

AIR CARGO **FOCUS**

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# AIR CARGO FOCUS



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Cover photo courtesy  
of Lufthansa Cargo

# Happy New Year!

Welcome to the 1st edition of CNS Focus Magazine for 2014. We are excited and anxious to get 2014 rolling as so many things happened in 2013 that impacted us all.



Warren Jones, President CNS

Happy New Year! Welcome to the 1st edition of CNS Focus Magazine for 2014. We are excited and anxious to get 2014 rolling as so many things happened in 2013 that impacted us all.

2013 was a very challenging year, but as I look back at CNS accomplishments, I hold my head high. In 2013 we helped IATA launch the Multilateral eAWB agreement and held workshops nationwide that showed the value it brings to you and your company. With

packed conference rooms, the message was clear: You wanted to learn. Consequently, we reached out to you and spoke at events around the country -- from the Atlanta Air Cargo Association to the JFK Air Cargo Association. We intend to bring you more in 2014.

We have very dedicated individuals who make up our CNS Advisory Board. The Board's role is to help CNS make sure we stay in touch with you -- our members -- on issues that are important and relevant to the industry. These Board members have been leaders in CNS launched projects. They are a great knowledgeable resource. Many of the Board members have devoted their entire careers to air cargo.

As our role at CNS has increased, additional Board members have been added to help us meet those demands. I'm honored to announce that Laura Sanders of Lynden Airfreight, Alvaro Carril of LAN, Jim Butler of American, Matt Buckley of Southwest and Joe Phelan of Swissport have accepted the challenge. I look forward to working with them and the rest of the Board on issues important to you.

Another new CNS project in 2014 is a scholarship fund devoted to the CNS membership. We will be sending information on how students of CNS members can apply for scholarships. Awardees will be announced in May at the 2014 Partnership Conference in San Antonio. Working with someone who wants to learn logistics and air cargo is a top priority of mine, and I want to do everything possible to give someone the opportunity who wants it. So be on the lookout for information and encourage those who want to apply.

As CNS FOCUS magazine opens the year with its first issue, we are focusing on security and how different companies are working with

various groups to ensure air cargo's safety. While security has always been an issue and is continuously discussed, we must remind ourselves the importance of keeping ahead of the curve and bringing awareness for our industry. Carriers such as Lufthansa and Southwest Airlines are top in this field. In this issue, you'll find out how they're working on this critical issue. In addition, you'll read about a few of the hundreds of businesses that assist us in this constant task. L-3 Security and Detection Systems, Smiths Detection, Rapiscan Systems, Gate Safe, and Astrophysics provide insight on the systems they operate and how they impact the industry.

We also look at companies that bring innovative ideas to our industry and how they can improve the way we work. CargoSphere, for example, highlights their unique data platform. This platform has allowed Amerijet to bring a better solution to its clients. Also with Amerijet, we're honored to discuss their work outside the air cargo industry and the impact they provide to many charities in South Florida. We also hear from our friends at Etihad and their involvement in the United States, as well as freight forwarder SDV and its impact on supply chain needs in aerospace.

We wrap the issue up with words from Brandon Fried of the Airforwarders Association and the work it is doing to propel our industry forward. It's key that the many industry organizations work together for the common goal of making airfreight as safe and as efficient as possible.

I hope you enjoy reading this issue as much as we enjoyed putting it together. If you have a comment or would like to discuss something, please do not hesitate to reach out to me directly at [wjones@cncs.us](mailto:wjones@cncs.us)

Respectfully,

A handwritten signature in black ink that reads "W. Warren Jones". The signature is written in a cursive, flowing style.

Warren Jones  
President, CNS



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# My New Flight

With great delight, I wish to introduce myself as the new editor-in-chief of CNS FOCUS. While I have been covering the industry for the majority of my 35-year career as a journalist, I realize I come on board at a challenging period in the industry's history.



Karen E. Thuermer  
Editor in Chief

Most recently, IATA reported expectations for total airline profits to reach \$12.9 billion in 2013, but adds that this good news is largely focused on the passenger side of the air carrier business. Cargo demand is expected to remain stagnant.

One reason for positive news in the passenger sector is improved airline efficiencies. Still IATA projects that carriers will struggle to use the extra cargo capacity that comes with flying more planes.

Adding to the challenges, today air cargo volumes are heavily impacted by increased trade protection policies coming from countries like the United States. Increased wages in formerly low-wage manufacturing countries like China are also impacting air cargo volumes. Couple this with the deep recession that has now hit the European Union, and its no wonder the air cargo industry continues to feel the impact.

The most worrying recent economic development has been the apparent halt to globalization," reports IATA. "World trade has slowed since the recession, to grow no faster than domestic industrial production."

What markets does IATA project to be the winners and losers next year? Asia-Pacific carriers that hold 40 percent of the global cargo market. They are expected to see subdue profits. Meanwhile, North American carriers are expected to outperform the global average due to efficiencies generated by mergers and international joint ventures.

Meanwhile the industry continues to address critical areas such as air cargo security. A number of sources have taken on the topic and provided comprehensive reports in this issue of FOCUS. I applaud their contributions.

In the coming year, CNS Focus will address other areas of interest to air cargo.

The **Spring issue**, to be distributed at the CNS Partnership Conference, will address relationships in air cargo and their economic impact; packaging and container management; dangerous goods and humanitarian assignments; and a regional focus on the United States, Canada and Mexico.

The **Summer issue** will address valuables in air cargo; RFID technology for air cargo and multimodal applications; on and off airport warehouse and distribution; and modal shifts in cargo groups, i.e. apparel retail, etc. The issue will provide a regional focus on Europe, Russia and Scandinavia.

The **Fall issue** will focus on cool chain logistics; e-Cargo and IT developments; TTP and TTIP negotiations and their impact on air freight; courier carrier trends, and regional focus on the Middle East/Africa, India, Australia, and the South Pacific.

Lastly, the **Winter 2014/2015** issue will provide an update on security; a review of the latest offerings in software and technology; a look at better management for air cargo and shipping; an analysis of the economic impact of aircraft innovation, and a regional focus on Central and South America.

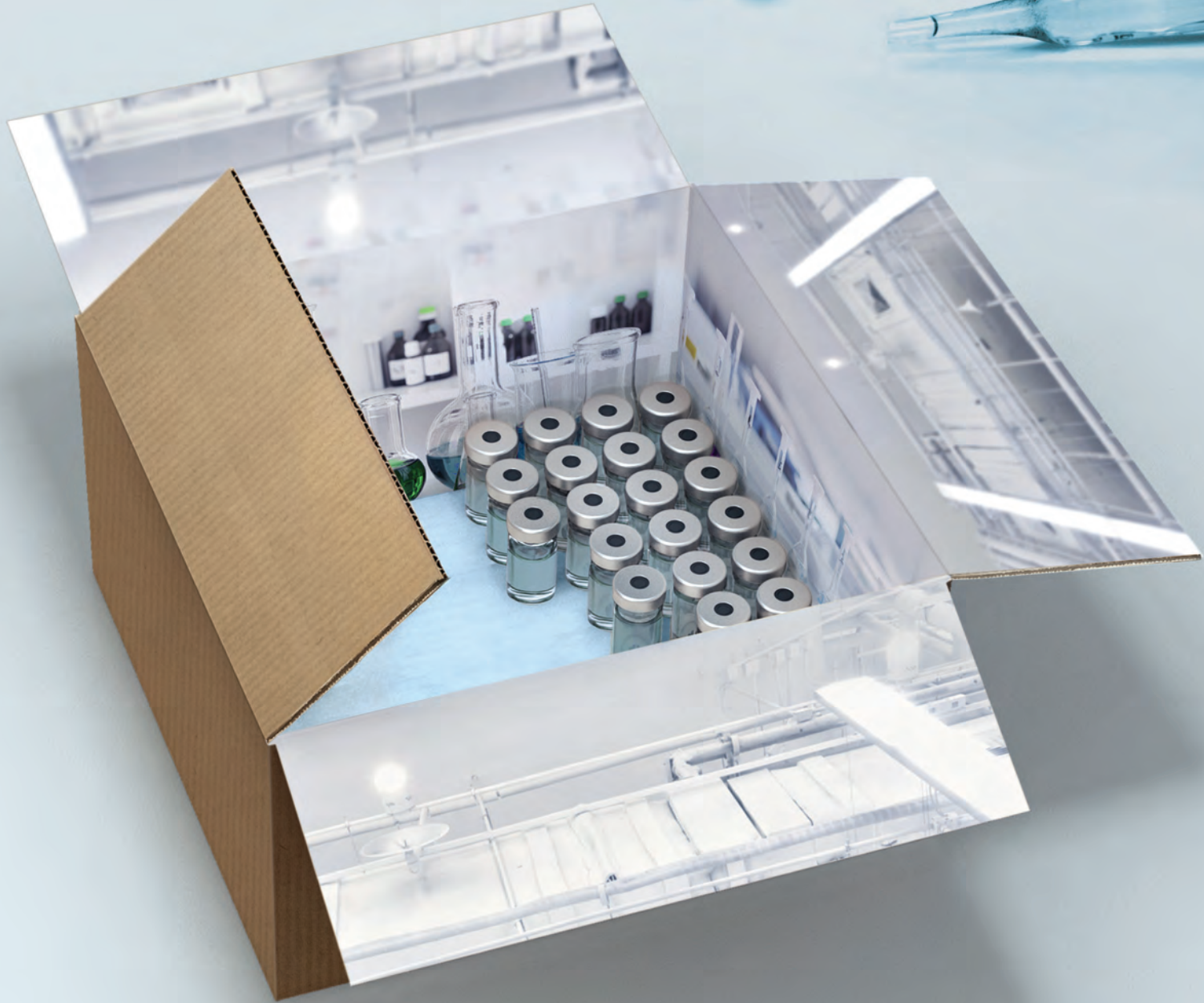
Since this is your magazine, I encourage your participation and feedback. Please feel free to contact me at karen.thuermer323@gmail.com and CNS President Warren Jones at wjones@cncs.us. I look forward to working with each and every one of you in this new year!

Best wishes for a prosperous 2014!

Karen E. Thuermer  
Editor, CNS FOCUS

We welcome your comments, opinions, suggestions, and input for topics to be covered in this and future editions of CNS Focus Magazine. We are always pleased to hear from you. You can reach us via e-mail at karen.thuermer323@gmail.com. The Winter 2013/2014 eBook edition of this publication is available online at www.cncs.net.

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# Securing the Supply Chain

## Global approaches to cargo security.

By Keri Forsythe-Stephens



Barb Johnston, Air Canada Carogo



Ken Dunlap, IATA

More than three years have lapsed since the Yemen cargo-bomb plot, but the airfreight industry is still dealing with the ramifications of the foiled plan. The U.S. — the target of the thwarted terrorist attack — responded to the threat by banning high-risk cargo from passenger flights. U.S. officials, headed by the Transportation Security Administration (TSA), also set a Dec. 31, 2011, deadline for the 100-percent screening of inbound cargo on passenger flights. Under the new ruling, which fulfilled the 9/11 Commission Act of 2007, no unscreened cargo could enter the United States.

Industry opposition put a wrench in the TSA's plans, however, and the 100-percent screening deadline was ultimately pushed back to Dec. 3, 2012. The nearly one-year delay proved beneficial for the industry; the TSA inked a deal with the European Union (EU) and Switzerland to mutually recognize their respective airfreight security regimes on June 1, 2012, one day after it forged a similar agreement with Canada. Although aviation bodies, including The International Air Cargo Association (TIACA), lauded the deals as great progress, industry officials called for more mutual-recognition agreements between governments. So far, none have transpired.

Ken Dunlap, the International Air Transportation Association's (IATA) global director of security and travel facilitation, says he's not surprised by this development. "I think big, broad, sweeping measures

like we've seen between the U.S. and Europe and the U.S. and Canada are further down on the horizon," he says. "And I don't think we're expecting any kind of large agreements to be announced in the near future."

Even so, he envisions the United States forging unilateral recognition agreements under the National Cargo Security Program. Dunlap reveals that there has been a great deal of engagement among the "Quad" countries — the EU, the United States, Australia and Canada — to harmonize their cargo programs even more.

To harmonize or not to harmonize security programs has been a hot topic among government legislators worldwide. IATA, Dunlap says, wholeheartedly endorses a harmonized approach to security, deeming it necessary for commerce. "Frankly," he says, "we can't see a future without harmonized security measures because, right now, airfreight is too important to the global economy to not have these agreements in place."

Dunlap argues that current economic sluggishness creates the perfect opportunity for authorities to develop such measures. "We're kind of at a wall in airfreight," he says, "So now is a very good time for regulators to take a breath, look at the harmonization measures that are possible, and actually start putting these measures in place before the global economy fully recovers and we have a flood of airfreight within the system." After all, he says, strong global cargo volumes could make it "incredibly difficult" for authorities to synchronize their security regimes.

Airforwarders Association Executive Director Brandon Fried also supports harmonized security measures, saying they make sense from a cost and safety standpoint. Not only does conforming to different rules result in higher expenses related to double screening, Fried says they could also lead to mass confusion. And adding confusion to security regimes could have potentially dangerous consequences, he asserts.

Fried says nowhere is this more evident than in the case of lithium batteries. The batteries — which have been tied to numerous aircraft fires — must be subject to the same regulations worldwide, as opposed to nation-specific mandates, he says. "If one country allows one set of standards [for lithium batteries], and another country has another set they have to conform to, there would be interpretive issues," Fried says. "That could be dangerous."

On the flip side, he says, inflexibility is another potential danger. Fried



argues that once security programs become harmonized, they must be flexible to respond to new and emerging threats. "And these threats are not always consistent worldwide," he says. "You could have a threat that is regional and might not apply to other places." Consequently, Fried maintains that authorities must balance their concern with their reactions.

A one-size-fits-all mentality is the wrong approach when it comes to cargo security, he asserts. "If commerce is going to continue to grow and prosper, we have to remain focused on maintaining a risk-based, multilayer approach to security," Fried says. "It has to be flexible and account for the diversity of goods and services we encounter in these complex supply chains." He credits the flexibility written into the U.S. security legislature with the three safe years of 100-percent cargo screening the nation has enjoyed. Fried says U.S. regulators acknowledged — after a "long, hard fight on Capitol Hill" — that freight comes in all shapes, sizes and volumes, and one screening method doesn't necessarily work for all types of cargo.

Currently, U.S. authorities are championing the Air Cargo Advance Screening pilot program, developed jointly by the TSA and U.S. Customs and Border Protection (CBP). A three-phased, voluntary initiative, ACAS helps to identify high-risk freight by enabling parties to submit electronic data about goods prior to shipment. The pilot has been so successful, officials say, that the CBP is extending ACAS through July 26, 2014; applications from new ACAS pilot participants were accepted until Dec. 23, 2013.

IATA's Dunlap expects to see a ruling on ACAS in either the first or second quarter of 2014, with a late-2014 implementation date. "So it looks like we're quickly going from the testing phase to the implementation and rollout phase," he says.

Dunlap reveals that on the other side of the Atlantic, the EU is also forging ahead with its Pre-Loading Consignment Information for Secure Entry, or PRECISE, program. The European equivalent of ACAS, PRECISE launched with express operators and now includes all-cargo and passenger carriers. Legislation mandating PRECISE is expected in the second half of 2014. Dunlap praises ACAS and PRECISE — as well as Canada's Pre-Load Air Cargo Targeting (PACT) pilot — for promoting tighter, securer supply chains. He also lauds

U.S. and EU officials for refusing to create dissimilar global systems that handle cargo data differently.

"I think it should be a beacon to other regulators across major trade lanes that they need to start promoting harmonization of their airfreight security regimes, lest they fall behind the U.S., Europe and Canada," Dunlap says.

Barb Johnston, general manager of regulatory and industry affairs at Air Canada Cargo, concurs. Praising Transport Canada for making significant strides in cargo security, Johnston says the agency's Mutual Recognition agreement with the TSA has been a particular boon to commerce.

From a global standpoint, however, she believes that the industry has a long way to go before a worldwide security standard is enacted. Johnston blames the delay on countries at the

early stages of mandating screening regulations, saying they need to "catch up to an industry standard and close that gap." Doing so, she says, will prevent unsecure cargo from contaminating a safe supply chain.

If other nations — particularly those in emerging markets — can improve their screening protocols, Johnston advocates a harmonized approach to cargo security. "[Suppose] we, as an industry, were to agree on a set of screening standards taking level of risk into consideration, it would not only simplify facilitation of goods and abilities to comply with mandates, but ultimately the industry would be safer," Johnston says. "The holes would be closed where they currently exist."

Cargo screening would also be a lot easier, explains Jean-Luc Servant, head of regulatory affairs at Air France Cargo. He points out that Canada, the EU and the U.S. require cargo data before inbound shipments are loaded at the departing airport, as opposed as current before-landing information. To avoid confusion and streamline processes, Servant says it's essential that Customs authorities coordinate their requirements; such coordination provides carriers with a standard reporting format, even though certain Customs authorities may implement different risk-analysis and profiling criteria for controlling inbound freight.

Still, Servant praises the efforts of many to streamline cargo-security protocols. "All industry players are coordinating actively through

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"If commerce is going to continue to grow and prosper, we have to remain focused on maintaining a risk-based, multilayer approach to security."

*Brandon Fried, Airforwarders Association*

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Photo courtesy of Gate Safe

ad-hoc working groups, with the support of IATA, to ensure that reporting rules and formats should be aligned to the best possible extent to facilitate the processing of air cargo and allow for possible controls before the shipment is accepted by the carrier at the airport of origin," he says.

Servant reveals that carriers flying into Europe must adhere to "Air Cargo or Mail Carrier operating into the Union from a Third Country

Airport" (ACC3) regulations. Under this IATA-endorsed legislation, airlines operating from red-list countries and stations must be independently validated before July 1, 2014, and file a validation road map for all other nations and stations involved.

IATA's Dunlap calls ACC3 a "tremendous win for the industry," although he admits that officials will be able to more accurately gauge the program's success in July. Even so, he says he's reasonably confident that everything is in place to meet the rapidly approaching deadline. "But it's going to be a tough lift," he says. "And if, at this point, you're part of the value chain that's going to be part of the independent validation process and you haven't already started, you're bordering on becoming too late."

Dunlap is equally as passionate about electronic targeting, which he dubs the future of cargo screening — particularly in the U.S. Enabling officials to identify freight that requires additional screening, electronic targeting will be the measure by which the U.S. allows freight to flow into the country, Dunlap asserts. Those who choose to stay out of the electronic side of this security activity will "miss the boat," he warns.

"I think electronic-provision data is going to take place across the entirety of the value chain and so, regardless of where you are, you can't assume this is going to be an airline-only responsibility," Dunlap says. Truck drivers and freight forwarders have a role in this process, as well, he maintains. "It's going to be a combined approach, which will be key in making this electronic data-provisioning not only practical, but keeping commerce flowing as well," he says.

And whether nations are on the cutting edge of cargo security — aligning their regimes and embracing technology — or not, the free flow of commerce is one objective all governments share.



Photo courtesy of Smiths Detection



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# From the Top

## Harald Zielinski - Lufthansa Cargo Chief of Security & Risk Management Prevention



**Harald Zielinski**  
Lufthansa Cargo Chief of Security & Risk Management Prevention

Lufthansa Cargo AG has long been a leader in air cargo security. Lufthansa Cargo became the first European carrier to be C-TPAT (Customs-Trade Partnership Against Terrorism) certified by the U.S. Customs and Border Protection agency. That was May 2004. Since then, Lufthansa Cargo has been working intensively to implement security directives. Lufthansa Cargo executives are intent on following the spirit, not just the letter of the law.

In this interview with Harald Zielinski, Lufthansa Cargo Chief of Security & Risk Management Prevention, explains the latest trends in air cargo security and how security is the core component of all Lufthansa Cargo processes and a key characteristic of quality in a seamless transport process.

**Karen:** Please describe the security directives under which Lufthansa operates. How do these match up or differ from with those of the US TSA?

**Harald:** Since many of our security procedures are considered sensitive under law or through proprietary means, we are unable to disclose the specifics of the security measures themselves. Generally, we are implementing security practices based on the supply chain security concept, traditional screening or through risk assessments. In principal both the European Union (EU) and US Transportation Security Administration (TSA) recognize these concepts. These are 'packaged' a bit different, however, due to legal structure, political pressure and intelligence gathering.

Similar to the US Certified Cargo Screening Program, the EU has the Regulated Agent and Known Consignor Program. They are similar in approach by focusing on the supply chain with validations or inspections by the National Authority. Outside the borders of the US and EU, inspections are common by the authority themselves or through the independent validator as required under the ACC3 conditions outlined by the European Commission and respective Member State. In the end, the air carrier must ensure the appropriate security status and/or associated controls are implemented before transportation whether determined by law or if proprietary to the carrier.

**Karen:** How does Lufthansa handle cargo that has not been subject to security screening? Does Lufthansa Cargo use x-ray, trace screen and dogs to "sniff" shipments?

**Harald:** Considering there is a wide variety of commodities that are prepared and tendered in many different ways, we must have access to various screening methods. As there is no 'silver bullet' technology, we must deploy and implement layered screening measures.

Various forms of x-ray, trace detection, canine and other conventional and technological means are in place. Screening cannot be completed for all commodities with one type of technology. Furthermore, we must ensure high standards when procuring equipment which is supported through prior research and field testing of new products. There are many manufacturers and authorities claiming to have the solution or the reasons to implement certain technology; however, in the end many of these claims are not justified.

**Karen:** Please describe how Lufthansa Cargo has been ramping up its security at its Frankfurt hub? I understand that there have been so many security measures put in place that the hub has received the title "Fortress Frankfurt."

## Interview by Karen E. Thuermer

**Harald:** As our main hub and central business point for Lufthansa Cargo, ensuring a high standard of security in Frankfurt was of utmost importance.

One of the major challenges was the integration of security concepts, measures and protections without the ability to change our business or operational processes – “security must complement our business.” The success of our security procedures must also be measured by the least amount of adverse impact to our core business.

The footprint of the Lufthansa Cargo operation in Frankfurt is restricted from the general access rights of other airport operations or tenants. This segregated and exclusive area is protected by perimeter fencing, zoned access control systems, guard posts, dedicated checkpoints and restricted gates for staff and vehicles, which are then all overseen by our command center through the watchful eye of nearly 900 cameras. As we move towards construction of our new cargo terminal “LCCneo” under the 2020 initiative, the latest in

security concepts and technology will be installed. Our team of experts remain engaged with our colleagues responsible for the facility development to implement the latest camera, access control and screening technology available.

**Karen :** Please describe Lufthansa Cargo’s use of CCTVs (placement near turnstiles, feedback to monitors at Lufthansa Cargo’s Security Command Center, acoustic alarms, tie in with ID badges/cards). Can you offer a case study example of its use? I understand that it was the largest such system in the German state of Hessen. Approximately how many CCTV are there? How has their use their use been expanded?

**Harald:** Our entire camera system in Frankfurt is actively monitored at our security command center 24/7 - 365. Door and turnstile controls are also linked to the command center which has the option to be remotely activated upon confirmation of the person

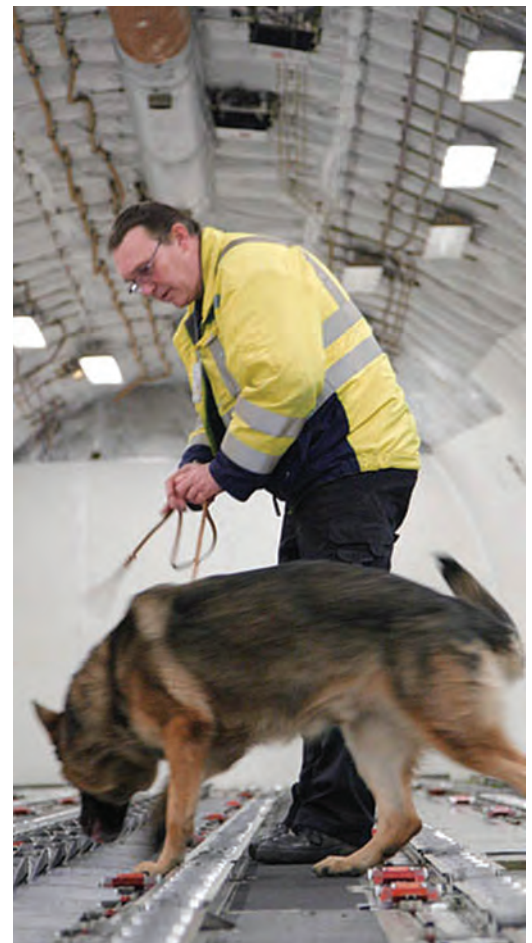


Photo courtesy of Lufthansa Cargo

seeking access to non-secure areas via the CCTV.

Secure areas are coupled with the badging system issued once the individual is security cleared through reliability checks. The exclusive area of Lufthansa Cargo is controlled by truck portals staffed by security guards including the adjacent registration center for those not previously authorized. Truck movements into and out of the exclusive area are monitored, pre-approved and tracked against validated documentation.

Over the years as our operations were modified, cameras were relocated and added. We have increased our camera volume by more than 30 percent since the commencement of the 'security hub' concept in addition to making technological enhancements to the back-end system.

**Karen:** Besides reducing risk from terrorist, what has Lufthansa done to diminish theft and pilferage?

**Harald:** The security measures, irrespective on the reasons for implementation, support the risk mitigation of terrorism and theft in many cases in the same way. However, there are areas where we may need to implement further controls depending on the mitigation strategy that we have determined. This would include intermediary check-points and guard escorts, strategic camera placement and investment in tracking mediums for cargo.

Our standard in using trusted partners for surface movements along with tamper evident technology supports this strategy. Staff and our partners undergo reliability checks and must be trained, irrespective of position, on the security standards and measures that must be implemented and maintained. Of equal importance is to ensure our self-assessments and inspections are maintained and regimented as part of our Quality Management System.

**Karen:** What about Lufthansa's Cargo Export Warehouse? How does it comply with security rules? How are shipments checked for any tampering? What about shipments from known consignors? Paperwork? What type of equipment do you use to check the shipments? Trace detectors based on ion mobility spectrometry? How does that work? Are they hand held devices? What if the alarm goes off? What do you do then?

**Harald:** As mentioned, our warehouse is part of the exclusive security area of Lufthansa Cargo that controls all movements in and out including the validation of deliveries. Before the goods are accepted into the warehouse a series of checks occur consisting of document completeness, security status registration and validation of regulated agent status. The goods go through a general acceptance process and

checked for tampering and anomalies. Only once this process has been completed, the cargo will then be assessed to determine the level of security controls to be applied including the use of x-ray, ion mobility spectrometry (IED), canine (EDS) or other approved inspection techniques.

Security status, irregularities, risk targeting or other confidential factors will determine the level of screening that must be applied to the consignment. Technology types vary on the station, but consist of mobile and fixed security platforms. Screening alarms have certainly occurred in the past and will continue to happen in the future. Fortunately none of the alarms resulted as an aviation security related incident.

**Karen:** How many times has a bomb squad been called to the Lufthansa Cargo Export Warehouse in the last year or two? What happens then?

**Harald:** We are not in a position to advise the amount of alarms which have occurred in Frankfurt or other stations. The alarms will occur as the technology, canines or persons suspect or detect 'possible threats'. Depending on the circumstances, alarms may be resolved by the screener or resolved by the local authorities. Further facts may lead to facility evacuations or other emergency actions until the threat is neutralized.

One thing is for certain, we will action any alarm with the utmost in seriousness and air on the side of caution at all times. As you can imagine, there is no room for mistakes.

**Karen:** What about the use of dogs? Are they more reliable than machines?

**Harald:** Dogs, otherwise known as "Explosive Detection Dogs or EDD", are extremely reliable and accurate. The use of dogs in the context of security will depend on the certification process including the levels of testing and training that are undertaken. I do not believe we should indicate that dogs are more reliable than technology or vice versa. Cargo is complex, dynamic and vast in size, type and characteristics. This is the very reason we need different types of screening methods at different times for different shipments for different risk levels. One thing is for sure, the use of dogs are welcomed and will be a long term permanent addition to our security team.



**NOTE:** For further information please visit: [www.lhcargo.com](http://www.lhcargo.com)

# From the Top

## Vance Toler - CPP, Director, Corporate Security, Southwest Airlines

Interview by Karen E. Thuermer



**Vance Toler**

CPP, Director, Corporate Security, Southwest Airlines

A long time security expert, Vance Toler has spent the past 18 years of his security career in the commercial airline industry and has held the position of CPP, Director, Corporate Security for Southwest Airlines since 2002. According to Mr. Toler, the industry offers the ideal environment for getting a thorough education on the true meaning of risk and the pressures and costs associated with managing security correctly.

“Cargo security has long been a passion of Southwest Airlines, and it has also been a passion of mine,” he states.

Throughout 2013, Toler has also been afforded the privilege of serving on the ASIS International Supply Chain & Transportation Security Council as a member of the Air Cargo Committee.

ASIS International, which is headquartered in Alexandria, Virginia, is a preeminent organization for security professionals, with more than

38,000 members worldwide. Founded in 1955, ASIS is dedicated to increasing the effectiveness and productivity of security professionals by developing educational programs and materials that address broad security interests. ASIS also advocates the role and value of the security management profession to business, the media, government entities, and the public.

“I am always impressed by the many distinguished members on this council who generously contribute their time and vast knowledge in an effort to enhance the security of the global supply chain. Serving with them has been an education in itself,” Mr. Toler says.

In an interview with CNS FOCUS, Mr. Toler outlines his view on air cargo security today, how security technology is evolving, and where some of the technology is heading in the future.

**Karen: What are the biggest challenges facing air cargo security and screening today?**

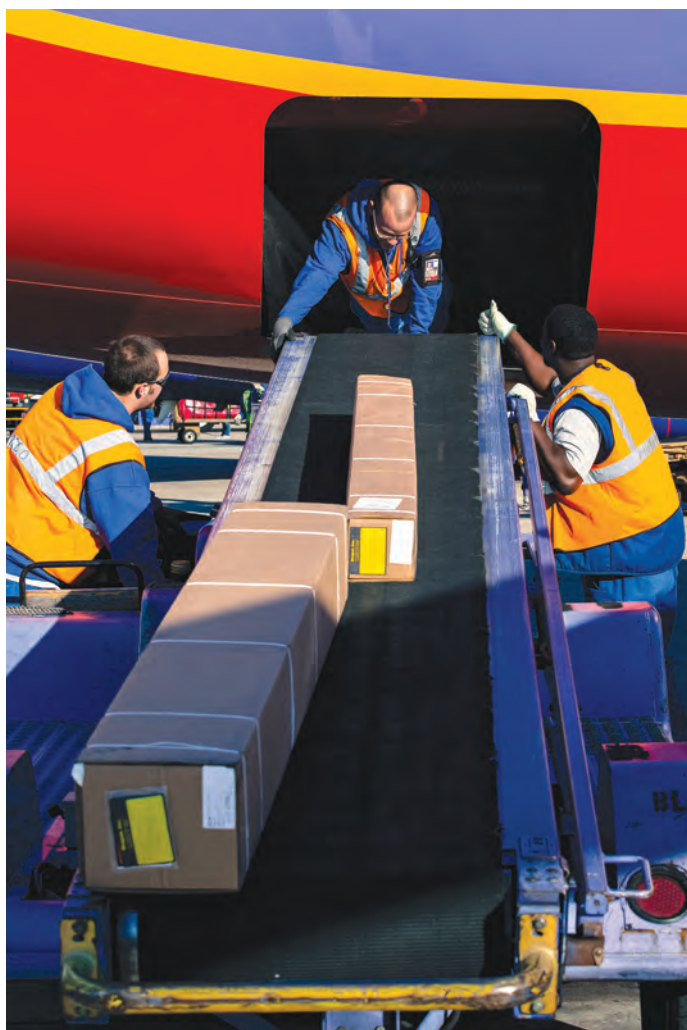
**Vance:** Sooner or later, a lesson we all learn is that effective security is not about eliminating all risk, but identifying the right risks and mitigating them to acceptable levels. Protecting the global market of commercial air cargo against terrorist acts is both a complicated and formidable task, so clearly learning this lesson sooner rather than later is in our best interest.

Similar to the challenges with passenger security screening, air cargo security has no silver bullet technology or a sufficient number of human resources available to defend against every conceivable threat. Even if there were, the cost would be prohibitive.

However, the current trend adopted by regulatory agencies and supported by carriers to evolve a multi-layered risk-based security approach is encouraging. This approach utilizes risk-based, tiered screening protocols based on established criteria related to the shipper’s business relationships with air carriers and international freight forwarders, as well as shipper history, shipment volume, and frequency. The biggest challenge will continue to be finding the right balance between these components.

**Karen: How has technology evolved in the last five years to address the needs of air cargo screening?**

**Vance:** According to the Transportation Security Administration



Photos courtesy of Southwest Airlines

(TSA), there are over 100 different cargo screening technology models available for industry use and the agency continues its effort to qualify new or enhanced equipment to screen air cargo. This effort also includes the research, development, and/or evaluation of new and emerging technology to meet the cargo screening needs throughout industry. However, the sheer amount of technology available can actually be a hindrance to progress because the industry must first determine what it needs are and how to best go about managing this change. Although technology may indeed be the answer, first we have to ask the right questions.

**Karen:** What pitfalls should carriers be aware of regarding air cargo security?

**Vance:** Meeting the current requirements of achieving 100% screening is just a start. Each component of a layered program is key to achieving a balanced, scalable, yet sustainable defense against known or potential threats. It's not uncommon for air cargo to be the difference between profitability and loss, so priorities must be identified, procedures developed/tested and budgets established (and met).

**Karen:** Are there challenges regarding a layered approach to security programs?

**Vance:** Rarely is any single solution effective in solving a real security threat. Implementing a process in one area often results in exposure in another, which only reinforces the need to continue to build and refine this multi-layered, intelligence-driven approach.

The National Strategy for Global Supply chain security establishes two clear goals; promote the efficient and secure movement of goods, and; foster a global supply chain system that is prepared for and can withstand evolving threats and hazards, and rapidly recovery from disruptions.

As with any multi-tiered program, challenges will exist. Emerging technology could be slow to make its way to into production. Employees must be constantly trained and tested on new equipment, and remain aware of changing policies and procedures. While consistent application of the technology and processes is important from a customer perspective, there is also an element of random application to each layer that is intentional and necessary to avoid external predictability.

Finally, the human element will always play a critical role in the success of any program. Due diligence during the hiring process in the form of in-depth pre-screening interviews, background checks, in



addition to initial and recurrent training significantly lessens the risk of employee's compromising security protocol and increases the successfully delivery of the security program.

**Karen:** What research and development might be underway that could benefit air cargo security equipment (x-ray scanners, CCTV, etc.)?

**Vance:** There are a number of emerging technologies entering the market or in the queue waiting to be tested and approved by the regulatory agencies. One thing we know is that current threats will continue to evolve and new threats will emerge. For this reason, future technology is unlikely to produce the holy grail of air cargo defense thru a single piece of equipment such as Explosive Trace Detection (ETD) or X-ray machine. We're more likely to continue our reliance multiple components, although more powerful and portable in nature.

**Karen:** Implementing security systems and employing the latest technology can be expensive. Do you have any suggestions how a freight forwarder or carrier might be able to implement a cost effective program that meets security needs? Is this at all possible?

**Vance:** It's a matter of strategy and planning and understanding the competitive market. Beyond that, factors affecting cost include purchasing the right equipment to handle the projected cargo volume and/or commodity type. Freight forwarders or other shippers might decide if it is worth the investment for them to become a member of the Certified Cargo screening Program (CCSP), which allows businesses to screen cargo where it is packaged to maintain in-house integrity and avoid screening backups at the airport and improving the flow of commerce. As of December 2012, the CCSP included 1,138 participant locations certified by TSA as Certified Cargo Screening Facilities, which screen over 60% of the cargo, with the remainder screened by air carriers.

Every security program needs to deliver true value to an organization. First and foremost, the security must look at the overall risk. The program should have the flexibility to efficiently adapt to emerging threats, while allowing the Company to maintain operational efficiency.

**Karen:** How might security programs evolve in the future? Where do you see technology going in terms of innovation, say five or ten years from now?

**Vance:** We know that cargo only spends only 10% of its time in transit. The remaining time it is waiting to be moved resulting in inefficiency and added exposure to potential compromise. Broad adoption of a reliable and affordable technology which improves the supply chains ability to move cargo at a more efficient pace producing end-end



Photo courtesy of Southwest Airlines

tracking will play a significant role in improving the security of air cargo.

As TSA Administrator John Pistole said, "The TSA will continue to effectively implement an information and intelligence driven, risk-based security system across all transportation modes while increasing the level of engagement with our workforce to shape them for success and drive operational and management efficiencies across the organization."

The path to making better security decisions will always have hurdles, but as we continue working to develop more effective security strategies based on clearly defined objectives and continuously assessed risk, our industry should continue to take a front row seat to help shape this policy so that meaningful progress can be made in our collective effort to protect the nation's transportation systems to ensure freedom of movement for people and commerce.



**NOTE:** To learn more about Southwest Airlines Cargo please visit: [www.swacargo.com](http://www.swacargo.com)

# Staying ahead to provide value, a holistic IT approach for the future. By Steve Hill



Steve Hill,  
Principal Industry Consultant,  
CHAMP Cargosystems

The growing demand for information by regulators necessitates an airline IT landscape that can draw maximum value from information input by customers. An accurate electronic security footprint of every consignment would make risk analyses easier and improve supply chain transparency.

Transporting air cargo safely and securely has been the ambition of every air carrier since the early days of aviation. However, since 9/11 and –

more recently since the Yemen Incident – the attention given to safety and security issues has increased enormously.

Airlines are operating in a totally different environment today compared to, for example, 20 years ago. Regulators worldwide, led by the United States, have launched numerous schemes to reduce the risk of terrorist attacks since 2001. This has had a significant impact on how airlines and airports can handle their air cargo business.

Even though the days of 24-hour hold and pressure chambers are behind us, air cargo carriers today have to comply with multiple layers of regulations that vary widely between countries and continents. The controls start long before a shipment ever reaches the airport and touches not only shipments, but also airports and airlines themselves. In addition to technology, hardware, such as screening devices software solutions, are key facilitators to meet the new regulatory demands.

## Trader Schemes

One of the strong drivers for more security in international trade is the World Customs Organization (WCO). The WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE) has provided the launching pad for the Regulated Agents and Known Consignor (EU) concepts, the Authorized Economic Operator program (AEO in the EU), the Customs-Trade Partnership Against Terrorism (C-TPAT in the USA), and similar schemes in other countries. The idea is that airlines and handling agents should only accept goods from C-TPAT approved companies, AEOs, Regulated Agents, Known Consignors or otherwise certified companies in future.

## Pre-loading schemes

To make certain only secure cargo is loaded into an aircraft, pre-loading schemes have been championed by the United States (ACAS program), Canada (PACT), and the European Union (upcoming PRECISE). These try to use data on top of shipment screening to enhance air cargo security. The initial focus on express shipments has been extended to all types of cargo, including mail, in recent months.

## e-freight Transport Documents

Some cargo handler export clerks would argue that the physical Flight Manifest print is not really needed if they can send the airline a complete and correct outgoing message such as an FFM (or now also an XFFM). Problems seem to occur at the importing station if the cargo handler that handles the import flight does not have the systems (IT and otherwise) in place to effectively utilize the data inside the FFM/XFFM message. Air cargo handlers should ask themselves if their cargo handling systems can both adequately create the outgoing FFM and utilize the incoming FFM efficiently. The days of paper being the communication tool between the office and the warehouse should well and truly be gone!

It is also important to make the most of the FHL and FZB (or XFHL and XFZB) messages received from freight forwarders or airlines. Used efficiently, these messages can save cargo handlers time inputting data if they need to send messaging at House AWB level, do warehouse build up by House AWB, consolidate/deconsolidate on behalf of a freight forwarder or report to customs at House level. More advanced messaging means more work is known ahead of schedule, and can thus be pre-planned and there is the potential to decrease customer reception and document handling departments and move resources to other, more productive areas.

## Pre-arrival schemes

The US AMS (Automated Manifest System), the EU Import Control System (ICS) and similar legislation in other jurisdictions were the first stepping-stones in the new multi-layered security approach. They focus on border protection in advance of an aircraft's landing, with the additional benefit to facilitate customs processes on arrival of the goods.

## Consignment Security Screening/Declaration

A key element in securing the whole supply chain is the security

declaration. As the IATA e-AWB and e-Freight initiatives gain momentum, an increasing number of governments along with the air cargo community have been working diligently on the Electronic Consignment Security Declaration (e-CSD). Successful trials in the United Kingdom, the Netherlands, and Germany should pave the way for acceptance in the rest of the EU. And other pilots promise global adoption. The e-CSD establishes that cargo and mail consignments have been correctly secured upstream of the airport and through transit points. This should reduce security check bottlenecks and delays at airports.

### **Air Operator Schemes**

As a further part in the security mosaic the EU has drafted regulations to verify the security credentials and operations of carriers and airports in certain higher risk countries. The Air Cargo or Mail Carrier operating into the European Union from a Third Country Airport (ACC3) regulation requires that virtually all air cargo and mail carriers operating into the EU from third country airports must obtain an independent EU Aviation Security Validation by July 1, 2014. This will cover their entire handling and secure supply chain (either directly or indirectly). Failure to receive this validation or gain official agreement to alternative options by July 1, 2014 will result in the loss of a carrier's right to

### **Mapping a security footprint**

A key pillar of the IATA e-Freight program is the Cargo 2000 initiative to improve quality management for customers and service providers across the air cargo supply chain. A Master Operating Plan (MOP) defines an industry standard process for moving goods from the door of the shipper to the door of the consignee. This process sets the stage upon which Cargo 2000 members operate their shipment planning and measurement systems that pro-actively monitor progress and alert deviations to plan as well as generating the data needed to drive the quality management process.

Discussions are currently afoot in the air cargo industry to expand the MOP applying security and customs 'plug-ins' to identify the regulated 'checkpoints'. This would facilitate the mapping of a security footprint for every consignment. Such a modernized quality management system could substantially reduce time spent managing irregularities due to incomplete or incorrect information supplied by customers leading to the hold-up of cargo or airplanes and similar incidents.

### **Data security:**

The need to collect and submit data required by governments

effectively and efficiently has required airlines to focus more on IT issues. Information is an extremely valuable commodity. It must be kept safe and secure! Cybercrime, the illegal infiltration of systems and data, is an increasing problem that needs to be addressed. As paper disappears from air cargo handling processes information has to be accessible and becomes more visible, portable. Hence we need to exercise more rigor in keeping the flow of information as safe as the flow of goods.

### **Accelerating value creation**

The current business environment is extremely challenging for airlines. Carriers are forced to provide shipment data meeting certain quality standards electronically in a timely manner to more and more customs authorities around the globe. They are confronted, horizontally, and vertically with different security models with different standards and different information needs. Whilst there is a strong cry by the air cargo community for more uniformity that would make compliance easier and more effective the proliferation of variations continues.

In addition, airlines are under enormous cost pressures. They must thus ask themselves how to collect and submit the data required by governments more effectively and efficiently, how to reuse data, how to get increased "value" out of the data air carriers have to collect and submit. A holistic view is required and integrated solutions.

Several IT providers offer applications to meet these requirements such as CHAMP Cargosystems.

### **About CHAMP Cargosystems**

For many years CHAMP Cargosystems has actively participated in all industry initiatives aimed at driving forward process automation to create a paper-free, secure, and environmentally friendly business environment. The collaboration and consultation with forward thinking, experienced air cargo professionals enables CHAMP to anticipate trends and develop future oriented products or product improvements and extensions faster to meet the requirements of legislators and airlines today and tomorrow. Successful airlines do not only have to keep up with the latest developments, but they must always stay one step ahead so that they can provide value for their customers and shareholders. We are ready to ensure just that.



**NOTE:** To learn more about CHAMP services please visit: [www.champ.aero](http://www.champ.aero)

# Vendors Weigh in on Security Equipment Trends

## L-3 Security & Detection Systems

By William Frain, VP, L-3

Given that an operator is required to review every image when using X-ray equipment, we have advanced our imaging and penetration capabilities to help identify potential threats and clear parcels faster. Further, the industry is moving away from single-view systems to multi-view platforms.

To meet the industry's latest requirements, our new air cargo equipment leverages existing technologies, but in a much larger format to accommodate the size of the cargo being screened. Screeners don't want to break open the pallets. They want the pallets left intact. A greater penetration capability is required. We can provide that. L-3 SDS designs high-powered, multi-view products in varying tunnel sizes. These high-resolution systems maximize throughput using sophisticated standard test protocols. The systems can be networked to enable flexible and optimized equipment and personnel utilization. And of course, new and emerging threats are always of concern. We keep a close watch on all of them.

We all know how incidents can significantly impact or even cripple the economy. That is why there is a drive toward multi-view screening by different countries.

Certified screeners must follow protocols and standards using the right equipment and are audited by regulators. At the point of origin, certified screeners make sure that the cargo is sealed, shrink-wrapped and properly banded so they know that the cargo is secure and cleared. This keeps goods moving on a timely schedule. Certified cargo screening (CCS) is a growing business. In 2010, the TSA had 555 Certified Cargo Screening Facilities (CCSF), and by 2011 that number had reached 1,200 facilities. A CCSF can charge a premium because the airlines trust their procedures, precluding the need for the airlines to buy scanning equipment. All the airline has to do is load and ship the cargo.

Freight forwarders likewise depend on ease of use, uptime and compliance reporting. A freight forwarder that has an aging single-view system is looking for reliable multi-view equipment, service and perhaps financing options. Once they have a system they are happy with, we find that they want to replicate it in other facilities to take advantage of using a common platform. They want better detection and better penetration to scan quickly, with less touch time.

With more than 50,000 systems deployed and supported around the globe, L-3 Security & Detection Systems (L-3 SDS) is a leading

supplier of security screening solutions. L-3 SDS designs equipment for shipments of varied sizes and applications. With more than 30 years of experience, L-3 SDS offers scanning inspection systems for break-bulk, skids, pallets and ULDs. L-3's equipment screens cargo ranging from containers of fruits and vegetables to electronics, and is currently in operation at shipping, forwarding and certified CCSFs worldwide.

## Smiths Detection

By Dana Knox-Gower, Communications & Marketing Director, Smiths Detection

The threat and economic environments in which security detection equipment are operated have changed substantially over the last decade. Not only has the range of emerging threats constantly expanded, the economic recession has added dual challenges to ensuring security doesn't disrupt the free flow of trade and raising significant budgetary pressure on public and private sector customers.

Meeting the first challenge has meant designing and manufacturing technology that anticipates and is able to respond to future obstacles. We have created solutions that have the capacity to adapt to new threats built into the technology from the start. We have designed air cargo screening solutions that can be upgraded during their service life with software that will allow them to be used to screen for a new range of threats.

One example is our IONSCAN 500DT. We provided an upgrade for the technology to ensure that it is compatible with the new TSA requirements for 2014. It exemplifies adaptability that offers customers the flexibility to meet tomorrow's challenges with technology they purchase today.

Better adaptability is only part of the response to changes over the last decade. To support the free flow of trade and meet the new budgetary requirements, technology has had to transition into smaller, lighter and faster solutions that support more efficient screening. Increasingly detection equipment is being designed in handheld platforms, offering customers the portability and flexibility to match screening technology to their intelligence about where the threats lie and the needs of often expansive infrastructure. But even for larger systems, the drive to make screening technology smaller and faster has led to innovations that are serving the market better.

Enter Smiths Detection's HI-SCAN I45 I80-2is, which is on TSA's Air

Cargo Screening Technology List of approved technologies. This equipment is a dual view X-ray system that was designed to match the large pallet screening needs of US air cargo with the highly compact footprint and fast throughput that cargo facility operator's value. The IONSCAN 500DT and HI-SCAN 145180-2is are often paired with our FirstView LINX, a powerful, networking system that automatically archives screening data to quickly retrieve previous results for streamlined reporting.

## Rapiscan Systems

By Andrew Goldsmith VP,  
Marketing, Rapiscan Systems



The attempted bombing in October 2010 of two cargo aircraft shined a spotlight on the need for effective security screening solutions for the air cargo industry. No longer immune from the global war on terrorism, countries around the world began implementing stringent security standards for inbound goods and cargo.

While similar regulations exist, the lack of synchronized international security screening standards requires airlines, freight forwarders and express carriers to develop a security plan specific to each country they fly out of – which for some means hundreds of similar but still varying security plans.

This lack of harmonized standards is not just an operational headache for air cargo carriers, but it is also a complication that vendors of security screening equipment need to contend with. Security equipment suppliers must not just understand the varying government regulations, they must build and design systems for each and every country in which they operate. Harmonizing security standards would allow manufacturers to instead boost research and development – allowing them to meet regulations while expediting the flow of commerce. Securing cargo, after all, is not merely a matter of inspecting containers, but rather of controlling the full movement and treatment of those containers from ground to plane. The less efficient the process, the more opportunity for breaches in security.

So what are some ways that providers of security screening equipment are looking to improve efficiency? We're looking to larger transmission X-ray machines that can accommodate full pallets—boosting penetration with multiple energies and using multiple angles for additional views. This is particularly useful when break bulk cargo threatens the speed and optimization of the screening process. When basic X-rays aren't sufficient, we're looking to explosives trace

detection systems to scan for contamination, dual energy detectors to determine atomic number information, and computed tomography (CT) to create three-dimensional images of suspicious materials.

At the same time, we're focused on improving how we compile and respond to new intelligence more efficiently. We're looking to computerized detection algorithms, for instance, to assist operator decision-making in real time. And when inspectors use technology to automatically integrate and manage electronic data from a variety of sources (inputs like weight, volume, and airway bill information), it benefits both security and operational efficiency in one fell swoop.

Meanwhile, we're looking to remote viewing technologies to protect against insider tampering and protocol breaches—because after all, simply running cargo through a machine doesn't guarantee security.

It's the entire process of controlling and treating the flow of air cargo that can—and must—be optimized through innovative technology.

## Gate Safe Inc.

By Jose Castrillo, Director,  
Corporate Security, Gate Safe Inc.

In the United States, the TSA maintains strict regulatory control over the air cargo industry, working with other government agencies to ensure a harmonized approach to security across all borders. In this respect, air cargo security oversight in the US mirrors other parts of the world. Where differences occur is in the actual provision of the security protocols.

Because the US has opted to allow private entities to perform these functions, cargo screening is done by private employees of cargo handlers, forwarders, consolidators and even manufacturers, as well as approved third-party screeners. In its role, then, the TSA acts primarily in an oversight capacity – implementing policy while stringently monitoring and evaluating performance.

This approach means that security personnel, especially third-party cargo screening providers such as Gate Safe, have a stake in their businesses' success. In the US, private enterprises like Gate Safe frequently manage air cargo security. Gate Safe provides regulated screening services for handlers, consolidators and forwarders, which frees up warehouse personnel to perform their core functions: moving cargo quickly and efficiently to the freighter. Gate Safe employees also thereby directly contribute to an operation's on-time performance,

which in turn promotes individual performance.

The same market-driven component also has led Gate Safe in the past to contract directly with international airlines operating in their own US cargo facilities to serve as the cargo screening security force. Gate Safe continues to be the preferred option for cargo screening for several airlines that mandate a third party to be responsible for this service at cargo handling facilities.

As Gate Safe has expanded its cargo screening services within the industry, it has consistently maintained the high level of certification and training required by the TSA. The US Department of Homeland Security (DHS) has designated Gate Safe Cargo Screening Services at the TSA Certified Cargo Screening Facilities where it conducts cargo screening operations as a Qualified Anti-Terrorist Technology.



## Astrophysics, Inc.

By Mark Laustra, VP, Sales and Government Programs, North America, Astrophysics, Inc.

Since the TSA mandated 100 percent screening of all cargo placed aboard passenger aircraft in 2010, the world's air cargo supply chain has developed and implemented security enhancements at air cargo facilities including X-ray technology for fast, efficient screening of break bulk and palletized cargo commodities.

TSA and other government regulators qualified both single and dual view X-ray systems from a number of X-ray manufacturers. These systems vary in features and capabilities, but regulators assure a level of imaging proficiency with a robust process of testing and configuration control.

While TSA publishes an extensive list of technologies for air cargo screening, it is still very confusing for the customer to decide on these products as they must weigh the many benefits manufacturers offer including but not limited to single view vs. dual view; low conveyors vs. waist-high conveyors; heavy capacity vs. medium to low capacity.

Then there is the issue of penetration. Many customers believe that the X-ray system can "see through" everything. If a customer takes the time to understand X-ray technology and its features, benefits and limitations, they will know that this is not always true.

The X-ray is an imaging system capable of penetrating through materials based on the energy of the X-rays emitted and the density and atomic number of the materials scanned. X-rays are measured in

Kilovolts that range in energy from 90kV to 320kV for conventional systems. As an example, most baggage X-ray systems used for airport carry-on and checked baggage are in the 160kV range, fine for clothing mixed with limited dense and high atomic number materials like paper goods and electronics. When it comes to denser materials such as perishables packed in ice, textiles and large quantities of high atomic number materials such as machine parts, a 160kV system is largely inadequate as the materials will not be fully penetrated.

Commodities that cannot be penetrated because of inadequate energy result in opaque images that cannot be passed and will require alternate methods of screening. Because of this limiting factor, there has been a buying trend among direct and indirect air carriers in the US and Europe to migrate from lower energy to higher energy systems. It is well known to the educated consumer, that higher energy systems increase an organization's operational efficiency versus lower energy systems over the longer term.

Before a purchase of X-ray technology is made, Astrophysics recommends that the customer thoroughly discuss the operational requirements with the sales representative who is trained on X-ray system capabilities relative to cargo penetration. We realize that the performance expectations of both the consumer and the regulator must be managed as the consequences of not meeting them are very high.

## CEIA USA

By Luca Cacioli, Director of Operations

Nowhere is assuring security in the cargo industry a bigger issue than in the transportation of perishable goods where added time can endanger the quality of the shipped goods in a significant way. Given the wide variety of goods shipped by air, no one technology is appropriate to inspect all types.

Electromagnetic inspection is a technology that is uniquely suited to screen non-metallic cargo. It works on the principle of metal detection and finds metallic objects in cargo that could be threat items. Examples include components of improvised explosive devices, such as detonators. Typical commodities that can be inspected with metal detection technology are perishable goods such as fruits, vegetables, meats, seafood, which can be fresh or frozen, or organic goods in general. Paper goods or metal-free apparel are other good candidates. A typical electromagnetic screening device consists of a detection tunnel, a conveyor belt that transports the goods to be inspected through the inspection tunnel, and a signaling device that indicates the inspection's results.

The screening process is fast, easy and efficient. The goods to be in-

spected are placed on the conveyor and pass through the inspection tunnel. If no metallic objects are present, a green light indicates that the item has been cleared. If a metal object is found, an audio-visual alarm sounds, and the conveyor stops to identify the alarming item and segregate it for secondary inspection according to the protocols in effect. This is done without an operator needing to interpret any images.

Some users have reported an increase in efficiency of 30-50 percent over other screening devices, which require the interpretation of an image. Compared to physical search, economic advantages are even more pronounced. Furthermore, inspected goods are not at risk of being damaged. For some shippers, such as organic products producers, the fact that electromagnetic inspection systems do not use any ionizing radiation adds an additional level of peace of mind.

The metal detectors used for cargo screening are not affected by temperature and can be installed in a warehouse refrigerated area to ensure that the cold chain remains intact. They are also not affected by wet or frozen product.

While no single technology by itself can effectively inspect the entire range of cargo that is currently shipped by air worldwide, electromagnetic inspection through metal detection is particularly fast, simple and efficient for perishable goods and is gaining fast acceptance for this group of commodities.

Electromagnetic inspection systems are available in sizes suitable for break-bulk all the way to inspecting entire skids. This allows screening to take place anywhere in the supply chain from the shipper who may be screening individual boxes to the freight forwarder or airline that may have a need to screen complete skids.

CEIA, a company with decades of experience in metal detection for passenger screening as well as screening of industrial products, currently offers four models of Electro-Magnetic Inspection Systems (EMIS) for screening of cargo. These cover the entire range from break-bulk screening to the capability of screening entire skids. All four models are approved by the TSA and include the EMIS 6047, EMIS 8075, EMIS

110160 and EMIS 130160. The EMIS series offers a simple and highly effective way to screen packages or entire pallets with a fast analysis of up to 3,000 packs per hour for on-line installations. CEIA has a number of units of various sizes deployed with freight forwarders in the USA with customers reporting significant gains in productivity and simplification of their operations.



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# From the Top

## David Kerr, Vice President-Cargo, Etihad Airways



**David Kerr**

Vice President-Cargo, Etihad Airways

In operation for only a decade, Etihad Airways, the national airline of the United Arab Emirates, has become the world's fastest growing airline and among the most profitable. Under the leadership of President and CEO James Hogan, Etihad has forged a unique strategic platform building on organic growth due to its key geographic location and equity alliances which have combined to create a worldwide network serving passengers and shippers. The airline is slated to grow its route system to 102 destinations in 2014 and with its partners has created a virtual network of 375 cities. Focus recently interviewed the carrier's Vice President-Cargo, David Kerr, to share with our readers his airline's air freight ascent. A former American Airlines executive who has been based in Europe and Asia, David joined Etihad in 2010 in the Senior Cargo Commercial role, becoming Vice President Cargo at the end of 2011.

**Focus:** Let's begin by talking about your stellar traffic results in air cargo and try to determine whether the robust growth was an aberration or is it a trend?

**David:** In line with our company's strong year-over-year growth in passenger traffic, Etihad cargo has recorded record traffic in recent

months with October growing by 26 percent and November increasing 52 percent. In November, we moved 49,700 tons of cargo, the highest monthly figure we have ever achieved. We are an integrated part of the business and are optimistic that this integrated growth performance will continue into 2014 and beyond.

**Focus:** Is your optimism not tempered by IATA's concern for a global recovery in air cargo traffic due to a slowdown in globalization? Cargo has generally been a poor performer in the past two years.

**David:** Our market data in trade lanes shows that our unique route system spreading North, South, East and West from the Gulf region is not as vulnerable to the majority of long-haul segments which have had weak results, particularly in Asia-Pacific. Our supply and demand is properly balanced to optimize traffic and yield with China, the United States and India demonstrating particular strength. We have also seen improved results since we created our own cargo handling service at our Abu Dhabi hub-- Etihad Airport Services-Cargo.

**Focus:** Etihad carries belly freight and has a dedicated fleet of cargo aircraft. Please tell us the composition of the fleet at present and what plans you have for growth.

**David:** We currently have a fleet of nine dedicated freighters: three A-330-200Fs; three B-777-200Fs; and three 747Fs, one of which is the new -8F variant. We have the 747 aircraft on wet lease, one from KLM/Martinair and two from Atlas Air. We use the Etihad liveried but Atlas operated -8F on a round the world routing. In addition to twenty six on-line cities where we operate scheduled cargo flights, Etihad also serves thirteen cities outside of the passenger network ; Benghazi, Eldoret, Guangzhou, Hong Kong, Houston, Kabul, Miami, Quito, Sharjah, Sao Paulo (Viracopos), Vienna, Tbilisi and Djibouti. We operate the round the world service from Abu Dhabi to Hong Kong, Chicago, Miami, Viracopos, Quito and Amsterdam which gives us access to South America, a growing cargo market. In May 2014 we plan to take delivery of another aircraft to our dedicated fleet, an A330-300F.

**Focus:** Already at the top of the list for fastest growing of the major airlines, Etihad plans to introduce several new routes in 2014. Please tell us what the new routes are.

**David:** We have announced plans to begin service to Jaipur, which will increase the number of Indian cities served from Abu Dhabi in April. In July we will launch four weekly flights to Yerevan, the capital of the Republic of Armenia. Later in July a non-stop flight to Rome will be launched and later in the year, Zurich, Perth and Medina. Etihad will also begin service to Los Angeles, our fourth destination in the



United States and later add Dallas, two important cargo markets. In addition, we will increase frequencies on several routes to Mumbai and New Delhi and upgrade equipment on a number of routings from Abu Dhabi to other Indian points. In 2014, the A380 and B787-900 will join the fleet along with five B777-200LR's from Air India, one B777-300ER, three A-320s and three A-321's as well as the A-330-300 I earlier mentioned. This new lift will boost our cargo carriage and offer customers many more options on both the passenger and freight sides. In total, Etihad has over 220 aircraft on firm order plus options and purchase rights for a further 81 aircraft including 71 Boeing 787 Dreamliners, 25 Boeing 777-X, 62 Airbus A350s, and 10 Airbus A380s. These new deliveries will allow the company to progressively replace existing, less-efficient aircraft and add capacity in existing markets as well as inaugurate services to new destinations with many more new international routes planned by 2020.

**Focus: Abu Dhabi has become a catalyst for further growth and development of other economic sectors in the UAE. Please explain how Abu Dhabi has risen to such prominence.**

**David:** Dr. Al Bloom, the Vice Chancellor of New York University's overseas campus in Abu Dhabi, describes Abu Dhabi as "located at a new crossroads of the world". There is no doubt that easy air access has played a major part in creating this vital economic hub.

The UAE was ranked 17th globally for merchandise trade in 2012 surpassing India, Sweden and South Africa according to a World Trade Organization (WTO) report. The report estimates that the UAE exported \$350 billion worth of merchandise trade in 2012 representing 1.9 percent of the world's exports, an increase of 16 percent over the year before. These figures reflect the significance of the UAE market in the merchandise trade industry as the UAE is a re-export center for not only the Middle East but also to North Africa and Asian markets. Abu Dhabi is a trade hub for consumer goods benefiting by its close proximity to fast growing markets in the Indian Subcontinent and Africa. Accordingly, this economic development has bolstered demand for air cargo not only to the UAE but to many regions we serve from our major hub.

**Focus: Your two major neighbors in the region, in Dubai and Doha, have been investing heavily in new airport infrastructure. Please tell us a little about your plans to further improve the infrastructure at Abu Dhabi international airport.**

**David:** Abu Dhabi International Airport (AUH) is one of the fastest growing airports in the world. To serve the increasing volume of

passengers and cargo the airport has embarked on an ambitious program that will increase capacity to 27 million annual passengers by 2017 and to 40 million by 2030. Central to this plan is the construction of a Midfield Terminal Building (MTB) positioned between Abu Dhabi's two runways. The terminal has been designed for efficient operations and seamless passenger experience. Cargo has not been overlooked in the development of these enhancements and a new cargo facility is also being built. The use of e-freight Cargo-XML has also improved efficiency by reducing paper documentation.

**Focus: We understand you have a very active charter program. Please tell our readers about your capabilities.**

**David:** We have been very supportive of humanitarian relief needs and recently worked with our shippers and relief organizations to provide lift to stricken areas in the Philippines, operating 13 charters to Cebu after the typhoon struck in November. Charters have also been flown with live animals, racing cars and even in the carriage of sturgeon as we assisted in establishing the UAE's first fish farm producing 35 metric tons of caviar and 700 tons of sturgeon products annually.

**Focus: As a final question, would you please try to summarize the reasons behind your phenomenal growth and financial success and are you confident going forward that this model can be sustained?**

**David:** In a little over ten years, our airline has become the world's fastest-growing carrier due to several factors, primarily the dedication and spirit of our workforce. No question we have been positively impacted by the emergence of Abu Dhabi as a commercial, financial, distribution and tourism center. The factor in this compelling growth is the geographic centrality of the UAE as about 60 percent of the world's population lives within 6 flying hours of Abu Dhabi. Despite incredible inroads that the internet has made in virtual interaction, our strategic location still is most relevant for the physical movement of people and goods and the UAE is superbly, almost perfectly, situated. Abu Dhabi is central to the flow of high-value, time sensitive perishable goods moving in all directions. Yet another factor in our development has been the design and engineering by Boeing and Airbus of aircraft capable of flying longer distances non-stop which has enhanced our global reach. While we cannot speculate on the future, we believe strongly that Etihad Airways will continue to play a major role in the future growth of passenger and air cargo traffic, not only within our region, but on long-haul global networks. >>>



**NOTE:** To learn more about Etihad Airways Cargo please visit: [www.etihadcargo.com](http://www.etihadcargo.com)

# From the Top

## David Bassett, President and CEO, Amerijet

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**David Bassett**  
President and CEO, Amerijet

Amerijet is a Florida-based global logistics provider. It offers internationally scheduled all-cargo air service, service by ocean and truck to destinations throughout the America's, as well as, Europe, Asia, Africa and the Middle East. In conjunction with contracted air and ocean partners, Amerijet provides global logistics services to some 550 destinations worldwide. It employs about 650 people, of whom 100 are based overseas, and operates 163 offices with well-established business partners in 78 countries.

The majority of its some \$250 million revenue comes from scheduled air services that concentrate on the Caribbean, Mexico, Central America and South America. Amerijet operates eight aircraft: three Boeing 767s and five Boeing 727s. It also owns iTN Worldwide, a licensed NVOCC, and an expedited domestic trucking company that provides inland services. In addition, the company offers bonded trucking and truck brokerage, warehousing, packing and crating, customs brokerage,

pickup and delivery, consolidating/de-consolidating, customs clearance and more.

Today, Amerijet's business is rapidly expanding globally. David Bassett, Amerijet President and CEO, attributes this to its longstanding agents and business partners around the world and iTN Worldwide. Amerijet also benefits from interline relationships with carriers around the world servicing destinations which Amerijet does not directly serve. "We value these relationships and they work both ways, Amerijet carries freight from our interline partners to our direct service destinations" he says.

Established in 1974, Amerijet's customer base ranges from retail clients, which could be individuals or emerging businesses to Fortune 500 companies across diverse industries to major international freight forwarders.

What makes this company particularly unique, however, is its training and relationship building activities incorporated in its annual global conference. These activities focus on the company's culture, vision and values, and support charities in the communities in which it serves. In this CNS FOCUS interview, David expounds upon those training exercises and Amerijet's philanthropic mission.

**Karen:** You mentioned you hold a global conference every year and that one of your company's missions is to be philanthropic. Tell me about this.

**David:** Team building and philanthropy has become a key part of our company culture and who we are. Every year, usually in November, we hold a conference and team-building event in Miami. We invite key partners to participate in strategy, sales and marketing sessions as well as team-building events. That event not only brings our team together, but also helps the communities, destinations, and markets we serve. This year over 300 people from 160 offices around the world participated in our conference. Most of our agents came as either individuals or company representatives.

As a part of this year's conference, we selected a charity called Samaritan's Purse Operation Christmas Child, a nondenominational Christian organization that is recognized around the world. It was a good fit. We committed to fill and deliver 3,000 shoeboxes to Operation Christmas Child with items such as crayons, toys, combs, toothbrushes, and paper -- things that can be easily moved across international borders and be meaningful to any community.



Photos courtesy of Amerijet

During our team-building event, we completed 1,500 shoeboxes. The rest were completed by our corporate employees. These were shipped to children in countries including Belize, Ghana, Macedonia, and the Ukraine.

For the team-building exercise, we worked in teams of 10 people. Some of those people were from places like Vietnam, China and Israel -- all working in the same room. These teams were required to build these boxes, go through quality control and sharpen their relationships by improving communications and breaking down barriers. It was a fun exercise. We learned while doing something good for the world community.

Another exercise was like the game show Jeopardy. Teams picked people out of the "audience" to be on their teams. They were then asked in-depth questions about our service regions and worldwide transportation services. Questions included how many cubic feet does an ocean container have. They then hit a buzzer if they thought they knew the right answer. The exercise supported two charities: the Second Chance Society in South Florida whose primary purpose is to aid homeless and struggling individuals returning to a state of self-sufficiency, and Proverello, which provides lifesaving food and basic living essentials for residents of Broward County, Florida, who are living with HIV Spectrum Disease. The teams and the audience learned, while competing in a friendly game of Jeopardy, about new services and customer solutions we offer as a group of companies. As a result of the game show, we donated money to both charities to reemphasize that we are part of

the community.

**Karen:** How do you select these charities?

**David:** There is so much need; it is not hard to figure out where to go. I am most interested that our efforts don't go to some big organization where you wonder how much really goes directly to the people in need. With Second Chance, for example, over 92 % of the dollars raised go directly to designated cause.

The conference also forces us to be creative since they are different every year. Generally four or five months before we hold the conference, I create a committee -- a focus group, which is made up of people here in the company and includes my wife, who is very much involved in our training and development. We begin the plan. It takes a lot of work and energy.

**Karen:** How long has your company held annual conferences which include supporting local charities?

**David:** We've been doing this for some 20+ years, it's important to get our global team together at least once a year. The charities change year-to-year. Last year we built bicycles for Hope Outreach, which we delivered to the children in South Florida. It was so cool because you could see the eyes light up in these kids. The exercise was interesting because it was more chaotic than most.

In another instance, we did flash mob where we had a speaker who was suddenly disrupted by people in the crowd who jumped up and

interrupted the speaker. Then music started and people started dancing right smack in the middle of conference. The flash mob came from the Skydance Studios "The Perfect Storm" Troupe. Sky Dance Studio is home of the most innovative, and premier creative dance troop in the South Florida's entertainment venue. Sky Dance Productions perform throughout the year to raise money for the Perfect Storm Charity, which is a non-profit organization that offers nutritional programs for individuals of all ages with autism and special needs.

**Karen:** How do you raise money to support these charities?

**David:** Amerjet raises the money internally and we also reach out to our vendors. We say to our vendors, will you please play? Our vendors are great folks and many step up to the plate. We mention who they are and they are recognized for supporting great causes. This also builds relationships.

**Karen:** How did you get into this line of business?

**David:** My parents were Methodist missionaries, so I grew up in Africa and South America. My dad was a missionary pilot, so I became a pilot. You can start to see the connections.



Photos courtesy of Amerjet

**Karen:** Besides your unique approach to fostering a unique company culture and building team relationships, what are some of the other unique aspects of your business?

**David:** We handle unusual shipments. It doesn't matter what it is, if it will fit in the plane and will go legally. For example, we are one of few companies licensed to carry explosives. It takes a lot of work, special handling, and often must be shipped to out-of-the way airports. We are licensed to do this on a regular basis.

We also handle a wide variety of live animals such as horses, farm animals, and exotic animals like tigers and whales. We do a lot of transporting of horses because those animals are demanded by a lot of police forces in our service regions. They are also used in places like Mexico for equestrian events. Those animals are flown along with their handlers, vets and the proper clearances.

As a carrier, we've been involved in all sorts of things. We have flown special flights into places that have experienced devastation from hurricanes or earthquakes. We were very involved in the Haiti earthquake relief program. Even when things happen in North America, we run trucks to support places that have been badly damaged by weather or other events.



# Freight Rate Innovation

By Neil Barni, President, CargoSphere



Neil Barni  
President, CargoSphere

Thriving companies continuously challenge themselves to differentiate their business and increase efficiencies to compete and succeed today. Discovering innovative technology that helps advance operational performance and cost savings is an important find that can make a real difference to their businesses.

Understanding this critical need to seek out innovation and better ways of conducting business, Amerijet looked to

CargoSphere, a cloud-based global rate management solution and confidential Rate Mesh network, for leading-edge technology to take their freight rate program to the next level.

As a global provider of land, sea and air transportation, Amerijet needed a solution that provided a single source for rate distribution to achieve greater freight rate control and accuracy across its entire operational framework. CargoSphere was adopted as Amerijet's sole platform for global freight rate distribution to Amerijet's network of affiliate businesses, agent partners, and freight forwarder customers. Following this aspect of the CargoSphere implementation, Amerijet plans to put into action freight rate quoting and RFQ (requests for quotes) response, and management of freight forwarder customer rate contracts with CargoSphere's SUDS (Smart Upload and Diagnostic Solution).

The core functionality of the CargoSphere platform, as a single source of current data that is shared accurately with both internal and external customers is a significant benefit for Amerijet. "In our case, the benefits are exponential as we use CargoSphere across all of our multi-modal holdings companies," reveals Derry S. Huff, senior director, Strategic Initiatives, Amerijet International.

These companies include iTN Worldwide (an ocean NVOCC), SRX Transcontinental (an Uzbekistan airline and regional ground RFS provider in UZ), Nations Express (a US domestic expedited trucking company), Amerijet International, (the US 121 all cargo airline) and its global group of GSAs (general sales agents) and interline partners.

"If we can manage our rates efficiently between our internal companies, sharing them externally becomes an easy extension which gives visibility to our pricing and brings in business priced accurately," Huff reports.

## Greater Rate Control and Accuracy

A big benefit from using CargoSphere is Amerijet is able to achieve significant operational improvements from accurate and current pricing communication, both internally and with external customers. The carrier recognizes that sharing rate files via email and rate sheets is archaic.

"Companies today don't have time to keep up with changing rates, or the time to file rate changes or key them into their systems," Huff comments. "Cargosphere allows for the seamless presentation of the correct data to each respective party and then allows them to book it on the spot if accepted. The streamlining of this process as the industry gets more and more competitive is essential to our managing growth."

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Collaboration over connected  
global networks facilitates  
accuracy, greater operational  
control and productivity.

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CargoSphere's connected Rate Mesh Network allows Amerijet to work with its customers in a faster and much more accurate way when they become part of the Rate Mesh. The range of how Amerijet's freight forwarder customers process freight is broad, from sophisticated software to spreadsheets, as well as hard copy printed rate sheets. Customers that have yet to automate freight rate management may consider the simple CargoSphere solution that allows Amerijet to work with their customers in a more accurate and efficient manner.

Amerijet, as an industry technology leader, utilizes innovative solutions as a key differentiator and to succeed in today's highly competitive marketplace.

"The ability to streamline how you do business with your customers is key to not only attracting those customers, but also keeping them," Huff remarks. "Everyone wants to do business faster, and more accurately. One advantage Amerijet has always had is our ability to adopt new technology solutions and deploy them rather quickly, which is why we have maintained our technology edge."

Innovation, creativity and being forward-thinking are part of Amerijet's philosophy. A continuous process at Amerijet is to looking for vendors who offer leading edge solutions with plug and play capabilities that easily integrate with their systems. CargoSphere is now positioned with Amerijet to become an integral part of the company's next generation cargo management systems. Innovative technology solutions that are accessible standardize processes and connect shipping community participants 24/7 are the supply chain building blocks for greater efficiency, competitive advantage, and increased customer satisfaction.

### NNR Global Brings Freight Rate Management In-house

In yet another example, NNR Global Logistics USA was challenged with reducing freight rate management and tariff filing costs, improving visibility to freight rates, rate accuracy, and service to customers. Freight rate management and FMC tariff filings were being outsourced to a third party vendor whose services were costly. To address these improvement areas, NNR USA, which is part of the Nishitetsu Group, a global air and ocean freight forwarding and logistics company with a global service network including 380 offices, brought freight rate management and networking in-house with the full implementation of CargoSphere.

Today NNR Global Logistics manages nine ocean contracts using CargoSphere's SUDS and plans to add air freight contracts Q1 2014. NNR currently receives 47,700 air and ocean freight rates from seven sources via the CargoSphere Rate Mesh Network.

"With CargoSphere, NNR USA is saving money, has more control, and is able to effectively share rates with trading partners across the Rate Mesh Network, also send quotes to customers," reveals Kevin Krause, NNR USA National Ocean Development manager. "I'm especially keen on CargoSphere's ability to accelerate collaboration with our global agent partners in the Cloud in real-time."

Established in 1999, CargoSphere has been methodically working to develop next generation freight rate technology and advance this supply chain sector.

"The Cargosphere platform is a pioneering rate technology solution which enables each client to create its own confidential, private network and offers advanced functionality including rate quoting and sharing," says Suzanne Beard, business development manager, CargoSphere. "CargoSphere's Rate Mesh seamlessly connects global supply chain partners allowing them to effectively integrate and simplify rate communication. It reduces the significant complexity and time-consuming task of managing, sharing and distributing freight rates."

By integrating rate management and quoting into one holistic process, CargoSphere enables the shipping industry to become more efficient, responsive and collaborative than ever before. Additionally, CargoSphere offers cross-functional collaboration as it's a complementary plug-in to any system, CRM or TMS, for example, a company is using.

### SUDS Cleans up Complex Contracts

Understanding the burden of complex carrier contracts with pages and pages of pricing and countless amendments, Cargosphere tackled the task of automating the extremely tedious and time-consuming task of managing and processing pricing contracts and amendments. In 2013, CargoSphere introduced SUDS (Smart Upload and Diagnostics Solution), intelligent technology that reads external rate data directly from any carrier contract file format and loads it into a rate system database. It learns contract details and validations as the contract is being processed.

SUDS uses cutting-edge diagnostic features to determine which rates are new and should be added versus current rates that simply need to be updated with revised rate levels. Once added, SUDS returns rates back to the user through an audit feature for verification purposes. Contracts only need to be mapped once and then that information is automatically applied to any subsequent amendments and updates.

Today's agile, interconnected, and complex supply chains require innovative technology that enables timely communication, reliability and accuracy in the flow of data.

"Many industry players are still using static spreadsheets, pdfs, and hard copy rate sheets for rate distribution that are immediately outdated once they're sent," Beard says. "But, there are also companies that understand the value of speed and agility when responding to customer RFQs and the efficiencies that can be achieved with a connected rate network."

Collaboration over connected global networks facilitates accuracy, greater operational control and productivity. Put all of this innovative technology in the cloud and you have real-time, accessible freight rate data that can be easily distributed and accessed by shipping partners anywhere in the world and ready your business for the 21st century.



**NOTE:** For further information please visit: <http://www.cargosphere.com>

# End-to-End Traceability Spare Parts Management in the Aerospace Industry

By Laurent Chantegros, SDV USA Aerospace Product Manager



By Laurent Chantegros, SDV USA  
Aerospace Product Manager

The aerospace is a highly competitive industry. After-sales services have become a strategic target for all players in the sector's production-distribution chain since they can have a considerable economic impact in calculating product profitability. Each maintenance phase, failure and temporary interruption in the goods or services' production has a strong negative economic impact. The anticipation, the availability of resources, and the quickness to intervene and handle these malfunctions – as well as globalization, are challenges that have to be dealt daily.

Tight schedules, quality control and traceability of parts are of the

utmost importance in the aerospace industry. Companies operating in this sector especially have invested heavily in service parts logistics in recent years. For aerospace companies -- airlines in particular, the key component of risk management is an efficient service parts supply chain. More than ever before, these companies expect their transportation and logistics providers to deliver products to the market faster, without any delay or disruption, through the use of real-time global collaboration.

Distribution systems must bring a recurrence in performance with the same level of performance daily. Aerospace companies need a reliable distribution scheme to increase their operations performance by improving cycle times, output, and overall effectiveness. Consequently, more companies recognize the strategic value of an excellent service parts logistics system to ensure part availability and shorter customer response time.

In the aviation industry, routine shipments can be as complex as AOG (emergency) shipments. Freight forwarders must ensure that they can simultaneously ensure parts availability through a structured provisioning plan (including inventory management), while being able to manage both the delivery of the spare to the customer; and the return of the unserviceable equipment from its removal location.

**Services are adapted and organized depending on the level or urgency required: Routine, Critical or Aircraft on Ground (AOG).**

The Routine mode is used when a local stock is replenished with parts that are normally used for servicing in relatively large amount of time. This stock is essential to ensure the preventive maintenance of aircraft.

The Critical mode is used when airlines need the parts soonest possible but does not reach the degree of urgency of the AOG.

An AOG situation occurs when the aircraft problem is serious enough to prevent it from flying. Since this would cause the company to incur great loss, special arrangement will be made to deliver parts onsite. Lead times are necessarily extremely short to get the aircraft flying again as soon as possible.

Fast, efficient and reliable logistics services are vital for the aviation industry, but the real challenge is to improve stock visibility through integration of the IT systems of all parties involved in the supply chain.

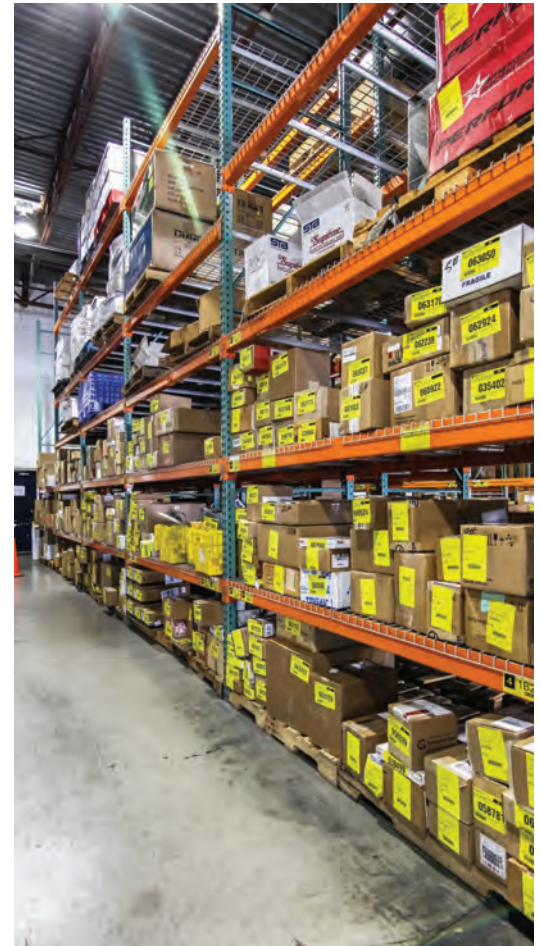
**Successful management of information is becoming critical to the supply chain.**

The need for real-time visibility is paramount in dealing with supply chain disruptions and the expectations of well-informed customers.

From the more established services -- such as tracking, reporting and warehouse management, to the provision of key performance indicators and electronic exchanges, logistics and transportation



Photo courtesy of SDV USA



Photos courtesy of SDV USA

providers are offering broader technological solutions to boost the supply chain.

SDV combines this technology with expertise to design advance supply chain solutions tailored to the strict demands of aerospace projects. Powerful, integrated global IT systems provide online visibility and control of every consignment in our care through to its final destination, utilizing crystal clear shipment tracking with EDI/ERP capabilities.

In the future, logistics and transportation providers are expected to further integrate the supply chain by assuming responsibility for entire logistics systems and making decisions on behalf of their clients. These decisions, based on instructions received electronically combined with consolidated data, can also include optimized scenarios that include real-time constraints.

The role of the freight forwarder could eventually evolve into one of full control of the logistics budget with specific targets to reduce costs. SDV is talking to one aerospace client about such a service. Such clients want to use technological tools to identify and react to problems on their behalf.

With more than 30 years of experience, SDV is a specialist in the aerospace and defense industries. SDV has a presence in over 20

countries and a network of 800 experts, all operating within structures which are available 24/7, who are trained in the technologies specific to this sector.

SDV was selected by a leading aerospace group to improve spares flow and identify future requirements, as well as provide a transparency of parts through the system. The challenge was to reduce global delivery time, view transport as an intrinsic part of the logistic process and ensure complete visibility on all supply chain operations through end-to-end consolidation of track and trace information for every order.

The solutions offered by SDV have enabled this client to give their customers and subsidiaries flexibility of order placing. From order entry, a lead-time for delivery can now be provided, which offers greater visibility and precision in stock control. We guarantee the customers a permanent tracking of items all the way through the transport and handling process. This has also enabled SDV and client's teams to connect in real time, prioritize critical orders and improve reactivity.



**NOTE:** To learn more about SDV USA services please visit: [www.sdv.com](http://www.sdv.com)





## AfA's Brandon Fried: Congress to be educated on air cargo

This year the Airforwarders Association (AfA) is redoubling efforts to help propel the industry forward with expanded membership, resources and staff. Our top

priority is to raise our profile in the legislative and regulatory arena in the nation's capital. In addition to increased involvement in issues spanning the intermodal network, this year we will join forces with the International Air Transport Association (IATA), the U.S. Chamber of Commerce and air cargo industry stakeholders in sponsoring an air cargo-related event in Washington, DC. The purpose of this event is to acquaint Congressional and regulatory agency staffers with the various aspects of our industry and help them navigate its many niches – integrators, all-cargo carriers and, of course, passenger airline partners – that fly cargo every day. Using the IATA campaign slogan “Air Cargo Makes it Happen,” our goal is to create a better understanding of the industry's impact on the U.S. economy and our universal commitment to safe aviation. While his testimony was on behalf of the Airforwarders Association, Fisher is an industry veteran who also serves as President of Boston-based Falcon GlobalEdge, an international forwarding firm. His years of experience and expertise enable him to identify these crucial issues that face forwarders now.

The attempted terrorist attacks on air freighters via shipments from Yemen taught us that physical screening is not necessarily the only key to full airfreight security. Knowing the parties involved in a shipment is just as important as what is inside the box. In recognition of this reality, the US has established the Air Cargo Advanced Screening initiative, which set forth a program to analyze bill of lading data on shipments destined for the US. Unlike existing trade and security filings, this new data review will occur before the airplane departs, representing a paradigm shift from the current post departure process. The program has been in a pilot phase for almost three years with a Notice of Proposed Rulemaking expected in early 2014. Critical players – including integrated carriers, airlines, all-cargo carriers and freight forwarders, have been working with the CBP National Targeting Center on testing various submission protocols in anticipation of the upcoming mandate.

Meanwhile in Washington, the Transportation Security Administration (TSA) is undergoing one of the most extensive reorganizations in its history. How the upcoming changes will impact freight forwarders remains to be seen, but be assured that agency security oversight is going to increase over time. In Spring 2014, Indirect Air Carriers can expect another revision to the Indirect Air Carrier Standard Security Program. This change seeks to clarify issues with previous versions and will hopefully include the removal of requirements having little or no impact on air cargo security.

Air cargo has been the foundation of the AfA since its inception, but our organization now includes ground and maritime issues as part of our constantly evolving agenda. That is why we recently became involved in the recent MAP-21 highway legislation and its \$75,000 forwarder surety bond requirement. A recent AfA sponsored web event featured a panel of attorneys explaining the new law and how

to comply. With the transportation bill expiring less than a year, the AfA government affairs team will continue to monitor the legislation and identify opportunities and issues impacting our members.

In our ever-changing and multimodal supply chain environment, we know that competing transportation modes often work together in a linear progression in the shipping process. Since many shipments involve both sea and air routings, we have been increasing our focus on maritime port issues. In addition to expressing concern over labor matters at the Port of Oakland, AfA recently took a high profile stance applauding the U.S. House of Representative's passage of the Water Resources Reform and Redevelopment Act. The legislation authorizes new projects for port improvement and would strengthen the nation's water transportation networks while cutting red tape and bureaucracy to accelerate the completion of these projects.

In 2013, the AfA also weighed in on trucking related surface issues, including the newly implemented driver Hours of Service Requirements and the CSA 2010 trucker rating system methodology. Most recently, AfA joined other industry associations in expressing concern over a U.S. Department of Transportation (USDOT) requirement that trucking companies perform expensive sleep apnea studies on drivers. Fortunately, Congress and the White House agreed that this type of regulation should go through a formal rulemaking process that evaluates and considers expert perspectives before being imposed. While USDOT eventually pulled back the rule, a bill to require a formal and transparent process for any such rule sailed through both houses of Congress and was signed by the President within the span of a month – quite an accomplishment given the current political environment in Washington!

On e-cargo, AfA continues its involvement with IATA and its subsidiary Cargo Network Services (CNS) in promoting the benefits of the electronic transmission of shipping documents. Recently our association endorsed the new IATA Multilateral e-Air Waybill Agreement as a good first step in making the transition to shipping e-commerce. While AfA believes that electronic initiatives should consider the varying sizes and resource levels of all forwarders, those failing to focus on some sort of electronic strategy may find themselves at a competitive disadvantage in the future. One of our goals is to ensure our members do not find themselves unprepared due to a lack of knowledge about the requirements.

While none of us know what the future will bring, we do know that in 2014 our industry will face many challenges requiring our immediate attention and vigilance. The freight forwarding industry needs to keep security at the top of its agenda. We all know that we are but one incident away from having a total game changer dropped in our laps. In the new year, all stakeholders must realize there's no limit on how much we can accomplish by working together toward a common vision.



**NOTE:** For more info on the Airforwarders Association visit: [www.airforwarders.org](http://www.airforwarders.org)

## Then...and Now.



Jack Holman today.

In 1979 Jack Holman parked his motorcycle in front of cargo building #1 at Los Angeles International Airport to begin his first day at Air New Zealand (NZ) cargo. He was fresh out of high school, just earning his chops in aviation and had heard about the job from a friend. It was a part time position, but he was hopeful it would lead to something.

“Back then we had two dock doors, a few forklifts and not much else; and definitely not considered a significant airline at LAX,” recalls Jack, still serving in Air New Zealand’s operations department. “It was a completely different world and a totally different carrier---nothing like today.”

Indeed it was. Manual labor was the steadfast rule, high-tech was a calculator and data management was via typewriters that could double as boat anchors. Bar coding and the internet were still just dreams and Air New Zealand was a fledging carrier to the United States that plied the Pacific with a mix of passenger and cargo planes that today would be consigned to a museum. It was also a time when the company prided itself on a family-type atmosphere and a close-knit sense of co-existence.

That environment of harmony and goodwill remain today. If an airline could ever be termed as happy and well-adjusted, this one is it. In a world where forwarder-airline personal interaction has all but evaporated (depending on the carrier you may never get to see an actual sales rep), NZ still injects plenty of person-to-person goodwill into every booking. Phones are answered by real people who more than likely began their career building pallets. Operations, accounting and support services are deftly handled by dedicated and caring staff who knows the product and what’s important to the customers.

And while the airline has held firm to its core values, the last 35 years has seen Air New Zealand grow into one of the world’s most successful, innovative and respected airlines. The venerable DC-10’s and DC-8 freighters have given way to a lineup of fresh-off-the-lot 777-300’s which has been described as a “freighter with extra seats upstairs.” San Francisco and Vancouver have been added to the route-map and Boeing is putting the finishing touches on the much-anticipated fleet of 787-900 Dreamliner’s.

But what steadfastly remains is the overwhelming sense of community and goodwill that has been the carriers hallmark for over 40 years. Employee turnover remains shockingly low with staff tenures of 30+ years to be commonplace. Yet NZ’s reputation as a progressive and innovative airline transcends to the cargo department where staff training and support systems receive continual upgrades to ensure their products and skills stay absolutely mainstream and relevant

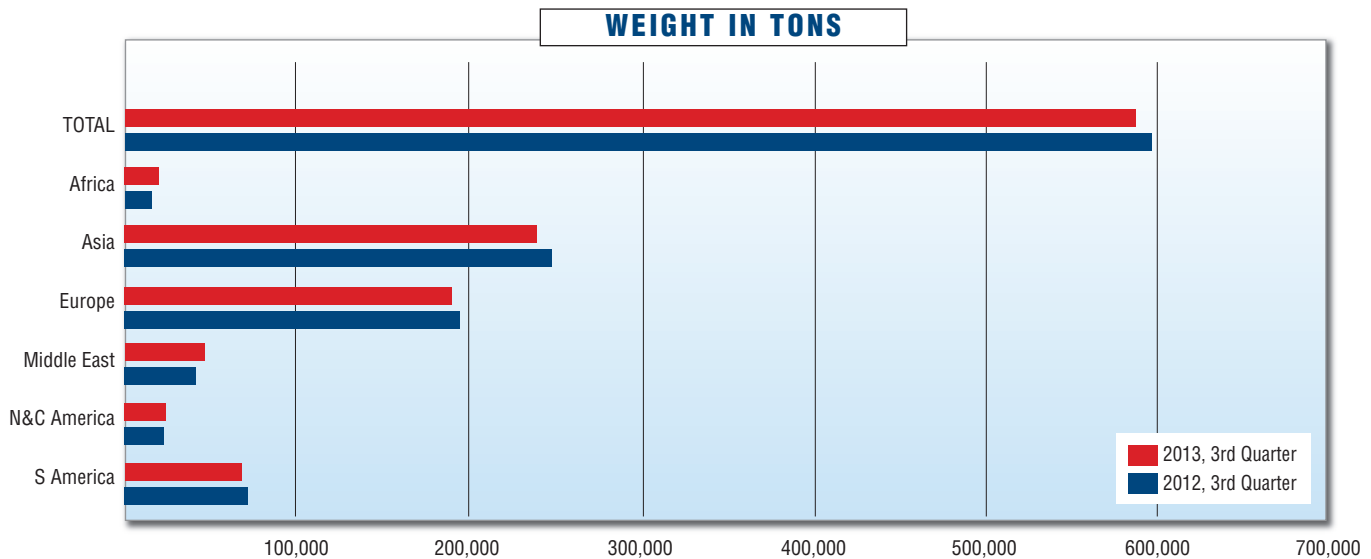
Air New Zealand Americas cargo manager, Sal Sanfilippo emphasizes: “Our customers embrace automation but at the end of the day, an overwhelming large amount of them still want a friendly voice on the phone. Whether they just want a tracing or a quote or just to say hello, we make sure we’re there for them. It is part of the ‘our people make the difference’ philosophy.”



Adolfo Torres and Godfrey Medrano perform cargo load planning on a trans-Pacific non-stop flight.

# 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 most recent quarter and highlights both the year-to-date activity and monthly 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.



| 2013 Weight in Tons |                | 2012 Weight in Tons |                | 2013/2012     |              |
|---------------------|----------------|---------------------|----------------|---------------|--------------|
| Region              | 3rd Quarter    | Region              | 3rd Quarter    | Region        | 3rd Quarter  |
| Africa              | 15,234         | Africa              | 14,187         | Africa        | 0.3%         |
| Asia                | 238,951        | Asia                | 247,265        | Asia          | -3.4%        |
| Europe              | 189,434        | Europe              | 191,388        | Europe        | -1.0%        |
| Middle East         | 44,036         | Middle East         | 43,342         | Middle East   | -1.6%        |
| N & C America       | 20,200         | N & C America       | 20,101         | N & C America | 0.5%         |
| S America           | 72,621         | S America           | 76,139         | S America     | -4.6%        |
| <b>Total</b>        | <b>580,475</b> | <b>Total</b>        | <b>593,422</b> | <b>Total</b>  | <b>-2.2%</b> |

| 2013 Shipment Count |                | 2012 Shipment Count |                | 2013/2012     |             |
|---------------------|----------------|---------------------|----------------|---------------|-------------|
| Region              | 3rd Quarter    | Region              | 3rd Quarter    | Region        | 3rd Quarter |
| Africa              | 28,798         | Africa              | 27,760         | Africa        | -3.7%       |
| Asia                | 280,015        | Asia                | 276,785        | Asia          | 1.2%        |
| Europe              | 216,344        | Europe              | 219,043        | Europe        | -1.2%       |
| Middle East         | 56,214         | Middle East         | 53,678         | Middle East   | 4.7%        |
| N & C America       | 27,669         | N & C America       | 28,396         | N & C America | -2.6%       |
| S America           | 73,579         | S America           | 74,655         | S America     | -1.4%       |
| <b>Total</b>        | <b>682,619</b> | <b>Total</b>        | <b>680,317</b> | <b>Total</b>  | <b>0.3%</b> |

## SEPTEMBER

During September, total U.S. export revenue decreased -3.7% y/y, relatively improved from -11.3% in August and -9.6% in July. Total U.S. export tonnage grew +1.6% y/y, inflecting positive from -3.7% in August and -4.1% in July. Yields decreased -5.2% y/y, relatively improved from -7.8% and -5.7% the prior 2 months. Tonnage to Asia (representing

39.4% of tonnage) increased +1.3% y/y, inflecting positive from -2.7% and -7.8% the prior 2 months. Export tonnage to Europe (representing 33.3% of total tonnage) increased +1.7% y/y, inflecting positive from -2.4% and -2.3% the prior 2 months. Revenue decreased -0.5% sequentially, improved from -1.7% in August and -2.4% in July. Tonnage

decreased -3.3% sequentially compared to -0.9% and -0.7% the prior 2 months. Meanwhile, yields improved +2.9% sequentially, improved from -0.8% in August and -1.7% in July. Overall, September tonnage improved on a year-over-year basis compared to the prior 2 months, while revenue and yields were less worse. >>>

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