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contents

27 **First Look**
Precious cargo: Transporting animals by air

30 **First Look**
Air Force group creates extreme containers

34 **Region Focus**
South Korea

38 **Security**
Is 100 percent cargo screening feasible?

46 **Outsize Cargo**
Beyond palletization

WORLD NEWS

6 Europe

12 Middle East

17 Asia

21 Americas

38

DEPARTMENTS

4 Editorial

57 Classifieds

61 First Person

54 People/Events

60 Bottom Line

62 Opinion

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Jon Ross
Managing Editor

U.S.-South Korea FTA good news for air cargo

Last month, U.S. Secretary of State Hillary Clinton visited Kee Myung-bak, the president of South Korea, and reiterated the U.S. government's desire to push a U.S.-Korea free-trade agreement (FTA) through before the end of the year.

The economic benefits of such a deal seem undeniable. The *Wall Street Journal* has published figures that anticipate a 10 to 20 percent growth in trade in the five years following the agreement. A free-trade agreement will help the U.S. economy regain some footing, but it will also be a huge boost for the air cargo industry.

In our excavation of the South Korean air cargo industry this issue, we explore the potential benefits the free-trade agreement would bring to both nations. In the article, Lee Chan Ho of KAL Cargo says he expects an increase in air cargo exports of auto parts from the country. In anticipation of rising traffic volumes, the carrier has ordered two 747-8 freighters.

While the Obama Administration has committed to making the trade agreement a reality, there are still some detractors. The AFL-CIO came out against the deal last year, with organization President Richard Trumka saying the deal "would exacerbate our already lopsided trade relationship with South Korea, putting at risk thousands of good U.S. jobs in the auto, steel and other industrial sectors."

The deal isn't cut-and-dried on the Korean side, either. Kee Chul of Asiana Airlines told *Air Cargo World* that the country's main exports to the U.S. already benefit from a low duty rate. Because of this, he doesn't think the deal will change much.

In addition to the feature about South Korea, the May issue includes reports on outsize cargo and security. Along with the magazine, we have produced a daily newsletter to be distributed at the CNS Partnership Conference, which is being held May 1-3 in Phoenix. We'll be updating our Twitter feed with news during the conference (www.twitter.com/acwmagazine) and our website with exclusive columns from conference speakers; we'll also be sure to upload tons of pictures to our Facebook feed. Even if you can't attend the conference, you'll be able to keep up with all the goings-on through our media outlets.

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

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Cargolux, BA fined for price-fixing in New Zealand

Cargolux and British Airways (BA) have been fined a total of \$NZ7.6 million by the High Court of New Zealand for their roles in a price-fixing case brought by the country's Commerce Commission. On March 18, Cargolux, BA and Qantas agreed to plead guilty to the charges. Qantas has not yet been fined, but it has been reported that it will receive a punishment of more than \$NZ6 million.

"The penalties reflect discounts for both airlines, to take account of their early admissions and their cooperation with the Commission's proceeding. BA has received a greater discount because of its commitment to further cooperation as the case progresses, but in each case, the court has acknowledged the value to this agency of receiving assistance from the parties involved," the Commission's Mary-Anne Borrowdale said in a statement.

The Commission filed price-fixing and other charges against 13 airlines in December 2008. Cathay Pacific, Air New Zealand, Korean Air Lines, Singapore Airlines Cargo, Japan Airlines, Malaysian Airlines, PT Garuda Indonesia, Thai Airways, Emirates and Singapore Airlines are all fighting the charges. The price-fixing case is slated to start in May.

Cargolux, BA and Qantas had previously been fined for the same activity by the U.S. Department of Justice (DOJ). The DOJ charged two former Cargolux executives — Ulrich Ogiermann and Robert Van de Weg — in the price-fixing conspiracy.

Cargolux, BA and Qantas also were fined by the European Commission, but the carriers are appealing those charges.

In December 2010, the Commerce Commission brought charges of anti-competitive conduct against two freight forwarding companies, Geologistics and EGL. The companies were fined a total of \$NZ3.65 million. [ncw](#)



Iberia Airlines and British Airways are moving toward a creative co-existence with the help of the International Airlines Group's Willie Walsh

Marrying BA and Iberia

It's easy to think the recently consummated nuptial between British Airways (BA) and Spain's Iberia Airlines is a perfect marriage.

Instead of merging the two companies, a stand-alone management firm, International Airlines Group (IAG), has been created to oversee the co-existence of the two airlines. Each will retain its separate brand identity. Willie Walsh, the former CEO of British Airways, has been put in charge of IAG at its own headquarters near London Heathrow.

It is obvious at the outset that Walsh has more ambition on his mind than running a couple of local airlines.

He considers the creation of IAG as merely a starting point, rather than the end game. The vision, he said, is to grow the group through the addition of more like-minded partners. This is why, paradoxically, the neutral IAG name has been adopted by the parent company. According to Walsh, it will be essential to retain the brands of potential future partners if he is to

persuade them to come on board.

One immediate potential acquisition, it was thought, would be Australian carrier Qantas, with whom BA has held previous merger talks. But Walsh has already dismissed the idea of inviting Qantas into the IAG tent, because it is not "like-minded" enough. Teasingly, Walsh put rival carrier Virgin Atlantic in the frame as a potential acquisition target, but said he is not interested in the airline, only its Heathrow slots.

As far as British Airways is concerned, the merger deal is not about acquiring an airline partner; it is about acquiring a continent — Latin America. Recognized as the weakest link in BA's global network, it's Iberia's strongest. The thinking is that the Spanish carrier will be able to offer invaluable access to Latin America over its Madrid hub, while BA will be able to focus on Asia and North America out of its Heathrow base.

BA obviously sees rich pickings for cargo with its newfound Spanish

(Continued on page 10)

Lufthansa Cargo taking on a number of projects

Lufthansa Cargo has ordered five B777 freighters in what the carrier's chairman and CEO, Karl Ulrich Garnadt, described as the biggest investment in its history. It's among the myriad projects, including expanding its Frankfurt cargo center and upgrading its IT infrastructure, that the company is planning.

The aircraft will be delivered between 2013 and 2015 and were the only practical choice on the market in the absence of an A350 freighter, Garnadt said.

AeroLogic, Lufthansa's cargo joint venture with DHL, operates an all-B777 fleet. Garnadt said the new aircraft would be able to fly non-stop to Hong Kong and South America. They offered the best fuel efficiency in their class and were quiet in operation, which he hoped would play into the crucial upcoming night flying decision at Lufthansa's Frankfurt hub.

The new freighters would meet immediate growth requirements, but the carrier also needed replacement capacity because it was scheduled to start retiring its current MD-11s in 2018, Garnadt said.

One aim was to become fully e-freight compatible.

Frankfurt Airport, which Garnadt said was "by far the best airfreight hub in Europe," is operating close to its limit, but will open its fourth runway later this year, significantly increasing slot availability.

Lufthansa is preparing to modernize and expand its Frankfurt cargo center, which dates back to the 1970s, but the scale of this investment will depend on the regional government's night flying decision,



Karl Ulrich Garnadt

which Garnadt said was not now expected until the first half of 2012.

Alongside the fleet and cargo center investments, Garnadt said the company would plow tens of millions of Euros into overhauling its IT infrastructure over the next five years, increasing automation and streamlining the interface with forwarders.

One aim was to become fully e-freight compatible, though he acknowledged this would be tougher than the industry's conversion to electronic passenger documents and could only be achieved if all parties were involved. Customs authorities had to be convinced, not just carriers and forwarders.

Garnadt was speaking after Lufthansa Cargo reported record profits for 2010, only a year after its worst-ever results. Revenues increased 43 percent, returning close to pre-crisis levels at €2.8 billion (\$3.96 billion), and operating profit was €310 million (\$438 million). The carrier achieved a 19.9 percent increase in revenue freight-tonne kilometers and increased cargo load factor by 7.3 points to 70.9 percent.

A repeat of the record results was unlikely in 2011, as the global upswing started slowing down. But the

rates picture was still positive because of a shortage of freighter capacity, with dormant fuel-guzzling airplanes unlikely to return to the market, Garnadt said. **ACW**

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Call repeated for BAA airport sale

The UK-based Competition Commission has renewed its call for BAA to sell London Stansted Airport and either Edinburgh or Glasgow Airport. The ruling is provisional, and a finalized report is due out in a few months.

The organization published a report in March 2009 that recommended BAA sell Gatwick and Stansted as well as two of its other airports within two years. BAA sold Gatwick in late 2009 and had appealed the commission's decision to sell the other airports. In February, the Supreme Court rescinded the company's ability to continue the appeal process.

BAA currently owns both London Heathrow and London Stansted as well as airports in Glasgow, Edinburgh, Aberdeen and Southampton.

The UK government recently decided against adding new runways at London airports. The commission decided that, even with the moratorium on expansion, a more varied ownership would still benefit consumers by "increasing competition and

addressing detrimental effects from BAA's common ownership."

"We remain convinced that the original decision to require BAA to divest three airports is the right one for passengers and airlines. If anything since the report, there now appears to be greater capacity available which will increase the potential for competition between the London airports," the Commission's Peter Freeman said in a statement.

"The introduction of new ownership at Gatwick," he continued, "whilst too recent for us to base any conclusions on, has also given a fore-

taste of the benefits competition can bring. There has also been no cause to alter our view on the need for either Edinburgh or Glasgow to be under separate ownership."

A statement on the BAA's website said the company believes there has been "a material change in circumstances since the Commission's report was published in March 2009."

BAA's February traffic reports showed that its Scottish airports all experienced year-over-year growth, with the most extensive increase coming at Edinburgh, where it experienced a 5 percent overall growth and a 20.7 percent bump on European routes. Traffic at Stansted decreased year-over-year by 6.3 percent. **ACW**

Air Transport Movements	Month	% Change	Jan to Mar 2011	% Change	Apr 2010 to Mar 2011	% Change
Heathrow	40,159	7.5	115,751	6.6	456,419	0.0
Stansted	11,044	-6.5	30,914	-8.1	140,612	-9.0
London Area Total	51,203	4.1	146,665	3.1	597,031	-2.3
Southampton	3,326	0.6	8,757	2.0	40,546	0.5
Glasgow	5,747	5.1	16,092	6.8	70,591	-2.8
Edinburgh	8,602	2.3	23,707	2.8	101,988	-3.3
Aberdeen	8,459	9.2	22,682	6.9	91,905	-3.2
Scottish Total	22,808	5.5	62,481	5.3	264,484	-3.1
BAA UK Total	77,337	4.4	217,903	3.7	902,061	-2.4

Cargo (Metric Tonnes)	Month	% Change	Jan to Mar 2011	% Change	Apr 2010 to Mar 2011	% Change
Heathrow	130,909	-1.9	365,410	3.6	1,485,774	10.5
Stansted	19,148	1.5	50,849	2.8	204,138	6.3
London Area Total	150,057	-1.4	416,260	3.5	1,689,912	10.0
Southampton	12	232.9	32	42.0	126	-33.5
Glasgow	274	-38.7	1,195	40.1	4,086	31.3
Edinburgh	1,738	5.2	5,697	20.0	21,660	-4.3
Aberdeen	542	21.3	1,524	31.2	5,490	16.1
Scottish Total	2,554	0.4	8,416	24.5	31,237	2.5
BAA UK Total	152,623	-1.4	424,708	3.8	1,721,275	9.8

Source: BAA

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(Continued from page 6)

friend. That's why earlier last month — clearly to the surprise of most staffers at both carriers — it was announced that their respective cargo operations would be run as a single business unit reporting to IAG. Steve Gunning, previously managing director at British Airways World Cargo, has taken on the mantle of managing director for group cargo at IAG. Ignacio Diez Barturen, formerly of Iberia Cargo, is now deputy managing director, group cargo, IAG.

Barturen can't wait to jump into his new role. "There is just so much potential here for both cargo operations, without the baggage of duplication and crossover in our networks," he said. According to Barturen, the priority of the IAG cargo team will be to create a single access network with one sales force and a single revenue management system, which will overlay the individual airline operations.

Priority will also no doubt be given to leveraging Iberia's Latin American network. According to Barturen, it is a market that accounts for 44 percent of the carrier's existing cargo business. Around 58 percent of southbound traffic, he said, currently originates in Europe, with a greater southbound than northbound flow between markets like Brazil, Argentina, Chile and Columbia. Iberia flies its Latin American routes with a fleet of A340s, but up to 16 A330-300s are

on order as replacement.

Most exports out of Latin America are limited to perishables in the form of flowers, vegetables and fresh fish. It is a single revenue source accounting for 68 percent of the Spanish carrier's Latin American cargo business.

"When I joined Iberia Cargo 18 months ago, most perishables traffic from Latin America was destined for the local Spanish market," Barturen said. "I argued that since we had the infrastructure and systems in place to handle this business, then there was no reason why we could not market this product into the rest of Europe." Under the banner of its "Cool & Fast" service, the Spanish carrier is now able to offer delivery of perishables across its European network within 48 hours of uplift from Latin America, via its Madrid-Barajas hub.

The airline also is contributing \$85 million to the construction of a new cargo terminal at the Spanish gateway. The 40,000-square-meter facility, which will include 15,000 square meters for handling perishables traffic, is due to be commissioned in 2015. "It will more than double our existing handling capability at Madrid," Barturen said. "But more importantly, the new terminal will be 7 kilometers nearer to the main passenger terminals, allowing us to improve productivity on the ground."

Madrid-Barajas handled 373,000

tonnes of cargo last year, up 23 percent from the previous year. The projection is that Iberia's cargo business should climb to throughputs of 650,000 tonnes by 2030. "We now have the green light to grow our business even faster, with our link into

"We now have the green light to grow our business even faster, with our link into the British Airways network."
— Diez Barturen, IAG

the British Airways network," Barturen said. "There are great synergies to be gained, particularly in developing business from Asia and the fact that British Airways Cargo operates three B747-400 freighters."

According to Joe LeBeau of British Airways World Cargo, Latin America generates about 5 percent of the carrier's cargo business.

"Overall, the Americas account for about 30 percent of cargo revenues, of which 15 to 18 percent is Latin American traffic," he said. "This tie-up with Iberia opens up a whole new world for us." **RCW**

In the news...

In the latest move toward meaningful implementation of e-freight, **DHL Global Forwarding** and Cathay Pacific Cargo have teamed up to promote the Electronic Security Declaration in the UK market. The resolution calls for the use of an electronic Consignment Security Certificate instead of a paper document. According to a DHL press release announcing the agreement with Cathay Pacific, the security declaration "speeds up the whole process and provides confirmation to the security-approved air cargo agent or airline that all the security requirements have been met. It certifies that the cargo

has been prepared and held in a secure environment, does not contain any prohibited articles and has not been interfered with." A recent poll on the *Air Cargo World* website showed that 36 percent of all respondents were actively involved in e-freight... A **Woods Hole Oceanographic Institution** (WHOI) search team has discovered wreckage from the June 2009 Air France crash off the northeastern coast of Brazil. The Airbus A330 crashed into the Atlantic Ocean, killing 216 passengers and 12 crewmembers. There were no survivors. The WHOI team began their recovery mission on March

25; one week later, an autonomous underwater vehicle (AUV) located debris. Some of the wreckage detected by the AUV, a REMUS 6000, included the plane's engine, fuselage and landing gear. A sonar image of the crash site was also taken... **Kuehne + Nagel** has opened an 18,800-square-meter aviation logistics hub in Montoir-de-Bretagne, France. The facility will handle the logistical needs of Airbus' production facilities in Nantes and Saint-Nazaire. Services offered at the new site will include warehousing, order preparation, delivery and quality inspections. **RCW**

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Afghan airline acquires first aircraft

East Horizon Airlines, the first Afghan airline certified under the country's new internationally compliant cargo aviation standards, has obtained its first aircraft.

East Horizon purchased four CASA 212-100 ramp-loading cargo planes from EADS CASA. Prior to reaching Afghanistan, the aircraft stopped in Malta and the United Arab Emirates for final inspection, maintenance and pilot training. Once the planes landed in Afghanistan, East Horizon completed the final operational measures necessary to obtain the Afghan Aviation Ministry's air operator's certificate.

Although East Horizon's first operational routes will be domestic — moving cargo from Kabul to smaller Afghan cities — the airline has plans to expand. In fact, Western China, India and the United Arab Emirates are expected to be among its first international destinations.

In addition to making a big splash with international markets, East Horizon Airlines CEO Peter Donlevy also anticipates modernizing the airfreight industry.

"We can load and unload cargo without relying on the kind of expensive hydraulic loading equipment you only find in Afghanistan's largest cities," he explained in a statement. "We can drive equipment right onto the plane, and we can load non-motorized cargo using a donkey and a rope in those locations where more modern loading equipment is not available."

Given the political and economic unrest felt throughout Afghanistan, this acquisition is a welcome milestone for the country, East Horizon Airlines executives said.

"We are a 100-percent Afghan-owned cargo airline dedicated to supporting and accelerating the redevelopment of Afghanistan by moving reconstruction materials across the country more safely and quickly than is currently possible," East Horizon Airlines Chairman Fawad Sultani said. **ACW**



Etihad began scheduled services to Iraq last year. This month, the IAECIL conference will celebrate the growing logistics and air cargo industry in Iraq

Iraq emerging as a logistics player

Etihad launched its first services into Iraq in April 2010, routing A320s from Abu Dhabi to Baghdad five times a week. The carrier then added services to Erbil that June. This aggressive scheduling made Etihad the first Middle Eastern carrier to fly into the country. In March of this year, Emirates began passenger and cargo services from Dubai to Basra four times a week using A330 aircraft.

"Iraq is experiencing a surge in growth, and it is our goal to help the country prosper and flourish," Tim Clark, Emirates' president, said in a statement announcing the new routings. "The potential for this destination is significant, and Emirates is committed to working alongside the Iraqi authorities to make Basra a success."

The carrier estimates it will transport 130 tonnes of cargo a week into the country. Imported freight will

likely include oil-industry equipment as well as food, car parts, medical products, electronics and textiles. Goods traveling to the U.S., UK and other destinations will consist of dates and grains, wool, and petroleum products.

Etihad and Emirates are just two of the airlines, logistics companies and other corporations that are targeting expansion in Iraq.

According to Raj Menon of Arabian Reach FZ LLC, a large portion of this growth is concentrated in Erbil. In addition to Etihad's routings, Menon lists six additional Middle Eastern carriers that fly to the city. He notes that in the city, "infrastructure ... has been modernized during the last few years. Roads to the neighboring countries are good, but traffic is heavy, and the need for air transport is growing. During the last four years, \$14 billion have been invested in buildings and infrastructure in Erbil."

But Erbil — which is called the

northern gateway to Iraq — is not the only Iraqi city poised for a transport and logistics boom. Menon, in his presentation for the upcoming Iraq Airports Expansion, Cargo, Logistics (IAECL) Conference and Exhibition, notes that airport-related projects currently being completed in Iraq exceed \$150 billion. Some of these include the construction of new three terminals at Baghdad International Airport and a \$16 billion investment in Erbil, Duhok and Sulaymaniyah airports.

The Baghdad Airport expansion, which was unveiled a year ago, will double the airport's passenger capacity to 15 million per year. The construction will encompass three new terminals and the refurbishment of three existing terminal buildings.

Iraq is experiencing a boom in logistics and air cargo services, but this growth does not come without challenges. It's been widely reported

that the Iraqi government is telling shippers to use RUS Aviation or Iraqi Airways for their cargo shipments. If not, shippers face a fee that ranges from \$20,000 to \$100,000. In response to this new policy, Saif al Suwaidi of the UAE's General Civil Aviation Authority told local reporters that "the justification for taking these charges and fees is not clear."

The brand-new IAECL conference, which will take place from April 26-28 at the Erbil International Fair Centre in Northern Iraq, is expected to bring together aviation leaders from around the world to discuss new business opportunities. Erbil was selected as the host city because of its new international airport and openness to foreign investments, conference officials said.

The British Aviation Group, Gulf Ground Handling Association, German Airports Group and the Middle East Aerospace Consortium and other leading logistics organizations

are supporting the event. More than 1,500 industry officials from the Middle East are expected to attend.

Conference planners believe the event will help those in the air-freight, airline and logistics industries to realize the myriad opportunities as Iraqi revamps its aviation sector.

Menon said the conference will help businesses capitalize on Iraq's vast resources. "This is an excellent forum to get in on the ground floor in regards to investment and business opportunities with decision-makers in the aviation, airport, cargo and logistics sectors in Iraq and experience this challenging, but fast-growing emerging market," he said in a statement.

"This event has been designed to be a gateway to help businesses enter what is a new beginning for Iraq's targeted market and learn how to be part of the reconstruction of this vital industry." **ACW**

DHL renews African concentration

DHL will soon unveil Africa Connect, a road-freight solution that will offer strong connections between the regional trade hubs of Mombasa and Dar Es Salaam, Spain and Morocco, and Johannesburg and Cape Town.

DHL hopes this is the first step toward an improved African supply

chain that will help facilitate the trade of healthcare, aid, industrial and energy projects.

The company's focus will not only be on improving international trade; a major goal is also helping regional economies benefit from a more organized system.

"We're committed to keeping

Africa well-connected to the rest of the world while identifying new opportunities in the intra-African market," DHL's CEO, Africa and South Asia Pacific, Amadou Diallo, said in a statement. "To support the region's vast growth potential, we are using our deep knowledge of the markets to help spur growth and en-

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able businesses to discover new opportunities in Africa.”

According to a company press release, consumer spending outpaced GDP growth from 2005 to 2008 by a 2:1 margin. Real GDP grew by 4.9 percent annually from 2000 to 2008. Foreign direct investment has grown from \$9 billion in 2000 to more than \$62 billion. It's numbers like these that have DHL focused on Africa.

“We welcome the ongoing infrastructural investment by governments in the East African Community, and especially Kenya, because this will have a significant multiplier effect on regional communities,” Diallo said. “A new road-freight solution that balances cost and transit times is just what the market needs next to respond to fast-changing demands driven by rapid growth in key sectors.” **ACW**

FedEx offers new Middle Eastern services

FedEx Express has announced a new Boeing 777F flight that will cut transit time for shipments among the United States, Mid-

and improved customs clearance operations.

FedEx Express said this new route will cut travel time by one



dle East, India and Europe. In addition to better service, the flight will also offer customers greater capacity

business day, making it the fastest shipper between the U.S., Canada and certain Latin American nations to Afghanistan, Lebanon, Bahrain and the United Arab Emirates.

The new Boeing 777F flight will also increase capacity of shipments from India and those between the Asia Pacific and Europe, Middle East, Indian Subcontinent and Africa (EMEA) region, which will open up new markets for customers worldwide.

Gerald P. Leary, president, EMEA, believes this new route will be a tremendous boon to customers. “As the global economy becomes even more complex and intertwined, the markets of the Middle East region are some of the fastest growing, coming out of the recession stronger than anticipated,” he said in a statement.

“This transit time enhancement will open up exciting growth opportunities for our customers and all businesses in the region wanting to sell and source their products in the U.S. and in other markets around the globe,” Leary continued.

In 2010, trade between the U.S. and the Middle East and North Africa region exceeded \$127 billion. Forecasters project 3.6 percent growth in this region in 2011. **ACW**

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In the news....

Turkish Airlines has ordered 15 737s — 10 737-800s and five 737-900ERs — valued at more than \$1.2 billion from Boeing. With this order, Boeing now has commitments from 14 customers for a total of 305 737-900ERs. The company says the ER, which was released in 2005, offers 6 percent lower operating costs per trip than comparable models... **Qatar Airways** has ordered three 777 freighters and two 77-300ER aircraft — planes that have a total list price of \$1.4 billion — from Boeing. The airline currently has two 777 freighters and 15 777-300ERs. "It's an opportune time to be introducing more cargo capacity to our fleet," Akbar Al Baker, the carrier's CEO, said in a statement. Boeing also recently delivered a Next-Generation 737-800 to Air Algerie. The carrier currently operates 18 737s... **National Airlines** has joined the list of freight carriers at Dubai World Central (DWC) — Al Maktoum International Airport. Its maiden flight was a B747-400BCF departing from Hong Kong. Andrew Walsh, vice president, cargo and logistics, Dubai

Airports, believes the addition of National Airlines will benefit both parties. "It's a great proposition for both National Airlines, which is major player in the freight business, as well as for DWC, which is still in its early stages, but is destined to become Dubai's airport of the future in the coming decade," Walsh said in a statement. With the inclusion of National Airlines, Al Maktoum International is now home to 18 different airlines...

The International Air Cargo Association has finished its first East African training program in partnership with the Federation of East African Freight Forwarders Association. Twenty-four freight-forwarding executives from Burundi, Kenya, Rwanda, Tanzania and Uganda completed the five-day course. Training topics included supply chain and transportation management, IT, border control, and security. According to a press release, the initial concept for the training program was hatched during organization meetings early last year... **Etihad Airways** has started working with the Manchester Airports Group to

find a location for its European contact center, which will open in 2012. The 160-person center would handle nearly 2.5 million calls a year, according to James Hogan, the carrier's CEO. In searching for a new center, Etihad looked for locations that contained an established communications infrastructure and a multilingual worker pool. Etihad first started services to Manchester in 2006, and it will increase its Manchester flights to twice-daily on August 1... Beginning July 1, **Gulf Air** will run six weekly flights to Milan. This correlates to a 117 percent rise in total seat capacity. Gulf Air CEO Samer Majali believes increased flight frequency will have strong implications for customers. "The new route, which we launched [in March], has already become popular, and we are encouraged by the bookings and high level of enquiries from potential travelers," Majali said in a statement. "Come summer, the demand will be even higher and therefore we have decided to upgrade the route with a new Airbus A320 aircraft, which can take more people and cargo." **ACW**

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Toyota issued a warning four weeks after the Japanese earthquake that the company would face parts shortages for a few months and that American plants might be idled

HKIA and O'Hare form familial bond

The Airport Authority Hong Kong (AA) has signed a memorandum of understanding with the Chicago Department of Aviation (CDA), identifying Hong Kong International Airport (HKIA) and O'Hare International Airport as "sister airports." Last year, HKIA and Beijing Capital International Airport forged a similar partnership.

AA CEO Stanley Hui believes this new partnership will advance customer service and airport management in both entities. "HKIA and O'Hare are both leading aviation gateways, and therefore, we have much in common and a lot to learn from each other," Hui said in a statement. "With this agreement, we will be able to form closer ties and exchange our know-how in airport management while maintaining and exceeding passenger expectations. This will help reinforce HKIA's status as a leading international and regional aviation hub and a preferred gateway to the Mainland."

The MoU delineates how the two high-traffic airports can maximize their aviation expertise by exchanging customer service proficiencies and shedding light on technological innovations. Because HKIA handles such high volumes of passenger and cargo traffic — 4.1 million tonnes of cargo in 2010 alone — the partnership is expected to have strong implications for both airline giants.

"This agreement reflects our commitment to work cooperatively in all aspects of our respective airports and to promote business, commerce, trade, tourism and cultural relations between the cities of Hong Kong and Chicago," CDA Commissioner Rosemarie S. Andolino said in a statement. "This partnership will be further solidified with the addition of a new passenger service by Cathay Pacific Airways between O'Hare and Hong Kong International Airports beginning this September."

Fourteen passenger and 40 cargo flights fly between HKIA and O'Hare each week. **RCW**

Charters to see increased service after disaster

Shippers poised to unleash a torrent of air cargo are facing a scramble for lift in the Japanese market. Capacity has shrunk, as passenger carriers trimmed their Tokyo flights, but the effort to mend global supply chains in the aftermath of the tragedy that struck the country in March requires a rush to airfreight.

With the exception of Sendai Airport, which was flooded in the tsunami and afterward remained closed except for military and relief flights, Japan's airports were not directly affected by the disaster.

In the immediate aftermath of the catastrophe, the major Japanese passenger carriers diverted flights from Tokyo to other points (as did Lufthansa with both passenger and freighter flights), but operations were

soon back to normal. Freight operator Nippon Cargo Airlines did not have any changes in its Tokyo schedule throughout March.

Cargo flows through Narita were disrupted, though. In the days following the calamity, facilities there were clogged with import freight, as consignees were unable to collect their cargo. This forced airlines, notably the Japanese carriers, to embargo freight traffic to Narita between March 12 and 16, until the backlogs were cleared.

Road feeder services and airfreight trucking took longer to recover due to extensive damage to roads in the stricken area and a shortage of trucks, as many vehicles were needed for the relief effort.

Predictably, exports through Narita took a hit. Many factories in the area

“Road feeder services and airfreight trucking took longer to recover due to extensive damage to roads in the stricken area.”

around Sendai — most of them auto parts and electronics producers — were idled or operating at reduced capacity, and power cuts had the same effect in the Tokyo area, with repercussions around the globe. As large auto and electronics makers idled plants, their traffic dwindled, which prompted Canon to suspend its all-cargo charters out of Narita.

Ramping up production to pre-

disaster levels will take time. Four weeks after the earthquake, Toyota gave warning that it would likely face shortages in parts supplies for up to four months, which might force the company to shut down car production in its North American assembly plants for some time. Rival Nissan was looking to idle all of its plants in the United States and Mexico for at least one week.

The large Japanese manufacturers have production facilities scattered around the country, so they can make up some of the lost capacity with production increases in plants not affected by the catastrophe.

In the rush to feed factories hampered by depleted inventory of materials, air cargo is due to play a major part. Moreover, as one Japanese forwarder executive pointed out, several automakers have shifted traffic from ocean to air cargo to maintain production schedules outside Japan. As *Air Cargo World* went to press,

one large auto parts maker was planning to mount a large-scale feeder operation lasting about one month that would see 20 tonnes a day flown to Chicago.

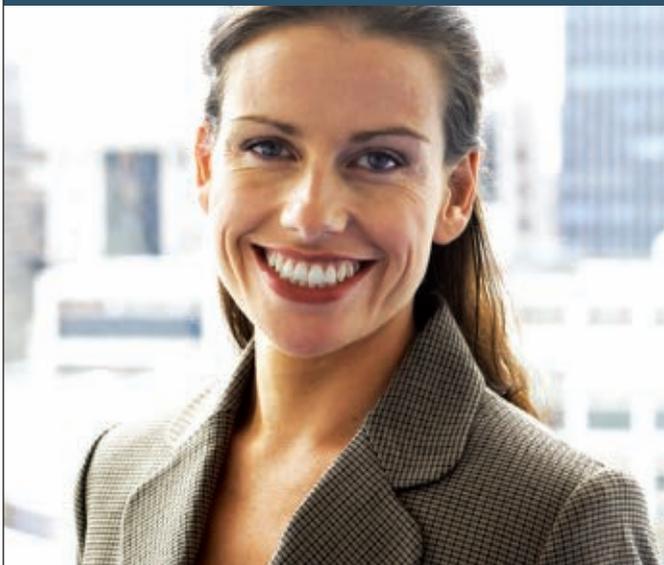
Still, auto parts manufacturers looking to airfreight large quantities of goods out of Japan have to compete vigorously for lift with shippers from other sectors. The airlines had no problem filling the space left when automakers had to slow down.

“Other urgent shipments have taken the place of the automotive shipments, so overall market demand is high,” reported Shawn McWhorter, president for the Americas at Nippon Cargo Airlines.

On top of the scramble among exporters, the rush to ship parts to overseas assembly lines is facing a capacity crunch. In response to plummeting passenger numbers, international airlines have whittled down their flights to Japan, particularly to the Tokyo area. Delta, which estimates that the

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decline in Japan travel will have an impact between \$250 million and \$400 million on its profits, reduced its Japan flights by 15 percent to 20 percent through May, a step that included the suspension of its flights from Los Angeles and Detroit to Tokyo Haneda. Launched in February, these cargo services had performed

well from day one, according to Neel Shah, vice president of cargo.

For the airlines, this situation opens the door to opportunities. Predictably, freighter operators have received inquiries for charters, but they are not the only ones. The combination of depressed passenger numbers and urgent demand for lift has made

cargo charters a viable option for Japan Airlines. The carrier has operated a belly charter with a B777 passenger aircraft between South Korea and Japan, and it has been approached about similar undertakings between Tokyo and Chicago, reported Shinya Nagayasu, manager of cargo planning for the Americas. **ACW**

FedEx expands in South Korea

FedEx has launched four weekly non-stop 777F flights from its Memphis hub to South Korea to allow for delivery from the U.S., Canada and Latin America markets to Seoul in two to three business days.

Michael L. Ducker, executive vice president and CEO of FedEx Express, expects the new route to bolster trade flows to the country. According to FedEx's numbers, the U.S. sent \$38.8 billion in goods to South Korea last year, which was a 35 percent increase over 2009's numbers.

"Korea is the seventh largest trading partner of the U.S. in terms of two-way trade, which is expected to increase after final approval of the U.S.-Korea Free Trade Agreement," he said. "Flying direct to South Korea supports export trade from the U.S., Canada and select markets in Latin America and helps put our customers' shipments from these locations into the South Korean market much faster."



If the U.S.-Korea Free Trade Agreement is passed, it would significantly reduce Korean tariffs. The U.S. International Trade Commission has estimated that this reduction would add at least \$10 billion to the U.S. GDP each year. The agreement would also promote an increase in exports, which could mean another \$10 billion increase, the commission has said.

In a speech last year, President Obama called the agreement "an integral part of my administration's efforts to open foreign markets to U.S. goods and services ... and achieve our goal of doubling of U.S. exports over five years. It deepens the

"Korea is the seventh largest trading partner of the U.S. in terms of two-way trade."

— Michael L. Ducker, FedEx

strong alliance between the United States and the Republic of Korea and reinforces American leadership in the Asia Pacific." **ACW**

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Chinese airports to promote sustainable development



Officials from the Guangzhou, Hong Kong, Macau, Shenzhen and Zhuhai airports have pledged to work together to “strengthen cooperation and promote sustainable development of the airports in the region,” according to a memorandum of understanding. The representatives, who are all from airports in the Greater Pearl River Delta (PRD) region of China, signed the MoU during a meeting in Hong Kong.

“All of the five airports have ample room for further development as we transform PRD into a more competitive, world-class city cluster. We hope that the airports can continue to work together to seize the opportunities ahead, deepen their cooperation, and leverage on each others’ strengths to build a strategic cooperation plat-

form. This will help boost the aviation economy of the country, driving the prosperity of the international and domestic aviation market and increasing the pace of change for PRD’s industry structure and economic development to make great contributions to the region,” Xia Xinghua, the vice minister of Civil Aviation Administration of China, said in a statement. The administration, as well as the Transport and Housing Bureau of the HK-SAR, joined in the meeting.

The gathered representatives talked about strengthening communication among the airports and discussed development, multi-modal transportation and the possibility of opening low-altitude airspace in the region. Airlines that signed the MoU agreed to help improve their respective infrastructures for the good of

the group and to regularly exchange air traffic flow data.

“With the PRD economy growing even stronger, demand for air passenger and cargo traffic continues to surge. In the long term, even if the five airports deliver on all of their planned expansions, we still will not be able to meet the rising demand for aviation services,” Dr. Marvin Cheung Kin-tung, chairman of the Airport Authority Hong Kong, said in a statement. “It will be in the best interests of the five airports to foster closer cooperation and complement each other to boost economic development in the region while stepping up their efforts to meet the demand for future growth.” **ncw**



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The emergency landing of a Southwest Boeing 737 forced the airline to ground 79 additional 737s and cancel 670 flights

Southwest's 737 incident leads to inspections

On April 1, Southwest Airlines Flight 812 from Phoenix to Sacramento was forced to make an emergency landing at the Yuma Marine Corps Air Station in Arizona after the cabin lost air pressure. Of the 118 passengers and five crew members on board, only two minor injuries were reported.

After landing in Yuma, Southwest crewmembers reported a gaping hole in the top of the plane, roughly mid-cabin. According to Southwest, early accounts indicated the plane lost pressure and oxygen masks were deployed.

To Southwest Executive Vice President and COO Mike Van de Ven, preventing such incidents in the future is the airline's No. 1 priority. "The safety of our customers and employees is our primary concern, and we are grateful there were no serious injuries," Van de Ven stated after the incident.

The airline grounded 79 Boeing 737 planes and canceled 670 flights to inspect the issue. Of the aircraft examined, five planes necessitated further repairs. Inspections were completed by April 5.

Southwest Spokesperson Whitney Eichinger told *Air Cargo World* that her team attempted to minimize inconveniences as much as possible. "Customers were impacted by delays and cancellations [after the incident], and we worked with them reservation by reservation to get them rescheduled or to refund their fares if they were not able to make the rescheduled flight," Eichinger said. "Communication was key in this situation."

Van de Ven also praised the team of individuals who worked to expedite the process. "I could not be more proud of our maintenance and engineering professionals who supported Boeing and the FAA in the establishment of these new inspection procedures," he said in a state-

NYCEDC to study decline in JFK's freight volume

In February, the New York City Economic Development Corporation (NYCEDC) issued an RFP for a consultant to scrutinize the air cargo industry. Specifically, NYCEDC wants to know why airfreight processed at JFK International Airport dropped dramatically from 2006 to 2009. The organization is currently sifting through 10 RFPs, an organization spokesperson told *Air Cargo World*.

With 1,700 acres of air cargo space, JFK International Airport is headquarters to the northeast region's U.S. Customs office and features an automated manifest system computerized customs clearance device. Still, not even those merits could stop the airport's air cargo business from plunging 490,000 tonnes in three years.

To NYCEDC President Seth W. Pinsky, this is a matter that necessitates further research. "The air cargo industry, which employs thousands of New Yorkers and generates billions of dollars in economic activity, is an essential piece of the region's economy," Pinsky said in a statement. "With air cargo competition increasing across the country, this study will help identify opportunities to keep our region competitive and growing."

Economic Development Corp. Spokesman Kyle Sklerov said that of the 10 responses to the RFP the organization has received, the NYCEDC has yet to select a finalist. "We expect to choose a consultant by May or June," Sklerov said. Once a consultant is chosen, the in-depth study will commence. Sklerov projects that the study will be completed by the end of the year.

When the study is finished, Sklerov said, NYCEDC hopes to have a more comprehensive picture of the air cargo industry, enabling them to plan for the future.

PANYNJ Executive Director Chris Ward said he believes this research will bolster JFK's airfreight operations. "Our partnering with [NYC]EDC on this study will give us the tools we need to ensure that JFK continues to be a worldwide leader in the air cargo industry." **ACW**

ment. "Boeing has since identified an inspection program for this section of the aircraft. Based on this incident and the additional findings, we expect further action from Boeing and the FAA for operators of the 737-300 fleet worldwide."

His expectations came true: On April 5, the FAA mandated that all older Boeing 737s undergo inspection for damage. Southwest, which houses the majority of the U.S.-registered 737-300s, 737-400s and 737-500s, is affected the greatest of the domestic carriers. The older planes will all receive regular electromagnetic inspections to check for wear and tear.

Sen. Jay Rockefeller (D-W.Va.), who serves as chairman of the U.S. Senate Committee on Commerce, Science and Transportation, encouraged Americans to remain confident in air travel. "As the details of this unusual incident unfold, we will get a better understanding of what caused

the plane's fuselage to tear open," Rockefeller said in a statement. "I expect the FAA to be painstakingly diligent in reviewing the safety of all aircraft and to conduct a careful investigation into what caused the cracks that have been discovered on the bodies of these planes."

Furthermore, Boeing is collaborating with regulatory organizations and Southwest to create a bulletin advocating lap joint inspection on specific 737 aircraft. Although examining lap joints is nothing new, inspectors have never utilized advanced monitoring tools since they considered that part of the plane impervious to cracks.

Boeing's Lauren Penning elaborated on the agenda. "Boeing has asked operators of certain 737-300, -400 and -500 airplanes at or above 30,000 flight cycles to inspect certain lap joints every 500 cycles or less," she said. "If inspections reveal cracks,

"The safety of our customers and employees is our primary concern, and we are grateful there were no serious injuries."

**— Mike Van de Ven,
Southwest**

operators should contact Boeing for repair instructions and complete the repair."

Moreover, Penning said, "We continue to work closely with the NTSB (National Transportation Safety Board), FAA and affected 737-300, -400 and -500 operators on this issue.

(Continued on page 24)

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What are the Settlements about?

Plaintiffs claim that numerous air cargo carriers conspired to fix the prices of air cargo shipping services in violation of U.S. antitrust laws. Cargolux, Qantas, All Nippon Airways (ANA), and Thai Airways have settled these claims and have agreed to pay \$75.5 million to direct purchasers to, from, or within the United States. The Cargolux settlement provides \$35.1 million, the Qantas settlement provides \$26.5 million, the All Nippon Airways settlement provides \$10.4 million, and the Thai Airways settlement provides \$3.5 million. These are in addition to prior settlements with other air cargo carriers in the case of approximately \$203 million. The settling carriers deny liability but have settled to avoid the cost and risk of a trial. The case is continuing against non-settling defendants.

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You are a class member if you purchased air cargo shipping services, directly from one or more defendants, for shipments to, from, or within the United States during the period from January 1, 2000 to September 11, 2006. All you need to know is in the full Notice, including information on who is or is not a class member.

Will I get a payment?

If you are a class member and do not opt out of these settlements, or if you are a class member and did not opt out of the prior settlements with Air France, KLM, Martinair, Japan Airlines, American Airlines, or SAS, you are eligible to file a claim and receive a payment. The amount of your payment will be determined by the Plan of Allocation, which is described in the full Notice. You may request a claim form online at www.AirCargoSettlement2.com, or by calling toll-free at 1-888-291-9655. Outside the U.S. and Canada, call 1-614-553-1296 (toll charges apply). You may also request a claim form by writing to Air Cargo Settlement 2, c/o The Garden City

Group, Inc., P.O. Box 9380, Dublin, OH 43017-4280, USA.

Completed claim forms must be postmarked no later than July 26, 2011.

What are my rights?

If you do not want to take part in the settlements, you have the right to opt out. To opt out of one or more of the settlements, you must do so by May 27, 2011. Class members have the right to object to the settlements, the Plan of Allocation, and the request for up to 25 percent of the settlement funds in attorneys' fees and up to \$5 million in expenses. If you object, you must do so by June 6, 2011. If you do not opt out of a particular settlement, you will be bound by the terms of that settlement and give up your rights to sue regarding the settled claims. You may speak to your own attorney at your own expense for help. For more information, visit www.AirCargoSettlement2.com or call toll-free 1-888-291-9655. Outside the U.S. and Canada, call 1-614-553-1296 (toll charges apply).

A Final Approval Hearing to consider approval of the settlements, the Plan of Allocation, and the request for attorneys' fees and expenses will be held at the United States District Court for the Eastern District of New York on June 24, 2011. You may ask to appear at the hearing, but you don't have to attend. For more information, visit www.AirCargoSettlement2.com or call toll-free 1-888-291-9655. Outside the U.S. and Canada, call 1-614-553-1296 (toll charges apply).

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(Continued from page 22)

This long-standing and cooperative process, through which manufacturers, operators and regulators work together, helps ensure that the safety of the world's commercial jetliners continues at the highest levels."

Like Penning, Eichinger also touts the importance of such measures. "All of our aircraft are inspected per Boeing's regulations, and all aircraft are

on a strict maintenance schedule," she said. "We comply with anything and everything related to maintenance and inspections." A Boeing customer for 40 years, Southwest wholeheartedly believes "in their company and products," Eichinger said. "We are working closely with Boeing and the NTSB on this investigation."

This wasn't Southwest's only incident, however. On April 3, a Boeing

737-300 Oakland-to-San Diego flight carrying 142 people was rerouted to Los Angeles after pilots noticed a "burning electrical smell in the cabin." Eichinger told *Air Cargo World* that the event was unrelated to the issue in Arizona and was resolved quickly. "The cause was a gasper fan, which we replaced in L.A.," Eichinger said.

In total, Southwest manages a fleet of 548 737 planes. **ACW**

TSA approves testing of crewmember screening system

The Transportation Security Administration (TSA) recently approved a measure presented by the Air Line Pilots Association, International (ALPA) and the Air Transport Association (ATA) to test a new crewmember screening system. The system is designed to increase efficiency and streamline processes.

The identity and employment verification system will combine airline employee databases and allow TSA officers to quickly recognize flight crewmembers. The first alternative screening method, dubbed the Crew Personnel Advanced Screening System (CrewPASS), was developed in 2007. Baltimore-Washington International Thurgood Marshall Airport, Pittsburgh International Airport and Columbia Metropolitan Airport in South Carolina currently use CrewPASS daily.

ALPA President Captain Lee Moak has high hopes for the national deployment of such technology. "As professional airline pilots, we have been

through employment checks; we have been fingerprinted; we have been through criminal background checks. We are the most highly screened employees in the aviation industry, and we are on the frontlines of our nation's aviation security effort every day, empowered to help protect it," he said in a statement. "This enhanced process recognizes those facts by providing pilots with a technologically modern and highly efficient alternative to the traditional security screening process."

TSA Administrator John S. Pistole echoes Moak's sentiments. "Deploying an enhanced screening program for pilots in uniform that allows TSA to verify their employment and identity is a step in the right direction, as TSA continues to explore more risk-based, intelligence-driven security solutions," Pistole said in a statement. "We want to focus our limited resources on passenger screening, while speeding and enhancing the checkpoint experience for everyone."

"We want to focus our limited resources on passenger screening, while speeding and enhancing the checkpoint experience for everyone."

— John S. Pistole, TSA

TSA anticipates that 90-day testing will begin at selected airports later this year. If the initial trials are successful, additional U.S. airports will undergo testing. **ACW**

Finalized U.S.-Colombia FTA holds strong promise for economic growth

On April 7, President Barack Obama and Colombian President Juan Manuel Santos met in Washington, D.C., to strategize about enhancing Colombian labor rights. To Boeing CEO Jim McNerney, the finalized U.S.-Colombia Free Trade Agreement represents a giant

leap forward in the economic recovery of the United States.

According to a White House press release, "The U.S.-Colombia Trade Agreement (FTA) will expand U.S. goods exports alone by more than \$1.1 billion and give key U.S. goods and services duty-free access in sec-

tors from manufacturing to agriculture. It will increase U.S. GDP by \$2.5 billion and support thousands of additional U.S. jobs."

Although the U.S.-Colombia FTA was originally signed on Nov. 22, 2006, it has been stalled due to widespread violence throughout Colombia.

To prevent violence in the future, the Colombian government will enact various measures, including reforming its Criminal Code to outlaw actions threatening workers' rights.

McNerney believes the finalized agreement between the United States and Colombia has strong implications for U.S. businesses. "It demonstrates a strong commitment to re-engage our international trade agenda at a critical time for our economy," he said in a statement. "We urge the admin-

In the news...

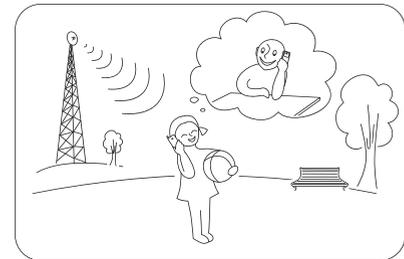
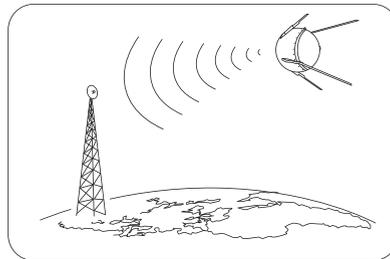
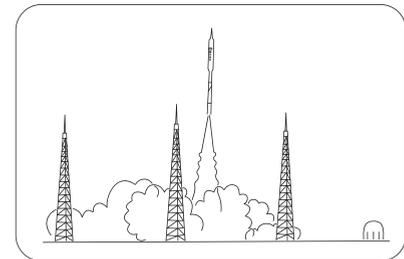
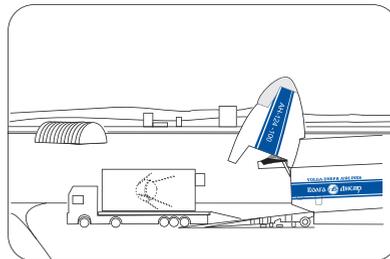
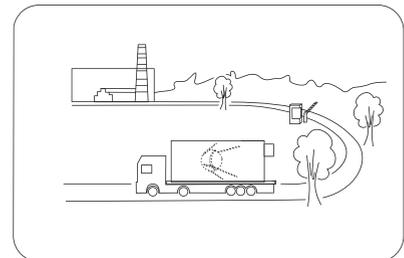
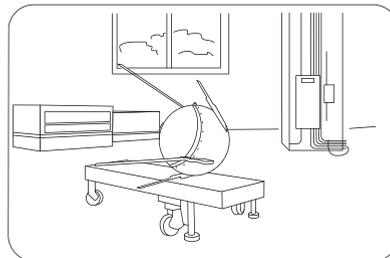
A recent poll conducted by the **Aerospace Industries Association** (AIA) indicates that most Americans advocate increased aviation safety funding. What's more, an overwhelming number of those polled support full **Federal Aviation Administration** (FAA) funding and investment in the Next Generation Air Transportation System. "It's critical that Congress fund the FAA by passing a fiscal year 2011 appropriations bill," AIA President and CEO Marion C. Blakey said in a statement. Not only will ratifying this bill enable the FAA to employ more safety officers and endorse new technologies, it will also allow the organization to sign new contracts and build new structures. Such actions are currently forbidden under stop-gap continuing resolutions, which prohibit any spending outside of previously sanctioned activities. A similar poll conducted in March showed that most Americans endorse technologies to promote airline security, with 65 percent supporting equal or increased FAA funding... The nearly 1,300 aircraft mechanics that work for **UPS** have accepted a new contract that will keep them in health benefits until Nov. 1, 2013. The contract also includes a 17 percent raise. "This has been a difficult and long battle with UPS, but we didn't back down and our resolve paid off. This is a big victory for UPS aircraft mechanics," Bob Combine, president of Teamsters Local 2727, said in a statement. "This contract and the vote behind it prove that even in a tough economy, the Teamsters have the clout it takes to get the job done." Union members approved the contract on the initial vote — the first time in the group's history that a contract has been approved on the first vote. Close to 90 percent of the members voted on a 69 percent to 31 percent vote for approval... **Radiant Logistics** will acquire **DBA Distribution Services**, a New Jersey-based logistics company founded in 1981, for \$12 million. Radiant will pay out \$5.4 million in cash and \$4.8 million in notes during the next three years. The remaining money will be paid out as the companies integrate their businesses. **ACW**

istration and the Congress to work together for the rapid passage of this agreement, and those pending for South Korea and Panama."

McNerney continued, "These agreements will benefit America's workers, companies and communities, because they eliminate numerous impediments to the sale of U.S. goods and services in key markets

and put us on a level playing field with competitors who already have such agreements in place.

"FTAs like these will spur job-creating growth in U.S. exports at a time when the U.S. economy is still on the road to full economic recovery and will signal continuing leadership by the U.S. in developing a global free-trading system." **ACW**



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Precious cargo: Transporting animals by air

Shedd Aquarium needed help — fast. Chicago's No.1 tourist attraction needed to move seven Beluga whales and two dolphins to and from Connecticut's Mystic Aquarium while it revamped its Oceanarium — no small task, indeed. Officials at Shedd knew they had to call on a true expert to execute the endeavor.

So Shedd contacted FedEx. Although up to the task, company officials admit that this move presented more challenges than most of their live-animal transport work. For one thing, says FedEx's Jennifer Caccavo Cordeau, the company was "moving seven whales and two dolphins across hundreds of miles. Given the size and weight of the



Above and top: AirBridgeCargo Airlines recently transported 810 foxes from Finland to China

animals in their tanks, this move needed to be done with great efficiency and care."

Fortunately, the task went off without a hitch. The animals made it back to Chicago safely, and both parties were satisfied with the transaction.

In the two years since the move, FedEx has been charged with transporting giant panda bears from both Zoo Atlanta and the National Zoo in Washington, D.C., to China. Last year, the company played a part in the Gulf Coast cleanup, protecting thousands of loggerhead



"Transporting animals by air results in less stress on the animals and enables their handlers to acclimate them in their new surroundings faster."

— Jennifer Caccavo Cordeau, FedEx

sea turtle eggs from oil damage by moving them to the Atlantic Coast.

Even with all these projects, Cordeau is quick to point out that FedEx never takes a one-size-fits-all approach to animal transportation. "Each [move] is carefully planned by FedEx Express to ensure that all animals travel safely and quickly," she says. "Special needs of each species being moved are considered while planning and scheduling the move."

Cordeau says air cargo is the easiest way to transport animals safely. Not only does transporting animals by air cause them less stress, she says, but it also "enables their handlers to acclimate them to their new surroundings faster." Many of the major carriers, including FedEx, contain a dedicated animal shipping deck to simplify the process.

AirBridgeCargo (ABC) Airlines also fits into this category. In addition to transporting walruses, pigs, bears, dolphins, elephants, great sturgeons and two white whales, the company recently added foxes to its repertoire — 810 foxes, to be exact. Traveling on a Boeing 747-200F aircraft from Helsinki to Beijing, the blue, shadow and silver foxes were contained in 400 uniquely designed cages.

ABC Executive President Tatyana Arslanova credits



FedEx and the team from Shedd Aquarium work to unload Shedd's whales and dolphins upon their return to Chicago

her company's experience transporting live animals and well-equipped fleet for the March operation's success. "The size and flexibility of our fleet means we are able to provide solutions for virtually any live animal shipment, and this is reflected in the growing number of customer enquiries we are now receiving," she said in a statement.

Shipper Beware

Although transporting animals by air is nothing new — the practice dates back to the '30s — it has recently gotten more popular. So popular, in fact, that one organization has formed simply to keep tabs on the market.

Dubbed the Live Animals and Perishables Board (LAPB), the LAPB was established to adopt regulations for the acceptance, handling and loading of live animals in air transport and enable airlines to share information about the process. As a subset of the International Air Transport Association (IATA), the LAPB also strives to promote government acceptance of its Live Animals Regulations.

Specifically, says IATA's Chris Goater, these regulations include "provisions for [the animals'] welfare while in the custody of members, who must consider all aspects of the specifications, rules and procedures by which live animals should be carried safely worldwide." These aspects encompass labeling, marking, packing, classifying, handling, loading, fulfilling documentary requirements, and more, says Goater. The Live Animals Regulations document also contains a clause for individual airline and nation requirements.

After all, Goater maintains, unique cargo calls for unique regulations. For instance, unlike other airfreight, animals may require specific planes to accommodate their size and weight. They may also necessitate a climate-controlled cargo hold.

"Some animals require attendants, which will affect aircraft selection and routing, all contributing to a complex transport situation," he says, adding that because of these myriad requirements, shippers should do their homework.

Before transporting an animal by air, Goater says shippers must obtain

the creature's full history, including its import permit, veterinary health certificate and examination record, transshipment requirements, and prohibition restrictions. Learning the animal's dietary needs is also vital, Goater adds. Still, he points out, "Such regulations are subject to frequent change and depend upon the species being shipped."

To ensure that all information is up to date, he encourages shippers to contact the local consulate or national authority.

Another issue concerning the LAPB is the extinction of threatened animals. He implores shippers to pay "special attention to the conservation of species listed in the Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora and of species protected under national legislation."

Fortunately, this information is only a mouse-click away.

"The National Conservation Authority maintains lists of species of which the export is prohibited," Goater explains. He encourages shippers to consult the lists before preparing shipments for dispatch. **ACW**

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Air Force group creates extreme containers

When NASA needed a container to transport the flight support system for the Hubble Telescope, it didn't opt for a wooden box filled with packing peanuts. Instead, NASA looked to the Air Force Packaging Technology and Engineering Facility at Wright-Patterson Air Force Base, part of the 591 Supply Chain Management Group.

With just a few dozen employees and a few thousand square feet of space to work, the facility flies below the radar of most people. Even around base personnel, many don't know it exists. But within its walls, some of the most sophisticated shipping and storage containers in the world are designed, built and tested.

In addition to the Hubble support system — a ring-shaped object that connects the space shuttle and telescope during servicing missions — the facility has made containers for everything from NASA satellites to the MQ-9 Reaper, an unmanned aerial vehicle that continues to play a pivotal role in U.S. Air Force combat operations.

Part of the 403rd Supply Chain Management Squadron within the 591 SCMG, the facility falls under the Air Force Material Command. It was started in Alabama during World War II and moved to Wright-Patterson a short time later.

"We're the group everyone comes to when nothing else works," says Robbin Miller, chief of the Air

Force Packaging Technology and Engineering Facility.

Workers at the facility design containers for items that need protection from shock and vibration, as well as the environment, then build prototypes and run them through extreme tests. In one test chamber, for example, the temperature can be programmed to quickly go from 185 degrees to 65 degrees below zero. Containers can also be dropped in the chamber to simulate extreme transportation or handling condi-



Workers at the facility designed a custom fabrication to safely house and transport landing gear for a C-17

tions. The goal is to create the worst conditions a package might encounter: aircraft turbulence, a bumpy road or extreme weather.

If more than one container is needed, clients typically take the prototype designs and look for commercial manufacturers to make the containers in bulk. Individual containers can cost as much as \$100,000 to build. Sometimes, the group partners with fabricators like US Aeroteam, Garrett, Great Pallet, Mobile Shelter Systems and Smart Move — to name a few —

to expedite container fabrication or performance testing of containers.

The facility's containers are one-of-a-kind because of internal shock mitigation systems, also known as the inner cushion, Miller said. To ensure smooth transportation of goods, workers use everything from polyurethane to aluminum cradle systems mounted on stainless steel shock isolators, similar to shock absorbers used in automobiles.

The facility — the only U.S. Department of Defense organization with its range of capabilities all under one roof — also does contract work for other military branches and federal agencies. It bills organizations only for manpower and materials costs.

"In addition to NASA, some of our customers in the past included the Defense Logistics Agency. Within the Army, [we've worked for] AMCOM in regard to family of helicopter spare-part containers; TACOM for medium truck engine containers; MICOM for the Bradley Tank LRU containers; as well as the U.S. Post Office for testing plastic mail storage bins," says Matt Phillips, under whose command the facility resides. "We also partner with original equipment manufacturers, such as Boeing and Lockheed-Martin, to obtain part and other technical data to assist us in our design solutions."

The specialized containers designed at the facility arguably are some of the biggest in the world. The Hubble ring container barely fit in a C-5 cargo plane, which is one of the world's largest aircraft, standing as high as a six-story building.

"We actually had to angle the

Photo: NASA/Jack Pfaltter



The container designed for transporting NASA's Flight Support System for the Hubble Telescope. The angled roof allows it to fit in a C-5

roof of the container to get it to fit," Miller says.

The crew — which consists of engineers, prototype fabricators and several reservists who do sheet-metal work — recently developed a 16-by-18-foot shipping pallet for the C-5 nose plug and designed containers for F-15 and F-16 canopies, which are essentially large glass windshields.

Miller also gets a lot of calls from customers when changes are made to the products being stored and transported. This often results in modifications to the original containers or a complete container redesign.

Miller, who joined the facility 22 years ago as a college co-op, loves the job because she gets to see something important built from scratch, which often lasts for decades.

"The containers we develop are out there for 20-plus years," she says. **RCW**

— *Matt Phillips is the director of the Engineering and Technology Squadron, 403rd Supply Chain Management Squadron, 591st Supply Chain Management Group, Air Force Global Logistics Support Center. Joe Cogliano is a reporter with the Dayton Business Journal.*



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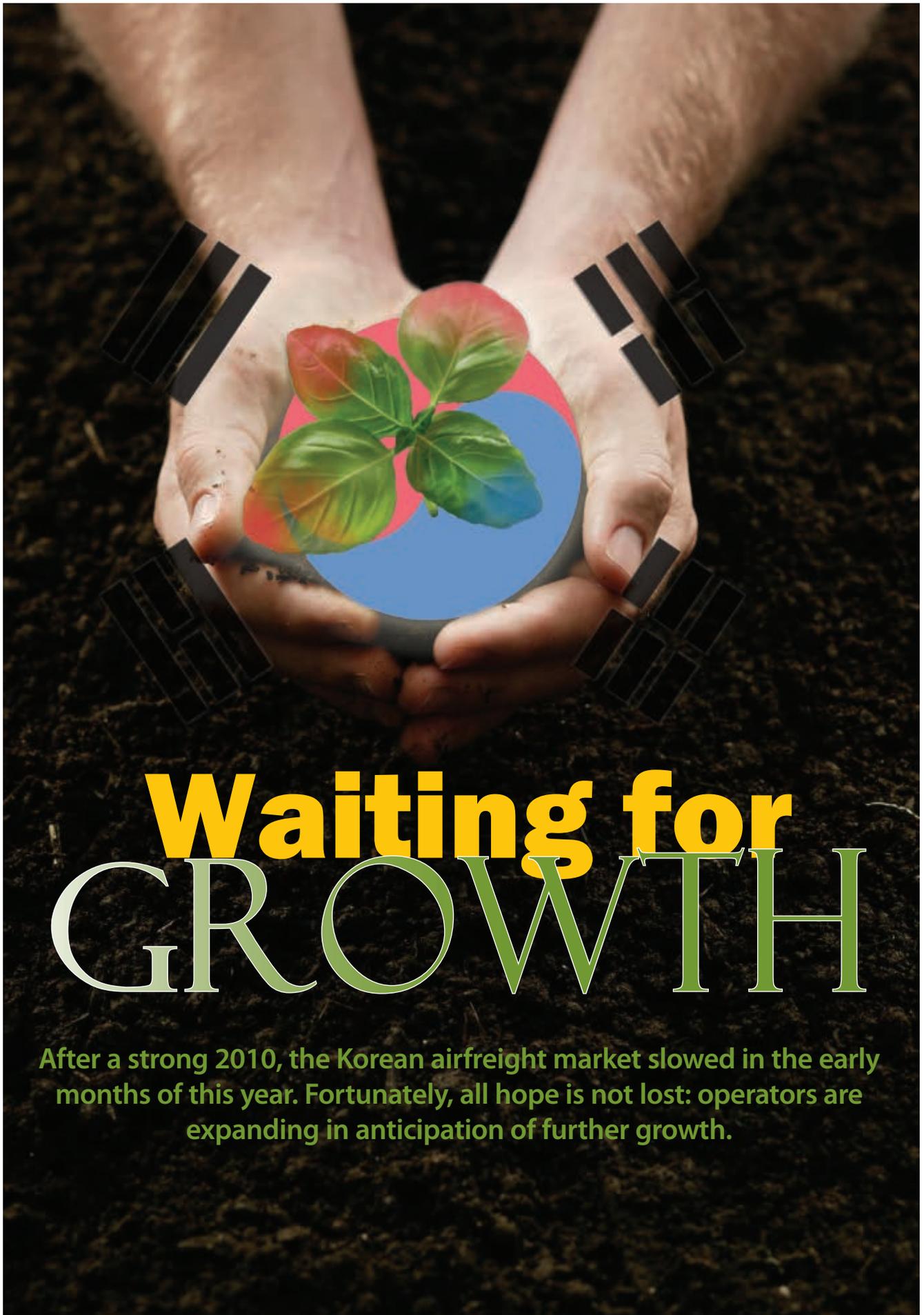
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Waiting for GROWTH

After a strong 2010, the Korean airfreight market slowed in the early months of this year. Fortunately, all hope is not lost: operators are expanding in anticipation of further growth.

Incheon International Airport certainly fits into this category. In January, the South Korean government announced that it would invest KRW1.8 trillion (\$1.6 billion) in the third phase of the airport's expansion. In addition to the construction of a new passenger terminal, this calls for an expansion of cargo warehouse space and aprons. Freighter parking positions will go from their current total of 36 to 100, while handling capacity will be increased from 4.5 million tonnes to 5.8 million tonnes. A key element of the latest phase is the construction of an express cargo center.

At the same time, the airport company wants to build up off-airport cargo activities through the second phase of the Airport Logistics Park.

Located adjacent to Incheon, the park, which is due for completion next year, is not confined to logistics providers. "We are also contacting semiconductor equipment companies to settle their distribution hub in Incheon Airport Logistics Park," says Han Ok-Soon, the airport's director of cargo marketing.

Underlining its ambitions for a role as a regional hub in northeastern Asia, Incheon executives attended the largest trade show for electronics manufacturing in Japan in January with the declared aim of attracting outgoing transshipment cargo and becoming a logistics hub for this traffic. They also showed up at the Boston Seafood Festival in March, in tandem with Korean Air. Incheon management also signed an agreement with Amsterdam Schiphol to foster the de-

velopment of e-freight between the two gateways.

Logistics operators see potential in an Incheon hub role. In March, FedEx launched direct flights between the Korean capital and its global hub in Memphis, Tenn., with four weekly B777F flights. DHL Global Forwarding opened a 6,000-square-meter Northeast Asia logistics hub last September at Incheon.

The push for expansion comes on the strength of a solid rebound last year in air cargo traffic. Incheon clocked up 2.68 million tonnes in throughput for 2010, up 16.1 percent over the previous year. Exports climbed 17.2 percent, imports surged 32.4 percent, and transit traffic increased 7.8 percent. Almost 70 percent of the airport's volume was moved on freighters — the

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highest ratio at Asian gateways, according to Han.

Flag carrier Korean Air had equally impressive growth, with overall tonnage rising 12.5 percent to 1.8 million tonnes. Imports were up 31.7 percent, exports rose 16 percent, and transit cargo increased 6.6 percent.

Last December's proposed free-trade agreement between Seoul and Washington has fueled expectations of further growth. By some estimates, U.S. exports to Korea could grow by \$10 billion to \$11 billion if the agreement is enacted. Lee Chan Ho, manager in the cargo alliance and strategy team of KAL Cargo, expects a positive impact on Korean exports by air, particularly for auto parts.

On the other hand, Kee Chul, senior vice president of cargo sales at Asiana Airlines, has doubts about the magnitude of the benefits from the free-trade deal. Korea's main air-freight exports to the U.S. — high-tech goods and auto parts — are already enjoying a low duty rate of 2.5 percent, he points out. Kee does, however, expect some increase in auto parts traffic.

After the surge of last year, the opening months of 2011 have been disappointing for Korean exporters. Contrary to predictions of a 4 percent increase, volumes slumped in the first two months, observes S.P. Song, managing director of DHL Global Forwarding for Korea. Imports by air climbed 8.2 percent, buoyed by the strength of the Korean won, but exports fell 11.9 percent, with overall volumes through Incheon down 3.4 percent.

Sharp drops in exports of LCD displays to European and Asian markets were a major factor behind the decline, according to Kee. He expects exports to pick up in the coming months, pointing to planned new-car launches by Hyundai and Kia. Likewise, Song reckons that the export market will improve in the second half of 2011. If anything, Incheon management is even more bullish. The airport authority projects airfreight traffic



Incheon International Airport, Seoul, South Korea

to reach 2.84 million tonnes in 2011, which would constitute a 6.2 percent increase over 2010 throughput.

Mobile phones and flat-screen displays are expected to lead the charge. Besides growth in trade with North America and Europe, the airport expects rising volumes to the Middle East and South America. There has been speculation about KAL mounting flights to Peru, but no decision has been made. On the cargo side, KAL has been happy to handle Asia-Latin America traffic through interline agreements over Miami, where it flies with freighters six days a week. Lee acknowledges that South America is under consideration, but that it is too early to discuss new routings in detail.

KAL Cargo is preparing for rising traffic volumes. At the end of March, it announced an order for two new 747-8 freighters. With this, the carrier now has seven 747-8 cargo planes on order. Its current maindeck lineup consists of 24 B747-400 cargo aircraft, which carried 76 percent of the airline's cargo traffic last year. The first two 747-8s are scheduled to enter service later this year, with three more to follow in 2012.

During the past year, there were no significant changes in KAL Cargo's freighter network out of Seoul. Elsewhere, however, the airline took major strides in the development of Navoi Airport in Uzbekistan as a Central Asian hub, where its cargo terminal opened last August. The facility can handle 100,000 tonnes and has space for five 747-400 freighters. Over the past two years, A300-60F services were launched to a string of Asian and European destinations, including Frankfurt, Istanbul, Dubai and Bangkok. More destinations are planned for this year, Lee says.

In addition to those flights, Eurasia Logistics Service, a joint venture between KAL sister Hanjin and a Uzbek logistics company, recently started trucking services to the major cities in Central Asia. Ultimately, Navoi is supposed to become a multimodal hub with rail, road and air links.

In recent months, much of the focus at KAL Cargo has been on product development. Last year, the carrier unveiled upgraded versions of its Variation-Pharma and Variation-Fresh offerings, which have been well received, according to Lee. More is in the pipeline. KAL Cargo plans to

introduce new services aimed at sensitive cargo and oversize traffic this year, he says.

KAL's belly capacity stands to receive a significant boost this year with the delivery of its first A380s. Rival Asiana also has the megaplane in its sights, having placed an order for six in January. They are scheduled for delivery between 2014 and 2017. On the cargo side, the impact of these behemoths will be negligible, given their limited cargo capacity, Kee notes. Asiana Cargo management is looking to add a 747-400 freighter next year, although a final decision has yet to be made. This would bring Asiana's all-cargo fleet to 10 747s and one 767 all-cargo aircraft.

The airline added Atlanta to its freighter network last September, serving the city four times a week with 747F equipment. Traffic has been in line with expectations —

largely thanks to auto parts shipments for Hyundai to Alabama and Kia to Georgia. As a result, the frequency will be stepped up to daily over the coming months. One flight will be added in June or July and two more in September, Kee says.

This will lead to the addition of Miami and Portland, Ore., to the network, as the plan calls for three flights a week to Miami, continuing to Atlanta and Portland before returning to Seoul. The Miami stop is a move to tap into traffic flows from Asia to Latin America, while Portland shows good potential for traffic on the return leg, Kee remarks.

The airline's footprint on the West Coast is set to rise further with an increase in passenger flights. The routes to both San Francisco and Seattle will be upped to daily frequency in May, served respectively with B777 and A330 aircraft. De-

spite these steps, Asiana's cargo capacity across the Pacific has contracted markedly, as management decided to shift the 747-400 combis that had served Los Angeles and Seattle to European routes, replacing them with regular 747-400s. This reduced the airline's capacity on passenger aircraft in the transpacific market by 31.5 percent. With capacity to San Francisco and Seattle going up 8 percent after the switch to daily flights, and the additional freighter flights later this year, Asiana will have 6 percent more lift in the sector than in 2010.

In Asia, the carrier is adding one frequency on the freighter run to Singapore and Bangkok. For next year, increases in capacity to the United States and Europe are on the cards if management goes ahead with its plan to add one more 747 freighter to the fleet. **RCW**

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Is 100 percent cargo screening feasible?

“We remain optimistic that TSA will recognize supply-chain security programs outside the United States in order to accomplish its new mandate.” — James LoBello, Lufthansa

The Transportation Security Administration’s (TSA) March Emergency Amendment, which required carriers to provide full shipper account history for all import shipments into the U.S., caused considerable chaos in the air cargo community.

Announcing an embargo on flown shipments, Air Canada Cargo sent an advisory to its customers: “Given the short notice, it will not be possible for us to implement the necessary measures to ensure compliance,” the statement read. “Discussions continue with TSA, as well as other country security agencies, to find ways to mitigate this situation as quickly as possible.”

The screening rules for domestic and outbound cargo in-

troduced by TSA in August 2010 were “a great challenge in the beginning,” but the Certified Cargo Screening Program (CCSP) has provided the right balance by putting the emphasis back up the supply chain, says James LoBello, head of security for Lufthansa Cargo in the Americas.

TSA expected CCSP-accredited shippers to carry out one-third of screening, approved forwarders one-third and airlines the final third. “We didn’t want to rely on handling partners in multi-tenant facilities. At each location, we looked at whether we needed larger acceptance and smaller buildup areas,” LoBello says.

However, shipper pre-screening has been much lower in practice than TSA anticipated. Lufthansa prepared for this by investing in explosive trace detection technology, both where it carries out its own handling and at stations covered by third-party handlers, for non-certified cargo.

“The measures already taken by the industry and imposed by various governments worldwide are an effective, viable security policy,” LoBello says. “TSA built up CCSP acknowledging the need for supply-chain security. We remain optimistic that TSA will recognize supply-chain security programs outside the United States in order to accomplish its new mandate.”

Dave Brooks, cargo president of American Airlines, says the carrier invested \$10 million to meet last year’s August 1 deadline for screening export and domestic U.S. freight.

“Pre-screened cargo is given priority processing, and in most cases cut-off times have not been affected for these customers. We have had no backlogs or congestion due to screening,” Brooks says.

“We now employ large screening equipment at our U.S. gateways that can screen skids. The December 31 deadline will be met, though it is probable that additional investments will be required to meet the challenge of international inbound screening. We will have the ability to screen certain types of ULDs in the future, but



not built pallets and containers.”

Brooks says he is a proponent of electronic transmissions of Customs data because it helps secure the sup-

ply chain. Yet TSA is not open to electronic notification, warns Clecat, the association that represents the interests of national freight forwarding and Customs agents’ organizations across Europe.

Marco Sorgetti, Clecat’s director general, says the latest Emergency Amendment demands “a paper document that has to be signed and sent on. That doesn’t fit in with our electronic paradigm and is setting trade back by many years.

“An electronic declaration would be more practicable, though even so, it represents extra work for forwarders. The information required is also open to question,” Sorgetti says. “The major problem is the case history, which makes it difficult for shippers to change their service provider. Worse, if you want to start up a new business, you have no way of sending airfreight to the U.S.”

In an address to the World Customs Organization (WCO), TSA Administrator John Pistole acknowl-

(Continued on page 41)



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(Continued from page 39)

edged that screening had not succeeded in picking up the rogue shipments from Yemen. "Thankfully, our global security network acted quickly on specific intelligence and thwarted that plot before it could be executed. But the type of specific, actionable intelligence we had in that situation is

rare," he said during the speech.

Pistole also said that making the global supply chain "stronger, smarter and more able to recover from the shocks of potential disruptions" was not a question of risk elimination, "but rather the global implementation of security measures that reduce the chances of bad actors or dangerous

UPS is saying little publicly about how a fake bomb was flown from the UK to Istanbul in March without being detected.

A Turkish man delivered a package, disguised as a wedding cake box but understood to contain a timer, wires and a detonator, to an office of the express company in north London.

Police later arrested a man, but said they did not suspect terrorism. The UK Department for Transport released a statement, pledging that the organization "will look at all aspects of this incident, including UPS' procedures."

It was a UPS aircraft on which an explosive device disguised as an ink cartridge was found at East Midlands Airport on route from Yemen to the U.S. last October. A second device was found in Dubai.

In a prepared statement, the company outlined its security procedures. "UPS has a multi-layered approach to ensure security. Processes, systems and procedures are designed to protect our people, aircraft and customers' shipments," the statement read. "In addition, UPS collaborates with security agencies around the world for information exchange, risk assessment, regulatory compliance and preventive action, which provides UPS the opportunity to continually evaluate and tighten its security protocols."

The incidents have prompted a worldwide tightening of security procedures, with the Transportation Security Administration (TSA) proposing to bring forward its 100 percent screening requirement for all cargo on international passenger flights into the U.S. from 2013 to the end of this year.

TSA offered a 30-day consultation period for domestic carriers and 45 days for international carriers and said it would evaluate comments from the industry before finalizing its requirement.



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shipments hiding in plain sight.”

The Department of Homeland Security (DHS) had initiated a pilot program with express cargo carriers in which it sought to obtain information earlier in the shipment process, allowing risk analysis and more targeted screening. “Highly encouraged” with the early results, Pistole said the program would be extended to passenger airlines and forwarders.

Pistole emphasized that an international trusted shipper concept, harmonizing different national programs, could be an important risk management tool. “For instance, the WCO’s concept of an Authorized Economic Operator has many similarities to the Known Shipper Program. The United States will begin exploring how internally we might coordinate or harmonize these efforts,” he said.

Congressional testimony

Testifying before the U.S. government’s Homeland Security Subcommittee on Transportation Security in March, John Sammon, TSA’s assistant administrator of transportation sector, network management, admitted that carriers had “voiced some confusion” over the latest security protocols.

Steve Lord, director of homeland security and justice issues at the Government Accountability Office (GAO), told the same hearing that the TSA had begun a review of other countries’ national security programs to determine whether they were commensu-



Dave Brooks

rate with U.S. security measures.

The DHS and TSA had entered into a number of bilateral agreements with foreign security agencies, Lord said at the time. He estimated that 80 percent of U.S.-bound cargo on international passenger flights was already subject to inspection, but accepted that the remaining 20 percent was “challenging,” as it included difficult to screen cargo such as perishables.

Mike Rogers, the subcommittee chairman, encouraged the TSA to stick with intelligence-driven procedures for inspecting air cargo and to trust the known-shipper approach. But Sammon responded to his proposition: “I’m not comfortable until I can look you in the eye and say it’s all being screened 100 percent.”

The Freight Transport Association’s Chris Welsh has his doubts

about whether total screening can ever be achieved. “Congress has demanded it, but when you talk privately [with regulators], they hope it will go into the long grass,” he says. “Ambition and reality are far apart.”

Chris Battle, former chief of staff for U.S. Immigration and Customs Enforcement, who now writes extensively about the politics of homeland security, is even more skeptical.

In a recent blog, Battle said Congress was arrogant in thinking it could dictate policy to the nearly 100 countries from which it imports air cargo. “There really isn’t a whole lot TSA can do to enforce this law outside the U.S. border,” he said. The agency should not be blamed for this and “has been heroic in its effort to comply with insanity.”



Chris Welsh

“From day one, the DHS emphasized that relying on the concept of 100 percent screening was bad security. Few people actually believed that Congress would, with one vote, undermine years of work building an intelligence-driven, risk-based supply chain security infrastructure, including extensive partnerships with foreign governments,” he said. “Congress followed through with the 9/11 Act, and now the poor folks in DHS have to pretend that this was actually a good idea all along.”

According to Battle, Sammon
(Continued on page 44)

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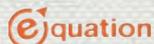
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The newly formed Global Air Cargo Advisory Group (GACAG), made up of

The International Air Cargo Association, the International Air Transport Association, the International Federation of Freight Forwarders Associations and the Global Shippers' Forum, is working to enhance the security of the air cargo supply chain, but insists: "This must be done in a manner that results in the minimum possible disruption to the vital flow of commerce."

GACAG says a global push is needed by the air cargo industry and the relevant authorities to improve risk assessment, tighten standard air cargo supply chain processes, develop viable technology for the air cargo environment, and improve compliance.

Chris Welsh, from the Freight Transport Association in the UK, says the new grouping offers governments and regulators someone to talk to at macro level. "As an industry, we have not been good enough at explaining how air cargo works. GACAG gets the whole supply chain singing off the same hymn sheet.

"It's a question of working in partnership with governments at a higher, global level to provide appropriate secure arrangements to combat the very real terrorist threat, but in a way that doesn't foul up the global supply chain.

"Blanket schemes can mask the



threat rather than make it transparent. We need mutual recognition of a single set of standards by different governments, rather than piecemeal security regimes,"

Welsh says.

GACAG says a multi-layered security solution built around the risk-based concept is necessary. Regulators must look to the International Civil Aviation Organization (ICAO) to set global definitions and standards for air cargo security, including the definition of what constitutes "higher risk cargo." ICAO should also be the global focal point for collaboration on cargo screening requirements.

Countries should work to establish common security principles enshrined in existing regulated agent and known consignor programs, consistent with ICAO Annex 17, GACAG says. It urges mutual recognition of quality supply chain security programs introduced by some states.

High-risk cargo can best be identified using "enhanced data intelligence, leveraging standardized electronic advance cargo information," GACAG argues. Industry and government should jointly develop and endorse a standard electronic cargo security declaration process and its associated paper layout.



(Continued from page 42)

noted a problem with inspections in his recent testimony to the subcommittee. "TSA does not have the same inspection and compliance authorities overseas that it has in the United States," Sammon had said. "While TSA can inspect and aggressively pursue enforcement action in the U.S. under the Interim Final Rule, any inspection of air cargo screening overseas requires the full voluntary cooperation of our foreign partners.

"Since we cannot establish a CCSP program overseas, the [National Country Security Programs] approach is a key element in helping industry to accomplish the 100 percent screening goal while also enabling TSA to ensure that inspections and compliance actions are well established by the host government programs and commensurate with U.S. security standards."

Battle's interpretation of this? "The U.S. will take a look at what foreign governments are doing with regard to cargo security and then pretend that they're screening 100 percent of their cargo even though we know they're not," he says. "Then we can say, we're meeting the mandate."

Across the pond

Europe has its own problems. Welsh claims the Authorized Economic Operator (AEO) scheme introduced for forwarders and

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shippers in the European Union is not working.

A self-administered but independently audited accreditation scheme is the way forward, Welsh says, but AEO has seen low acceptance rates and may need modification, he suggests. "It's costly and bureaucratic

and requires a huge investment of time to implement. One or two large shippers have gone for it because they have the volumes of cargo to justify it, but they are the exception," he says.

Nicolette van der Jagt, secretary general of the European Shippers Council, disagrees. Still, she fears that the European Commission's proposed extension of the known-shipper principle to third countries outside the EU, mandatory from 2014, is "not workable" and will hurt transshipment.

"All countries will have to have known-shipper or regulated-agent regimes. This will put a huge burden on carriers if they have to carry out validation in countries that don't have independent validators. It's not feasible where there is a commercial relationship," van der Jagt says.

Clecat has also expressed concern

to the Commission on this issue. Marco Sorgetti says even EU member states are not yet fully complying with the known shipper rules.

"The UK and France have put independent validators in place, but probably fewer than 10 countries in all," he says. "Other member states are lagging far behind. Independent validation is the only solution to avoid potential conflicts of interest that may be created by airlines validating shippers or agents — their own customers.

"We don't believe it is possible to extend the EU security program to the whole world without making some distinction between different points of origin. You can't put 200 countries on the same footing," Sorgetti summarizes. "We accept that you have got to enhance security, but it has to be possible to implement." **RCW**

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“The balance of origin of outsize cargo could easily change. There will be a significant increase in movements between Asia and Africa and Asia and South America.”

**— Paul Furlonger,
Ruslan**

The outsize cargo market has historically been fueled by commercial projects — oil and gas, telecommunications, energy, etc. — that originated in Europe and North America. But as the economies of Brazil, Russia, India and China expand, these new players are routinely seeing more outsize action, particularly in the energy sector.

If this trend continues, Europe and North America will soon no longer dominate the outsize cargo market, says Paul Furlonger, sales director at Ruslan International.

While this isn't a sea change in outsize cargo, these countries are adjusting the map. Along with the evolving regulatory landscape pushing shippers toward ocean transport and the prospect of new planes entering the arena, the outsize cargo industry might look very different in a couple of years.

“The balance of origin of outsize cargo could easily change,” Furlonger says. “There will be a significant increase in movements between Asia and Africa and Asia and South America as compared with the cur-

(Continued on page 49)



ation



Volga-Dnepr flew four Putzmeister water pumps to Japan to help cool the damaged nuclear plant



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(Continued from page 46)

rent situation.” He adds that Ruslan is keeping an eye on “a couple of” projects in the oil and gas arena that will generate a large demand for outsize cargo in the next five years. Japan is also on his mind.

“It will be interesting to see what effects the nuclear disaster in Japan has on the plans for additional and

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replacement power station construction at various sites around the world; we would expect to play a small, but significant, part,” he says.

What industries are driving this regional transition? While commercial projects play a large role in outsize cargo, the majority of the action comes from government and peacekeeping missions, says Dennis Gliznouts, Volga-Dnepr Group’s group commercial director, charters. To see where the activity is, look no further than the current unrest in the Middle East and the two wars the U.S. government is currently fighting in Iraq and Afghanistan.

“During the last 10 years, a lot of cargo — government and industrial equipment — has been transported from Europe and the USA to the Middle East due to different government



The cargo hold of an AN-124-100

haven’t seen a downturn in flights to the area, though he admits that demand will probably start to slow down a bit soon.

The Japanese earthquake and tsunami, as well as other catastrophic events around the globe, also place

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Boeing 747-8F
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AN-124-100
Max payload: 132 tonnes



IL-96-400T
Max payload: 92 tonnes

peacekeeping operations as well as to support the reconstruction process,” Gliznouts says, adding that the outsize cargo growth rate last year out of Russia was more than 46 percent.

Even with the unrest in the Middle East, he says Volga-Dnepr’s activity to the region hasn’t dissipated. They

a demand on outsize charter flights. Air Partner recently chartered an Antonov-225 to fly 145 tonnes of relief supplies to Japan. When Volga-Dnepr jumped to the country’s aid, it did so by flying four Putzmeister water pumps, each weighing 60 tonnes with

(Continued on page 51)



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(Continued from page 49)

62-meter booms, to the stricken nation on Antonov-124s. Two shipments left from Stuttgart, one came from Atlanta, and the fourth water pump originated in Los Angeles.

When flying into unfamiliar territory, operators carrying outsize cargo have to check for things carriers of palletized freight might not have to deal with. For instance, officials need to know if the airport has the weight-bearing requirements for the plane and if ground crews have suitable equipment to load and offload the plane.

Ground transportation also requires some logistical wrangling, as large projects need special road permits, can only be trucked during certain times, and sometimes need to stick to specialized routings to ensure safe passage.

"We often have to design special frames in order to transport outsize equipment," Gliznoutsas says. "We have also been involved in projects when the manufacturer ... comes to us for engineering consulting so that their finished product can fit into the AN-124-100 freighter."

Additional challenges arise from noise and other regulations, but Fur-longer is more concerned with carbon emissions caps. He calls these issues more of a short-term problem than any other regulations and points out that these rules can push shippers away from air cargo and toward using ocean transportation.

Finally, some airport officials simply don't like certain planes. Michele Wilkinson of Tailwind International Air Charters once attempted to get a project into South America only to have her flight rights revoked due to the type of plane



Milenko Strika

Milenko Strika of Polet Airlines recently answered a few questions about the outsize cargo business.

Air Cargo World: Please sum up the current state of the outsize cargo market.

Milenko Strika: Compared with the first quarter of 2010, we can say that the market demand in 2011 is higher. Due to the few contracts we have with the higher number of flights, we are not able to confirm the percentage increase.

ACW: Regionally, where is most of your outsize cargo business? For what industry?

experience, there are hardly any challenges nowadays. As for the unique shipments, playing the key role in this segment are loading-masters. They have the most important responsibility, as the loading and unloading for each oversized cargo is done exclusively. Utilizing the equipment for handling cargo will save time, effort and money for the clients and for us. Being in the market for many years, I can easily say that we don't face any problems dealing with outsize cargo, and I hope it will continue this way.

ACW: How do you account for the fact that most outsize cargo goes only one way? How do you mitigate the costs of flying an empty plane half the time?

Strika: Like other carriers, we do the calculations for the flight including the price for positioning and de-positioning. The main challenge in the commercial activity is to find the right connection in order to avoid empty legs and to provide a reasonable price to our customers.

We have been working extensively to implement a better positioning scheme of our fleet. Our brokers have in mind that if they confirm a flight to us more in advance, we are able to work around the routes and give them a better deal. There is hardly any chance to avoid empty legs in outsize cargo transportation.

ACW: What do you think will be the biggest story in outsize cargo this year?

Strika: From our angle, the biggest story that might happen this year or next year would be finalizing the concept of the new AN-124 and moving to the production line. As the years go by, the need for this unique aircraft is more than obvious. This will continue even more in the future. If an agreement is not reached soon, outsize transportation will become a rare commodity. **ACW**

Strika: The most frequent flights for outsize cargo in the last year come from Europe and the USA worldwide. There are flights for different industries, but the most frequent are for satellite and space, oil and gas, and construction. We have seen the significant increase in the aircraft-on-the-ground sector, and that is due to our better positioning scheme. We have managed to take more of these and other ad-hoc flights.

ACW: What are the different challenges you come across in projects dealing with outsize cargo?

Strika: As we are specialized in heavy and oversized shipments with years of

she was using. A previous carrier flying the same type of aircraft had imported a banned item to the region, and that had cast the plane in a negative light with the airport.

“Sometimes if you go into another country, you might see that that particular aircraft is not welcome because of prior issues they might have had,” she says. “You’ve got to

do your homework.”

For shipments that aren’t time sensitive, more and more shippers are looking to ocean transport because of rising fuel costs. While going by sea takes more time and sometimes involves more handling, it can be significantly cheaper. In fact, Wilkinson says, shippers facing tight deadlines even weigh the cost of fines and

“If you’re going to take an Antonov from the U.S. into the Middle East, you’re looking at approaching the million-dollar bracket.”

— Michele Wilkinson, Tailwind

other time-related penalties versus airfreight expense. Sometimes it’s cheaper for them to pay the fines and ship by sea than to load their goods on a plane; chartering the biggest planes can be a monetary burden even to the largest companies.

“If you’re going to take an Antonov from the U.S. into the Middle East, you’re looking at approaching the million-dollar bracket,” she says

In the next few years, Wilkinson will be looking closely at the retirement of military aircraft. The government has moved its Lockheed C-130s into the commercial market, and she thinks the C-5As are next. Transitioning these planes from military to civil use would provide the industry with even more capacity options.

“It’s common knowledge in Washington that they are looking at the commercialization of the C-5A. It’s going to take a while ... but that’s going to be a story that’s going to be evolving in the years to come,” she says. “That’s something to look at — some of the ways government can hopefully find a place for some of these retired aircraft.” **ACW**

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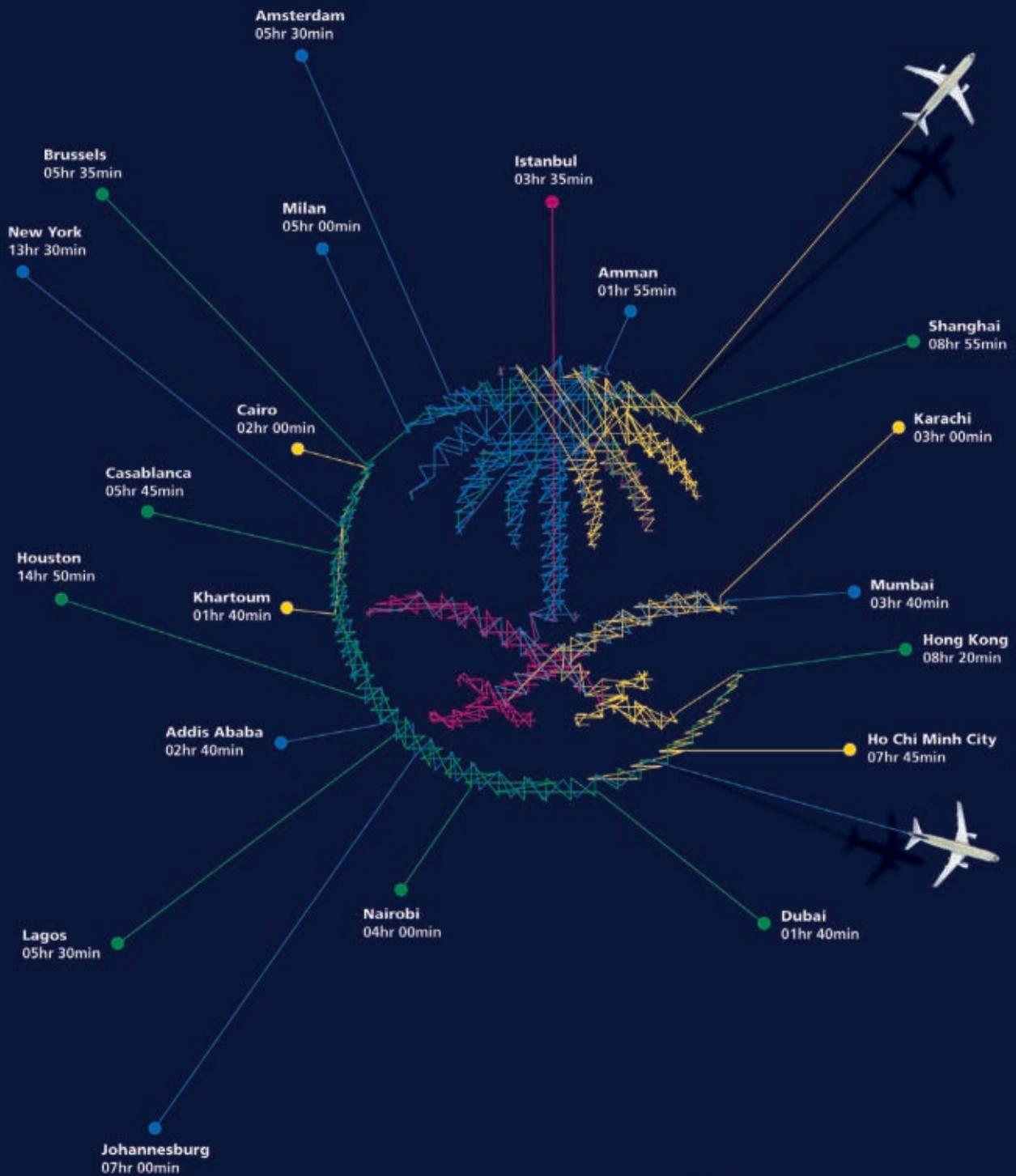
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AIRLINES

Southwest Airlines has promoted **Matt Buckley** to vice president of cargo and charters. He has been with the company since 1982, when he began his aviation career as a ramp agent. Most of Buckley's time with the airline has been focused in the cargo arena.

Jade Cargo International has named **Frank Neave** CEO. Prior to joining Jade Cargo, Neave held various positions at **Lufthansa Cargo**. He succeeds **Kay Kratky** in his new role.

Peter Davies has assumed the role of CEO of **Air Malta**. He joins Malta's national airline following his position as managing director of **Air South-west** in the United Kingdom. During his 35-year aviation career, he also served as CEO of **SN Brussels Airlines** and oversaw **BWIA's** transition into **Caribbean Airlines**.

SkyTeam has appointed **Michael Wisbrun** as its new managing director. Effective in June, Wisbrun will replace **Marie-Joseph Malé**. The organization has also created the position of deputy managing director and has named **Su Liang** to the new position.



WISBRUN

THIRD PARTIES

Following up on its acquisition of **Wim Bosman Group** in March for \$153 million, New Zealand-based **Mainfreight** has named **Mark Newman** CEO of Bosman, its first European asset. Newman, who has worked at Mainfreight since 1982, had lead the company's domestic freight forwarding operations for the past 10 years.



NEWMAN

Southern Air has named **Oliver Gritz** as its new managing director, Europe. Gritz will oversee Southern Air's European operations from the company's office in Cologne, Germany.

CEVA Logistics has appointed two new vice presidents for key sectors in its United Kingdom and Ireland operations. **Ian Robb** has been appointed vice president, industrial and technology, and **Simon Hobbs** is the new vice president, automotive. Robb is a 15-year CEVA veteran. Hobbs previously worked at **DHL Supply Chain**.

Traxon Europe has appointed **Markus Flacke** senior consultant of corporate development. This is a newly created position.



FLACKE



FLOREZ

Damco has named **Humberto Florez** CEO of its Latin American operations. Florez brings more than 25 years of experience in transportation, logistics and supply-chain management to the role. The company also has appointed **Christian Bech Hoengaard** as global head of marketing.

Jervis B. Webb Company has named **Gerard Gonos** as director of manufacturing.

Toll Global Forwarding has appointed **Martin Eberle** as regional director, finance, for its Europe and Middle East (EME) region. Based in the company's regional headquarters in Zurich, Switzerland, Eberle assumes responsibility for all financial aspects of the EME region, which includes operations in 40 cities.



EBERLE

Jane Wu is the new human resources director, North Asia, at **Menlo Worldwide Logistics**. Wu has more than 18 years of experience working in the human resources field.

The UK-based logistics company **Widdowson Group** has hired **Paul Turner** and **Mark Gooding** as busi-

ness development managers tasked with helping grow operations by £30 million in the next two years. Gooding, a 20-year industry veteran, previously worked for **Palletways** and **Wincanton**. Turner comes to Widdowson from **Promotional Logistics**.

The **IBS Group** has appointed **Rajiv Shah** CEO. Shah previously worked at **Wipro Technologies**, where he served as chief executive of the securities and capital markets' business and later the healthcare and services business unit worldwide.



SHAH

Ned Gizinski has joined **OAG Aviation** as solution sales manager for OAG's airline, airport, airport services and manufacturing verticals. Most recently, Gizinski served as sales manager at **SkyTech Solutions**, where he sold IT outsourcing services and business solutions on a worldwide basis.

UBM Aviation has promoted **Ron Weiland** to vice president, sales and service for the Americas. Weiland has been with the company for almost eight years and previously worked for **United Airlines** in London.

Penske Logistics has named **Paulo Sarti** managing director for South American operations. A Penske employee since 2004, Sarti most recently served as senior director of operations, in which he led a team of more than 1,100 associates.



SARTI

ASSOCIATIONS

The **United Fresh Produce Association** has appointed **Burleson Smith** as vice president of environmental affairs and sustainability. Previously, Smith served as director

(Continued on page 56)

Five Questions with... Robert Crandall

Robert Crandall, who served as chairman and CEO of American Airlines from 1985 to 1998, joined the board of directors at Southern Air in January. Crandall recently sat down to answer five questions about his new role at Southern Air, the ACMI model and his forecast for the industry.

1. American Airlines, where you worked for so many years, shut down its dedicated freighter operations. Based on that, why did you join Southern Airlines?

Air cargo is a large and growing business, but fulfilling cargo's freighter requirements is inconsistent with the cost and return metrics associated with U.S.-based combination carriers. Thus, I see no inconsistency in trying to help Southern Air find its place in the industry, as I hope I did for American Airlines.

2. Since you're now at Southern Air, can you talk a bit about the ACMI model? How do you see it shaping out over the next couple of years?

I think the model will continue to be used to appropriately match changing patterns of demand on the periphery of the freighter business.

3. The TSA has put some significant restrictions on the PAX carriers. Any views on what

we can look forward to for supplemental cargo operations like Southern Air?

I would guess there will be continued pressure to do an ever better job of screening cargo, which should be possible as technology becomes more robust.



CRANDALL

4. Are there plans to expand and modernize Southern Air's fleet?

Yes, but developing, analyzing and announcing those plans is management's job. I have been, and will be, active in helping management refine its choices.

5. What is the biggest challenge currently facing the air cargo industry? Are you worried about fuel costs?

The variability of demand is troubling for any business as capital intensive as ours. As for fuel, Will Rogers once advised, "never make predictions, especially about the future." In the long term, petroleum derivatives will be more expensive. In the short term, no one knows.



Maximus Air Cargo, a part of Abu Dhabi Aviation Group, is the largest all-cargo airline operator in the UAE.

The airline was established in 2005 and has rapidly become a key player in the region. This was reflected in both 2008 and 2010 when it was voted as 'Air Cargo Operator of the Year' in leading industry awards for the region.

The headquarters of Maximus Air Cargo are based in Abu Dhabi, capital of the UAE with a European office in the UK. The airline operates a fully-owned fleet of eight freighter aircraft, comprising Antonov An-124-100, Ilyushin IL-76TD and Airbus A300-600RF. The diverse and impeccably maintained fleet means that Maximus excels in a number of key market sectors. These include ACMI, charter, humanitarian, heavy lift, oversized cargo and livestock and equine transportation. The airline also offers specialist services to VIPs and Government bodies.

Maximus Air Cargo has a highly skilled work force of over 200 employees who are focused on providing superior customer care to all clients, whether managing air transport requirements and logistics solutions for royalty, governments, multinationals, or humanitarian and relief organisations.

The airline has significant experience in operating scheduled cargo services on behalf of airlines, including Etihad, Iberia, and Air France. It currently runs regular scheduled cargo services for Etihad Crystal Cargo and is also the exclusive air relief support partner for the UAE Red Crescent spearheading UAE generated relief missions. In addition, the airline is committed to humanitarian efforts and is a founder member of Care by Air, and initiative that offers relief at cost.

Maximus Air Cargo continues to grow with plans to add to its fleet and portfolio of premium services.

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(Continued from page 54)

of pest management policy at the **U.S. Department of Agriculture**.

The **Air Transport Association of America** (ATA) has named **Steven Lott** vice



LOTT

president, communication. Lott joins the ATA from the **International Air Transport Association**, where he served as head of the North American communications department for the past four years. **ACW**

events

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. **ACW** will produce a daily newsletter at the event. 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 5-7. 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 Air Cargo Europe will be held in the New Munich Trade Fair Centre. This is the fifth edition of the conference and exhibition, which is being held in conjunction with Transport Logistic 2011. 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.aircargoeurope.com.

JUNE 1-2

Arlington: The theme of this year's ACI-NA Air Cargo Conference is "Adapting Business to a Changing Cargo Industry." The conference features industry speakers from regulatory agencies in the U.S. and Canada, cargo carriers, forwarders, airports, and cargo experts. These speakers will examine the current air cargo commercial and policy landscape, discuss the business of air cargo, and share strategies to enhance air cargo revenue. Robbie Anderson, president of United Cargo, will serve as the keynote speaker. Please visit www.aci-na.org/2011/air-cargo/welcome.html for details, or contact Aneil Patel at apatel@aci-na.org.

JUNE 21-23

Atlanta: The eye for transport 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 Chain Officer Forum, visit www.CSCOforum.com.

NOVEMBER 2-4

Miami: Aviation leaders developed Air Cargo Americas in 1991 as a forum for aviation executives to exchange views, develop strategies to enhance the growth of the air cargo industry in the Americas and showcase the latest products and technologies. Companies can market their services to manufacturers, exporters, freight forwarders, importers and distributors. Contact Charlotte Gallogly at info@worldtrade.org or (305) 871-7910 for more information.

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.

ADVERTISER INDEX

Aer Lingus	37
AirBridgeCargo Airlines.....	20
Airbus.....	32
Air Charter Services.....	64
Airdex	22
Air Logistics Group.....	15
ACI-NA.....	26
American Airlines	2
American Public University.....	18
Amsterdam Airport Schiphol	11
Bounce Logistics	14
Budapest Airport	7
Cargoitalia	44
CEIA-USA	52
Chapman Freeborn Airmarketing	49
Coyne Aviation	35
Delta Cargo	41
Fujairah Airport	9
The Garden City Group.....	23
Korean Air Cargo	43
Lufthansa Cargo Charter	19
Maximus Air Cargo	8, 55
Munich Airport	29
National Air Cargo	13
Routes	40
Saudi Arabian Airlines	53
Smiths Detection	16
Sterling Transportation.....	31, 45
Swiss World Cargo	42
Turkish Airlines.....	48
United Cargo.....	5
Vienna Airport.....	63
Volga-Dnepr.....	25

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CARRYING EUROPE

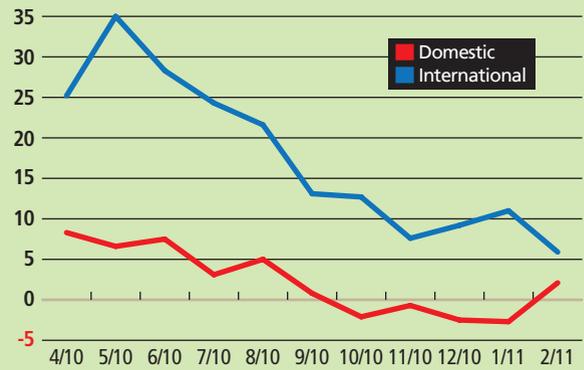
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

U.S. AIRLINES

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



Source: Air Transport Association of America

CARRYING ASIA

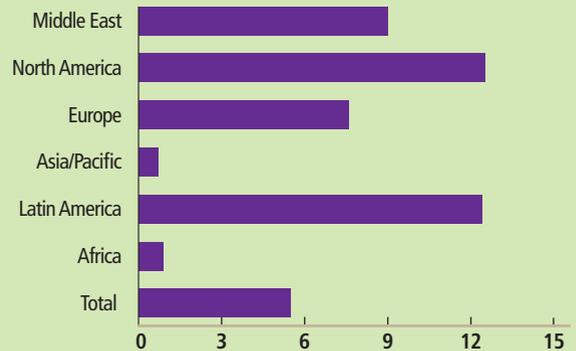
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

SHARING MARKETS

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



Robbie Anderson is the president of United Cargo

United Cargo's seamless integration

There is a pond on the grounds of the United Cargo headquarters just north of Chicago's O'Hare Airport. Occasionally, a white swan glides by, barely making a ripple on the water. This is one of my favorite metaphors for the merger integration underway at the new United Cargo.

Our integration teams should be like the swan: constantly paddling below the surface, but doing nothing to disrupt the delivery of excellent service to our customers. As United CEO Jeff Smisek has noted, we have a once-in-a-lifetime opportunity to create the world's leading carrier with the most comprehensive cargo network. Each one of us at United Cargo is committed to delivering on the promises of this opportunity.

The best way I know to determine if we are meeting our customers' needs is to ask them. I have seen a lot of the new United route map lately, meeting with customers at industry events and customer forums all over the globe. While our customers are as excited as we are about the possibilities of the new United, the most important thing is for United Cargo to continue to deliver excellent customer service on a daily basis.

We have increased our focus on key operational metrics such as flown-as-booked and ready-for-pickup. We are proud to say both Continental and United have made significant year-over-year improvements in these measurements.

Our customers were also eager to discuss the short- and long-term outlook for our industry. We expect the industry will return to a slower or more normal growth pattern after the impressive year-over-year gains of 2010. Key economic indicators are pointing toward a slow, but steady, recovery in international commerce in 2011.

A few cautionary signals are coming from China, one of United Cargo's most important markets. First, many Chinese factories had closed early for the Lunar New Year because there was no late rush of exports. There are also concerns about over-capacity. A familiar four-letter word — fuel — is dominating industry conversations once again.

Fuel represents 26.6 percent of our total expenditures. As a result, it is a constant focus for efficiency. Rising fuel prices created an increase of \$517 million in United's fuel costs in the fourth quarter alone. Each dollar increase in the price of crude carries a \$100 million incremental cost to United. This highlights why fuel price volatility is United's No. 1 concern for 2011.

Which brings us back to the importance of a successful merger integration. The key merger initiatives below will help United achieve nearly \$1.2 billion in merger revenue and cost synergies by 2013. These synergies will be even more crucial if rising fuel prices precipitate an industry downturn.

- We are developing our new comprehensive cargo network, operating 159 widebody aircraft over 10 hubs to more than 370 destinations.
- We are harmonizing our products and rate structures to combine the best attributes of both Continental and United Cargo. We will have much more news about the relaunch of flagship brands like EXP, QuickPak and Pet-Safe in the next few months.
- We are co-locating cargo facilities to increase customer convenience and improve efficiency. By the end of 2011, 162 stations in our network — representing 91 percent of all the cargo we handle — will be co-located.
- Both carriers are replacing decades-old legacy platforms and coming together on a new Web-based, state-of-the-art technology system: United Cargo 360°. United Cargo 360° will transform every aspect of our cargo business from inventory to final billing.

Our industry should be proud of what we achieved in 2010. With just a bit of an assist from the global economy, we overcame many challenges and recorded a profit through efficiency and discipline. Unfortunately, the same challenges — from fuel to government regulations to our own need to restrain capacity — are before us again. We will need to intensify our focus on efficiency and discipline to sustain the positive momentum. **ACW**



Peter Weir is senior vice president of Air Menzies International

Will e-freight happen in our lifetime?

You can't open a freight paper these days without reading about e-freight. It's all the talk. Some would say that's the problem — it is all talk. This is no disrespect to the many worthies in our business who have done a lot of hard work to get e-freight to where it is today. But I'm sorry; the message is just not getting across. There are a lot of people out there who should be on board, but aren't. Why?

I think e-freight is a no-brainer. What's not to like about a system that replaces paper, cannot get separated from its shipment, doesn't need the same data to be re-typed over and over, leaves no room for re-keying errors, joins up the (generally very sophisticated) shipper electronically to the rest of his supply chain, and even saves money? That's why I am spending so much of my time and resources getting Air Menzies into e-freight. We think it will be good for us, and mostly because we think it will be good for the small- to mid-size freight agents that are the bulk of our customer base.

But when I call on some freight agents and tell them what we are doing, so often their eyes glaze over, and they look longingly out the window, waiting for the subject to change to something more interesting. The more outspoken simply say, "So what's in it for me?" They see statements like "the airlines will save \$4.9 billion (per year? per lifetime?)" and don't see the bit where it says how much they will save.

I tell them it will give them the ability to provide their customers better service. I tell them that errors cost money, and eliminating them saves money. I tell them the cargo business is light-years behind its passenger counterpart — that even ocean freight moves faster than air when it comes to data transmission. But, still, they want to know what's in it for them.

This is, in part, a communication problem. The International Air Transport Association, in particular, and airlines, in general, just haven't explained what e-freight is and how it will help agents. They haven't got the e-message across. But it's also poor hearing. They haven't talked enough to

agents, and they certainly haven't listened to the answers.

They also haven't even begun to understand that it's not just cost that holds agents back: Some are actually afraid of introducing too much free flow of information from shipper to airline, in case it threatens their own role.

"We leave our egos on the doorstep, and we agree on ways to work together to make it all happen."

How do we make e-freight happen? How do we achieve more momentum? How do we persuade 100 percent of the agent sector that there will be no air cargo industry unless we do the e-freight thing, and do it soon? The answer is very simple: We meet more, we talk more and we listen more. We stop pretending that agents will be the major beneficiaries, when the airlines are the ones who will make the most obvious cost saving.

In short, we conduct a full and totally open dialogue between all parties; we make an honest assessment of the benefits for each party; we leave our egos on the doorstep; and we agree on ways to work together to make it all happen.

Airfreight is continually saddled with more and more regulatory compliance: It costs us more money, and it slows us down. So if we don't compensate by working smarter, we'll lose business to other modes.

E-freight has been mostly talk up to now. But maybe we need to do a bit more talking still if we want this in our lifetimes. **ACW**



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