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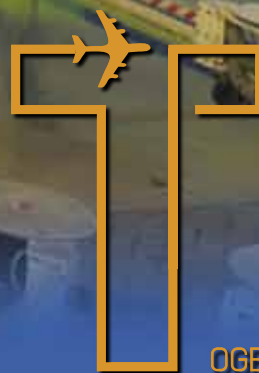
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AIR CARGO **FOCUS**



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Together Towards Tomorrow



Once again the month of May is upon us and our thoughts and efforts here at CNS are dominated by the Annual Partnership Conference. This year the industry's premier North American event is being held at the Turnberry Isle Miami where from Sunday May 6th through Tuesday May 8th we will pack three days with informed opinions, frank debate, specialist tracks and

unparalleled networking.

We have taken "Together Towards Tomorrow" as our conference theme this year to reflect the growing recognition that real change can only be effected in our industry if we can all work together towards a common goal and understanding. We have seen this effect already in groups like Cargo 2000 and also with industry initiatives like e-freight and e-AWB. Things only start to gain traction when we involve the broader community, and in the modern air freight community that means not only airlines and forwarders but also ground handlers, airports, customs and regulatory authorities, road services providers and last but not least the shippers and consignees of the freight themselves.

It is good to see that the coming together of IATA, FIATA, TIACA

and the GSF (Global Shippers Forum) under the banner of GACAG (Global Air Cargo Advisory Group) is beginning to generate favorable reviews, not least from the regulatory sector of the industry. Could this format of developing a more unified approach to pan industry problems become a blueprint for tackling the future development of our industry?

In this issue of focus our contributors consider just that and look at how greater cooperation and partnership may be the key to moving ahead in their various fields of expertise. I hope that you enjoy reading their opinions and may even be prompted to let us hear your own thoughts on this either for a future edition of Focus or by joining us in person at our Partnership Conference 2012 in Turnberry Isle.

As always your comments and opinions are most welcome and you can send them to me via e-mail at mvorwerk@cncs.us.

This publication is also available online at www.cncs.net.

Happy Reading,

A handwritten signature in black ink, appearing to read "Michael Vorwerk".

Michael Vorwerk
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A Box by Any Other Name . . .

By: Fred Ruggiero, Vice President, Cargo, Americas, Cathay Pacific Airways, Ltd.

I've spent my entire aviation career up till now on the passenger side of the business. I was one of those guys always jumping up and down about the effect cargo arriving late to the airplane had on passengers' perceptions of our on-time performance. Today is a different story, of course. Now, I'm grateful whenever shorter flight times allow us a few minutes to spare on a passenger flight to help meet or exceed a cargo customer's expectations. That's important because about 50% of our cargo travels on our passenger flights while the other half goes on our freighter fleet.

The cargo business, as I'm learning firsthand, is quite challenging. I'm fortunate to have an experienced and patient team to help me. At the same time, having worked on the passenger side, I can sometimes offer ideas on how things we do on one side might work well on the other.

A good example is automation. The passenger side of the business is highly automated. In the Americas, passengers pretty much prefer to do things on their own. They buy tickets online, make changes online, choose their seats online, and check in online or using their smart phones. Many just interact with us as humans when they actually show up to fly. All this automation is also available in many other parts of the world, but cultural influences may still have people preferring to interact in person where possible.

On the global cargo side, it seems, E-AWB is still in its infancy. Our home port of Hong Kong is already 100% E-AWB and has been so since last year, but here in the Americas we are still a long way off.

The impact of an economic cycle is another big difference. On the passenger side, it takes a pretty big event to change traffic patterns in short order. But on the cargo side, if the economy goes bust, cargo is the first to know. We spend a lot of time on the passenger side convincing business to come to us. On the cargo side, we have to go wherever the business is or perish.

I've also noticed a difference in the perception of cargo's importance. Tell an airport that an Airbus A380 will be put on their passenger routing to destination X, and people are tripping over themselves to get taxi-ways widened and new loading bridges in place. Except a few key airports that get it, like Miami International Airport, that same enthusiasm doesn't seem to be mustered when word spreads about a new Boeing 747-8 freighter heading their way. Many airports in the Americas are still unprepared for this new bird and the increased business it can bring.

Passenger flights tend to go where business already exists, places like major metropolitan areas. There is a lot of risk in pioneering a completely new passenger destination. But in cargo, finding a growing manufacturing area and being the first to set up flights can be a smart move. We've learned that from our expansion in China. It

helps, of course, if these emerging centers invest in next-generation technology. Foresighted cities like Chengdu, Chongqing, and Zhengzhou, all new to our freighter network, have ensured they are rapidly embracing that technology.

But even with all these differences between the two sides of the business, there are also some similarities.

We're both concerned about yield. A passenger airline cannot survive by selling an entire flight full of inexpensive economy class tickets (unless, that is, they charge you to eat and use the restroom!). Likewise, a cargo airline cannot thrive by selling an entire freighter full of general cargo. Ideally, we strive for a mix of general cargo, dangerous goods, pharma lift, etc., all to the various destinations in our network.

Premium-product developments are extremely important for both sides. We're spending lots of money each year on the passenger side complementing our superior service with comfortable seating, quality inflight entertainment, and delicious food. On the cargo side, we've placed a huge emphasis on specialized cargo like pharmaceuticals, perishables, and extraordinary objects. I have to admit, though, I never moved anything weighing 40 tons during my days on the passenger side. But our Houston team did just that with a piece of oil-industry equipment headed to Asia, which remains the heaviest thing we've moved to date.

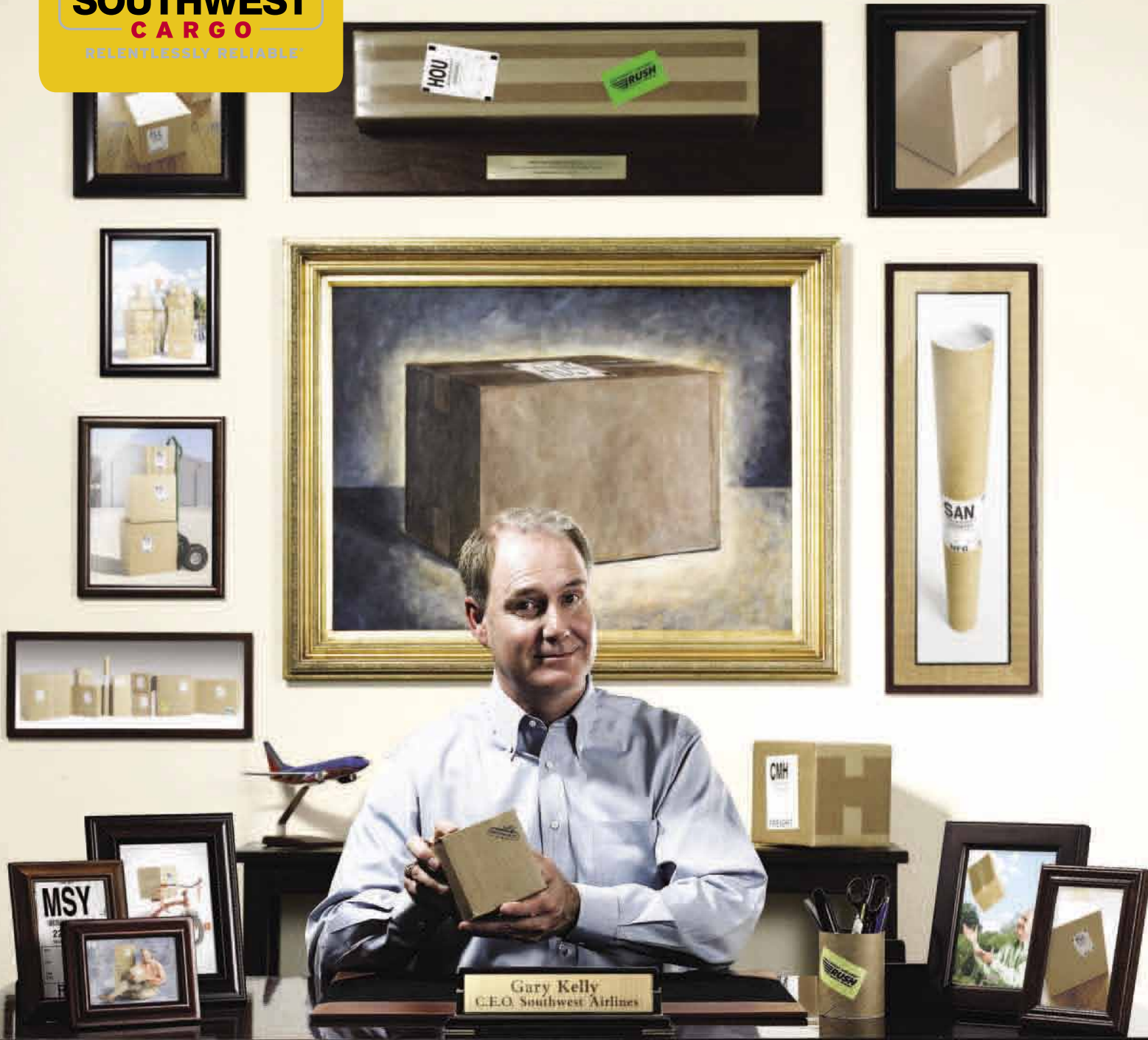
And then there's fuel. It doesn't matter what you're flying inside, an aircraft needs fuel. And it's inordinately high right now. Even with the best fuel-hedging programs, this is weighing heavily on everyone's bottom lines.

I'm glad I made the switch. I certainly miss the passenger side. I worked with some great accounts and some great people. But the same can be said on the cargo side. And I have a whole new respect for just-in-time inventory, weight and balance, and those boxes that occasionally arrive at the passenger flight just a bit before departure.





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Leading the Move Toward E-business

By: Harinath Vobbilisetty, Senior Business Analyst, Emirates

The air-cargo landscape today is filled with enormous pressures arising from volatile demand, collapsing yields, and generally increasing costs for carrying out business. The low pickup in demand, following restocking, has materially worsened the market situation, and this trend is expected to continue over the next 12 months.

To combat some of these pressures, companies are seeking new ways to leverage technology to improve business efficiency through productivity gains and the digitization of organizational processes and the wider air-cargo supply chain. It is in this context that the promises of e-business have never been more relevant for air cargo. New business models, driven by internet-and knowledge-based economies, offer huge potential to air cargo for cheaper operations and implementation of efficient processes.

IATA has been vocal through the industry's StB e-freight initiative that the industry could save over US\$4.9 million annually. A comparable amount could be saved through digitization of processes within an organization. For example, businesses can integrate with service providers and achieve greater transparency and accountability, as well as providing better service and timely information.

However, the penetration of e-business into air cargo, including initiatives such as e-freight, has been poor up till now for a number of reasons. These include, but are not limited to, the following: apprehension about investing in the latest technology that breaks away from traditional legacy platforms on both forwarder and airline sides and the lack of a unified standard across regulatory bodies such as customs. The industry, through GACCAG, has taken its first steps to address the latter. However, a large number of players still use inflexible

legacy systems that do not offer the freedom to capitalize on the huge potential offered through e-business.

Against this backdrop, Mercator has seen its flagship air-cargo product, SkyChain, maximize business performance at a number of leading organizations across every continent.

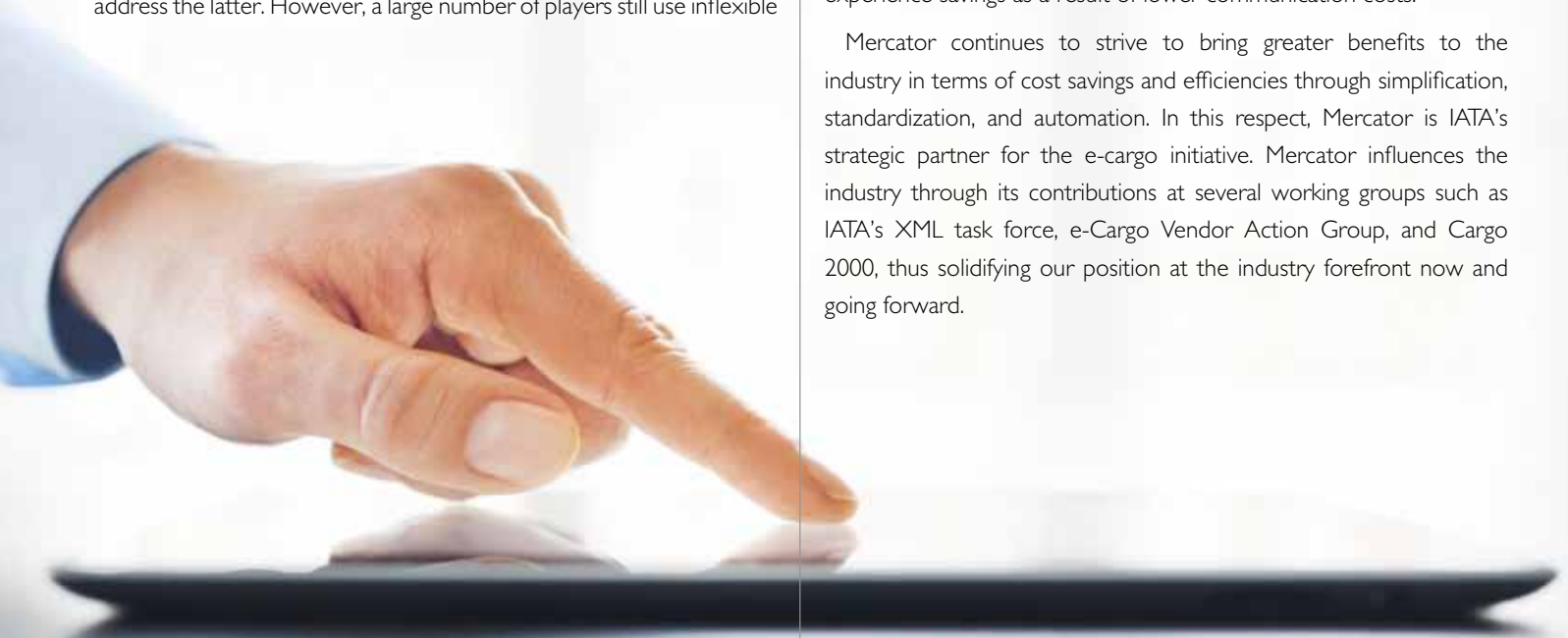
SkyChain offers the backbone critical for e-business. The application supports the digitization of internal processes – sales, planning, capacity management, reservations, operations, and reporting. The application also comprises of a message broker and a web module that provide airlines with the freedom to freely integrate with other players in the industry.

Besides being able to view general information, anyone who wants to ship cargo can carry out a host of transactions online: viewing schedules, rates, and availability; booking and tracking a shipment; completing declaration forms; and submitting e-documents online. Additionally, users of SkyChain can also capture and print the air waybill on their own premises and print the barcoded labels for affixing to the physical shipment.

Among the leading proponents of e-freight across the markets, the vast majority are SkyChain users. This has huge implications for these leaders in terms of simplification, automation, cost reduction, and overall better value proposition for their customers.

SkyChain differentiates its users based on level of sophistication of the information exchanged, ease of use, and functional and technological richness – all of which addresses the current market's needs. As communication can be via an "open" medium, users of SkyChain also experience savings as a result of lower communication costs.

Mercator continues to strive to bring greater benefits to the industry in terms of cost savings and efficiencies through simplification, standardization, and automation. In this respect, Mercator is IATA's strategic partner for the e-cargo initiative. Mercator influences the industry through its contributions at several working groups such as IATA's XML task force, e-Cargo Vendor Action Group, and Cargo 2000, thus solidifying our position at the industry forefront now and going forward.

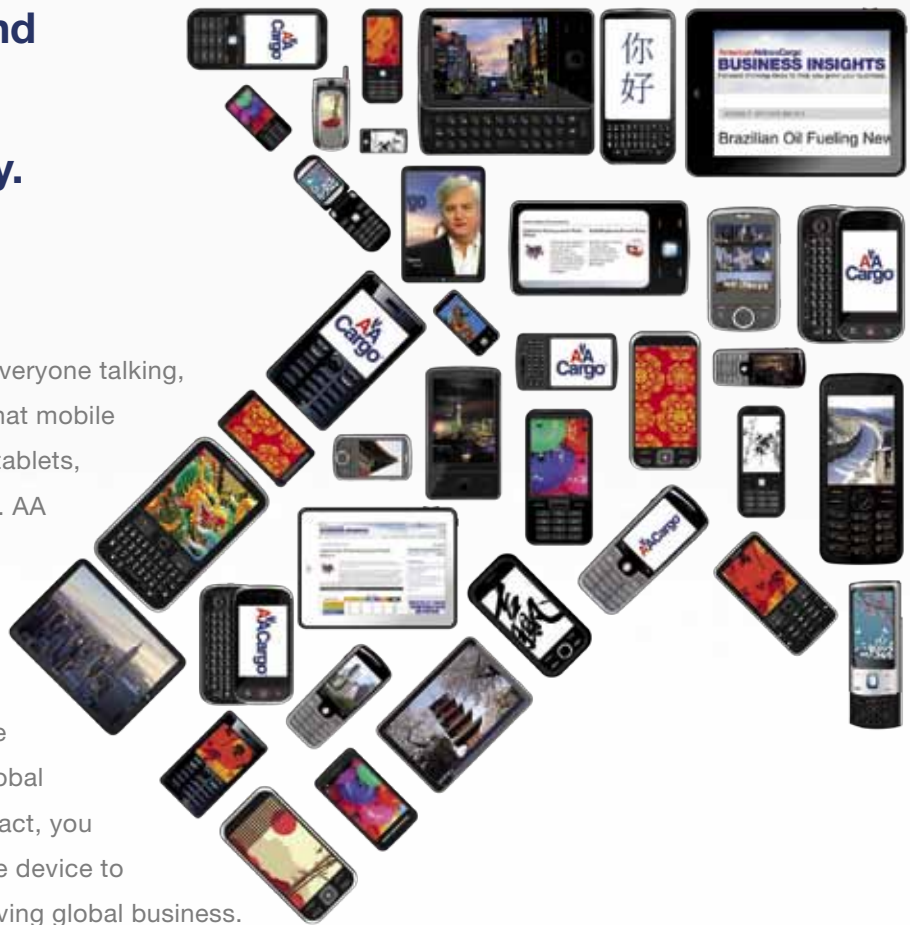


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Cargo Flights: Ready for Take-Off or Short of (A

By: Dr. Charles E. Schlumberger, Lead Air Transport Specialist, The World Bank Group

The past twelve months have not been particularly good for the air-cargo sector worldwide. The sharp economic downturn in the US, the financial crisis in Europe, the catastrophic consequences of a strong earthquake in Japan and floods in Thailand, and the resulting reduction of exports from Asia have all triggered a significant global decline in demand for air-cargo services.

Airfreight carried by freighters declined by 12%, from 1.7 to 1.5 billion freight-ton kilometers (FTK), and belly-hold freight declined by 10%, from 9.4 to 8.5 billion FTK. Overall demand for air cargo remains weak, despite the growth in world trade (albeit at a slower pace during 2011) since the sharp downturn in 2008. The main reason is that business inventories have remained stable due to depressed demand in the major consumer markets of the US and Europe.

The depressed demand resulted in an important reduction in air cargo-asset utilization, measured both in lower load factors and in lower aircraft utilization. The resulting effect on the sector's profitability remains a challenge, as yields have fallen 8% since their last peak in mid-2011. A reduction of 180 aircraft in the freighter fleet since 2009 seems to have leveled off the decline in asset utilization; however, new capacity set to enter the market in the next two years will create new competitive pressure. New twin isle-aircraft deliveries with belly-hold capacity will increase by 40% in 2012 and 20% in 2013.

The competitive environment has been further tightened by the fact that sea freight has been performing more strongly than air freight. This indicates that some goods have shifted mode of transportation and that global trade included more durable and bulk commodities and fewer high-value products such as electronic components.

Given the current global situation of the air-cargo sector, business

confidence among operators remains depressed. A trend reversal or improvement in the sector depends primarily on restoring economic growth by generating stronger consumption in the US and Europe, which will improve global trade. Currently, parts of Europe are still in recession, but there are some signs of recovery in the US and Japan.

However, strong gross domestic product (GDP) growth for 2012 is forecast only in the Asia Pacific area (GDP growth of 6%, excluding Japan), the Middle East (4%), and Latin America (3.6%). In contrast, Western Europe's economy is expected to slide into recession in 2012 by contracting half a percent. The first signs of recovery in the US are expected to result in a 1.8% GDP growth for 2012. Nevertheless, the overall economic outlook relevant to air cargo remains sluggish, and yields, given the expected increase in capacity, will most likely remain under pressure.

A further improvement in the global economic situation will depend on several factors. A key issue in Europe and the US is the current priority given to reducing deficit spending and lowering the high level of public debt. However, economic growth in these regions depends to a large extent on increasing consumer spending, which in many countries has been fueled in the past by high public spending. This policy, in turn, increased the public deficit, which has become a major roadblock to economic recovery in several developed countries.

Another potentially more serious factor is the rise in the cost of oil, which in the past has triggered recessions and economic downturns. The cost of a barrel of oil has risen steadily over the past decade from US\$15 per barrel of Brent Crude to about US\$120 in 2012. During that period, the rapid increase in 2008 to a peak of US\$147 and the subsequent decline to US\$40 must be seen as a temporary phenomenon. Nevertheless, the price of oil seems to have settled at a new high well above US\$100. This high oil price has surprised many observers, as fuel consumption in some major economies that were affected by the economic downturn has been declining during the past years.

High oil prices affect air transportation more than any other mode of transportation. First, there are the direct operating costs of an aircraft. At current oil prices about 40% of these direct operating expenses are for jet fuel. Any increase in fuel cost has a direct impact on the bottom line. For example, a 10% increase in cost of fuel reduces operational profit by 4%, which in many cases wipes out any profit margin.

The second effect of an increase in fuel cost concerns various direct and indirect operational costs such as energy used in loading aircraft or general maintenance costs. In general, most activities of any air carrier will bear the increased cost of energy when the oil price rises.

Finally, and most important, an increase in energy cost will hamper demand for goods to be transported, as well as resulting in a decline



ffordable) Fuel?

in passenger carriage. On some routes, where about half of all air cargo is transported in the belly hold of passenger aircraft, a majority of passengers are travelling to visit friends and relatives (VFR). Because many VFR travelers are price sensitive, air travel in terms of passenger-kilometers flown experienced a significant reduction during the spike in oil price of 2008. A reduction in passenger flights negatively affects capacity, which increases the cost of belly-hold air cargo.

The reasons for the rise in the price of oil are complex. The world, incontestably, still disposes of large oil reserves. But, according to International Energy Agency data, conventional oil production (defined as surface-to-500-meter-deep off-shore production) has leveled off at a daily production rate of about 70 million barrels a day (b/d), having stayed in a narrow band of +/- 6% since 2004. The production of the remaining liquid fuels (natural-gas liquids, deep-water, biofuels, etc.) has been growing with increased global demand and stands today at about 16 million b/d.

Nevertheless, the increased production of non-conventional oil is more costly and struggles to keep up with demand. At the same time, available export quotas from oil-producing nations have dropped from 45 million b/d in 2005 to 42 million b/d in 2011 due to higher internal consumption in many of these countries. Non-conventional oil production has recently experienced substantial new investments (e.g., shale oil production of the Bakken formation), but it will take several years to provide relief for stagnating conventional oil production. Furthermore, expected future increased demand in many emerging countries such as China and India will continue to push the price of oil upward.

The airline industry, and the world economy at large, must face the reality of higher energy costs in the future. Continued improvements in energy efficiency are becoming a key factor in competitiveness for all operators. However, rising oil prices may stall the economic

recovery again, which happened in the past when global oil spending reached 4% of GDP and triggered a series of recessions. At today's oil prices, global oil spending is expected to be close to 5% of GDP. In case of another oil price-induced downturn, air-cargo operators need to be ready to swiftly adjust to lower demand for cargo services, as well as to lower haul capacity at regular passenger carriers.



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Making Sense of Social Media

By: Lisa Pleasant, Managing Director, Cargo Marketing, American Airlines

The way businesses communicate is changing, spurred in large part by the increasing use of online channels such as Facebook, LinkedIn, Twitter, YouTube, and Blogs. These channels, commonly referred to as social media, have become widely accepted as important communication tools for companies trying to connect with customers. In the business-to-business (B2B) arena, social media has gained increasing importance as an effective way to build and foster relationships between companies.

New social media channels are constantly emerging, making it difficult to determine which ones will work best for your company. However, if you recognize that the essence of social media is all about making connections and enhancing relationships—a time-honored business principle – then you'll be starting with the right focus.

For more than a year now, American Airlines Cargo has been using social media to communicate directly with a growing number of organizations and customers. Our social media strategy started simple and with one goal: to provide increased value to our customers by sharing information that could help strengthen and grow their business. Our initial efforts began with a web-based news and information resource called Business Insights, a social hub created to provide analysis on trends and issues in air cargo and international logistics. The site, which was created with a focus on integrating social tools, includes channels such as Twitter, YouTube, RSS Feeds (web feeds that automatically push out content updates), blogs written by industry experts, and our newest channel, LinkedIn. We chose these channels because we believe them to be the most effective way to engage with our customers and others interested in issues affecting the air cargo industry.

Since launching the site in 2011, we've experienced a positive impact on our business. We've received supportive customer feedback. Visitors to the site have increased by almost 200%. Our Twitter following has grown exponentially and the site content improved our search engine results significantly, providing the benefit of paid advertising placements without the additional expense. In 2012, more than 65% of the total site traffic was driven by natural search results on topics that were featured on Business Insights. Based on the results we've seen thus far, it's definitely been a worthwhile effort.

Companies that effectively leverage social media can expand their audience, promote their brand, drive new business leads, conduct research, and be on the forefront of identifying industry trends by participating in or leading discussions. To do this successfully, businesses must be strategic and selective in choosing the social media tools and networks that provide the best fit for their industry, brand, and product or service.



Know Your Audience - Choose the Right Channels

When getting started, it is important to know who your target audience is and which channels can provide you with the best connections to that audience. Not all social media networks are created equal. Businesses should target the networks used most often by the professionals and companies they seek to reach. Identify your desired industry segments and key business leaders. Find out where they are active online. Listen to and research the topics they are discussing. Find out what resources they use and start thinking of how you can position your company to become one of these resources. Become a part of the discussion and actively engage in the digital community. Share content. Respond to questions. Thank users for their interest, and organically grow your company's social presence.

Another thing to remember – you shouldn't feel obligated to participate in every social channel when developing your plan. There is no need to participate in a channel just for the sake of having a brand presence. The quality of your content and its relevance to your target audience should be a key factor in determining where to focus your efforts. If your organization is like ours and has limited resources, you might want to consider starting with a few of the established channels and expanding from there.

Microsites and Blogs

Before discussing the topics of microsites and blogs, we should start with a common understanding of what they are. A microsite can either be a landing page (the page you're directed to after clicking on a website link) or, if it consists of multiple pages, a mini website that supplements a primary website. In business, the primary website is usually a company website. A blog is a website where a person (or group of people) shares information and/or opinions on a regular basis.

To speak directly to our target audience, American Airlines Cargo posts a blog within our microsite, Business Insights, covering breaking news, industry trends, and issues relevant to the air cargo industry. This simplifies the sharing of information with our customers and business partners by aggregating it in one place. To keep your audience engaged, it is important to keep your content fresh. Microsites and blogs must do more than repurpose press releases or repost content offered elsewhere online. Influential and valuable content shares new



perspectives, new insights, and information that are truly of value to the audience. When deciding what kind of content to develop, think about what your customers (current and potential), industry colleagues, and employees would find valuable. If you're not sure what this is, make it a point to ask them.

Twitter

For those looking to share information and provide links to important news or company content, Twitter can be very effective. Using 144 characters or less, a company can instantly send a message called a "tweet" to its followers. Response tweets can also be received from followers or "retweeted" (shared with others) by followers creating an opportunity to further engage and increase your reach. A company can also share content from trusted sources using shortened website links known as short links (ex: ow.ly/a1stX) or using hash tags (ex: #subscribe #business #insights). For AA Cargo, Twitter provides an additional avenue to share operational updates with our customers and to share perspectives on key trends or issues with interested media partners.

Like all social media networks, Twitter takes time to develop and master as an effective B2B tool. This means not only pushing out content, but also responding to and sharing relevant "tweets." As with all things social media, the difference between a robust and weak online presence often boils down to consistent engagement.

LinkedIn

LinkedIn is the most professionally focused of all the social media channels. According to a recent B2B Intelligence Center study, LinkedIn has become the most important social media channel for B2B marketing and is used most often by business professionals. The site, which has over 150 million members and

approximately two million company pages, continues to grow at a fast rate adding about two new members per second. LinkedIn is available in seventeen languages and has an international reach with approximately sixty percent of its members located outside of the United States.

LinkedIn groups offer a wide range of issue-specific discussions and they multiply a company's opportunities to share perspectives and collaborate with others. Companies can establish LinkedIn pages that serve as a hub for employees, showcase products, and communicate company news, insights, and updates. Many of the customers American Airlines Cargo serves have LinkedIn accounts making this channel useful for networking and connecting.

For companies still trying to decide whether to join the social movement, I'd like to offer a few words of caution: Embarking on the social media journey is not for the faint of heart. While it may be easy to create a Twitter account and send out occasional tweets, or to create a website and publish periodic content updates, creating and executing a truly integrated social marketing strategy requires a serious commitment of time and resource, as well as a clear vision of what you want to accomplish. Additionally, and maybe even more importantly, it requires a willingness to take risks, think differently, and innovate. If you're willing to make these investments, you'll more than likely receive a positive return.

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Pulling Together to Meet New Challenges

By: Richard Zablocki, VP Air Products, CEVA Logistics

It's spring again and time to think about growth and development. This year's CNS conference mirrors the concerns of so many for the future of our industry and how we can pull together to tackle some of the biggest challenges ahead. Certainly the lack of profits has to be the number-one concern, but there are so many others that are fighting for our attention.

There are also challenges to the quality of our services that we offer our customers, challenges brought on by issues involving safety, security, the environment, and government regulation. There are a number of industry forums talking about what needs to be done, and certainly organizations such as IATA, TIACA, and AFA are pulling together to organize their initiatives to move this industry forward. Unfortunately, much of what is needed requires investments in systems, infrastructure, and personnel. That doesn't come easily when the number-one issue is the absence of profits.

There is no disagreement that e-waybill, e-freight, and Cargo 2000 offer advancements for information flow and operations efficiency. I see the industry getting there although years behind schedule. Part of that is due to some governments' not supporting the initiatives, and part of it is the inability of some to focus on the processes or to make the necessary investments for these minor leaps into a modern environment.

Many companies, both in the air and on the ground, have scaled back on personnel since 2009, and their confidence for making investments in the future still hasn't returned. So I guess we can't blame them considering the 2011 results and expectations for 2012. But we must continue to invest if we are to grow as an industry – if, that is, our companies are to keep pace with the expectations of our customers.

Certainly, investing in technology will offer the advancements that are needed to eliminate paper, the labor expense associated with data entry, and the management of data flow to make the supply chain seamless. The Cargo 2000 initiative is based on the simple concept of reporting shipment status according to standardized definitions within an agreed timeframe. At least the concept sounds simple. But it is largely dependent on data-entry functions performed by employees, and the process isn't perfect.

Accurate shipment-tracking information is still a major challenge for our industry. We need many more airlines, forwarders, ground handlers, and trucking companies to sign on to the concept and commit to training their employees to help them understand the value they add when reporting good status information. What should be an easy task seems nearly impossible to get right. Forwarders can't transmit waybill data, airlines can't report accurate location and routing information, and relatively few trucking companies are prepared to participate in this era of connectivity.

But the technology is here, and it is inexpensive. It is, therefore, truly

a matter of getting our people to adopt it and appreciate the value it brings us all. Perhaps if IATA lowered the price for participation in the Cargo 2000 data-tracking system, there would be more participants. And while they are at it, maybe they could at least call it something more current than Cargo 2000.

Investing in our people may prove to be one of the best investments that can be made. Most training provided to our employees is on-the-job and at-the-desk and, for some, involves a series of PowerPoint presentations. For many, there are no presentations about the basic functions in the industry, and it is just a matter of being taught what you need to know to make it through that first day on the job. Perhaps, if the IATA/FIATA training course weren't so expensive, more transportation companies could be convinced to purchase it. We need employees to understand the concepts that our industry is built on. They need to see how their part fits into the supply chain and where they bring value to the process. Our customers expect us to be experts at what we do. Training is essential to bring our employees to that level.

So what can we do together to build for the future? The industry groups can't gather without an attorney reminding everyone of what they can and can't talk about. Employees at many companies are now forbidden to participate in their local industry associations. Does that mean there is no "together"?

Of course not. We can support the associations that represent our interests. We can also work with our service providers and learn as much as we can about each other's operations and develop an appreciation for how we come together to produce a service that exceeds our customers' expectations. On the forwarding side, let's get sales people out to visit airports, meet airline sales people, and see what it takes to move cargo in the air. On the airline side, let's offer their sales people the opportunity to meet some shippers. Developing an appreciation for each other's challenges will help to build a stronger bond and pull our customers into a relationship that will definitely grow.

It is likely that just about every company in our business has developed more efficient operations since 2009. And they continue to manage costs while improving service quality to stay competitive and survive in this tough business climate. Some airlines have begun working with their customers to focus on processes that will bring more efficiency, making bookings more accurate and reliable. They are improving the tender and recovery processes and helping on-time performance. Security has improved as a joint task between trucking agents, forwarders, and airlines, and the challenges thrown at us by TSA have been met.

No doubt, there will be challenges to come. But if we continue to find ways to work together, we will meet them – and our industry will grow.



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We Need to Tell the World What We Do

By: John Lloyd, Director of Cargo, Virgin Atlantic Airways

I can't decide if the air cargo industry is incredibly modest about its role in world trade or simply feels unworthy of taking a place among the most vital and respected industry sectors. Whatever it is, it needs to change.

As consumers, when we're asked to name vital industries, we tend to think about the healthcare sector, the food industry, oil and gas, IT, automotive etc because they are about our wellbeing or provide essential products and services we can't do without in our daily lives. People never think about air cargo.

That has to be wrong because without exception, the industries I have mentioned above – and many, many more – would struggle to fulfill their role and maintain their reputation without the support of a dynamic, professional and reliable air cargo supply chain.

If a child needs medicine to recover from an illness, we are instantly grateful for having a global healthcare industry that is able to continually develop safe new drugs and vaccines that provide a cure. And we should be grateful for that, but as we know this is not the whole story. Pharmaceutical companies entrust the air cargo industry with not only delivering their products on-time but more importantly maintaining the quality and integrity of their drugs. We not only carry a company's product, we are also being trusted with their reputation – and we rarely let anyone down.

So why is it that we allow our vital industry to be pushed from pillar to post by regulators, environmental lobbyists and others? Why are we such an easy target for things that don't always make the best sense and how can we fight our corner more?

We know what we do and how important our products and services are in maintaining the flow of trade, but do others see it outside the four walls of our industry?

Security is a perfect example of this. After 9/11, aviation came under the most intense scrutiny in its history. We all know why and we all recognized our industry would never be the same again. Safety has been the greatest priority of the aviation industry ever since the first ever commercial flight took to the air and it is still with us every moment of every day. We all want a 100% safe flight experience and we expect everything that contributes to a flight to be secure, whether that's passengers, cargo, catering, fueling, personnel etc. - but don't stifle our vital industry in the process.

The US Transportation Security Administration (TSA) has been extremely active in terms of new aviation and air cargo security regulations. To their credit, TSA officials have gone some way to listen to the industry and taken into account the advice given. They recognize that security is our priority too but also that changes need to be made in partnership with the industry to ensure that they are viable and do not unnecessarily impede the speed of air cargo.

The big issue, of course, is that we need a global security standard for air cargo that every nation adopts. Without international alignment of regulatory policies we have a situation that not only causes high levels of administrative duplication and additional cost as one nation refuses to acknowledge the security regime of another but also the potential of increased security risk as parties in the air cargo supply and national regulators juggle with a range of security standards.

The argument is often put forward that some countries face a greater security risk than others and while this may be true, surely the priority for every nation is to protect its borders. A strong regime that prevents a security incident in one country is likely to push the risk onto a less well-prepared nation because ultimately the risk comes from people that want to disrupt the global community. It would be naïve to assume the risk will go away if high risk countries become even more secure. It is most likely to simply move to a softer target somewhere else.

Similarly, aviation is the constant focus of the environmental lobby due to its supposed impact on climate change and also because it is a high profile industry. How can we defend ourselves better to counter these accusations, many of which tend to be based on extremely questionable evidence? The aviation industry has made enormous strides in making aircraft more fuel efficient in the past 20 or so years and continues to do so. The Boeing 787 uses 20% less fuel, for example, than one of today's similar sized aircraft and with oil prices of over \$120 a barrel, clearly everyone in the industry will continue



to want to be as fuel efficient as possible. Similar reductions have also been achieved in noise levels.

When environmentalists fly (!) to exotic locations all over the world to debate climate change, they take a blinkered view of aviation. We mustn't just stand back. We have to talk about the great strides our industry is making to be greener and more efficient, which arguably outstrip those being implemented by less obvious but equally responsible industries.

In addition, it's a pity that some airport authorities seem to only want to profit from aviation and air cargo rather than supporting it. Airport charges at London Heathrow for example, have increased by 99% in the past 5 years. Many other industries would not be able to sustain, or even accept, such massive increases. It certainly does nothing to encourage airline development.

We should be reminding the world of its reliance on air cargo. A reliable air cargo supply chain helps manufacturers all over the world to export their goods to new markets. It creates employment. It attracts inward investment. It stimulates national economies. It connects poorer people with powerful markets and helps to lift them out of poverty.

It also feeds a worldwide consumer society that wants strawberries in February and expects to be able to source everything from the latest Apple products to car parts and high fashion instantly. This is possible, thanks to air cargo.

We should be reminding the world of its reliance on air cargo. A reliable air cargo supply chain helps manufacturers all over the world to export their goods to new markets.

The challenge for so many of us nowadays is to find the time to step away from the daily pressures of business to look at how we can do more to promote the importance of our industry. I know for us, Virgin Atlantic, that is going to require far more focus than we have given it so far, and I sincerely applaud the well known faces that do so much for our industry already.

As the pressures from outside the industry continue to grow we need to ask ourselves what else we can do to help air cargo gain the respect it deserves, and we need to love our industry enough to tell the world how important we truly are.



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Showcasing the value of Air Cargo

The World Cargo Symposium (WCS) took place in Malaysia, Kuala Lumpur from the 13th to the 15th of March bringing together over 930 delegates. IATA's biggest cargo event proved that cargo is a priority on IATA's agenda.

Have you ever thought about the impact of not having Air Cargo in place? We would certainly miss essential goods such as vaccinations, food, clothes or technologies from our daily life.

To illustrate this, a tunnel showcasing the value of Air Cargo was being displayed until the end of April at the departure level from the Kuala Lumpur International Airport (KLIA). It provided visitors with the opportunity to walk through and learn more about the relevance of air cargo.

This initiative was produced and sponsored by IATA, Cargo 2000 and CNS.

Sixth World Cargo Symposium

The sixth World Cargo Symposium has concluded with a call to action by Heads of Cargo from the world's biggest airlines. The IATA Cargo Committee, comprising 15 international carriers, has put renewed focus on the delivery of key programs such as Secure Freight, and e-freight, to tackle the challenges facing air cargo.

The IATA Cargo Committee confirmed its commitment to pursuing an agenda for improvements across the cargo industry supply chain, by deepening cooperative industry and regulatory relations, encouraging a quality standard benchmark, increasing safety vigilance, driving a paperless cargo future, and promoting the value of air cargo. In line with this, the Cargo Committee agreed to the following:

- Inviting the International Federation of Freight Forwarders Associations (FIATA) to future Committee meetings to discuss issues of mutual concern
- Endorsement of the Cargo Agency modernization project recognizing the key role played by freight forwarders
- Making the Cargo 2000 Master Operating Plan an open-source global quality benchmark
- Investigate a data exchange program for members to record dangerous goods incidents, to encourage greater safety vigilance
- Achieving the 100% e-Air Waybill (e-AWB) adoption target by 2014
- Urge civil aviation authorities to establish stakeholder programs similar to those established in Singapore, Hong Kong and Amsterdam, to accelerate e-freight adoption
- Pursue with regulators a harmonized security framework that is mutually recognized across all states

Steve Gunning New Chairman of IATA Cargo Committee

Steve Gunning, Managing Director of IAG Cargo, which combines the brands British Airways World Cargo



and Iberia Cargo, has been elected the new Chairman of the IATA Cargo Committee.

His term will run for two years. Gunning has served on the Cargo Committee since 2007 and brings 14 years of industry experience to this important role.

The committee was established in 1993 to provide a voice for the global cargo industry. Cargo Committee areas of activity include forwarder-carrier relations, cargo safety and security, automation, handling, regulatory development and quality standards.

He succeeds Ram Menen, Divisional Senior VP Cargo at Emirates Airline, who will remain on the committee.

Secure Freight Program Gains Worldwide Acceptance

IATA announced that the Secure Freight program has gained further recognition from governments around the world.

- IATA and the Malaysia Civil Aviation Authority signed a Memorandum of Understanding (MOU) on expanding the Secure Freight pilot scheme, which began in 2010.
- The UK Department of Transport (DfT) has agreed to endorse the Secure Freight principles, which paves the way for further recognition of Secure Freight principles and IATA's efforts to build supply chain security capacity across the world. The first authority to officially endorse Secure Freight principles was the Australian Office of Transport Security (AU OTS), last summer.
- Five governments have agreed to be co-signing authorities on IATA's Information Paper on Secure Freight, which was presented at ICAO's AVSEC Panel, March 26-30. The countries co-signing the document

include the CAA's from Malaysia, Kenya, Mexico, UAE and Chile. This represents a major step forward in building shared global standards for cargo supply chain security programs.

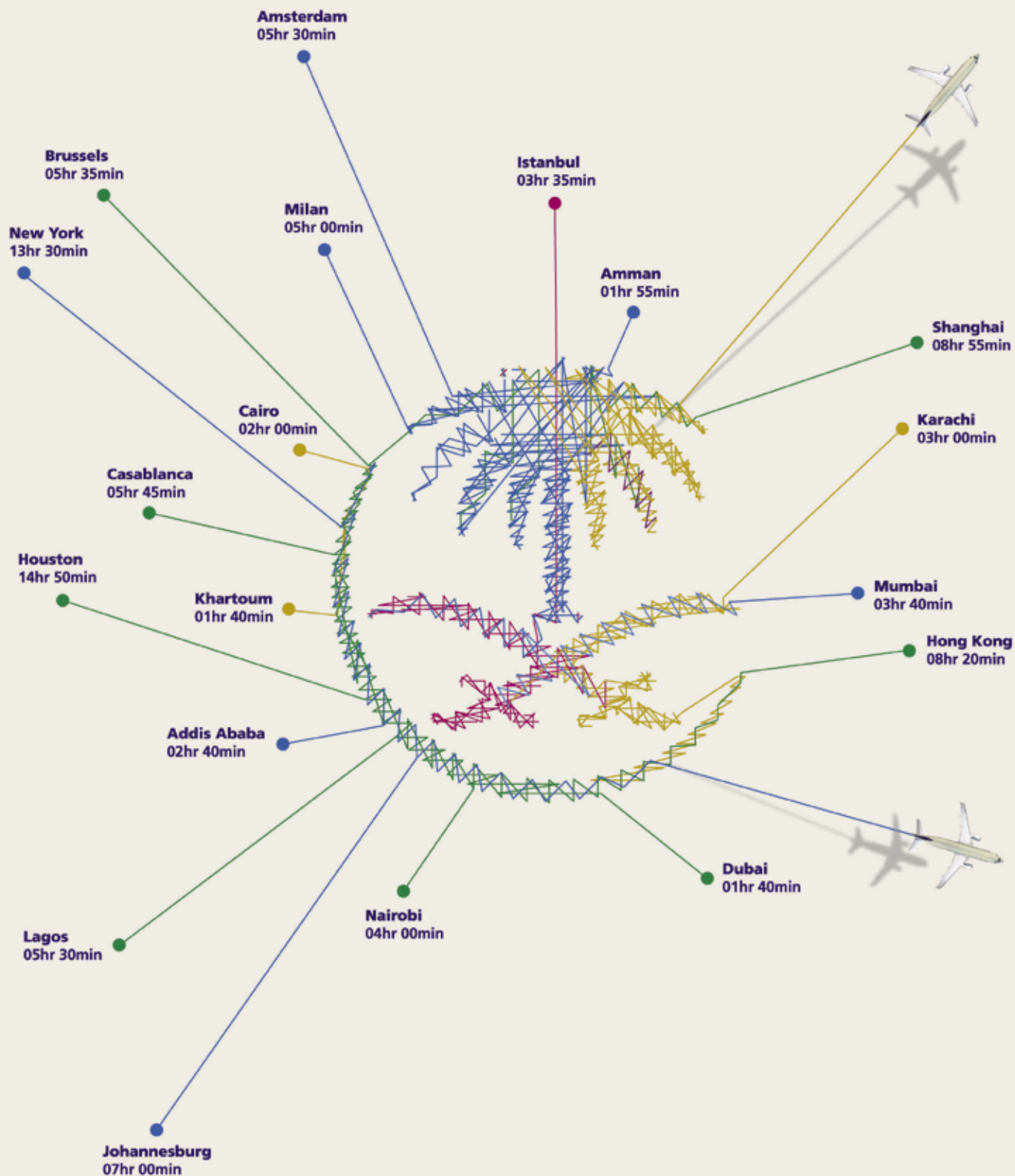
The Secure Freight program works across the whole air cargo supply chain, helping to secure shipments upstream by ensuring that cargo has come from either a known consignor or regulated agent. Secure Freight evaluates the strength of a nation's aviation security infrastructure and works with the civil aviation authorities to ensure that cargo is kept sterile until it is loaded. Not only does this ensure greater security, it also helps prevent bottlenecks at airports.

Wings of Change

The Latin American/Caribbean region led the global airline industry in traffic growth last year and is expected to do so again in 2012. Meeting the challenges and finding the opportunities in this surging air transport market was the central theme of this year's Wings of Change Aviation Summit, which took place March 28-30 in Santiago, Chile. The biennial event, now in its seventh edition was held in cooperation with FIDAE 2012, LATAM's largest air show and aviation exposition. IATA Director General and CEO Tony Tyler made the opening address. Roberto Kobeh Gonzalez, President of the Council of the International Civil Aviation Organization (ICAO) also delivered remarks to more than 500 aviation executives and professionals. Panel sessions addressed overcoming infrastructure limitations in the regions, building an environmental roadmap for Latin America, and Technology.

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TSA Air Cargo: The Path Forward

By Doug Brittin, Air Cargo Manager, TSA, US Department of Homeland Security

The Transportation Security Administration (TSA) has taken significant steps in the past year to secure the global supply chain, striving to ensure that Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Act) (P.L. 110-53), the mandate to screen 100% of international inbound air cargo transported on passenger aircraft, is met. We have worked closely with the industry to develop practical solutions to air-cargo security through a risk-based approach.

In 2011, high-level working groups were convened with industry and association representatives to pursue methods and processes focused on international inbound-cargo security overall. Based on the suggestions resulting from the efforts of these working groups, as well as from subsequent industry meetings, TSA recently finalized a tactical plan to implement the recommended risk-based strategy to achieve 100% screening of international inbound air cargo transported on passenger aircraft by December 2012.

While all shipments will be screened, this strategy requires the highest-risk cargo shipments to undergo the most stringent security screening, incorporating the “Trusted Shipper” concept into TSA’s standard security programs for air carriers. This concept, based on measures initially put in place in 2011 through TSA Security Directives and Emergency Amendments, utilizes information about a shipper to determine the type of physical-screening procedures to be applied to the shipment prior to transport.

The Air Cargo Advance Screening (ACAS) Pilot, a joint TSA and Customs and Border Protection (CBP) effort, has now been in place for over a year. Currently, ACAS is a voluntary pilot collecting data, refining targeting procedures, and establishing appropriate communication systems in order to test pre-departure advance-information collection,

threshold targeting, and TSA-directed response procedures to air carriers at non-US locations. As the ACAS process evolves, we envision gaining greater ability to make shipment-level security decisions earlier, before consolidation, which in turn can result in greater efficiencies. And this will allow the industry to have more options, and greater flexibility, as well as affording the opportunity to make sound business decisions – without ever compromising security and without ever risking a catastrophic loss.

Further, ACAS data will better enable us to incorporate information into our risk methodologies. Full implementation of ACAS will enable the “Trusted Shipper” concept to evolve from being policy-driven and primarily industry-determined to a data- and intelligence-driven determination. This development will facilitate the elimination of current paperwork requirements and will allow TSA to quickly determine for air carriers the appropriate screening protocol for each shipment. Eventually, our goal is to use this methodology across the board as we seek to quickly and effectively perform solid risk-based analysis of not only all shippers, but also every shipment entering the US by air – regardless of the carrier.

The results from the ACAS pilot have been very positive. To date, more than 16 million shipments have been processed utilizing ACAS. As a result, we have expanded ACAS to include passenger carriers, all-cargo carriers, and even freight forwarders. TSA and CBP are also working actively with other governments and the World Customs Organization (WCO) to move toward a common platform and analysis. In addition, TSA and CBP have worked closely with the industry to finalize the ACAS Strategic Plan, which outlines the path forward. This plan is being posted on both agencies’ websites. We will continue to strengthen this process over time as we look for smarter ways to use existing information to stay ahead of existing, evolving, and emerging threats.




While many of the operational issues associated with international inbound cargo are the same as those for outbound, the regulatory challenges of working with foreign governments, international shippers, and freight forwarders vary from country to country. TSA's National Cargo Security Program (NCSP) recognition process remains important in reaching the 100%-screening requirement for international inbound cargo transported on passenger aircraft by verifying that foreign programs are commensurate with the US security programs. The top-20 high-volume countries account for 84% of the cargo volume (by weight) on passenger aircraft. Based on programs submitted by foreign authorities, TSA has thus far reviewed the air cargo-security programs of 16 countries in total, 12 of which are within the top-20 high-volume countries.

NCSP recognition will reduce the burden on carriers by eliminating duplicated requirements between the two countries' security programs while ensuring the screening of, and a high level of security for, air cargo bound for the US. There are further benefits where such programs include a "supply-chain screening" element, as cargo can be pre-consolidated and containerized. Additionally, NCSP recognition enables TSA to leverage the host government's oversight capabilities to verify air-carrier screening operations and data.

Just as it is important for industry members to continue building partnerships that work well within the air-cargo industry, TSA continues to work in close collaboration with foreign-government counterparts throughout the world. The goal is to provide resources to help strengthen security methods and processes and, as a result, elevate security standards for everyone, wherever and whenever they choose to do business. For example, TSA works closely with the U.S. Department of State and other federal agencies to engage with international security partners on global supply chain-security practices and will continue to do so in our efforts to meet the requirements of the 9/11 Act. We also continue to work closely with supra-national bodies, such as the Universal Postal Union (UPU) and World Customs Organization (WCO), to work toward

not only a greater awareness of security in the supply chain, but also development of common standards globally.

Our goal is to efficiently and effectively achieve 100% screening of inbound international air cargo transported on passenger aircraft. It is essential, then, that each link of the global supply chain work cooperatively to develop a plan of action with discrete steps to identify security screening priorities, share information in a timely fashion, and initiate programs to collectively mitigate the greatest risks identified by the industry.







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Around the Industry



Cathay Pacific Implements E-AWB for Malaysia and Singapore

Just 16 months after going 100% paperless in Hong Kong and as the next step toward its goal of universal deployment of the e-AWB by 2014, Cathay Pacific is now using electronic air waybills on flights to Malaysia and Singapore. Cathay is the first airline to implement the e-AWB anywhere beyond its home base and has already seen improved operational accuracy and efficiency in Hong Kong. Besides helping to reach IATA's goal of full e-AWB implementation by 2015, Cathay's latest move will likely benefit shippers and freight forwarders with faster Customs clearance and lower costs.

Heavyweight Air Express Expands into Latin America

Having carefully examined the region's taxation/regulatory/trading environment and now with offices in Sao Paulo and Buenos Aires, Heavyweight Air Express will soon expand into Chile, Columbia, and Central America. This move, designed to take advantage of the region's positive economic outlook post-2011, is aligned with Heavyweight's carefully considered growth strategy – a strategy that seeks to tailor products to a country's specific demands.

AA Cargo Restructures and Plans to Expand

After a bankruptcy filing in November, American Airlines Cargo has begun a restructuring process that aims for growth of 20% over the next seven years and will focus on Latin America and Asia. Although the planned expansion may yet be a few years away, AA Cargo set to begin acquiring the requisite aircraft – nine Boeing 777-300ERs after November and up to 100 787s within the next five years. Despite the high cost of fuel, AA Cargo President Dave Brooks is optimistic about the company's future and expansion, especially with increasing transportation of pharmaceuticals and perishables.

Kuehne + Nagel Offers Airfreight Product for Pharmaceuticals

In response to the pharmaceutical industry's call for effective airfreight solutions, Kuehne + Nagel, a global logistics provider, is launching KN PharmaChain, which features a 24-hour alert system, continuous temperature control, optional wireless temperature monitoring, and best-practice standards. Keeping in mind the careful attention and logistics precision required for pharmaceuticals shipments, Kuehne + Nagel designed KN PharmaChain with four service levels to accommodate the temperature-control requirements and special-handling needs of different shipments.

ACAS Pilot Program Gets Go-Ahead from TSA and CBP

The Air Cargo Advance Screening pilot program, a voluntary initiative comprising three phases, has received a thumbs-up from both the U.S. Transportation Security Administration and U.S. Customs and Border Protection as another means to meet the 100% screening goal and, eventually, to achieve risk-based analysis of every shipment entering the US. TSA administrator John Pistole sees the ACAS pilot

program as another increment of the US paradigm shift in its approach to airfreight security. Similarly, Tom Winkowski, CBP Acting Deputy Director, considers this program a necessary step toward jettisoning the old model of prevention and screening and bringing in the new, more effective model.

GACAG Launches New Website for Consolidation and Cooperation

The Global Air Cargo Advisory Group, in an effort to align and foster cooperation among member organizations and demonstrate progress, has launched a website to showcase information about the coalition's four task forces and to take a proactive approach concerning news and announcements. While the website is just one of the necessary PR pieces, it will be nevertheless important for disseminating press releases and sharing proceedings of meetings with the public. GACAG has had its detractors, but this new website is a step toward getting the word out to the industry that it is a viable group with potential to achieve favorable results.

UPS Acquires TNT Express

In a deal that is touted to "create a global leader in the logistics industry," UPS is set to acquire TNT Express for \$6.77 billion, an all-cash offer amounting to slightly less than \$12.50 per share. This deal comes after lengthy public negotiations and following TNT's rejection of UPS's previous offer of \$6.4 billion. Because this acquisition will increase UPS's already substantial revenue derived outside the US by 10%, it may encounter some roadblocks with European antitrust laws.

Cargo 2000 Follows through on MOP Open-Access Commitment

As part of its ongoing initiative aimed at improving quality management for both customers and service providers, Cargo 2000, a pillar of IATA's e-freight program, has followed through on its promise to provide the air-cargo industry open access to its standard processes. Cargo 2000's Chairman Mattijs ten Brink recently unveiled a modernized version of the Master Operating Plan (MOP), which can be downloaded free of charge even by non-members. This new MOP is, according to ten Brink, "the engine that sits behind Cargo 2000's program to bring new levels of quality and efficiencies to the air-cargo supply chain."




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Opening Doors to the Regulators

By Michael Steen, Chairman of TIACA and the Global Air Cargo Advisory Group

More than five years ago, The International Air Cargo Association (TIACA) restructured its Industry Affairs Committee with a new team of senior industry leaders from across the air-cargo supply chain.

We did so because we recognized the need to focus even greater attention on what we considered to be three key concerns for our industry: security, customs and performance standards, and the environment. Our aim was to get closer to the people making decisions that impacted our industry and to ensure they listened to our concerns and advice before implementing new regulatory processes.

Consequently, TIACA was invited to testify before the US Congress' Homeland Security Committee's Subcommittee on Transportation Security and Infrastructure Protection. We built close ties with the Transportation Security Administration (TSA) – particularly as part of its 100%-cargo-screening program – and signed a Memorandum of Understanding (MoU) with the World Customs Organization.

These and other new working relationships have helped TIACA make progress toward realizing its objectives in several areas. For example, there has been marked progress toward eliminating paper documents that have to be carried with goods and presented to customs officials at border-control points, removing barriers to trade, dispelling widespread misconceptions over air cargo's impact on our environment, standardizing global security, and voicing objections to the European Commission's Emissions Trading Scheme.

In taking this stance, TIACA has established ties with the International Civil Aviation Organization (ICAO), the World Customs Organization (WCO), the US Federal Aviation Administration, the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the European Civil Aviation Council, and the Organization for Economic Cooperation and Development (OECD). Through these contacts we have been able to raise the issues that concern the air-cargo industry – and we continue to do so.

TIACA's Industry Affairs Committee also made a commitment to build stronger working relationships with other global industry groups. The Association became a member of IATA's Secure Freight Task Force and also added its support to IATA's e-freight and Cargo 2000 initiatives, which we recognize as bringing greater efficiency and improved quality standards to the industry.

Working with FIATA, we jointly commissioned a survey asking freight forwarders for their views on e-commerce and what it was going to take to get more forwarders to begin trading electronically as part of their vital role in the air-cargo supply chain. We also wanted to listen to and understand the views of shippers. Our dialogue with such groups as the European

Shippers' Council and the National Industrial Transportation League (NITL) led us to the Global Shippers' Forum (GSF).

Then, in November 2010, through dialogue with our colleagues in IATA, FIATA, and GSF, we jointly recognized that by combining our efforts in the area of regulatory affairs we could further build on our individual work in this vital area. This, of course, led to the formation of the Global Air Cargo Advisory Group (GACAG).

The four founding members of GACAG are very pleased with the progress the group is making and are 100% committed to delivering value to our industry. GACAG is presenting a strong, unified voice in its dealings with worldwide regulatory authorities and other bodies whose decisions directly impact air cargo. The focus is on four key issues:

- Security
- E-commerce
- Customs and trade facilitation
- Sustainability of the air-cargo industry

For each issue, GACAG has a Task Force with a clear set of objectives, notably:

SECURITY

- Advance electronic-information processes and timelines to improve aviation security- risk assessment
- Focus on the consignment security-declaration process and layout to provide aviation-security regulators with an audit trail of who secured what, how, and when
- Supply-chain security-program guidelines to introduce supply-chain security into countries seeking to bolster their current program

E-COMMERCE

- E-Commerce facilitation in the booking and movement of air cargo
- E-Commerce facilitation of an electronic air waybill for issuance by either carrier or agent
- Electronic air-cargo track and trace

CUSTOMS & TRADE FACILITATION

- Customs modernization
- Customs automation
- Customs advance-data collection and targeting
- Ongoing customs initiatives within the World Customs Organization
- World Trade Organization's negotiations on trade facilitation

SUSTAINABILITY OF THE GLOBAL AIR-CARGO INDUSTRY

- Environmental issues, including ATM modernization, noise and carbon emissions, and sustainable biofuels
- Significance of the air-cargo industry to global commerce
- Future of the air-cargo industry

In support of these initiatives, the Group's Task Forces have already started to produce papers and conducted work on:

- A standard Consignment Security Declaration
- Advance electronic data for air-cargo shipments, secure supply-chain programs, and US and EU security protocols
- Ongoing cooperation with U.S. Customs and Border Protection (CBP)
- GACAG targets for e-freight and other e-commerce initiatives
- Transitioning from paper to electronic air waybills
- Importance of the air-cargo industry in relation to the EU Emissions Trading Scheme (ETS)

Our fellow GACAG founders share TIACA's commitment to create relationships with other global organizations, and this already includes the World Customs Organization, World Trade Organization, Universal Postal Union, International Civil Aviation Organization, and Airport Services Association. The Transportation Security Administration (TSA) of the U.S. Department of Homeland Security has demonstrated its willingness to work with us. In meetings with TSA officials, we have discussed security protocols as well as GACAG's recommended actions.

In December 2011, GACAG officials also met with Alan D. Bersin, Commissioner of U.S. Customs and Border Protection in Washington, DC, to discuss advance electronic data for air-cargo shipments, a paperless environment for air-cargo imports and exports, and global standards. GACAG is now engaged in an ongoing dialogue with CBP representatives

about these issues, including participation in industry/government meetings regarding evolution of the ACAS pilot, discussion on WCO objectives, and sharing of viewpoints on other initiatives. (The air-cargo industry can monitor GACAG's progress on its new website at www.gacag.org.)

Through the continued efforts of TIACA's Industry Affairs Committee and through our participation in GACAG, we are continually growing in strength in the eyes of regulatory bodies. That will make them more willing to listen and more willing to work with us.

Owing to the nature of our industry, there will be some cynics who will question the progress TIACA and GACAG are making. Such views are often held by those who have contributed very little to the development of our industry. I would caution against expecting overnight successes because the regulatory world can be slow moving. But thanks to the efforts of the people devoting time to TIACA and GACAG, we are gaining a stronger voice, and we will continue to get louder on these and other critical issues for our industry.

I want to acknowledge the outstanding contribution of so many of our industry leaders who manage to combine their high-level, demanding "day jobs" with the responsibilities they have taken on with TIACA and GACAG. As an industry, we should give them all the support we can.

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Learn, Adapt, Develop...

By: Olivia Meyerback, Supervisor, Jet Airways

At first glance, a small business like Jet Airways may seem like a little fish in a sea of larger companies of the same nature. But take a closer look, and you will see an ornately designed, well oiled machine, crafted by the hands of Monika Lutz (CEO) and Tammy Zwicki (COO). In the beginning, back in 1998, just like many other companies, Jet Airways opened with a handful of employees, a modest customer base, and the key ingredients: hope and humility. Fourteen years down the road, Jet Airways has grown to a national company with six offices covering the entire United States, Canada, and beyond – and steadily looking to expand.

The theme of “Together Toward Tomorrow” echoes throughout the very structure of Jet Airways. From the start, Jet Airways has broken the mold of the typical third-party logistics framework with unique ideas and business strategies. It goes without saying that a female-run company is composed of elements that male-dominated counterpart enterprises often lack.

Attention to detail and fine-tuning are keystones in what makes Jet Airways a successful organization. Add to this a genuine concern for the customers’ interests, and you’ve got a rock-solid foundation upon which Jet Airways can develop and flourish. Sticking to core principles while embracing consistent change is the mindset that characterizes the Jet Airways organization.

Jet Airways, as a member of Cargo 2000 (C2K), is equipped to implement all of this program’s requirements. One of the reasons why the Jet Airways organization elected to become a member of C2K is the ability provided by this program to measure quality control. Precision is essential when it comes to standards of operations, and C2K provides tools to regulate functions and discard unnecessary procedures. As the air-cargo industry moves forward toward efficiency, C2K is essential for providing not only cost control, but also standardization and unification among members toward a global system.

Further, C2K enhances the standards of businesses that are already key players in the air-cargo Industry. Jet Airways has its own tracking and tracing-system network. Still, the decision was made to join C2K due to the sentiment that this structure will complement the already rigorous methods used to filter and provide information transfer. The higher-quality principles of C2K drive productivity and the systemization of all members. As a result of firmer regulations, quality performance is backed by reliable data, which enhances value to the customers of Jet Airways, along with the customers of other C2K participants. Jet Airways, with its well known efficiency and now as a member of C2K, is able to provide ever improving performance.

The new standards of C2K also account for transformation in the way a member organization operates. A good example would be cost control, as measures are taken to decrease time spent on manually tracking and tracing cargo. And less time spent on manual procedures frees up greater amounts of time for Jet Airways’ team members to focus on the larger task at hand – enhancing the product being sold. Also, C2K provides the organization time and opportunity to hold vendors and outsourced warehouses accountable for performing at the same level as Jet Airways and the airlines the company represents. With greater responsibility



for all parties, the ability to grow revenue and increase clientele moves steadily upward due to trust gained by airline partners from the superior service provided.

Bridging the gap between the airline and the trucker is the primary objective of a third-party logistics (3PL) company. Diversity in service types makes for a more complete package, and that’s why providing LTL, full-truckload, and specialized-equipment services are the cornerstones of the 3PL structure. Jet Airways strives not only to provide full service, but to do it well, with knowledgeable staff and the utmost customer care.

In an environment where customer service is secondary to maintaining costs, apathy runs rampant. When choosing a 3PL provider, an airline can feel confident in the fact that not only do they not need extra staff, but that they are able to rely on the care and attention to detail needed to communicate necessary information on all transfer cargo by their 3PL company. A 3PL organization essentially works as an extension of the airline and must provide service that maintains the integrity of the carrier’s name at all times.

A further benefit of being C2K compliant is the ability to “go green” because utilizing this system allows for a paperless environment. Jet Airways is committed to operating in an Earth-friendly fashion. And paperless filing along with paperless billing are two fundamentals used by the organization to reduce its carbon footprint.

As regulations become more stringent, service providers are obliged to implement procedures and policies placed upon the airlines. Jet Airways remains consistent in carrying out all necessary measures relating to import and export cargo. Communication, training, and enforcement of policies allow for a clean-cut and smooth transition to the final destination. For example, FSU Messaging is yet another service provided by Jet Airways, as a member of C2K.

As technology advances, providing instantaneous updates on cargo status, from start to finish, further advances the industry standard. Having the capabilities to be an active participant of C2K requires hard work and dedication to the greater good of the client. New obstacles and challenges are ever present in cargo and require determination; however, the reward is unmatched when a business partnership endures due to the commitment of both parties to provide the best product available.

“Together Toward Tomorrow” is an inspirational phrase for Jet Airways and all others linked to the air-cargo Industry. Jet Airways, from square one to the advancement of the future in air cargo, remains firmly committed to its stated mission. And that mission involves not only adhering to the fundamentals, but continuing to learn, adapt, and develop beyond the ever changing standard of business in the air-cargo Industry.

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*Globalize
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Unlock a World of Opportunity

By: Theresa Light, Manager, Regional Training Center, IATA

Aviation is a wonderful industry. It helps create \$3.5 billion in business and supports over 33 million jobs in today's globalized economy. These jobs provide challenging career opportunities in an industry that is a generator of prosperity – both material and of the human spirit.

Well trained, knowledgeable, and talented people form the foundation of our business. In order for the globalized economy to continue to thrive, airline management and individual airline professionals must make the right investment decisions to keep building and reinforcing relevant skills and knowledge. The demand for skilled people, even during the industry's latest downturn, is always there.

IATA's Training and Development Institute is focused on meeting the air-transport industry's need for flexible, high-quality training. As the industry's global association, we have an unparalleled track record in expert training in all critical areas of the aviation business. Moreover, we are committed to partnering with the industry to provide total training solutions designed to develop, engage, and retain the workforce needed for improved sustainability and performance.

In order to meet the challenges ahead, IATA and CNSC have partnered together to launch a series of innovative and essential cargo training courses, specifically designed to help the industry gain an edge on the competition. Our cost-conscious diploma programs, innovative tools, and renowned expertise will help manage human capital at every level. Our total training solutions help develop, engage, and retain the workforce needed for improved sustainability and performance. Our unique training model enables us to customize any of our courses for in-company or distance-learning delivery so that large groups can attend with zero travel costs. In an effort to contribute to the industry, IATA/CNSC offers a full range of air-cargo courses in: dangerous goods, temperature-sensitive cargo handling, customs regulations, safety, strategic management, leadership, cargo handling, cargo operations, revenue accounting, and technology.

As part of our initiative to support the US's returning veterans, IATA/CNSC will launch a specialized training program targeted specifically toward this unique demographic. The IATA /CNSC Military Veterans Training Program will provide a total training-solutions approach, essential in preparing veterans to secure jobs within the aviation industry upon return from active duty. It will also address the demand for skilled personnel in aviation, which continues to be a concern as the industry moves to renew and re-invent itself. Veterans bring to the aviation industry several transferrable skills, specifically in the area of cargo handling and logistics.

The Obama administration, Congress, businesses, and private groups have recently implemented several programs to assist veterans in transitioning from the military to the civilian work world. These initiatives include expanded training programs, targeted job fairs, personalized career



counseling, and incentives for companies to hire veterans. A number of government incentives rewarding companies now exist for the training of veterans, and, so far, there is no representation from an aviation training organization. The Department of Labor will soon launch My Next Move for Veterans, a new online resource that allows veterans to enter their military occupation code and discover civilian occupations for which they are qualified. The site will also include information about salaries, apprenticeships, and other related education and training programs.

The recently enacted Hiring Heroes Act of 2011 and the Veterans Opportunity Work (VOW) Act incentivize hiring of veterans, strengthen job protections, and create new programs aimed at improving their transition from combat to career, in addition to providing counseling and vocational training. There are grants available through the American Recovery and Revitalization program to train veterans for logistics jobs that they normally would not be able to afford on their own. Iraq and Afghanistan Veterans of America (IAVA) has connected hundreds of veterans with training and employers and helped over 10,000 veterans go to college on the new GI Bill. Meanwhile, in the private sector, the campaign brings together corporate partners under the umbrella of the U.S. Chamber of Commerce to host job fairs, career-skills workshops, and hiring initiatives for new veterans as part of the Combat to Career campaign.

A call to action on behalf of the cargo community is essential to assure our military men and women receive the best training in the world. We put our country and our freedom in their capable hands, but when they return home and leave the military, our troops often face barriers that keep them out of the civilian workforce. We need to make every effort to help them transition back to work right away – not block them from entering into the civilian workforce. The IATA/CNS Veterans Training Program will contribute to a better future for our military heroes.

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Technology. The Only Way Forward

By Gary Schultheis, Senior Vice President, Airfreight Product, Americas, DHL Global Forwarding

Unlike never before, we are experiencing a new era within the air-cargo industry. Customers' immediate demands are being driven by price, but they are still requiring value-added services. As the marketplace and industry continue to evolve, the industry needs to respond by redefining its approach to business and working with customers to identify opportunities to make their supply chains more efficient and cost effective.

To do this, we should work together to reinvest in our business-efficiency gains by reducing either our non-asset costs or our non-value touch points.

The worldwide market is becoming more and more competitive, and throughout the supply chain, customers are continually seeking ways to reduce their landed costs in order to compete with local players. Therefore, we as an industry must explore and find creative ways to increase our value proposition in an end-to-end environment.

Our industry has become commoditized, and too often the value benchmark that customers measure us by is price, thus impacting industry margins. Since the market dictates pricing and we all need to protect our balance sheets, there is a need to move beyond the historical approach of simply reducing headcount, fleet, and/or facilities – as these are not long-term solutions.

We need to put our egos aside and take a collaborative approach using technology-enabled solutions across the industry that will help us collectively improve our efficiency and operations. As the next generation

joins our industry, we need to be more open and think progressively about more effective ways to utilize technology, for example:

- Electronic data messaging (EDM)
- Electronic data interface (EDI)
- E-freight
- E-bookings
- Track and trace
- Exception Management
- Social media

This approach will facilitate our ability to provide true end-to-end visibility while at the same time reducing many of our direct operating expenses.

The greater value proposition to the importer/exporter comes into play as transportation moves from being merely a commodity to an integral part of the customer's supply chain. We want to change the mindset of customers who see us only as being able to move boxes from point to point. We need to shift their thinking away from price as the primary driver of value. By doing this, the industry becomes more deeply embedded in the world's supply-chain organizations.

Our industry has an enormous amount of growth potential. And if we work in a smart collaborative way, we will be able to respond to increased customer demands with an approach that will de-commoditize our business and demonstrate value over the long-term.

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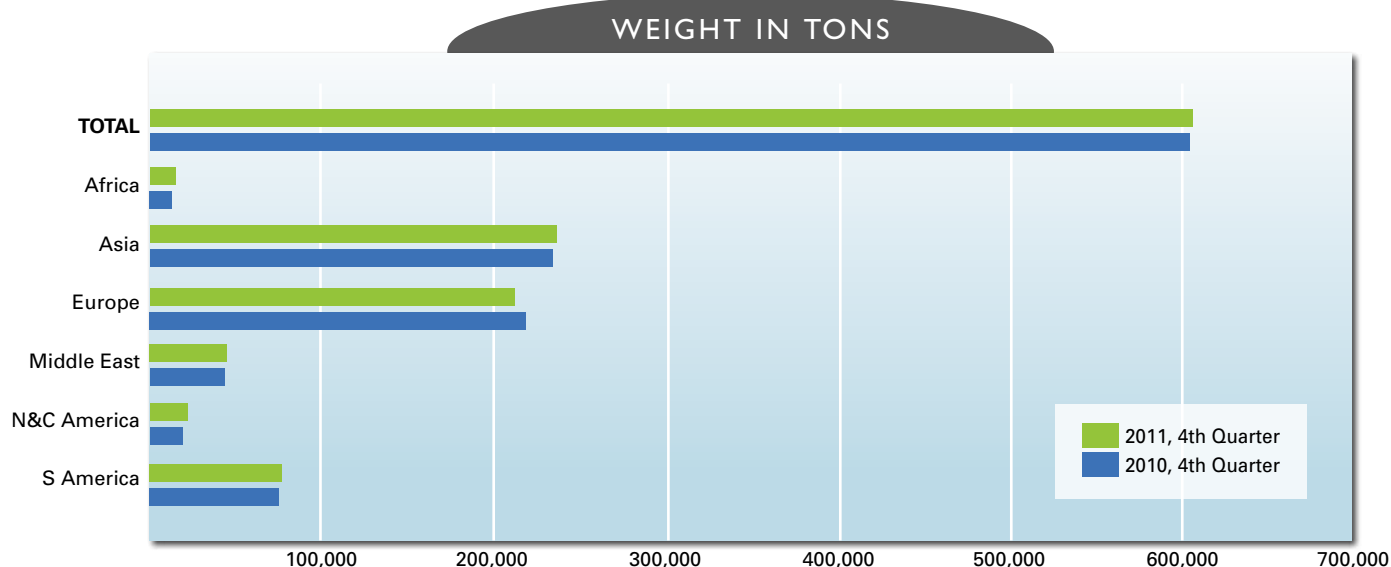


CASS-USA Market Monitor

CASS-USA Market Monitor appears in every issue of CNS Air Cargo FOCUS. It is designed to provide an overview of the results of the most recent quarter and highlights both the year-to-date activity and monthly review of traffic originating from the USA as processed by CASS-USA. More detailed reports are available to CASS-USA Participating Carriers and CNS Endorsed Agents. Contact Michael Ludovici at Cargo Network Services at (786) 413-1000 or mludovici@cncs.us for more information.

2011 Weight in Tons		2010 Weight in Tons		2011/2010	
Region	4th Quarter	Region	4th Quarter	Region	4th Quarter
Africa	15,096	Africa	13,956	Africa	8.2%
Asia	233,798	Asia	231,056	Asia	1.2%
Europe	209,096	Europe	216,306	Europe	-3.3%
Middle East	42,679	Middle East	41,422	Middle East	3.0%
N & C America	22,386	N & C America	19,642	N & C America	14.0%
S America	79,601	S America	78,808	S America	1.0%
Total	602,654	Total	601,189	Total	0.2%

2011 Shipment Count		2010 Shipment Count		2011/2010	
Region	4th Quarter	Region	4th Quarter	Region	4th Quarter
Africa	28,175	Africa	27,543	Africa	2.3%
Asia	277,686	Asia	250,055	Asia	11.0%
Europe	234,955	Europe	236,596	Europe	-0.7%
Middle East	53,256	Middle East	51,111	Middle East	4.2%
N & C America	29,848	N & C America	28,040	N & C America	6.4%
S America	76,779	S America	73,846	S America	4.0%
Total	700,699	Total	667,191	Total	5.0%



December

During December, total U.S. export revenue increased 3.5% y/y, rebounding from -3.4% in November, but down from +4.8% in October. U.S. export tonnage was up 3.2% y/y, inflecting positive from -3.1% in November, and above +0.7% in October. Yields improved slightly, up 0.3% y/y in December, inflecting positive from -0.4% in November but down from +4.0% in October. Tonnage to Asia (representing

39.4% of tonnage) increased 2.7% y/y, accelerated from 1.3% and -0.5% the prior two months. Export tonnage to Europe (representing 34.9% of tonnage) increased 2.2% y/y in December, inflecting positive from -7.6% and -4.4% the prior 2 months. Sequentially, revenue and tonnage grew fairly strongly in December, while yields grew modestly on a sequential basis. Overall, December seemed to rebound from a

particularly weak November and the fourth quarter showed a 1.6% y/y increase in export revenues, a 0.3% increase in export tonnage, and a 1.3% increase in yields. On a year-end basis, 2011 proved to be a solid year with export revenues increasing 10% y/y, tonnage increasing 3.9%, and yields increasing 5.8%. Looking forward, we expect typical seasonal softness into first quarter, followed by a reacceleration into Spring.

