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Munich Live—Air Cargo Europe



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Air Cargo Hit By Trade Decline

The Organization for Economic Cooperation Development (OECD) latest statistical reports confirm what almost everyone at CNS last week already knew:

Merchandise trade volumes of the Group of Seven (G7) took an unprecedented drop in the last quarter of 2008 compared with the previous quarter.

However, provisional monthly data for January and February 2009 measured in value terms suggest a slowing down of the rate of decline. G7 exports fell 9.5% while imports were down 5.6% quarter-on-quarter in the final quarter of 2008.

Year- on-year exports dropped 7.9% and imports fell 6.4% in the fourth quarter.

In the United States, export volume growth dropped 7.8% and imports fell 5.1%. Compared with the previous 12 months, exports declined by 2.3% for the first time since the last quarter of 2006.

The 8.4% fall in import volumes accelerated the

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CNS Voyage Of Discovery

As the 2009 version of IATA's CNS Partnership Conference met last week in Carlsbad, California, it seemed the respite from the economic downdraft must have been lifted by a breeze and carried out to sea.

Predictions were many, but no one, including the well-esteemed keynoter former American Airlines CEO Robert Crandall (profiled elsewhere in this issue) was sure of much outside of the fact that air cargo, like the rest of the world, can look forward to more economic challenges. Mr. Crandall intoned that everyone might as well develop or continue to refine their approach to business. The ultimate goal is to fall like felines, our business bodies twisting so that we can land feet first when this dark economic time eases.

AT CNS Partnership there were many panels and a rich parade of well-meaning air cargo professionals who discussed various scenarios.

The commencement of sessions discussing Cargo

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Cargo Network Services (CNS) Annual Partnership Conference held during the worst of times may be remembered as bringing out the best and delivering on the promise, as EMO Trans' Thomas Huchler (above) electrified the opening second day session with his tell-it-like-it-is everyman speech.

Even before the sun had reached mid-sky, Huchler was on top of shedding some light on the hopes and dreams and concerns of the small and medium sized freight forwarder.

The tone and content of the Huchler speech was a real game changer and the first of perhaps many more to come as CNS takes on a inclusive leadership role during the early, yet dark days of 2009.

Fraport Liaises With Air China Cargo

That's quite a big fish Fraport Cargo Services GmbH (FCS) got into their net. As of June 15, the handling unit of Frankfurt Airport, Fraport AG will be responsible for delivering the entire ground services for Air China Cargo. Head of Sales and Marketing Hans-Georg Emmert of FCS emphasizes, "We are talking about a capacity of up to 6,000 tons a month,"



Hans-Georg Emmert

time partner Lufthansa Cargo to Fraport Cargo Services," he said. The deal entails up to 36 flights each week, which include 15 full freighter movements with jumbos B747-400Fs. This makes Air China Cargo one of the big boys at Frankfurt, presently ranked fifth, right after LH Cargo, FedEx, Air Bridge Cargo and Cathay Pacific Cargo.

Managing Director Winfried Hartmann of FCS

a result of certain political interests we can hardly influence."

He added that he has won some other accounts recently, like Croatia Airlines, Sun Express and Jade Cargo. Consequently there will be no lay-offs at Lufthansa Cargo's ground handling unit.

"We need our people since we are

going to operate a brand new warehouse and office building with a total of 26,000 square meters in the southern part of Frankfurt Airport beginning of September," he states. It will be the first time that LH Cargo will be offering handling services to their third party clients at Cargo City Süd.



Andreas Jahnke



Kehan Zhang

soon switching over from our long-

The arrangement was confirmed by Kehan Zhang, Deputy Managing Director Europe of the Chinese carrier when asked by *Air Cargo News FlyingTypers*: "Yes, we are

states due to their newest client "the topic short work can be shelved very soon." The downsizing of working hours for the nearly 200 ground handling personnel of Fraport Cargo Services was imposed March 9, because of dwindling tonnage.

For ground handler Lufthansa Cargo the loss of their client Air China Cargo to local competitor FCS is quite a blow. However, LH Cargo's head of handling Andreas Jahnke commented "those changes are not necessarily a consequence of lacking service quality by one provider but quite often



Hong Kong Relaxes Charges

The Board of the Hong Kong Airport Authority (AA) announced a relief package of up to US\$57.69 million to assist airlines and other operators whose business at Hong Kong International Airport (HKIA) has been adversely affected by the global economic downturn.



Stanley Hui

The relief package comprises US\$25.64 million in charge reductions and up to US\$32.05 million in interest-

free, 12-month deferred payments.

Airlines operating at HKIA are being offered a 10% reduction in both

landing and parking charges until December. In addition, to alleviate cash-flow issues during the recession, 50% of rental payments for airline lounges, office premises, counters and storage can be deferred until April 2010, when they can be repaid through interest-free installments.

The majority of retailers and caterers at HKIA pay the AA a license fee that adjusts with airport passenger volume. Licensees pay less as passenger throughput declines. The average license fee has dropped approximately 4% over the last few months.

AA Chief Executive Officer Stanley Hui said HKIA is suffering from the flagging global economy. Traffic volumes started declining in August, with the first quarter of 2009 showing year-on-year decreases in passenger throughput, cargo volume and aircraft movements of 7.1%, 22.8% and 6.6%, respectively.

In response, AA began implement-



ing a series of cost-control measures — including headcount freezes — in the last quarter of 2008. Mr. Hui said the AA will stay vigilant on costs as the economic slump continues. He added that the relief package was introduced after consulting with various airline

industry representatives, and the AA will continue to work side by side with its business partners.

In 2000, the AA reduced both landing and parking charges 15%. The reduction has remained in effect since then.

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Air Cargo Hit By Trade Decline

downward trend from the first quarter 2008.

Japan's exports plunged 19.3% in the fourth quarter 2008, about twice the rate of the G7, while imports fell 4.6%. This pattern was also reflected year-on-year with a 20.1% drop for exports and a 6.8% decline in imports.

German quarter-on-quarter exports dropped by 9.0% and imports by 6.1% in the fourth quarter. On a year-on-year basis exports fell 7.8% while imports were down 1.8%: the first falls for Germany since the fourth quarter 2006.

EU15 Extra-EU quarter-to-quarter exports dropped with 6.3% less sharply than G7 exports, while the fall in imports was more pronounced with 7.3%. This pattern was also reflected year-on-year with a 5.2% decline for exports, while imports were down 5.7%.

In the fourth quarter of 2008, the value of exports and imports of goods and services in OECD countries, mea-

sured in current US dollars, collapsed to an unprecedented low, falling by a seasonally adjusted 18.6% and 18.5% respectively compared with the previous quarter. However, provisional monthly data for January and February 2009 suggest a slowing down of the rate of decline.

On a year-on-year basis, growth in the value of exports and imports of goods and services plunged, by 11.6% for exports and by 10.4% for imports in the fourth quarter. In both comparisons, goods fell more sharply than services.

According to provisional monthly data, G7 total merchandise trade values continued to fall in January and February 2009 but at a slower pace.

With exports picking up slightly in February 2009 and continuing declining imports, the United States' negative trade balance continued to shrink for the fourth consecutive month.

Japan's strong decline in imports



continued, but exports recovered slightly in February 2009.

Germany's strong downward trend until end 2008 has eased somewhat since December 2008 and the positive trade balance increased slightly due to stable exports in January and February 2009.

Italy's strong downward trend during the second half of 2008 levelled-off to some extent in early 2009, particularly for exports in February, resulting

in a smaller trade deficit.

In France, after strongly declining trade over the second half of 2008, trade trends levelled-off in February 2009.

In the United Kingdom, the downward trend since August 2008 continued, but with a diminishing trade deficit.

Canada's trade balance turned negative in the first two months 2009, as exports values declines faster than imports. GF

Friedrichshafen Top Air Show



AERO, the big Friedrichshafen Germany air show held where once the giant Zeppelins reigned demonstrated once again the fascination of flight and the thrill of discovering new aircraft, something that almost everyone that works in air cargo shares.

This year's edition of AERO included 625 exhibitors, which is 12 percent more than at the last show.

As brave pilots performed aerial acrobatics, more than 46,000 flying fans flocked to the exhibition grounds for awe-inspiring demonstrations in the skies above.

AERO also serves as the European meeting place for general aviation.

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Wuhan Debuts All Cargo

On the night of May 8, a Boeing 747-200 freighter of Uni-Top Airlines took off from Middle China's Wuhan International Airport, marking a formal start for the airport's international all-cargo service.

This newly established regular flight connects Wuhan with Madras, India and Dubai three times per week and it enables the airport to grow its air cargo business, that prior to now was dependent only on the belly hold capacity of passenger aircraft and non-scheduled all-cargo flights.

As one of the most important airports of Middle China, Wuhan International Airport handled only 8,900 tons of cargo in 2008, ranking 17 among domestic airports, while its passenger turnover rated 12 in 2008, with 9.2 million passengers.

To strength its air cargo business, the airport has been working on the construction of new cargo facilities since 2007.

On March 30 2009, it opened its new cargo terminal, which covers 21,400 square-meters.

Zhang Xuwei, Executive of Wuhan Airport Air Cargo Marketing Department, told Air Cargo News FlyingTypers: "Wuhan's favorable road and water transportation connections have lessened the need of air cargo in past years.



The ribbon cutting ceremony at the opening of the new cargo terminal in Wuhan Airport on March 30.

"However as more and more high tech firms have been established and are now operating in Wuhan in recent years, the air cargo business has also grown rapidly, taxing the operations of the old cargo terminal.

"The new cargo terminal and its related facilities

will change this all."

As a newly established private cargo carrier in June 2008, Uni-Top Airlines is the first all-cargo carrier that is headquartered in Wuhan.

Two more Boeing 747-200 freighters are expected to join the fleet in 2009. David



Airlift To Sri Lanka

A chartered Emirates Boeing 747-400 freighter landed at Bandaranaike International Airport (BIA) in Colombo Sri Lanka on Monday April 27.

SkyCargo was part of an effort to assist the United Nations High Commissioner for Refugees (UNHCR) by delivering 119 tons of tents for people who have crossed into government controlled areas to escape the ongoing conflict in the northeast part of the country.

A second Emirates freighter, a Boeing 777 car-

rying an additional 100 tons of relief supplies followed on Tuesday.

Chandana de Silva, Emirates Area Manager Sri Lanka and Maldives said: "Emirates moved two dedicated freighter aircraft from other service into position within 24 hours to serve the needs of the UNHCR here and will continue these flights in coming weeks as needed.

"Emirates has served Sri Lanka for 23 years and stands fully committed to support the country in any way possible," he said.

Pumping Traffic

Reports that **Boeing** lost a 25 airplane order from an unnamed customer for 25 B787 Dreamliners worth about \$4.4 billion sets a record for the biggest cancellation yet, as the company counts 59 cancellations and 58 orders. But 861 orders remaining and a program two years behind schedule stay tuned. Meantime **Airbus** for '09 says it has 30 sales and 19 cancellations (14 A320s and 5 A350s). Production of A380 this year is reduced to 14 planes from 18. According to the *Wall Street Journal*, people familiar with the plan said the cut is linked to previously announced delivery deferrals at Australia's **Qantas Airways Ltd.** and Dubai's **Emirates Airline**. Emirates Airline, Qantas Airways Ltd. and **Singapore Airlines Ltd.** already operate A380 and first deliveries are set for **Air France-KLM** later this year and also to **Lufthansa** early next year. Qantas, which operates three A380s, said it will take its next three A380s this year but defer the following four. Emirates said in March that it expects to take delivery of seven A380s in its current fiscal year.



I'd like to fire all our underachievers but there wouldn't be anyone left."

Expect India To Revamp Foreign Investment

Right now the recent elections completed and tallied, it is expected that the new government being formed in India led by Dr Manmohan Singh will be more progressive and liberal than the last one.

Now that the ruling Indian National Congress can call the shots, thanks to it being the single-largest party in Parliament, civil aviation pundits have started forecasting better times for the harried aviation industry here.

Better times cannot come soon enough is the thought.

Right now the combined debt of the top three airlines—Air India, Kingfisher Airlines and Jet Airways—totals a whopping \$8 billion or about as much money reported lost most recently by all global carriers combined.

According to the May report on the Indian aviation sector, the Centre for Asia Pacific Aviation (CAPA), has said that the combined debt of the big three aforementioned here could reach USD\$10 billion by the end of the financial year.

Given such conditions, whoever replaces Praful Patel as the new Minister of Civil Aviation will have his or her work cut out and must move immediately to revive the industry as quickly as possible.

Simultaneously, the new minister will need to work to make the industry more liberal in terms of foreign investment.

In a turnaround of sorts, a proposal was doing the rounds in government circles, well before the elections, to allow foreign carriers to invest in domestic airlines, subject of course to certain regulations.

According to sources in the civil aviation department, the government is keen that foreign airlines take around 20-25 percent equity in the Indian carriers with limited say on the controlling boards.

Apparently, bureaucrats in the civil aviation ministry have come around to the view that the domestic aviation industry will not be harmed if the foreign airlines have an interest in them.

The earlier policy was rather unusual: while foreign companies could pick up 49 percent of the equity in Indian airlines, foreign carriers were not allowed to invest in them.

Now, of course, the situation has changed.

Praful Patel, the former civil aviation minister, had not too long ago said in answer to a question on ways to revamp the aviation industry, that allowing foreign airlines to hold stakes



in domestic airlines was indeed an option that the government lawmakers were thinking about.

On the other hand, the government has allowed foreign carriers to take up to 74 percent stake in cargo airlines.

In addition, the government had also given the green signal for 100 percent foreign direct investment in maintenance, repair and overhaul (MRO) organizations, flying training institutes (FTIs) and helicopter services (up from 49 percent).

But the big and as yet unanswered question remains—how will all of this impact the air cargo sector?

Earlier it was thought that armed

with government go-ahead for outside investment of up to 74 percent in air cargo, international companies would be picking up stakes in Indian cargo carriers left and right.

Unfortunately, however, before anyone could show interest, the global slowdown hit the industry.

Perhaps, the only place where foreign direct investment has been seen is in ground handling with companies such as Menzies and SATS increasing their shares in ground handling joint venture projects.

While Menzies has a tie-up with Bobba, SATS has a relationship with Air India.

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(Picture right)—At Air Cargo Europe this week Dubai-based Air Cargo Integrators Managing Director Lionel Smith reports steady business albeit stronger effort toward “getting close to the customer.”

“I’m lucky but hard work wins the day.”

“Despite these turbulent times we are very appreciative of our customers support and loyalty.”

Heide Enfield, Head of Global Marketing Lufthansa Charter speaks of moving into new situations in the expensive Lufthansa Group stand.

“Transport Logistik is among the most important events of the year,” Ms. Enfield said . . . (Picture left)—Well-liked and fondly-recalled Jean-Peter Jansen, former CEO of Lufthansa Cargo who retired three years ago after 30 years with the airline said he was surprised at how busy he was and has been since he eased back to family, golf and a life less strenuous.

“But if I had to do it all over again, I guess I would do it all over again. I just love airplanes and the people of air cargo.”

“Lufthansa Cargo will be alright and weather this current situaton. Firstly the company has great people and has been though this kind of challenge. before.”



“I started at 19 in the airline business years ago while a student working part time at the Swiss airline Crossair.” Bernd Maresch, Head of Marketing & Strategy, Swiss WorldCargo is starting his day with memories and muesli and a big glass of orange juice at a small hotel with a wishing well in Zörneding near Messe Munich, called the Neuwirt Hotel Gasthof. “Yesterday the people that hired me way back then, came by and it was a sweet moment for friendship and memories indeed,” Bernd said



In Their Own Words . . . Looking around Hall A4 at Air Cargo Europe brings to voice the wow factor and an exclamation from Edyta Wiland Rogulska, LOT Polish Airlines Director & General Manager Cargo & Mail Bureau (left) pictured with Barbara Solarska LOT Sales & Marketing.

“This place looks like there is no



If you have some cargo and need an African connection, chances are Ethiopian Airlines Cargo’s Tewelde Gebremariam (“Call me Tewo”) the

carrier’s CEO can make some sense in terms of “reliability, capability and price.”

“With a varied and growing fleet of freighters, Ethiopian can tailor a program to suit any need,” he added.



Anatoly S. Karpov, Director General Polet (center) with Stan Wraight (left) and Maxim Klushin of Polet’s Munich office as Polet unveiled the first of three IL-96400T aircraft that go into service this month.



Up Close and Personal—Christian Fink (left) and Reto Hunziker together again for the first time for some quiet moments as Air Cargo Europe wound down.

recession,” she marveled.

“Business is tough but the stands and people at Air Cargo Europe look prosperous,” Barbara added.

Addressing the “she factor” LOT Polish may have the most expansive female staff integration of any airline in the world with more than 75% of the airline’s cargo team bringing Eastern European women to new heights.



Peter Walter in addition to having two first names is a Netherlands native with an air cargo identity card that includes an impressive list of companies served in a colorful career including his once upon a time start up in this business with Seaboard World Airways.

But Walter is no “been there done that” character to be sure.

“Every assignment is a challenge, an adventure and also an opportunity to do good and advance air cargo,” he says

One good idea drives another—Eric Fraenkel, GSA for leisure Cargo is plugging into continued development of Latin American freight with a new company Aeroplus based in San Jose, Costa Rica.

“We are adding airlines, building a website and offering a separate product that will greatly enhance cargo potential in the region amongst a new group of carriers.



Remo Hanselmann, (left) newly named air cargo chief at Aer Lingus Cargo is overseeing the carrier’s return to the air cargo business in Europe with spirit and determination.



“We are building a first rate network of GSAs while delivering our special brand of air cargo service delivery back where it belongs,” Remo declared.

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Mondial Partners With DHL

General sales agent Mondial Airline Services has landed a substantial coup by marketing the rest capacities of DHL long haul flights out of the express company's major European hub Leipzig/Halle airport.

It comprises six flights each week by B747-400Fs en route to Seoul, Hong Kong, and Sharjah. Operator is U.S. capacity provider Polar Air Cargo in which Deutsche Post subsidiary DHL holds a stake of 49 percent.

According to DHL's Frank Bakker who is responsible for intercontinental capacity management and charter operations, up to 20 tons of general cargo can be loaded on each of the aforementioned long distance flights by third party providers. This however,

goes for DHL's own operations only and does not include the MD-11Fs Lufthansa Cargo has based at Leipzig/Halle airport.

These route joint venture flights between DHL and LH Cargo are excluded from any co-loading by GSAs.

According to Bakker, general sales agent Mondial won the tender because "they offered the best yield, are well established in the Germany market and forecast the highest volumes."

Further he confirmed that the contract also includes co-loading on Leipzig-based carrier Aerologic, a DHL and LH Cargo JV, that commences operations June 19, with its first B777F that arrived in Germany mid-May.

Asked by *Air Cargo News Flying*

Typers Frank Bakker did not preclude extending the collaboration in the near future.

"If Mondial lives up to the daily performance they have promised I can well imagine including further flights in this co-loading deal for rest capacity," he announced.

Mondial's Managing Director Germany Aytekin Saray said, "This is a major and highly important contract we just won."

"Next step we have to take is to promote this deal in order to fill the rest capacities of up to twenty tons per flight with general cargo."

He confirmed his company's keen interest in extending the agreement after the initial stage.



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Runway Underway At FRA

Following more than ten years of intensive planning and extended approval procedures, we can today commence construction of Frankfurt Airport's (FRA) new Runway Northwest," explained Fraport AG executive board chairman Prof. Dr. Wilhelm Bender at the ground-breaking ceremony for FRA's new landing runway on May 8, 2009.

"This runway will secure the future viability and competitiveness of Germany's biggest aviation hub and will also secure the economic prosperity of the entire Frankfurt/Rhine-Main region."

Herr Bender emphasized that Runway Northwest will be inaugurated for the 2011 winter timetable:

"We are well within schedule and already have successfully completed the necessary preparatory work."

"Beginning in 2011, the number of coordinated aircraft movements will be incrementally raised from more than 80 now to 126 per hour during the day time. "Over the long-term, this capacity gain will allow us to maintain our global competitive position among the world's major hub airports," stressed Fraport's CEO.



Lufthansa Presser A Grand CNS Tradition



At CNS, Lufthansa Group hosted a traditional rite of CNS Partnership—the annual report with top executives in a no-holds barred encounter meeting the press. But as always some moments were taken to both smell the flowers and gather for an always-welcome group photo.

Pictured (L to R) are Bernd Maresch, Director Marketing & Strategy, Swiss WorldCargo; Peter Ahnert, Director Business Development, Jettainer GmbH; Christian Fink, Managing Director, Lufthansa Cargo Charter Agency; Klaus Holler, Vice President The Americas, Lufthansa Cargo; Jack Lampinski, Managing Director, The Americas Swiss WorldCargo; Ron Sanford, Head of Global Account Management Americas Lufthansa Cargo; Chris Buscemi, General Manager The Americas, Lufthansa

Cargo Charter Agency; Michael J. Krug, Global Key Account Manager, time:matters.

Upshot is that while costs are under extreme pressure, yields are varied with outstanding results from Jettainer and time:matters, but less than expected from Swiss World Cargo, Lufthansa Cargo and Lufthansa Charter.

Profits, albeit razor thin are hopefully in the offing, with long time executive icons of air cargo like Klaus Holler admitting, "after 40 years, air cargo has changed more in the past six months than anytime before."

"We have not yet reached the bottom," intoned Lufthansa Cargo Charter Managing Director Christian Fink.

A Road Less Travelled

This issue of Air Cargo News Digital carries on the tradition of our pioneering the world's first digital air cargo publication

ACN Digital was the first digital journal to include regular live video created by us as part of the editorial content.

For May we offer extensive live coverage of the recently completed IATA Cargo Network Services (CNS) Annual Partnership Conference as part of our in-depth first person report. As per usual we have documented one of the most important industry gatherings of the year via the written word, but are also offering live video as well.

Here you can see and hear top air cargo industry stakeholders speak about air cargo 2009 in their own words.

Air Cargo News, in business since 1975, has always tried to give subscribers the ability to be part of eyewitness news, and now video allows us to offer complete transparency of our sources. Anyone can watch and listen to an interviewee voice their opinion and views.

Often as a company and as people we find ourselves walking on the road less traveled.

On Sunday, May 3 we boarded a train, the USA Amtrak in beautiful Union Station, Los Angeles on our way to Oceanside, California to attend CNS, where our publication served as "Official Online Media."

Festivities were taking place that weekend for Cinco de Mayo, the annual Mexican celebration. We were witness to surfing contests, cookouts and community celebrations all along the scenic route to Oceanside, where the rich heritage and impact of the Latin contribution to the USA came to the fore.

It is worth noting that Amtrak offers Business Class travel from Los Angeles for less than \$50 USD with amenities, including onboard meal services, comfortable seating and stunning views for a trip that lasts a brief two hours.

Even after three decades in the airline business we can still appreciate riding the rail.

For our money, the 2009 CNS Partnership hit the ball way over the fence as our coverage here underscores.

Here both government, regulatory and industry people came together for a few days in the California desert amidst a world business slowdown the likes of which we haven't seen before.

The take away here is that we all need each other and that the decks should be cleared for new thinking and partnerships.

The next big IATA air cargo conference is World Cargo Symposium Number Four, slated for Vancouver during the first week of March 2010.

WCS hit its stride and made big gains coming out of its third meeting in Bangkok earlier this year.

CNS after having caught some wind in its sails this year will also meet again in early May 2010. The hope is that the sense of inclusion and excitement started in Carlsbad will carry through to next year to gain even greater heights in 2010.

The value of these IATA events is that they rely on content and quality attendance. The lack of competition for awards or otherwise creates an environment where all of air cargo comes out a winner.



Part of the success of each entry on the world air cargo trade show scene is weighed by their ability to deliver quality advice and best practices information to industry stakeholders who are eager and willing to learn.

When this business needs it most, Aleks Popovich as Head of Cargo at IATA is, with the help of his worldwide team, coming up big for air cargo.

More power to them, and us, we say. (Geoffrey)

A postscript. I bought this Karmann in 1973 and although today at 68 long trips with the top up I feel like I'm being sentenced to sitting in a bathtub all day, I can still enjoy an occasional ride down the road less traveled.)

CNS Voyage Of Discovery

Continued from Page 1

2000, CASS, E-Freight and other topics of unique common interest drew a picture as to why this conference has become a must-attend A-list event, along with World Cargo Symposium.

Simply put, CNS Partnership is without parallel, and one of the best upper and middle management level annual air cargo networking events on the planet.

Nowhere else can you meet and rub elbows with as many top level managers of the world air cargo enterprise all in the same place.

During CNS there were meetings and sub-panel events that underscored the importance of the conference itself.

While CNS Partnership is a great place for carriers and forwarders to get close, it is also a great place for conferees to conduct their own company meetings.

So in addition to getting, say, a USA sales team on the same page, managers can walk around and talk up ideas and programs while measuring reactions to schemes and dreams amongst a concentration of peers not found anywhere else.

That is exactly what happened in many cases during May 3-5 in Carls-

bad, California.

As mentioned, there were many speeches and presentations, but our favorite was an early morning talk by Thomas Huchler of EMO Trans, a mid-sized USA forwarder.

Mr. Huchler spent much time outlining the needs and hopes of both EMO Trans and other smaller and larger companies as TSA cargo security edicts tighten.

He also praised and entreated CNS to deliver a square deal for the smaller forwarders.

But at one portion of his speech, Mr. Huchler began to tick off some ideas that might actually be useful out of the box for people in the audience.

"We have 26 offices as properties that we either own or rent.

"We looked at the rented units and went to each landlord, offering them a bit of our reality as an air cargo business in 2009 with the idea of renegotiating our leases.

"The results were excellent.

"It may be hard to believe," Herr Huchler said, "but in most cases landlords would rather accept less as a viable alternative to empty warehouses and office inventory."

As Herr Huchler spoke (he also talked of EMO realizing some great opportunities in Mexico), we wondered if the import of his words was

sinking in to an audience that half filled the hall.

Glancing around the room, we noted that very few conferees were flipping or fooling around on their cell phones or PDA's. A good sign, we thought.

In CNS Partnership's deliverance of a forum for conducting business and networking, they also provided a place for sharing some of the best practices for advancement of air cargo.

The reaction here in a snap survey amongst several attendees was positive uplift.

But we are still wondering if some people from that session took the advice home and contacted their landlord to paraphrase that ubiquitous personality from the movie "Network":

"I'm sick and tired of paying too much and I'm not going to take it anymore!"

It was an extraordinary moment in a year when the best and worst of times should long be remembered.

At CNS there was also time to think about things apparent but perhaps not always properly contemplated, a time to see what condition your condition was in.

We were walking with Jim McKeon, the new cargo boss at Continental Airlines. After conducting a video interview on Tuesday, May 5 (which

can be seen elsewhere in this issue) we were trolling for lunch.

CNS had put up a Cinco de Mayo spread out near a pool that seemed too good to miss and was, in fact.

As we walked along Jim noted some deep purple flowers clustered in bunches that traced the length of our path and wondered aloud what they were.

We asked some people, including employees, if anybody knew what the flowers were called, when a thought occurred:

Here is a top executive with a huge daily lift to business enterprise and thousands of customers and employees underneath him.

The pressure to deliver might make it possible for Jim to flatten the flowers like Superman with a mere glance of his powerful vision.

But, it seems at CNS Partnership, there is time and space for Mr. McKeon to stop and smell the flowers.

Maybe some part of what we take from CNS Partnership 2009 should be that we all need each other, no matter how big or small the person next to you may be.

CNS Carlsbad paid forward at a time when air cargo needed it most.

As an industry we should try to listen and help each other, taking time to wonder and always, discovering...

Crandall Keynotes Tough Year At CNS

Dateline Carlsbad—"The theme of your conference – implementing the vision – sounds like a challenge appropriate for the airline industry. If only it could do so," said Robert Crandall the former CEO of AMR.

Speaking at the CNS partnership conference in Carlsbad California, the outspoken airline icon that built American Airlines into a world power and one of the few USA carriers not to declare bankruptcy outlined a vision for the future and air cargo.

"Although I have never seen a vision statement for the industry, I assume that if there were one it would include fewer crisis, consistent profits, better labor-management relations, more on time flights, fewer customer complaints and less general disapprobation.

"It's astounding how elusive that seemingly simple set of objectives has been. I've been in and around the business for almost 40 years now, and I can remember few times when some crisis or the other wasn't stalking the industry. Way back in 1973, when I joined American from TWA, the then senior vice president of operations was in the elevator lobby as I disembarked, and asked if I knew what a mess I was getting myself into.

"And it's been like that ever since.

"Indeed, it's been like that forever in commercial aviation.

"In the years since the Wright brothers first flew, the airlines have never been able to earn consistent returns and have lost, cumulatively, billions of dollars.

"In the years since the industry was deregulated, 200 odd airlines have come and gone, and most of our domestic carriers have been in and out of bankruptcy at least once; some have made the trip on multiple occasions.

"The consequences for the U. S. carriers, and our economy, have been very adverse.

"I think the recession will be deeper and longer than the optimists expect.

"The airlines will see fewer business travelers and lower yields than they would prefer for some time to come.

"It is also likely, I think, that air cargo volumes will remain depressed for some time to come. The precipitous traffic declines of late 2008 and early



2009 are greater than the effect on air cargo volumes following the tragedy of 9/11 when the aviation system was shut down.

"Even if world trade levels off in the near term future, and manufacturing activity increases following the substantial inventory liquidations that have characterized recent months, air freight volumes are unlikely to leap back to earlier levels.

"As we all know, consumer products tend to be high value and low weight and are an important component of air freight volume.

"Unhappily, U.S. consumer spending is unlikely to be robust in the near term, since U. S. consumers must substantially increase their saving to pay down debt and build nest eggs for the future.

"In the context of this discouraging outlook, I think it is very important that the industry do all it can to optimize its performance and eliminate unnecessary costs.

"One of the most daunting challenges to achieving that objective is the pending impact of 100% screening of all cargo on passenger aircraft, scheduled for implementation only 15 months from now.

"While some believe that the many obstacles to accomplishing the goal make deferral likely, I do not think that counting on it is a sound busi-



ness plan, since it would take only a single event to make deferral politically impossible.

"Thus it seems to me that everyone in the cargo supply chain ought to be working hard to achieve compliance.

"As I am sure you know, only about 300 cargo screening sites have been certified by TSA under its CCSP program, which means that lots of shippers and forwarders are not yet on board.

"Given the prohibitive cost of unpacking containers and pallets for individualized inspection at airports, and the lengthy delays such screening would inevitably cause, it seems to me that the industry should be working this problem more aggressively than it is.

"In addition to becoming certified, forwarders should be pushing their important customers to achieve certification as well. Shippers, forwarders and airlines should also be pushing the TSA to certify one or more of the container and pallet screening systems now coming into use abroad.

"Finally, all hands should be collaborating to create on airport cargo screening facilities with optimized work flows and the best available support systems.

"It's also time, it seems to me, to get serious about the paper problem.

"Way back in the 90's, before I re-



tired, we were working hard on ways to reduce the imposing paperwork burden with which air freight has long contended.

"It always seemed to me – and must still seem to you – that the volume of paper is entirely disproportionate to either the value or the volume of the cargo itself.

"Yet despite the lapse of more than a decade, it seems that only modest progress has been made. "IATA's e freight initiative can manage only 12 of the roughly 30 documents required for each air freight shipment, and is functional at only 26 airports worldwide. In the United States, only two airports – New York and Chicago – are current participants and the United States has no cohesive electronic system for managing the information associated with air freight exports.

"In a world which has digitized virtually everything that has ever been learned, and is able to transmit and receive almost anything to virtually any location on the planet, it is absurd for the airlines and their customers to be filling in forms and entrusting tote bags of documents to messengers who stand in line to tell bureaucrats what's arriving and leaving by air. In this area, as with security, the industry needs to be lots more aggressive. Air commerce is hugely important to almost every country, and the shippers, forwarders and airlines who make it happen have the clout needed to move the ball forward.

"Since I'm no longer in the fray day to day, I don't know why progress has lagged so badly – but I'm sure that whatever the obstacles, you should be pushing the world customs organization to get on with the task of standardizing the form and content of all the data fields and all the documents associated with moving goods from place to place.

"The industry needs to recognize that in hard times, customers will be even more anxious than normal to assure themselves that what they ship will be flown and delivered as promised. And airlines and forwarders alike need to understand that outstanding service is the best guarantee of continuing success."

The theme of CNS Partnership Conference – implementing the vision – sounds like a challenge appropriate for the airline industry. If only it could do so!!!

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They bring a varied and international skill set to the newly created offices of CNS in Miami FL. Pay your dues to Ron Dues may have become a slogan in this industry to this long serving manager, CASS USA. Actually Ron commutes from Louisville as the only behind the scenes veteran of the old Garden City team. Michael Ludovici towers above all, including the ability to field all manner of challenges from a complete airline background having served most of the U.S. legacy carriers. "CNS is a special place for an industry that is challenged and the opportunity to do good for air cargo," says Michael. Carolyn Schmidt has her finger on the pulse of every aspect of the CNS Partnership experience. Carolyn brings it down to where its at and wants to make sure everything is just right. She comes from an airline and forwarder background, the main drivers of the CNS membership. Rocio Vegas as a financial analyst who moved over the CNS back office, came from DB Schenker. This is a good time and dedicated team to work with, she said. Badar Mir is the finance guy by training but a true team leader by avocation. He looks out for his team and he is proud and when he speaks of them it makes you feel they are capable of anything. Looking into the excitement and determination reflected in Carlos Molina's face confirms what Badar thinks about the team and

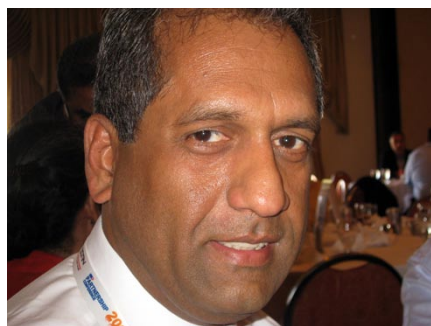


Left to right—Ron Dues, Mgr., CASS USA, Michael A. Ludovici, Vice President Head of Operations, Carolyn Schmidt, Manager Sales, Marketing & Special Projects, Rocio Vegas, Financial Analyst, Badar Mir, Chief Financial Officer and Carlos Molina, Financial Analyst.

this indeed has become a focal point of special people who are going to make things better all around.

Waiting More Than Marking Time

We are sitting behind a huge slice of beautiful California romaine lettuce sprinkled with cheese as American Airlines Cargo hosted an excellent, well-prepared luncheon on Day One at CNS Partnership.



Norman Coelho

Norman Coelho who started up Norvik Cargo International, an international freight forwarder located on the infamous Hook Creek Boulevard in Valley Stream near JFK International Airport is looking at his romaine while saying to no one in particular:

"I wish that they would have a session at CNS that discussed how long it takes to drop off and pick up cargo."

Later we learned that Norman founded his company while working at another forwarder with colleagues

who were more than glad to be rid of some clients who "spoke in funny accents that are hard to understand," as he put it.

"I found myself fielding calls from Asian people and others that for some reason my co-workers thought I was better suited to handle.

"Later when I thought to open my own company, this group formed the nucleus of my account list that my old company was more than happy to let go of."

Today Norman and a staff of three are hands on all the way often carrying out the consignments to the airport himself.

"But the wait queues are horrific at times two and three hours where we just sit outside say American Airlines Cargo and wait and wait.

"It seems at AA Cargo, the people inside just disappear.

"The supervisors are no help either.

"I saw Mark Najarian here earlier, the operations boss at AA Cargo.

"I once asked him if the two of us could get a package and dress in plain clothes and go in together to JFK to deliver the package for shipment but nothing ever came from that.

"Maybe next year at CNS they will have a session about delays we endure dropping off and picking up.

"That could help a lot of people all over the country, and maybe even around the world is my thought."



CNS Partnership offers lots of important people in the same place at the same time. The gathering also brings companies together for quiet meetings to compare notes during the networking process and also to develop and agree upon strategies in a benign restful atmosphere.

Here during a break last week in Carlsbad from Cargo Airport Services USA that handles a growing list of airline's cargo ground support across the U.S. are left to right—Ray Jetha, director western region, Steve Crescenti, director of operations, Michael A. Duffy, president and Phillip Jensen, director of sales and marketing.

CAS recently expanded operations to DFW adding Yangtze River Express and also added Air France Cargo to its IAD portfolio. CAS has cargo operations at FK, IAD, EWR, IAH, DFW, SAT, SEA, YUL and YYZ.

Michael Duffy says he is excited about the growing operations and CAS' future plans to add other North American gateways.

Up Close & Personal

Complete Name—Robert Lloyd Crandall.

Marital Status—51 years, Jan.

How They Met—Jr. High School, Providence, Rhode Island.

Children—three, Mark-50, Martha-48, Stephen-46.

Favorite Subject In School—History

Least Favorite Subject—Latin

First Job & Salary—Eastman Kodak, can't remember salary.

Least Favorite Job—I've liked them all.

Admired Occupation—Anybody who is good at what they do.

If Not In Present Industry—Any business. I enjoy bringing together various elements, developing assets and building a successful enterprise.

Favorite Charity—University of Rhode Island, where I got started. The United Fund, various organizations and assisting abused women and children.

Favorite Food—Spaghetti.

Absolutely Refuse To Eat—Not much.

First Automobile—1936 Ford 2 Door Black. I bought it the day I turned 16.

Favorite Ice Cream Flavor—Don't eat ice cream, but if I did—chocolate!

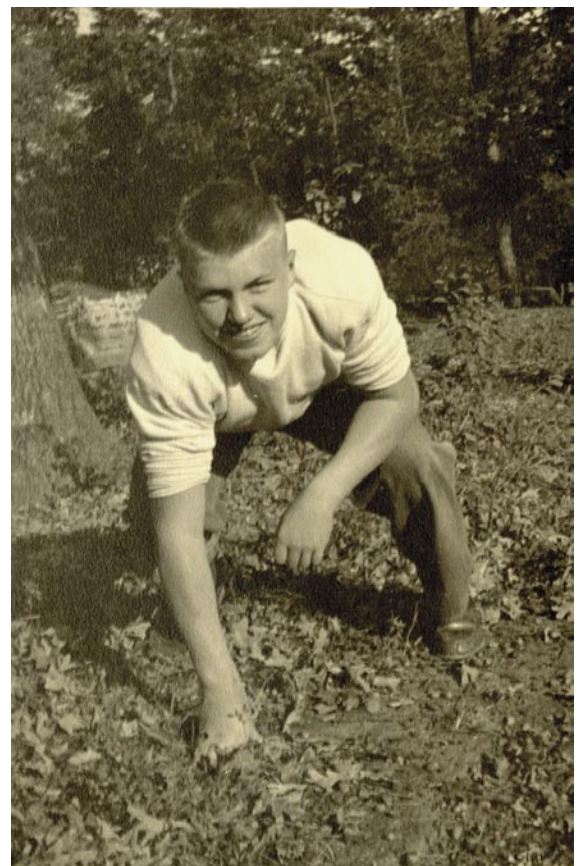
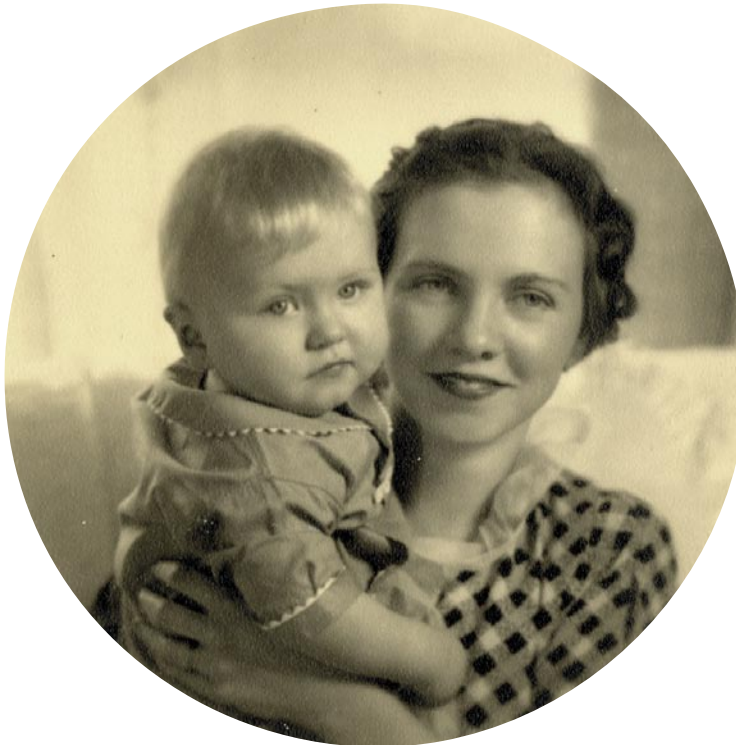
For Relaxation—Sail, golf, read, company of friends.

Good Bosses—Bob Schellberg, Eastman Kodak; Dick Halloran, Hallmark; Al Casey, American; Jim Curley and Charles Tillinghast, TWA.

Biggest Disappointment—During the 1980's we made some good business arrangements with pilots, flight attendants that did not survive the 1990's.

Most Underrated competitor—Continental, USAirways. Both are excellent examples of airlines that turned themselves around and have become important transportation resources. Also Southwest, which has done a first rate job of proving that high value, low cost service is a winner.

Robert Lloyd Crandall



(Clockwise)—Bob Crandall pictured with his mom in 1936. By 1945, Mr. Crandall already had mastered relaxing in casual business attire. Bob Crandall in High School seemed to be saying, "you want to get there, you gotta go through me." Mom, Grandma and Dad celebrated in the warmth of the sun, as Bob Crandall graduated from University of Rhode Island in 1957. When Bob and Jan were married in July 1957, everybody ate cake.

Good one-two punch here as Qatar Cargo's Murray Gregg, Manager Cargo Business Development (left) continues into new opportunities and challenges after a distinguished career

View At Air Cargo Europe

Continued from Page 3



at Air New Zealand and Vikram Singh, Qatar Airways VP Cargo who landed in Qatar from KLM Cargo were busy in meetings seemingly around the clock in Munich.

Both were anchored in a busy Qatar Airways stand at

Air Cargo Europe while a map of destinations under that Qatar Airways logo in the backdrop seemed to add locations every day including recent startup of B777 service all the way from Houston, Texas to Doha, one of the world's longest routes.

"Got to hand it to you," says ATC's Ingo Zimmer pictured here with Jose Sanchez, Director Airfreight from Rohlig. ATC has added expanded capabilities to its service delivery mix, reports Herr Zimmer.



THY One On—Aydin Alpa, Cargo Manager of newly formed Pegasus Air Cargo based in Istanbul and Egon Wedde Cargo Manager Central & Eastern Europe for American Airlines Cargo recall a friendship that dates back

all the way to the time that Aydin was with Turkish Cargo and Egon were interline partners linking up USA and Turkish routes for air cargo via AA & THY. "We've been friends for so many years," Egon said.

David Kerr, Managing Director European Cargo Sales (left) with Andy Faes Regional Account & Network Manager Cargo Sales (EMEA).



Mr. Kerr, who is well known for his continued support and involvement with IATA Cargo's Simplify The Business activities said that AA Cargo is about to launch enhanced perishables services and recently launched increased schedules including new cargo service to Madrid, Spain (MAD) from Dallas/Fort Worth International Airport (DFW).

"We added daily nonstop Boeing 767-300 service to Spain's Madrid Barajas International Airport (MAD)," Mr. Kerr said.



Stephan Kaempfel and his 3 year-old golden retriever Hermes discussing the virtues of Air Cargo Europe with Barbara from Etihad Airways. Herr Kaempfel is from Vilstal-Silo, that operates warehouses in the south of Germany. (Stephan. Kaempfel@vilstal-silo.de). Asked why he brought Hermes to ACE, Stephan said, "I think it's important to get a second opinion about this show that is

both unbiased and from someone I trust completely."



Ideal World . . . Although it doesn't fly cargo aircraft, it must seem that way as Leisure Cargo's Christian Weidener (left) and Ralf Auslaender move from visionaries of an idea to the successful creation of end to end soup to nuts air cargo services for a growing family of mostly tour based carriers.

Now with Air Berlin reportedly selling leisure, this dynamic duo with an investor may soon emerge as operator owners.



"The traffic is a bit slower than last year but right now Transport Logistik still represents value for money with plenty of people in the same place at the same time," said Russi Batliwala, new group cargo director at Chapman Freeborn.

"This event is still tops with us," he added.



As Panalpina's Ewald Heim renewed our long acquaintance at Air Cargo Europe we were un-

aware that he plans to step down and order later breakfasts and more rounds of golf as part of his life after 41 years in air cargo.

"Now we can just spend more time together enjoying a life well lived," he said.

"I will keep my ties and continue to help build organizations associated with air cargo here in Germany, but the day to day for me is coming to a close."

Ewald Heim is from that special group of people who have graced this business that can truly be referred to as air cargo pioneers, based solely on their inquisitive and innovative and also helpful toward others nature and attitude.

"I began at Luft," Ewald said, "where I was hired by Guenter Mosler.

"Shortly after I joined DLH, Mosler left the company. I have always wondered if I had anything to do with that," he laughed.



First time air display stand presence for EMO Trans at Air Cargo Europe will be matched by extension into upcoming sister event to be held during 2010 in China notes company CEO Jo Frigger. Perhaps less known is that EMO Trans has gone about building a solid air cargo resource in both air and ocean logistics by measured expansion and a solid superior service ethic.

"It's all about people and empowering ideas and innovation," that keeps our development on track," Jo Frigger said.

Good example of that statement is Donna Amendola who heads up EMO's Harford, Connecticut, USA operation. Donna, who began her career at WTC landed at EMO some years ago impressing everybody with her thorough and varied approach to both sales and service. Today in addition to her Hartford duties, Donna is now in charge of developing business between the USA and a growing list of European destinations.

"Her research and detail work is second to none," Jo said.

