WHY CARGO 2000’S QUEST FOR QUALITY IN AIR CARGO WILL NEVER GO AWAY

2006 was the most successful year in the history of Cargo 2000 in terms of our members’ achievements and we plan to step up this pace of progress in 2007.

It was also a record year in terms of recruiting new members. Over the past 12 months, our ranks have grown significantly as more and more leading companies in the air cargo industry have seen the benefits of being part of Cargo 2000 and made their own commitment to our quality management programme.

In the course of 2006, we have welcomed:
• AirBridge Cargo • Asiana Airlines • Australian Air Express • Aviance • Cargo Center Sweden • Etihad Crystal Cargo • Hellmann Worldwide Logistics • ICCS in China • Kale Consultants • Mercator • NAS Cargo in the Middle East • Penauille Servisair • Singapore Airlines • TNT Freight Management • Towne Air Freight • UTI Worldwide

And, in 2007 already we have welcomed our first member in Africa following Kenya Airways’ successful application to join Cargo 2000.

When you combine this impressive list with our already-strong membership of airlines, freight forwarders, ground handlers, trucking companies and IT providers it is clear that our drive to improve the quality of air cargo is not going to go away. With the support of major buyers of air cargo services around the world that are as eager as us to see an industry-wide quality standard, there is greater pressure than ever – and a greater incentive – for other air cargo service providers outside of Cargo 2000 to seriously consider what we can offer to their own businesses in terms of quality improvement, cost reduction and customer satisfaction.

I am convinced that the majority of companies that take the time to understand exactly what Cargo 2000 is doing will see the value of membership. If they consult their customers, they will be even more certain of the benefits.

"I am convinced that the majority of companies that take the time to understand exactly what Cargo 2000 is doing will see the value of membership.”

Mick Fountain, Chairman, Cargo 2000

As our membership grows, so does the level of expectation from our members and, more importantly, customers. We are actively pursuing new freight forwarder members and a new initiative will be launched shortly to accelerate this.

At the end of the day, however, it is performance that is the benchmark of Cargo 2000’s development. Our statistics for December 2006 vs the same month a year earlier show an increase in the number of lane segments measured of 36,444 during the year. The number of route maps created doubled to 338,817. The number of monthly shipments measured under our Phase 1 criteria also nearly doubled to 91,746 per month while lane segments measured rose nearly 10,000 to 20,000 per month.

In 2006, we focussed on implementation, supported by the excellent work of our growing number of Local Associations around the world.

We have now reached a stage where all present members of Cargo 2000 have made a commitment to measure ALL shipments across their entire worldwide networks to our Phase 1 standards by April 2007. Our present freight forwarding members have also agreed to complete the global implementation of Phase 2 by June 2008.

Pushing implementation has meant that...
IATA e-freight and Cargo 2000 will coordinate their energies for the benefit of the air cargo industry. They have committed to work together on common industry process and standards, built on a unified campaign to drive quality and complete industry coverage for electronic data interchange.

IATA e-freight and Cargo 2000 are significant industry initiatives within the IATA Cargo agenda, aimed at simplifying the business of air cargo. IATA e-freight and Cargo 2000 complement each other well. IATA e-freight focuses on process simplicity and efficiency, and Cargo 2000 (an Interest Group of IATA) focuses on process quality and control.

One of the foundations for IATA e-freight is the IATA e-freight Message Improvement Programme (MIP). IATA e-freight MIP aims to increase the quality and numbers of electronic messages exchanged between industry stakeholders, initially focusing on the electronic form of the master air waybill (FWB) and the house manifest (FHL).

A shared objective of e-freight and Cargo 2000 is to simplify and implement best practice, both programmes require complete and accurate data to ensure a simple, efficient paper-free industry as well as the provision of timely, accurate data facilitating movement of goods through the supply chain.

To achieve this mutual objective, IATA e-freight MIP will become an integral part of Cargo 2000, to constitute an extra quality measurement for all Cargo 2000 members.

IATA e-freight, in turn, will benefit from working closely with the Cargo 2000 team to ensure that all e-freight processes, defined during the pilot phase are aligned with the Cargo 2000 recommended practices already in place. IATA e-freight will also draw on the considerable expertise and learning of Cargo 2000 to ensure that past lessons are incorporated into the IATA e-freight approach.

Furthermore, both programmes will ultimately support implementation of IATA e-freight and Cargo 2000 Phase 3 (shipment planning and tracking at piece level with document tracking), with a clear logical progression and combined effort from all stakeholders.

Mick Fountain, the Chairman of Cargo 2000 said: “Cargo 2000 is extremely excited at the prospect of joining forces with the IATA e-freight programme and I believe that building the “Quality Roadmap” together will present a win-win situation for the industry. Cargo 2000’s membership includes airlines, forwarders, ground handling agents and other industry associates. By working with Cargo 2000, IATA e-freight will have access to a wealth of industry experience and knowledge, which continues to grow as I speak. While there may be adjustments needed in order to support this, going forward we believe we can work even closer together to build success for both programmes.”

Aleks Popovich, IATA’s Global Head of Cargo stated: “IATA e-freight welcomes the opportunity to coordinate its energies with the Cargo 2000 programme. IATA e-freight will learn from and build on the success of Cargo 2000. In turn, Cargo 2000 and IATA e-freight participants will benefit from common simplified processes, improved customer service and a reduction in costs resulting from a streamlined and efficient paper-free environment. We also plan to ensure such processes have built into them the conditions which will enable effective cargo security”.

CARGO 2000 MEMBERS:

CARGO 2000 INDUSTRY ASSOCIATES:
TRUCKING COMPANIES: Rutges Cargo, Towne Air Freight
IT PROVIDERS: BT, CCN, Cargonaut, GLS, Kale Consultants, Mercator, Riege Software, Traxon, Tradevision, Unisys
Swissport becomes first ground handler to gain Cargo 2000 certification

Swissport, the leading global aviation services provider, is the first air cargo GHA to gain certification as being fully-compliant to Cargo 2000’s quality requirements for ground handling.

This achievement follows acceptance by Cargo 2000’s Board of Swissport’s quality improvement programme and underlines Swissport’s active programme to fully comply with all agreed industry standards.

“This quality system will help Swissport’s Cargo Division to maintain and grow market share by enabling its customers to control and monitor today’s advanced time-definitive services throughout the global forwarder and airline network. We are proud to be the first ground handling provider in our industry to have earned this certification,” says Michel Jansen, Executive Vice President and Head of Global Cargo at Swissport International.

Ron Cesana, Project Director of Cargo 2000, added: “This is a very important milestone. We welcomed ground handling agents into Cargo 2000’s quality programme in recognition of the vital role they play in the total air cargo process. We have established a set of requirements for GHAs and this includes a quality agreement they sign with the Cargo 2000 member companies they represent. Each quarter, we receive a scorecard from these Cargo 2000 members that measures how well the GHA company is performing to our agreed standards. Swissport has this agreement in place with its Cargo 2000 customers and a quality system that has been audited by Cargo 2000. The company’s commitment to achieving certification underlines the value it places on being an active and quality-driven member of our group and we are confident other GHAs will be keen to follow this example.”

Cargo 2000 brings together major airlines, freight forwarders and their suppliers with the unique goal of implementing standardised quality management systems. The objective in doing so is simple: to implement processes, backed by industry-specific standards, that are measurable and are supported by data, thereby improving the efficiency of air cargo, enhancing customer service levels and reducing operational cost. Based on detailed customer research and with the assistance of leading IT companies, the Cargo 2000 group has re-engineered the transportation process from shipper to consignee through a ‘master operating plan’.

Havmg obtained Cargo 2000 certification at the headquarters level, Swissport will be conducting a carefully-designed implementation programme over the next few months to adapt these rules and procedures to all the cargo destinations throughout its global network. While Swissport already has its own internal quality and tracking tools, Cargo 2000 certification will further enhance the efficiency and visibility of the entire supply and value chain, to the benefit of all industry partners.

TNT Freight Management achieves phase 1 certification for six sites in Europe, Scandinavia and the US

TNT Freight Management has achieved phase one certification for Cargo 2000’s quality management system for air cargo at six sites in Europe, Scandinavia and the United States.

The certification of the TNT Freight Management sites in Chicago, Gothenburg, London, Malmo, New York and Stockholm follows a quality audit by Cargo 2000. Phase one of the Cargo 2000 programme manages Airport to Airport movements, incorporating shipment planning and tracking at Master air waybill level.

“We are proud to be the first ground handling provider in our industry to have earned this certification”

Michel Jansen, Executive Vice President and Head of Global Cargo, Swissport International

Jeff Hoogesteger, CEO, TNT Freight Management

“We are delighted to be part of this industry initiative as a full member”

Jeff Hoogesteger, CEO of TNT Freight Management, stated: “We are delighted to have achieved Cargo 2000 certification and also to be part of this industry initiative as a full member. The certification proves that we are committed to quality which will have a direct positive impact for our customers. Cargo 2000 is a key aspect of our Corporate Sustainability program ensuring quality management backed up by measurable performance data.”

Commenting on the achievement, Cargo 2000’s Project Director, Ron Cesana, said: “TNT Freight Management only became a member of Cargo 2000 just over 12 months ago. Gaining certification for six major sites in its global network underlines the commitment the company is making to our quality management system, based on the benefits it can see Cargo 2000 offers. TNT Freight Management is now working to achieve accreditation at further sites.”
Aviance, the first international alliance ever in the field of airport services, has become an Industry Associate member of Cargo 2000.

Created in 1999, Aviance groups 11 members and offers ground handling in 125 locations in 15 countries. A significant part of the alliance’s business – which exceeds €1 billion a year in sales – is in the international cargo handling sector.

Alain Chapgier, Secretary General of Aviance, explained why the alliance was now joining Cargo 2000 by stating: “We feel that Cargo 2000 is a good way to prove our overall efficiency and to help us achieve global standardisation and integration throughout the whole Aviance network. Aviance is convinced that Cargo 2000 is of the utmost importance to its main customers.”

Aviance (ABC), Russia’s first and largest international scheduled cargo airline, has joined Cargo 2000 and will use its quality system to underpin its commitment to the highest levels of customer service.

As the scheduled cargo airline of Volga-Dnepr Group, ABC commenced operations in 2004. With a fleet of Boeing 747 freighters, it carried more than 80,000 tonnes of cargo in 2006, generating sales revenues in excess of US$230 million. The airline currently operates 10 flights a week ex Frankfurt and four per week ex Amsterdam to Russia, providing daily and twice daily services to Moscow (SVO and DME) and five flights a week to Krasnoyarsk. ABC also operates seven services a week to and from Shanghai and four flights a week to and from Beijing in China in addition to four services a week from Nagoya to Russia and Europe and three flights serving Hong Kong from Frankfurt and Amsterdam.

Stan Wraight, Vice President of Volga-Dnepr Group responsible for scheduled cargo operations, said: “It has always been our intention to join Cargo 2000 once we had the management team and processes in place to support the implementation of Cargo 2000’s quality system. Coupled with the introduction of a new IT system in 2007, we are now ready to move forward with Cargo 2000. As AirBridge Cargo is still a young airline, we do not need to replace old, legacy quality systems. We expect Cargo 2000 to quickly become a key part of our customer service commitment and to support the next stages of our development. This will see our fleet double in size in 2007/8 – including the arrival of three new Boeing 747-400ER Freighters – and the launch of services to the Americas in late 2007 using the trans-polar route to initially serve Toronto and Houston.”

Lothar Moehle, Program Director of Cargo 2000, said: “Ground handling providers are a vital part of the air cargo transportation process. We are delighted to welcome Aviance to Cargo 2000 and I am confident they will soon appreciate the benefits of membership, not least in demonstrating to their airline customers that they are ready to embrace a single quality standard globally.”

New member Aviance aims for ‘global standardisation’

AirBridge Cargo Airlines becomes first Russian member of Cargo 2000

UTI Worldwide Inc., the global integrated logistics company, has joined Cargo 2000’s programme to improve the quality of air cargo.

UTI, which has just reported a 28% increase in gross revenues for the third quarter of 2006 to US$946.3 million, serves global and local customers in industries such as pharmaceuticals, retail, apparel, chemicals, automotive and technology. The worldwide group is headquartered in California, USA.

Mick Fountain, Chairman of Cargo 2000, commented: “A key part of our strategy is to get more freight forwarding companies to join Cargo 2000 and we are delivering that objective. In addition to UTI, our membership includes ABX LOGISTICS, Agility, DHL Global Forwarding, Exel, Hellmann Worldwide Logistics, Kuehne + Nagel, Schenker, SDV, TNT Freight Management, Trans-Trade and Yusen. We have also significantly reduced the cost of Cargo 2000 membership for small and medium-sized freight forwarders as our quality system is designed to benefit everyone in the air cargo supply chain and, most notably, customers.

“With the support of individual shippers and shippers’ councils worldwide, the value and importance of Cargo 2000 is now being realised by freight forwarders of all sizes. Our focused approach around performance measurement is continuing to drive us forward and galvanise our members and is also a key strand of IATA’s e-freight programme.”
Hellmann Worldwide Logistics commits toCargo 2000’s quality system

Hellmann Worldwide Logistics, one of the world’s largest privately owned logistics providers, has become the latest forwarding organisation to join Cargo 2000 to achieve quality of service benefits for its customers and the subsequent cost improvements these will produce.

Founded in 1871 and headquartered in Germany, Hellmann’s global logistics network operates from 341 cities in 134 countries and employs in excess of 15,000 people to serve its customers worldwide. In 2005, Hellmann’s growing airfreight business generated more than €850 million of the company’s total €2.5 billion of revenues.

Commenting on the decision to adopt Cargo 2000’s quality system, Roger Haeussler, Global COO & Director Operations, Hellmann Worldwide Logistics, Inc. said: “We are now well aware of the advantages Cargo 2000 can provide in terms of further enhancing the quality of our air cargo products and services and helping to reduce our costs through greater efficiency. With a large number of our airline partners also members of Cargo 2000, we believe membership of the group is now an important factor for our business in the eyes of our customers. As an industry standard that enables the buyers of air cargo services to benchmark their suppliers based on performance, we believe Cargo 2000 will increasingly become a feature of customers’ requirements. We will ensure that with our airline partners, we can provide the fully Cargo 2000 compliant air cargo supply chain we expect our customers to request.”

Lothar Moehle, Program Director of Cargo 2000, stated: “Hellmann’s decision to join Cargo 2000 is another important milestone for our group. We believe that through its own efforts, the company will achieve significant and measurable benefits through the implementation of our quality system and, in the process, further enhance its reputation with customers. With a growing number of shippers now asking their suppliers about Cargo 2000, we expect to see more freight forwarders joining our programme in 2007.”

Emirates Group’s IT division joins up...

Mercator, the information technology division of the Emirates Group and a leading supplier of IT solutions to the global aviation industry has joined Cargo 2000.

The company also meets the IT needs of the main constituent parts of the Emirates Group; Emirates Airline and Dnata, the largest air travel services organisation in the Middle East.

Mercator’s customers include major world airlines such as Air New Zealand, British Airways, Malaysia Airlines, Qantas, South African Airways, Singapore Airlines, SriLankan and Varig. Through Mercator’s vast experience in serving the IT requirements of these major organisations, it has developed an extensive portfolio of products encompassing airline financial solutions, air cargo and logistics solutions, passenger and airport solutions, airline process outsourcing and airline business consultancy.

Lothar Moehle, Program Director of Cargo 2000, said: “We are delighted that Mercator is adding its support to Cargo 2000 as the Emirates Group is such an important player in the worldwide air cargo industry.”

...and so does

Kenya Airways’ GHA division has also joined Cargo 2000 as an Industry Associate member. Full story in the next issue of this newsletter.

AaE extends Cargo 2000’s membership to Australia

Australian Air Express International (AaE) has become the first company based in Australia to become an Industry Associate member of Cargo 2000.

AaE is a leading provider of cargo handling services to international airlines across the continent of Australia and provides services to over 30 international airlines at locations including Sydney, Melbourne, Brisbane, Perth and Adelaide.

“AAE are fully aware of the need to improve cargo handling transparency”

Robert Brown, General Manager International, AaE

Commenting on the decision to join Cargo 2000 and participate in the group’s programme to improve the quality of air cargo through the implementation of a new quality standard, Robert Brown, General Manager International of AaE stated: “AaE International Services (AaE) are fully aware of the need to improve the transparency of cargo handling performance within our existing customer base of international airlines and believe that this will also provide a clear insight into AaE’s abilities for potential new customers.

Whilst we already have a detailed KPI reporting tool, we believe that joining Cargo 2000 will provide AaE with a much wider audience and allow the opportunity to develop IT applications and operational processes that are more in line with industry standards and benefit both our customers and staff.”
Over 150 shippers and top air cargo executives attend Cargo 2000 customer forum in Tokyo

Tokyo was the location for the latest in a series of Cargo 2000 Customer Forums and the presentation attracted over 150 shippers and senior executives from the Japanese air cargo industry.

Hosted jointly by local Cargo 2000 members Yusen Air & Sea Service, Japan Airlines and Nippon Cargo Airlines, participants listened to presentations about Cargo 2000’s objectives and progress from the group’s Chairman, Mick Fountain, Vice Chairman, Wolfgang Schmitz, and Project Director, Ron Cesana.

The importance of Cargo 2000’s programme to improve the quality of air cargo was also reinforced in a speech by Mr. “Harry” Takahashi, currently Chairman of the Board of Trustees of Tokyo Metropolitan University. Mr. Takahashi was one of founders of Cargo 2000 when he worked for Yusen.

Guests attending the forum were also treated to a presentation by Mr. Kitajima, Director Japan Regional Logistics, Global Operations & IT for Hewlett-Packard.

Overall published performance levels for Flown-as-Planned and FWB have remained flat but this is against a background of two and three-fold increases in the volume of what we are measuring. In saying this, one significant point to highlight is that the accuracy of FWB data sent by forwarders improved by five percentage points overall to 92%. We will continue to publish more new data as implementation continues.

Another key initiative, announced in early 2007, is the official endorsement of Cargo 2000 by IATA and CNS. This is a very important step forward and establishes Cargo 2000 as one of the five pillars in IATA’s e-freight programme. We now contribute substantially to e-freight’s Message Improvement Project (MIP).

We have also developed a clear Customer Strategy aimed at not only gaining more support from the buyers of air cargo services but also greater active participation from customers towards our common goal of improving the quality of air cargo.

I have gone on record on many occasions to highlight the complexity of what Cargo 2000 is working to achieve and to recognise that it is easier to sit outside our group than to make the commitment to participate. It is clear, however, from our increased momentum that our members and their customers believe a true industry quality standard is worth the considerable hard work it demands and I am totally confident that the businesses making this commitment will ultimately earn their reward many times over when customers look to entrust their cargo to a Cargo 2000-compliant supply chain.

I wish to thank our longstanding members for their considerable support in the past 12 months, welcome our many new members and, as always, extend an open invitation to other companies that want to join Cargo 2000.

I am more convinced than ever that Cargo 2000 is here to stay.

CHAIRMAN’S LETTER

by Mick Fountain, Chairman of Cargo 2000

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IATA and CNS are now promoting Cargo 2000 worldwide and helping us to establish Local Associations, notably in Johannesburg and Nairobi. We will also be working with IATA in order to implement Phase 3 of Cargo 2000.

“The importance of Cargo 2000’s objectives and progress from the group’s Chairman, Mick Fountain, Vice Chairman, Wolfgang Schmitz, and Project Director, Ron Cesana.”

“Everyone showed a keen interest in the positive achievements of Cargo 2000”

Wolfgang Schmitz, Vice Chairman, Cargo 2000

This addressed both the development of HP in Japan and the evolution of the company’s logistics strategy.

After the presentations, the audience was given the opportunity to put questions to the Cargo 2000 Board members. The resulting Q & A session covered a variety of issues looking at all aspects of the project. As well as general questions on operational processes, the issue of damage to shipment packaging was raised as a specific area where the introduction of common global standards would be highly beneficial. Ron Cesana advised that this could be one of the issues for the newly-created Cargo 2000 Customer Technical Working Groups to review.

A full house of delegates listen to the Cargo 2000 presentations

Commenting on the success of the forum, Wolfgang Schmitz, Cargo 2000’s Vice Chairman, said: “We were extremely encouraged not only by the number of people that attended the forum to find out more about Cargo 2000 but, in particular, the number of shippers that took part. Everyone showed a keen interest in the positive achievements of Cargo 2000 and the group’s future strategy, highlighting the importance of customers working with Cargo 2000 to achieve quality improvements.”

MICK FOUNTAIN,

Chairman, Cargo 2000

“It is clear from our increased momentum that our members and their customers believe a true industry quality standard is worth the considerable hard work it demands.”

Mick Fountain, Chairman, Cargo 2000
Cargo 2000 has commended BT’s commitment to supporting its quality system for the air cargo industry and certified its C2K Data Management Platform (CDMP) to meet the current and future requirements of its airline and freight forwarding members.

BT was one of the original technology providers to invest in the development of a solution to meet Cargo 2000’s operational requirements. It is this technology that has just completed a successful audit by Cargo 2000.

“Our audit of technology providers certifies that BT comply with our current standards”

Ron Cesana, Project Director, Cargo 2000

Cargo 2000 is a fully-fledged quality system based on quality and operational procedures. The quality system covers quality documentation, management involvement and reviews, corrective action procedures, customer satisfaction and data integrity. Cargo 2000’s quality system is unique in also tying operational requirements to its standards.

Ron Cesana, Project Director of Cargo 2000, said: “Technical specifications are an important part of our quality system and it is mandatory for our members to comply with these requirements and to produce monthly reports. IT providers are a crucial part of this exercise and have to be able to technically enable our members to set up route maps, monitor and measure shipments, identify discrepancies, enable usage of exception codes, and produce not only monthly reports but various additional reports to help analyse data.

“Our audit of technology providers certifies that they comply with our current standards and will continue to be compliant with our future requirements, including implementing whatever changes will be needed. BT have accepted this challenge and passed it brilliantly. Not only does this confirm their commitment and support but it proves that they believe, as the rest of our members do, that all participants in the air cargo logistics chain need to work together proactively to provide measurable quality improvements and data for customers.”

Mark Quartermaine, managing director commercial and brand, BT Global Services UK, said: “This is a tremendous achievement for us, especially for the team behind BT’s Route Management Service (RMS) that have worked so hard to produce a first class solution for the industry. The successful audit and certification of our CDMP are clear endorsements of the service we offer to our customers. We have been a strong supporter of Cargo 2000 from the very start and look forward to working closely with our customers and the Cargo 2000 membership to ensure that their aims of continuous quality improvement are achieved in these challenging yet exciting times for the air logistics industry.”

BT is the only third party technology provider that has developed a phase 2 compliant service for Cargo 2000 that enables forwarders to measure House Bill consignments for Door-to-Airport (D2A) and Airport-to-Door (A2D) milestones.

To find out more about Cargo 2000, please contact:
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