part to help by grouping these networks together in a central, online location. The network functions as a matchmaker between non-government organizations who have a list of needs and carriers who have space for cargo.

In developing the network, Menzies has learned that relationships are paramount. He cultivates these by attending industry conferences and generally getting his name out there.

"Companies, if they're aware that there's a particular need that fits a sweet spot that they have, are often very glad to respond," he says. "What we have found, time and again, is that if you point companies and individuals to an opportunity to make a contribution that's within their capacity, they're often very glad to do it."

Menzies adds that organizations are glad to help when faced with a specific problem; it's much harder to keep companies interested in humanitarian projects if there isn't a pressing issue at hand.

"When you have something that's episodic, like disaster, it's very hard to keep people engaged," Menzies says.

Another problem that arises when companies attempt

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Maximus Air Cargo prepares for crises by constantly talking with humanitarian organizations about their needs

to pre-plan is the uniqueness of every disaster. This is where relationships play a special part because when aid organizations are scrambling to find available cargo space, they look to the specific carriers they've worked with in the past.

"While [aid organizations] have a kit that they know they'll need, there are always surprises because the events are not cookie-cutter events," he says.

One of the partners that works closely with Menzies' network is AERObridge, which uses donated private aircraft to ship supplies and personnel to disaster areas.

Stevenson's preparations involve creating relationships, setting up staging areas at different points in the U.S. in order to increase response time during a disaster and lobbying Congress, which is just as important as her other work. Stevenson's biggest project this year has been liability protection legislation that the group was trying to get attached to

the Federal Aviation Authority Reauthorization Bill.

"In essence, it is extending the Good Samaritan act to aircraft and personnel that are related in a disaster response time frame and also for every day air charity flying," she says. "We're trying to incorporate language that is both for disaster response and then the verbiage that would protect everyday flying for Angel Flight, Mercy Medical, Pilots for Patients — all the everyday charities."

She's equally as passionate about finding advance capacity that will be available when disaster strikes. Stevenson explains that some carriers offer a reduced rate to aid organizations hoping to send air cargo, but that this rate might still be prohibitive.

"What we would really like to see the air cargo world do is if they have a pallet of space available, source it to a number of sources," she says. "Offer it for free, and get a 501(c)(3) tax deductible letter for it — thereby they are receiving some sort of

compensation."

This could even be a year-round thing that doesn't hinge on disaster relief, she says. "The supply is out there. The demand is definitely out there. Any time you have a trip from the United States to a third-world country, you can find materials that need to go and you can find demand on the other side for those goods."

For Fathi Buhazza, CEO of Maximus Air Cargo, air is really the only way for aid. "When there is a disaster, the word urgency comes next. And the quickest way to transport aid is by air," he says.

Maximus prepares itself to help in humanitarian efforts by keeping open lines of communication with humanitarian agencies. According to Buhazza, the carrier also has "a continuous monitor on aircraft availability, so when the requirement comes, if we cannot source our aircraft, we source other operators in the area."

Once a catastrophic event occurs, even with all the planning in the

“The supply is out there. The demand is definitely out there. Any time you have a trip from the United States to a third-world country, you can find materials that need to go and you can find demand on the other side for those goods.”

**— Marianne Stevenson
AERObridge**

world, logistical wrangling is still an uphill battle. Clive Chalmers, UK-based Air Partner’s freight manager, points to arranging the best aircraft quickly and at the right price as an initial concern, but once on foreign ground, a laundry list of challenges can occur.

“A range of problematic factors

could, and frequently do, come into play such as congested airports, damage to road and airport infrastructures, telecommunications breakdowns, flight permit and/or over flight restrictions, increasingly scarce aircraft capacity, strikes and fuel shortages,” he says.

Chappelle adds that volunteers need to be able to quickly assess the demands that are unique to each situation. With most disasters, immediate needs — cargo, transportation of displaced individuals, etc. — aren’t fully formed, and workers have to be able to weigh their options. Capacity in these situations is limited, so UPS has to see how to best use its space.

Another challenge is the simple management of the supply chain and making sure the right cargo arrives at the right place at the right time.

“All components of the supply chain ... must be well orchestrated to ensure supplies reach the required destinations as needed without overwhelming the receivers’ capability to handle as they work to distribute on the ground,” Chappelle says.

Chalmers says Air Partner approaches transporting humanitarian aid in the same way as shipping electronics or car parts. The only differences are the quick turnaround time and the sense of accomplishment one

gets after helping others, he says.

“In business terms, flying humanitarian aid is no different to flying any other cargo,” Chalmers says. “However, due to the needy reasons for such flights it is incredibly rewarding to organize them as quickly as possible when you know it will make a difference to those in distress.” **ACW**

REQUEST FOR PROPOSAL

Proposal Number:
11-10-11105

AIR CARGO STUDY AND CONSULTANT SERVICES for the JACKSONVILLE AVIATION AUTHORITY

Proposals will be received by the Jacksonville Aviation Authority (JAA) until 2:00 PM (local time), on May 23, 2011, at which time they will be opened at the JAA Administration Building, 14201 Pecan Park Road South, Jacksonville, FL, for a company to provide a Air Cargo Study and Consultant Services.

A Pre-Proposal Meeting will be held at 10:00 AM (local time), May 9, 2011, at the JAA Administration Building, 14201 Pecan Park Road South, Jacksonville, FL 32218.

All Proposals must be submitted in accordance with Request For Proposal Number 11-10-11105, which may be obtained after 8:30 AM (local time) on April 4, 2011 from:

**Jacksonville Aviation Authority
Procurement Department
14201 Pecan Park Rd South, Floor 2
Jacksonville, FL 32218
(904) 741-3571**



UPS workers help pre-position relief supplies in anticipation of hurricane season

AIRLINES

Emirates SkyCargo has named **Achim van der Graaff** cargo manager — Netherlands. The 30-year industry veteran joined Emirates from **Cathay Pacific**, where he was cargo manager.

Jenny Dervin is the new vice president of corporate communications at **JetBlue Airways**. Dervin has held communications positions at **TWA** and **Delta Air Lines**.

Etiihad Airways appointed **Juli-ana Kfour** as senior vice president of corporate strategy and special projects. She previously held various jobs at **TAM Linhas Aereas S.A.** The airline also has named **Kevin Knight** its chief strategy and planning officer. His responsibilities include leading **Etiihad Crystal Cargo**, among other duties. **Qutiaba Zahde**, who previously worked for **Swiss International Air Lines** and **Kuwait Airlines**, has taken over as Etihad's country manager in Kuwait. **Geert Boven** is the carrier's new senior vice president Americas.

Roger Crook has joined the board of management at **Deutsche Post AG** where he will oversee DHL Global Forwarding, Freight. Crook previously oversaw DHL Express Asia Pacific, Eastern Europe, Middle East and Africa.

KLM Royal Dutch Airlines has selected **Camiel Eurlings** and **Erik Varwijk** to serve on the company's statutory managing board. Eurlings and Varwijk join Peter Hartman, KLM's CEO and president, and the carrier's CFO, Frederic Gagey. Eurl-



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ings will be responsible for Air France — KLM Cargo, and Varwijk will continue his duties as executive vice president, commercial passenger business.

Sander van Woesik has begun work as regional sales director, Europe, at **Saudi Airlines Cargo Company's** European hub in Brussels. He has worked in the cargo industry for more than 20 years, holding positions at **Polar Cargo**, **AirBridgeCargo** and **KLM Cargo**.

Andrew Smith, managing director and founder of **Avient**, has taken on the role of group chairman. The company has also promoted **Simon Clarke** from COO to CEO. The two plan on expanding Avient's African operations, expanding the company's fleet and adding new routes. Smith started the company in 1993, and Clarke joined in 2007.

Kate Gutmann has joined **UPS** as president of worldwide sales. She most recently served as the company's president of enterprise sales for the retail, professional services and government sectors. The company also has appointed **Scott Wicker**, former vice president of corporate plant engineering, to the new job of chief sustainability officer. He will focus on developing sustainable business practices, introducing environmentally friendly products to customers and promoting employee volunteerism.

Lufthansa Cargo has named **J. Florian Pfaff** as vice president, area management, Germany; **Carsten Wirths** will take over Pfaff's previous role as vice president, area management, Europe and Africa.

SAS Cargo has named **Goran Jansson** CFO and deputy president. He replaces **Mats Lonnqvist**, who was hired in December 2008 on a



CLARKE



WICKER

short-term basis. Jansson previously worked as CFO and deputy CEO of **Assa Abloy**.

Renate Bechthold has retired as manager, press and promotions, at **Cargolux** after 36 years.

THIRD PARTIES

SDV recently hired **Marc de la Breteque** as business development director, China/Hong Kong; **Steven Emanuel** as vice president, sales and marketing, USA; **Geert de Wilde** as business development director, the Benelux zone; and **Jerome le Grand** as aerospace product director.

Scott Fisher, executive vice president and COO of **Estes Forwarding Worldwide**, has been promoted to president and CEO. Fisher, the company's founder, previously worked at **Lakeville Motor Express** as the vice president of sales and marketing.

Paul Gallagher has been promoted to **Damco's** CEO for the UK and Ireland from his previous position as managing director of Damco Sea and Air. The 30-year industry veteran has worked for **US Lines**, **Royal Nedlloyd** and **A.P. Moller — Maresk**.

Swissport has hired **Nicolas Frochoux** as vice president, corporate controlling and financial analysis. Frochoux most recently worked as CFO at Cham Paper Group. **Bernd Maresch** of **HANS MARS** has taken over all of Swissports' marketing and communications activities.

Raphael Hung is the new managing director of air freight and regional director of South Asia at **Trans Global Logistics**. Hung, a 25-year veteran, came to Trans Global from **Sunlink Logistics**, where he was managing director. He also worked at **GeoLogistics** and **Agility**.

The cargo division of **IBS Group**, a technology provider to the air cargo industry, has named **Murray Kidd** vice president and head of sales.

Matt Plose has joined **UBM Aviation** as CFO. Plose previously worked at **TSL Education** as director and also spent seven years in various positions at UBM.

ASSOCIATIONS

Maunu von Lueders is the **International Air Transport Association's** new regional vice president for Asia-Pacific. He has worked at **JetLite** and **Nordic Airlink/FlyNordic** as CEO, and he has served at oneworld **global alliance**.

Christopher Brown has been named vice president of legislative and regulatory policy at the **Air Transport Association of America**. The 15-year industry veteran will reach out to stakeholders in order to advance policy and legislative issues. Brown previously worked at Manatt, Phelps & Phillips where he worked with United Airlines on regulatory issues. He has also spent time at the **Federal Aviation Administration**.

MANUFACTURERS

Four vice presidents have joined **Airbus Americas** in the past six months. **Laurent Tremeau** is the company's new vice president, finance; **Robert Geckle** is the new vice president, general counsel and chief compliance officer; **Linda Herbert** is now vice president of human resources and administration; and **David Williams** is the new vice president, procurement.

Jack Jones has been named vice president and general manager of **Boeing South Carolina**. He will oversee the division's operations, which currently includes work on the Boeing 787 Dreamliner. Jones replaces **Tim Coyle**, who now leads operations at the company's Aviation Technical Services facility. **ACW**

events

APRIL 4-6

Dubai: The Afghanistan Air Cargo & Logistics Conference, held at the Jumeirah Emirates Towers Hotel, will explore the latest industry trends and investment opportunities. Speakers include Tony Bauckham of Air Charter Service, Peter Donlevy of East Horizon Airlines, and Said Mehdi Saidi and Azat Mulgimov from Afghanistan's transportation ministry. Session topics range from defense and military operations to humanitarian relief. To register, visit www.euroavia.com/afghanistan/register.html.

MAY 1-3

Phoenix: The 2011 CNS Partnership Conference, held at Phoenix's Horse Pass Resort, will feature an array of industry veterans speaking about topics including emerging markets, new technologies and security. To register, visit www.cnsc.net/events/Pages/2011CNSPartnershipConference.aspx.

MAY 1-4

Kuala Lumpur: IATA's IGHC and Airline Ground Operations Meeting will bring together airlines, airports, and ground service providers to talk about security, anti-trust guidelines and other relevant issues. A workshop concerning the IATA Standard Ground Handling Agreement and the use of the Service Level Agreement will be held May 5 to 7. For more information, visit www.iata.org/events/Pages/ighc-ago.aspx.

MAY 9-10

Atlanta: The Center of Innovation for Logistics will hold its third annual

Georgia Logistics Summit at the Cobb Energy Performing Arts Centre and the Cobb Galleria Centre. Officials expect more than 1,500 industry participants to attend. This year's theme is "Thriving in a Changing Ecosystem," and the agribusiness, airfreight, energy, life sciences, manufacturing and ocean freight industries will all be discussed. To register, visit <http://summit.georgialogistics.org>.

MAY 10-13

Munich: The 2011 version of Messe Munchen GmbH's Exhibition and Conference for the Air Cargo Industry will be held in the New Munich Trade Fair Centre. This is the fifth edition of the event, which is being held in conjunction with a logistics exhibition. According to a press release, 1,764 exhibitors attended the conference last year, and officials expect 48,000 visitors in 2011. For information, visit www.messe-muenchen.de/de/Home.

JUNE 21-23

Atlanta: The eyefortransport group will hold its ninth annual 3PL Summit and its second-ever Chief Supply Chain Officer Forum at Atlanta's Hilton Hotel. For information on the 3PL Summit, visit www.3plsummit.com. To learn more about the Supply Chief Supply Chain Officer Forum, visit www.CSCOforum.com.

NOVEMBER 19-20

London: Project Cargo Network will hold its inaugural summit at the Park Plaza Riverbank Hotel. The two-day conference will include pre-arranged business meetings and a workshop session. For more information, visit www.projectcargonetwork.com.

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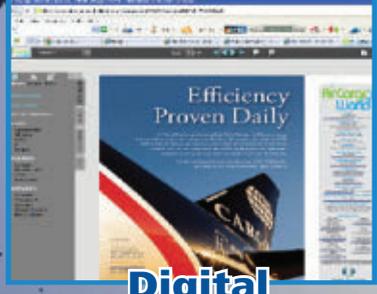
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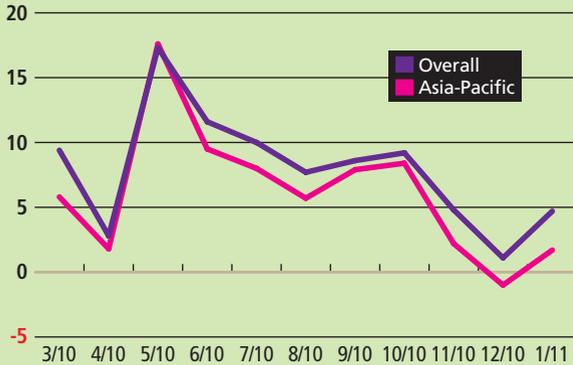
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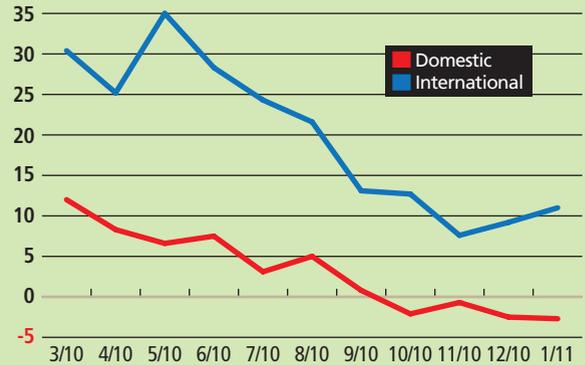
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

U.S. AIRLINES

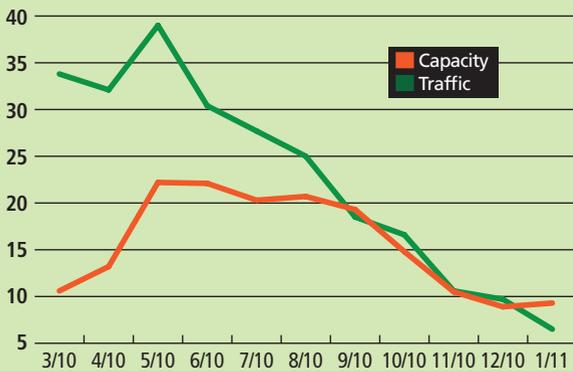
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Air Transport Association of America

CARRYING ASIA

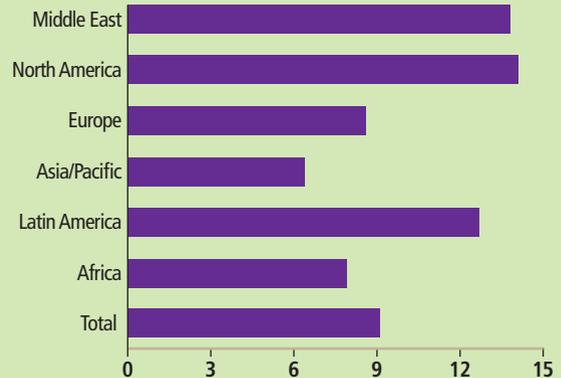
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

SHARING MARKETS

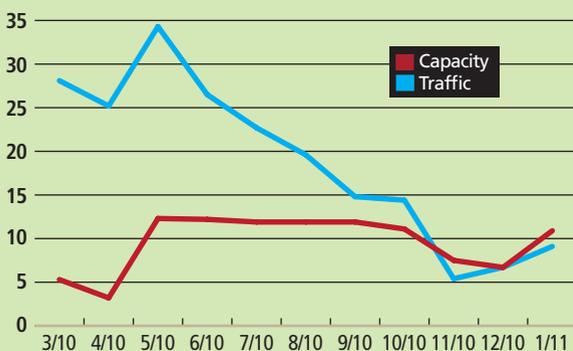
International air cargo year-to-date percent change for January 2010 vs. January 2011



Source: IATA

CARRYING INTERNATIONAL

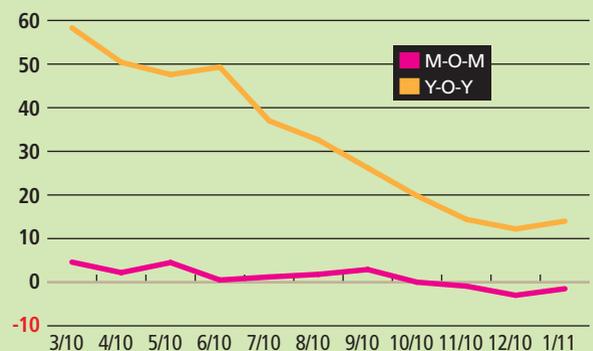
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide in freight tonne-kilometers and available tonne-kilometers.



Source: IATA

SEMICONDUCTORS

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



Source: Semiconductor Industry Association



Peter Quantrill is the director general of the British International Freight Association (BIFA)

Positives outweigh the challenges in 2011

After the economic car crash that put the brakes on airfreight in 2010, industry insiders are around the globe wondering if 2011 will be the year that this mode once again has its foot on the gas? Early indications suggest cautious optimism might be in order.

Figures released in February by the International Air Transport Association (IATA) showed that international scheduled traffic in January 2011 showed 9.1 percent growth in airfreight compared to January 2010. Freight carried by North American carriers was up 14.1 percent in January compared to levels a year ago, the highest of any region.

However, the much weaker economic climate in Europe continues to hold back freight traffic recovery for some airlines in that region. Volumes are still 11 percent below the pre-recession peak.

More recently, IATA also said that air cargo volumes are expected to grow by 6.1 percent for a total of 46.2 million tonnes of air cargo in 2011. No sooner had IATA spoken than political trouble blew up in the Middle East and North Africa, producing concerns for the global economy and the security of the aviation supply chain. This unrest is still continuing.

Security on the agenda

Security will remain a major consideration within the airfreight environment, given the temptation of ill-intentioned people to disrupt the global supply chain.

Many governments and politicians are working on changing air cargo security in a way that dramatically impacts the business. BIFA has always said that we must resist a knee-jerk reaction. The industry must be secure with effective measures that facilitate the speed needed to support global commerce. Air cargo security must be based on a combination of measures — supply chain security, scanning technology, better use of e-freight data and robust intelligence.

High on the list of challenges will be the price of oil. Internal unrest in some of the world's major oil producers has already helped send up the global oil price. This has major implications for airlines and forwarders.

Growth markets

The positives this year may yet outweigh the range of difficulties faced by airfreight. China is likely to cement its position as a major global airfreight force, and we can expect the beginning of major structural shifts in the Chinese market as major carriers merge their cargo operations.

“High on the list of challenges will be the price of oil.”

Beijing appears to be looking to create a domestic champion that will take on foreign carriers, a group that's estimated to control 80 percent of Chinese airfreight. Elsewhere in Asia, much of the region is shaping up as a major engine for airfreight growth. Rising standards of living in India and China are drawing in imports, while exports of finished goods continue apace.

In terms of capacity, many in the airfreight market are continuing to ask when the Boeing 747-8 freighter will finally make its appearance. Its arrival will signal that air cargo really does have a main-deck future; finally seeing the plane will be a big boost to confidence in the industry.

The global air cargo business remains quite fragile, and any economic crisis or shock could have a negative impact on recovery. The British International Freight Association is urging our members to work together with all players in the industry as an entire value chain to improve competitiveness. **ACW**



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