

# To Our Readers,

The way that we celebrate 35 years is to bring back all the stories and people that have populated these pages for another turn, along with newly discovered friends and colleagues.

We were once a local newspaper published for the cargo people in the United States.

In 1975, we were the only monthly Air Cargo News newspaper in the world.

Today, as Air Cargo News FlyingTypers, we are once again alone as the oldest (and still the only E-mailed), thrice weekly, 140 issues-a-year air cargo news source.

"I don't know how you do it—to publish so often and with so much content," is a comment we often hear.

Air Cargo News FlyingTypers does it because throughout our history we have worked to forge a bond of trust between our readers and ourselves.

Today we are the number one news and features air cargo publication on the planet in terms of every known metric.

When someone says I read it in FlyingTypers—believe it.

From our readers has come the juice that powers our desire to continue to serve air cargo.

The good news is that 35 years after beginning this journey into air cargo, we are still around and remain young in our thinking with the involvement of a next generation of Air Cargo News FlyingTypers.

Of course, nothing is for certain and anything can happen, but our plan is to continue as a close-to-the-industry family business, just as we have always been. It is quite hopeful and a sign of the times that we now include our daughter, Flossie, as executive editor of Air Cargo News FlyingTypers.

With all the ideas and innovations, the triumphs and the challenges, Air Cargo News FlyingTypers intends to be the first air cargo publishing outfit in history to carry on from generation to generation as a family business.

But let's not get ahead of ourselves.

I plan to be around at this station for a long time to come.

We have exciting plans ahead and lots of ideas that will be revealed as 2010 continues and 2011 unfolds, including an entirely new and original in depth presentation of the history of air cargo delivered free of charge, without gatekeepers, that will allow readers to go interactive and share the experience anywhere in the virtual world.

So to you, a word of thanks for the years, the memories, and the loyalty.

We are grateful for the opportunity to be a part of covering the global air cargo story.



Geoffrey Arend and Sabiha Arend at the National Historic Trust in May 1986.

Good wishes,

A handwritten signature in cursive script, which reads "Geoffrey Arend".

## Welcome To Air Cargo News 35<sup>th</sup> Anniversary Issue



Generations at Air Cargo News FlyingTypers—Flossie and Geoffrey Arend.

In the interest of the medium and the industry we serve, our issue is being presented in two parts.

In Part One, we present the first of our new quarterly Air Cargo News, with news and features in our original broad newspaper format delivered digitally.

This will be a comprehensive report of what is important now, followed by a journey back a decade to 2000 in order to cover events as we reported them between 2000 and the present.

We are pleased to report that Air Cargo News Quarterly will appear as an in depth reader and reporter of the industry four times yearly, beginning in 2011.

We think that by combining articles of unique common interest and news value in a longer format we can deliver additional material to our readers, who are looking for a deeper view of developing trends.

FlyingTypers, the number one virtual air cargo publication in the world, is also featured here in Part One of our Gala 35th Anniversary Celebration, as FT pioneered the new age of global instant air cargo publications a decade ago.

Part Two, which will be presented shortly after, will include Air Cargo News from 1975 until 2005, with stories of the people and companies that created the modern air cargo industry.

As a special bonus, we are including an exclusive series tracing the history of aviation from its beginnings during the dirigible and bi-plane era up to the jet age.

Both Part One and Part Two of our Gala 35th Anniversary Celebration will be presented and published several times during upcoming months as an entire document, and the entire document will feature advertisements (both old and new), with all content fully indexed for history buffs, scholars and folks who love air cargo at [www.aircargonews.com](http://www.aircargonews.com) beginning in a few weeks.

When you look back on thirty-five years, dusting off all the old newspaper issues dating back to 1975, what emerges is an education about what was happening and what we did about it.

As much as I would like to think we have some original ideas, these pages reveal that we have always approached covering air cargo the same way, whether in print across USA or via the virtual venue worldwide.

Air Cargo News was "a conversation" in 1975, although that description of what we do is much in vogue, now that the world Internet has given rise to social media.

But back in 1975 and 1982, we were there writing about air cargo, people, trade shows, clubs and women in the industry in pretty much the same manner as we do today.

It's exciting to be once again at the forefront of air cargo publishing, at the opening of an era that includes the ability to deliver our content via a blizzard of electronic media devices.

It's amazing to think that we have created nearly 100 video interviews, and we will continue to innovate in order to better serve a new generation of air cargo people.

## CALL FOR CNS TO Internationalize

*Well, the genie is out of the bottle – Dr. Otto stepped on the toothpaste tube at this year’s CNS, and in its wake there has been encouraging feedback from our readers, Dr. Otto himself, Oliver Evans, Angelo Pusateri, Guenter Rohrmann, Isaac Nijankin, and Buz Whalen, just to name a few. Wait – we almost forgot IATA; they responded too, except that it has been by means of a deafening silence. From an organization not exactly known for being press reticent, that is rather strange.*

Having gotten the ball rolling, it’s time to attempt to summarize, albeit prematurely: clearly IATA is not and has not been the focal point here. The discussion is about airline cargo and freight forwarder representatives exploring new ways of cooperation that can best serve their common needs and interests, ways that will fall outside the box, leapfrogging the collective baggage accumulated over the past 25 years.

I cannot peek into Dr. Otto’s mind to even try to interpret what he has been thinking; therefore, it’s best to stick to what he said this past May in his keynote speech – to paraphrase – ‘a joint airline/forwarder formulation of industry concerns in political forums is essential.’ He saw CNS well positioned in such a role and suggested the CNS unique model extended to other countries.

We can all read into this as much or as little as we want, colored by everyone’s point of view, background, priorities and experience. What I find

compelling is an apparent convergence of issues bubbling up to the surface at the same time. Direct airline cargo and forwarders’ representation, minus the meddlesome and self-serving services and hijacking of the agenda by organizations such as IATA, is clearly an objective. An open forum for discussion is what CNS used to provide and that, at least on the surface, is all Mr. Evans expects - networking. That is a very different take.

Some perspective may be in order – CNS was founded in 1985 following the 1984 revocation of antitrust immunity for IATA in the United States. What that meant at the time was that matters governed by IATA agency resolutions were illegal from that point on. The intention was for CNS to be operated at arms’ length from IATA. This included the provision of services to



# The First Call

(Miami-May 3 2010 Exclusive)—Lufthansa Cargo executive board member, Andreas Otto, pleads for an expansion of CNS (Cargo Network Services), the North American arm of IATA.

“A joint formulation of the common concerns our industry is confronted with in political debates is essential,” the manager pointed out in his keynote remarks, addressing an audience of 450 delegates gathered at the 2010 CNS Partnership Conference held in Miami on Monday morning.



“CNS could become a kind of moderator and driving for solving pressing topics shared by cargo airlines, forwarders and truckers,” Herr Otto said. He regretted the absence of a common voice of the industry. This communicative gap could be filled by CNS, as in instances of impending night flight restrictions at major hubs like Frankfurt, or security regulations that governments and regulators are

currently tightening step by step, without involvement of the industry in their decision making process.

“Our industry contributes substantially to the global economy, but we lack political and public awareness,” Otto said, his words piercing the source of a fundamental wound in the air cargo business.

Jo Frigger of EMO-Trans America applauded the manager’s remarks. “Airlines, forwarding agents and truckers should sit at the same table to join forces and deliver powerful demonstration of the industry, especially in Europe,” Frigger commented. This implies that IATA would have to redefine the organization’s philosophy by treating forwarders as cargo airlines are treated. “This hasn’t been the case so far,” Jo criticized.

Hosting CNS President Michael Vorwerk assured that he would bring the Otto proposal right onto IATA’s table for further discussion.



Jo Frigger

## CNS-From Pg-1

airlines and forwarders, which were available elsewhere within the agency, in particular the CASS framework. A few other things differentiated CNS – it worked with non-IATA airlines as well as with non-IATA accredited agents.

What has not been news were the persistent encroachment attempts by IATA over time. Breaking off CNS and taking it global has some history and depending on who tells the story, allegedly the forwarders would have gone for it but the airlines were reluctant.

Trying to look at the 2010 CNS through the 1985 “arms’ length” from IATA construct, one can only conclude the DOJ antitrust folks must have been way too busy chasing fuel surcharge infractions of late. For example, under “Services” CNS lists:

- CASS USA
- Cargo2000
- E-freight
- CASS USA Business Intelligence

That is not even a thinly veiled page taken out of the IATA book; it is the IATA agenda writ large. CASS and e-freight have been driven by conference resolutions and as such, verboten in the USA since 1985. Contrary to its inception, airlines, forwarders and GHA are now represented only on the CNS advisory board, with the Board of Directors consisting exclusively of IATA executives, essentially co-opted. Slowly, slowly catchy monkey.

Yet at least the agency agreements are between airlines and forwarders in the US; the forwarder community

elsewhere has recognized the need for a new relationship, one that is not governed by IATA dictate. With the real value of accreditation being questioned by forwarders, the search for an effective representative body has thus arisen independently in both the carrier and forwarder executive minds and it is being expressed openly.

Before alternatives can be seriously considered, one would indeed be well served to determine the exact objectives and results carriers and forwarders wish to achieve. If the past is any indication of the future, the debate will not be easy and certainly not short. It really all depends on expectations, and there is hope those will be expressed clearly and mutually agreed upon.

The settlement mechanism could be provided by a number of global banks such as Citicorp and the cost negotiated.

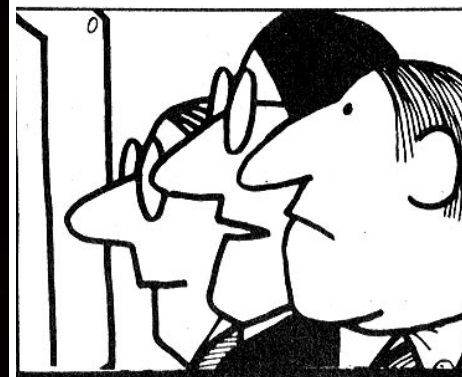
As national and regional security regimes are being vigorously enforced in the U.S., Canada, Europe and elsewhere, the new denomination is independently validated “agent and accredited shipper.”

This year, there are two milestone events, which may shed some light on a future direction – the TIACA-hosted ACF in Amsterdam in early November and the FIATA World Congress in Bangkok a month earlier.

Other than starting from scratch, some of the options that have been kicked around are variations on a theme:

- A greenfield project
- A “globalized” CNS
- TIACA
- An empowered IFCC (IATA/FIATA consultative council)
- IATA sticking to its only mandate, which is to represent airlines or a radical governance change that would allow forwarders, GHA, GSA to vote and thus truly represent the air cargo supply chain.

Tournament brackets are often seen in sports; send us your best guess for which of the five options will come out on top – and which you would most like to see on top.



“To tell the truth, I felt our stock had been overpriced for a long time.”

**leisure cargo** **Congratulations to Air Cargo News on 35 years. We are proud to have been a part of the journey since 2005.**

**www.leisurecargo.com The Total Air Cargo Management Experts**



# Lufthansa Out Front & Pulling Away



Dr. Andreas Otto

*“Of course our global partners are of utmost importance to us. However, we concentrate by no means only on the big customers. Smaller and medium-sized forwarding agencies are looked-after intensively by our sales colleagues in Germany and around the globe.”*

**Q** Herr Otto, your airline claims industrial leadership. Where do you consider LH Cargo being a leader, where does your carrier still lack a pole position?

**AO** You're right: Our clear aim is Industry Leadership and in many areas we have already reached this. Even in the crisis year 2009 - with a huge loss - we ended up in comparison in good shape. Such a low loss in comparison to our competitors can be, of course, no gratification to us. However in 2009, we set up the conditions for the record profit in the first half of the current year.

Similarly, we want to further improve our quality. One thing is clear to us: As a premium carrier we must offer an exceptionally high quality- here again also: Industry Leadership.

**Q** Security is an ever increasing topic in air freight. A selling point for LH Cargo?

**AO** Security is the top theme of this decade. The security requirements above all in the USA have risen markedly since 2001. Our costs for security have increased tenfold since then. Demands like 100% screening had the industry facing major challenges. For us as a company, this represents at the same time, however, also an opportunity.

To go back to your previous question: For me there is no doubt that we are the clear industry leader in the field of security. We have given our customers in the USA early planning security in complying with 100% of the screening requirements one month before the deadline. Our security chief Harald Zielinski was, by the way, the first representative of a foreign airline who earlier this year was allowed to speak on this subject before the U.S. Congress as an

expert. We want to secure this leading position and further enhance it.

**Q** Considering long-term economic growth Europe seems to fall behind rapidly emerging markets like China, India and some others. How is LH Cargo coping with this challenge?

**AO** The imbalance in the traffic flows is no new subject. Filling airplanes out of China to Europe has never been a feat - in the other direction, it becomes demanding. This imbalance will certainly continue. Whether it will intensify is hard to say. Just this year we have also seen a reverse trend. Among other things, the growing Chinese middle class and the countless new factories in China have led to the fact that our freighters were also well filled from Europe to Asia.

Lufthansa Cargo has reacted to the growth markets in Asia early and today is positioned very well, for instance, with our share in JADE, which even in the crisis year 2009 worked at a profit.

**Q** Your German market share fluctuates between 23 and 25 percent approximately. Do you focus too much on the multinational agents and pay too little attention to the local small and medium sized forwarders or why do you fail to up this portion despite all efforts?

**AO** First and foremost: Share of market is not everything for us. It is above all about profitability. From that perspective this means that every customer in Europe who needs access to our capacity can have it.

There is no bonus for German forwarders or customers. Besides, how one looks at the market has changed: There is no isolated view of Germany anymore. The German competition

encompasses in particular our Western European neighbors and for the majority of the forwarding agents, a use of the German capacities that overlaps national borders is taken for granted.

Of course our global partners are of utmost importance to us. However, we concentrate by no means only on the big customers. Smaller and medium-sized forwarding agencies are looked-after intensively by our sales colleagues in Germany and around the globe. For every agent all booking channels are open and small and medium sized agents as well have full access to our services

**Q** Forwarders constantly ask for all-in rates for getting higher commissions. How do you answer them?

**AO** We do not hear this wish often. We don't offer classic all-in rates that are -using the terminology of the forwarder- rates in which all the surcharges are included. We hold the transparency of single positions like the surcharges for security and fuel as important.

**Q** The chemical and automotive industries lobby their cause very successfully by speaking with one voice. The German and European air freight industry doesn't. What has to be changed?

It is in my opinion, not exclusively a problem of the air freight business, but rather of the whole aviation industry.

We create it - as you say - because we do not speak with one voice. The pay-off for this comes with regular intervals. In Germany, for example, an absolutely counterproductive ticket tax was adopted, which massively weakens Germany as a business location. Instead of striving together for our industry, we observe daily the efforts of every asso-

ciation, every country trying to push through its own particular interests.

I have already proposed - also in Air Cargo News FlyingTypers - a global forum based on the model of the CNS. The large resonance to this idea gives me a positive feeling. Even if there is still a long way to go, I think that more and more people from our industry have recognized the need. Our industry is simply too important to the globalized national economies, that we must not allow ourselves to renounce or to delay the implementation of such a forum.

**Q** Your home base Rhein/Main is threatened either by a total night flight ban or severe restrictions for night operations possibly indicted by Germany's Federal Administrative Court.

What is Lufthansa Cargo in partnership with the air freight community doing to avoid the closing of Frankfurt and furthermore, what consequences would it have for your airline if Frankfurt has to switch off the lights between late evening and early morning?

**AO** Indeed, the possible night flight ban is a subject which is the cause of major stomach aches for us. A certain number of night flights is vitally necessary for us in Frankfurt. But Frankfurt is not only affected, increasingly stricter night flight regulations at other German airports also make an economically viable operation for cargo airlines more and more difficult.

Hence, we have founded with wide support of the logistics partners and the manufacturing industry, the initiative "Air Cargo Needs The Night". With this we will put forth the need for fair and

# EC Cargo Security Regulations

The European Union has updated its security regime, replacing the previous 2002-based program with one that became effective on April 29, 2010. As it is with all things new, this has introduced new terminology – “Account Consignors,” a concept by which shippers essentially designate a person who will be legally entitled to represent a company, or the person responsible for security at that firm. The freight forwarder as the intermediary between shipper and airline is such a “regulated agent.”

This essentially changes the former “known shipper” to an “accredited or approved shipper” status, audited by a government agency or by an “independent validator” nominated by the respective authority – for example, the Luftfahrtbundesamt in Germany, which is the equivalent of the FAA in the U.S.

Another first is the inclusion of and imposition on truckers (haulier, in EU speak)—described as “contractors”—transporting freight from a shipper to a “regulated agent”—a freight forwarder—and/or from the forwarder to the airline or its on airport ground handler. This puts new demands on truckers, governed by an



EU “haulier declaration” unless the trucker has been approved as a “regulated agent.” There is a rather imprecise requirement for a trucker to provide evidence that it has been “certified or approved by an appropriate authority.” Consignment must be sealed before transportation.

The full text has been published as Commission Regulation (EU) No 185/2010 and is aimed at “detailed measures for the implementation of the common basic standards on aviation security.” It must be that the number of words used to define something for the regular folk directly correlates with how much bureaucrats and lawyers get paid; it is a mere 55 pages long.

Comparable in general to the air cargo screening procedures in force in the U.S., the EU uses very vague language when it comes to screening; in Chapter 6.2: “the means or method most likely to detect prohibited articles shall be employed, taking into consideration the nature of the consignment,” and “the means or method employed shall be of a standard sufficient to reasonably ensure that no prohibited articles are concealed in the consignment.” This may be deliberate from a security perspective, or by any other

design.

One of the main differences in this respect is that secure storage as an approved method is now restricted to “regulated agents.” Screening options, in order of priority, are: X-ray, opening and inspection by hand, opening and visual inspection and a simulation chamber; the latter has been pioneered and in use in Israel since the 1970s. Another alternative could be the use of explosive sniffing dogs.

The “regulated agent” database has become mandatory effective June 1, 2010 and brings with it a number of potentially controversial and unresolved issues. There are some limitations regarding the maximum number

of concurrent users in the database, access to which is restricted to government agencies, regulated agents and air freight ground handlers.

How the thorny issues of user administration and error handling evolve will eventually become a decisive factor in the successful implementation and ultimately, acceptance and adoption by all concerned participants.

Also, time will tell how freight from various origin countries, EU member states versus third countries, ends up being treated and handled.

Harmonization of U.S. and EU security standards are on the minds of cargo security managers and airline executives concerned that incompatible procedures may impact operations, for example shipments from the EU to South American countries in transit via the U.S. On top of these security regimes, there is also the ICAO (International Civil Aviation Organization) Annex 17 – Security; Safeguarding International Civil Aviation against Acts of Unlawful Interference. ICAO has its ‘Universal Security Audit Program,’ which examines the implementation of the provisions by states.

Balancing strict security measures—sadly and starkly emphasized by 9/11—which have always been the bedrock of airline service, with the free and speedy flow of trade is a high wire act and an ongoing industry challenge of cooperation and competition.

Never a dull day!



**Click To View  
Harold Zielinski  
Lufthansa  
Chief Of Security**

**“Three cheers and a tiger!  
Keep up the great work!”**



# Mega Golden At DXB

*There is a world champion when it comes to air cargo transfer facilities and it is located smack dab in the middle of Dubai International Airport. The answer to how it got to be a world champion is up a shiny new elevator to a suite of offices wherein resides the straight talking Senior Vice President Cargo Global Operations, David Gould.*

*Dave Gould is a Tartan, someone who was once part of a band of airline people that powered legendary British Caledonian, an airline that advanced new thinking, spirit and a sense of Scotland, during a time otherwise dominated by British Airways.*

*He is the person in air cargo high-tech, gee whiz presentations that rarely gets the recognition he deserves and truth be told he also appears to be the type who could care less.*

*Gould has been on the scene for the past 15 years shepherding the SkyCargo terminal handling operations team that now numbers more than 800.*

*He credits his team all the way.*

*]"You cannot say enough about the people that work here," Mr. Gould insists. We think we can handle more throughput maybe even as much as half again the tonnage envisioned for the place because this team and our systems, I believe are the best in the world."*



**Q** Upon opening CMT in 2008, you were offering as much as 1.6 million tons annual throughput via DXB—how much of that capacity is currently in use?

**A** Between CMT (1.2 million) and our previous facility, the ECC (0.4 million), the combined design capacity is about 1.6 million tons. We processed about 1.3 million tons through CMT and about 0.1 million tons through

ECC last year. We expect the volume utilization to grow by about 20 percent during the current year based on the current trend.

**Q** Is there room to grow?

**A** Yes. As mentioned above, we expect 20 percent growth during the current financial year. Given our nature of operation and volume composition, we expect CMT to accommodate up to 1.5

million tons a year.

**Q** Are plans in place to increase capacity?

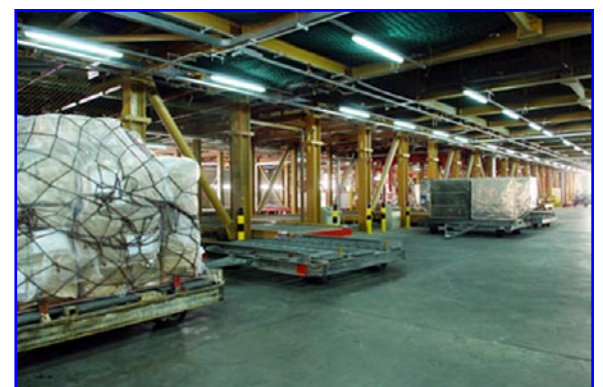
**A** Yes, we have plans to modify and take control of Dnata's Freight Gate 1 in 2012, which will provide an additional capacity of 450,000 tons a year. The combined design capacity of 2 million tons a year is enough to last until 2020, beyond which the expansion will be in

Dubai World Central.

**Q** What is the biggest change you noticed in moving and growing from the former air cargo set up EK occupied at DXB two years after opening CMT?

**A** We moved from an operation that was 100 percent manual to one that is largely automatic, which resulted in the

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# CONGRATULATIONS ON 35 YEARS OF SERVICE TO OUR INDUSTRY

We applaud *Air Cargo News* for delivering the news of our industry for the past 35 years—covering the people, events and companies that have made this industry great.

Congratulations on your accomplishment!

**American Airlines Cargo**<sup>SM</sup>

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# U.S. Security Humdinger

**O**n June 30, an important hearing was held by the U.S. House of Representatives in Washington, D.C., titled "100% Air Cargo Screening: Remaining Steps to Secure Passenger Aircraft."

The Hon. Sheila Jackson-Lee (D) Texas, Chairwoman of the Subcommittee on Transportation Security and Infrastructure Protection and other lawmakers heard presentations from invited witnesses, including the TSA's John Sammon, U.S. GAO's Stephen Lord, ATA's CEO John Meenan and three air cargo industry executives,

But in a genuine first was the remarkable appearance of Lufthansa German Airlines Head of Security and Environmental Management, Harald Zielinski, to speak as featured witness in front of these august members of the U.S. HOR.

Herr Zielinski is the first foreign national to be invited by the U.S. Congress to testify about air cargo security.

It also needs to be pointed out right away that Harald delivered the goods.

It's worth recalling that in 2007, Congress mandated that the Transportation Security Administration must screen 100 percent of all cargo carried by passenger planes by August 2010.

Bringing in Zielinski, the top security executive from an airline that was delivering 100 percent total screening to its USA air cargo product starting on July 1 (more than a month before the TSA mandate) therefore made good sense.

Mr. Zielinski, who came to his post as a former policeman from the streets of Frankfurt (just like his father before him), is, among other things, one tough cop. He is plain spoken and totally dedicated to getting things right, and doesn't seem to take anything for granted.

Mr. Zielinski took the bull by the horns and was thoroughly professional, driving home his points in this unique

public forum situated at the highest levels of USA government.

Here are some of his comments:

"There are several key aspects of the 100 percent screening requirement and further identifying steps towards 'smart security.'

"Based on Lufthansa Cargo's experience, TSA has done an outstanding job of developing and communicating about the CCSP and ensuring that air cargo stakeholders are aware of the pending August 1 deadline for 100 percent screening of U.S. origin cargo.

"In some cases, the confidential security measures, as a result of this mandate, were not communicated with sufficient notice. We are unclear about how TSA will proceed with measures relating to foreign inbound cargo.

"Finally, we believe more could be done to evaluate cargo screening technologies and to foster the development of applied training to support the effectiveness on use of the technologies.

"Cargo security is an uncompromised priority and purposeful investment at Lufthansa Cargo.

"All of our airport stations in the United States are equipped with self-owned security equipment consisting of explosive trace detection equipment and large aperture, advanced-technology x-ray systems at our gateway stations.

"When Congress passed the Implementing Recommendations of the 9/11 Commission Act of 2007 into law, mandating 100 percent cargo screening onboard passenger aircraft in the United States, Lufthansa Cargo adopted a comprehensive strategy.

"This was supported immediately by our executive board and senior leadership. For Lufthansa Cargo, the requirement to screen 100 percent did not simply apply to screening alone, but also required changes to our operations, resource allocation, productivity and processes.

"We directed extensive funding to our United States operations for the investment in technology and the cost for increased resources.

"As our business is in the service sector, it is reliant upon our customer base. Integral to this strategy was establishing an effective communication campaign to promote awareness of the mandate.

"The key to this communication was to ensure an understanding by our customers on the need for readiness. Lufthansa Cargo initiated and hosted two security conferences in New York in 2008 and 2010, bringing together our industry partners and customers, academia and U.S. government representatives to address the increased regulatory framework in the United States. Additionally, we led two security conferences in Germany, which included representatives from TSA, in order to continue the outreach plan on the U.S. and EU regulatory frameworks and the need for harmonization of security measures.

"A tremendous effort has been incorporated into our business plan to ensure the mandate is accomplished successfully.

"It is important to highlight that these measures were adopted when the economic climate in 2009 was focused on business survival.

"I am very proud to report to you that these extensive efforts by Lufthansa Cargo will allow us to achieve the screening mandate in the United States one month early, effective July 1st, 2010.

"Albeit a massive challenge, considerable resources, money and time were allocated to adopt and carry out this strategy effectively and to ensure a robust business continuity plan.

"We commend TSA on its robust communication effort within the United States to increase public awareness and understanding of the mandate.



"This included various road-shows, public outreach seminars and webinars to address the dynamics of the regulation and the operational challenges to industry.

"We also acknowledge TSA's extensive efforts in developing and allowing industry to adopt a key tool for the success for this mandate within the United States, the Certified Cargo Screening Program (CCSP).

"This program, although still in its infancy, is critical to ensure all partners share in the screening effort to maintain commercial flows, close-out times and to limit facility and airport congestion. We would encourage TSA to continue the outreach on the CCSP and invigorate the program beyond August 1st, 2010.

"We further commend TSA in meeting with specialty shippers in the pharmaceutical and sensitive goods markets to encourage adopting a plan to ensure the flow of commerce within these markets is not impeded.

"Although TSA has been effective in its communication plan regarding the 50 percent and 100 percent milestones, intermediary milestones for both U.S. and foreign origin cargo were mandated without industry consultation and without adequate notice effective May 1st, 2010.

"Lufthansa Cargo had strategically aligned our budgets, resource scheduling and technology delivery schedules based on the initial mandates."

## Otto— from Pg-3

competitive framework conditions at the major German airports. It is inconceivable to uncouple the Number 1 logistics nation from the international flow of goods for several hours daily. We therefore strongly call for the support of the industries and companies we serve.

**Q** Looking back at Lufthansa Cargo's major decisions in recent times: which ones have proven to be on mark, which has missed?

**AO** I think above all we have made many right decisions in the crisis. We have reacted quickly, for example, deactivated airplanes to lower the costs.

Also, the way we were able to navigate through the crisis with the help of our employees, I view in retrospect very positively. Through short-time work and other measures we structured a way which allowed us to keep the team intact and on board. Now, with the upward trend, these colleagues are available to us and are indeed urgently needed. The most courageous decision of the previous year was the rate increase in the crisis. From today's perspective, it was perhaps the most important one.

Of course, there are always things which didn't go off as planned. An example is the foundation of the alliance WOW. These concepts simply did not



function for us in the form we know from the passenger business. Then it was the right course of action to correct that decision and to go a new way.

**Q** Finally, where is Lufthansa Cargo in five years?

**AO** I hope and am convinced that we will have developed our Industry

Leadership in even more areas. We want to be attractive for our customers, employees, as well as our shareholder, the Lufthansa Group.

Our goal is to reach this with the greatest possible quality and flexibility. I hope that in five years, on the 40th anniversary of Air Cargo News FlyingTypers, we can look back contentedly.

# An American Saga Marches On



*We asked Dave Brooks, President American Airlines Cargo some questions and here are his thoughts.*



**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** The recovery we saw in Q1 & 2 is starting to level off; Q4 will still be decent but not the blockbuster predicted early this year.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis?

**A** The recession for us meant we ditched activity we always wanted to get rid of, we had to say 'no' to ridiculous rates, and we stopped drinking premium brands. The legacy work that required ongoing support we stuck with.

**Q** What actions have you taken toward additional product enhancement and what new products and services are or will be offered?

**A** Our luscious new Expedite TC (Temp Controlled) has been a real winner. This is a vertical you have to grow one shipment at a time so it takes patience. But it's already a meaningful part of our portfolio.

**Q** Has anything in the air cargo businesses' recent past surprised you?

**A** TSA's CCSP. I was guessing we'd see maybe 20% of our cargo coming in screened. It's more like 45%.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** Harmonization of security protocols across modes and countries.

**Q** How has increased security demand impacted your business?

**A** The measurable costs are in the tens of millions of dollars. The opportunity costs are in what we've had to set aside

in order to accomplish 100% screening, and the latent impact of cargo seeking other modes.

**Q** In your opinion, what contributed to the success of 100% security in the USA? Do you believe that same success will occur in Europe and elsewhere in the world?

**A** TSA gets a nice slice of credit for CCSP. As for the remaining inbound issues, it's going to be a block and tackling thing for the TSA, knocking off one country at a time. It will happen more slow than fast.

**Q** Are air cargo industry shows worth the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better? Which air cargo or other trade shows do you favor?

**A** Without air cargo, jeppers - - no Viagra, no blood cord, no cancer isotopes, no tomatoes in January?

International mail? AIDS vaccine? The retail world has NO IDEA the value of air cargo except for FEDEX and UPS.

I like CNS, IATA, and Brandon Fried's gig with the XLA group; basically any venue where you hear the truth and no commercials; they are getting harder to find.

**Q** When not working, what else interests you? Hobbies?

**A** My knitting and crocheting are coming along very nicely.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** My customers tell me we have the most professional cargo leadership team in the industry, so I can't say enough about them. I hope I remain smart enough to stay out of their way.



**EK Mega —Terminal from Pg-6**

freeing up of staff to concentrate on the qualitative part of their roles. This, in turn, led to a significant jump in our quality levels, which has increased to a consistent level of 99.7 percent, with many days at 100 percent.

**Q** Describe capabilities, including types of air cargo handled today, which have been impacted by CMT.

**A** Our capability to handle temperature sensitive shipments – ensuring 100 percent integrity of shipment temperature – improved significantly, with special emphasis on health care shipments.

We experienced significant growth in our market share both globally and in the local market.

Total temperature sensitive shipments grew by about 25 percent, while the healthcare shipments experienced a growth of 40 percent in 2009, compared to 2008.

**Q** As a senior cargo operations executive who has been involved in development of handling, what do you think is next for air cargo?

**A** Paperless air transport, which will be driven by e-freight program implementation.

Significant growth in customized solutions both for agents and shippers.

Significant dependence on automated IT systems for revenue/operations optimization, seamless/transparent in-

formation flow across airlines, agents, GHA and shipper IT systems/databases.

**Q** What is your absolute top priority right now and what are you doing about it?

**A** Our priority is to maintain the quality levels achieved since we moved our operations into the CMT and to help Emirates SkyCargo improve its global market share at yields better than competition.

**Q** Where is the next generation of air cargo operations coming from? How does Emirates recruit and train operations people to staff its facilities?

**A** Next generation cargo operations staff seem to come from young technology-oriented developing nations.

We recruit new staff with basic cargo handling and operations exposure, who will then be exposed to operations, IT systems, HSE and automation training, all specific to Emirates SkyCargo.

And we look at attitude and enthusiasm above all.

**Q** How important are woman in the CMT and what types of jobs do they occupy?



Women in CMT are important, and many play key roles in management, customer interface, documentation, planning and special cargo support roles.

Apart from blue collar work, we employ women in roles. Why wouldn't we?

I am surprised you would even have to ask that question!

**Q** Sitting (or running) in the most advanced air cargo facility in the Middle East and one of the top facilities of its kind in the world, what would you like to change (as top priority) about the way the logistics chain connects or does biz with you, i.e. truckers-interline, etc.

**A** I would like to see 100 percent transparency and visibility of all shipment information across our entire supply chain. By that I mean from the production line to the retail outlet – in real time.

**Q** How will the coming facilities and all cargo flights at Jebel Ali affect your CMT operations?

**A** The current DWC facilities are basic, and will be useful for our sea-air operation and charters. We will operate an off-line service there.

**Q** Can you walk us through the new field coming next month and how it will work for Sky Cargo? How does the cargo move back and forth, etc.

**A** We are still working closely with DWC/ Dnata to finalize plans for the next few years at the new airport. We see potential to use the facility both for sea-air and charter operations.

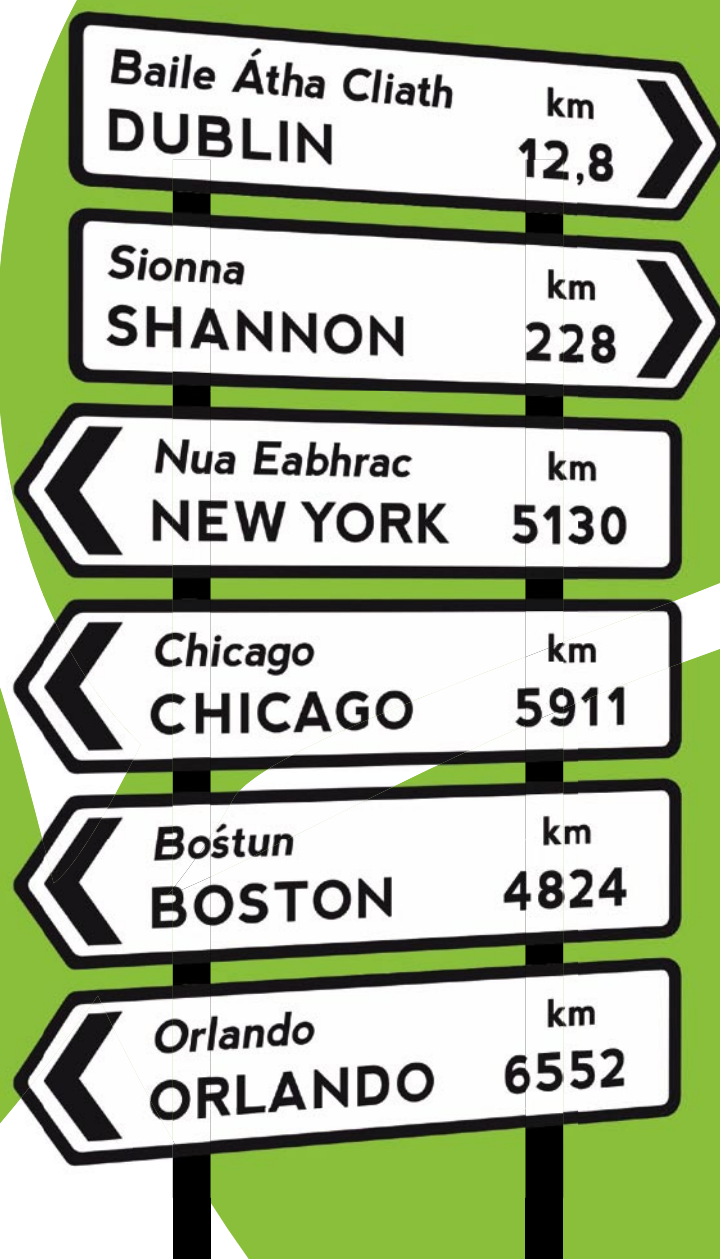


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# Gabriela Dynamic At Jade Cargo

## Women In Air Cargo



**She's on home leave, but her cell phone rings incessantly. The calls come from China: from Shenzhen, the booming metropolis of the Pearl River Delta, from Shanghai, from Yantai, the emerging center of the high-tech industry in the north of the country.**

Gabriela Ahrens takes it all in stride. What's so special about home leave? What is home, anyway, to a woman whose feet barely touch the ground they travel over: secondary school exams completed in 1979 in the Lower Saxony town of Uelzen, with further training there as a travel sales agent, then to London to work for a German travel agency, (DER), a move to Frankfurt in 1987—for love, this time. And in looking for the man of her life, she finds, on the Main River, the job of a lifetime.

She begins her career in the sales department of the German Lufthansa; first, in the passenger business, later, with Cargo. Cargo will become her greatest love. For years, Gabriela Ahrens is active in leadership positions within Lufthansa Cargo.

The rungs on her career ladder are Shanghai, Hong Kong, Sydney, Singapore and, in the last half year, Shenzhen. Starting on December 1, 2009, the power woman serves as Executive Vice President Sales and Products for Jade Cargo International.

She self-reflects: "I find myself usually head over heels in work, but it gives me an awful lot of pleasure." That might be our first clue: when people say they're head over heels, they aren't usually talking about work.

So the location of her home is long-since of secondary importance. "At the moment, the center of my life is in Asia," Gabriela tells us. "I live in the here and now. Everything else is a long way off." One notices that, including a 'side trip' to Australia, she has spent the past 15

years in Asia.

Jade Cargo International, the cargo-airline founded by Shenzhen Airlines and Lufthansa Cargo in 2004, with its six Boeing 747-400 freighters, is again just the sort of challenge that Gabriela Ahrens loves. It is this pioneer spirit, this infinite pleasure in organizational development, which drives her on. Her desire to solve problems and remove hurdles is almost like an addiction. "I love new perspectives, changes, on the job as well as in private." She says this and, at the same time, her whole face lights up.

This is the case during her training period in the travel agency, as she becomes aware that "my future would not be there." It isn't much different when she is in London organizing trips from the DER office for British citizens who want to visit the English soldiers' cemeteries in Germany. "Though I had no clear picture as to how my future would look," she says, in retrospect, "I felt overwhelmingly that London was not far enough away, not really a foreign country."

A big chance comes in 1995; China opens itself to the west. In 1994, Lufthansa flies for the first time via Beijing to Shanghai. In Frankfurt, plans for the first non-stop flight to Shanghai are starting to ripen. Young Gabriela Ahrens, who has "learned everything from scratch" in sales, is asked whether she could picture herself building up a sales structure in China. She doesn't take much time thinking about it and

seizes the opportunity.

She becomes Manager of Marketing and Sales for Eastern China with headquarters in Shanghai—and she brims with ambition. She makes contacts with local and regional travel agencies, establishes contacts with Chinese tour-operators and scours the German community. Ahrens is soon the vortex for the (at the time) 800 Germans in Shanghai and a handful of Swiss and Austrians. She establishes contacts, initiates new business and organizes parties. "Everybody knew my name. I knew Shanghai and Shanghai knew me," she says, looking back.

In 1999, Ahrens switches to Lufthansa Cargo. At that time, Stefan Lauer, Chairman of the Executive Board and CEO and today a member of the Group executive board, placed more emphasis on the independence of the cargo division and forged plans for a pure cargo flight to Shanghai.

However, for this Lufthansa Cargo needed its own sales organization on site. Who better than Gabriela Ahrens and her legendary reputation of knowing the town, its representatives and the resident companies. For Ahrens, a new start-up is the challenge again. She accepts, despite the fact that, at that time, she doesn't even know what an "airway bill" is.

But Ahrens is more than capable of learning. There are colleagues of hers who maintain that she is eager to learn. "What I knew, I left behind me," she says today. "I set out for new shores."

She recognizes this and passes it on to her employees: "Changes don't have to hurt. A great opportunity often lies in them." That is her personal credo, and is impressed upon her employees: "Primarily, we should see the opportunities in our new possibilities, not just the hurdles."

With this attitude, as one of just

a few women, she has made it to the top floors of management of Lufthansa Cargo and on the way there has never "had the feeling that I wasn't accepted."

When asked last year whether she wanted to switch to Jade Cargo International, she saw this offer as a new opportunity. The joint venture between the "most professional cargo airline of the world and its accent-setting Chinese partners" is the perfect combination "to deliver the high quality to our customers which the Chinese market, with its existing hurdles, will allow." What Gabriela Ahrens wants to say here is: The actual international standard in the logistics supply chain is not yet capable of being implemented 1:1 today in China.

"In spite of this, we are on the right path," says the Jade manager. In the meantime, the market brings Jade Cargo International a "big trust bonus." This opens the possibility again "to optimize our route network." After Amsterdam as the main destination in Europe, Vienna and Istanbul have become the emerging growth centers there. Jade is the only cargo airline that flies directly from China to Istanbul. As of the winter, the frequency will be raised from three to four flights weekly.

"Her big dream" has come true—Jade Cargo Service to the USA with thrice weekly flights to Chicago, thus opening the trans-Pacific traffic, As sales manager she can state contently: "We've come a long way, baby."

She has coped with the cultural differences between Germany, Australia and China, as well as between Hong Kong, Shanghai and Shenzhen. Only the automotive traffic in China's large cities has stymied her. She drives neither in Shanghai nor in Shenzhen, the Jade hub.

"I don't have to do this to myself," says the woman with the strong nerves, "I have enough stress."

*Changes don't have to hurt. A great opportunity often lies in them.*



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# High-Speed Rail: Air Transport

**A**s the airline industry began to develop in the early 1920s, progressive improvements in technology, operations, and marketing enabled airlines to compete with surface transport modes, sometimes vigorously, but more often by a gradual process of erosion of the market. On trans-ocean and transcontinental long-haul routes, initial penetration began

during the 1930s. Soon after the end of the Second World War, powerful airlines, mainly state-sponsored in Europe, and privately commercial in the United States, began to challenge long-established transport organizations.

In 1946, four-engined landplanes replaced the flying boats that had been considered essential for trans-Atlantic and trans-Pacific range and which were still being deployed on some Europe-Asia and Europe-Africa routes. Famous shipping lines watched the erosion of their business, to the extent that, by the 1970s, it had been superseded. Post-war transcontinental air travel in the U.S.A. expanded dramatically, and by the same competitive force from the air, passenger rail travel for long journeys had all but disappeared.

Over land distances as long as 400 miles, however, especially in Europe, railroads were still able to maintain a reasonable share of the total travel market. Even in the inter-war years of the 1920s and 1930s, airlines had already usurped shipping over such distances, especially in short sea crossings as, for example, England to France, where the London-Paris 220-mile cross-Channel air route had become the busiest in the world.

Competition from railroads could not be strengthened by enhanced performance. Average point-to-point speeds by express trains rose to an average of about 60 mph by the mid-1930s, but limitations of track gradients and curves ensured that faster journey times were exceptional. The world's fastest pre-war steam-powered speed was 126 mph by a British train, and this was, significantly, over a stretch of line that was almost precisely straight and almost precisely level. American trains achieved their fastest times also on straight and level track in the midwest.

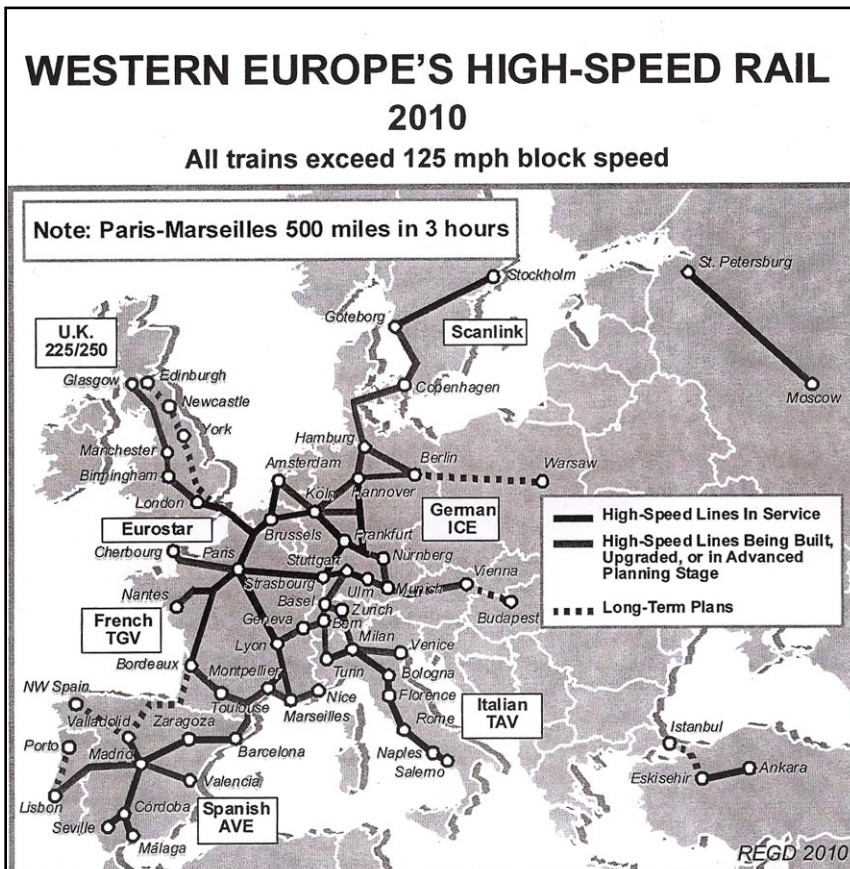
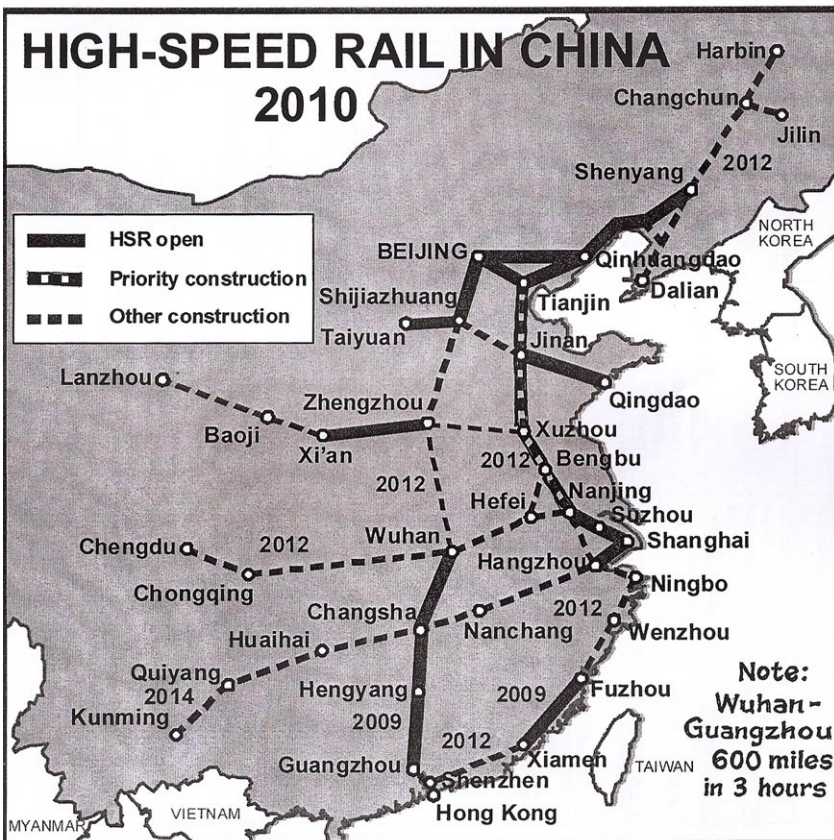
The essence of intermodal competition has always been a matter of demographics. Where people are separated, there is a potential for traffic. This increases according to the origin-destination populations of the city pairs involved, and decreases according to the distances between them. Competition is strongest where the volume of traffic is greatest, specifically where two large cities or urban concentrations are close together. In the United State, examples are New York-Washington, New York-Boston, Los Angeles-San Francisco, and Dallas-Houston; in Europe, London-Birmingham, London-Manchester, Paris-Brussels, Berlin-Hamburg, and Milan-Turin; and in Brazil, Rio de Janeiro-Sao Paulo.

Transcending all these, however, is Japan's 300-mile "Tokkaido" route, which separates Tokyo's 30 million from 12 million in Osaka. But the speed of Japan's highly-efficient but narrow-gauge railroads was limited by gradients and curves. During the 1960s, as the country experienced its amazing post-war economic expansion, it was moving some 30 million passengers a year. The airlines were able to fly two million a year but airport congestion prevented much expansion. As this volume was increasing rapidly every year, Japan was facing the prospect of a national transportation gridlock.

Recognizing that the existing trains could not cope with the challenge, Japan took the bold step of building a new railway. Its trains would cruise at speeds well in excess of 100 mph. But possibly having studied the conditions under which previous speed records had been achieved, the planning of the line concentrated on the track. The new "Tokkaido" line had to be close to straight and level for the whole Tokyo-Osaka distance. To achieve this, long tunnels bored through mountains and hills, long viaducts carried the line across rivers and estuaries. The first new Shin Kan-sen (High Speed Train) "Bullet" trains went into service in 1964. The journey times on the Hikari trains for the 300-mile route is three hours, including stops at Nagoya and Kyoto. The dramatic improvement was not only in speed, but also in the increase in unit capacity. Each train of 16 coaches can carry 1,000 passengers. The Kodama trains stop at more stations, and add to the frequency. More recently, the nonstop Nozomi trains have cut the time to 2-1/2 hours.



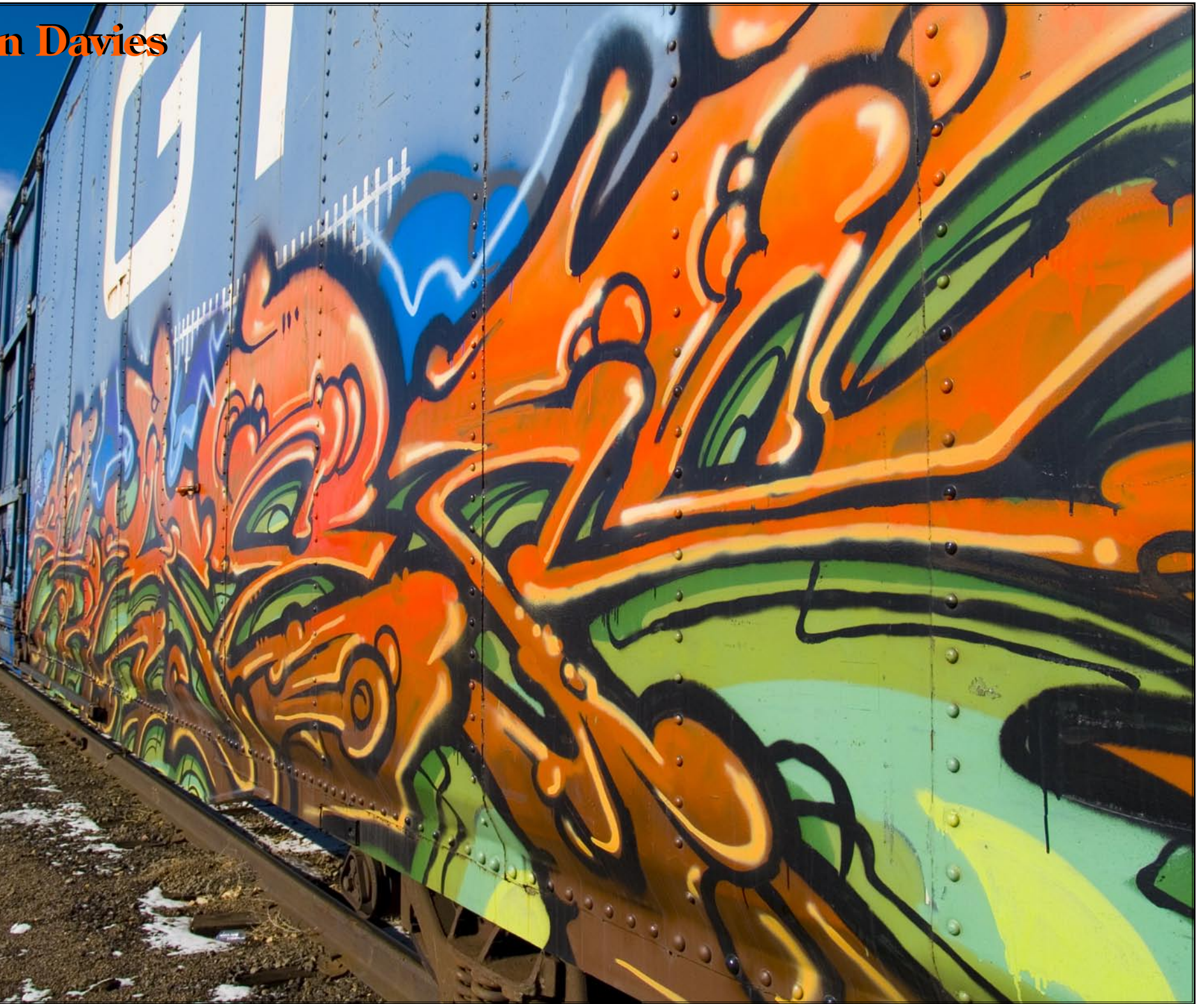
By Ro



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# ort's 21<sup>st</sup> Century Competitor

n Davies



After several years, the 1964 Japanese example had reverberated throughout the world of railroads. The lesson was learned - though the evidence had been there since the late 1930s - that improvements in performance depended on the track, not the power of the locomotives, steam, electric, or diesel. High Speed Rail was more than simply improved trains. It constituted a new transport mode, as far advanced on standard express rail as trains were from stage-coaches. And so, France, traditionally proud of its railroad system, introduced, in 1981, the TGV (Train a Grande Vitesse). The first service was from Paris to Lyon, and the Air Inter service was eroded to the extent that it was soon replaced altogether. Other TGV routes were opened to the north, west, south, and east of Paris. The

500-mile route to Marseilles is now covered in three hours.

During the next twenty years, the rest of Europe joined France. Germany started its ICE (InterCity Express) service in 1991, and when the Frankfurt-Köln line opened in 2001, Lufthansa service was terminated. Spain's AVE (Alta Velocidad Espanola) started from Madrid to Seville in 1992 and is now extended with routes to all the main cities. The network is now as large as France's. Italy also followed in 1992, from Rome to Florence, but further extension northwards was delayed until 2009, when the segment from Florence to Bologna was

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completed. That 79-kilometer stretch involved 72 miles of tunneling through the Apennines. In recent years, high-speed Thalys trains have extended the TGV line to Lille on to Belgium and the Netherlands. There are no airline services today from Paris to Brussels. Sweden opened its X2000 trains from Stockholm to Gothenburg and Malmo in 2000 and England finally joined the European high speed system in 2003 when Eurostar linked London with Paris in 2 hours 15 minutes in 2003. This was once the world's busiest air route, but the airlines now carry only about one tenth of the total traffic.

Elsewhere in the world, other eastern Asia countries have joined Japan. South Korea opened its KTX (Korea Train Express) lines in 2004, Taiwan its THSR (Taiwan High Speed Rail) in 2007, thereby terminating some of the local airlines along the heavily-populated western coast of that island. China had started a route in the north as testing and calibrating line in 2003, and captivated the railroad fraternity - and shocked the airlines - late in 2009, when it opened a 600-mile route from Wuhan to Guangzhou in 3 hours. Within two years, China will have a nation-wide, 200-mph high-speed network with more mileage than the total of all the rest of the world. In Russia, Moscow and St. Petersburg are now linked by HSR, and in Turkey, the first segment of Ankara-Istanbul opened in 2009.

All over the world, interest grows in High Speed Rail. Portugal, Switzerland, and Poland are in the advanced stage of planning to join the expanding international network. In Latin America, Brazil, Argentina, and Mexico are aiming to link their capitals with their largest cities. Morocco or Egypt may be the first in Africa. In India, studies are advanced for medium-haul networks radiating from Delhi, Mumbai, Calcutta, and Chennai. Saudi Arabia will probably be next to "join the club" with high-speed lines as part of a government program to conquer the desert with a railroad network that will supplement the domestic airlines. So far, in the United States, discussions have been held and preliminary plans have outlined six obvious locales for

## Current High-Speed Rail (HSR) Networks

Country	Name of System or train	First Service	First Route	Remarks and Subsequent Extensions
Japan	Shin Kan-sen ("Bullet" train)	1964	Tokyo-Osaka via Nagoya, Kyoto	3 Levels of service: Hakari (limited stop); Kodama (additional stops) and Nozomi (non-stop). Subsequent extensions: North to Morioka, northeast to Niigata, southwest to Hiroshima, Fukuoka, and (2004) Kagoshima
France	TGV (Train a Grande Vitesse)	1981	Paris-Lyon	Subsequent extensions: north to Lille (1993), west to (near) Le Mans (1989), south to Marseille (2001), east to Strasbourg (2008), and southwest to Montpellier. <b>Paris-Lyon airline service terminated.</b>
Germany	ICE (Inter-City Express)	1991	Mannheim-Stuttgart; Hannover-Würzburg	Additional routes: Frankfurt-Köln (2001), Hannover-Nürnberg, Berlin-Hamburg, Stuttgart-Ulm. Through trains, Paris-Stuttgart. <b>Frankfurt-Köln airline service terminated.</b>
Spain	AVE (Alta Velocidad Española)	1992	Madrid-Seville	Madrid-Barcelona (2008). Madrid-Valladolid, Madrid-Malaga (2009) open. Valencia, Alicante under construction.
Italy	ETR500	1992	Rome-Florence	Naples/Salerno, Turin "T" network completed. Rome-Milan (3 hrs) inaugurated 2009.
Belgium	Thalys	1996	Lille-Brussels (-Paris)	Extension to Antwerp and to Liege opened 2009. Belgian HSR network complete. <b>Paris-Brussels airline service terminated.</b>
Sweden (Denmark)	X2000	2000	Stockholm-Copenhagen	Includes new bridge-tunnel across the Oresund (marginally high-speed).
China	CRH (China Railway High Speed)	2003	Shenyang-Qinhuangdao	2,000-mile nationwide HSR network planned, with emphasis on Beijing-Shanghai. Wuhan-Guangzhou (600 miles-3 hours) opened Dec. '09; Fuzhou-Xiamen also opened as first section of Shanghai-Guangzhou coastal route.
U.K.	TGV	2003	Channel Tunnel-London (St. Pancras)	Opened 17 November 2007. London-Paris 2 hr 15 min, -Brussels 2 hrs. (Eurostar carries more people than all the airlines).
South Korea	KTX (Korea Train Express)	2004	Seoul-Taegu-Busan	Southwest branch planned to Kwangju.
Netherlands	Thalys	2005	(Antwerp)- Amsterdam	Extension of Paris-Brussels line to Antwerp-Amsterdam, 2010.
Taiwan	THSR (Taiwan HSR)	2007	Taipei-Kaohsiung	Opened December 2006. <b>Several airlines terminated</b>
Turkey	Italian	2009	Ankara-Istanbul	Ankara-Eskisehir opened 13 March '09.
Russia	Siemens	2009	Moscow-St. Petersburg	Possible extension to Nijni Novgorod; also Omsk-Novosibirsk.

## Future High-Speed Rail (HSR) Networks

Country	Name of System or train	First Service	First Route	Remarks and Subsequent Extensions
Portugal	AVE	(2010)	(Madrid)-Lisbon planning.	Lisbon-Oporto planned (extension of Spanish AVE network).
Switzerland	Various	(2010)	--	New alpine tunnels under construction to connect France and Germany with Italy.
Argentina			Buenos Aires-Rosario- Córdoba	Buenos Aires-Mar del Plata. Argentina may open the first HSR service in the Americas.
Mexico			Mexico City-Guadalajara	Via Queretaro, Irapuato.
Brazil			São Paulo-Rio de Janeiro	Could overtake Argentina as first HSR in the Americas.
Morocco			Casablanca- Rabat	
Poland	Siemens		Warsaw-Lódz	High-speed trials, 2009.
Malaysia			Kuala Lumpur-Singapore	
Vietnam			Hanoi-Ho Chi Minh City	Hue-Da Nang, date?
India				Planned routes: Bombay-Ahmedabad; Calcutta-Patna; Madras-Bangalore-Cochin; New Delhi-Jaipur; New Delhi-Amritsar.
Saudi Arabia			Mecca-Jeddah-Medina	Planned trans-Arabia route to Riyadh.
Iran			Teheran-Qum-Isfahan	
Egypt			Cairo- Alexandria	Date?
Czech Republic			Prague-Bрно-Ostrava	Date?
United States			Several	



R. E. G. Davies is the Curator of Air Transport at the Smithsonian Institution's National Air and Space Museum

high speed rail. These are the northeast "Boswash" (Boston-Washington, via New York and Philadelphia); California (San Diego-Los Angeles-San Francisco/Sacramento); the "Texas Triangle" (Dallas-Houston-San Antonio); Florida (Miami-Tampa-Orlando); Great Lakes (Milwaukee-Chicago-Detroit-Cleveland); and the northwest (Portland-Seattie-Vancouver).

Sadly, objections on the grounds of the cost of construction have ignored reference to the long-term economic benefits for the nation as a whole. While other countries survey routes and construct, the United States still seems not to understand even the definition of High Speed Rail.

In this country, therefore, the airlines have little to fear in the near future from surface competition. Elsewhere, however, the world is embracing

this new mode of transportation. Time was when the passenger railroads of the United States were the envy of the world. Amtrak still does the best it can. Even with an average New York-Washington speed of a mere 88 mph, it has eroded the traffic of what was once a trail-blazing airline shuttle service.

Sadly, I shall not live to see High Speed Rail in the United States. The first line to open in the Americas will probably be south of the border.

# Inter Airport China Outwardly Special



**I**nter Airport China 2010 just concluded its three-day presence at Beijing International Exhibition Centre on September 16, the fourth time this event has been held in Beijing in its three-plus decades history.

The exhibition showed state-of-the-art airport technologies, among which aviation safety related software and hardware were the focus.

Exhibitors at the event included around 100 manufacturers from China, U.S.A and European countries, with those from China numbering over 30, providing ground equipment, de-icing equipment and special vehicles.

Nearly 5,000 experts and managers from authorities and main airports in China attended the exhibition, slightly higher than the approximately 4,000 attendees in the past two sessions.

And like the events before, dedicated forums were held as an important part of the event, inviting policy makers of China's airport regulation and key airport managers to share their view on policy and also potential business opportunities.

Mr. Wang Changyi, Deputy Director General of Airport Department of Civil Aviation Administration of China (CAAC), delivered a keynote speech on the opening day: "Overview and Preview on China's Airport Development."

"By the end of 2009, there were 166 airports in operation in China, 33 of which are capable of serving large jets, such as Boeing 747.

"Six new airports opened in 2009, while in 2010 the number was scheduled to increase to 11. And today, 7 new airports are already put into use.

"However, in terms of density, airports in China are still less than one fourth of that of the U.S., added by great geological imbalance across the country."

"The number of domestic airports handling over 10 million passengers a year has reached 14, with Beijing Capital Airport ranked third in the world in 2009 with 65.4 million.

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# The Long Distance Runner In Air Cargo



**R**am Menen may not be much of a jogger, but when the subject is impact and longevity as an airline air cargo executive, the Emirates SkyCargo Divisional Vice President is, among all others, the long distance

runner. What's more, Emirates is not finished, although this may be the end of the beginnings; it currently has enough aircraft on order to double the airline fleet during the years ahead.

So it is quite a testimony to the airline and its people that so many of the faces we see at EK remain as constants, despite all the growth and change taking place at the carrier.

One of my earliest memories of Ram was walking into a room and finding him huddled inside the Dubai World Trade Center, mulling over some papers with his friend and long time colleague at Emirates Sky Cargo, Prakash Nair.

Dubai was hosting The International Air Cargo Association bi-annual event in 1996; the New York Yankees were winning their first World Series in 18 years.

TIACA, on the brink of collapse, was saved through money it made at the UAE event, and Ram Menen was the principal driver that matched up TIACA with Dubai.

It's doubtful that even the most visionary precognitive could have foreseen the rise of Emirates Airline as both a world aviation power and industry icon 16 years ago.

It is even more unlikely to have supposed that Ram Menen would

have continued to steer the course and remain at the helm of a major world cargo carrier as long as he has, longer than any airline top executive in the history of the business.

But that is exactly what happened. The kid from the tent alongside the runway at DXB, humping and running cargo in and out of a couple of leased-in aircraft from Pakistan in preparation of a new airline called Emirates, is now the senior air cargo executive who has given his service and charity back to the industry and to others along the way.

Ram Menen dresses formal—always in a dark suit with white shirt and tie.

But don't let the business uniform fool you.

Ram is approachable by anybody; a down-on-the-ground kind of guy who knows a thousand air cargo areas, the best place to enjoy some delicious dosa, and how to stay in touch with the most critical area in the movement of freight.

It may be hard to believe, but after a generation in air cargo, Ram seemingly can't wait for tomorrow and thinks things look better every day.

Works for us.

Taking the industry view, Ram Menen notes:

"The best way to build a better air

cargo industry and achieve some of our main goals over the next few years, such as 100 percent paperless transactions, is to communicate with all the stakeholders through one voice.

"I am a firm believer in the benefits of meeting your customers and partners face to face and look forward to the upcoming International Air Cargo Association (TIACA) Amsterdam Air Cargo Forum November 2-4 to provide a great platform in that regard.

"TIACA's membership is diversified and we have stakeholders from all walks of our industry present within the association.

"It is a great platform to create one voice."

We ask Ram if there were a couple of things about air cargo that he might like to see changed.

The response was exact and without pause:

"Collaborative attitude, transparency... visibility throughout the entire supply chain.

"Everybody to 100 percent e-freight."

We wondered: How about eight days a week?

Ram thought for a split second, and laughed.

But... he thought about it.



runner.

This decent, industry supportive and self-effacing man has quietly become one of the longest serving and most prolific executives in the history of the form.

Emirates SkyCargo 2010 continues as a dynamic innovator, changing the playing field for air cargo the world over.



# Emo Trans Strong Foundation

If Jo Frigger, CEO of EMO Trans, is slowing down as he commences his seventh decade, he sure is showing no sign of it.

This guy is the poster boy for the self-made, straight shooting, air freight forwarder in the world today.

But Jo didn't drop out of the sky.

He has worked and thought about what it takes to be successful since he was a little boy, more than six decades ago in Germany.

Once while we were talking, Jo recalled waiting on line with his Mom for a forty Mark handout, which was given to people in Cologne in 1948 as everything lay in ruin, and the Reichmarks money was worthless.

"We were unable to even purchase a loaf of bread," he recalled.

But when times are tough, the tough, it turns out, do get going.

"I vowed to never get on another line again," he said.

Jo says that the experience he had when he was nearly 8 years old taught him, among other things, to always own real estate property.

"Within a day after the money hand out, the shops that were barren and empty before, opened for business again with everything your heart might desire."

There is a subtle humor, a quick

ten the key to problem solving, there is no substitute for human ingenuity."

"Our capabilities have grown to include solutions for air cargo, ocean freight, distribution, warehousing, and all international transportation needs.

"EMO Trans network offices worldwide have significantly increased the scope and coverage of our global operations.

"With more than 250 offices located in over 120 countries, EMO offers door-to-door control of each and every shipment.

"In addition, we bring global visibility through local representation and knowledge of the unique characteristics of local markets."

It's worth noting as 2010 rolls along and TIACA meets in Amsterdam, one of the best meetings we attended this year (and any year come to think of it) was the EMO Trans Global Annual Meeting in Washington, D.C.

The first thing we noticed about the meeting was that the planning was thorough and exact and included plenty of time for EMO people from Korea, Australia, Germany, Chile, Canada, and the USA to conduct ongoing meetings starting right after breakfast and going until sundown in almost every available space at the modern downtown

USA.

The rest of the event, which culminated after three days, was a non-stop set of meetings upon meetings punctuated with large social networking events, including the opening gala held at the Kennedy Center.

The company keeps its team on the same page through plenty of upfront communication.

EMO also extends its global culture by offering, of all things, The EMO Trans Cookbook.

Published a couple of times during the past few years, the cookbook shows true originality in recognizing and acknowledging the varied cultures of the EMO employees and the world the company serves.

That diversity is met with a true hands-across-the-water menu of local favorite recipes from people in its far-flung network of offices.

It might seem like a small thing, but for global enterprises that are often impersonal, the EMO Trans Cookbook offers a unified vision of the company and shows what makes for a true recipe for success: the ability to stay close



Generations—Jenni Frigger Latham & Jo Frigger.

What, then, has been a surprise in 2010? Jo considers the question and says, "Nothing really, except that 4,000 IAC's are responsible for the safety conduct of 100,000 truckers and their employees—a responsibility without any real means of enforcement.

"At the same time, we are severely impacted by increased cost for equipment and manpower placed on us as a result of the security demand."

The U.S. air cargo industry is now at a 100 percent mandated security, however Jo is not sure if there is 100 percent success.

"There is 100 percent screening. Now Europe will follow within the means of their somewhat un-coor-



smile, and a rock hard toughness about Jo Frigger.

He ranks high amongst the most interesting and successful gentlemen of air cargo.

"EMO Trans began providing professional air freight services in Germany in 1965," he says.

"Since that time, our capabilities have expanded to include virtually every facet of worldwide shipping.

"Yet one thing has remained constant: our ongoing commitment to providing door-to-door solutions for each individual customer.

"In a business where creativity is of-

Washington, D.C. Hotel.

In terms of scope and relevance, the agenda set up rivaled some bigger trade show organizations, although since this is a company meeting, the tradition of sugar coating the opening plenary is traded in for straight from the shoulder "where are we now" opening addresses from Jo Frigger, CEO, EMO Trans USA, and Stefan Ritter, Managing Director, EMO Trans Germany.

From out of the gate, first morning topics include a look at sales during 2010 and beyond, plus an airline view delivered by Oliver Evans, MD of Swiss Cargo and Jack Lampinski, CSM Swiss

to the ground, stock your ranks with good people, and always keep close to the customer.

Taking a forward look, Jo Frigger said: "Business has increased substantially in 2010 and there are no signs of a slow down right now. We have built our market presence with careful planning and total customer service,"

"The crisis, now past, has affected everyone, but our results stayed very stable. Cost savings without letting people go and a very diversified global market have helped. Not being dependant on any bank has also been a factor."

dinated actions for each country in Europe."

We ask Jo what change he would like to see take place in the industry, and without any hesitation, Jo replies:

"Better cooperation between forwarders and airlines and better IT interface throughout the whole industry."

We wonder how Jo has lasted more than 50 years in the air cargo business.

The response is typical:

"After 52 years in the business, I have not worked a day in my life – it was always fun."



### InterAirport From Pg-17

“One consequence driven by the surging demand is the overload of airports. According to rough statistics of CAAC, passenger volumes at over 60 airports in China are about to or have already reached the design capacity, and expansion works are on high agenda.

“This also means great business opportunities for manufacturers in the world, plus the ongoing building of new airports in the country.”

Ms. Cheng Feng, Deputy Director General of Airport Construction Dept. of China West Airport Group, introduced the group’s plan for expansion and newly-built projects and equipment importation.

As the second largest airport group, state-owned China West Airport Group currently owns 12 airports in four provinces in West China, with Xi’an Xianyang Airport to be the core.

“In 2009, the airports of China West Airport Group handled 19.7 million passengers, with the number at Xi’an Airport as high as 15.3 million; while in 2010, the group estimated 23 million in total, with Xi’an Airport contributing 18 million, almost fully responsible for the increase.

“In the past five years, the group has invested 8 bil-

*Expansion means great business opportunities for manufacturers in the world,*

lion RMB in airport construction and expansion; and in the next five years, the group will spend over 21 billion RMB, including 7 projects devoted to building and expanding. Phase two of Xi’an airport will only need 9.2 billion RMB, expected for completion in 2012.

“Phase two expansion of Xi’an airport and Xi Ning airport are currently underway; while two regional airports and phase three expansion of Yin Chuan Airport are now in preparation.”

Taking the expansion project of Xi’an airport as an example, Ms. Chen introduced the group’s principles in the public-bidding procurement of equipment, which emphasize the product’s technology, after-sale service, are environmentally friendly and exhibit the manufacturer’s position in the industry.

Mr. Ye Tao, Chief of Equipment Procurement Planning & Development Department of West China’s Xinjiang Airport Group, also shared the group’s new airports investment in the coming years.

Other topics discussed at the forum included airport security, presented by Mr. Dominic Yu, Senior Manager of Airport Security of Hong Kong Airport Authority, and green airport solutions by Mr. Gerhard Kleber, General Manager of Infrastructure Logistics of Siemens Limited China, etc.

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# India Pharma Sky High

Rising pharma exports from India (the \$12 billion pharmaceutical industry earns 40 percent of its revenue from exports of off-patent generic drugs) have prompted the government to take notice and move to enhance the facilities available at international airports in the country. Sources in the Ministry of Chemicals and Fertilizers, the department responsible for pharmaceuticals, pointed out to *Air Cargo News Flying Typers* that there was urgent need to either establish new

cold chain facilities for drug storage at airports or enhance the present ones. Another reason is the constant complaints about the lack of proper cold chain facilities at airports from pharma producers represented by the Organization of Pharmaceutical Producers of India (OPPI).

During 2009-10, the revenues of the Indian pharmaceutical industry went up despite the global recession and financial crises, from US\$0.32 billion turnover in 1980 to approximately US\$21.26 bil-



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lion in 2009-10. The country now ranks third in terms of volume of production (10 percent of global share) and 14th largest by value, according to official sources. This has led the Pharmaceutical Exports Promotion Council (Pharmexcil) to plan offices and warehouses in the U.S., Europe, Latin America and Japan to help Indian drug exporters. Drug exports are likely to show above 15 percent growth for 2009-10.

The concerned ministry is believed to have identified 21 airports around the country for enhancement of cold storage/chain facilities, but the first phase will see improvements at Delhi and Chennai. The work is scheduled for completion in a couple of years.

While private operator GMR manages Delhi's Indira Gandhi International Airport, the government-controlled Airports Authority of India (AAI) handles Chennai. Talks between ministry officials and the airports' management have begun and it is believed that one of the demands placed by the airport operators is the levying of a user-development fee for the space the airports would lease out for these special facilities.

The ministry, sources added, have impressed upon the management of the two airports the need to rush with the construction of the facilities and ensure that each one is of world-class standards. The government has also appointed a committee to take a look at the present capacity in the 21 airports and suggest the manner in which the enhancement can be done. The committee has stakeholders from the pharma community, the departments of health, civil aviation, the AAI and private airport operator.

The OPPI, in fact, has taken up the Cold Chain Management issue at airports with the concerned government departments for over three years now. It has held discussions with major stakeholders, like the Mumbai and Delhi Airport operators, from where 80 to 90 percent of the export and import trade of pharmaceuticals take place.

Among the demands of the OPPI in addition to providing cold chain facilities, were loading sheds and refrigerated vans for moving goods within the airports. The discussions were followed up with the establishment of four cold rooms at Mumbai.

At Mumbai, where space is a major constraint, the four cold rooms for pharma products were created in the latter part of 2009. It has also gone a step further and trained staff to handle temperature-sensitive pharma products. In fact, the establishment of these rooms has sent freight forwarders sulking. Most of general freight is of the opinion that the cold chain rooms took away the prime space for general cargo. However, MIAL of-

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# Driving Change For The Carriers

**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** We have seen consistent growth and evolution of our community of users.

In order to serve our customers, despite the downturn, we have continued to innovate our product portfolio. We also see significant opportunities for global consolidation.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis?

**A** Whilst there were temporary de-



James Fernandez,  
Vice President  
Sales & Marketing  
CHAMP Cargosystems

clines in transaction volumes during 2009, this has been compensated by

growth in other lines of businesses and our continued and steadfast corporate strategy.

**Q** What actions have you taken toward additional product enhancement and what new products and services are or will be offered?

**A** We have made considerable investments in enhancing functionality as part of a truly integrated suite of cargo solutions in such areas as Revenue Accounting, Business Intelligence and Commercial Optimisation.

Our Global Customs Gateway product, is a fully configurable customs “hub” solution for all (upcoming) customs requirements in the European Union and Mexico.

**Q** Has anything in the air cargo businesses’ recent past surprised you?

**A** It has been invigorating to see the resilience of the business with how the air cargo industry has taken hands-on corrective measures during 2009 towards capacity discipline and commercial measures to counter the decline in business volumes.

This has particularly been visible in the industry’s ability to cope with the recession and with increased demands from regulatory bodies, such as cargo screening.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** As an industry I would like our focus to be on doing the right things not just doing things right—use your IT investments for business analytical purposes and build into the fabric of the business to drive continual performance improvement.

**Q** How has increased security demand impacted your business?

**A** It has not had a significant impact other than the requirement to support the tracking of cargo screening across the cargo management flow activities.

**Q** In your opinion, what contributed to the success of 100% security in the USA?

**A** Existing relationships in the industry of all supply chain partners, from shippers, to freight forwarders and carriers as well as cargo screening vendors. The pragmatic approach that went into preparations towards meeting the deadline of January 1, 2010 is reflective of an industry that has a good handle on core operations.

**Q** Do you believe that the same success will occur in Europe and elsewhere in the world?

**A** Yes, despite the more fragmented nature of the industry in Europe.

**Q** Are air cargo industry shows worth the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better?

**A** More often than not, you are more conspicuous by your absence than by your presence.

The shows do provide an environment to have informal exchanges with friends, partners, and competitors on trends, developments, concerns, challenges and workable solutions for the overall air logistics chain, in one place.

**Q** What could potentially be improved:

**A** Have specific and targeted networking events, supported by real thought leadership in business performance optimisation and perhaps experiences from other industries.

**Q** Which air cargo or other trade shows do you favor?

**A** TIACA, CNS, IATA World Cargo Symposium and ALTA

**Q** When not working, what else interests you? Hobbies?

**A** I try to spend as much time as I can with family and I do enjoy Tennis and Golf.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** I am delighted to be part of a growing organization dedicated and focused on supporting one industry on a global basis and trying to drive change.

## Mr. Smith Goes All Cargo

After 11 years of building a solid reputation in the air cargo distribution business from his Dubai hub in the United Arab Emirates, Lionel Smith, Managing Director of Air Cargo Integrators FZC (ACI), says that he is both “thrilled and honored” to further spread his wings from the warm Arabian airspace to the cool, lucrative African skies.

Lionel Smith is in the airline business and has acquired an existing AOC (Air Operators Certificate) issued by the Kenyan Civil Aviation Authority (KCAA).

The new venture is in conjunction with local partners and has been re-launched from the Kenyan airspace under the business

name D Connection.

D Connection, with a head office based in Nairobi, has been in existence since 2004.



With ownership of a B737-200QC registered 5Y-JAP, the airline has been conducting ad-hoc charters to various East African Countries, mainly flying into Juba/Mogadishu/Mwanza/Dar es Salaam for the past half dozen years.

Mr. Smith, who is picking up business to rebuild and living a great dream, describes his vision and plan this way:

“We will create a regular and dependable hub and spoke cargo concept from (JKIA) Nairobi, serving destinations such as Entebbe, Dar es Salaam,

Mwanza, Kigali, Bujumbura, Juba and Mogadishu from the outset.”

As an old school air cargo guy, Lionel Smith knows the airline game first hand and has in his possession the dream of many.

He is both elated and certain to get this airline thing right the first time.

History, he points out, “is littered with failures of many, who once given the opportunity to get an air cargo resource right, have forgotten the rules and what they learned on their way up.

“D Connection will be a neutral operator and serve all its SPA partners & freight forwarders in a fair and transparent manner.

“After studying the market for the past 5 years, I feel the East African market is growing rapidly and there is a dire need for a dependable and reliable operator to serve the market.

“We will work closely with all the major airlines that serve Nairobi-Kenya.

“We already have SPA’s in place with many major airlines, to name a few: Emirates Airlines (SkyCargo) & Etihad Airlines (Crystal Cargo).

“D Connection has a weekly freighter program put in place, utilizing a B737-200QC that has just returned back from South Africa after undergoing an extensive C Check.”

Smith says:

“We have invested heavily into building a new Technical, Operations & Commercial Team.

“As both forwarder and GSA, I know first hand what is needed and what to expect.

“Our partners will never be in the dark about D Connection: that is our promise and credo.

“The team arrives with a new culture and business philosophy, complimented by years of experience & expertise within the region.

“We have embarked on rebranding the existing company and we are enthused and energized to take D Connection to greater heights and the air cargo business along for the ride with best in class service “

# Delta's Billion Dollar Baby

*Everybody has goals in mind with some top executives clearly focused with eyes on the prize.*

*For Neel Shah, Vice President Delta Air Cargo the plan is to emerge in 2012 as a billion dollar business.*

**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** Both Delta Air Lines and Delta Cargo have solid plans for 2010. We are confident that we will meet all our business and financial commitments. Delta overall expects double-digit passenger unit revenue gains expected for the September quarter.

As of July, Delta Cargo's year-over-year CTM growth of 34% outperformed IATA by 11 points, and this is against the biggest decline in ASMs among the domestic carriers. As of August, we've been able to grow revenues by 49% YOY, which pretty much replaces the revenue impact we took from retiring our freighter fleet.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis?

**A** Certainly all companies have had to make hard decisions in this economic climate. Within Delta, we focused on aggressively curtailing capacity early in the crisis, including the grounding of our freighter fleet. We have taken the position that the industry has to break its boom-and-bust cycle, and that is only capable with a rational approach towards capacity. Within Delta, disciplined adherence to that approach is paying dividends and we are now positioning industry leading financial results as a corporation.

**Q** What actions have you taken toward additional product enhancement and what new products and services are or will be offered?

**A** Our product strategy focuses on specializing in specific commodities where there is a defined, critical need, but only when the revenue exists to justify the cost of that specialization. For example, we've spent two years building and solidifying our Variation Pharma product in markets where there is a demand for cool chain products.

Looking forward, we are focused on building our chain-of-custody capabilities, with an eye towards the growth in high-value shipments that



demand more security than general freight shipments.

**Q** Has anything in the air cargo businesses' recent past surprised you?

**A** Perhaps surprised isn't the correct word, but I have been disappointed in the lack of momentum around common issues like cargo security, eFreight and Cargo2000. This industry lags behind so many others – the passenger side of airlines in particular - in advancing initiatives that make it easier for us to work together.

In the past, Delta was probably just as guilty as the rest of the industry of not driving forward with eFreight & Cargo2000. However, with our merger behind us, we are now dedicating a great deal of resource to make these initiatives a priority. They are core components of our division's business plan for 2011.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** That depends on which industry you are talking about. If you ask me what I would change about the airline industry, I would probably advocate a more rational approach to capacity that ends the boom-and-bust cycle we've ridden since deregulation.

If you are talking about the air-freight industry, I go back to my comments above. There needs to be a greater willingness to work on solving the non-competitive infrastructure issues in a way that is meaningful and useful.

**Q** How has increased security demand

impacted your business?

**A** Since the recommendations of the 9/11 Commission were made into law by Congress, we have worked very hard towards the goal of 100% screening. This has resulted in some very dramatic changes to how we conduct business from the known shipper program to screening at the point of acceptance.

We have risen to all of these challenges and met every milestone along the way. We did spend millions in capital and incur further millions in operating expenses every year in order to meet the mandate. We are very supportive of these changes because as an airline, safety is our number 1 priority and we must constantly evolve in order to stay a few steps ahead of the bad guys.

**Q** In your opinion, what contributed to the success of 100% security in the USA? Do you believe that same success will occur in Europe and elsewhere in the world?

**A** I think much of the success can be attributed to the customers who had the foresight to become CCSP compliant. Delta Cargo has been one of the most vocal proponents of CCSP, and invested to ensure customers who became certified would feel no negative impacts from the 100% screening mandate.

While the customers deserve a lot of credit, it is also worth noting that the logistics and planning required within Delta over the last two years to get to this point was formidable. So was



the investment. Delta, in particular, focused a lot of time and energy on customer communication. All of the work and cost paid off, though, as our goal was to ensure that August 1st was a non event.

I think the success in Europe and elsewhere is directly tied to the customers, and how seriously they take the mandate. Anyone who believes that 100% screening won't come to their home markets has his head in the sand. We are already screening very close to 100% of inbound cargo and we will pursue hitting 100% in the very near future. We do need to see greater cooperation between the TSA and foreign governments so we can get more foreign security programs approved by the TSA to allow for the smoother transit of cargo. There are currently many countries whose programs need to become "approved" to ease our way towards 100% inbound screening of cargo.

**Q** Are air cargo industry shows worth



# Reto Charters A New Approach



*Reto Hunziker, the likeable young manager of Lufthansa Charter, is closing in on his first year leading the organization, having taken the MD reigns from company founder Christian Fink earlier this year.*

*We caught up with Reto, who moved from start-up Jade Cargo in Shenzhen back to Frankfurt with some ease, wondering if things are really humming along and what is next for Lufthansa Charter?*

*Reto used to describe his team at Jade as “my family.” From that approach, Reto Hunziker seems to be all for the expansion of family, which looks to be growing all over the place.*



**Q** You have been on the job for some months now. How do you rate your performance as MD Lufthansa Charter?

**A** So far everything is going the way it should. We initiated an internal team, building and changing process to clarify the responsibilities. This had, has and will have a big influence on the people and the company culture.

We made a lot of progress in various fields and are definitely on the right path to be fit for the future.

I have learned to deal with a different culture and environment again, privately as well as in the business.

**Q** Recent word is surfacing of changes in personnel at Lufthansa Charter. Can you describe whom the new people are and what you hope they might accomplish?

**A** We appointed a new GM for the Americas, Andrew Morch, who was working for Swissair, KLM, ABC and Air Canada before. He has a good knowledge about the U.S. market and customer base.

The new GM appointments for DXB and HKG will be announced shortly.

The change process will also bring

some personnel changes in the FRA office. We are working on that and should be able to announce these changes soon.

**Q** Can you describe the current condition of your business, and what you think lies ahead? How is business as compared to 2009 and where would you like to see and expect business to be by end of 2010?

**A** We had a good year so far and are positive that the remaining year will work out very well for us. However, we were not able to profit from the ash as much as everybody expected.

The capacity available during this time was extremely low and carriers preferred to fly the backlog first. I do expect a peak season from mid October (after the Golden week) until early December. In my view, this will be the key peak time. We have some peak deals on hand, mainly between Asia, the Middle East and EU and we are well prepared for the hot period mentioned above!

**Q** How is the charter market right now and what are you doing to leverage Lufthansa Group to maximize returns with Jade, Austrian, Swiss and Lufthansa?

**A** The market is ok. We get a lot of

requests. However, the capacity situation is still tight and it is not easy to get NC access. We always check the availability of the group capacity first. We then go to the market in case there is no group capacity available.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis? What actions have you taken toward additional product enhancement and what new products and services are or will be offered?

**A** We were affected by the financial crises in the same way as the whole industry was affected.

We are a very lean and mean organization, so we were well prepared! We implemented and kept a strict cost optimization program and were therefore able to get through the crises very well.

The traditional ad-hoc charter business will be the main focus for the future.

However, we started to look into new segments, like small charter operation, as well as into year round charter chains.

Additionally we are discussing new products and industry approaches together with Lufthansa Cargo and the Lufthansa Cargo Group.

**Q** What is the most common misunderstanding about Lufthansa Charter?

**A** Everybody thinks that we focus on selling group capacity only. That's not the case at all; group capacity reflects only a minor share within our business model.

We are also often seen as M11 F, 744F and 777F provider. However, we do much more and can offer each size of aircraft from XXS to XXL.

**Q** Has anything in the air cargo businesses' recent past surprised you? If there were one thing you could change about the industry to make it better, what would it be?

**A** I was surprised that the year, especially the first months, was developing very well. The short recovery mode from the crises was a big surprise.

I would like to make our business more reliable and less dependent on seasonality.

**Q** How has increased security demand impacted your business? In your opinion, what contributed to the success of 100% security in the USA? Do you believe that the same success will occur in Europe and elsewhere in the world?

**A** We are in line with the industry. We did not feel a negative development due to increased security. Security will be the key in the future. USA took the lead, and all others will follow.

**Q** Are air cargo industry shows worth the cost, time and labor? What do they deliver and what can be done to make them better? What air cargo conferences do you plan to attend during the remainder of 2010? How productive have air cargo conferences 2010 been - i.e., Brazil and CNS that you attended?

**A** To improve upon conferences, there must be more focus on current, important topics.

As example, the issue that Dr. Otto brought up during his speech at CNS and the follow up discussions that are now continuing in *Air Cargo News FlyingTypers*.

We are going to be attending the TIACA show in AMS. This will be a combined Lufthansa group stand with LH Cargo, LH Cargo Charter, Swiss WorldCargo, Brussels Cargo, time-matters and Jade.

The Brazil show was an excellent experience. It showed me how big the potential is in the South American market. Everybody is focused on China and India, however in my opinion, the South American market is emerging as an important market.. SA-EU, SA-Asia, SA-US as well as the traffic within SA will grow and will play an important role in the future.

The CNS show is still one of the

best, networking platform. It is definitely a must attend event!

There are some limited events that are important to participate in. These events are very good networking platforms where you meet the key people of our industry.

**Q** How important to your business are air cargo industry awards?

**A** As long as the awards are based on performance and not on advertising spent they are important.

**Q** Earlier this year, Lufthansa Charter (as did many other cargo companies) was involved in lifting relief supplies to Haiti.

What other moves has Lufthansa Charter made to help organizations that are recognized for their contributions to people in need?

How much emphasis can you place in utilizing Lufthansa Charter to help others?

**A** We recently flew some relief charters to Pakistan, with some more flights planned.

We have a long standing relationship with "Luftfahrt ohne Grenzen" group and support their efforts in bringing aid to children around the world. In this regard, we also sponsored the Sikorsky S38 happening.

Relief is an important topic for us that we take very seriously. We try to help whenever we can. Needless to say, we provide all the relief flights at base cost.

**Q** When not working, what else interests you? Hobbies?

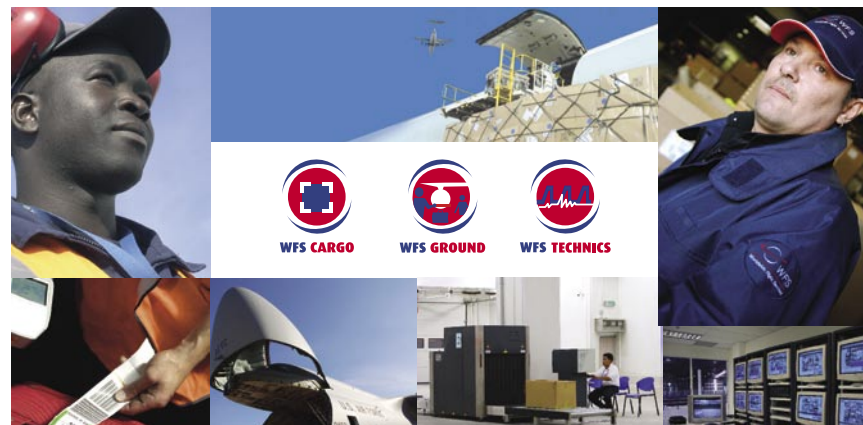
**A** I like running and biking; in general I like spending my time outside enjoying nature.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** We have done a good job so far. However it is far too early to relax - there is still a lot to do. I'm proud that most of my people understand the new philosophy and the new approach.



Reto Hunziger, Managing Director Lufthansa Cargo Charter is pictured alongside Heide Enfield, Head of Marketing & PR with the S-38 as backdrop on September 9 in Egelsbach. The S-38 flew across a route once reserved for the giant, 100-ton Boeing B314s of Pan Am in a fundraising effort to support the great Wings of Help Charity in Germany. The S-38's route was charted all the way from Minnesota crossing Labrador, South Greenland, Iceland, Scotland, Faeroe Islands, London, and Brussels, into Frankfurt (Egelsbach Airport) before continuing on to Berlin, Germany. Heide said, "Wings of Help is a great charity that is constantly at crises points everywhere in the world with special emphasis in helping children. As example, Wings has organized and provided the movement of tons of disposable diapers to Pakistan, as unimaginably severe flooding continues to challenge every facet of life in that country. Lufthansa Charter is proud to support Wings of Help."



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Volker Dunkake, LH Cargo Charter, Bernd Grün, Geodis Wilson Germany, Ulrich Brenner KN Airlift, Geoffrey Arend, Air Cargo News FlyingTypers, Nils von Buxhoeveden, LH Cargo Charter, and the pilot with the plan and plane—Thomas Schrade.

# Awards Fete Air Cargo For Profit

Every year there are air cargo industry awards events at fancy bow tie affairs around the world.

There are awards for everything – Company of the Year, Person of the Year, Most Influential, Lifetime Service. Awards will be handed out left and right by trade shows, industry organizations and publications.

It all makes you wonder what's going on, especially since the air cargo industry just had quite possibly the worst financial year on record.

While the year in finance should not give us ostrich syndrome (and thankfully, many of us have not stuck our heads in the sand), something rings a bit hollow when air cargo folks sit down to a \$75-\$150 a plate trade show dinner and pat themselves on the back whilst fellow companies face uncertain futures and bleed money like fiscal hemophiliacs.

The idea of recognizing and awarding exemplary effort is as old as organized business itself. But right now, the idea of handing out awards seems a bit over the top, if not downright inappropriate.

For starters, there are too many awards. Awards have also become moneymakers, especially for publications who are able to convince candidates into buying full-blown advertising programs pleading with readers, "Vote for us!"

The amount of correspondence we are seeing from otherwise sensible, dedicated air cargo people pleading for people to vote them best airport or best airlines would be laughable were it not so pathetic. The offenders know who they are.

Forgetting everything else, does no one smell a scam?

Advertising programs, event sponsorships, corporate tables at galas sold as part of an awards package – these reek of set-ups, in our humble opinion. My eldest daughter, a writer, likened it to the emails and letters she sometimes

receives congratulating her on her inclusion in a new book, Best



[Insert Year], for which she need only provide \$50-100 to receive a copy. That small fee covers inclusion in the book as well. The judge of what is the "best" poetry is the dispassionate, almighty dollar.

It's sort of like purchasing a star, which you can also do if you're willing to fork over the cash.

The guys on the street here in New York City call it a kickback, pure and simple.

Hard working companies and people in air cargo don't need that kind of grief at what should be a moment of encouragement, enlightenment and reflection for a job well done.

Heiner Siegmund, Air Cargo News FlyingTypers European Bureau Chief, who talks to air cargo people in Europe and elsewhere more than any other reporter on the planet, observes:

"By and large, there is no transparency as to what are the criteria for a great number of the awards.

"Awards announcements go something like:

"Our readers have decided..."

"In most cases, nobody knows how many of these readers really participated in the surveys.

"In other words, the prerequisites for the vast majority of awards are totally nebulous. For example:

'Best Cargo Carrier of Europe, Best Cargo Carrier of the Middle East, Outstanding Cargo Carrier of Asia/Pacific,' and so on.

"Sometimes, it is the ability to make the most 'noise' that wins the award.

"Between 2005 and 2008, air cargo was growing so fast that award overkill reduced credibility and increased the

creation of award schemes. This led to a worldwide inflation of accolades that popped up like mushrooms in every corner of the planet. This wound up devaluing those few awards that are based on thor-

ough and scientific research.

"The best thing would be for the major and most respected cargo carriers to form a sort of informal alliance demanding that the number of awards be reduced to a comprehensible number, let's say, four or five per year, honoring different transport and service categories and items along the entire supply chain."

In past rants about industry awards we have wondered why IATA or some other multinational and neutral body might not manage awards by initiating and conducting surveys in close cooperation with international airfreight and transport media.

Instead IATA, while still not in the awards loop, has acquiesced to another publication's awards shindig during WCS. No doubt that there is plenty of constructing thought out there when it comes to the giving and receiving of air cargo industry awards.

A highly-placed air cargo executive who has requested anonymity thinks that maybe awards committees need to look a little closer when they go about the business of recognizing true winners:

We think too highly of our senior teams and not enough of the people making it happen every day at the terminals, sales offices and GSA loca-

tions. "Air cargo needs to recognize the great job all of our people do to make this industry successful.

"Maybe there should be some new award categories to include a broader spectrum of people and businesses.

"For example, what would be wrong with selecting the best third-party cargo handling service or, for that matter, recognizing the best GSSAs?

"Both are daily integral forces in air cargo that rarely, if ever, get respect, let alone receive awards.

"There are plenty of other categories that could and should be considered outside of the aforementioned 'narrow awards recipients band' of as the industry gears up for the rest of 2010." Another top executive in air cargo (unnamed) thinks awards should come in part from customers with some benchmarking:

"Performance should be based on profitability and the views of our customers.

"They should decide who is performing best and we should use more analytical methods to measure performance."

Another thought is that maybe air cargo should skip awards altogether and hold a series of fund raisers to help the legions of people worldwide who are being thumped to distraction by out of control, politically driven prosecutors in the U.S., EU and elsewhere as air cargo is increasingly being targeted for alleged price fixing.

In the meantime, there is no doubt in our minds that the air cargo awards trend will continue.

It will just be a matter of what the awards now mean for those who win them, considering they mean very little in the grand scheme of things.

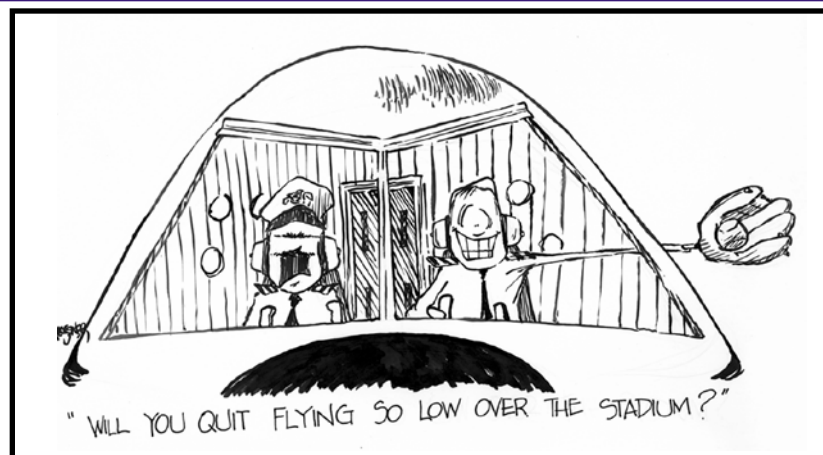
## India Pharma From Pg-21

officials pointed out that as far as cold storage for pharmaceutical products is concerned, it has to be realized that Mumbai is the capital for the pharmaceutical industry and the concerned ministry had been asking for the creation of such a facility at the Mumbai airport for some time.

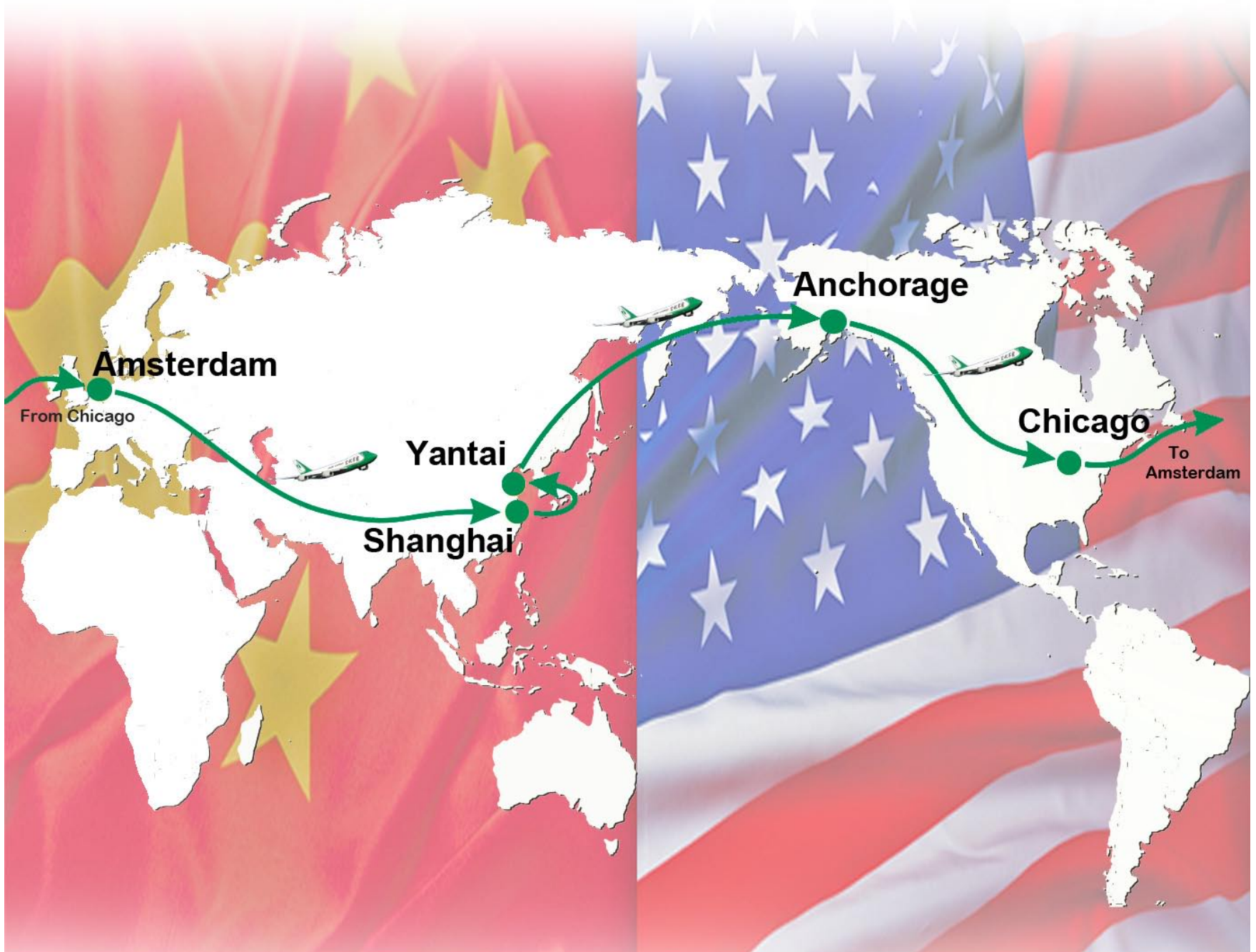
At the Chennai airport, work is on to add an additional 26,000 sq. meters with an automatic storage and retrieval system (ASRS). That would provide the

cargo complex with 58,000 sq meters. In the expanded complex, there will be temperature-controlled cold storage rooms with special flooring, secure storage facility for dangerous and hazardous goods and a number of strong rooms for valuable cargo.

Once the infrastructure is completed, the Drug Controller General of India (DCGI) will have control over the separate dedicated controlled environment, called a 'Pharma zone,' located within the cargo premises at airports.



# China - U.S.A - Europe - Jade



## October, 2010

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# Uli Talks Tomorrow & TIACA

Ulrich Ogiermann who has been CEO at Cargolux for the past eight years came out of the passenger business.

But unlike some others Mr. Ogiermann switched over to air cargo, first at Lufthansa where he found an industry fairly well populated with smart, well educated people, so Uli has been moving up the industry corporate ladder ever since.

He is current chairman of TIACA and has worked diligently in his tenure to bring shippers into the fold.

Blackberry in hand, this executive seems at this point a freight man for life.



**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** I am a firm believer in long term globalization: this trend will prevail and there are ample opportunities in running global supply chains. Air cargo will again become a good business to be in but there will be changes.



**Q** In your opinion, what contributed to the success of 100% security in the USA? Do you believe that same success will occur in Europe and elsewhere in the world?

**A** With "success" is reference made to the relatively smooth start of the 100% cargo screening requirement (on piece level) for all cargo loaded on a passenger aircraft in the U.S.?

TSA reported days before the August 3 deadline that some 900 entities were certified as CCSF (Certified Cargo Screening Facility) carrying out a TSA-approved security program and obliged adhering to chain of custody requirements. CCSFs are authorized to 'screen' shipments that are ultimately placed on a passenger aircraft.

One shall not confuse 100% screening with 100% security. 100% security does not exist and eliminating all risks is just not possible.

Applying 100% screening to large volumes of cargo is not practical and

the quality of the screening process is questionable. To strengthen aviation security one should rather adopt a risk-based method of cargo screening by identifying high-risk cargo and subjecting the identified shipments to 100% physical screening.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** The biggest wish would be to develop a truly rewarding concept of generating "round-trip-cargo," a product that would resemble the passenger product. But there is no such thing and we will have to deal with imbalances and one-way traffic as before. Jokes aside:

There would be a clear sequence: Firstly, align the security regimes worldwide to facilitate airfreight rather than preventing cargo from being transported.

Secondly, make airfreight much more efficient with the implementation of e-freight

**Q** What do you see as the biggest challenge for the years to come?

**A** To change the image of the industry to being an environmentally-friendly industry that will step-by-step implement modern aircraft that are producing less emissions, less noise and use less fuel. Last but not least: have a greater interaction with shippers to spell out the advantages of airfreight in terms of time to market and capital binding effects of a long transportation chain. Using airfreight is beneficial to a lot of businesses and delivers profitable entries to markets which otherwise are shut!

**Q** Are air cargo industry shows worth the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better? Which air cargo or other trade shows do you favor?

**A** Air Cargo Industries Shows are definitely worth the cost, time and labor, for instance the Air Cargo Forum and the Air Cargo Europe, both presenting our larger platforms where the air cargo industry meets and exchanges ideas, discusses current and important issues.

In addition, smaller presence is recommended at local air cargo events. Improvements could be done in view of the conference topics, the location of the various events, and in view of freight forwarder presence.

Cargolux has regularly ensured presence at the ACF and the Air Cargo Europe, both taking place every other year, and is involved in the Air Freight Asia, plus other events promoting the cool chain, the transportation of flowers and the transportation of live animals, or events taking place at growing gateways, like the Caspian Air Cargo Summit, to name a few.

At most industry show, our company also positions a senior speaker on panels to bring forward our views. All events are communicated within our organization and towards our clients, to ensure the correct presence.

**Q** When not working, what else interests you? Hobbies?

**A** My hobbies are skiing and sailing,



reading and enjoying different cultures from around the world.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** I can look back to over 20 years of contribution to the air cargo industry in general. In 2002, I was appointed President & CEO of Cargolux, achieving positive results and expansion of the company's worldwide services. Also during the crisis year 2009, layoffs were avoided.

I am proud of the dedication of our staff and our overall achievements over the years. Cargolux today ranks no. 9 worldwide in f/tkm's flown.

As the current Chairman of TIACA, I have been given the excellent opportunity to follow up on trends and directions, as well as special issues of overall importance, like the latest security regulations, e-freight, and the quality of air cargo handling, to name a few, also to ensure correct industry leadership.

Further industry guidance can be provided as a member of the Cargo committee of IATA.

# John Batten Tops Handling



**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** Swissport's general business is good today and the prospects for the future look encouraging. The way the industry is changing with more consolidation will have its affect on us and there are potential 'win's and losses' that will have to be managed.

Understanding the business, markets and economy over the last 18 months has changed the way we do business for the better, and has highlighted the need to innovate. Likewise, we now need to look at expansion in the network and the management as the crises did highlight the need for better management.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis?

**A** The financial crisis changed the way that we do business and modified the approach we had within the business to be more pro-active with customer relationships and strict control on costs.

The business had to adapt and in this process we put the customer first and looked at ways we could improve the relationship, indentify ways of engaging to save money but overall improve the service through better use of technology or time as well as new products or enhancing our USP's.

We took the approach of improving quality rather than reducing cost for cost sake and additionally looked at where we get information and how information on vertical markets could assist us in planning for the future.

**Q** What actions have you taken toward additional product enhancement and what new products and services are or will be offered?

**A** In terms of product enhancement we reviewed the services we were providing and looked at how these can be improved through better technology and asked the customers how we could improve information flows and the accuracy of information. In doing this exercise we identified a number of USP's that we capitalized on initially and then enhanced.

The introduction of Freightscan

enabled us to gain more revenues where we were charged on a kilo rate but equally gives the customer more revenue improving the yield. The development of Shield meant we were able to supply paperwork to our customers anywhere in the network if lost in the transportation process, so avoiding the need to recreate the paperwork and send on the next available flight improving the clearance times to the airlines customer and improving the on-time performance. Enhancing 'FreightTraker' allowed us to identify where shipments are in our warehouse and making it available to the customers improved the speed of collection and transport. This is being further enhanced to allow it to be interfaced with the airlines systems creating more transparency.

In addition to looking at customer facing innovations we also looked at internal processes to improve communication flows and avoid double entries which cost time and money. Internally we created two new streams 'Business Intelligence' and 'Customer Relationship Management – CRM' to allow us



to gain market information and deal with the customer proactively in terms of service and quality.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** The industry governance does need to be adapted as it has not amended its model at the same speed the airlines have adopted change.

IATA for example still talks to the airlines only on handling and does not fully engage the 'handlers' who are working on behalf of the airlines when it comes to quality and other initiatives. The same is true with security in the USA where the TSA engage the airlines and make it the airlines responsibility to inform the handler(s). Each airline has a slightly different take on what is

being asked and where a handler operates for two or more airlines in the same facility this can lead to different processes having to be adopted.

**Q** How has increased security demand impacted your business?

**A** The increased demand has meant we have had to purchase new equipment and change some processes to become compliant, however we embrace the additional security and see this as positive to the industry.

**Q** In your opinion, what contributed to the success of 100% security in the USA? Do you believe that same success will occur in Europe and elsewhere in the world?

**A** From the outset and throughout all of the questioning, concerns etc. the TSA never wavered in terms of spelling out that the 100% screening was a government mandate and that it would happen.

It took time – but once the industry accepted that the change was going to happen regardless, the theoretical gave way to the practical in terms of prepara-

to neutralize the "Chicken Little" syndrome. In this case it worked. Of course, the fact that volumes were lower than normal also helped keep things manageable along the way.

Pushing screening further up the value stream through the CCSF program was also a key. This required the forwarding community and other front end stake holders to come on board. Many did so during the pilot stage and it was the early adopters with critical mass that created the momentum necessary to get the program on track.

In terms of Europe I think it will be more difficult simply because there are more moving parts. The regulatory regime is fragmented, and there is not the same sense of inevitability which really ended up galvanizing the industry in the U.S. to action.

**Q** Has anything in the air cargo businesses' recent past surprised you?

**A** Not really as this business has always been very fluid and we have had to deal with the 'peaks and troughs' over the years, but the amount of consolidation and speed of airline mergers is a concern.

One surprise is that airlines are not outsourcing facets of the business as quickly as I had hoped to reduce cost and variabilise the cost base. Perhaps this will come in the next year as it can lead to improved quality and reduced costs.

**Q** Are air cargo industry shows worth the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better? Which air cargo or other trade shows do you favor?

**A** The shows need to add value to the business and the industry. We have a lot of shows but a number are niches or specific to a sector within the industry which are relevant in a different way.

The general shows can be broken down in to added value by way of networking, presenting your services at a stand or booth and the content of the guest speakers in relevance to the business and subject.

The not to miss for Swissport are CNS in the USA, an IATA/TIACA event in the world and the Munich Air Cargo event. In saying this, Swissport will attend a number of other events if they see the opportunity to meet with customers or gain new business.



# Preservation Always In Focus

During the past 35 years, Air Cargo News FlyingTypers publisher Geoffrey Arend has been recognized locally, nationally and internationally for his work in historical and aviation preservation. He is author to a dozen books, including a landmark 800-page study of 137 world airports created for Airport Council International titled, "Great Airports Worldwide."

The U.S. Department of Transportation and U.S. National Historic Trust awarded Mr. Arend its highest award "For Outstanding Contributions to Aviation & Historic Preservation" for his effort in saving The Marine Air Terminal at LaGuardia Airport in 1986.

The MAT is where all international air transportation for New York City arrived and departed until 1948, when Idlewild Airport, now called JFK International Airport, opened.

Pictured in 1980, Mr. Arend is seen being interviewed by Trish De Gasperis, New Jersey Public Television, in the world's first air traffic control tower atop Building One at Newark International Airport.

Earlier in 1978, Mr. Arend authored a book dedicated to saving the historic landmark, a book that is credited with saving the place from the wrecking ball.

Finally, in 2001 Building One received proper funding and today, via adaptive reuse, serves as the airport manager's headquarters at EWR.



Recently I was invited to a wedding in Boiling Springs, PA. On the way there, we passed through Carlisle, PA, which is home to many things: the church where George Washington, a founding father, chose to worship; the site of one of the first marches in favor of the United States Constitution; the best pork chili dogs in the States (otherwise known as the "Hotchee Dog"), at the Hamilton Restaurant. Not to put too fine a point on it, but the "Hamilton Hotchee Dog" is a hotdog piled high with diced onions, homemade chili, optional cheese and a little mustard, and it's so famous and favored that it has its own Facebook page.

Carlisle is bursting with history. The hotel we stayed at was a little too historical for my tastes (i.e., ramshackle and in desperate need of updating), but

the town of Carlisle is, quite literally, chock-a-block with history. I couldn't turn a corner without bumping into the oldest military education institution in the U.S. Army (Carlisle Barracks), or the first college of the newly formed United States (Dickinson College).

The Confederate Army shelled Carlisle during the Civil War, and Carlisle served as a stop on the Underground Railroad. The town is haunted with history, and even on a quiet, sunny Saturday afternoon, you can sense the weight of all that has transpired there.

Before leaving the town, I stopped in an antiques store that initially drew my eye because it stood guarded by two, giant milkglass sconces.


I found out later that those beautiful pieces, along with about ten more inside, once hung inside the Chrysler Building in New York City before flu-

rescence took over. I knew my mother, a huge milkglass aficionado, would be ashamed if I didn't take a few pictures, and so with the little time I had before the wedding, I whipped out my camera phone and began shooting.

And that's when I saw it: A two-foot long, Boeing 314, hanging from the ceiling above my head. "The Dixie Clipper." She was clearly old, and a little dusty, and when I asked the sales lady to take her down, I could see that she was made completely out of wood. She was so fragile, in fact, that if I held her too tightly, I could hear the cringing creak of balsa give under my fingertips.

I immediately thought of my father. Over the last three decades, I've had my head filled with aviation information – I'm bursting full of it, just like Carlisle. But the Dixie Clipper has always stood out in my mind; a big, busy plane

that was cradled in the waters around LaGuardia Airport, that somehow wouldn't sink despite her size. I had to have her. It was on the car ride home, when her wings were lying in tissues, each to its own back seat, and her body lay nestled on its own bed of toiletry directly behind my seat, that I thought of my father and his lifelong dedication to preservation. I had bought that little plane with the same idea in mind, just as I had bought him a Bauhaus-era Kandinsky tubular chair for Christmas last year: I know that I am saving these pieces when I buy them for him; I know that once they are his, they will be forever preserved, because he, more than anyone, truly appreciates the history and the art of those things that most in the modern world consider artless

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At the National Historic Trust in Washington, D.C. May 15, 1986 Secretary of Transportation Elizabeth Hanford Dole (right) and the Chairman of The Advisory Council on Historic Preservation Cynthia Grassby Baker (left) presented Air Cargo News FlyingTypers Publisher Geoffrey Arend the award commending our efforts in saving the Marine Air Terminal (MAT) at LaGuardia Airport in New York City.



# Heaven To Air Cargo Evans



OLIVER EVANS  
PRESIDENT  
SWISSWORLD

*To put it simply, I try to give as much as I receive, and I have received plenty of blessings.*



**Q** Can you describe the current condition of your business, and what you think lies ahead?

**A** Our industry has always been volatile, but the latest swings (downwards in 2009; upwards in 2010) were unprecedented. Our business has been in rude health since the start of the year, with results 36 percent above 2009 and 20 percent above target.

We see unfair and disruptive new ruling applying different regulations for screening of cargo transported by freighter versus belly, and increasing suggestions of overcapacity in the China trade.

We do not know yet how these will affect business in the coming months, let alone next year. But the industry is warned.

**Q** Has the financial crisis affected your business, and if so, how have you modified the way you do business during the crisis?

**A** Although our business model focuses on those specialized markets that are inherently more stable and actually continued to grow in 2009, which gained us market share as a consequence, we of course suffered like everyone else.

We made some capacity adjustments, briefly placed our Switzerland-based staff on shortened working hours, and canceled or postponed many unessential projects and expenditures.

**Q** What actions have you taken to-

ward additional product enhancement and what new products and services are or will be offered?

**A** Although we specialize in serving care-intensive markets and require a range of relevant products, we are convinced that our forwarder customers are not looking for a proliferation of off-the-shelf products, which render our industry more complex and confusing. Rather, we see value in improving service through customization of certain solutions, or the development of specific options within a product, like the passive solution for pharma goods, which we are developing.

**Q** Has anything in the air cargo businesses' recent past surprised you?

**A** The failure to galvanize the industry into a more powerful concerted effort for change, despite the economic crisis of 2009 and the looming environmental crisis.

**Q** If there were one thing you could change about the industry to make it better, what would it be?

**A** Hire a bunch of google-type creative souls, give them creative space at airports and warehouses, and wait for them to inspire us out of the torpor of traditional thinking with creative solutions.

**Q** How has increased security demand impacted your business?

**A** Security costs have increased tenfold since 2002. Surely, one of these google-types can invent a sensor for

air packages which would monitor, and therefore prevent, any attempt to tamper with it throughout its journey, therefore eliminating the need for clumsy and expensive screening equipment at every location, can't they?

**Q** In your opinion, what contributed to the success of 100% security in the USA? Do you believe that same success will occur in Europe and elsewhere in the world?

**A** If we confine our assessment to the operational flow, then indeed, 100% screening can be deemed a success. However, it has created a shamefully uneven playing field whereby freighters are given a potential advantage. While the USA will hopefully redress this wrong soon, it is hoped that Europe and the rest of the world will avoid this mistake and leave shippers and their forwarders free to choose the airline on the basis of quality and expertise, and not on the type of aircraft used.

**Q** Are air cargo industry shows worth the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better? Which air cargo or other trade shows do you favor?

**A** There are too many shows, many of which are substandard. The best, which bring together the top management of all stakeholders in the industry from airlines to forwarders to shipper representatives, are well worthwhile.

**Q** When not working, what else in-

terests you? Hobbies?

**A** A wonderful life like the one I am privileged to have cannot be boiled down to a few hobbies; I embrace it and make the most of it through a medley of family, life, sports, nature, music, and friends. I am lucky to live in one of the most wondrous countries on Earth: Switzerland.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** I guess I am far too young to have reached that point. I am proud and grateful to have been able to develop myself as a human being, to have discovered unexpected capabilities and to have used my energy to help others free up their own energy.

To put it simply, I try to give as much as I receive, and I have received plenty of blessings.





# China Clipper Conquered Pacific 75 Years Ago

Soon after establishing the airline and launching service throughout Central America and the Caribbean from his South Florida base, Pan Am's legendary founder, Juan Trippe, set his sights on crossing the North Atlantic. But he lacked the landing rights on both sides of the Atlantic, and his British counterpart, Imperial Airways (British Air), lacked the aircraft technology to compete with Pan American Airways. The British therefore thwarted transatlantic negotiations, and he turned his attention westward to the vast Orient. Trippe, a man of unparalleled foresight, had the audacity to encompass the world in his master plan of creating a global air system.

In 1930 he acquired a large, terrestrial globe, which was probably the most conspicuous piece of furniture in his office. He was pictured standing next to the globe with a piece of string in his hand, which he used to measure distances. The globe's axle must have gotten a little squeaky from constant rotation, because Pan American was in a continuous state of expansion in the 1930s.

It was Trippe's style to research and prepare in a secretive manner before he pursued his goals. This policy would keep the competition from knowing where he was planning to next expand. His method in establishing a new route was to first obtain landing rights, second acquire equipment and third, bid the maximum amount allowed on mail routes. His rivals would usually make lower bids on the mail route, but did so without first establishing guarantees of ability to perform within the specified period.

In the summer of 1931, Charles and Ann Morrow-Lindbergh departed Long Island on an interesting but hazardous venture for Trippe. Their goal was to fly a great circle route to the Orient diagonally across Canada to Ottawa, Hudson Bay, Baker Lake, Point Barrow, Alaska, then south to Nome, across the Bering Sea to Siberia's Kamchatka Peninsula, down the Japanese Island chain and finally across the Yellow Sea to mainland China. This was accomplished in a specially outfitted Lockheed Sirius aircraft. It had two cockpits, each with a sliding canopy, a 600 hp engine and it



Back in 1935 when the hardstand was water, Pan American Airways Martin M130, A.K.A. "The China Clipper," was front page news worldwide, whether it was departing Miami Dinner Key (top photo) or upon arrival in Manila Bay (left) surrounded by celebrants in small boats.



was fitted with two pontoons for water landings.

Additionally, the pontoons were gas tanks that could be filled with enough fuel to fly two thousand miles. For greater contrast and attraction, its wings were painted a bright orange. The Lindberghs had planned and prepared for this expedition for more than a year. Ann was a Smith's College alumni and a petite woman—in other words, an unlikely candidate to be co-navigator and radio operator, but she prepared herself by learning Morse code and radio repair. The cost of the expedition was mainly borne by the Lindberghs.

The result of the survey flight was

disappointing for Lindbergh. He reported to Trippe that the route had ice bound harbors, frozen terrain, pervasive fog, and regions where the temperature would drop to 60 degrees below zero. In order to be a viable air route during the winter, airports would have to be brightly lit because of the darkness that prevailed much of the year. Aircraft would need to be outfitted with skis for portions of the route and radio navigation would be vital for flight operation not only across the tundra, but down the vast Siberian shoreline, which was unpopulated. De-



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## Delta's Billion Dollar Baby From Pg-23

the cost, time and labor? If so, what do they deliver; if not, what can be done to make them better? Which air cargo or other trade shows do you favor?

**A** We debate this a lot in the Delta Cargo marketing department. My short answer is that the value of the show is directly tied to how easy the organizers make it for sales people and customers to do business.

There are some specialty shows like PMA and the National Funeral Director's show that I think set the mark for making it easy to attend. The more a show organizer does on the front end

to simplify the processes and programming, the easier it is for sales people to show up at the show and sell.

In terms of which shows we place special emphasis on, we always make sure we are at Air Cargo, CNS, the specialty shows mentioned above, plus a few others. Also, in conjunction with our Sky Team partners, we are always at TIACA, Air Cargo Europe and Air Freight Asia.

**Q** When not working, what else interests you? Hobbies?

**A** When I am not working all of

my time is dedicated to my very active family. I have three children, ages 6, 10 and 13 and they have a very hectic schedule. So, my wife and I spend the weekends driving them from one activity to another. When I do have some downtime, I really enjoy playing tennis and swimming.

**Q** At some point in life, everyone thinks about the job they delivered: How do you rate yourself? Why? Of what are you most proud?

**A** I will let other people rate my performance but I feel that I have really grown as a leader over the past several years, and it is reflected in the opera-

tional and financial performance of the organizations I have had the privilege to lead. I would have to say that I am most proud of coming to Delta in January 2008 and in the span of about 2 years we have turned Delta Cargo into a Tier 1 supplier with industry leading financial performance. During this time period we merged two airlines together to create one global powerhouse and we did this in a seamless way to our customers. In this industry we must form deep relationships with our customers and I truly believe we have been able to accomplish this which I attribute as the key factor of our amazing turnaround.

## China Clipper From Page-32

spite his pessimism, Lindbergh thought that the route could be flown—and right away.

In the fall of 1931, Trippe began negotiations with the Soviet government trading agency, Amtorg, for permission to operate an airline on Soviet territory. Before long, he signed a contract that gave him the right to cross Siberia as far as Moscow.

Trippe agreed to train Russian pilots and build hangars along the route in exchange. At this point, the U.S. State Department intervened and told Pan American to discontinue any further attempt to pursue this venture as the U.S. government did not recognize the Soviet government (due to their refusal to pay their World War I debt).

The Pacific Ocean covers one third of the world's surface and contains approximately twenty-five thousand islands. It is restless, eternal, and vast beyond understanding. Pan American needed airplanes. Frank Gledhill was

Pan American's purchasing agent. Juan Trippe directed Gledhill to write a letter in June 1931 to the six leading aircraft manufacturers, inviting them to submit designs for a new plane: "a high speed, multi-engine flying boat with a range of 2,500 miles against 30 mile headwinds, [that can] accommodate a crew of four and carry 300 pounds of mail." Only two aircraft manufactures submitted designs: Igor Sikorsky and Glenn L. Martin. Trippe believed in competition for everyone, except for himself. In November 1932, three planes from each manufacturer were ordered, thus pitting one company against the other.

The missing link in Trippe's grand design of crossing the Pacific was a piece of land located between Midway and Guam.

Trippe spent hours in the New York City library researching the logbooks of old Clipper Ships' for that nebulous piece of information. Finally, he found what he needed. It was called Wake Island; composed of 3 islets, it lay 8 feet above sea level and was 3 square

miles in area. These islets were located 1,185 miles west of Midway Island and 1,510 miles east of Guam. No wonder it was hard to find. Captain Alvaro de Mendana discovered them on October 20, 1568. Nothing else was heard about these isolated islets for 228 years, until Captain William Wake, for whom the atoll was named in 1796, rediscovered them.

The route of Trippe's China Clipper lay north of the Caroline and Marshall Island groups and south of the Northern Marianas. Navigating this route in an airplane in the nineteen thirties was like threading a needle, with Guam as the eye of the needle. Trippe decided that he had no other options but to cross the Pacific near its widest point.

The route of the China Clipper went down a corridor between the fortified Japanese Trust territories of the Carolina and Marshall Island and the Northern Marianas. The inaugural China Clipper flight, connecting China with Asia, was launched November 22, 1935.

This monumental feat of creating an air bridge across the middle of the Pacific from San Francisco to the Philippines and Hong Kong is considered one of the most important achievements in commercial aviation.

Not only did it expand the influence of a fledgling Pan American Airways, but it amplified America's stature and importance in international aviation. Most importantly, it made the people of America and Asia feel connected.

Over six hundred people, former Pan Am employees, aviation buffs and fans of the great pioneer airline, will meet in San Francisco November 17-20, 2010 to celebrate the 75th anniversary of this fabled event, which literally shrunk the globe. For information providing details of the program, please visit the website [www.china-clipper.com](http://www.china-clipper.com). Everyone is welcome to pay tribute to the great pioneers who made this incredible journey possible and for the later generations of Pan Am people who brought the airline to the pinnacle of the aviation world.

## Preservation In Focus From Page 30

and unnecessary.

It was in those thoughts that my mind was drawn to a recent preservation endeavor regarding Terminal Six at JFK. When my father heard that the IM Pei-designed Terminal Six was to be destroyed, he immediately took action, contacting any news service that would listen. With coverage from the NY Daily News, my father made moves to justify its landmark status.

"It represents an era of aviation," he said. "Terminal Six at JFK belongs to the people and, because of its design and historical significance, to the ages."

Paul Goldberger, a Pulitzer prize winner and architecture critic, said, "I'm shocked that the building, which represented such an extraordinary advance in airport terminal design, would be summarily dismissed by the Port Authority as if it were no different from the old (passenger) Terminal One

or Terminal Two at JFK."

Pei Cobb Freed partner, George Miller, said, "This came as quite a surprise to us, and a great disappointment."

The Winner of a national design competition, Terminal Six is the birth mother for airport design in terms of what was to come after. You can see its all-glass design mimicked in airports around the world, and Pei's use of glass as opposed to metal mullions was unprecedented at the time, creating one of the first suspended glazing systems in the U.S.

Pei also incorporated an innovative drainage system that fed into the exterior columns of the building and allowed for a clear, airy feeling within the terminal.

"The transparency of the glass and the uninterrupted ceiling are what give the building its character," said Pei Cobb Freed partner Michael Flynn.

Terminal Six was also one of the first

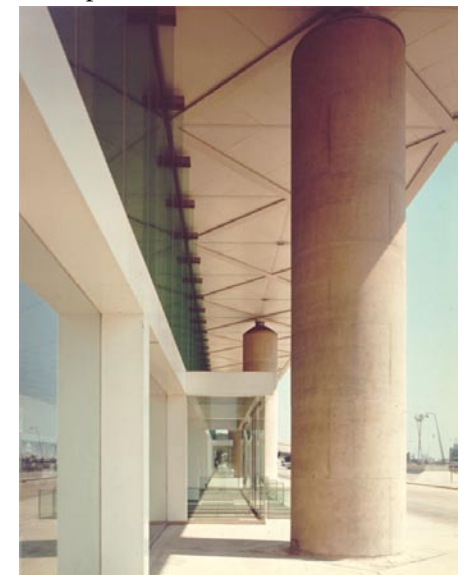
buildings to separate the airline gates from the main terminal, which relieved passenger congestion that was just becoming an issue in the 1970s; now, this separation is the norm.

NY Tristate DOCOCOMO is currently in talks with local organizations to help save the terminal. "It would be a total waste of energy and money and resources to demolish a building of this scale," said DOCOCOMO- New York chair Nina Rappaport.

"The exquisite 'Light Box,' or 'Sundrome,' is one of the most important, influential creations of airport architecture in the world," said Geoffrey Arend, in a recent Air Cargo News FlyingTypers.

What we most need now are people like my father, people who not only see the value in recycling older buildings, but also the beauty inherent within them. For a country that is so quick to tear down and rebuild, we simply do not have the kind of architectural

history as older nations. We are merely teenagers by comparison, and must begin to find worth in our own history in order to maintain some kind of identity; otherwise, we will be the country of strip malls and Starbucks.



# The 2000-2010 Decade In The Rearview Mirror



**W**e blinked, and look what has gone down – the dotcom bust was just gaining momentum, Bill Clinton was U.S. president, and boarding an airliner was a relatively straightforward affair. We have since succumbed to the mechanical stocking-foot shuffle, beltless, take-out-the-laptop routine, together with screening cargo on passenger aircraft—and all the baggage that brings about.

It is hard to believe this was just nine short years ago! Not to mention the collective cost the “free-world” has been paying for the infrastructure, resources and inconvenience to handle the security regime post 9/11.

In retrospect, it’s breathtaking to try and take in the monumental changes that have rocked the industry in wave after shockwave of unprecedented

events since then!

Those in quiet, faraway places must be laughing their heads off at how far we’d go to avoid taking on the obvious!

We still manage to do business despite all the hurdles; apparently we can. And this despite \$140 a barrel oil prices by June-July 2008, followed by 25 percent less cargo at the end of 2008/Q1 2009 due to global economic downturn, which resulted in revenue losses of up to 40 percent year-to-year.

Going back to the year 2000, Swissair

and its SAir Group of companies was where it belonged in the minds of its home country, the customers and the industry at large. It was in the midst of



building its own Qualifier Alliance, only to implode ignominiously and bite the dust by the end of 2001, taking down

Sabena in its wake. Who’d have thank it? As usual, hindsight is 20/20.

Following the usual wrangling among stakeholders, Europe’s erstwhile largest regional airline, Crossair, acquired the rights and some of the assets of Swissair and, voila! Swiss was borne. As the French say, “le roi est mort, vive le roi!” (The King is dead! Long live the King!)

Not to be outdone, SN Brussels followed suit, retaining and focusing on its traditional Africa business. The reincarnation ended up being renamed Brussels Airlines – I wish I had the brilliance of the marketing consultants who came up with that one, not to mention the fees they must have been paid! The sad part concerns the many former employees who weren’t accommodated in the process, and we are talking about some

of the most qualified and experienced professionals around.

The former Swissair data center at Kloten Airport ended up with EDS – remember the company that pioneered outsourcing in the airline industry, now merely “HP-EDS.”

CARIDO, considered by many experts the best of breed, IBM TPF-based cargo system in the world, with all the hundreds of man-years of development invested over 25 plus years, was mothballed.

So where does some of that accumulated and invaluable institutional knowledge go, and who benefits?



One example is Angelo Bernaschina, a cargo system walking encyclopedia and a friend, who has been working for Emirates Cargo. As the famous

quote attributed to General MacArthur goes, “Old soldiers never die, they just fade away.”

It’s always the special people—personalities and characters who abound in this unique line of business, and I want to pay tribute to them. The late John Hartnett comes to mind, the distinguished and jovial former head of cargo at Aer Lingus, who as project director was the heart and soul of Cargo 2000. John was instrumental in Cargo MEDIA, the precursor to Cargo 2000 and a member of the hallowed IATA Cargo Committee (a.k.a. the cargo bulls).

The paradox is that had the airlines implemented the Cargo-IMP standards adopted over the years by the IATA Cargo Services Conference in a uniformly consistent fashion, there would have been little work left for Cargo 2000.

What evolved based on its ‘Master Operating Plan’ is the “add on” high end CDMP (Cargo 2000 data management platform), whose development contract was hotly contested by Unisys and BT (then Syntegra) at the time, with the latter winning the bid.

It is now called “Air Logistics Route Management Service,” or RMS for short, and considered a ‘must have’ feature by the major players who want to differentiate themselves by virtue of their membership.

Things start going global where you least expect it – case in point, the Cargo Community System concept, which, by definition, was developed to serve all the participants in a shipment at the local level. It’s gone well beyond its initial scope; serious consolidation has taken place among providers and “global cargo community systems” proffering global solutions are the norm.

It would seem though that despite



At TIACA Paris, while some maintained EDI implementation as critical to the future, others took what they feel is a more realistic view. As John Hartnett, Project Director for Project 2000 put it, “If we spent a trillion dollars on this technology tomorrow, all that would come out is that the customer would know how poor the service really is.”

He added, “Unless you get the processes right, EDI won’t help. The integrators have spent millions in measurement.” Hartnett went on to point out the necessity for studying the cargo process. He warned that reliable, time definite service was what the industry really needs. Technology alone will only expose, not solve, the industry’s problems.

going global, they don’t yet capture and offer all the flavors anticipated, because some airlines and forwarders are keen to cover all the bases and end up participating in both Community Systems and proprietary facilities, such as the Unisys Cargo Portal Services. Clearly, there is an added cost to do both, yet major carriers including Air Canada, Air France (Traxon co-founder), American, Continental, Delta, Lufthansa Cargo (co-founder of Traxon), SAS and United have joined.

The fundamental bone of contention evidently remains unchanged; in the majority of cases, it’s still an airline paid utility, free for the forwarders, whether the shipment data is provided by means of EDI or a simple e-mail. The paradigm hasn’t changed much, which is a disappointment, but not a surprise. The result has been the increasingly continued dominance of the integrators as market leaders, a trend that solidified further during this decade.

How did airline alliances fare these past years? We were treated to several nuptials with some of the more notable ones including Air France/KLM in 2004, AF-KL/Martinair and Delta/Northwest. We will never know how many shotgun weddings there were, but to quote Oscar Wilde, “Marriage is the triumph of imagination over intelligence.”

SkyTeam Cargo was founded in 2000 and included Aeroméxico Cargo, Air France Cargo, Delta Air Logistics and Korean Air Cargo. Czech Airlines and Alitalia joined



in 2001, the same year the U.S. Cargo Sales Joint Venture was established.



Bernard Frattini

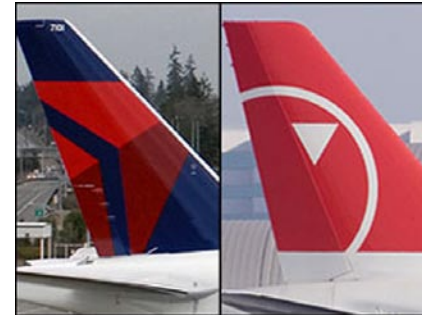
It was a unique and interesting approach with Joint Venture, rather than the individual carrier’s sales force, acting collectively in the market. The executive heading the venture rotated among the member airlines. KLM joined in 2004 and Northwest in 2005. Of particular mention is Bernard Frattini, chief executive then based in Atlanta, who gave generously of his time and invaluable insights and returned to AF/KL in 2006.

Delta subsequently acquired Northwest in 2008 and proceeded to dispose of the entire B747 freighter fleet. New management and the economic down-



turn are logical drivers of such decisions. A special cargo event was the recent combination of AF-KL Cargo and Martinair, the venerable all-cargo ‘Flying Dutchman’, with AF-KL Cargo as sole shareholder of Martinair as of December 31, 2008.

StarAlliance, the largest airlines’ alliance, was also established in 2000 with the WOW Alliance representing cargo, founded by SAS Cargo Group, Luf-



thansa Cargo and Singapore Airlines Cargo.

In 2002, JAL Cargo joined the WOW Alliance. It didn’t seem to get very far, and actually in 2009 founding member Lufthansa Cargo quit the WOW Alliance. Only time will tell whether this has been a missed opportunity or a reflection of what may or may not be workable as a group rather than an independent airline pursuing its best interests.

Its dominant airline – Lufthansa – has gradually deepened its ties with more airlines, some by means of direct financial control: takeover of Swiss in 2005, takeover of Austrian Airlines in 2008, a controlling stake in bmi in 2008 and subsequent buyout in 2009, strategic stake in Brussels Airlines and envisioned takeover by 2011, a significant investment in JetBlue in 2008—that’s quite an appetite!

With OneWorld – whose members include Aer Lingus, American Airlines, British Airways, Cathay Pacific Airways, Finnair, Iberia, LanChile and Qantas – there is little to report since the announcement of intent, back in 2002, to expand into other business areas, including cargo.

Usually, it is activities such as outsourced services, ground handling and IT systems where cooperation stands to bring the biggest practical benefits. JAL, MALEV, Mexicana and Royal Jordanian have also joined the alliance, with JAL presently being the hotly fought for between SkyTeam, respectively Delta, and American for greater Japan access. JAL’s troubled financials make this a fascinating courtship to watch, with an equally far-reaching outcome in the offing.

Outside the alliances, there have been a number of remarkable ‘retirements’ as well as ‘births’:

In the Obits - Tower Air (2000); Air Europe (Italy); Song blended back into DL and Ted rolled back into UA. TWA (2001); Emery Worldwide; Canadian Airlines Int’l taken over by Air Canada; Ansett (New Zealand & Australia); VASP (2005); Kitty Hawk (2008); Cargo B (2009); Ocean Airlines (2008); Gemini Air Cargo (2008).

In the Announcements - JetBlue in 2000 (Long Beach, CA) and Etihad (2003). JetBlue recently discovered cargo in no small measure because of

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the Lufthansa influence and Lufthansa Consulting.



Des Vertannes

Etihad Crystal Cargo secured Des Vertannes as executive VP only to have him depart for IATA and Geneva in June 2010.

In Asia, Tony Fernandes (right) purchased AirAsia and by 2009 turned it into the world's largest low cost carrier. Not to be outdone, Vijay Mallya started Kingfisher Airlines in 2005, which is



Vijay Mallya



Tony Fernandes

on its way to becoming India's largest private airline.

In November 2001, Atlas Air Worldwide Holdings acquired Polar Air Cargo. On the all-cargo page, in 2007



Cargolux, together with NCA became the launch customer for the B747-8 freighter.

If one were to judge based on the most frequently mentioned success story of the decade, appearing unrestrained in the trade press, Emirates Airlines certainly takes the cake. Fueled by unbending ambition for firsts, it overshadowed and outclassed all other coverage, sometimes suck-

ing up all the oxygen in the room while sprinting from zero to hero.

**New business offerings and products:**

**ULD**

Unitpool was originally created in 2001 as "GlobePool" within the management team of Swissair Cargo, where the concept of ULD Pooling for the Qualiflyer Alliance was developed. Swissport became a majority share-

holder in 2003 and was subsequently acquired by Spanish company Ferrovial in 2005. In 2007, private investors Aviation Services Holding acquired Unitpool. The second and only other player is Jettainer, established in 2004 when Germany's Lufthansa Cargo teamed with mobile asset management company TrenStar, Inc. It is amazing that not more airlines partake in ULD pooling, which in principle seems to be tailor-made to serve alliances in particular. Australian CHEP, a Brambles company, unsuccessfully pioneered the initial concept in the mid 90's under the leadership of Emmet Hobbs, the former Qantas cargo boss.



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**Cool**



Cool Chain Association was founded in 2003 by Robert Arendal, former

VP of sales, marketing, and cargo services and deputy CEO of Cargolux (1970-1998), a founding father and first Chairman of TIACA, in order to "harmonize the global movement and handling of perishables and temperature sensitive products (PTSP) to the benefit of the consumer and the supply chain participants." Other than having the privilege to know Robert, it's notable that he's also a Seaboard World Airlines alumnus, a visionary and a very

fine gentleman all around. Membership consists of airports, terminals, logistics companies, ground handling organizations, dedicated equipment and technology providers, but only three airlines.

Airlines offer dedicated product lines, such as 'Variation Pharma,' launched in 2005 by Sky Team Cargo, which features AC Cool (Air Canada).

**Significant market developments:**

Deutsche Post's decision to have DHL exit the U.S. express shipping market – estimates were that DHL held 3 percent of the U.S. ground express market and 8 percent of the air parcel market.

**Airport Developments**

Primarily as a result of the Low Cost Carriers' evolution, we have seen cascading effects on airport development in terms of both passenger and cargo traffic. We have witnessed secondary airports gaining prominence in several countries: Germany - Frankfurt/Hahn, Belgium - Brussels/Charleroi, Sweden - Stockholm/Skavsta, U.S. - Los Angeles/Ontario, CA and Long Beach.

The following figures from "The Future of Secondary Airports, by Richard de Neufville, Professor, Engineering Systems Division at MIT" serve to further illustrate the point:

The same work further states: "...

the innovative carriers have shown rapid growth and had great economic success. A good example is Southwest, which grew at a compound rate of 12.3 percent by 2003 (measured from 1995) to become the fourth largest airline in the world in terms of passengers carried. It serves about 50 percent more passengers than either Air France or Lufthansa and twice as many as British Airways (data from IATA 2004 and earlier). In contrast, many full service airlines have stagnated in terms of their traffic and gone into bankruptcy (examples include Air Canada, United, US Airways). These comparative trajectories imply that the parallel networks of aviation services of the innovative airlines are likely to become relatively stronger and more important. They may even go from being interesting but marginal networks to being a major alternative over the next generation. This possibility might completely alter the trends in airport use and our expectations of the future of airport development and airport services."

Ground handling has also gone through globalization—DNATA, Fraport, Swissport, WFS are a few typical examples. Whether individual airlines or alliances will gravitate more toward doing business with a single global ground handling company, which may cover their entire network, is something that remains to be seen for the next decade.

**IT Systems**

The past decade was marked by the absence of the type of in-depth industry-wide trade press coverage (not seen since AirTrade's demise) on this topic. I still keep a copy of Chris Pocock's 1993 "Airline Cargo Systems – Rotting at the Core" series on file.

There are developments, but there doesn't seem to be a single dominant player in a market replete with legacy systems, a fact the individual providers are likely to contest. The subject is usually hype infused, shrouded in secrecy and governed by big egos. That much for what is considered a strategic tool in good times, not to mention during a crisis.

What emerged are new major systems, including Mercator's SkyChain, which followed its RAPID Cargo



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solutions and IBS' iCargo. SkyChain was initially developed with its key customer, Emirates Sky Cargo, in mind, and has since been introduced at Swiss World Cargo and Virgin Atlantic cargo,

– three very different technologies and platforms, not to mention the business philosophy each represents.

Having some firsthand experience with the latter two, I never really understood how this made sense from either the provider or the customer perspec-

tions' on the Unisys home page, this is what it returns:

Unisys announced development of its next generation LMS in 2007 to be based on a J2EE platform (SkyChain and iCargo are also J2EE based). Rollouts will be a topic for the next decade.

Fuel Surcharge scandals have been a hallmark of the last 3 years, with fines now exceeding 2 billion dollars and the 'rogues' gallery' too long to list.

Extensive coverage has been lavished on this topic and culminated with federal agents' impromptu appearances at various events, appearances that clearly dampened the enthusiasm of executives to attend and kept travel, especially to the U.S., to the absolutely minimum necessary.

Not to be outdone, the forwarders have their own show and air cargo price fixing investigations continue as six freight forwarders ready guilty pleas and will pay fines totaling \$50.27 million. For their roles in several conspiracies to fix a variety of fees and charges, the U.S. Department of Justice said.

These are the first charges filed as a result of the department's antitrust investigation of the freight forwarding industry. U.S. DOJ filed the charges in U.S. District Court for the District of Columbia, naming six companies including Houston based EGL Inc.; Switzerland's Kühne + Nagel International AG (K+N); Bermuda's Geologistics International Management; Switzerland's Panalpina World Transport (Holding) Ltd.; Schenker AG, based in Essen, Germany; and BAX Global Inc., based in Toledo Ohio.

U.S. DOJ said that these companies "engaged in one or more separate conspiracies to impose certain charges or fees on customers purchasing international freight forwarding services for cargo freight destined for air shipment

to the United States during various periods between 2002 and 2007".

Under the plea agreements, which are subject to court approval, the six companies have agreed to pay the following criminal fines: EGL, \$4,486,120; K+N, \$9,865,044; Geologistics, \$687,960; Panalpina, \$11,947,845; Schenker, \$3,535,514; and BAX Global, \$19,745,927.

The companies have also agreed to cooperate with the department's ongoing antitrust investigation which would seem to indicate that these investigations are far from over.

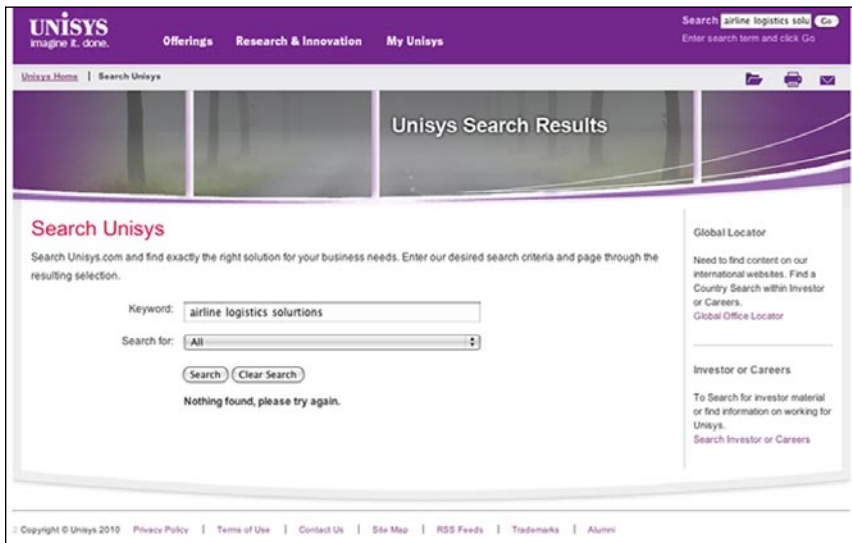
"The department's investigation uncovered six different conspiracies harming businesses and consumers in the United States and across the globe," said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. Our investigation continues in this important industry."

Meantime that Air France-KLM and Martinair imbroglio has hundreds of European companies, led by Ericsson and Philips, alleging air cargo price-fixing with the carriers facing claims of up to 500m Euros (\$681 million).

Air France-KLM, which has declined to comment, paid a fine of \$350m for conspiring to fix prices for air cargo rates, following a U.S. Justice Department probe in 2008. It also agreed to an \$87m settlement of its civil liabilities in the U.S.

Not to worry; BA and Rolls Royce launched alternative fuel trials and Virgin trialed a biofuel, so there is hope this will fade as a headline-capturing story in the future!

Personally, I just hope cell phone use never makes it into the cabin and web access deployment continues—I am admittedly conflicted on this. Have a great next decade y'all, and some feedback when you have a spare moment!



followed by the UAE's Midex Airlines.

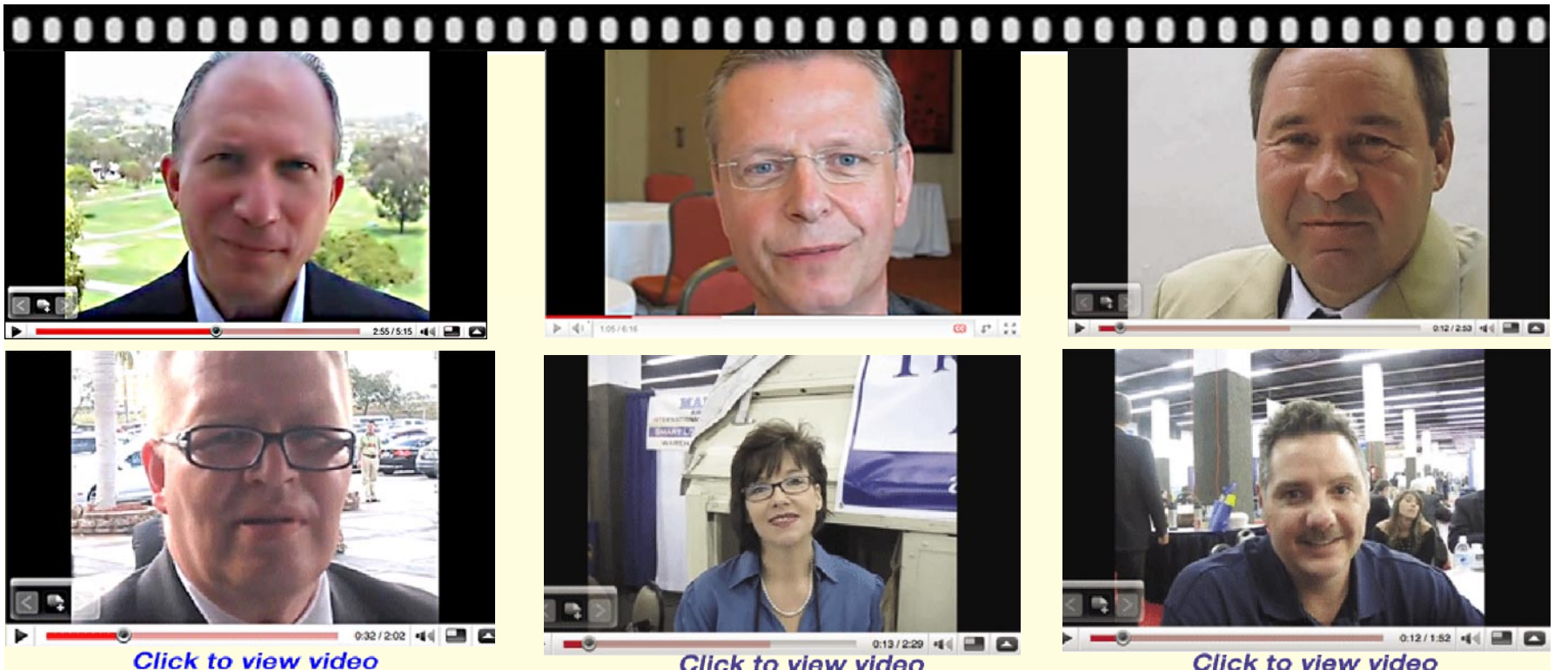
iCargo was implemented at NCA, Austrian Airlines opted for its SaaS (software as a service) version and Kingfisher in India is another customer. Further domestic airlines are CargoJet in Canada and Northern Air Cargo in Alaska. What stands out for me is the lack of commonality among the customers' business. It is unclear where one of the founding members of the "core group of influence," Air New Zealand, stands with its deployment.

The SITA and CHAMP partnership, which has operated as CHAMP Cargo-systems since 2004 and was broadened in 2008 by the acquisition of Cargospot, offers an embarrassment of riches – the legacy IBM TPF based SITA customer base, the CHAMP Unisys based customers and the Cargospot clients

Northwest Airlines shocked Unisys by signing an agreement for it, but it never materialized and following the Delta merger it's all Unisys again.

In 2007, prior to the SITA/CHAMP deal, Singapore Airlines Cargo signed up for Cargospot, which was implemented at Alaska Airlines – again, two dramatically different business models.

And then there is Unisys with its LMS (logistics management system) legacy platform with an Internet facade and many of this industry's heavy-duty leaders—Air Canada, Air France, Cathay Pacific and Lufthansa Cargo among others. Winning SAS Cargo as a customer took twenty years, and was announced in 2003. The adage is "a picture is worth a thousand words" – when entering 'airline logistics solu-





Delta may be investing millions of dollars improving its JFK cargo operation, but on the last day of the first summer of the new millennium air cargo people were center-stage as Delta Air Logistics held its yearly open house Employee/Customer "Appreciation Day."

Gene "Gino" Barbieri, DL Manager cargo services JFK, and the entire team once again delivered freshly grilled hot dogs, hamburgers, even some fragrant bratwurst and other assorted goodies to all comers. As he heaped another plate, Gino surveyed the scene and remarked: "This is fun."



Old Containers Never Die . . . Twenty years after Seaboard World Airways, the great New York City pioneer, all-cargo airline to the world, was bought by Flying Tigers and ceased to exist, a legendary SW 'A' container pops up in late September 2000 behind the old Flying Tigers Building #262 (now FedEx) at JFK. The 'A' which flew aboard SWA's beautiful "Containership" B747 from 1974, visiting gateways from Paris to Beirut, apparently is still going strong today. Next month ACN will publish a special remembrance of Seaboard World.



While you were at the beach, the first A340-600 wings and tube were matched up at the Toulouse aircraft works in France. Airbus has bigger plans, you may have heard, but right now this A340-600 is the largest aircraft to come out of the European manufacturer so far.



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... Now that the name Federal Express has been changed to FedEx (which is what the rest of the world always called the overnight package company anyway) FDX (the integrator's corporate name) has been changed too. FDX Corp. is now FedEx Corp. RPS which Federal bought a while back is renamed FedEx Ground. If as the joke goes, UPS buys the whole mess, will the new company be renamed FedUP?

... Air France takes a 70% position at a cost of \$43.5 million in Regional Airlines, an operator to several European destinations from French cities other than Paris.

... Ninth UPS European Business Monitor polling 1,500 executives said that within five years, seventy-three percent of these executives expect to utilize Internet for real-time delivery of business news. Right now newspapers rule the field (58%), weekly magazines, (17%) and online is last at (11%), UPS said.

... Atlas Air signed a first in history—ACMI contract with a Mainland China operator, China Southern Airlines for a B747F.

... New York City accepting proposals that would replace The Port Authority of New York and New Jersey when the agency lease on LaGuardia and JFK International Airport expires in 2015 or is terminated by the city. New York City Mayor Giuliani said: "New York deserves world-class airports. Because of decades of neglect we are losing passengers, we are losing business and we're losing prestige because of Port Authority management. The Port Authority has proven time and again that JFK and LaGuardia are not its priorities. In 1998 alone, approximately \$150 million went to subsidize the New Jersey PATH train instead of funding improvements for our airports," the Mayor said.

... Delta Air Lines and Air France are adding to that beautiful friendship with Paris, Atlanta, Cincinnati, Boston additional services and all new flights to Philadelphia starting May 15. Could this be the beginning of love, brother?

... Despite some last minute changes in the way Boeing counts its orders, Airbus topped the annual order race with 476 versus Boeing's 391 in 1999. The last time Airbus beat Boeing in total orders was in 1994—a year that was so soft—both manufacturers would rather forget. Right now the Airbus back-log of orders is on par with Boeing's for the first time in history. Meantime Boeing, maybe down, but far from out, is expected to announce some stunning orders for 2000 as Asia/Pacific once again is in play.

... Atta-boy as Istanbul opened its

beautiful, expansive new air gateway terminal at Ataturk. With international air traffic expected to top 20 million by 2005, the new facility built at a cost of \$306 million, was delivered 8 months ahead of schedule, in 22 months by its Turkish/Austrian consortium builders. Turkey's President Suleyman Demirel greeted the first flight, a KLM jet from Amsterdam, Monday January 10.

... On a Wing and a Prayer Dept.: Continental said that it will quit its three weekly flights between Honolulu and Tokyo while it awaits more landing slots. CO is getting its brains knocked out head to head against four daily Japan Airlines, three daily Northwest and a single daily United service between the two cities.

... Get ready for the year of the finance guys—always there, but never more than when business is challenged or when the cost of Jet-A heads upwards. With oil prices at their highest level in 10 years, OPEC ministers can choose to increase production or extend limits due to expire March 31. Pressure to go up or down right now is tremendous.

... Good timing, Sir Richard Branson opening thrice weekly service between London to New Delhi offers more service on an underserved lane segment and competition for Air India. Those new flights also mark the end of the last bastion of total privacy as the Boeing B747-400s allow passengers to send and receive cellular phone calls during flights. Call it cellular pollution-but it does seem odd that the cleaner aircraft operate outside, the more dense, busy and unforgiving it gets inside. The Virgin move underscores a general loosening of curbs on investment by India. Indian executives are investing and raising substantial amounts of capital abroad. American investors note that barriers are dropping daily. Growth of an economy, stagnant for the past three years and reforms taking hold from the three-month old coalition government led by the Bharatiya Janata Party at work in India today. Virgin also launched its Australian low cost airline Virgin Blue. Virgin Blue a discounter ends the monopolies of Qantas and Ansett in the down under market, although now Singapore Airlines has a big chunk of two out of three carriers.

... Philippine President Joseph Estrada broke ground for a new \$500 million passenger handling facility at Ninoy Aquino International Airport. The airport is named for the Philippine patriot who was assassinated on the airport hardstand after a flight home during the Marcos regime. The new terminal is slated to open in 2004

... LAX gets the nod to resume the first flights between California and Cuba since 1962 when the United

## KAL Cargo JFK Opus Opens



*Outstanding air cargo facility opening of 2000 is Korean Air Lines' super terminal at JFK International Airport in New York. The facility capable of moving 200,000 tons per year will also serve the Skyteam partners Air France and Aeromexico. With transPacific cargo projections to double digit growth, KAL Cargo is now the second largest cargo airline in the world. In 2001 KAL debuts its new facility at Incheon, Korea. Pictured are two of air cargo's greats, Ken Choi of Korean Air Cargo (left) and Brendan Furlong of China Airlines Cargo (right).*



States imposed a trade embargo against Havana. Starting in April, Cuba Travel Services based in Los Angeles will offer once weekly direct service

... USA to fight EU rule against hush-kit equipped aircraft filing a complaint with the International Civil Aviation Organization (ICAO) in Montreal.

... Saudi Arabian Airlines launched non-stop MD11 all-cargo services JFK-New York to Saudi Arabia. Saudi Arabian Airlines which also expanded its routes to include Milan, Nice, Alexandria, Athens and Malaga said that it carried more passengers and cargo in 1999 than at any time in the carrier's 50 plus year history. Saudia moved more than 1.4 million passengers and 270,000 tons of air cargo.

... Talk about a slow boat to China—Air Koryo is sick and tired of getting stiffed on its Pyongyang-to-Macau flights with poor load factors so the North Korean carrier is asking for permission to fly to Hong Kong. Good luck to them. By the time Hong Kong western-type security gets finished making sure the flights are not used as fronts for smuggling, terrorists, drugs, illicit currency runners and the like, passengers will probably wish they arrived by sea.

... Aeroport de Paris purchased 10% of Beijing Capital International Airport for \$117 million.

... The action is fast and fierce and it's mostly in Southeast Asia. Air New Zealand aiming high at knocking off competition for Australia's skies, buys up the rest of Ansett Australia (50%) paying Rupert Murdoch's News Corp. 670 Australian dollars (USD\$424.5

million) in cash and stock. Air New Zealand with 110 jets, 24,000 employees and annual turnover of about 5.8 billion Australian dollars is now the world's 20th biggest airline. Singapore kicks it up yet another notch rolling out more of their mega-bucks to buy into Air NZ paying \$70.3 million USD for an 8.3% share or about 18% more than Air NZ's stock is worth. SIA is expected to buy more from Brierly Investments later but not anywhere near the almost 49% controlling interest they wanted. Air NZ and the government of New Zealand just could not stomach their national flag carrier being controlled by another nation. Singapore Airlines is 56% owned by the Singapore government. Singapore Airlines with a billion or two in cash to spend, wants the Australian market which has been growing at an annual APR of better than 40% for the past five years.

... France's state-owned railroad called SNCF may become the first railroad to join an air alliance. SNCF already has a deal with United and Lufthansa as well as Air France and American for several services from Paris airports to various destinations.

... It's official—Atlanta's Hartsfield International Airport-ATL bumps Chicago's O'Hare International Airport as world's busiest airport with 909,840 take offs and landings last year versus 897,290 at ORD. Other U.S. gateways in order of same were DFW-867,338; LAX with 778,964 and DTW with 559,548.

... Malaysian Air earned an inspired, yet narrow \$11.3 million in the nine month period ended December 31, as the Asian comeback picked up speed. Korean Air 1999 net income dipped

13% to \$228 million as costs jumped, ... The painted tails didn't do it. The busto Millennium dome sponsorship in London didn't do it. Even the employees who by all measure hated this guy with a passion did not cause the fall of 54 year-old Robert Ayling. What put the controversial British Airways CEO on the unemployment line were the numbers. British Airways has set some kind of record, having gone from an accumulated billion dollars plus profit just a few years ago to its first full year loss since the carrier was privatized. New British Airways CEO Rod Eddington who came to the post from Cathay Pacific where air cargo actually has a pulse, accounting for 25% of total nut, said he is going to make sure air cargo has a seat at the table as he establishes a plan for British Airways future. Whether the table will be out in the hall is yet to be determined. Most of what will happen in the near future at BA has



fairly well been cast in stone by previous management.

... Peter Yap, who built China Airlines Cargo to some prominence and was transferred to another post at Taiwan HQ, has left the airline.

... US Airways has sealed its labor pact with employees, and management can proceed to turn around the fortunes of an airline which has lost money for the last three quarters while almost everybody else has wracked up profits. US Airways CEO Steve Wolf has been after this labor deal since he assumed command in January 1996. Wolfman Steve has also been mentioned as in the running for the top spot at British Airways.

... German government grants a 2 billion DM loan (\$877.6 million) to Airbus to help develop proposed 550-seat Airbus A3XX. Germany, France, Britain and Spain have "created the condition for Europe to maintain its top position within the aviation industry," said Chancellor Gerhard Schroeder. Airbus has 32 firm orders for the superjumbo. Earlier Britain pledged \$370 million USD to the project. France and Spain are expected to follow suit soon. On another front EADS posted third quarter sales of 5.3 billion (\$4.55 billion) topping financial estimates given when the company went public last July.

... Talk about a natural. Emirates Airlines word that it would love to add the A3XX to its ultra-modern fleet is a huge shot in the arm for Airbus as it moves even closer to building its superjumbo for all the world to see.

Initially the A3XX would carry 550 people in three classes and would range 7,650 miles linking the Dubai-based airline with anywhere else in the world. Although Emirates Airlines indicated that it would buy up to 10 of the superjumbos, the project still is not a go. Airbus Industrie received another boost in its bid to build the superjumbo A3XX (aircraft may be numbered A380). International Lease Finance Corp. in Los Angeles said it intends to buy five of the superjets, bringing potential launch orders for the aircraft to 22. But as reported here, previously anybody who thinks that this airplane will not be built has rocks in their head. That sentiment was endorsed earlier in May, by no less a personage than R.E.G. Davies, curator of air transport of the Smithsonian Air and Space Museum. In a speech at the Wings Club, Mr. Davies who knows all about this stuff indicated that it is his view that the A3XX will be built,

... As is the custom, the July air show in Farnborough, England was venue for aircraft manufacturers' announcement of new orders. Airbus said it netted 164 planes valued at \$14.5 billion. Boeing announced 126 aircraft for \$12.3 billion.

... Just how fast the new China part of the World Trade Organization is moving can be witnessed in reports that China Airlines (Taiwan) is buying a stake in China Cargo Airlines based in Shanghai. CCA is owned by China Eastern Airlines and China Ocean Shipping Group, both are properties of the Chinese Government.

... As Ozires Silva, the new president of Varig (Viacao Aerea Rio-Grandense SA) moves to reverse a \$53 million dollar loss at the carrier last year, the new chief executive brings heavy credentials to the task, having created and operated what is generally regarded as Brazil's greatest corporate success Embraer (Empress Brasileira de Aeronautica), the planemaker for the past 21 years. But no one thinks that Varig will be a walk in the park. Mr. Silva told reporters recently: "The hostility that our society has toward air transportation companies is palpable. To remake Varig we have to remove these obstacles."

... Speaking of Embraer, plane-maker raised 439.8 million reals (\$244 million) from new shares that will be used to finance a new generation of regional jets.

... Jean-Cyril Spinetta, Air France CEO said that AF will join the current round of consolidation: "The game in Europe is open and of course Air France will be present in this process."

... For the record Libya is finally off the schneid. July 8th a Libyan Arab Airlines Airbus A320 landed in Cairo, Egypt ending Libya's eight year international air embargo ... Roadway Express second quarter net profit was up 29%

to \$9.9 million

... U.S. ban on smoking aboard an international flight has gone from voluntary to mandatory. But this is an election year. Don't be surprised if breathalyzer tests are tacked on the air-rage bill sure to wind its way through Congress.

... Tower Air which filed for Chapter 11, February 29th laying off about 300 was still flying about 20% of its flights at presstime. For the past eighteen months Tower B747 jets have been periodically taken off line by the carrier and stripped of their parts, to keep what was the rest of the Tower Air fleet, aloft.

... British Airways suspension of Concorde operations ahead of European regulators negative findings of the aircraft's operational procedures, also had economic overtones. After the Air France Concorde disaster in Paris July 25, cut and slash BA endured wholesale Concorde cancellations on the aircraft's only remaining scheduled commercial run New York/Paris, with some flights booking less than 20 of



the supersonic's 144 seats. Many aviation buffs left wondering, now that the supersonic star is grounded, will there ever be another like it?

... Baghdad International Airport opened for private flights ten years after it was closed because of sanctions, after Iraq's invasion of Kuwait. There is still an embargo on commercial flights. Iraqi Airways has been on the ground since 1990.

... Boeing's Current Market Outlook 2000 notes that annual world growth of air cargo will continue at 6% to 7% over the next 20 years. Boeing says that since 1970 the number of all cargo aircraft plying the world's airlines has doubled





## Vision by Cargolux

Lasting partnerships in air cargo are only viable with an airline that invests heavily in the future needs of its customers. An airline that operates the newest, most economical aircraft, that values its staff as its most important asset and that runs the most powerful cargo management software available. An airline that has mapped its long-term development in the air freight market.

With Cargolux you gain a partner that supports your forwarding needs today, tomorrow and for many years to come. An airline with a vision.

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Cargo First.**

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Airbus Industrie A3XXF . . . Check this out . . . although the drawings we've seen depict this giant cargo lifter with "Xs"

affixed to tube and tail, there is now not a shred of doubt that by mid-decade the world will welcome a new blue ribbon winner for "queen of the skies," replacing the old, and some feel, tired B747. A3XXF will carry more, fly further, and in the long run cost less to operate. What you don't hear about is that A3XXF will be the first aircraft built with a carbon fiber central wingbox. Almost half of the entire bird will be manufactured from advanced metallic materials and carbon composites. Other firsts include flight controls both hydraulic and electrical. Speaking of hydraulics, A3XX will feature 5000psi instead of traditional 3,000psi—another first. Seventeen pallets on the upper deck, 28 M1s on the main deck, 36 LD3s or a dozen pallets and a brace of LD3s down below. A3XXF can't wait until tomorrow, 'cause it looks better everyday.



Manuel Aragon, having given it his best shot trying to establish a working Air Cargo Academy in Miami, but thwarted in some degree by the demands of his ad-hoc group of executives at start up,

nevertheless comes out a big winner, as TIACA takes on the task, bringing that big organization's money and clout to a well-needed educational venture that can affect the future of air cargo. The idea of teaching the air cargo arts including logistics, documentation procedures for customs, electronic information for AMS, hazardous shipments rules and procedures can now find its rightful place because of TIACA and a Manuel to change air cargo.



Bill Spohrer, who is one of the greatest air cargo executives of all time deciding to stick around in this business even though his brainchild and baby, Challenge Air Cargo is slowly disappearing having been purchased by UPS.



Cargo, Dr. Andreas Otto; General Manager, SAS Cargo, Peter Grønlund; General Manager, Singapore Airlines Cargo, Hwang Teng Aun; General Manager Lufthansa Cargo, Stefan Lauer; and trainee sales assistants, Lufthansa Cargo, Thomas Potzel and Sonja Meiringer.

This picture is a one-shot reason why most company snaps of industry execs are posed and about as exciting as cold oatmeal. Could be captioned, "having a wonderful time and wish you were here," but this is all business heralding air cargo's first alliance. Linking hands to mark the launch April 26 of the SAS Cargo, Lufthansa Cargo and Singapore Airlines Cargo alliance, were (from left) Head of sales and marketing, Lufthansa

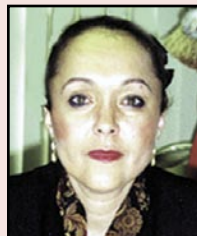
Lew Smith, Air Transportation Marketing Associates. This guy went out and found a market nobody else gave a damn about and created a first-class cargo trade show every year in a different location to boot. Seven years ago, and still today there are hundreds of small to medium-size airports who want a shot at the big time, attempting to secure a major carrier as just the ticket to fill up a underutilized facility or an ex-military base, putting some city on the skyway to greatness. So Lew put together a series of shows that have been held in places such as Ft. Lauderdale, Fort Wayne, Toledo and Atlantic City. This year, ATMA was in Knoxville. Next year in May 2001, St. Petersburg, Florida is the venue. In fact ATMA at last count is booked through 2006. What's more, these ATMA affairs are well organized and include reasoned, complete menus of discussion topics in sessions held throughout the event. "Not enough commercial customers," is the complaint but the truth be told there is not one single trade show anywhere in the world of air cargo that draws commercial accounts. Take a moment and ask yourself, which airline or other air cargo business or facility is going to expose their customers for others to cherry pick? What ATMA is all about, is possibilities. Best of all, every small airport or port authority or supplier at the ATMA show is with others of the same ilk as opposed to being a little tiny fish in another trade show's big pond. Maybe Wayne County Airport or East St. Louis feel important running with the swells at TIACA but the truth is that buyers looking for



eager marketing managers and good deals at underutilized destinations depend on ATMA to cover the full menu in one shot, in one place, at one time. "Get me a carrier," is the demand as fists hit the desk! Here's the score. Give it some time, spend some real money and bring the audience to your city then watch what happens. Just ask Ft. Wayne and Ft. Lauderdale what works. And thank Lew Smith. He is an original and his show is actually better bang for the buck, and less self indulgent than any other trade show around.



Michael Landon, site supervisor for House Movers, Inc. who is transporting the most historic airport building worldwide, home of the first air traffic control tower, the 1935 administration building at EWR. The building is being moved to another part of the airport and will be restored to its former glory, once again becoming the manager's office. Air Cargo News, alone campaigned, for the saving and restoration of the building, since 1975.



Open The Door And Let 'em In. These women and many other females are lifting the entire air cargo form. The time is long past due for these outstanding air cargo executives to be heard in some trade show format or panel discussion allowing their male counterparts to sit down, shut up and listen to what they have to say. Pictured clockwise from left are Lan Chile's Beatriz Craft, American Airlines' Maitte Nottle, Austrian's Traude Kohlhofer, Northwest's Marie Epstein, LAX's Lydia Kennard, Air India's Harminder Rana and Air Afrique's Marie Neptune.



# Hate 2000



This may be a first. Two years ago we heralded the return of “Cargoliners,” legendary all-cargo aircraft to the United Airlines fleet. But now just on the eve of Christmas, December 24, 2000 UAL has put its remaining DC-10-30Fs on the ground in what is termed an “on hold,” mode. Well, hold this!

That the excitement and air of anticipation of all-cargo purists did not pan out financially with these beautiful birds may be the result of the money-making brilliance of the B777 which UAL seems to be adding almost daily. There is also the question of long, thin routes, the runaway cost of fuel and presumably a long list, including all the usual suspects.

Kudos anyway to Jim Hartigan. The guy runs an exciting cargo program which is willing to at least stick its neck out and try something different. Anybody who thinks that it is easy forging change at the world’s biggest ESOP airline where everybody is Jefe should think again. Right now UAL Worldwide Cargo

is opening new transfer handling facilities all over the place, bidding farewell to 2000 with a new facility at MIA and another translucent air cargo tent opus about to go online at Newark . . .

Longtime airline pro Kevin Hatton retires as top dog at British Airways World Cargo just as a new airline CEO is named. From Cathay Pacific, based in the former British protectorate of Hong Kong comes Rod Eddington to head up British Airways.



Hatton

Eddington at the top of BA, after having operated Cathay which relies on air cargo for much of its bottom line, some feel, at least holds out the hope of better days at BA Cargo.

Unfortunately, for most of recent memory, despite the promises, BA Cargo has operated what forwarders and airlines alike refer to as “black holes,” largely dysfunctional air cargo buildings in both New York, London and elsewhere.

By September comes word that BA is giving away free cargo cans on some flights from New York to London. “This is a new breed of rate cutting,” gripes a competitor. “They know their service is the pits and now they give the rates away, altogether.”

Unperturbed, British Cargo’s last missive of 2000 is about all the French wine the carrier handled or mis-handled as the case may have been delivered . . .

Politicians. Especially in Florida. No, this is not about the Presidential count which agonized for better than a month, but the blatant pandering for votes that accelerated proposing Homestead as an air cargo airport in early 2000. The ex-military base has a big population surrounding the field but that will not tempt anything more than a long sigh from the integrators and other line carriers who have set up shop and counted their future as part of the multi-billion dollar, reborn Miami International Airport. OK, OK never say never. Maybe Homestead could be reborn as an origination and destination, low-cost alternative carrier airport. Now that the election is history, will, any of these politicians who must allocate funds for the airport remember where the hell the place is?



Talk about bad taste—Statue of Lincoln used as art work in an English weekly air cargo publication article announcing start up of new direct flights from Africa to the USA. Apparently lacking space or pictures to back up quotes of U.S. Secretary of Transportation Rodney Slater, who is black, and airline contenders for the routes, including Ghana Airways of Nigeria, it was determined that Abraham Lincoln, “The Great Emancipator” sitting stone-faced in Washington, D.C. could deliver a message. Imperial attitude rather than altitude—we say.



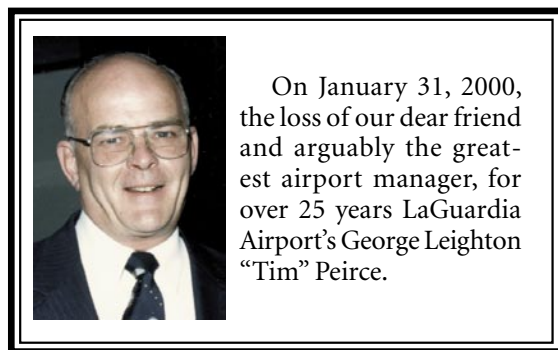
First, Fine Air buys up Arrow Air, positioning itself as the biggest air cargo carrier in Miami then the whole thing goes bust as the company enters bankruptcy in September. But Barry Fine who looks like a cross between Howard Hughes and Black Bart of the ‘Perils of Pauline’ movies, will not go gentle into that good night.

Remember, Fine Air is the company that survived the crash of one of its misloaded DC-8s which killed five and wiped out a mini-mall just near MIA’s main runway in 1997. Earlier this year the airline was slapped with a \$3.5 million “fine” and put on probation by a U.S. District judge for falsifying records. As 2000 ends, Bank of America ponies up \$55 million to keep Fine Air aloft and apparently on-track to occupy a large portion of MIA’s new all-cargo EasternU next year. All of this leaves critics wondering, just how many lives does this cat have? “I’m here for the rent,” Black Bart snarls. “We will seamlessly continue,” Feckless Fine declares.



Maybe the chimp should be given a shot at running things? Discovery that 75-year old TWA, one of the inventors of modern commercial aviation, might be sold for \$125 million or about the cost of one new B747.

Demise of the 173-year old *Journal of Commerce* as a daily broad-sheet newspaper ordered by its new British owners who are said to be in an all-out blitz to propel their other property *Financial Times*. JOC was founded by Samuel Morse in 1817, just 41 years after the Declaration of Independence was signed. Morse code remains old Sam’s other claim to fame, although come to think of it, who studies dots and dashes anymore?



On January 31, 2000, the loss of our dear friend and arguably the greatest airport manager, for over 25 years LaGuardia Airport’s George Leighton “Tim” Peirce.



## Pete Cajigal Retires

Sentimental Gentleman from Florida

Gentle and decent all the time  
When it comes to cargo he’s  
A real professor  
Yes, Sir!

Just a Latin American Valentine  
But see Pan Am’s Pete—Repeat  
As Miami Dade’s Cargo pro  
Bids adieu, Say how do  
Keep lookin’ up  
You old Smoothie

every ten years. As example, by the end of 1970 there were about 100 pure jet all cargo aircraft in service, but by the end of 1999 the number was about 1,700. Boeing also notes that “cargo customers increasingly demand faster, more timely and more reliable service. Passenger jet lower hold capability is limited by high passenger load factors that leave less space for revenue cargo. “Air cargo traffic growth should exceed passenger growth by more than 1% annually, which will further impact this situation. Additionally, many passenger aircraft already at payload and range limits, are resulting in even more cargo being put on freighters.” As a result by 2019, it is anticipated that freighters will provide as much as 44% of total air cargo capacity, an increase of 4% from the current 10% share. Boeing said that to keep up with demand, about 130 new all-cargo aircraft will go on line each year until 2019, when the all-cargo fleet, all things considered, have added about 2,600 aircraft. The Boeing Report notes that better than 70% of freighter additions will come from modified passenger and combi aircraft. New all-cargo aircraft will comprise about 30% or 800 new freighters, half of which will be jumbos, one-third will be medium-sized and 22% will be small-size freighters. Total dollar value up for grabs in the new freighter market between 2000 and 2019, Boeing will report is about \$105 billion.

... Alliances—Air France and Alitalia pilots have linked up, as both groups face the prospect of an alliance between big brothers

... Boeing will build a B747-400ER now that an accord has been reached with Rolls Royce, General Electric's Pratt and Whitney division to build the engines.

... Deutsche Post is buying up all the shares of DHL it can get its hands on in a move to raise its shares in the company from 25 to 75%. The move will finish transformation of Europe's biggest post office to a publicly-traded company and an international express giant with AEI/Danzas now part of the stable.



Pierre Jeannot

... Passenger growth good... Cargo better! So said IATA Director general Pierre Jeannot. Average pax growth for the next five years all-told will average 5.6% while air cargo will grow worldwide by 6.7% according to IATA predictions. TransPac cargo will lift an average of 9% while South Pacific-Far East cargo will build at an annual uptick of about 8%. Traffic between North and South

America will average 7.1% upward said IATA. North Atlantic thought to be in the doldrums is expected to grow an average of 5.7% during the period.

... Offer You Can't Refuse Dept.: Air Canada cuts 2,000 jobs once it completes acquisition of Canadian Airlines International Ltd., but says there will be no involuntary layoffs.

... Sometimes things that happen in air cargo really make you wonder. Martinair—the little Dutch airline that could-and did, loses money for the first time in its 40 plus years, Lucien Schroder resigns and right away there goes the longest running, money-making, family-connected airline in history—just like that. The Martinair of course is Martin Schroder. So what happened? Sources tell ACN that despite the Americas being the only profitable region at Martinair, the carrier is operating with two heads, one here and the other at AMS. Also there is the question of TAMPA, the acquisition gone bad. North America felt that Amsterdam's interference has prolonged that. So what's next? “KLM will probably absorb Martinair passenger operations. Cargo which generates real profits is left up in the air.”

... Although UAL is dumping its all-cargo, DC-10-30 freighters the airline assures its other 600 aircraft and 2,346 scheduled dailies are well equipped to deliver the entire cargo menu of products and services.

... Dubai has created the world's first Free Zone dedicated to e-commerce. Dubai Internet City (DIC) is an outgrowth of an ambitious master-plan meant to further develop a port district which already is the best in the region. DIC hubs IT, e-business and media offering companies 100% foreign ownership, tax exemptions for corporate and personal incomes and 50-year land renewable leases.

... Authorities in Paris announced approval to build a third airport to serve the Paris area. Under consideration is a site in Orleans (80 miles from Paris), Picardy (northeast of the capital), and Champagne (east of Paris).

... Alliance between Amsterdam Schiphol Airport and Frankfurt Airport sporting the snappy ‘mean nothing but sound good’ name of “Pantares.” The Dutch/German marriage begins with the stated purpose of close cooperation between the two facilities and also future joint marketing worldwide for construction and managing airport cargo and passenger operations, plus an entire menu of services.



... What do you think the odds are that two of the greatest airports in the world have African Americans as

executive directors? Now increase that improbability by adding that right now African American women manage two



Lydia Kennard



Angela Gittens

of the greatest airports in the world. At Miami International Airport, is Angela Gittens. At Los Angeles International and a parcel of other airports operated by Los Angeles World Airports (LAWA) is Lydia Kennard. Two thoroughly professional, highly qualified, totally dedicated African American women, managing enormous commercial aviation enterprises. LAX last year bumped up its air cargo business by 5.18% to 2,249,000 tons. Miami International, Waiting for Godot—in this case, Brazil—to complete its comeback, experienced a flat return at 1,796,411 tons of cargo (year ending November 30) down a modest 1.94%. But while Lydia came up through the ranks at LAX, Angela Gittens followed a similar course, arriving at MIA via Atlanta.

... The Sixth Annual TransRussia2001 held in Moscow, as this great country moves inexorably into the world's capitalist market. Kudos to Julian King and International Trade Exhibitions (ITE) based in London for staying the course, forgetting the odds and keeping the lines of two-way talk alive for the entire transportation industry as Russia springs to life after Lenin. ITE proves that given belief in the long-term with guts and determination, a trade show can grow and develop along with an industry.

... Virgin Cool—At Miami International Airport, Virgin Atlantic Cargo which around these United States has earned a reputation for great third-party handling adds even more cargo handling space and a great big cooler to put the big chill on perishables. Virgin Cargo's transfer handling facility at

Building 716E MIAD is cargo home for Alitalia and Cayman Airlines.

... The best part of that sensational order by FedEx for ten new Airbus A380 super jumbo all-cargo aircraft is what it says about the quality of the European airplanes. FedEx is not some babe in the wild wood when it comes to Airbus. Right now the integrator operates an astounding 77 A300, A310s. FedEx, buying this big new baby is a killer endorsement for Airbus while Boeing is beginning to appear out of luck trying to peddle its old technology B747 in a “stretched once more” version. The A380Fs will replace MD11Fs allowing FedEx to cut frequency and expense while maintaining lift. Aircraft list price is \$230 million a copy. Look for FedEx to add to the order for A380Fs. As we go to press, Lufthansa's order for 10 A380s, brings the order book total to 76 of the new generation aircraft. Now that Boeing's hammerlock as sole supplier to Qantas has been smashed forever by the Australian airlines order for 12 A380 super-jumbos the word goes forth that Asia/Pacific carriers, the prime target for the big aircraft will indeed be delivered as customers for the world's greatest airplane. Just in case the boys in Seattle didn't quite get the point, Qantas also ordered a baker dozen A330-300's, the great widebody that also lifts some cargo. For the record Qantas also ordered a Boeing B747-400, but the truth be told, that aircraft is a stop-gap acquisition to get the carrier to its new A380 super jumbo in 2006. The shape of things to come—A380 mock up in Virgin Atlantic colors will be part of six of the aircraft (six options) ordered by Sir Richard Branson December 15th. Said Sir Richard: “We thought about the B747X but are unsure that it will ever be built.” Inside its unusual profile, Virgin will feature health suites, 34 inch pitch in economy, business and conference rooms, shops and restaurants plus private cabins equipped with showers. Virgin has selected the Rolls Royce Trent 900 engine for its order. Currently Virgin has ten Trent powered A340-600s on order.

... Boeing said that it delivered 489 aircraft last year, one shy of its goal of 490. Through December the jetmaker had 584 orders which is about 300 more

*Modern Marvels . . . Air Cargo News Publisher Geoffrey Arend at rest in ACN offices during a break in the taping of a new episode for “Modern Marvels” to be broadcast worldwide on The History Channel. The program International Airports discusses the past and future of world air gateways, air cargo, and ACN involvement in the saving of LaGuardia Airport's Marine Air Terminal and Newark International Airport's Building 51.*



## Herb Never Pulled Punches

Herb Kelleher stepped down from the top post at Southwest Airlines June 1, 2001.

The airline business, which somehow has turned out more than its share of absolutely original executives during the past 80 years with names like Trippe, Rickenbacker, Six, Daly, Yerex, Shelton, Laker, Ansett and most recently Chowdry, can remember Herb Kelleher with awe, amusement and probably a good measure of envy.

After all you run a big company, you are not supposed to be upfront, plain-spoken and regular, while also apparently having such a good time.

We recall a Wings Club annual dinner held at the ritzy Waldorf Astoria Hotel in New York, where Herb dressed in formal tuxedo white tie, tails and cowboy boots, delivered a speech which began with musings of his life and career:

"I'm here to tell you that I am proud of a couple of things.

"First, I am very good at projectile vomiting. Second, I've never had a really serious venereal disease."

Recently somebody asked Mr. Kelleher if he plans to give up smoking, what with his recent bout with prostate cancer.

The reply was:

"Probably not, I don't smoke with my prostate."

Now, Kelleher who is 70, retires but stays on the Southwest Airlines (the airline he founded in 1971) Board as director for a couple more years.

But as stated at the top, we will miss Herb.

He was a colorful sum-bitch.



than it had at the same time in 1999.

... FedEx deal with USPS for seven years will add drop boxes (at a fee) for the integrator at up to 10,000 postal locations while affording USPS a single source for most of its Express and Priority Mail transportation. Big loser is Emery (\$200 million annual USPS contract set to expire in 2004 but probably sooner, sources think), other smaller carriers and even some occasionally utilized big ones. Interestingly USPS can add other drop boxes (UPS?, Danzas/AEI?, United Priority?, Airborne?) as soon as USPS and any other party can get together. FedEx will move about 3.5 million pounds a day, aboard jets that are usually parked awaiting their night flight to Memphis. FedEx thinks the deal will generate about \$7 billion.

... Air France continues to expand as other European carriers such as British Airways contract. AF is probably beyond words to describe its joy with the DL partnership. In less than three years the airline has gone from nine U.S. destinations in 1997 to 101 this year. Now the carrier is out hiring as many as 5,000 workers which when all done will mean that AF will employ more than 60,000 people.

... Meantime, Moody dropped British Airways credit rating because the airline is not generating enough cash to reduce debt.

... Aeroflot said cargo jumped 16% last year to \$1.1 billion while pax rose 11% to \$818 million. So is it "DA" or "nyet" as to whether the carrier is making any money? Only Aeroflot manage-

Dubai-Dusseldorf service March.

... business may be lousy or at best tentative, but Air France announces its fifth consecutive year of profits after six straight years of loss. How Air France went from a leaden national flag carrier that couldn't do anything right to today's success is due largely to four factors. Christian Blanc, Rakesh Gangwal, Jean-Cyril Spinetta and Charles de Gaulle Airport. Mr. Blanc began the cost-cutting and turn around policies when he served as airline CEO, Mr. Gangwal worked to help formulate modern airline management techniques at AF, including yield management when he served as VP planning and development in 1994. Mr. Spinetta "a Corsican cost-cutter, who is expansive at the same time" as one source characterized the airline's current CEO, settled a pilots' strike and took the airline public in 1999. CDG credited with much of Air France's current success is about to be Europe's number one airport, bypassing Heathrow, has a brand new fourth runway, a new passenger terminal to go online in three years and room still left to grow. Right now with more than 14,000 connections per week or three times as many as British at Heathrow and double the number of Lufthansa at Frankfurt, Air France with its solid Sky Team partners, Delta, Korean and others is moving to become the top European airline.

... Singapore Airlines spins off its cargo business into a separate unit,

the new company called Singapore Airlines Cargo Pte. will operate nine B747-400 all cargo aircraft with another eight on order

... If you have 600 Deutsche marks (USD\$275.00) and a hankering to fly aboard a passenger-flying zeppelin, Zeppelin Luftschifftechnik in Berlin said that it will begin service this June over Lake Constance, where the first airships flew more than 100 years ago. The 19 passenger airships will be filled with nonflammable helium instead of hydrogen. Travel time across the lake will be about an hour.

... Fuel and labor costs coupled with less business travel are blamed for prediction by the Air Transport Association (ATA) that when 2001 is tallied up it will be a \$1.5 billion loser for U.S. flag carriers. ATA notes that losses are a first since 1994.

... Air China plus China Southern and China Eastern all said, all is not so hot in the China dream market either. All three post losses for the first six months of 2000.

... North of the border, Air Canada involved in a sweeping austerity program driven by sagging business and increased competition. Second quarter losses of \$70 million see as many as 4,000 jobs cut

... W.C. Fields once quipped, that he spent a month in Philadelphia one night—Well, PHL, the airport thought of as little more than an emergency stop, off-line address in recent memory, is now the 15th most active air cargo gateway in America and still growing! Air cargo inched up 1.2% last year to over 616 tons, while all told PHL generated more than \$6.6 billion in revenue, employing almost 20,000 people. Central to air cargo numbers at PHL is US Airways' utilization of the gateway for its cargo-generous A320s to several European destinations via its new 100,000 square foot handling facility at PHL.

... A number of Arab airlines including Saudi Arabian Airlines, Royal Jordanian, MEA, Kuwait Airlines, Air Sudan, Egypt Air and Qatar Airlines form a strategic alliance that according to one source will allow them to "unify ticketing, reservations and together allow the group to formulate a uniform code of service standards." Alliance also opens the door to service cooperation, and later to less duplication and other services," the source added.

... Has there ever been an airline financial deal other than complete buyout of one carrier by another that has worked out? News that Sabena Belgian World Airlines and the Belgian Government are ganging up and suing Swissair Group for about \$500 million apiece because the Swiss didn't do the right thing, is just another sad tale of supposed good love in high places gone bad. Test your memory. British/USAirways, Continental/SAS, KLM/North-



*Elegance and Art In the Cargo Picture....Danzas is collecting and commissioning original works of art. According to Patrick Kaiser head of Danzas corporate communications and head of the art committee "our committee advised by art experts decides which works are to be purchased from established and up and coming artists.*

*So far paintings by Matt Mulligan (USA) and Stephan Balkenhol (Germany) have been acquired and will be displayed in Danzas new corporate headquarters.*

*"The paintings underline the international nature and style of the company. Our strategy is future oriented to provide state of the art services as well as to develop new ideas."*

*Danzas joins KLM Cargo at Schiphol which under the direction of former cargo chief Jacques Ancher began commissioning artists the world over to create original works of art that are on display throughout the KLM Cargo handling and office areas at AMS.*

west—all were big combo deals with money invested, promises made and sorrowfully hearts (and heads) broken. Maybe that's why American put the money on the table and bought TWA outright. At least when (if) things get dicey for that deal down the way, all can agree that the enemy is within. In any case, entire TWA fleet is being transformed into gleaming silver birds.

... British, Lufthansa, Swissair, Scandinavian and most other Euro flags are scrambling to cut costs as business slides and slowdown eats away surplus of the long ago and far away years of 1997, 98, 99

... EADS Dresden converts 25 ex-passenger A300s and A310s capable of uplifting up to 48 tons for Intrepid Aviation. First of the lot to be delivered to the leasing company late 2002

... Singapore Airlines continues expansionist plans despite an ever-softening international market. Right now the carrier is trying to raise its stake in Air New Zealand from 25% (the limit allowed for foreign ownership by New Zealand) to 49%. At the same time



# Escape From The World Trade Center

Jim Larsen was Cargo Marketing Manager for the Port Authority Of New York & New Jersey. The story of how he got out of the doomed World Trade Center in New York, September 11, 2001 is presented here in his own write.

The morning of September 11<sup>th</sup> could best be described as ideal. The sun was bright, the air was clear, and from the 65<sup>th</sup> floor of the World Trade Center I could look across, through New Jersey, almost to the Poconos in Pennsylvania. Just a few odds and ends to take care of and I would be on my way to JFK for a luncheon hosted by a cargo promotion group from the U.K.

The office was quiet, waiting for the aviation department staff to filter in for the start of another day. Just another ordinary day. I was sitting at my computer and chuckling about a joke that someone had sent me via e-mail when it hit.

It wasn't loud; there was no explosion, no thunder, just a kind of whack. Then the building began to lean over. Things fell off the desk, furniture moved, and I made my peace with God convinced that the tower was about to topple. But miraculously it didn't. It snapped back and slowly went the other way. Like in an earthquake, the building continued to shudder for what seemed a lifetime, but what in reality was most likely just a few seconds. There was a brief silence as debris started to stream past the windows, falling to the street below.

An aircraft, I thought? But how could an aircraft collide with the building on such a clear day? No time to ponder that question, I thought, let's get out of the building. I looked for people on my side of the building and saw no one, so I took off for the fire exit and the staircase that would lead me out of the building. Two women came out of the south side of the floor crying. I ordered them not to use the elevators. "Head for the stairs," I said, "Everything is OK. The building is still standing so the worst is over. Take your time, it's OK, we're safe now."

At that point I honestly believed that was true. I also think that all the people in the stairwell thought the same thing. There was no panic, no screaming, no shouting. Everyone proceeded in an orderly manner; they kept talking to each other, they helped those who were having difficulty breathing because of the smoke, or difficulty walking for whatever reason. It was a slow walk down. We stopped every once in a while because of unknown delays below us, but all in all, the pace was fairly steady.

As we got further and further down, I think we all knew that at any moment

we would see rescue workers coming up the stairs. On the 27th floor landing we came upon a man in a wheelchair. On each side of him stood his coworkers, who were apparently waiting for the crowd to thin out so they could begin moving him down the staircase. We passed him, and I thought for a moment maybe we should try in some way to take him with us, but it still seemed like there was no immediate danger and that it would be best if he waited there until help arrived. I don't know if that man and his loyal friends got out; I can only pray that they did.

At one point while we were descending I thought I was succumbing to the smoke in the stairwell. I began to get unsteady on my feet; it was almost as if the building was swaying again but I dismissed the thought and shortly afterward I felt OK again. It wasn't until the next day that I realized it was the impact of the aircraft hitting Tower Two that had made me feel that unsteadiness. Soon we came to a point at which we felt fresh air coming up from somewhere below us. Fresh air was only a few flights away. Firemen and policemen passed us and went up the stairs. Everyone was telling them about the man in the wheelchair on 27. When we got to the mezzanine floor rescue workers were shouting at us to move quickly. Why all the urgency, I thought. They seemed more panicky than we were. It's all over, we are safe now, why are you shouting?

Then the first in a series of realities set in. As we moved from the exit on the West side of the mezzanine to the escalators on the East side of the building we looked out on to West street and saw the tremendous amount of debris at the West Street entrance to the building. Glass was everywhere and I thought if anyone was out there, they were probably dead or seriously wounded.

We turned and headed East toward the escalators that led to the shopping concourse one floor below. At that point we stepped into Hades: rescue workers were shouting and urging us on; there was complete and utter chaos. We got our first look at hell. The glass partitions looking out over the WTC plaza were bloodstained, parts of bodies and what appeared to be wreckage from the aircraft littered the entire plaza. The debris was so deep that the concrete surface of the plaza was not visible anywhere. Still, harsh reality had not completely sunk in. It was more like we were all watching a disaster movie,

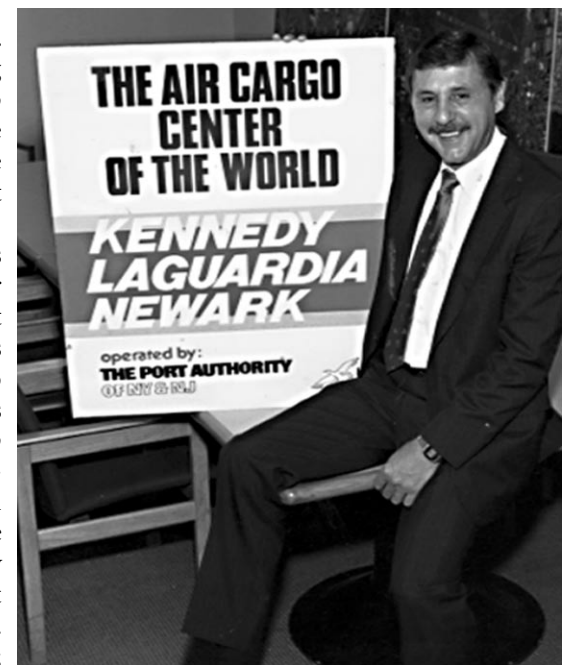
like we were just observers. There was more shouting and more urgent calls to keep moving. We went down the escalator steps, through the shopping concourse and out on to Church Street.

Being on the street was like coming to dry land after an ocean voyage; you almost felt like you wanted to kiss the ground. There was no time to stop, rescue workers continued to urge us on up Fulton Street toward Broadway. As we crossed Church Street we finally had a chance to look back and actually see the towers. At that point the adrenaline kicked in. The buildings were on fire; they looked like two candles

standing in the sun. We began to head North on Broadway. I stopped to talk to the wife of a co-worker. She also worked in Tower One and was searching the crowd for her husband, to no avail. "Did you see him?" she asked.

"No, but I'm sure he's OK," I said, "We had plenty of time to get out, he will be all right." We continued North up Broadway, funny enough, I was looking for a cigar store. I haven't smoked in a while but I had an overwhelming urge to have a cigar. For a moment the urge took my mind off what was happening and I was preoccupied with finding a cigar. We had planned to go to the City Hall subway station to get a train uptown but when we got to the station we were told there was no train service. They said we should go to 14th street, trains would be running from there. I was with two co-workers and both were not doing too well. One has a severe back problem and the other had forgotten her knee brace and was starting to feel the effects of our walk.

We turned to look back at the towers just as Tower Two collapsed. It was amazing. This giant structure that we had come to regard as a fixture in our every day lives crumbled before our eyes, creating a giant dust cloud reminiscent of the films we saw of the eruption of Mt. St Helens. Panic filled the streets as the clouds advanced up Broadway. In front of it hundreds of people were screaming and running toward us. The only thing I could think to do was get the two girls out of the way of the crowd. "We can't get hit with any debris; the worst we will feel is dust. But if we stay out here there is a chance



that we'll get trampled by the crowd." I pushed them up against the fence at City Hall as we watched the dust cloud advancing. Miraculously it stopped about a hundred feet from where we were standing and lost momentum, settling to the ground.

Safe again and blocks away, I looked back at Tower One. It was burning and there was no doubt that it was only a matter of time before it too would collapse. I didn't know in what direction it would fall, but between us and the tower is the Woolworth building so I turn to my brave little group and urge them on North. "Lets get out of here, if Tower One falls and hits the Woolworth building we will be in big trouble." We head for Canal Street with the hopes of getting a train that will take us away from the nightmare. As we keep moving, I constantly try to call my wife on a cell phone but I can't get through. I want to tell her I'm all right; I also want to find out if anyone has heard from my son who works in the World Financial Center directly across the street from the towers. My thoughts go back to the last bombing of the World Trade Center and the fact that I couldn't get in touch with her then either. On that occasion she ended up calling her niece, a waitress in a restaurant near Wall Street, to tell her that she didn't know if I was OK. Her niece's reply was, "He's fine; he's sitting here at the bar having a Gin and Tonic." No such luck this time; I didn't have a chance to sit with a drink until 6:00 p.m. that night.

Soon there was a call on my cell phone. My wife asked if I was OK and told me that my son was on his way



home. He never reached his office, saw the disaster and turned around. Thank God! Moving North, the fearless crew now numbered five- two going to the Bronx, one to Long Island, one to New Jersey and myself headed for Westchester. As we continued it was obvious that the two women with back and leg problems were not going along too well. The further we got, the slower we moved. We continued to get glimpses of Tower One in the distance. It was still standing but we lost sight of it as we passed a fairly tall structure that obscured our view. Then we see another dust cloud: One World Trade Center, my home away from home for the past 13 years, is gone. With it went many, many memories, and many co-workers whose fate at that point was unknown to me.

On we went uptown, our little crew feeling more and more the effects of the experience and getting weaker all the time. Then, lo and behold, a banner stating the home of the Public Theater. I know someone who works there so I went to the entrance, but I was told that no one was allowed in. "Is she here?" I asked, and all of a sudden the way is opened and I'm escorted to her office. There I talked to the first person I had spoken to all day who was not directly involved in the disaster. Our crew is

brought into the lobby, seated and served water and soda, and they rest to gather the strength to continue the journey. An oasis in the middle of Manhattan, I thank you for your hospitality Public Theater, and thanks to my friend for a hug and an understanding ear.

Rested and on our way again, the group now numbered six (my friend joined us). When we reached 14th Street we found that there was no room at the inn: the subway was closed there too. Next stop Grand Central. I didn't think the group was physically able to make it but we continued on. The next shock! Armed National Guardsmen were in the streets in front of what I later realized was an armory off Park Avenue.

The realization that the roars we had been hearing in the sky were not low flying Helicopters but high flying fighters over our city, over New York, on a defense mission over American soil, was too much to comprehend.

When I was a little boy during World War II, I remember air raid wardens knocking on windows at houses that had lights on. I remember the black window shades that hung in our railroad flat in Queens for years after the war was over. But that was only a drill, no one ever got to really attack America. Sure, there was Pearl Harbor, but that

wasn't America. That was some islands out in the middle of nowhere where our fleet was. Here, today was reality; a hostile force had made an air strike against the United States and had successfully destroyed two key locations.

That aside, we were back in business moving toward our next goal, Grand Central Station. From there we hoped to get a train that would take the Bronx contingent home and possibly afford some transportation to Queens for the Long Island bound person in our group.

Unfortunately, the group was running out of steam very quickly; back pains were becoming worse and the trauma of walking on a bad knee was obviously getting the best of the women. It was time to get some help. I walked out into the middle of Park Avenue to traffic policeman and explained our problem, asking him if he could flag down anyone who could take the women to Grand Central. He was sympathetic and tried to flag down any emergency vehicle heading North, but of course they were on other missions and couldn't divert. Finally we asked a gentleman in an automobile if he would consider taking some passengers for the ride, which was then about 20 blocks. He said of course, so we piled four of the group into his car and they departed

for Grand Central with the plan that we, my friend from the Public Theater and I, would meet up at the station and go from there. Thank you to the gentleman in the car, you were a true New Yorker, willing to lend a hand when it was needed. I can't say the same for the numerous taxicabs that passed us during our journey with their off duty signs on and their cabs empty.

My friend and I reached Grand Central but found no trace of the rest of our group (who I later found out had made it home ok) so when a departure was announced for a train that would take me home to Peekskill, I opted to get on it, hoping that the rest of my group also made some sort of connection to their destinations.

Our departure from the city was like leaving a bad dream behind. It was almost as though it hadn't happened, and as our train headed north I felt the comfort of finally resting away from the terrible events of the day.

That feeling overwhelmed me just before we reached Tarrytown, when as we gazed out the window at the smoke rising from the Trade Center, we saw a man standing in a small Hudson River park. The flag in the park was already at half-mast, and the man was quietly and casually watering the grass, as life went on.

## Sky Team's Great Adventure

A new deal for air cargo as U.S. CargoSales Joint Venture debuts November 14, 2001 in Atlanta, (l to r) are, Frederick W. Reid, President and Chief Operating Officer-Delta Air Lines, Yang Ho Cho, Chairman and Chief Executive Officer-Korean Air and Jean-Cyril Spinetta, Chairman and Chief Executive Officer-Air France.

Not all business this day as U.S. Cargo Sales Joint Venture launches and lunches clockwise—



lunches clockwise—Tony Charaf, Senior V.P. Delta Air Logistics, and Marc Boudier, Executive Vice President, Air France Cargo discuss the future.

Celebrating at the event are Jin-Hong Kim, Julie Park, Bernard Frattini, Mickey Stanley, and Eddie Haynes. At the ribbon cutting, (l to r) are Tony Charaf, Jin



Hong Kim, Yang Ho Cho, Frederick Reid, Bernard Frattini, and Jean-Cyril Spinetta.



Singapore Airlines is making a big play with the Tata Group for Air India. Two financially challenged airlines, with which Singapore Air along with its 49% stake in Virgin Atlantic, would compete with the rest of the ever consolidated and alliance-bound commercial airline industry. There seems no mountain that Singapore Airlines cannot climb. For example the airline reports profits while everybody else is losing. What that says, if nothing else, is Singapore Airlines must be either smart, lucky, blessed, or some combination of the aforementioned.

... UPS purchase of 78-year old Fritz Companies Inc. for \$450 million in common stock is the first UPS stock acquisition since the IPO in 1999. Apparently the name Fritz will disappear. Said UPS CEO Jim Kelly: "The unparalleled UPS freight forwarding and customs brokerage business unit will be able to offer customers single point of accountability." Founded in 1933, San Francisco-based Fritz operated 400 facilities in 120 countries. Wait there is more. UPS sez, "You got the USPS? We bought MBE! FedEx may have gained access to a few thousand drop boxes in U.S. Postal facilities across America as the result of knocking off Emery's contract to haul USPS air but UPS got 4,400 locations when it bought Mail Boxes Etc. (MBE). FedEx may be carrying lots of USPS overnight and second-day but Big Purple's daily package count continues to slide down 5.8% last quarter. With strong international presence in Europe, MBE is viewed as an excellent small business portal for UPS menu of services, both existing and yet to be developed. Here, it looks like the MBE name will stand for now.

... It's official, O'Hare Airport is to get a \$6 billion redo, if Chicago Mayor Richard Daley has his way. This proposal which effectively kills the idea of a third Chicago Airport in Peotone 40 miles away, has even arch rivals American and United Airlines in agreement. But the popular Democratic Mayor, a Republican Governor, two mega-carriers and support from the big business associations may not be enough juice, as there remains strong opposition from community groups who say upping operations from 930,000 to 1.6 million a year would also mean life around the field would extend life around the airport into "a living hell." Meantime does anybody remember when Douglas Field opened in 1943 and was later renamed O'Hare? How about the volume at which everybody complained, saying O'Hare is just too far away from the Chicago Loop?

... Air France will up its stake in near bankrupt Air Afrique. Talks toward securing \$70 million would see

AF holding a 35%, up from about 12%. Once the pride of 11 countries of Africa during an era of AF largesse, go it alone has demoted Air Afrique to insolvency.

... Atlas/Polar Air gets route to Hong Kong but stock continues to slide at about a quarter of its value of just a year ago. It now appears that Atlas will not acquire rest of Emery Worldwide, grounded by FAA. Sources say without much joy that anybody awaiting a fourth quarter bailout this year will see the peak season in this business struggle to achieve last year's disappointing result.

... Miami's Fine Air may be in Chapter 11 with an air fleet down from 34 aircraft to 15 but that has not stopped the carrier from occupying a new \$19 million dollar cargo transfer facility with a big cooler/freezer unit. Miami, the gateway that owns traffic to Latin America has been weathering the economic slowdown better than most—emerging on the charts as top U.S. gateway in international cargo volumes and in the top ten worldwide in total cargo. But a closer look shows that Miami's numbers are supported by moving high density low yield flowers and perishables so called 'junk cargo' by some in this business. According to a published report even high-flying LAN Chile Cargo, which has become a bellwether of MIA business has seen its volumes slip about 15% this year as it scrambles to cut costs, rates, get rid of airplanes and move consignments to passenger aircraft.

... Thaksin Shinawatra, Thailand's Prime Minister gets the nod for the no-brainer when he said that Thai Airways might delay its planned November IPO. "The current situation and sentiment is not good for Thai Airways. We need to wait for everything to be very clear." Right Mr. PM. You and everybody else. Anyway if you have some mad money, Thai Government wants to disinvest itself from about 93% of Thai to 70%. Last time we looked, Thai Airways stock was trading at 19.25 baht (43 cents).



Bruno Sidler

... Panalpina, which began operations about the time of Lewis and Clarke, "Pan-Alpine" out of Switzerland, said the first half saw earnings actually rise. Panalpina's CEO is Bruno Sidler. The company is now active in 70 countries.

... Big concern for future business is North Atlantic. Traffic on this most important long haul route is not coming up for anybody. Certainly every route



*United Cargo said that its TD Guaranteed cargo service expanded to everywhere the airline flies offering flight-specific boarding and 100% guaranteed service. United has also added Global Small Package Service (GSP) for critical time-sensitive shipments offering shortened acceptance and recovery times (one to two hours) plus full service guarantees.*

was impacted after September 11th. But traffic has returned to some semblance of former numbers most everywhere else, but the North Atlantic.



... China Airlines launched twice weekly all-cargo flights between Taipei-Seattle-San Francisco. The Taiwan flag carrier with 55 weekly all-cargo flights in its summer schedule features 26 weekly trans-Pacific, 11 European and 18 regional Asian flights including returning service to Colombo, Sri Lanka plus all cargo service to Manchester, England which took off April 1st. Nice interactive cargo website too. Easy in/out at chinaairlines.com then click "Cargo. CAL struggling to gain lift brought about when a CAL B747-200 apparently broke up above the Taiwan Straits in perfect weather without even a distress call May 25th 2002, killing all 206 passengers and 19 crew members aboard. The disaster is the 14th for CAL since 1967

... More Power To 'Em—United Airlines Cargo opened an expanded new cargo transfer facility at O'Hare Airport, Chicago. "We are contributing to the economic well-being of Chicago and the Midwest." said Roger Gibson vice president cargo at United. Recently Mr. Gibson was named to Fortune Magazine's list of 50 Most Powerful Black Executives. Fortune said in part that: "Resurrecting the reputation of United Airlines subsidiary United Cargo has been Mr. Gibson's mission." "No small task" said Fortune, "given that integrators like UPS and FedEx have made steady inroads and September 11 has hurt business". Congratulation Mr. Gibson, we say.

... By the way did anybody notice

the cost of U.S. Postage and about everything else the USPS does went up as UPS and FedEx handled Parcel Post instead of the traditional airlines and USPS reported record losses? Take a wild guess who gets to pay for those USPS losses and UPS/FedEx profits? Give up? You do dummy.

... How about Jeffrey Fegan, CEO of DFW Airport coming out editorially in *The Washington Times* "Airport Security Gets Explosive" against the Transportation Security Administration (TSA) schedule for airports to have screening of all checked baggage by Explosive Detection Systems (EDS) in place by December 31st? "Good mandate. Bad deadline," said the esteemed Mr. Fegan. He then goes on to explain why DFW and everybody he knows at thirty other airports can't install these machines which are the size of a VW Beetle without lots of architectural and study help. Jeffrey Fegan also points out that interim mandates won't work either—too expensive for temporary solution. "We must not rush to implement solutions that don't make sense. It's critical that we take a measured, comprehensive and holistic approach to aviation security." The editorial was broadcast for discussion on CSPAN, the cable talk network. Maybe twenty calls were received and while the responses cannot be described as scientific, the observations from callers across the U.S. were interesting. Most callers wanted more security right away, no matter the cost, or wait involved, while travelling or shipping cargo or traveling on an aircraft, shipping bags and cargo, period. One caller noted that the day after they saved those nine miners in Pennsylvania proves that "America has the technology to do whatever is needed to secure its airports." Mean-

# But Will This Dog Hunt?

As we continue on our 21st century journey, the word wow, that instinctive truthful exclamation of admiration, joy or disbelief (and maybe even relief and congratulations) has been appropriated and trademarked to describe to the world, the harmonized cargo express services of three carriers— Singapore Cargo, Lufthansa Cargo and SAS Cargo.

Leaders of the trio met the press at Frankfurt (Fraport) March 14th to unveil their new branding.

Master of ceremonies, the great Dietrich Seidl (LH), before anything else happens, even announces that when the conference is over there will be lunch for everyone.

The real question here is, will WOW work?

Best quote of the day came from Mr. Teng Aun Hwang, CEO Singapore Airlines Cargo who declared out loud: "Failure is not an option."

Our favorite comment of the day came from another reporter who observed: "Look we are at the end or just finishing the worst airline business cycle in 30 years and maybe in history. It's hard to ask any question that is stupid considering the state of the airline business today." Wow, you gotta love the fourth estate.

But sitting out there in the audience,

the single outstanding thing you notice right away about the WOW executives, is that this is one good looking group of people.

Not only good looking, but all four of these players are real smart. By the way all came from backgrounds other than air cargo. What's more if anything goes wrong, two of them are doctors who can, not only make house calls, but also should at least be able to make everyone feel better. Member of the Executive Board Lufthansa Cargo AG Dr. Andreas Otto's star at Lufthansa is more like a sky rocket after having joined the airline in April 2000, from a top position at Rhenus AG, a waste management company.

His part in creating this WOW cargo program has only sharpened Dr. Otto's resolve.

"We came together in a landmark way. Different people from all over the world. Strong, diverse airline cultures with three very successful companies determined at creating something new. The way it has worked is quite gratifying and gives us great confidence that we can move to other cooperation's in the future. As example, harmonizing our second-day product is a natural second step."

Peter Grønlund, Vice President SAS Cargo, is an approachable, larger than

life air cargo executive who is a top flight executive who politely listens to what other people have to say.

Peter also has a solid grasp and strong opinion of things. But Peter Grønlund needs no reality check to realize that in the world of Lufthansa and Singapore Cargo, SAS might be a junior partner. He is refreshingly candid when he declares that SAS and its pioneering air cargo division are open to offers of cooperation and business involvement and "exploring new possibilities while continuing to develop and refine its product line."

Mr. Teng Aun Hwang is the first President of Singapore Airlines Cargo. Incidentally all three carriers' cargo businesses are spin-off separate operations from the passenger end, which must be a first for an airline cargo alliance. Mr. Hwang is also the first top



The beautiful people of air cargo presented WOW, a new cargo product from Lufthansa, SAS and Singapore Airlines Cargo. WOW which harmonizes all three carriers' express product, debuts at an airport near you April 1<sup>st</sup>. Pictured (l to r) Dr. Andreas Otto, Peter Grønlund, Dr. Gabriela Kroll and Teng Aun Hwang.

SQ cargo executive who has had to deal with negative or flat growth from Singapore, the country.

Dr. Gabriela Maria Kroll definitely does not feel slighted or overpowered, being the only distaff member of the top WOW team. Dr. Kroll puts ability, as the only criteria, she needed to achieve her role as LH Senior Vice President of strategic airline alliances.

"This is a very professional group, with strong determination to make this thing work. Up and down the line, everyone here is completely open to new ideas."

## Angelo Pusateri Retires



"He built Virgin Cargo USA." From REA to Air Florida to Virgin Cargo, Angelo did it his own way. Pictured with the cargo pioneer at an industry event is Bill Boesch. The four shot at opening of Newark cargo facility includes partner Alan Chambers and Virgin founder Richard Branson and John Ryan, Vice President Virgin Cargo Sales and Marketing.



Swiss (airlines) takes off April 1 as a new intercontinental airline formed of profitable Cross Air

of Basel and the ashes of Swissair of Zurich. The big question is, will the new company be successful. On one hand you have ex Swissair employees and on the other Cross Air personnel. Will either group like each other? Uptown girl (Swissair) meets Joe lunch bucket (Cross Air). And what about Moritz Suter, former chairman of Cross Air, who was forced to resign by the two large Swiss banks and Mr. 'Hot Nestle Chocolate' when the new airline was created. Cargo, it can be said has been successful all along. If Thomas M. Huchler, Vice President Americas (right) and Jack Lampinski, Regional Manager, Eastern United States (left) have anything to do with it, cargo will continue to be successful. Mr. Huchler declared, "The new airline will work well. It is right-sized now."



Dnata Cargo's Freezone Logistics Center (FLC) recently celebrated UPS 100th flight. Pictured at the celebration are, from left: Ibrahim Jassim, Dnata Cargo's General Manager Terminal Operations; John Tansey, UPS Country Manager; Chris Pattenden, UPS District Air Manager; Ismail Ali Al Banna, Director Dnata Airport Services; Natalia Blotskaia, Dnata Cargo's FLC Marketing Executive; and Jean Pierre De Pauw, Senior General Manager Dnata Cargo.





Once again the event of summer 2002 at JFK was Tri-Carriers Golf Outing a cooperation between Virgin, Saudia and Finnair Cargo held at a golf course near JFK International Airport. Hosted by Saudia's Barry Lennihan, Virgin's John Ryan and Finnair's Kari Tikkanen, Tri-Carriers has become an annual rite of passing and a 'hot ticket' in the eastern USA air cargo scene. While there may be bigger alliances and more important deals going down elsewhere, this regular event has brought together more airline and shipper types than most trade shows. Interestingly in this Summer 2002, while mostly drought conditions prevailed across the Northeast, the day that the Tri-Carriers gathered it rained. But unfettered this hearty bunch repaired to the 19th hole.

**Pg-50**

time Texas Rep. Kay Granger got the DFW pitch attached to the Homeland Security bill that passed the U.S. House of Representatives. Next comes a tougher nut—the U.S. Senate which must act on the measure this fall after the summer break if the TSA mandate is to be slowed down. Until then it's all about hearts and minds and money

... That order for ten A380 all cargo jets that FedEx announced at the Farnborough Air Show is in point of fact not news, rather an expected result of decisions taken sometime ago. But what an order however you slice it! Last time a freighter order had wowie impact was when Boeing sold five B747s to Pan Am 33 years ago when Fat Albert was launched. In a summer of flat and flatter, A380 at least holds the promise of better things to come

... Nice work if you can get it dept.—Pushed by special interests, IATA sends up a balloon trying to change the standard for what airlines can charge for cargo that bulks out before it weighs out. Some shippers may be ripe for adding to bottom lines of people who consult on "dim" or dimensional weight and companies that make machines to measure these things.

... Kitty Hawk said that it expects a plan of reorganization to be complete by August 31st when it will emerge from Chapter 11 bankruptcy. The 121 carrier serves 47 U.S. destinations via its Fort Wayne hub with overnight service.

... Even though Atlas Air lost \$34.2



Rick Shuyler

million during the second quarter and CGO stock has been hovering at about three bucks a share, down from about seventeen a year ago, don't count this company out just yet. In the first place, Atlas has a tremendous asset in its CEO Rick Shuyler. Shuyler and company

made a crafty acquisition getting Polar and all those juicy routes for a song. Rick Shuyler, who gets our vote as air cargo executive of the year, before he joined Atlas, handled money as chief financial officer at TWA. Does anybody remember how many winters TWA went through with almost no money and no hope of survival? No, this guy is not just good—he is great

... As Emirates SkyCargo readies its October 1st start up of four times weekly service to Osaka serving Kansai Airport with the first in history direct service from the Gulf, via B777-200s offering 15 to 20 tons of cargo lift, those flights are actually the last of five new destinations that the high-flying carrier has added this year. That's right. While you were sleeping, EK added services to and from Dubai to Casablanca, Khartoum, Perth and Mauritius. With the new services comes a menu of "SkyChain" IT-driven support that SkyCargo makes available, allowing shippers to access information every step of the way.

... Singapore Airlines has gotten clobbered on its routes to USA and apparently is tired of operating its MegaTop fleet of B747 aircraft, in some cases, mega empty. Right now the carrier that seemed could do no



Kari Tikkanen, a pillar of airline cargo executives in America for the past two decades, decides to step down from his post as Area Cargo Director North America & South America for Finnair Cargo.

It's said that a career is a job you've had too long. Kari Tikkanen worked all his adult life for just over 40 years, at Finnair. Just before retiring August 31<sup>st</sup>, 2002, a few friends got together with Kari to wish him well. Pictured seated (l to r) are Peter Diefenbach-NCA, Joe Luise-Austrian Airlines and Jim Erickson-North American. Standing (l to r) are Marty Kovach- retired Sabena, Kevin McGuire-Evergreen Airlines, John Ryan-Virgin Cargo, Kari Tikkanen, Ed Chism-Emirates, Gerald Molinelli, Japan Airlines and David Johnson-Evergreen Airlines. A sculpture of a giant package of Lifesavers was presented with a small plaque inscribed with the words: "To Kari—In life your friends are the real lifesavers."

wrong has finally joined the rest of the world scrambling to cut back and out until the traffic picture brightens. This month SIA's Singapore-Amsterdam-Chicago service begun last August quit altogether January 13<sup>th</sup>; SIA's JFK-FRA dailies are trimmed to four times weekly and SIA's west coast package from LAX-Taipei-Singapore and SFO-Seoul-Singapore go from seven apiece to five. Additionally the carrier is delaying its next U.S. services' aircraft, the elegant A340-500, slowing deliveries (five firms,

five optioned) until further notice.

... US Airways losses for the fourth quarter were \$1.01 billion, up from \$101 million in 2000. Sales were off 34% to \$1.57 billion. Southwest quarterly net profit dipped 60% from year earlier to \$63.5 million as revenues slid 16% to \$1.24 billion. Northwest loss for the fourth quarter was \$216 million up from \$69 million in losses during the same period in 2000.

... As it prepares to topple Boeing's

*Congratulations*



“Good writing takes more than just time;  
it wants your best moments and the best of you.”

Over the last 35 years you have successfully managed to do both. Congratulations!

Happy Birthday and thank you very much for your long-lasting collaboration.

Your Swissport Cargo Services Friends  
at 90 destinations in 30 countries.

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hammerhold on big aircraft with the introduction of the super-jumbo A380 in 2006, Airbus with close to 100 of the 21<sup>st</sup> century aircraft sold, is eliminating 6,000 jobs through a series of maneuvers, including early retirement. Unlike Boeing, which dumped 30,000 jobs, citing weak demand, Airbus with a backlog of 1,575 aircraft versus 1,377 for Boeing has thus far avoided the draconian layoffs of its American rival. Boeing wins big order for B737-800s from the Irish-based Ryanair. Look for the no-frills carrier to start service all over the place, including Germany where the carrier is intent on busting up the near monopoly Lufthansa has enjoyed.

... American Airlines/British Airways has won tentative approval of its alliance.



... Lynden Air Freight based in Seattle and Continental Airlines Cargo are conducting a one-year alliance scheduled to continue until the end of 2003. Continental with 2,000 flights a day will benefit from Lynden traffic as it tries to fill aircraft on its long thin international routes east, west and south from the USA. Lynden gets a good rate, space allocations and presumably Jack Boisen's cell-phone number.

... The great grandson politician of visionary Chiang Kai shek has got the deal done, so now there are flights galore from Shanghai's Pudong Airport via Macau and Hong Kong (no getting off the plane) to Taipei, Taiwan until February 9th as businessmen, some 500,000 strong with over \$100 billion invested on the mainland, can get home for the Lunar New Year celebrations. When a China Airlines Magnolia blossom-tailed B747 with 200 of its 380 seats filled made the circuit, dragon celebrations and all, it marked the end of a 50 plus year, no fly ban between the destinations.

... U.S. carriers may decide against flying pets aboard aircraft, if strict new rules which basically will require an additional round of paperwork for every live animal flown, including investigation and detailed reporting by the airlines to account for every animal that is injured or dies while in transit, are put into place by the U.S. Department Of Transportation. Air Transport Association said that paperwork and extra effort to comply would add significant costs.

... Cold where you are? Just ask Miss Greece who will tell you right away that any trip that includes Greece will warm your body and soul. Athens International Airport (IAA) is also on its way to becoming the air cargo hub of Southern Europe with an aggressive cargo development program to service its more than 1,248 weekly flights to 96 destinations in 46 countries served by 46 airlines.

... Swiss Miss? Swiss the airline built from the remnants of Swissair says that it will cut its fleet, as traffic remains soft. KLM reports a \$90 million loss for its third quarter despite flying around with its planes quite full for the past months. Lufthansa now says that its ideas of profit for 2003 may have been overly optimistic. Everybody scores lack of business passengers, cost of Jet-A, and uncertainty over Iraq war as major contributor to business woes

... In Finland, Mikko Kuntola, first ever president of Finnair Cargo has retired after two years at that post. New President of AY Cargo is Juha Kinnunen.

... AMR's fourth quarter last year, \$521 million loss adds to \$3.1 billion for the company in 2002. CEO Don Carty said: "Clearly this situation is unsustainable." AMR says that it needs to squeeze at least \$4billion costs reductions in light of the new landscape for the airline business.

... Meantime Southwest has managed to remain profitable since 9/11 although the Dallas-based carrier's profits over 2001 were halved to \$221 million. But still, the airline founded by Herb Kelleher and emulated world-



United Airlines announced Chapter 11 bankruptcy Monday, December 9, 2002. That day in airline history will surely be bookmarked as the definitive moment that changed everything in American commercial aviation.

UAL Cargo Vice-President Roger Gibson told Air Cargo News: "Cargo has been a solid performer. During the second quarter we assumed control of operations at a dozen additional cargo transfer facilities in North America to insure our standard of service that our customers demand. While revenue went up during the quarter, by 6% we were especially pleased just recently to score a record 8.1 million ton mile day, our best since 9/11.

"We understand the challenge our cargo product and airline faces ahead. Yet cargo reliability has never been higher. While there is always room for us to do better in air cargo, we will maintain our service delivery and full product lines as we look for ways to better serve our customers and service partners."

UAL Cargo serves 134 destinations in 34 countries with 1,000 flights daily.

wide, as the future of aviation, continues to fly in the black. No projections yet for 2002.

... Tri-Cities Regional Airports hired Vaughn Barnett as manager cargo trade and development. Mr. Barnett comes over to Tri-Cities from Metropolitan Nashville Airports, where he served in the same capacity, during a four-year stint designing and implementing a series of innovative programs for air cargo.

... Bahrain-based Gulf Air is out to reinvent itself, pulling away from a long slow decline which has seen the carrier reduced to less than 15 aircraft serving a dwindling number of destinations amidst recurring losses.

... Qatar Airways will commence flights to Oman during next year's Khareef Festival.

... China and in particular, Shanghai seems to have the current formula for all types of growth. While plans are accelerated for a huge 100-kilometer industrial free zone that would encompass both the airport and deep-water port in a Shanghai logistics fantasy of the 21st Century, Universal is dusting off Bugs Bunny for a theme park opus, as the rest of the city builds like mad to welcome the World Expo in 2010.

... U.K. Government pops up with another plan to build an airport at Severnside where a new international air gateway would rise upon the Severn estuary in South Wales. The airport with approval could be open for business in 2012 and would serve southern and western England. The government notes that either Bristol or Cardiff airports (or both) would be closed as part of the plan.

... That long awaited code-share arrangement between American Airlines and Cathay Pacific has won U.S. DOT approval after objections to the arrangement by United were put to rest. American puts its code on Cathay flights from three U.S. gateways and

code-shares on services beyond Hong Kong to Bangkok, Kuala Lumpur, Penang and Singapore. Cathay gets a menu of code-shares with AA from up to 20 U.S. cities.

... Airbus now says that it will out produce Boeing in both sales and delivery of new airplanes in 2003. While Airbus on the strength of an order from Easy Jet late last year outsold Boeing 300 orders to 251 this year, the European manufacturer will deliver 300 aircraft to Boeing's 275-285.

... Despite objection by Southwest and other regional carriers, U.S. Department of Transportation gave green light to alliance/cooperation between Delta, Northwest and Continental to code-share initially on about half of their flights. What that means is that "the three amigos" (no name for the alliance just yet) now control 35% of the U.S. domestic market while the two biggest airlines in the world, American, with its TWA takeover controls 21%, and the United/USAir code-share controls about 22%.

... Meantime if things were not bad enough, comes a report about to be released to the Senate in Canada that says that aviation security throughout the country is less than zero as compared to the USA.

... Continental loses \$109 million for the fourth quarter, says it will lose this year in the first quarter and probably all of 2003 will be in the red. Good news? Cargo revenue jumped 36% in fourth quarter of 2002. Too bad cargo is less than 8% of CO's revenue stream. Delta loses \$221 million for the same period. Wonder what ever happened to Sky Team? Big kick off in Atlanta with the entire airline (Delta, Korean, Air France Princes in attendance in 2001 then nary a word since.

... Atlas Air Worldwide Holdings named Scott Dolan senior VP and COO responsible for both Atlas and

*Author/essayist and teacher, the great Joyce Maynard whose works include "To Die For", "At Home In The World", regular columns for The New York Times, and for National Public Radio's "All Things Considered", is pictured at Scholastic Magazine's 80th anniversary celebration with ACN correspondent, Florence Arend,*



*Both women were recognized for their creative power and excellence on April 29, 2003 in New York City.*

Polar Air Cargo. He had served as VP-operations for the company's Polar Air subsidiary.



... Wolf Dietrich Von Helldorff who is chairman of the German Freight Forwarders stood up with Lufthansa Cargo Board Member and boss Dr. Andrea Otto in front of a room full of LH Cargo executives and more than 100 freight forwarders in Frankfurt and both agreed while 2002 was 'stagnant', 2003 at least for European air cargo looks better. Air cargo could be entering a new era of cooperation in Germany as well. Everybody is up in arms about a proposal that night flights be shut down at FRA. "It would spell the end of air cargo Germany," said one executive. "We will all have to work much closer together on several issues that confront air cargo growth," Herr's Helldorff and Otto concurred.

... U.S. DOT names six airlines to provide cargo services between Hong Kong and third-country destinations in conjunction with their U.S.-Hong Kong services. Fed/UPS naturally, Evergreen, Kalitta, Northwest and Polar Air Cargo also get the nod

... John Dasburg completed his acquisition of DHL Airways in a transaction put at \$57 million. Boeing Capital Corp. financed for the sale. So now DHL Airways, is called Astar Air Cargo. Astar will depend on "wholesale overnight small package business, while at the same time looking for attractive opportunities to expand its charter, Dept. of Defense and Postal Service business."

... Berlin Brandenburg Flughafen Holding, the joint federal-and state-owned company that runs the German capital's three airports, said it will close Tempelhof as part of plans to build a new international airport on the site of Schoenefeld, the airport that used to serve East Berlin during the Cold War.



... Last year's SARS outbreak in Asia caused passenger travel to tank says the Association of Asia Pacific Airlines (AAPA). AAPA's 17 member airlines lost 12.1 percent of their passenger business for the year. AAPA airlines transported 95.8 million passengers

in 2003, 13.1 million fewer than the year before. "This can be translated into three years of lost growth," AAPA reported. Cargo grew across the region by 4.3 percent .

... Peter Grønlund, SAS Cargo President and CEO, leaves the airline to go down to the sea in ships, joining Scandlines on April 1. Peter was central to the cargo division formation in 2001. He will still hold an advisory position at SAS Cargo as part of the company board of directors. Chairman John Dueholm described Mr. Gronlund's tenure atop SAS Cargo as "comprehensive and successful..."

Anthony Romeo, President and Owner of Charter America, Inc., has purchased Bank of America's \$30 million debt of Miami cargo carrier Arrow Air, through a newly formed company called Arrow Air Acquisition, Inc. "My goal is to reorganize the company and preserve the airline and the jobs of several hundred employees in Miami," Mr. Romeo told ACN. Romeo is a well-known Miami aviation executive who sold his company Miami Aircraft Support, Inc. to Worldwide Flight Services for \$66 million in 1999 . . .

... There is a report out of Europe that Alitalia is in deep financial trouble and needs immediate Italian government intervention. Last week AZ reported its worst annual results ever. According to sources, part of the problem is that announced cost savings were not implemented, including dismissal of more than 2,500 staff last year. The plan fell apart and was cancelled after trade union protests.

... U.S. Transportation Secretary Norman Mineta once again mixed opening up the U.S. domestic market to European carriers. The EU wants its carriers to have complete access to the U.S. market as requirement to "open skies" between the European Union and America. Most of the key airline resource countries of the EU already have a deal for "open skies" in place.

... "European airlines are in a serious state," Vagn Soerensen, CEO of Austrian and Chairman of the Association of European Airlines, told reporters at a press conference. "A few of our members are struggling to survive; we could well collectively report yet another unprofitable year following losses totaling 6.4 billion US\$ in five years."

... Iberia is watching airline restructuring in Latin America closely, with a view to strengthening its position there, while it has ruled out a greater focus on Asian markets

According to a story in the NY Times, a group representing business travelers will ask U.S. Congress to draft plans in the event that several major airlines are forced to liquidate. The group, The Business Travel Coalition, said in a statement that the country

At a grand celebration to mark the launch of Emirates Dubai-New York service are SkyCargo the Americas, what's old is new again. Pictured with Peter Sedgley (extreme right) are r to l Bruce White, Russ Rumunik and Ed Chism of Emirates SkyCargo. The Americas cargo team includes not only several generations of air cargo expertise, but also the will and dedication to bring new ideas and products to market. Shortly after this snap occurred, Mr. Ed & Co. started filling up the flights. Maurice Flanagan (left) Emirates Airline vice-chairman and group vice-president and Nigel Page, senior vice president commercial operations, the Americas, greeted guests at the event in New York.



## Japan Airlines And Worldwide Flight Services In Historic Agreement



Olivier Bijaoui, president and chief executive officer of Worldwide Flight Services (WFS), and Kazuto Yamamoto, Japan Airlines, vice president and general manager cargo the Americas, sat down in New York City September 28, 2004 to sign the multi-year agreement that will see WFS take over handling and marketing of JAL Management Corp.'s huge building 151/Hangar 14 air cargo complex at JFK International Airport in New York, Mr. Yamamoto declared the event "a new beginning for both companies."

"We are very pleased at this new accord, our team is first rate. We eat sleep and drink air cargo with dedication to be the best" Olivier Bijaoui said.

At the signing—back row left to right, Dennis Esnes, Regional VP, New York region, WFS; Barry D. Nassberg, Executive VP & CEO, WFS; John Gemmell, Senior VP Sales WFS; Michael Duffy, Senior VP No. American Cargo WFS; Mike Buckley, Staff VP & Regional Manager Freight & Mail Eastern Region No. America, Japan Airlines and Guido DiGiandomenico, VP Airline Sales, WFS.

Front Row seated left to right, Olivier P. Bijaoui, President & CEO, WFS; Kazuto Yamamoto, VP & General Manager, Cargo The Americas, Japan Airlines and Rudy Auslander, President, Japan Airlines Management Corp. Imagination and will to succeed coupled with the tenacious drive of Japan Airlines Management Corp.'s Rudy Auslander has resulted in changing old Pan American Hangar 14 into a cargo and office complex celebrating its tenth year at JFK International Airport, New York. Building 151/Hangar 14 handles upward of 200,000 tons annually, about 20% of the gateway's total throughput with room to go to an excess of 250,000 tons. Converted from an old Pan Am maintenance operation, Building 151 features an 11-story container storage/retrieval system that is an airport landmark.



must be prepared for a “catastrophic failure” of the industry and urged lawmakers to authorize the National Academy of Sciences to develop policies that could be put in place should the industry reach such a crisis point. Kevin Mitchell, chairman of the group, which represents corporate travel departments and travelers noted that half of the traditional U.S. airlines could be operating under bankruptcy and the level could increase to 70 percent by the end of 2005. US Airways and United Airlines are already under bankruptcy protection, and Delta Air Lines could file for Chapter 11 unless it is able to slash its costs and repair its balance sheet quickly. Analysts say other airlines (Northwest, American, Continental) could be forced to seek bankruptcy protection to reduce wages and benefits to levels achieved by their rivals. “There is increasing probability that the U.S. airline industry, a critical infrastructure for our country, will experience a catastrophic failure in the next 12 months [should two or three airlines liquidate],” Mitchell said.

... Undaunted by all that gloom and doom, Airbus has increased its

delivery forecast for this year. Airbus, now the number one commercial airplane builder in the world and likely to remain so, expects to deliver 315 to 320 aircraft for the full year 2004. That number would be close to the record of 325 deliveries registered in 2001. On another front, Airbus will ask for up to 1 billion loans from European states (France, Germany, UK, Spain) to develop the new A350, a derivative of the A330 meant to go head to head with Boeing 7E7. Total development costs will run into the 2 to 3 billion euros ...

... Excellent guide put on the web by Animal Transportation Association (ATA) a non-profit international organization that is dedicated to “the safe and humane transport of animals.” The Web site provides information on the organizational structure of AATA, membership categories and benefits, educational program for animal attendants, and a calendar of industry related events and meetings. There is the facility to email a ‘shipping query’ to the AATA, and they will fax or e-mail the names of AATA members who may provide the information you require. Companies who ship animals can also upload their particulars for entry into

Chairman Wolfgang Korte (left) and Panalpina Airfreight Manager Germany, Ewald Heim (in front) welcome Bruno Sidler, CEO Panalpina, to the Air Cargo Club Germany (ACD) meeting October 12 at the Steigenberger

Intercity Hotel at Cargo City, south of Frankfurt Airport. As Panalpina Holding celebrated its 50th anniversary of service, ACD honorary member Guenter F. Mosler salutes the ACD guest from Switzerland.



the AATA directory. [www.aataanimal-transport.org/](http://www.aataanimal-transport.org/)

... In Brazil, Defense Minister Jose Viegas warned that Vasp, Brazil’s fourth-largest airline, may have its planes grounded without an immediate plan to pay its overdue debts, after Celma, a unit of GE Capital, requested the carrier be declared bankrupt. Vasp’s flying license was scheduled to expire. Reportedly, the President seldom turns down requests for help. The airline had also requested to import half a dozen Boeing 737-300s to replace the (GE) grounded planes, the ministry said. The airline is currently operating 22 aircraft. Brazil’s flagship airline, Varig, reportedly has debts of more than USD\$2 billion. How all of this shakes out long-term will most probably revolve around a single surviving carrier ...

Lufthansa Cargo and Deutsche Post signed an accord in Frankfurt on closer cooperation in international airmail. GLOBALMATCH (Global Mail Transportation through Consolidation Hubs) consolidates airmail shipments from several postal companies for bulk transportation. “Combining the strengths of both partners will allow us to offer other postal administrations more cost-efficient and faster air transport into and out of Frankfurt as well as additional services,” said Klaus Knappik, Chairman of the Global Mail Division at the Deutsche Post World Net Group. Cooperation between the two partners utilizes Frankfurt as a logistics base at the center of worldwide distribution and transport for both Deutsche Post and Lufthansa Cargo. Initially, GLOBALMATCH will be offered in the Lufthansa Cargo network at Buenos Aires, Dubai, Malta, Athens and London.

for more than 17,300 new passenger and freighter aircraft worth \$1.9 trillion (U.S.). Of this total, 16,600 new passenger aircraft of more than 100 seats will be needed. That divides into an average 830 deliveries per year when evenly split and is better than either Boeing or Airbus has delivered lately.

... Iraqi Airways makes its first post-Saddam Hussain era flight from Baghdad to the southern port of Basra. Some 50 passengers flew aboard the Boeing 737.

... The politicians and the buyers lined up in Toulouse, France, to reveal what all the noise is about. The A380



was rolled out to more than 5,000 invited guests who apparently didn’t mind that the jumbo is a bit stout or about five tons overweight. Airbus said not to worry which is exactly what the 149 buyers of the big bird intend to do Meantime as the world awaits A380, planners will undoubtedly exact a bit of trimming to bring weights in order. HH Sheikh Ahmed bin Saeed Al-Maktoum will be remembered in aviation history as the individual most responsible for bringing the greatest airplane in the world into the skies of commercial aviation, when the chairman of Emirates ordered 46 of the giant A380’s in the medium hot, an understated

... Air France and KLM are creating the “Cargo European House.” This team will be in charge of network management, marketing and sales, with each airline continuing management over its own operations.

... ACI’s annual Airport Economics Survey for 2004 attracted the largest sample in eight years of collecting eco-



Japan Airlines celebrates 50 years of service to the U.S. On February 1954, JAL inaugurated biweekly service between Tokyo and San Francisco by way of Wake Island and Hon, via the “City of Tokyo” Douglas DC-6B propeller aircraft, which sat 36 people and had a flight time of 31 hours. Today, JAL offers more than 100 weekly flights to the U.S. and Canada.

On April 1, 2000, JAL introduced a system of internal companies for its cargo business.

As JAL’s cargo division, JAL Cargo is building an organization that takes active responsibility for cargo operations, and it is implementing responsive measures on its own accord to serve shippers while developing a system for management responsibility with the goal of clarifying cargo business income and expenditure. Just this year on April 1, 2004, Japan Airlines became Japan Airlines International Company Ltd., responsible for international air transport business - and Japan Air System became Japan Airlines Domestic Company Ltd., handling domestic air transport operations.

In connection with this, JAL Cargo is positioned as an internal company of Japan Airlines International Company Ltd.

JALCARGO’s sales team at Building 151, JFK International Airport is always ready to provide the customer a complete logistics solution with a variety of



... Airbus’ latest Global Market Forecast suggests strong industry growth through 2023, with the need



## TIME TO SWISS YOUR CARGO

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People say a lot of things about the Swiss: that we have a penchant for perfection. That we are obsessed with quality. That our reliability borders on stubbornness. And what do we say in reply? We say it's all true. Which is why, with us, your cargo is in the best possible hands – from storage and transportation up until the moment it arrives, right on time. Because no matter which of our 150 destinations your delivery is headed for – our Swiss values will be on board too. **We care for your cargo.**

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+ **Swiss  
WorldCargo**

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conomic data. 665 airports responded, representing over 70 percent of global traffic. Director General of Airports Council International, Robert J. Aaronson noted: "Airports, like their industry partners, have suffered financially over the past four years, with a steep drop in operating surpluses and profits over time. The most notable statistic in the Survey is that capital expenditure for new infrastructure was at an all-time high in 2004. This demonstrates the optimism of our members in continuing growth in passenger and shipper demand. The world's airports are committed to planning for the long-term." Expected growth is for over 4% per year for global airport passengers through the year 2020, an estimated reach of 7 billion persons. Forecasted growth for freight service is at 5.1% per year, reaching some 170 million tons by the year 2020.

... Singapore Airlines may have squeezed Airbus for the first A380s, but the ground handler Dnata, based in Dubai, is the first to take delivery of an Airbus 380 aircraft pushback and towing vehicle. Dnata is the largest, most innovative, successful supplier of air travel services in the Middle East. Last year Dubai handled more than 16 million passengers, over 800,000 tons of cargo, and 160,000 aircraft movements involving over 100 airlines.

... Two Texas-based airlines American and Continental get U.S. DOT permission to launch passenger flights to China this year and in 2006, while Georgia-based Delta Air Lines got stiffed in its bid to fly Atlanta/ Beijing. DOT awarded cargo flights to FedEx Corp., United Parcel Service Inc., Northwest Airlines Corp. and Polar Air. Other U.S. flag carriers that failed to win the additional service approval include United, which wanted to add passenger services between San Francisco and Guangzhou; Hawaiian Holdings Inc., which offered San Diego-Shanghai flights via its Honolulu base; and North American Airlines, which applied to fly from Oakland, California, to Shanghai and Guangzhou via Honolulu. Also failing to win flights were cargo carriers World Air Holdings Inc., Gemini Air Cargo and Evergreen International Aviation Inc.

... Lufthansa German Airlines celebrates fifty years of service since it rose up off the ash heap of World War II and was reborn with a single Convair 440. Now with the announced takeover of Swiss International Air Lines in a deal worth up to 310 million euros (\$409 million) and a return to profit in 2004, the airline is flying high, sort of. LH still has a bloated staff of more than 90,000 employees. But with a penchant for what he terms a "fitness program," LH CEO Wolfgang Mayrhuber is cer-

tainly not finished with his aggressive cutbacks including cargo staff layoffs in USA and elsewhere.

... India signs an 'open skies' agreement with the U.S. paving the way for more flights. Delta launches a daily service between New York and Chennai. Continental working on a direct flight between Delhi and New York.

... Bankrupt United Airlines reached an agreement to terminate four employee retirement plans that are currently underfunded by nearly \$10 billion, the largest pension default in U.S. history.

... Boeing concludes a 23-year run of the B-757 by delivering the last one (1050th) built to Shanghai Airlines. Today more than 1,030 B757s are still in service.

... Kingfisher Airlines starts service, another in what promises to be a sky full of discount airlines flying all over India. Routes so far are Bangalore, Mumbai and Delhi.

... The US Airways/America West marriage will operate under the name US Airways, be based in Tempe, Arizona, and will be funded by \$1.5 billion in new capital from a variety of investors, including aircraft maker Airbus. With this first USA airline merger in four years, a fair certainty is other combina-



Dermot Mannion

tions to appear as losses driven by competition and fuel prices keep airline profits depressed in 2005.

... Dermot Mannion moves to chief executive position at Aer Lingus, from Emirates which he joined in 1987 and is credited with saving SriLankan Airlines when it was on the verge of bankruptcy.

... Singapore Airlines Ltd. forms a new cargo airline venture with Beijing-backed China Great Wall Industry Corp. to serve the mainland plus destinations in the United States and Europe. Based in Shanghai it is expected to begin flying in early 2006 with Singapore Airlines as 25% owner and China Great Wall, a state-owned trading company, controlling the venture with a 51% majority stake. Singapore government's investment arm, Temasek Holdings which also owns Singapore Airlines will hold 24% of the joint cargo venture.

... With scheduled services DUS-JFK-DUS six times a week, LTU, celebrating its 50th anniversary opened non-stop services between Düsseldorf and JFK. Leisure Cargo markets and handles all freight-for LTU and 12 other carriers based in five countries serving 148 airports on all continents.

... Swiss International Air Lines be-



At China Airlines Cargo, Peter Wei who heads up the JFK sales and marketing team says of his staff: "This is my family here. We have a true "United Nations" staff of great people who have gathered from all over the world." Pictured the China Airlines JFK Family, left to right: Robert Chiu, Marianne Tomasulo, Peter Wei, Angelista Torres, Rosanna Campoli, Dennis Cheng and Frank Lau.

comes a member of Star Alliance. The carrier also announces a five-year deal extending to 25 Swiss WorldCargo destinations to have its air cargo handled by Swissport.

... Bells are ringing at Dnata. The Dubai-based air cargo handler said April 2004-March 2005 call center activity was above 70,000 calls a month adding up to a 15% up-tick over the previous year. Jean Pierre De Pauw, Senior Vice President Dnata Cargo couldn't be happier. "Air cargo traffic into and out of Dubai has experienced steady and massive growth in the past years. It is a continuing challenge for us to manage this growth and still maintain high standards of service." Mr. De Pauw adds that plans are underway to enhance and streamline services, with the development of software that will provide customers with faster access to frequently-sought information, while freeing customer service staff to handle more complex queries. Dnata is also working on a new online solution, Calogi, which will enable customers to complete their entire cargo shipping transaction - from customs clearance to invoicing - all from the comfort of their offices.

... Atlanta-based Colography Group now in its 22nd year released the findings from the 2004 edition of its "National Survey of U.S. Expedited Cargo" tracking behavior and buying attitudes shaping expedited cargo trends in the United States. "There are several key takeaways from the 2004 national survey results," said Ted Scherck, president, The Colography Group. "Retail outlets such as The UPS Store, FedEx Kinko's and U.S. Postal Service counters are wielding increased clout in shipping and distribution. The trend towards shorter lengths of haul continues apace, with even airfreight services traditionally used to move products over long distances being affected. The air letter market remains resilient despite dire warnings it would be overtaken by the

growth of fax and e-mail services. The large percentage of overnight deliveries made before noon shows the 'need for speed', or faster transit times, is more critical than ever. Buyers of overnight air services find compelling value in enhanced delivery velocity, and they will pay a premium to have goods in hand as quickly as possible. And, not surprisingly, there is more consumer consignee activity in the ground parcel space than with airfreight."

... Korean Air becomes the world's busiest air cargo airline according to IATA. The carrier took the lead with 8.164 billion ton kilometers flown in 2004, a 20.1 percent increase from the previous year. It is the first time Korean has achieved top position after holding second place from 1996 to 2003. Lufthansa, which had maintained the lead for 19 years, comes in second followed by Singapore Airlines with Cathay Pacific in fourth position. Just as it assumes the crown of the world's biggest air cargo airline, Korean Air faces a labor beef with the carrier's pilots who are calling for work slow-downs that could disrupt operations. But KAL is not alone, as Asiana faces the same challenge from its pilots as well.

... Boeing has a deal to sell 50 Boeing 787 Dreamliners to five Chinese airlines (Air China, China Eastern Airlines, Hainan Airlines, Xiamen Airlines, Shanghai Airlines) closing an earlier announced deal. Negotiations began last winter and were said to include 60 aircraft. The first plane will be delivered in June 2008, in time for the 2008 Olympic Games in Beijing. Boeing like Airbus realizes the importance of the number "eight" to the Chinese people.

... New Orleans' International airport closes August 28 at 1700 hrs as Hurricane Katrina roars across the Gulf of Mexico with the Delta city smack in its center track. Delta, United, Jet Blue, US Airways, Northwest all cancel their flights in and out of MSY. FAA person-

nel still manning air traffic control August 29 but the tower was expected to be evacuated, with FAA control shifting to another location as winds topped fifty miles per hour. A skeleton crew stands by to clear the runways and terminal area of debris as the storm bears down on New Orleans.

... *The Wall Street Journal* says that Delta Airlines will file for bankruptcy protection. Delta has lost more than \$10 billion since 911. Despite a heroic effort on the part of its employees and lately its management and its bankers too, changes in U.S. bankruptcy law about to go into effect next month coupled with soaring fuel costs, and sharp low-cost competition brings on a once unthinkable situation at the great American legacy carrier. While it is too soon to predict what lies ahead, United Airlines, the second biggest U.S. flag carrier has lined up more than \$1 billion in financing and is about to end its more than two-year journey through bankruptcy early next year.

... Just one more ... "Delta Orient" may be a new airline on the horizon as both Northwest and Delta Airlines showed up in the same bankruptcy court in Manhattan, New York, on exactly the same day, at almost the same time. Can you imagine for a moment that some secret talks were taking place at an undisclosed location, but were suddenly interrupted as somebody suggested: "First, let's take care of those court filings, and then get back

together again day after tomorrow, say eleven-ish?" In reality, looking at the two airlines' system maps, a merged Delta-NWA makes a lot of sense. Both have separate strengths in the U.S. market with minimal route overlap. Delta is number one across the Atlantic, a crown it attained when it took over Pan Am 15 years ago. Northwest has built a mighty empire with its service to Asia during the past half century.

... Airbus comes up big as the Hurricane Katrina emergency relief effort continues, donating use of the largest cargo carrier in the world, an A300-600 Super Transporter, "Beluga" that moved relief supplies donated by the governments of France and the United Kingdom to aid victims in the Hurricane stricken areas of the United States. The aircraft moved tents, camp beds, blankets and other relief items and is available to the UK and France relief effort for as long as needed, Airbus said.

... SkyTeam Cargo newest member is Northwest Airlines Cargo. SkyTeam Cargo was founded in 2000 by Aeroméxico Cargo, Air France Cargo, Delta Air Logistics, and Korean Air Cargo. Alitalia Cargo and CSA Cargo joined SkyTeam Cargo in 2001, KLM Cargo joined in 2004.

... Arabesk, a new air alliance being created by eight Middle Eastern airlines is expected to launch early next year. Founded with the stated aim of better schedule coordination, strengthening marketing power and creating better connectivity, members include Gulf Air



*They made it happen. As folks celebrated launch of Cathay Pacific all-cargo service to Atlanta, and first direct air service from Georgia, USA to Hong Kong, key players in landing the flights to Atlanta were jubilant. Pictured left to right: Stephen Wong, Cathay Pacific Vice-President Cargo, The Americas, Tom Wright, Senior Vice President, Americas, Bob Pertierra, Vice President Logistics Industry Development, Atlanta Chamber of Commerce, Ron Mathison, Cathay Pacific Director & General Manager Cargo, Robert Kennedy, Manager Marketing & Intergovernmental Affairs, Hartsfield Jackson International Airport and Warren Jones, Aviation Development Manager, Hartsfield Jackson International Airport.*

of Bahrain, Oman Air, Yemenia, Saudi Arabian Airlines, Royal Jordanian Airlines, Middle East Airlines of Lebanon, Egypt Air and Tunis Air.

... The Air Cargo Americas event in Miami, USA is finally cancelled at the last minute by show organizer World Trade Center in Miami after Hurricane Wilma knocks power out to most of the city, flooding is rampant and the airport is closed indefinitely. But the show, that for even the uninformed was a no-go from early the first day, reportedly continued to draw people in, even setting up some booths as Wilma raged and devastated parts of Miami, and the hotel and venue were operating on emergency generators while security at the show venue, The Sheraton warned visitors "stay inside and don't venture out." The late cancellation or "postponment" that WTC released mid-day Tuesday through their mouthpiece "sponsoring publication," followed Air Cargo News FlyingTypers' warning worldwide earlier in the day that the Air Cargo Americas show was toast. Many in the air cargo industry are left angry and confused and wondering what the hell happened in Miami. Rarely does an event unleash the feelings of an industry as the fiasco at Air Cargo Americas.

... Deutschland Uber Fracht Dept.: Deutsche Bahn buying BAX Global expands DB big time as an international logistics services provider in the Asia/Pacific region, and also in China and the USA. Another DB company Schenker should fit well in the new mix, the thinking goes.

... The requisite majority of Exel shareholders approve Deutsche Post/Exel for 3.7 billion EUR. Deutsche Post World Net made its takeover bid for Exel in September.

... By 2010, China Cargo Airlines

plans a cargo fleet of twelve planes, which would position CCA as one of the leading air cargo companies in China. China Cargo Airlines is based in Shanghai, which is the most energetic metropolitan area in China. When CCA was founded in 1998 it enjoyed market share in Shanghai of 70 to 80 percent. However despite years of continued profits, CCA market share has decreased to 20 percent, although its business continues to grow year by year. No doubt increasing competition caused China Cargo Airlines to lose its dominance in Shanghai's air cargo market.

... Dubai unveiled the master plan for its \$8.17 billion 140 kilometer Jebel Ali Airport City development at the Dubai Air Show. Central to the project, Jebel Ali International Airport, will have six parallel runways and ability to handle 120 million passengers and 12 million tons of cargo a year. "DLC's wide and competitive offering will focus on delivering speed, efficiency and economy so our customers, in turn, can pass these values on to their own clientele," says Michael Proffitt, CEO, DLC. With room to grow JXB is earmarked to serve the aviation needs of Dubai through 2050.

... The new EU "Airline Blacklist" law goes into effect next Monday December 5. Under the new rules an airline identified as blacklisted is "not allowed to land" in the EU. Also after January 1, 2006 blacklisted carriers will also be prosecuted..

... Next year IATA said if nothing else happens another \$4.2 billion in red ink will flow before airlines return to the black in 2007. Breaking it down, North America airlines are still the world's big losers generating \$10 billion in 2005 losses with \$6.5 billion to follow in 2006. In Europe airlines are expected to earn \$1.3 billion in 2005.



*One of the nicest, smartest and best air cargo people we have met in our 31 years in the business, Peter Yap, Regional Director and Area Manager, Asia Pacific for Air Bridge, retires from the company at the end of January 2006.*

*Stan Wright, Vice President of Volga Dnepr said: "Without a doubt, ABC would be nowhere in China without Peter's*

*leadership. He is a true icon in this business."*

*Peter Yap joined Air Bridge Cargo in 2003. Prior to that, Mr. Yap helped build Atlas in China. Peter started as top cargo executive at China Airlines cargo, where he put that carrier's freighter program on the map.*

*When the late Michael Chowdry (right) brought Golden, Colorado-based Atlas Air to the fore, providing aircraft, crew, maintenance and insurance (ACMI) for cargo executives, the very first customer for this new idea was China Airlines' Peter Yap (left). Atlas Air Inc. (NYSE:CGO) provides six B747-200 all cargo jets to China Airlines Cargo.*

*Peter Yap said that when he leans back in his chair and dreams of a perfect air cargo universe, the skies are full of "white tailed airplanes." No ego there. In 1997, China Airlines Cargo contributed an impressive 29 percent to the airline's bottom line.*

*On a personal note, Peter shares our passion for Jackie Chan movies and enjoys hiking in the hills around Taipei.*

*He promised to take us there at some point - hopefully, now he'll have the time.*



**M**any carriers that fly into Frankfurt know Alexandra Ulm as their contact when they want to start or increase both their cargo and passenger presence at Frankfurt Airport. She's the go-to person especially for North American carriers when they need to identify slots that are available.



**I**t's 9:30 p.m. on a Wednesday evening and "The Food Lady" (aka) Karen Rondino, Director Air Product Americas Region for Agility Logistics at JFK Airport, is giving directions to a "NYC road-challenged", long haul truck driver who needs to get from the Brooklyn Queens Expressway to a frozen storage facility at JFK.



**T**o bring the best of Arabic hospitality to a worldwide audience, Suzan Tarabishi joined the former ALIA – The Royal Jordanian Airlines – as an air hostess, with Royal Jordanian (RJ) being the leader of 6th freedom traffic in the Middle East of the Eighties.



**M**ary Lou Rodriguez is a Miami-based cargo executive who rightfully belongs in the air cargo hall of fame as a genuine original. Today she is with Crawley Maritime in Miami, a big shipping company, but when we first got to know her she was a major moving spirit behind the Miami Air Cargo Association (MACA). She served as the association president in 1977 and on the board of directors for several years thereafter. She was Continental Airline's first female air cargo sales representative and at the time, certainly the most charming. A native of Cuba, Mary Lou began in air cargo at LEBCA a Venezuelan airline, later taken over by VIASA. (1977)



**Susanne Can Lift An MD-11**

**S**usanne Keimel who serves as co-pilot at Lufthansa Cargo might keep a careful notebook as she blazes the global air cargo lanes aboard an all-cargo aircraft.

Every time she glides into right seat and prepares for takeoff, she is also making some kind of history.

"I have absolutely no regrets about joining cargo.



**Air Cargo News FlyingTypers recognizes the role of women in air cargo. Here are some of the women and their stories.**



Anita Khurana



Olga Pleshakova



Tulsi Mirchandaney



Iwona Korpalska



Michelle Soliman



Mathilde Morgan



Lina Rutkauskien



Lucy Ntuba



Gloria Whittington



Salma Hareb