

# Air Cargo World

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*The Anniversary Issue*



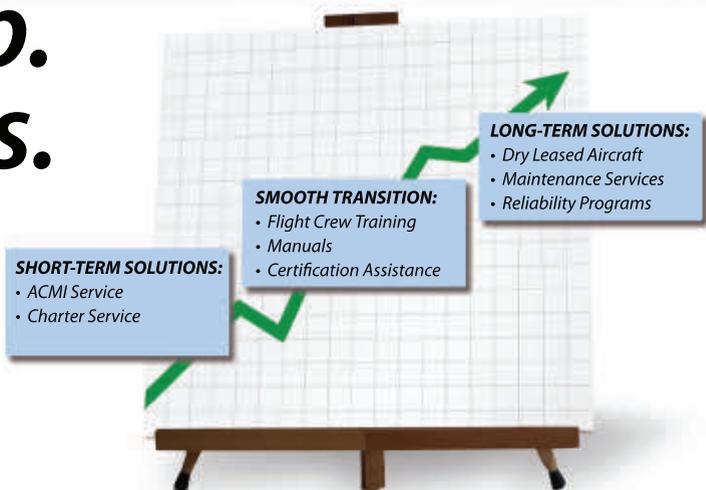
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# Air Cargo World

## EDITOR

Jon Ross  
jon.ross@aircargoworld.com • (770) 642-8036

## ASSOCIATE EDITOR

Keri Forsythe  
kforsythe@aircargoworld.com • (770) 642-8036

## SPECIAL CORRESPONDENT

Martin Roebuck

## CONTRIBUTING EDITORS

Roger Turney, Ian Putzger

## CONTRIBUTING PHOTOGRAPHER

Rob Finlayson

## COLUMNIST

Brandon Fried

## PRODUCTION DIRECTOR

Ed Calahan

## CIRCULATION MANAGER

Nicola Mitcham  
nicola.mitcham@ubmaviation.com

## ART DIRECTOR

CENTRAL COMMUNICATIONS GROUP  
centcommgrp@comcast.net

## PUBLISHER

Steve Prince  
sprince@aircargoworld.com

## ASSISTANT TO PUBLISHER

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

## DISPLAY ADVERTISING TRAFFIC COORDINATOR

Cindy Fehland  
aircargoworldproduction@ubmaviation.com

## AIR CARGO WORLD HEADQUARTERS

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

## WORLDWIDE SALES

### U.S. Sales

Associate Publisher  
Pam Latty  
(678) 775-3565  
platty@aircargoworld.com

### Europe, United Kingdom, Middle East

David Collison  
+44 192-381-7731  
dci.collison@btinternet.com

### Hong Kong, Malaysia, Singapore

Joseph Yap  
+65-6-337-6996  
joseph@asianmedia.com

### India

Fareedoon Kuka  
RMA Media  
+91 22 6570 3081  
kuka@rmamedia.com

### Japan

Masami Shimazaki  
wms-shimazaki@kve.biglobe.ne.jp  
+81-42-372-2769

### Thailand

Chower Narula  
worldmedia@inet.co.th  
+66-2-641-26938

### Taiwan

Ye Chang  
epoch.ye@msa.hinet.net  
+886 2-2378-2471

### Australia, New Zealand

Fergus Maclagan  
maclagan@bigpond.net.au  
+61-2-9460-4560

### Korea

Mr. Jung-Won Suh  
+82-2785-8222  
sinsegi@igroupnet.co.kr

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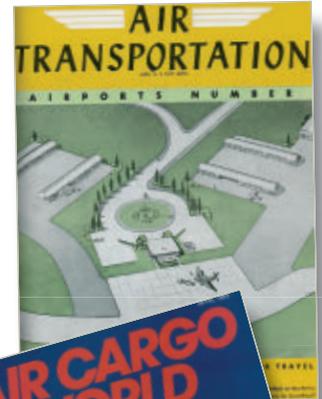
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Air Cargo World  
3025 Highland Pky Ste 200  
Downers Grove, IL 60515

For more information visit our website at  
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**Jon Ross**  
Editor

## We're going to party like it's 1942

Our 70th birthday party is finally here!

**B**ack in February, we decided to commemorate *Air Cargo World's* 70 years as a magazine by beginning a nostalgic romp through our archives, picking out interesting bits of history along the way. That feature, Back Pages, continues this month with a reprint of the magazine's very first editor's note, written nearly seven decades prior to me sitting down at the computer to type this out. The piece, which is from our maiden issue, is accompanied by some vintage ads for a fun look at how the industry publicized itself back then.

The industry has changed immeasurably in the short time I've been with the publication, and what I've seen pales in comparison to the memories and experiences of Richard Malkin, the first, and longest-serving, editor. I journeyed up to New York last year to chat with him about the industry's infancy and evolution, and I was enthralled by his stories. No birthday issue would have been complete without a look at Malkin and his place in air cargo.

Anniversaries are as much about looking into the future as they are about remembering the past. Cathay Pacific's James Woodrow, who wrote a short column this month, thinks a move toward more belly capacity and the menacing specter of high gas prices will define the industry moving forward. Space, that infinite frontier, will define cargo in the coming years as well. Right before we went to press on this issue, the first commercial cargo flight took off from Florida, destined for the International Space Station. If successful, the project will mark the beginning of an exciting new chapter in air cargo's history book.

There's a lot to cover in 70 years, and I hope we've done a good job paying tribute to all the changes and innovations that have occurred in the airfreight industry across seven long decades. Please read through this issue, and then send me a note either via Twitter, on our Facebook page or as a comment on our website, sharing your memories about the industry and your hopes for the future.

A handwritten signature in black ink, which appears to read "Jon Ross". The signature is fluid and cursive.



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## Brandenburg opening postponed

The supervisory board overseeing the development of the new Berlin Brandenburg Airport, which was scheduled to begin operations on June 3, has postponed the opening date to March 17, 2013. The board has also terminated its contract with the project management company working on the new facility and announced that Manfred Kortgen, the airport's managing director for operations and construction, is on his way out.

Incomplete safety systems and a lack of structural approval initially forced the cancellation of the June 3 start date — a decision announced on May 8. Officials had initially wanted to install a partially automated system, open the airport, and update the system as time went on, but that option was rejected. The new system will not be completely installed until December.

In a press release, airport officials detailed the issues they faced in trying to open the airport on schedule. The heart of the issue was trying to finalize safety systems while construction was still underway.

"The situation had become more and more challenging, as some construction works were behind schedule, while planning, scheduled building works, staff training and trial runs continued simultaneously. Some scenarios could therefore not be tested as planned during the trial runs," according to the release. "Interruptions to trial runs occurred repeatedly as a result of construction work."

Three months has been set aside for trial runs, inspections and approvals. This liberal timeline has been imposed to make sure the adverse winter weather won't complicate the airport's maiden operations.

The new Berlin Brandenburg Airport will replace and consolidate operations from Berlin-Schönefeld Airport and Berlin Tegel Airport, which were scheduled to close on June 2. Lufthansa and airberlin were to begin flight operations at Berlin Brandenburg Airport the morning of June 3. **ACW**



*IAG Cargo, an amalgamation of British Airways World Cargo and Iberia Cargo, is about to start making a bit more noise*

## Forget the flag, IAG proves branding is key

Not too long ago, airlines were the very symbol of nation statehood. They started out as the country's proud flag carrier, forging tenuous links to disparate lands. Invariably though, they were cumbersome state enterprises, where profit and thereby commercial ambition were moribund. Even in the U.S., aviation pioneers Pan Am and TWA, although corporate entities, were seen as the embodiment of U.S. foreign policy — golden wings facilitating economic expansion.

Times have certainly changed, and most carriers have been pushed out into the cold real world of profit and loss, an arena in which it appears increasingly more difficult to survive, certainly as a lone player. But perish the thought, even just a decade or so ago, that the assets of a national carrier, even in part, could be sold off to

a foreign buyer. The ring-fence is still up in the U.S., with foreign stakes in American carriers still pinned back to 25 percent. But elsewhere, it is becoming a virtual free market, leading to the creation of a new dimension in the airline business.

In Europe, Air France and KLM are one, and Lufthansa has been quietly acquiring its near neighbors — Swiss, Austrian Airlines and Brussels Airlines, the latter of which it holds a 45-percent stake. Europe's cargo carriers are not immune to these cross-border raids. Last year, Cargolux gave up a 35-percent stake to Qatar Airways, and more recently, Russian heavyweight Volga-Dnepr snagged a 49-percent share of Air Cargo Germany.

Not to be outmaneuvered, British Airways has stepped into the ring, through its acquisition of Spanish national carrier Iberia Airlines. The

**“You are going to be hearing a lot more about IAG Cargo as a brand. We are now very much part of the day-to-day business of the airlines.”**

**— Steve Gunning,  
IAG Cargo**

carrier appears to have raised the bar in the airline acquisition stakes by creating International Airlines Group, which it freely states has been formed with the clear intent of procuring more carriers.

It's been a year since IAG Cargo was formed to mesh together the cargo activities of British Airways World Cargo and Iberia Cargo. The job was handed to Steve Gunning, former managing director of BAWC, who has since catapulted to managing director of IAG Cargo. The inference at the time of the launch was that IAG Cargo would stand alone as part of the parent company's super-strategy group, not only setting out the roadmap for the two new partner airlines, but also creating the business platform for future airline acquisitions.

Things, it would appear, have transpired rapidly. “You are going to be hearing a lot more about IAG Cargo as a brand,” Gunning said. “We are now very much part of the day-to-day business of the airlines, both here in London and in Madrid.”

Indeed, instead of referring to a small head-office enclave, Gunning talks ambitiously about the 3,000-plus cargo staff under his wing, most of whom now have a corporate IAG Cargo moniker. He also talks gener-

ously about the integration of the two carriers' cargo operations, achieved in just one short year. “We are in the position today where we can already talk about a single global sales force, a single GSA network and the roll-out of a single global cargo-handling concept,” Gunning said. “We already have joint cargo-handling operations at Frankfurt and JFK.”

Curiously, it has taken IAG Cargo the best part of the year to merge the cargo-handling operations of both carriers at its home base at London Heathrow Airport, with BAWC only recently beginning to accept Iberia Cargo traffic. “That was more about letting the contract with Iberia Cargo's third-party handler run down and waiting for Iberia to start parking its aircraft at BA's Terminal Five at Heathrow,” he said.

With three new Boeing 747-8Fs at IAG's disposal, it has been interesting to see how the freighters would be made to fit into the newly expanded network. Once again, little time has been lost in feeding one of the new freighters through Madrid, via a London Stansted-Cologne-Madrid-Johannesburg routing. “This, of course, allows us to feed other traffic from other key points ... within the freighter network,” Gunning said. “This is particularly important in allowing us, for example, to provide a link between Hong Kong and Latin America.”

For a period, a freighter service was added to a second Spanish destination of Zaragoza, but was later dropped. The next item on the agenda, in integration terms, is merging the respective cargo reservation systems, a task slated for early next year.

Ahead of the creation of the new super cargo group, Iberia Cargo had already committed itself to investing \$85 million in a new cargo terminal at Madrid-Barajas Airport, with a further \$60 million being invested by Aena, the Spanish airport operator. When completed in 2015, the development will include a 40,000-square-meter facility, with 15,000 square meters reserved for perishables. The new ter-



*Steve Gunning*

terminal will more than double existing handling capabilities for the group at Madrid and improves handling efficiency, being 7 kilometers closer to the main passenger terminals.

Just a year into IAG Cargo's life, Gunning is already being required to get his set of spanners out and bolt on IAG's new addition of British Midland International. The formerly Lufthansa-owned British carrier operated a modest European and more distant network, but its single greatest asset was the number of slots it held at London Heathrow, which IAG was more than eager to snatch. “The BMI cargo business was modest by global standards, but still produced sales of \$30 million, which we are happy to add to our bottom line,” Gunning said.

For 2011, IAG Cargo turned in commercial revenues of \$1.5 billion, an 8.6-percent, year-over-year, increase, with cargo volumes at 6.15 million CTGs, up by 4.2 percent. These numbers were matched by a similar increase in yields, which also saw cargo capacity increase by 5.6 percent for the year. “Our premium products performed well, with Prioritise, our express product, increasing revenues by 20.4 percent,” Gunning said. “Resurgence in previously sluggish markets also contributed to our success with growth in Europe and the U.S.”

Why has IAG Cargo already apparently succeeded in laying the foundation for a global cargo monolith, where others, such as Air France-KLM Cargo, seemed to have made faltering progress? Gunning does not get into the business of naming names or comparing rivals.

"The most important thing we did with IAG was to take a long, hard look at the business and spend fully six months prior to launch to ensure we had the right strategy," he said.

Right now, Gunning has slapped another workload in front of himself, with the task of developing a new five-year strategy for IAG Cargo. He has also recently been elected the new chairman of the International



Air Transport Association Cargo Committee for a two-year term. It will give Gunning the opportunity to give steerage to the advisory panel. He will chair a committee made up of 15 carrier members, some of whom might just be on the IAG acquisition hit list. In this modern airline age, you just never know. **ACW**

## AF-KLM sees April showers

**A**ir France-KLM's April freight volumes plunged 8.3 percent, year-over-year, on a capacity decline of 3.3 percent. The carrier's cargo traffic was especially sluggish in the Americas and in the Asia-Pacific, with volumes falling 10.6 percent and 8.9 percent, year-over-year, respectively. Fortunately, traffic in the Caribbean/Indian Ocean region proved to be a bright spot for Air France-KLM in an otherwise cloudy month.

The carrier's freight volumes in the Caribbean/Indian Ocean rose 15.6 percent, year-over-year, on a capacity surge of 9.5 percent. Air France-KLM's load factor in this region also increased in April, improving 2.6 percent, year-over-year.

These numbers contrast greatly from the carrier's freight volumes in Africa and the Middle East. Cargo in this region declined 8.3 percent, year-over-year, in April, leading to a load factor of only 59.4 percent. To address such declines, Air France-KLM reduced capacity to Africa and the Middle East by 3.1 percent, year-over-year, in April.

Air France-KLM's cargo operations in Europe also lagged in April. Freight volumes plunged 8.6 percent, year-over-year, in this region in April, amid a capacity decline of 5.3 percent. Air France-KLM's load factor in Europe only dropped modestly in April, however.

Overall, Air France-KLM's freight load factor declined 3.5 percent, year-over-year, in April, to 64.2 percent; adjusted unit revenue per available tonne kilometer decreased relative to April 2011, however, according to a press release.

Air France-KLM's passenger volumes surged 2.3 percent, year-over-year. Regions of improvement included the Americas and European networks, with the Asia-Pacific leading the way in growth. **ACW**

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## TSA sets screening deadline

**T**wo months after the U.S. Transportation Security Administration and the U.S. Customs and Border Protection revealed that they're moving forward with their joint Air Cargo Advance Screening pilot program, the TSA announced that it set a December 3 deadline for screening all cargo on U.S.-bound passenger flights. The 100-percent screening mandate was originally slated to go into effect on Dec. 31, 2011, but was pushed back due to industry feedback.

According to a press release issued by the TSA, the revised deadline "builds additional risk-based, intelligence-driven procedures into the prescreening process to determine screening protocols on a per-shipment basis." Specifically, shipments deemed "high-risk" will undergo enhanced screening, while those considered "low-risk" will sustain other physical screening measures.

Such screening regulations fulfill a requirement of the Implementing Recommendations of the 9/11 Commission Act, according to the press release. The TSA also revealed that it has enlisted the help of other governments, organizations and industry partners to ensure that trade isn't inhibited in the quest to improve airfreight security.

TSA Administrator John Pistole spoke out about this pursuit, commenting that industry collaboration is key to success. "Harmonizing security efforts with our international and industry partners is a vital step in securing the global supply chain," he said in a statement. "By making greater use of intelligence, TSA can strengthen screening processes and ensure the screening of all cargo shipments without impeding the flow of commerce."

A risk-based approach to security is also an integral aspect of the TSA's recently announced Global Supply-Chain Security initiative, according to the press release. Moving forward, however, the U.S.-based organization promises to continue working with other governments, organizations and global partners to improve airfreight security by "putting more risk-based and intelligence-driven procedures into the screening process." **ACW**



*UPS and FedEx bought companies, expanded services during the first quarter. Both firms now have an eye on Europe*

## The integrators are coming!

**S**luggish freight volumes out of Asia and shifting product mixes stifled UPS' first-quarter growth, despite a 10-percent, year-over-year, surge in diluted earnings. But the integrator's recent movement on the acquisition front should help boost future revenues.

UPS made a significant investment on March 19, when it bought Dutch shipper TNT Express for \$6.77 billion. Its February acquisition of Brussels-based Kiala is also expected to expand the integrator's service portfolio. In a conference call discussing the company's first-quarter earnings, UPS CEO Scott Davis commented that Kiala's "retail delivery network and unique technology will benefit UPS, as we continue to look for ways to serve the growing [business-to-consumer] market, especially outside the U.S."

For its part, FedEx has been acquiring companies in the first quarter

to expand its European reach. One month after the firm agreed to purchase Polish shipping company Opek Sp.z o.o., FedEx announced plans to procure French business-to-business express company Tatex. The exact terms of the deal haven't been disclosed, but the acquisition will give FedEx Express access to a domestic ground network that handles 19 million shipments a year and generates approximately €150 million in annual revenue.

Frederick W. Smith, CEO of FedEx Corp., said the Tatex acquisition will boost the company's operations in Europe even more.

"FedEx has always recognized the importance of our Europe, Middle East, Indian Subcontinent and Africa — EMEA — region and its many unique marketplaces to global trade, and this acquisition shows we are continuing to systematically and strategically invest in growing our

network and value proposition in these important areas of the world," he said in a statement.

"The Tatex business complements FedEx's existing operations in the French market, and will enable the company to provide additional local services in one of Europe's largest geographies, to its customers around the world," Smith continued.

FedEx is also branching out product-wise, taking the company's SenseAware monitoring service to the UK, Australia, Singapore and Canada. According to FedEx's Chris Swearingen, officials hope to offer the service in a significant number of countries by the end of 2012.

"There's a large demand for the product," he said, pointing out that it was originally targeted at the life sciences industry, but the scope has broadened to auto parts, perish-

ables, art — pretty much anything.

SenseAware provides customers with real-time information about their shipments, and Swearingen said that some clients are now requiring SenseAware data long before their freight is loaded onto the plane.

"It's really about giving that end-to-end visibility inside the package," he said.

UPS' product expansion is occurring on the time-critical side, branching those products out to its Latin American network, a region where it more than doubled its freight capacity in the first quarter. UPS has added Honduras and Nicaragua to its UPS Express Freight network, offering the two Central American nations day-definite transportation services.

Scott Aubuchon, UPS' director of international airfreight, said Nicara-

gua, in particular, demanded time-critical cargo service. According to Aubuchon, the nation exports nearly 58 percent of its commodities to the U.S., including seafood, apparel and gold; trade between Nicaragua and the U.S. has increased 21 percent per year over the last two decades.

Trade between Honduras and the U.S. has also surged in recent years. After reinforcing its manufacturing capabilities to serve the North American auto industry, Honduras now ranks as the third largest exporter of automobile wiring harnesses to the U.S.

Aubuchon expects imports from Honduras and Nicaragua to the U.S. to continue to grow, thanks to near-sourcing and the continued effects of the 2006 free-trade agreement among the Dominican Republic, Central America and the U.S. **ACW**

## WestJet begins targeted airfreight expansion

Calgary-based passenger carrier WestJet has been flying cargo all over Canada since the airline got off the ground in 1996 with a handful of Boeing 737s, but recently officials started working to expand WestJet's freight presence beyond the 21 domestic locations it currently serves.

According to Darcy McCrimmon, WestJet's manager of business development, the carrier will start flying freight to and from a few locations in the U.S. — possibly Miami and Los Angeles — on July 1, with routings out of Mexico scheduled for the third quarter. Officials have already started accepting cargo from the Dominican Republic.

This is all part of WestJet's ramp-up of cargo activities. The carrier entered a partnership with Exp-Air, a Canadian sales company, in January 2010. Now, a new cargo website, [www.westjetcargo.com](http://www.westjetcargo.com), will no doubt contribute to boosting cargo revenue in the future. The carrier's

recently announced low-cost regional airline, which will be launched in the second half of 2013, will benefit the passenger side's bottom line.

WestJet finished the first quarter of 2012 with CAN\$68.3 million in net earnings — a sharp rise from last year's CAN\$48.2 million first-quarter number — and celebrated its 28th consecutive quarter of profitability. The carrier is scheduled to receive another B737-700 this month.

"We realize that as we grow, we can extend our ancillary revenue by putting cargo on the aircraft," McCrimmon said. "Because we're a narrow-body aircraft company, there's limited space we can have; however, there is available space.

"We are looking at and are currently having talks with other countries, which would allow us to carry cargo into those places," he continued. "Obviously, the USA has very tight guidelines around the TSA that we need to meet, and we want to ensure that we use the model

security programs that the USA has, so that we can carry cargo into and out of the United States. That's something we want to make sure we get right."

McCrimmon said most of WestJet's freight opportunities in Canada are in the transport of live animals and human remains. He expects an increase in this activity, as well as new freight, due to WestJet's website. Previously, cargo customers had to pick up the phone in order to track cargo shipments, but the site now will allow customers to track and trace, as well as keep up-to-date on shipping regulations.

So far, it seems to be going well. The carrier had been weighing introducing a cargo site for a few years in order to give customers the same treatment extended to its passenger carriers.

"We're getting a lot of hits on the site now," McCrimmon said. "I'd like to see a 5-10 percent increase in the first six months, revenue wise." **ACW**

## In the news...

**LAN Cargo** has introduced the CO2 calculator, a tool that alerts customers about the carbon emissions of their shipment. The calculator analyzes the historical emissions of the company, the amount of fuel burned, the distance traveled and the flight load factor to estimate the amount of carbon emitted from transporting a load from point A to point B... **Southern Air Holdings** has taken delivery of its fourth Boeing 777F. The ACMI operator will fly the new freighter on behalf of DHL Express, utilizing it on the integrator's new Hong Kong-Los Angeles-Leipzig, Germany-Hong Kong route... The City of Chicago has reached a lease agreement with developer Aeroterm, launching construction of the **Chicago O'Hare International Airport Northeast Cargo Center**. The nearly \$200 million center, which will sit on approximately 65 acres, will be built in three separate phases. According to a press release, the first phase will see the construction of a taxiway to connect the Northeast Cargo Center to the rest of O'Hare airport, as well as a facility with office and freight space. Additional facilities

with freight and office capacity will be built during the second and third phases of construction. The project, which will be financed by a \$130 million investment by Aeroterm and more than \$62 million of airport funds, is expected to create 1,200 construction jobs, 1,200 permanent jobs and 10,000 regional jobs.... Officials from the **EU** and the **U.S.** have signed an agreement to mutually recognize each other's known shippers, a decision that will go into effect on July 1. These companies will now experience faster Customs clearance, among other benefits, while ensuring the security standards of both countries are met. According to the European Commission, there are nearly 5,000 companies in the European Union certified as Authorized Economic Operators. "Today's agreement is a major step forward in the EU-U.S. trade relationship," said EU Taxation and Customs Union Commissioner Algirdas Semeta. "At a time when businesses need all the support they can get, this will make life easier and cheaper for many transatlantic traders. It will also help to ensure that security checks on traded

goods are more focused and effective." ... Thanks to the **Federal Aviation Administration** Modernization and Reform Act of 2012 four new cities will have flight access to Ronald Reagan Washington National Airport. Portland, Ore.; San Juan, Puerto Rico; Austin, Texas; and San Francisco will each receive one daily, roundtrip flight to the U.S. capital, U.S. Transportation Secretary Ray LaHood announced. The services to Portland, San Juan, Austin and San Francisco will be performed by Alaska Airlines, JetBlue Airways, Southwest Airlines and Virgin America, respectively. According to a press release, this marks Virgin America's first time flying to Reagan National, with the other carriers previously only having limited access to the Washington, D.C.-based airport. The four flights are a direct result of the recently enacted FAA legislation, which created eight daily slot exemptions for carriers with limited or no service to Reagan National to fly farther than 1,250 miles from Washington, D.C. According to the press release, two slots are required for a roundtrip flight. **ACW**

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## Cathay to cut freighter capacity

Cathay Pacific has announced that it will retire three Boeing 747-400BCFs this year. Although the carrier will still take delivery of three additional Boeing 747-8Fs in 2012, with two more arriving in 2013, the retirements mean that freighter capacity growth will be flat this year. Earlier company projections pegged freighter growth for 2012 at 3 percent.

The carrier also announced that it's now aiming for 4-percent growth in its total cargo capacity (belly-hold and freighter), rather than the 7-percent growth it had anticipated for 2012. Officials say the culprits are staggering fuel prices and challenging market conditions.

Cathay Pacific and wholly owned subsidiary Dragonair will also slash capacity on certain long-haul passenger routes, canceling flights to North America and Europe. In addition, the company will begin to retire less fuel-efficient craft. Plus, Cathay Pacific will make ad-hoc cancellations in correspondence with market demand, according to a press release.

John Slosar, CEO of Cathay Pacific, defended the cutbacks, stating that they will help the carrier remain profitable in an unfavorable market. "The airline's financial position remains strong," he said, "which will enable us, despite the current difficult trading conditions, to maintain the quality of our products and services and to continue with our long-term strategic investment in the business."

One such investment is Cathay Pacific's new HK\$5.7 billion cargo terminal at Hong Kong International Airport, which is slated to open early next year. In the press release, Cathay maintained that the launch of this facility is unaffected by the cost-reduction measures. **ACW**



*Garuda has a plan to supplement its belly-hold capacity with freighters*

## Garuda Indonesia contemplates freighters

Garuda Indonesia appears to be developing an appetite for cargo. In a fairly short period, the Indonesian carrier's ambitions have advanced from a desire to augment belly-hold revenue to a plan for full freighter flights to take off before 2013.

In early April, Garuda CEO Emirsyah Satar announced his decision to boost cargo capacity on passenger aircraft; Satar wanted to take advantage of rising airfreight volumes in various regions of Indonesia and mounting investment in the country. By the end of the month, he declared that the airline would get its first freighter by the end of this year. He has said that Garuda will have one A330-200F in service by January and two more joining the fleet in later in 2013.

This is not the first time Garuda has shown freighter ambitions. In 2010, there was talk of converting

up to seven of its B737-400s into all-cargo configurations. This never materialized, although the concept has found favor with other carriers in Indonesia. Jakarta-based Airmark Indonesia Aviation obtained a 737-300F from GECAS in April, following a similar deal in February involving GECAS and Cardig Air.

April saw Garuda sign an order for 11 A330-300 passenger planes, but the carrier has not given any details on its A330 freighter plans. Observers are confident, though, that the carrier will forge ahead with its cargo ambitions this time.

"I think they will bring in the freighters," said Ionut Mares, general manager for airfreight at DHL Global Forwarding Indonesia. He pointed to recent enhancements of the carrier's cargo facility at its Jakarta hub and the construction of a terminal for domestic freight, which will free up space at the existing facility to ac-

commodate freighter operations, as proof of the rumors.

Garuda's freighter plans may have gained further impetus from domestic rival Lion Air's plans to develop cargo. Last year, the regional carrier made headlines with a record order for 230 B737 planes, but this has apparently not impacted its appetite for freight. Lion Air recently appointed a new cargo manager, who has signaled his intention of bringing in freighters next year. At this point, no decisions have been made regarding the aircraft type or the routes under consideration.

The Indonesian carriers are lagging behind international rivals, who poured main-deck capacity into the market in the latter half of last year. Airlines that launched or boosted freighter flights to Jakarta included Singapore Airlines, Korean Air, EVA Air and Malaysian Airlines. However, this push ran out of steam in April because of a marked slowdown in Indonesian air exports after the first quarter of 2012.

Epson was a large bellwether in the recent airfreight slowdown. Last year, the company saw a huge surge in traffic out of Indonesia, which has been largely attributed to the impact of the natural disasters in Japan and Thailand. In November alone, this led to 18 dedicated charters. However, since

April, Epson's airfreight volumes have come down significantly.

Airlines have reacted to the slump with cuts in their freighter activities. Instead of upping its frequency from two to three weekly freighters, as previously planned, SIA cut back to one flight per week. KAL, which added two frequencies late last year, has trimmed one and is now flying three times a week.

Despite the cuts, there is still sufficient lift out of Jakarta, largely due to ample belly capacity, said Franky Frans, managing director of forwarder Dian Mulia Freightravel. However, forwarders may face challenges securing lift on connecting flights to long-haul destinations, as most services are indirect. This, in conjunction with the stubbornly high fuel prices, has kept rates up.

Whereas exports have flagged, imports into Indonesia have kept their growth momentum. As these outstrip exports by a ratio of about 3:1, obtaining capacity on inbound sectors has been challenging.

Forwarders are also not able to leverage export volumes to secure inbound space, as exports are largely managed by the handlers in Jakarta, DHL's Mares observed. He said exports will return to growth by July. Ten years ago, perishables accounted for most of Indonesia's export volume;

now, only a little more than 50 percent of this traffic comes from perishable freight. Several sectors, including garments and electronics, have done well since. Mares is particularly bullish on pharmaceuticals. During the past two years, this segment has shown growth rates of 30 percent to 50 percent, year-over-year, he noted.

The government has been eager to develop trade out of points other than Jakarta and is designating a number of regional airports as international gateways. To date, only Garuda and Singapore Airlines have taken the bait, besides the established international flights serving Denpasar for the tourist traffic in Bali. For their part, forwarders are moving to build up their footprint in the regions.

"There is more potential for exports from other parts of Indonesia. Over the next two years, we plan to open at least three new offices," Frans said. In Sulawesi, he is looking to seafood and nascent electronics production, while Kalimantan offers opportunities with project cargo, thanks to oil and mining interests.

DHL Global Forwarding opened a branch in Medan last year and intends to set up one in Makassar this year. Denpasar is another candidate. "We will see if there is an opportunity in forwarding; we know there is for express," Mares said. **ACW**

## MASKargo launches flights to Ho Chi Minh City

**M**ASKargo has commenced twice-weekly Airbus 330-200 freight service to Ho Chi Minh City's Tan Son Nhat International Airport. The service, which leaves from Kuala Lumpur and returns through Bangkok, highlights the increasing importance of the Vietnamese city's trade relations with other Asian nations, according to MASKargo Acting CEO Mohd Yunus Idris.

The new route also connects a number of cities in MASKargo's network via the Kuala Lumpur Interna-

tional Airport hub. Idris commented on Ho Chi Minh City's connectivity to these destinations, remarking that the decision to open up new markets was strategic.

"In order to expand our presence along the intra-Asia network, the flight to Ho Chi Minh City is one of the strategies to tap the growth of the Asian market," he said in a statement.

He added that the Vietnamese city has also registered considerable cargo growth recently. Idris said MASKargo will support commerce in Ho Chi

Minh City by increasing its capacity and routes along the intra-Asian network destinations, as well as by providing a fast way to move goods out of the city.

According to a company press release, "With the launch of its service to Ho Chi Minh City, MASKargo will seek commercial partners to help provide an extensive network and service coverage required. Moreover, this will enable network expansion into the region in response to changing market conditions." **ACW**

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Dubai World Central

## Growth at DWC propels region's operators

**C**onstruction is underway at Dubai World Central's Aviation District, an area designed to cater to businesses serving the two-year-old airport. In a press release, DWC announced that Majestic Wings Private Airplane Charter, LLC, will move into a 7,360-square-meter plot at the Aviation District in mid-2013, making it the first major company to set up shop.

Majestic Wings, which will develop a hangar facility at DWC, joins a growing list of companies that have been authorized to set up fixed-base operations and move into the Aviation District, according to the press release. Plus, DWC officials revealed, leasing negotiations have begun with fixed-base operators and other aviation businesses.

Still, Dubai Aviation City Corp. Executive Chairman Khalifa Al Zaffin

remarked, the presence of Majestic Wings at DWC's Aviation District is especially noteworthy. "The addition of Majestic Wings ... is a positive step toward bolstering DWC's long-term strategy and the aviation industry in general," Al Zaffin said in a statement.

"DWC reflects the Dubai government's vision of diversification and sustainable economic growth through a long-term, multi-phased plan contributing to economic, social and infrastructure land development," he continued.

DWC's operations have also been bolstered by the presence of dnata, Emirates Airline's ground-handling subsidiary. In fact, dnata handled 127,665 tonnes of cargo at Freight-Gate-8 — its terminal at DWC — during fiscal 2011-2012; this translates to a 700-percent, year-over-year, increase.

dnata also saw exponential growth

## Etihad's busy summer start

**I**t's been an eventful few months for Etihad Airways, with expansions, codeshare agreements and even a new addition in the works.

This month, officials will welcome a Boeing 747-400 freighter to their fleet under an ACMI agreement with Atlas Air. The carrier currently operates five freighters, though this is Etihad's first 747.

"We are strongly committed to building our presence in the cargo sector and to serving the growing demand from our customers around the world. We have the fortune of geography and being able to bridge many of the trade flows from producer to consumer markets," David Kerr, the carrier's vice president, cargo, said in a statement.

According to a company press release, the plane will be used to transport machinery, garments and produce between Abu Dhabi and Africa, Europe, India and China.

This new capacity will certainly help Etihad with another new development — an MoU it signed with retailer LuLu International Group to provide preferential and priority air cargo services. According to the airline, this means Etihad will transport fresh produce into the UAE from Egypt, the UK, India, the Philippines and Thailand.

Peter Baumgartner, Etihad's CCO, trumpeted the deal as a leap forward for the region's trade health. "This deal is central to Etihad Airways' role of facilitating trade into and out of the UAE and will further support the commercial development of the Emirate of Abu Dhabi," he stated.

The carrier also recently bought a 2.987 percent stake in Aer Lingus in what officials called "a desire to forge a commercial partnership with the Irish national carrier." Finally, Etihad has entered into a codeshare agreement with Safi Airways. Safi has operated four weekly routings from Kabul, Afghanistan, to Abu Dhabi since February. **ACW**

in the number of active freight flights it handled on the ramp and in FreightGate-8 during the financial year. According to a press release, the cargo-handling company assisted 2,832 flights during this period, a 600-percent increase from fiscal year 2010-2011.

One of these flights, in particular, will always stand out in the minds of the dnata team. The company recently handled a 95-tonne, purpose-built gas turbine en route to Nigeria — the heaviest piece of freight ever handled by any of the dnata FreightGate cargo terminals and ramp teams, according to the press release.

Stuart Hayman, vice president of cargo operations for dnata, elaborated on this achievement, stating that “it has been a year of records being set and then just as quickly being exceeded.”

Other outsize cargo pieces handled by the dnata team in fiscal year 2011-2012 included a 25-tonne turbine generator and heavy vehicles weighing nearly 30 tonnes apiece. “The movement of these consignments has required specialized coordination with customers and a strong collaborative effort from both the dnata team and local authorities to ensure that the handling was managed efficiently and to the customers’ satisfaction,”

according to the press release.

Hayman said the unique loads witnessed throughout the year led to the team’s adoption of a new motto: “If it fits into an airplane, then dnata’s FreightGate-8 and ramp-operations teams can handle it safely and securely.”

dnata’s success at FreightGate-8 also drove its profitability for the entire fiscal year, with 2011 marking its most lucrative year to date. According to a press release issued by parent company Emirates, dnata’s revenues totaled AED7 billion in 2011, a 59 percent, year-over-year, surge. This double-digit increase also led to considerable growth for the carrier’s cargo arm, Emirates SkyCargo, last year.

Although cargo volumes lagged around the globe in 2011, Emirates SkyCargo saw revenues of AED9.5 billion last year, an 8.4 percent, year-over-year, gain. The cargo carrier also reported a 5.4 percent, year-over-year, rise in freight-tonne kilometers, according to the press release.

In total, Emirates SkyCargo handled 1,796,000 tonnes of freight last year, a 1.7 percent, year-over-year, increase. Contributing to this growth was an uptick in the number of the carrier’s routings, with Emirates SkyCargo launching service to several

new destinations in 2011, including Ghana. The carrier, which commenced weekly Boeing 747-400F service to Kotoka International Airport in November, hopes that the flight will bolster trade links between the United Arab Emirates and West Africa.

Iraq was also on Emirates SkyCargo’s radar last year, with the carrier launching twice-weekly freight service to the northern city of Erbil. This destination complemented Emirates SkyCargo’s existing route to Basra, Iraq, which it began in February 2011. Oil and gas equipment were the key commodities carried on these flights, according to the press release.

But while the petroleum sector was a great boon for Emirates SkyCargo in one capacity, it hindered its bottom line in another. Emirates Airline CEO Sheikh Ahmed bin Saeed Al Maktoum revealed that the carrier saw its highest fuel bill last year, a problem compounded by the volatility in exchange rates. Even so, he said, Emirates Airline achieved its 24th consecutive year of profitability in 2011.

“Retaining growth and remaining profitable in these challenging economic times shows our profound understanding of the markets that we do business in,” Sheikh Ahmed added. **ACW**

## In the news ...

It’s been a year since **Saudi Airlines Cargo** started flying 747 freighters into N’Djamena, Chad, and now the carrier has added a second flight to its offerings. Amer Abud Obeid, sales director for the region, said Saudi’s market in Chad is growing from a number of points in the carrier’s network. “The addition of a second frequency will enable us to offer this service to our global network,” he said, “with a particular focus on European flights connecting to [the Kingdom of Saudi Arabia] with 19 freighters per week.” He added that the expansion is part of Saudi’s focus on increasing its presence in Africa. The carrier also flies into the African cities of Johannesburg, Khartoum, Lagos, Addis Ababa and Nairobi. The extra frequency

was introduced in early May. Just a month prior, Saudi began a third weekly B747 freighter routing to Dhaka, Bangladesh... Last month, **Qatar Airways** added four-times-a-week service to Erbil, Iraq, and will add flights to Baghdad on the same schedule on June 7. “Now, we believe, is the right time to enter Iraq due to demand and infrastructure changes in a country that warrants more business and greater air access,” Akbar Al Baker, the carrier’s CEO, said in a statement. “We constantly evaluate numerous route opportunities. Taking into consideration a number of factors, we feel that now is the opportunity to venture into this market. With international corporate houses looking to do business in Iraq, frequent air access will ease travel

to and from the country via our Doha hub.” ... **Kenya Airways** has received a B767 from Miami-based International Leasing Financing Corp... On June 10, **Ethiopian Airlines** will resume daily flights to Hargeisa, Somalia. The carrier stopped flying to the city in November 2008, and officials hope that the new routing will help strengthen trade between Ethiopia’s home base of Addis Ababa and Hargeisa. In July, the carrier will add a twice-weekly, non-stop flight to Toronto. According to a company press release, this is the only direct flight between Toronto and Addis Ababa. Bilateral limitations stopped Ethiopian from adding more than two weekly flights, but officials plan to pursue approval for additional services. **ACW**

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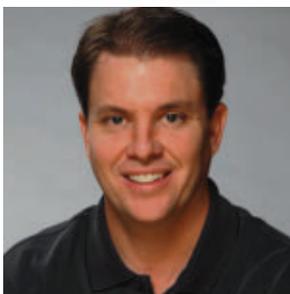
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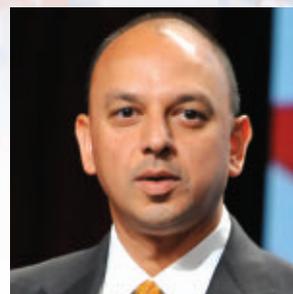
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This is the first issue of a new publication—AIR TRANSPORTATION.

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Hence, AIR TRANSPORTATION, a publication exclusively about *shipping-by-air*, edited for shippers. Until now, although there are scores of aviation publications, there has been none to fill this need.

AIR TRANSPORTATION makes its bow with no axe to grind except the best interest of its readers. It admits that it does not know all the answers. But it dedicates itself to trying to find them.

AIR TRANSPORTATION is not anti-ship, anti-rail or anti-truck. It is pro-air, because it believes that, sooner or later, *cargo-by-air* will be a mighty force in both domestic and international trade—a force that no shipper can ignore—a force with which every shipper should, in his own interest, be familiar. But it believes that there will continue to be a place for all recognized means of transportation—though many things are being drastically changed during the war and may be even more drastically changed when the war is won.

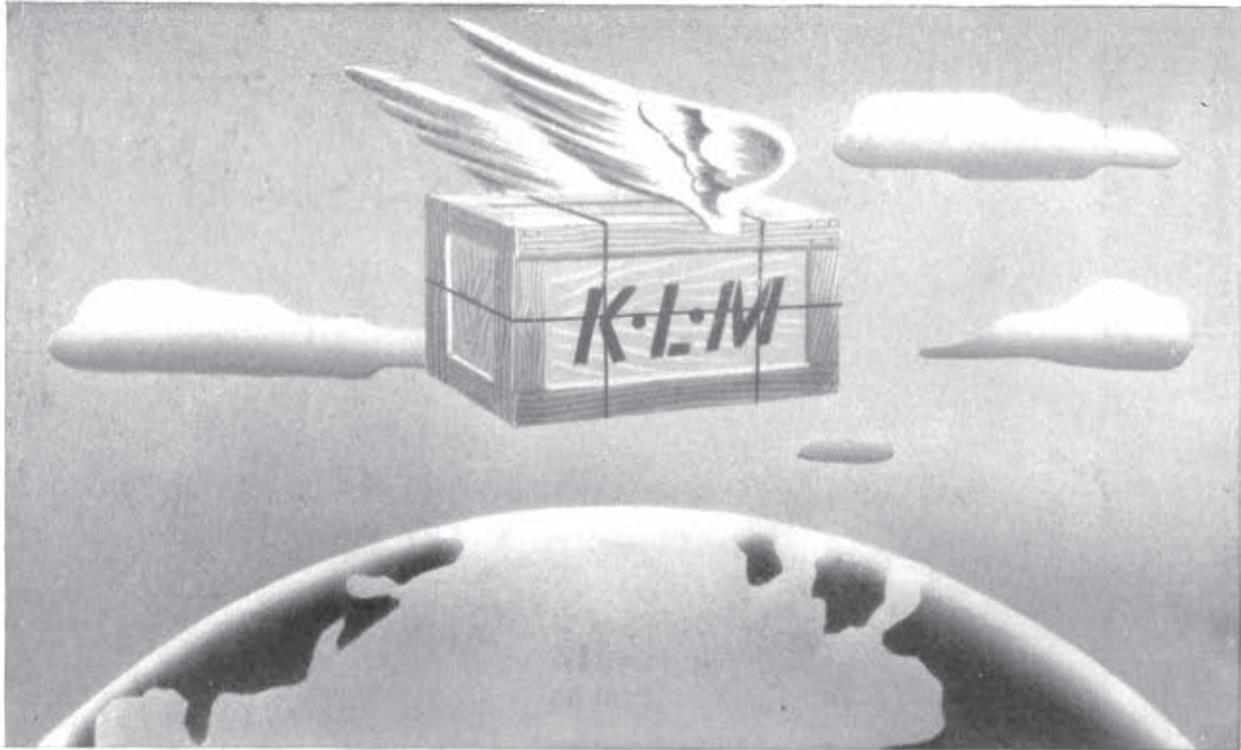
For the present, at least, AIR TRANSPORTATION will be published as a section of *American Import & Export Bulletin*, since its purpose is to serve—in a new and different way—the *Bulletin's* audience.

AIR TRANSPORTATION will explore the whole field of *cargo-by-air* from the Shipper's, Manufacturer's, Forwarder's, Importer's and Exporter's standpoints, *now while the whole mighty trend is forming*. It will try to give every reader a clear background of the future, as he must face it, once the war is over. It will offer a medium for exchange of ideas on shipping speeds, handling of cargoes, terminal facilities, shipping costs and all other angles of this great trend—so that when the day of its realization has come, each reader will be better equipped for the opportunities which that day will bring.

JOHN F. BUDD,  
*Editor & Publisher*

With his October 1942 editorial, "A new publication for a new age," John F. Budd unveiled the magazine that would eventually become *Air Cargo World*. The next two pages feature vintage ads.

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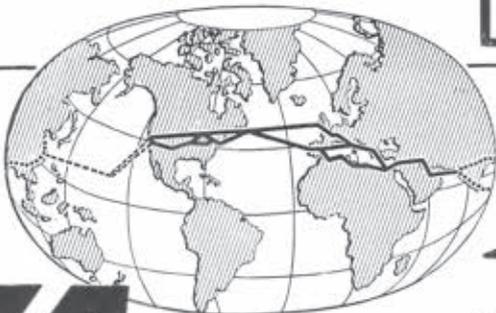


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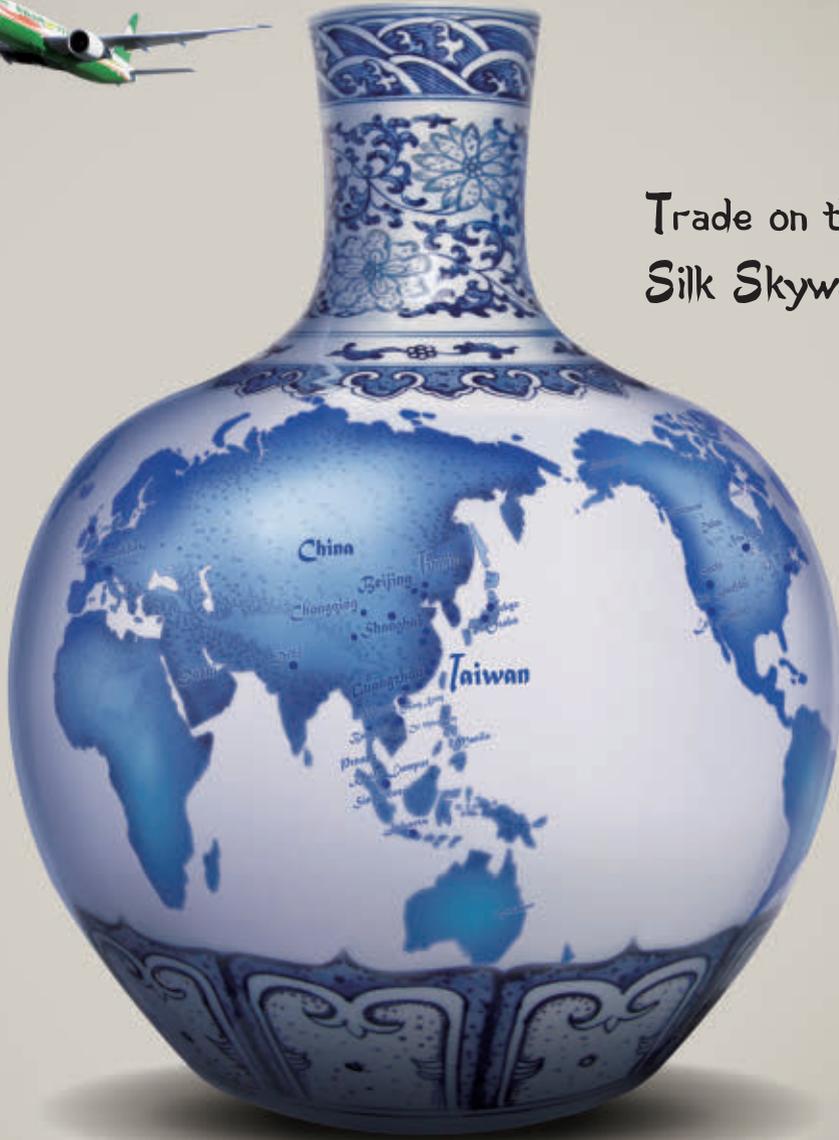


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**James Woodrow** is the general manager for cargo at Cathay Pacific Airways

## Fuel costs, belly freight could define cargo in 2022

**T**he biggest risk to the air cargo sector in the next decade is the potential continuation of historically high fuel prices. There are very limited tools for the industry to manage this quantum increase in our cost base — “slow steaming” does not work for the air cargo industry. The only positive aspect of the fuel-cost increase is that it is accelerating the move toward modern, more fuel-efficient planes.

The environmental benefit from new planes is obvious, with significant reductions in CO<sub>2</sub> emissions per kilogram. Our industry will be forced to modernize, and we will significantly reduce our environmental impact. As technology continues to improve post-2020, we have a good chance of reaching our goal of reducing our CO<sub>2</sub> emissions, as an industry, on an absolute basis.

The flipside of fleet modernization is that smaller operators who are unwilling or are financially unable to make large commitments to new aircraft will go out of business. There will remain small niches for operators of gas guzzlers; however, these will become few and far between, as global operators expand their passenger and freighter networks.

Another key trend moving forward is the growing percentage of cargo that will be transported in passenger bellies. The improved performance of the most modern Airbus and Boeing twin-engine, wide-body passenger aircraft does allow increased payload on all but the longest flights. The U.S. carriers have already made the move to become passenger-only operators, Japan Airlines has followed, and others have moved to a wet-lease arrangement with the likes of Atlas. The jury is out as to whether carriers that wet lease can operate profitably given the high capital cost of large freighters and the need for Atlas to also meet its margins.

Large freighter fleets will only make economic sense for a smaller number of mega-hub operators; smaller operators are likely to increasingly focus on optimizing their significant belly space. These modern, wide-bodied passenger

aircraft are, after all, mini-freighters. Refocusing on revenue management of the cargo bellies has already proved to be a successful model for a number of carriers.

Security will continue to be a focus for the whole industry. Increasingly, the cargo side will follow the passenger side in pre-screening advanced information on shipments. This, overall, will increase the efficiency of the whole system and will focus resources on high-risk freight. A need will arise for even closer cooperation between shipper, forwarder, airline officials and the responsible government departments. Security will be the true driver of e-freight.

Regionally, manufacturers will continue to chase low labor costs and will be forced to continue to move around the area as economies develop and labor costs become unsustainable for their business model. Indonesia, the Philippines, Mexico, Turkey and India — places with large populations — will increasingly benefit. These are both risks and opportunities for carriers.

Cathay Pacific has faced this first hand with the movement firstly of garment manufacturing from the Pearl River Delta to Vietnam and other areas with cheap labor; currently, high-tech manufacturers have moved first to the Yangtze River Delta and now increasingly to inner China.

While this movement complicates Cathay’s model from being purely reliant on the YRD to being a true hub operator, it also brings huge opportunities. Our network expands exponentially with each new port, adding hundreds of additional flight combinations. The growth of consumer consumption in Asia is also likely to deliver increasingly more balanced cargo flows — rates from Europe and from America into Asia are now increasing due to both capacity reductions from carriers and healthy export demand.

Within the coming decade, it is likely that flows and rates on the main, long-haul trade lanes into Asia will equalize. China, while remaining a manufacturing superpower, will also be driving global consumer demand growth, particularly in luxury goods and perishables. **ACW**

**“Smaller operators who are unwilling or are financially unable to make large commitments to new aircraft will go out of business.”**

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# Cargo's

## FINAL FRONTIER

**A new era in airfreight is on the horizon.**

**A**fter a series of delays involving modifications to command software, commercial firm Space Exploration Technologies finally launched its Dragon cargo spacecraft from Florida on May 22. A planned May 7 launch date, already pushed back from dates in February and April, resulted in nothing more than a “static fire test” of the rocket engines on the launch pad. On May 19, launch officials found an engine glitch seconds before liftoff. But Dragon is now on its way, carrying a genuine payload of cargo. If this commercial venture succeeds, a new freight mode must be added to the traditional cargo roster of road, rail, air and water.



The moment is significant, and so hotly awaited, because Dragon is the first privately owned and operated spacecraft to carry out such a mission. Dragon was expected to dock with the International Space Station to unload its cargo three or four days after launch.

The U.S. government decided several years back that “routine” transportation to low-Earth orbit, if anything in space can be described that way — tasks such as supplying the ISS and launching satellites — should be doled out to contractors. This meant the Space Shuttle program, with its increasingly high maintenance costs, could be retired, and NASA could move on to develop the systems needed for exploring, and perhaps later mining, Mars and the asteroid belt.

The ISS, essentially a \$100 billion research lab co-owned and operated by the U.S., Canada, Russia, Japan and Europe, is the biggest piece of hardware in space, weighing 360 tonnes. Orbiting about 390 kilometers above the Earth, it can accommodate six crew members; many scientific experiments take place on board in zero gravity.

The shuttles played a key role in building and replenishing the ISS. When the Atlantis returned to Earth for the last time in July 2011, the 30-year shuttle program came to an end, briefly leaving other nationalities in charge of resupplying the station.

The European Space Agency sends up periodic Automated Transfer Vehicles via its Ariane 5 rocket from Kourou, French Guiana. The latest to make the journey, ATV-3, delivered 7.2 tonnes of key supplies in March; it was the largest shipment to date. The one-trip ATVs burn up on re-entry to the Earth’s atmosphere, as do Japanese supply capsules. A fourth ATV is currently under construction.



*NASA has contracted SpaceX to make 12 cargo flights to the International Space Station over the next four years. Photo: Chris Thompson*

Russian Soyuz spacecraft make regular departures to the ISS from the Baikonur Cosmodrome in Kazakhstan with replacement crew and supplies. A Russian cargo spacecraft, Progress M-14M, made its final journey in April as scheduled, undocking from the ISS to conduct scientific experiments and falling into the Pacific Ocean nine days later. Progress freighters have completed more than 130 space missions of various types in the past 40 years, with only one failure.

In line with the long-term U.S. strategy of using private-sector spacecraft to help keep the ISS supplied, NASA awarded contracts worth a combined \$3.6 billion back in 2008 to two private aerospace firms under its Commercial Resupply Services program.

Hawthorne, Calif.-based Space Exploration Technologies (SpaceX) and Orbital Sciences Corp., of Dulles, Va., were contracted to haul 20

tonnes of cargo to the Space Station through 2016. SpaceX will make 12 flights with its Falcon 9 and Dragon spacecraft, while Orbital’s Antares and Cygnus spacecraft will undertake eight flights.

Ever since completing a maiden flight in December 2010, SpaceX has worked toward launching Dragon into low-Earth orbit. While in space, a robotic arm carrying a 521-kilogram payload of food, other consumables and non-critical equipment will reach out to grab the ISS, and astronauts onboard the station will offload the cargo. The plan is for Dragon to remain attached to the ISS for several weeks before returning to Earth with a 660-kilogram payload, far beyond the capacity of the Soyuz capsules. The craft will then splash down in the Pacific in order to be recovered. SpaceX ultimately intends to develop a thruster system that will allow Dragon to return to a spaceport. In two to three

years, the system will be further developed so that astronauts can be transported too, a role only the Russians can currently fulfill.

NASA is so far reported to have invested \$380 million in SpaceX under a separate funding program, Commercial Orbital Transportation Services, while the company and its external investors have put in around \$700 million.

Elon Musk, the company's chief executive and chief designer, recently addressed a media conference about the impending flight. "This is a test flight, and we may not succeed in getting all the way to the Space Station," he said. "I think we've got a pretty good shot, but it's important to acknowledge that a lot can go wrong.

"The Space Station is going around the Earth at 17,000 mph, 12 times faster than a bullet from an assault rifle, and you've got to be

tracking it to within inches for rendezvous," he continued.

The second commercial party, Orbital, is a few months behind the SpaceX schedule, but hopes to test-fire its Antares rocket this summer, followed by a demonstration mission to the ISS with the Cygnus capsule attached in the fourth quarter. Its launch site is the NASA-operated Wallops Island facility near Washington, D.C.; the first live CRS mission is currently planned for early next year. The company's three-part system for CRS comprises Antares, Cygnus and a pressurized cargo module developed by Orbital's industrial partner, Thales Alenia Space. With this equipment, Orbital will be able to deliver up to 2,700 kilograms of pressurized cargo to the ISS. The single-use system will pick up waste from the station and burn up on reentry.

Antares will put satellites and

other payloads into a variety of low-Earth and geosynchronous transfer orbits. Orbital is offering this facility to civil government, military and intelligence, and commercial customers, and has a 10-launch backlog.

A number of other private concerns are in the long-term mix to fly people and cargo into space. XCOR Aerospace and Virgin Galactic were among seven companies chosen by NASA in August 2011 to receive two years of financial support for further research into delivering cargo, initially to the edge of space, on reusable vehicles. NASA's aim is to be able to draw from a wider pool of companies for payload integration and flight services. The seven firms are sharing \$10 million of seed funding via the Commercial Reusable Suborbital Research Flight Opportunities program.

XCOR, based in Mojave, Calif.,



*An artistic rendering of the XCOR Lynx vehicle*

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has spent the last seven years developing the Lynx, a piloted, two-seat, fully reusable rocket-powered vehicle that takes off and lands horizontally. The company, backed by high-profile investors, including top Silicon Valley entrepreneurs and former venture capitalists, aims to make a short debut test flight later this year or in early 2013.

“Over the following 12-to-18 months, we will gradually expand the envelope of flight until we are performing the full mission profile,” explains the company’s Mike Masee.

The Lynx Mark I prototype vehicle is designed to achieve an altitude of 61 kilometers. “This is generally recognized, in civilian terms, as the edge of space, and 99.9999 percent of Earth’s atmosphere is below you,” Masee says.

The first production model, Lynx Mark II, will be able to reach 100

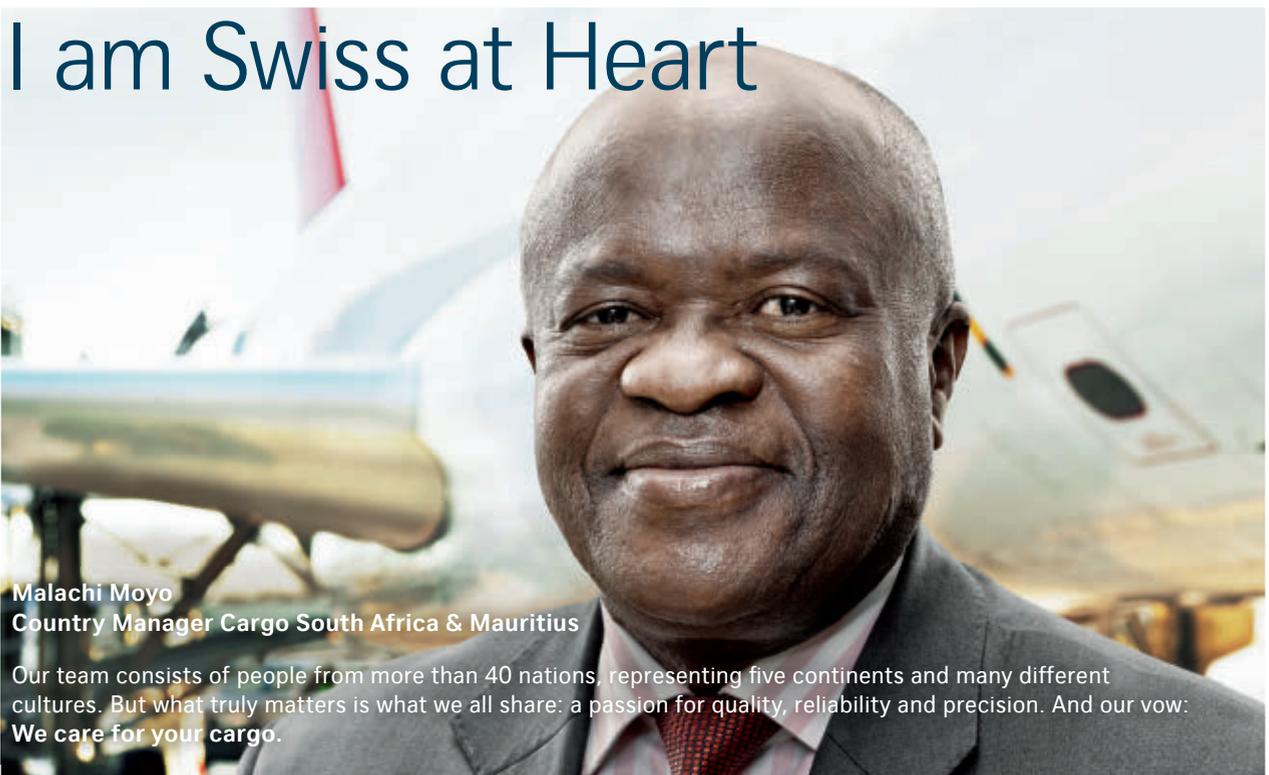


*Virgin Galactic underwent a test flight for SpaceShipTwo in a “captive carry” flight between two launch craft above Mojave. Photo: Mark Greenberg*

kilometers and will service both the suborbital tourism market and scientific/commercial markets.

Envisioned to enter service by 2015 or 2016, it will be FAA- /AST- licensed and will operate like an

## I am Swiss at Heart



**Malachi Moyo**  
Country Manager Cargo South Africa & Mauritius

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

aircraft up to four times per day. It will initially fly from Mojave Air and Space Port, in clear weather only on visual flight rules — in practice, it can operate through any licensed spaceport with a 2,400-meter runway.

The spacecraft is designed for low-cost operation, with the capability of a full turnaround in as little as two hours. The craft will also be available for wet lease. It can carry small payloads in its pressurized cabin. A later Mark III version will additionally carry an external dorsal pod with a payload capacity for experimental apparatus of 650 kilograms. The Lynx family of vehicles will offer the opportunity for research and scientific missions, private spaceflight, and micro-satellite launch.

XCOR has a \$60 million-plus backlog of orders for Lynx suborbital vehicles, flights on Lynx, and its reusable rocket engines. Its longer-term objective is a two-stage orbital system that is large enough to deliver people or payloads to the ISS or other space stations.

Virgin Galactic's SpaceShipTwo is the only crewed suborbital vehicle in flight test today; it was developed from SpaceShipOne, which in 2004 claimed the \$10 million Ansari X Prize as the world's first privately developed manned spacecraft. Vehicles now being built for Virgin Galactic by Mojave-based Scaled Composites will carry up to six customers on sub-orbital space flights from the operator's future headquarters at Spaceport America in New Mexico.

Virgin Galactic's two-vehicle system involves a mother ship, WhiteKnightTwo, carrying a suborbital spaceship, SpaceShipTwo, to an altitude of 50,000 feet before releasing it to fire its rocket engine and fly to space. The company is testing the vehicles both mated together on "captive carry" flights and on glide flights, where SpaceShipTwo is re-

leased to fly free, as will happen on commercial flights.

William Pomerantz, vice president of special projects at Virgin Galactic, says passenger seats can be removed for research flights, but the near-term ambition is to offer the research community longer periods of microgravity than it can get from current drop towers or para-

bolic flights.

NASA has so far chartered one full flight of SpaceShipTwo, with options for two additional flights. The craft is not designed to reach orbit, so it could not deliver cargo. But Pomerantz says Virgin Galactic and its founder, Sir Richard Branson, are targeting orbital flights as something for the future. **ACW**

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# 70 years An Industry in its Infancy:

## ACW's first editor reflects



At least once a day, Richard Malkin shuffles into the small study of his New York home, selects a record from one of the tall bookcases stuffed with music, and whiles away some time listening to one of his favorite composers.

At 98, his hearing has faded, but he still takes time to regularly embrace music, one of his many loves. The room itself is lined with treasures — a Pakistani stringed instrument, a framed note written by composer Clara Schumann to her babysitter, a letter penned by Napoleon's court conductor — and Malkin will freely talk about his love of the arts.

His first cousin once removed, who died half a decade ago, taught violin at Juilliard in New York City and served as concertmaster of the NBC Orchestra. In the early part of 1900, Malkin's relatives, Jacob and Joseph, started a conservatory in Boston. Malkin himself doesn't play — he briefly pursued violin as a 12 year old, and in fact, still has the instrument in his basement — and his two children, while creatively inclined, don't either.

Yes, Malkin will talk about how he spends his days surrounded by music and books or about memories of living in the shadow of Yankee Stadium, but his visitors, of which he has many, mostly want to talk about his career.

Malkin is, hands down, the most successful air cargo journalist the industry has ever known. He steered this publication through the airfreight industry's first three-and-a-half decades and subsequently worked for the 13 years at the Journal of Commerce before serving as the editor of CNS Focus. In 2005, he was elected into The International Air Cargo Association's Hall of Fame. He has a coffee table full of award statuettes given to him by thankful industry groups (and a dozen or so more tucked away, he adds). To the journalism industry, Richard Malkin is air cargo.

Malkin was born to be a journalist — not specifically one covering air cargo, but a journalist nonetheless. He spent his early years at a newspaper in Rockland County, New York, but he also had another passion.

"Ever since my youth I had wanted to be a journalist, a reporter," he says,

resting on a couch in the living room of his cozy home. "But along the way, I developed a very strong interest in literature and felt I wanted to write creatively. Very early, I started with writing short stories — fiction."

He wrote about his early life and pursuing a job with *Air Cargo World*, then known as *Air Transportation*, in 2002 anniversary issue of *Air Cargo World*, saying that he was drawn to the prospect of editing a cargo magazine because he wanted to "improve my earning capacity." As a general assignment reporter, first covering everything from obituaries to murders and then slowly moving into the political arena, he wasn't getting paid enough to cover his significant family expenses, he says.

In the 2002 article, he explains that air cargo was simply a way to buttress his bank account until he could move onto something he loved. That something was, of course, writing fictional short stories, an endeavor that won him an O. Henry Award as a runner up to Truman Capote, he says. But air cargo hooked him.



In 1949, Malkin penned six articles about the logistics behind the Berlin Airlift from his post in Germany. Visit [www.aircargoworld.com](http://www.aircargoworld.com) to read the entire series

“Passenger people will disagree with me, but almost from the beginning, I recognized air cargo as the more glamorous and romantic side of the business,” he wrote. “I spent the next six decades talking about getting out, yet never got around to doing it. Go figure.”

Malkin’s journalistic career hits all the major high notes of air cargo’s history. His first career-defining experience, one of his most thrilling while covering the industry, he says, came in the 1940s. In 1949, he traveled to Frankfurt for what was then *Air Transportation* to write a series of articles revolving around the Berlin Airlift.

He resided at a press center that was set up in the southwest German town of Wiesbaden, getting to the Frankfurt airport early in the morning and spending the day being ferried, along with supplies, to Berlin Tempelhof Airport. He remembers the scene in Berlin as a very tight operation, where planes would nearly land on top of one another.

While in Germany, he wrote not only about the massive logistical feat of the operation, but the men and women who toiled day in and day out to make sure the airlift was successful. Living in a war zone was not without danger, though — perceived or imaginary. Malkin remembers a

harrowing first return trip from Berlin to Frankfurt, when he mistakenly thought the cargo plane was being attacked by enemy forces.

“We were ferrying the planes that were empty, and we flew over the Russian zone. The Russians were sending up flares to keep us high,” he says. “When I saw those for the first time, I was scared. I thought we were going to be shot down.”

Another one of his most cherished memories, and the time he had a major impact on the health of an airport, was his direct contact with Brendan O’Regan, then-chairman of the Shannon Free Airport Development Co. in Ireland.

In 1957, Malkin wrote about Shannon Airport, showing how the Irish airport would be a perfect destination for businesses. He came upon the idea to promote development at the airport when, en route to Frankfurt, his plane stopped to refuel. Fog rolled in, and was forced to spend two days in Shannon, looking at all the development space around the airport.

This was on the cusp of the jet age. In a very short period of time, planes would no longer have to stop at Shannon to refuel, and the airport was in grave danger of no longer being relevant to the industry. His articles did the trick. Twenty one years after the fact, Malkin was recognized as a savior of Shannon Airport and was elected an Honorary Fellow of the Irish International Freight Association. The airport also presented him with an award to recognize his contribution. (To read a 1962 story Malkin wrote about the airport, "Shannon Revisited," go to [www.aircargoworld.com](http://www.aircargoworld.com).)

While the air cargo industry waits

**"Passenger people will disagree with me, but from the beginning, I recognized air cargo as the more glamorous and romantic side of the business."**

**— Richard Malkin**

for the next breakthrough — which could very well be space-cargo transport — Malkin recalls the time he was hearing about a different kind of breakthrough. When Boeing announced that a jet aircraft was forthcoming — the same innovation that threatened the health of Shannon Airport — the industry was abuzz with the term. He said airplane advertise-

ments were plastered with the word "breakthrough," but in the end, the introduction of jet aircraft wasn't really the innovation air cargo needed.

"They didn't have to solve any problems with speed," he says. "The problems were in the handling of the freight economically and safely."

Malkin has also seen airplane designs come and go and come again. He used to receive numerous press releases from Boeing and Airbus trumpeting their latest designs and the very latest in cargo transportation. He says that progress is important, but that shippers and other users don't really care about all these bells and whistles. In the early days, he says, cargo salesmen didn't understand that. When the industry was in its infancy, salesmen would tell shippers or forwarders about the beauty of each aircraft, Malkin remembers.

"The shipper ... and the forwarder who deals directly with him, they couldn't care less about what kind of airplane is flying," he says. "You could



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fly it on a goose's wings, so long as it gets there in time, safely. That's all they cared about."

Of course, Malkin still has his thoughts about the current state of air cargo. He remembers the days of the Civil Aeronautics Board, and he refers to that period of air cargo regulation without much fondness. Frankly, he thinks they overregulated the indus-

try and handcuffed airlines and forwarders with needless rules. He adds, though, that total deregulation is not the answer and that there needs to be "a cop on the block." Malkin knows that under-the-table deals have been part of the industry for decades and may even still exist today. Regulations are also needed to ensure safety and a level playing field.

"While most of the industry complained about the CAB and felt that it restricted competition because of its numerous regulations," he says, "my private feeling was that although I felt the industry was overregulated, it nevertheless required enough regulations to keep it honest and orderly."

Malkin also can't help but look back and chuckle at how air cargo officials thought about the industry in those early years. Everyone was so convinced that airfreight would easily eclipse ground transportation; airline executives were almost tickled by the prospect and were betting on how many years such a feat would take. Back then, Malkin asked a number of industry bigwigs, and the most conservative estimate was that air cargo would transport more volume than ground in 25 years. This was in the 1950s. One executive, Malkin says, was smart enough to see the question for what it was.

"John Emery, he said, 'Do you know how many airports we would need in order to have airborne freight reach the level of surface-borne freight?'" Malkin recalls. "In a few years, we became smart enough not to ask that stupid question."

Though Malkin entered the industry hoping to simply make more money, and he continually looked for a way out, Malkin is the epitome of air cargo journalism. Whether he wanted it or not, his name is now inextricably tied to airfreight, and he will forever be known as a great crusader for the industry.

"I have never ceased finding the industry fascinating, but not nearly to the extent that I felt during its earliest, formative years, when everything was new," he says. "Almost everything was a test case — can we do this, or can we not? can we get away with this? — so there was a new wonder every day."

Malkin, from his small house in New York, still checks up on the industry, and when the next wonder comes around, he'll be there to write about it. **ACW**



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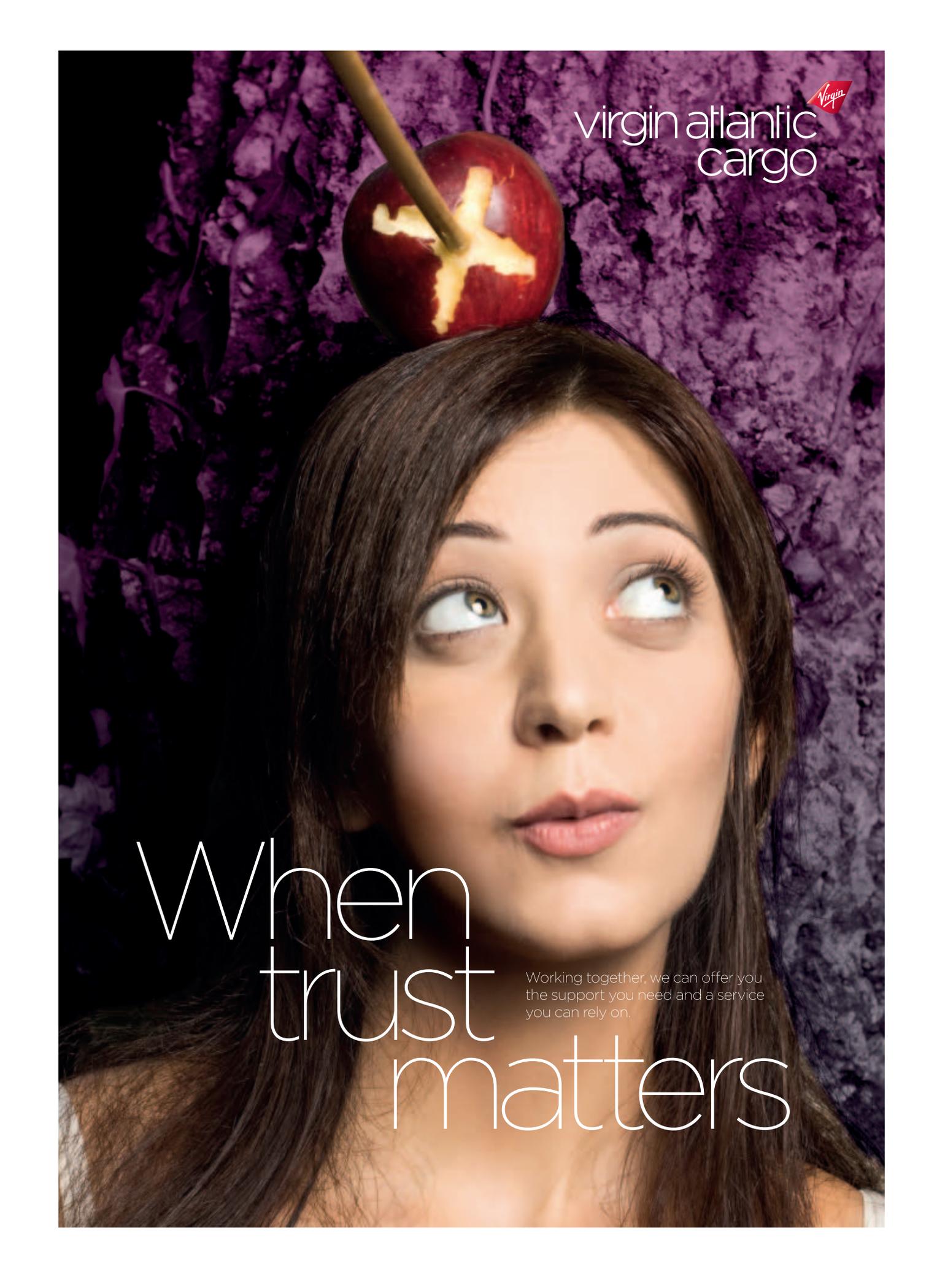
With a network of over 150 destinations in 50 countries, spanning across 5 continents, Air Canada Cargo makes shipping world-wide easier than ever before. Extended coverage through our interline partners and road feeder network means you can now ship to more places with complete piece of mind knowing that Air Canada Cargo will get your goods there on time and on budget.

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Working together, we can offer you  
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# 70 years

## Seven thrilling decades

### 1942

- *Air Transportation* magazine is launched in New York.
- American Airlines introduces the first U.S. transcontinental all-cargo air service with DC-3 freighters.

### 1943

- A DC-3 takes off from New York en route to San Francisco in October, inaugurating United Airlines' Cargolines transcontinental service.

### 1944

- On December 7, in the midst of World War II, transport regulators from major allied nations meet in Chicago to establish a worldwide system of aviation treaties that govern international air service and create the International Civil Aviation Organization to coordinate airline regulatory issues.

### 1945

- In May, as the end of World War II nears, Lufthansa ceases operations and is liquidated.
- In June, 11 volunteers of the 14th Air Force, American Volunteers Group and China Air Task under Gen. Claire Chennault, known as the Flying Tigers, form a freight airline in Long Beach, Calif. Called Flying Tiger Line, the operation becomes a dominant transpacific freight carrier for four decades.

- At a conference in Havana, 57 airlines form the International Air Transport Association. IATA establishes cooperation be-

tween airlines on billing and services, including the Cargo Accounts Settlement System, which clears forwarder payments to air carriers, sets standards for interline agreement, and registers air forwarders.

### 1946

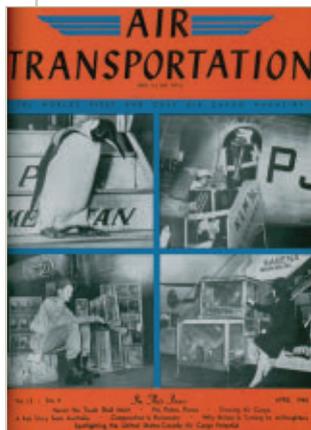
- John Emery founds Emery Air Freight in New York. Emery operates for two years with a fleet of two Ford station wagons while airlines fight Emery's application for the first common air carrier license.
- The Airborne Flower Traffic Association of California is founded to fly fresh flowers from Hawaii to the mainland U.S.
- Peter Abeles creates TNT in Sydney.
- In September, American Roy Farrell teams up with Australian Sydney de Kantzow on a small but widely profitable air cargo business based in Shanghai. They would later move the business to Hong Kong, where it becomes Cathay Pacific.

### 1947

- In January, a civil aviation agreement is signed by the U.S. and China, under which airlines of each nation will receive reciprocal landing rights and transit rights in the other's territory. Pan American, Trans World and Northwest will operate in China.
- American Airlines President Ralph Damon says the carrier's greatest potential area of expansion is "the field of common-carrier air cargo operation."

### 1948

- Pan Am predicts that within a decade, air cargo revenues will equal those from air passengers.
- In June, the U.S., Great Britain and France begin the 15-month Berlin Airlift to break the Soviet Union's blockage





# of air cargo



of Germany's capital. The steady supply of food, medicine, clothing and other staples flowing into Berlin's Tempelhof Airport stops the advance of the Soviet bloc in Eastern Europe, sets the boundaries of the Cold War, and awakens the world to the use of air power to deliver a steady stream of goods. Visit [aircargoworld.com/airlift](http://aircargoworld.com/airlift) to read ACW's coverage of the events.

- The Civil Aeronautics Board sets up a new category of "indirect air carriers" with a common carriage license to Emery Air Freight.
- Brothers Arthur and Ray Norden establish Seaboard World Airlines and start flying DC-3 and DC-6 freighters along the East Coast of the U.S.
- In July, the New York International Airport begins operations on the site of the former Idlewild Golf Course in the outskirts of New York City.

## 1949

- In July, de Havilland of Great Britain puts the first jet airliner, the Comet, into the air. BOAC flies the jet in commercial service three years later, but two accidents involving metal fatigue allow Boeing to catch up with its first jet.

## 1950

- The Flying Tigers inaugurates worldwide air cargo service on a daily basis from Philadelphia International Airport.

## 1951

- In October, Japan Airlines takes flight with three Martin 202s and flight crews leased from Northwest Airlines.

## 1952

- The Air Express division of Railway Express Agency marks its 25th anniversary of flying airmail and air express on regular schedules.

## 1953

- United Parcel Service launches "Blue Label Air," a two-day delivery using commercial airlines.
- Twelve certified airfreight forwarders, which are said to handle the majority of air cargo volumes in the U.S., form the Air Freight Forwarders Association.
- Slick Airways President Thomas Grace predicts that by 2003, "airfreight rates will be approximately one-third of what they are today in terms of today's dollar. Airfreight may be cheaper than motor freight."



## 1954

- The Civil Aeronautics Board approves the proposed merger of two pioneer all-cargo carriers, Flying Tiger Line and Slick Airways, with the new entity known as Flying Tiger-Slick Airlines.
- A new five-year agreement is signed by the Railway Express Agency and 30 domestic, scheduled air carriers and contains one important change, which involves revenue apportionment between REA and the airlines.

- Flying Tiger Line and Slick Airways file a joint petition with the CAB to terminate their union nine months after the board approved it. The two all-cargo carriers say a merger is impossible because termination compensation to pilots and other employees provided for in the deal is beyond their financial scope.

## 1955

- A decision regarded as favorable to the airfreight forwarding industry is issued by CAB examiner Paul Pfeiffer in the Air Freight Forwarder Investigation, when he recommends that they be permitted to continue operations "indefinitely" despite the "poor financial showing of many of the forwarders." He points out that the most important factor is the acceptance of forwarders' services by the shipping public in the amount of almost 30,000 tonnes in 1953, an increase over previous years.
- Lufthansa forms anew and makes Hamburg-New York its first resumed commercial service.
- Twenty-five minutes after Parke-Davis & Co. signs its license, it starts shipments of the now-historic Salk polio vaccine via Emery Air Freight, with shipments destined for 19 cities cost-to-coast delivered in 14 hours.
- IATA establishes dangerous goods regulations that allow thousands of goods once banned from aircraft to be shipped by air.
- Richard Malkin, executive editor of *Air Transportation*, publishes his book on the history of air cargo, "Boxcars in the Sky."

## 1956

- British independent carrier Airwork Limited suspends trans-Atlantic airfreight service because its North American cargo division was unable to forecast operations at a profit or break-even point. The withdrawal left Seaboard & Western as the only all-cargo airline on this important international route.
- Dutch airline KLM is the first foreign carrier to purchase American commercial jets with an order for eight DC-8s with costs exceeding \$50 million.
- Reputed to be the biggest and most modern facility of its kind in the world, the new \$5.5 million International Air Cargo Center at New York International Airport (Idlewild) is formally dedicated. Located on an 80-acre site, the five cargo structures have a combined floor area of 309,000 square feet.

## 1957

- Private investors take over a financially ailing Seaboard, installing Richard Jackson as chief executive. With New York as a base, he guides Seaboard into a dominant position in trans-Atlantic all-cargo transport.
- The CAB recommends denial of Railway Express Agency's applications for authority to act as an international airfreight forwarder, pointing out that REA monopolizes both domestic rail and air express traffic.

## 1958

- President Eisenhower selects a 5,000-acre site in Chantilly, Va., outside of Washington, D.C., for the U.S. capital's second airport, a \$50 million project. The plan is to put the airport in operation by 1960.
- Slick Airways suspends all commercial flights, saying it was forced by the government's failure to give all-cargo carriers "the same permanency of operating rights and quality of treatment enjoyed by the subsidized airlines."
- In May, Douglas Aircraft flies the first DC-8, a four-engine, narrow-body plane.



- In August, Boeing's 707 enters successful service with Pan Am.
- The CAB denies the Railway Express Agency's request for authorization to perform international airfreight forwarding services.
- The U.S. Federal Aviation Agency is established to oversee safety issues and run the U.S. air traffic control system.

## 1959

- Organization of the airfreight industry is in the offing, according to James Hoffa, head of the Teamsters Union. In July, a national committee is formed to work out a campaign to that end. Hoffa expects that by 1960, the airfreight industry is going to mushroom into expansion.

## 1960

- The Society of Automotive Engineers forms a committee, the International Air Cargo Forum, representing air cargo carriers and forwarders.
- Contracts with United Air Lines and Trans-Texas Airways bring the Railway Express Agency into the airfreight business.

## 1961

- "It's too early to predict the result of the new Atlantic cargo rating, which went into effect only last month, but everyone now regards it as sensible and a bold venture into the future," IATA Director General Sir William P. Hildred says. "It is a recognition that cargo can no longer be considered merely a byproduct of

passenger operations, but must stand on its own as a service to the public and as a breadwinner for the airlines.”

## 1962

- The Port of New York Authority, anticipating a mounting volume of air cargo, announces plans to nearly double existing cargo facilities at New York International Airport to 590,000 square feet.
- Pan American World Airlines places an order for two 707-321C cargo jets, marking the first cargo jet order in the U.S.

## 1963

- U.S. Postmaster General J. Edward Day promises that the post office department will begin a gradual expansion of its use of air for the movement of regular letter mail.
- A full-blown investigation and possibly antitrust action could result from the “white paper” filed with the CAB by U.S. domestic cargo airlines. In a white paper filed by Flying Tigers, Riddle and Slick, the U.S. cargo airlines charge that the big four — American, Eastern, Trans World and United Airlines — are “committed to a program entailing large and increasing losses in the operation of all-cargo aircraft. The all-cargo carriers cannot long survive in the face of such uneconomic and destructive practices.”

## 1964

- REA Express sets out to establish a nationwide, small shipments data transmission, machine processing and computerization program. It is slated for completion by 1967.

## 1965

- Airborne Freight Corp. Vice President George Ryan strongly recommends that high standards be established for forwarder certification, to “eliminate the fly-by-night operators who routinely enter and leave ... possibly through bankruptcy, usually after severe damage has been sustained by the shippers and the public with whom they deal.”

## 1966

- U.S. President Lyndon Johnson selects Alan Boyd as the first secretary of the new Department of Transportation.
- In December, Aeroports de Paris breaks ground on Paris North, later renamed Charles de Gaulle Airport.

## 1967

- Samuel Mosher, chairman of the board of the Flying Tiger Line since 1945, announces his resignation. Mosher says his decision to vacate the position centered on his disagreement with certain new policies and personnel at the airline.
- Despite the best protests that could be mustered by airfreight forwarders and



**A**irborne Global Solutions, Inc. specializes in providing operating and leasing solutions utilizing cost-efficient medium wide-body freighter aircraft. Our bundled service solutions minimize the customer’s up-front capital investment while accomplishing their strategic objectives. We work extensively with the customer scheduling team to evaluate market needs and develop the best solution based on service, cost, and market requirements.

Our heritage dates back to 1980, when Airborne Freight Corporation (AFC) acquired Midwest Air Charter, a regional cargo operation. Operating as Airborne Express, AFC quickly became the third-largest express freight company in the United States, providing reliable service to millions of customers. In 2003, DHL Worldwide Express acquired AFC with the exception of its airline, aircraft maintenance, and facility management operations. Those key functions were restructured as an independent public company that evolved into Air Transport Services Group, Inc. (ATSG). In subsequent years, ATSG diversified its holdings with the acquisition of two additional cargo airlines and an aircraft leasing company.

Airborne Global Solutions, a subsidiary of ATSG, was formed in 2010 to leverage the entire ATSG portfolio and other solution partners to develop bundled, turn-key cargo airline solutions that are flexible, customized and built on decades of experience in global cargo airline operations. Our combination of assets and expertise produces leveraged cost savings, reliable service, and unmatched speed-to-market capability to enhance the competitive position of those we serve.

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or call us at 937.366.2216*

airlines, the CAB decides by a 4-1 vote to let some long-haul truckers enter the airfreight forwarding business.

## 1968

- In February, Boeing launches the four-engine 747, the first wide-body aircraft. It is quickly matched by Lockheed's L-1011 and the Douglas DC-10. The 747 triggers an upheaval in

air cargo: With a belly capable of matching the capacity of a DC-8 freighter, the 747 gives carriers the ability to transport full pallets in the cargo hold, pitting passenger planes directly against freighters for the first time in bidding for industrial freight.

- Airborne of California and Pacific Air Freight of Seattle merge to



form the Airborne Freight Corp., later known as Airborne Express.

## 1969

- In March, a British-French consortium stages the first flight of the supersonic Concorde.
- Adrian Dalsey, Larry Hillblom and Robert Lynn start ferrying ocean bills of lading from San Francisco under a courier service they call DHL. The maritime business provides the foundation for a door-to-door express business, DHL Worldwide Express.
- The CAB announces that it will suspend and investigate the Railway Express Agency (and participating air carriers) due to its proposed revised air express rate structure, which "appears excessive and may have a significant affect on shippers."

## 1970

- Aerospace companies in England, France, Spain and West Germany form the Airbus Industrie aircraft-manufacturing consortium.
- In August, Douglas' DC-10 three-engine wide-body makes its first flight.
- In September, Luxair, Loftleidir Icelandic and the Salen Shipping Co. form Cargolux, an all-cargo operator that flies a CL-44 freighter with 24 tonnes of capacity between Luxembourg and Hong Kong.
- *Air Transportation* changes its name to *Cargo AirLift*. With the new name comes an expanded staff.



**F**ounded in 1973 in the UK by Chris Chapman and Mike Freeborn, the company was originally established to market Alaska International Air's fleet of Hercules freighters. At its peak, Alaska International Air operated five aircraft, but with business faltering in the local oil and gas industry new revenue streams were urgently required.

Chapman Freeborn successfully swapped snow boots for sun hats by using the Alaskan aircraft for ad-hoc charters and longer term contracts in Africa and, later, across the globe.

Mike Freeborn stepped back from an active role in the company in 1978 but Chris Chapman remains group chairman to this day and has seen the business soar skywards.

Chapman Freeborn America was established in Atlanta, Georgia in 1996. In 2005, the company moved its US headquarters to Fort Lauderdale, Florida.

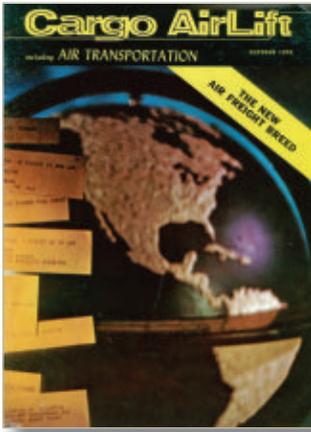
In 2010, Gavin-Jon Deeks was appointed as President of Chapman Freeborn USA. Since then, Chapman Freeborn has expanded its operations by opening offices in Houston, Detroit, Reston and its new office in Atlanta. As part of the Americas strategy to cover the region for all aircraft charter requests, offices in Toronto Canada and Sao Paulo Brazil will help cover the entire hemisphere.



Today the company has 35 offices in 25 countries across six continents and coordinated more than 6,000 cargo and passenger charters last year, in addition to aircraft lease contracts.

Chapman Freeborn has also been voted Air Cargo Charter Broker of the Year 2007/08/09/10/11.

Furthermore, the company's charter work has generated two successful subsidiaries, Air Dispatch International and Wings 24, providing outsourced airline representation and flight operation services respectively.



## 1971

- Frederick W. Smith creates Federal Express in hopes of winning U.S. Federal Reserve contracts to carry checks between banks. He fails to get the contract, however, and draws up a new business plan.

## 1972

- In July, Lufthansa takes delivery of the first 747-200 freighter off the production line, giving commercial air cargo operators their first nose-loading aircraft capable of carrying industrial pallets.
- In October, Airbus puts its first plane in the air, the A300.

## 1973

- In April, using a hub-and-spoke system founder Fred Smith described in a college paper, Smith's Federal Express begins offering overnight document and package delivery by flying 14 Falcon jets to 25 U.S. cities in and out of Memphis International Airport in the middle of the night. On the first night of business, the planes carry 186 small packages.
- Panalpina, a forwarder formed in the late 19th century, creates its Air Sea Broker unit to coordinate air charters and space purchasing for ocean transport.
- Flying Tiger Line turns to Boeing 747s, spending \$8 million for a 747-100 and \$16 million to convert the plane into a freighter.

## 1974

- In April, BOAC and British European Airways merge into British Airways.
- Also in April, REA Express is faced with an order to phase out its air express operations by June 5. REA Express is ultimately given until August 1 to convert its domestic air forwarding

business and get out of air express. REA argues that if the Second Court of Appeals in New York, which is reviewing the CAB's order, is unable to arrive at a decision by August 1, "irreversible damage to the public interest" will result. REA then informs the CAB that it is not interested in becoming an airfreight forwarder.



## Air Charter Service

# ACS

## A company history

One of today's leading global aircraft charter specialists, Air Charter Service, had rather humble beginnings when it started up back in 1990. Chairman and Founder, Chris Leach, worked from his basement with only a telephone and a fax machine to arrange a few large contracts with clients such as the UN. His lodger, Justin Bowman, helped out with paperwork and flight repping. [Bowman is now Group Commercial Director.]



In 1995 ACS opened up a small Russian office in Moscow to aid the tobacco industry flights that were hard to ignore. The company took on a managed fleet of cargo aircraft in the late 1990s which, at its peak, consisted of seven cargo planes. Over the years aircraft that were wet-leased included a DC-10, a B707, an IL-76, an AN-12, an AN-26, an AN-74 and a Saab340.

Upon opening its passenger department, the company began to grow apace. Leach set out a distinct business plan to set up regional offices to better serve worldwide clients locally, identifying North America [New York], The Middle East [Dubai] and Asia [Hong Kong] as the priorities. Since then offices

have been opened in Africa and South America as well, plus further expansions of the operations in North America, Europe and Asia.

The company now employs more than 250 people and arranges 6,000 charters a year across its 16 global offices. There are firm plans for more operations to be opened later this year and for the company to be operational on all continents by the end of 2013.

## 1975

- REA Express files a petition for voluntary bankruptcy and a November 10 liquidation.

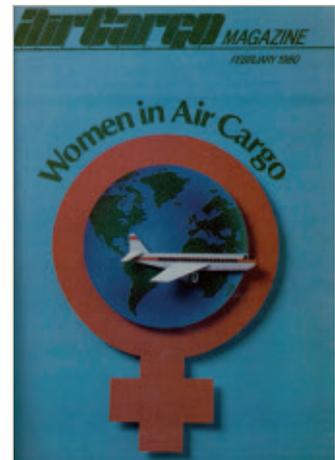
## 1976

- Federal Express founder Fred Smith takes a hefty swipe at the CAB's economic regulations, which he feels have "impeded all-cargo air service."

- In October, *Cargo AirLift* becomes *AirCargo*. The change marks the publication's 35th anniversary.

## 1977

- In November, at the urging of cargo carriers, the CAB deregulates the air cargo industry in the U.S. The action saves a financially ailing Federal Express, allowing the company to target its chosen



aircraft to markets that fulfill ambitious service claims that come at premium prices.

- A landmark decision by the CAB affirms once and for all the right of air-freight forwarders to charter aircraft from scheduled and supplemental carriers on a regular, as well as occasional, basis. The board also lifts its restrictions on international forwarder charters, and finally, upholds the right of forwarders to joint-load on all domestic and international flights.

## 1978

- In October, U.S. President Jimmy Carter signs the Airline Deregulation Act, extending airline deregulation to the passenger industry in a four-year phase-out of route and rate restrictions. With regulatory barriers to entry lowered, new carriers enter the American market, forcing U.S. airlines to compete directly without government-set prices and triggering deregulation moves in other countries.
- Cargolux orders its first Boeing 747-200 freighter.
- Dick Malkin produces his final issue of *AirCargo* after overseeing the magazine for more than 35 years.

## 1979

- Flying Tigers buys Seaboard, uniting the Tigers' trans-Pacific strength with Seaboard's Atlantic strength.
- Management consultants A.T. Kearney Inc. forecast that passenger carriers will be significantly lessening their commitments to airfreight.

virgin atlantic  
cargo

Virgin Atlantic Cargo is built on a passion for outstanding service and great value, based on the entrepreneurial spirit of its founder, Sir Richard Branson.

**B**ack in the early 1980s, Sir Richard Branson was probably best known for Virgin Records - the legendary record label that signed major names like the Rolling Stones, Janet Jackson and The Human League. In 1984, much to the horror of his directors, Richard announced to the world that a high quality, value for money airline would



begin operating within three months - and it did! Since day one, cargo has been a highly respected and valuable contributor to the growth of Virgin Atlantic. Sir Richard has even gone on record to recognise the critical financial role cargo played during the airlines early days and that continues to this day.

Ever since the airline's first commercial flight between London Gatwick and Newark, Virgin Atlantic Cargo's goal has always been to give their customers another choice, built on service reliability as well as taking great pride in proactive working relationships with its customers. In the past decade, its commitment to being the best, as opposed to the biggest, has earned Virgin Atlantic Cargo 12 international 'Cargo Airline of the Year' awards.

Today, Virgin Atlantic Cargo's growing network expands to more than 350 destinations worldwide, supported by global interline and trucking partners. Its successful partnership with Virgin Australia has further extended its coverage to the southern hemisphere while Virgin Atlantic itself has re-introduced its service to Chicago and launched new routes to Cancun and Vancouver in the first half of 2012 and will add Mumbai to its network in October.

At Virgin Atlantic Cargo, they would like to congratulate Air Cargo World on 70 years of honest and thoughtful reporting of leading air cargo industry news, reviews and analysis and for its promotion of this great industry we are both proud to serve.

- Facing an array of growing freight-only operations made possible by airline deregulation, American passenger carriers begin gradually dropping freighters from their fleets, ceding a large portion of the cargo business to all-cargo carriers. It's a trend that gains momentum until 1982.

## 1980

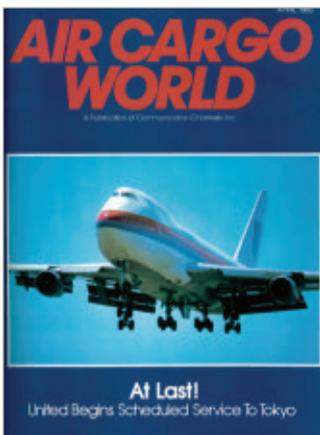
- The U.S. Federal Aviation Administration, through an emergency regulation, orders all indirect air carriers holding U.S. citizenship to prepare and implement a security program "to combat an immediate threat to safety in air commerce" from unauthorized explosives and incendiary devices concealed in package cargo.
- Purolator Courier, an armored car delivery service of high-valued goods, starts overnight air express operations in Indianapolis.

## 1981

- In October, UPS starts its first air operations with three ex-Braniff Airlines convertible 727 freighters flying between Portland, Ore.; Chicago-Midway; and Worcester, Mass.

## 1982

- In April, Airbus launches its second aircraft, the A310.



## 1983

- Communications Channels Inc. of Atlanta assumes ownership of what was formerly *AirCargo*, and is now *Air Cargo World*.

## 1984

- British entrepreneur Richard Branson creates Virgin Atlantic Airways.
- Federal Express extends its U.S. express service internationally with service to Europe and Asia.

## 1985

- The CAB shuts down.

- The United Arab Emirates forms its own airline, Emirates.
- Frustrated by competition and the lack of common-carriage freight capacity, forwarder Burlington Northern Air Freight begins flying 13 freighters around the U.S.
- Emery Air Freight acquires Purolator Courier.



Atlas Air Worldwide is the parent company of Atlas Air, Inc., Polar Air Cargo Worldwide, Inc., and Titan Aviation Leasing.

We are known as the world leader in ACMI and CMI outsourcing solutions and are one of the foremost global providers in value-added global cargo charter operations. Additionally, we have extended our innovative services to the passenger charter market, operating both VIP and high-density flights for customers around the world.



Our story began in 1992, when our founder, the late Michael Chowdry, observed that there was a demand for flexible leasing solutions in the freighter market, as the limited number of high-gross-weight, long-haul freighters were all fully utilized. His solution--leasing freighter aircraft to other airlines on an Aircraft, Crew, Maintenance and Insurance (ACMI) basis--transformed an industry. Today, our ACMI, CMI and charter service solutions enable our customers to effectively expand their capacity and operations, and capitalize on strategic growth opportunities.

As we proudly celebrate our 20th year, we continue to grow our business by expanding our fleet of 747-8Fs, adding the 767 gauge aircraft to our certificate and continuing to provide efficient, reliable, long-haul cargo service. With these solid investments in our future, we are positioned to prosper in any economic environment and to navigate growth ahead.

**Find out how we can help your business**

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 Asia Pacific • Graham Perkins • +852.3403.1822

- Crippled by new competition, Pan Am begins to dissolve its vast international network by selling its Pacific division to United Airlines.
- DHL sets up a hub for intra-Europe express traffic in Brussels.

## 1986

- General Motors marks a new trend

in the air cargo industry by becoming the first major automotive firm to rely solely on airfreight to execute a multinational sourcing and distribution operation.

- UPS sets up its Louisville, Ky., hub using contracted air services.
- Burlington Northern Air Freight joins the ranks of integrated forwarders

with the launch of its Ft. Wayne, Ind.-based hub-and-spoke operation, which represents an investment of \$100 million in aircraft and hub-development costs.

- Federal Express cancels its Zapmail service, as well as plans to sell and rent facsimile equipment. Cancellation of the company's electronic document programs will result in a pretax write-off of about \$340 million.

## 1987

- Burlington Air Express' Larry Scheevel predicts that airfreight forwarders will see significant changes in the near future. "Within the next few years, there is going to be a series of mergers, acquisitions, buyouts, bankruptcies, and just plain disappearances of companies that will be unprecedented in air cargo," he says.

## 1988

- UPS creates its own airline.

## 1989

- Bathing in losses from its Purolator purchase, Emery Worldwide is rescued in a purchase by trucker Consolidated Freightways on April 3.
- In July, KLM takes a 20-percent stake in Northwest Airlines, triggering an era of extensive global airline alliances.
- On August 7, Federal Express buys the Flying Tiger Line for more than \$850 million, the largest purchase in air cargo history. Looking for international expansion, the express carrier gets the freight airline's extensive route authority, its fleet and its roster of unionized pilots.

## 1990

- McDonnell Douglas launches its MD-11 follow-on to the DC-10 with launch customer Delta Air Lines.
- Air Foyle of Luton, England, signs a five-year aircraft operations management agreement with Antonov Design Bureau and begins operating one of Antonov's An-124 Ruslan aircraft as part of its own fleet.



Headquartered in Columbus, OH, AirNet Cargo Charter Services is a leading small package express cargo airline that services a wide range of industries that require speed, reliability, flexibility, and security in the transportation of high-priority shipments.

The company was founded in 1974 and operates a fleet of more than 130 aircraft that conduct almost 200 scheduled and on-demand flights per night throughout North America. We are one of the largest specialized air cargo airlines in the nation and the largest commercial operator of Cessna aircraft in the world.

We offer a wide array of time-critical transportation services, including:

Scheduled or On-Demand Cargo Charters: We can provide the appropriate aircraft for service to any location at any time. AirNet's aircraft are strategically positioned throughout the US to offer quick response times – within two hours.



Scheduled Package Delivery (SPD): Scheduled regional air transportation solutions utilizing our fleet of Cessna 210 aircraft. The Cessna 210 provides fast, economical transportation routes ranging from 200-400 miles. It is ideal for congested markets where traffic delays impede timely delivery.

AirNet Express (ANX): ANX is an overnight small package shipping service utilizing our fleet of aircraft. AirNet's flight schedule allows for the latest departures and earliest arrivals in the industry.

AirNet's extensive air network provides the most secure and persistent chain of custody of any air cargo carrier in the business. Our on-time performance record is second to none, averaging 99.2%. Our customers can depend on the on-time arrival of their urgent shipments every time.

## 1991

- Struggling with losses in its TNT Express Worldwide operation, Australia's TNT sets up a joint venture with four European post offices and Canada Post to operate the express business.
- Pan American World Airways folds.
- Airbus gets its first large freighter order: 60 A300-600 jets ordered by Federal Express.
- The collapse of the Soviet Union puts a fleet of massive military-build freighters onto the commercial market, creating a new business of outsize air cargo transport.
- Airbus launches the four-engine A340 in October, taking aim at Boeing's jumbos.
- After winning antitrust immunity, Northwest Airlines and KLM begin offering joint service.

## 1992

- Lufthansa's Wilhelm Althen admits that the carrier's move to start a freight network is a reaction to the competition from integrated carriers.
- The International Air Cargo Forum is reorganized outside the SAE as The International Air Cargo Association.
- Federal Express sends software on computer disks to thousands of customers, allowing them to track shipments from their own workstations.
- Michael Chowdry, extending a corporate trend toward outsourcing, creates Atlas Air, an airline dedicated to leasing 747-200 freighters to airlines under long-term contracts.

## 1993

- Boeing launches the 747-400 freighter on March 8, boasting a record 129-tonne payload. A depressed market prevents Air France from accepting its order for the world's largest commercial all-cargo plane, so it's parked in storage until Cargolux takes the aircraft.
- TNT Express Worldwide launches the first intra-Asia dedicated air express network.

- Former employees of Flying Tigers form Polar Air Cargo and use an arrangement with Polaris Air Leasing to essentially recreate Tigers' 747 freighter network.

## 1994

- In September, Airbus launches the A300-600ST Super Transporter, a freighter for outsize cargo.

## 1995

- On January 1, Lufthansa sets up its cargo division as a separate company, Lufthansa Cargo.
- The World Trade Organization is created in Geneva, setting up a new forum for liberalized trade.



Boeing

In 1916 William Boeing founded the Boeing Company and in the same year launched his first airplane from the shores of Lake Union in Seattle.

It was the realization of one man's dream to build a better flying machine but Bill Boeing had a greater vision, a world served by the airplane. He envisioned the great benefit of using the airplane to defend freedom as well as a means of travel for both business and pleasure and a way to quickly and safely transport mail and freight.



For almost 100 years The Boeing Company has followed that vision and created a legacy of making the dream of flight a reality. From the early days of Boeing planes flying mail and passengers from town to town, to the dawn of the jet age and world's first successful commercial jet; the 707 carrying passengers and freight across continents and oceans faster than it had ever been carried, to the best-selling 737

and on to today's efficient 747, 767, 777 and 787s flying passengers and freight anywhere in the world in a matter of hours.

Boeing commercial airplanes have changed our world by making flight accessible to everyone and enabling shipping goods anywhere at any time. Whether flying vital medicines in time to save lives or shipping fresh fruit and vegetables to countries locked in winter or ensuring that newly picked flowers from South America arrive fresh and in time for Valentine's Day, Boeing planes continue to improve the lives of everyone.



BOEING

## 1996

- TNT Express Worldwide is sold to KPN, a Dutch organization that includes the Dutch postal authority, in December. The delivery businesses are united as TNT Post Group.

## 1997

- Max Gruenhat merges with 99-year-

old Harper Robinson and 36-year-old Circle Airfreight to form forwarder Circle International.

- An American investor group buys financially ailing British forwarder LEP International and its American operation, LEP Profit, and combines them with other purchasers as GeoLogistics.
- Stung by criticism of airfreight services, large airlines and forwarders form Car-

go 2000, a consortium aimed at coordinating technological improvements.

## 1998

- Kitty Hawk, a Dallas-based aircraft leasing company, buys a faltering American International group of airline companies, becoming the largest dedicated cargo carrier in the world outside of the integrated express airlines.
- Hong Kong closes down its legendary Kai Tak International and moves its aviation community to a new Hong Kong International Airport, launching a new era of airport expansion across Asia, even as HKIA debuts under chaos and confusion that initially chases airlines to other gateways.

## 1999

- In March, Germany's post office, Deutsche Post, completes the purchase of Danzas, the 184-year-old Swiss forwarder, tearing down barriers between the postal world and commercial freight transport.
- China Southern Airlines starts using leased 747-400 freighters to expand international cargo operations, dramatically raising China's profile in global air trade as the nation prepares for entry into the World Trade Organization.
- In November, UPS raises \$5.47 billion in its initial public stock offering, the largest IPO in U.S. history.
- In November, Deutsche Post announces the purchase of AEI, the largest U.S.-based air forwarder. The combination with Danzas triggers expectations of massive consolidation in the logistics industry.
- In December, Airbus says it will offer airlines a "super-jumbo" A380, which some carriers want launched as a freighter.

## 2000

- In August, Eagle Global Logistics acquires Circle International, combining two of the largest U.S. forwarders into one.
- In December, Airbus announces plans for an A380 freighter.



**F**rom our first day of service, the Leaders of Southwest Airlines® would say "We are in the Customer Service business; we just happen to fly airplanes." And, throughout our history in the air cargo industry, our Employees remain committed to providing Relentlessly Reliable® service across our system.

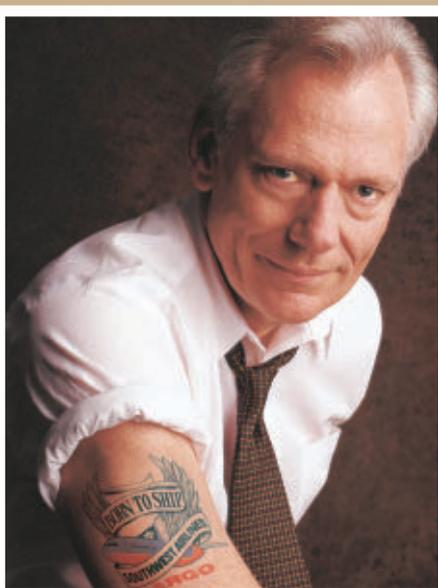
Southwest Airlines began transporting air cargo a year or two after our first plane took flight in 1971 and, until 1990, the only cargo product we offered Customers was a small package counter-to-counter service called RUSH (Receives Urgent & Special Handling). Over the

years, our service options expanded to include our same day service option, Next Flight Guaranteed (NFG); our space available service FREIGHT; and our still popular RUSH Priority Freight service. To enhance the Customer Experience, we have grown our network from the original three cities to our current extensive network of 72 cities in 38 states.

Our historic slogan of "Born to Ship," truly embodies how our Employees feel about our Company and the exemplary Customer Service we provide to our Customers. And, just as our business has evolved over the years, so has our slogan. We still have "Born to Ship" imprinted on our hearts but, with today's challenges, our battle cry has become a statement that no one can argue—

**"We Get Ship Done."**

It is just as true today as it was in the beginning: we are committed to providing the most reliable shipping options and best Customer Service in the industry.



How Committed Is Our President To Your Shipping?  
Let's Just Say It's Something He Lives With Every Day.

1994 Southwest Airlines Cargo® Ad

### Contact

Telephone: (800) 533-1222

E-mail: [swacargo@wnco.com](mailto:swacargo@wnco.com)

## 2001

- On September 11, 19 Islamic extremists simultaneously hijack four commercial jets and crash two into New York's World Trade Center Twin Towers and one into the Pentagon, murdering more than 3,000 people. American airspace is closed for three days, beginning a period of dramatically heightened security and deep economic peril for American air carriers.
- Airbus announces that it is developing an A380 freighter.

## 2002

- The Trade Act of 2002 is enacted on August 6, providing U.S. presidents with the authority to negotiate trade deals with other nations without Congressional amendment.
- In January, Airbus starts production on the A380 in Nantes, France.

## 2003

- Air Canada files bankruptcy in April, emerging from the process in the fall of 2004.
- Abu Dhabi-based Etihad Airways flies into existence as the flag carrier of the United Arab Emirates.
- U.S. Senator Ted Stevens successfully pushes through a cabotage exemption for Alaska; the liberalized transfer rights will later propel Ted Stevens International Airport to the top of annual tonnage rankings.

## 2004

- Air France and KLM merge, creating the third biggest airline in the world.
- Volga-Dnepr creates AirBridgeCargo Airlines.
- Cathay Pacific becomes the launch customer for Boeing's 747-400 freighter conversion.

## 2005

- Lufthansa notifies the U.S. Department of Justice that it has been conspiring with other airlines to set cargo surcharges, launching a full-blown investigation.
- Northwest Airlines files for Chapter 11 bankruptcy on September 15,

minutes after rival Delta Airlines files for bankruptcy court protection. Both airlines cite increased fuel costs as the reason for their financial decline.

- Boeing designs a freight variant of the 747-8, dubbed the 747-8F, which it launches on November 14. Cargolux and Nippon Cargo Airlines are the first carriers to place orders for the aircraft.

## 2006

- On February 14, U.S. FBI agents and their European counterparts raid airline offices around the world, including those of British Airways, Lufthansa and Air France-KLM Group, accusing them of conspiring to fix cargo surcharges starting in 2002. The investigation eventually leads to billions of dollars in fines for airlines. The DOJ's actions



## CARGOLUX IN A NUTSHELL

In 1970, Cargolux Airlines International S.A. started operations from its newly established homebase at Luxembourg airport with a few Canadair CL-44 freighters. The young carrier's first destination was Hong Kong. Over 40 years later, Europe's largest all-cargo airline serves over 90 destinations worldwide with a fleet of Boeing 747-400 and latest generation 747-8 freighters. In true pioneering spirit, Cargolux was the first airline to operate both these two types of aircraft. The company was also the first to obtain regulatory approval for the corresponding full-flight simulators.



In 2004, the company became a billion-dollar company for the first time in its history when the operating revenues exceeded US\$1.2 billion. In 2011, total income reached almost US\$1.9 billion.

The world's leading all-cargo carrier also offers third-party maintenance services at its modern two-bay maintenance hangar in Luxembourg. The company is specialized in Boeing 747 line and hangar maintenance up to and including C checks. It also offers a range of specialized maintenance services and holds approvals for the maintenance of other Boeing aircraft types, including the 737, 757 and 767.

Over the years, unwavering customer focus and a relentless drive for excellence have earned Cargolux a number of awards, including the 'Best All-Cargo Airline' award that the company received for four consecutive years in recognition of its exemplary role as a global provider of air first class cargo services to the industry.

Cargolux is a member of the association of European Airlines (AEA) and the International Air Transport Association (IATA). Find more information on Cargolux at [www.cargolux.com](http://www.cargolux.com).

spawn a number of similar investigations by entities in Europe, the Asia-Pacific and elsewhere.

- The configuration of Boeing's 747-8F is finalized in October.

## 2007

- The 9/11 Commission Act of 2007 is signed into law on August 3, mandat-

ing 100-percent-screening of U.S.-bound cargo.

- Airbus suspends work on its A380 freighter.

## 2008

- Delta Air Lines acquires Northwest Airlines for \$2.8 billion in October.
- In October, DHL decides to halt express

deliveries in the U.S, shutting down its 18 U.S. distribution hubs.

- Major assembly of Boeing's 747-8F begins on August 8.

## 2009

- The EU Competition Commission approves the sale of 50 percent of Martinair to KLM.
- Air France takes delivery of the first Boeing 777 freighter.
- Japan Airlines says it is the first airline to conduct a test flight using a camellina-based biofuel blend.
- Britain's Competition Commission orders the British Airport Authority to sell Gatwick, Stansted and one other airport within two years.
- Delta Air Lines announces that it will exit the all-cargo business at the end of the year, grounding its remaining Northwest freighters.
- Etihad launches non-stop flights between Abu Dhabi and Chicago, projecting that the young airline will be profitable by 2011.
- The New Zealand Commerce Commission alleges that 13 airlines, including Air New Zealand and British Airways, have participated in cargo price-fixing.

## 2010

- The Boeing 747-8F makes its maiden test flight on February 8.
- On September 3, UPS Airlines Flight 6 crashes near Dubai International Airport, killing the two crewmembers on-board. The Boeing 747-400F involved in the crash reportedly contained a large quantity of lithium batteries, leading the FAA to restrict the transportation of lithium batteries in bulk on passenger flights.
- On October 29, two bombs contained in printer cartridges are discovered on separate cargo planes bound from Yemen to the U.S. One week later, al-Qaeda takes responsibility for the cargo bomb plot, as well as the crash of UPS Airlines Flight 6. The bomb plot will be known throughout the industry as cargo's 9-11.



Today, Delta Air Lines is one of the world's largest airlines, annually transporting 160 million customers to more than 330 world-wide destinations, all while carrying more than 2.4 billion cargo ton miles.

However, when the airline was founded in 1924 in Macon, Ga., its fleet of 18 planes was solely a crop-dusting operation. The airline quickly grew, and in 1934 it expanded its services to mail transportation when it received the Air Mail Route 24 from the United States Post Office.

By 1946, Delta Air Lines was a full-service passenger airline and had also started offering regularly scheduled cargo services. Over the next two decades, as Delta continued to extend its capacity by expanding passenger service to the Caribbean and South America, its cargo operation continued to flourish as well. In 1975, Delta became the first airline to offer its own air express service (called Delta Air Express), which offered the high priority, guaranteed cargo service. Today, this service is known as Delta DASH.



Delta continued to expand as a global carrier, beginning service to Europe in 1978 and Asia in 1988. In 2000, the company launched SkyTeam, a global alliance with partners Aero-Mexico, Air France and Korean Air and SkyTeam Cargo which is the world's foremost air cargo alliance. Delta acquired Northwest Airlines in 2008, creating a global airline with major operations in every region of the world. This global footprint has helped Delta to continue its success. In 2011, the company generated more than \$35 billion in revenue, with Delta Cargo revenue topping \$1 billion.

- In November, officials from IATA, TIA-CA, FIATA and the Global Shippers' Forum form the Global Air Cargo Advisory Group. The group's goal is to provide the industry with a unified voice.
- Hong Kong International Airport overtakes Memphis International Airport as the world's top airfreight hub, ending Memphis' 18-year reign.

## 2011

- Qatar Airways takes a 35-percent stake in Cargolux in June.
- British Airways and Iberia merge, forming the International Airlines Group
- Boeing hands over the first 747-8F to launch customer Cargolux on October 12. Cargolux was initially scheduled to acquire the first two of 13 747-8Fs it ordered in September, but rejected delivery of them due to a reported contractual disagreement with Boeing.
- In October, the TSA decides to push back its December 31 deadline for 100-percent screening on cargo bound for the U.S. in October.
- The Court of Justice of the European Union rules that the EU's emissions trading scheme is legal when applied to the aviation industry.
- In October, a total ban on night flights goes into effect at Frankfurt Airport. Lufthansa speaks out against the decision, its cargo arm saying it could lose in the hundreds of million euros.
- In December, two Cargolux executives agree to serve 13 months in jail for coordinating surcharges on airfreight shipments to and from the U.S. in the DOJ's ongoing investigation into price-fixing.

## 2012

- On January 1, the EU ETS goes into effect, placing a cap on airline emissions on flights routed into the European Union. IATA and other industry groups push back against the new rule, asking for an ICAO-provided solution instead.
- UPS buys TNT Express for \$6.77 billion. This deal comes a little more than a month after TNT Express rejected UPS' initial \$6.4 billion acquisition offer.

- IATA begins championing full implementation of the e-airwaybill by 2015 as the first step toward e-freight, instead of the previous all-at-once method.
- In March, the TSA and the CBP announce that they're moving forward with their joint Air Cargo Advance Screening pilot program.

- FedEx announces plans to acquire French transportation company Tatex. The announcement comes a month after FedEx agrees to purchase a Polish shipping company.
- In May, the TSA sets a deadline of December 3 for screening all cargo on U.S.-bound passenger flights.



# Coyne Airways

Since 1994

**S**ince 1994, Coyne Airways has built a global reputation for providing reliable and secure scheduled cargo services to some of the world's most difficult to reach destinations. From the very start the company has been an industry pioneer becoming the first western company to establish scheduled freighter service to the Caspian Sea region in 1996, for the first time providing a dependable air solution for the project forwarders servicing this oil and gas rich region. This service has continued uninterrupted for 16 years with weekly services now offered to western Kazakhstan, Tbilisi, Baku, Yerevan and Ashgabat. In 2006 Coyne brought new levels of reliability and capacity to the Caspian region with the first scheduled B747-400F service followed by the first B747-8F service in 2011.

In 2004, Coyne initiated freighter operations into Iraq, long before the current crop of new entrants, following this in 2006 with the launch of scheduled services to three destinations in Afghanistan; Kandahar, Bagram and Kabul. All of these Gulf destinations are still served directly from Dubai.

Today, Coyne continues to expand and innovate in new markets and its reputation as one of the industry's most successful 'solutions providers' has earned the company a growing client base of international freight forwarders as well as a host of major airline interline partners. This allows both Caspian and Gulf destinations to be served seamlessly from around the globe with the same quality and friendly service that has been at the heart of the company since the very beginning.



**Roberts House**  
**103 Hammersmith Road**  
**London W14 0QH, UK**  
**Tel: +44 (0) 20 7605 6860**  
**Email: [caspian@coyneair.com](mailto:caspian@coyneair.com)**  
**or [gulf@coyneair.com](mailto:gulf@coyneair.com)**  
**Web: [www.coyneair.com](http://www.coyneair.com)**

## Five Questions with... Bernhard Hoffmann

Cargo volumes at European airports have lagged in recent months. Some attribute such declines to economic problems in the eurozone; others point to possible retaliation due to the EU Emissions Trading Scheme. Either way, heading up a European airport's cargo operations in the current environment is no small task. But it's a task logistics professional Bernhard Hoffmann knows all too well. Hoffmann, who recently took over as head of airfreight business development at Germany's Leipzig/Halle Airport, discussed with *Air Cargo World* how he plans to keep the airport's cargo operations above the fray.

*1. How have carriers reacted to the EU Emissions Trading Scheme? Do you expect it to define cargo volumes into Europe this year?*

In principle, all the system partners agree that attempts must be made to prevent the EU Emissions Trading Scheme from distorting competition at an international level — and this must be sustainable around the globe. That is our position, too, and we have clearly expressed this in our sector associations. Any isolated solution is the wrong approach and unilaterally penalizes the entire European sector, and this will clearly have a negative effect on our competitiveness.

*2. How have problems in the eurozone affected Leipzig/Halle Airport's freight traffic in recent months?*

In terms of cargo volumes, all signs point to further growth at Leipzig/Halle. The airport is Germany's largest express freight transshipment center — thanks to the involvement of DHL, which operates its European hub here — and ongoing growth has been registered here for seven years now. Freight volumes also continued to rise in the first quarter of 2012, and, at 202,000 tonnes, the increase amounts to a significant 14 percent compared to the same period of 2011. Leipzig/Halle Airport is particularly benefiting from the constant increase in express shipments. Freight volumes in the general-cargo sector are also developing positively.

*3. How will the Frankfurt Airport night-flight ban impact cargo volumes at Leipzig/Halle Airport?*

The night-flight ban opens up additional opportunities for Leipzig/Halle Airport, which is already Germany's second-largest airfreight hub. Thanks to its legally settled, unlimited, 24/7 operating permit for freight traffic, the airport provides reliability, an environment where it is easy to plan ahead, and the latest infrastructure in Europe. It is also directly linked to the trans-European motorway and railway networks. Any destination within Europe can be reached by truck within 24 or 48 hours.

We also have attractive development space for companies operating in sectors associated with airfreight at or near the airport. Leipzig/Halle Airport is, therefore, the logical alternative for international logistics service providers after the ban on night flights at Frankfurt Airport. We are also working hard on the AirCargoExpress, a high-speed cargo train, which is designed to shuttle freight shipped on passenger flights between the airports at Frankfurt and Leipzig/Halle in the future. The infrastructure is already available; we just need the appropriate cargo volumes.

*4. Which regions are seeing the highest growth in terms of freight volumes?*

Eastern Europe and Asia are the top growth markets for cargo. Leipzig/Halle Airport provides ideal conditions for tapping into this development potential due to its central location in Europe. Thanks to the transfer of production to Central and Eastern Europe, we are benefiting from our proximity to these markets. It is also true that flights from Asia reach Leipzig/Halle Airport about one hour earlier than other hubs in Central and Western Europe.

*5. What's the No. 1 goal you would like to accomplish in your role as head of airfreight business development at Leipzig/Halle Airport?*

In light of the current capacity bottlenecks at Western European airports, it is our goal to press ahead with the positive development of the airport and steer additional flows of goods to and from Europe through Leipzig/Halle, which will attract new airlines. Our major focus is on textiles, pharmaceutical products, perishables and goods associated with the automobile sector. But we are also providing services for niche markets like large animal transportation and outsize cargo, along with focusing on a greater intensification of charter traffic. The airport also has areas, some of them with access to the apron, which we want to develop together with airfreight logistics companies or industries linked to airfreight.



Hoffmann



**AIRLINES**

**Kirk Albrow** has been promoted to general manager for Thailand at **Etiihad Airways**. Albrow, who joined Etihad in 2004 after stints with **Swissair**, **United Airlines** and **British Airways**, has held various senior commercial roles with the carrier. **Mahfood Al Harthy** has been named general manager for Oman. Al Harthy joins Etihad Airways from **Gulf Air**. **Michael Venus**, who has served as head of international media relations since 2011, has been appointed vice president of corporate affairs. Venus is responsible for Etihad Airways' public affairs and corporate communications, including global media relations, social media strategy, internal communications, corporate social responsibility, environmental affairs and corporate events.



ALBROW

**Virgin Atlantic Cargo** has named 31-year airfreight veteran **Jim Barruch** regional sales manager for the Americas, an appointment in conjunction with the carrier's upcoming launch of new routes and frequencies to the U.S., Canada, Mexico and India. He joins Virgin Atlantic Cargo from **Globe Air Cargo**, where he served as managing director and was responsible for Globe's contract with **All Nippon Airways** in the New York and Boston markets.



BARRUCH

**Peter Elbers** has been appointed to the **KLM** Management Board. Elbers has served as the carrier's COO since 2011; he joined the KLM team in 1992.

**Delta Air Lines** has promoted **Neil O'Sullivan** to the role of regional manager, cargo sales and service for Europe, the Middle East, India and Africa. O'Sullivan joined Delta in 2008 as an account manager and was promoted to cargo sales manager one year later. O'Sullivan is responsible for car-

go sales and customer service activities in the UK, Ireland and the Nordic countries.

**Cathay Pacific Airways** has hired 18-year airline veteran **Ringo Sin** as cargo manager for the Western U.S. Sin joins Cathay Pacific from **EVA Airways**, where he served in various roles, including passenger sales representative and cargo sales manager for the Los Angeles territory. Most recently, Sin worked as junior vice president of North American cargo for EVA. In his new role, Sin is responsible for overseeing Cathay Pacific's cargo sales and operations in the Western U.S. and Mexico.



SIN

**Stephan Gemkow**, who had served as CFO of **Lufthansa** since June 2006, asked the carrier's supervisory board to terminate his tenure before it was to expire in May 2014. He has subsequently been hired as the CEO of **Haniel**, taking the top position over from **Jurgen Kluge**. Gemkow joined Lufthansa in 1990 and worked his way through the ranks of the organization before joining the carrier's executive board in 2006, with responsibility for finance and aviation service. He was also a member of Lufthansa Cargo's executive board, with a direct focus on finance and human resources, since 2004.



GEMKOW

**AIRPORTS**

**Bruce Frallic** will retire as executive director of **Gulfport-Biloxi International Airport** in August, a position he has held for the last 26 years. Frallic's 45-year aviation career began in the military and included posts with Raleigh-Durham Airport and Hattiesburg-Laurel Airport before he joined Gulfport-



FRALLIC

Biloxi International Airport in 1986. **Clay Williams**, who previously served as a government relations representative for **Capitol Resources**, replaces Frallic. Williams officially took over as executive director on May 23.

**THIRD PARTIES**

**MIQ Logistics** has named **Bridget Boyer** business development manager. Boyer is based in the greater New York City tri-state market and is responsible for strategic account development and new business efforts. Prior to joining MIQ Logistics, Boyer held various marketing roles at UPS in Atlanta, New York, New Jersey and Beijing.

**ASSOCIATIONS**

**The Board of Airline Representatives** in the UK has announced that **Mike Carrivick** will retire as CEO in October. Carrivick commenced his aviation career in 1965 as an apprentice with **British European Airways** and held various roles with **Qantas Airways**, **Brymon European Airways**, **Maersk DFDS Travel** and the **International Air Transport Association**. He joined BAR UK in 2004, where he led the organization through a challenging period in aviation. BAR UK is currently searching for Carrivick's replacement.



CARRIVICK

**The International Air Transport Association** has appointed **Hussein Dabbas** as regional vice president for the Middle East and North Africa region. Dabbas, who was named president of **Royal Jordanian Airlines** in 2009, served in varying positions with the airline's commercial departments prior to taking over. Dabbas replaces the retiring **Dr. Majdi Sabri**.

**MANUFACTURERS**

**Gustaf Ljunggren** has been named CEO of **Envirotainer**. Ljunggren, who has extensive experience in logistics, production and business development, most recently served as the acting CEO of **Essilor S&N**. **ACW**

events

**JUNE 5-7**

**Shanghai:** Held in conjunction with Transport Logistic China, the Air Cargo China conference will take place at the Shanghai New International Expo Centre. In 2010, more than 13,500 people attended the event. For more information, visit [www.aircargochina.com/en/home/home.html](http://www.aircargochina.com/en/home/home.html).

**JUNE 20-22**

**Paris:** The Air Cargo Handling Conference 2012 will focus on reducing complexity in the workplace and creating a sustainable business. Attendees will include representatives from airlines, airports, cargo handling companies and freight forwarding firms. For more information, visit <http://evaint.com/our-events/air-cargo-handling-conference-2012>.

**SEPTEMBER 9-12**

**Calgary:** Officials call the 21st iteration of the ACI-NA's annual conference are the premier event for airport industry professionals. A vendor exhibition will be held in conjunction with the conference, which will feature panels and working groups targeted toward airline representatives. For more information, visit [www.aci-na.org/event/1280](http://www.aci-na.org/event/1280).

**SEPTEMBER 16-19**

**Xiamen:** The 2011 version of the Sino-International Freight Forwarders Conference, which is now in its ninth year, attracted more than 2,000 delegates. To read more about the conference, visit [www.sinaforeignforwardersconference.com](http://www.sinaforeignforwardersconference.com).

**SEPTEMBER 30-OCTOBER 2**

**Abu Dhabi:** Abu Dhabi Airports Company, Etihad Airways and the Abu Dhabi tourism board are banding together for the 18th World Routes event. Abu Dhabi hosted the exhibition in 1996; more than 15 years later, organizers are expecting around 2,700 delegates. For more information, visit [www.routesonline.com/events/150/the-18th-world-route-development-forum](http://www.routesonline.com/events/150/the-18th-world-route-development-forum).

**OCTOBER 2-4**

**Atlanta:** The biennial air cargo extravaganza heads to the Georgia World Congress Center in Atlanta this October. The event features a conference and exhibition, and is co-located with the Council of Supply Chain Management Professionals' annual global conference. For more information, visit [www.tiaca.org/tiaca/acf.asp?snid=756955195](http://www.tiaca.org/tiaca/acf.asp?snid=756955195).

**OCTOBER 8-12**

**Los Angeles:** The International Federation of Freight Forwarders Associations (FIATA) will hold its annual world congress in Los Angeles for the first time since 1977. Visit [www.fiata.com](http://www.fiata.com) to check out information about panels, keynote speakers and to register for the event.

**OCTOBER 27-28**

**Erbil, Iraq:** Details for the second annual Iraq Airport, Aviation and Logistics Conference and Exhibition are still being firmed up, but officials are excited to build on the success of the inaugural event. More information is available at [www.http://www.arabianreach.com/iraq/why\\_exhibit.aspx](http://www.arabianreach.com/iraq/why_exhibit.aspx).

**FEBRUARY 20-22, 2013**

**Johannesburg:** The second biennial international air cargo conference to take place in Africa will try to continue the success of the Nairobi event, held in February 2011. Scheduled for the Emperors Palace in Johannesburg, the event will focus on discussing and finding air cargo opportunities in Africa. Visit [www.statetimes.com/aca2013](http://www.statetimes.com/aca2013) for more details.

**BROOKS, VORWERK SAY GOODBYE AT CNS CONFERENCE**

Mick Fountain, chairman of the CNS Advisory Board, announced during the first day of the CNS Partnership Conference last month in Miami that **Michael Vorwerk** will be resigning his position as president at the end of July. He will return to **Lufthansa Cargo**, the carrier he left in 2009 to accept the CNS position, as director of sales development for Germany. He will also serve as board representative

of Air Cargo Gateway Frankfurt.

The search for Vorwerk's replacement is ongoing. "We're going to be actively working to find a successor to Michael," Fountain said at the conference.

Fountain also recognized **Dave Brooks**, who has retired from his position as president of **American Airlines Cargo**. **Kenji Hashimoto** took over on May 1. Brooks also served on

the CNS Advisory Board and said he had enjoyed his final CNS conference.

"For me, [the conference] is a bittersweet reminder of how many dedicated cargo professionals our industry is lucky to have," he said. "And I am so very proud of the progress our industry has made in many critical areas. I wish all my industry colleagues nothing but the best of wishes as they take on the challenges that do lie ahead."

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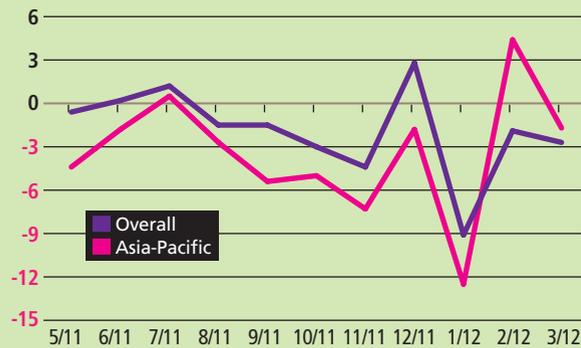
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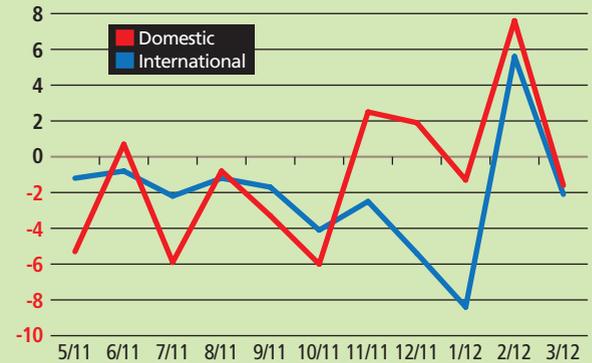
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

### U.S. AIRLINES

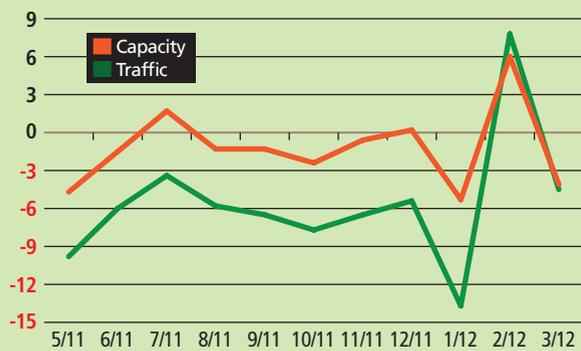
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Air Transport Association of America

### CARRYING ASIA

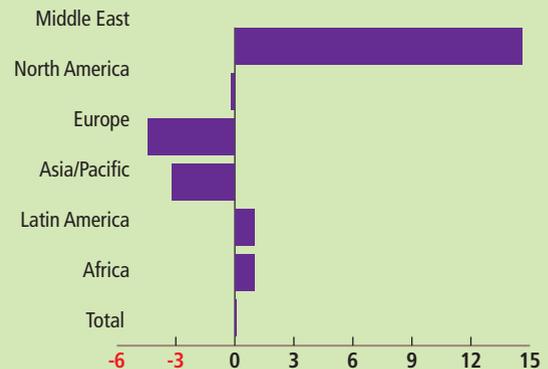
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

### SHARING MARKETS

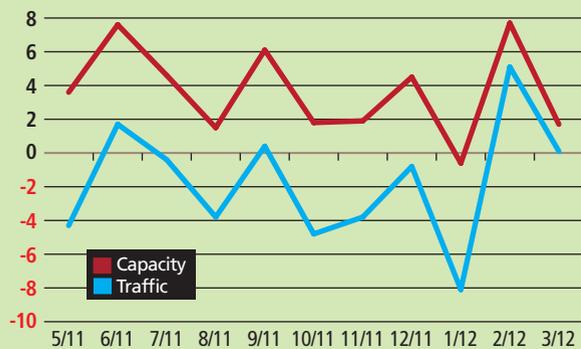
International air cargo year-to-date percent change for March 2011 vs. March 2012



Source: IATA

### CARRYING INTERNATIONAL

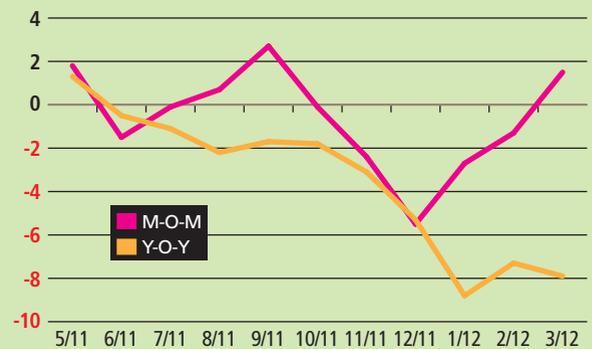
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA

### SEMICONDUCTORS

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



Source: Semiconductor Industry Association



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

## Mutual recognition key to total supply-chain security

Since achieving the goal of 100-percent screening of cargo on passenger flights leaving domestic airports, the U.S. government is aggressively pursuing the same objective for airfreight destined for the U.S. from other countries. The vehicle used to accomplish this task is the National Cargo Security Program, an initiative that places a high priority on achieving harmonization agreements on screening procedures.

Many see NCSP as the path to recognition of foreign screening requirements. So far, the initiative has seen some success, but progress has been slow, with only about four countries agreeing to participate in the initiative; there are currently 20 more agreements in the pipeline. The absence of a screening agreement with the U.S. should not imply that those countries are failing to inspect cargo on U.S.-bound planes. All countries are taking steps to secure departing flights in order to avoid the introduction of explosive devices, but these steps may not be consistent with current U.S. practices.

The Certified Cargo Screening Program continues to be a successful tool in implementing a cohesive set of laws to govern air cargo screening in the U.S. Industry players have been successfully checking cargo away from airports for almost two years without incident. Performing the task at offsite locations known as Certified Cargo Screening Facilities has alleviated congestion while facilitating a much more manageable screening process for all concerned. With significant investment and vigorous TSA oversight, most in the program are glad they participated and continue to reap the payoff in profits and faster processing.

However, there does not exist a U.S. government industry-certified program for trusted supply-chain partners to perform screening before tendering cargo to passenger air carriers on foreign soil. Since 80 percent of freight transported on these flights is tendered by multinational forwarders who are well known to and regulated by the TSA

through the CCSP, certifying these trusted companies to screen cargo overseas would be a major step toward achieving the screening goal.

Pre-departure targeting of shippers is now underway through the Air Cargo Advanced Screening program. Shipment data reviewed under ACAS, when combined with participation in trusted entity programs, plays a major role in deploying screening resources toward elevated-risk cargo.

The absence of mutual program recognition within the supply chain, combined with the inability to certify screening practices in other countries, places the screening burden on airlines overseas. This necessitates the need for forwarders to dismantle consolidated pallets and skids at the airport to meet the TSA piece-level screening requirement. This is time-consuming, expensive and, as the result of lessons learned through the CCSP, completely avoidable.

The TSA should establish a voluntary initiative that would enable trusted forwarders and shippers to perform cargo screening upstream in the U.S.-bound international supply chain. The TSA could individually verify and audit foreign sites in much the same way it does with CCSP locations here in the U.S. Furthermore, participation could be leveraged with existing globally recognized trusted-entity programs. In countries without NCSP Recognition, this program would help reduce duplicate documentation, handling and screening to meet equivalent alternative requirements.

The U.S. Department of State currently recognizes more than 190 countries. Since not all countries have flights directly to the U.S., shipments from those not in the CSP may now need to be screened several times before reaching U.S. soil. Such a repetitive screening requirement is both time-consuming and foolhardy. Allowing trustworthy forwarders and shippers vetted by the TSA in these locations would not only accelerate the pace in meeting the mandated objective, but would ensure the U.S. remains a preferred trading partner. **ACW**

**“All countries are taking steps to secure departing flights in order to avoid the introduction of explosive devices, but these steps may not be consistent with current U.S. practices.”**

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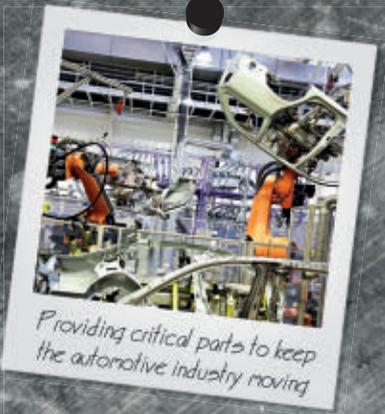
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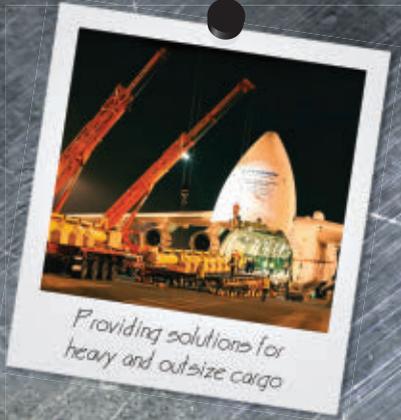
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